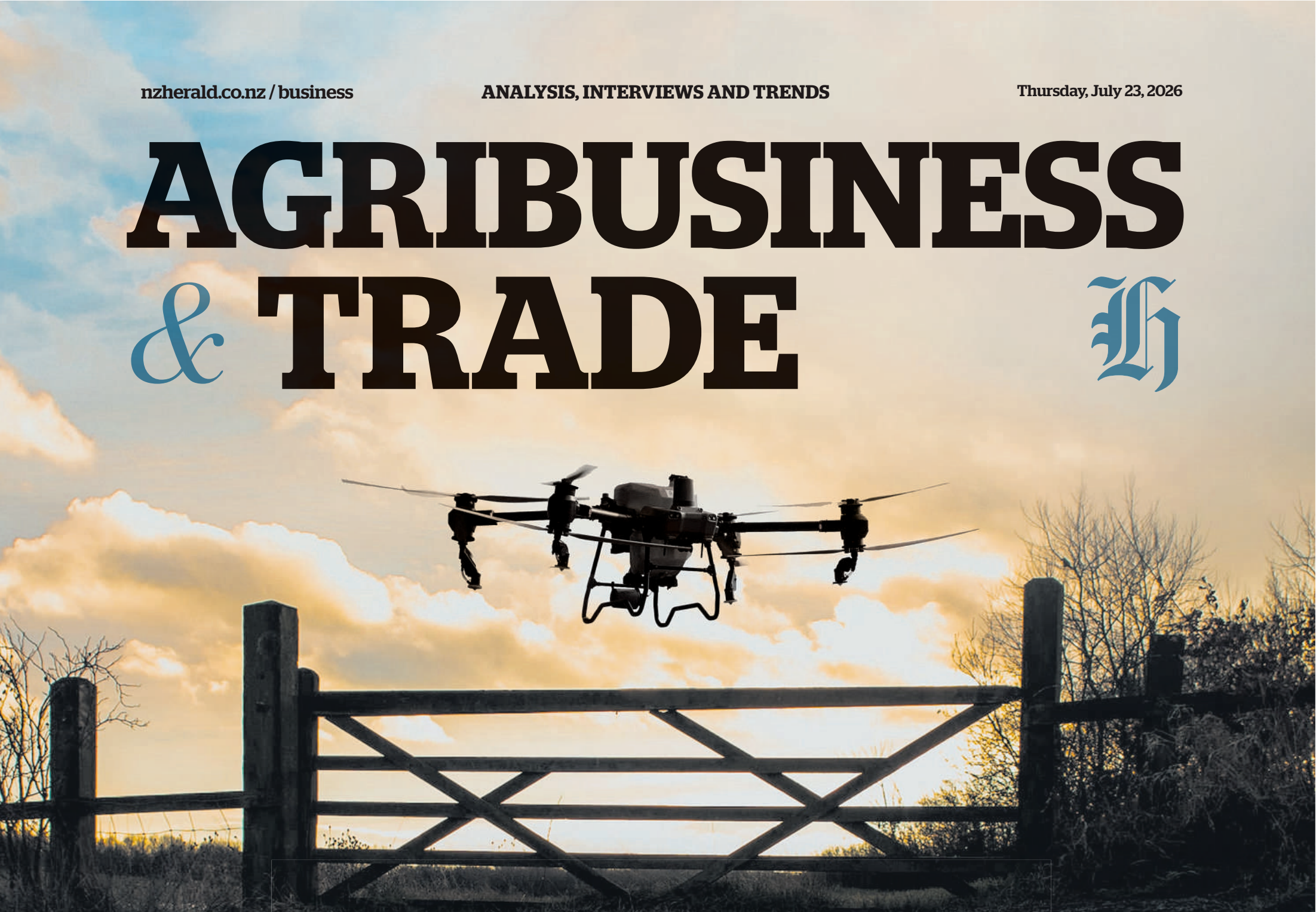
AGRIBUSINESS & TRADE



Beyond the farm gate

New Zealand rewires its global trade playbook

Can AI make NZ agribusiness more competitive?

New tools will reduce agriculture emissions

Agri CEOs resilient in face of fuel crisis

ELECTION POLITICS Who does the sector favour?

Will weight loss drugs drive meat sales?

Photos / Supplied, computer created image

AGRIBUSINESS & TRADE A Herald Business report

Would the world notice if New Zealand disappeared?

Biosecurity, trade deals and water storage are top KPMG priorities for agribusiness



Agribusiness & Trade
Tim McCready

New Zealand's food and fibre sector could disappear tomorrow and global markets would barely notice.

That was the provocation from one industry leader during this year's KPMG Agribusiness Agenda roundtable discussions on international markets.

They qualified it: while New Zealand is a relatively small cog in an enormous system, it would absolutely be missed.

Customers do not choose New Zealand because we are the cheapest producer. They choose New Zealand for attributes that are harder to replicate, including its stability, world-class biosecurity, sustainable production systems, adherence to international trade rules, high food safety standards and reputation as an ethical and transparent partner.

Those attributes have earned New Zealand a place in global value chains. The challenge now, as the Agribusiness Agenda outlines, is for the food and fibre sector to build on these strengths while continuously evolving to meet the changing needs of our customers.

New Zealand will never compete by being the biggest producer. New Zealand is a small producer in global terms and geographically distant from almost every customer.

There is consensus among contributors that the peak of globalisation has passed. Governments, rather than markets, are setting the rules for global trade, and geopolitical shifts have become one of the most significant risks exporters now face.

Against that backdrop, several argue that New Zealand's stability, biosecurity status and reputation for playing by the rules matter as much to buyers as anything coming off the farm.

That conversation sits behind the entire 2026 Agribusiness Agenda.

KPMG challenged contributors with a broad question: whether existing settings remain fit for purpose, or whether more fundamental shifts are required to secure long-term success.

Around three-quarters of contributors favour change over the status quo, noting current settings and processes may constrain the sector's potential as it responds to disruption such as climate change and geopolitical shifts.

This doesn't mean abandoning New Zealand's strengths. Rather, contributors repeatedly argue for continuous evolution — ensuring products, production systems and business models evolve alongside customer demand instead of relying on historical competitive advantages.

The report identifies 24 "global future shapers" that will reshape food systems over the next quarter century.

They range from geopolitical fragmentation, cyber risk and changing demographics, to AI, water scarcity, climate change and the growing convergence of food and pharmaceuticals. Others point to the integration of nature into business models — including the rise of the circular bioeconomy — and increasing pressure on ageing infrastructure.

Top 10 priorities for 2026

1 World-class biosecurity
Priority score: 9.40
2025 ranking: 1st
2025 score: 9.03

2 Sign high quality trade agreements
Score: 8.82
2025: 2nd
Score: 8.29

3 Build water storage to manage resources
Score: 8.39
2025: 5th
Score: 7.75

4 Invest in resilient rural infrastructure
Score: 8.20
2025: 12th=
Score: 7.41

5 Broadband equality for all
Score: 8.04
2025: 10th=
Score: 7.45

6 Transition to climate resilient systems
Score: 8.01
2025: 18th
Score: 7.24

7 Public/Private mission science partnerships
Score: 7.92
2025: 6th
Score: 7.74

8 Telling engaging provenance stories
Score: 7.88
2025: 8th
Score: 7.59

9 Develop resilient supply chains
Score: 7.87
2025: 3rd
Score: 8.06

10 Build platform for local sustainable energy
Score: 7.81
2025: 12th=
Score: 7.45

Source: KPMG Agribusiness Agenda; 123RF. Herald Network graphic



The KPMG Agribusiness Agenda, authored by Ian Proudfoot, Global Head of Agribusiness, is now in its 17th year.

Says Proudfoot: "Incremental change alone will not be sufficient to create an aspirational future for the food and fibre sector. Intentional, non-linear change is now required."

Each year, KPMG asks contributors to score a set of priorities for the organisations they represent in the food and fibre sector. This year, 105 leaders worked through 39 priorities on a scale of 1 to 10, with 10 indicating that the issue is considered a critical priority.

For the 16th consecutive year, world-class biosecurity remains the sector's highest priority. This year's score (9.40 out of 10) is the highest score reported for any priority since 2018 — the year Mycoplasma bovis and myrtle rust pushed biosecurity to an all-time survey record of 9.62, demonstrating the enormous economic cost of a single biosecurity failure.

The concern now is that future incursions become harder to prevent. Increasing international connectivity and evolving production systems create new pathways for pests and diseases to enter New Zealand.

Contributors point out that many of the country's most important export sectors are built on monocultures, making a single breach a bigger risk to economic resilience than is often acknowledged — and one that alignment between industry and government is critical to managing.

Signing high-quality trade agreements again ranked second in the survey. Contributors also say that existing agreements need to be actively managed and evolve to remain fit for purpose, and investment is required in regulatory systems and infrastructure to ensure organisations can fully utilise the market access already secured.

Building resilience

Several priorities recorded significant movements in this year's survey, reflecting how leaders see the sector adapting to a more uncertain future.

Resilient rural infrastructure jumped from 12th-equal last year to fourth place. Contributors link it directly to operational efficiency — and to the sector's ability to attract the best talent.

Transition to climate-resilient farming systems rose from 18th last year to sixth, a sharp turnaround for a priority that was ranked lowest of all in 2024.

Building a platform for local sustainable energy climbed into the Top 10 for the first time this year, from 27th in its debut year in 2024, to 12th equal last year, to 10th now.

The rise in water storage as a priority reflects a similar shift. It reached third place — its highest ranking since 2013. Contributors frame water infrastructure as a strategic capability that underpins productivity, social licence and diversification, rather than simply a productivity investment.

Contributors suggest that consenting delays, rather than capital, have held these projects back.

"It feels like the handbrake has come off," one contributor says.

Preparing for what's next

The survey introduced two new priorities that point to issues likely to shape the next decade.

One focuses on developing innovative risk management and insurance products to help farmers and growers manage increasingly complex climate and production risks. While the report notes this priority ranked lower than expected, it says this may reflect New Zealand's relatively limited use of crop insurance, rather than a lack of opportunity.

The second new priority this year is the need to rethink product portfolios in response to the rapid uptake of GLP-1 weight-loss medicines.

This priority ranked 37th with a score of 6.25 — near the bottom of the survey. The report suggests the ranking may understate the significance of the issue.

Around the world, food companies are already reshaping product portfolios as consumer preferences evolve. For New Zealand, the shift may prove more opportunity than threat. Protein sectors broadly are seen as well placed to benefit, with red meat among those already seeing early demand and pricing effects offshore.

Technology, particularly artificial intelligence, sits beneath many of this year's priorities.

AI is rapidly changing how global consumer packaged goods companies understand consumers, develop products and forecast demand, contributors say. It is no longer a source of competitive advantage in itself. The report describes it as a "ticket to play" — a capability that organisations must have to remain relevant.

That is the thread running through the entire Agribusiness Agenda.

If New Zealand disappeared tomorrow, the world would continue eating. Global commodity markets would adjust. But customers who value trusted supply, ethical production and dependable partners would notice.

The challenge is ensuring they still notice 25 years from now.

Agribusiness & Trade

Executive Editor: Fran O'Sullivan
Writers: Cameron Bagrie, Bill Bennett, Andrea Fox, Richard Harman, Peter Griffin, Tim McCready and Graham Skellern.
Subeditor: Isobel Marriner
Layouts: Isobel Marriner, Sue Baxalle
Online Subeditor: Sue Baxalle
Cover: Richard Dale
Graphics: Richard Dale
Proofs: Tim McCready, Graham Skellern
Advertising: Neil Jackson
nzherald.co.nz/business

The Agribusiness & Trade reported is supported with sponsorship from AgrizeroNZ, ASB, BNZ, The Consulate of India (Auckland), Fonterra, Milford Asset Management, Ministry for Primary Industries and PwC.

Ready for the next wave

The signals from Fieldays were strong: technology is the future of farm management



Agribusiness & Trade
Fran O'Sullivan



Minister for Trade and Investment Todd McClay flanked by New Zealand business leaders Rachel Taulelei, Nikhil Ravishankar and Malcolm Johns at the FIT Partnership meeting.

Photo / NZ Ministry of Foreign Affairs & Trade

If there was one clear message from this year's Fieldays, it was that the future of farming is being built, tested and commercialised now.

For decades, Fieldays has been a barometer of where New Zealand agriculture is heading. This year, the signals were unmistakable.

Technology has moved to the centre of farm management, with innovation increasingly focused on solving the twin challenges of lifting productivity while meeting sustainability expectations including methane reduction and flexible land use.

In the *Herald*'s Agribusiness & Trade 2026 report, we look at how AgriZeroNZ, a partnership between the Ministry for Primary Industries, major agribusinesses and banks which came together three and a half years ago to develop tools to combat onfarm emissions, is on to the next phase with the launch of an Early Adoption Accelerator, a new initiative designed to bridge the gap between early availability and widespread use.

Backed by up to $51 million in government co-funding over three years, the Accelerator will support sector-led projects that remove barriers to adoption and help more farmers put proven mitigation tools into practice.

AgriZeroNZ chief executive Wayne McNee says Kiwi farmers are closer than ever to having effective tools that can reduce methane and nitrous oxide emissions without compromising profitability or productivity. "Most of the tools we have invested in are aiming to improve animal productivity and, through that, farmer profitability".

Ministry for Primary Industries (MPI) chief executive Ray Smith is buoyed by AgriZeroNZ's successes. "We've actually earned the right to grow," he says.

Artificial intelligence-powered platforms are helping farmers make better decisions; automation is advancing rapidly; drones are becoming mainstream farm tools; and data is emerging as agriculture's next competitive advantage.

Notably, many of the technologies on display at Fieldays were commercial products seeking scale, investment and market adoption. This signals a maturing innovation ecosystem where New Zealand's agricultural technology sector is increasingly capable of taking ideas from research and development through to global commercialisation.

Dairy co-operative Fonterra is to the foreground in using science to develop high-value products for NZMP, its B2B brand, which services high-value customers in more than 100 markets.

AgriTech New Zealand chief executive Brendan O'Connell forecasts, "At our current rate of growth, agritech will be the same size as horticulture by 2030. By 2040 the sector could create as much GDP for New Zealand as dairy does today."

NZ rewires global trade playbook

New Zealand agribusinesses are navigating a period of profound geopolitical, technological and market disruption.

Access to global supply chains and critical inputs including diesel, fertiliser, agrichemical and freight has been disrupted during the fuel crisis but is assumed to continue at higher prices according to MPI's analysis.

Donald Trump's renewed tariff agenda — which was expected to result in a new round of tariffs later in the week — supply chain disruptions, the persistent fuel crisis, geopolitical rivalry between the US and China, rising protectionism and climate pressures are all reshaping international trade.

New Zealand's response is not to retreat. Exporters are diversifying markets, investing in technology, developing premium brands and pursuing new growth opportunities in India, Southeast Asia, Europe and the Middle East, leveraging trade agreements nailed by successive governments.

All credit here to Minister for Trade and Investment Todd McClay, who late last week notched another success by announcing the first steps in trade negotiations with Switzerland.

Swiss State Secretary for Economic Affairs Helene Budliger Artieda underlined Switzerland's protectionist forces would, however, come into play — dairy was "going to be a sticking point; guaranteed". Artieda was one of a group of trade ministers and high-level officials from 20 countries gathered in Auckland to advance talks on reducing non-tariff barriers to trade.

They came together under the umbrella of the Future of Investment and Trade (FIT) Partnership — an economic club of 16 smaller nations — of which New Zealand was a founding partner.

The upshot was eight countries joined New Zealand in a declaration on confronting non-tariff trade barriers. New Zealand and other FIT partners also issued a Ministerial Declaration on digital trade to harness the power of digital technology to facilitate trade, including driving paperless trade.

Thirteen members of the FIT Partnership issued a Ministerial Declaration on economic resilience to address economic security risks. They resolved to work together, and with other trade partners, to ensure that trade can continue to flow unimpeded, and that critical infrastructure such as land routes, air and seaports remain open to support the viability and integrity of supply chains globally.

A new work area was agreed to focus on global subsidies, in ways that complement efforts in the WTO. Subsidies distort trade and investment flows, suppress global prices, and disadvantage competitive exporters. Addressing them is essential to restoring fair competition, says McClay.

Three new members — Korea, Peru and Thailand — were announced, bringing the total membership to 19.

McClay's success in negotiating a free trade agreement (FTA) with India, the conclusion of a comprehensive economic partnership with the UAE and an FTA with the Gulf Co-operation Council rewires New Zealand's trade playbook.

This comes on top of former Labour Trade Minister Damien O'Connor's successful FTAs with the EU and UK. The challenge now is ensuring New Zealand can successfully scale its innovations, attract investment and maintain its position as a global leader in agricultural technology.

Freer trade is central to that.

Enjoy the report,

Fran O'Sullivan

The Peacock strategy: Why New Zealand must stop whispering to the world

After 16 years leading New Zealand Trade and Enterprise, Peter Chrisp reached a simple conclusion: New Zealand's problem isn't just capability. It's audibility.

For too long, New Zealand had mistaken modesty for a competitive advantage. In a world where investors, customers and governments are bombarded with competing pitches, Chrisp argues that Kiwi humility has become a strategic weakness.

"We need to say what we do with much more volume," he says. "It's not the humble gene that holds us back. We're such a small country — our megaphone is very small."

His prescription is what he jokingly calls the "Peacock Strategy".

"We've got to fluff our feathers up and make ourselves look much bigger than we actually are."

Chrisp believes New Zealand has world-class companies, exceptional technology and globally-competitive expertise. Yet too often those strengths remain invisible simply because the country does not project them with enough confidence. That is why he remains a strong advocate of ministerial-led trade missions, national pavilions at major international exhibitions and consistent country branding.

"When we go to trade shows — that's why the missions are good — you're on a peacock strategy. You fluff your feathers up and make yourself much bigger than what you are. Without a megaphone, the narrative just does not go far enough and long enough."

This is not about spin or empty marketing. It is about recognising the reality of modern international competition. Every day, buyers, investors and policymakers are inundated with competing claims. Small, geographically distant economies cannot rely on quiet competence alone. They must first earn attention before they can demonstrate substance.

For Chrisp, New Zealand's challenge is to amplify what already exists. The country's innovation ecosystem, deep technology capability, premium food production and specialist manufacturing deserving a much larger global profile than their size would suggest. Collective branding, co-ordinated trade missions and a stronger national story become force multipliers, allowing hundreds of individual exporters to benefit from a bigger international presence than any could generate alone.

Chrisp has finished at NZTE and is now nearly two weeks into his new role as head of the Department of Conservation.

As Chrisp prepared to hand over the reins, his advice to his successor was strikingly practical. He argued the next chief executive should first protect what already works. "Never ever let go of the core operation."

For Chrisp, organisational culture is the leading indicator of performance. If forced to run NZTE using only a single metric, he says he would choose employee engagement.

Chrisp also believes every public sector leader must now confront a permanent fiscal reality. Resources will remain constrained while expectations continue to rise. "Keep focusing on getting more for less. That is the fiscal position the public sector is going to be in for the foreseeable future."

Rather than seeing artificial intelligence as a threat, Chrisp sees it as the biggest opportunity available to government agencies. "We want to be at the vanguard of artificial intelligence in New Zealand, and so far we're on that track."

Only once the fundamentals are secure does Chrisp see room for a broader ambition. "The operating model is actually about growing the enterprise. The question is, what can you do beyond the enterprise? That is the collaborate-to-compete space."

Throughout his tenure, NZTE has become highly effective at supporting individual businesses. The next frontier, he believes, lies in helping entire sectors coordinate internationally.

Whether through shared market development, national branding, innovation clusters or co-ordinated offshore campaigns, New Zealand can create greater impact when companies work together rather than alone. "As long as you have the core right," Chrisp says, "then you can stretch."

It is a fitting final lesson from one of New Zealand's longest-serving international trade leaders.

Protect the culture that delivers results. Use artificial intelligence to lift productivity. And don't be afraid to make a little more noise.

●B14: Exit interview

AGRIBUSINESS & TRADE A Herald Business report

From drones to data: How



A shift toward bigger, smarter hardware handling routine farm tasks is now showing up in increased drone use. Photo / Bevan Conley

Fieldays showed how tech is taking centre stage in farming's evolution



Agribusiness & Trade
Bill Bennett

It wouldn't be Fieldays if there wasn't a discussion about the drones getting bigger.

This year the biggest spray drone on show carried 100 litres. That's double what growers were flying in 2025. Ferntech general manager Tom Goodwin says they could be 200 litres next year.

When you talk to drone companies like Ferntech, it becomes clear that hardware is not the most important drone component, the software behind it matters more.

And that's the key message from Mystery Creek this year.

Wearables and virtual fencing, the technologies that grabbed the headlines a few years ago, are still growing strongly. They are moving, literally, into new pastures, as beef farmers get access to tools that were previously only built for dairy. But the innovation has moved on from the collar or the sensor itself.

It's happening in what the data behind those devices can now tell

Breaking new ground for first farm buyers

With discounted lending straight out of the gate

BNZ First Farm

Eligibility criteria, terms and conditions and fees apply.

bnz let's find a way

AI is transforming farming

a farmer and what it can do on their behalf.

Brendan O'Connell, chief executive of AgriTechNZ, sums up the shift bluntly: "AI has stopped being a future promise and started being something farmers actually reach for to solve today's problems."

AI is front-and-centre in the agritech sector, just as it is in most productive industry sectors. What is meant by the term varies enormously.

At one end is Halter, where artificial intelligence has been central to the product from day one. "We've got AI making decisions throughout the Halter system," says Toby Hurley, the company's director of product.

He says machine learning models decide which cows are on heat, which might be sick or underperforming, how much a paddock will grow. These are decisions farmers used to make using their eyes and experience.

But Hurley is careful about how far that goes. "We very much see ourselves as a very experienced and knowledgeable co-pilot of these farms, rather than trying to grab the wheel."

