



PMAC weekly update 18th December to 8th January 2018

- 1. Government agencies:** 28 Sustainable Farming Fund projects approved; WTO Notifications
- 2. New Zealand News:** Indo-Kiwi bilateral trade remains modest; New Chief Executive for Kiwifruit Vine Health; New CEO announced for Plant & Food Research; Bostock New Zealand grows organic onion export; New Zealand's north battered by storms
- 3. International news:** GAIN reports; TPP Sows Fear in Japan's Agriculture Industry; China: Asia's first freight transport airport settles in Hubei; Self-service stores increase in China; Quarantine Inspection Procedure Simplifications Benefit Fruit Trade at Shanghai Port; Bayer auctioning assets to clear Monsanto deal; Chinese Apple Futures Poised to Affect the Industry; Access for fruit to China; China: "Increasing demands from consumers promote developments in packaging industry"; US: Food purchase decisions of Millennial households; Freshfel headlines; Australia: NRS to test for metals and microbes from Jan 2018; Apples and tomatoes may help repair lungs of ex-smokers; One serving of leafy greens a day may slow brain aging by 11 years; New research unveils potential weight loss properties of sweet cherries; UK: Pregnancy test science could protect vegetable crops; Yellow zucchini compounds associated with the death of tumour cells

Editor's comments

Welcome to 2018. It's going to be an interesting year and I always feel at the beginning of a new year that it's full of promise and potential. Long may that feeling continue.

This week's update is light on New Zealand news although there were significant announcements just before Christmas of new CEO's for Kiwifruit vine health and Plant and Food research both significant contributors to the platforms that supports horticultural exports. Combined with the changed leadership late last year to Zespri and T&G global this could result in quite significant changes to how these organisations function and so industry interactions. Hopefully it will bring in new ideas and energies to fuel continued success.

Internationally the news is dominated by activity in China. Last year saw big increases in the numbers of articles about and from China. Five years ago China was hardly mentioned on the main produce web sites and at this time of the year the articles on next season's trends for Europe and the USA dominated this space. Now the news is dominated by China and not just at year end.

This update reports on the planning for a freight only airport in China, the trading of apples futures and increasing numbers of automated stores which are effectively self service. All areas were China is taking a leading global position. There is also one article on the importance of packaging to sell produce in China. This reinforces the high level findings of last year's Plant and Food report on the value add that packaging provides in the Chinese market.

1. Agency news



1.1. 28 Sustainable Farming Fund projects approved

In late December MPI announced investment of around \$7.15 million in 28 new Sustainable Farming Fund (SFF) projects.

MPI has trialled a new pilot approach to support SFF projects less than \$100,000 (SFF Tere) and shorter in length than existing projects. These will start early 2018 whilst other projects will be funded from 1st July 2018. Four of the 28 approved SFF projects are SFF Tere projects, representing an investment of around \$271,000.

Horticultural specific projects (worth a total of \$1.8 million) include

- Fire Blight: Control for Intensive Orchards
- Good Management Practices for Cropping Setbacks
- Integrated Sclerotinia Management in Kiwifruit
- Future Proofing Vegetable Production
- Smart tools to improve orchard drainage

5 of the projects funded (\$1.5 million) also deal with irrigation/ drainage and nutrient levels under irrigation which could provide some spin off to horticulture. [See here for more information:](#)

1.2. 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 so that they can potentially make a submission to the notifying country. Changes notified since the last update includes:

- Australia
 - Final group pest risk analysis for thrips and orthotospoviruses on fresh fruit, vegetable, cut-flower and foliage. And,
 - The draft review of import conditions and emergency measures for cucurbit seeds
- Mexico Phytosanitary requirements for the import of seeds of Brussels sprouts
- USA and Canada – MRL changes

The embedded files for the last period with links through to the original notification is available [here](#)



2017 - WTO
Notifications 11-12-1



2. New Zealand News

General

2.1. Indo-Kiwi bilateral trade remains modest

Data provided by [indiannewslink](#) suggests that at year-end (June 2017), India was New Zealand's 11th largest trading partner. This conclusion was based on the total trade in goods and services. The two-way total trade is valued at 2.6 billion dollar, out of which exports were worth 1.7 billion dollar.

