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 Agenda 2018**

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Weekly news update from the KPMG Agribusiness network

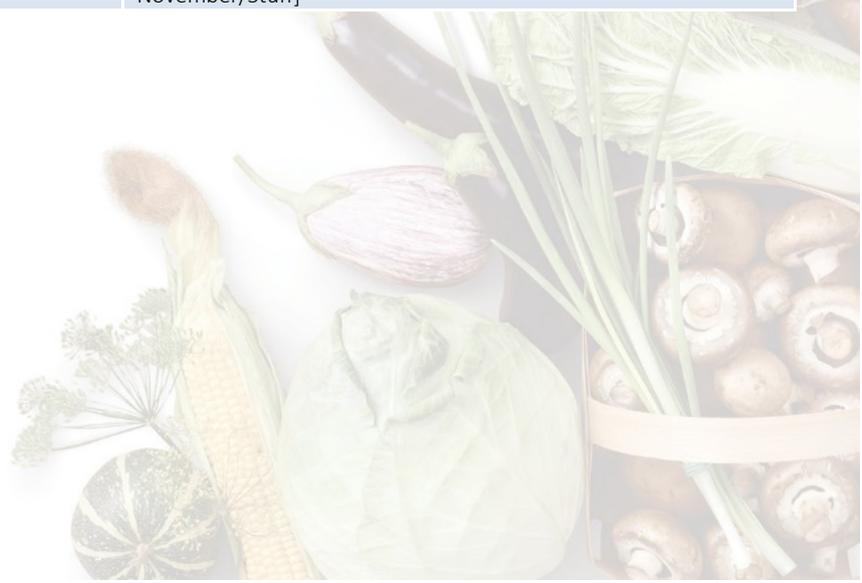
5 December 2018

Organisations referenced in this week's Field Notes include:

AGMARDT	Horticulture New Zealand
AgriHQ	International Fair Trade Organisation
Alliance Group	Kraft Heinz
Arable Industry Marketing Initiative	Lawson Dry Hills
Ausveg	Ministry for Primary Industries
Barilla Centre for Food & Nutrition Foundation	New Zealand First
Bayleys	New Zealand Merino
Beef + Lamb New Zealand	Pāmu Farms of New Zealand
Biosecurity New Zealand	Potatoes New Zealand
Dairy Companies Association of NZ	Primal Kitchen
Federated Farmers	Statistics New Zealand
Firewire Surfboards	Te Uru Rākau – Forestry New Zealand
Fonterra Co-operative Group	Westland Milk Products
Gisborne District Council	Wine Marlborough
Greenpeace New Zealand	Zespri Group
Hopelands Dairies	

This week's headlines:

Horticulture	Zespri eyes North America for kiwifruit orchards as Sungold sales take off [2 December/NZ Herald]
Dairy	State loan for Westland Milk [29 November/Rural News]
Animal Health	Farmed animal antibiotic sales up but the nasties for humans down [28 November 2018/NZ Herald]
Agribusiness Strategy	Country of origin food labeling bill passes third reading [29 November/NZ Herald]
Forestry	Government to fund farmers to encourage more tree planting [30 November/Stuff]



Red meat

Alliance says world trade friction could erode sheepmeat returns [2 December/NZ Herald] Alliance Group's Global Sales Manager, Shane Kingston, believes that uncertainty on the world trade front could translate into lower prices for the Group's shareholders in the coming year, but returns should nevertheless remain firm. Whilst Britain remains an important market, Alliance has been sending chilled lamb, mutton and beef shipments to China by air and sea since the middle of 2017, distributed by their partner on the Chinese mainland, Grand Farm. The programme targets high-value retail, delicatessens and gourmet butcheries, which Mr Kingston said offered significant opportunities for the co-operative as they command a premium over frozen products. While he noted that there are good opportunities for growing value in China he added that there are also good opportunities in many markets around the world. Alliance last week reported a net profit of \$6.6 million for the year to September, down from \$14.4 million a year earlier. Revenue, however, lifted to \$1.8 billion from \$1.5b in the prior year.

