

SUSTAINABILITY MARKET INTELLIGENCE

Quarterly Report August 2012

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade (MFAT) and New Zealand Trade and Enterprise (NZTE) to establish a quarterly reporting system for the sector, highlighting trends and issues in key markets.

Individual market reports, including for preceding quarters, are available online via www.nzte.govt.nz/explore-export-markets/market-research-by-industry/Food-and-beverage/pages/Food-and-beverage.aspx. These include Australia, Canada, China, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, the Netherlands, the Philippines, Poland, South Korea, Spain, Sweden, Taiwan, the UK, and the US.

This *August 2012 Quarterly Report* features updates for:

CANADA	2
FRANCE	6
GERMANY	9
HONG KONG	11
THE NETHERLANDS	15
POLAND	18
SOUTH KOREA	21
SPAIN	24
UNITED KINGDOM	27
UNITED STATES OF AMERICA	31

Contact

Comments and questions on any of the information contained in these reports should be directed to Murray Bruges at MFAT (murray.bruges@mfat.govt.nz or 04 439 8065) or Emma Lewis at NZTE (emma.lewis@nzte.govt.nz or 09 354 9148).

SUSTAINABILITY MARKET INTELLIGENCE

August 2012 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets.

CANADA

SUMMARY:

- Calgary Co-op launches sustainability program: Canada's largest grocery cooperative launches new sustainability program, requiring all new seafood products to adhere to the SeaChoice designation.
- Canadian seafood company obtains first MSC certification for clams: Clearwater Seafoods obtains MSC certification for its Arctic Clams, the first clam offering to obtain the MSC designation worldwide.
- Orchardists in British Columbia concerned about introduction of genetically modified trees: Orchardists in British Columbia are concerned that an application with the Canadian Food Inspection Agency to allow genetically modified fruit will be accepted and compromise the perception of BC fruit as fresh and pure.
- Metro supermarket participating in Community Supported Agriculture: Metro Supermarket is taking part in a Community Supported Agriculture project. Their stores will act as drop off points for baskets of fresh vegetables supplied by local farmers.
- High Liner partners with Marine Stewardship Council: High Liner Seafood has partnered with the Marine Stewardship Council in an effort to source 100 per cent of its seafood from certified sustainable or responsible aquaculture by the end of 2013.
- Canadian Government announces national livestock traceability program: Canadian federal government launches Canadian Agri-Traceability Services (CATS), a new program to introduce traceability into all livestock species, to produce best in breed food safety and traceability into Canadian livestock offerings.
- Report from the National Round Table on the Environment and the Economy: The National Round Table on the Environment and the Economy has released a report warning that Canada is falling behind on international business standards for greener technologies.
- Environmental groups against new organic labelling standard: Three Canadian environmental groups have launched a website warning consumers that a new organic labelling standard for Canadian seafood products is misleading and allows fish farms that use pesticides to have their products certified as organic.

PRIVATE SECTOR ACTIVITY

Canada's largest grocery cooperative launches sustainability program

Calgary Co-op, Canada's largest grocery cooperative, has adopted a new in-store seafood sustainability labelling system, to be made available in all 165 Co-op food stores in more than 100 communities throughout Western Canada.

"Reel in the Solution!" is a sustainable seafood program developed by Federated Co-operatives Limited and SeaChoice, who provide science-based sustainability assessments of seafood. Although seafood vendors do not necessarily have to have certification, the labelling will proactively promote and positively highlight those that do have the SeaChoice designation compared to those that do not.

The decision to adopt a seafood sustainability program is seen as significant with the Co-op, as such a decision requires approval by the hundreds of independent owner-operator cooperative members, requiring much more support and dedication. With this announcement, New Zealand seafood companies will now need some form of sustainability certification to sell to any retailer in Canada.

<http://www.canadiangrocer.com/top-stories/calgary-co-ops-reel-program-for-seafood-sustainability-13660>

World's first MSC certification for clams awarded to Canadian seafood company

One of North America's largest vertically integrated seafood companies, Clearwater Seafoods Inc., has just received Marine Stewardship Council (MSC) certification of its Arctic surf clam fishery. The deep-water clam fishery is the first of its kind globally to obtain MSC certification.

To obtain MSC certification, the Arctic surf clam fishery underwent third-party evaluations by independent certifiers. The certifiers completed thorough assessments of both fisheries' practices to meet the standards set out by the MSC for sustainability, environmental impact and good management practices.

This new MSC certification on clams paves the way for New Zealand shellfish companies to work towards adopting the MSC designation, which allows for sustainability claims that are well known and received in the North American marketplace.

<http://www.canadianmanufacturing.com/food/news/clearwater-obtains-its-seventh-certification-71625>

Orchardists in British Columbia concerned about introduction of genetically modified trees

The Canadian Food Inspection Agency is considering an application to allow a genetically modified variety of apple to be grown in Canada which has a trait that keeps the apples from browning.

Orchardists in British Columbia are concerned that the introduction of genetically modified fruit will affect the perception of BC fruit as fresh and pure and therefore affect sales.

Organic farmers are also concerned they could lose their organic status if genes inadvertently transfer between crops.

<http://www.winnipegfreepress.com/canada/bcs-organic-growers-browned-off-by-bid-to-wipe-browning-gene-from-apples-151891195.html>

Metro supermarket participating in Community Supported Agriculture

Metro Supermarket is taking part in a Community Supported Agriculture project by having three of their stores act as drop off points for baskets of fresh vegetables that are certified organic or in the process of becoming certified. Customers can pre-order the baskets and pick them up in a Metro parking lot once a week from June to November. They are supplied by local farmers.

<http://www.theglobeandmail.com/globe-investor/news-sources/?date=20120612&archive=cnw&slug=C7944>

High Liner partners with Marine Stewardship Council

High Liner Seafood has partnered with the Marine Stewardship Council in an effort to source 100 per cent of its seafood from certified sustainable or responsible aquaculture by the end of 2013. The Marine Stewardship Council is the world's leading seafood certification organization, its eco-label will be displayed on High Liner products caught in the wild and High Liner's own Responsibly Sourced eco-label will be on both its wild-caught and farmed seafood merchandise.

<http://thechronicleherald.ca/business/94175-high-liner-partners-with-sustainable-seafood-group>

GOVERNMENT ACTIVITY

Federal government announces national traceability program to cover all Canadian livestock species

The Canadian federal government has announced that Canada will build a single national livestock traceability system with the help of an investment from the federal government, to be known as the Canadian Agri-Traceability Services (CATS).

The system will have robust data management capabilities, bringing together the combined experience of the Canadian Cattle Identification Agency (CCIA) and Agri-Traçabilité Québec (ATQ) to reduce costs and simplify data reporting. Once established, the new independent CATS organization will provide traceability data services for the CCIA, ATQ and other stakeholders.

The initiative was launched in response to the growing importance of sustainability to Canadian consumers, as well as to retailers and food service organisations. Although international suppliers will not need to initially participate in the program, New Zealand companies would be seen as leaders in their space if these types of practices are in place in New Zealand, and are marketed to Canadian consumers and buyers.

<http://www.canadianmanufacturing.com/food/news/feds-invest-in-new-national-traceability-system-71264>

Report from the National Round Table on the Environment and the Economy

The National Round Table on the Environment and the Economy has released a report entitled: Canada's Opportunity, Adopting Life Cycle Approaches for Sustainable Development.

The report warns that Canada is falling behind on international business standards for greener technologies, and says there is little information available in Canada for businesses to determine what kind of environmental footprint their production is making.

The round table wants to see government and business set up a database for Canadian business, and develop some rules and standards. Without these, the round table says Canada's competitiveness and reputation in global trade are at risk.

<http://www.cbc.ca/news/business/story/2012/05/16/pol-cp-nrtee-emissions-green-tech.html>

<http://nrtee-trnee.ca/canadas-opportunity>

Environmental groups against new organic labelling standard

The Conservation Council of New Brunswick, the Coastal Alliance for Aquaculture Reform and Ecology Action Centre have launched a website <http://organicsalmon.org> warning consumers that a new organic labelling standard for Canadian seafood products is misleading.

