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10th Anniversary KPMG Agribusiness Agenda



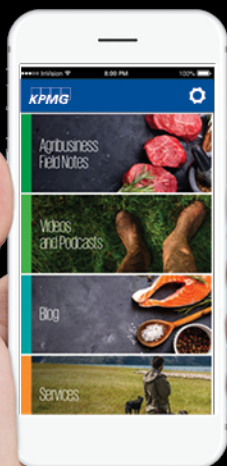
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AGRIBUSINESS

Field Notes



Weekly news update from the KPMG Agribusiness network

Organisations referenced in this week's Field Notes include:

3D Bioprinting Solutions (Russia)	McCormick
AgFunder	Meat Industry Association
Agri People Solutions	Mercury NZ
Aleph Farms	Mintel
Association for Packaging & Processing Technologies	Morton Smith-Dawe Ltd.
Auld Farm Distillery	Munro Honey Co.
Beef + Lamb New Zealand	Nestle
Bella Vacca Jerseys	Noblegen
Beyond Meat	NZ Farming Jobs
Bonduelle	NZ Grain and Seed Trade Association
BrewDog	NZ Pork
Canterbury Triathlon Club	PepsiCo
Cecab	Port Taranaki
Coroos	Puhoi Valley Cheese
Deloitte	Pukekohe High School
DuPont Nutrition and Biosciences	Rabobank
ESR	Red Meat Profit Partnership
Federated Farmers	S2G Ventures
Fonterra Co-operative Group	Seeka
Forage and Graze	Tatua
Gathered Game	The European Commission
Happy Valley Nutrition	The New Food Economy
Harvard University	The Private Land and Property Fund
Hawke's Bay Winegrowers Association	Veggie Boys Dunedin
Horticulture NZ	Waitaki Orchards
Impossible Foods	Westland Milk
Jersey Advantage	Westpac
Karen Karp and Partners	World Organisation for Animal Health
KiwiRail Group	Yili
Mackenzie District Young Farmers Club	

This week's headlines:

Red Meat	Beef and sheep exports to pass \$4 billion mark for first time [03 October/The Country]
Arable	Seeds are earning us big money [08 October/Farmers Weekly]
Horticulture	New NZX listing adds kiwifruit to vineyard land [03 October/Farmers Weekly]
Farmers and Producers	Artisan food producers join forces [04 October/Rural Life]
International	Aleph Farms prints lab-meat in space [08 October/Food Navigator]

Biosecurity

Farmers urged to be vigilant on African swine fever [09 October/Rural News] NZ Pork wants farmers to review their on farm biosecurity precautions especially on farm workers returning from countries confirmed with African swine fever. Farmers have been told to look into arranging no-contact time and stand-down periods for workers when they return from overseas, according to NZ Pork Chief Executive David Baines. According to the UN Food and Agriculture Organisation (FAO), the virus has spread to 11 Asian countries, including the Philippines, after decimating the pork industry in China. NZ Pork reports that the World Organisation for Animal Health (OIE) recommends to all countries that the way to prevent the spread of ASF is for workers and visitors to stay away from pigs for at least five days after returning from overseas.

Agribusiness Education

Eying up ag's opportunities [09 October/Rural News] Pukekohe High School Teacher Dave Matthews is helping to get teenagers interested in horticulture with his teaching programme catered towards students in years 10-13. At the start of their journey, year 10 students are given a general taste of agriculture and horticulture, learning why they are important to the area and broader NZ. They also look at plant science and get to grow crops from seed to harvest in growing units set up on the school premises. During the school year, students go on many field trips, for example to local dairy farms to look at milk production, and collect native seeds on Awhitu Peninsula. In due course, these are propagated at the school and end up on local farms to help landowners do riparian planting or create wildlife reserves. Year 11 students visit properties such as Limestone Downs, a commercial sheep farm near Port Waikato. There they do day-to-day husbandry tasks such as ear tagging, drenching and tail docking. Older students spend one day per week for 10 weeks working in these businesses, experiencing day-to-day operations and learning, for example, fork truck operation, UTV driving and health and safety. Students have found work in the sector after leaving school and have gone on to technical and mid-management positions locally, NZ-wide and overseas and Mr Matthews reports the benefits of hands-on experience allowing many students to shine especially if they struggle in more theoretical classes.

Rural Lending

Waikato to be the new home for Rabobank New Zealand's head office [04 October/Rabobank Media Release] Rabobank New Zealand is moving its head office from Wellington to Hamilton in order to support its growth strategy into the future as New Zealand's only specialist food and agribusiness bank. The move will allow them to be close to key clients. The Waikato is one of the country's largest and growing agri-business regions. The move will be progressive and occur between early 2021 and January 2022. A staff consultation process was completed before the decision was confirmed, and the current Hamilton office will be combined with the new head office, housing around 80 employees in total.

