

## PMAC weekly update 20<sup>th</sup> to 27<sup>th</sup> November

- 1. Government agencies:** Customs ABC staff relocate to ACIF
- 2. New Zealand News:** New TPP preserves the benefits for rural communities; Myrtle rust appears in west Auckland; Climate model gets the measure of myrtle rust ; Fruit early, but shortage of workers; Urban sprawl and the land that keeps on giving; What we're after is a level playing ground; Zespri wins 2degrees Best Growth Strategy award; Exports drive significant growth in New Zealand avocado industry; Delphinium season starts in New Zealand; Global demand for mini-apples drives orchard investment; Seeka upgrades operational guidance to within 5% of 2016 profit; Cheaper veg in New Zealand contributes to food prices dropping 0.1%; Proposed water conservation order could seriously affect horticulture industry
- 3. International news:** GAIN reports; GM crop ban in South Australia likely to be extended to 2025; EFSA promotes global approach to food safety during China visit; EU introduces new organic regulation; US organic regulations place economic importance first; China, Canada to strengthen agricultural cooperation; Peru-Australia FTA builds momentum towards broader agreements; Australia has identified fruit export opportunities as markets have grown; Australia: Vegetable industry cash income rates highest in a decade; South Australia agricultural exports have increased due to new airlines; Fruit becoming scarcer in growing world market; China will produce more apples, pears, and grapes; Chile expected to have a good fruit season; "22 ideas to increase global cut flowers" now online; Italy: Edible ink replaces stickers at Futurpera; Bacterial survival related to free chlorine concentration

### ***Editor's comments***

*Top of mind this week is the number of cooperative arrangements that are being agreed between countries internationally to grow their influence and will facilitate trade. Reports like this are becoming more common and will probably mean that New Zealand will need to offer this sort of support it wants to remain a leader in innovation and continue to grow markets. There are also a number of reports in this edition that provide news of other countries expectations for crop volumes and market growth.*

*In terms of cooperation The EU has agreed to work with the Chinese to see if they can push harmonised food safety regulations internationally. The Chinese have also signed an MOU with Canada to set up joint biotechnology programmes and the article on fruit becoming scarcer notes the Netherlands importance as a fruit trader in the EU. This builds on the recent release of articles published in the last two weeks (not reported on which show the Dutch have an EU – Iran agricultural cooperation agreement, Indo Dutch cooperation on residues and the Dutch providing horticultural know how to the Colombians.*

*In terms of growth in other countries. Australia is reporting positive growth across a number of areas and is positively working to grow its exports and a Rabobank report shows growing markets due to increased populations and wealth will increase the world demand for good quality fruit over the next few years. The original article is worth looking at for more detail.*

## 1. Agency news



### 1.1. Customs ABC staff relocate to ACIF

On the 4<sup>th</sup> December the New Zealand Customs Service Delivery counter currently located at the Auckland Biosecurity Centre (ABC) will be moving to the New Zealand Customs Air Cargo Inspections Facility (ACIF). ACIF is located at 21 Tom Pearce Drive. [Full article available here](#)



## 2. New Zealand News

### General

### 2.1. New TPP preserves the benefits for rural communities

This article answers from a sheep and beef perspective why New Zealand should be keen to conclude this agreement. It would simultaneously open multiple markets in Japan, Mexico, Peru and Canada where we face tariffs of up to 50 per cent, and puts us on a level playing field with other major red meat exporters in the Asia Pacific region, such as Australia and the European Union. Benefits will not only flow to primary industry but also to the services that support them.

For example Since Australia's 2015 trade agreement with Japan, their beef exports to Japan have increased by NZ\$1 billion, while New Zealand's have fallen by NZ\$30m. [Full article available here](#)

### 2.2. Myrtle rust appears in west Auckland

The fungal plant disease myrtle rust has been found for the first time in the Auckland region on a commercial plant production property in the Waimauku area of west Auckland. MPI has placed movement controls on the property to stop any myrtle plant material being moved off site and a team is removing infected plants. MPI is now considering the implications of the new find. [Full article available here](#)

### 2.3. Climate model gets the measure of myrtle rust

Plant & Food Research has developed a Myrtle Rust Risk Model, to understand and predict how myrtle rust will behave under New Zealand conditions. MPI is using the model to help inform

response activities, such as targeted surveillance for the disease. The model warns when the weather is suitable for any spores in the air to infect susceptible plants; it predicts the time from when infection occurs to when rust symptoms may appear; and it assess the suitability of conditions for spores to be produced from infected plants that are showing symptoms.

