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Trading in Turbulent Times: Positioning New Zealand's Global Food Trade, in a Shifting Global Order

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I wish to thank the Kellogg Programme Investing Partners for their continued support.



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Executive Summary

As one of the world's most trade-dependent food producers, New Zealand exports over 80 percent of its total food production, binding its economic success to the stability and openness of global markets. Strong demand from key trading partners, particularly China, the United States of America, and the European Union, continues to underpin value creation across the food sector. These relationships deliver strong value, but their interconnected nature introduces some reliance on a small number of markets, leaving us exposed to changes in policy, demand, sentiment, and geopolitical dynamics.

Over recent decades, New Zealand has worked deliberately to diversify market access through agreements such as the CPTPP, RCEP, and the EU and UK Free Trade Agreements, strengthening its presence across multiple trade regions. These frameworks serve the country well but cannot fully shield exporters from shifting geopolitical dynamics, rising protectionism, and the growing influence of climate-linked regulation. The uncomfortable reality is that, despite New Zealand's significant role in global food trade, its total production would have little impact on overall global supply if it ceased. Continued relevance and value depends not on volume, but on being credible, complementary, and genuinely desired, sustained through integrity, transparency, and trusted partnerships.

This study combines a literature review with 21 interviews across six primary sectors: kiwifruit, dairy, apples, hops, honey, and vegetables. It examines how New Zealand industries have adapted to changing global dynamics over time. Analysis shows that enduring competitiveness is determined not by scale alone, but by structure, alignment, innovation and responsiveness and ultimately the ability to deliver differentiated value.

The Kiwifruit industry demonstrates the power of coordinated governance, protected innovation, and disciplined quality systems. Dairy illustrates how scale and niche innovation can coexist through ingredient specialisation and customer co-development. In contrast, apples, hops, and honey have each enjoyed long periods of success built on quality and innovation, but recent challenges with coordination, consistency, and collective direction have begun to dilute brand equity and erode premiums.

Across sectors, five enablers of lasting competitiveness emerge - innovation that matches genuine demand; verifiable integrity; deep customer partnerships; efficient and scalable supply systems; and resilience built through collaboration and strategic investment. Industries that embed these conditions remain relevant through volatility because they are needed and complementary, not merely liked.

Strategic capital plays a critical role in this transition. Aligning with offshore investors who bring capability, technology, and market access can expand scale and share risk, provided these partnerships strengthen rather than displace domestic value capture. Well-designed co-investment frameworks, transparent reporting, and performance-based incentives can position foreign capital as a collaborative enabler, not an acquirer.

At the policy level, stability and bipartisan endurance in climate, energy, and trade frameworks are essential to anchor confidence and attract long-term investment. Likewise, co-investment in integrity infrastructure, including traceability, verification, and provenance systems, will help protect access and reinforce credibility in premium markets.

New Zealand's comparative advantage is shifting from natural resources toward systems of integrity, innovation, and trust. Its future strength lies not in being the cheapest supplier but the most reliable, transparent, and strategically aligned partner. By embedding global customers and capital within its integrity systems, maintaining stable energy, climate and trade policy, and continuously investing in verified credibility, New Zealand can transform trust from a reputational claim into a durable competitive advantage.

1. Introduction

New Zealand's food and fibre sector has always been defined by its ability to trade. With a domestic population of just over five million, the sector's prosperity depends on access to international markets, with over 82% of primary production exported (Ministry for Primary Industries [MPI], 2025). This reliance on global trade has long been both an opportunity and a vulnerability. Access to the United Kingdom underpinned prosperity until the early 1970s, only for New Zealand to be abruptly displaced when Britain entered the European Economic Community (Wilson, 2013). In the decades since, New Zealand has diversified its export destinations, with dairy, kiwifruit, apples, honey, and meat becoming key pillars of the economy (MPI, 2025).

Today, the trade environment is entering a new era of turbulence. Geopolitical tensions between the United States and China, the rise of protectionist policies, and uncertainty around the role of the World Trade Organisation (WTO) are reshaping the operating environment (World Trade Organisation, 2025). At the same time, consumer trends are shifting rapidly. Sustainability credentials, provenance, traceability, and digital assurance are no longer optional extras, but central to market access and differentiation (Organisation for Economic Co-operation and Development [OECD], 2023; Deloitte United Kingdom, 2023).

For New Zealand exporters, the question is not simply how to respond to the next trade shock or shift, but how to position for the deep structural shifts that are underway. This project explores what it will take for New Zealand's food sectors to succeed in this fractured global order, drawing on lessons from industries that have established strong global positions, such as kiwifruit and dairy, as well as those like apples, hops, and honey where fragmentation has recently limited competitiveness (Zespri, 2025; NZ Hops Ltd, 2023; Horticulture New Zealand, 2023).

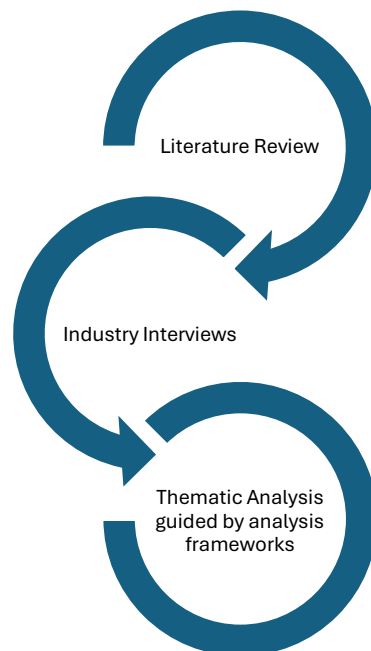
2. Objectives

The central aim of this project is to understand how New Zealand's food exporters can sustain competitiveness and capture value in a volatile trade environment. Specifically, the objectives are to:

- **Analyse the global forces reshaping New Zealand's trade environment**
Examine how shifts in geopolitics, sustainability expectations, and consumer values are influencing New Zealand's export competitiveness.
- **Evaluate how key export sectors have responded**
Assess the strategies, successes, and challenges of industries such as dairy, kiwifruit, apples, hops, and mānuka honey in adapting to these pressures.
- **Identify common lessons across sectors**
Draw out the structural and behavioural factors that determine whether industries build enduring strength or struggle to.
- **Understand how New Zealand can stay essential to its global customers**
Clarify the elements that make New Zealand products essential rather than optional in premium global markets.
- **Recommend actions for long-term competitiveness**
Outline practical steps for exporters, investors, and government to deepen partnerships with international customers, attract aligned strategic capital, and maintain stable, bipartisan policy settings that support confidence and growth.

3. Method

This project employs a qualitative, evidence-based approach, combining a literature review, semi-structured interviews, and thematic analysis. The aim of this approach was to bring together both academic research and industry perspectives to build a comprehensive understanding of New Zealand's export positioning in a turbulent global trade environment.



3.1 Literature Review

The literature review drew on a wide range of sources to provide context and evidence. These included:

- Policy and economic reports examining the outlook for New Zealand's primary industries, trade flows, and the implications of regional and global trade agreements.
- Academic and industry research exploring export structures, trade liberalisation, consumer demand shifts, and the drivers of competitiveness in agri-food markets.
- Historical case studies analysing how different sector structures and marketing approaches have influenced outcomes, including examples of coordinated versus fragmented export models.

3.2 Interviews

A series of 21 semi-structured interviews were conducted with business leaders and governors across a wide range of primary sectors, including hops, dairy, kiwifruit, apples, and honey. Participants were selected for their export leadership experience, sector expertise, and governance capability. Interviews followed a consistent structure based on the core research question, while allowing flexibility to explore sector-specific themes and emerging issues in greater depth. This approach provided both comparability across interviews and the opportunity for richer, context-specific insights.

3.3 Analytical Frameworks

The analysis combined qualitative interpretation with strategic context to make sense of the evidence gathered from the literature review and interviews. A thematic analysis approach was applied to the interview data to identify recurring patterns, tensions, and enabling factors across sectors. This method allowed insights to emerge directly from participant perspectives, revealing both shared drivers of competitiveness and sector-specific challenges.

To interpret these findings within a broader system view, the themes were considered through recognised strategic lenses such as PESTEL and Porter's Five Forces. These frameworks were used conceptually rather than as formal models, helping to connect industry experiences with the political, economic, and competitive forces shaping New Zealand's export environment.

Together, this approach provided a structured way to link real-world perspectives with the wider dynamics influencing resilience and differentiation across New Zealand's food and fibre sectors.

3.4 Limitations

As with any qualitative study, there are limitations to the approach. The findings are based on a sample of 21 interviews, which, while diverse, cannot represent all perspectives across New Zealand's food sectors. Thematic analysis also involves researcher interpretation, which introduces some potential for subjectivity. In addition, the project is bounded by time and scope, meaning not every sector could be explored in depth. These factors place natural boundaries on the research, but triangulating interview insights with literature and case studies strengthens the overall validity of the findings.

4. Literature Review

The purpose of this literature review is to situate New Zealand's food exports within the wider global context, identifying the external pressures, market drivers, and structural choices that shape competitiveness. The review is organised into three themes. First, it examines geopolitical shifts and the global trade environment, highlighting the risks and opportunities for a small, trade-dependent nation. Second, it considers consumer and market drivers of value, with a focus on sustainability, provenance, traceability, and evolving definitions of value-add. Finally, it draws on sectoral case studies, including kiwifruit, dairy, apples, hops, and honey, to illustrate how different industry structures and strategies have either enhanced or constrained New Zealand's ability to capture value in export markets.

4.1 Geopolitical Shifts and the Global Trade Environment

New Zealand's food sector is deeply embedded in the global trading system, with around 82 percent of primary production exported (Ministry for Primary Industries [MPI], 2025). This openness has long been both a strength and a vulnerability, making shifts in global geopolitics highly consequential for exporters.

A defining feature of the current landscape is the rise of trade concentration risk. China remains New Zealand's single largest export destination, accounting for roughly one-third of primary sector exports in the year to June 2024 (MPI, 2025). While this relationship has delivered strong returns, it exposes exporters to volatility stemming from shifts in Chinese demand, domestic production trends, and political relations.

