

**PMAC**  
wishes you  
a very  
Happy  
Christmas



*Compliments of the Season*

**A safe holiday  
and prosperous  
New Year**

### **PMAC weekly update 11<sup>th</sup> to 18<sup>th</sup> December**

- 1. Government agencies:** Plant export enquiries over Christmas; Sending produce to Australia; WTO Notifications
- 2. New Zealand News:** Minister announces stronger focus for MPI; Booming sector ready for new challenges; WTO Ministerial Conference Concludes; Briefings to incoming Ministers; Horticulture industry needs to innovate or lose competitive advantage; Kiwifruit's potential \$26m a year windfall; AVOCO appoints new member to its senior management team; T&G Global CEO Alastair Hulbert resigns; Clearance programme scores well for New Zealand navels; Contaminated spray may cost apple exporters \$3m; Asthma tech used to slow fruit-ripening in NZ; No Waimea dam, no apple growing
- 3. International news:** GAIN reports; Taxes on Meat Could Join Carbon and Sugar to Help Limit; What is Supply Chain Technology and Why is it Important? ; Do private standards make our food safer?; Case study tells how distributors can save \$1.2 million, and increase sales; Bacteria protect aphids from natural enemies

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

*The world is beginning to slow down for Christmas with definitely a lower number of articles available. Of interest though is the news about MPI's future shape – the devil will be in the detail but at the moment it looks like a rearrangement rather than wholesale break up. There is also access to a number of ministerial briefings. This is a rare opportunity to see what the individual Government agencies do, their challenges and what initiatives they have underway.*

*In the international section there is talk of taxes on animal based products to prevent climate change (this can only be good for fruit and vegetables) and an interesting article from Canada looking at how to save money and reduce waste across four horticultural businesses.*

*So with this slightly smaller offering it's the end of 2017 I'll release the next update on the 8<sup>th</sup> January and would now like to wish you all the best for the festive season – may it be very happy, relaxing and safe.*

## **1. Agency news**



### **1.1. Plant export enquiries**

The Plant Exports Team at MPI is on Christmas/ New Year's leave from 12pm on 22 December 2017 until 9am on 3 January 2018.

Should you have an urgent situation, please contact the following staff:

- Vicky Sekona from 22-27 December 2017 on 029 894 0518
- John Randall from 28 December 2017-2 January 2018 on 029 894 0530

Plant Exports will be answering URGENT enquiries only, i.e. ones that if unanswered will result in an export shipment being delayed or not going ahead. All other enquiries will be responded to by the relevant staff member on their return from leave

### **1.2. Sending produce to Australia**

Australia is phasing out the OPI programme where New Zealand fruit and vegetables can be precleared in New Zealand before export. Within three years OPI will no longer exist and the Compliance Based Inspection Scheme (CBIS) will provide one way of moving produce into Australia.

If you are involved in sending produce to Australia please read the latest communication [here](#) about the changes ahead so that you are ready for the new system.

### **1.3. WTO Notifications**

Please find attached the most recent WTO notifications from countries that are considering changes to their plant import requirements for specific products. If you have any concerns about the notifications being presented please contact [Plant.exports@mpi.govt.nz](mailto:Plant.exports@mpi.govt.nz) so that they can potentially make a submission to the notifying country. Changes notified over the last week include:

- EU - Plastics that will come in contact with foods
- Lao People's Democratic Republic- Decision on Food Export-Import and Transit  
The decision defines the principles, rules, procedures and measures for food and food additives to Lao PDR in order to ensure the quality standard, food safety and to protect public health for consumers.
- USA – MRL's

The embedded files for the last week (which has links through to the original notifications) is available



Summary WTO  
notifications - 11-12-  
here



## 2. New Zealand News



### 2.1. Minister announces stronger focus for MPI

MPI will remain the competent authority for New Zealand i.e. it will continue to be the National Plant protection organisation and deal with market access issues under the name of MPI

MPI will be set up with four portfolio-based entities, Fisheries New Zealand, Forestry New Zealand, Biosecurity New Zealand and New Zealand Food Safety.

The Government has indicated it wishes to achieve greater clarity and unity of purpose for these areas. It is also seeking enhanced visibility of government policy and regulatory activities and clearer lines of accountability and engagement for stakeholders. The Minister has signalled he wishes the Director General of MPI to work with his team to achieve this, while ensuring prudent and efficient use of taxpayer and industry funds.

