



AGRIBUSINESS

# Field notes

Weekly news update from the KPMG Agribusiness network

KPMG

27 February 2013

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

|  |   |
|--|---|
| Aduro Polymers                                 | Maritime Stewardship Council            |
| ANZ  | Marlborough Research Centre             |
| Ballance Agri-Nutrients                        | Meat Industry Association               |
| Beef + Lamb New Zealand                        | Ministry for Primary Industries         |
| Dairy New Zealand                              | New Zealand Avocado Growers Association |
| Delegats                                       | New Zealand Elk                         |
| EastPack                                       | Primary Production Select Committee     |
| Federated Farmers                              | Ravensdown Fertiliser Co-operative      |
| Fonterra Co-operative Group                    | Riddet Institute                        |
| Greenshell New Zealand                         | Satara Co-operative Group               |
| Hawkes Bay Regional Council                    | Seeka Kiwifruit Industries              |
| IKEA   | US Department of Agriculture            |
| International Society for Horticulture Science | Wallace Corporation                     |
| Kiwifruit Vine Health                          |   |

### This week's headlines

|                                  |  |
|----------------------------------|--|
| <b>Horticulture</b>              | <b>Number of Psa hit orchard jumps</b> [25 February/ Bay of Plenty Times]                |
| <b>Viticulture</b>               | <b>US sales boost profits for Delegats</b> [26 February/ Business Day]                   |
| <b>Fishing &amp; Aquaculture</b> | <b>Fish exports given sustainable seal of approval</b> [21 February/ Business Day]       |
| <b>Dairy</b>                     | <b>Dairying sector gets tough on clean water, pollution</b> [20 February/ Waikato Times] |
| <b>Meat</b>                      | <b>Farmers encouraged to vote for growth</b> [22 February/ Marlborough Times]            |

## Primary Sector strategy

**Sharp fall off in tertiary study for agriculture** [19 February/ Manawatu Standard] A low level of interest in young people pursuing careers in land-based industries is putting a large amount of pressure on global agriculture and horticulture, says Emeritus Professor Ian Warrington. Mr Warrington is the former Massey University deputy vice-chancellor and is a board member of the International Society for Horticultural Science. Mr Warrington believes that it is important to drive the brightest and best to commit to careers in agriculture and horticulture in order to assure the future of New Zealand's exports in these sectors. He also said that the diversity and nature of New Zealand's food supply both from local produce and international trade required expert knowledge in appropriate harvesting schedules, shipping and storage systems and packaging methods. The skills required today in these industries were at higher levels than ever before and he said that blame couldn't be laid squarely on universities for the lack of interest in these areas for tertiary study, given the decline in the number of students involved and the need for administrators to drive efficiencies in their organisations. He also noted the positive outlook in Australia, with agriculture and horticulture enrolments at Australian universities up this year.

## Biosecurity

**MPI taken to task over support for tamarillo growers** [23 February/ Radio NZ Rural] An insect that is destroying crops of tamarillo as well as tomatoes and potatoes is causing issues for the Ministry for Primary Industries as MPs accuse the Ministry of doing very little to help tamarillo growers. The niche tamarillo industry that exists in New Zealand has been hit hard by the tomato potato psyllid, an insect which bypassed border security and was first discovered in tamarillos in New Zealand in 2008. Labour list MP Shane Jones said that growers in Northland tell him that they have heard nothing positive from MPI since the initial incursion. Most tamarillo growers were noted by Mr Jones as struggling with the most extreme economic circumstances seen in a long time yet the only organisations they hear from are the banks which want to sell their farms up. However, MPI Readiness and Response Manager Chris Baddeley told the Primary Production Select Committee the Ministry has helped the industry in a range of ways including through the sustainable farming fund.

## Horticulture

**Short supply, high demand see avocado prices soar** [20 February/ NZ Herald] High avocado prices are set to remain for some time yet as industry group leaders note the short supply and high demand. New Zealand Avocado Growers Association chief executive Jen Scoular said that prior year activity saw six million trays produced of the crop, the largest amount ever. However, like most bumper seasons, they are generally followed by smaller harvests, with the latest crop only bringing in three million trays. Marketing and increased awareness of the fruit's health benefits have been highlighted as the main reasons for driving the high demand from customers. Avocado prices increased 86 per cent between January 2012 and the same month this year, according to Statistics New Zealand's Food Price Index. Overall, avocados contributed to a 5.9 per cent increase in price rise for fruit and vegetables during the same period. Latest prices for avocados stood between \$2.49 and \$2.99 each. Ms Scoular said the association's strategy was to position the fruit as a high value product rather than a commodity, and hence similar prices could be expected next summer. The association stated that overall positive returns to growers was hoped to remain. 1600 growers collectively manage more than 5000 hectares of avocados, mainly of the Hass variety, in New Zealand.

