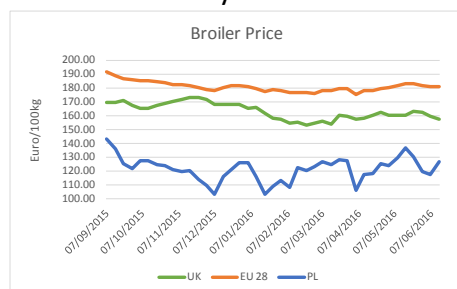




HIGHLIGHTS

- Receive **10% discount** on strawberry origin test in July.
- Coming up for **August**, discounted testing will be offered for **BBQ meat & salad crops** - **meat speciation, variety, origin and organic**.
- Free range egg** authenticity remains high profile, testing may be advisable.
- Vanilla price soaring**, we highly recommend testing for origin and authenticity.
- Protein price destabilised** by currency movements, watch impact on market dynamics.
- UK cherry season** looking tricky this year.

Chicken & Turkey



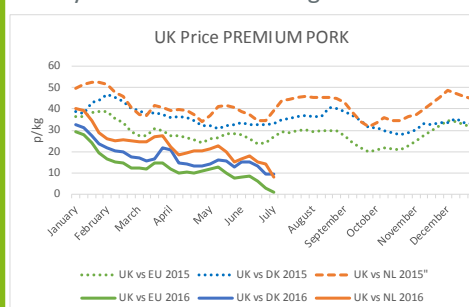
Pricing data: European Commission

The return of US poultry exports, following the end of Avian Influenza (AI) trade restrictions, has caused global poultry prices to fall and it is predicted that the global market will remain highly competitive throughout 2016. China's broiler prices are down 20% and both Asian and Mexican poultry production is struggling from previous AI outbreaks. In Europe, average broiler prices are up 1% year-on-year and are likely to stay strong through the summer due to elevated demand. The result of the Brexit vote has already had an impact - the currency shift increasing the costs of imported products. The poultry industry is warning of volatility with particular concern over increasing trade with non-EU countries where the labelling, environmental and welfare standards are likely to be lower. Countries highlighted with lower welfare standards include Ukraine, Argentina, US and India.

PROTEIN

Pork, Bacon, Gammon & Ham

With 60% of the pork consumed in the UK imported, the price of UK pork is closely linked to the exchange rate. Short term, imported pork has become



Pricing data: AHDB BPEX

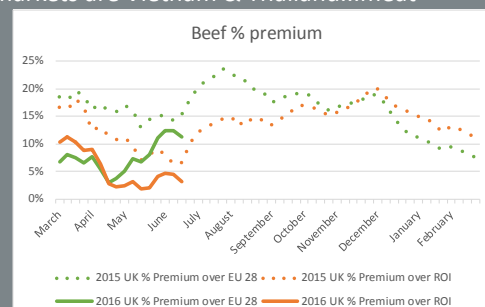
more expensive as a result of the currency move and the UK premium is now significantly eroded. Poland's imports into the UK have grown steadily with processed hams, sausages and fresh pork all coming into the UK in increasing quantities. It is worth noting there is a reasonable amount of Danish pork exported to Poland for processing.

Beef

The Brexit vote is showing its early impact in this sector. The UK price has increased but such has been the impact of currency, the price premium has still reduced compared with key EU import countries. Lithuania, Romania and Poland remain competitive alternatives. One to watch is India. They export >1m tonnes of beef. Much is derived from cattle and water buffalo - carabeef. This commands a lower price. While the current key markets are Vietnam & Thailand...meat moooves....



Pricing data: AHDB EBLEX

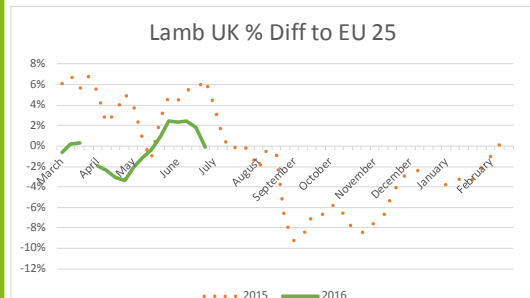




Lamb

The UK sheep meat market is heavily dependent on the exchange rate as 1/3 of UK sheep meat is exported. UK price will come under pressure as UK products are more competitive on the world market, relative to the import prices, as can be seen on the graph. The premium over EU has vanished.