The new standard, passed in May by the Canadian Aquaculture Industry Alliance, allows open net-penned fish farms that use pesticides to have their products certified as organic.

Stephanie Wells, a senior advisor with the Canada Organic Trade Association, said the standard tightly regulates the use of pesticides and will be used only when recommended by a veterinarian.

<http://www.cbc.ca/news/canada/new-brunswick/story/2012/05/22/nb-organic-label-seafood.html>

DISCLAIMER:

While the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise have verified the information in this document, we make no representation as to the completeness, correctness, currency, accuracy or fitness for any purpose of the information. The Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise will not be responsible for any damage or loss suffered by any person arising from the information contained in this document, whether that damage or loss arises from negligence or otherwise.

SUSTAINABILITY MARKET INTELLIGENCE

August 2012 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets.

FRANCE

SUMMARY:

- Domestically-produced organic goods line launched: French supermarket chain Casino has rolled-out its new line of French-produced organic fruits and vegetables to address the perceived dilemma of imported organic food products.
- Environmental labelling trial: A national environmental labelling trial officially came to an end on 1 July. The French Environment Ministry is producing a report due early 2013 recommending whether to make environmental labelling mandatory or voluntary. Companies can continue displaying labels in the interim.

PRIVATE SECTOR ACTIVITY

Casino launches 100% French-made organic fruit and vegetable label

French supermarket chain Casino has launched a new label for its house organic brand. This is in response to the perceived dilemma between purchasing imported organic products and buying locally-produced non-organic products, with the latter viewed by the average consumer as having a better environmental impact because of the reduced travel distances of products.

Casino introduced a "100% French origin" label on 34 different fruits and vegetables of its own "Casino bio" organic brand. Over a third of organic goods sold in France are imported (Agence Bio) with the fact that demand for organic products is greater than domestic production boosting organic imports. A statement from Casino explained that it would take two years to complete the project, in part because the number of French organic farms was still insufficient to fully meet the supply requirements of Casino group.

The company's goal is to increase support to French organic farmers and gradually replace imported organic goods with French products. It is likely that this will include kiwifruit in the next few months.

Organic farming continues to grow but falls short of the French Grenelle Environment objectives

The most recent figures released on 1 June by "Agence Bio" (a French public agency specialising in the development of organic farming) indicate that the total number of organic operators (farmers, packers and retailers) has grown by 14% since 2010 to reach 35,271 in 2012.

In terms of surface area, 975,141 hectares are now dedicated to organic farming - a 15% increase since 2010. However, despite this growth, only 4% of agricultural area is currently organic - short of the Grenelle Environment objective of 6% by 2012. At the current rate, it

seems unlikely that the objective of 20% of agricultural land in organic production by 2020 will be achieved. To reach this figure, the National Federation of Organic farmers has requested that the new Government allocate 20% of the Ministry of Agriculture's budget to the organic sector.

According to Agence Bio, 35% of organic goods sold in France are imported. To date, 84% of the sales have been made in supermarkets, hypermarkets and specialised retail stores while 11% are directly from the farmer to the consumer and 5% by local shopkeepers.

The demand for organic products in institutional catering (such as corporate catering, hospital meals and school canteens) is also growing fast, with €158 million spent on these products in 2011 (up 21% from 2010).

French Environment and Energy Management Agency ADEME questions the environmental benefit of local food and beverage circuits

According to ADEME, any overall positive environmental benefit of local food and beverage production and distribution is not clear. The many different existing types of local F&B circuits (direct sales at the farm, on-tour sales, providing baskets of local food products directly to outlets, restaurants, offices etc) make it difficult to assess the environmental impacts of local production and distribution and gauge results.

In terms of specific observations, however, ADEME identified the reduction of packaging waste as a benefit of local F&B circuits, as often the raw products have little or no packaging. In addition fewer preservation techniques such as cold storage are used given the time between production and sale is reduced. ADEME also noted that local production secures food supplies and favours the local economy.

However, ADEME noted that local F&B circuits are sometimes less productive due to the small size of the farms involved and the lower-intensity production methods used. The method of cultivation also needs to be taken into account: food products grown locally under heated greenhouses can have a much higher impact on the environment than imported open-air food products. ADEME also accepted that long distance transport in large trucks or transoceanic container ships can have a lesser impact on the environment than short distance transport using small vans that often travel empty on their return. However, short F&B circuits can still be environmentally efficient when the trip and the loading are optimised.

GOVERNMENT ACTIVITY

Environmental labelling in auditing phase; the majority of participating companies plan to continue their displays

The French national environmental labelling trial officially came to an end on 1 July. The administration is conducting a survey of the trial, including feedback from participating companies and third parties. This data will feed in to the Environment Ministry's report to parliamentarians, due to be completed by early 2013. Parliament will then decide on the basis of this report whether to maintain the voluntary nature of the scheme or to make it mandatory, and whether to implement this immediately or progressively.

The 168 companies that have participated in the trial have most frequently applied three indicators to assess the environmental impact of their goods: GHG emissions, water consumption and biodiversity impact, the latter being the most challenging indicator to develop.

Initial data shows that it is too early to assess the labelling trial's impact on consumer purchasing behaviour. According to a survey conducted by the Ministry of Environment, 75% of participating companies intended to continue displaying labels after the end of the trial period.

DISCLAIMER:

While the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise have verified the information in this document, we make no representation as to the completeness, correctness, currency, accuracy or fitness for any purpose of the information. The Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise will not be responsible for any damage or loss suffered by any person arising from the information contained in this document, whether that damage or loss arises from negligence or otherwise.

SUSTAINABILITY MARKET INTELLIGENCE

August 2012 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets.

GERMANY

SUMMARY:

- Leading retailer EDEKA and WWF launch sustainability partnership: With science-based assistance from WWF, EDEKA aims to improve its ecological footprint in several areas including palm oil, soy, GHG emissions and water.
- Several food producers and caterers make complete shift to certified sourcing: Some businesses are making fundamental changes to their sourcing policies, shifting completely to certified products, including for fish, cocoa and palm oil.
- Federal Government proposes tighter animal welfare legislation: The Federal Government has adopted a bill requiring farmers to establish in-house animal health monitoring and to make necessary improvements.

PRIVATE SECTOR ACTIVITY

Leading retailer EDEKA and WWF Germany launch sustainability partnership

Germany's leading retailer EDEKA and the German branch of the World Wide Fund for Nature (WWF) have entered a strategic partnership, broadening their current co-operation on sustainable fishing. WWF will advise EDEKA on how to reduce its ecological footprint, on the basis of relevant science and life-cycle assessments for agricultural commodities and food products. The identified priority areas include:

- fish (EDEKA aims for 100% sustainable fish by 2015, current share is 87%);
- palm oil (100% certified for EDEKA branded products by 2013);
- soy (all EDEKA branded meat products to be based on GMO-free feed);
- climate (reduction of EDEKA's GHG emissions, PCFs for selected products);
- freshwater (water footprints for selected products).

EDEKA branded products that meet particularly high environmental standards, as certified by independent organisations, will feature the WWF logo. EDEKA says that implementation of the strategy relates to products accounting for one fifth of its turnover.

Leading German caterer seeks Marine Stewardship Council (MSC) certification

All fish from wild catch offered by Germany's second biggest caterer ARAMARK will in future be MSC-certified. The Marine Stewardship Council has welcomed the move as a signal that the on-premise market is increasingly interested in sustainable fishing. ARAMARK has around 4,000 customers including businesses, hospitals, universities, schools and congress centres. The move is part of ARAMARK's sustainability strategy, with other elements including organic food and climate-friendly meals.

Two leading German biscuit producers switch to 100% UTZ Certified cocoa

Bahlen and Griesson-de Beukelaer, two leading German biscuit producers, have announced that they will switch completely to cocoa certified as sustainably produced by UTZ Certified, a world leading certification programme for coffee, cocoa and tea. Both producers have already banned cage eggs and are gradually switching to palm oil certified by the Roundtable on Sustainable Palm Oil as well. For further information see: www.utzcertified.org.