Animal Exports

Damien O'Connor backs conditional livestock export prohibition [09 October/The Country] Agriculture Minister Damien O'Connor has reported that a conditional prohibition on livestock exports is potentially the best option to protect exported animals and New Zealand's reputation. In a Cabinet paper just released on the proposed review of the live export trade, Hon O'Connor presented five options prepared by MPI, one being a total prohibition, thereby stopping the trade. The other options were collaborative programmes to build the capacity and capability of the destinations and/or encourage alternative exports; continuous improvement under current regulatory settings; and finally, targeted interventions, development of new operational policy and continuous improvement. The paper stated live animal exports are valuable to New Zealand, averaging \$251 million a year between 2010 and 2018 and have also been an essential part of many of New Zealand's trading partnerships.

Horticulture

New NZX listing adds kiwifruit to vineyard land [03 October/Farmers Weekly] New Zealand's biggest kiwifruit producer Seeka, has sold one of its Northland kiwifruit orchards to new sharemarket listing, the Private Land and Property Fund (PLP). Seeka will continue to run the orchard. The fund paid \$15.5 million for the 20-hectare property and its outlay is expected to rise to \$22m as it pays for planting more gold kiwifruit over the next year. There is also provision for a further \$1m payment in five years, based on orchard production. PLP is managed by Booster Investment Management, part of the Wellington-based KiwiSaver and investment group Booster Financial Services (BFS). Seeka will be using the proceeds to repay debt.

Austin Singh Purewal wins Young Vegetable Grower of the Year [04 October/The Country] The youngest finalist in this year's Young Grower of the Year competition, Austin Singh Purewal, 18, beat the field to win this year's Young Vegetable Grower of the Year. Throughout the leadership panel and speech events, Mr Singh Purewal voiced his views on the importance of diversity and encouraging young people into roles within the industry. HortNZ Chief Executive Mike Chapman reported that competitions like these are essential because they highlight horticulture as a vibrant career for young people. Mr Singh hoped that by entering, he had shown his peers that they can also achieve great things in the industry.

Seed spud shortage strikes [04 October/Rural Life] A recent shortage of Jersey benne seed potatoes in Dunedin means some home gardeners may struggle to grow their own supplies for the festive table this Christmas. Veggie Boys Dunedin Owner Marty Hay reports that there will be a good supply of the variety available in Otago in mid to late November, however states that retail prices will rise as commercial growers have also been affected by the reduced supply of seed potatoes. Grant Dawe, Manager of Morton Smith-Dawe Ltd stated the firm had been out of Jersey benne seed potatoes for the past three weeks. A crop failure by a South Canterbury supplier, combined with some wet growing conditions and low soil temperatures, had contributed to the reduced supply according to Mr Dawe.

Horticulture NZ warns vege prices could rise nearly 60 per cent by 2043 [07 October/The Country] Horticulture New Zealand is warning vegetable prices could increase by nearly 60 percent by 2043, if central and local government policies that will stop new vegetable growing are accepted. A report by Deloitte and commissioned by Horticulture New Zealand found that if growers are prevented from expanding to keep up with demand, consumers could be paying 5.50 in today's money for a Pukekohe-grown lettuce, compared with the current price of around \$3.50. Horticulture New Zealand's Chief Executive, Mike Chapman, stated that vegetable growing across the country is under a lot of pressure from competition for highly productive land, access to freshwater, climate change mitigation and increasing government and council regulation. Mr Chapman reports the need for increased domestic production so that the country is less dependent on imports, as well as access to new irrigation and productive land.

National kudos for Kurow venture [09 October/Rural Life] Waitaki Orchards, a family orchard near Kurow has won the Inspire+ Artisan Awards' "frozen" category with its apricot, peach, golden plum and red plum sorbets. Owners Justin and Julie Watt's daughter Ellen Watt is responsible for the sorbet and her sorbets were just one of 483 entries in the awards. The sorbets are being sold in Fresh Choice supermarkets in Geraldine, Merivale, Parklands, Green Island and Cromwell as well as at the Otago Farmers' Market in Dunedin, and were on the menu at some Kurow eateries. The Watt family are seeking an Oamaru outlet. The judges of the awards believed there was a continued focus on fresh product which reflects consumer demand for fresh and local products.

How NZ kiwifruit can break the US market [09 October/The Country] Rabobank's Senior Horticulture Analyst Roland Fumasi states that although almost 100 percent of all US kiwifruit comes from California, there is no reason that New Zealand cannot have a crack at the market. Although kiwifruit is not currently a big deal in the American diet at the moment, consumers are starting to pick up on it and the benefits it can provide. Mr Fumasi reported that the California season tends to align directly with the Italian shipping season, so this gives opportunity to New Zealand producers.

