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Getting New Zealand agriculture on the global market access 'VIP' list

Priority must be given to policy and regulatory settings that improve market access for New Zealand exporters, with a heightened focus on the negotiation of Free Trade Agreements and building business-to-business and government-to-government working relationships, according a new report by global agribusiness specialist Rabobank.

Further leveraging New Zealand's world class production and supply chain systems is also of utmost importance, the report says.

Releasing the research report, **Competitive Challenges – Getting on the global market access 'VIP' list** – Rabobank animal proteins analyst Matt Costello says improving market access is critical for the future growth and success of New Zealand agriculture, given the importance and reliance on exports across all sectors.

“New Zealand remains the envy of most countries, having already achieved an FTA with China, the world's largest importer of agricultural products,” Mr Costello says.

“It is important that New Zealand reaches an agreement with Korea and negotiations through the Trans Pacific Partnership agreement progresses.”

However, Mr Costello says improving market access through FTAs is only half of the equation.

“Political and regulatory risks remain in the form of technical trade barriers (TTBs), which are often high for agriculture and can be difficult to resolve,” he says.

“These barriers are also less transparent than tariff barriers and can have a greater impact on trade flows.”

Mr Costello says the successful negotiation of FTAs with emerging markets should be a stepping stone to building and improving relationships in order to prevent and address TTBs, as having strong relationships on the ground in market is vital.

New Zealand to target emerging markets

The Rabobank report says that ratifying the Gulf Cooperation Council (GCC) should be seen as a key priority for New Zealand agribusiness as the growth potential is undeniable. The GCC, led by Saudi Arabia as the most important trade partner, comprises six member states – including Bahrain, Oman, Kuwait, Qatar, United Arab Emirates.

Mr Costello says the value of New Zealand's exports to the GCC has increased over time, with exports in 2006 valued at NZD 653 million and by the end of June 2013, this figure had doubled to NZD 1.3 billion.



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“As New Zealand and the GCC progressively introduce lower tariffs, it is likely that this figure will continue to rise, representing an even larger share of New Zealand’s total exports,” he says.

“A large segment of this growth is likely to come from the dairy industry and sheep and beef sectors. Most of the potential surrounds the rising trade expectations with Saudi Arabia, although the flow-on from the other member countries would encourage increased export growth overall.”

Mr Costello says the dairy industry would be the biggest beneficiary of a reduction in tariffs, with New Zealand exporting NZD 424 million worth of dairy product to Saudi Arabia in 2013.

Developing future trade opportunities

Possible next steps for government, industry and commercial organisations include the removal of technical trade barriers, establishing close working business relationships and leveraging business opportunities bilaterally with companies that have greater market access.

Mr Costello says it is vital to promote New Zealand’s rigid food safety systems as a means of navigating technical trade barriers.

“Partnering with other companies offshore that have a local footprint to smooth and increase trade flows, prevent TTBs and promote the brand and story of the product is key,” he says.

“A continuing commitment to supply chain integrity and product quality remains the key differentiator supporting trade and global market access for New Zealand’s food and agricultural products.

“In particular, New Zealand’s premium brand of clean, green, disease-free and transparent products alleviates food safety and traceability concerns, which can often lead to trade restrictions in foreign markets, as has been experienced on various occasions by competitors such as Brazil, the US, and India.”

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Rabobank New Zealand is a part of the international Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has more than 110 years' experience providing customised banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 41 countries, servicing the needs of approximately 10 million clients worldwide through a network of more than 1600 offices and branches. Rabobank New Zealand is one of New Zealand's leading rural lenders and a significant provider of business and corporate banking and financial services to country's food and agribusiness sector. The bank has 32 branches throughout New Zealand. Rabobank also operates RaboDirect, New Zealand's first internet-only bank specialising in savings and deposits.



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