German Hotel and Restaurant Association commits to reducing food waste

Further to the Federal Government's campaign to reduce food waste (see the Germany sustainability report for May 2012), the German Hotel and Restaurant Association (DEHOGA) has launched an initiative aimed at reducing food waste in its 230,000 member hotels and restaurants. These will be encouraged to offer meals in different serving sizes and be offered a check list in order to reduce food waste across the board.

GOVERNMENT ACTIVITY

Federal Government adopts review of Germany's Animal Welfare Act

In response to calls for improved animal welfare conditions, the Federal Government has proposed a number of amendments to the national Animal Welfare Act. Accordingly, farms with livestock will be required to establish in-house, indicator-based animal health monitoring and to pro-actively make improvements where necessary. More specifically, piglet castration without anaesthesia will be prohibited as of 2017 given the increasing availability of viable painless alternatives. The proposed amendments have yet to be adopted by Parliament, which may introduce further changes. Opposition parties and animal welfare NGOs have criticised the proposals for not going far enough. The Federal Ministry for Food, Agriculture and Consumer Protection (BMELV) is looking at further measures and has set up a "sustainable animal welfare" working group. For further information see: http://www.bmelv.de/EN/Press/press_node.html.

Government advisory body proposes to increase VAT on animal products

In its latest annual report, "Responsibility in a Finite World", the Federal Government's Advisory Council on the Environment warns that Germany's relatively high per capita consumption of animal products is not sustainable. It advises the Government to abolish the current reduced rate of VAT (7% instead of 19%) on animal-derived food products and consider a "fat tax" as applied in Denmark. In addition, it recommends the promotion of extensive grazing, possibly through a new "nature conservation label" for goods produced on land managed in an environmentally friendly-manner. The German Farmers' Union has criticised the proposals. For a summary of the report go to: www.umweltrat.de/en.

DISCLAIMER:

While the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise have verified the information in this document, we make no representation as to the completeness, correctness, currency, accuracy or fitness for any purpose of the information. The Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise will not be responsible for any damage or loss suffered by any person arising from the information contained in this document, whether that damage or loss arises from negligence or otherwise.

SUSTAINABILITY MARKET INTELLIGENCE

August 2012 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets.

HONG KONG

SUMMARY:

- Organic Products: Numbers of organic farms in Hong Kong are increasing in response to the growing demand for organic products. Consumers have a preference for country of origin when it comes to organic produce and locally grown organic produce is preferred over Mainland Chinese produce even though its price is higher.
- High End Hotels Say No to Shark Fin Soup: The Peninsula Hotel banned shark fin soup at all its food and beverage outlets from the beginning of 2012 and some hotels and restaurants have followed.
- Award to Hotel Go Green: Langham Place Hong Kong received the Gold award from the Environmental Campaign Committee for the Hong Kong Awards for Environmental Excellence. The hotel runs a wide variety of environmentally-friendly features and initiatives which include an organic rooftop garden.
- WWF's Seafood Guide: WWF's Seafood Choice Initiative – Business Engagement Programme and Ocean-Friendly Menu Programme provided assistance to over 29 restaurants to source sustainable seafood and 44 chefs to design a menu with sustainable seafood.
- Macau: The popularity of sustainability products is growing slowly in Macau and is mostly driven by hotel professionals. For example, the City of Dreams Hotel/Casino is switching all of the beef served on its casino floor to organic from early August 2012. Shark fin dishes will only be available 'on special request' and will not be advertised or promoted.
- Upcoming Trade Fairs: Natural Products Expo Asia, Asia Fruit Logistica, Asian Seafood Expo, and Hong Kong International Wine and Spirits Fair will provide opportunities for New Zealand exporters.
- New Radiological Standard for Bottled or Pre-packaged Water: The Centre for Food Safety (CFS) has adopted the radiological standard for international trade of bottled/package water under routine conditions, established by the Codex Alimentarius Commission (Codex) from August 1, 2012.
- Pesticide Residues in Food Regulation Passed: Pesticide Residues in Food Regulation has been passed and will come into operation on 1 August 2014 after a grace period of two years. Regulations address growing public concern about safe use of pesticide in food.

CONSUMER TRENDS

Organic Products

In Hong Kong, approximately 187 farms (of which 99 are certified) supply around 1,825 tonnes of organic produce to the local market each year. Organic produce accounted for 11% of total local production.

In response to growing demand for organic products, the Hong Kong Organic Resource Centre Certification Limited extended its organic certification service to aquaculture products in early 2011.

The Hong Kong Baptist University undertook joint-research with the Hong Kong Organic Resource Centre on the sales of organic products in local open food markets, known as “wet markets” in early March 2012.

Key findings of the research include:

- More educational work is required with seafood retailers in wet markets as most did not know the definition of organic aquaculture products. Over 25% of these retailers believed wild caught fish is organic and nine per cent of them claimed farmed fish is organic.
- There were more organic vegetables available in wet markets compared to 2011. However, many vegetable retailers continue to mark their vegetables as organic without proper labelling and certification.
- Locally-grown organic vegetables are sold at a higher price than organic produce from mainland China.

PRIVATE SECTOR ACTIVITY

Some High End Hotels Say No to Shark Fin Soup

The Peninsula Hotel banned shark fin soup in all its food and beverage outlets from the beginning of 2012, following Disneyland’s lead, as the first to ban the soup in 2005. Other hotels including the Ritz Carleton and Shang-ri La have also followed suit in January of this year. A list of Shark-free restaurants in Hong Kong is available here: http://www.wwf.org.hk/en/whatwedo/footprint/seafood/sharkfin_initiative/sharkfree/

Award to Hotel Go Green

For the second time the Langham Place Hotel received the Gold award from the Environmental Campaign Committee for the Hong Kong Awards for Environmental Excellence, under the Hotels and Recreational Clubs Sectoral Awards 2011 category. The hotel runs a wide variety of environmentally-friendly initiatives which include a Rooftop Organic Garden, where hotel staff and other participants can learn to grow organic plants.

WWF’s Seafood Guide

WWF (World Wildlife Fund) produced Hong Kong’s first seafood guide to encourage and help consumers to select sustainable seafood. The organisation also ran the Seafood Choice Initiative – Business Engagement Programme and Ocean-Friendly Menu Programme, which helped over 29 restaurants to source sustainable seafood and 44 chefs to design menus with sustainable seafood.

Macau

Awareness of sustainable products is growing slowly in Macau and is mostly driven by hotel professionals, including chefs and managers rather than Macau customers, the majority of whom are from mainland China. The City of Dreams Hotel and Casino is switching all of its beef sold on the casino floor to organic beef from early August 2012 to test market reaction. Although it serves shark fin on its Jade Dragon menu, this is expected to change soon to only be available on special request and will not be advertised or promoted.

While WWF has not focussed on promoting its Seafood Choice Initiatives, it believes that Macau's attitudes to sustainable seafood may evolve to become more like Hong Kong's in the future.

Upcoming Trade Fairs

Natural Products Expo Asia (23-25 August 2012) acts as the meeting point for suppliers and buyers of health supplements, health foods & beverage, health care, natural personal care, and eco-living products. There will be a New Zealand pavilion featuring a number of exhibitors from across the health and pharmaceuticals industry. NZTE will also take a booth to promote New Zealand capabilities, showcasing Natural Products New Zealand - the country's industry organisation - and other New Zealand companies. See www.naturalproductsasia.com for more details.

Another conference running concurrently to the Expo - Nutracon Asia - will provide useful updates on industry trends and regulations in mainland China for companies intending to expand to the China market.

Asia Fruit Logistica (5-7 September) is Asia's leading trade show for the international fresh fruit and vegetable business. There will be 20 New Zealand companies exhibiting at the show. See www.asiafoodlogistica.com for details.

The third **Asian Seafood Expo** will run from 11-13 September 2012. The exposition will connect retail, foodservice, and distribution buyers with suppliers of live, fresh, frozen and packaged seafood products and services looking to access the prosperous Asia-Pacific and Hong Kong seafood market. In 2011 the show attracted more than 150 exhibiting companies from 23 countries, and over 4,500 buyers from 50 countries. See www.asianseafoodexpo.com for details.