Regarding fruits and nuts, these formed the fourth largest export category to India, with 18 million dollars' worth of kiwifruit exports and 15 million dollars' worth of apples, pears and quinces. [Full article available here](#)

Industry news

2.2. New Chief Executive for Kiwifruit Vine Health

Just before Christmas Kiwifruit Vine Health (KVH) announced that Stu Hutchings has been appointed as its new Chief Executive . Stu is currently the Group Manager, Programme Design and Partnerships for OSPRI and has had previous roles as acting Chief Executive for both the Animal Health Board and OSPRI. A veterinarian by trade, he has also held roles within private vet practice and risk management product development for the New Zealand Veterinary Association.

He replaces current Chief Executive Barry O'Neil, who is stepping down from the role after a six-year term in March 2018. [Full article available here](#)

2.3. New CEO announced for Plant & Food Research

Just before Christmas Plant & Food Research announced the appointment of David Hughes as its new Chief Executive Officer. David is currently Group General Manager Commercial at Plant & Food Research and he will take up the new role in the New Year.

David has 30 years international experience with the food industry in New Zealand and globally. His roles have included business development, innovation management, sales and marketing, and technical support. Prior to joining Plant & Food Research David worked extensively in the Dairy Industry during a career with the New Zealand Dairy Board and Fonterra, including senior roles in New Zealand, the Middle East, Japan, USA and Australia. [Full article available here](#)

Crop news

2.4. Bostock New Zealand grows organic onion export

Bostock New Zealand aims to capture huge untapped export opportunities for Southern Hemisphere organic onions using the latest technology, growing systems and expertise out of Europe. Bostock New Zealand's owner John Bostock said worldwide, the demand for organic onions is huge, especially in Europe where there is a major gap in supply before its domestic crop comes on the market.

To help, Bostock New Zealand has invested in the international expertise of Talis Bosma, a top student from an organic agricultural college in the Netherlands, who is working alongside the experienced local team on a field trial of organic onions on 2.7ha leased from the Peacock family in Twyford, Hastings.

The biggest challenge when growing onions is weed and pest control, which is why conventional growing methods rely so heavily on a spray regime to make it economical to export in large volumes. The trial has created a stale seedbed so the onions can grow weed free and they also invested in a new state of the art weed flamer to burn off weeds. To combat onions' susceptibility to Downy mildew they have sourced a disease resistant seed. Thrips are also another potential problem which could occur later on.

To date the crop is growing well. It will be harvested in February [Full article available here](#)

Other

2.5. New Zealand's north battered by storms

Last week a storm cell delivering heavy rain and strong winds moved across the north of the country, but it's too early to tell what impact that had on drought- stricken farmers.

Several major produce lines that have started harvesting (or are preparing to start), including berries, stone fruit, apples, pears and various vegetable lines, and have been affected by the weather. [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. At the end of each year the USDA updates many of its Gain reports. Due to the number released over the last 2 weeks this week the Gain reports are presented in an accompanying document.

Regulatory

3.2. TPP Sows Fear in Japan's Agriculture Industry

As the resurrected TPP moves forward, Japanese consumer groups and farmers fear the effects and the potential weakening of some of Japan's existing laws regarding genetically modified organisms (GMOs) as well as opening Japan's domestic agriculture sector to competition from large multinational firms.

In the past Japan had laws in place to protect against the import of GMO seeds. These will be removed to allow for Comprehensive and Progressive Agreement for Trans-Pacific Partnership

(CPTPP). The article identifies that countries will be required to provide a risk and safety assessment that rationalizes the limits that have been placed on GMO use .