At the same time, New Zealand's trade policy has sought to broaden market access through a web of regional and bilateral agreements (Figure 1). The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP) provide frameworks for tariff reduction and common standards across Asia-Pacific markets (Ministry of Foreign Affairs and Trade [MFAT], 2024). More recently, the European Union–New Zealand Free Trade Agreement, which entered into force in 2024, created new opportunities for horticultural exports, albeit with managed access for sensitive dairy and meat products (MFAT, 2024). The United Kingdom–New Zealand Free Trade Agreement, in force since 2023, has also liberalised access, with most goods trade now duty free (MFAT, 2023). Together, these agreements highlight the dual strategy of deepening ties with China while diversifying into other high-value markets, an approach critical for industries like dairy, kiwifruit, and honey that rely heavily on premium positioning in overseas markets.

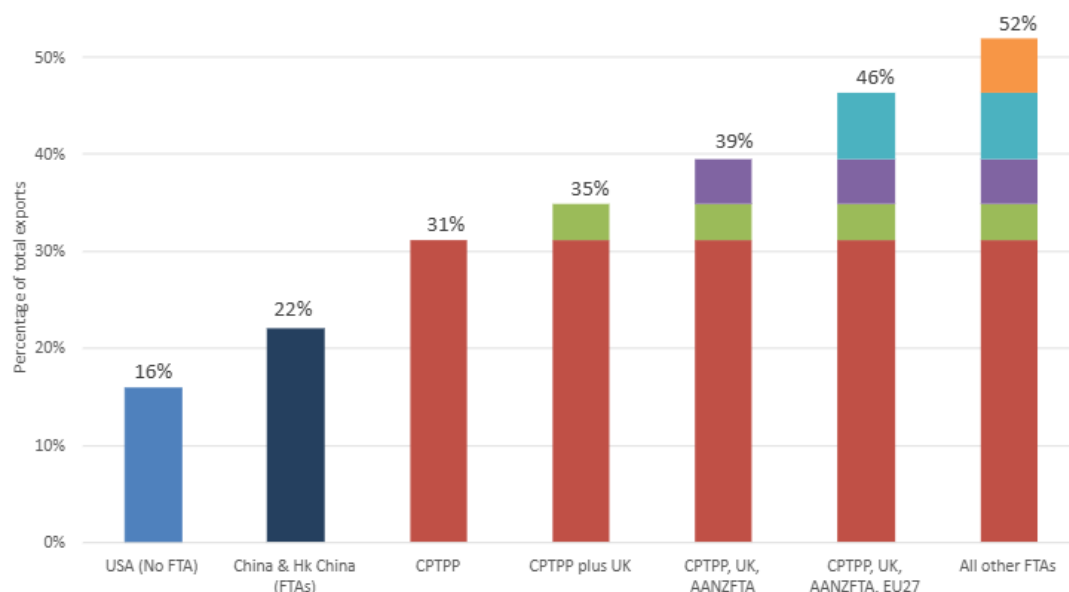


Figure 1: Total New Zealand Exports (Year Ended March 2025)

Source: Ministry for Foreign Affairs and Trade

Overlaying these bilateral and regional dynamics is the uncertain role of the multilateral system. The World Trade Organisation (WTO) continues to provide a rules-based framework, yet its dispute settlement mechanism has been paralysed since 2019. Reform discussions are underway, but the absence of a functioning dispute resolution body weakens enforcement and increases uncertainty for small, trade-dependent economies such as New Zealand (World Trade Organization, 2025). WTO forecasts also suggest that trade flows in 2025 remain below potential due to tariff measures and ongoing trade frictions, particularly between major economies (World Trade Organization, 2025).

New Zealand's trade environment is characterised by both opportunity and risk. Access to a diversified set of markets through FTAs provides resilience, yet the sector remains highly exposed to geopolitical volatility, protectionist shifts, and the fragility of multilateral institutions. Exporters increasingly require not just competitive products, but also strategies that can navigate uncertainty in the global trade order.

4.2 Consumer and Market Drivers of Value

Global food markets are no longer shaped solely by price and volume. Increasingly, consumers and regulators demand products that demonstrate clear sustainability credentials, traceability across the supply chain, and differentiated value propositions. These shifts are particularly relevant for premium New Zealand exports such as mānuka honey, kiwifruit, and wine, where consumer trust and provenance underpin value.

Sustainability and climate expectations have become central to market access. Buyers increasingly require verifiable data on carbon emissions, water use, and biodiversity impacts, with global surveys showing that environmental, social and governance (ESG) disclosure is shifting from voluntary to mandatory, carrying direct commercial implications (Deloitte United Kingdom, 2023). New Zealand's *Situation and Outlook for Primary Industries* report notes that provenance and environmental performance are increasingly influencing demand and price outcomes across export sectors (MPI, 2025). Similarly, the Organisation for Economic Co-operation and Development highlights the growing importance of governance frameworks that ensure sustainability claims are credible and auditable, warning that risks of "greenwashing" may undermine consumer trust if unsupported by robust verification systems (OECD, 2023).

Examples of Quality Assurance Marks promoting transparency, provenance and trust:



Provenance and traceability requirements are also intensifying. The European Union is in the process of implementing a Digital Product Passport under its Ecodesign framework, which will require product-level data transparency across value chains (European Commission, 2023). In parallel, GS1 global standards, particularly Critical Tracking Events (CTEs) and Key Data Elements (KDEs), are emerging as the common language for interoperable traceability, with sector-specific guidelines already in place for fresh produce supply chains (GS1, 2022). Industry analysis emphasises that early adoption of such systems provides exporters with a compliance advantage and helps build consumer and retailer trust, reducing friction at EU borders and in premium retail channels (Logistics Viewpoints, 2023). For honey exporters for example, this is particularly critical given global disputes over authenticity, labelling, and the protection of the term “mānuka.”

Finally, premiumisation and the definition of “value-add” continue to evolve. Research commissioned by New Zealand Trade and Enterprise (NZTE) indicates that New Zealand retains a strong reputation for premium food and beverage products. However, this perception increasingly relies on demonstrating proof points such as sustainability performance, quality consistency, and innovation capacity to justify access to premium markets and sustain price premia (NZTE, 2022). Importantly, value-add does not only equate to branded consumer packaged goods. Business to business (B2B) ingredients platforms that deliver technical performance and verified attributes such as nutritional functionality, or environmental credentials, can also capture durable margins in global markets, a strategy reflected in the repositioning of large exporters like Fonterra (Fonterra Co-operative Group, 2024). The honey industry illustrates both the potential and challenges of premiumisation. Mānuka honey has achieved extraordinary global recognition, but disputes over standards and fragmented marketing and supply responses to demand, have undermined the sector’s ability to fully capture and sustain value.

Together, these consumer and market drivers illustrate that competitiveness is no longer defined only by efficiency and scale. Instead, future advantage for New Zealand’s food and fibre exporters will rest on the ability to provide verifiable sustainability, transparent provenance, and differentiated value propositions that resonate with both end-consumers and business customers.

4.3 Sectoral Case Studies: Lessons from New Zealand Export Industries

New Zealand’s export history demonstrates that sector structure and strategy significantly influence long-term competitiveness. Case studies across kiwifruit, dairy, apples, hops, and honey highlight the conditions under which exporters can build durable advantage, and the risks when the strategy is not effective, or not executed effectively.

4.3.1 Kiwifruit (Zespri) and the Post-harvest Sector

New Zealand’s kiwifruit industry is widely recognised as a coordinated export success built on intellectual property (IP)-backed varietal innovation, disciplined quality systems, and a single-point-of-entry regulatory model that aligns growers, post-harvest firms, and the central marketer, Zespri (Kiwifruit Export Regulations, 1999; Kiwifruit New Zealand, n.d.; New Zealand Kiwifruit Growers Incorporated [NZKGI], 2023). Zespri’s recent results underscore this performance. In the 2024/25 season, it sold a record 220.9 million trays, generating global sales exceeding NZ\$5 billion and returning over NZ\$3 billion directly to New Zealand growers (Zespri, 2025). A core differentiator is its IP pipeline, particularly the Gold3/SunGold variety, developed in partnership with Plant & Food Research through long-term consumer science linking dry matter content to eating quality and sustained price premiums (Plant & Food Research, 2020, 2020b). Quality

assurance is operationalised through Zespri's maturity clearance system and its Minimum Taste Standard (MTS), which codifies dry matter, Brix, and firmness specifications in its Quality Manual and harvest acceptance criteria (Zespri, 2024).

The post-harvest system, including harvesting, packing, cooling, inventory, and port logistics, is executed by specialised companies such as EastPack, Seeka, and Trevelyan's. These firms invest heavily in packing capacity, cool-chain infrastructure, digital traceability systems, and orchard management services. EastPack, New Zealand's largest kiwifruit post-harvest operator with a capacity exceeding 40 million trays, exemplifies the sector's capital intensity and strategic consolidation in response to rising volume and stricter quality and traceability demands (Garnevska et al., 2020). Trevelyan's holds approximately 10 percent of the national market share supplied to Zespri and about 15 percent of organic production, illustrating the coexistence of scale and niche specialisation within the sector (Trevelyan's, n.d.). Public company disclosures show how post-harvest operators balance throughput efficiency, service quality, and cost discipline while aligning with Zespri's centralised quality and logistics systems (Seeka, n.d.).

Regulatory design remains an important foundation for the industry. The Kiwifruit Export Regulations 1999 establish Zespri as the sole authorised exporter (excluding Australia) and provide a framework for Collaborative Marketing, enabling other exporters to partner with Zespri if proposals demonstrate overall grower benefit (New Zealand Government, 1999; Kiwifruit New Zealand, n.d.). Industry reviews have found that this model concentrates brand control and market development while allowing limited innovation through collaborative channels (NZKGI, 2023).

From a risk perspective, both literature and interview evidence emphasise that resilience depends on biosecurity, innovation, and organisational agility. The 2010 PSA outbreak forced a rapid varietal transition and a coordinated recovery effort, driven by collaboration between growers, Zespri, government, and science partners (Kiwifruit Vine Health [KVH] & Science Learning Hub, 2018; Horticulture New Zealand, 2020; Santos et al., 2024; Business Insider, 2024). Current industry commentary highlights the continuing need for biosecurity vigilance, cost discipline, and strong grower engagement as Zespri scales its global footprint (NZKGI, 2023; Zespri, 2024).