Viticulture

Chardonnay crop takes a hit from Hawke's Bay hailstorm [07 October/The Country] This season's chardonnay crop will be down on volume, but not quality, in the wake of last week's brief but severe hail storm which cut a path across the Bridge Pa vineyards' landscape. Hawke's Bay Winegrowers Association Deputy Chairman Pete Hurlstone reports that it is not a catastrophe, as it is still early in the season which will allow viticulturists to get their crops back on track. Mr Hurlstone is confident that viticulturists could still get some of the hail-hit vines to produce, and the current low moisture levels in the ground and the prospect of increasingly warm weather would assist with that. While other grape varieties are emerging at this stage of the season they were much less affected.

Arable

Seeds are earning us big money [08 October/Farmers Weekly] New Zealand's seed sector pumped almost \$800 million into the NZ economy last year. A new economic impact report shows that our world class seed production contributes much more to NZ's bottom line than many realise, according to NZ Grain and Seed Trade Association General Manager Thomas Chin. In 2018 NZ seed production supported 4320 full time jobs ranging from seed breeding, research, multiplication, marketing, processing and distribution to ancillary services such as seed testing and brokering. Other downstream users of NZ grown seeds are arable, horticulture and market garden growers who provide crops for human consumption, including wheat, barley, maize, oats and fresh vegetables used by local millers, bakers, beverage producers, food processors and supermarkets.

Environment & Emissions

Raising in-calf rate helps cut farm emissions [03 October/Rural News] Improving the reproductive performance of a herd by getting more cows in-calf is a key way to cut farm emissions according to Stephen Sing, Jersey Advantage member. Mr Sing states that a lot of animals are being culled on pregnancy status alone and that if farmers can get more cows in-calf year upon year then they can reduce the number of replacements they are bringing through and in turn lower their methane emissions. Mr Sing states that the Jersey cow with its superior reproductive performance is well placed to help.

Carr drives climate change body [08 October/Farmers Weekly] Former Reserve Bank Chairman Dr Rod Carr will immediately take up his new role of chair of the independent Climate Change Commission. Mr Carr's appointment will be formalised later in the year when the commission is established along with the passing of the Zero Carbon Bill. The commission is tasked with delivering by February 2021 three carbon budgets out to 2035, and will ensure that the country stays on track for meeting its targets. It is taking up the work from the Interim Climate Change Committee, which to date has advised the Government on how to get agriculture into the Emissions Trading Scheme and how to speed up electrification of industry and transport. Mr Carr reported he is grateful for the opportunity to make a contribution in this critically important area of policy.

NZ out on its own [08 October/Rural News] The Ministry for the Environment (MfE) have confirmed that New Zealand is the only country actively considering a compulsory price on biological greenhouse gas emissions (GHG) from agriculture. The Government recently consulted on policies to reduce emissions from agriculture, including pricing livestock emissions from 2025 at farm level and fertiliser emissions at processor level. In the interim either a price on all agricultural emissions at processor level via the NZ Emissions Trading Scheme (ETS) from 2021 or a formal sector/Government agreement to deliver a workable and effective farm level pricing scheme by 2025. Consultation has now finished and feedback is being considered.

Red Meat

Red meat research challenged [03 October/Farmers Weekly] Auckland University Epidemiologist Professor Rod Jackson states that recently released research reporting that few health benefits exist in reducing red and processed meat consumption is naïve and could mislead consumers. Professor Jackson reports that he feels a level of exasperation at such studies where hundreds of millions of dollars have been spent on work incapable of providing useful information because of inherent biases in medium to long-term nutrition. The low quality of the evidence provided means he is not persuaded it is even appropriate to suggest red meat might have little or no effect on disease incidence. Professor Nick Wilson, of the Public Health department at Otago University, Wellington, stated that the review is out of sync with other major reviews, including the International Agency for Research on Cancer.

Beef and sheep exports to pass \$4 billion mark for first time [03 October/The Country] China's demand for New Zealand's beef, lamb and mutton is forecast to propel both sheep meat and beef exports past the \$4 billion mark for the first time according to Beef + Lamb New Zealand's New Season Outlook 2019-20. It forecasts beef, lamb and mutton prices to lift from historically high levels, helped by continuing strong export demand and an expected weakening of the New Zealand dollar. Demand for the meat is partly due to the African swine fever reducing the availability of pork in China, forcing the country to source other meat to fill the demand gap. Uncertainty does surround international trade, however it has been reported that New Zealand's sheep meat and beef are grounded in solid demand from large economies.

Action groups motivate farmers [03 October/Farmers Weekly] Consultant Sean Bennett reported that farms involved in Red Meat Profit Partnership action groups are leading to efficiency gains. The RMPP action network supports small groups of seven to nine farm businesses working together to explore ideas and share expert resources to help make positive on-farm changes. Kick-start funding of \$4000 a farm is pooled to fund facilitation and expertise. Mr Bennett is working with farmers to set up several more. The action groups focus on challenges they personally face or look to deep dive into topics they are interested in.