Flock decline threatening lamb export potential [3 December/Radio NZ] Opportunities to grow returns from lamb exports are in danger if the trend of steadily declining ewe numbers is not turned around. New Zealand sheep numbers peaked in 1982, with a total of 70.3 million sheep, but the national flock has been declining since then and latest estimates indicate the national flock is now 27.3 million animals. A Beef + Lamb New Zealand report shows farmers are doing well productivity-wise, with more ewes having twins and triplets, lifting lambing percentages to 129 percent this year, however record lambing percentages have not been enough to offset the rate of decline in the national flock. AgriHQ Senior Analyst, Mel Croad, noted that breeding ewe numbers are down by over 2 percent this year, which has resulted in a lower lamb crop. B+L NZ have estimated the 2018 lamb crop to be down just under 1 percent this spring to total 23.5 million lambs which Ms Croad suggested could result in the current season having the lowest export slaughter tally since the 2011-12 season. She added that the sheep industry in Australia is working to increase ewe numbers to take advantage of expectations that global sheep meat consumption will continue to grow.

Horticulture

New housing is eating our lunch: report finds NZ set to struggle to grow enough fruit and vegetables [28 November/NZ Herald] A report produced by Rachel McClung of Horticulture New Zealand as part of her Kellogg Rural Leadership programme, suggests that vertical farming, where food is grown indoors in stacks in a technology-controlled environment, is unlikely to replace traditional growing. Ms McClung said that spread of urban development into areas with prime soils, such as Pukekohe, and the impact of climate change on regional weather patterns, made it an appropriate time to look at alternative growing methods. However in recognising the benefits of vertical farming, Ms McClung said the cost of the electricity needed for artificial lighting and temperature control, combined with the high capital investment and operational costs need to also be taken into account and as a consequence the costs currently outweigh the benefits. The report found vertical farming was limited to leafy greens and herbs and unable to grow the full range of fruits and vegetables, and that also nothing was known about how it aligned with the cultural values of Māori. Ms McClung concluded vertical farming would not replace traditional growing but may supplement it in future if technology made it economically viable. Her report urged recognition that horticultural production was not just important for its economic benefits as the rural economy supported rural communities, but also because food production values were a platform for long-term sustainability of communities through the provision of food security, jobs and tourism.

Zespri eyes North America for kiwifruit orchards as Sungold sales take off [2 December/NZ Herald] Global kiwifruit marketer, Zespri, is looking at opportunities to grow kiwifruit in North America as consumer demand there soars for its Sungold variety. Chief Executive, Dan Mathieson, said Sungold sales jumped 32 per cent this year with 4.7 million trays sold compared to 3.3 million last year, while the sales of green kiwifruit doubled to 2.6 million trays. Zespri also benefited from what Mr Mathieson called an organic foods boom across North America, with 640,000 trays of organic kiwifruit being sold compared to 370,000 last year. Much of the Sungold fruit for North America was sourced from Zespri's Italian growers who are currently scaling up production, but Mr Mathieson says the company's goal is to have high quality fruit available to North American consumers 12 months a year and as a result they believe that locally sourced fruit will provide the best result. Zespri has been pushing hard into North America for about four years with its target consumer cities New York, Chicago, Washington DC, Los Angeles and Boston. Along with mainstream fruit, whole berries are emerging strong competition for Zespri kiwifruit in North America, Mr Mathieson added.

Potato virus here to stay [4 December/Rural News] Potatoes New Zealand Chief Executive, Chris Claridge, said the decision to keep the potato mop top virus (PMTV) in New Zealand may be in the best interests of the industry in the long term. He said technical experts have indicated that they don't believe it is technically feasible to eradicate the PMTV, but it might well be possible to contain it through good management practices. The international advice they had was there would be too much disruption to the industry if they went down the eradication path, with Mr Claridge adding that it was 'important any cure did not kill the patient'. Potatoes NZ are working with the Ministry for Primary Industries, who say the disease is endemic to North America and Europe where it is generally managed effectively without causing major production losses. The disease was found in Canterbury in the Innovator variety which is only used for potato chips.