The risk model is particularly unique for the fact that it simulates the biology of the disease at a fine scale of time and space and can work in conjunction with other climate models developed for myrtle rust that take a more general, broad-brush climate matching approach or rely on long-term weather data. [Full article available here](#)

## Industry news

### **2.4. Fruit early, but shortage of workers**

Cromwell and Roxburgh orchardists are reporting one of the best crops of cherries and apricots they've had in years. They started harvesting cherries last week, ten days earlier than usual. The success of the crops can be attributed to a milder spring. It will not however be until the fruit reaches the pack houses that they can confirm how good the crops have been. There is still a shortage of staff to help with the harvest. [Full article available here](#)

### **2.5. Urban sprawl and the land that keeps on giving**

Local growers in the Pukekohe region are concerned that their soil is under threat from urban sprawl. Soil Scientist Fiona Curran-Cournane explained that the soil type, climate, and versatility of the land were all ideal for crop development. It is rated class one on the scoring system for land fertility (scores range from one to eight). Ms Curran -Cournane said that 14 percent of Auckland's class one land, 31 percent of its class two land, and 18 percent of its class three land would be encroached upon by various forms of development by 2040.

Horticulture New Zealand Chief Executive Mike Chapman wants the 5.5 percent of New Zealand's landmass that is used for fruit and vegetable production to be preserved. He believes that since the early 2000's, New Zealand has lost 10,000ha of growing land. KPMG analysis indicates that roughly 10 percent of land appropriate for vegetable production in New Zealand has been subdivided for lifestyle blocks over the past 15 years. [Full article available here](#)

### **2.6. What we're after is a level playing ground**

South Canterbury's Butler's Berry Farm claims frozen berries are making their way into the country for a fraction of the price of fresh, locally grown berries, and local farmers not getting enough support. With such low prices, farmers are struggling to compete. CEO of Horticulture New Zealand tells the full story in a video in this article. [Full article available here](#)

### **2.7. Zespri wins 2degrees Best Growth Strategy award**

Zespri was recognised last week in the 2017 Deloitte Top 200 Awards for its strong growth strategy, with the kiwifruit marketing company on track to more than double global sales to \$4.5 billion by 2025. Zespri Chief Executive Dan Mathieson says the 2degrees Best Growth Strategy award is welcome recognition for the work done across the industry to grow a genuine global sales and marketing organisation and drive demand for Zespri's premium kiwifruit.

Kiwifruit is big business in New Zealand but it only makes up 1.5 percent of the globally-traded fruit bowl so we see huge potential to grow the overall category. Innovation is key to driving this growth – the kiwifruit industry invests around \$35 million a year in innovation with more than half of this invested in Zespri's joint new varieties breeding programme with Plant & Food Research, developing new products to attract new consumers and grow the overall category.

A recent report from the University of Waikato showed the NZ kiwifruit industry on track to create another 29,000 jobs and triple GDP contribution to over \$6 billion by 2030, due largely to Zespri's gold variety SunGold. [Full article available here](#)

## Crop news

### **2.8. Exports drive significant growth in New Zealand avocado industry**

The value of the New Zealand avocado industry increased significantly over the past year, on the back of strong export growth. The total value reached \$200.3 million in 2016-17, which was up from \$133.9 million the previous year. Exports were valued at \$155.5 million, up from \$91.4 million, while the processing market more than doubled from \$2.1 million to \$4.5 million. The balance of this article provides facts and figures about the industry [Full article available here](#)

### **2.9. Delphinium season starts in New Zealand**

NZ Flowers Week visited Jos at his property in Karaka only recently as his Delphinium season is just beginning. [Have a read through the 'interview with a grower' Q&A session to learn more about Jos and his business.](#) [Full article available here](#)

### **2.10. Global demand for mini-apples drives orchard investment**

Fielding rural investment company, MyFarm is chasing \$13 million for the lease and development of four apple orchards in Hawke's Bay. The investment group will grow the niche export apple brand Rokit under licence by Rokit Global. One of the Rokit Global's challenges has been growing enough apples to meet global demand despite production lifting 40 per cent on last year.

