



NEW ZEALAND

New Zealand's trade with Korea and future objectives

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NEW ZEALAND TRADE & ENTERPRISE





First the good news

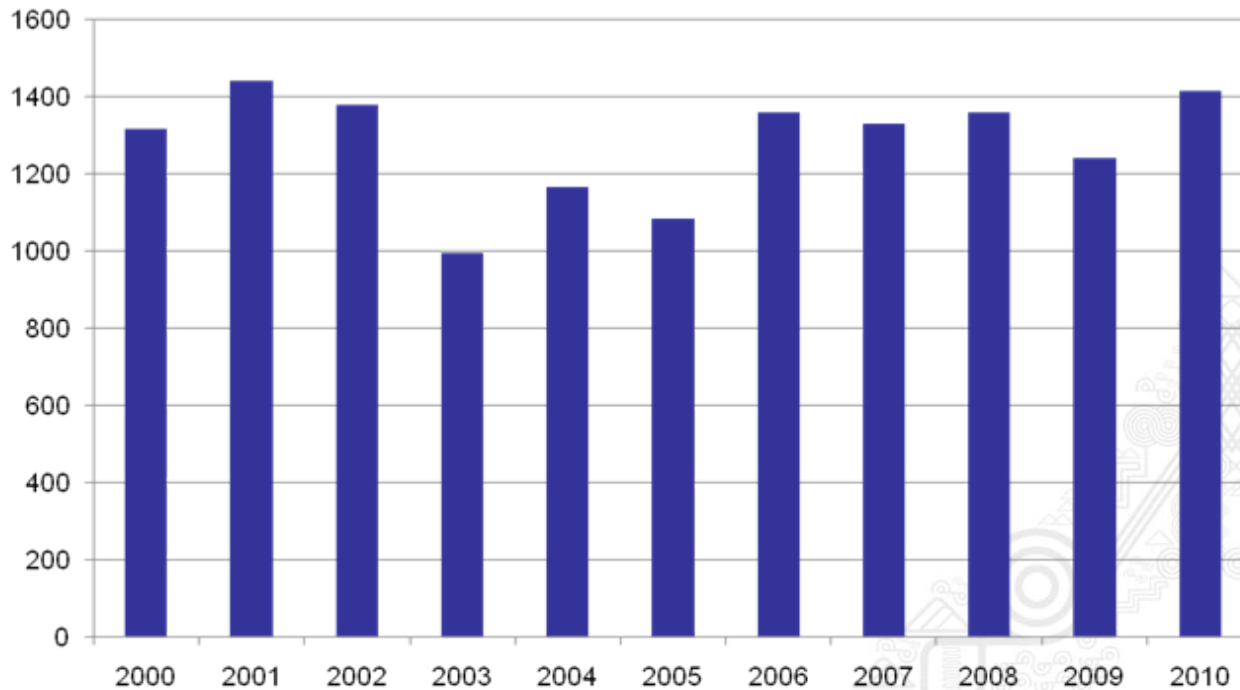
- In the year to March 2011 NZ exported NZ\$1.5B goods to Korea
 - Overtaken the UK to be our **5th largest market**
 - Growth driven by frozen beef, dairy, wood products
- Korea is also an important services market
 - Education
 - Tourism
- However...





NZ exports have scarcely grown since 2001

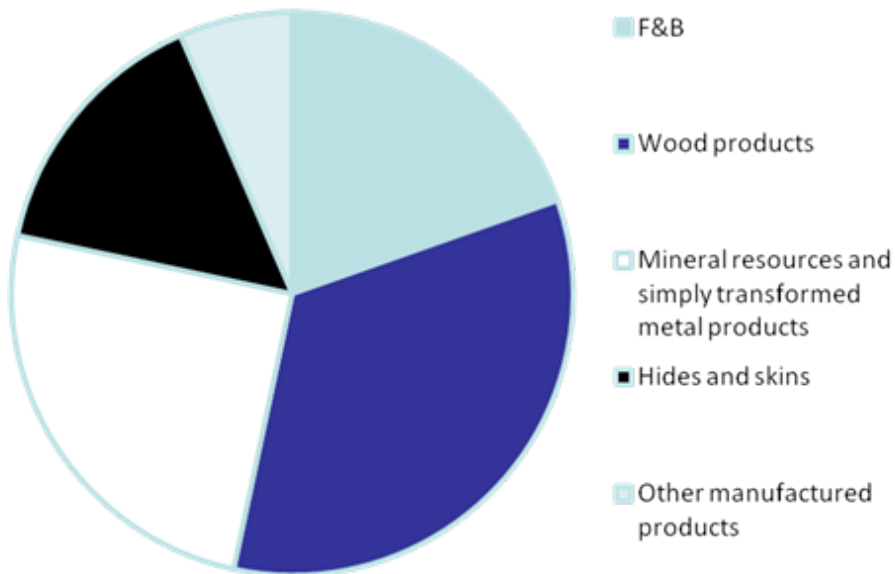
Exports to South Korea Full Year 2000-10 NZ\$ M



