

Market access issues for NZ exports into Europe and issues around collaboration of reserach

Caroline Saunders

Professor Trade and the Environment

Director AERU

Commerce Division, Lincoln University

Market Access

Trade/ agricultural policy

Historically the main factor affecting exports

- EU subsidised production and exports and restricted imports
- EU removing export subsidies 2013
- EU farmers now get direct payments

NZ Brand

- NZ does brand itself as Clean and Green
- 100% pure – used by tourism
- Other brands also important such as Zespri and Anchor
- Generally surveys overseas show positive reaction to NZ brand
- Need to maintain this to access high value premium markets
- How sustainable is NZ agriculture – are we depleting our capital?

Risks and opportunities for our exports

- To access premium market segments have to consider sustainability including social & environmental factors
- Often these are defined by overseas markets
- We have to ensure these factors are defensible and not pseudo
- Food miles ignores production resource use

Sustainability & Market Access issues

- Carbon emissions and Food miles
- Lower meat and dairy consumption
- Local food and seasonal consumption
- Traceability
- Health and nutrition
- Ethical food - fair trade and organic!
- Biodiversity and wildlife
- Water quality and quantity

Carbon Footprinting

- Lot of debate about what should be included
- A standard methodology being developed by DEFRA, Carbon Trust and BSI (under trial)
- Offsetting not allowed & reduction is key
- Carbon Reduction Label – UK Carbon Trust
- “Climatop” in Switzerland – indicating product less damaging to the climate
- Canada, Australia, Japan and Sweden are exploring schemes

Attitudes

- 94% UK population believes climate change real and 66% altering behaviour
- Awareness of food miles up from 36% in 2006 to 59% in 2007
- 50% buy British fruit and veg up from 38% in 2006
- 51% unconcerned about source of food, down from 61%
- 61% thought should import less so environment less damaged, up from 51%
- 35% supporting local farmers important; 54% not enough local food in supermarkets
- Quality (75%) highest ranking attribute followed by freshness and then value

Who's doing what

- Tesco's – carbon footprint of 70,000 products! Setting up 8 local source buying offices
- M & S – investing 200 million pounds – double regional food sourcing by 2012
- Sainsbury's reduce carbon emissions per case transported by 5% 2005/6 – 2009; cease sale of caged birds by 2009
- Waitrose - reduce emissions by 10% by 2010 – reduce waste
- ASDA – promote local produce, cut food miles and extend British growing season - increase British farmers from 2500 to 3500 and increase local food hubs
- UK dairy industry – reduction in emissions from dairy by 20-30% 1990-2020 (already 13% fall in methane and 23% in CO)

Lower meat and dairy consumption

Low carbon diets

- Demand for reduction in meat and dairy consumption (livestock 18% of worlds total)
- Research shows that dairy based diet not much different from vegan diet for emissions (6%)
- Meat based diet more emissions (23% more)
- Further research into alterative sources of supply for meat and its by products

Local food and seasonal consumption

- Growing demand for local food (70%) – however not necessarily good for the environment
- Seasonal consumption also may not be better for the environment (recent study showed that sausages from supermarket would have to travel 227,727 miles to have same footprint as those from local shop)
- Need to consider dietary implications of these movements and intensity of local production
- Also consider wider sustainability implications

Biodiversity and wildlife

- Many overseas market access schemes are asking for wildlife and biodiversity plan
- Overseas target subsidies for this include restrictions on stocking and haymaking in bird friendly manner
- In NZ some sectors have these such as Kiwi fruit
- Others not really considered this
- Need care that because we have large conservation estate that we don't ignore agricultural land

Water quality and quantity

- Water quality is growing issue
- In UK alone proposed 70% of land under NVZ
- In NZ vulnerable especially in Canterbury with growing conversion to dairy and nitrate pollution
- Increase use of fertiliser in NZ (nitrogen fertilizer use has increased 4-fold 1990-1995)
- Water Quantity is also a growing concern and part of many retailers targets. In NZ we use probably more water as less of a shortage but still an issue

Other countries being subsidies to meet sustainability requirements

- EU Single Farm Payment – subsidises farmers to comply with environmental criteria and will include carbon footprinting
- EU also pays extra for farmers to comply with market assurance schemes - including animal welfare

Collaboration with EU

- Business – ensure standards and regulations fit NZ conditions
- Government – ensure regulations/standards compatible and not trade restricting
- Research – joint research FP7 (does rely heavily on EU sponsor institution)
- Other collaborations lots of talk but not much action

Conclusion

- Threats to trade changing from regulatory to ‘access-to-market from retailers’
- This has been developing over time
- Carbon footprints are an example of this
- Not just EU markets it is spreading elsewhere
- However win-win more returns for exports and more sustainable production