In summary, the literature portrays a system where IP-driven innovation, quality and taste standards, and a concentrated export structure enable the capture of global premiums. Post-harvest consolidation provides the operational backbone (capacity, cool-chain infrastructure, and data integration) that turns orchard output into a reliable, branded export product. Sustaining this advantage will require continued investment in R&D, quality governance, and biosecurity, alongside maintaining strong relationships and trust across the grower–post-harvest–marketer value chain as the sector grows.

4.3.2 Dairy

Dairy continues to be New Zealand's largest export sector, contributing approximately one-third of the nation's merchandise exports (Ministry of Primary Industries [MPI], 2025; Fonterra Co-operative Group, 2024). Fonterra's scale and integrated supply chain have enabled it to become one of the world's leading dairy ingredient suppliers, servicing more than 100 countries with volumes and access that few global players can match (Fonterra Co-operative Group, 2024).

In recognition that scale alone is insufficient to insulate against commoditisation pressures, Fonterra has in recent years repositioned much of its strategy toward high-value B2B ingredient platforms, functional nutrition, and performance dairy products. For example, its SureProtein™ range is designed for the sports nutrition and wellness market, positioning Fonterra less as a commodity milk supplier and more as a partner in advanced food systems (Fonterra Co-operative Group, 2022). This strategic shift aligns with broader international trends - global dairy demand increasingly

favours differentiated, value-added ingredients (offsetting volatility in commodity milk markets; Figure 2) (OECD-FAO, 2023).



Figure 2: A Strategy fit for the future

Source: Fonterra “Our Strategy 2025” [Fonterra - Fonterra Our Strategy 2025 - Page 3](#)

Academic and industry analyses point to several structural enablers behind this shift. Firstly, portfolio diversification into milk powders, specialty proteins, ingredients for infant formula, and nutraceuticals. Secondly, investments in R&D and product formulation, and deepening collaboration with global food and beverage customers to co-develop solutions rather than sell bulk outputs (KPMG, 2023). These moves help Fonterra capture “value beyond the farm gate”, offsetting margin pressures inherent in raw milk supply.

However, this evolution is not free of tension. Some observers note that the investments required to enter ingredient and specialty segments, such as technical labs, regulatory compliance, and customer support, are capital intensive and carry higher risk compared to commodity economies of scale (Eaton & Royce, 2022). Others highlight that Fonterra cannot fill all niches. The firm’s size and centralised structure can constrain flexibility and rapid experimentation, leaving opportunities for “disruptor” players in specialty dairy segments (industry commentary, 2024). These smaller players may target areas such as fortified milks, alternative species milk, or niche consumer segments that large incumbents cannot serve cost-effectively.

From a resilience perspective, the dairy sector is also exposed to climate change, feed and input cost inflation, and regulatory pressures (e.g. greenhouse gas accounting). Some literature calls for greater alignment between dairy growth strategies and environmental compliance to maintain access to countries with strict climate policies (MPI, 2025; OECD, 2023).

The dairy case illustrates how a mature, scale-driven sector can evolve by layering innovation, customer intimacy, and market segmentation onto its cost foundations. The move toward high-value ingredient platforms demonstrates a pathway away from pure commodity risk, but it demands continuous investment, customer partnership, and operational discipline to maintain competitiveness in food systems that increasingly demand traceability, functionality, and sustainability.

4.3.3 Apples

The New Zealand apple industry provides a useful counterpoint to the kiwifruit story, highlighting the costs of deregulation, fragmentation, and structural inefficiencies. Before deregulation, the New Zealand Apple and Pear Marketing Board (ENZA) held monopoly export rights and operated a coordinated marketing mechanism. Under that system, marketing, quality standards, and brand positioning were largely centralised (Te Ara, 2009; GAIN Report, 2000).

However, pressures in the 1990s began to challenge this model. The GAIN report on “New Zealand Apple Industry Restructuring” describes how independent exporters began seeking rights to bypass ENZA via an export permits mechanism, creating friction between growers and the Board (GAIN Report, 2000). The *Apple and Pear Industry Restructuring Act* formalised a path for ENZA’s transition into a commercial company and allowed third-party export permits if they were shown to complement the collective export effort (Jones, 2003; GAIN Report, 2001). This partial deregulation introduced contestability into a once centrally managed export regime.

After full deregulation in 2001, the sector saw the rise of many independent exporters, which led to duplication of overheads, weaker collective brand narratives, and competitive overlap in export markets (GAIN Report, 2001; Te Ara, 2009). By 2007, more than 90 exporters existed, though a relatively small number handled 90% of export volume, indicating a highly skewed structure (Te Ara, 2009). While the industry has sustained export volumes and gradually improved productivity per hectare, consistent premium pricing has become more difficult in the absence of unified brand positioning and coordinated market development (New Zealand Apples & Pears Inc., 2021; Treasury report, 2024).

In more recent years, the apple sector has faced severe external shocks that exposed its fragmentation. The devastation caused by Cyclone Gabrielle in 2023 particularly impacted the Hawke’s Bay and Gisborne regions, which are key apple production zones. About 50% of orchard area was affected in those regions, and national production in the season fell by ~14% compared to prior years (Figure 3; GAIN Report, 2024; New Zealand Apples & Pears, 2023). Replanting costs and operational disruption have made recovery harder in a fragmented industry lacking a central resilience framework (Fresh Deciduous Fruit Semi-annual, 2024; Apple & Pears Annual Report, 2023).

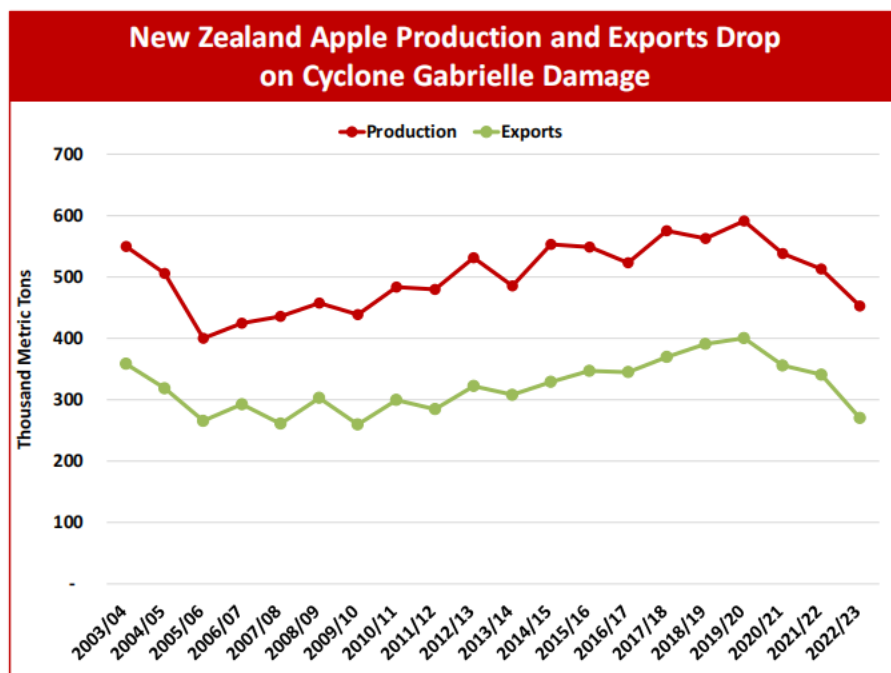


Figure 3: New Zealand Apple Production and Exports Drop on Cyclone Gabrielle Damage

Source: [China’s Apple Production Set To Fall 5 Million Tons in 2022/23 | Produce Report](#)

The Productivity Commission and industry analyses also point to structural constraints. The apple sector has leveraged innovation, IP breeding, and labour systems (notably RSE workers) to drive value (Treasury / NZAPI, 2024). But scaling these advantages is more challenging in a fragmented system where coordination is weak and capital is divided across many actors. Indeed, despite a ~32% drop in planted hectares between 1998 and 2020, export value has grown ~182%, suggesting growers who stayed succeeded in adding value, but that success is harder to replicate amid fragmentation (New Zealand Apples & Pears Inc., 2021).

In summary, the apple sector's trajectory highlights a tension. Deregulation and competition offered new paths for innovation and specialisation, but at the cost of coordination, brand coherence, and collective market strategy. Without more centralised mechanisms or cooperative frameworks to align market messaging, quality standards, and capital planning, the industry risks being fragmented into competing export entities rather than a unified global brand with critical mass.

4.3.4 Hops

New Zealand's hop industry is a boutique yet globally visible niche, anchored in the uniqueness of varieties such as Nelson Sauvin and Motueka, which are prized for their intense fruity and wine-like aromatic character (NZ Hops Ltd, n.d.; CraftBeer.com, 2025). These terroir-driven flavour profiles help New Zealand hops command attention among craft brewers who seek differentiation beyond standard bittering hops (CraftBeer.com, 2025). The cooperative NZ Hops maintains a breeding program and innovation pipeline (e.g. triploid, aroma cultivars) to expand its varietal portfolio and respond to brewer demand (Figure 4; NZ Hops Ltd, n.d.; NZ Hops Harvest Report, 2025).

However, the sector faces mounting structural challenges. Over the last 2–3 years, global hops markets have experienced oversupply, compounded by inventory accumulation during COVID-era demand, which has pushed down prices and squeezed margins for producers (Brewers Guild of NZ, 2025; Clayton Hops Harvest Report, 2025; RNZ, 2025). For example, the 2025 harvest report describes the aroma hop market as “challenging,” noting that idling of acreage in New Zealand and abroad is expected to help rebalance supply over time (Brewers Guild of NZ, 2025). Clayton Hops specifically estimated New Zealand production was down ~23 % since 2023, citing global oversupply and reduced demand (Clayton Hops Harvest Report, 2025). RNZ reported that increased hop production coupled with declining beer consumption has resulted in a “glut” of dried hop flower now seeking outlets globally (RNZ, 2025).