The article also notes that the public's concerns are unlikely to affect the Japanese government's determination to proceed with the agreement. For Japan, this is a high stakes negotiation as the country seeks to solidify a trade and investment regime for the region that would serve as a touchstone for other future deals. Japan is especially concerned about its upcoming bilateral trade negotiation with the United States, which is set to start in 2018, and China's ambitions to move forward with the Belt and Road Initiative (BRI) as well as the ASEAN-led Regional Cooperative Economic Partnership (RCEP), which includes China and Japan among the 16 negotiating nations.

So if the TPP fails to move forward and the other agreements proceed, Japan will lose the opportunity to build strong rules and norms in the region that reflect the values that Tokyo considers important.

[Full article available here](#)

Business

3.3. China: Asia's first freight transport airport settles in Hubei

On December 13th, the provincial government of Hubei signed an agreement with Shunfeng holding company to establish a company for the planning, construction, and operation of Asia's first airport devoted to freight transport - The Ezhou Airport.

The Ezhou airport will create an air freight network that covers the country and radiates outwards across the globe. According to plans and based on estimates in the industry, Ezhou Airport will have a handling capacity in 2025 of 2.452 thousand tons and 1 million man-hours. By 2045 it will be the fourth largest freight transport airport in the world, and the largest in Asia. [Full article available here](#)

3.4. Self-service stores increase in China

China's consumption is expected to grow to \$6 trillion from the current \$4 trillion in the next three years thanks to the development of e-commerce, according to JPMorgan Chase.

According to China's National Bureau of Statistics, consumption has contributed over 60% to the country's economic growth in recent years. The figure was 64.5% in the first three quarters of this year, up 2.8% year on year, and 31.7% more than that made by capital flow. Ulrich said that increasing disposable income, the narrowing income gap and enhanced social security, are all factors affecting consumption. In addition, the changing age structure of the population and decreased household savings will also further drive the growth of consumption

Chinese consumers have embraced facial identification and mobile payments to buy everything possible, drawn towards the efficiency and the novelty of semi-automated stores. Ecommerce giant JD.com is the latest to branch into automation, announcing a tie-up last week with Hong Kong-listed developer China Overseas Land & Investment to build hundreds of self-serve convenience stores and 1,500 medicine dispensers across China.

In so doing, JD.com is chasing competitors such as Alibaba that are developing their own cashier-less outlets. Some automated outlets are less like stores and more like walk-in vending machines. Chief among them is BingoBox, which this year installed 5,000 of its compact units selling snacks and fresh fruit across major Chinese cities. [Full article available here](#)

3.5. Quarantine Inspection Procedure Simplifications Benefit Fruit Trade at Shanghai Port

At a seminar on December 13th, officials from the , Shanghai Entry-Exit Inspection and Quarantine Bureau (Shanghai CIQ), said the scale of fruit imports at the Port of Shanghai has been expanding continuously. Trade volume and value of goods began fast-paced growth in 2013. In 2000, imports amounted to 20 thousand tons valued at USD 5 million. These numbers grew to 800 thousand tons and USD 1.1 billion, respectively, by 2016. Fruit varieties have been diversifying as well. Since 2000, the amount of unique varieties of imported fruits grew from 12 to approximately 200. At the same time, the number of unique supplier countries expanded from 8 to 44.

In 2017, certain inspection procedural changes created benefits for fruit traders. On April 1, exit-entry inspection and quarantine fees were terminated. Additionally, significant simplifications were made to aspects of inspection and quarantine sampling procedures effective from November 1, 2017. Presently, a sampling ratio of 30% is instated for the on-site quarantine inspection of imported fruits that have signed protocols with AQSIQ. The sampling ratio for conventional trade without detailed quarantine agreements is 100%. A 3% sampling ratio for lab testing is required for sea shipments and 1% for land/air shipments that pass on-site inspection and do not require transgenic testing. If the on-site inspection fails, a 100% sample ratio is required.

