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KPMG Agribusiness
Agenda

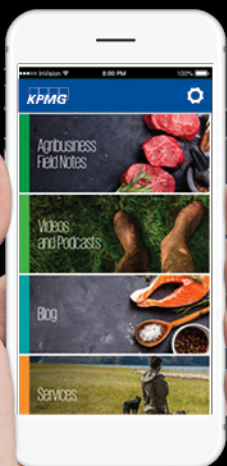


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AGRIBUSINESS

Field Notes



Weekly news update from the KPMG Agribusiness network

Organisations referenced in this week's Field Notes include:

50 Shades of Green	Mercury NZ
Alibaba	Meridian Energy
AsureQuality	Ministry for Primary Industries
Beef + Lamb	Mondelez
Biosecurity NZ	National Council of Wool Interests
Bubs Australia	Nestle
Cabernet and Blends	New Nutrition
China Feihe	New Zealand Agricultural Greenhouse Gas Research Centre
Coca-Cola European Partners	New Zealand Premium Goat Meat Ltd.
Colmar Brunton	Nielson
Contact Energy	Northland Regional Council
Corbion	OddFellow's
Dairy Farmers of America	Olam
DairyNZ	Open Country Dairy
Dean Foods Company	Pamu
Dunedin City Council	Puro
Eclipse Foods	Rabobank
Environmental Southland	Rural GP Network
Farm Forestry Association	Scobies Transport
Farm Source	Te Arawa Lakes Trust
Federated Farmers	Te Roroa Commercial Development Company
Fonterra Co-operative Group	Unilever
Genesis Energy	Villa Maria
Greenpeace	Walmart
Kroger	Whole Foods Markets
Landcare Research	Wildlands
Marlborough Lines	Yealands Wine Group

This week's headlines:

Biosecurity	Increased fines and border refusals proposed under Biosecurity Member's Bill [10 November/Stuff NZ]
Apiculture	Planting trees for bees could save money on farm [07 November/The Country]
AgTech	Nanotech wins big grant [12 November/Farmers Weekly]
Red Meat	Meat processing sector trials 'wearable' technology to reduce injuries [11 November/The Country]
Dairy	People don't miss the sugar Fonterra's stopped adding to drinks and yoghurts [10 November/Stuff NZ]

Biosecurity

2019 Biosecurity Award winners announced [07 November/NZ Biosecurity Awards 2019] More than 180 attended the New Zealand Biosecurity Award's dinner to celebrate citizens from around the country who are working hard to protect Aotearoa from pests and diseases. The winners include Te Roroa Commercial Development Company for its Kauri Dieback Response Plan and the Livestock Improvement Corporation for helping to protect the national herd from *Mycoplasma bovis*. Kane McElrea of Northland Regional Council won theASUREQuality Emerging Leader award for helping to turn the tide on dwindling kiwi populations across Northland. In total, there were 9 award winners with the New Zealand Biosecurity Supreme Award going to Te Arawa Lakes Trust for their project Te Arawa Catfish Killas.

Increased fines and border refusals proposed under Biosecurity Member's Bill [10 November/Stuff NZ] Clutha-Southland MP Hamish Walker has launched a Member's Bill which proposes to give border officials the authority to refuse entry to the country to people who knowingly bring in high-risk biosecurity items. The Bill will increase infringement fees from \$400 to \$1000 for those at the border who attempt to bring in illegal biosecurity items and also allow officers to refuse entry to those who are attempting to breach biosecurity laws. Mr Walker has stated how important prevention is in helping to protect New Zealand's borders, so the added fines and entry refusal will help dissuade breaches. More people are travelling to New Zealand each year which increases the risk of biosecurity breaches occurring.

Apiculture

Planting trees for bees could save money on farm [07 November/The Country] Planting strategically in order to feed bees can save both landowners and beekeepers money according to early results from the Strategic Bee Plantations project. The project is three-years in length and co-funded by the Ministry for Primary Industries. Other early results show that it can also benefit the environment, bee health and help to improve bee colony productivity and performance. 72,000 plants have been planted on 32 demonstration farms across New Zealand since 2012 by the NZ Trees for Bees Research Trust with assistance from MPI's Sustainable Farming Fund. Three case studies have been released by the Trust which illustrate the impacts of planting forage for bees. A growth in demand for mānuka honey has resulted in the number of beehives in the country increasing from 350,000 to nearly one million since 2012. Despite the growth in hives, the food supply for bees has not increased simultaneously, meaning that beekeepers now need to provide supplementary feed for their bees at certain times of the year. Strategic planting creates balance by ensuring that there are sufficient plants flowering throughout the year, especially in critical times of pollen deficits in spring and autumn.