At the other end sits the Livestock Improvement Corporation (LIC). Minda, the farmer-owned co-operative's herd management system is used on nine out of 10 New Zealand dairy farms. Chief executive David Chin says Minda doesn't run on AI — yet.

What Minda does today is integration. It pulls herd, financial and environmental data into one place rather than machine learning making calls of its own.

Then there's a third way AI enters the picture. The technology riding quietly on hardware most farmers wouldn't think to call "smart" at all.

Tom Goodwin says his company ships drones with onboard AI that can pick out a person, a car or a boat in a field of view without sending anything back to a server first.

"It's just for quicker data. You're getting a live analysis . . . there's no delay, no upload of data to be analysed in a report."

One customer, PGG Wrightson, has built its own SkyCount tool on top of the embedded drone AI to count livestock automatically from the air. This is a job that until now meant closing paddocks and running stock through gates for days. Another customer, the Rotorua forestry company Interpine, uses the same edge-processing approach to identify pest species and map their concentration across a property.

Another way AI makes its way on to farms is when farmers do it themselves, independently.

DairyNZ's Brian Dela Rue describes farmers building their own knowledge hubs using generative AI chatbots. They feed in data from DairyNZ, the Ministry for Primary Industries and LIC along with their own farm's decision rules. This way staff can ask a question in the middle of a job and get an answer grounded in that specific farm's policies.



AI has stopped being a future promise and started being something farmers actually reach for to solve today's problems

Brendan O'Connell



Farmers are really willing to invest in any technologies that are affordable and make the job much easier.

Brian Dela Rue



New Zealand farmers are very good at what they do. They know their numbers. They know the science. They know what works.

Toby Hurley

Orbit satellites

Low Earth orbit satellites have changed farm connectivity beyond recognition in the last five years, but they do more than deliver broadband and direct-to-device mobile services.

New Zealand-based Halter recently became the first virtual fencing platform in the world to connect its collars directly to Starlink. Overnight there was no need to build on-farm towers to monitor herds. This lowered the barriers to using the company's technology and expanded its application to new markets.

According to the company, Halter collars now account for the highest number of Starlink-enabled IoT devices in the world, discounting ordinary mobile phones. There are already around half a million of them, out of more than a million collars sold.

For farmers on large, remote or steep country, satellite connectivity matters more than any feature upgrade. "The fact that Halter was a system that relied on physical towers on the land to run the system very quickly became a really massive blocker to adoption," says Hurley.

Cellular coverage in the places that needed virtual fencing most was often no better than nothing. He describes offering direct to satellite as "an immediate unlock". He says that farms that had been waiting, ready to go, "immediately jumped in."

Halter's technology saves farmers a huge amount of time. Hurley says the average farmer saves 27 to 28 hours a week, with some saving well over 40. This is time that used to go on shifting stock, checking for heat and walking paddocks to eyeball pasture growth.

Previously Halter targeted dairy farming. That is now being extended to beef, a much bigger and more physically demanding category of farming than dairy. It's also one that benefits more from satellite connectivity. Beef cattle tend to be further from terrestrial networks than dairy cows.

As with other emerging agricultural technologies, the hardware is only the entry point. The software and services behind the devices are where farmers find the most value.

Halter has spent the past two years rolling out pasture measurement, health monitoring and heat detection to beef customers, capabilities dairy farmers have had for years. Hurley expects the labour savings for beef, particularly on large, extensive stations, to be even greater than in dairy, "with the scale and challenges that those types of systems face".

Drone in a box

Drone technology continues to evolve. One recent development is not about flying at all, but what happens when drones are not in use?

Ferntech's Goodwin describes a concept called "drone in a box". This is a drone that lives permanently in a weatherproof box on a remote part of the farm. It takes off automatically, flies a route checking gates, troughs and stock. At the end, it returns to its box where it recharges. All this takes place without a pilot present.

"It can automatically be refilled . . . controlled by a computer anywhere with power and internet," he says.

If something's wrong, say a gate is open that shouldn't be, or a trough running low, it sends an alert straight to the farmer's phone.

The box acts as a landing pad and a charging base. Drone-in-a-box technology has existed for a couple of years, Goodwin says, but adoption has only just started in New Zealand, because it depends on regulatory sign-off to fly without a human watching.

The same shift toward bigger, smarter hardware handling routine farm tasks is now showing up in spray drones. What used to take six hours with a tractor on hilly ground can be done in about an hour with a drone, Goodwin says. This is a direct result of drone tank sizes doubling in the last year or so.

AI is playing an important role in nutrient compliance. A tool called SpreadWise, from Ballance Agri-Nutrients, uses computer vision to read aerial imagery and automatically map the parts of a farm where fertiliser shouldn't go. That includes troughs, gates and waterways, along with areas already enriched by stock movement.

The AI software has been trained using real customer trough images from across the country, then refined with input from farmers during development.

Trials suggest it can cut fertiliser use by up to 10% without any loss of pasture growth, simply by finding the small exclusion areas that are easy to miss but add up across an entire farm.

Danusia Bathgate, Ballance's digital transformation lead, says: "AI is doing the heavy lifting at the start, but the farmer remains in control of the final map."

Every SpreadWise map is still checked by a Ballance specialist, then reviewed by the farmer, before it's used.

For now SpreadWise isn't varying application rates across a paddock. Its focus is excluding the areas that don't need anything at all. But Ballance is already working on a version that will vary application more precisely paddock by paddock.

The bigger barrier, Bathgate says, isn't cost or trust. It's awareness. "Farmers have a wide range of digital tools available to them. It can be difficult to know which ones will deliver practical value on farm."



AI is doing the heavy lifting at the start, but the farmer remains in control of the final map.

Danusia Bathgate



What used to take six hours with a tractor on hilly ground can be done in about an hour with a drone.

Tom Goodwin



It isn't so much a question of New Zealand being ahead of international competition . . . but that we have evolved a different technology stack.

David Chin

Barriers to adoption

Chin says the barrier he used to worry about most has gone. Rural connectivity, once the biggest handbrake, isn't an issue anymore. Starlink has made a fast, affordable satellite connection a given on almost every farm. The barriers now sit further up the chain.

Dela Rue points to two: farmers' own AI knowledge and confidence, which he says is catching up quickly, and the state of farm data itself. This can still be fragmented across systems that don't always speak the same language and controlled by companies with little commercial incentive to share it. "There could be a role there for DairyNZ," he says, in pushing that integration along.

Hurley makes a similar point from Halter's side. The old barrier of farmers simply not trusting the technology has gone. "I think we got over those barriers really early." What's left is narrower and more practical: helping each farm work out exactly how a system like Halter fits its own operation, rather than farmers wondering whether it works at all.

How we compare internationally

New Zealand's story here is less about leading or lagging than about a different kind of adoption altogether. Dela Rue says he has seen reports that found New Zealand farmers are slower than some overseas when it comes to taking up new technology.

Yet, he says that's the wrong comparison. "We're a lower-cost farm system, we're not subsidised, so we're unlikely to be adopting a lot of technologies without really proving the value."

That does not mean farmers are unwilling to invest. "Farmers are really willing to invest in any technologies that are affordable and make the job much easier." Technologies that help attract and retain good staff, give farmers more time or help them make better decisions are particularly valuable.

He points to the adoption of automation technologies in dairy and other farming systems, including automatic washdown systems. "Anything that makes that job a little quicker and easier, to give them more time to do other work or have a shorter working day, is really important."

"So they are pretty good at analysing what they need," he says. "I think that's maybe the difference: low-cost system, profitable outcomes."

Halter's Hurley says: "New Zealand farmers are very good at what they do. They know their numbers. They know the science. They know what works."

That made New Zealand an ideal proving ground for Halter. Rather than accepting "some hand-wavy magic", farmers "held us to a pretty high standard", forcing the company to prove it could add value to already highly optimised pasture-based systems.

Hurley says the US and Australia "historically have probably been a bit further behind New Zealand when it comes to tech adoption", but are now "grabbing the bull by the horns" as they look to close the gap.

LIC's Chin has a more nuanced take. He says that it isn't so much a question of New Zealand being ahead of international competition when technology is applied to dairy farming, but that we have evolved a different technology stack because our pasture-based farming model has different needs from intensive overseas dairy systems.

None of the current generation of agritech innovation is about farming more land. It's about squeezing more out of the land, animals and the water already in use. For the most part this means using data, and increasingly AI, to make calls that farmers once made through experience and judgment.

New Zealand agritech is rapidly gathering momentum. O'Connell says: "At our current rate of growth, agritech will be the same size as horticulture by 2030. By 2040 the sector could create as much GDP for New Zealand as dairy does today."

AGRIBUSINESS & TRADE A Herald Business report

Virtual fencing is now a smart way of farming

Gallagher's eShepherd device has changed the way farmers manage herds and increased productivity



Agribusiness & Trade
Graham Skellern



The eShepherd neckbands enable cattle to move easily to new and fresh pastures.

Eighty-eight years ago, Gallagher Animal Management revolutionised farming by introducing the battery-powered electric fence. Nearly nine decades later, it is leading the way with new agritechnology.

Gallagher is deep into the next agricultural transformation through virtual fencing, digital livestock management including weighing and electronic identification, GPS tracking and data analytics.

"We have been a hardware company and become a software company," says Rob Clayton, who was appointed chief executive of Gallagher's global Animal Management business in June.

He had previously worked for 25 years with Nutrien Ag Solutions, the world's largest fertiliser supplier, and his last role was senior vice-president retail North America. Based in Melbourne, Clayton will share his time travelling between Australia and the head office in Hamilton, and to export markets.

Clayton says Gallagher's tools and data collection enable farmers to make better and more informed decisions, and manage more precision farming that increases efficiency, production and profitability," he says.

"The real time data 24/7 on the (mobile) phone enables farmers to calculate weight gains daily and to move cattle to another paddock with better pasture. All this can be done without leaving the lounge, and it lowers the cost of labour significantly."

Gallagher has developed a combination of the eShepherd virtual fencing, auto weighers and electronic identification (EID) readers, and wireless monitors for measuring the level of water, diesel and liquid fertiliser tanks.

Launched three years ago, the eShepherd solar-powered neckbands that orchestrate the virtual fencing are flying out of the factory door in Hamilton as soon as they are made.

"We'll distribute about 140,000 neckbands this year, mainly to North America and Europe. We started off growing 30-40% in sales but now growth is 300% a year," says Clayton. "There will be millions of neckbands around the world, not hundreds of thousands."

Currently, around 12% of New Zealand farmers have invested in eShepherd, while offshore the ratio is less than 1%.

"The opportunity is to match the New Zealand percentage globally over the next five to 10 years. We need to educate the farmers on using the technology, which will become simpler."

Clayton says initially 200 neckbands were sent to Africa and now they have ordered 5000 of them.



> Taking up the technology will be the biggest opportunity that most farmers will see in their lifetime to get the next quantum leap in productivity and profitability.
>
> Sarah Adams, Gallagher Animal Management general manager strategy and new ventures

"We don't have an adoption issue, just a production issue."

Gallagher, which exports to 161 countries and has offices in Australia, the Netherlands, US and Canada, recently installed a second production line in Hamilton and is operating three shifts for 24 hours a day to keep up with demand.

It is now planning a third production line this year and is presently in the market hiring an additional 200 staff.

Clayton says virtual fencing is one of the fastest-growing agritech innovations globally, transforming how livestock is managed across diverse landscapes.

The eShepherd neckband contains a GPS tracker and wireless communication chips and hangs down like Swiss cowbells. Two electrode chains expand around the neck as the animal grows and two small solar panels recharge the battery.

The device transmits through the cellular network or in more remote areas line-of-sight base stations to the web or mobile apps. It is well suited for cattle weighing 200kg or more, and their location can be tracked to within plus or minus one metre, giving 24/7 traceability.

On the app, lines are drawn for a virtual fence and the co-ordinates sent to the neckband. As cattle approach the boundary of the virtual fence, they hear a warning audio cue or beep and step back.

If they continue, an adverse but harmless electric pulse is delivered and they quickly respond, staying within the virtual fence without stress or confusion.

The farmer can build a schedule to move the herd through virtual paddocks. On cue, the cattle will move through the virtual paddocks as they open up.

Clayton says eShepherd unlocks precision rotational grazing and optimises pasture use, improves regrowth and maintains feed quality, all without having to go out and move a single physical fence.

Virtual fencing allows the farmer to access more parts of his property for grazing such as hillsides and bush blocks, while keeping stock out of sensitive areas like waterways, native vegetation and erosion-prone land.

"If you think about grazing on the side of a hill where it's almost impossible to erect a fence . . . by drawing a line on the phone, stock can be held there. Or you can draw a line to allow stock to graze right up to an environmentally-sensitive area and making the most of the pasture."

Clayton says each farm is different but "on average you are seeing a 20% increase in productivity when eShepherd is used in combination with other tools."

The auto weigher and EID reader allows the farmer to calculate weight gains daily without having to move the stock into the yard.

"If you have a beast that is not gaining weight or is not a strong feeder, the farmer can let it into a more nutritious paddock ahead of the rest of the mob and catch up. Our technology pays attention to individual cattle and not just the whole herd."

Clayton says Gallagher and Halter are the two fastest-growing companies in the world for wearables — and they both come from New Zealand and solve different problems.

"Halter is more for dairy cows and our's more for beef cattle and remote areas. eShepherd is about weight gain and pasture utilisation for beef production rather than milk production.

"Today, it's no longer a question of 'will I take up the technology', it's 'which brand will suit my operation'."

He says one of the misconceptions about wearables on cattle is that they are constantly being zapped to stop them walking over the boundary line. "The cattle can be trained within 12-24 hours to move back from the line on the audio cue."



> There will be millions of neckbands around the world, not hundreds of thousands. We don't have an adoption issue, just a production issue.
>
> Rob Clayton, chief executive of Gallagher Animal Management

Clayton says farming in the future will be more data-driven and precise for raising livestock. "We are seeing it now with the wearable eShepherd, which opens up a new range of opportunity.

"We are looking at animal vision technology and placing a live camera on a sentinel for every 20 head of cattle. The camera checks the health of cattle around the sentinel and if one is sick, the farmer can get to it quickly.

"At a water trough, we can weigh animals through camera vision. We could have robot lawnmowers which take samples of the pasture and calculate the composition of carbohydrates. I don't think that's far-fetched."

Sarah Adams, general manager strategy and new ventures for Gallagher Animal Management, says taking up the technology will be the biggest opportunity that most farmers will see in their lifetime to get the next quantum leap in productivity and profitability.

"They will be able to get many more insights on their animals earlier, and be proactive rather than reactive and improve efficiency."

Adams says now is the time to invest when beef prices are at an all-time high.

"When commodity prices fall, farmers will have a big productivity improvement that make up for the lower prices. There's also the improvement in environmental outcomes, as well as productivity.

She warns that New Zealand farmers can't rest on their laurels.

"The US, who haven't been nearly as efficient as New Zealand farmers, have subsidies for technology and we are seeing a lot of uptake over there.

"New Zealand farmers have to invest and look at what technologies can give them the quantum shift and keep them ahead — because we do know that our cost base is high being so far away from other parts of the world."

Adams says smart farming is moving away from mob-based to individual-based management. "With virtual fencing, we can manage each animal as an individual — so we know which animals to move, which to keep, which to treat and which to mate.

"Take dairy herds — we feed cows different amounts in the dairy shed based on their milk production. We are now able to do the same thing in very remote pastoral situations with beef cattle."

She says camera vision technology "will really change things over the next five to 10 years. We see a lot robotics around and we are just working out where they fit into the system.

"They could carry cameras, live with cattle and do some mundane jobs quicker. It comes down to the imagination of farmers.

"It's like the Henry Ford thing. You ask farmers what they wanted and they'd say a faster horse, but actually it was a car. We have to think about some of the farmer's jobs and how a robot, or something else, can do those for them.

"All we are trying to do is reduce the cost on the farm and improve productivity, profitability and efficiency."

Adams, who farms on the Raglan Harbour, says, "I've always thought technology could play a bigger part in farming. It's amazing where the virtual fencing technology has got to and what it can actually do. We are attracting some of the smartest minds who want to come and help solve some of farming's problems."

AGRIBUSINESS & TRADE A Herald Business report

New Bioeconomy Science Institute chiefs face high stakes in science overhaul

The challenge facing NZ's science giant



Agribusiness & Trade
Peter Griffin



Linda Johnson says her role is to act as a connector, strategist and horizon-scanner.



Prof Rod McNaughton



Dr Troy Baisden

The Bioeconomy Science Institute enters its second year with a new chief executive, a new chief scientist, and a mandate to turn research into economic gold. With fewer scientists, redirected funding, and a science system critics say is a "burning platform", expectations have rarely been higher — or the challenges more daunting.

New Zealand's primary industries will generate an estimated $64.3 billion this year in export revenue. They are the economy's engine room, and the institute (BSI) — born from the merger of AgResearch, Plant & Food Research, Scion and Landcare Research — was built to run faster, smarter and with greater global ambition.

One year on, with new CEO and returning expat Angus Haslett set to step into the role vacated by transition chief executive Mark Piper, and freshly appointed chief scientist Dr Linda Johnson barely a week into the job, the BSI is ready to put the pain of restructuring behind it and get down to business.

A seasoned agribusiness expert who studied agriculture management at Massey University in the mid-1980s, Haslett most recently headed Netherlands-based dairy genetics company CRV. He joins a similarly sized organisation, but one with far more moving parts.

The 2025 accounts of the four former Crown research institutes show that they generated revenue totalling around $531 million between them, consisting of strategic funding and grants, and government and commercial contracts.

A pivot to mission-led science

The thinking behind the mega-merger was to eliminate duplication and sharpen the commercial focus, building the kind of scale needed to compete internationally and spin out intellectual property ventures and licensing revenue that would grow the bioeconomy.

Johnson, a 23-year veteran of AgResearch with deep expertise in plant-microbe interactions and genomics, says her role is to act as a connector, strategist, and horizon-scanner. The aim is not to do more science, but to do science differently.

"I don't see four separate research cultures sharing a letterhead," she said of the BSI a year on from the merger.

"I see scientists increasingly bringing together expertise, data and resources to tackle challenges that span sectors," she said.

The BSI is pursuing a missions-led science model, grouping research around large shared challenges rather than institutional silos. Where a Scion wood bioproducts scientist once operated in a separate orbit from a Plant & Food researcher working on biomaterials packaging, the missions framework is explicitly designed to bring them together.

"That's exactly the sort of collaboration a missions-led approach is designed to encourage," Johnson says.

"The focus is increasingly on bringing together the right expertise, wherever it sits within the organisation."

The conversion problem

For Professor Rod McNaughton, Academic Director of the Centre for Innovation and Entrepreneurship at the University of Auckland, the structural integration was necessary but only part of the job.

"The BSI has landed in roughly the right conceptual place," he says, "but the test now is whether it becomes more than an administrative merger. Scale is useful, but scale is not the same as speed."

"The hard problem is not about the quality of our science, it is conversion," McNaughton argues.

"I would judge BSI less by how much research it produces and more by how well it improves the conversion rate from science to value."

The necessary ingredients? Assembling intellectual property, founders, industry partners and capital, moving from research capability to usable technologies, licences, ventures, standards and decision tools. That is a different skill set from running great research labs. While our CRIs had a respectable track record in turning pioneering science into export-earning innovation, the Government is looking to get more bang for the taxpayer's buck.

The merger resulted in 152 roles going across the four institutes, with another 134 voluntary redundancies, 86 of them science positions. Meanwhile, the investment thesis underpinning the reforms relies heavily on business R&D filling the gap left by strategic science spending being funnelled away from the primary sector and environmental science towards the newly established Institute for Advanced Technology, which is based in Auckland and has a focus on artificial intelligence, quantum technologies, superconductivity and materials science.

> The future of agribusiness is advanced technology embedded in biological systems.
>
> Prof Rod McNaughton

A burning platform

Dr Troy Baisden, an environmental scientist, independent researcher and co-president of the New Zealand Association of Scientists, describes the broader science system after the CRI mega-mergers as a "burning platform" — not a crisis coming, but one already underway.

The BSI's seasoned staff, he says, have done well to hold on to critical capabilities during the restructure. But the reality is that our public researchers are having to do more with less.

Baisden is particularly critical of structural overhead costs that make external co-investment prohibitively expensive.

"The foundations are rickety, poorly funded. Overheads are crazy, so you can't fund anything from external to these organisations and the government without paying four or five times what it's worth, so nobody will fund it."

He worries about the ongoing brain drain from the New Zealand science system, the lack of opportunities for post-doctoral researchers and politicians convinced that merging agricultural science with AI will accelerate economic growth.

"Slogans about doing something differently that's going to succeed are probably going to prove false, and they're going to start proving false within three-year election timeframes rather than the five or 10-year timeframe typically applied to science."

AI as an accelerant

Artificial intelligence is, however, important to BSI's plans to amplify its science. From genomic selection in plant breeding to biosecurity surveillance, the technology has genuine applications across BSI's portfolio.

McNaughton is broadly supportive but emphatic that the technology must be embedded in domain expertise rather than dropped in from the outside.

"AI could be especially important if it is grounded in real primary-sector problems and data," he says, listing faster breeding and phenotyping, biosecurity surveillance, land-use optimisation, provenance and food-process optimisation as high-value applications.

"But AI will not contribute much as a generic capability sitting outside the sector. It needs access to high-quality data, deep domain knowledge, industry adoption pathways, clear IP settings, trusted governance arrangements and people who can translate science into investable or deployable opportunities."

The gene tech opportunity

One area where BSI could generate upside is precision breeding and gene editing. New Zealand's regulatory pathway for gene-edited organisms has been slow, a source of frustration for researchers and industry alike. But Johnson, whose own research background is in CRISPR gene editing tools, argues that the regulatory lag need not hold the science back.

"Gene editing adds another powerful tool to that toolbox," she says. "International jurisdictions have processes in place that enable proportionate assessment and approval of genetic technologies. That creates both an imperative and an opportunity: to ensure our science remains internationally connected, to learn from regulatory systems offshore, and to position New Zealand to accelerate innovation when domestic settings allow."

