



Reviving the Iranian market

They were markets touted by exporters as being the next big thing. **Nigel Stirling** asks what ever happened to Iran and India.

Iran in the early 1980s took one in every four lambs processed in New Zealand.

With NZ's traditional markets unable to absorb the surge in sheep meat produced as a result of Robert Muldoon's subsidies, the Iranians helped mop up the surpluses.

Between 1983 and 1986 they bought half a million tonnes, but barely a decade later the market had sunk without a trace.

When the West agreed in 2015 to ease sanctions in return for Iran reining in its nuclear programme there was optimism in meat industry circles that the trade could be revived.

The National-led government was quick to capitalise with trade missions in 2016 and early 2017.

Meat industry heavyweights Silver Fern Farms and ANZCO were on the plane to Tehran with Trade Minister Todd McClay in December 2016, along with representatives of the Australian-owned banks.

During the February 2017 trip Primary Industries Minister Nathan Guy signed an agreement with his Iranian counterpart recognising Halal slaughter systems used by the NZ industry.

The Government's agricultural trade

envoy, Mike Petersen, talked to traders and importers with links to Iranian retail chains on the trip and reported that they were desperate to import NZ lamb after a 20-year hiatus.

This should have been the green light for exports to resume but the logistics of installing two Iranians - one religiously trained and the other a government veterinarian - in plants to supervise the processing of everything destined for the market meant many exporters were stuck in amber.

There were other headaches too, and in particular repatriating proceeds from Iranian customers.

While the Iranian banks had successfully plugged back into the SWIFT system used by banks to communicate internationally there were still concerns from the industry's bankers about remaining United States banking sanctions.

Banks found dealing with Iranian counterparts linked to organisations or individuals with terrorist links risked hundreds of millions of dollars in fines or being cut out of the US banking system altogether.

In the end it was the single-plant operator Taylor Preston in April 2017 that was first back into the market with 50

tonnes of frozen six-way primal cuts.

Chief executive Simon Gatenby at the time said his Iranian customer had expressed interest in taking chilled lamb as well as beef.

"There is the opportunity for both chilled and frozen to a much higher level specification to create more value."

Of the four majors only Affco followed up with exports to Iran but with low tonnages.

Director Rowan Ogg described Iran as a "viable" market that could lift further if less strict veterinary oversight could be negotiated.

Despite extensive due diligence SFF never got out of the starting blocks as it struggled to get Iranian officials in place before the end of the 2016-17 processing season.

Former chief executive Dean Hamilton said he did not push the opportunity because pricing was firming up around that time from rival markets, and China in particular.

Taylor Preston followed up with shipments totalling 100 tonnes in April 2018 but within weeks US president Donald Trump effectively slammed the door shut on the trade when he withdrew the US from the 2015 nuclear deal and began re-imposing sanctions.

This time sanctions included directives to shipping lines to cease visiting major Iranian ports either directly or through feeder services.

Maersk and MSC responded immediately by notifying customers that they would be complying with US demands and winding down services to Iranian ports, including feeder services from other Middle Eastern ports.

Taylor Preston marketing manager Chris Pyke last November said the processor was investigating overland routes to try and keep the trade going.

But with sanctions squeezing Iran's oil revenues and the currency in freefall it was questionable whether the higher costs could be recouped from customers.

In September this year Gatenby said Taylor Preston had not given up on Iran.

"We have kept in touch with our importer and there is a demand for imported product but we are unable to supply at this point."

In total, NZ has exported less than \$3 million of sheep meat to Iran since the trade resumed in 2017.