Viticulture

Yealands Wine Group appoints former sales manager as new CEO [10 November/Stuff NZ] Yealands Wine Group has announced a new CEO, Tiffani Graydon who has 2 year's experience and has reported she is ready to take on her new role as the boss of one of Marlborough's largest wine companies. Mrs Graydon was previously the General Manager of Sales and Marketing for the company. Marlborough Lines purchased the company in the middle of last year. Mrs Graydon reports that she wants to look forward and focus on the company's sustainability values after it was found at the end of 2018 Peter Yealands and former staff had been covering up the addition of sugar to post-fermentation wine destined for Europe. Mrs Graydon announced that she along with the senior leadership team will be focusing on refining the organisation's business strategy in the coming weeks, and will be focusing resources on key growth areas.

Wine: Bay leads the way in full-bodied reds as trophies pile up [11 November/The Country] Top varietal and regional wine trophies have once again gone to Hawke's Bay wineries, in the build-up to the New Zealand Wine Awards being held on 16 November in Blenheim. 13 varietal and seven regional winners were announced this week, and they will go head to head in pursuit of eight major trophies, including New Zealand Wine of the Year. Villa Maria, with their Cellar Selection Syrah Hawke's Bay 2018 picked up the Champion Syrah varietal trophy as well as the region's Best Wine Trophy. Cabernet and Blends Saint Clair Pioneer Block 17 Plateau Cabernet Merlot Hawke's Bay 2018 took the varietal trophy for Champion Merlot. Chair of Judges for the New Zealand Wine Awards and Winemaker Warren Gibson reported that he is pleased to see a strong relationship between variety, style and regions within the trophy winners. The event will also feature other industry achievements including the inaugural Cellar Door of the Year, Young Viticulturist of the Year, Young Winemaker of the Year and the New Zealand Winegrowers Fellows for 2019.

Poultry

Seventeen neighbours against 3.6 million chicken farm proposed near Te Aroha [08 November/Stuff NZ] 17 out of 27 effected neighbours are opposed to a proposal to build a free range chicken farm in Te Aroha due to concerns about potential odours and human health. Those who are for the farm state that it will meet strict conditions, much like other chicken farms already operating in the area. The proposal is for eight sheds to be built on a 64 hectare site, with dust and odour from the sheds being discharged through large ventilating fans designed to reduce the chance of the odour being emitted outside. Neighbour Peter Wavish, is not convinced by the proposal as his family collect their drinking water off their roof, and he reports that there are often strong winds in the area which could carry the polluted air to their lifestyle block, 500m from the site. Dairy Farmer Terry Slattery lives next door to the site and reports that he is not against the industry, however is concerned how they can guarantee that the odour will be contained when it will be in a densely populated area. There is a meeting scheduled for the 17 neighbours who oppose the proposal to voice their concerns on the 13 November.

Agribusiness

NZ shares gain as Mercury wind farm has investors revisiting smelter fears [12 November/The Country] New Zealand shares have increased, partly due to Mercury NZ's decision to go ahead with what will be the country's biggest wind farm at Turitea. The NZX 50 index increased by 6.52 points, with 23 stocks rising, 18 falling and eight left unchanged. Chief Executive Fraser Whineray reported that the smelter's closure by 2030 was always considered likely and didn't change Mercury's view on investment risk. The smelter's primary supplier Meridian Energy increased by 1.7 percent, whilst Contact Energy fell 1.2 percent and Genesis Energy dropped by 1.5 percent.

Financial pressure on rural sector 'likely to get worse' [12 November/Stuff NZ] Arbitrators' and Mediators' Institute Executive Director Sue Wells reports that financial pressure on the rural sector is likely to increase, with the Farm Debt Mediation Bill going before parliament this week for its second reading. If the Bill is passed, it will require secured creditors to offer mediation to farmers before taking enforcement action if farmers default on payments. Mrs Wells reports that some farmers are already under a lot of pressure financially and policy changes such as those for fresh water and biosecurity is likely to increase this pressure. The Bill has been received positively throughout the sector.