Reorganisation of MPI's functions will occur in the early part of 2018 and will be in place by April. The estimated cost to implement the changes is \$6.8 million to establish the four portfolio-based business units. Additional ongoing operating costs are estimated at \$2.3m per annum.

Mr O'Connor says reprioritised money from the Primary Growth Partnership Fund will pay for the changes so there will be no additional cost to taxpayers. [Full article available here](#)

### 2.2. Booming sector ready for new challenges

The latest Situation and Outlook for Primary Industries report shows primary sector exports will grow by 8.5 per cent in 2018, to \$41.4 billion. "Damien O'Connor says "Our horticulture sectors are leading the charge in producing high-value products tailored to target markets overseas. This isn't just true for kiwifruit, wine, and apples - there are also emerging opportunities for cherries, avocados, and berries.

The Situation and Outlook report is available on the MPI website at: <https://www.mpi.govt.nz/about-mpi/corporate-publications/> [Full article available here](#)

### 2.3. WTO Ministerial Conference Concludes

The 11th Ministerial Conference (MC11) of the World Trade Organisation (WTO) concluded last week in Buenos Aires, Argentina.

“

The Government is pretty disappointed that on agriculture, the Conference wasn't ready to agree to cap the subsidies that major countries give their agriculture sectors, which distort world markets and disadvantage not just our farmers but subsistence farmers in developing countries.

Minister Parker said “While this week we fell short of locking down what is needed to implement SDG 14.6, members agreed that they will conclude negotiations to prohibit these kinds of subsidies before 2020. To achieve this we will need to continue negotiations toward an agreement in 2018. Interested Members including New Zealand also agreed to continue their discussions on e-commerce and how to make trade rules deliver more for micro and small exporters. [Full article available here](#)

#### **2.4. Briefings to incoming Ministers**

Individual Ministers have received briefings from the Government departments they are responsible for. These are available on the Beehive website. Of potential interest are:

- [Local Government.pdf](#)
- [Minister of foreign affairs and trade](#)
- [Ministry for Primary Industries.pdf](#)1.73 MB
- [Ministry of Business, Innovation and Employment.pdf](#)3.03 MB
- [Regional Economic Development.pdf](#)889.38 KB
- [Research, Science and Innovation.pdf](#)
- [NZTE](#)
- [The NZ Story.pdf](#)
- [Trade and export growth](#)

### **General**

#### **2.5. Horticulture industry needs to innovate or lose competitive advantage**

New Zealand's horticulture industry gets top dollars for its produce overseas. There are a number of reasons for this. One of the most important is that we deliver what the consumer wants and therefore, what the consumer will pay for. Equally important is that we are market leaders with our new varieties of fruit and vegetables.

The basis for developing new varieties is research and development (R&D) – to not only breed the new variety, but to also develop innovative ways in which to grow it. The Government's continued commitment to R&D, as evidenced in the media last week, particularly with tax credits, will only enhance New Zealand's ability to innovate.

Forming collaborations and joint ventures internationally is also important for continued innovation. In some cases, New Zealand may not be the leading country breeding new varieties, but may become involved when the foreign companies leading the programmes and invest in New Zealand. So keeping

the door open for companies that will bring innovation to New Zealand is vital as well. The Government's recent tightening of how the rules will work for foreign investment, although making it harder, will not close the door to investment that benefits New Zealand. [Full article available here](#)

## Industry news

### **2.6. Kiwifruit's potential \$26m a year windfall**

Zespri and its growers could gain \$26 million on the first day of the revised Comprehensive and Progressive Agreement for Trans Pacific Partnership (CPTTP) as early as the end of 2018. The new agreement would involve implementing a zero percent tariff rate for the 11 countries including New Zealand. Currently, New Zealand kiwifruit exporters paid a 6.4 percent tariff in Japan, compared with Chile who paid nothing. Minister of Foreign Affairs, Vangelis Vitalis said Zespri had worked out that the zero percent tariff would save at least \$26 million from Japan alone. [Full article available here](#)

### **2.7. AVOCO appoints new member to its senior management team**

Steve Trickett has joined AVOCO's senior management team to expand on market development in Asia and oversee grower communications at home. A familiar face to many New Zealand avocado growers, Steve has joined the company as Marketing and Communications Manager and is responsible for market planning and performance with a focus on new and developing markets where fruit carries the AVANZA brand. He will support the existing sales and marketing team, oversee contestable fund applications and develop AVOCO's communications and profile among the grower community.