The future of agribusiness, McNaughton points out, is "advanced technology embedded in biological systems". Think sensing, robotics, digital assurance, climate models, and biomaterials.

"The risk is that funding for advanced technology becomes a separate silo," he warns.

Baisden acknowledges that there are commercial success stories in the form of spinoff companies that emerged from the BSI's predecessors, such as Calocurb, a startup that has developed an appetite suppressant and which traces its origins back to Plant & Food's labs.

The future of New Zealand science, if the Government's plan works, is to see the likes of Icehouse Ventures and Movac, which recently raised a $200 million venture fund, backing deep tech startups built on BSI's science.

McNaughton points out that many opportunities in the bioeconomy are not right for startups, but will create value through licences, grower tools, industry adoption, public-good technologies, standards, corporate partnerships or policy evidence.

"The bioeconomy is not the old primary sector with a new label. It is where biology, data, engineering and markets meet," McNaughton says.

"That is why BSI matters, but also why execution will matter more than structure."

BUSINESS REPORTS

THE AGRIBUSINESS & TRADE REPORT is one of a series of nine premier Business Reports published annually in the New Zealand Herald.

These reports are premier, business-to-business publications providing critical sector insights alongside robust informed content and commentary about issues that matter to NZ businesses. The reports canvas the views of Cabinet Ministers, business leaders, and business organisation chiefs.

This sits alongside expert commentary from respected thought-leaders through interviews and in-depth articles written by the Herald Business Reports team.

The reports are distributed within the Herald and the editorial content is carried online at nzherald.co.nz/business.

PUBLISHING CALENDAR FOR THE BUSINESS REPORT SERIES 2026:

- Project Auckland — Published
  To coincide with the annual Project Auckland luncheon
- Capital Markets & Investment — Published
  To coincide with the INFINZ Awards
- Indian Business Report — Published
- Agribusiness & Trade — Published
- Infrastructure — Thu 20 Aug
  To coincide with Infrastructure NZ's Building Nations Summit 2026
- Project Canterbury — Thu 10 Sep
- Mood of the Boardroom — Thu 22 Oct
  To coincide with the Mood of the Boardroom breakfast and finance debate
- Sustainable Business & Finance — Thu 12 Nov
- Dynamic Business — Thu 3 Dec
  To follow the Deloitte Top 200 Awards

Managed & edited by Fran O'Sullivan:
fran.o'sullivan@nzme.co.nz | 021 986 145

Commercial enquiries to Neil Jackson:
neil.jackson@nzme.co.nz | 021 944 825

AGRIBUSINESS & TRADE A Herald Business report

‘Closer than ever': New tech promises to slash farm emissions

AgriZeroNZ is backing methane-cutting tools to boost farm productivity, writes **Wayne McNee**





New Zealand's agricultural sector has built its success on continually finding better ways to farm. Today, one of our biggest challenges – and opportunities – is reducing emissions in ways that strengthen our position in global markets without compromising productivity. Achieving that hinges on three things: market demand, practical tools that work on Kiwi farms and support for farmers to adopt them.

The market demand is loud and clear. Many of the world's largest food companies and supermarkets consider emissions alongside price and quality when they're choosing where to source their products. Financial institutions are also taking emissions into account in lending and investment decisions.

For a country whose food and fibre exports are forecast to earn more than $64 billion this year, those signals matter. Strengthening our reputation as a trusted producer of high-quality, low-emissions food will increasingly depend on giving farmers practical options to meet changing market expectations.

Recognising this early, major agribusinesses, banks and the Government came together three and a half years ago to establish AgriZeroNZ. They shared a simple belief: if New Zealand wanted to remain at the forefront of food production, we needed to invest early – and invest together – to accelerate the development of tools that would help keep our farmers competitive.

Back then, many of the biggest questions were unanswered.

Could promising ideas become practical tools?

Would they work in New Zealand's pasture-based farming systems? And would customers and farmers see enough value to use them?

From promising ideas to practical solutions

Today, the picture is much clearer. Kiwi farmers are closer than ever to having effective tools that can reduce methane and nitrous oxide emissions without compromising profitability or productivity. Most of the tools we have invested in are aiming to improve animal productivity and, through that, farmer profitability.

Through almost $80 million of investment across 18 companies, research projects and trials, a strong pipeline of technologies is moving steadily towards commercialisation and on-farm use. Our growing portfolio spans probiotics, pastures, vaccines, genetics, animal wearables and feed additives.

We're focused on disciplined investment in the most credible opportunities – here and overseas – so New Zealand farmers are well positioned to have access to the technologies that succeed.

The first tool likely to become available from our portfolio is a methane-inhibiting bolus from Kiwi company Ruminant Biotech. In trials, a single dose has reduced daily methane emissions by at least 70% for 100 days.

It is now progressing through New Zealand's independent regulatory process, which is assessing its safety, suitability and effectiveness for use in our farming and food production systems. The current application is focused on specific categories of beef cattle.

Most likely to follow next are a low-emission ryegrass and a probiotic-based feed additive.

Of course, not every investment will succeed – that's the nature of innovation.

But we're optimistic that with continued investment and focus, farmers will have a range of tools to choose from by 2030.

This progress reflects the foresight of the organisations that came together to set up AgriZeroNZ. Their commitment and collaboration remain AgriZeroNZ's greatest strengths, and we're encouraged by growing interest from organisations here and overseas that want to be part of the next phase and turn promising innovation into real impact on farms.

This is important because getting the tools commercialised is only part of the challenge.

Success won't just be measured by the number of tools available, but also by how many farmers choose to adopt them.

Building confidence on farm

Farmers have been clear with us. They'll use emissions reduction tools if they stack up as good business decisions. They need to be confident the tools work, fit their farming system and are safe for their animals. Some innovators and early adopters will lead the way, but most farmers, quite reasonably, want to see the value first.

With tools getting closer to on-farm use, our investors asked us to play a bigger role in their uptake. That led to the launch of our Early Adoption Accelerator, a new initiative designed to bridge the gap between early availability and widespread use.

> Kiwi farmers are closer than ever to having effective tools that can reduce methane and nitrous oxide emissions without compromising profitability or productivity.
>
> Wayne McNee

Backed by up to $51 million in Government co-funding over three years, the Accelerator will support sector-led projects that remove barriers to adoption and help more farmers put proven mitigation tools into practice.

We're looking forward to working alongside more farmers and companies across the ag sector to help build farmer confidence and advance the use of emissions reduction tools on New Zealand farms.

Maintaining our competitive edge

New Zealand farmers are already among the most emissions-efficient in the world. That's something we should be proud of.

But many of our competitors are catching up by using new technologies to improve their performance.

Standing still is unlikely to protect our competitive advantage.

The farmers who built this sector succeeded because they continually found better ways of doing things. Equipping today's farmers with the tools they need to strengthen New Zealand's position in the global market – and the confidence to use them – will require a joint effort from researchers, tech companies, farmers, government, exporters and customers.

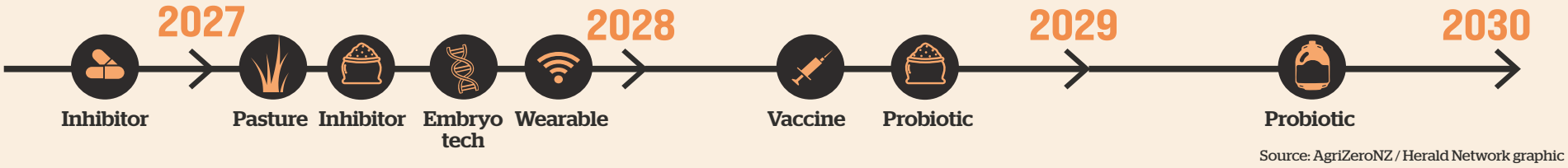
If we get this right, we'll not only reduce emissions, we'll help shape a stronger, more productive and competitive future for New Zealand agriculture.

AgriZeroNZ is a sponsor of the Herald's Agribusiness and Trade report.

Wayne McNee is chief executive of AgriZeroNZ, a public-private partnership half owned by government and the other half owned by: The a2 Milk Company, ASB, ANZ, ANZCO, BNZ, Fonterra, Rabobank, Ravensdown, Silver Fern Farms and Synlait.

Tools in development: Earliest availability

A range of emissions reduction tools is expected to be available for New Zealand farmers by 2030.



Source: AgriZeroNZ / Herald Network graphic

New Zealand isn't the target — that's exactly the problem

Tariffs are no longer simply a trade policy, writes **Sarah Salmond**



Competitive advantage is now being shaped long before products reach market.
Sarah Salmond

If New Zealand exporters are hoping Washington's tariff agenda is a temporary detour, think again.

After spending time in Washington meeting policymakers, congressional offices, trade officials, trade lawyers and industry groups, one message came through clearly: tariffs are no longer simply a trade policy tool. They are a political tool, an economic tool and a national security tool.

That changes the game for everyone — but especially for a small country like New Zealand that was never the primary target.

What struck me most was the atmosphere: there was no serious constituency in any room arguing for a return to the old playbook. The conviction that the world has permanently changed was bipartisan, consistent and, frankly, sobering.

Much of the agenda is driven by concerns about China, domestic manufacturing, economic security and the political imperative of creating jobs in key states. New Zealand simply happens to be operating in a system being redesigned for much larger strategic reasons.

That requires a fundamental shift in thinking. The traditional approach — negotiate favourable tariff treatment, remove barriers, compete on quality — is no longer enough. The questions being asked in Washington are different: Does this investment strengthen supply chains? Does this product fill a critical gap? Does this partnership reduce strategic dependence? Exporters who can answer those questions persuasively will find far more receptive audiences.

The other clear takeaway: volatility is here to stay. Few people I spoke with expected policy settings to normalise. Tariffs now enjoy support well beyond their traditional constituency, and there is little appetite to return to the trade policy consensus of previous decades.

The US midterm elections add another layer. If Democrats retake the House and perhaps the Senate, Congress will become more assertive on trade oversight. But modern trade policy is heavily Executive-led, and a divided Congress has limited ability to unwind measures already implemented by the Trump Administration.

Recent developments make the point concrete. The US lamb safeguard investigation shows how market access issues can emerge with little warning, even for close trading partners like New Zealand and Australia. Investigations can move from initiation to real commercial impact faster than most boards anticipate. The medical devices investigation is a further reminder that trade policy is increasingly intersecting with domestic manufacturing objectives. More investigations, more scrutiny, more sectors — that is the direction of travel.

Critically, businesses should not focus solely on tariffs. Export controls, investment screening, sanctions and supply chain due diligence requirements are increasingly shaping commercial outcomes — and in many cases present greater risk than tariffs themselves.

That creates challenges — but also opportunities.. Washington is increasingly pursuing targeted economic arrangements and strategic partnerships that are narrower than traditional free trade agreements but can still create meaningful commercial advantages. Competitors who secure better regulatory alignment or preferential supply chain integration will gradually strengthen their position. Competitive advantage is now being shaped long before products reach market.

Perhaps the most important lesson from Washington is the continuing value of engagement — and who does it. Time and again, the message is consistent: policymakers listen to domestic voices far more readily than foreign ones. New Zealand businesses cannot rely solely on local advocacy. The most effective advocates in Washington are US employers, customers, distributors and industry associations explaining why your product or investment matters to them. A practical starting point is auditing your existing US stakeholder footprint — identifying which American businesses, employers and associations already have a stake in your success and can speak on your behalf.

Boards should also recognise that trade and geopolitical risk can no longer be treated as occasional compliance issues. Diversification and de-risking need to become core strategic priorities — not background noise.

The companies that succeed over the next decade will not necessarily be those facing the lowest tariffs. They will be the ones with diversified markets, resilient supply chains and credible advocates in the markets that matter most.

For years, exporters could treat geopolitics as background noise. Those days are over. Trade policy, economic security and geopolitical risk are now core business issues. The businesses that recognise that shift first are likely to be the ones that emerge strongest from it.

● *Sarah Salmond is a Partner at MinterEllisonRuddWatts*



AGRIBUSINESS & TRADE A Herald Business report

‘We’ve earned the right

MPI chief Ray Smith says growth must match environmental gains

Fran O’Sullivan

For much of the past decade, New Zealand’s primary sector has been forced on to the defensive.

Climate change. Water quality. Methane. Land use. Biodiversity. Biosecurity. The list of pressures has seemed endless. Farmers have often felt under siege while governments have struggled to reconcile the country’s export ambitions with increasingly demanding environmental expectations.

Now the mood is changing.

The global market is again turning in New Zealand’s favour. Trade agreements are opening more doors. Red meat prices are strengthening. Technology is beginning to deliver practical solutions to methane emissions that once looked almost impossible. After years of paying down debt, many farming businesses are entering this next phase with healthier balance sheets.

But there is a catch. The licence to grow is no longer automatic, it has to be earned.

That is the central message from Ministry for Primary Industries director-general Ray Smith, who believes New Zealand stands at one of the most important turning points for the food and fibre sector since the post-1980s reform era.

“We’ve actually earned the right to grow,” Smith says.

“But we’ve earned that right because people understand growth has to happen alongside environmental performance. We cannot grow at the expense of the environment.”

The debate has shifted from whether New Zealand should expand its agricultural production to how it can do so while meeting increasingly sophisticated demands from regulators, consumers and global markets.

For Smith, this marks a significant change in thinking.

“I think we’re emerging from the opposite problem,” he says. “People became almost afraid to talk about growth or diversification.”

Now, he believes, confidence is beginning to return.

That confidence rests on four major forces reshaping the sector.



Ministry for Primary Industries CEO Ray Smith rolls out the latest industry forecasts at Fieldays.

Fuel: The shock that tested everyone

Few industries are as exposed to energy prices as agriculture.

From tractors and harvesters to irrigation systems, fishing vessels and freight, diesel remains the lifeblood of rural New Zealand.

When geopolitical turmoil sent global fuel prices soaring, the consequences rippled quickly through the entire economy.

When we spoke earlier this month, Smith noted diesel had climbed from around $1.80 a litre this time last year to a peak approaching $3.80, before easing back to roughly $2.50. It climbed back to $3.54 in mid-July as the Iran war stepped up again; nearly double last year’s price.

“People feel relieved,” he says. “But we’re still much higher than where we were a year ago.”

Fuel is no longer simply another farm input. It has become a structural cost affecting everything from harvesting crops to transporting milk, meat and logs to ports.

Yet, Smith — who was seconded from MPI for six weeks to take over the Government’s operational response to the fuel crisis — believes the sector demonstrated something important during the latest shock. Resilience.

Unlike many overseas jurisdictions, New Zealand did not introduce emergency subsidies. Businesses adapted. Some already had fuel hedging in place. Others absorbed the cost.

Seasonal timing has also helped. Winter traditionally brings lower diesel demand across much of the agricultural calendar, providing breathing space while markets stabilise.

But Smith warns that elevated energy costs are now embedded into the economics of farming.

The greatest pressure falls not on exporters enjoying buoyant international prices, but on producers selling into the domestic economy — vegetable growers, arable farmers and inshore fishing operators.

These are domestically exposed businesses whose customers are the five million New Zealanders already grappling with higher living costs. “They’re the industries I worry about,” Smith says. “They can’t simply pass higher costs through.”

A world hungry for protein

If fuel prices represent today’s headwind, global protein demand is providing a powerful tailwind. One of the strongest forces supporting New Zealand agriculture has little to do with local conditions.

It begins in the United States.

America’s cattle herd has fallen to its lowest level in more than seven decades following prolonged drought and widespread herd liquidation. Reduced supply has pushed international beef prices higher and strengthened returns across world markets.

For New Zealand exporters, the timing could hardly be better. “It underpins growth in that sector,” Smith says.

The supply shortage is coinciding with another unexpected shift. Consumers are rethinking protein.

Drugs such as Ozempic and other GLP-1 medicines (such as Wegovy, sold in New Zealand) developed for diabetes and increasingly used for weight management, have changed nutritional advice almost overnight.

Protein has moved from being viewed with suspicion to becoming central to healthier eating. “When you and I were younger,” Smith jokes, “people thought eating lots of protein was going to give us heart attacks.

“Now it seems you’re supposed to eat more protein and less of everything else.”

Whether GLP-1 medicines ultimately transform global diets remains uncertain. What matters is the broader trend. Demand for high-quality protein continues to strengthen precisely when global supply has tightened. For a country producing premium grass-fed beef, lamb, and dairy products, those fundamentals remain attractive.

India becomes the next prize

Trade remains the other great pillar supporting New Zealand’s agricultural future. Smith points to one development above all others. India.

After years of stop-start negotiations, the bilateral free trade agreement promises to reshape New Zealand’s access to one of the world’s fastest-growing consumer markets.

Smith is optimistic but realistic. Unlike Britain or Europe, India will not deliver immediate gains. “If there were four big issues shaping this year,” he says, “one of them is certainly the India FTA.”

Yet he cautions against expecting overnight success. “India will be grand,” he says. “But it’s going to take longer.”

Unlike the UK, where New Zealand exporters have decades of familiarity, India requires patience. At the same time, Smith says the performance of the United Kingdom and European Union free trade agreements has surprised many observers. Exports have expanded faster than expected. Some of that reflects stronger commodity prices.

But it also demonstrates what happens when longstanding commercial relationships are finally supported by improved market access.

For Smith, these agreements reinforce a broader lesson. Trade policy still matters.

As geopolitical tensions reshape supply chains and governments seek trusted trading partners, New Zealand’s reputation for producing safe, high-quality food is becoming an increasingly valuable strategic asset.

But reputation alone is no longer enough.

The next challenge lies in proving that growth can co-exist with environmental credibility.

Environmental credibility

And that may become the defining test of New Zealand agriculture over the next decade.

The real test, however, is not whether New Zealand can grow more food. It is whether it can convince increasingly discerning global consumers that it can grow more while leaving a lighter footprint.

That challenge sits at the heart of Smith’s vision for the next decade.

The debate has moved beyond whether methane emissions need to fall. The science is advancing so rapidly that the question is no longer if New Zealand can reduce agricultural emissions.

“The science is virtually proven,” Smith says. “The issue now is getting it into farmers’ hands at a price they can afford.”

For years, methane has been presented as agriculture’s Achilles heel — a problem with no commercially viable solution. That narrative is beginning to unravel.

Across the research pipeline are methane-reducing feed additives, probiotics, vaccines, selective breeding programmes and pasture technologies that are producing increasingly impressive results.

Smith points to one emerging product capable of reducing methane emissions from yearling beef animals by around 70 %. “I think you’ll see quite a drop with this bolus product. You don’t need one down every throat at that rate to meet your targets.”

EcoPond technology is already delivering methane reductions of close to 97% from dairy effluent ponds — a significant gain for an emissions source that accounts for around 6% of a typical dairy farm’s methane profile.

Importantly, these are no longer laboratory experiments. Many have now been recognised within New Zealand’s national greenhouse gas inventory.

That explains why AgriZeroNZ — the Government-backed investment vehicle established to accelerate methane technologies — is becoming increasingly important.

Rather than acting simply as a grant provider, AgriZeroNZ is co-investing alongside private companies, sharing both the risk and the reward.

“We’re about a 40% investor,” Smith explains. “When companies are putting their own money, alongside Government money they’re much more focused on getting products into the market.”

Too often, public research has produced excellent science that never crossed what innovation experts call the “valley of death” between laboratory success and commercial adoption.

But Smith believes aligning government capital with private investment dramatically improves the chances that farmers will eventually have affordable, practical tools sitting on their shelves rather than sitting in research papers.

That commercial mindset reflects a broader shift inside MPI itself. Increasingly the ministry is thinking less like a regulator and more like a long-term steward of New Zealand’s export competitiveness.

The next environmental battle

Methane dominates headlines. But Smith believes the next environmental challenge will be much closer to home. Water. More specifically, nutrient management.

Freshwater quality has become one of the most politically contested issues in New Zealand agriculture over the past decade. Yet Smith believes this debate is approaching a similarly important turning point. “The mitigations are stacking up,” he says. “What we haven’t yet done is demonstrate enough of them together on commercial farms.”

Smith believes New Zealand’s farmers understand that protecting natural capital is no longer optional.

“I haven’t encountered anyone who wants to damage their own industry,” he says.

The real challenge is building practical systems that allow both economic growth and environmental credibility to co-exist.

That balance increasingly determines access to premium international markets.

Consumers buying New Zealand lamb in London or infant formula in Shanghai are not simply buying

to grow'

food, they are buying a story — and environmental performance has become part of the brand.

Smith is confident a new policy on land use flexibility underscores that growth is back on the table provided farmers can hit agreed environmental markers and show that intensification does not come at the expense of water, soil or climate.

Climate change brings new enemies

Few countries rely more heavily on keeping pests and diseases offshore than New Zealand.

But warmer temperatures are improving survival rates for insects previously unable to establish themselves here. Changing weather patterns are carrying new diseases across oceans.

Smith points to bird flu as perhaps the most immediate concern.

Fruit flies provide another reminder. What were once regarded as rare emergencies are becoming almost annual events. "We had two fruit fly incursions last summer," Smith notes.

The country's eradication record remains remarkably successful. But success is becoming increasingly expensive. A recent hornet eradication programme cost taxpayers around $13 million.

The capital challenge

New Zealand has built one of the world's most successful food-exporting industries. It has been far less successful at building globally scaled agribusiness companies. Again and again, promising businesses have encountered the same problem.

Some companies have borrowed too heavily before achieving sufficient cash flow. Others have remained chronically under-capitalised for years.

Eventually offshore investors arrive — not because New Zealand businesses have failed, but because their balance sheets have become too constrained to fund the next stage of growth.

"It's often the capital model," Smith observes. "The companies simply haven't been able to service the debt quickly enough."

The country excels at creating successful primary industries. It has often struggled to finance them through successive waves of expansion without eventually relying on international capital.

Smith contrasts that with Fonterra. The dairy co-operative has hardly enjoyed a flawless history. Its overseas adventures have sometimes destroyed rather than created value.