Ill wind for southern lambs [04 October/Farmers Weekly] A cold snap marked by rain and wind and some snow in inland areas of the lower South Island has caused lamb losses. New-born lambs are at risk but those who get through the first 24 hours should survive. Rob Hewett, a Farmer near Lawrence in south Otago, said the farm is midway through lambing and had some losses. Mr Hewett, Co-Chair of Silver Fern Farms Ltd, stated a poor autumn through south Otago means there were lower scanning rates and a slightly lower number of lambs being born.

US leaps up sheep meat ladder [07 October/Farmers Weekly] The US has become New Zealand's second biggest sheep meat market, with exports totalling \$456 million for the year ended 30 June. The country trails China in quantity, but pays over twice the amount for product according to the Meat Industry Association (MIA). Chinese imports increased 39 percent in value year-on-year with product prices at an average \$6.77/kg, just 38 percent of what the Americans pay. Brexit has affected NZ sheep meat exports to both the UK and the rest of the European Union as part of an international trade environment that continues to be in flux according to MIA Chairman John Loughlin. Mr Loughlin and CEO Tim Ritchie both single out climate change as the major challenge for the meat industry as the Government pushes ahead with the Zero Carbon Bill.

Chinese sheep meat demand on up [08 October/Farmers Weekly] Beef + Lamb New Zealand report that strong, high-priced growth in New Zealand sheep meat to China is happening independently of the impact of the country's collapse in pork production. Sheep meat is a premium and niche product with solid underlying consumer demand, with its biggest consumers being middle-aged, educated and urban Chinese and restaurant consumers. China is the world's biggest sheep meat producer but new regulations on stocking rates to prevent over-grazing of land have come into force, meaning they will most likely be searching for more meat year on year.

Farmers & Producers

Artisan food producers join forces [04 October/Rural Life] Artisan food producers from across Southland have joined forces in a bid to showcase the region's hidden flavours. Gathered Game Founder Chris Thorn reported that it is hard to gain traction as a small business in the artisan product market so formed a collective with others in order to link up and help each other grow. The collective also includes Munro Honey Co., Forage and Graze and Auld Farm Distillery, and are going to start off by doing food shows together to help build a customer base. The companies are excited to showcase what Southland has to offer in terms of its high quality ingredients.

Feds congratulates new Special Agricultural Trade Envoy [07 October/Scoop Independent News] Federated Farmers is delighted by the appointment of Taranaki farmer Mel Poulton to the position of Special Agricultural Trade Envoy for New Zealand reporting that she is a great representative of New Zealand farming and appreciates the importance of trade to the country as well as the primary sector. Mrs Poulton is also a very experienced farmer, showing both patience and skill in her work.

Applicant must have dogs: perks of a rural job [04 October/Stuff NZ] NZ Farming Jobs Website Editor Tyler Fifield states that when considering rural jobs it is important to consider the total potential value of the package. This includes employment options such as rent, power and phone bills, and use of farm equipment or free firewood which can add a lot of value to the deal. Matt Loder is in his first year working as a shepherd near Hunterville and is enjoying the perks in his job package which he reports have huge value as he gets rent for free as well as mutton. Racquel Cleaver is a Rural Employment Advisor at Agri People Solutions and states that she advises her clients to leave non-cash benefits apart from rent out of employment agreements to minimise ambiguity and confusion around entitlements. Isolation has been cited as a common turn off for applicants, however many roles do not require one to live on the farm.

Anger at slow compensation process [09 October/Rural Life] Mr Dwyer and his wife Rosie were among the first farmers affected by Mycoplasma bovis when their property was confirmed as having the bacterial cattle disease in August 2017, and now more than two years after their cattle was slaughtered, are still waiting on compensation. In July 2018, Mr and Mrs Dwyer were paid compensation for most of the calves they had slaughtered in September 2017. They then lodged another compensation claim in September 2018, but there has not been any action since. Mr Dwyer wrote a letter to Agricultural Minister Damien O'Connor last month to express his concerns. Mr Dwyer stated that with \$300million spent to date on the M. bovis response, compensation claims faced far more assessment rigour than the operation costs.

Dairy

Farmers see authentic strategy [03 October/Farmers Weekly] Fonterra Co-operative Group's Farmers have decried the bad results of 2019 while approving the transparency and logic of the strategy reset, according to Co-operative Affairs Managing Director Mike Cronin. Mr Cronin reports that many farmers are resonating with the new strategy and see it as authentic and self-explanatory. Farmers wanting to respond in practical ways to the new strategy should continue to monitor the fat evaluation index and meet all their food safety obligations as some technical changes such as milk vat cooling and telemetry are under way. The Co-op Difference will continue to recognise those farmers who go above and beyond but it also aims to keep the milk supply and quality platform solid. Mr Cronin reported a key objective of the new strategy is to retain milk market share for Fonterra and he believes the trust and confidence rebuild for farmers will achieve that.

