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## 10th Anniversary KPMG Agribusiness Agenda



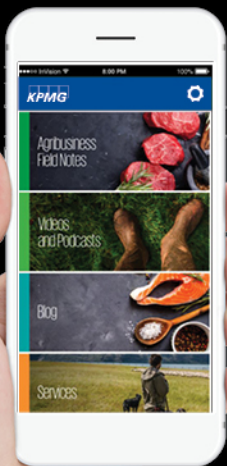
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AGRIBUSINESS

# Field Notes



Weekly news update from the KPMG Agribusiness network

### Organisations referenced in this week's Field Notes include:

1839	Nestle
50 Shades of Green	New Zealand Trade and Enterprise
AgFunder	Nielson
Bay of Plenty District Health Board	Puteki Forest Trust
Ben & Jerry's	Rabobank
Bolthouse Farms	Rocket Global
Burger King	Southland Regional Council
Campbell Soup	Stonehenge Merinos
Chobani	Symrise
Church Road Winery	Synlait
Comvita	Taranaki District Health Board
Danone	Te Runanga o Taumarere ki Rakaumangamanga
Department of Conservation	The A2 Milk Company
Facial Eczema Action Group	The Bay Bush Action Trust
FDA	The Foundation for Arable Research
Federated Farmers	The Reda Group
Forest and Bird	Theland
General Mills	Trust Codes
Health Workforce New Zealand	Unilever
Idea 2 Scale	University of Auckland
Impossible Foods	Villa Maria
Kaitiaki Kiwi	Wildlife Trusts
Kakanui Tomatoes	Zespri International
Milk NZ	Ziwi
Ministry for Primary Industries	

### This week's headlines:

Apiculture	<b>Honey pouch company credits history for mānuka's modern success</b> [19 November/Stuff NZ]
Environment & Emissions	<b>Arable farmer praises do-it-yourself nutrient tests</b> [18 November/Stuff NZ]
Horticulture	<b>Zespri to take civil case in China as illegal gold kiwifruit plantings expand</b> [19 November/Stuff NZ]
Dairy	<b>A2 among top brands on Alibaba's Singles Day</b> [14 November/Stuff NZ]
International	<b>Danone's call to action on sustainability: 'We're not moving quickly enough'</b> [15 November/Food Navigator]

**Apiculture**

**Honey pouch company credits history for mānuka's modern success** [19 November/Stuff NZ] 15 year old North Island-based, honey company 1839 are aiming to be an innovative company that "looks after its people". 90 percent of the company's product is sold overseas and has been exported for over 15 years. The company rebranded from NZ Health Naturally 18 months ago, switching to the new branding of 1839, which is the year that Mary Brumby was credited with bringing the country's first beehives with her into the country. The company is the first in the country to launch a new squeezable pouch that is designed to get every drop out, and all of their products include a QR code from Trust Codes which allows consumers to get a range of information about the product including confirmation of authenticity, origin, ingredients and scientific results. The QR code allows for traceability and transparency which Co-owner Hannah Dobbie reports it allows consumers to see whether or not a product is genuine. 1839 recently won a gold award for quality and silver for design at the recent inaugural London Honey Awards.

**Animal Health**

**Dairy facial eczema 'hitting farmers hard in the pocket'** [18 November/The Country] A recent study has shown that Dairy Facial Eczema (FE) can cost individual farmers \$100,000 each year in lost milk production and farmers are being encouraged to take preventative action. FE causes damage to a cow's liver. The Ministry for Primary Industries' (MPI) Sustainable Farming Fund is supporting the Facial Eczema Action Group to raise awareness of FE and the impacts it can have as with rising temperatures, preventative action now needs to be taken earlier in the season. The action group have reported that farmers whose herds are effected by FE miss out on between 0.14-0.35kg of milk solids per cow per day. Many cows do not show clinical symptoms, and therefore it can be hard to determine whether they have it or not meaning that farmers often don't know why milk loss is happening and end up drying off their cows early. The best way to determine how badly one's cows are affected is to complete blood tests which are both costly and time-consuming. Zinc is currently the main method for treating FE, however many farmers do not administer enough of it to control the toxin that causes FE. Another preventative action farmers can take is monitoring the spore count on their own farm. If FE is managed the action group state it will result in improvement to the productivity, animal welfare and sustainability of the country's dairy industry.