Yet despite those setbacks, it remains one of the few examples of a farmer-owned organisation able to generate the scale necessary to compete internationally while continuing to return wealth to its members.

Finding more models capable of achieving that balance may become one of the next generation's biggest economic challenges.

Seventy-five years of proof

There is a chart that has become something of a favourite inside MPI. It tracks 75 years of New Zealand's food export growth in today's dollars. Wars. Oil shocks. Financial crises. Commodity collapses. Exchange-rate volatility. Political upheaval.

Despite this, the line keeps climbing — unmistakably upward.

For Smith, it tells an important story. Global prices explain much of the short-term volatility. The quality of New Zealand's food and fibre sector explains the long-term trend.

He says it's easy to become distracted by each new crisis. But history suggests the industry's capacity to adapt has consistently proved stronger than the shocks themselves.

For Smith, New Zealand enters this next chapter with genuine advantages. The world wants more premium protein. Trade agreements are widening access. Innovation is beginning to solve problems once considered intractable.

Farm balance sheets are stronger than many expected.

But none of those advantages is guaranteed. Growth, he argues, is no longer simply an economic objective. It is a privilege that must continually be justified.

New Zealand may well have earned the right to grow.

The challenge now is proving — to customers, investors and increasingly demanding global markets — that it deserves to keep that right for the next 75 years.

● *The Ministry for Primary Industries is a sponsor of the Herald's Agribusiness and Trade report.*

Bird flu is becoming an economic risk, not just a biosecurity threat

Ray Smith's warning came before the headlines.

When I interviewed the Ministry for Primary Industries Director-General, he observed that New Zealand was one of the few countries still untouched by the global spread of highly pathogenic H5N1 avian influenza.

"Other than the Pacific Islands — I think we're the only country in the world that hasn't had this," Smith said. "Just because we're last doesn't mean we're safe."

Days later, New Zealand confirmed its first case of H5N1 after a brown skua found near Wellington tested positive. Officials say the virus has not spread to commercial poultry flocks and the public health risk remains low. But the finding marks the end of any assumption that geography alone can protect New Zealand from one of the world's fastest-moving animal diseases.

New Zealand's food and fibre sector depends on a hard-won international reputation for safe, high-quality production. Biosecurity is no longer simply an operational responsibility for MPI; it has become a strategic economic asset.

Around the world, H5N1 has devastated poultry industries, spread through wild bird populations and, in the United States, infected dairy cattle. US scientists regard it as one of the most significant animal disease outbreaks in decades.

Smith believes New Zealand's greatest vulnerability lies elsewhere: "Our biggest risk is really poultry and our native birds."

New Zealand's unique birdlife and internationally recognised biosecurity standards underpin confidence in our premium food exports. A serious outbreak would test both.

Smith also sees bird flu as part of a wider shift. Climate change is increasing the frequency and complexity of biosecurity threats. Warmer temperatures, changing migration patterns and more extreme weather are making it easier for pests and diseases to reach — and establish themselves — here. Bird flu joins fruit fly incursions and invasive insects as evidence that biosecurity challenges are becoming more frequent and more expensive.

The broader lesson is clear.

Trade agreements may open markets and technology may lift productivity, but a major biosecurity failure can undermine market confidence overnight.

Smith argues New Zealand has "earned the right to grow."

Maintaining that right will increasingly depend not simply on producing more food, but on protecting the biological systems and reputation that give New Zealand agriculture its competitive advantage.

In today's world, biosecurity is no longer just a border issue. It is an economic strategy.

— *Fran O'Sullivan*

●B27: Bird flu has reached New Zealand



AGRIBUSINESS & TRADE A Herald Business report



Fonterra CEO Richard Allen, bracketed by MPI's Ray Smith and Auckland Airport's Carrie Hurihanganui, tells the 2026 China Business Summit that the co-operative had been in a "pseudo-crisis" since Covid first disrupted global trade.



Air New Zealand CEO Nikhil Ravishankar tells China Summit Co-Chair Fran O'Sullivan the airline's approach is to "panic slowly".



Carrie Hurihanganui, bracketed by Richard Allen and Nikhil Ravishankar, talks about how "volatility is the new norm" at the 2026 China Business Summit. Photos / Supplied China Business Summit.

A crisis test for New Zealand's trade lifelines

Air NZ, Fonterra and Auckland Airport are rethinking resilience after the fuel crisis, writes **Tim McCready**

When conflict in the Middle East threatened to disrupt New Zealand's fuel supplies, the organisations critical to the country's trade and international connectivity were forced to confront just how exposed they were.

Fuel tankers continued to arrive, aircraft kept flying and export products remained on the move. But prices surged, shipping routes came under pressure and officials began calculating how long supplies would last, which industries would be prioritised if shortages hit, and how disruption to petrochemicals might spread through the wider economy.

Those questions framed the opening panel at last month's China Business Summit, where leaders from Fonterra, Air New Zealand, Auckland International Airport and the Ministry for Primary Industries described how repeated shocks have changed the way they manage supply chains, markets and China.

A system with little slack

Ray Smith, director-general of the Ministry for Primary Industries (MPI), said about 30% of New Zealand's refined fuel comes from Singapore and 60% from South Korea.

Tankers leave for New Zealand almost every other day, a regular flow that received little attention until it came under threat. "We have talked a lot about transition in our fuel supplies and what we do as we move into a greener world, but all of a sudden fossil fuels were disappearing on us quickly," Smith said. "There was huge concern about how we would power up the economy."

Diesel underpins freight, food production and manufacturing. Jet fuel carries passengers, but it also keeps high-value exports moving as cargo.

The exposure extends beyond fuel. New Zealand produces about a third of its fertiliser and imports the rest, much of it from the Middle East. Plastics, agrochemicals and pharmaceuticals are also vulnerable to disruption in the petrochemical supply chain.

The Government decided against subsidising fuel prices. Smith, who was seconded from MPI for six weeks to take over operational leadership of the Government's fuel crisis response, said allowing prices to reflect the shortage encouraged businesses and consumers to consider how much they used.

"If you have a shortage, you want people to think about their consumption levels, which they do not do if the price does not change."

His greatest concern was for vulnerable domestic producers, including vegetable growers, arable farmers and inshore fishers, who might stop planting or operating if fuel costs climbed too far.

For the aviation sector, the disruption ultimately proved to be a price shock rather than a shortage.

Air New Zealand chief executive Nikhil Ravishankar had just returned from the International Air Transport Association's (IATA) annual gathering, where airlines were counting an estimated US$100 billion increase in fuel costs and a fall in industry net profit from about US$45b to US$22b.

Despite that hit, he said the mood at IATA was buoyant.

"Everyone realised the fuel supply lines were more robust than anyone had imagined," Ravishankar said. "This wasn't a supply crisis as much as a commercial crisis."

Air New Zealand had recovered between 25% and 40% of its additional fuel costs, but Ravishankar said the airline could not simply pass the full increase on to passengers. "If we kept putting prices up, we would fly empty planes."

> Everyone realised the fuel supply lines were more robust than anyone had imagined. This wasn't a supply crisis as much as a commercial crisis
>
> Nikhil Ravishankar

The airline also faces a timing mismatch: tickets can be sold a year before travel, while the fuel is bought when the aircraft flies. Ravishankar said fares could remain elevated for a period as airlines recovered losses and rebuilt their balance sheets for the next disruption.

Auckland Airport chief executive Carrie Hurihanganui said minimum stockholding obligations introduced in recent years have proved their value. These require 24 days of jet fuel to be held within New Zealand, with 10 days close to Auckland Airport.

The requirements provided a buffer, although Hurihanganui said they needed to be kept under review as risks change. "Volatility is the new norm and we need to adapt."

Learning to 'panic slowly'

That adaptation is becoming embedded in the way major companies operate.

The experience showed how crisis management has become a permanent organisational capability.

Fonterra chief executive Richard Allen said the co-operative had been in a "pseudo-crisis" since Covid first disrupted global trade.

"For the last five years, there has been something to deal with every day: ships running aground, bridges getting hit, wars."

When the fuel crisis emerged, Fonterra had product on the water heading to the Middle East, including markets where local food production is constrained. It worked with logistics partners to keep those shipments moving. The cost was significant, but maintaining supply to customers took priority.

Air New Zealand has adopted a similar discipline. Ravishankar described the airline leadership approach as "panic slowly".

The objective is to contain the problem, make clear who is responsible for managing it, and allow the rest of the airline to continue operating its roughly 500 daily flights.

Engine problems, the flooding of Auckland Airport and the upheaval of Covid have helped build those reflexes.

"Resiliency is the new reliability," Ravishankar said.

China changes the equation

The same capacity to adapt is shaping how the organisations approach China.

The market remains critical to New Zealand, but the competitive environment has changed markedly.

Allen said the Chinese dairy industry has invested in advanced factories and lifted its ability to produce high-quality products locally. Fonterra cannot assume the strategy that worked over the past quarter-century will carry it through the next.

"What worked for the last 20 to 25 years is unlikely to work for the next 25 without modifications," he said.

Fonterra's strategy is focused on ingredients and food service, retaining control of the Anchor brand in China, localising its route to market and concentrating on areas where New Zealand can command a premium.

It also sees further growth beyond China's tier-one and tier-two cities as urbanisation spreads, although Allen stresses that additional volume must deliver sustainable returns.

"If you focus just on volume without understanding long-term economics in a market like China, it can kill you," he said. "We must find our differentiation point."

> We are building a strategy that expects uncertainty and volatility," he said, "and figuring out how to turn that into opportunity.
>
> Richard Allen

Smith said New Zealand's regulatory relationship with China has also matured.

MPI this year marks 20 years of formal engagement with China, supported by relationships across its customs, agriculture, market regulation and forestry agencies.

The relationship is built on "trust, confidence and respect," Smith said, and gave New Zealand access many competing countries did not enjoy.

That trust carries direct commercial value. New Zealand officials are permitted to audit infant formula producers on China's behalf, helping protect an export trade worth about $2 billion.

China's food production and safety systems have also advanced. Where a Western label once carried an automatic advantage, Smith said products made in China increasingly enjoy the same standing with consumers.

New Zealand exporters now have to compete more sharply on brand, provenance and health attributes.

More routes, more options

Diversification provides another layer of resilience.

Primary sector exports to China peaked at about 35% in 2023 and have since eased to around 30%.

Smith identified forestry as the clearest concentration risk, with 54% of its export revenue tied to China and demand exposed to the country's subdued residential construction market.

Weakness in Chinese construction was already being felt through plant closures in New Zealand, he said.

The India trade agreement provides another avenue for growth. Air New Zealand has signed a memorandum of understanding with Air India, established code-sharing arrangements and applied for joint venture authorisation as it plans for direct services.

But diversification does not mean stepping back from China.

Air New Zealand has consolidated its capacity there and, alongside alliance partners, connects into about 30 Chinese cities. It is also exploring links with ferry companies and high-speed rail operators, particularly in the Greater Bay Area.

Closer to home, Air New Zealand and Auckland Airport see an opportunity to deepen Auckland's role as a connecting hub.

Hurihanganui said six airlines now link Auckland with seven Chinese destinations. The airport has expanded its transit footprint by 80% and handles about 700,000 transit passengers.

"We are not going to be another Singapore, but Auckland can be the best-positioned secondary hub for the Australasian area," she said.

China Eastern's Shanghai-Auckland-Buenos Aires service demonstrates the potential. Since the route was introduced, direct Shanghai-Auckland passenger numbers have increased by 25% and cargo tonnage to South America has risen by more than 120%.

For Ravishankar, New Zealand's distance can become an advantage while aircraft remain unable to fly non-stop from China or Southeast Asia to South America. Auckland provides a practical connection between the two regions.

The wider opportunity lies in moving faster and being more precise about where New Zealand can add value. Hurihanganui said New Zealand needs to match the speed at which China moves, while Ravishankar sees potential for companies from both countries to co-develop and co-innovate. Smith pointed to advanced nutrition and China's green transition, and Allen stressed the need to identify areas where New Zealand can maintain a genuine advantage.

The fuel shock exposed how narrow the margins keeping New Zealand's economy moving can be. Greater resilience into the future will come from stronger relationships, more routes to market and a clearer understanding of where New Zealand can still command a premium.

For Allen, uncertainty now sits at the centre of the strategy rather than at its edges.

"We are building a strategy that expects uncertainty and volatility, and figuring out how to turn that into opportunity," he said.

AGRIBUSINESS & TRADE A Herald Business report

PM's pro-farming push lifts rural mood

Luxon banks on rural goodwill as farmers back coalition policies



Agribusiness & Trade
Richard Harman



Agriculture Minister Todd McClay (left) and Prime Minister Christopher Luxon at Fieldays. Photo / RNZ, Nick Monro

Prime Minister Christopher Luxon basked in the warm glow of farmer approval at the New Zealand Fieldays last month.

"We want you to produce more," he told farmers at the Federated Farmers Advocacy Hub.

"You know, this notion that was previously in place under Labour that you can shrink farming or send off 30% or shut 30% of our farms down because of emissions, well, we're interested in growth, we are interested in creating jobs, we're interested in lifting incomes, and for that to happen, we want you to produce more," he said.

And as if to vindicate his politicking, Labour leader Chris Hipkins mounted what amounted to a retreat as he confessed to the Advocacy Hub farmers that his party, when in Government, had not got their relationship with farmers right.

It is the breakdown in the relationship between the Government and farmers that happened under the previous Labour Government that has defined so much of what the National-led coalition has done since.

Their first task was to restore the relationship between farmers and the Beehive.

On the eve of the 2023 election, Federated Farmers had produced a 12-point farming manifesto. It was heavily focused on environmental issues, a legacy of what many farmers believed were the anti-farming attitudes of Labour's Environment Minister, David Parker.

Farmers wanted the 2050 methane targets and freshwater standards reviewed, and the ability of councils to designate areas of farms "Significant Natural Areas" ended.

The Coalition Government has done all of that.

And it has also ended the "Ute Tax", which was part of the Clean Car Discount scheme introduced by the Labour Government in 2021.

It placed a fee on high-emission vehicles — such as utility vehicles (utes) and large SUVs — to fund cash rebates for buyers of electric and hybrid vehicles.

It infuriated farmers and was ended shortly after the new Government was formed in 2023.

But one of the challenges faced by the new Government was that it did not have a farmer MP senior enough to make Minister of Agriculture.

National had let its relationship with the rural community drift after it lost the 2017 election, and although four new MPs in 2023 were farmers, none were obviously ready for Cabinet.

So they gave the job to Todd McClay, who was Minister for Trade and initially also Minister of Hunting and Fishing.

Instead, the Government relied on two associate ministers from support parties to handle much of the farming portfolio, particularly the day-to-day contact with the farm lobby groups.





Mike Butterick, left; and Grant McCallum.

Act's Andrew Hoggard is a former president of Federated Farmers and is also the Minister for Biosecurity, so he has had a high profile in his role as Associate Minister.

New Zealand First's Mark Patterson is a former president of Otago Federated Farmers and has delegations that include rural infrastructure, and he has made something of a name for himself as "Minister for Wool".

Realising they were off the rural pace politically, National formed a caucus group made up of the new MPs, Rural Nats, which McClay consulted on legislation and other ministers such as Finance Minister Nicola Willis were also talked to when a government move or legislation had rural connotations.

The chairman of that group, Wairarapa MP Mike Butterick, was made Associate Minister of Agriculture in April this year.

And he was also made Minister of Land Information, which would suggest that if the coalition forms the next government, he could be elevated to become Minister of Agriculture.

> The RMA reforms are the big ones, of course, but if you look at taking out the pricing of methane, the rollback of the Ute tax, there's been very clear themes there where we've unwound some stuff that was genuinely impacting farmers and had a chilling impact on their investment decisions and how they saw the future of agriculture.
>
> Mark Patterson



Butterick was one of the founders of the 50 Shades of Green movement, which opposes the large-scale conversion of hill country livestock farms to carbon forestry.

And the Government has moved on that issue.

From October last year, only forestry on classes seven and eight land (steep, unproductive land) could be registered without restrictions under the Emissions Trading Scheme.

Otherwise, there were restrictions on how much of a farm could be covered in forestry for registration under the ETS.

Patterson believes all of this activity has been why the mood of farmers has changed.

He says there has been a massive change in sentiment.

"Farmers have got a government that feels behind them and understands what they're about and the realities of everyday farming businesses," he says.

"So, I think that's the one thing I take away from that is a signal that we're on the right track.

"The RMA reforms are the big ones, of course, but if you look at taking out the pricing of methane, the rollback of the Ute tax, there's been very clear themes there where we've unwound some stuff that was genuinely impacting farmers and had a chilling impact on their investment decisions and how they saw the future of agriculture."

Federated Farmers have produced another "manifesto" for this year's election, but National's Northland MP, Grant McCallum, a dairy farmer, makes the point that because the coalition has addressed the big issues, what is left are predominantly side issues.

The Feds' former president says they have made their "asks" extremely clear.

"For example, we've asked for resource consents to be replaced by farm plans, an end to permanent carbon forestry, and for no new taxes to be introduced for farmers," Hoggard says.

"We've also laid out practical steps to cut the cost of farming, accelerate solar uptake on farms, and double the funding for QEII Trust."

Already, National has committed to include funding for QE2 trusts and to no new taxes on farming.

Parliament is waiting for the return of the resource management legislation from the Select Committee, but that will include a radical new approach to a long-standing rural grudge: significant natural areas.

Act MP Simon Court has led a radical new approach to this, which would mean that if a local authority wanted to declare a stand of bush or wetland or whatever on a farm to be a "significant natural area" (SNA), the landowner would have to be compensated.

That is likely to act as a huge disincentive to do what the Northland District Council did in 2021 and pepper-potted the north with SNAs.

Perhaps a measure of the state of the relationship between farmers and the Government is the virtual disappearance of the Groundswell protest group.

And the Government has been assisted by the buoyant agricultural economy.

MPI has projected food and fibre to hit a record $64.3 billion for the year ending June 30, 2026 — a 6% increase driven by strong dairy and red meat prices, bumper horticulture crops, and favorable exchange rates.

The Free Trade Agreement with India has also raised spirits for sheep farmers with its concessions on both wool and sheep meat.

All in all, then, it is one of those rare times when farmers can't find much to complain about, made possible by a Government which has been taking them seriously.

● *Richard Harman is a senior political journalist and publisher of the Politik newsletter.*

AGRIBUSINESS & TRADE A Herald Business report

A country driven by quiet ambition

Relentless pragmatic optimism: Peter Chrisp's 16-year mission to rewire New Zealand's export economy

Fran O'Sullivan



Sixteen years is a lifetime in international trade. Peter Chrisp's tenure as chief executive of New Zealand Trade and Enterprise spanned almost every major shock the global economy could throw at an export nation: the Global Financial Crisis, the Christchurch earthquakes, Covid-19, supply-chain breakdowns, escalating US-China rivalry, wars that disrupted shipping lanes and, more recently, the fuel crisis and an increasingly fragmented global trading system.

Yet Chrisp remains stubbornly optimistic. Not blindly optimistic. Pragmatically and relentlessly optimistic. It's a phrase he uses to define his own leadership style. But it could equally describe his view of New Zealand itself: a small, inventive country that often underestimates its own strengths while overestimating the challenges beyond its shores.

In an "exit interview" as he prepared to leave NZTE after 16 years to head the Department of Conservation, Chrisp was clear the country's greatest challenge is no longer opening doors overseas. It is building companies capable of walking through them.

From 'Start-up Nation' to 'Scaling Nation'

When Chrisp arrived at NZTE, he admits he wasn't entirely sure what the job would become. "I didn't really know, to be honest. But I knew it was good for New Zealand, and I knew New Zealand needed a strong export economy because at that time John Key was saying 'you can't get rich by selling to yourself.'"

New Zealand has become exceptionally good at creating businesses. It remains far less successful at turning those businesses into global champions: "If you look at the export pyramid, there's about 12,000 exporting companies.

"Our pyramid is unusually wide at the bottom because New Zealand is probably the easiest place in the world to start a company. But it's a very hard place to grow one."

At the apex sits Fonterra, still vastly larger than almost every other exporter. Beneath it lies a long tail of ambitious companies, many with world-class technology, but relatively few capable of reaching billion-dollar scale. For Chrisp, that became NZTE's defining mission. "Scaling is taking relatively small companies and helping them move through the middle of that export pyramid over a long period of time. It's often a 20-year journey."

Rather than trying to serve every exporter equally, NZTE made what Chrisp describes as its most important strategic decision: focus. "What was killing us was trying to be all things to all people."

Instead, the agency concentrated intensive support on around 1000 high-potential exporters while maintaining lighter-touch services for thousands more. It was a decision that attracted criticism initially but, Chrisp believes, transformed the organisation's effectiveness.

> There are only tough markets and tougher markets.
>
> Peter Chrisp

"Strategy is about choice," he says. "It's about deciding what you will do — and what you won't."

Looking back, he believes that disciplined focus may ultimately become one of NZTE's most important legacies. "I think history will judge us as having accelerated both the diversification of the economy and the diversification of markets."

Today's export economy includes globally competitive software companies, advanced manufacturers, aerospace firms, medical technology businesses and specialist engineering companies that dominate highly profitable international niches.

The rise of companies such as Xero, Rocket Lab, Fisher & Paykel Healthcare, Gallagher, HamiltonJet and Tait Communications reflects a structural shift that Chrisp believes many New Zealanders have yet to fully appreciate.

Increasingly, success is less about selling commodities into established markets than helping specialist firms identify narrow global niches where New Zealand can lead.

Chrisp points to companies building components for international defence supply chains or firms commanding global leadership positions in environmental monitoring technology.

"Very often," he says, "what's happening in the niche is much more powerful than what's happening in the macro economy."

It's one reason he remains less pessimistic about the international environment than many commentators. "There are only tough markets and tougher markets," he says. "I've never been as gloomy as some people. My experience from spending time with companies in-market is that there are far more opportunities than we've currently got companies capable of taking advantage of."

