

# FARMERS WEEKLY



Thumbs up for Fonterra

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## Park butter to better woo India



Nigel Stirling  
**MARKETS**  
Dairy

**M**AJOR dairy commodities like butter and skim milk powder need to be parked for now if New Zealand wants to avoid being relegated to the back of the queue for a trade deal with India.

That's the view of former Fonterra director and Indian dairy farm investor Earl Rattray, who led a delegation of most of NZ's major primary exporters to India earlier this month.

India this year signed a free trade agreement with Australia – and other countries, including those of the European Union, are scrambling to gain a similar foothold in the market of more than a billion consumers.

"It is now the fifth biggest economy in the world, it is going to have the world's largest

population, and it is one of the world's fastest-growing economies," Rattray said.

"Given the Australia FTA and possibly more other potential suppliers to the Indian market who may achieve a competitive advantage because of the lack of tariffs, that is not going to be a good place for NZ exporters to be in the future."

Talks for a free trade agreement began in 2011 but stalled six years ago.

Despite starting its talks a year later Australia clinched a deal with India in April.

Some exporters have questioned Trade Minister Damien O'Connor's ruling out NZ following Australia and parking demands for access for dairy products.

The meat industry worries NZ's dairy demands are holding up the talks and blocking potential gains for other exporters.

Rattray agrees NZ's default position of demanding tariff elimination on all of its major export commodities as a starting point is not suitable for the current negotiation with India.

But he said that does not mean dairy should be excluded altogether in the current talks.

"There are elements of our export product mix that are extremely sensitive for India but there are significant and



## Farmers and politicians scrum down

Tim Mackle, Mark Mitchell, Richard Luxton, Greg O'Connor and Quinn Morgan ready to take to the field at the John Luxton Memorial rugby match in Morrinsville last week. Visit [farmersweekly.co.nz](http://farmersweekly.co.nz) for the full story.



## Flock House orphans remembered

Alasdair Bettles-Hall, the son of a Flock House orphan, is on a mission to paint the full picture of the farm training school's history.

**PEOPLE 26**

**“We have to secure our place in the queue and not go in there with unrealistic expectations ... India needs to see we are value-adders rather than competitors.”**

Earl Rattray  
Dairy investor

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Scales Corporation is to invest more than \$30 million in two Australian pet food processing ventures.

**NEWS 11**

Homeowners are turning their backs on synthetics says farmer-owned co-operative Wools of New Zealand.

**NEWS 11**

Stockpiles of both mānuka and non-mānuka honey are the downside of a decade of double-digit growth.

**MARKETS 16**

## ON FARM STORY

### Meet the people behind the farm gate

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# National vows to review live export ban



**Annette Scott**  
**NEWS**  
**Exports**

**A**FUTURE National government would review the law banning live cattle exports, National's animal welfare spokesperson Nicola Grigg says.

In terms of a bill passed last week, livestock export trade by sea will cease from April 30 next year, cutting New Zealand's gross domestic product by \$472 million and closing off a lucrative market for export cattle breeders.

Agriculture Minister Damien O'Connor said the ban will protect NZ's reputation for world-leading animal welfare standards.

"The Animal Welfare Amendment Bill future-proofs our economic security amid increasing consumer scrutiny across the board on production practices," he said.

The government started a review of the livestock export trade in 2019 in response to concerns the trade could be a risk to NZ's reputation.

"Our primary sector exports hit a record \$53 billion last year, delivering us economic security. That result is built on our hard-earned reputation and this is something we want to protect," O'Connor said.

He said the effects on export flow will be small in the context of total primary sector exports, suggesting the two-year transition period has allowed those affected by the ban sufficient time to adjust their business models and supply chains to account for the removal of the trade.

But Grigg and industry stakeholders disagree, saying the decision signals more economic pain for farmers, rural communities and consumers, while also putting NZ at risk with key trading partners.

Grigg said the government failed to carry out its own robust economic analysis, or consider any of the proposed amendments put forward by industry and the National Party.