**Rural Health**

**Taranaki District Health Board proposes rural model of care** [15 November/The Country] Taranaki District Health Board (TDHB) is presenting its proposal for a rural model of care for South Taranaki residents later this month at a public forum. This comes after Chief Executive Rosemary Clements was invited to share the proposal to the public after putting it forward to the it South Taranaki Community Health Forum and Taranaki Ki Te Tonga last week to give an update on progress following the public forum held in August. The update included a presentation on a proposed rural model of care for South Taranaki residents designed to enhance delivery of existing and proposed new services across all providers.

**Students gain rural health immersion as programme goes from strength to strength** [18 November/The Country] The Eastern Bay's Rural Health Interprofessional training Programme (RHIP) had 63 students from a range of professions and tertiary institutions working in Whakatāne this year to help prepare them to work in rural health. The course began in 2012 as a small pilot, and since then over 350 students have completed the programme, with some moving back to the area after graduating for employment opportunities that resulted from the programme. The programme is helping to boost rural employment, with many students not considering working in rural areas until they take part. Feedback from the programme has been extremely positive. The programme immerses students in the local community and provides opportunities for the students to learn from professional peers. It helps students gain a better understanding of Tikanga Māori as well improving understanding on the impact of social issues and health. RHIP is a joint initiative between the University of Auckland and the Bay of Plenty District Health Board's Clinical Campus and receives funding from Health Workforce New Zealand.

**Red Meat**

**Media Release - NZ red meat producers set to benefit as African Swine Fever 'overwhelms' global animal protein outlook** [18 November/Rabobank] Rabobank's Global Animal Protein Outlook for 2020 reports that New Zealand red meat producers can look forward to continued strong pricing for both beef and sheepmeat exports in the coming year due to African Swine Fever set to restrict global growth in animal proteins. Rabobank has announced that whilst production growth is expected in a majority of regions for 2020, this will not be enough to offset China's production losses due to ASF, with Chinese pork production expected to decline by a further 10 to 15 percent from current levels. China's demand for New Zealand beef has already surged in the past 12 months, and this growth in demand is expected to continue into 2020 with farmgate prices expected to rise. The report states that ASF along with trade disputes, sustainability developments and the rise of alternative proteins brings uncertainty to the global animal protein outlook into the future. The report cites sustainability as a key opportunity as it will shape animal production and growth through the 2020's so harnessing supply chains and investing to ensure ongoing flows of trade are crucial to help reduce uncertainty.

**Call for NZ and Scotland to join forces** [20 November/Rural Life] Scottish Farmer and Cattle Judge Joh Scott has reported that he would like to see New Zealand work with Scotland to promote meat. Mr Scott judged at last week's New Zealand Agricultural Show and has just completed an eight year stint on the Quality Meat Standard Board. Mr Scott reports that consumption of meat needs to be increased globally and because the two countries have different seasons, there is no need to be competitive. Mr Scott reports that Scotland is significantly ahead of New Zealand when it came to looking after the environment as it is something they have considered for many years however stated that Scotland faces similar challenges to New Zealand including having an ageing farming population and struggling to attract the new generation to join the industry.

**Environment & Emissions:**

**Barns have big footprints** [15 November/Farmers Weekly] A study was recently done by Lincoln University Doctoral Research Hafiz Muhammed Abrar Ilyas to estimate the carbon footprints of pastoral or grass-based and barn dairy systems based on their energy consumption. 50 conventional Canterbury dairy farms were studied as part of the research and it was found that the barn system has a carbon footprint that is 18 percent higher than the pastoral system per hectare of farm area. On top of this, it also has an 11 percent higher footprint per tonne of milksolids. Barn dairy systems are a relatively recent introduction in the country in order to help solve animal welfare issues, soil structure damage and other environmental challenges, however at the same time require intensification of the system as imported feed supplements are needed and machinery use and fuel consumption is increased as well. On the other hand, fertiliser used in the pastoral system increases emissions. He included emissions released during the production of materials used to make indirect energy inputs in fertiliser, machinery and equipment, which are rarely considered. For both systems the carbon footprints of indirect energy inputs is greater than the direct footprints. Other research undertaken overseas recommends the pastoral system for overcoming environmental challenges, including climate change.