**Seeka profit beats forecast** [21 February/ Business Day] The Psa-V disease has left New Zealand's biggest post-harvest kiwifruit operator Seeka relatively unscathed as the company declares a profit well ahead of September market guidance for the year ended December. Profit before tax, impairment, revaluations and restructuring was \$8.9 million with cashflow from operations recorded at \$12.6 million. Seeka has stated that it is now well positioned in an environment marked by continuing Psa, intense competition, decreasing gold fruit volumes, and an uncertain industry pathway to recovery. The listed company achieved earnings of 41c per share for the year and a net tangible asset backing of \$3.89 per share; directors have announced a fully imputed dividend of 6 cents per share, revenue was down 22 per cent on the previous year, totalling \$108.3 million – the company said this reflected lower post-harvest and orcharding volumes, linked to the removal of Psa-affected Zespri gold fruit vines. The volume of gold fruit processed fell to 3.3 million trays from 6.4 million trays the previous year. By year end December 2012, Seeka said that it had invested an amount of \$8.7 million in next season's crop, influencing core debt net of this seasonal finance of \$9.1 million, funding \$62.7 million of property, plant and equipment.

**Number of Psa hit orchard jumps** [25 February/ Bay of Plenty Times] A sudden spike in Psa-affected orchards has been recorded with the latest Kiwifruit Vine Health (KVH) Bulletin reporting 21 newly identified orchards last week, adding to a total of 2073 Psa affected orchards. A Katikati orchard, a Tauranga West orchard and 19 orchards in Te Puke are noted as orchards with new identifications of Psa. Primary Industries Minister Nathan Guy said there were still a good future for the industry, so long as growers were able to remain positive and productive in the short term. He said that despite this sudden increase, the future was looking pretty good if the industry is able to get through the next 12 months or so.

**Kiwifruit industry merger fails** [25 February/ Radio NZ Rural] Support for a merger between two post-harvest operators has fallen just short of getting the required support after growers and investors did not show enough support towards companies Satara and EastPack, who pack kiwifruit for sale. The industry is struggling in the face of a high exchange rate and decreasing supply due to the Psa vine disease. EastPack shareholders were 97% in favour of the merger, however growers who supply Satara with kiwifruit gave the proposed merger only 74.8% support – just 0.2% below the 75% required.

### Viticulture

**Winemakers take case to Germany – dozen of the best** [25 February/ NZ Herald] The self labelled “Family of Twelve” which includes the brands of Villa Maria, Pegasus Bay and Craggy Range, are to join forces in Germany this March in a showcase of New Zealand wine brands at a major international wine fair. The trade exhibition is to be held in Dusseldorf, Germany, indicating the increasing opportunities for New Zealand wine to increase its market share in Europe. In 2012, the fair drew together 3930 exhibitors from around 50 countries and more than 40,000 trade visitors over three days. Sales have been seen to increase in Europe over the past several years, with UK being a well established market for New Zealand wine. The British market for New Zealand wine had been recently valued at \$284 million in the year to June 2012. Exports of wine to the Netherlands, Sweden, Germany, Denmark, Finland and Norway were worth a combined \$56 million in the year to June 2012, according to New Zealand Wine’s 2012 annual report. Family of Twelve Chairman, Clive Weston, said that showcasing the wines of New Zealand in an event such as this highlights not just the character of each winery but also the contrasting and unique diversity of New Zealand’s wine regions.

**US sales boost profits for Delegats** [26 February/ Business Day] Listed winemaker, Delegats, has reported a 31% increase in net profit for the six months to December 2012, based on sales growth in North America. The profit increase was delivered after a \$2.7 million charge for adjustments to the fair value of assets. Net operating profit rose 10% year on year to \$19.2 million. Global case sales for the period were 1.09 million cases, up 7% year-on-year, while case sales in the USA and Canada rose 30% to 309,000 cases. Case sales fell in Australia, New Zealand and the Asia Pacific region. In releasing the results, the Directors said that global economic headwinds would continue to be a challenge, but they had confidence in the group’s business model and ability to deliver sustainable earnings, noting the drive to pursue those markets that deliver value continues.