Arable

Grain growers down in the dumps [08 November/Farmers Weekly] Federated Farmers arable Vice-Chairman Brian Leadley states that arable farmers are not confident for the season ahead despite crops establishing well and a better forecast for prices. Canterbury cropping farmers have come out of winter well with the warmer weather as of late helping to encourage good crop establishment. There have been challenges further south due to wet weather meaning spring crops have been harder to get into the ground and North Island growers have also been battling the weather, with soil temperatures in some areas coming right now, meaning a late start for many maize growers. Uncertainty in the farming sector has contributed to low confidence. Both milling wheat and malting barley have seen good uptake this season.

Emerging Markets

Marlborough's sunshine a 'point of difference' in cannabis cultivation [12 November/Stuff NZ] Tom Forrest, Cannabis Researcher has reported that Marlborough has a range of factors that will give it global advantages as a medicinal cannabis growing area due to their natural resources, older demographic and local expertise along with increased UV light and clean air. Medicinal cannabis company Puro plans to start commercial cultivation at two Marlborough sites as soon as it is legal to do so, and its crowdfunding bid has resulted in more than \$850,000 being pledged to the company. Mr Forrest believes that New Zealand has a heads up when choosing how to shape the legal framework around cannabis as we will be able to view what has worked well in other countries and what has not been so successful. Mr Forrest stated that he was encouraged by the reception to medicinal cannabis that he had experienced within the region, and that community perception would be critical in the upcoming referendum.

AgTech

Nanotech wins big grant [12 November/Farmers Weekly] The Ministry of Business, Innovation and Employment's Endeavour Fund has granted a Lincoln University research team a \$1 million grant in order to apply nanotechnology to agriculture to help increase productivity and reduce environmental impacts. Lincoln University Associate Professor Craig Bunt has reported that his team will use the funding to develop a groundbreaking nano-coating that can be applied to fertiliser to control its rate of release into soil and to seeds to control the timing of germination which will help to contain nitrogen losses in soil and waterways. If successful, the technology should also help to increase crop yields, due to an increase in the ability to control weeds before the seeds germinate.

Wool

Spurned wool bales cost heaps [12 November/Farmers Weekly] National Council of Wool Interests Chairman John Dawson reports that around 900 bales of wool that were rejected in one day due to scouring had a full market value of around \$600,000. The wool was rejected due to it being contaminated with raddle or spray markers that will not wash out during scouring causing it to be barred from export and its value dropping significantly. Mr Dawson reports that if the issue is not fixed immediately it has the potential to damage the company's reputation for wool overseas and that the negative consequences from this will fall back on the growers.

Rural Health

Rural health needs shot in arm [13 November/Farmers Weekly] Rural GP Network Chief Executive Dalton Kelly has stated that the Government should appoint a rural health commissioner to help provide an independent voice on rural issues. Mr Kelly states that the current shortage of general practitioners in rural areas will only be exacerbated due to the aging workforce. A rural health commissioner could be established to provide an independent overview of issues, services and structures affecting rural health services and one potential project could be implementing rural training hubs according to Mr Kelly as he states both of these projects have been successfully implemented in Australia. The idea has the support of Health Minister David Clark told a Rural GP conference earlier this year that he favours rural workforce training hubs and is seeking details of how they can be implemented.

Red Meat

Meat processing sector trials 'wearable' technology to reduce injuries [11 November/The Country] New Zealand's meat processing sector is trialling new wearable technology which has been designed in order to decrease the risk of injury whilst increasing productivity. The Suit-X Exoskeleton is a spring-loaded, non-mechanical device worn by workers to provide strength and support for mechanical and repetitive tasks and has been demonstrated at a series of workshops across the country in recent weeks. One study using surface sensors showed that the suit reduced muscle activity needed for scaffold building by 45 percent. Tim Ritchie, Chief Executive of the Meat Industry Association, reports that technology investment is crucial in improving health and safety performance in the sector. Mr Dawson reports that the tainted wool will harm the industry's reputation if it is not sorted out quickly, and that the cost of this will ultimately fall back on the growers.