[Full article available here](#)

3.6. Bayer auctioning assets to clear Monsanto deal

Bayer CEO Werner Baumann has begun to market US assets owned by the German conglomerate in order to win clearance for its \$66 billion merger with Monsanto, The assets — which are expected to include a vegetable seeds business and a software unit that helps farmers determine soil conditions for crops — are said to represent more than the \$1.6 billion in sales as required under the merger agreement when including the previously announced sale to BASF, sources said. Full

3.7. Chinese Apple Futures Poised to Affect the Industry

The China Securities Regulatory Commission (CSRC) recently approved the Zhengzhou Commodity Exchange to carry out trading of apple futures. Apple futures contracts were listed on the Zhengzhou Commodity Exchange on December 22, 2017. This is the first fresh fruit futures contract trading in China and the world, which could strengthen the pricing power of Chinese apples and establish a global apple pricing centre.

There are three main reasons apple futures are an important breakthrough in fresh fruit futures. One is that China's apple spot size is sufficiently large. China is the world's largest apple producer and the largest importer of apples. The total annual output of apples is about 43 million tons. Secondly, apple harvesting has a long time span in China; and the usage of cold storage keeps crops fresh which then can be supplied continuously throughout the year. This is beneficial for future delivery. Third, the price volatility of apples is high. In China, apple production is generally small, comprised primarily of micro-farmers, which results in the frequent fluctuation of apple prices. In 2015, volatility peaked when it reached 150%.

The article suggests opening of apple futures will have three impacts on apple growers. These are the role of hedging, impact is on investment and providing an incentive for growers to be more productive. Apple futures will be traded at 10 tons per lot. The delivery will occur in January, March, May, July, November, October and December—the delivery unit is 20 tons. [Full article available here](#)

3.8. Access for fruit to China

As of December 2017 there are more than 200 kinds of fruits from 44 countries or regions that have access allowed by AQSIQ. In 2017, 13 kinds of fruits from 10 countries have become eligible for Quarantine Access to China, including Pineapples from Malaysia, pineapples from Costa Rica, blueberries from Mexico, nectarines from Chile, blueberries from Peru, oranges from Italy, grapes from Egypt, grapes from Argentina, cherries from Uzbekistan, blueberries, peaches, plums and apricots from Australia.

Australia is the country that has the most improved fruit access to China in 2017, with four kinds of fruit gaining access. This result is mainly thanks to close cooperation between China and Australia government. According to the China-Australia free trade agreement, which was implemented in 2015, by January 2018, the tariff of most types of fruit to China in summer in Australia would be reduced to 2% from 10% before the agreement was signed. Summer fruit Australia expects exports of fruit products to rise to about 50 million Australian dollars in the next few years on the basis of a successful export of nectarines in the last quarter. [Full article available here](#)



Marketing

3.9. China: "Increasing demands from consumers promote developments in packaging industry"

"The Chinese agricultural industry has been developing very quickly over the past few years. Especially in the fruit and vegetable industry, this can be seen in the product varieties, but also in the

packaging quality and innovation. When purchasing fruit and vegetables, before tasting the product, the consumers first have to get an impression of the product. "The growing consumers' demands are forcing actors from the entire supply chain to improve their brands, including chain stores, distributors, traders, agents, and producers. Whether it is design, aesthetics, material quality or application, the requirements keep getting higher."

"China now has a wide range of fruits, but there are only a few brands on the market that are actually influential [Full article available here](#)

3.10. US: Food purchase decisions of Millennial households

Millennials, those born between 1981 and the mid-2000s, are now the largest, most diverse living generation—surpassing Baby Boomers—in the United States. As such, their purchasing behaviour heavily influences the current retail landscape. Market analysis has shown that this generation is demanding healthier and fresher food and spending less of their expenditures on food at home (FAH). This report focuses on associations between generation and food purchasing decisions using 2014 as a representative year. It looks at food spending differences by income within generations, using per capita income as a way to control for different household sizes. Additional analysis looks at food purchasing decisions within the millennial generation by age and income. [Download the full report here.](#) [Full article available here](#)

3.11. Freshfel headlines

Freshfel (forum for the European fresh fruits and vegetables chain which represents the interests of the sector) circulated its headlines for the period December 2017 [can be found here](#).