Dairy

Two for two: second Fonterra director election limited to two contestants [27 November/NZ Herald] Fonterra Co-operative Group has announced that a second election for an unfilled director seat on the co-op's board will be held over the next month. The two candidates will be self-nominated farmer-supported candidate, John Nicholls, and board nominee, Jamie Tuuta, both of whom did not receive sufficient support from shareholders to be elected in the first election. The decision to limit the new contest to Mr Nicholls and Mr Tuuta instead of opening it to all newcomers reflects that the Shareholder Council recognises that farmer-shareholders who backed Mr Nicholls' self-nomination should continue to have their voice acknowledged. Fonterra Shareholders' Council chairman, Duncan Coull, said that new candidates will have the opportunity to put themselves forward in 2019 as part of the 2019 director election cycle, but no third election would be held if neither candidate achieves more than 50 per cent support. The board could make a temporary appointment until next year's annual meeting if the vacant seat was not filled. Voting will open on December 3 and will close on December 20 and will see the result announced later that day.

State loan for Westland Milk [29 November/Rural News] A loan of \$10 million from the Provincial Growth Fund to Westland Milk Products will enable the dairy co-operative to build a new \$22million plant at Hokitika. The plant will allow Westland to separately process multiple types of special quality milks into high value products, these are likely to include A2 milk and Ten Star Premium Standard milk. Chief Executive, Toni Brendish, said there is also potential, in later stages of the project, for other segregated products such as grass-fed, pure Jersey, goat or sheep milk, or even plant-based nutrition to be processed through the plant. The new plant, a first for the New Zealand dairy industry, will allow the co-operative to produce high value segregated product even during the peak milk season. Ms Brendish stated that it makes sense to focus on low volume, segregated, high value products that are far less susceptible to the cycles of the global dairy trade market. The plant will be operating in time for the 2019-20 season.

Fonterra makes play for developing countries [1 December 2018/NZ Herald] Fonterra is making a push to make dairy affordable and accessible for low-income populations in developing regions in the Middle East, Africa, South Asia, and South America. Kelvin Wickham, Chief Operating Officer of Fonterra's NZMP ingredients business, said Fonterra had previously sold commodity products in bulk into these markets but now wants to focus on the premium end of the market by developing and selling higher-value ingredients with added benefits. Mr Wickham says the challenge is to make dairy affordable and accessible. Fonterra was looking at getting the formulations right and tailoring them to fill the vitamin deficiencies specific to each region. Some low income earners are moving into the middle class and want higher value dairy products, particularly in the Middle East and Africa. Mr Wickham said these trends offers growing opportunities for Fonterra in areas such as sports nutrition.

Farmers and producers

Best primary sector employers announced [28 November/Rural News Group] The best primary sector employers have been celebrated at the MPI AGMARDT Primary Industries Good Employer Awards. Woodville Dairy farmers, Nicky and Ben Allomes were presented with the inaugural supreme award. The Allomes, owners and directors of Hopelands Dairies Ltd, scooped the supreme Minister's Awards at the awards function held at Parliament. They also won the Innovative Employment Practices Award. Minister of Agriculture, Damien O'Connor, presented the Minister's Award to the Allomes', congratulating them on their creativity with work-life balance by investing in a rostering system that allows their workers ownership of when they work and what they do on the ground. Mr O'Connor commended them for sharing the knowledge with their community. Other award winners in the MPI AGMARDT awards included Kevin and Kylie Ihaka of Forest Protection Services, Michelle Cherrington of Moana. (Seafood) and Miraka.

Animal health

Farmed animal antibiotic sales up but the nasties for humans down [28 November 2018/NZ Herald] A new report from the Ministry for Primary Industries on New Zealand sales of antibiotics for animals and plants that ultimately affect human health provides mixed news on progress on managing the use of these drugs. The report indicates that antibiotic sales via veterinary medicines and agricultural chemicals rose 8 per cent in the two years between 2014 and 2016 year-end, compared to the previous reporting period 2011/2012-2014. MPI attributes the lift in part to an increase in animal and plant production. More positively, the report indicates a drop in sales of three classes of antibiotics that are considered by the World Health Organisation (WHO) to be of highest priority and critical importance to human health (the third and fourth generation cephalosporins; fluoroquinolones and macrolides). However sales of the class aminoglycosides, mostly used in horticulture and classed by WHO as "critically important", continued to increase during the two years. Penicillin and bacitracin sales also increased, while most other antibiotic class sales decreased. Aminoglycoside sales, almost entirely to the kiwifruit industry for treatment of Psa, lifted during the five years. The increase was in part due to the subsequent increase in land used for kiwifruit growing, the report said.

