



Media Release

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Agricultural exports could double by 2050

- Up to \$1.3 trillion additional revenue available
to New Zealand over next four decades -

New Zealand has the potential to capture \$1.3 trillion more in agricultural exports between now and 2050 if targeted actions are taken, according to a new report released by ANZ today.

'Greener pastures: The Global Soft Commodity Opportunity for Australia and New Zealand' quantifies the size of the opportunity open to New Zealand and Australia agriculture as a result of the shift in global economic growth to Asia.

Key findings of 'Greener Pastures':

- Rising incomes and changing diets in developing countries means the world will demand at least 60 per cent more agricultural output by 2050, compared with 2005–2007.
- New Zealand could stand to gain an additional NZ\$550 billion. This could increase to NZ\$1.3 trillion with favourable conditions and targeted actions.
- NZ\$340 billion in additional capital is needed to drive production growth and support farm turnover in New Zealand.
- Intense competition from emerging players with countries like Brazil, Malaysia and Indonesia becoming major threats.
- The agricultural industry in New Zealand is heavily reliant on its dominant dairy industry.

Graham Turley, ANZ Managing Director Commercial & Agri said the ANZ Insight report revealed the extent of the opportunity for New Zealand producers and exporters as rising incomes and population growth drive demand for soft commodities.

"With abundant land, water and skills, and geographical proximity to the growth markets of Asia, New Zealand's agricultural sector is ideally positioned to meet this growing demand," Mr Turley says.

"However, capturing this opportunity will not happen of its own accord. Significant barriers exist that will have to be overcome at every step of the supply chain.

"These include sourcing capital to fund growth, attracting skilled labour and enhancing agriculture education, intensified focus on national agricultural R&D, closing performance gaps and improving productivity of farms, improving supply chains and targeting key markets."

According to the report, between now and 2050 around NZ\$340 billion in additional capital will be needed to drive production growth and support farm turnover in New Zealand.

"Our agricultural sectors need more investment to drive production growth and to support farm turnover," Mr Turley says.

"The danger we face is that we are not alone in seeking to exploit the global soft commodity boom and countries like Brazil with its highly successful soy industry are leading the charge.

"If we are serious about wanting to develop vibrant, globally dominant and highly profitable agricultural industries, we will need all stakeholders in the industry to work together to bring about change.

"There are environmental issues and foreign and domestic investment comfort levels that New Zealanders also need to consider in making these choices. These are the choices facing policy makers as they strive to make New Zealand more economically successful. Sadly, we're not even having that debate in New Zealand at the moment."

The full report is available at www.anz.com/insight

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