Boer goat meat to grace Korea tables [13 November/Rural Life] Alexandra-based New Zealand Premium Goat Meat Ltd (NZPGM) recently organised two tonnes of Central Otago Boer goat meat to be exported to South Korea in order to appear on the menus of three planned specialist restaurants. The first restaurant, Cabra's Kitchen will specialise in meals made using New Zealand Boer goat and will also showcase New Zealand beef and lamb as well as Central Otago wine. Cabra's Kitchen is based near Seoul and will open later this month. The other two restaurants planned will also use New Zealand Boer goat meat in both Seoul and Gyeonggi province.

Environment & Emissions

Soil is not a dirty word in the fight for carbon capture [06 November/Stuff NZ] Landcare Research and New Zealand Agricultural Greenhouse Gas Research Centre Scientist David Whitehead reports that because the history of agriculture in New Zealand being fairly recent, soil carbon levels are high. Mr Whitehead states that New Zealand has high carbon stocks, with around 4 percent of the country's soil being carbon meaning that the primary focus needs to be on preventing further carbon losses before we think about increasing carbon. One way to prevent carbon losses is to manage irrigation practices better and to avoid intensive cropping. Mr Whitehead reports that most farmers are aware of the need to increase soil carbon and are making good progress towards increasing soil health as it also benefits them, helping to boost water-holdings and plant production. Alternative systems will ultimately transform carbon retention methods such as full inversion tillage.

Carbon Bill clears final hurdle [08 November/Farmers Weekly] The Zero Carbon Bill passed its third reading in Parliament with cross-party support. Farmers continued to oppose methane reduction targets. National supported the Bill through its final reading, however is committed to adjusting the Bill if it wins next year's election. Beef + Lamb and DairyNZ report that they continue to remain dissatisfied with the methane target range as it was based off a report which noted that the numbers should not be used on an individual country basis, and a number that rural communities will not be able to sustain. Federated Farmers Vice-President Andrew Hoggard stated that the Government ignores common sense suggestions they were given in order to improve the Bill for farmers. Climate Change Minister James Shaw announced that the passing of the bill will help to ensure that future generations get to enjoy the planet, with the legislation providing a framework to help the country prepare for and adapt to the effects of climate change.

Threat to Dunedin water supply after massive fire destroys main catchment area [11 November/The Country] A fire near Middlemarch has caused around three-quarters of Dunedin's water supply to be contaminated by ash and a small amount of run-off which contained fire suppressant chemicals. The water supply could be out of action for up to a year as a result, current voluntary water restrictions will likely remain in place over summer. The Deep Stream Reservoir and Deep Creek Reservoir are important for the Dunedin City Council as they are the only reservoirs that are able to supply water to all suburbs in Dunedin. Residents have been asked to voluntarily conserve water while the severity of the impact to the Deep Stream Reservoir is assessed in the coming weeks. Dunedin City Council 3 Waters Group Manager Tom Dyer reported that the Deep Creek Reservoir will now become Dunedin's primary water source as a result of the fire.

Native planting tailored for better survival [11 November/Rural Life] Fonterra Co-operative Group has announced a partnership between Farm Source and ecological consultancy Wildlands to help reduce the cost for on-farm native planting. This is part of Fonterra's plans to help farmers run sustainable businesses in a time of uncertainty around regulations for climate change and freshwater. Fonterra is also offering farm environment plans at no additional cost for all farms by 2025, which will give farmers tailored advice on riparian planting as well as effluent and nutrient regulations. Chairman John Monaghan reports that planting is an important step forwards, however, it is estimated up to 50 percent of plants die as they are not the correct plants for farms, and the new programme offers a guaranteed survival rate of 90 percent for the first 24 months.

Otago farmers want more focus on waterfowl pollution [13 November/The Country] Clutha Valley Sheep and Beef Farmer Evan Williams has reported that he wants to see greater recognition of the role of the waterfowl pollution in planned governmental water quality reforms. Mr Williams reported that Environment Southland has identified avian E. coli as a key source of bacterial waterway pollution, particularly in normal flow conditions in its water catchments and stated that direct deposition by birds is an important source of contamination. Mr Williams states that all the focus has been placed on farmers for the water quality reforms, when in fact regional councils should be considering wider issues as well. In response, Tapanui Farm Consultant Lloyd McCall states that there has only been tests in specific areas so far due to cost but that it is an issue that is being considered currently. Federated Farmers Environment and Water Spokesman Chris Allen also acknowledged the current lack of detailed information as an issue in the reforms.