Westland Milk Products sale to Chinese dairy giant challenged by Social Credit party [03 October/The Country] Northland headquartered political party Social Credit filed an application in the High Court this week for judicial review and sought to overturn a decision by the Ministers for Land Information and Finance for the sale of Westland Milk to Chinese dairy giant Inner Mongolian Yili to go ahead. Yili is 25 per cent owned by the Chinese government and is Asia's biggest dairy producer, bought the Rolleston-based company in a deal worth \$588 million. The takeover, Social Credit argues, would leave Fonterra as the only significant New Zealand-owned processor of milk products. Social Credit states that they want to see New Zealander's reaping the benefits of world leadership in the primary sector, not overseas shareholders.

Tatua ahead of the rest [03 October/Farmers Weekly] Tatua has put daylight between itself and other dairy exporters by declaring earnings of \$9.66/kg milksolids, from which it will retain \$1.16 and pay its 107 supply farms a milk price of \$8.50 for last season. It is the second-highest milk payout and was achieved on record annual income for the co-operative of \$364 million, according to Chief Executive Brendhan Greaney. Continued growth of value-add businesses provided improved revenue for Tatua, and the bulk ingredient product mix of caseinates, whey protein concentrates and anhydrous milk fat performed well despite mixed market conditions. The retention of \$16.8 million is for reinvesting in long-term environmental, financial and social sustainability including a new engineering support facility and a wastewater treatment system.

Kiwi clarity inspires import [07 October/Farmers Weekly] Being a foreigner in a strange land is no barrier to progression in the dairy industry for Nicola Blowey who moved from Britain to New Zealand, who has found consistency and clarity across the NZ Dairy Sector compared to the diversity of her home country where cows only might see grass for a portion of the year. Miss Blowey was the 2019 national winner of the Dairy Trainee of the Year at the New Zealand Dairy Industry Awards and is the Farm Manager for Matt and Vanessa Greenwood on their 575 dairy cow farm. She took home three merit awards including the Federated Farmers Farming Knowledge Award, the DeLaval Communication and Engagement Award and best video presented by Streamliner and states that the networking from the awards has been incredible, connecting her with other successful young farmers around the country. Miss Blowey joined the Mackenzie District Young Farmers Club and has been secretary for two years. She is also Aorangi region secretary.

New \$280 million Happy Valley Nutrition factory all go [07 October/Stuff NZ] Work is set to begin on building Happy Valley Nutrition's new \$280 million milk processing plant in Ōtorohanga early next year. General manager Greg Wood expects construction of buildings to get underway later in 2020 with first production planned for July 2022. While the company's intent remained to use primarily A2 or organic milk it would be configured in a way so it can take different milk types. The main product focus lies on infant formula milk and infant formula ingredients, with most of the product being exported to Asia. Mr Wood reports that they will start speaking to potential suppliers at the end of this year to gauge interest and start milk procurement in 2020. Initially the factory will look to process about 100 million litres of milk during its first season, and will provide around 60 new jobs for the region. The factory will be gas powered and there were also plans to install renewable energy infrastructure that will help to minimise the factory's carbon footprint.

Fonterra appoints Fraser Whineray to top management job [08 October/Stuff NZ] Fonterra Co-operative Group have appointed Mercury NZ boss Fraser Whineray as its new Chief Operating Officer. Mr Whineray has previously held roles at Puhoi Valley Cheese and is the Chairman of the Prime Minister's Business Advisory Council and holds an MBA from the University of Cambridge, a Post Graduate Diploma in Dairy Science & Technology from Massey University and a Bachelor of Chemical & Process Engineering from the University of Canterbury. Fonterra report that the role is newly created and will have a new team created in order to work with business units to create value. Mr Whineray begins his position next year.

Home delivery: Milk in glass bottles coming back to Auckland [08 October/Stuff NZ] Northland dairy company Bella Vacca Jerseys plans to bring its home delivery service for milk to Auckland city early next year. However, a surge in demand for glass bottles within New Zealand means the roll-out will have to be staggered, Bella Vacca Owner Gav Hogarth stated. Full cream milk from Mr Hogarth and his partner Jody Hansen's herd of 180 jersey cattle is pasteurised on the farm and trucked to shops from Houhora in the north to Grey Lynn, Auckland. Bella Vacca opts for glass bottles, which can be sterilised and reused around 50 times, to reduce the company's environmental impact. Bella Vacca already trucks about 1000 litres of milk to Auckland cafes and shops three times a week and it has been estimated the milk will cost about \$4 a litre delivered to the door.