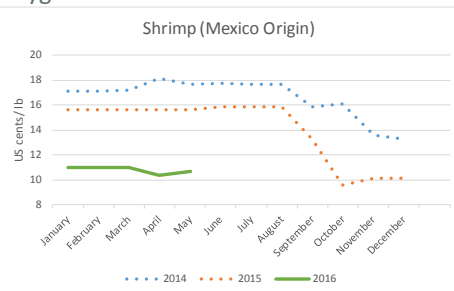
NZ imports will be less competitive.



Pricing data: Eblex

Prawns & Shrimp

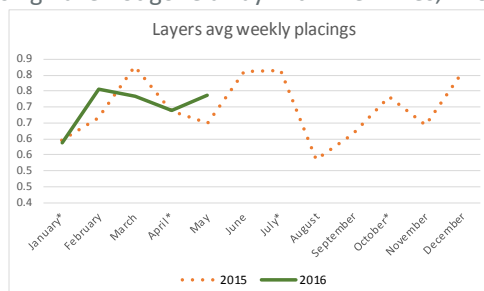
Exchange rate changes will impact short term on prawn and shrimp prices. Longer term Indian exporters are seeing Brexit as an opportunity, currently the EU rejected seafood consignments from India citing hygiene as a concern.



Pricing data: IMF

Eggs

PETA are active again in targeting egg production with a new film/marketing material. The issues surrounding multi tier housing have not gone away with The Times, The Mail, The Express and others running stories. There is enough activity in this area to consider it high risk. Wholesale prices remain high although there has been a drop in packer to producer price for FR, placings are steady and the packing station throughput for free range is reporting an increase year on year.



Pricing data: DEFRA

Dairy

EU milk production has reduced over the spring flush owing to a smaller dairy herd. This has increased demand as dairy production starts to reduce. Cheese and butter exports have been strong for the start of 2016 due to competitive prices.

Don't miss out on discounted testing on BBQ meat and salad next month. Plan for speciation, variety, organic and origin testing... Details to follow in August newsletter!

PRODUCE

Apples & Pears

Sales of UK Royal Gala apples are expected to reach 50,000t by the end of this season, which could well extend until the end of June. The UK Cox and Braeburn season ended with sales up to 19,600t and 23,000t respectively. UK Bramley sales have fallen to 12,400t from 15,100t due to insufficient product to meet demand after continuing low returns led some growers to grubbing Bramley orchards.



Grapes

Global trade in fresh table grapes is forecast to contract slightly in 2015/16 as exports decline among the market leaders, Chile, Turkey and the US. The reduction is partly offset by China, where exports are forecast to jump 76%, up 97,000 tonnes to a record 224,000t with higher shipments to Thailand and Vietnam.

Stone Fruit & Almonds

There has been an increase in value of 8.4% across the stone fruit category over the last year. The Spanish season has been hit by bad weather and the cool spring in Britain during pollination time has hit home-grown sources, with yield predicted to be down on last year. Flat peaches, cherries and nectarines are performing well. The UK cherry season is due to start in July although French cherry season was hit by flooding so is likely to be in very limited supply.

UK cherries will be in season this month although the cold wet weather will mean harvest is delayed by about 2 weeks.

This follows a late season start in Spain and other mainland European countries. Usually as the UK season closes the sea-freight supplies from the US & Canada begin to arrive (around the end of August). This year they are already picking ~3 weeks ahead of schedule. If they come into the UK early, a short-lived cherry glut could be followed by a shortage. All in all, a tricky cherry year.

Bananas

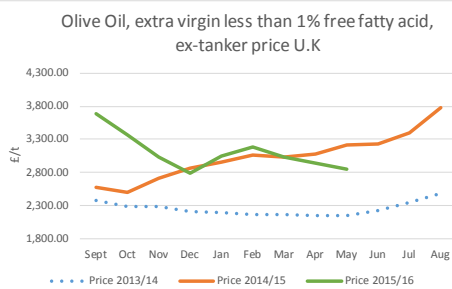
As the UK's remaining major retailers also move towards sourcing sustainable bananas, almost half of all bananas sold in supermarkets could be Rainforest Alliance (RFA)-certified. In an increasingly competitive fruit market, conventionally produced banana sales are maintaining their level and for organic, there is a small rise in demand. Bananas from Guatemala, Belize and Honduras are becoming more widespread in the UK as suppliers look for cheaper sources of good quality.