Best water quality efforts not keeping up [13 November/Farmers Weekly] Our Land and Water National Science Challenge Team Leader Dr David Houlbrooke reports that more intensive land-use has outweighed efforts to prevent the loss of nitrogen and phosphorus. Without the mitigation farmers have done towards stock exclusion and good practice irrigation on dairy farms, today's losses would be much higher however intensification has counteracted these good efforts. The study shows that some areas in the South can be intensified successfully because of high attenuation in gravel however that this must be done in conjunction with farmers ensuring that they offset their losses. State-owned Pamu is partaking in a land use diversification study which has shown that aquaculture may be a way to increase revenue whilst decreasing land-use intensity, as the water used could help produce by-products for farm products such as fertiliser.

Farm foresters' claims rejected [13 November/Farmers Weekly] Environmental group 50 Shades of Green has organised a march against Parliament today in Wellington and claim that the government has deliberately created confusion around the true nature and scope of forestry expansion of late. Farm Forestry Association President Hamish Levack has reported that many farmers he knows is not in support of the demands to restrict forest planting as this is their livelihood. 50 Shades of Green has stated that they do support the Billion Trees Programme but will be delivering to parliament a petition which calls for the rejection of legislation that incentivises the blanket afforestation of farmland.

Blue rinse in new green party [13 November/Farmers Weekly] Sustainable New Zealand is the country's newest environmentally focused party and their agenda includes revisiting gene editing, putting the right trees in the right places and helping farmers adjust to environmental regulations. The party is led by Business Broker Vernon Tava, who hopes to have candidates standing in the provinces and aims to strike the right balance between capitalism and sustainability. Mr Tava welcomes the latest bipartisan support for the Zero Carbon Bill that has just passed through Parliament, which will help the country to meet Paris Accord commitments however states that it is crucial farmer's voices are heard in order to fix freshwater proposals. In coming weeks the party will be fielding candidates, focusing on 10 key seats where it feels their chances are best.

Dairy

Baby formula billionaire will be a winner as China plans to make more of its own [07 November/Stuff NZ] China is aiming to increase its output of infant formula to help reduce its reliance on imports. China Feihe looks like it will benefit the most from the policy announced in June, and is preparing to have an initial public offering in Hong Kong. As a result, Chief Executive of the firm Leng Youbin is set to become a multi-billionaire with the manufacturer selling 893.3 million shares with an implied market value of approximately NZD\$13.4 billion. Feihe's market share has more than doubled in the past couple of years and sat at 7.3 percent in 2018, with its Chinese baby-formula brand earning it 64 percent of total revenue. In 2008, Chinese baby-formula was tainted with the industrial chemical melamine which killed six children and poisoned 300,000 others. As a result Chinese consumers continue to look for alternatives abroad due to a damaged reputation. China is looking to repair this through measures such as stricter regulations for manufacturers.

Bubs, Alibaba partner on adult goat milk [08 November/Food & Drink Business] Bubs Australia and China's Alibaba have signed a master distribution agreement to import adult goat dairy products into China. The sales volume is expected to be worth AUS\$10 million (approx. NZD\$10.8 million) in the first year. As part of the new deal, Bubs Australia will launch Deloraine as the new brand for the adult goat dairy products, making the most of recent growth in the goat dairy sector in China. Bubs Australia Founder and CEO Kristy Carr reported that the collaboration is very exciting for them, as the demand is growing for premium adult goat-based dairy products and Alibaba has an extensive network of over 700 million active users.

Open Country Dairy's new holding tank highlights expansion plans [08 November/Stuff NZ] Scobies Transport delivered a new 400,000 litre holding tank for Open Country Dairy to their Awarua site. Company Chairman Laurie Margrain stated the tank is part of the company's expansion plans which involve building a third spray drier. The spray driers convert milk into milk powder, which can then be exported. The third drier is expected to be operational for the 2020/2021 dairy season.