In this edition, you can find the following initiatives:

- Note from the editor: Ho ho ho!
- The UK: Vegetable Christmas decorations
- Global: Tropical pineapple Christmas trees
- Romania: Fill up on orange juice!
- The UK: Nothing beats a Christmas carrot!
- The Netherlands: Choose colour!
- France: Display competition
- Poland: Knowledge in the palm of your hands
- Italy: From Mount Etna to your plate
- Germany: Projects to eat better
- Spain: Broccoli for everyone!
- The Netherlands: National Apple Picking Day

All the latest editions of the Fresh Times can be found here: <http://freshfel.org/newsroom/fresh-times/>



Food safety

3.12. Australia: NRS to test for metals and microbes from Jan 2018

The Australian Apple & Pear National Residue Survey (NRS) will be expanded from January 2018 to include microbiological and metal screening in addition to the existing pesticide residue analysis to reflect growing demands for more comprehensive food safety data.

The program underpins the clean green reputation of Australian produce by ensuring industry compliance with Australian and International regulations, encouraging good agricultural practice, helping to identify potential food safety issues, and indicating to authorities where follow up is needed. [Full article available here](#)



Health

3.13. Apples and tomatoes may help repair lungs of ex-smokers

A study from the Johns Hopkins Bloomberg School of Public Health found the natural decline in lung function over a 10-year period was slower among former smokers with a diet high in tomatoes and fruits, especially apples, suggesting certain components in these foods might help restore lung damage caused by smoking. [Full article available here](#)

3.14. One serving of leafy greens a day may slow brain aging by 11 years"

While cognitive abilities naturally decline with age, eating one serving of leafy green vegetables a day may aid in preserving memory and thinking skills as a person grows older, according to a study by researchers at Rush University Medical Center in Chicago. [Full article available here](#)

3.15. New research unveils potential weight loss properties of sweet cherries

University of Tasmania research has demonstrated the potential weight loss properties of sweet cherries. The UTAS Faculty of Health research saw a 19% reduction in weight gain in the sample group which were fed cherry anthocyanin extract compared to those not fed cherry anthocyanin. Furthermore the research proved that cherry anthocyanin can help reduce inflammation. [Full article available here](#)

3.16. Yellow zucchini compounds associated with the death of tumour cells

Specifically, experts have detected that certain vitamins and pigments of this vegetable slow the growth of cancer in human leukaemia cell lines. Tests with a model organism, the *Drosophila melanogaster* fly, have revealed their antitoxic potential for DNA that protects against oxidative damage. [Full article available here](#)



Innovation

3.17. UK: Pregnancy test science could protect vegetable crops

The science behind the home-pregnancy test is now being trialled to detect the presence of diseases, which can devastate fields of vegetable crops, including the Christmas sprout.

The test, known as a lateral flow device (LFD), picks up the presence of infective spores carried in the air around crops in the field. Used alongside weather data, test results could indicate how likely a disease is to develop, allowing growers to decide if crop protection methods are needed or not. Further development work is underway, so growers can gain immediate results, without needing to send samples to laboratories for further testing.

The LFD tests are also being developed to detect other plant diseases. The AHDB is funding the University of Worcester to develop lab tests and LFDs to test for oomycete pathogens, which cause diseases like blight and sudden oak death. Primarily testing is focused on root, stem and crown rots caused by *Pythium* and the *Phytophthora* species, commonly known as 'the plant destroyer', which can affect a range of crops. [Full article available here](#)

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