Avocado

Surging demand for avocados is fuelling a crime wave in New Zealand and since January there have been many large-scale thefts from avocado orchards in the north island. Avocados are selling for between NZ\$4-6 each (£2-3) across the country after a poor season last year and increasing local demand. The Peruvian Hass Avocado Association (ProHass) will reintroduce Avocado Week to the UK, 4-10 July after sales grew by 35 % between April 2015 and March 2016.



Olive Oil



Pricing data: IMF

USDA estimates olive oil production in the EU for 2016/17 of 2.12m tonnes, up 2.1%. Their estimation of EU consumption suggests an increase of 3.2%. What will fill the gap? Reduction in exports? Imports from other countries? Brexit may change the outlook for oil - Tunisia is a major olive oil producer but currently has restricted access into the EU market.

Celery, Asparagus and Mushrooms

Changeover from Spanish to British celery is likely to be tight this year due to lower volumes of Spanish imports which may limit supply before home-grown celery takes over.

Poland is targeting the UK and western Europe for increasing amounts of exported asparagus and mushrooms as they continue to increase production over the coming years.

The UK asparagus season came to abrupt end after heavy rainfall so there could be a limited supply if insufficient imports were planned.

Potatoes, Onions and Lettuce

Weather affected produce has caused a rise in price in the sector. Onion price is up 139% over the year due to wet weather resulting in lower supply, potato prices are up 55% due to delayed planting in N. Europe as a result of cold and wet conditions, and Spanish iceberg prices are up 41% due to a drop in production.



Root ginger

There has been a 20% drop in Indian root ginger prices since January, and 30% year-on-year, blamed on arrival of a new crop into the market.

Lemons

Total EU lemon production is set to drop in 2015/16 by a massive 21% to 1.3 tonnes, due to lower Spanish production hit by low rainfall and high heat in spring/summer 2015. Italian output has not changed and in Argentina, the prediction is for a crop up 12% year-on-year due to favourable weather conditions.



Tomato

The drop in Italian processed tomato prices, down 15% on 2015, caused by



plentiful supply, has led to reduction in processing for 2016-17 season with the goal of raising price. Fresh tomato prices have dropped month-on-month as Spanish

output is expected to top 3.2 million tonnes, an increase of 10% compared with 2015. Outdoor planting has commenced in Europe with temperatures higher than usual in Italy and Greece.

Peppers and Cucumbers

Following Brexit vote, some wholesale prices have risen as much as 10%. Class I cucumber prices are said to be rising daily although there is good supply of UK Class II. Glasshouse damage in the Netherlands after hail storms is elevating pepper prices. All imports are likely to remain costly as £ is expected to stay weak for the foreseeable future.

Vanilla

The price of vanilla is soaring this year due to poor harvests in Madagascar and Indonesia.



Root rot, a fungal disease, is already rampant in areas of Madagascar's crop and with only two species of vanilla grown commercially, that would make it vulnerable to a catastrophic disease outbreak of any kind.

Dried Fruit

Significant price decline in Turkish sultanas and raisins is blamed on high production levels. However, Turkish suppliers are allegedly selling stocks of 2015 season dried fruit before the chlorpyrifos regulations come into force for EU imports on 10th August.

Cocoa Bean

Cocoa bean prices are steadily rising due to global estimates of reduced production for 2015/2016, down 5% year-on-year. This is thought to be mainly due to dryness in W. Africa, notably Ghana and Ivory Coast.

Understanding Isotope Testing



Food Forensics



If you want to better understand isotope testing, why it is recommended by industry specialists and how it can help manage risk in your supply chain, make sure you watch the [Food Forensics video](#) on YouTube.

Check out: [@food_forensics](#) [Food Forensics Ltd](#) [Food Forensics Ltd](#)

CONTACT US - for more information about our testing and other services:
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info@foodforensics.co.uk
www.foodforensics.co.uk



IN THE NEWS: JUNE

RASFF: 250 notifications; 165 serious. **Note:** high numbers of aflatoxin in nuts & an incidence of undeclared soya in frozen chicken breast.

A UK farmer has been jailed for 2.5 years for marketing **barn eggs as free range**.

The Deputy Government Chemist, said **criminals could now make greater profits** from selling **fraudulent food** than illegal drugs and a **2nd horse meat scandal** could be taking place in Britain because of lack of routine testing. She added that "sometimes meat can change hands more than 20 times."