Rākete Orchards Limited Partnership will lease and fund the planting of 55 hectares across four orchard blocks in the Heretaunga Plains of Hawke's Bay. This would be the only new planting of Rokit apple trees in New Zealand next year. Rokit Global would provide the Rokit apple trees, orchard management services, packing and storing and markets and sell the apples offshore.

The Rāketē Orchards lease model, with a term of 18 years plus two rights of renewal of five years each, suited the production of the trade marked apple which has a further 22 years to run under its plant variety rights.

MyFarm is forecasting that the partnership would generate a higher return than Gold3 Kiwifruit. With investors being forecast to receive the value of their original investment back within seven years.

Applications for the partnership offer for 1300 parcels of \$10,000 closes on December 15. Investors had previously responded swiftly to opportunities to access returns from the pip fruit industry with MyFarm's \$3.6 million capital raise to purchase a Hawkes Bay apple orchard in July being fully subscribed within one week of issue. [Full article available here](#)

### **2.11. Seeka upgrades operational guidance to within 5% of 2016 profit**

Seeka, the biggest kiwi grower in Australasia has increased guidance for the financial year's expected operational earnings, and asset impairment. The impact of this year's lower New Zealand Hayward crop volumes had been buffered by stronger earnings in its Australian business and New Zealand avocado business. [Full article available here](#)

## **Other**

### **2.12. Cheaper veg in New Zealand contributes to food prices dropping 0.1%**

New Zealand food prices eased in October as fruit and vegetables came in for heavy discounting at grocery stores when they came into season. Fruit and vegetables cost 1.3 percent less than they did in September on a seasonally adjusted basis, while grocery food prices eased 0.8 percent. However annual food prices rose 2.7 percent, with fruit and vegetable prices increasing 4.4 percent. [Full article available here](#)

### **2.13. Proposed water conservation order could seriously affect horticulture industry**

The proposed Water Conservation Order (WCO) on the Ngaruroro River in New Zealand would be "catastrophic" for the horticulture industry said Alan Pollard and a WCO on the entire river would be a threat to the industry's long-term sustainability, and could bring catastrophic social and economic consequences.

He said the production of apples and pears did not rely upon large quantities of water - the issue was water bans, which currently might occur eight to 10 days a year, feared to increase to 30 to 35 days a year with bans triggered at higher flows under the application. He noted that new science was enabling growers to increase productivity within the same land area, and that a substantial amount of that growth was happening in Hawke's Bay. [Full article available here](#)



### 3. International news

#### Comment

#### 3.1. GAIN reports

Gain reports are from the "Global Agricultural Information Network" and are produced by the USDA. They are designed to provide timely information on the economy, products and issues in foreign countries that are likely to have an impact on United States agricultural production and trade. The information in them is written for USA exporters but the majority is equally relevant to New Zealand. With regard to import regulations for a particular market New Zealand exporters should first check the countries ICPR on MPI's web site. These are collated specifically for New Zealand product. However the Gain reports often provide additional information that is useful e.g. on grading and labelling, economic profiles. This week see:

- a) **Costa Rica Exporter Guide 2017** Tourism, agriculture, high technology, and services are driving Costa Rica's economy. Costa Rica continues to be an attractive market for U.S. exporters of food, beverages, and agricultural products. [Exporter Guide San Jose Costa Rica 11-7-2017](#)
- b) **Croatia Exporter Guide** Croatia imports a significant portion of the food it consumes. Continuing economic reforms as a result of EU accession and growing tourism make Croatia a potential market for certain U.S. food products. [Exporter Guide Zagreb Croatia 11-8-2017](#)
- c) **EU New EU Organic Regulations for Early 2018** In 2014, the European . This report discusses the evolution of the regulatory reforms and how the final regulations may affect the U.S.-EU Organic Equivalence Arrangement going forward. [New EU Organic Regulations for Early 2018 Brussels USEU EU-28 11-17-2017](#)
- d) **Korea Exporter Guide** South Korea's imports of American food and agricultural products in 2017 through September totalled \$6.3 billion, up 25 percent from the same period of previous year [Exporter Guide Seoul ATO Korea - Republic of 11-21-2017](#)
- e) **Senegal Quality and Food Safety Regulations for Fruits** On March 24, 1999, the Government of Senegal passed Decree 99-259, which supports Food Safety Law 68-48. This decree specifies what ministries have the authority to develop and execute quality and safety regulations [Decree 99-259 Quality and Food Safety Regulations for Fruits Dakar Senegal 11-7-2017](#)
- f) **Thailand Clarification on Thai Customs' Shipping Mark** This report aims to clarify the "Shipping Mark" requirement under the new Thai Customs Act B.E. 2560 (2017) [Clarification on Thai Customs' Shipping Mark Bangkok Thailand 11-17-2017](#)