With the New Zealand avocado industry inching closer to market access to China, Steve is taking an active role in helping AVOCO lead the way by visiting China to learn more about sales and distribution systems. A small industry coordinated non-commercial trial shipment to China is scheduled for next month following completion of on-shore audits by the Chinese authorities. Full commercial shipments are unlikely until the new season starts in September 2018 [Full article available here](#)

### **2.8. T&G Global CEO Alastair Hulbert resigns**

T&G Global chief executive Alastair Hulbert has resigned after four years in charge of the fruit marketer. The Auckland-based company has called in long-term BayWa collaborator Thomas Bargetzi to act as interim CEO while it looks for a new boss. His departure comes a day after former deputy chair John Anderson's formal retirement from T&G's board. [Full article available here](#)

## Crop news

### **2.9. Clearance programme scores well for New Zealand navels**

The New Zealand citrus industry's ongoing commitment to working with Delytics Ltd to increase fruit quality has resulted in the majority of their navel oranges being liked by consumers in 2017, despite a

challenging growing season. Supermarket monitoring showed approximately 85% of all New Zealand navel oranges met the New Zealand Citrus Growers' Inc (NZCGI) minimum maturity standard in 2017, compared to 67% in 2015 before new processes were implemented. [Full article available here](#)

### **2.10. Contaminated spray may cost apple exporters \$3m**

The apple industry is still not sure of the cost of a fungicide contamination which has threatened to destroy 35 hectares of apples in Hawke's Bay and lop several million dollars off the value of the export harvest.

The issue first came to light when Nelson-based Adama New Zealand was alerted by a Hawke's Bay orchardist on October 5 to a potential issue with blemishes discovered on the leaves and young buds of some Royal Gala tree varieties. The company, part of a world-leading crop protection group, began an investigation which led less than a fortnight later to the pre-emptive recall of cover spray Mancozeb. It was later found a batch imported from India contained fungicide Azoxystrobin.

The fungicide caused russet on apple skins, knocked apples off trees prematurely and damaged leaves, and it was reported soon afterwards that 185 hectares had been affected, mainly in the Nelson region, where 20 growers were compromised, but also 35ha in Hawke's Bay, where nine growers were affected.

Adama NZ chief executive David MacGibbon said on November 3 when announcing the permanent recall of Mancozeb from sale, that while the product was not one produced by his company, he was "devastated" by the impact on growers who he said were "like family to us, many of us have known each other for decades".

Insurance risk assessors have been working with growers and the company, and costs are assessed on the "physical loss" (complete destruction) and "economic loss" which includes diminished value of fruit able to be salvaged but not able to be exported. With almost 10,000 ha of apple orchard nationwide, the area affected represents about 1.85 per cent, which Mr Pollard said may be the equivalent of stock lost most years because of hail damage, and some of the loss is being minimised by thinning. But based on the value of last year's exports — about \$800 million — export market losses in Hawke's Bay could be about \$3 million. [Full article available here](#)

## **Other**

### **2.11. Asthma tech used to slow fruit-ripening in NZ**

New Zealand scientists are trying to help asthma sufferers and others needing oxygen at home by developing 'molecular sponges' with nano-scale-sized pores to purify the air. These 'molecular sponges' are really metal-organic frameworks (MOFs). "MOFs are mostly free space, framed in metal and with a large organic component." The pores in MOFs can be made the same size as gas molecules.

These MOFs can, however, also be put to other uses. As they are able to absorb different gasses, the MOFs will soon be used commercially in New Zealand, employed to slow fruit-ripening. [Full article available here](#)

### **2.12. No Waimea dam, no apple growing**

David Easton says security of water is key for growing apples. Orchardist David Easton warns apple growing may go from the Waimea Plains, near Nelson, if a proposed \$82.5 million dam doesn't get the nod. Easton spoke during the fourth and final day of a Tasman District Council hearing over the controversial Waimea dam project, earmarked for the Lee Valley.