Within New Zealand, industry analysts and participants recognise that the hop sector has been “production-led” rather than demand-responsive, meaning many growers expanded acreage in response to earlier demand surges without fully accounting for demand cycles or long tail risk (Venture 2024; HopConnect, 2023; ShanFerments, 2025). Although New Zealand accounts for less than 3 % of global hop supply, its varieties are often used as signature aroma components, not bulk bittering hops. This is an advantage, but also a limitation in scale (Branching Out, 2024).

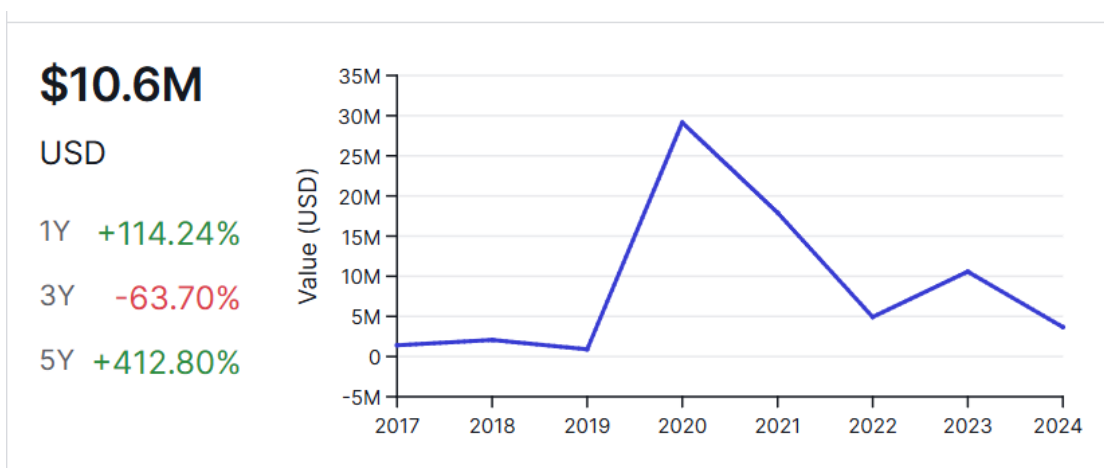


Figure 4: Export Value of New Zealand Hops

Source: [Hop export company and exporters in New Zealand](#)

Fragmentation is another constraint. Many growers operate independently, and NZ Hops (as a co-op) does not centrally manage marketing for all volumes. Some growers market directly or via small intermediaries, creating variation in packaging, batch quality, and supply reliability (Branching Out, 2024). This fragmentation weakens the ability to negotiate premium contracts or assure consistent supply to large brewers.

Yet there are glimmers of structural adaptation. The Bract Brewing Programme, run by NZ Hops, partners with global brewers to trial new varieties and gather feedback, thereby shortening the innovation feedback loop and tying NZ varieties more closely to market demands (NZ Hops, n.d.). Further, some producers are more consciously segmenting product by lot, provenance, or quality grade to distinguish premium niche lots rather than treating all hops as a commodity mix (CraftBeer.com, 2025).

In essence, the hops case highlights how product distinctiveness (unique aromatics) can provide a niche pathway, but that path is vulnerable to oversupply cycles, global beer market retrenchment, and coordination weakness among producers.

4.3.5 Mānuka Honey

Mānuka honey remains New Zealand’s most globally recognised premium honey, known for its unique antimicrobial and health properties (Zucchetto et al., 2022). New Zealand’s apiculture strategy acknowledges that mānuka accounts for around 82% of the country’s honey export revenue (Figure 5), positioning it as the flagship of the industry (BusinessDesk, 2024). Despite this, the sector is characterised by structural fragility, fragmentation among producers, contested standards, and ongoing intellectual property and branding disputes. In recent times, the mānuka honey industry has seen an imbalance of supply and demand, with several years of high demand resulting in rapid supply expansion. The challenge currently is in maintaining the price, with high levels of inventory in the market.

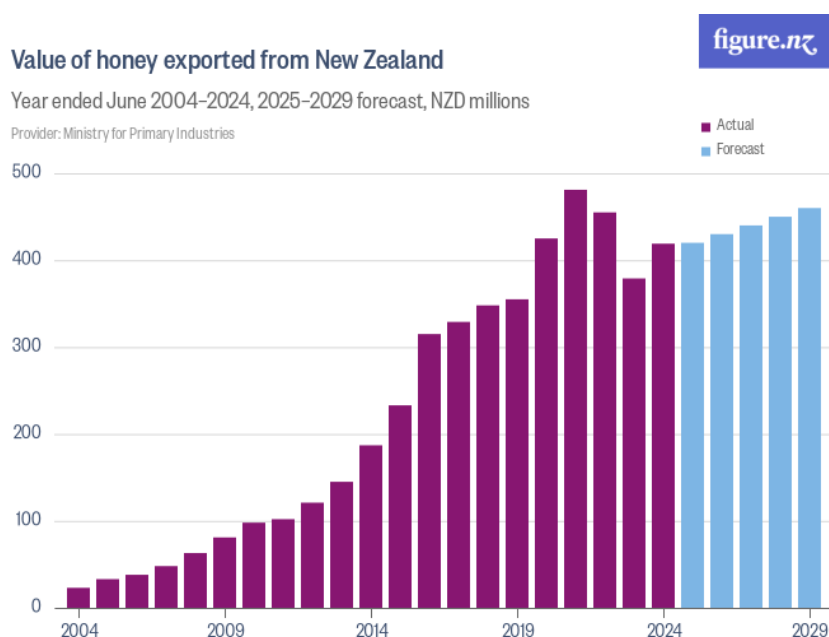


Figure 5: Value of honey exported from New Zealand

Source: Ministry for Primary Industries

One of the other core challenges lies in authenticity and quality definition. Exported honey labelled as mānuka must pass tests set by an MPI-recognised laboratory to meet the *mānuka honey definition*, which combines four chemical markers (from nectar) and one DNA pollen marker (MPI, 2023). However, multiple grading and certification systems—UMF™ (Unique Mānuka Factor), MGO, kFactor, and others, coexist in the market and that is creating confusion for consumers and tension between competing standards (UMF Honey Association, n.d.; Manukora, 2024; Stragantum,

n.d.). The UMF certification system is often positioned as the gold standard, certifying potency, authenticity, freshness, and shelf life beyond government baseline testing (UMF™, n.d.; Manukora, 2024).

The range of grading systems fuels the market fragmentation. Some producers adopt UMF licensing, others favour different rating systems (e.g., kFactor), sometimes bypassing the stricter protocols to reduce costs or simplify entry into the market (Steens Honey, n.d.; Manukora, 2024). This range of grading systems weakens the collective capacity to command a unified premium in global markets and undermines consumer confidence.

Fragmentation is intensified by relatively low entry barriers in beekeeping. New entrants may scale hive counts quickly without investing proportionately in quality control, biosecurity, or branding systems. This dynamic raises the risk of price-based competition overtaking quality-based differentiation (Lloyd, n.d.; Finlay-Smiths, 2023). In the value chain, tensions have emerged between actors trying to frame themselves as trustworthy custodians of authenticity and those attempting to gain market share through looser standards (Finlay-Smiths, 2023).

Other stresses include adulteration and counterfeiting risk. Some exported honeys claimed as “mānuka” have failed to meet signature compound thresholds or shown inconsistencies in non-peroxide antibacterial activity (Wired, 2016). Analytical methods such as carbon isotope ($\delta^{13}\text{C}$) testing are employed to detect sugar adulteration, but false positives and methodological challenges persist (Cinar et al., 2014).

The regulatory environment is evolving. The Ministry for Primary Industries (MPI) enforces the export testing requirement for mānuka honey (MPI, 2023). Additionally, some of the honey sector has called for a unified industry body with levy powers to coordinate research, quality assurance, and market development (Apiculture NZ / MBIE, 2010; BusinessDesk, 2024). This structural move aims to reduce fragmentation and strengthen global positioning.

In summary, the literature portrays the mānuka honey sector as possessing strong global demand and premium reputation but constrained by internal division, inconsistent standards, and branding fragmentation. To sustain and expand value capture, the sector must converge around unified authenticity systems, strengthen institutional governance, and manage growth without diluting the premium identity of mānuka honey.

5. Industry Interviews

5.1 Overview and approach

To complement the literature review, twenty-one semi-structured interviews were conducted with senior leaders across New Zealand’s food and fibre system, including governance chairs and directors, chief executives, founders, and export operators spanning dairy, kiwifruit, apples, hops, vegetables, and honey. Conversations focused on sources of competitive advantage, market access dynamics, sector structure (coordination vs. fragmentation), innovation focus, and supply-chain performance. Interviewees are cited anonymously as personal communications (2025) and represent a breadth of roles (e.g., “senior horticulture director,” “dairy strategist,” “honey sector leader”).

The analysis below presents the dominant themes that emerged consistently across sectors. Interviews were conducted between May and October 2025 and analysed thematically. What follows is a synthesis of the perspectives offered, organised in line with the study’s objectives.

Key themes that emerged from interviews (aligned to the objectives of this report):



Figure 6: Key themes emerging from interviews

5.2 Objective 1: Analysing External Pressures impacting New Zealand’s Trade Context

Interviewees consistently identified geopolitical volatility and climate-linked regulatory change as the external pressures most likely to shape New Zealand’s export future (Figure 6). While New Zealand’s success has long been linked to openness and agility in global markets, several leaders observed that concentration risk remains a vulnerability. With around one-third of primary sector exports going to China, the sector remains exposed to sudden changes in demand, political relations, or domestic supply shifts in that market (governance chair, personal communication, 2025).

Others emphasised that diversification through agreements such as the CPTPP, RCEP, and EU/UK FTAs opens opportunities but will not eliminate volatility entirely. Several participants also noted that strong international distributor relationships, underpinned by trust and long-term contracts, are critical for resilience in turbulent markets. Attracting international capital into New Zealand’s value chains was seen as another pathway to cement these partnerships, aligning offshore investors with local producers and creating more durable commitments in key markets (agribusiness director, personal communication, 2025).