### **3.2. GM crop ban in South Australia likely to be extended to 2025**

The ban on genetically modified crops being grown in South Australia looks likely to be extended to 2025, after the state's Parliament passed key legislation last week. This new development means the moratorium on growing any biotech crops commercially will be extended for an additional six years to September 1, 2025. Previous moratoriums have been for five years any decision to lift the moratorium before; will require the support of both houses of Parliament. [Full article available here](#)

### **3.3. EFSA promotes global approach to food safety during China visit**

Global challenges require global solutions. This is the message that European Food Safety Authority (EFSA) conveyed during a visit to China earlier this month. As part of the one-week programme, EFSA participated in a series of events and meetings with its Chinese, EU and international partners, promoting the need for global harmonisation of food safety risk assessment and risk communication.

An important milestone towards more global harmonisation was reached with the launch of two new international liaison groups, on methods for risk assessment of chemicals in food and on risk communication. [Full article available here](#)

### **3.4. EU introduces new organic regulation**

The EU has new organic regulation that will enter into force on 1 January 2021 and will cover all EU organic products.

Organics is now one of the most dynamic sectors of EU agriculture, with the amount of land used for organic farming growing at around 400,000 hectares a year. The organic market in the EU is worth around €27 billion, some 125% more than ten years ago.

This single set of rules will replace today's 60+ different standards considered equivalent that apply to imported organic foods. It brings important improvements most importantly there will be now a level-playing field between operators from the EU and from non-EU countries.

The new rules set a balance between the need to carry out controls to ensure consumer confidence in the sector and the burden that this places on farmers and competent authorities alike. Specific controls, under the regulation, are carried out at Member State level and will look to reduce red tape both for farmers and for national administrations.

The organic rules are very clear: certified producers can in no way use any unauthorised substances such as pesticides on their crops. What the new rules set out are the precautionary measures that operators must take to reduce the risk of accidental "contamination" by pesticides used in conventional crops grown next to organic ones. National authorities are in charge of controlling these measures. Consumers should be able to fully trust that no pesticides have been actively used in the production of the products bearing the EU organic logo and that every possible precaution has been taken to reduce the slight risk of pesticides being accidentally present.

In cases where there are claims that organic products contain pesticides, national authorities are obliged to investigate. The Commission will assess the situation within four years to allow a comprehensive analysis of national rules and practices concerning thresholds for non-authorised substances and will assess the way forward on that issue.

The new Regulation not only covers EU organic products but also products imported into the EU from other countries. Rather than producing to standards considered equivalent to the EU rules, producers in third countries must now comply with the same set of rules as those in the EU. This is a move from the principle of equivalence to the principle of conformity. The EU has already recognised several non-EU countries as having equivalent organic production rules and control system. (including New Zealand). The existing arrangements or agreements in place will have to accommodate the new rules within a reasonable timeframe.

Nourishing plants primarily through the soil ecosystem is one of the principal requirements of organic production. The new Regulation confirms the link with the soil as a basic principle, and as such the use of "demarcated beds" (predominately in glasshouses) is not considered compatible with broader organic principles.

The new organic Regulation will apply to the live and unprocessed agricultural products, including seeds and other plant reproductive material and processed agricultural products used as food and feed. Processed products could be labelled as organic only if at least 95% of the agricultural ingredients are organic. [Full article available here](#)

### **3.5. US organic regulations place economic importance first**

At the beginning of November, the U.S. National Organic Standards Board (NOSB) decided that organic cultivation is also acceptable to take place on aquaponics and hydroponics. This confirmed the current situation in the US. In Europe, the rule is that organic cultivation is always soil-bound. This escalates the differences between organic in the US and organic in Europe. From now on, imported products must comply with the precise rules of the EU in order to call them organic in stores. This means that imported products from the US no longer correspond with the Dutch framework. [Full article available here](#)

### **3.6. China, Canada to strengthen agricultural cooperation**

A Memorandum of Understanding on Agricultural Biotechnology has been signed between China and Canada. The Chinese wish to be involved in S&T exchanges and cooperation that highlights green agriculture to promote sustainable agricultural development as China is advancing green development in agriculture. [Full article available here](#)

### **3.7. Peru-Australia FTA builds momentum towards broader agreements**



Australia has concluded its FTA negotiations with Peru. The value of the Australia-Peru FTA will be determined by the level of market access it opens, how easy it is for businesses to access the benefits of the agreement, and how well Australian businesses are educated about both the FTA and the opportunities in Peru.

