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• Agriculture and Trade are vital to the challenge of feeding a growing world population in a sustainable manner.
• How do European policies influence this process?
• How do these policy areas impact on European relations with other regions in the world?
Background Issues

EU Common Agricultural Policy

• Does food security mean food self sufficiency?
• What is the best way to pursue climate change mitigation in agriculture?
• What does this mean for New Zealand agri-food exports to Europe
Introduction

• The New Zealand economy is still highly dependent of agri-food exports

• To increase the value of agri-food exports this requires meeting international consumers demand’s for a consistent supply of high quality, safe and environmentally friendly food at an attractive price.
Introduction

• This is especially so for exports of New Zealand primary products to the European Union.

• To do this effectively New Zealand needs to address the EU concerns of food security, environmental sustainability.
Introduction

• Meeting these consumer demands within the constraints of agricultural production systems requires the development long term cooperative supply chain partnerships.
Introduction

- Agribusiness supply chains tend to exhibit short term opportunistic behaviour.
Problem Statement

• How can New Zealand – EU agri-food supply chains develop long term cooperative partnerships in order to increase value creation for all stakeholders.
Research Questions

1. How and why do agribusiness supply chain participants establish and maintain committed and cooperative supply chain relationships?

2. How do these committed and cooperative supply chain relationships enable value creation?
Research project

• The project will analysed the supply chains of the high value NZ meat exporters and the relationships with their retailers in the European Union.

• Identify the ways that supply chain participants can increase the value of their products through collaborative supply chain partnerships.

• Identify how supply chain participants can increase commitment and collaboration in their supply chain relationships.
Methodology

• An initial exploratory study using semi structured interviews with key wholesaler/retailer personnel in the European market to develop an understanding of the supply chains and the key factors in the supply chain relationships
Outcomes

• Identify how supply chain participants can increase the value of their products through collaborative supply chain partnerships in order to meet the needs of consumers and/or citizen the key stakeholders in the total food chain.

• Enhance welfare within Europe through diversity and excellence of food research and benefit the New Zealand European bilateral relationships through international value chain collaboration.
Case Study - Supply Chain Partnership

• New Zealand Farmers
• Welsh Farmers
• ANZCO Foods
• Dalehead Foods
• Waitrose
Waitrose

UK Supermarket Share 2012

- Waitrose: 5%
- Aldi: 3%
- Lidl: 3%
- Iceland: 2%
- Co-operative: 7%
- Morrison: 12%
- Sainsbury: 18%
- ASDA: 18%
- Tesco: 32%
What's special about Waitrose lamb?

• Waitrose has a seasonal policy for lamb to supply a chilled “best in season” product.
• This ensures a year round supply of high quality lamb naturally reared on pasture.
• Welsh lamb is supplied for six months of the year (July – December)
• New Zealand lamb is supplied for the remaining six months (January – June)
Waitrose - New Zealand lamb

- New Zealand's contrasting season to the UK make a perfect fit with the UK lamb season.
- Waitrose has been working with a group of more than 250 farmers in New Zealand for a number of years, to supply lamb that is produced to the same high standards of welfare and care as our UK lamb.
- Waitrose New Zealand lamb is available prepacked, from December (when the UK season is tailing off) to Early June.
Complimentary Seasons

UK production and supply of mutton and lamb

<table>
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<tr>
<th>Thousand Tonnes Dressed Carcass Weight</th>
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<td>Q1</td>
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<td>2009</td>
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- Total New Supply
- Imported
- UK Production

New Zealand’s specialist land-based university
Waitrose lamb supply chain

- Welsh Lamb Producer Group (Farmers)
  - Livestock Marketing (Procurement)
    - Randall Parker Foods (Abattoir)
      - Dalehead Foods (Retail Packer)
        - Waitrose (Supermarket)
  - New Zealand Lamb Producer Group (Farmers)
    - ANZCO Foods (Processor/Exporter)
Many Waitrose farmers have been supplying Waitrose for more than 10 years, so they understand and share our values and commitment to achieving the highest standards of quality, food safety and animal welfare.

Waitrose rewards these farmers with prices above market rates. This long-term commitment gives farmers the financial security they need to invest in sustainable farming methods that benefit the environment and encourage wildlife.
Best in Season – Best for the Environment

• As well as providing a high quality product this policy also minimises the impact on the environment.

• The lower feed conversion rate of ruminant animals such as sheep mean that when fed on feed supplements their emissions per kilogram are higher than monogastric animals such as pigs and poultry.

• However, ruminant production extensive grazing systems on land unsuitable for crop cultivation helps reduce emissions (Garnett, 2009).
Best in Season – Best for the Environment

- The extensive pasture based lamb production systems in New Zealand have been shown to have lower carbon emission even when long distance sea transport is taken into account (Saunders & Barber, 2008).
Results

- **Market share growth** - Despite the recession this year has been a record-breaking period for Waitrose, posting its highest ever share of 4.7% (Grocery News 2012)

- **Oversells in meat category** - Waitrose has only a 4.7% market share but has nearly 10% market share of lamb sales.

- **Trusted brand** - When Avian Influenza came 3-4 years ago sales of chicken went down everywhere except for Waitrose where it went up

- **Shared benefits** – All supply chain participants benefit from farmer to consumers. Other stakeholders benefit through improved environmental and economic performance
The Future

• Increased collaboration between NZ and UK farmers to improve efficiency and sustainability of UK lamb production.

MAXIMISING RETURNS THROUGH REDUCING METHANE EMISSIONS - AN OPPORTUNITY FOR THE UK SHEEP SECTOR

Compared to 1990, the New Zealand flock produces slightly more meat from 43% fewer ewes due to increases in the number of lambs reared and average carcass weight. This has led to a 17% reduction in the carbon footprint of their lamb. Similar gains could be achieved here. Arguments in support of sheep production are needed to counter those who use climate change as a reason to turn consumers against the consumption of red meat. These include - most of the land farmed for sheep is unsuitable for other forms of food production; alternative sources of protein which are considered to produce less GHGs often use cereals and grassland stores carbon.