**Hear our voices** [15 November/Farmers Weekly] Hundreds of farmers marched on Parliament last week, lobbying against the large scale conversion of farmland into forestry and delivering a petition with over 11,000 signatures asking for the rejection of legislation that incentivises blanket afforestation of farmland. The ceremony included a minute of silence for rural New Zealand and included various speakers from a range of backgrounds. National Party Agriculture Spokesman Todd Muller accepted the petition, acknowledging the worker of its instigator Kerry Worsnop, a Gisborne Farmer. People from as far as Canterbury and Otago turned up for the march. Agriculture Minister Damien O'Connor and Forestry Minister Shane Jones, both spoke to the crowd, however were both heckled during their responses. Hon. O'Connor reported that the Government is listening however does not see the need to step in as they have not seen a large shift towards plantation forestry. The group reported that they are not against change, but that it needs to support New Zealand's communities and people's futures.

**Northland conservation projects attract nearly \$800,000 of DoC funding** [18 November/The Country]. Throughout New Zealand, \$8 million in funding was given to 168 projects from the DoC Community fund to help them reach their goals of protecting native wildlife and plants. The Northland community and their conservation projects received nearly \$800,000, with the biggest recipient for the region being Kaitiaki Kiwi, receiving \$174,411 in order to expand their predator control network for kiwi protection in the Waipoua Forest. Other beneficiaries include \$144,000 to Puketū Forest Trust to help them protect the existing kokako population through undertaking control of introduced predators and to help plan for follow-up translocations and Te Runanga o Taumarere ki Rakaumangamanga, who received \$114,000 towards nine hapu and six marae surrounding the Russell State Forest that will develop a 20-year health plan to establish and sustain the health of the forest. Conservation Minister Eugenie Sage reported that DoC staff will work closely with these projects over the coming years in order to support them.

**Sustainability award for Stonehenge** [18 November/Farmers Weekly] Andrew and Fancine Hore, Otago Sheep and Beef Farmers have been recognised for their environmentally friendly farming practices internationally. The Hore's Stonehenge Merinos won a sustainability award from the Reda Group, an Italian country. The award has only been given out twice and was designed to support environmentally friendly breeders who embrace both transparency and sustainability to distinguish themselves from the others. Part of the award is a cash prize which can be reinvested to allow for even more environmental initiatives. Mr Hore reports that they take the quality of their wool and their people very seriously. Stonehenge Merinos was started by Andrew Hore's father Jim Hore in 1969. They are known for both their superfine fleeces and strong wool of 18-21 microns.

**Arable farmer praises do-it-yourself nutrient tests** [18 November/Stuff NZ] Graeme Harris, Rangitāta Arable Farmer reports that do-it-yourself nitrogen tests are both a money saver and also allow him to monitor his nutrient leaching. Mr Harris reports that a test kit costs around \$200, which will save him money as it will last a few years, with 100 test strips in the kit. If Mr Harris gets a consultant or fertiliser company to complete his testing it costs him \$50 each time and reports that although it can be daunting to begin with, it is worth it in the long run. Research has been ongoing over the last three years by the Foundation for Arable Research (FAR) seeing how the Quick Test nitrogen strips perform in New Zealand soils and farming systems. FAR's Farm System Research Manager Diana Mathers reported that in 14 of 18 trials conducted, farmers reduced the amount of fertiliser they applied to their farms without it resulting in a loss in yield. The more farmers know about the nitrogen in their soil, the better they can manage it. The test requires farmers to collect soil samples and add them to a solution before dipping a test strip into the mixture, and the resulting colour can be checked against a guide which explains how much nitrate is needed for a particular crop.

