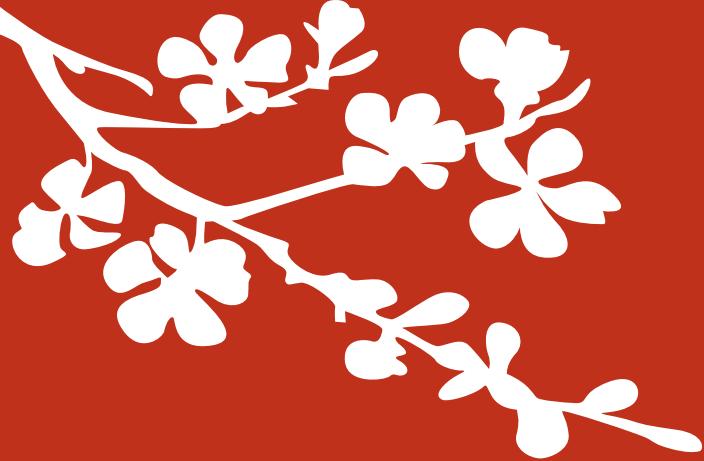


Japan & New Zealand

A PARTNERSHIP IN FOOD



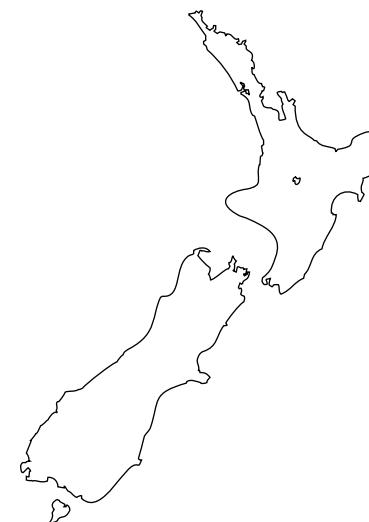
A partnership in food > Complementary relationships > High value from cooperation > New partnership opportunities



Japan

As countries with a long tradition of food production, New Zealand and Japan share many similarities. Both are island nations in the Pacific with rich soils and climates suited to temperate agriculture. Agriculture, forestry and fisheries have played an important role in the economy of both countries, influencing their respective cultures and national identity.

Both countries have similar areas of farmland, although Japan's production systems are more intensive than those in New Zealand. While Japan produces twice as much farm produce as New Zealand, it has over thirty times the population, meaning it needs to import significant quantities of food.



New Zealand's small population means that it has surplus food available for export to Japan.

The world's food supply is under great pressure, fuelled by demand from growing populations in emerging economies such as China and India. Prices of commodities like grains and dairy have risen internationally, in what appears to be a long term trend towards an excess of demand over supply. Commercial partnerships between New Zealand and Japan help give Japan assurance about the security of supply of high quality, safe food products.

New Zealand





> Complementary relationship

Over the last 50 years New Zealand and Japan have developed a strong partnership in food based on natural complementarities and strong business relationships.

Complementary seasons

Located in different hemispheres, New Zealand and Japan have different growing seasons. New Zealand exports fruit and vegetables to Japan during its off-season, providing Japanese consumers with year-round supplies and maintaining market exposure for products of mutual commercial interest.

Complementary products

New Zealand's agricultural products are mostly pastoral or horticultural based. New Zealand does not produce rice or sugar, nor does it export significant quantities of wheat, barley or pork.

> New Zealand dairy product exports to Japan focus on high end products (including some like whey or concentrated protein products not produced in Japan) as well as supplies of products such as cheese to cover the gap between Japanese production and consumer demand.

> New Zealand has been an exporter of grassfed beef to Japan over the past 50 years. In Japan, New Zealand supplies beef mainly to the food service and food processing sectors, but also increasingly into the retail sector. Imports from New Zealand are relatively small when assessed against Japanese domestic consumption and beef imports from the rest of the world (see graph below). In addition to grassfed beef, New Zealand also supplies relatively small quantities of chilled grainfed beef, and manufactured food items, including hamburgers, jerky and salami. New Zealand's disease free status has also led to New Zealand becoming a source of raw material for gelatine manufacturing and other food extracts in Japan.



Kabocha (squash) is an excellent example of a New Zealand product which takes advantage of the different growing seasons in New Zealand and Japan. New Zealand growers source their seed from Japanese seed companies to ensure the continued supply of quality Kabocha to the Japanese market.

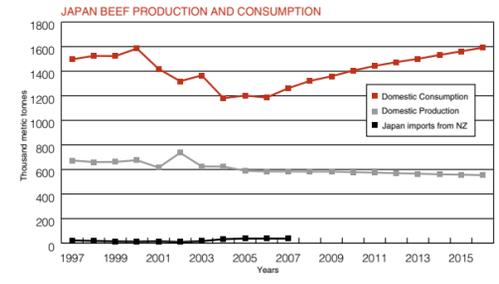
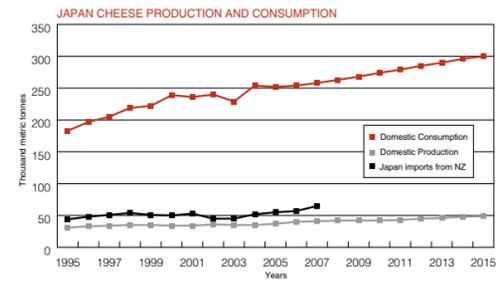


> High value from cooperation

Integral part of Japan's food industry

New Zealand products are integrated into the Japanese food processing industry. For example, New Zealand supplies over 50% of Japan's imported dairy components that are further processed into other food products in Japan.

