

# Exports rely on freedom to move

THE KEY to successfully selling fruit and vegetables in New Zealand or overseas is to give consumers what they want.

In our growing Asian markets, consumers respond to healthy eating, to delicious, well packaged varieties new to the

market and exotic fruit and small vegetables with a novelty factor.

Sweet pineapples from Peru; ready-to-eat mangoes from Ecuador, Mexico and Colombia; new varieties such as Zespri's Sungold; vegetables in vacuum-pack pouches from NZ's Leaderbrand; and pre-packaged tomatoes with a strong emphasis on sustainability from NZ Hothouse are examples of what consumers will pay premium prices for.

NZ relies on exports and tourism to generate its wealth, both rely on NZ's clean, green image and the free movement of goods and people around the world. For tourism to make money, we need the free movement of tourists.

For exports to make money, we need easy access to our key markets. The Government has made good progress in unlocking markets for our exports. The Trans-Pacific Partnership (TPP) is a prime example of opening up exports markets for NZ companies. If it ever gets implemented,



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it will be worth about \$26 million in tariff reductions in the first year for fruit and vegetables.

But a worrying trend is developing worldwide – a retrenchment of freedom of movement of people and goods. The US presidential election campaign is the prime example of this, stalling the TPP and focusing on domestic issues in the US. The UK Brexit vote is another push-back on globalisation and with NZ's own general election next year we may see this anti-globalisation trend become a key election issue.

The US, UK and NZ have all relied on exports to drive growth in domestic markets.

Tightening of controls of the movement of people and goods will directly affect our financial viability as a country, and the financial viability of the US and the UK.

The backlash against globalisation has been seen in the UK with the Brexit vote and in the polling on the upcoming US presidential elections. With the German elections next

year potentially looking at reaction over the many refugees settling in Germany, and our own election potentially focusing on immigration, this anti-globalisation sentiment needs to be reversed for the financial fortunes of all countries. This is a big risk to the

growth of NZ exports. The counter argument is that technology, the internet and consumers demanding goods will reverse the massive protectionist reaction.

For horticulture, Asia is one of our growth regions. We can supply produce that consumers

there will pay premium prices for. The Asian Development Bank estimates that about 1.7 billion of the about 4.5b people in Asia are middle class and this number is growing rapidly. This presents excellent export opportunities for NZ horticulture companies,

as these new consumers have money to spend on quality fruit and vegetables. So the critical question for NZ horticulture is, will the anti-globalisation trend stretch to Asia and restrict our growth opportunities? Will retrenchment and protectionism

in the US, UK and Europe affect our growth in Asia, or will it just make Asia all the more important to horticultural exports? Only time will tell, but it is a risk we cannot ignore.

• *Mike Chapman is chief executive of Horticulture New Zealand*