**Health warning after livestock droppings found in Southland rivers** [18 November/The Country] Work has started to improve faecal pollution in Southland rivers after a study of 42 rivers revealed that half of the rivers sampled had faecal contamination from livestock and a number showed traces of human faeces. A community workshop will be held in Winton this week to decide what is the best procedure moving forward as part of a regional forum for Southland's water management plans moving forward, which may include policy changes. Dr Elaine Moriarty, Author of the Report, stated that the Southland Regional Council is working with other groups in order to overcome the pollution but that it is not a quick fix. In the meantime Dr Moriarty reported that people should consider health risks before swimming especially for 48 hours after each time it rains and to check the water quality on the Land Air Water Aotearoa website.

## Rural Communities

**Thousands expected to join farmers' protest march on Parliament** [14 November/Stuff NZ] A planned protest by 50 Shades of Green marched on parliament last Thursday against large-scale conversion of farmland to forestry. Some farmers are getting concerned that the conversions are ruining rural communities, and Andy Scott, Chairman of the lobby group reported that farmers were hoping to reach a wider audience with the protest as farmer's state that the Government is not taking their concerns seriously. Mr Scott states that current incentives to plant trees and receive subsidies in return are flawed, as blanket planting of good farmland is occurring as a result. Other concerns by farmers include water quality issues as well as land use changes and mental health in rural communities. Scott Somerville, Tararua Farmer reported that the community of Pongaroa planned to be there, and stated that he hoped the protest would encourage the Government to take action on overseas investment rules in the country. Thousands of hectares of hill country sheep and beef farmland has been converted to forestry in the last 12 months.

## Forestry

**Forestry training pilot helps 11 Ngāwhā prisoners into jobs** [19 November/The Country] Government ministers say that a pilot forestry training programme for Northland prisoners has resulted in 11 men having full-time job offers after their release. 20 men from Ngāwhā Prison planted more than 326,000 trees as part of the One Billion Tress programme. 10 participants also managed to gain their Level 2 New Zealand certificate in forestry with another 7 still working towards it according to Forestry Minister Shane Jones. It was reported that the participants exceeded commercial standards of planting during the programme and that the contractor has high words of praise for the participants. Included in the programme was eight weeks of classroom learning followed by four weeks of practical work experience. The pilot is now being reviewed in order to determine whether it was successful and how it could be rolled out again.

## Agribusiness

**Think foodscapes, farmers told** [18 November/Farmers Weekly] Lincoln University Professor reports that “creating future ethical and sustainable foodscapes influencing health and creating wealth should be the thought-scape for primary industries production”. Prof. Pablo Gregorini spoke to both farmers and industry leaders at the Institute of Agricultural and Horticultural Science forum to inspire ideas of a foodscape for New Zealand to help take charge of opportunities to create more a more sustainable future. A foodscape is a conceptual framework that creates a range of future trajectories by selecting design over default. Prof. Gregorini reports how complexity needs to be embraced as it is now a given, as our relationship with the land has now shifted.

**Wigram park buzzing as 100,000 attend show** [20 November/Rural Life] The New Zealand Agricultural Show was held at Canterbury Agricultural Park last week, and it was expected that over 100,000 attended the show with numbers still unconfirmed. The three day show had 500 trade sites as well as more than 6000 livestock and feature competition entries, with people queuing up early to get in. It is expected that \$16 million of sales would have occurred at the shows, with 550 volunteers making the event happen. Highlights included the livestock judging as well as local produce being on offer along with the Hazlett Farmyard being a favourite for attendees both young and old.

## Wool

**A fine win for NZ Merino** [19 November/Rural News] NZ Merino has won the Supreme Award at the 2019 New Zealand International Business Awards. Chief Executive John Brakenridge reports that the award goes to their team and board as well as the 500 farmers behind them. Mr Brakenridge states that many of their farmers are working towards regenerative agriculture as well as embracing wellbeing as a whole. The awards are run by New Zealand Trade and Enterprise (NZTE) and judges were particularly impressed with NZ Merino's work to shift the entire merino industry from focusing on volume and changing it to value.