### Fishing and aquaculture

**Success: Mussel man keeps on pushing** [21 February/ NZ Herald] Three decades ago, Peter Vitasovich started his pursuit of business in the seafood market. He said that it was a difficult to break into the market as a shy youngster with just a small fish shop to supply. He started out selling seafood to the public from a caravan parked on Great North Road in West Auckland and began his education in fish trading at the Auckland fish market. Soon he began finding suppliers of a constant supply of fish difficult to come by in Auckland, so he bought a small truck and started driving to communities like Coromandel, Thames and Whangarei. A year or two later, Mr Vitasovich was soon buying up more fish off the boats than could be sold out of his caravan, prompting him to sell the surplus at the Auckland fish market. Near his late twenties he became involved in his first mussel farm, buying a going concern off Great Barrier Island. He puts his love for growing things down to his Croatian roots. Greenshell New Zealand is his present mussel business, which he says is a capital intensive industry requiring big investment in water space and infrastructure to establish and run the farms. Farms his business runs are mainly located around the Coromandel Peninsula, with operations in the Firth of Thames, Coromandel, Port Charles and Kennedy Bay. Greenshell New Zealand grows around 10,000 tonnes of mussels each year, with 95 per cent of it going to Australia, North America and Asia.

**Fish exports given sustainable seal of approval** [21 February/ Business Day] The Maritime Stewardship Council seal of approval as sustainable fisheries has been given to the New Zealand hoki, tuna and whiting fisheries. The accreditation will give New Zealand’s fish exports a competitive edge with shoppers in overseas markets. New Zealand is the latest country to join the international seafood accreditation programme, with the stocks of hoki, tuna and whiting now all being monitored by the council. The announcement comes after a three year assessment of the stocks of fish, and is supported by deep-water fisheries companies Sanford, Sealord and the Talley’s Group, as well as the Ministry for Primary Industries and the World Wildlife Fund. New Zealand’s seafood exports were worth \$1.34 billion in 2012. Projects are already underway to secure accreditation for additional species, including challenger scallops, ling and hake.

### Dairy

**Dry summer pushes up world dairy prices** [20 February/ NZ Herald] Dairy prices rose 3.1 per cent on a trade-weighted basis at the latest fortnightly global dairy auction, which economists highlight as being attributable to dry conditions in New Zealand’s North Island. The North Island is responsible for approximately 60 per cent of New Zealand’s dairy output. Con Williams, a rural economist for ANZ, said that production of dairy products were beginning to feel the presence of the drier conditions. He also said that the improvements in the wholesale milk price could add 10 cents to 20 cents per kilogram of milk solids to the current 2012/13 farmgate milk price payout forecast of \$5.50 per kilogram. However, with the strong currency continuing to persist, this could be expected to act as a dead weight on returns for farmers. Whole milk powder prices led the way in the most recent overnight auction, increasing 5.8 per cent to an average of US\$3,654 a tonne. Since the previous auction, the New Zealand dollar had risen about 0.2 per cent, according to Westpac economists. The NZ dollar averaged around US\$0.81 over 2012, now rising to an average around US\$0.84 to date in 2013.

**Dairying sector gets tough on clean water, pollution** [20 February/ Waikato Times] DairyNZ and New Zealand’s dairy companies have released a new blueprint for improving sustainability in farming and its environmental impact on the wider community. The more regulated version of the Clean Streams Accord has been created by the dairy industry, and helps promote the environmental performance and image of dairy farmers. John Luxton, DairyNZ chairman said it was a broader and more comprehensive commitment than the previous Clean Streams Accord. Key changes include all farmers being consolidated in environmental targets, not just Fonterra suppliers. All dairy cattle will have to be excluded from waterways and wetlands by set dates, and new independent audits will be introduced to ensure farmers meet the targets and “to ensure transparency and robustness”, Mr Luxton said. The new agreement replaces the Clean Streams Accord, which was developed in 2003. These commitments ended last year.

