



**Key points of the address by John Loughlin, MIA Chairman  
Annual MIA Cocktail Function  
10 September 2019, Wellington**

Welcome everybody to the Annual MIA Cocktail Party. It's great to be here with Ministers, MPs, officials, primary sector partners and other friends.

**Trade:**

- We have had a positive year for the industry's exports, total exports grew by 8% (or \$675 million) to \$8.75 billion in 2018/19.
- The largest growth in exports was to China, up 49% to \$3 billion, partly due to the impact of the African Swine Fever outbreak and on-going strong demand for protein.
- While this is positive for our exports, many premises are still not listed to export chilled meat to China. This and other outstanding listing issues has led to an uneven playing field for our members which will have significant commercial consequences until they are resolved. We continue to press for fairness.
- As a sector we are continuing to invest in relationship building programmes in China, to help better position our exports and to support Government's efforts to resolve outstanding market access issues. New Zealand is a committed trustworthy partner to the Chinese protein supply chain and Chinese consumers.
- Exports to our 2<sup>nd</sup> largest market, the United States were relatively steady at \$1.8 billion.
- However, exports to the 3<sup>rd</sup> largest market, the UK, dropped by 11% to \$466 million, reflecting continued uncertainty around Brexit
- While China has rapidly grown to become our largest market, the UK and EU continue to be very important markets, particularly for high value chilled lamb.

- The sector therefore remains deeply concerned with the EU/UK proposal to split the WTO quotas post Brexit.
- We continue to work with the Government to preserve the quality of the WTO quotas and to ensure any FTA with the EU provides additional commercially meaningful access for our exports.
- The entry into force of the CPTPP at the beginning of this year was a very positive development, particularly for our beef exports to Japan.
- We are now on a level playing field with Australia and we are already seeing a rebalancing of the market share, with beef exports to Japan increased 38% by volume to 19,583 tonnes and 34% by value to \$183 million compared to the previous year.

### **Marketing:**

- Trade access creates the opportunity, but marketing seizes it.
- During the year the sector collaborated with the launch of the Taste Pure Nature campaign in North America. Beef & Lamb New Zealand lead and funded the launch and several MIA members and their associates were launch partners.
- The next phase is a launch in China.
- In the medium term we do see the Taste Pure Nature story as a way to capitalise on the sensible, balanced, environmental progress that we are committed to making.

### **Workforce:**

- Our members' plants are about 2000 workers short across the length and breadth of the country, which is having a direct impact on being able to maximise value to products with a flow on impact to export receipts.
- Like all regional and manufacturing industries, we have an aging workforce and we struggle to find New Zealanders to work. Long-term, we need to improve the perceptions of work and careers in the sector and seek better ways to attract and retain workers. In the short-term, we need access to migrant labour, and are frustrated by the very bureaucratic and unresponsive immigration system,
- Our industry is facing a major shake-up of training with Review of Vocational Education. Government has often struggled to understand that the meat industry training model is that employers organise, deliver training in the workplace, and do the assessment of trainees on-the-job. It is very successful – more than 5,000 people undertook qualifications at meat processors last year.

- The shake-up will mean that in a few years Primary ITO will be disestablished, and new organisations will be put in place – want to acknowledge the good relationships we have with Linda Sissons and her team, and her defence of the meat industry training model.

### **Environment:**

- Our industry has a great story to tell, producing natural grass-fed food. Many of our farmers have for years been quietly unilaterally doing environmentally positive steps on the farms with plantings, retiring steep slopes gullies and QE2 covenants. Some of our processor members are looking to becoming carbon neutral.
- MIA has joined with other primary sector organisations in signing the Primary Industry Climate Change Commitment. We are completely genuine in that commitment. The consequences of human inattention to climate change are becoming obvious. The consequences of New Zealand potentially overreaching are equally catastrophic in terms of economic and then social outcomes.
- So, we are very concerned with the Zero Carbon Bill. We want a credible regulatory system that supports a zero carbon economy. So, we were very disappointed when the Bill had agricultural methane targets that were not credible in terms of the true warming impact of the stock of methane in the atmosphere. Government dropped the ball on the methane target. We seek to depoliticise such an important issue. We believe it should task the Commission to determine, based on science, what the methane reduction should be if it is to go to zero carbon equivalent by 2050.
- The Zero Carbon Bill still allows for fossil fuel polluters – which includes our own members who burn coal – to offset their pollution by planting pine. The long-term consequences of this could be disastrous for the meat sector and rural communities.
- Government has to confront the brutal reality that the ETS as it is will result in widespread change of the NZ landscape from pasture to pine – with enormous consequences for our industry, to rural NZ, and to the NZ economy. The conversion is a path that is extremely difficult to turn back from once it is started.
- Freshwater reforms documents have just been released. We share the Government's ambition for swimmable rivers and recognise the need to act sensibly. Our initial basic concern is that the Government is taking a very blunt instrument to what is a lot of very complex local problems. As

with climate change policy, it is not clear that the Government has thought through all the unintended consequences of its policy.

- In the environmental space we have engaged constructively and will continue to do so. We want to see practical policy that achieves excellent outcomes for New Zealand and our people. We see simultaneously achieving good environmental, social and economic outcomes as being achievable with an insightful policy mix. We are working closely with other primary sector organisations to achieve such a policy mix.

These are times of challenge to the primary sector. But challenge brings opportunity. We are committed to playing our part in finding a sensible, responsible and practical way through the future and to capitalising on the opportunities that are created.

End