He has seen exporters adapt through financial crises, pandemics and geopolitical upheaval. If anything, those disruptions have reinforced a lesson New Zealand businesses are increasingly embracing: resilience comes through diversification.

China — scale counts

On China, his message is nuanced. It has matured into a high-margin market for the "big end of town", but is a tougher prospect for smaller or tech-heavy firms, and cannot be the sole pillar of a resilient export strategy.

"Back in the day companies were entering China like crazy. Now it's settling down to be the companies at the big end of town.

"A lot of the tech companies are finding it a bit more challenging. It's becoming a good, strong, healthy, high-margin market particularly for big food companies."

India's Moment — But don't expect a gold rush

If China has become New Zealand's mature export market, Chrisp believes India represents the next long-term opportunity.

"People talk about India as if it's suddenly going to replace China," he says. "That's not how these things work."

Having watched New Zealand companies build businesses in China over nearly two decades, Chrisp sees striking parallels with India today.

India's fundamentals are compelling — a young population, rising incomes, growing entrepreneurship and a government steadily improving the ease of doing business.

"What is the same is that it's still young, it's still energetic and it's still highly entrepreneurial," he says. "There's a vibrancy about India."

What has changed is the operating environment. "The rule of law has strengthened, the financial system has modernised and it's become much easier and more predictable to do business. It's not there yet, but it's definitely on that trajectory."

NZTE is already seeing the shift. Interest from exporters wanting to enter India has risen sharply over the past year, but Chrisp cautions against believing there is a shortcut to success. "There aren't any gold-rush markets."

China wasn't one either, he points out. "It took years to build those businesses. India will be exactly the same."

For New Zealand companies prepared to play the long game, however, the opportunities are immense. "If you're operating in a tiny niche, that tiny niche can still be enormous in India."

The New Zealand advantage

One of Chrisp's enduring observations after working with thousands of exporters is that New Zealand consistently underestimates one of its greatest competitive advantages. Ingenuity.

"We have genuinely deep creativity in this country."

He believes that stems partly from New Zealand's remarkably flat social structure. "We're one of the least hierarchical societies in the world. That creates independent thinking, problem-solving and innovation."

It's a characteristic visible across industries, from food and fibre to software, aerospace, engineering and medical technology. But every strength has its downside. "The shadow side is that we don't herd particularly well."

That individualism can limit the country's global presence. By comparison, countries such as Ireland and Singapore deliberately coordinate government, industry and business to project influence far beyond their physical size.

Throughout his tenure, NZTE experimented with what he describes as "coalitions of the willing" across sectors including med-tech, agri-tech, fintech, honey, seafood and advanced manufacturing. Some succeeded. Others never gained traction.

"Our role was always to catalyse where there was genuine willingness," he says. "You can't force companies to collaborate."

He points to industries where collective models have worked particularly well.

Wine has built a powerful national brand through New Zealand Winegrowers. Zespri's single-desk export model gives kiwifruit an international presence individual growers could never achieve alone. Fonterra's co-operative structure provides another example.

Government's next challenge

After nearly two decades working at the intersection of government and business, Chrisp has become less interested in announcing new strategies than preserving consistent ones.

One frustration stands out.

Every change of government seems to produce a new language, a new framework and a new set of priorities — even when the underlying objectives remain largely unchanged.

"There's really only one economic plan," he says. "You need better skills, stronger innovation, greater internationalisation and more productive businesses."

Changing the branding every three years simply slows progress.

His advice to politicians is straightforward. "Continuity of strategy should be prized."

Trade agreements, he believes, are no longer New Zealand's biggest constraint. The country has negotiated access into most major markets. The bigger challenge now lies at home. "It's the innovation settings, the skills settings, the immigration settings — everything that helps businesses scale."

That word returns again. Scale. For Chrisp it remains the central economic challenge confronting New Zealand.

"We're very good at starting companies. We have to become much better at growing them."

AI and the next chapter

Chrisp departed NZTE convinced the next transformation will be driven by artificial intelligence.

Like every public sector chief executive, he knows government agencies face relentless pressure to deliver more with fewer resources.

Rather than seeing AI as a threat, he sees it as an opportunity. "The public sector is going to have to keep delivering more for less."

He expects AI to reshape everything from customer engagement and market intelligence to productivity inside government itself.

The challenge will be ensuring technology strengthens, rather than replaces, the human relationships that remain central to international business.

Leadership beyond strategy

Asked what legacy he hoped to leave at NZTE, Chrisp talked about people.

During his farewell events, he says, the comments that mattered most came from colleagues who told him they had grown as leaders during their time at NZTE. "We call it 'Grow You'," he says. "It's one of the real privileges of leadership."

His management philosophy has always been remarkably simple. Create an organisation where talented people want to stay, continue learning and perform at their best.

That philosophy has helped produce one of the highest-performing public sector agencies in New Zealand.

But Chrisp is quick to shift the spotlight away from NZTE.

The real credit, he insists, belongs to New Zealand's exporters.

After 16 years travelling alongside them, he has developed enormous respect for the people willing to leave one of the world's smallest markets and compete globally. "Our typical exporter is an incredibly courageous person," he says. "They're not usually driven by money alone.

"They're driven by an idea, by building something, by creating opportunities for their people or contributing to their community."

It is that quiet ambition, he believes, that continues to define New Zealand.

AGRIBUSINESS & TRADE A Herald Business report

Fonterra's CEO backs tech to lift farmer returns and global edge

Fran O'Sullivan

Fonterra chief executive Richard Allen is blunt in saying that integrating advanced technology in legacy businesses is not easy. The global experience is littered with failed attempts.

But he argues that Fonterra is an extremely data rich business, yet it is still only at the tip of the iceberg in how it uses information across its network.

"We need to ensure where we're doing it, we're not doing it just for doing its sake. That it actually does add return on capital to our farmers and does improve something in the business."

On May 1, Allen stepped into the top role as Miles Hurrell stood down after eight years as chief executive, culminating in the $4.22 billion sale of the company's consumer brands business to French dairy giant Lactalis. The upshot is NZMP — Fonterra's valuable B2B international business — is now the company's main growth engine.

Allen has a strong pedigree. He joined Fonterra as a graduate, led farmer-facing Farm Source for five years, worked in China as Vice-President of Fonterra's Foodservice business (he speaks Mandarin) and more recently, served as President Atlantic based in Chicago serving the co-operative's global key accounts.

It's his view that disciplined capital deployment and a laser focus on New Zealand's grass-fed advantage along with technology is key to driving value for the dairy co-operative's more than 8000 farmers.

The Fonterra boss explains the ultimate differentiator will remain how New Zealand makes dairy, anchored in grass-fed systems and decades of dairy science. That will increasingly be enhanced by optimisation and data science applied across its 24 manufacturing sites in New Zealand and one offshore: "Even if you compare us to the other dairy majors, our ability to be flexible and shift production around and really optimise our product mix is very unique.

"And so, when you apply technology to that . . . our ability to make even better decisions going forward is huge."

Over the past decade, Fonterra has pushed a major change programme to increase on farm environmental performance. It has amassed farm level environmental and performance data that is now a powerful commercial asset: "What that tells us is no one else in the world has that degree of data." He says Fonterra has the ability to go to an individual farm level, and "prove the way we farm is a great way to farm."

The next phase, he says, is automated capture — IoT through sensors and devices — so that farmers can "do what they love doing . . . out with the animals, out in the paddock", while Fonterra still gathers the proof global customers now demand that environmental standards are being met.

"Improvements in productivity are beneficial to the farmer, beneficial to the environment, and beneficial to global nutrition," he says."When farmers are more productive, their environmental outcomes are better from the emissions, from the water. And we also know they're making more milk, which is a good thing for the globe."

His model is the United States dairy industry. "One of the great things about the US dairy industry that I was really impressed with, is they "don't talk about sustainability or growth. They talk about sustainability and growth."



Technology is now mobile and embedded in the paddock and the shed, not tied to a desktop — enabling adoption without undermining the practical, land based nature of New Zealand farming, says Richard Allen, below.

Photos / Mark Mitchell, Alyse Wright



> This is a beautiful business ... it produces a heck of a lot of value.
>
> Richard Allen

Farmers on phones, not in offices

Asked whether the next generation of dairy farmers will spend as much time interpreting data as riding motorbikes, Allen's answer is that this is already happening — across generations: "The number of them that pull out their phone, pull up an app, and show me their data, is incredible. And we're not talking the 30-40-50-year-olds. We're talking the 60-70-year-olds as well."

Crucially, Allen says, technology is now mobile and embedded in the paddock and the shed, not tied to a desktop — enabling adoption without undermining the practical, land-based nature of New Zealand farming.

What sophisticated customers really buy

Inside Fonterra, technology already underpins demand forecasting, plant optimisation, logistics and on-farm advisory support. But Allen says large B2B customers increasingly buy far more than milk solids.

He identifies three main pillars of differentiation:

1. Supply chain reliability. "You've got to do the basics right . . . ensuring we get the right product in the right format at the right time. It's easy to say — in the world that we live in. It's actually really hard to do."

2. Formulation and application expertise. Decades of work on how New Zealand ingredients behave in different applications mean taste and consumer experience are non-negotiable: "We never substitute on taste and mouthfeel and consumer experience for the sake of inclusion of an ingredient."

A protein fortified yoghurt or beverage that meets a 30g protein claim but fails on taste will not survive, he says.

3. Price risk management and market insights. With global dairy price volatility now entrenched, Fonterra has invested heavily in financial tools and pricing structures that help procurement managers manage risk.

"Volatility is not good when you're a procurement manager," says Allen. "The insights we have around pricing, the tools we offer around price risk management . . . that's an area where more and more our customers are leaning on us."

Allen's philosophy is straightforward. "If your customer's not making money, they're not going to be a customer for long."

Asked about the skills Fonterra will need in its next generation of leaders, Allen resists the temptation to hype the latest tools. He wants people who are truly passionate about getting up and going out there. "Not just accepting the status quo, but actually driving for growth and new value, going after new customers and all that sort of stuff."

He does expect more automation of standard administrative processes, whether through AI tools like Copilot or other systems, but believes the core of Fonterra's model will remain relationship driven. "We don't do 10,000 transactions a day. I firmly believe, for the foreseeable future it will still be a relationship, human-based interaction business."

Culture is king

Reflecting on his remarks at the China Business Summit that Fonterra cannot keep doing what it has for the past decade, Allen is candid about past missteps.

"We've got to stop sort of underestimating ourselves, stop thinking we need to be something different than what our core business is, and getting tempted to stray."

The consumer brands divestment and refocus on ingredients and foodservice is part of that return to core. The imperative now is discipline and execution, not constantly reinventing the strategy.

"The temptation is often renewing strategies or thinking you need to do something different to prove you can do your job. Actually, for us, being comfortable and being focused on what we're good at is probably the key culture we need to really embed."

He wants "a culture of just clear performance, accountability, execution" in a world where Fonterra will be "a smaller part of a bigger world" and can never compete on scale or volume — only on what it is uniquely good at.

NZMP: The invisible global brand

Domestically, few New Zealanders could describe NZMP. "I would liken it to no one really knows what Nvidia is either. But it is a pretty good company," says Allen.

Globally, it's a different story: NZMP is one of the most trusted dairy brands in global B2B markets, providing more than 3000 dairy products — including powders, proteins, cheese, and fats — to food and nutrition manufacturers in more than 100 countries, including some of the world's most famous food and nutrition brands such as Nestle and Mars. "Lactalis is our big shiny new customer," he adds.

In markets such as China, the Middle East and Southeast Asia, NZMP is "the most trusted dairy brand globally", opening CEO doors in a way many Kiwi consumers would not imagine. "Pretty much if a company is a large user of dairy globally, they will be our customer most likely."

At home, Allen is relaxed about NZMP's low profile. The priority is that New Zealanders see the link between farmer returns, export performance and national prosperity.

"What people need to see is the performance that comes out of this business is linked to the Fonterra brand, and that's linked to New Zealand equity and New Zealand prosperity . . . that the everyday New Zealander starts to connect great hospitals, roads, and schools with their dairy farming neighbour down the road."

He is dismissive of the idea that Fonterra can simply "tell its story better".

"Us telling that story is a waste of time . . . We've got to prove it to people."

> New Zealand Milk Products (NZMP), is little known in New Zealand but it's one of the most trusted dairy brands in global B2B markets, providing more than 3000 dairy products — including powders, proteins, cheese and fats — to food and nutrition manufacturers in more than 100 countries, including some of the world's most famous food and nutrition brands.

Where the next value uplift comes

Looking five years ahead for NZMP, Allen sees the "componentisation of milk" as a major growth lever.

"If I sell whole milk powder — it's been a huge part of our milk price. But if I take that humble powder and I break it into the protein, and I take the cream and I put that into UHT cream going into food service in China, the combined value of those two is a lot more than the whole milk in its whole form."

This requires capital investment in new assets and product innovation — but with a clear, measurable payoff in the milk price and earnings returned to farmers.

Fonterra's foodservice and ingredients businesses, he notes, have routinely delivered returns on capital above 10%, lifting to around 13% at the latest half year, compared with 4-5% on farm land for many farmers. "This going into Fonterra is a really good use of their capital."

And unlike consumer brands, the B2B model requires far less spend on advertising, and more on tangible assets and R&D, where "put the money in and get the money out" is easier to track.

Innovation and global competition

Future growth, Allen says, "will come from innovation in its widest sense — product innovation, asset innovation".

The challenge for his leadership team is to prove Fonterra can now deploy capital profitably, given its history of mixed offshore ventures.

Customers are demanding traceability, innovation and tools to manage volatility, as local challenger brands nibble at traditional consumer packaged goods giants. "They are getting the little local brands coming at them hard . . . So our customers are going, 'How do we stay ahead of that?'"

When it comes to competition, Allen is under no illusion. European co-operatives are consolidating and pushing hard on innovation; US processors are playing a "volume game" and turning up in markets Fonterra once saw as its own.

China has moved rapidly from volume to "more sophisticated product mix," he says. "The Chinese

continued on B17

AGRIBUSINESS & TRADE A Herald Business report

Time to unlock our full potential

The Government plans to back farmers and growers across a range of land use

Multiple commercial projects are under way in New Zealand's economic engine room, the $60 billion export food and fibre sector, to raise productivity and prosperity through a new Government-industry partnership worth $143 million.

The aim is to back Kiwi farmers and growers to achieve step-change through innovation, automation and greater land use flexibility, with industry contributing $84m and the Government committing $59m.

The partnerships span dairy, sheep and beef, horticulture, forestry, whenua Māori and aquaculture. They're designed to cash in on New Zealand's recent market access and free trade agreements, and premium food and fibre shortages in a global population estimated to reach 8.6 billion within four years and 9.7b by 2050.

The food and fibre sector delivers more than 80% of New Zealand's export earnings.

Silver Fern Farms

Meat processor and exporter Silver Fern Farms is a key participant in the red meat sector's project, called LIFT.

The Government is funding $3.5m of the five-year $8.47m project alongside the industry.



> The mindset is one that says productivity and efficiency gains, and environmental outcomes, can co-exist. One that embraces science, technology and smarter systems.
>
> Dan Boulton

The project builds on prior investments to support red meat sector growth, including a three-year initiative to establish a premium proposition for New Zealand beef and sheep meat in China.

Silver Fern Farms chief executive Dan Boulton says LIFT involves partnering with farmers to adopt and help scale virtual fencing-enabled grazing systems to unlock pasture and the productivity potential of hill country, while protecting sensitive environments.

He says LIFT is establishing regional demonstration farms across the country which will test system changes under commercial conditions and share results and data through farmer-led extension.

Independent modelling had shown LIFT had the potential to deliver an additional $500m per year in farmgate returns by 2036, and a $1.25 billion uplift in export value for the sector by 2036.

Boulton says for a long time parts of the red meat sector have operated within constraints – around land use, productivity and potential.

A supporting Ministry for Primary Industries report notes recent land use regulatory settings have constrained farmers and growers in their ability to unlock the full potential of their land.

The report says the Government is supporting land use flexibility by ensuring it is prioritised and enabled by the regulatory system; and partnering with sectors to show what is possible through the adoption of the latest technology and farm practices, supporting more adaptive and resilient land use decisions.

Boulton says the structural opportunity presenting itself in market requires a shift to a growth mindset to capture the demand in front of us.

"The mindset is one that says productivity and efficiency gains, and environmental outcomes, can co-exist. One that embraces science, technology and smarter systems."

He says there are two major points to the new industry-Government initiative.

"The first is that this is a pan-sector approach – banks, processors, technology companies, and a special shout-out to Pāmu and the Government all working together."

Pāmu is the brand name for Landcorp, a State-Owned Enterprise with a nationwide portfolio of farms.

The second point, Boulton says, is that the farmer is the centre of the initiative.

"None of this happens without farmers. Everything starts at the farm gate. And we know that in parts of the sector, resilience and confidence have been under pressure. Sheep farmers in particular have come through a challenging period."

Water storage and irrigation

A focus of the new Government-industry land use initiative is water storage and irrigation, to support resilient and productive land use.

MPI says consistent water access can mean that land previously limited to extensive grazing can be converted to other higher-returning uses, including horticulture, cropping or finishing systems.

The ministry cites as an example the work of the Te Tai Tokerau Water Trust.

Formed in 2020, the trust has successfully completed the feasibility, design, consenting and construction of three major water storage reservoirs in Northland.

MPI says the projects ensure efficient, reliable and timely delivery of water to end users at an affordable cost.

Construction of pipeline infrastructure to carry the reservoir water to farms is expected to finish early next year.

Forestry

The Government is investing $3.2m over three years in a new industry project to assess the feasibility of producing prefabricated, fully-fitted mass timber modules for the New Zealand market.

Led by VoMo, a Red Stag Investments company, the $8m project will construct and fit out prefabricated modules using intellectual property, techniques and support from Kaufmann Bausysteme, a leading provider of modular timber construction in Germany and Austria.

The project will determine if this model of construction is likely to be successful in New Zealand.

It will analyse aspects including design, technical performance, seismic resilience, cost efficiency and productivity gains.

The Government-industry partnership says the modules could have a range of applications, from student housing to apartments and offices.

Shifting supply from export to domestic markets would also offer greater industry stability and encourage long-term investment in forestry and wood processing.



Why rural New Zealand can no longer afford to stand still

ASB is backing New Zealand farmers to lift productivity and build resilience, writes **Aidan Gent**



Look around a farm, and you'll often see the history of innovation all around you. Old sheds and buildings tell the story of an industry that has always evolved and adapted, embracing new technology and ways of working.

On my own farm, the old walk-through cowshed is now a hayshed on our runoff block - proof that progress often comes from being willing to do things differently.

The food and fibre sector has never waited or asked for permission to innovate, diversify and grow. Farmers and growers have always rolled up their sleeves and got on with it. This drive to improve over the years has meant productive output in the primary sector has increased by 72 per cent since 1996.

Farmers understand and are living proof that strong sectors do not stay strong by standing still. Last year we conducted 'Future Use of Land and How to Fund It' research with Lincoln University that reinforced this reality: if we want to unlock the next phase of growth in food and fibre, business as usual won't be enough.

Staying ahead will depend on getting two elements humming in harmony: productivity and resilience.

The farmers and producers we see succeeding aren't chasing these in isolation; they're treating them as two sides of the same coin. Productivity is the accelerator, and resilience is the steering wheel. One drives growth, while the other ensures that growth lasts.

What came through in conversations I had at Fieldays was that farmers increasingly have more choices. Strong commodity prices, improving confidence, record export receipts and the cash injection from the Fonterra consumer brands sale mean that many businesses are now operating from a rare position of strength, and strength creates the best conditions for transformation.

It's often no longer a question of trade-offs between essentials, but where to deploy capital for the greatest long-term returns – whether that's investing, innovating or diversifying. It's great to see more investment both on-farm and beyond the farm gate, as farmers look to invest in on-farm enhancements, while baking in business resilience, so they are less exposed to volatility of pricing cycles, climate events or input costs.

> The biggest risk for rural New Zealand isn't adversity, it's complacency. The challenge now is to treat today's strength not as a finish line, but as a platform for the next phase of growth
>
> Aidan Gent

Strong seasons and markets don't last forever, which is why the smartest investments improve performance today, while strengthening a business for what comes next. The Government's Land Use Flexibility package and supporting initiatives such as the Livestock Innovation Farming Transformation (LIFT) programme launched at Fieldays send a clear signal: lifting productivity, resilience and export value is not simply an ambition for the food and fibre sector, it's a national priority.

This focus from Government is no surprise – rural communities deliver an outsized share of the country's earnings. The food and fibre sector export revenue is expected to rise six per cent to $64.3 billion .

Kiwi innovation shows what's possible. Companies like Halter are built on improving on-farm productivity and animal health in new ways and are great examples of the financial opportunities that exist from thinking differently.

Many organisations have a role to play in accelerating this shift, from government, to industry and banks. For ASB, this isn't a shift we're observing from the sidelines; we're adopting the same innovative mindset through initiatives like Every Hectare Matters, ASB Smart Solar and partnerships across the sector – all focused on backing farmers to turn opportunity into action.

The primary sector is at its best when we work together. Our farmers don't compete with each other; they compete with the rest of the world. That makes collaboration across the value chain and industry not just beneficial, but essential.

ASB has made a conscious decision to support the whole food and fibre sector, not just growers and producers. Our partnership with Wool Impact is focused on supporting productivity-focused research and development that can help unlock greater value from New Zealand wool and contribute to the long-term future of the fibre.

Our partnership with Prism Earth has brought an innovative solar tool to farmers to take the guesswork out of energy investment, and our Every Hectare Matters panel of approved consultants continues to grow and help farmers identify new opportunities to improve land-use.

The same spirit of collaboration is evident through initiatives such as AgriZero, where government, industry and the agricultural sector are working together to accelerate the development and commercialisation of vaccines and other emissions-reduction tools.