Hong Kong International Wine and Spirits Fair (8-10 November) is a regional show hosting over 930 exhibitors from 37 countries in 2011. Visitor numbers set a new fair record in 2011 with 19,400 trade buyers coming from 71 countries, a 37% increase over 2010. Buyers from Italy, the Chinese mainland, France, Taiwan, the US and Australia all showed significant growth. For details, see <http://www.hktdc.com/fair/hkwinefair-en/HKTDC-Hong-Kong-International-Wine-and-Spirits-Fair.html>.

GOVERNMENT ACTIVITY

New Radiological Standard for Bottled or Pre-packaged Water

Coming into effect from August 1, 2012, the Centre for Food Safety (CFS) has adopted the radiological standard for international trade of bottled/package water under routine conditions, established by the Codex Alimentarius Commission (Codex).

This standard states that no bottled/packageged waters shall contain substances or emit radioactivity in quantities that may be injurious to health and all bottled/packageged waters shall comply with the health-related requirements of the most recent Guidelines for Drinking-water Quality (GDWQ) published by the World Health Organization (WHO).

For food commodities other than bottled/packageged waters, the CFS will continue adopting the guideline levels stipulated in the Codex "General Standard for Contaminants and Toxins in Food and Feed".

More information is available here:

http://www.cfs.gov.hk/english/programme/programme_rafs/programme_rafs_fc_01_30_Q&A_7.html

Pesticide Residues in Food Regulation Passed

A regulation governing pesticide residues in food has been passed by the Hong Kong Legislative Council on 6 June 2012. It will come into operation on 1 August 2014 after a grace period of two years. It is to address growing concern about safe use of pesticide in food.

For details, please refer to

www.gld.gov.hk/cgi-bin/gld/egazette/gazettefiles.cgi?lang=e&year=2012&month=5&day=4&vol=16&no=18&gn=73&header=1&acurrentpage=12&df=1&nt=s2&agree=1&qaz_type=ls2&part=1&newfile=1&pid

DISCLAIMER:

While the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise have verified the information in this document, we make no representation as to the completeness, correctness, currency, accuracy or fitness for any purpose of the information. The Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise will not be responsible for any damage or loss suffered by any person arising from the information contained in this document, whether that damage or loss arises from negligence or otherwise.

SUSTAINABILITY MARKET INTELLIGENCE

August 2012 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets.

THE NETHERLANDS

SUMMARY:

- Sustainable food records steady growth: The Dutch government's 'Sustainable Food Monitor' has shown steady growth in sales of sustainable food in the Netherlands, attributed largely to growth in the supermarket sector.
- Supermarkets have room to increase sustainable offerings in house brands: House brands of leading Dutch supermarkets are close to reaching their market penetration goals, however ABN AMRO argues that there is growth potential for these brands in sustainable food.
- Environment friendly rating may join animal welfare system: The organisers of the Dutch "Better Life" rating system for animal products are in discussions with environmental groups around the expansion of the system to cover environmental concerns as well as animal welfare.
- Dutch proposal to ban ritual slaughter abandoned: The bill which was to ban un-sedated ritual slaughter in the Netherlands was defeated in the Senate. Instead a voluntary agreement has been concluded with the affected groups.

CONSUMER TRENDS

Sustainable food records steady growth

The annual Sustainable Food Monitor was published by the Dutch Ministry of Economic Affairs, Agriculture and Innovation in June. Analysis of figures for 2011 shows that sustainable food is one of the most important growth markets in the food and beverage sector. Sales of sustainable food products increased by 30.5% in 2011 (compared with 29.4% in 2010), bringing the market share up from 3.5% to 4.5%. The report, which defines sustainable products as those where environmental, animal welfare or social aspects are taken into account more than legally required, found that supermarkets are becoming a more important distribution channel for sustainable products, increasing market share from 56% to 61%. Specialist stores and the hospitality sector have continued to grow their sales in real terms, but have both lost market share to the supermarkets.

Source:

<http://www.rijksoverheid.nl/documenten-en-publicaties/rapporten/2012/06/06/monitor-duurzaam-voedsel-2011.html>

PRIVATE SECTOR ACTIVITY

Supermarkets have room to increase sustainable offerings in house brands

A recent report on the Dutch supermarket industry by ABN AMRO indicates that the sustainable and organic sectors are the main areas in which Dutch supermarkets have room to grow their house brands. House brand products in the Netherlands are very popular with sales of these products at close to 30% of total supermarket sales. According to the ABN report, further growth beyond that target will require house brands to increase their product range to include more organic and sustainable products. The report also suggests that there is sufficient demand for these products, which have now become well integrated into the supermarket offering. Sustainable or organic products accounted for €750 million in sales in 2010 and the amount continues to grow. ABN suggests that expanding the range of house brand organic products will also be good for other organic producers who will be able to profit from a greater consumer awareness of organics and sustainable food products.

Source:

https://www.abnamro.nl/nl/images/Generiek/PDFs/020_Zakelijk/04_Service/Publicaties/2012_0701-sectorupdate-supermarkten.pdf (in Dutch)

Environment-friendly rating may join animal welfare system

The Nature and Environment Foundation is in negotiations with a Dutch animal welfare organisation to add an environmental rating to meat products offered for sale in the Netherlands. Meat, eggs and dairy products sold in the Netherlands are now rated on a three star “Better Life” animal welfare scale administered by the Dierenbescherming, the Dutch animal welfare organisation. The organisation claimed responsibility for improving the living conditions of 7 million animals in 2010. However the chief executive of the Dierenbescherming, Frank Dales, states that there is still to improve on the animal welfare front. He is positive about the idea of adding an environmental rating to the “Better Life” system, but wants to first see further improvements in animal welfare standards, particularly in the poultry industry. “The sector must not be overwhelmed and confronted with too many demands at once” he said.

Source:

<http://www.verduurzamingvoedsel.nl/show-news/2012-07-23/ook-milieusterren-op-beter-leven-vlees> (in Dutch)

GOVERNMENT ACTIVITY

Dutch proposal to ban ritual slaughter abandoned

A bill introduced in the Netherlands by the Animal Party which aimed to ban unsedated ritual slaughter is now off the table. After contentious debate in the Senate, Agriculture State Secretary Henk Bleker negotiated an agreement with industry and the Jewish and Islamic communities which he said would deliver animal welfare improvements during the slaughter process without needing a complete ban. The agreement will be entered into voluntarily but will be supported by regulations where necessary. As a result of the compromises reached in the agreement, the bill, which had passed the House of Representatives 116 to 30, was defeated in the Senate by 51 votes against and 21 in favour.

DISCLAIMER:

While the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise have verified the information in this document, we make no representation as to the completeness, correctness, currency, accuracy or fitness for any purpose of

the information. The Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise will not be responsible for any damage or loss suffered by any person arising from the information contained in this document, whether that damage or loss arises from negligence or otherwise.

SUSTAINABILITY MARKET INTELLIGENCE

August 2012 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets.

POLAND

SUMMARY:

- Health food market in Poland expanding: The Polish health foods market is expected to grow by 3% to reach €1.2 billion this year. Poles are learning about healthy food choices through information and promotional campaigns and have developed a preference for enriched foods. Demand for products catering to consumers with food intolerances is also growing.
- Organic products positioned as premium: As the bio and organic foods sector grows, the public still perceives these products as premium. The small scale of distribution and fragmentation of production are keeping the prices of organic products at almost twice the standard price.
- Milk companies planning further IT investments: Polish dairy companies have undergone significant modernisation, mostly due to large inflows of EU funding over the last 8 years. There is however a need to invest into IT management systems, environmentally-friendly technologies and novel sterilisation machinery.
- Poland joins the Operation Pollinator Programme: Poland joined the Syngenta Operation Pollinator earlier this year. The main aims of the programme are: the protection of biodiversity, better crop quality and support for sustainable agriculture and ecological stability.
- Sustainable development of rural areas, agriculture and fisheries 2012-2020 strategy document approved: The government adopted a long-range strategy for the sustainable development of rural areas in the years 2012-2020, which is to serve as a guiding beacon for the distribution of EU funds from the next budget term.
- €1.6 million promotional programme for quality beef launched: Poles eat less beef than most other European nations and have in the past been dismayed by the poor quality of beef products on offer. To change this, the European Commission has accepted a €1.6 million quality beef promotion programme set to be launched this year.