China still hungry for NZ dairy [08 October/Rural News] Westpac's Imrie Speizer reports that China's demand for New Zealand dairy products should remain solid despite their mixed economic outlook. Mr Imrie reports that China's dominance as an export destination, particularly for whole milk powder, has been evident in official monthly trade data for some time. Last week's Global Dairy Trade (GDT) auction also reflected increase demand from China. Westpac is maintaining its payout forecast at \$6.50/kgMS. Fonterra Co-operative Group's payout price range remains unchanged at \$6.25-\$7.25/kgMS.

Forestry

Logging on: Six forestry wagons a day added to Whanganui's KiwiRail service [07 October/The Country] Six log wagons per day are to be added this week to KiwiRail's freight service between Whanganui to New Plymouth. KiwiRail Group Chief Executive Greg Miller states this will allow up to 45,000 tonnes of logs a year to be transported for storage and export. Both KiwiRail and Port Taranaki have hailed the move as a way to diversify the forestry supply chain and reduce the congestion and heavy toll forestry trucks have on the region's roads, as the extra wagons will avoid the need for about 2700 truck trips each year which will also reduce emissions. Port Taranaki Head of Commercial, Ross Dingle, reports it is exciting to have the service operating after 18 months of work.

Water

Organic contaminants detected in two-thirds of NZ wells [07 October/The Country] Traces of organic contaminants have been found in two-thirds of New Zealand's wells, including chemicals used to make plastics and sunscreens. ESR scientists state these were detected at very low concentrations in the latest survey of the country's groundwater which covered 135 wells on behalf of 12 regional authorities and was carried out between September and December last year. The survey tested for close to 30 of these compounds including a diverse range of products such as caffeine and artificial sweeteners along with pharmaceuticals such as pain relief products, contraceptive pills, and sunscreen. Majority of these compounds were found at some level in the wells. The survey recommends that monitoring of groundwater resources is extended and that research is carried out to investigate the likely risks for the EOCs detected in this study including any impacts on ecological systems.

Funding for freshwater projects in Dannevirke [08 October/The Country] Three Dannevirke groups have secured community grants from the Manawātū River Leaders' Forum for freshwater improvement projects. This includes Dannevirke's Huia Range School has received funding for riparian fencing and planting of the Tapuata stream and education. Te Taiao Ukaipo, Dannevirke, has received funding for weed control, stream fencing, riparian planting and monitoring of the Otamaraho and Mangapuaka Streams. The third Dannevirke recipient of funding was Dannevirke Host Lions Club for growing rata to be planted in riparian zones in the Tararua District which is a continuation of a two-year project started last year. The forum had \$100,000 available for community projects this year which went to 14 projects throughout the region.

Trade & Exports

RCEP deal by November still achievable - O'Connor [03 October/The Country] Damien O'Connor, Minister of State for Trade and Export Growth heads to Bangkok this week for an additional round of talks on the Regional Comprehensive Economic Partnership and stated that a deal by November is still achievable if momentum builds. Sixteen countries are involved in the RCEP talks, accounting for about 28 percent of global trade. In the year to March 2018, they took about 59 percent of New Zealand goods exports and 52.1 percent of New Zealand's services exports for a combined value of over \$45 billion. For New Zealand, major benefits could include the elimination of tariffs into India on products of key export interest and better market access for New Zealand businesses in a range of key Asian countries. Negotiations have been underway since 2012. Hon. O'Connor states that the RCEP has become even more valuable as turbulence occurs in international trade policy.

NZ concerns over US-Japan FTA [09 October/Rural News] Trade Expert, Stephanie Honey reports that a potential US/Japan FTA would have negative impacts on NZ beef, port, wheat and cheese exports to Japan and would almost certainly be in breach of the World Trade Organisation rules. It will also lessen the incentive for other countries to join the CPTPP, the 11-country Asia Pacific deal which New Zealand has signed up to and which the US has pulled out of. The US-Japan deal includes new market access for about \$7 billion in US farm exports, and involves in each side reducing tariffs for a range of farm goods and farming machinery, with part of the deal mimicking what was laid out in an earlier CPTPP version. If it goes through, New Zealand will face increased competition from Japan. WTO rules include not offering special favours to one partner over another and Mrs Honey states that this is an example of a breach.

International

Canned vegetable cartel: Whistle-blower Bonduelle avoids ca. €250m fine in anti-trust ruling [02 October/Food Navigator] The European Commission has fined French food cooperative Cecab and Dutch manufacturer Coroos upwards of €30 million (approx. NZD\$52 million) for their involvement in a canned vegetable cartel. Whistle-blower Bonduelle, which was also embroiled, has been made exempt from financial penalties. The cartel affected the supply of certain types of canned vegetables to retailers and food service companies in Europe for over 13 years, and created set prices, exchanged commercially sensitive information, allocated customers and markets. All three companies admitted involvement and co-operated with authorities. By revealing the existence of the cartel, Bonduelle breached EU anti-trust rules, and it is estimated their exempt fine to be in the region of €250 million (approx. NZD\$490 million).