PAFTA is also an important step towards an FTA with the Pacific Alliance, which is a regional trading bloc comprising Chile, Colombia, Mexico and Peru. But the greatest value of the FTA with Peru is adding momentum towards completing the Trans Pacific Partnership. 'If implemented, the TPP will deliver major benefits for Australia across a wide range of sectors. It will simplify exporting by setting uniform rules for trading across TPP members. Plus, by consolidating several FTAs into one big one, it'll make it easier for businesses to be eligible for tariff reductions and simplify the process for claiming those reductions. [Full article available here](#)

## Business

### **3.8. Australia has identified fruit export opportunities as markets have grown**

Export opportunities for high quality Western Australian fruit have been identified in a market analysis published by the Department of Primary Industries and Regional Development. The report provides an overview of international markets and examines export potential for seven selected fruits - apples, avocados, table grapes, melons, oranges, plums and strawberries.

Singapore showed high potential for all the fruits analysed. Other markets showing good potential for several fruits included Japan, Hong Kong, Kuwait, Indonesia, China, Malaysia and Thailand. [Full article available here](#)

### **3.9. Australia: Vegetable industry cash income rates highest in a decade**

Increased production levels per farm and higher market prices for produce led to improved income levels for vegetable growers in 2015-16, according to ABARES' latest vegetable industry survey. The average farm cash income in the vegetable growing industry is estimated to have increased to around \$254,000 per farm.

In 2016-17, average farm income of Australian vegetable-growing farms is projected to be the highest in real terms since ABARES began surveying vegetable-growing farms in 2007 and is projected to increase in all states, except Victoria and Tasmania. The full web-report is available on the ABARES website at [www.agriculture.gov.au/abares/research-topics/surveys/vegetables](http://www.agriculture.gov.au/abares/research-topics/surveys/vegetables). [Full article available here](#)

### **3.10. South Australia agricultural exports have increased due to new airlines**

New airlines and more wide-body planes saw direct exports for South Australia's agriculture and fisheries industries increase by 50 per cent in the past two years. Last month's launch of the first Boeing 787 Dreamliner wide-body service to Auckland alone saw freight capacity grow from virtually zero to up to 25 tonnes each flight to New Zealand or on wards to the United States.

It's triggered a powerful turnaround in the state's export potential with Adelaide Airport managing director Mark Young saying until relatively recently most SA freight exports were forced to travel interstate before heading to overseas markets. Full

### 3.11. Fruit becoming scarcer in growing world market

The Netherlands plays a limited role, as a fresh fruit exporter, in the global market. Although this country is the fourth largest exporter of fresh fruit in the world, it is primarily a distribution country. It imports more fresh fruit and nuts than it exports. The majority of these exports - more than 92% - go to countries within the EU.

The rising global demand is putting increased pressure on the availability of import fruit for the EU market. Over the next five years, a worldwide average growth of 4% in the consumption of fresh fruit is expected. At the same time, international suppliers are choosing, more and more, to sell their fruit on fast-growing markets outside of the EU. They do this because of higher sales prices, less strict product and/or production requirements, and as a method of risk spreading.

Since 2010, the trade in fresh fruit worldwide has grown by 6% annually. This growth is being accelerated by emerging markets such as Vietnam, Thailand, South Korea, India and the United Arab Emirates. The US, the EU and China, are also making a major contribution to this (Figure 1). It is striking that there is not only more demand for fruit, but a demand for, especially, 'different' fruit: tastier fruit, exotic fruit, and fruit that is easy to snack on.