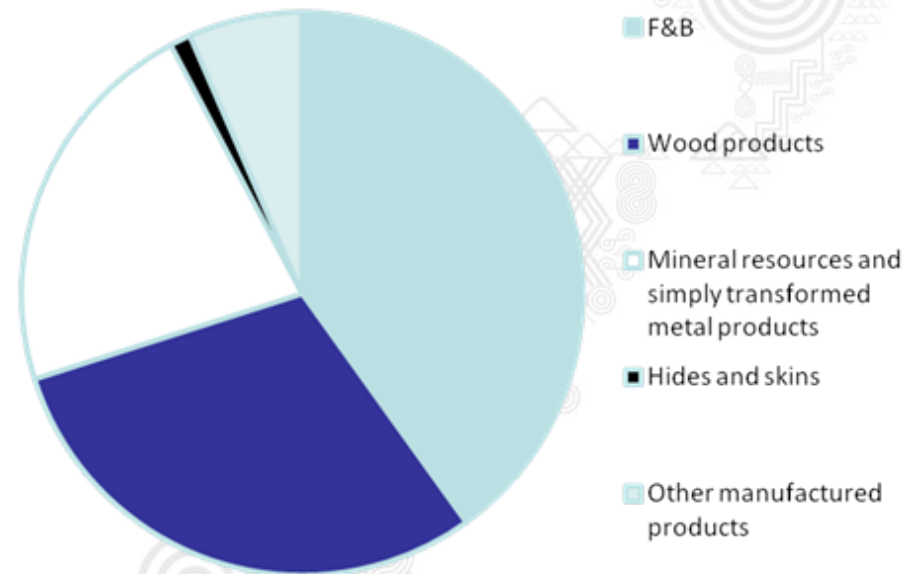


Structure of trade has changed

2001



2010



- F&B
- Wood products
- Mineral resources and simply transformed metal products
- Hides and skins
- Other manufactured products



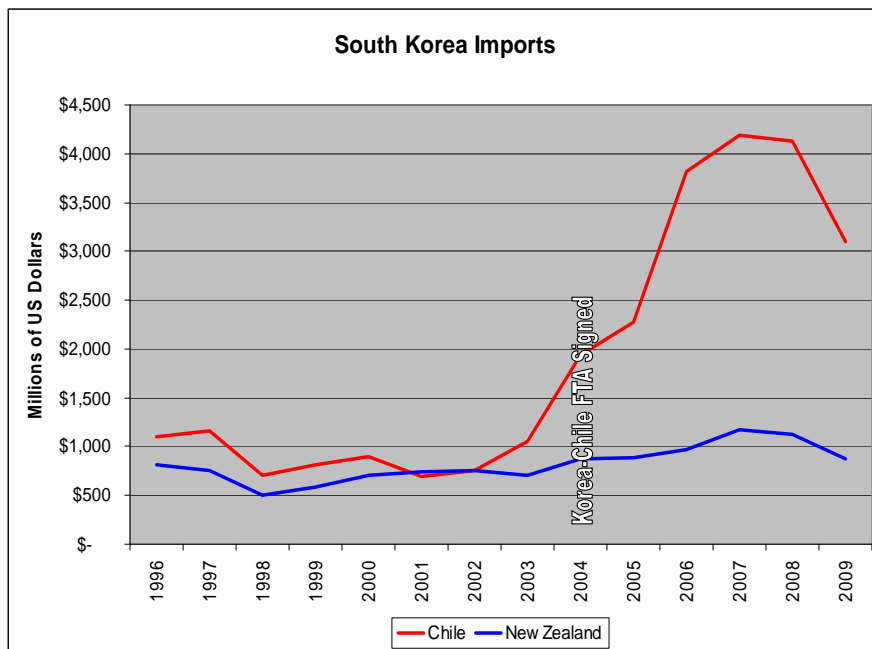
Lack of growth

Imports from New Zealand have grown only slowly while Korean market has rapidly expanded – why?

- Other countries better linked into Korea's industrial supply chains – the growth engines of Korea's economy
- Korean protection of food markets limits in-market investment by New Zealand firms
- The relatively few number of NZ companies with presence in Korea
- Korea can be considered sub-economic relative to other Asian markets, living in the “China shadow”
- High tariffs, non tariff barriers and no FTA



Chile has benefited from an FTA since 2004



- While a large part of growth is mineral resources, F&B now equivalent to NZ
- Lower tariffs > price competitive, able to better support channels
- New industries developed
- FTA provides implicit endorsement to the Korean consumer



NZTE's strategy in Korea

Assist NZ companies to **build presence and increase export revenue** in Korea by:

- **partnership** with the right sort of Korean business
- better knowledge of the final **customer**
- developing a stake in the **distribution** of NZ products – food or manufactured/technology
- moving from commodity exporter model > **in-market sales and marketing model**

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Best practice: Zespri



- Brand-led marketing – in touch with consumers
- Intense focus on quality and supply chain management
- New Zealanders in the market
- Investing in production aimed at the market eg Jeju Gold



Specific activities

- Continue our programme of events aimed at the **food service market** - Food Connection Seoul and Busan, Seoul Food and Hotel
- Build on relationships with the three major food retailers (**E-Mart, Homeplus and Lotte Mart**) to provide opportunities for a greater number of New Zealand products on supermarket shelves.
- Develop a pathway for NZ companies to better manage new food product development for the Korean market (**Korea Food Innovation Network**).
- Research new areas for growth eg. Korean **natural skincare** market and the Korean **recreational boat building** industry.
- Develop a **digital contents** strategy for NZ's engagement with Korea.
- Support the negotiation, completion and execution of a comprehensive **NZ-Korea FTA** by providing information to NZ businesses in order to take best advantage of the opportunity



Key points

- Understanding Korea and its consumers is important to New Zealand
- Large potential for growth in trade and services
- NZTE has an innovative work programme underway