Rural communities

MPI begins mandatory review of Walking Access Act [30 November 2018/NZ Herald] The Ministry for Primary Industries has begun a review of the Walking Access Act 2008 to assess whether it still provides the access needed to New Zealand's land, bush, mountains, rivers, coasts, and areas of cultural significance. MPI will meet with stakeholders in December 2018 to do some early scoping, and consult with the public in April/May 2019 to get their views on how the Act could be improved. The review will be led by MPI, along with a panel of three experienced people, chaired by Dr Hugh Logan, who will provide guidance. MPI expect the review of the Act will completed by September 2019.

Arable

Cropping sector on good footing – Report [30 November 2018/NZ Herald] The cropping sector is looking towards an enhanced future as good seasonal prospects, stronger markets and an increased variety of crop options put the sector on a good footing after a tough two years. The recently released industry survey from the Arable Industry Marketing Initiative, indicates stock levels of unsold grain are relatively low through the sector, with unsold cereal grain crops down by 65 per cent over the July-October period of the survey. This comes despite last years' plantings increasing 17 per cent, driven mainly by feed barley and feed wheat sowings. Federated Farmers Arable Sector Vice Chairman, Brian Leadley, said that farmers had experienced a range of cost increases, including fuel, urea, and also higher environmental costs. The industry has recently been encouraged by Countdown supermarkets decision to use locally grown grain in items that are baked in house. Mr Leadley said the quality message behind New Zealand grains is spreading, not only among consumers but also among dairy farmers sourcing grain for feed noting the biosecurity risk has also been recognised. Bayleys Mid and South Canterbury Manager, Jock Fulton, said the positive news coming out of the arable sector over the last year was welcome, boosted by the diversity that Canterbury enjoys in crop type and farmer ability. Mr Fulton noted there had not been many sales in the past six months, but compared to the previous 12-15 months, prices have been pretty solid.

Agribusiness strategy

Country of origin food labeling bill passes third reading [29 November/NZ Herald] Following Select Committee changes, pork products have now been included in a new food-labelling bill which has passed its final reading in Parliament. The Consumers' Right to Know (Country of Origin of Food) Bill, which requires food to carry country of origin labelling, passed its third reading with almost unanimous support from all parties except Act. The foods covered are those with only one ingredient which are unprocessed or subject to minimal processing. They include fresh and frozen fruit and vegetables, seafood and meat, including cured pork products such as ham and bacon. Tinned vegetables and fruit, and frozen mixed vegetables will not be covered. Act leader David Seymour said the law would effectively act as a new tax on consumers. Once the law is signed off, there will be 18 months for regulations to be put in place before the new labels are phased in over six months for fresh food and two years for frozen. The bill also contains provisions for the Consumer Affairs Minister to add more foods to it at a later date.

Biosecurity

Ship ordered to leave following biosecurity breach [29 November/Rural News] Biosecurity New Zealand has directed a vehicle carrier to leave New Zealand waters following the discovery of stink bugs and other regulated pests on board. The Carmen arrived in Auckland and was carrying a range of vehicles from Europe and the US. The vessel will now have to be treated off shore before it can return. This is first cargo ship to be ordered to leave New Zealand since the beginning of the 2018/19 stink bug season in September. In February, Biosecurity NZ turned around four bulk carriers arriving from Japan due to stink bug contamination.