People don't miss the sugar Fonterra's stopped adding to drinks and yoghurts [10 November/Stuff NZ] Testing at Colmar Brunton's sensory facility has revealed that consumers find Fonterra's reduced sugar items are just as tasty, if not more tasty than their full sugar counterparts. Some added sugar has been removed from Fonterra's Primo, CalciYum and Fresh and Fruity which will result in around 600 less tonnes of sugar in the country's collective diet each year. Fonterra made the socially responsible move as part of their new strategy, and as a response to consumer concerns. The sugar target Fonterra has set for its retail products was one of many short, medium, and long term targets it has announced to become a more sustainable organisation.

Dairy NZ: economy could be 'significantly harmed' under freshwater reforms [11 November/Stuff NZ] Dairy NZ has forecasted that Southland's economy will be affected detrimentally if the Government's Essential Freshwater package is applied, and that nationally our GDP could drop \$6 billion by 2050. It also predicted that milk production will decline by 35 percent by 2050 which will cause a reduction in employment. However, Agriculture Minister Damien O'Connor expects changes to the current reforms as a result of 17,000 submissions received. DairyNZ Strategy and Investment Leader, Dr David Burger reports that they support some policies in the package, whilst they do not support some such as the reforms focusing on nutrients such as nitrogen rather than taking on a collaborative approach.

International

Whole Foods CEO on plant-based meat boom: Good for the environment but not for your health [21 August/CNBC] Meat substitutes are becoming increasingly popular, however John Mackey, Co-Founder and Co-CEO of Whole Foods Market is not sold on the trend. This is because many of the substitutes available on the market are highly processed. Mr Mackey has been a vegan for over 20 years himself and does endorse the products as being a more ethical and sustainable source of food. Mr Mackey states that the products that have taken off are those which are highly processed in order to taste like regular meat and that also mentioned how taste buds can be trained to enjoy certain foods.

'We're not all turning into vegans': New Nutrition identifies meat as a growth opportunity [06 November/Food Navigator] According to New Nutrition and their latest annual trend report, meat consumption is in growth. The report shows both meat and plant-based as areas of opportunities for food makers. Consumers view meat as a delicious and high-quality protein and there is particularly room in the snack department for growth. Nielson data has suggested that meat brands with a clear message on animal welfare, provenance and sustainability are resonating with customers and helping to attract price premiums. The growth in meat ties into other consumer trends such as increasing demand for protein, natural products, lower-carb diets and interest in consuming fat once more.

Kroger looks to transform with 'Fresh for Everyone' campaign [06 November/Food Dive] Kroger has announced a brand transformation campaign headed by the new tagline "Fresh for Everyone" and also comes with a refreshed logo. The company reports that they are trying to celebrate their customers and show a food-first culture, as the firm aims to provide fresh, affordable food to their consumers. The brand reveal has been paired with a mass media campaign in the US.

DNA testing reveals 'widespread adulteration' of herbal products [07 November/Food Navigator] New research using DNA testing technology has displayed widespread adulteration in herbal products globally, with nearly one third of items tested found to be fake. The study analysed 6,000 herbal products across 37 countries, with 27 percent found to not contain what the label stated. Products tested in Europe came up with 47 percent of products being adulterated whilst Australia was found with 79 percent of products tested being adulterated. The researchers report that financial gain is a key motivator for the fraudulent products. The products tested were from a range of outlets and across a variety of categories. Researchers have made a call for immediate action as there

Nestlé and Corbion eye microalgae for 'next generation' plant proteins [07 November/Food Navigator] A strategic partnership has been entered into by Swiss food manufacturer Nestlé and Dutch ingredients supplier Corbion in order to develop a range of microalgae-based ingredients for plant-based applications. The companies are working towards creating sustainable plant-based products. The agreement aims to create a platform for the production and commercialisation of algae-based products. Microalgae are a source of protein that is vegan and also have complete amino acid profiles.