The council and Waimea Irrigators Ltd (WIL) are proposed joint-venture partners in the proposal, which is tipped to be funded by a mix of ratepayer, irrigator and Crown funding, and provide water augmentation for 100 years. The proposal has drawn 1512 submissions.

Some however considered that the scheme represented a "massive" subsidy to irrigators. Motueka Community Board member and former councillor Barry Dowler, speaking as a ratepayer, said the proposed \$29 district-wide cost was not expensive. [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) **China Releases New Maximum Residue Limits for Pesticides in Food** On November 16, 2017, China notified the WTO of draft standards on 600 maximum residue limits (MRLs) for the residues of 122 pesticides, including 2,4-D and 2,4-D Na, etc. in or on foods [China Releases New Maximum Residue Limits for Pesticides in Food Beijing China - Peoples Republic of 11-30-2017](#)
- b) **Czech Republic Food and Agricultural Import Regulations and Standards** - This report provides information on the laws and regulations for food, import rules for food, and contact information in the Czech Republic. [Food and Agricultural Import Regulations and Standards - Narrative Prague Czech Republic 11-9-2017](#)

- c) **Hong Kong Food and Agricultural Import Regulations and Standards – Certification**  
This report lists the certificates required by the Hong Kong government (HKG) for U.S. agricultural and food exports to Hong Kong. Certificate samples for various product categories are included in the appendix. [Food and Agricultural Import Regulations and Standards - Certification Hong Kong Hong Kong 11-27-2017](#)
- d) **Hong Kong Food and Agricultural Import Regulations and Standards - Narrative**The updates to this report include the framework of the proposed amendment to Hong Kong’s metallic contamination regulation. Other parts of the report remain the same as the 2016 FAIRS report. [Food and Agricultural Import Regulations and Standards - Narrative Hong Kong Hong Kong 12-14-2017](#)
- e) **Indonesia Food Service - Hotel Restaurant Institutional** Indonesia’s hotel and restaurant sector grew about 5 percent in 2017. Key U.S. exports to the sector include meat, dairy products, fresh fruit, frozen potatoes, condiments, and bakery ingredients. [Food Service - Hotel Restaurant Institutional Jakarta Indonesia 06-12-2017](#)
- f) **India FSSAI Publishes Guidelines on Food Recall** The Government of India’s Food Safety and Standards Authority of India published Food Recall Guidelines. [FSSAI Publishes Guidelines on Food Recall New Delhi India 12-6-2017](#)
- g) **Malaysia Food and Agricultural Import Regulations and Standards – Narrative** This is an update to Post’s standing FAIRS report, ....and guidelines on implementation of analysis fees for imported foods which are assigned “Hold, Test and Release” (HTR) examination level, [Food and Agricultural Import Regulations and Standards - Narrative Kuala Lumpur Malaysia 11-20-2017](#)
- h) **Poland Fresh Deciduous Fruit Annual 2017** In marketing year (MY) 2017/18, Poland’s total apple crop is estimated at 2.8 million metric tons (MMT), a 20-percent decrease from last year. [Fresh Deciduous Fruit Annual 2017 Warsaw Poland 12-7-2017](#)
- i) **Taiwan Exporter Guide SP1 - Expand International Marketing Opportunities** Taiwan is the seventh largest market for U.S. food and agricultural products. In 2016, Taiwan still offers growth potential for U.S. food and agricultural suppliers. This report is a practical guide for U.S. food exporters interested in marketing and shipping products to Taiwan. [Exporter Guide Taipei ATO Taiwan 12-5-2017](#)
- j) **Spain Food Service - Hotel Restaurant Institutional** Spain continues to break tourist records with the number of tourists visiting the country. These facts boost demand for meals in the HRI sector and thus, the Hotel, Restaurant and Institutional (HRI) sector [Food Service - Hotel Restaurant Institutional Madrid Spain 12-4-2017](#)