CONSUMER TRENDS

Health food market in Poland expanding

According to Euromonitor International, the Polish health foods market will grow by 3% in 2012. Its value is expected to reach €1.2 billion by the end of the year and €1.34 billion by 2015. Information campaigns have led to increased health awareness among Poles despite the economic slowdown. Manufacturers have already responded to this trend by increasing product variety. As spending on health foods is growing, almost all the branches of the food sector are introducing healthy alternatives with dairy and fruit drinks the most popular for

health choices. The cereal, sweets, vegetable and fruit segments of the sector also have additional, healthy offers – says Ilona Ismailowa, expert from the Alfa fruit drink company. At the same time Poles have developed a decided preference for enriched products – products fortified with additional nutrients. Products with reduced content of harmful ingredients (i.e. sugars or fat) are less popular.

In response to increasing numbers of children and adults diagnosed with food allergies and by the growing incidence of diabetes in the Polish population, there has been 6% year on year growth in products catering to consumers with food intolerances. It is expected that this sector will continue to expand at a strong pace as higher demand extends the range of goods targeted at these consumers. Some supermarkets, like E.Leclerc are already offering over one hundred gluten free products on the “bio” aisles in selected stores.

Organic products positioned as premium

As reported by Euromonitor International, Poles perceive organic products as targeted to the wealthiest consumers. Prices of organic food are usually almost two times higher than for standard foodstuffs (though there is a visible downward trend). This is mostly due to the small scale of production and large fragmentation of organic farms. Distribution is traditionally limited to select stores or online distributors, however more and more supermarket chains have in the last years introduced ‘organic shelves’. The French supermarket chain E.Leclerc claims demand for organic products in their stores grew by 30% in 2011 while the overall turnover of the supermarket chain grew by 5.2% year on year. Consumers of organic foods derive from the Polish higher and middle income groups which are estimated to count around 2 million people.

PRIVATE SECTOR ACTIVITY

Milk companies planning IT investments

The Polish dairy industry has in the past eight years undergone considerable modernisation thanks to large inflows of EU funding. The automation of milk production is well developed however there is room for considerable investments in other areas. In particular, Enterprise Resource Planning and Information Technology management support systems for packing, storing and logistics are presently underdeveloped and not integrated with the production systems. There is also insufficient investment in technologies which reduce the environmental impact of milk production. Investment in this area could improve environmental performance while minimising the energy and water requirements of dairy production. Similarly, further investment in packaging and sterilisation methods would allow better retention of the nutritional qualities of dairy products.

It is expected that in 2012-2014, milk producers are most likely to invest in efficient dairy packing lines with advanced aseptic features. Expenditure on investments in 2012-2014 is estimated to reach €100 million and will be partly covered by EU funds. It is also expected that the volume of investments will fall slightly after 2014 and remain constant from then on. This is due to the EU’s budgetary planning (the vast majority of dairy investments in Poland are co-funded by EU programmes) and the level of investments to date.

Source: portalspozywczy.pl; dairy company data

Poland joins the Operation Pollinator Programme

Swiss seed company Syngenta has extended its European Operation Pollinator Programme to Poland starting June this year. Participating farmers will sow a variety of flowering plants

on a border of at least 3 metres on the side of their fields. The aim is to attract pollinating insects and thus protect and support biodiversity, improve crop quality and increase the sustainability of agriculture. The flowering plant seeds are sponsored by Syngenta and are selected to benefit the particular crop sown. The programme is seeing considerable interest especially from Polish oilseed rape farmers.

Source: Rzeczpospolita daily

GOVERNMENT ACTIVITY

Sustainable development of rural areas, agriculture and fisheries 2012-2020 strategy document approved

Earlier this year, the Polish Government adopted the 'Strategy for Sustainable Development of Rural Areas, Agriculture and Fisheries 2012-2020'. This strategy sets out actions the Government will be taking to improve the quality of rural life and make more effective use of the resources and potential of rural regions. It aims to bring down developmental barriers in five key areas: people, quality of life, security, competitiveness and the environment. The Strategy will serve as a guide for planned funding transfers from the EU Common Agricultural Policy and Cohesion Policy funds for the new financial framework: 2014-2020.

Source: Ministry of Agriculture and Rural Development

€1.6 million promotional programme for quality beef launched

The European Commission has granted Poland €1.6 million for a three-year information campaign to promote beef. The money will serve to introduce the Quality Meat Programme or QMP logo, inform and develop consumers' awareness of the particular advantages of QMP beef. The campaign is set to start in the third quarter of 2012. Jerzy Wierzbicki, President of the Polish Association of Beef producers says the Polish beef market is too small- consumption is one of the smallest in Europe and averages just under 3 kg per capita per year. Many consumers are disappointed with the quality of beef products offered and the price to quality ratio. The campaign will strive to change the stereotype that beef is tough, hard to cook and expensive. Introducing standardisation of beef products is a way to make clients better aware of what they are buying which should in turn lead to better client satisfaction. That is why information, promotion and educational campaigns are so important- says Wierzbicki.

Source: portlaspozywczy.pl; odkryjmieso.pl

DISCLAIMER:

While the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise have verified the information in this document, we make no representation as to the completeness, correctness, currency, accuracy or fitness for any purpose of the information. The Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise will not be responsible for any damage or loss suffered by any person arising from the information contained in this document, whether that damage or loss arises from negligence or otherwise.

SUSTAINABILITY MARKET INTELLIGENCE

August 2012 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets.

SOUTH KOREA

SUMMARY

- Local food movement begins in Korea: Community-based farmers' markets and other "eat local" projects are becoming increasingly popular in Korea.
- Fair trade products gaining more popularity: A recent survey by Starbucks shows increasing awareness of fair trade products in Korea.
- Number of rice-farming households drops 30 per cent over 11 years: number of South Korean rice-farming households has declined more than 30 per cent over the last 11 years due to falling demand for rice.
- Government increases monitoring on feed price fixing: The South Korean government will increase monitoring of feed prices as well as financial support for sectors of the populations considered to be vulnerable to grain price surges.
- Introduction of low carbon emission food products: Tofu products from a leading Korean food manufacturer Pulmuone recently certified as "low carbon emission products".
- Increasing focus on animal welfare: various schemes established at the national and provincial level around certification of farms with good animal welfare practices.

CONSUMER TRENDS

- *Local food movement takes root in Korea*

Community-based farmers' markets and other "eat local" projects (highlighting the benefits of locally-grown foods) are becoming increasingly popular in Korea. The 'buy local' movement has reportedly provided a new revenue stream for Korean farmers. The movement also appeals to some consumers, as an alternative to purchasing from global food conglomerates.

According to Jeong Eun-mi, a researcher at the Korea Rural Economic Institute, "Many rural communities are interested in the local food movement, for it promises farmers a steady stream of revenue and consumers a supply of fresh harvests at cheaper prices. They see it as a chance to revitalize rural economies, which have lost their vibrancy over decades with the decline of agriculture in Korea."

However, imported foods have also been making substantial inroads into Korean kitchens. According to a recent study by the National Institute of Environmental Research, in 2010 Koreans consumed 468 kilograms per person of imported food on average, up from 410

kilograms per person in 2001. Korea's dependence on imported food has increased, in particular in grains, vegetables, and fruits.

Koreans' recent interest in local food has also been analysed as reflecting a growing concern over food safety and security. Korea's food self-sufficiency was over 80 per cent in the 1970s, prior industrialization but dropped to 34 per cent in 1985. It stood at slightly over 50 per cent in 2009, the lowest among members of the Organization for Economic Cooperation and Development. The figure for grains, including rice, was 26.7 per cent. Last year's global food shocks caused the Korean government to raise self-sufficiency targets. The new target for grain self-sufficiency is 30 per cent by 2015, an increase from the previous goal of 25 per cent.

Fair trade products becoming more popular in South Korea

According to a recent survey published in May by Starbucks Korea, coffee and tea were the most popular fair trade products in Korea. Seventy one per cent of respondents (484) had purchased fair trade coffee and tea in the past, followed by chocolates (25%), sugar (2%), wine (1%), cosmetics (0.5%) and cotton products (0.5%).