Beyond geopolitics, participants stressed the growing weight of sustainability and climate disclosure frameworks. Multiple interviewees noted that trade is increasingly embedded within climate policy with 60% of global GDP covered by some form of carbon reporting, and 80% of New Zealand’s exports go into these markets (former multinational CEO, personal communication, 2025). For many, the real external risk is not tariffs but the possibility of losing access to premium markets due to inadequate emissions verification, biodiversity measures, or traceability systems.

Energy security was also raised as a constraint on competitiveness. One respondent highlighted the risk of an “energy crisis,” with implications for dairy processing and cold-chain infrastructure if natural gas supplies diminish without adequate alternatives (former multinational CEO, personal communication, 2025).

The external landscape is increasingly defined by climate-linked trade conditions and geopolitical fragility. Exporters must prepare for a world where competitiveness requires both diversified market access and verifiable sustainability credentials, not simply efficiency in production.

5.3 Objective 2: Evaluating Sector Responses

Interviewees provided rich insights into how different sectors are responding to external pressures, revealing a spectrum from highly coordinated global success to fragmented industries exposed to price competition and information gaps.

The Kiwifruit industry was consistently recognised as New Zealand’s most coordinated export success story and a model often cited internationally. Its strength lies in proprietary innovation, most notably the development and protection of varieties such as SunGold, alongside disciplined quality systems and a globally trusted brand. These features have enabled New Zealand growers to consistently capture premiums, with some interviewees highlighting how Zespri commands around 30% of global kiwifruit volume but over 50% of its value. Participants noted that this success is not accidental but built on decades of alignment between growers, post-harvest operators, researchers, and marketers, underpinned by significant investment in intellectual property and global distributor relationships. The model has also given New Zealand kiwifruit a strong reputation for consistency, quality, and innovation, making it a premium product in markets where other producers struggle to achieve similar results.

At the same time, interviewees stressed that this success is not immune to pressure. As the organisation has grown, concerns have emerged around rising overheads, slower decision-making, and the risk of becoming “too corporate” and less agile. Some noted ongoing tension between different parts of the value chain, particularly around how quality costs and penalties are shared, and whether engagement models balance the interests of growers, packhouses, and the central marketer. Others suggested that maintaining grower confidence is critical, as any perception of distance or lack of fairness could erode alignment over time. Finally, biosecurity threats, such as the devastating PSA outbreak a decade ago, were raised as ongoing risks that could quickly destabilise even the most coordinated systems.

Taken together, these perspectives suggest that kiwifruit remains the benchmark for coordinated export success, demonstrating the power of IP pipelines, unified marketing, and long-term customer relationships. Its future resilience, however, will depend on maintaining trust, agility, and cost discipline while continuing to deliver innovation that keeps New Zealand kiwifruit differentiated in global markets (multiple horticulture executives, personal communication, 2025).



The Dairy industry was described as undergoing a strategic pivot. As New Zealand's largest export earner, its traditional advantage has been scale and efficiency in pasture-based production. Yet leaders acknowledged that scale alone is no longer sufficient to defend margins in an increasingly competitive global environment. Fonterra's repositioning toward value-added ingredient platforms and foodservice partnerships was widely cited as a way of building resilience against commoditisation, leveraging its scale and technical expertise to capture more durable margins. Several participants noted that branded consumer products are capital-intensive and difficult to scale globally, whereas specialised ingredients and B2B solutions offer stronger returns.

At the same time, interviewees observed that the structure of the dairy industry has continued to evolve, with a degree of consolidation among some players, alongside the emergence of smaller disruptor companies targeting niche opportunities that Fonterra cannot, or chooses not to, fill. This combination was viewed as healthy for the sector overall. Larger firms bring stability, investment, and global reach, while smaller innovators can explore new product spaces, customer segments, and business models. Together, these dynamics illustrate how a mature, scaled industry can pursue differentiation through both consolidation and innovation, while still retaining the efficiency and scale advantages that underpin New Zealand's global competitiveness (multiple dairy executives, personal communication, 2025).

The Apple industry was often cited as an example of the risks of fragmentation following deregulation. Interviewees reflected on the early years of the New Zealand Apple and Pear Marketing Board, noting that while it provided a single channel to market, it also carried significant overheads, rigid grading standards, and inefficiencies that left many growers dissatisfied. Innovation was sometimes stifled, with disruptor growers who wanted to pursue organic or alternative approaches struggling to gain traction within the system. Over time, frustration with the Board's structure, alongside financial pressures for growers, contributed to fragmentation.

Following deregulation in the late 1990s, multiple exporters emerged. This created more space for entrepreneurial models and new marketing approaches, but also led to duplication of overheads, inconsistent branding, and growers effectively competing against each other in the same markets with the same varieties. While innovation in varieties and orchard practices has continued, the absence of a unified export story has made it harder to command premiums consistently. In practice, growers have increasingly had to rely on cost-cutting and scale to remain competitive.

Taken together, the apple sector's trajectory highlights both the limitations of a heavily centralised structure and the risks of swinging to the other extreme of fragmentation. The lesson suggested was not that one model is inherently better, but that the balance between coordination, innovation, and grower alignment is critical to sustaining competitiveness (multiple horticulture executives, personal communication, 2025).

The Hops industry was viewed as a premium but currently constrained export. New Zealand's varieties are globally recognised for their distinctive flavour profiles, and during the COVID-19 pandemic, demand from craft brewers surged, raising questions about whether the industry experienced a temporary bubble of demand. Interviewees suggested that in the post-COVID environment, global demand has softened at the same time as supply has increased, creating a situation of oversupply and downward price pressure. This shift has made it harder for smaller New Zealand producers (often operating independently and competitively) to capture value, as fragmentation across multiple sellers undermines collective marketing power. While the quality and uniqueness of New Zealand hops remain strong, participants argued that without more coordinated investment in branding, supply chain infrastructure, and export development, the sector risks being



Dairy

- **Strengths:** Scale, efficiency, B2B ingredients, foodservice partnerships
- **Risks:** Commoditisation and substitutability



Apples

- **Strengths:** Ongoing varietal innovation, entrepreneurial growers
- **Risks:** Fragmentation post-deregulation, duplicated and disproportionate overheads



Hops

- **Strengths:** Unique varieties with global recognition
- **Risks:** Oversupply, softened demand, fragmented marketing

squeezed in an oversupplied global market despite its differentiated product base (multiple hops executives, personal communication, 2025).

Honey (mānuka in particular) was described as entrepreneurial but structurally fragile. The sector has attracted significant global attention and built a reputation for producing some of the world’s most valuable honey. However, interviewees consistently highlighted the absence of a unified authenticity and grading system, with UMF, MGO, kFactor and other measures competing in the market, as a source of consumer confusion and erosion of trust and value. This fragmentation not only weakens the ability to sustain price premiums but also creates openings for adulteration and bulk blending that undermine the integrity of the product.

Participants noted that the low barriers to entry have further intensified these challenges. New entrants can rapidly scale hive numbers, often without sufficient investment in quality systems, creating oversupply and fuelling price competition. While this entrepreneurial energy has stimulated innovation, it has also meant that the sector spends much of its effort “haggling on price” rather than building long-term brand value. At the same time, the hobbyist beekeeper segment, which accounts for a large share of registered beekeepers but a very small share of production, complicates industry coordination and contributes to variable quality.

Other challenges identified included complex consumer messaging, with multiple claims competing for credibility (e.g., antibiotic-free, GMO-free, pollen-based metrics, MGO content). This lack of clarity risks confusing consumers and diluting the premium story that mānuka honey could tell more powerfully. Issues of adulteration in international markets were also raised, with some interviewees suggesting that stronger protections such as “Packed in New Zealand” certification could help reinforce authenticity.

Despite these structural weaknesses, the sector retains strong potential. Interviewees pointed to the possibility of developing a coordinated authenticity system, greater investment in R&D and innovation, and even the introduction of levies or quotas to support quality and stability. Strategic partnerships with global distributors could also help shift the industry away from bulk exports and toward premium, trust-based positioning. Ultimately, the future of mānuka honey will depend on whether it can move from a fragmented, price-driven market to one defined by quality, rarity, and a unified story (multiple honey executives, personal communication, 2025).

The vegetable sector provides a contrasting example of a largely domestic industry that is nonetheless influenced by global dynamics, particularly through imported competition. Interviewees described a market environment characterised by limited information flow, fragmented coordination, and significant influence from major retailers. Some participants noted that imported products are occasionally used by retailers to manage supply and pricing leverage within the domestic market.

The structure of the supply chain adds further complexity. Multiple distribution centres, wholesaling arms, and varied grower–retailer arrangements have created a system where information on demand and pricing is unevenly distributed. As a result, growers often make production decisions with limited or delayed market insight. Seasonal fluctuations (sometimes resulting in swings of up to 50 percent in supply and price) further complicate planning and investment for small and medium-sized producers.

Fragmentation and the absence of coordinated investment have left many growers operating with narrow margins and limited capacity to invest in innovation, branding, or efficiency improvements. In contrast, some interviewees cited sectors such as wine, where greater centralisation and strategic coordination have supported stronger brand and market positioning. Several participants suggested that improved price transparency—such as regular publication of wholesale or indicative reference prices—could help growers respond more effectively to market conditions. Others proposed that regulatory frameworks similar



Honey (Mānuka)

- **Strengths:** Strong international profile, health halo
- **Risks:** Multiple grading systems, adulteration, oversupply, low barriers to entry



Vegetables

- **Strengths:** Entrepreneurial grower base, domestic resilience
- **Risks:** Poor information flow, retailer dominance, volatility

to Australia's *Grocery Supply Code of Conduct* could provide a clearer and fairer structure for grower–retailer relationships.

Overall, the vegetable sector illustrates the challenges that arise from fragmented market structures and information asymmetry. While the industry retains a strong base of entrepreneurial capability, the lack of consistent data and coordinated market mechanisms limits its ability to plan, innovate, and capture greater value over the long term (multiple vegetable executives, personal communication, 2025).

5.4 Objective 3: Drawing Lessons from Case Studies

From these sectoral experiences, interviewees distilled several lessons for New Zealand exporters.