## Horticulture

**Off like a Rokit: A Hawke's Bay apple's success story** [18 November/The Country] New Zealand's Rokit apples are the only miniature apples available worldwide and are proving a great success with both growers and consumers, with returns sitting at about \$150,000 per hectare to growers. The apples are sold in 27 markets globally. According to Austin Mortimer, Chief Executive of Hawke's Bay-based Rokit Global Limited, their success so far has blown everyone away as no-one predicted how popular the tiny apple would be when they started to produce them. The apples are now grown under license in an additional five countries to ensure there is year-round supply. Mr Mortimer states that the company is struggling to keep up with demand in Asia.

**Growers 'horrified' by tomato theft** [19 November/The Country] Deborah Grant, Co-Owner of Kakanui Tomatoes has reported that their property has been recently targeted by thieves for the fourth time in the last few months. The most recent this week resulted in 400kg of ripe cocktail tomatoes being stolen from one of their greenhouses. Mrs Grant believes professionals are behind the burglary as the expertly picked the tomatoes, knowing what to leave on the vines, and leaving none on the ground. Police are currently investigating and have reminded growers to be vigilant in the meantime.

**Zespri to take civil case in China as illegal gold kiwifruit plantings expand** [19 November/Stuff NZ] The gold kiwifruit variety has been illegally planted in China which has led to Zespri International preparing to take a civil case in order to stop them continuing. Zespri has reported that the illegal plantings could be up to 2500 hectares, which has increased significantly on the estimates 100 hectares two years ago. New Zealand has plantings of SunGold of 6500 in the country and 1100 hectares licensed overseas. SunGold revenue makes nearly half of Zespri's total \$2.94 billion and although the plantings in China had not affected their market share as of yet, the company reported that they want to protect their intellectual property. Over \$500 million of Zespri's revenue is earned from China's purchases of kiwifruit a year and the country is the company's biggest market. The planting rights to SunGold are licensed to Zespri for at least the next 18 years which means that only growers that the co-operative licenses to use it can plant it. Zespri Chief Grower and Alliances Officer Dave Courtney has reported that the company is “monitoring orchards and supply channels to understand the scale of the issue” and to gather evidence for legal proceeding

## Viticulture

**Hawke's Bay's Villa Maria syrah claims NZ wine of the year** [18 November/The Country] Hawke's Bay Villa Maria, won the New Zealand Wine of the Year Champion 2019 trophy with its Cellar Selection Syrah Hawke's Bay 2018. The Villa Maria team also won the Champion Syrah Trophy and Champion Wine of Provenance Trophy. Chief Winemaker for Villa Maria Nick Picone reported that the team is delighted with the wine, especially as putting the 2018 vintage together had been challenging due to weather and the company building a new winery at the time which took a lot of focus. Mr Picone reported that there are some very good wines from the 2019 year, so is looking forward to the awards next year. Church Road Winery, another Hawke's Bay winery won the inaugural New Zealand Cellar Door of the Year Award for having an outstanding visitor experience.

## Dairy

**A2 among top brands on Alibaba's Singles Day** [14 November/Stuff NZ] The a2 Milk Company took on of the top spots on Alibaba's import list on Singles Day, 11 November. China's Singles Day has become the world's biggest online retail event, bringing in NZD\$46 billion last in sales last year alone. 700 New Zealand companies used Alibaba's online marketplaces to sell their goods in China this Singles Day, and The a2 Milk Company was the eighth most popular imported brand on the platform. New Zealand also ranked as the eighth most popular country to buy goods from. Maggie Zhou, Managing Director for Alibaba for both Australia and New Zealand reported that New Zealand brands had once again excelled during the day due to our reputation for having clean and green products, with milk powder, food supplements, facial masks and make-up being the most popular imports purchased by consumers. Other top New Zealand brands that were purchased include ZIWI, Comvita and Ecostore. Sales for New Zealand brands were up by nearly a third on last year's gross merchandise volume.