Sixty-two per cent of the respondents indicated that they were "well aware" of the fair trade movement and thirty-five per cent responded that they had heard about it but didn't know much about it. Respondents indicated that they had heard about the fair trade movement through social media (33%), media articles (26%), NGOs (20%) and Starbucks coffee shops (14%).

GOVERNMENT ACTIVITY

Reduction of rice-farming households by 30 per cent in 11 years

The number of South Korean rice-farming households has declined more than 30 per cent over the last 11 years due to falling demand for rice.

Annual rice consumption per capita dropped to below 70kg for the first time last year and is forecast to decrease to 50kg over the next 10 years. This has prompted concern around the future of rice producing communities.

According to the Ministry for Food, Agriculture, Forestry and Fisheries (MFAFF), there were an estimated 750,000 rice-farming households last year, down from 777,000 households a year previously. This represents a 3.5% decline, three times higher than the rate of decline across all farming households (1.2%) last year. Total numbers of rice-farming households have decreased by approximately 30.4% over the last 11 years.

Government to increase monitoring of feed prices

The government will expand financial support for sectors of the population considered "vulnerable to grain price surges". It plans to take actions aimed at mitigating damage from price increases, including keeping zero tariff regimes on wheat, corn and soybeans for animal feed and increasing roughage supply. The government also plans to increase the soybean inventory volume in the domestic market and store an extra supply of wheat, soybeans and corn overseas. Financial support for grain import companies will also grow from 320 billion won (\$282 million) to 500 billion won this year.

The government also plans to stabilize feed prices through providing additional support funds for feed purchases, which will be extended to relevant industries at an annual interest rate of three per cent. The Ministry for Food, Agriculture, Forestry and Fisheries (MFAFF) is

considering providing farming households with feed subsidies temporarily in case of animal feed price hikes.

PRIVATE SECTOR ACTIVITY

Introduction of low carbon emission food products

Tofu products from a leading Korean food manufacturer Pulmuone were recently certified as “low carbon emission products” by the Korea Environmental Industry and Technology Institute. The company’s three kinds of organic tofu products are the only tofu products to receive that certification in Korea. To meet certification requirements, the company altered processing facilities and technologies to reduce CO₂ gas emission per year by 165 metric tonnes. The company has also reduced the weight of plastic packaging.

Interest in animal welfare increasing in Korea

In Korea various schemes have been established at the national and provincial level around certification of farms with good animal welfare practices. At a national level, twelve chicken farms have been certified by Korea’s Quarantine Inspection Agency (QIA) to be “Animal Welfare Farms”. The Local Government in Jeolla Nam-do Province has also selected and designated ten farms as “Animal Welfare Green Farms”.

One of the requirements for the QIA certification of chicken farms is providing more space for animals (around 4 times greater than the average in Korea). QIA reports that many farms are showing interest in the scheme, and it expects to certify forty more chicken farms by the end of 2012.

DISCLAIMER:

While the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise have verified the information in this document, we make no representation as to the completeness, correctness, currency, accuracy or fitness for any purpose of the information. The Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise will not be responsible for any damage or loss suffered by any person arising from the information contained in this document, whether that damage or loss arises from negligence or otherwise.

SUSTAINABILITY MARKET INTELLIGENCE

August 2012 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets.

SPAIN

SUMMARY:

- Organic food makes its way into Spanish households: Organic foods are present in one out of every four Spanish households and there are strong growth prospects for organic products in the domestic market.
- Increased commitment to sustainable seafood among Spanish fishing industry and food retailers: Spanish fishing, transformation and distribution industries are growing increasingly interested in sustainable fishing and are taking steps to introduce Marine Stewardship Council (MSC) eco-labels into their seafood products.
- Spain falls out of the top 30 countries in the 2012 Environmental Performance Index report: Spain's ecological footprint and debt increase despite the economic recession.
- Environmental NGO report reveals low levels of "food miles" awareness in Spain: The rise in Spanish food imports in recent years is having a significant social and environmental impact in rural areas.

CONSUMER TRENDS

Organic food makes its way into Spanish households

The Spanish Ministry of Agriculture, Food and Environment recently published a socio-demographic profile of organic consumers in Spain based on the conclusions of a report drawn up by the Spanish Organic Products Federation (FEPECO) which found that organic foods are present in one out of every four Spanish households and account for 25% of the average shopping basket of organic consumers. The report reveals that Spanish organic shoppers recognize the identification labels on organic products, know exactly what organic labels mean and purchase organic products at least once a month, in stark contrast to the low awareness of organic products that exists among the Spanish general public: only one out of every three Spaniards is familiar with the EU eco-label logo in place since July 2010. Fresh fruit and vegetables are among the most popular products and account for the largest share of the organic market in Spain, followed by chicken, meat and dairy. Children's food, frozen food and pre-cooked dishes are the least popular products among organic-friendly households.

Organic consumers in Spain are generally young, highly educated, professionally active females, committed to the environment and sustainability, have higher than average purchasing power and live in four-person households that include children under 12. The vast majority of households are concentrated in the large urban areas in north-eastern and central Spain and the report distinguishes between four groups of organic customers depending on their attitudes towards health, environment and ecology issues: "concerned" (this group accounts for over 30% of all organic buyers, supports organic/sustainable

consumption and actively calls for more environmentally-friendly lifestyles; “uninterested” (accounts for 26% of organic consumers and is least likely to increase consumption of organic products because their purchasing decisions are based largely on the “organic craze”); “ecologists” (represents 21% of organic shoppers and consists of individuals who have high levels of environmental awareness and are willing to try new food products); and “health-conscious” (this group makes up 21% of organic customers and consists mainly of women who are concerned about their health and combine organic products and physical exercise but are nevertheless sensitive to price changes). The report also shows that those people who buy organic also purchase sustainable non-food products such as energy-saving light bulbs and green whiteware, and stresses the strong growth prospects for organic products in the domestic market, highlighting the fact that Spain currently leads the EU and is eighth globally in terms of surface area devoted to organic crops.

Spain falls out of the top 30 countries in 2012 Environmental Performance Index (EPI) report

Spain fell seven places to 32nd in the 2012 Environmental Performance Index (EPI) report, which ranks countries based on a series of indicators across various policy categories including climate change, biodiversity, forest management and water pollution. Despite being mired in a severe economic recession which has caused a steep decline in output in the construction, automobile and mining sectors, Spain slipped into ecological debt on 23 April according to data from the New Economics Foundation and has an ecological footprint over three times its bio-capacity.

PRIVATE SECTOR ACTIVITY

Increased commitment to sustainable seafood among Spanish fishing industry and food retailers

Spanish fishing, transformation and distribution industries are growing increasingly interested in sustainable fishing and are taking steps to introduce Marine Stewardship Council (MSC) eco-labels on the seafood products they market. Low-cost German supermarkets Lidl and Aldi currently offer Spanish customers a range of seafood products which carry the MSC eco-label. Large food retailers El Corte Ingles and Eroski have been the first Spanish distribution chains to introduce labeled certified sustainable seafood products and both retailers have launched communication and education campaigns on sustainable fishing practices to increase consumer awareness. McDonald’s has also begun selling fish products with the MSC logo in all its restaurants across Spain since the fast-food retailer announced the decision last year.

MSC certification has also increased substantially in the Spanish fish-processing industry in recent months: over 50 Spanish fish-processing companies have achieved MSC Chain of Custody certification, including sector leaders such as Albo, Rianxeira and Escuris, among others, and frozen seafood companies such as Findus, Frinsa and Iberconsa. Among the most popular MSC-certified commercial species in Spain are Cape hake, Wild Alaska salmon and, more recently, Argentine anchovies. The Basque fishery Pescafría-Pesquera Rodríguez has achieved MSC certification in February and a number of Spanish fisheries have embarked on MSC’s certification process. The regional MSC office for Spain and Portugal, based in Madrid, has been working closely with the Spanish environmental NGO Fundación Biodiversidad since January to promote MSC core values in companies and fisheries across Spain through conferences and other activities.