Programmes and partnerships that build long-term resilience and productivity need broader backing from more of the finance sector, if we are to fully unlock the opportunities in front of us.

The biggest risk for rural New Zealand isn't adversity, it's complacency. The challenge now is to treat today's strength not as a finish line, but as a platform for the next phase of growth – setting our sights on building a sector that leads instead of just competing.

Farmers have always just tried to make their businesses better, through all economic cycles. At its core, that's what productivity is.

Many businesses across New Zealand share this mindset already – the opportunity in front of us is to build on it, learn from one another and accelerate progress across the wider economy.

The choices we make now will shape not only the future of farming, but the future prosperity of Aotearoa.

Aidan Gent is General Manager-Rural, ASB.

● *ASB is a sponsor of the Herald's Agribusiness & Trade report.*

● *For more information on ASB's commitment to the Food and Fibre industry visit asb.co.nz/food-and-fibre.*

Fonterra's Allen: data and discipline key to growth

continued from B15

do it fast, they do it cheaper, and they do it very well."

Fonterra's answer, he insists, is not to copy, but to stay ruthlessly true to its own strengths. "The last thing you want to be doing is having FOMO and doing stuff because everyone else is doing it."

Market access

Asked about India, Allen is wary: It would only be a niche ingredient play. But it is not a priority without better access.

By contrast, he is enthusiastic about Southeast Asia, the Middle East and Africa, where population growth and rising incomes are reshaping demand. That's provided Fonterra can develop ingredients at price points that work for those markets.

On trade policy, he is unequivocal: "Not every FTA will be perfect for dairy. But free trade is critical. The rules-based system is what New Zealand is reliant on."

Asked to nominate one "uncomfortable truth" about Fonterra's business model, which Fonterra's competitors grasp more keenly than many New Zealanders, he replies: "We are extraordinarily reliant on supply chains and market access. We have no domestic market here in New Zealand . . . We export over 95% of what we produce."

Covid and geopolitical shocks in the Middle East have underscored that "ships could stop coming, and that would be a big problem."

New Zealand, he argues, must treasure bipartisan trade relationships and avoid any complacency about its position as a small exporter "half the size of a major US city".

A beautiful business

Despite the challenges, Allen is upbeat about Fonterra's prospects if it sticks to its knitting.

"This is a beautiful business. If you actually get out of the way of it, it produces a heck of a lot of value."

His task, as he frames it, is "just get the right people in the right roles, executing on the right strategy", bring "the best of New Zealand with the best of offshore local knowledge", and be prepared to change and evolve rather than stand still.

Ten years from now, he believes, the real surprise will be how a behind the scenes B2B dairy brand quietly matched — or beat — the margins of the world's best-known consumer giants.

"Our ingredients and our NZMP business is a value-add business. I think 10 years from now, people will look back and go, 'What an amazing asset we have in the way that we make dairy and the dairy farms that we have in New Zealand.'"

● *Fonterra is a sponsor of the Herald's Agribusiness & Trade report.*

AGRIBUSINESS & TRADE A Herald Business report

From orchard to opportunity

Kiwifruit boom sparks new wave of investment thinking, writes **Darin Whitehead**



The kiwifruit industry has just delivered one of the most significant wealth-creation events in recent New Zealand horticultural history – one concentrated in a single sector, and largely in one region.

Zespri's latest financial results confirm it was the industry's strongest season on record. Most significantly for growers, $3.56 billion in fruit and service payments flowed back into the industry – up from $3.04b the year before – as premium varieties, led by SunGold, generated outstanding returns.

With the vast majority of New Zealand's kiwifruit grown in the Bay of Plenty, this one region is where much of that wealth has landed.

The gold rush

Kiwifruit's success is sometimes described as a regional story, but it is really an export story with a Bay of Plenty engine. The fruit grown here is sold across more than a dozen markets on three continents – no single one taking much more than a third of the crop. Asia and Europe do the heavy lifting, with China the largest single destination, but demand is spread: strength in one market can offset softness in another.

That spread is a genuine advantage. It helps the industry absorb geopolitical uncertainty, hold premium pricing and keep growing volumes even when individual economies wobble. And it means the wealth flowing back to the Bay of Plenty rests on a broad base of global demand, rather than the fortunes of any single buyer.

The results reflect strong yields, disciplined marketing, and continued global appetite for high-quality fruit. They also represent a sudden concentration of capital within a comparatively small group of growers, packhouses and service providers.

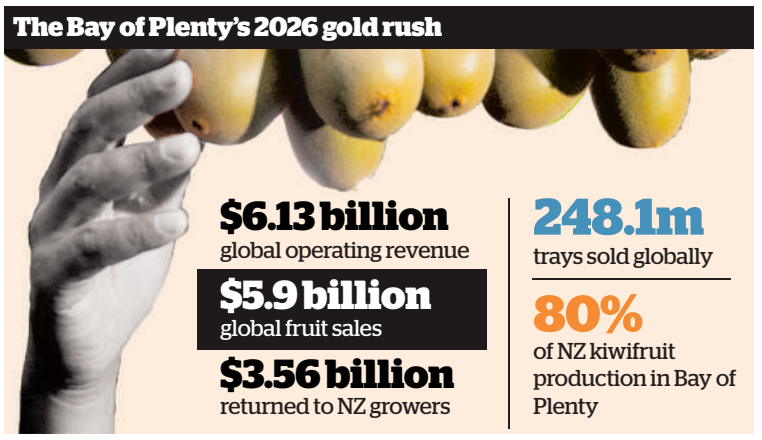
At the industry level, $3.56b is a headline number. At the orchard level, it starts to look much more personal. Per-hectare orchard gate returns reached record levels across every kiwifruit category this season, with some SunGold orchards exceeding $200,000 per hectare.

For a family business that has spent years absorbing rising input costs, weather events and the long shadow of PSA, these are meaningful numbers. They repay effort. They reduce debt. They create capacity for reinvestment. And in many cases, they generate genuine surplus – the kind that can change the financial complexion of a household or a business.

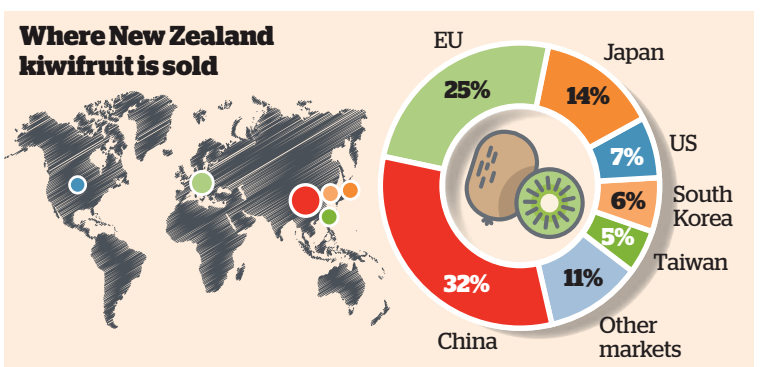
Multiplied across thousands of grower operations in a concentrated region, the effect on the local economy is significant. Contractors get busier. Local businesses see the flow-on. And more quietly, in the offices of accountants, lawyers and advisers across Tauranga and the wider Bay, the same conversation is starting to occur: what should be done with the money?

It is a good problem to have. Even after debt repayment, tax and reinvestment back into orchards, many growers are likely to find themselves with significant surplus capital and important decisions about how best to deploy it.

In most industries, strong years lead naturally to greater reinvestment. In kiwifruit, that pathway is often more constrained.



Source: Zespri; 123RF. Photo: Andrew Warner. Herald Network graphic



Source: Ministry for Primary Industries; 123RF. Herald Network graphic

Orchard land in the Bay of Plenty is expensive and tightly held. Licences for premium varieties can run to hundreds of thousands of dollars a hectare on top. Converting land takes time, money, and typically a season without production.

Neighbours are not always selling – particularly after they've enjoyed the same record year themselves. Even with a historic payout in hand, expanding the core business is not something growers can do quickly, cheaply, or without additional risk.

Generational change

At the same time, the industry is entering a period of generational change. Long-established grower families are thinking about succession. Others are considering what a sensible transition from operating an orchard into simply owning one might look like. And a growing number of newer entrants are asking how to convert operational success into long-term financial security.

That combination – record income, constrained reinvestment options, and a wave of inter-generational planning – makes this an unusually important moment for the region. Early conversations with growers suggest that in these conditions, more capital is being considered for deployment beyond the orchard; not as a substitute for the core business, but as a complement to it.



> This season, that work has produced one of the most concentrated wealth-creation events in recent New Zealand horticultural history.
>
> Darin Whitehead

Kiwifruit remains, for many, the foundation of household wealth and family income. But it is also, by nature, a concentrated, illiquid and cyclical asset. Weather events, biosecurity risks, currency movements and shifting global demand all sit alongside the more familiar variables of yield and price.

Building financial flexibility alongside the orchard is not about backing away from the industry. It is about ensuring that a strong year like this one contributes to something more durable than doubling down on the same crop, in the same region, in the same climate.

That might mean holding more liquidity to weather leaner seasons. It might mean building a diversified investment portfolio that can be drawn on if a difficult harvest or market disruption puts pressure on cash flow.

It might mean structuring wealth in a way that supports the next generation, whether they intend to stay in kiwifruit or not.

None of this is new thinking in New Zealand's primary sector. What is new is the scale at which the question is now being asked in the Bay of Plenty, and the amount of capital sitting behind it. The Bay's kiwifruit industry has spent decades building itself into a globally significant premium exporter.

This season, that work has produced one of the most concentrated wealth-creation events in recent New Zealand horticultural history.

The headline story is the size of the payout. The more important story – for growers and the region alike – is what happens next.

Years as strong as this are rare.

The opportunities they create are rarer still. In a sector where the ground is fertile but the reinvestment options are increasingly constrained, the growers who look back on this season most fondly are likely to be those who treated it not simply as a good year, but as an opportunity to build resilience, flexibility and long-term wealth.

● *Darin Whitehead is a Wealth Management Lead Adviser with Milford, based in Tauranga. Milford Asset Management is a sponsor of the Herald's Agribusiness and Trade report.*

● *Disclaimer: This is intended to provide general information only. It does not take into account your investment needs or personal circumstances. It is not intended to be viewed as financial advice. You should not rely on any information in this communication in making financial decisions.*

AGRIBUSINESS & TRADE A Herald Business report

If you can't beat 'em, join 'em

Growers split over Zespri's China supply showdown



Agribusiness & Trade
Andrea Fox



Photo / Jamie Troughton/Dscribe Media

It's crunch time for Zespri in its biggest market, China, with an explosion of its best-selling kiwifruit variety grown by unauthorised orchards there threatening the exporter's No 1 brand position and returns.

The threat's been growing for a decade since Zespri's branded G3 or SunGold variety were discovered in Chinese orchards, with the quality and market abundance of the unauthorised fruit there now forcing Zespri to consider a difficult choice.

The Chinese-grown fruit is now available in Zespri's highest-value market from September, when seasonally imported New Zealand G3 is nearing the end of its quality, to March. This means in key markets like Shanghai, consumers now have a 12-month supply — and more choice — between New Zealand and Chinese fruit.

Chief executive Jason Te Brake says Zespri estimates around 45 million trays of G3 fruit are now grown in China a year. In contrast, Zespri, as the current brand leader in China, sells around 40 million trays there. It recorded $1.4 billion in sales in the market in 2025-2026.

■ With additional market problems including increasing competition from other fruits and late-season New Zealand fruit quality slipping last season, Zespri is asking its grower-owners to consider an "if you can't beat 'em, join 'em" solution so it can keep delivering high-quality gold fruit year-round in China.

Te Brake says two options are before growers: one is to buy Chinese fruit if and when late-season New Zealand fruit falls below Zespri's premium standards; the other is to keep competing from New Zealand with a focus on improving late-season quality, investment in post-harvest innovation and new cultivars.

The procurement option is similar to Zespri's model of buying the green Hayward fruit from Italian and Greek orchardists in New Zealand's off-season to ensure it can offer its markets fruit for 12-months — a full year. Under this model all fruit is required to meet Zespri's quality, maturity and food safety standards.

A China supply model will require a grower vote, which could be held later next year.

Te Brake agrees the China situation is "not great" but Zespri has to look at the reality.

"It means we've got an 8-month-old New Zealand product in November competing against the freshly harvested Chinese products."

Chinese kiwifruit orchardists have simply got better, he says.

"I've met with them. They are very entrepreneurial, they're innovating and they're testing things regularly on their orchard and solving problems rapidly."

Te Brake says about 70% of the current 45m trays of G3 grown in China would be seen as "class one" product by Zespri. Four years ago, only 30% was meeting this standard.

There is risk in each option.

"The first and biggest risk is we'd always be looking to ensure controls are in place so any fruit procured in China did not provide risk to the brand or deteriorate the brand."

"The second is that a number of New Zealand and other businesses have gone into China and tried to work with Chinese producers and have had a financial risk or financial downside as a result."

But sticking with the status quo means Zespri fruit will continue to come up against more sophisticated challenges from other brands and local suppliers, he says.

"This isn't going to reduce, it's going to be heightened. The risk is we get to October and we're still selling New Zealand fruit and our brand starts to become irrelevant."

On the earnings ramifications of both options, Te Brake says, "The main thing is we need to make sure we've got the best fruit available for our consumers.

> We've got an 8-month-old New Zealand product in November competing against the freshly harvested Chinese products.
>
> Jason Te Brake

"With one option we would have to enhance and improve fruit quality out of New Zealand, particularly late in the season. We are seeing variability year on year. Last year we had issues at the end of the year, which probably cost us $10m to $20m in late-season quality costs. However, the year before, our quality was superb and held up very strongly right through the end of December."

The variability is due to New Zealand growing conditions season to season.

How have growers responded so far to the options?

"A good amount of growers are saying, 'Get on with it, let's solve this problem in China.' Quite a few have been up there in recent years and seen the high-quality improvements.

"There's a group who will be very strongly for maintaining a New Zealand supply, saying there's too much risk to our brand and returns.

"Then there's another group in the middle saying 'I'm interested, I want to understand more'."

At least six months of industry discussions lie ahead.



AGRIBUSINESS & TRADE A Herald Business report

End of the Great Moderation era

Power politics are reshaping New Zealand's place in the world



Agribusiness & Trade
Cameron Bagrie



Hormuz is part of a wider strategic context, writes Cameron Bagrie. Photo / AFP

I often refer to New Zealand as being the two-bit player at the international roulette table linked to swings in global commodity, interest rate and asset price cycles.

Amid these cycles, however, we have entered a stage of more profound change.

The future will not look like the recent past.

There are three key areas I'm watching:

- The Middle East – though as a subset of the bigger geopolitical and geostrategic picture.
- The shift from The Great Moderation to The Great Transition.
- Populism as angst drives political blowback.

Hormuz the appetiser

The situation in the Middle East remains problematic, and a huge force shaping New Zealand and the world.

Fuel and various energy prices, and the prices of key agricultural and industrial inputs produced in the Persian region, have risen since February with production and exports curtailed. It's a tax on the world, raising inflation and lowering growth as higher fuel costs sap consumers' incomes.

Various buffers such as higher US fuel exports and a sharp fall in Chinese fuel imports have helped offset tightness in fuel supplies. Both these buffers can only stretch so far, and we all see that tension is again escalating which will once again pressure prices.

China has just announced one of its slowest growth rates in a decade at 4.3%, helped by the exports of chips and electric cars. A long-running property crisis continues with no end in sight. China did the world a huge favour by curtailing fuel imports but that's come at a cost and the commodity price cycle is heavily influenced by global growth.

Stepping back and looking at this on-again, off-again battle, the United States President has the strongest poker hand through US military strength and the US being the world's biggest economy. But he does not appear good at poker, bluffing and being called on it.

New Zealand imports around $10 billion of petroleum and petroleum related products so we have a huge dependency. Agricultural exports are hugely reliant on inputs such as fertiliser. Upcoming farm inflation and producer price figures for June will receive attention.

Farm cost inflation was 4.6% in March 2026 compared with 3.1% for consumer price inflation.

The UN's Food and Agriculture Organization measure of food commodities is up 4% since February, led by oils which are up 10% with dairy down 2% and meat up 4%.

The main course

Hormuz is part of a wider strategic context.

The world has changed and New Zealand needs to adjust.

The Ukraine-Russia duel began in 2014 before escalating in 2022.

Welcome three major shifts. Power now trumps the rules-based order. Just in time is being usurped by just in case. Economic opportunity now needs to be balanced with security: security in food, energy and technology.

The Government has been highlighting these themes in 2026. The reality is they have been apparent for far longer and New Zealand has been playing Switzerland between the world's two largest economies – China and the United States – for many years.

We've seen Trump's tariffs, restrictions on various rare earth minerals from China, restrictions on access to certain technology from the US, port logistics getting more attention, and more recently China launched a missile in the Pacific. Tension over the Pacific is building, and some would argue it's akin to building a shatterbelt – creating an unstable, politically fragmented region caught between larger, competing great powers.

The Ministry of Foreign Affairs pointed out in 2023 "that over the longer term, New Zealand may find significant opportunities in a more stable and functional multi-polar world. However, in the short- to medium-term the future looks grim. The global strategic outlook will become more complex, while the Pacific and Indo-Pacific regions will be more contested and less stable."

This context highlights the importance of getting some wins to retain confidence to forge ahead. And we've seen some big real successes, highlighting New Zealand can still prosper in a self-interested world driving onshoring and pushing back on globalisation.

The India free trade agreement is top of mind and the Singapore "food for fuel" deal, with the latter highlighting the importance of trust and friendship as we deal with the three big shifts including working with likeminded nations when it comes to getting ahead.

The National Party has launched an aspirational trade plan to connect with other nations including Brazil, Argentina, the European Free Trade Association and Nigeria. Other political parties need to get on board with that sort of thinking.

The Great Transition

Bye-bye to the Great Moderation, that era from the early 1990s to 2000 of globalisation, a rules-based order, low inflation, low interest rates, a world full of abundance, favourable demographics, "just in time" supply chains that worked, extraordinary house price gains fuelled by lowered interest rates and politicians who were more political than populist.

Throw together a less globalised world, a rolling maul of supply shocks (Hormuz into fuel and food, tariffs, rare earth minerals) and weaker global productivity outside of the US and inflation looks more sticky and interest rates need to move up. Inflation is undermining incomes as is weaker productivity growth.

Central banks will face growth versus inflation trade-offs in the coming year. Lacking a productivity miracle, getting inflation back to target will mean less growth, and weaker consumer spending. There is no free lunch. Society will not like it and watch the polls in countries such as Australia.

Greater inflation uncertainty and what I suspect will be more concerns about various countries' debt positions will add pressure for long-term interest rates to rise. Not too high, but just not as low as many became accustomed to.

The best defence against inflation is productivity growth. Inflation challenges the weak, unproductive or already heavily subsidised.

Agriculture has consistently been a 2% per year productivity story in New Zealand. The decade average for the country is 0.3% per year.

The Great Transition, in my view, will offer many opportunities. AI and tech are at the epicentre. But so is a fundamental reset in economic policy in many countries that let economic basics such as effective competition policy fade. Farming or investing in houses for capital gain was a function of the Great Moderation assisted by the trend lower in interest rates; cash flow is core in the Great Transition.

> Agriculture has consistently been a 2% per year productivity story in New Zealand ... The Great Transition, in my view, will offer many opportunities. AI and tech are at the epicentre. But so is a fundamental reset in economic policy in many countries who let economic basics such as effective competition policy fade.

The new head of the US Federal Reserve, which is the most powerful central bank in the world, appears to have dismantled the so-called Greenspan "Put" where central banks implicitly had investors covered and has already launched five work streams on various aspects of central banking.

The third of the trifecta – a function of the first two

Nationalism and populism are on the rise locally and globally.

Globalisation. Immigration. Inequity. K-shaped recoveries. Falling real incomes in many nations. Cost of basics such as food and energy. Baby-boomers that reaped the benefit of rising asset prices versus a younger generation struggling to buy a house. Throw climate change into the mix too. The need to address fiscal costs of an ageing population. Society is grumpy in many nations.

We're seeing it in many countries including the UK and Australia. It's a potential recipe in New Zealand for a makeover version of Rob's Mob of the late 1970s early 1980s with the modern-day version in the form of Peter's Pack, TOP's Lot or Henry's Hoard?

Support in the political centre (Labour and National) is losing to the periphery which means the tail wags the dog.

A positive assessment would be the possibility of real change which is desperately needed. The counterbalance is that when you flip a long way in one direction politically, odds are you'll flop back the other. Cue more uncertainty if we seesaw from one side of the political divide to the other. Wouldn't it be great if we saw populism parked and a straight-up, practical, and no-fluff approach to cutting through economic noise to get things done.

The bottom line

Everyone is watching the situation in Hormuz, attuned to the potential impact on inflation, via energy costs and food, and we've seen the devastating effects of the 1970s oil shocks on world growth and inflation. New Zealand took a massive terms of trade (income) hit.

The real situation is a lot more complex with myriad geopolitical and geostrategic issues the world is dealing with and inflation no longer the tamed beast it once was. Grumpy voters are prey for populist politics.

Volatility, uncertainty, complexity, ambiguity and Trump (VUCAT) means being nimble to survive and thrive.

● *Cameron Bagrie is principal economist at Bagrie Economics, a premier boutique research firm.*

Singapore: trusted partner in an uncertain world

Small countries can do big things by working together.



Agribusiness & Trade
Felicity Roxburgh



Prime Minister Christopher Luxon and Finance Minister Nicola Willis visit the refineries at Jurong Island during the Singapore-NZ Leadership Forum.

When the inaugural Singapore – New Zealand Leadership Forum convened in Singapore in May, conflict in the Middle East was dominating international headlines. Energy markets were rattled and global shipping routes once again faced uncertainty.

For a trading nation like New Zealand, whose prosperity depends on international trade, it was another stark reminder of how quickly geopolitical events can disrupt the flow of goods, drive up costs and expose vulnerabilities in supply chains. As one forum speaker observed, "energy security is the new economic security."