Economics and trade

Annual trade deficit largest since 2007 [28 November/Otago Daily Times] Imports far outweighed exports for October, taking the annual trade deficit to \$5.8 billion, its largest deficit since October 2007. With exports dipping 6.4% month on month and the cost of imports increasing as a result of a then low New Zealand dollar and increased imported fuel costs. Statistics New Zealand international statistics manager Tehseen Islam said on an annual basis, imports from China were now twice the value they were in the October 2008 year, while exports during the decade had more than quadrupled. Exports to China were up by \$242 million to \$1.2 billion when compared with October last year, he said. Over the same decade, annual goods exports to China increased \$11.2 billion to reach \$13.5 billion for the year ended October. Milk powder, butter and cheese led this rise up \$3.7 billion, with milk powder alone up \$2.1 billion, while logs, wood, and wood articles were up \$2.6 billion and meat and edible offal was up \$1.8 billion, these being key contributors to the exports rise.

NZ dairy group joins fight to try and save WTO [30 November/Radio NZ] The Dairy Companies Association of New Zealand was joined with other peak dairy organisations across the world to launched an unprecedented campaign to try and save the World Trade Organisation (WTO). The move is in response to steps taken by the Trump administration to block the appointment of new judges to the WTO's appeals process. Trade Minister David Parker earlier warned that the block on judicial appointments could bring a vital part of the WTO's work to a halt, because not enough judges would be available to provide a quorum to hear international disputes. The global dairy organisations wanted issue raised at up the G20 meeting in Buenos Aires. DCANZ chairperson, Malcolm Bailey, said the groups that signed the letter normally compete against each other, but shared a common view that a rules-based trading system worked best. Besides calling for reform of the dispute settlement system, the organisation also sought improved transparency and timeliness of subsidy notifications, clarified procedures for administering tariff quotas, and additional measures to address trade-distorting practices. Signing organisations also included European, US, Australian and South America dairy organisations.

Forestry

Government to fund farmers to encourage more tree planting [30 November/Stuff] The Coalition Government has announced that farmers will be able to access government grants to plant trees on their properties as part of a new fund. Forestry Minister Shane Jones and Agriculture Minister Damien O'Connor have launched the One Billion Trees Fund, part of the government's plan to plant at least one billion trees by 2028. Led by Te Uru Rākau – Forestry New Zealand, the fund has two types of grant available with total funding of \$238 million. Direct landholder grants of upto \$118 million will go towards planting and establishing trees and native regeneration, with grant amounts varying depending on the type of planting planned. Top-ups for items such as fencing or ecological restoration are available with direct landholder grants. The programme also includes \$120 million for partnership projects that aim to reduce the barriers to tree planting through innovation, research and sector development initiatives which are available for three years. Projects likely to be supported include labour and workforce development; advice and information for landowners; catchment-based or landscape scale tree planting and restoration projects to deliver better erosion control, freshwater quality and biodiversity; science and research; and seedlings and nursery production. Partners will typically have to co-fund at least 50 per cent of commercial projects.

Owners of East Coast forests charged over debris damage [1 December/Radio NZ] The owners of six forests on the East Coast have been notified that they are to be prosecuted by Gisborne District Council under the Resource Management Act over damage to farms from flood-borne logging debris that occurred following two heavy rain storms in the region around Queens Birthday weekend in June. Farmers are still feeling the effects of the man-made floods, when forestry debris washed down and blocked rivers and damaging farms. The cost of the damage is still to be finalised but it has been estimated to be in the millions of dollars. The charges will be heard in the Gisborne District Court in January. Information has not yet been released on the exact charges that have been filed against each forest owner.

Fishing

NZ First sinks coalition partners' plan for fisheries review [2 December/Stuff] It has been reported that the New Zealand First party has scuppered plans for a panel to be established to provide expert advice to the government on New Zealand's fishing industry. Fisheries Minister Stuart Nash planned to revitalise the technical advisory panel, which was set up by the National Government to give expert advice on making fishing sustainable long-term. Those plans have now abandoned, a source said – because NZ First doesn't think the panel is needed, and resisted the appointment of environmental campaigners on the group. Minister Nash said on Thursday the panel was never a high priority for him. The abandonment follows an earlier intervention by NZ First over the panel – Nash had been keen to appoint Environment Defence Society policy director Raewyn Peart to lead the revitalised panel, but had this decision vetoed by NZ First too. Some panel members had already been told of their appointments: they were to include leading conservationist and former Antarctica NZ chairman Sir Rob Fenwick, former Fonterra strategy director Graeme Stuart, former Ngai Tahu chairman Sir Mark Solomon, and Graham Sinclair from recreational fishing group LegaSea. The Coalition Government has also put plans on hold to mandate cameras on fishing boats due to a lack of political consensus and Greenpeace New Zealand Executive Director, Russell Norman, has suggested that the new government is less aggressive on fisheries management than the previous National led government.