**“To say we are not going to do it anymore is an insult, there is risk and there will be reaction.”**

**Jim Edwards**  
**Animal Genetics and Trade**  
**Advisory Council**

She cited an Infometrics Economic Impact Report that said the ban will reduce NZ's GDP by \$472m and cost export cattle breeders between \$49,000 and \$116,000 a year per farm.

"Rather than an outright ban on live exports, the government should legislate for a Gold Standard programme that would

set world-leading compliance standards, like built-for-purpose ships, maximum stocking densities, vet and stock handler training, more robust reporting, exporter licensing and an importer quality assurance programme," Grigg said.

Exporters have implemented a Gold Standard with the improvements recommended being evidenced based, using the latest information, knowledge and scientific developments.

"The Gold Standard is unprecedented internationally in scope and depth and when fully implemented would position NZ as a world leader in animal welfare regulations and reform," Live Exporters NZ (LENZ) spokesperson Mark Willis said.

"We set out a clear and evidence-based 12-point regulatory plan to Minister O'Connor that would further improve and modernise the live animal export system. We did not receive any response."

Animal Genetics and Trade Advisory Council chair Jim Edwards said the overall view needs to be from a global perspective.

"Livestock exporting allows us to maintain tight trading relationships with some of the largest importers of NZ agricultural products and that provides a significant source of export revenue for our small country."

"Our reputation will be damaged if we refuse to help other nations with their food security."

Edwards said NZ has long been helping China with its food security.

"To say we are not going to do it anymore is an insult, there is risk and there will be reaction."

"We can only wait now with bated breath and hope [live export] trade will be reinstated and meantime hope not too much harm is done," Edwards said.

Continued from page 1

meaningful parts of dairy exports out of NZ which represent zero threat.

"It does not have speciality in some of the more concentrated whey proteins or fractions of proteins, for example."

Rattray said India's demographic trends could turbocharge future demand for such products.

Getting alongside local manufacturers now could pay big dividends in the future.

As could lowering any tariffs on those products.

"I personally think there is an economic miracle unfolding there...[as the] working age population completely overwhelms the size of the dependent population and more women join the workforce, that is going to have a massive economic dividend."

"Those products that have specific health attributes beyond basic nutrition which is fat and protein...the market for those kind of things are likely to continue to grow and there is unlikely to be a bigger market anywhere else in the world for them than India."

"For Indian businesses that are building up their product portfolio I would say there would be some elements of NZ's export mix that would be very attractive to them."

In the meantime NZ needed to be careful it did not blow its chances by making demands India could not agree to.

"We have to secure our place in the queue and not go in there with unrealistic expectations about timeframes or be too demanding."

"We have to work through what we can do which is achievable and can add value to the relationship."

"India needs to see we are value-adders rather than competitors."



**GHEE WHIZ: Earl Rattray has visited India scores of times in the past decade, helping to set up a dairy farming joint venture 70km from New Delhi with three Indian tech entrepreneurs.**

## New Delhi dairy

THERE can be few New Zealanders with a better feel for India's dairy sensitivities than Earl Rattray.

The Waikato dairy farmer has visited the country four or five times a year for a decade, establishing a dairy farming joint venture 70km from New Delhi with three Indian tech entrepreneurs.

Binsar Farms' aim has been to introduce scale and New Zealand farming principles as an example to raise productivity in the world's largest milk-producing country.

While Binsar's 380-strong herd might be on the small size by NZ standards it is large in India, where 80% of an estimated 70 million dairy

farmers own fewer than 10 animals.

Rattray said the income from those animals can be crucial for rural families and explains the sensitivity to increasing imports from lower-cost producers.

"For them that [income] is the difference between having the cash to send their daughters to school or not. NZ shouldn't underestimate that sensitivity."

Rattray believes there will be opportunities for NZ's bulk commodities in the longer term but it needs to bide its time.

"More of the children of village farmers will move to town. They can't take their cow or buffalo with them, but they still need milk, so the supply gap widens."

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