Against that backdrop, bringing together senior business and government leaders for a strategic conversation about the global economy could hardly have been more timely. New Zealand Prime Minister Christopher Luxon and Singapore Prime Minister Lawrence Wong were joined by ministers Nicola Willis, Todd McClay and Singapore's Dr Tan See Leng. More than 30 senior New Zealand business leaders travelled with the Prime Minister to meet 40 counterparts from some of Singapore's most significant companies, including Changi Airport Group, Singapore Airlines and the Port of Singapore.

Leaders set the scene by encouraging candid discussion. As small, trade-exposed members of the Asia-Pacific, New Zealand and Singapore look out at the world in the same way. The forum established a new platform for a trusted relationship by creating space for business and government to examine the forces reshaping international trade – and to identify practical ways to respond together.

New Zealand's direct trade with Singapore is already broadly frictionless and its domestic market is relatively small. Yet Singapore's importance extends beyond its six million consumers. It is one of the world's most connected economies and a gateway to Southeast Asia's 700 million people. As New Zealand co-convenor and chief executive of Beca Amelia Linzey sees it, "Singapore is a highly connected market and a critical gateway into Southeast Asia for New Zealand firms". The forum reinforced the scale of opportunity and the "importance of close business-government collaboration to turn shared ambition into tangible outcomes."

So, the forum aimed to do more than simply exchange ideas. Business leaders put forward a practical agenda: strengthen air and maritime connectivity by creating trusted trade corridors between the two countries. Work together to reduce the pesky non-tariff barriers, or unnecessary red tape, that globally costs New Zealand exporters alone an estimated $9 billion a year. Improve digital processes so exporters spend less time on paperwork and more time doing business. Harness artificial intelligence (AI) to lift productivity and build smarter supply chains. And use Singapore's unparalleled regional networks to unlock new opportunities across Asean.

Food security was another area where discussion moved beyond traditional trade policy.

The signing of the Agreement on Trade in Essential Supplies (AOTES) during the Prime Ministers' visit showed how countries are placing greater value preparing for times of crisis. But the conversation wasn't simply about exporting more high-quality premium food in return for critical supplies of fuel and pharmaceuticals. It was about how trusted food exporters like New Zealand can become part of Asia's long-term food security strategy.

In the words of the Singaporean co-convenor Mark Lee, now chairman of the Singapore Business Federation, businesses collectively recognise that "strategic partnerships are critical to business resilience".

For the New Zealand food and fibre sector, this marks an important shift. Successive governments and our skilled trade negotiators have done an outstanding job securing market access through a comprehensive network of free trade agreements. The next frontier is about making those agreements work better. Reducing friction behind the border through smarter logistics, paperless trade and AI-tools will be critical to getting the most out of our agreements.

Across all the discussions the forum demonstrated that businesses are not simply looking to governments for solutions; they want to work alongside governments to design them.

Of course, this is not the first time New Zealand has used a leadership forum to deepen economic integration. The Australia – New Zealand Leadership Forum has helped drive practical co-operation and regulatory alignment for more than two decades, while partnership forums with Japan and the United States have strengthened commercial relationships beyond formal trade negotiations. The Singapore version builds on that successful model, aiming to connect our businesses more closely and to cooperate with one of the world's most sophisticated trading economies.

Our relationship with Singapore should give us confidence and optimism for the future. Small countries can do big things by working together. The real test of the inaugural Singapore-New Zealand Leadership Forum will not be the conversations it sparked, but the practical partnerships it delivers. If we can turn today's ideas into tomorrow's co-operation, New Zealand will be better placed not only to navigate a more uncertain world, but to prosper within it.

● *Felicity Roxburgh is Executive Director of the New Zealand International Business Forum*

Trade policy games put our best asset at risk

Damien O'Connor

In a world full of volatile, protectionist politics and sudden policy U-turns, New Zealand has stood out as a trusted, stable trading partner.

Whether it's National or Labour holding the keys to the Beehive, our global trading partners know that a signature on a free trade agreement (FTA) is iron-clad.

Our export industry generates a massive $80 billion for New Zealand. In turn, that drives jobs, funds public services, increases innovation, supports communities and grows the economy.

This depends on the Government – no matter which stripe – working together in a consistent and bipartisan way. Our reputation for stability gives the rest of the world confidence that we aren't going to flip-flop every three years. That predictability is worth billions to our exporters.

But as the recent back-and-forth over the India FTA shows, this cross-party consensus isn't set in stone. It's fragile and takes work to maintain. One party can't just demand bipartisanship as a right, and it certainly shouldn't use it as a shield to duck hard questions. It requires real transparency, trust, and a bit of goodwill from both sides.



Damien O'Connor is Labour's trade spokesperson and a former Minister for Trade and Export Growth

Labour's commitment to a bipartisan trade policy hasn't changed. We've always wanted to be on the same page when it comes to trade, and we've signed plenty of these historic deals over the years to prove it. But it has to be a two-way street.

During the India FTA process, National trickled out information despite our requests for the full picture. To make matters worse, NZ First trickled out their own bits of information. All this half-baked disclosure has caused real confusion over what some of these clauses actually mean. You simply can't expect the Opposition, or the public, to sign off on massive, legally binding international treaties blindfolded while coalition partners tell different stories.

Take the confusion over the TEE visa settings. When NZ First and National started telling different stories about what had and hadn't changed, Labour did the responsible thing and went to the High Commissioner to shore up our relationship and make sure the real position was communicated clearly and in good faith.

So it's concerning that when India's Prime Minister, Narendra Modi, was in Auckland, he repeatedly cast the investment clause as a firm commitment, despite repeated public assurances to the contrary from National. Labour wouldn't have negotiated this deal the way it's been done. But our relationship with India, and our hard-won reputation for keeping our word, are far too important to gamble on politics. It's a shame that National can't act the same way.

A responsible Opposition has an important job to do. We have an obligation to get under the hood and understand the legal rationale and the advice behind any deal.

We have to ask the tough questions. How does it affect our core sectors? What's the story with these contested migration clauses, and what safeguards are there to stop vulnerable workers from being exploited?

Probing those details isn't "playing politics", it's the Opposition doing our job properly.

My ask is simple: bring all major political parties into the tent early. Bring us into the loop while negotiations are actually active so we can provide constructive feedback, smooth out any wrinkles, and build a genuine national consensus from day one.

New Zealand is far too small to speak with two voices overseas. Our cross-party unity is our biggest asset. If the Government wants us standing shoulder-to-shoulder with them on new markets like India, they need to open the books, stop dribbling the info, rein in their partners, and treat this like a shared national job; not a political game.

AGRIBUSINESS & TRADE A Herald Business report

Burgers are still fuelling the American taste for NZ meat

Donald Trump's Liberation Day tariffs barely registered. More supply from Brazil and Australia has so far had limited impact. Can anything take down the high-flying US meat market?



Agribusiness & Trade
Nigel Stirling



> You would think a relatively lean piece of meat like a steak without too much fat served with a salad should be high on the list because it has everything that you would want to eat when you are losing muscle and want to counter that.
> Stefan Vogel.

As this country's single largest beef market, and third largest for lamb, the United States has a big influence on the prices farmers here in New Zealand receive for their livestock.

In mid-July farmgate prices were a touch under $10 a kilo in the North Island for bull beef, $3 a kilo higher than the five-year average, and a shade under $12 a kilo for lamb, a record high for this time of the year.

Rural data analytics firm Agri-HQ's senior analyst Mel Croad said imported beef prices in the US reached a record high of over US$4 a pound in March before easing slightly.

"That is purely on the basis that the US's own supply remains tight and that has flowed through to their domestic prices," Croad said.

US cattle numbers are their lowest since 1951 due to prolonged drought. Rather than carrying young stock through to breeding age, ranchers have been sending them to slaughter to take advantage of high prices, further delaying rebuilding the US herd.

Illustrating just how tight the US market has become, a surge in imports from Australia and beef export powerhouse Brazil that would normally put prices for imported beef under severe pressure has been taken in its stride in recent months.

Both countries diverted significant beef volumes to the US in anticipation of hitting new quota limits in the Chinese market.

"Australian beef exports were up 100,000 tonnes in the first six months of this year compared to the year before but there has been no slump and prices are still near record highs," Croad said.

Local lamb in the US had risen in sympathy, hitting NZ$600 a head in May. "There is an influence there as beef has moved higher; it has sheltered lamb from being that niche protein that is really expensive."

New Zealand's lamb exports to the US rose 30% in May compared to the same month in 2025, according to industry figures, while the export price to the US hit $23.56 per kilo, an all-time high.

Lamb safeguards investigation

However, exporters were thrown a curve ball in mid-July when the Trump administration initiated a safeguards investigation into Australian and NZ lamb imports. A possible forerunner to quota restrictions or a hike in tariffs from the current 10%, it followed US farmer complaints that imports were undercutting them and stealing market share.

Croad said it was hard to understand the administration's rationale.

In November it had belatedly exempted beef imports from its Liberation Day tariffs to ease cost of living pressures.

"If they put a 30% tariff on New Zealand lamb that is going to reduce volumes into the US market and lift prices to consumers by more, which they have been trying to prevent over the last year or so," she said.

Impact of weight loss drugs

Further complicating the picture is the US's rapid uptake of glucagon-like peptide-1 agonists (GLP-1) weight loss drugs like Ozempic and Wegovy.

Research cited by Rabobank in a November 2025 report suggested 12% of American adults have used the repurposed diabetes drugs to lose weight compared to 4% to 7% of adults in the UK and less than 2% in Europe.

Agreements by the US Government with pharma giants Eli Lilly and Novo Nordisk to expand Medicare and Medicaid coverage for the drugs, reducing prices by up to 75%, and new oral formulations in the pipeline, are expected to boost uptake in the US even further.

While GLP-1s have been shown to suppress appetite, reducing calorie intake, users are urged to offset the potential for muscle loss by eating more protein. A 2025 study by Cornell University found households with at least one GLP-1 user reduced grocery spending by 6% within six months of first taking the drugs.

Rabobank head of research for Australia and NZ, Stefan Vogel, said while the Cornell study showed a slight increase in purchases of dairy drinks and yoghurts as consumers sought out more protein, purchases of meat fell.

"You would think a relatively lean piece of meat like a steak without too much fat served with a salad should be high on the list because it has everything that you would want to eat when you are losing muscle and want to counter that.

"The studies we have seen so far do now show that," Vogel said.

But exporters believe it is too soon to say conclusively how GLP-1s will end up shaping red meat demand in the US over the longer term.

The bulk of NZ beef exported there is low-grade cull cow and bull beef which is mixed with fatty trimmings from US cattle raised on feedlots and ends up in hamburgers.

"In theory, GLP-1 is not great news for McDonald's," meat exporter ANZCO's general manager of sales and marketing, Rick Walker, said.

"If you have invested effort and money in these drugs, then you are not going to be doubling down on burgers.

"When GLP-1 users go to the supermarket, they are going to make a decision: do I want to buy ground meat or do I want to buy that lean tenderloin.

"That is the potential change in consumption over time but the impact today is negligible."

Walker said early studies showing a drop in meat consumption among GLP-1 users could be overstating the problem.

"As these drugs become more prevalent there will be more and more medical advice that you need to be consuming high-quality proteins and people are going to be looking to beef and lamb to make sure that is a key part of their diet," he said.

Hamburgers still reign

Meanwhile Silver Fern Farms chief strategy officer Nicola Johnston wasn't predicting the death of the hamburger.

"The quick service restaurant operators like McDonalds will innovate accordingly and come out with GLP-1 friendly burger options and different sizes and portions.

"Consumers will be able to choose better value or smaller burgers and that will keep them in the category," she said.

Johnston said a reduction in portion sizes could still be offset by more regular consumption. "As I understand it you cannot eat as much but you need to eat more frequently . . . convenience formats and meat snacks, that is one element of it."

Meat snacks were in high demand by GLP-1 users whose tastes had been altered so that they no longer craved sugary snacks.

Johnston said protein powders distilled from offal were a potential ingredient for these items and an innovative use of what had been traditionally a lower-value part of the animal carcase.

"GLP-1 will accelerate food producers to provide protein to consumers in multiple different ways," she said. "They all carry the same provenance characteristics around provenance and sustainability that the NZ farming system is renowned for and could be a real value story for NZ."

● *Nigel Stirling is a farmer and economics journalist.*

Banking on a strong export sector

Nigel Stirling

Strong returns for meat companies are helping to repair what has been an often fractious relationship with the industry's bankers.

That was in evidence recently when the banking syndicate for the industry's largest player, Silver Fern Farms, extended its line of credit for a further two years. The syndicate, led by ANZ and including the BNZ, Bank of China, Rabobank, and ASB, had previously only rolled over its facility for 12 months at a time.

As recently as last year, South Island rival Alliance Group had been forced by its bankers to recapitalise its balance sheet, and hand control to Ireland's Dawn Meats in the process, as the former co-operative struggled to repay $200m of debt.

However a $70m turnaround in pre-tax profit announced by Silver Fern Farms earlier this year clearly gave the Dunedin-based company a stronger hand to play with its funders.

Silver Fern Farms chief financial officer Ben Rodgers said the two-year facility had been increased from $449m previously, to $520m, with only a slight increase in interest margin to reflect the longer duration.

Rodgers, who joined Silver Fern Farms in December after stints at NZX-listed King Salmon Investments and Z Energy, said his dealings with the banks had been positive.

"Red meat in the last couple of years has probably been one of the strongest growing exports," he said. "And being in a position to support NZ Inc I think that comes with the banks' social licence. If they support us, then we support our farmer suppliers and also the wider economy."



Ben Rodgers

The bigger bank facility would largely be used for livestock purchases which have become more expensive as stock supplies remained tight and export returns drove competitors to pay more to keep their plants running.

Silver Fern Farms would be required to reduce the working capital portion down to zero at the end of each financial year before it could be renewed.

Alliance's failure to "clean down" its own working capital facilities by balance date is what exhausted the patience of its banking syndicate.

"There are expectations to perform and back up that trust," Rodgers said.

Meanwhile, Silver Fern Farms announced the single largest investment in its history when it revealed in May that $100m will be spent at its Finegand plant near Balclutha.

However, Rodgers said the investment in additional cold storage and automated palletisation was being rolled out with a strong eye on financial discipline.

It would be funded from retained earnings, bank facilities, and partly by a third party who would pay for some of the new assets which would be leased back to Silver Fern Farms. Ownership would pass back to Silver Fern Farms at the end of the lease.

No more major projects were in the pipeline, Rodgers said. "We are pretty fully allocated over the next 18 months.

"It is a big investment and for me it is about delivering the project on time and on budget and once we get through that we can look at the next one," he said.

‘Real growth opportunity’: How NZ can earn more from its farms

Four megatrends are changing the way food is produced and consumed, and revenue is distributed, writes **Graham Skellern**



New Zealand’s food and fibre sector has the potential to crack $100 billion in export revenue within the next decade by increasing value rather than volume.

Peter Chambers, partner and chief markets officer with PwC New Zealand, says New Zealand has developed an incredibly successful food and fibre sector.

But it can go further by linking production and consumption with data and market/customer insights, and accessing capital — private or other sources of funding — for innovation, branding and market expansion.

“It will be difficult to increase volume on the amount of land we have available — there is only so much to go around, apart from land use changes.

“The real growth opportunity is focusing on optimising yield on the farms — there is more technology around to help — and getting more value from the products we sell,” Chambers says.

“One of the approaches is searching for the highest-value customers around the world who are willing to pay a premium as the demand for high-quality, protein-rich diets increases.”

The food and fibre sector, accounting for around 10% of the country’s gross domestic product, was expected to generate a record $64.3 billion in export revenue at the end of June, with dairy hitting a record $28.6b and meat and wool $14.1b.

The Ministry for Primary Industries is forecasting $70.1b by 2030 but, with the right steps, Chambers believes the food and fibre sector can head for $100b.

Chambers says the global food system is at a turning point — climate volatility, geopolitical shocks and resource constraints are disrupting production while demand continues to rise.

To feed more than nine billion people by mid-century, calories must grow by more than 50% from 2010 levels.

He says the megatrends reshaping global food systems are creating the largest redistribution of economic value in modern history.

About US$3.1 trillion in value will shift into new growth areas over the next decade, including $800 billion in health and nutrition.

New Zealand businesses that move quickly and act decisively — embracing technology, proving sustainability, building transparency and reimagining their business models — won’t just survive this transformation, they’ll lead it, says Chambers.

“New Zealand currently produces half of 1% of global food production. We are feeding 40 million people out of the world’s population of 8.3 billion, and we have a strong international reputation for quality and safe food. There is opportunity to shift into earning more from our produce.”

Chambers says the four megatrends shaping the future of food production and consumption are:

1) Artificial intelligence (AI) that enables precision agriculture and optimises everything from irrigation to harvest timing, automated warehousing and logistics, predictive analytics for supply chain management and enhanced customer engagement through personalised product offerings.

Chambers says New Zealand historically lags behind international counterparts in adopting digital technologies. But one company leading the way is Halter, with its solar-powered AI-enabled smart collars for cattle, paired with an app that provides virtual fencing, pasture management and 24/7 health tracking.



> New Zealand agribusinesses that move quickly and act decisively — embracing technology, proving sustainability and reimagining their business models — won’t just survive this transformation, they’ll lead it.
>
> Peter Chambers.

Halter reduces labour costs while improving pasture performance and farm productivity, says Chambers.

2) Climate change and disruption in other countries creates opportunities for New Zealand producers who can adapt — such as indoor, year-round production facilities that bypass seasonal constraints.

The Japanese-backed Tatsumi NZ in Hawke’s Bay grows strawberries all-year round and above ground in 15,000 planters lined up in two glass houses totalling 19,000 sq m. The 100,000 strawberry plants produce 150 tonnes a year, mainly exported to Japan.

The planters have a special growing mix developed by the Japanese technical team and the growing houses are fully automated, with an environment control system.

Chambers says these facilities demonstrate how innovation can turn climate challenges into competitive advantages. “As drought frequency increases globally, our ability to produce consistently, sustainably, and with full traceability becomes increasingly valuable.

“Climate adaptation isn’t just about risk management; it’s a substantial market opportunity. With more than 80% of New Zealand’s exports by value going to countries with mandatory climate-related disclosures, meeting environmental standards is a prerequisite for market access.”

3) Trading despite geopolitical instability — supply chain disruption, conflict-induced tensions and the recent resurgence of tariffs have exposed vulnerabilities in the export-dependent model.

Chambers says as regionalisation increases, New Zealand must double down on what has always been its strength: pioneering liberalised trade and building solid government and business relationships.

“Our recent successful agreements with the EU, Indonesia, China, Vietnam, the UAE and Gulf Co-operation Council — and soon India — demonstrate that New Zealand’s approach works. But we can’t be complacent.

“Some competitors enjoy less rigorous food standards — Australia’s regulatory environment, for instance, allows faster market entry for some products. New Zealand must advocate for policy frameworks that recognise our quality standards as competitive advantages, not barriers.”

Chambers says the key is transforming potential constraints into selling points.

Businesses that can demonstrate supply security, enhanced visibility and control over their supply chains can create competitive advantage from disruption.

4) Catering to shifting consumer preference — today’s consumers demand more than quality, they want proof.

Attributes like traceability, provenance and transparency have become indispensable, with 75% of consumers considering transparency important and two-thirds willing to switch brands to get it,” says Chambers.

“This shift plays directly to New Zealand’s strengths: our clean, green reputation opens doors to premium markets that other nations cannot access.”

Chambers says there is a lot at stake, but New Zealand food and fibre businesses can position themselves to capture their share by understanding and exploiting the four megatrends influencing their sector.

Chambers suggests the New Zealand food and fibre sector can capture its share of the $12 trillion “great revenue redistribution” by:

- **Innovating operating models** — deploying AI for precision agriculture, automating warehousing and logistics, and using predictive analytics for supply chain optimisation.
- **Innovating business models** — taking an ecosystem perspective by building new partnerships across the food supply chain to respond to specific needs of mature and emerging markets.
- **Competing on trust and technology** — implementing digital traceability systems to verify environmental claims while seizing competitive advantage through direct export channels.
- **Building transparency and agility** — using data and analytics technology to understand market dynamics more deeply and respond quickly to customer demands.
- **Strengthening climate resilience** — building flexible supply chains and manufacturing processes that can adapt to climate-induced shortages and changing growing conditions.

Chambers says branding and provenance is becoming a must-have to attract higher-value consumers.

Digital traceability systems that provide a complete supply chain footprint allow producers to prove environmental claims while seizing competitive advantage through direct export channels and enhanced consumer relationships.

Companies like Fonterra — the first dairy company globally to electronically trace its products anywhere in the world within minutes — demonstrate how end-to-end visibility transforms supply chain transparency from a compliance requirement into a market differentiator, says Chambers.

“Māori provenance offers another under-utilised competitive edge. As conscious consumers in wealthier markets seek authentic, ethically produced food, the cultural narrative and sustainability practices inherent in Māori agribusiness present genuine differentiation,” he says.

“While this requires strong traceability systems, collective momentum, in-market relationship building and intentional brand building, the opportunity is significant,

“By focusing on branding and product positioning and using data to understand what customers and consumers want, producers can get the right message to the markets and finding the right source for their produce.”

Chambers mentions Coastal Lamb (geographic branding and provenance), Lumina Lamb (premium red meat positioning, Halter (animal monitoring technology), Fonterra (dairy processing scale) and public-private initiatives such as AgriZero and the Dairy Beef Opportunities programme as examples of using data, branding and market insight to reach high-value customers.

He says developed markets such as the United States, China and Australia are important for New Zealand and India and the Middle East provide significant growth opportunities.

“The Middle East will grow over time with the new trade agreement,” Chambers says. “India is a fantastic opportunity — we do export there, but the size of the population and growth of the middle class is completely out of balance with our volume of exports.