Water

Tasman District Council gives Waimea dam project final nod [30 November/Stuff] The \$105.9 million Waimea dam project will proceed after Tasman district councillors voted 9-5 in favour of the controversial proposal to construct a 53m concrete-faced rockfill dam in the Lee Valley, near Nelson. The council will have a joint-venture partner in the project – Waimea Irrigators Ltd (WIL). A council-controlled organisation, Waimea Water Ltd, will deliver it. Mayor Richard Kempthorne said he expected work on site could begin early next year. Local MP, Nick Smith, who has spoken out strongly in favour of the project over many years said that the vote was a hugely positive decision for the future of the Nelson and Tasman region. He added that the construction of the project will mean a cleaner and healthier river, enables growth of key horticultural industries and secures household water for the huge growth in population in the region.

Wool

Wool surfboards: Kiwi ingenuity leads to global partnership with Kelly Slater's company Firewire [3 December/NZ Herald] A Kiwi surfboard shaper's experiment with wool has led to a global partnership with one of the biggest names in surfing and an entirely new type of surfboard. Tauranga-based Paul Barron has developed a wool-based substance that can be used to replace fibreglass on a surfboard. Barron caught the attention of Firewire Surfboards, majority owned by surfing legend Kelly Slater, who have a long history of incorporating sustainable alternatives into the construction of their surfboards. Firewire's Woolight surfboard range, features Barron's alternative to fibreglass made out of wool sourced from Pāmu Farms. The boards are being rolled out globally. NZ Merino's market development manager Hadleigh Smith sees potential in the IP to extend well beyond surfboard manufacturing and create a range of new opportunities for the wool industry given the wide use of fibreglass in the automotive, boating and construction. At a time when the wool industry has been struggling with historically low prices, the future of the industry is being framed by innovative Kiwi thinkers like Paul Barron, All Birds and Icebreaker.

Viticulture

Kiwis 'too good' for seasonal work as employers cry out for skilled fulltime staff [4 December/Stuff] A recent employment survey in the Marlborough region shows the province is desperately short of skilled fulltime staff. Wine Marlborough advocacy manager, Vance Kerslake, said many Kiwis consider themselves too good for seasonal work and are only interested in taking permanent positions. Wine Marlborough surveyed 55 Marlborough employers across a dozen industries and found 85 per cent of respondents had vacancies for permanent, skilled positions. According to surveyed employers, their biggest challenge was getting applications from people with the right skills. Accommodation was also identified as a barrier to attracting and retaining talent. Lawsons Dry Hills General Manager Sion Barnsley said they preferred people who were resident and established in the province as their vacancies are more in the winemaking area of the business. He said that they preferred tertiary qualifications for winemaking positions, but for operating machinery, they wanted people who were reliable and practical. A global shortage of diesel mechanics had many employers in the region taking on apprentices and battling for qualified mechanics of any discipline.

Animal welfare

Charges laid after cows beaten with pipe [4 December/Stuff] Six charges have been laid after hidden camera footage showed a Northland farmer beating cows with a pipe and other implements. The Ministry for Primary Industries (MPI) has filed charges against one person after receiving the footage. The footage drew swift criticism from industry leaders, including Federated Farmers animal welfare spokesman Chris Lewis. A week after its release, the owners of the farm said a contract milker working on the property had been banned from working unsupervised around animals. While animal advocacy groups welcomed the charges being filed they noted that MPI's response had been too slow and that they failed to fully investigate the complaints against the farm when they were first reported to the Ministry.