## Regulatory

### 3.2. Taxes on Meat Could Join Carbon and Sugar to Help Limit Emissions

Investment Risk & Return (FAIRR) group, meat could be the next product to be taxed, following in the steps of tobacco, carbon and sugar. The tax would be based on the aim of improving public health and meeting emissions targets set in the Paris Climate Agreement. According to the Food and Agriculture Organisation, greenhouse gas emissions from livestock made up around 14.5 percent of the world's total, while global meat consumption was expected to increase by 73 percent by 2050. Lawmakers in Denmark, Germany, China and Sweden have discussed created livestock related taxes over the past two years, but the idea has encountered strong resistance. [Full article available here](#)

## Business

### 3.3. What is Supply Chain Technology and Why is it Important?

With so many options and varying levels of service, understanding supply chain technology may seem overwhelming—especially if your organization is growing. By definition, supply chain technology refers to any digital equipment used to simplify supply chain processes for shippers and carriers.

The best supply chain technology adds visibility to shipments, provides notifications before disruptions occur, and forecasts opportunities for future improvements. Here are a number of the ways leveraging technology can help with your overarching [supply chain management](#) strategy. Its important to gain visibility into supply chain management and simplify operations to reduce risks Reducing the links in supply chains lowers risk also optimizes spend, and speeds up the overall transportation process.

With digital technology becoming mainstream, the logistics industry is changing and the following areas are becoming increasingly important : customer centricity, the use of big data, migrating data to the cloud , the need for cyber security and autonomous technology (with machines completing all of the work. [Full article available here](#)

### 3.4. Do private standards make our food safer?

In a panel discussion, five food chain experts tried to answer this question. Food safety, however, is only one aspect of the complexity of private standards. fashion, looking for solutions that benefit everyone from farmers to end consumers. The fresh produce sector in Europe has to deal with three kinds of standards. First, there are primary standards, set, for example, by the European Commission, which all participants in the food value chain have to follow. In addition to these legally mandated standards, there are voluntary standards from certification systems, such as GLOBALG.A.P. "Our standards are written by consensus, between growers and retailers," explained Ignacio Antequera.

"Secondary standards are imposed top-down by retailers," he added. These private standards are developed individually by retailers and usually exceed the legal obligations. Secondary standards regulate the number of allowed residues, define lower MRLs, and limit or ban the use of certain plant protection products – even though these products are officially registered and their safety has been proven.

The panel considered we need to talk instead about promoting sustainable agriculture and good agricultural practices. All panelists agreed that whether or not secondary standards make food safer is not the relevant question to ask – because in Europe, food is safe. The real issue, they argued, is whether these private standards make agriculture more sustainable. “Farmers need tools to control weeds, pests, and diseases so they can protect their crops – and they need to rotate products in order to avoid resistance. “Secondary standards put additional pressure on the growers “It’s not an appropriate way of ensuring sustainable production methods.” [Full article available here](#)

### **3.5. Case study tells how distributors can save \$1.2 million, and increase sales**

As part of the Ontario Produce Marketing Association’s (OPMA) food waste reduction initiative, Value Chain Management International has been working with four businesses across the value chain (one retailer, one distributor and two producer/packers) to identify ways to reduce waste, improve overall efficiencies and increase sales – resulting in increased margins and profitability.

A key finding from the study: utilizing straightforward process improvement tools potentially results in \$1.2 million plus in savings, while simultaneously increasing sales.

The four case studies included

1. [EarthFresh Foods – producer/packer](#) Potato packing and storage
2. [Apple Factory – Retailer](#) – fresh fruit retailer
3. [Gwillimdale Farms – producer/packer](#) - carrot, beet, parsnip, onion and potato packing
4. [Main Line Distributor](#)- distrusting / shipping company

[Full article available here](#)



## **Innovation**

### **3.6. Bacteria protect aphids from natural enemies**

A recently published international study discovered a new role played by bacteria living in pea aphids: they suppress the defences of the plants the aphids feed on. As a result, fewer enemies are attracted to the plant's distress signals, thereby increasing the aphid's chance of survival. When a plant is threatened by aphids, it defends itself by releasing a blend of volatiles that attracts the insect's natural enemies, such as predatory wasps. The plant uses this so-called 'bodyguard recruitment' to defend itself against attacks.

The study revealed a new mechanism by which the bacteria – known as symbionts – help aphids. It also revealed the importance of studying the insect microbiome (intestinal flora) in order to understand the interaction between different species. [Full article available here](#)

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