“Historically, New Zealand’s agribusiness has built a successful sector around production at scale, efficiency, safety and quality. It can look beyond today’s pressures and prepare for where food is heading next.

“Health trends, such as the increasing use of weight loss pharmaceuticals, and a growing demand for trusted, traceable products are changing how people choose what they eat,” says Chambers. “As disruption occurs through changing consumer diets and geopolitical tension, the New Zealand industry needs to be well tuned-in, have strategic responses and make choices.

“Choosing means being explicit about where to play, and using disruption to create advantage.”

● *PwC is a sponsor of the Herald’s Agribusiness and Trade report.*

AGRIBUSINESS & TRADE A Herald Business report

President keeps an eye on the parties

Colin Hurst tells **Nigel Stirling** there is still plenty at stake for farmers in November's general election

The new president of Federated Farmers says the organisation has lifted its game and he expects that the claim from rival lobby Groundswell to be the pre-eminent voice for the country's farmers to "fade away" as a result.

Waimate arable farmer Colin Hurst challenged and beat incumbent Tasman dairy farmer Wayne Langford for the top job last month. Hurst is adamant the change is not a repudiation of Langford's leadership. "I do not think I am too different from Wayne," he says. "It will be the same sort of aims that we keep going with."

As vice-president under Langford for the past three years and a national board member for three years before that, there is credibility to Hurst's claim he represents a continuation of the status quo.

He says Groundswell's challenge to Federated Farmers peaked in 2021 when farmers took to the streets to protest the regulatory blitz against the sector by the previous Labour government.

"It was a tricky time," Hurst told the *Herald*. "That was probably a point in time when Federated Farmers was probably not so vocal. We have certainly upped the ante in the last three years and taken a harder line on some of our positions."



Federated Farmers' new national president, Colin Hurst, with new vice-president, Sandra Faulkner.

THE CONVERSATION

Murat Ungor is Senior Lecturer in Economics, University of Otago

> That was probably a point in time when Federated Farmers was probably not so vocal. We have certainly upped the ante in the last three years and taken a harder line on some of our positions.
>
> Colin Hurst

Hurst says an increase in membership had vindicated this approach.

They still talk to Groundswell founders Bryce McKenzie and Laurie Paterson — "they are both Federated Farmers members," he says.

"But we think the success of Groundswell will fade away."

Despite the rolling back of many of Labour's policies, Hurst says there is still plenty at stake for farmers in November's general election.

Local government changes, freshwater policies, carbon farming rules, and the reworking of the Resource Management Act are just some of the policy debates the federation will be paying close attention to as it runs the rule over the different parties' election manifestos.

Hurst believes many of these have been fought over in the past without a full understanding of the issues involved. He says the federation has specialised knowledge which can add to these debates.

This point had been brought home to him during the recent debate over the Conservation Amendment Bill which had attracted controversy after the government sought to open up some of the Conservation estate to private interests.

Hurst says locking it up had failed and allowed pests and wilding pines to thrive. Loosening regulations to allow grazing again could be a win for farmers as well as the environment.

"The farmers have historically done a good job there," he says. "Why not give them a crack to try and restore it?"

Likewise, Hurst beleives there is room to work more closely with the environmental lobby on better freshwater rules — despite the failure of previous attempts such as the Land and Water Forum which resulted in walk-outs by some environmental groups a decade ago.

Technology had moved on, Hurst says, and there were opportunities for new solutions which worked for farmers while also improving water quality. "We have things like precision farming which is about better putting fertiliser where it is needed.

"Quite often these things lead to better profit as well," he says.



AGRIBUSINESS & TRADE A Herald Business report

From recovery to momentum



More than 132,000 visitors went through the gates at Mystery Creek for the 2026 Fieldays. The event remains one of the best indicators of rural confidence, says Dave Handley.

Rural confidence returns as stronger prices lift New Zealand agriculture, says BNZ's **Dave Handley**

There is a different mood across rural New Zealand this winter.

Not exuberance. Not complacency. Simply confidence.

After several years of cost inflation, weather disruption, policy uncertainty and margin pressure, farmers and growers are looking forward again. Conversations that were once focused on survival are increasingly centred on investment, growth, and succession.

That shift matters to every New Zealander.

The primary sector remains the backbone of our export economy. New Zealand's food and fibre sector is forecasting $64.3 billion of export earnings for the year ended June 30, up 6% from the record $59.9b achieved in 2024/25. The sector supports thousands of jobs and businesses well beyond the farm gate. When rural New Zealand is strong, the wider economy benefits.

The sector has momentum. Dairy returns remain strong, beef prices have strengthened, horticulture has rebounded and a weak NZ dollar is supporting export competitiveness. The challenge now is not recovery. It is converting favourable conditions into long-term productivity and growth.

Confidence backed by fundamentals

Stronger commodity prices and improving cash flows are creating opportunities that many agricultural businesses have deferred for years. In our conversations with farmers, the focus is shifting from short-term cost management to investing in productivity, resilience, and future growth.

Importantly, the recovery is broad-based.

Dairy has been a key driver of the recovery, but the story is much more than milk price alone.

Sheep and beef markets have strengthened on the back of robust international demand and New Zealand's reputation for high-quality, grass-fed production. Kiwifruit returns have increased, showing the value of disciplined investment, premium market positioning, and strong market access. These sectors account for approximately 85% of the debt within New Zealand agriculture, illustrating how wide the momentum is.

Stronger returns are strengthening balance sheets, accelerating investment, and creating opportunities for the next generation. Farmers are increasingly focused on building resilient, high-performing businesses for the decade ahead.

Opportunity still requires discipline

The momentum is real, but so are the risks.

Input costs remain elevated, geopolitical tensions continue to impact global supply chains (particularly fertiliser, fuel, and chemicals) and weather volatility remains a constant challenge. The Reserve Bank increased the Official Cash Rate (OCR) by 25 basis points to 2.50% on 8 July 2026. It was the first OCR increase since April 2023.

The difference today is that more farming businesses are operating from a position of strength. Improved profitability is creating options: reducing debt, investing in infrastructure, lifting productivity and positioning for growth. The opportunity is significant, but so is the importance of disciplined decision-making. Sustainable success comes from disciplined investment, not chasing the cycle.



Dave Handley is GM Agribusiness & Corporate Banking at BNZ

What Fieldays told us

Fieldays remains one of the best indicators of rural confidence.

This year, the sentiment at Mystery Creek was markedly more positive. The discussions in the BNZ tent were future-focused and fuelled by a record 3526 cups of coffee. Farmers and growers were not discussing how to navigate the next season but positioning their businesses for the next cycle.

Succession planning featured prominently. So did ownership pathways, resilience investment, technology adoption, and productivity improvement.

The message was clear: confidence is returning, but it is returning with purpose.

> New Zealand's primary sector is full of capable, talented, and ambitious young farmers and growers. The challenge is access to capital and the confidence to take that first major step.
>
> Dave Handley

As confidence returns, the importance of trusted banking relationships is even more evident. Farmers want partners who understand their business, provide practical support, and help them navigate both opportunities and challenges with confidence. Strong relationships are built over years, not seasons.

Backing the next generation

Perhaps the strongest theme at Fieldays was the pathway into farm ownership.

New Zealand's primary sector is full of capable, talented, and ambitious young farmers and growers. The challenge is access to capital and the confidence to take that first major step. That is why BNZ has expanded its First Farm Package.

BNZ's First Farm Funding Boost is designed to reduce financial pressure in the early years of ownership. It provides eligible first farm buyers with an interest rate discount of up to 1% on the first $2 million of term lending for the first two years, along with a working capital facility of up to $250,000 at 2.99% for six months. It is available to first farm purchasers across all agricultural sectors, first-time 50/50 sharemilkers, and equity partnerships.

It builds on our First Farm Package, which includes the First Farm Dairy Mentor Programme, where customers can access reduced deposit requirements and are paired with an experienced farmer mentor.

As always, these types of offers do have some terms and eligibility requirements, so anyone interested should check out our website or talk to a BNZ banker before proceeding.

Backing the next generation is about more than individual success. It is about securing and supporting the future of New Zealand agriculture.

Resilience is the next investment frontier

Another theme emerging across the sector is the growing focus on resilience.

For farmers and growers, resilience is practical. It means reliable water, secure energy, productive technology, strong cashflows and a business that performs in an increasingly uncertain world. It also means staying ahead of changing customer expectations around sustainability, provenance, and environmental performance.

The best agricultural businesses will not wait for change to happen. They will invest early, adapt quickly, and use resilience as a source of competitive advantage.

Turning confidence into growth

The outlook for New Zealand's primary sector is the strongest it has been for several years. That does not mean the risks have disappeared. It means the sector is once again operating from a position of strength.

Strong commodity prices, healthy cash flows and improving market conditions are giving farmers and growers the confidence to innovate and invest. For many businesses, the focus is shifting from navigating the next season to building capability for the next generation.

The opportunity for 2026 is clear: convert today's momentum into long-term productivity, resilience, and growth. Agriculture remains one of New Zealand's great economic strengths.

As New Zealand looks for the next phase of growth, the primary sector is well-placed to lead it.

● *BNZ is a sponsor of the Herald's Agribusiness & Trade report*

AGRIBUSINESS & TRADE A Herald Business report

India: NZ's next business opportunity

Dr Madan Mohan Sethi

For many New Zealand businesses, India has long been viewed as a market of immense promise, though equally new or unfamiliar.

Today's India is one of the world's fastest-growing major economies, a global manufacturing hub in the making, an innovation powerhouse and an increasingly trusted investment destination.

Home to more than 1.4 billion people, India is powered by a young workforce, a rapidly expanding middle class and one of the world's fastest-growing digital economies. Rising incomes and accelerating urbanisation are transforming consumption patterns across sectors ranging from agriculture and food processing to healthcare, infrastructure, renewable energy, logistics and advanced manufacturing.

India's aspiration to become a developed nation by 2047 is underpinned by large-scale investments in infrastructure, innovation, manufacturing and human capital, creating opportunities for international businesses seeking long-term partnerships.

Today's India offers a far more predictable and business-friendly ecosystem that many are still unaware of.

Policy reforms, digital governance, modern infrastructure and simplified regulatory processes have significantly improved the ease of establishing and expanding businesses.

Rather than approaching India as a single market, companies increasingly succeed by identifying the right state, sector and local partner.



Dr Madan Mohan Sethi is India's Consul-General, based in Auckland.

New Zealand companies also have an advantage because India has built an extensive institutional framework to support foreign investors and trade. The Ministry of Commerce and Industry formulates trade and investment policies, while the Department for Promotion of Industry and Internal Trade (DPIIT) drives reforms to improve the business environment.

Invest India serves as the national investment facilitation agency, helping overseas investors identify opportunities, navigate regulations and connect with state governments. Complementing these national institutions are proactive state investment agencies that compete to attract global businesses through customised support, industrial parks, skilled talent and sector-specific incentives.

Industry associations further strengthen this ecosystem. Organisations such as the Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industry (CII), ASSOCHAM and PHD Chamber of Commerce regularly facilitate business matchmaking, investment missions, policy dialogue and B2B networking.

Alongside them, India's network of Export Promotion Councils provides market intelligence, buyer connections and sector-specific support across industries ranging from engineering goods, processed foods and textiles to pharmaceuticals, electronics, chemicals, marine products and agricultural exports. Together, these institutions create an ecosystem that enables foreign businesses to establish trusted partnerships with confidence.

India's reform agenda is equally ambitious. The Production Linked Incentive schemes are strengthening domestic manufacturing across strategic sectors including food processing, electronics, semiconductors, medical devices and textiles while landmark reforms have opened the space sector to private participation in satellite technology and launch services. These initiatives are positioning India not merely as a manufacturing destination but as a global innovation partner.

New Zealand's globally recognised expertise in dairy, horticulture, precision agriculture, forestry, animal genetics, sustainable farming and waste management and water management aligns closely with India's rapidly modernising agricultural sector. India, in turn, offers scale, skilled talent, digital capability, manufacturing capacity and one of the world's largest consumer markets. Partnerships in farm machinery, agricultural technology, cold-chain logistics, food processing, climate-smart agriculture, renewable energy and research collaboration can deliver mutual benefits.

Regional opportunities across India are equally compelling. The state of Maharashtra continues to lead in financial services, manufacturing and logistics.

Gujarat has emerged as a powerhouse for ports, chemicals and renewable energy. Karnataka remains India's innovation and technology capital, while Telangana has built globally competitive ecosystems in pharmaceuticals, life sciences and agritech.

Tamil Nadu is a leader in advanced manufacturing, automotive and electronics, and Uttar Pradesh is rapidly transforming through infrastructure expansion, food processing, defence and manufacturing.

Each state offers distinct advantages supported by dedicated investment agencies and business-friendly policies.

No economic partnership succeeds on policy alone. It succeeds on people, relationships and trust. More than 300,000 people of Indian origin now call New Zealand home. They are doctors, researchers, engineers, academics, farmers, innovators, exporters and business owners who contribute billions of dollars annually to New Zealand's economy.

Equally important, they serve as a living bridge between India and New Zealand, connecting businesses, institutions and communities with confidence and cultural understanding. For New Zealand enterprises seeking to enter India, this diaspora represents an invaluable strategic asset, offering local insight, trusted relationships and commercial networks.

The momentum in India-New Zealand relations has further strengthened this economic opportunity. Prime Minister Christopher Luxon's landmark visit to India in March 2025 reinvigorated bilateral engagement, signing the Free Trade Agreement in April this year and expanding co-operation across trade, education, defence, horticulture, forestry and sport.

Prime Minister Narendra Modi's historic visit to Auckland this month elevated the relationship to a Strategic Partnership.

India and New Zealand share far more than complementary economies. We are vibrant democracies, maritime partners in the Indo-Pacific and societies built on innovation, diversity and enterprise. New Zealand brings world-class expertise in sustainable agriculture, food systems and environmental stewardship.

For New Zealand businesses, the question is no longer whether India is ready. The question is whether they are ready to be part of one of the defining economic growth stories of the 21st century.

India's doors are open, its reforms are accelerating and the foundations for a deeper partnership have never been stronger. The time to engage is now.

The Consulate of India (Auckland) is a sponsor of the Herald's Agribusiness & Trade report.



What H5N1 means for wildlife, farms

Bird flu has reached New Zealand. **Jemma Geoghegan** and **Nigel French** look at what this means and what comes next.



For now, detection rates are low, but ongoing surveillance of H5N1 will be essential to determine whether additional cases emerge.

Photo / Getty Images





THE CONVERSATION

Jemma Geoghegan is Professor and Webster Family Chair in Viral Pathogenesis, University of Otago; and Nigel French is Distinguished Professor of Infectious Disease Epidemiology and Public Health, Te Kunenga ki Pūrehuroa — Massey University

The first cases of the highly pathogenic avian influenza virus H5N1 in New Zealand mark an important milestone, but not an unexpected one.

Since the virus reached Australia last month, and as it continued its global spread, scientists and government agencies have been preparing for the possibility that it would eventually arrive here.

For now, detection rates are low, but ongoing surveillance of H5N1 will be essential to determine whether additional cases emerge.

What Australia's experience tells us

Australia provides an important indication of what New Zealand may face. H5N1 was detected in a brown skua in Western Australia less than four weeks ago. Further detections followed in Western Australia and South Australia, mainly in migratory seabirds, with a detection subsequently reported in New South Wales.

More recently, H5N1 was confirmed in a greater crested tern in South Australia, marking the first detection in a resident Australian seabird, and therefore a possible indication of local transmission.

So far, the Australian detections have involved individual seabirds rather than widespread wildlife mortality.

The virus has not been detected in poultry in Australia.

Susceptibility to infection and severe disease varies between species and individual incursions in solitary scavenging or predatory seabirds may not lead to widespread infection.

The risk of transmission is likely greatest in populations that live in large colonies, particularly at high density. These can be a source of transmission to other species that inhabit the same environments — for example, shorebirds and marine mammals such as seals and sea lions.

Proximity to backyard poultry and other livestock populations then becomes critical for onward transmission to domestic animals.

How prepared is New Zealand?

The advantage for New Zealand is that we are not facing this blindly.

The experiences of Australia and the rest of the world have provided several years of information about how H5N1 behaves, which species may be most susceptible and which surveillance and response approaches are most effective.

New Zealand has also spent recent years strengthening surveillance programmes, diagnostic capacity and collaboration between wildlife, agricultural and public health agencies. These systems will now be tested in practice.

No country can be completely prepared for a virus with such a broad host range and capacity to move over long distances in wild birds.

No country can be completely prepared for a virus with such a broad host range and capacity to move over long distances in wild birds.

However, early detection, rapid information sharing and clear co-ordination between agencies will give New Zealand the best opportunity to understand and reduce the impacts of the virus.

Priorities for the response

The immediate focus should be on determining the scale and distribution of infection. This means increasing surveillance around the initial detection, testing potentially affected wildlife, and rapidly sharing information between laboratories, wildlife managers, veterinarians, public health authorities and affected communities.

Enhanced biosecurity measures and clear public communication will also be essential, building on preparedness plans developed by the Ministry for Primary Industries, the Department of Conservation, Health New Zealand and regional authorities.

The Department of Conservation has trialled a vaccine developed for poultry on five of our critically endangered taonga species of wild bird (takahē, kākāpō, black stilts, shore plovers and red-crowned kākāriki). The vaccine is safe and results in an immune response that is likely to be protective.

As a consequence, the Ministry for Primary Industries has approved the vaccine for use in these species, and this is now being rolled out on a larger scale. However, it requires two doses and can only be practically implemented in captive, managed populations or on offshore islands.

The devastating impact of the virus on marine animals, such as the northern and southern elephant seals, reminds us of the vulnerability of New Zealand populations of seals and sea lions, including the pakake/New Zealand sea lion.

In the US, trials of a bird flu vaccine formulated for cattle have been carried out in the endangered Hawaiian monk seal. While the trials show promise, we are a long way from using these in marine mammals in Aotearoa.

Genomic sequencing will be particularly important. It can help identify where the virus likely originated, whether New Zealand has experienced one or several introductions, and whether transmission is occurring locally. It may also help link detections in New Zealand with outbreaks in Australia or elsewhere along regional bird-migration routes.

The arrival of H5N1 is unlikely to be the end of the story. International experience suggests further incursions may occur as migratory birds continue to move through the region.

The challenge therefore shifts from trying to prevent the virus from arriving to detecting new incursions quickly and managing their consequences.

The coming weeks will be important in establishing whether this is an isolated detection or the first sign of wider circulation. New Zealand has the benefit of advance warning and extensive international experience. The priority now is to put those lessons into action.

BUSINESS REPORTS

WITH THANKS TO OUR SPONSORS

bnz
pwc
ASB ONE STEP AHEAD
MILFORD
भारत का वाणिज्य दूतावास ऑकलैंड • Consulate General of India Auckland • सत्यमेव जयते
Fonterra™ Dairy for life
AgriZero NZ
Ministry for Primary Industries Manatū Ahu Matua



The Ministry of External Affairs (MEA), the Ministry of Commerce and Industry (MOCI) and the Department of Promotion of Industry and Internal Trade(DPIIT) are overarching support of these three categories.

Together they facilitate international trade, investment and commercial engagement by promoting business partnership, market access, and economic Cooperation between India and global stakeholders.

Indian Government Ministries and Departments

Connect with India's key government ministries and departments responsible for agriculture, food processing, fisheries and rural development. Discover policies, investment opportunities, government initiatives, and official support for doing business in India.

Ministry of External Affairs **www.mea.gov.in**
Ministry of Commerce & Industry **www.moci.govt.in**
Department for Promotion of Industry and Internal Trade **www.dpiit.govt.in**
Food Safety Standards Authority of India **www.fssai.govt.in**
Ministry of Agriculture & Farmers Welfare **www.agriwelfare.govt.in**
Department of Agriculture & Farmers Welfare **www.agriwelfare.govt.in**
Department of Agricultural Research & Education (DARE) **www.dare.govt.in**
Department of Animal Husbandry & Dairying **www.dahd.govt.in**
Department of Fisheries **www.dof.gov.in**
Ministry of Food Processing Industries **www.mofpi.gov.in**
Ministry of Cooperation **www.cooperation.gov.in**t
Ministry of Rural Development **www.rural.govt.in**
Invest India **www.investindia.gov.in**
Ministry of Consumer Affairs (Food & Public Distribution) **www.consumeraffairs.govt.in**

Chambers of Commerce and Industry

Meet the leading Industry chambers in India that bring together business, investors, and trade professionals. Build valuable business connections, explore partnership, and gain insights into India's dynamic agriculture and agribusiness sectors.

Take your business to India with reliable banking support from Bank of India and Bank of Baroda
Bank of Baroda NZ **www.barodanzltd.co.nz**
Bank of India **www.bankofindia.co.nz**

FIEO (for Agri exports) **www.fieo.org**
FICCI Agriculture Committee **www.ficci.in**
CII National Committee on Agriculture **www.cii.in**
PHDCCI **www.phdcci.in**
ASSOCHAM **www.assocham.org**
IMC Chamber of Commerce **www.imcnet.org**
The Bharat Chamber of Commerce **www.bharatchamber.com**

Promotion Councils / Commodity Boards / Export Promotion Bodies

Engage directly with India's export promotion councils and commodity boards to discover quality agricultural products, trusted suppliers, export opportunities, and market intelligence across wide range of agricultural commodities.

APEDA **www.apeda.gov.in**
Indian Oilseeds & Product Export Promotion Council (IOPEPC) **www.iopepc.org**
Marine Products Export Development Authority (MPEDA) **www.mpeda.gov.in**
Tea Board **www.teaboard.gov.in**
Coffee Board **www.coffeeboard.gov.in**
Rubber Board **www.rubberboard.govt.in**
Spices Board **www.indianspices.com**
Tobacco Board **www.tobaccoboard.i**n
Coconut Development Board **www.coconutboard.gov.in**
National Horticulture Board **www.nhb.gov.in**
Cashew Export Promotion Council **www.cashewindia.org**
Coir Board **www.coirboard.gov.in**