International

Kraft Heinz agrees to buy paleo mayo and dressing company Primal Kitchen [29 November/CNBC] Kraft Heinz has confirmed that it plans to buy paleo dressing company Primal Kitchen. Primal Kitchen makes paleo-friendly products including mayo, avocado oil and dressings. It says its products are without processed or artificial ingredients, added sugars, soybean or canola oils. Like many large food companies, Kraft Heinz is looking for platforms to help compete against upstart brands. The \$200 million deal, which is backed by 3G Capital, is expected to close in early 2019. It gives Kraft Heinz, which already owns a range of branded dressings, a market position to compete with innovative brands like Sir Kensington's and Annie's Homegrown. Primal Kitchen is expected to generate about \$50 million in revenue this year, Kraft Heinz said. Kraft Heinz's shares are down 34 percent since January, and were up less than 1 percent following the news.

Small-scale farmers 'need climate change backing' [30 November/Fruitnet] The International Fair Trade Movement has called on the parties to the United Nations Framework Convention on Climate Change (UNFCCC) to introduce transparent, fair and binding mechanisms for trade justice in order to achieve climate justice in their negotiations at COP24 conference being held in Poland. More than 500 million small-scale farms provide over 80 per cent of the food consumed in the Global South. They, along with rural workers, are among the groups most affected by the devastating impacts of climate change. The International Fair Trade Movement's Policy Paper, "Trade Justice: A key component of building smallholder farmers' climate resilience", outlines five concrete steps needed to urgently transform the global economic system so that it works for people and planet: transparency & binding regulation; financial support; farmer-focused training and technical expertise; investment into agronomical research; and tax justice. Fairtrade International said that smallholder farmers are on the front line of climate change and they need large scale action to enable them to respond to the increasing crop failures, water shortages and natural disasters that they are facing.

Maxwell House's labor-focused campaign drives purchase intent, ad awareness, analysis finds [30 November/Food Dive] Kraft Heinz coffee brand Maxwell House has seen an increase in ad awareness and purchase consideration since launching a campaign over Labour Day weekend that celebrates hard work, a YouGov analysis found. Analysis shows that Maxwell House focusing its marketing messaging on hard work and featuring the American worker are paying off. Other consumer packaged goods brands, including Del Monte and Land O'Lakes have recent campaigns highlighting their connection to the farmers that produce their products. Coffee drinking is on the rise, especially among millennials with at-home coffee preparation dominating coffee consumption. Research indicates that 61% of current and former customers of the Maxwell House branded coffees believe that success in America depends on hard work rather than good fortune, above the national average of 57% of US adults.

Donald Trump signs US-Canada-Mexico trade deal with Justin Trudeau and Enrique Pena Nieto [2 December/NZ Herald] US President, Donald Trump, used the G20 meeting in Buenos Aires, Argentina, to sign a revised North American trade pact with Justin Trudeau and Enrique Pena Nieto, the leaders of Canada and Mexico. President Trump declared the deal, which replaces the North American Free Trade Agreement (NAFTA), a major victory for workers. But tensions over tariffs, looming layoffs by General Motors and the pact's prospects in Congress clouded the celebratory moment. The US-Mexico-Canada Agreement is meant to replace the 24-year-old NAFTA, but each country's legislature still must approve it which could prove a difficult task in the United States, as the Democrats will control the House from January. Democrats and their allies in the labour movement are already demanding changes. Within hours of the signing, Senate Democratic Leader Chuck Schumer said the deal must have stronger labour and environmental protections in order to get majority support in Congress. Most companies are just relieved that it allows most products to travel between the United States, Canada and Mexico duty free. The new agreement also gives US dairy farmers greater access to the protected Canadian market.