**Dairy clear of DCD from November - Ministry** [21 February/ NZ Herald] The Ministry for Primary Industries and the dairy industry have found no traces of the DCD chemical in New Zealand dairy products after tests were undertaken post mid-November last year. September last year provided worrying results when trace amounts of dicyandiamide (DCD) were found in low levels in 10 out of 100 samples of whole milk powder, skim milk powder and buttermilk powder. The findings in September last year saw various fertiliser companies in New Zealand voluntarily withdraw DCD products from the market and raised concerns among international customers of Fonterra. Wayne McNee, the director of the Ministry for Primary Industries, has said that both the ministry and the dairy industry had carried out extensive testing of milk products in order to build a more comprehensive picture of the existence of DCD in New Zealand's milk supply. Mr McNee said that the core findings of the investigation would be released in order for the ministry and the dairy industry to be as open as possible with their markets and customers. He also said that the quantities of DCD found in the dairy products create absolutely no food safety risk to customers, with all traces originally located being significantly below the European Commission's acceptable daily intake. The ministry was also working with Customs in order to halt DCD from coming into New Zealand.

**Strong interest for school milk scheme** [26 February/ Radio New Zealand] A large amount of interest has been shown by more than half of the country's primary schools in Fonterra's Milk for Schools scheme. A free serving of milk for children in years one to six will be provided in the proposed Milk For Schools' offer. After a pilot project was distributed among schools in Northland during 2012, the programme is underway to be nationally rolled out. Southland is the next region to be brought into the scheme followed by Christchurch a few weeks later. Fonterra has stated that all schools who wish to take part will be receiving milk by the end of Term 1 in 2014.

### Meat

**Wallace Corp invests in Aduro** [21 February/ Waikato Times] Natural resource materials and biopolymer company, Aduro Polymers, has secured investment funding from Wallace Corporation, New Zealand's largest service rendering business. The corporation processes co-products from the meat processing industry. WaikatoLink Limited started the company, a technology transfer office of the University of Waikato. Hamilton-based Aduro Biopolymers is developing a unique material based on turning bloodmeal into bioplastic. The company is a good example of an early stage innovation company based on publicly funded research scheme. WaikatoLink chief executive Duncan Mackintosh did not disclose the size of the investment, saying that securing the investment at a key point in Aduro's development was very welcome. The company's aim is to develop environmentally conscious materials for the manufacturing and construction sectors. The trillion of dollar global plastics market is constantly increasing and bioplastics currently represent 5-10% of the market. The compounded growth rate of the bioplastics area is around 20 per cent. Aduro Biopolymers is working with commercial partners in New Zealand and Australia to develop Novatein for a range of product lines. The company also said that it was planning to work with New Zealand research organisations in order to develop new and novel materials from other natural resource polymers.

**China pips Britain as NZ's top buyer** [22 February/ Business Day] Market changes have now shifted the magnitude of China's demand for New Zealand's sheepmeat. Demand from China for sheepmeat rose 80 per cent last year, shifting the UK off its position as the top receiver of sheepmeat from New Zealand by volume. Tim Ritchie, Meat Industry Association chief executive, said that meat companies had been experiencing the strengthening trade to China and this has been reflected in the figures reported. He said that China is now New Zealand's single largest market by volume, but not by value. Other Asian centres such as Malaysia had strengthened in last two years. 22.2 per cent of all sheepmeat exports from New Zealand are claimed by China, consuming 77,610 tonnes of sheepmeat last year which is followed by the UK on 65,060 tonnes which claims a 18.7 per cent share.

**Farmers say shift focus of meat plan** [22 February/ Southland Times] A plan to spend almost \$20 million of farmer reserves on a programme to save the meat industry has received negative responses from frustrated Southland farmers. The Beef + Lamb New Zealand farmer meeting in Gore last week was attended by 130 farmers and industry leaders. The goal was to discuss farmers' contribution to the Collaboration for Sustainable Growth programme. Improvements in profitability through information sharing, education and stronger relationships between farmers and processors are just a few of the aims the \$65 million programme. Farmers have been asked to vote on whether \$19.6 million of reserves from Beef + Lamb NZ and the New Zealand Meat Board should be used for the programme. Chairman for Beef + Lamb NZ Mike Peterson said that they would stop funding the programme if certain milestones set out in the Red Meat Sector Strategy were not met. Voting for the plan closes on March 8 March.