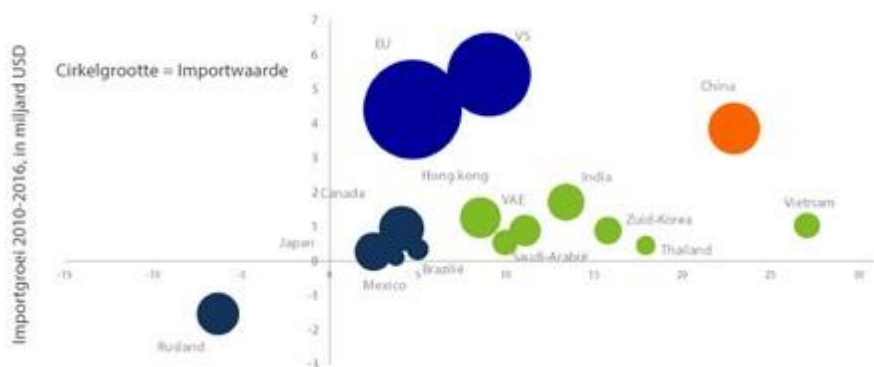


Figure 1: The importation of fresh fruit and nuts is growing in various regions of the world. Source: Rabobank, based on the UN-Comtrade, 2017).

The most notable of all the fresh fruit growth markets is China. Here, the growth in import values is combined with a high percentage growth. In Asian countries, imports of fresh fruit and nuts have risen from USD 2,1 billion to USD 5,9 million since 2010. This is an average annual increase of more than 18%. The Chinese market continues to grow, and will continue to demand products of increasingly high quality. Think, here, of cherries, soft fruit, kiwis, avocado, and organically-grown fruit. The bigger demand and availability in China is due to, among other things, growth of income, improvements in logistics, and market access granted to foreign products. Last year, Chile surpassed Thailand as the most important foreign fruit supplier on the Chinese market (Figure 2). Chile's strong

position is thanks to its opposite production season, and its broad range of good quality, popular fruit. These include stone fruits, grapes, avocados, kiwis and blueberries. Other export countries that are making headway in the Chinese market are New Zealand, Australia and Peru.

The outlook for markets in North America is good. Yet, it is not as simple as just meeting the demands of the supermarket chains and consumers. American consumers have high expectations when it comes to fresh fruit's quality, consistency, availability, affordability, and sustainability. Over the next five years, North America's fresh fruit market volume is expected to increase by an average of 1,7% per year. More than half of the total volume of fresh fruit and nuts imported in America comes from Mexico and Chile. A country that is fast gaining a market share in North America - and in other parts of the world - is Peru.

In recent years, the total demand for fresh fruit has hardly increased on the EU market. Yet, a slight increase of 0,9% is expected for the next few years. [Full article available here](#)

### **3.12. China will produce more apples, pears, and grapes**

According to information from the Foreign Agricultural Service (FAS) of the United States Department of Agriculture (USDA) China is expected to produce 44.5 million tons of apples in the 2017/18 period, i.e. 1% more than in the previous period. [Full article available here](#)

### **3.13. Chile expected to have a good fruit season**

Producers expect that Chile's fruit sector will be good thanks to the winter rains and temperatures in recent months, especially for the species that didn't fare so well in past seasons, such as table grapes, and blueberries.

Cherries will be the Chilean star fruit in foreign markets in the 2017/2018 season, as cherry production is expected to increase by up to 50%, reaching more than 30 million boxes, a record harvest compared to the 18 million boxes that were registered the previous campaign. The most important market will continue to be China, which takes almost 90% of the production . [Full article available here](#)



## **Floral News**

### **3.14. "22 ideas to increase global cut flowers" now online**

Aviv Harmonie launched their '22 ideas to increase global cut flowers' . The book does not only provide ideas, it also challenges the industry to take up the gauntlet and use the inspiration provided. The book is now available [online](#). [Full article available here](#)



## Innovation

### 3.15. Italy: Edible ink replaces stickers at Futurpera

This technology impresses a logo or writing on a piece of fruit or vegetable using edible ink. Access the original article for a video that demonstrates the method.

It claims this system can replace traditional stickers in a cost-effective way. Printing can be carried out on uneven surfaces thanks to soft silicone tampons and the image can be changed quickly at a very low price. The ink is edible, so it can be eaten with the peel and soon will be certified as organic.

[Full article available here](#)

### 3.16. Bacterial survival related to free chlorine concentration

US microbiologists published the first report on the strong correlation between the survival of aerobic bacteria and free chlorine (FC) concentration in the wash water of fresh-cut vegetables. The study focused on Romaine lettuce, Iceberg lettuce and cabbages. This study confirms that maintaining at least 10 mg/L of FC in the wash water strongly reduces the probability of bacterial survival and therefore the risk of cross-contamination. [Full article available here](#)

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