Snacking with a conscience: Free from and ethical messages gain importance in the organic sector [02 October/Food Navigator] Mintel research has revealed organic products launches with free from and ethical claims have experienced impressive growth over the past decade, especially in Europe with claims for "free from" rising from 20 percent in 2009 to 3 percent in July 2019. Katya Witham, Global Food and Drink Analyst reports that organic claims are increasingly becoming part of the wider health and sustainable positioning.

More dexterous robots make quick work of food manufacturing [02 October/Food Dive] Nearly a third of food processing and more than 90% of packaging operations are now performed using robotics, according to a recent survey by the Association for Packaging and Processing Technologies, and automation in the sector is expected to grow sharply as advancement in machine vision and gripper technology enables robotics to make more precise movements and handle more delicate items than they had in the past. Experts report these advancements have the potential to usher in new levels of efficiency and productivity along with greater quality control and better labour management.

McCormick unveils Flavor Maker app for home chefs [03 October/Food Dive] McCormick, the maker of packaged foods and seasonings, has unveiled an app to help home chefs learn more about its products while they shop. McCormick Flavor Maker lets shoppers scan its packaging with a smartphone camera to see recipes and instructional videos and lets shoppers buy McCormick products for delivery from services such as Instacart and Amazon Fresh. In addition, Flavor Maker helps to organize favourite recipes, build flavour boards for menu planning and new dishes and add ingredients to a shopping list. App users can watch an immersive virtual reality (VR) video called "Fields of Vision" that shows how spices are harvested in different regions worldwide.

Noblegen readies non-GMO alternative protein from algae [03 October/Food Dive] Noblegen, a Canadian ingredients startup, expects to launch a complete alternative protein this month sourced from algae. Company Founder and CEO Adam Noble reports that the microorganism, *Euglena gracilis*, can produce cost-effective vegan replacements for palm oil, beta-glucan and complete proteins offering the same nutrition and functionality as ones from an animal. Noblegen uses a proprietary technique called "facilitated expression" that doesn't involve genetic engineering and can be done with a single fermentation. Mr Noble stated that no one else has been able to accomplish this without using genetic modification. The company said in a release it has raised USD\$42.5 million (approx NZD \$67.5 million) to date. It plans to use the money to double its workforce, scale its production capabilities and bring its ingredients to market.

How a 25% tariff on food and beverage from the EU will impact the US [04 October/FoodDive] Starting on 18 October, the Trump administration plans to place 25 percent import tariffs on \$7.5 billion worth of foods and beverages from the European Union. The final product list from the Office of the U.S. Trade Representative includes single-malt whiskey, olives, butter, cheese and olive oil. Most of the tariffs will be on products from France, Germany, Spain and the United Kingdom. These tariffs could have a major impact on food companies, particularly smaller businesses that cannot absorb a 25 percent tariff because their food has a low profit margin to begin with.

Only 3% of agri-food tech investment dollars go to female-founded companies, study says [04 October/Food Dive] Companies with only female founders in agriculture and food tech receive only 7 percent of investment deals, representing just 3 percent of all dollars, according to a new study by AgFunder, Karen Karp & Partners and The New Food Economy in collaboration with S2G Ventures. Those numbers increased to 16 percent if the female founder had a male counterpart. The amount of money received by female-founded startups in this sector is falling, with total dollars shrinking 37% from 2017 to 2018, according to the report. Part of the disparity stems from an implicit bias, as majority of investment decision-makers are men and they feel more comfortable in choosing people that are like them.

Younger consumers more likely to pay higher prices for organic food and drink: Mintel [04 October/Food Navigator] Mintel have revealed that younger consumers in Europe, are more likely to pay higher prices for organic food and drink than other generations. Many of those surveyed state that organic products present good value for money, which has been put down to the fact that they value health and wellness. These consumers are more likely to search for transparent brands and ask more questions surrounding how their food is made. It is expected that consumers will bear the brunt of the cost.

BrewDog's Hybrid Burger: cynical cash cow or fresh frontier for flexitarianism? [04 October/Food Navigator] Craft beer company BrewDog is selling a hybrid burger consisting of 50 percent Beyond Meat and 50 percent sustainably-reared beef which is causing controversy. Consumers have been slamming the burger, stating that it prevents certain customer groups from being able to have it, such as vegetarians and vegans. BrewDog created the burger to fit into the trend of flexitarianism, helping to enable meat eaters to transition into eating less animal-based protein.

Fighting food waste with a clean label: DuPont launches protective cultures for fermented plant-based products [04 October/Food Navigator] Danish ingredients supplier DuPont Nutrition & Biosciences is launching a new dairy-free protective culture that it states, builds on key sustainability objectives around tackling food waste and improving plant-based formulations and also has a clean label declaration. The product extends shelf life and ensures stable product quality. The new ingredient will support plant-based product formulators who have seen a surge in consumer interest.