**Farmers encouraged to vote for growth** [22 February/ Marlborough Times] New Zealand meat industry partners, including meat companies and banks, have committed \$13.2 million, and the government has committed \$32.5 million through its primary growth partnership towards the red meat sector collaboration for sustainable growth project. Forty Marlborough farmers and industry representative leaders yesterday heard about the programme which advocate promise will lift their profitability if they vote to commit funding. Kelvin Whall, strategy manager for Beef + Lamb New Zealand, said the organisation's intention was that the information gathered during the programme would be easily available to everyone involved in the industry, unlike other commercially sensitive programmes. The \$200 million loss made by the meat industry in the past year had hurt a lot of people, according to Awatere Valley farmer Greg Harris, and the problems which led to this needed to be reviewed.

**Marketing strategy boosts elk-meat returns** [25 February/ Otago Daily Times] Increased demand for New Zealand elk meat is expected in Europe after marketing strategics have been given a boost. Elk farmer, Tom May, now has to worry less about how he will export the various cuts of meat he produces from his Mayfield Elk Farm near Winton. A few decades ago, it became apparent that meat processors paid about \$1 less per kilo for heavyweight elk carcasses than for lightweight deer due to smaller cuts being what the market desired. About eight years ago, Mr May and a group of businessmen set up New Zealand Elk Limited to market meat under the brand name Elk Supreme. The aim of raising the profile of elk as a niche market of gourmet meat saw an agent put directly in the European market. Mr May and three others approached Clover Exports, in Gore, which was already established in processing large animals. Negotiations saw both parties reach an agreement and in 2006 about \$100,000 was invested into a dedicated venison slaughter and processing chain at the plant. Since then, the investment has been a success and the marketing strategies in place have put the company in good stead for the future.

### Rural infrastructure

**Inhibitor recall the right move** [26 February/ Bay of Plenty Times] Federated Farmers back the move to stop the use of the nitrogen-inhibiting product, Dicyandiamide (DCD), until proper testing and standards have been set. The decision was made by Ravensdown and Ballance Agri-Nutrients. They have withdrawn the nitrification inhibitor DCD from the market until acceptable residue levels have been agreed to internationally. This decision is supported by Federated Farmers food safety spokesperson William Rolleston. While earlier trace levels of DCD were found in milk products, there is no evidence to suggest the product as being harmful to humans. The larger issue is around trade risks associated, if some countries decide to stop importing New Zealand milk due to the additive. Dr Rolleston said that the DCD issue had arisen after considerable pressure on farmers to find solutions for diffusing nitrogen. He also noted the importance that any solution be thoroughly scientifically tested in New Zealand conditions to ensure they were completely safe.

### Research and development

**Mutual benefits from food** [22 February/ Business Day] In an agreement signed in Blenheim early last week, The Marlborough Research Centre acknowledged its past in a memorandum of understanding with the Riddet Institute which promotes science underpinning the development of health-enhancing foods. Mark Ward, Riddet Institute general manager said that the agreement would help businesses and scientists work together to create high-value foods and beverages in Marlborough, earning a source of funds and creating jobs. Marinated mussels were a cutting-edge product when the Government first looked at investing in the research centre in the 1980s, said Massey University vice-chancellor Robert Anderson. Vacuum-packed live mussels from Marlborough won a national food award at Massey University last year, indicating the improvements and innovations in development over the past few decades. The signing of this most recent agreement now will see both organisations, Massey University and the Riddet Institute become more open and closely aligned with the sharing of information about projects that they were involved in. Collaboration can also arise from mutual benefits created by the two.

### Water

**Ruataniwha Dam proposal holds water** [25 February/ Hawke's Bay Today] Despite the Hawke's Bay Regional Council (HBRC) providing a positive outlook and feasibility study for the proposed Ruataniwha Dam project, there remains some concern that the project will not be financially viable or sustainable and will suffer from low demand. In comparison, Federated Farmers is confident that the HBRC has presented an achievable scenario which will provide large benefits to farming and to the people living in the area. Recent irrigation bans placed within and around the region highlight the requirement for a reliable water supply. Water to irrigate 25,000ha of farmland could be supplied by the proposed Ruataniwha Dam, on the Makaroro River. A generation potential of 6.5 megaWatts of electricity has also been stated as a potential benefit from the project. An HBRC report into the project states that for farmers wanting to continue farming over the summer, individual on-farm water storage was priced at about \$3.00 to \$5.80 for a cubic metre of water, compared to \$2.91 per cubic metre for Ruataniwha Dam storage. Useage of the new dam's water has been translated to increasing farm added value by \$70 million a year, including additional household income of \$24 million per year.