**Expo effort boosts milk sales** [14 November/Farmers Weekly] This year's China International Export Expo gave Milk NZ the opportunity to build its fresh milk sales and launch a new high-value dairy product. Milk NZ is a dairy company that is Chinese owned by Theland which has dairy farms across New Zealand and has its milk processed at the Green Valley plant south of Auckland as well as by Synlait in the South Island. At the expo, Theland launched its new 4.0 Protein Pure UHT milk, which is made with milk from Theland's four-leaf clover farms and contains more protein than Chinese milk according to Milk NZ Managing Director Terry Lee. The product has a low lactose content which helps it suit a wider market in China. The company reports that since the inaugural exhibition last year, it has noticed a large increase in both its fresh and UHT milk sales to China. Chinese consumers are becoming increasingly fixed on a product's transparency and traceability according to the company and it is a key strategic focus for them.

**Oceania Dairy wants to discharge 10 million litres a day of treated wastewater into Pacific Ocean** [18 November/Stuff NZ] Oceania Dairy is applying for a 35 year consent to build a 7.5 kilometre pipeline which would discharge up to 10 million litres of wastewater into the Pacific Ocean. If the pipeline goes ahead it will discharge the wastewater into an area that is proposed to be part of the South East Marine Protected Area (SEMPA). The proposal states that the wastewater will not be discharged continuously, but only once threshold levels are met in the holding tanks. An Oceania Dairy spokesperson reported that if the consent is acquired, that the company will take every step they can to help protect the marine coastal environment. Nicky Snoyink, Canterbury's Regional Manager for Forest and Bird states that their largest concern surrounds whether or not the application is considered in light of the proposed SEMPA as endangered and threatened species such as the yellow-eyed penguin Hoiho have habitat in the area.

**A2 Milk anticipates strong revenue growth in 2020** [19 November/The Country] The a2 Milk Company's shares increased by 14.2 percent after the company announced that it expects its annual reporting margin to be in the range of 29-30 percent which is stronger than previously communicated and that 2020 should be a strong year of growth for the company. The company reached a share price of \$14.62 when trading opened, increasing from \$12.80. "For the first half of the financial year, a2 Milk anticipates revenue in the range of \$780m to \$800m".

**OAD milking brings environmental and financial benefits** [20 November/Rural Life] Dipton Dairy Farmer, Jim Andrew reports that both environmental and financial benefits can be reaped by milking once a day, year round. Mr Andrew and his wife Sandra specifically purchased their farm for the purpose of once a day milking nearly 10 years ago. Mr Andrews reports that the milk they produce compared to the average twice-a-day farm is not of significance, and he also saves around \$100,000 in wintering and feed costs and also around \$65,000 in wages a year. Mr Andrews reports that their environmental is significantly lower due to once-a-day milking and improves animal welfare for his cows as disease rates are lower. Mr Andrews does report that not all cows are suitable for being milked only once-a-day, and estimated that 80 percent of stock will adapt, whilst the other 20 percent would not.

### Emerging Markets

**Vegans to sue Burger King over 'Impossible' Whopper** [19 November/The Country] A lawsuit has been filed against Burger King by a vegan man after it was discovered that Burger King allegedly cooks the plant-based burger patty on grills that have handled both chicken and beef. The lawsuit claims that the company's menu does not disclose the fact that meat by-products could end up on the burger as part of the cooking process to notify the customer. Impossible Foods Head of Sales, Dana Worth has reported that strict vegans are able to ask for a microwave preparation procedure in Burger King stores. Burger King faced similar criticism for its halloumi burger after which the company states that the fine print on its website explains the process.

### Farmers & Producers

**Farmer fears significant losses** [20 November/Rural Life] Ashburton Farmer David Clark has reported that the losses his arable farm could face from the Government's Essential Freshwater plan. His outline states that he could face crop losses of 92 percent along with sheep gross income losses of 62 percent and an expenditure decrease of 70 percent, which will not only affect him but also services, contractors and businesses in the district that are currently used by his farm. Mr Clark completed his analysis based on a report done by Environment Canterbury's Head Scientist Dr Tim Davie in 2017. Mr Clark is the Provincial President for Federated Farmers Mid-Canterbury and is shocked that the government might go through with a plan that would result in huge economic losses by the sector and questioned how those farmers already in debt would be able to survive financially through such a proposal as it stands.