1. Innovation pipelines matter. Coordinated varietal development in kiwifruit and repositioning and innovation in specialist dairy ingredients show that defensible IP and functional performance are key to sustaining global premiums. In contrast, apples and hops, where multiple players rely on similar varieties and channels, illustrate the difficulty of differentiating without proprietary innovation (horticulture leader, personal communication, 2025).
2. Integrity systems are non-negotiable. Participants stressed that exporters cannot sustain premium positions without verifiable authenticity and traceability. Honey was seen as particularly exposed due to inconsistent grading systems and risks of adulteration. By contrast, sectors with unified integrity frameworks, such as kiwifruit's quality system, are able to maintain trust (honey sector manager, personal communication, 2025).
3. Execution outweighs strategy on paper. One participant observed that apples and kiwifruit both pursued similar strategies in the late 90's focused on quality, innovation, and branding, but achieved vastly different outcomes due to execution discipline. Zespri invested heavily in IP, global demand development, and disciplined marketing, while apples fragmented and struggled to project a consistent global identity (former multinational CEO, personal communication, 2025).
4. Resilience requires agility. Interviewees warned that even successful export models risk erosion if they become complacent, or have too much founder/director inertia and unwillingness to veer off the original strategic path. Agility, cost discipline, and alignment with growers and customers must be continuously maintained (horticulture executive, personal communication, 2025).

5.5 Objective 4: Understand how New Zealand can stay essential to its global customers

A central theme across interviews was what makes New Zealand exports “needed” rather than “nice to have.” Five conditions were consistently highlighted:

1. **Defensible uniqueness.** Products must offer something competitors cannot easily replicate, whether through genetics, provenance, or functionality. Zespri's SunGold and differentiated dairy ingredients were repeatedly cited as benchmarks (horticulture director, dairy strategist, personal communications, 2025).
2. **Integrity and authenticity.** Exporters must prove their claims with verifiable systems. In honey, participants called for a unified “packed and sealed in New Zealand” standard to counter adulteration and restore trust (honey sector leader, personal communication, 2025).
3. **Customer intimacy.** Several leaders stressed the importance of co-developing products and supply chains with global customers, especially in B2B ingredient markets. Building long-term, trust-based relationships allows exporters to move beyond commodities and position themselves as essential partners in innovation rather than interchangeable suppliers (dairy strategist, personal communication, 2025). Interviewees also highlighted that cultivating strategic capital relationships with international investors and distributors can lock in commitment, share risk, and provide access to networks that reinforce New Zealand's value proposition in market. Importantly, New Zealand exporters must be seen as non-threatening collaborators rather than aggressive competitors, particularly when engaging with large multinational partners. By aligning with customer needs, offering authenticity and technical capability, and presenting themselves as constructive,

partnership-oriented players, New Zealand businesses can sustain relevance and secure enduring global market positions (industry governors, personal communication, 2025).

4. **Fit-for-purpose governance.** Organisations must avoid complacency and corporate bloat. Incentives must remain aligned to growers, marketers, and customers to maintain agility and discipline (horticulture executive, personal communication, 2025).
5. **Operational resilience.** Exporters must prepare for biosecurity risks, supply shocks, and energy transition. Without resilience, even differentiated products risk losing competitiveness (former multinational CEO, personal communication, 2025).

Importantly, interviewees challenged the notion that value-add only comes through branded consumer goods. Several pointed to ingredients platforms, such as nutrition powders, functional dairy proteins, or honey extracts, as ways of capturing durable margins in B2B channels (dairy strategist, personal communication, 2025).

Differentiation requires exporters to be unique, trusted, and resilient. Both branded consumer products and advanced ingredients can deliver value, provided they are underpinned by integrity and customer alignment.

5.6 Objective 5: Providing Pathways for Industry and Policymakers – The interviewees perspective

For industry, the priorities included:

- Putting in place strong authenticity systems to protect premium products like mānuka honey and reinforce trust across other categories.
- Developing ongoing innovation pipelines, including new genetics, advanced processing technologies, and sustained R&D.
- Building and maintaining strong international relationships, particularly with distributors and customers, to secure long-term market access.
- Exploring strategic capital partnerships that align offshore investors with New Zealand producers, creating more durable commitments in key markets.
- Using flexible strategies such as consolidating supply and marketing in high-risk markets while allowing competition and diversity in others.
- Staying lean and competitive by benchmarking costs against global peers and avoiding complacency.

For policymakers, the focus was on creating an enabling environment through:

- Investing in traceability and verification infrastructure to back up claims of provenance and sustainability.
- Designing regulation that evolves with industry maturity. Supporting coordination and risk-sharing in young sectors, while allowing more competition as industries scale.
- Providing long-term certainty on energy and climate policy to give exporters confidence to invest in infrastructure and innovation.
- Encouraging international investment that complements, rather than displaces, New Zealand ownership, helping to scale industries while preserving value capture domestically.

6. Analysis and Findings

6.1 Analytical Approach

This chapter integrates evidence from the literature review, and 21 semi-structured interviews conducted between May and October 2025 with senior leaders across New Zealand's food and fibre system. The analysis applied a thematic method. Transcripts and notes were reviewed against the study's objectives to identify similar and differing views across sectors. Patterns were validated against secondary data, including government trade reports, industry publications, and company disclosures.

The analysis was organised around four key lenses:

1. **Global forces shaping New Zealand's trade environment** – examining how geopolitical, regulatory, and consumer shifts are influencing export competitiveness.
2. **Industry responses to these pressures** – assessing how sectors such as dairy, kiwifruit, apples, hops, and mānuka honey have adapted, and where challenges remain.
3. **Common lessons across sectors** – identifying the structural and behavioural factors that strengthen or weaken long-term competitiveness.
4. **Pathways to sustained differentiation and resilience** – exploring how innovation, verified integrity, and strategic alignment with global partners can secure enduring value.

The intent is to link evidence to the central question of how New Zealand can sustain value capture in an increasingly volatile global trade environment.

6.2 Objective 1 – Analysing External Pressures impacting New Zealand's Trade Context

New Zealand exporters face an environment that is both open and exposed. Research and industry experience highlight three key challenges - dependence on a small number of trading partners, growing climate-related trade requirements, and instability in global energy systems.

Concentration and Geopolitical Volatility

New Zealand's reliance on global markets remains a structural feature of its economy, with around 82% percent of goods exported are from the primary sector (Ministry for Primary Industries [MPI], 2025). China accounts for roughly one-third of this value, representing both a major opportunity and a significant point of exposure (MPI, 2025). While diversification through frameworks such as the CPTPP, RCEP, and EU/UK FTAs extends market access, interviewees noted that "agreements don't remove risk—they spread it" (governance chair, personal communication, 2025).

Leaders observed that changes in major trading partners' domestic conditions or policy settings could affect demand more sharply than typical price cycles. Several suggested that building enduring relationships with trusted distributors and pursuing co-investment with strategic offshore partners could help manage volatility and strengthen New Zealand's position as a valued, long-term collaborator (agribusiness director, personal communication, 2025).

Climate and Regulatory Pressures

A majority of interviewees identified the intertwining of climate policy and trade as the new competitive landscape. With roughly 80 percent of New Zealand's exports entering jurisdictions covered by carbon-reporting or ESG disclosure frameworks (former multinational CEO, personal communication, 2025), access increasingly depends on the ability to verify emissions, water, and biodiversity data. The literature echoes this - the OECD (2023) and Deloitte United Kingdom (2023) both emphasise that voluntary reporting is rapidly giving way to mandatory disclosure, turning sustainability into a market entry requirement rather than a reputational choice.

Energy and Infrastructure Resilience

Energy security was repeatedly cited as a systemic risk, particularly for processing-intensive sectors such as dairy and horticultural cool-chains. Several executives warned that natural-gas depletion without viable transition options could threaten processing continuity (former multinational CEO, personal communication, 2025). Infrastructure resilience through ports, cold storage, and logistics, was likewise seen as under-invested relative to the country's export dependence.

Synthesis

External forces are shifting the definition of competitiveness. Success now rests not solely on tariff-free access or low-cost production, but on a combination of market diversification, verified sustainability credentials, and deep relational capital. In effect, trust, not trade volume, has become the new currency of competitiveness.

6.3 Objective 2 – Evaluate How key export sectors have responded

Sector responses to these external pressures vary widely. Some industries have demonstrated strong coordination and innovation, enabling collective resilience and value capture. Others remain more fragmented, leading at times to oversupply and intensified competition. Within these less coordinated sectors, there are still standout performers but fragmentation inevitably creates both winners and losers.

Kiwifruit – Coordinated Premium Capture

Zespri's single-desk export structure, IP-protected varieties such as SunGold, and codified quality metrics (Minimum Taste Standard) have allowed New Zealand to command roughly 30 percent of global volume yet more than 50 percent of global value (Zespri, 2025). This performance rests on alignment between growers, post-harvest operators, researchers, and marketers.

Interviewees described the system as “an ecosystem of trust and science”, where rigorous taste standards and global distributor relationships underpin repeatable premiums (horticulture executive, personal communication, 2025).

Yet challenges are emerging. Rising overheads, slower decision cycles, and perceptions of corporatisation risk distancing the marketer from growers. Tensions over shared quality costs and pooled penalties highlight the need to preserve fairness and responsiveness. Biosecurity shocks such as PSA remain a persistent existential risk.

In short, kiwifruit demonstrates that alignment, IP, and disciplined quality governance can generate extraordinary global reach, but that maintaining agility and trust from all stakeholders as scale increases is equally critical.

Dairy – Strategic Pivot and Dual structure

The New Zealand Dairy industry's evolution reflects a sector maturing beyond volume. Fonterra's pivot toward high-value ingredients and foodservice partnerships, illustrates a deliberate move from commodity exposure to functional nutrition platforms (Fonterra Co-operative Group, 2024). Interviewees noted that branded consumer packaged goods are costly to scale globally, whereas B2B ingredients and co-development with customers offer steadier margins (dairy strategist, personal communication, 2025).

At the same time, New Zealand's domestic industry is becoming more two-tiered. Large, established processors provide stability and access to global markets, but smaller, newer companies can operate in more specialised spaces that are harder for big players to reach. These smaller firms often focus on differentiated products (such as sheep and goat milk, or fortified nutrition beverages), where agility, innovation, and closer consumer connection allow them to compete on value rather than scale.