France tops Food Sustainability Index [3 December/Food Navigator] The Food Sustainability Index (FSI) ranks countries on food system sustainability. It assesses the sustainability of food systems according to three categories - food loss and waste; sustainable agriculture and nutritional challenges through an environmental, societal and economic prism. For the third year running, France was praised for its regulatory environment that cuts down on food waste and loss, whilst South Korea, France and Italy were top for sustainable agriculture. Japan, South Korea and Hungary were ranked highly for combatting nutritional challenges. However, the authors noted that a high score does not mean all problems have been solved, but that a country is on the right path to addressing their challenges. The index has been developed by the Economist Intelligence Unit (EIU) in partnership with the Barilla Centre for Food & Nutrition Foundation (BCFN). Leo Abruzzese, senior global director of public policy at EIU said high performers also have gaps that need to be addressed such as high meat and sugar intakes, a lack of young people in the farming profession and high levels of food waste at the consumer end. The top-performing low-income country in 2018 was Rwanda, which scored highly thanks to some progress on nutritional indicators and low consumption of sugar and salt and a sustainable water policy. The FSI also highlights how a sustainable food industry can contribute to meeting the UN Sustainable Development Goals (SDGs). The EIU and BCFN also added new indicators to "round out" the 2018 index. These include groundwater stress, an increasingly important area as underground reserves of water are being depleted for farming, and financial inclusion, or how easy it is for smallholder farmers to access finance.

Soybeans Lead Gains in Agriculture on U.S.-China Trade Truce [3 December/Bloomberg] The meeting between President Trump and President Xi of China saw an immediate reaction in commodity markets as traders expected to see a re-entry into markets from Chinese purchases as the two leaders deescalated the trade war that has broken out between the two countries. Soybeans prices led advances among U.S. crop futures after the White House said China agreed to immediately restart buying American farm products as part of a trade truce between the two countries. The oilseed jumped as much as 3.2 percent to the highest since June in Chicago, as corn and wheat also climbed, while Chinese soybeans fell on expectations of more supply. President Donald Trump and his Chinese counterpart agreed to pause the introduction of new tariffs and intensify trade talks, a significant turnaround in relations between the U.S. and one of its top customers for farm products.

Farm work for welfare trial labelled a failure, demands for agriculture visa stepped up [4 December/ABC] Influential lobby groups have declared a program to encourage welfare recipients to work on farms a failure, putting new pressure on the Morrison Government to create a dedicated agriculture visa to fix labour shortages in the rural sector. The \$27.5m Seasonal Work Incentives Trial has only found placements for 333 people with six months left to go on the two-year program, falling far short of its 7,600 possible places. Central Alliance MP Rebekha Sharkie has asked for further analysis of why uptake has not been higher, to find out if there have been any barriers for job seekers, such as access to transport or accommodation. In November the Coalition Government announced changes to existing backpacker and seasonal worker visas, enabling foreign workers to stay in regional jobs for longer than six months, and to stay a third year in Australia if they did extra farm work. The requirement that these jobs only be in northern Australia was also scrapped. The Government also relaxed the Seasonal Worker Program, enabling Pacific Islanders who come to Australia for farm work to stay three months longer. However, Ausveg said these changes did not address the seasonal nature of harvest work, and has renewed calls for the creation of a more specialised visa for dedicated agriculture workers. The National Farmers' Federation agreed, saying it welcomed the recent changes to existing migration programs, but that a long-term solution was needed.

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Contact Us

Auckland/ Audit Ian Proudfoot 09 367 5882 021 656 815 iproudfoot@kpmg.co.nz	Taxation Greg Knowles 09 367 5989 021 307 332 gknowles@kpmg.co.nz	Tauranga Robert Lee 07 571 1773 027 451 1035 relee@kpmg.co.nz	Wellington Graeme Edwards 04 816 4522 027 296 5050 gdedwards@kpmg.co.nz
Christchurch Andrew Hawkes 03 353 0093 027 508 0135 ahawkes@kpmg.co.nz	Financial Advisory Services Gary Ivory 09 367 5943 021 932 890 givory@kpmg.co.nz	Management Consulting Simon Hunter 09 367 5881 027489 9737 simonhunter@kpmg.co.nz	Hamilton/ Private Enterprise Hamish McDonald 07 858 6519 021 586 519 hamishmcdonald@kpmg.co.nz
Ashburton/ Private Enterprise Craig Jakich 03 307 0769 021 0600 553 cjakich@kpmg.co.nz	Farm Enterprise North Island Roger Wilson 07 858 6520 027 281 9575 rogerwilson@kpmg.co.nz	Julia Jones 07 858 6553 027 524 8901 juliajones1@kpmg.co.nz	South Island Brent Love 03 683 1871 027 528 1537 blove@kpmg.co.nz

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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