PepsiCo: 'We're seeing consumers going after functionality, going after health and wellness, but also going after indulgence' [04 October/ Food Navigator] PepsiCo's CEO Ramon Laguarta states that consumer trends are complex, as although many are searching for health and wellness, there has also been a surge in demand for indulgence. Mr Laguarta states that choice will continue to be the way to address multiple consumer demands, build growth and appeal to as many people as possible.

Study: Gut health most influenced by teams of bacteria [07 October/Food Navigator] Gut microbial species work in teams to perform different functions, suggesting that cultivating certain groups of bacteria is more important than single species, according to an international team of researchers. The new study emphasises the importance of microbial teamwork. The research was based on 1,000 twins from the UK and compared how gut microbial species differ across people and how their functions vary.

Impossible Foods CEO: Plant-based competitors 'suck' and stifle industry growth [07 October] CEO of Impossible Foods Pat Brown started the California company eight years ago, has reported that other offerings in the market only serve to reinforce the idea that faux meat options are terrible which pushes consumers away from the market space. Mr Brown noted that consumers are wanting products that are the right blend of taste, nutrients, convenience, affordability and performance. Impossible Foods' products are aimed at meat-eating consumers.

Regularly eating nuts can lower risk of obesity, study finds [07 October/Food Dive] Researchers from Harvard University have found increasing daily nut consumption is associated with less long-term weight gain and a lower risk of obesity in adults. Analyzing data from three U.S. studies, the researchers investigated the association between changes in nut consumption over four-year intervals and concurrent weight change during 20 to 24 years of follow-up. Researchers noted the three studies comprised mainly Caucasian health professionals with relatively higher socioeconomic status, so the results may not extend to other populations. Nuts have become a popular and convenient snack and contain healthy fats, vitamins and minerals. The researchers did note that people should not start consuming large amounts of them, however a small handful daily could be enough to make a difference.

Behind the scenes at Nestlé Packaging Science: A 5-step approach to the plastic problem [08 October/Food Navigator] Nestlé recently inaugurated its new research facility focused on tackling the problem of packaging waste. The Institute of Packaging Sciences is home to 800 employees and 30 labs, as well as a new R&D accelerator on the campus to help support collaboration between academia, start-ups and suppliers. Nestlé has stated that it aims to switch to 100% reusable or recyclable plastic by 2025. The company is developing refillable containers and delivery systems as well as creating packaging that feeds more easily into recycling systems, along with completely new types of packaging which are biodegradable and will degrade in a composting environment.

Smart Protein: Barilla, AB InBev, Thai Union et al. collaborate on EU-funded novel protein project [08 October/Food Navigator] Pasta residues, bread crusts, and brewer's spent yeast are the focus of a new project funded by the European Union, which sees 33 players collaborate to develop novel proteins from industry by-products. Smart Protein will run for four years, centred around by-products produced during the manufacturing processes for creating pasta, bread, and beer and finding ways to up-cycle these into novel, microbial biomass proteins.

UK allergy-related food recalls may rise further after Natasha's Law [08 October/Food Navigator] A report has stated that food recalls over allergy fears are a growing problem in the UK, as they have risen 30 percent to a five year high amid high-profile allergy-related deaths and concerns about the dangers of poorly labelled foods. Allergy recalls in the UK this year have totalled 122, with 22 percent of these related to undeclared milk and 16 related to nuts not being mentioned on the label. Recalls have impacted all major supermarkets in Britain. A new law will be in place in the UK from October 2021 which will require all businesses that sell food to print a full list of ingredients on pre-packaged food, and it is expected that this might cause further increases in food recalls.

Aleph Farms prints lab-meat in space [08 October/Food Navigator] Cultured meat innovator Aleph Farms has successfully completed the first 'slaughter-free meat' experiment in space through a joint experiment with 3D Bioprinting Solutions on the International Space Station. The Israeli food technology company has developed a method of growing cultured beef steaks using animal cells and successfully produced meat on the International Space Station. Aleph Farms reports that the development is an important milestone in its ambition to enable unconditional access to safe and nutritious meat while using minimal resources.

Bill Gates: 'Probiotics key to solving malnutrition' [08 October/Nutra-Ingredients] Probiotics could be key in addressing malnutrition, according to Bill Gates, who calls the nutritional imbalances affecting around 200 million children under five the greatest health inequity in the world. Mr Gates points to the early stages of research into the microbiome and states that as it moves forward it will become easier to pinpoint ways to detect gut imbalances and there will be more innovation in the gut-boosting food space allowing solutions to be faster and easier than ever.

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Field Notes presents a summary of some of the media comment on the Agribusiness sector in the last week. The views expressed do not necessarily represent the views of KPMG but are summaries of the articles published.

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