

International timeout to think again

I have just returned from a most enjoyable break in Europe catching up with family and tuning into economic trends in the northern hemisphere. This time away from usual routines has resulted in new perspectives on immigration and labour markets, economic slowdowns, animal welfare and the international demand for farm land.

The diverse ethnic make-up of European societies never fails to impress. It is a living lesson about the impact of movements across borders in response to changing demands for labour and the search for economic opportunity. This trend is happening through most Western economies, is certainly impacting on New Zealand and no doubt Australia.

One obvious result is that a significant portion of the population is likely to speak English as a second language. This increases the challenge of effective communication as much for "locals" as for new arrivals. Business owners or key staff who can speak more than one language are likely to be at a distinct advantage in future.

A second trend is the challenge of achieving sustainable economic recovery. One aspect of this is that the UK and European banking system is under real pressure to change lending methods as governments and markets strive to restore equilibrium. This is a primary focus given significant government (taxpayer) support that has been given to stabilise the financing sector. Demands to improve the quality of lending within and between nations will inevitably flow through to new rules for doing business for bankers and borrowers worldwide.

It was interesting to read comment on the practice of "self certification". There is a perception that banks have relied too heavily on clients' budgets when assessing their ability to service debt. Some lending appears to have been based on less than credible forecasting. While this is mainly applies to city-based businesses, there is a lesson here for farming operations. It is now even more vital to have top-class forecasting and monitoring to gain and maintain banking support in the future.

The Eurozone is under significant pressure across the board. There was extensive comment about limited capacity for many economies to fund pensions and provide senior citizens with tax payer funded retirement income. Strategies to raise the "retirement age" are gaining momentum.

Australia is to be congratulated for its proactive response to managing superannuation -- a lesson that New Zealand is only just learning and has left far too late. With twilight approaching for the careers and business activities of the many "baby boomers" that make up a large portion of Australasia's population this requires constant attention.

It was interesting to see one of the major Supermarkets giving itself credit for securing the "Farming with Compassion" award. This was accompanied by publicity about its policies to source products only from food suppliers that complied with animal welfare and environmental practices that met customer expectations. Delivering the highest standards of animal and environmental warfare remains critical to farming success.

Finally, there has been considerable comment both sides of the Tasman about land acquisition by international buyers and the threat this may pose to our farming and

economic future. Many major economies are understandably committed to buying up productive land and water to protect food supplies for their future.

Protecting land ownership has new challenges in the modern environment of "free trade". It is important farming businesses don't overlook the real opportunity to provide farm management expertise to these new entrants and together conquer new frontiers.

This well timed break from business has added significant value to my business and personal perspectives. I am even more convinced that International travel should be a "not negotiable" component of every business budget.

Kerry Ryan is a New Zealand based Agribusiness Consultant. You can contact him at www.kerryryan.co.nz