Environmental NGO report links “food miles” to negative environmental and social impacts in Spain

A new report entitled “Kilometric foodstuffs” recently unveiled by Friends of the Earth Spain has raised questions about the environmental impact of Spanish food imports in recent years. The report, prepared in collaboration with the Universities of Seville and Vigo, considers the CO₂ emissions caused by Spanish food imports, revealing that Spain imported over 29 million tons of foodstuffs in 2007, generating nearly 5 million tons of CO₂ emissions. According to the report, Spanish food imports have increased over 50% between 1995 and 2007 (as per latest data available), the main means of transportation for these products is shipping, and the products with the highest food miles are cereals, fodder, coffee, spices, fish, seafood and fruits and legumes (all travel over 5,000 km from field to table). While Spain continues to import food items mainly from the EU, imports from Central and South America continue to grow and account for 40% of total Spanish food imports.

The report links increasingly high food miles with negative social and environmental impacts in Spain, demonstrating that the concept of food miles continues to inform debate about the environmental impact of food production, despite many studies showing this concept to be a flawed indicator of environmental performance.

DISCLAIMER:

While the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise have verified the information in this document, we make no representation as to the completeness, correctness, currency, accuracy or fitness for any purpose of the information. The Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise will not be responsible for any damage or loss suffered by any person arising from the information contained in this document, whether that damage or loss arises from negligence or otherwise.

SUSTAINABILITY MARKET INTELLIGENCE

August 2012 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets.

UNITED KINGDOM

SUMMARY:

- Super Farms in the UK: National Farmers Union president calls for larger farms to slow food price rises and ensure high standards of animal welfare.
- WWF Report: The Retail Case for Sustainable Diets: Recent report investigates the business case for retailers to further support and promote sustainable diets.
- EU Feed Industry Commits to Sustainability: New report declares the EU compound feed industry must increase its focus on resource efficiency and its contribution to safe and healthy feed and food.
- Progress Made in Milk Price Dispute: A set of broad principles for voluntary code of conduct has been drawn up, aimed at giving farmers more power in negotiating contracts.
- NFU Pushes Retailers to Promote British Agriculture: New report claims retailers are not doing enough to promote the work they are doing to support British agriculture.
- Salt Reduction Reaching its Limit: New report concludes that although future options exist for reducing the amount of salt in food, considerable further research is required.
- UK to Mandate CO2 Reporting for the Largest Listed Companies: UK government confirms mandatory annual carbon reporting for 1,800 of the country's largest listed companies from April 2013.
- The Green Food Project: An ambitious Government and industry initiative to improve the economic and environmental performance of the UK food industry.
- Fish discards: EU ministers agree to phase in a ban on discards in commercial fisheries from 2014.

CONSUMER TRENDS

Super Farms Debate Intensifies in the UK

Peter Kendall, the president of the National Farmers Union (NFU) believes the UK needs more and bigger "[super farms](#)" to keep food prices from rising too high and to maintain high animal welfare standards. This comment followed an [independent report](#) by the Parliamentary Office of Science and Technology (POST), which found that much larger farms than those in Britain could be "both good and bad" for animal welfare and the environment, arguing that they could "potentially" improve conditions for animals and the protection of the environment.

WWF Report: The Retail Case for Sustainable Diets

A recent report by the WWF, titled '[Selling Sustainability? In search of the retail business case for sustainable diets](#)', investigates the business case for retailers to further support and promote sustainable diets.

The research assesses what retailers are currently doing to encourage consumers to make more sustainable choices and identifies where there may be a business case for retailer action. The report develops four hypothetical case studies, illustrating initiatives that retailers could adopt in the future and concludes with recommendations to government, NGOs and retailers.

Source: http://www.fcrn.org.uk/node/2163?utm_source=FCRN+Mailing&utm_campaign=3278151047-FCRN-Mailing-26-June&utm_medium=email

PRIVATE SECTOR ACTIVITY

EU Feed Industry Commits to Sustainability

The European Compound Feed Manufacturers' Federation (FEFAC) in its second edition of the FEFAC Environment Report declared that the EU compound feed industry must increase its focus on resource efficiency and its contribution to safe and healthy feed and food. The need for action is due to the growing global demands for animal products coupled with the declining availability of resources.

Since the first report published in 2009, FEFAC is now actively involved in two major projects aimed at developing an internationally-harmonised methodology for the environmental impact assessment of livestock products; at European level through the EU Food Sustainable Consumption and Production (SCP) Roundtable and at international level in a multilateral partnership with the FAO. An international standard for responsible soy has also been defined by the Round Table on Responsible Soy.

Source: <http://www.thebeefsite.com/news/38860/eu-feed-industry-commits-to-sustainability>

Progress Made in Milk Price Dispute

Progress has been made in a lengthy milk price dispute between British dairy farmers and processors, which seeks to ensure that buyers and retailers give adequate notice of price changes and ultimately, more flexibility for farmers. In a draft deal, brokered by the government, a set of broad principles for a voluntary code of conduct has been drawn up, aimed at giving farmers more bargaining power.

DEFRA says that future contracts between farmers and dairy processors will be freely negotiated, fairer and more transparent. Individual farmers will negotiate contracts covering issues including pricing and notice periods and farmers will have the ability to leave contracts more easily if they are unhappy with the price they receive.

Source: <http://www.guardian.co.uk/business/2012/jul/23/dairy-farmers-milk-price-dispute?newsfeed=true>

National Farmers Union Pushes Retailers to Promote British Agriculture

A new report from NFU claims retailers are not doing enough to promote the work they are doing to support British agriculture. Asda's FarmLink programme, Sainsbury's farmer development groups and Tesco's Sustainable Dairy Group were sighted as examples of supply chain initiatives that should be more strongly promoted.

The report also suggested greater use of the Red Tractor logo. The report states that at present "surprisingly few" retailers drew attention to the standards. "This is disappointing and slightly surprising given the investment that retailers individually and collectively have made in backing UK farm assurance schemes," said the report.

Source: The Grocer

Tesco Calculates Carbon for 412 of its Dairy Farmers

In a bid to reduce emissions by 30 per cent by 2020 across its product range, Tesco has calculated individual carbon footprints for 412 of its dairy farmers. A carbon league table has been created with the results and distributed to the farmers along with best practice guidelines. The footprints, carried out by ERM with data from Promar, take into account herd size, feed and fertilizer type as well as fuel and electricity use.

Source: The Grocer

Salt Reduction Reaching its Limit

The British Retail Consortium (BRC) and Food and Drink Federation (FDF) have published an [independent report](#) on the potential for further reducing salt in food. The research was aimed at identifying suitable techniques for further reduction, which address reduction in shelf-life, taste and texture.

The report concluded that potential future methods exist but need either considerably more scientific development, including establishing their safety for consumption, or have yet to be tried in actual foods. Given the limited solutions identified in the report, future reductions in salt content are likely to be achieved through small changes to individual products rather than dramatic reductions across entire ranges.

The report has [attracted criticism](#) from the Consensus Action on Salt and Health, an NGO lobbying food companies to reduce the salt content of processed foods.

GOVERNMENT ACTIVITY

UK to Mandate CO2 Reporting for the Largest Listed Companies

The UK Government has confirmed that it will introduce mandatory annual carbon reporting for 1,800 of the country's largest listed companies. Deputy Prime Minister, Nick Clegg announced days before the Rio +20 Earth Summit in Brazil that the long-awaited emissions reporting rules would take effect from April 2013.

The rules are initially expected to be restricted to firms listed on the main London Stock Exchange and will not cover private companies or those listed on the Alternative Investment Market. Regulations are slated for review in 2015, and ministers are scheduled to consider expanding the rules to all large companies beginning in 2016, according to DEFRA.

Source: <http://www.defra.gov.uk/news/2012/06/20/greenhouse-gas-reporting/>

The Green Food Project: A Bold and Ambitious Government & Industry Initiative

The UK Government has published the first report of the [Green Food Project](#) which sets out the first steps on the road to: using less energy and water in food production; increasing crop yields; introducing more innovative technology; improving conservation management; and boosting numbers of talented, entrepreneurial young people making careers in the food industry.