**Farmer concerned for stock after illegal rubbish dumping near Invercargill** [20 November/Stuff NZ] Iain MacGregor, Invercargill Farmer has reported that he is concerned that household rubbish dumped on his cow track will harm his cows or a member of the public. Among the rubbish dumped was a mattress and clothes, along with takeaway wrappers. Mr MacGregor stated he would have been less frustrated if the dumpers had just closed the gate as by leaving it open they risked letting his stock out onto the road. Mr MacGregor has faced similar dumpings before and has reported the latest incident to the police who are currently making enquiries.

### Biosecurity

**More frontline biosecurity officers protecting NZ** [19 November/The Country] Biosecurity Minister Damien O'Connor has reported that another 51 quarantine officers, along with four new biosecurity detector dog teams will be in the field this summer to protect New Zealand from pests and diseases after graduating last week. Hon O'Connor released a statement reporting that the further investment in the country's biosecurity is imperative due to recent biosecurity outbreaks in the country and as tourist numbers increase. Detector dogs are able to pick up risk material such as seeds that x-ray machine struggle to detect.

### International

**'Insect apocalypse' poses risk to food production** [13 November/Food Navigator] A report commissioned by Wildlife Trusts has highlighted the risk to food production due to a huge decline in insects across the globe. It has been estimated that since 1970, over half of all global insects have died and a large portion (40%) being threatened with extinction. The report stated that disruption and destruction of habitats and pesticides are the biggest reasons for insects disappearing. Insects play a crucial role in providing the world with food. The report calls for action on these causes before further destruction occurs.

**Bolthouse Farms chief rebuilding company after 'wrong marriage' to Campbell Soup** [13 November/Food Dive] After Campbell Soup acquired Bolthouse Farms in 2012, the brand lost a lot of money fast due to weather issues and a voluntary recall due to spoilage. Jeff Dunn was the CEO of Bolthouse Farms for five years before it was sold and has reported that the brand did not match what Campbell Soup was known for and good at. He was reinstated as CEO of Bolthouse Farms after Butterfly Equity purchased the business early in 2019. Mr Dunn and his team started developing new products before the deal was closed meaning that as soon as they had it, they were able to get back on the right track and reposition Bolthouse in the market. Bolthouse will release 25 new products next year and is targeting the keto market with low carb and sugar protein beverages. The company is also aiming to reinvent the carrot and work with it in new ways.

**Symrise to open innovation center at Unilever HQ in the Netherlands** [14 November/Food Dive] Symrise, a German flavour and fragrance producer is opening an application facility at the Unilever Foods Innovation Center, in the Netherlands which will feature collaboration rooms, an application kitchen flavour creation lab. The company reports that its taste experts will be able to use the new facilities to have a more integrated and efficient product development model. Unilever and Symrise will work together on both taste and sustainability and taste applications in order to use each other's resources and ideas.

**Nielsen expands analytics partnership with General Mills** [14 November/Food Dive] Nielson and General Mills are expanding their partnership in order to understand consumer needs, trends and the competitive landscape through Nielson's Global Connect platform. General Mills' growth plan will be supported by Nielson and their expertise in fast-growing markets as well as technology. Nielson specifically mentioned that it can help General Mills to comprehensively understand its pet food category, which the company entered into last year. Over time, the results of the extended partnership will be seen, however the data analysis provided is expected to help General Mills to produce new products and categories.

**Nestlé eyes Gen Z for disruption in the coffee-to-go space** [14 November/Food Navigator] Kate Alexander, Channel Lead for Leisure, Convenience and QSR at Nestle reports that Generation Z consumers are shaping the coffee-to-go market as for many, coffee is an integral part of their lives in order to keep them moving and focused. Mrs Alexander states that coffee for this generation is no longer an indulgence but an everyday necessity. Consumers are looking for high-quality taste, as well as a provenance and sustainability message. Mrs Alexander reports that there is room in the coffee-to-go market as currently there are only basic options, and that Nestle is working on providing an "enhanced, premium and personalised" experience for its customers.