**Board appointed to set up new irrigation company** [25 February/ Radio NZ Rural] The Crown's irrigation funding company has it's had the board of directors selected by the Minster for Primary Industries, Nathan Guy. A total of \$80 million has been allocated to the as-yet unnamed company in order to promote irrigation schemes around the country. Mr Guy has appointed Alison Paterson, the current chair of FarmingIQ and former chair of Landcorp, to head the establishment's board of seven persons. The company is due to begin operations on 1 July of this year.

### Farmers and producers

**Select committee eyes swap-loan probe** [24 February/ Sunday Star Times] West Coast MP and Labour's Primary Industries spokesperson, Damien O'Connor believes that a Parliamentary inquiry into the sale of interest rate swaps to farmers is only one step away. The complex swap transactions that locked many farmers into higher rates as the global financial crisis saw interest rates fall to historically low levels have impacted the financial position of some farmers significantly. The Primary Production select committee are summoning the Commerce Commission to give an update on its preliminary investigation into the sale of swaps, which could happen as early as next week. Mr O'Connor said that after hearing from the Commission the committee would decide whether to start its own inquiry and asking witnesses to appear before it, which could include farmer representatives and the banks. Mr O'Connor added that unless the Commission is committed to a full blown inquiry, there should be a Parliamentary inquiry into the matter, although the committee would not be seeking to establish the legality of the swap sales.

**Northland to consider drought declaration** [26 February/ Radio NZ Rural] Government drought assistance is being contemplated by more and more individuals as dry conditions are pushing dairy farmers to cut back to once-a-day milking or dry off their herds, a process where milk yield is cut significantly in the short term. As feed runs out, sheep and beef farmers are sending stock to the salesyards and meat plants. Many farmers will be unable to remain productive if we have no rain in the near term and some areas need help as soon as possible. The Waikato region has taken the first step to declaring a drought there by forming a regional drought committee.

## International

**Highlights from the USDA annual conference** [25 February/ Financial Times] The annual US Department of Agriculture conference was held last week with speakers being generally bearish on commodity prices despite a drought still covering half of mainland USA and grain stocks at low levels. USDA economists are predicting a record domestic corn crop of 14.5 billion bushels with an upward trend in yields, which they expect to drive a dramatic rebuilding of stocks. The key assumption underlying these forecasts is that the weather will return to normal, although it was noted by a USDA meteorologist that “we appear to be heading into uncharted territory in terms of average temperatures across the US”. One of the factors that was discussed as taking the heat out of corn prices, was a decline in use of corn for ethanol production, with domestic petrol consumption continuing to fall. It was also noted that with record crops in South America, Ukraine and India, the impact that US crops have on global prices is declining, which has changed the market significantly for US farmers. The value of farmers land assets were also discussed, with estimates that farmland returned investors 19% in the last year, meaning many farmers are now highly leveraged, potentially making some of them too-big- to-fail.

**The farmer’s gold dust** [25 February/ Sydney Morning Herald] According to researchers at the University of Technology, Sydney’s Institute for Sustainable Futures, the world faces a dangerous shortage of phosphate which could slash global crop yields and send food soaring within a generation. The use of phosphate rock as a fertiliser has significantly boosted crop yields in the past 50 years and it will become increasingly important as the world’s population grows. The researchers warn that there is virtually no management of phosphate supplies by any national or international agency to ensure their long term availability, noting that inefficient farming practises and food waste have exacerbated the pressure on existing supplies. The researchers highlight that Australia imports much of its phosphate requirement to compensate for it’s naturally phosphorus deficient soils to grow and export phosphorus intensive crops. They suggest that the agricultural sector may need to rethink profiles of its production and export industries in future, which is not an easy thing to do. Global research is now progressing into controlling phosphate use, focusing on issues such as improving crop productivity with less phosphorus input, helping people to change their diets and produce less food waste and developing recycling initiatives to recover and reuse phosphorus.

**IKEA pulls meatballs in Europe** [26 February/ Business Day] Retail giant, IKEA, has confirmed that a batch of recalled Swedish meatballs contained horsemeat. The meatballs were sold in the group’s stores in 13 European countries. The company said it is withdrawing meatballs from stores in 21 European countries given concerns that the meatballs could contain horsemeat. All the stores are supplied by a single Swedish based supplier. Authorities in the Czech Republic said that they had detected horse DNA in tests of one kilogram packs of frozen meatballs labelled as beef and pork. A spokesperson for IKEA said most European countries except Russia and Norway were impacted, while stores outside Europe were unaffected.

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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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