The Green Food Project is the first time Government has brought together representatives of farmers, manufacturers, retailers, caterers, environmentalists and scientists to work out how to reconcile the competing demands of producing more food and improving the environment.

EU Ministers Agree to Ban Fish Discards

In June, EU fisheries ministers agreed to ban fishing boats from discarding dead fish. A ban was proposed by the European Commission as part of its reform of the Common Fisheries Policy (CFP). The compromised agreement will phase-in a ban on discards from 2014. Environmental groups are concerned that the ban will be implemented too late to save some species.

Richard Benyon, UK Fisheries Minister, said: "It was always my aim to get the council to agree to end this wasteful practice as soon as possible. While I am disappointed that the council has not agreed the firm dates that I was seeking, a commitment to eliminating discards is a step in the right direction".

Source: <http://www.seafoodsource.com/newsarticledetail.aspx?id=16256>

DISCLAIMER:

While the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise have verified the information in this document, we make no representation as to the completeness, correctness, currency, accuracy or fitness for any purpose of the information. The Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise will not be responsible for any damage or loss suffered by any person arising from the information contained in this document, whether that damage or loss arises from negligence or otherwise.

SUSTAINABILITY MARKET INTELLIGENCE

August 2012 Quarterly Report

The growing importance of sustainability as a market driver in some of New Zealand's food and beverage export markets has led the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise to prepare a quarterly report for business people highlighting trends and issues in key markets

UNITED STATES OF AMERICA

SUMMARY:

- Results of poll indicate consumers want antibiotic-free meat: According to a recent national poll conducted by Consumer Reports, the majority of Americans want their supermarkets to sell antibiotic-free meat.
- Jamie Oliver Food Foundation calls on people to stand up for real food: The Jamie Oliver Food Foundation recently held its Food Revolution Day aimed at inspiring, educating and empowering people everywhere to stand up for real food. Events to mark the day brought together a diverse range of "foodies, chefs, parents, educators, companies, activists and celebrities to arm people with the knowledge and tools to make healthier food choices".
- Use of sow gestation stalls facing increased pressure: Tim Hortons joins a growing list of restaurant and supermarket chains, including McDonalds, Burger King, Wendy's and Safeway to put pressure on its pork supplier's to eliminate the use of gestation stalls. Hortons has called upon the pork industry to develop a clear plan and timeline by the end of the year that will see the phase out of these housing systems.
- American Lamb Board conducts sustainability survey amongst lamb producers: In the second phase of its sustainability assessment project the American Lamb Board is encouraging lamb producers and feeders to participate in a survey to gather information on production practices.
- Disney announces healthy food, nutrition initiative: First Lady Michelle Obama, appearing with Walt Disney Company Chairman and CEO Robert Iger, recently announced that Disney would introduce higher nutrition guidelines for meals at its resorts and for foods as well as new standards for food advertising on programming targeting kids and families.

CONSUMER TRENDS

Results of poll indicate consumers want antibiotic-free meat

According to a recent national poll conducted by Consumer Reports, the majority of Americans want their supermarkets to sell antibiotic-free meat. The poll forms part of the groups "Meat On Drugs: The Overuse of Antibiotics in Food Animals and What Supermarkets and Consumers Can Do to Stop It," report which can be found at www.ConsumerReports.org.

The report is being used as part of an advocacy campaign urging supermarkets to sell only meat raised without antibiotics. The group has also called on the US Department of Agriculture to tighten labelling standards for meat raised without antibiotics.

Jamie Oliver Food Foundation calls on people to stand up for real food

The Jamie Oliver Food Foundation recently launched Food Revolution Day “to inspire, educate, and empower people everywhere to stand up for real food”. Events to mark the day brought together a diverse range of “foodies, chefs, parents, educators, companies, activists and celebrities to arm people with the knowledge and tools to make healthier food choices”.

In a media release Oliver stated that “somewhere along the line, our relationship with food broke down,” adding that “understanding where food comes from and passing along that knowledge will get us back on track.”

Food Revolution Day hopes to inspire Americans and people around the world to make small, simple changes that will lead to healthier lives with more than 140 cities nationwide taking some sort of action in this direction according to the Foundation.

PRIVATE SECTOR ACTIVITY

Use of sow gestation stalls facing increasing pressure

Tim Hortons joins a growing list of restaurant and supermarket chains, including McDonalds, Burger King, Wendy’s and Safeway to put pressure on its pork supplier’s to eliminate the use of gestation stalls.

Hortons has called upon the pork industry to develop a clear plan and timeline by the end of the year that will see the these housing systems phased out.

In a similar vein, Safeway, in a recent joint statement with the Humane Society of the United States, said it would “begin formulating plans” to determine how it can achieve the goal of a “gestation stall-free supply chain”.

Despite these intentions, some in the industry believe it will be difficult to achieve the desired goal. Dallas Hockman, Vice President of industry relations for the National Pork Producers Council pointed out in response to the announcement that only 6% of the US pork supply comes from operations that do not use sow crates.

Disney announces healthy food, nutrition initiative

First Lady Michelle Obama, appearing with Walt Disney Company Chairman and CEO Robert Iger, recently announced that Disney would introduce higher nutrition guidelines for meals at its resorts and for foods as well as new standards for food advertising on programming targeting kids and families.

“This new initiative is truly a game-changer for the health of our children,” the first lady said. “This is a major American company, a global brand that is literally changing the way it does business so that our kids can lead healthier lives,” Obama said. “With this new initiative, Disney is doing what no major media company has ever done before in the United States. And what I hope every company will do going forward when it comes to the ads they show and the food they sell they’re asking themselves one simple question: Is this good for our kids?”

NGO ACTIVITY

Chefs partner with Pew against antibiotics use in meat production

In a similar theme to an earlier article in this report, a Chef's Collaborative has recently partnered with Pew Charitable Trusts on a letter-writing campaign to reduce antibiotics use in food animals.

The non-profit network of chefs seeking a more sustainable food supply, is also attempting to gather signatures to a letter urging the US Food and Drug Administration (FDA) "to work with industry to clarify that blanket dispensing of antibiotics to healthy animals is not a judicious use" (see below for more on antibiotic use in animals).

American Lamb Board conducts sustainability survey amongst lamb producers

In the second phase of its sustainability assessment project, the American Lamb Board is encouraging lamb producers and feeders to participate in a survey to gather information on production practices.

The ALB is conducting the survey to review standard operation practices so that the industry can respond with credible data to issues as reported in the media. The board is also hoping to highlight best practices and use the data to protect and enhance the industry's reputation.

GOVERNMENT SECTOR ACTIVITY

USDA looking at antibiotics claims on meat labels

Amid growing consumer awareness about antibiotics used to raise food animals, the U.S. Department of Agriculture's Food Safety and Inspection Service is taking a look at some of the claims made on meat packages, including "antibiotic free."

In a letter responding to concerns raised by Consumers Union, Agriculture Secretary Tom Vilsack said FSIS has developed updated guidance material on labels that it will send to meat companies and the agency plans to investigate unapproved label claims.

"Under FSIS guidelines, when producers/companies request to make the marketing claim "raised without antibiotics" on their labels, we inform them that this means 'no antibiotics in their feed water or injection including no ionophores' during the animal's life," said Vilsack.

Hot, Dry Summer Impacts Organic Cheese Producers

In its July Organic Dairy Market News report, the US Department of Agriculture's, Agricultural Marketing Service (AMS), notes that the unusually dry and hot conditions in parts of the country have affected milk generated by organic cows raised on pasture. As a result, some specialty organic cheese manufacturers have reported that the solids in organic milk are lower than normal. The report also points out that in some cold storage facilities, the stock of organic cheese is lower than desirable, reflecting the reduced manufacturing output.

The full report can be found at www.ams.usda.gov/mreports/dybdairyorganic.pdf.

DISCLAIMER:

While the Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise have verified the information in this document, we make no representation as to the completeness, correctness, currency, accuracy or fitness for any purpose of the information. The Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise will not be responsible for any damage or loss suffered by any person arising from the information contained in this document, whether that damage or loss arises from negligence or otherwise.