**Danone's call to action on sustainability: 'We're not moving quickly enough'** [15 November/Food Navigator] Danone has asked for industry collaboration and is also encouraging FMCG businesses globally to become certified B Corporations in order to regain consumer trust and to face the challenge of creating a sustainable food system. Regional Vice President for UK, Belgium, Netherlands and Ireland spoke at an event in front of 500 other business leaders and reported that although many had said they were committed to the cause 10 years ago at the same event, not enough progress had been made since which was draining the trust of consumers. He went on to state that instead of acting competitively with each other, the focus needs to be placed on what things the industries can face together and overcome. Certified B Corporations are those which meet verified standards of social and environmental performance, public transparency and legal accountability. Danone aims to be the first multination corporation to become a certified B corp.

**Meal kits 'overhyped' but ag-tech and innovative food expected to see funding hike** [15 November/Food Navigator] Idea 2 Scale and AgFunder recently released a report which shows that investors are growing tired of meal kits, as well as e-grocery. It also showed that investors are excited about opportunities arising in emerging products in the innovative food sector as well as in ag-biotech. The survey asked 50 top investors a range of questions about the investment space.

**Pork production dominates Rabobank outlook** [15 November/Global Meat News] Rabobank has released its annual global animal protein outlook, and African Swine Fever plays a major part in the company's outlook into 2020. The disease is expected to decrease overall growth and bring uncertainty to a range of markets. Over issues were considered as imperative in the next year such as trade disputes and sustainability. Rabobank reports that these factors will affect the industry for years to come, so are crucial elements to consider in the market.

**China resumes US poultry imports after 4-year ban** [15 November/Food Dive] The Chinese Government have resumed imports of both chicken and turkey products from the U.S, as the country has now been free of avian flu for over two years. It has been reported that this could result in USD\$1 million (approx. NZD \$1.5 million) worth of imports being sent to China annually. It has been reported that this could show that China is serious about trade negotiations between the two countries. Poultry industry groups have reported that they are very pleased with the outcome, which will support workers and growth in the industry.

**FDA will test romaine lettuce for pathogens during the next year** [18 November/Food Dive] 270 raw post-harvest samples of romaine lettuce testing for E. Coli and salmonella bacteria will be taken by FDA. The project follows a number of recent outbreaks of foodborne illness which have since been linked to the consumption of romaine lettuce. The project aims to help a range of public health agencies to find sources of contamination which will help them to target and develop investigations into foodborne illness outbreaks.

**Chobani goes all oat with new yogurt and milk launches** [18 November/Food Dive] Chobani is releasing oat and yoghurt products into the market in order to try strengthen its market dominance in yoghurt. The new product line will be the largest number of new products the company has launched at once. In 2019, Chobani sales have increased by 9 percent through to early November.

**Ben & Jerry's sued again over 'happy cows' labelling claim** [19 November/Food Dive] A member of the public has filed a complaint against Ben & Jerry's claim to use "happy cows" to produce the ingredients for their products as he believes they have breached consumer trust by sourcing more than half its cream and milk from mass-producing dairy farms, and not solely from its "Caring Dairy" programme. Unilever owns the ice-cream brand, and a brands spokesperson reported that the company believes its dairy programme to be the most progressive in the U.S.

# Field Notes

Weekly news update from the KPMG Agribusiness Network – 21 November 2019

**US milk giant goes bung** [20 November/Rural News] Dean Foods, the biggest milk producer in the US is planning to sell its assets after filing for bankruptcy. Dean Foods has reported that their decline has been caused by a decline in milk sales along with increased competition from dairy alternatives. The company is filing under a certain chapter which will allow them to keep running in order to pay their creditors, as a result they will continue to process milk and supply dairy products to their customers in the meantime. The company has 15,000 employees and a range of dairy brands.

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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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