'Let's put our necks on the line': Olam Group CEO urges food companies to disclose ecological footprints [08 November/Food Navigator] Olam Co-Founder and Group CEO Sunny George Verghese is calling for companies to disclose their carbon, water, land and waste footprints in order to address the climate emergency currently at hand. My Verghese stated that the current global food and agricultural system is broken, accounting for 25 percent of the world's greenhouse gas emissions. Mr Verghese states that every calorie consumed requires excess water levels to create and that this needs to be fixed fast. He also believes that governments are doing all they can, but now it is up to individual sectors to make the change fast and transparency is the way forward.

'We've learned a lot from the start-up world': Unilever on how it has 're-framed' innovation [08 November/Food Navigator] Unilever reports that it has taken on a start-up culture and values of purposefulness in order to unlock new growth. Unilever values growth with purpose as it also helps to give employees purpose. They have shed excess paperwork, overthinking and a lot of strategic analysis, opting to let teams chase the ideas they have, which means that results come much faster and much easier. The corporation is not only creating value in monetary terms but aiming to create a force for good.

Field Notes

Weekly news update from the KPMG Agribusiness Network – 14 November 2019

Plant-based dairy replacements are coming to ice cream pints in San Francisco and New York [08 November/TechCrunch] Plant-based ice cream from Eclipse Foods will be on shelves in San Francisco and New York this week, with the company stating that their product is indistinguishable from milk from animals. The product is made with allergen-free ingredients and has used functional plant products to create their offering. Instead of plain vanilla, Eclipse Foods' plant-based liquid ice cream base will be showing up in flavours such as OddFellows' Miso Cherry and Olive Oil Plum ice creams, or Humphry Slocombe's spiced Mexican Hot Chocolate as the company partners with famous chefs and artisanal brands.

'If you're not consciously including, you're likely to be sub-consciously excluding': Coca-Cola on its quest for diversity and inclusivity [12 November/Food Navigator] Coca-Cola European Partners report that inclusion and diversity are significant in unlocking both innovation and growth in the food and drink sector. They have enacted a new philosophy which aims to encourage people to add to the organisational culture rather than have to fit into the current one. They note that their customer profile is diverse, so in order to cater for all markets, their employees also need to reflect this. Leaders in the organisation have been encouraged to become more consciously inclusive.

Nestlé and Mondelēz respond to Greenpeace allegations linking palm oil supply to forest fires [12 November/Food Navigator] Nestlé and Mondelēz have responded to Greenpeace allegations that they have sourced palm oil from producers linked to Indonesia's fire crisis. Nestlé has committed to sourcing 100 percent sustainable palm oil by 2020 and has stated that they will immediately stop sourcing palm oil from any supplier linked to deforestation. Mondelēz has reported that they aim to use their influence to drive change at a sector level in order to help stop deforestation and claim that the industry cannot win the fight against deforestation alone, calling for sector-wide monitoring.

Customers won't eat your greens? It's all their genes [12 November/Food Navigator] New research has shown that sensitivity to bitter tastes may be why some people consume fewer vegetables. Two forms of a certain gene result in people differing in how they perceive bitter tastes. The bitter tasting status did not influence how much salt, sugar, or fat the participants ate. The researchers have reported that they hope to learn more from this type of genetic research in order to help people with aversions to certain foods, to eat more vegetables in the future.

Mondelēz roots out consumer devotion to snacks in first-ever global report [12 November/Food Navigator] A report by Mondelez has found that six out of 10 adults prefer small meals to big meals and that they see snacks as a crucial part of their diet. A majority of respondents report that snacks better suit their lifestyles than meals and many snack at the same time every day. Consumers explained that snacks help to provide a break in busy days and sees them as satisfying. Many snacking habits were reported as being created in childhood, with a certain fondness still towards certain snacks.

US dairy giant Dean Foods files for bankruptcy [13 November/The Country] US milk processor Dean Foods Company has filed for bankruptcy and is in advanced talks with Dairy Farmers of America about a potential sale. The filing allows the company to keep operating while it works on a plan to pay creditors and help turn business around. The company has commitments for USD\$850 million (approx. NZD\$1.3 billion) in bankruptcy financing for existing lenders led by Rabobank. The company has struggled since Walmart built its own milk processing plant, increasing competition. The price of milk has also increased, whilst demand for cow milk has decreased resulting in shares dropping 79 percent.

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Field Notes

Weekly news update from the KPMG Agribusiness Network – 14 November 2019

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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