Most see this mix as positive as it combines the efficiency of scale with room for innovation. The main challenge is finding high quality demand that is enduring, and finding the right balance between heavy investment and the flexibility needed to keep innovating.

In recent years, the New Zealand dairy industry has seen a wave of mergers and acquisitions as companies adjust to shifting global conditions. Interviewees noted that it feels as though the sector has weathered multiple shocks, such as COVID-19, a slowing global economy, geopolitical tensions, and a halving of China's birth rate. The feeling from interviewees is the industry is now entering a phase of repositioning. The focus, they said, is on strengthening business fundamentals and preparing for the eventual recovery in demand, with companies acquiring others for greater access to milk, processing capacity. Market access and product formats.

The dairy industry now reflects a balanced hybrid model—combining consolidation to drive efficiency, niche innovation to capture growth, and a strong focus on customer relationships underpinned by disciplined, well-executed operations.

Apples – From Fragmentation to a Measured Recovery

The apple industry's deregulation in the early 2000s marked a major shift for growers. Many had felt constrained under the old ENZA model, frustrated by perceptions that too much value was captured by the marketer, that market development lacked drive, and that strict quality rules made it difficult to build scale and a profitable growing business. When the single-desk system was dismantled, growers suddenly found themselves exposed to full market forces. The years that followed were tough as returns were volatile, coordination fragmented, and the loss of collective marketing strength made it difficult to maintain export momentum. Over time however, the sector began to rebuild through innovation and collaboration and entrepreneurial spirit.

The apple industry has steadily rebuilt since deregulation, though the path has been uneven. While the sector has regained scale and developed stronger market programmes, it continues to navigate labour shortages, rising costs, and weather-related setbacks. Investments in proprietary varieties and branding have improved value capture, but profitability remains sensitive to seasonal and market fluctuations.

Despite these challenges, the industry retains a sense of ambition, targeting growth in export revenue beyond its current billion-dollar mark through productivity gains, continued varietal innovation, and a focus on premium market segments.

Hops – Distinctive but Fragmented

New Zealand's hop sector exemplifies a premium niche facing cyclical pressure. Unique aromatic varieties like Nelson Sauvin have long differentiated New Zealand's supply, but global oversupply and declining beer consumption have depressed prices (RNZ, 2025; Clayton Hops Harvest Report, 2025).

Many growers expanded during the COVID-era craft-beer boom in response to what appeared to be strong market demand. However, that surge proved short-lived, revealing that much of the growth was driven by temporary enthusiasm rather than sustained, high-quality demand.

Fragmentation across the growing and marketing sides of the industry continues to amplify pressure. Many producers are marketing similar hop varieties with overlapping value propositions, creating intense competition and driving prices down. Significant investment across several individual players, has made coordination challenging, as businesses seek to protect their own market positions. Rebuilding alignment around coordinated supply and more viable supply chains, with overheads proportionate to market scale, will be essential for long-term sustainability. While initiatives such as the Bract Brewing Programme are helping reconnect breeders and brewers, the sector is still grappling with an uncertainty around demand returning at the scale once expected.

Mānuka Honey – Premium Promise, Structural Fragility

Mānuka honey has significant upside potential in overseas markets, even though it operates under competing grading systems (UMF™, MGO, kFactor) that dilute brand clarity and consumer trust (MPI, 2023; UMF Honey Association, n.d.). Low entry barriers allow rapid expansion of hive numbers, fuelling oversupply, disease risk, and price competition. Interviewees described the sector as “innovative but inwardly fragmented,” spending more effort debating standards than building markets (honey sector leader, personal communication, 2025).

Nonetheless, potential remains high. Consolidating around a unified authenticity framework, introducing levy-funded quality systems, and forming strategic distributor partnerships could re-establish a coherent premium narrative. The opportunity is to transform from a price-driven commodity cluster to a trust-anchored luxury ecosystem.

Vegetables – Domestic Fragmentation and Information Asymmetry

Unlike export-oriented sectors, vegetables operate primarily within New Zealand yet remain exposed to imported competition and retailer dominance. Interviewees described a supply chain with uneven information flows and little visibility on demand or pricing. Seasonal volatility, sometimes causing 50 percent swings in price, undermines planning confidence.

Without collective data infrastructure or transparent wholesale pricing, growers operate reactively rather than strategically. Several suggested introducing published reference prices or adopting an Australian-style Grocery Supply Code to improve bargaining balance (vegetable executive, personal communication, 2025). The sector shows how information asymmetry and fragmentation can neutralise entrepreneurial capability even in domestically focused markets, and this must be considered when optimising New Zealand's export functions.

6.1 Objective 3 – Drawing Lessons from Case Studies

Analysis across sectors shows five consistent drivers of long-term success and the risks that appear when these weaken.

1. Innovation aligned with steady demand

Strong performance depends on innovation that meets proven, ongoing demand. Continuous research and development, as seen in kiwifruit, protects long-term value. By contrast, production growth that runs ahead of real demand, as in hops and apples, can reduce returns.

2. Relationships and strategic capital

Long-term relationships with customers, distributors, and investors create stability and open pathways for shared innovation. Strategic capital partnerships, where investors or customers have a vested interest in growth, help align incentives and deepen market commitment.

3. Customer intimacy, integrity and traceability that builds value

Transparent and verified quality systems turn reputation into market share and potentially higher prices. In dairy, strict food safety and traceability systems supported by independent milk testing, regulated farm assurance programmes, and third-party verified Grass-Fed accreditation reinforce New Zealand's credibility in global markets. Similarly, clear national benchmarks such as kiwifruit's taste metrics and MPI-verified mānuka testing show how consistent, science-based standards strengthen trust and pricing power. By contrast, inconsistent or competing grading systems, or complex and multi-dimensional claims can confuse consumers and weaken confidence.

4. Alignment and consistent delivery

Industry structure and governance shape whether strategies succeed. Coordinated systems like Zespri's deliver consistent global premiums, while fragmented models such as in apples and hops can limit competitiveness. In the early 2000s both the kiwifruit and apple sectors pursued similar export strategies focused on quality and market development. However, Zespri's retained single-desk structure enabled collective discipline and brand integrity, while the deregulated apple industry fragmented into competing exporters, losing coordination and pricing power. Dairy provides a midpoint in this spectrum, where consolidation around large processors has delivered stability and scale, but maintaining alignment between farmers, processors and marketers remains essential to balance efficiency with innovation. The contrast across these sectors shows that structure and alignment, rather than strategy alone, determine whether an industry captures or erodes long-term value.

5. Efficient and scalable supply systems

Achieving efficiency at scale requires finding ways to build supply systems that are economically viable and proportionate to market size. This may come through collaboration, consolidation, or investment in shared infrastructure. The intended outcome is reaching a level of scale where fixed costs and logistics remain efficient, relative to revenue. When industries stay too fragmented or fail to reach critical mass, overheads rise

and competitiveness declines. Continuous improvement in how supply systems are structured is essential to maintain efficiency as markets evolve.

6. Resilience built into the system

Risks such as biosecurity incursions, extreme weather impacting supply, and disruptions to energy or shipping need to be planned for from the outset. As a primary-producing nation distant from major markets, New Zealand must continually manage the vulnerabilities that come with geography, climate, and logistics. Building resilience into supply chains and industry design helps maintain continuity of supply when external shocks occur. At the same time, controlling production costs is critical to protect margins and preserve market share in increasingly competitive global markets. Long-term competitiveness depends on efficiency, reliability, and the ability to sustain performance through volatility.

6.2 Objective 4 – Understand how New Zealand can stay essential to its global customers

The literature review and industry interviews across sectors both highlight a clear message that New Zealand exporters need to stay essential rather than optional, and in order to achieve this, five connected conditions must be in place.

1. Genuine, defensible uniqueness

Products need to offer something that competitors cannot easily copy, whether through genetics, provenance, or specific functionality. Examples include Zespri's SunGold kiwifruit and Fonterra's SureProtein™, which are protected by strong innovation systems.

2. Verified integrity and authenticity

Sustainability and origin claims need to be underpinned by credible verification systems. Certifications such as Grass Fed accreditation, FernMark licensing, and independent traceability or provenance programmes provide assurance that New Zealand products meet internationally recognised standards for authenticity, origin, and production integrity. These are increasingly becoming prerequisites for access to premium global markets.

3. Deep customer relationships and trusted partnerships

Exporters that work closely with customers co-developing products, sharing data, and even inviting joint investment, build stronger, longer-term relationships. Being seen as a collaborative, dependable partner to global companies, rather than a direct competitor, creates strategic advantage.

4. Governance that supports agility

As sectors grow, governance structures must stay fit for purpose. Incentives should align growers, processors, and marketers to maintain responsiveness and prevent bureaucracy from slowing decisions.

5. Built-in operational resilience

Energy security, biosecurity readiness, and flexible logistics systems are critical to maintaining consistent supply, the basis of any market access or premium claim.

6.3 Objective 5 – Actions for long-term competitiveness - Pathways Forward for Industry and Policy

The following priorities draw on insights observed across New Zealand's primary export sectors. They represent broad, system-level themes rather than sector-specific prescriptions. Each reflects the structural conditions that enable long-term competitiveness across food and fibre exports—innovation that matches enduring demand, trusted quality systems, efficient scale, and resilience. More detailed, sector-specific recommendations follow in later sections.

Industry Priorities

1. Enhance traceability and credibility

Create clear and consistent frameworks to prove where products come from and how quality is maintained, such as a single mānuka grading standard or “Packed and Sealed in New Zealand” labelling. Reliable, science-based verification builds international trust and supports continued access and stronger pricing.

2. Invest in innovation that meets real demand

Keep investing in research across genetics, processing technology, and consumer insights to ensure a steady flow of new, high-value products. Innovation should be focused on areas that are genuinely unique and hard to replicate, rather than chasing short-term production growth.

3. Build strong relationships and strategic investment partnerships

Develop long-term relationships with customers, distributors, and investors that create stability and shared understanding of markets. Strategic partnerships, where international investors or customers co-invest in New Zealand supply chains, can expand market reach, share risk, and strengthen alignment.