Whey protein ingredients, used for sports nutrition, are being sold by the New Zealand Dairy company Fonterra to customers in Japan such as Meiji Seika for their branded product of "Savas". Fonterra offers high technology, state of the art understanding of dairy ingredients, access to effectively priced dairy inputs and an unmatched global network.



New Zealand and Japan are both developed countries with an interest in maintaining the stable, long-term supply of quality products. This provides the basis for a value-creating partnership in food.

Safety and quality are a top priority

New Zealand and Japan have a shared commitment to provide safe food for consumers. New Zealand's reputation as a supplier of safe, high quality food is underpinned by advanced food production technology and one of the most sophisticated and robust food regulatory systems in the world. New Zealand also remains free of most animal diseases and horticultural pests, making it a good partner for safety-conscious customers.

New Zealand has one of the most sophisticated and robust food regulatory systems in the world. Ensuring a safe supply of food for consumers in New Zealand and in international markets is a public health priority. New Zealand's Food Safety Authority has a risk management framework in place to identify areas along the food chain where risks can be reduced by intervention, as well as processes in place to identify what types of intervention might be suitable.

Specialised products

High levels of agricultural research in New Zealand and Japan are backed by a shared commitment to protection of intellectual property rights and a focus on the needs of the customer. This has resulted in highly specialised products being developed specifically for the Japanese market.

Established business relationships

Long-term cooperation has been underpinned by enduring business relationships between Japanese and New Zealand food companies and farmers. Successful joint ventures and investment between the two countries have helped to underpin these relationships and enhance security of supply, including in other primary industries such as fishing and forestry.



Since 2001 Japanese company, Nissui, and New Zealand Maori interests have been joint shareholders in Sealord, New Zealand's largest fishing company, and this successful partnership has led to joint ventures and alliances in key global markets such as Europe and Asia.

Reliable contributor to food security

New Zealand is a long-term reliable supplier of food products to Japan, helping Japan to fill the gap between domestic production and consumer food requirements. New Zealand is not, however, big enough to pose a serious threat to Japan's farming industry, thus allowing farm industries in both countries to co-exist.

While New Zealand accounts for only a small share of Japanese food imports it plays a useful role in diversifying sources of supply. For example, when beef supplies from other exporters were cut at the end of 2003 following the outbreak of BSE, New Zealand was able to respond to Japan's request to increase supplies of safe beef.

New Zealand's emphasis is on production systems that are sustainable and protect the environment. Increasingly New Zealand companies are targeting high-end products such as health products, gourmet foods and wine.

> New partnership opportunities

There are many opportunities for farmers and food companies in Japan and New Zealand to develop new forms of cooperation that build on their respective strengths. As Japan's farming industry faces a period of change, relationships with New Zealand can open the way to a stronger future.

Joint Research and Development

New Zealand and Japan both have a high level of expertise in agriculture and food science which can be used for mutual benefit to raise production and develop new products.

The combined marketing and research and development efforts driven by the New Zealand Berryfruit Group and the Japan Cassis Association (JCA) have successfully promoted the health benefits of blackcurrants in Japan. There are active exchanges between Japanese and New Zealand blackcurrant growers.

Export opportunities

New Zealand companies have developed high-value supply chains and in-market relationships throughout the world. Through partnerships with New Zealand companies, Japanese farmers and companies can access these supply chains to increase exports to third country markets.

Japanese and New Zealand growers have cooperated to develop the year-round production of Ashiro gentians. This ensures that Japanese suppliers of gentians are provided with year round supply and has also led to the development of export markets for gentians in Europe.



Zespri entered into a partnership programme with Japanese growers in Shikoku (2001) and Kyushu (2004) to produce kiwifruit that would enable year round supply to the Japanese market. Over 800 growers in Japan now benefit from Zespri's production expertise, distribution channels and marketing support and gain a premium price for their product.

Year-round supply

Japanese and New Zealand farmers are also utilising each other's counter seasons through developing cooperative production mechanisms to raise farmers' incomes. Notably Zespri New Zealand licences Japanese kiwifruit growers to grow premium Zespri Gold kiwifruit to supply the Japanese market when fruit from New Zealand is not available.



The shift from grain fed to pastoral dairying on some farms in Hokkaido offers increased opportunities for expanded Japan-New Zealand cooperation, including the transfer of expertise on farm and pasture management and the supply of raw materials.

Technological cooperation

As high international feed prices force Japanese livestock farmers to find alternatives to processed feed, New Zealand's expertise in grazing technology offers new possibilities for cooperation which are already being explored by dairy farmers in Japan.

Sustainable farming

Farmers in Japan and New Zealand face the challenges of developing more eco-friendly methods of agriculture and encouraging younger people into the agricultural sector. There are good possibilities for cooperation in areas such as animal waste management and organics.

New Zealand and Japan both value organic production, demonstrating the premium placed on food safety and sustainability in both countries. New Zealand organic production rules are recognised by Japan as equivalent to its organic standards for plant products and processed foods.

New Zealand Government