# Jen Corkran Rabobank Research Presentation to HATA and Agribusiness in Schools members.

Jen Corkran-Senior Animal Protein Analyst (RaboResearch NZ) presented a market update for dairy/red meat/ horticulture primary production systems. She covered how regulations can impact the 'sustainability' of primary production and looked at the risks that the different systems are encountering and what industry is trying to do to reduce these risks.

See the notes below.
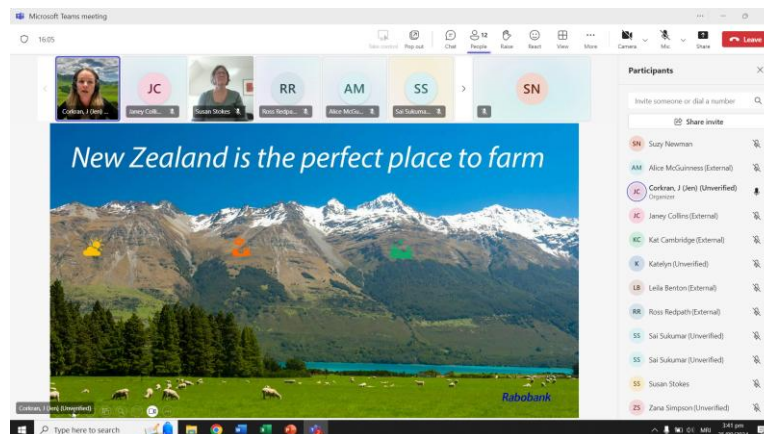
Why is NZ the perfect place to farm?
- Average 19-degree temperature and ideal for growing and harvesting grass in New Zealand.
- Soil types suitable for pasture production.
- Water is limiting factor for growing in many countries overseas. Not a problem in New Zealand.
- Grass fed
- Free Range
- Low cost

Challenges for NZ Farmers
- Cost of production: 17% increase of costs for sheep and beef famers last year.
- Future - diversification of farm systems to help ride out price volatility.

Geopolitical issues:
- In 2024, over half the world (4 billion people) will go to the polls including the big 5 (Russia, UK, US, China, India).
- No time in world history has this ever happened.
- This creates instability with predicted change for the countries domestic market and influencing world trade.

China market
- New Zealand exposed to China for trade.
- New Zealand exports 60% Lamb, 35% Dairy, 40% Beef.
- China GDP decreased and not spending - affects New Zealand.
- China screaming for meat from safe places as they had a virus go through their domestic market and seeking good healthy protein sources.

Beef
- US grown beef numbers the lowest in 70 years.
  - Prominently used for hamburgers.
  - US beef 180 days of grain increases fat content.
  - Will mix with New Zealand cull cow beef to reduce fat quantity and bring patty quality up.
  - High demand for manufacturing beef.
- New Zealand slaughter season starts 1 October
- Meat processors with Analyst constantly keeping a breast with trends and forecasts of supply predictions 18 months ahead.

Lamb
- Decrease in New Zealand lamb numbers - predominantly land use change to forestry.
- Domestic consumption New Zealand 5%.
- China takes all cuts of lambs, however a high-risk market for lamb if market is sluggish.
- Challenge with lamb is to get right cuts/ parts of lamb to the right market.
- New Zealand 2kg per head Aus 7kg per head.
- 2015 Australia took over with larger exports of sheep meat.
  - Australia mostly Merino
  - Lower birthing rate but produce bigger lamb racks for US market which is preferred. W
  - What can we do differentiate sheep lamb markets?
  - Australia still going to be a big market.
  - Australia has a large domestic focus with large marketing/promotional spend in supermarkets.
  - Australian domestic lamb consumption is 37%.

Regulations and entry barriers
- Animal health and disease risks domestically and globally - important to protect New Zealand biosecurity.
- Non-tariff barriers - not meeting needs / regulations
- UK/EU how are we producing, what the farm is looking like i.e. trees. Nothing matters if you can't prove it with sustainable practices.
- Suez Canal - pirates etc must go down via Cape Horn so increase length of time of transportation
- Panama Canal - not enough water filling up the lakes to operate efficiently again slowing transport routes

- Container costs going up due to geopolitical constraints. Cost of getting to them.
- Population dynamics - changing
    - protein consumption important with aging population.
    - nutrient value of grass feed meat/milk – best in the world.
    - food security

To meet sustainability, we need to:
- be paid for the work to meet sustainability regulations. We are already doing a great job towards it and farmers need to be supported to continue to expand on this work.
- Work to do to prove what farmers are doing.
- Farmer assurance plus audited proof of good practice.