4. Develop efficient and scalable supply systems

Focus on building supply systems that can achieve scale efficiently and keep overheads in proportion to market size. This can be done through shared infrastructure, efficient logistics, or practical collaboration. Supply systems need to stay flexible and efficient as markets grow and change.

5. Maintain cost discipline, trust, and resilience

Keep production costs under control to protect margins and market share, and ensure transparent value-sharing across the supply chain to maintain trust. Build resilience into industry systems by planning early for risks such as biosecurity threats, energy supply, weather events, and shipping disruptions.

Policy Priorities

1. Provide certainty in climate and energy policy

Establish long-term, bipartisan policy settings that give processors and exporters confidence to invest in low-emission technology, infrastructure, and energy transition plans. Stable and predictable policy signals are critical to controlling costs, ensuring resilience, and maintaining international competitiveness.

2. Attract and align strategic foreign capital

Design investment frameworks that encourage participation from international partners who bring market access, capability, and scale, while preserving New Zealand’s ability to retain value domestically. The goal is to grow industries through complementary foreign capital that strengthens, rather than displaces, national ownership and long-term value capture.

3. Invest in trusted integrity and traceability systems

Co-invest in interoperable, science-based verification systems that validate sustainability, origin, and quality claims. Aligning with recognised international frameworks and national programmes such as Grass-Fed accreditation and FernMark licensing will reinforce New Zealand’s reputation for trusted, premium products and safeguard continued global market access.

4. Enable practical co-ordination within industries

Enable practical collaboration and shared infrastructure investment where it makes sense, particularly during the formative stages of emerging sectors. Strategic coordination in these early phases helps industries build scale and resilience efficiently, while allowing competition to emerge naturally as maturity and capability develop.

6.4 Synthesis

Across all evidence, New Zealand's comparative advantage is shifting from natural resources and production efficiency toward systems grounded in integrity, innovation, and trust. Future export resilience will depend not on volume but on the credibility of the story the country can prove scientifically, digitally, and through authentic relationships with customers.

Sectors that embed continuous innovation, verified authenticity, and practical collaboration, supported by stable policy, efficient infrastructure, and aligned international investment, are positioned to remain indispensable in premium global markets. Those that fragment, compete prematurely, or treat trust as a marketing slogan risk drifting toward commodity status. In an increasingly complex trade environment, New Zealand's enduring strength will come not from being the lowest-cost producer but from being the most trusted, transparent, and customer-aligned partner, delivering resilience, credibility, and long-term value through collaboration.

7. Conclusion

New Zealand's food and fibre industries have long been built on natural resources and production efficiency, but the next phase of competitiveness will rely on credibility, capability, and collaboration. The evidence shows that industries which align innovation with genuine demand, maintain verified integrity, and build trusted customer relationships are the ones that sustain long-term value.

Future advantage will depend on the systems that prove our story scientifically, digitally, and through strong partnerships, rather than on scale alone. Policy stability, coordinated investment, and practical collaboration across supply chains will be essential to support this transition.

New Zealand's enduring strength lies in being a reliable and values-driven partner to the world. By embedding integrity throughout the value chain and focusing on deep customer understanding, the country can remain indispensable in premium markets and resilient through global volatility. The opportunity now is to turn trust into strategy and credibility into growth.

8. Recommendations

New Zealand's next frontier in export competitiveness will not be won by efficiency or branding alone, but by embedding our customers, capital, and policy settings into one coherent system of trust.

The evidence across sectors shows that enduring advantage comes when overseas partners are invested—financially, reputationally, and strategically in New Zealand's production systems.



**Anchor Overseas Customers
in New Zealand's Story**



**Attract Strategic Capital that
Builds, Not Buys**



**Lock in Policy Certainty and
Bipartisan Endurance**

1. Anchor Overseas Customers in New Zealand's Story

Shift from transactional export relationships to embedded partnerships where global brands co-own the provenance and integrity of New Zealand supply.



**Anchor Overseas Customers
in New Zealand's Story**

What this looks like:

- Co-develop marketing that explicitly links a customer's global brand narrative to verified New Zealand production systems, for example, "Made possible by New Zealand's Grass-Fed Integrity Platform."
- Establish long-term supply agreements that include visibility of farm and factory data, shared sustainability dashboards, and joint research and development or storytelling investments.
- Move beyond selling ingredients toward co-designing value propositions. This could include functional nutrition, regenerative credentials, or provenance-verified components that make the buyer dependent on our system, not just our product.
- Encourage NZTE and MPI to broker "Trusted Partnership Frameworks" giving overseas customers formal participation in industry integrity and innovation programmes in return for multi-year commitments.



2. Attract Strategic Capital that Builds, Not Buys

Design investment vehicles that invite aligned offshore partners to help New Zealand scale while preserving domestic value capture.

**Attract Strategic Capital that
Builds, Not Buys**

What this looks like:

- Create Strategic Co-Investment Funds, co-governed by industry and government, that enable foreign investors to participate only where they bring capability, channels, or technology aligned to verified sustainability outcomes.
- Offer transparent, performance-based incentives (e.g., carbon-verified credits, processing-capacity rebates) for investors that expand or de-risk national export infrastructure.
- Require co-investors to report under New Zealand's integrity frameworks—traceability, environmental performance, and fair-value sharing—to keep alignment visible and enforceable.
- Position foreign capital as a collaborative enabler, not an acquirer. Participation earns access to our credibility, but control and long-term benefit remain anchored in New Zealand.

3. Lock in Policy Certainty and Bipartisan Endurance

Provide the stable operating horizon that industries and investors need to plan infrastructure, innovation, and energy transitions.



**Lock in Policy Certainty and
Bipartisan Endurance**

What this looks like:

- Establish a National Export Competitiveness Accord, jointly signed across major parties, committing to continuity in climate, energy, and trade policy frameworks for at least ten years.
- Create an independent Trade and Energy Policy Council comprising government, industry, and science leaders to provide evidence-based, depoliticised advice and periodic progress reviews.

- Ring-fence funding for long-term traceability, infrastructure, and biosecurity initiatives under multi-year appropriations, insulating them from annual political cycles.

New Zealand's strength will lie in being the partner global brands and investors cannot afford to lose based on high degrees of trust, transparency, and innovation. By tying overseas customers directly into our integrity systems, inviting capital that amplifies rather than replaces domestic capability, and embedding long-term bipartisan policy, we convert trust from a marketing claim into a durable strategic asset.



**Anchor Overseas Customers
in New Zealand's Story**



**Attract Strategic Capital that
Builds, Not Buys**



**Lock in Policy Certainty and
Bipartisan Endurance**

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10. Table of Figures

Figure 1

Total New Zealand exports (year ended March 2025).

Note. Source: Ministry for Foreign Affairs and Trade.

Figure 2

A strategy fit for the future.

Note. Source: Fonterra Co-operative Group Ltd. (2025). *Our strategy 2025* [PDF]. <https://www.fonterra.com> (p. 3)

Figure 3

New Zealand apple production and exports drop on Cyclone Gabrielle damage.

Note. Source: Produce Report. (2023, April 14). *China's apple production set to fall 5 million tons in 2022/23.*

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Figure 4

Export value of New Zealand hops.

Note. Source: Hop Export Company Ltd. (2025). *Hop export company and exporters in New Zealand* [Data set].

Figure 5

Value of honey exported from New Zealand.

Note. Source: Ministry for Primary Industries. (2025). *Situation and outlook for primary industries (SOPI).*

<https://www.mpi.govt.nz>

Figure 6

Key themes emerging from interviews.

Note. Created by the author.

11. Appendices

Appendix 1: Interview Question Guide

The following semi-structured interview guide was used to explore participants' perspectives across different sectors of New Zealand's food export industries. Questions were designed to align with the study's five objectives; understanding external pressures, evaluating sectoral responses, drawing lessons from case studies, identifying conditions for differentiation, and exploring pathways for industry and policy.

Section 1: Context and Background

1. Can you describe your role and experience within your sector?
2. What are the major export markets or customer segments your business or industry serves?
3. How would you characterise the current state of your industry — stable, growing, or in transition?

Section 2: External Pressures and Trade Dynamics

4. What external pressures (e.g., geopolitical, economic, regulatory, environmental) most influence your export performance?
5. How has market concentration, particularly reliance on key export destinations such as China, affected strategy or risk management?
6. Are current trade agreements (e.g., CPTPP, EU–NZ FTA, UK–NZ FTA) creating meaningful new opportunities or simply redistributing existing trade flows?

Section 3: Sectoral Structure and Strategic Response

7. How would you describe the level of coordination or fragmentation within your sector?
8. What role do centralised entities or cooperatives (e.g., Zespri, Fonterra, NZ Hops) play in shaping performance and resilience?
9. How effectively do you think your sector invests in and protects innovation (e.g., new varieties, IP, technology, or brand equity)?
10. What constraints or tensions exist between growers/producers and marketers/exporters?

Section 4: Value Creation and Differentiation

11. In your view, what differentiates New Zealand products internationally? Is it efficiency, authenticity, innovation, or something else?
12. How important are integrity systems (e.g., traceability, provenance, sustainability verification) to maintaining a premium or market share position?
13. Does “value-add” in your sector necessarily mean branded consumer products, or are there alternative models (e.g., specialised ingredients or B2B platforms)?
14. How can New Zealand exporters remain “needed” partners rather than “nice-to-have” suppliers in global value chains?

Section 5: Resilience and Future Outlook

15. What emerging risks or disruptions do you see on the horizon for your sector (e.g., biosecurity, climate regulation, energy costs)?

16. How well positioned is your industry to adapt to global sustainability and emissions reporting frameworks?
17. What lessons do you think can be shared across New Zealand's primary sectors about building trust, resilience, and innovation capacity?

Section 6: Policy and System Enablers

18. What kinds of public–private coordination or policy support would strengthen your sector's long-term competitiveness?
19. Are there structural or institutional changes that could help capture more value domestically?
20. Finally, if you could change one thing about how New Zealand manages its food and fibre exports, what would it be — and why?