

MEDIA RELEASE **EMBARGOED** until 7 pm, Thursday 19 February 2015

REPORT: NATURAL PRODUCTS INDUSTRY A SIGNIFICANT CONTRIBUTOR TO NZ'S ECONOMY

A report released today has found that New Zealand's natural products industry contributes an estimated \$1.4 billion per annum to New Zealand's economy, which represents a 40 per cent increase over the past five years.

The Natural Products Survey 2014 was conducted by industry body Natural Products NZ, with assistance from the Ministry of Business, Innovation and Employment, NZ Trade & Enterprise and Crowe Horwath.

The natural products sector comprises functional foods, complementary medicines, cosmeceuticals (cosmetic preparations with medicinal properties) and nutraceuticals (a food or food ingredient that has health-giving properties) manufacturers and suppliers.

The survey found that 85% of respondents export, with exports reported to be \$285 million per annum. Strong export and local market growth is projected over the coming three years.

New Zealand, Australia, China and Hong Kong are key markets for all firms, with smaller businesses also anticipating growth in more traditional markets such as the US, UK and Europe. Larger companies are focusing on Australasian and Asian markets.

The survey also found that the natural products sector is quality rather than cost driven, and focuses on producing reliable high quality products that work.

Respondents report that their local and export customers have strongly positive perceptions of them in terms of unique and innovative products, product integrity, safety, quality, clean green image, and cost. Integrity and high quality products score particularly highly.

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Eighty four per cent of respondent manufacturers use at least some New Zealand ingredients in their products, with 39% of this group's products comprising more than half local ingredients. Consistent supply and quality are seen as the most crucial factors when choosing ingredients. A significant number of manufacturers would like to use more New Zealand ingredients but supply issues constrain them.

The survey also revealed that the sector is highly innovative, with more than half of respondents having introduced new goods and services in the past year, which is well above the New Zealand average of 42%.

NPNZ Executive Director Alison Quesnel says the survey shows that the industry is vibrant, innovative and thriving.

“New Zealand’s natural products industry is clearly in great shape but would benefit from more R&D and export market support so as to further access and grow our export markets.

She noted the report highlighted that international regulatory and compliance issues are seen as export barriers to destination markets so the industry was hopeful that the Natural Health and Supplementary Products Bill would soon pass into law.

“Doing this would support export growth into major markets by positioning New Zealand as having world-class regulatory, compliance and audit systems,” she says.

The report’s findings were based on a combination of survey responses from 88 industry members, and extrapolated data and information from a further 100 members.

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Note to editors: Please refer to the accompanying overview for more information about the survey’s findings.

Natural Products New Zealand (NPNZ) is a national industry organisation representing this country's natural products, functional foods, complementary medicines, cosmeceuticals and nutraceuticals industries within New Zealand and internationally.

For more information contact:

Alison Quesnel
Executive Director
Natural Products NZ
Ph: (09) 531 5717
Mob: 021 415 888
Email: alison.quesnel@naturalproductsnz.org
Web: [www.naturalproducts](http://www.naturalproductsnz.org) nz.org

Anna Radford
Radford Communications
Ph: (09) 849 6640
Mob: 021 251 2628
Email: anna@radford.co.nz