URC Vietnam is under investigated for **excess lead** in green tea & energy drinks.

The American **Shrimp Processors Association (ASPA)** has expressed concerns over FDA's low inspection rate (1-2% of seafood imports) and use of **illegal chemicals** in seafood from abroad.

US Centres for Disease Control and Prevention said General Mills flour is the 'likely' source of a multi-state **E. coli** outbreak. 10 million lbs of flour was voluntarily recalled by the manufacturer.

At the end of May, the US FDA issued a final rule for preventing the adulteration of food which will require both **domestic and foreign food facilities to have a written food defence plan** assessing their potential vulnerabilities to deliberate contamination.

Parmesan test developed to determine if cows are non-silage fed as required by cheese bearing the designation of origin name **Parmigiano-Reggiano**.

Independent review of the **National Food Crime Unit**, set up in Dec 2014, to be commissioned - report due Dec 2016.

Pet food company caught **supplying dog meat to professional chef** in Swindon.

Hostess, Frito-Lay, Kellogg and Mars have recalled products over concerns they may contain **undeclared peanut residue**.

A guide to help protect manufacturers from purchasing **adulterated or substituted herbs & spices**, 'Guidance on Authenticity of Herbs and Spices' has been launched in joint industry initiative.

National Law Review highlights **penalties imposed by courts** in relation to

selling food not complying with safety requirements. For conviction under the Food Safety Act 1990 in a magistrates' court, the **financial penalty imposed can now be unlimited**.

The amount of agricultural land used for **organic farming** in Scotland had fallen by 7%. Across the UK, organic farming has declined with just 3% of land being using for this purpose.

Indonesian prawns sold in Australia contained trace elements of cooling water from **nuclear power plant**. Although the prawns were not toxic, Indonesia has no nuclear power!

Indian Spice and Foodstuff Exporters' Association (ISFEA) chairman warned of threat to **Indian's spice trade** following an increasing number of reports regarding **adulteration** and excess **pesticide residues**. India currently has 45% of global spice market.

Indonesian Food and Drug Monitoring Agency discovered food at a local arts festival containing chemicals **formaldehyde** and **borax**.

Richard Evershed, a professor of bio-geochemistry at the University of Bristol says UK shoppers are being misled by **questionable labelling on foods**. Examples include a duck and orange pate where the main ingredient is actually pork fat, as well as chicken plumped up with water and additives.

Among the most high-profile incidents reported by the FSA last year was a case involving Northern Ireland meat processing company prosecuted for using **cheaper substitutes** in place of labelled **meat ingredients**, misleading retailers and consumers. The prosecution resulted in fines and costs of nearly £115,000.

Irish meat wholesaler, **prosecuted and fined** €16,000 for **labelling beef** from Poland, Lithuania and Germany as Irish, has been told it had committed a fraud against the wider meat industry.

It is reported that European trade officials have warned Italy to stop soaking **squid in hydrogen peroxide** and shipping it to markets around the EU.

Almost 26,000 pounds of Sea Queen brand **Swai** fillets from Vietnam are being recalled because they were distributed in the US without having met federal inspection requirements for **residues**.

An Italian consumer group found that 12 children's food products from Nestlé, Barilla, Ferrero and Danone contained high levels of **carcinogen 3-MCPD** and advised parents not to give their children food containing **palm oil**.

Public Health England has reported that salad has been linked to 32 cases of **E. coli** O157 infection in the UK. The source is yet to be confirmed.

A **custodial sentence** and £400,000 in fines and costs have been given to two directors for storing large quantities of defrosting turkey meat in dirty water in the first sentence granted in Wales under new sentencing guidelines.

A US farmer and his wife who fraudulently sold conventional seed as organic were **sentenced** to 3 years' in prison and 3 years' probation respectively and ordered to forfeit **\$1.9m** in profits.

Food Safety & Standards Authority of India's annual report for 2014-15 declared nearly 1/5 of 49,290 samples tested, were **adulterated or misbranded**.

US study discovered 3 antimicrobials used in poultry processing could lead to **false-negative** results for **pathogens** and advised the US Department of Agriculture to review pathogen testing methods.

Data published by the FSA and FSS suggests the number of food, feed and environmental **contamination incidents** investigated declined last year to 1,514.

EFSA has commenced evaluation of **bisphenol A (BPA)** in food packaging with a final scientific opinion due in 2018.

