Italy bans truffle hunting after swine fever outbreak poses risk

IN AN unusual twist of culinary fortunes, a swine-disease outbreak in Italy means the harvest season for its renowned truffles is getting cut short.

African swine fever was detected in wild boar this month in the country's northwest. To quell further spread of the illness, which is highly contagious and fatal for pigs, officials issued a six-month ban on activities from mushroom-collecting to hunting and mountain biking to keep people from areas where the boar roam.

That includes scouting for truffles, the prized mushrooms shaved on pasta and infused in oils that can cost thousands per kilogram. Italy's Piedmont region, where the infected pig was found, is famous for the delicacy and hosts an annual showcase in Alba for haute cuisine fans. Truffles grow on tree roots and are often scouted deep into the forest, with dogs trained to sniff out their musky scent.

The restrictions — announced this week by the agriculture and health ministries — are being enforced in some municipalities and are likely to expand across the region, according to Daniele Stroppiana, a truffle hunter and merchant in Piedmont. January marks the end of the season for white truffles, the most expensive variety which has sold at €6,000 per kilogram this year. But the ban will hurt the harvest for lower-valued black truffles that runs through March.

"We hope that the ban won't help the import of truffles from abroad. Slovenia, Croatia, Romania and Iran are producers," Stroppiana said by phone.

Truffle markets have been upended in the past two years as the pandemic shuttered restaurants and halted tourism, curbing demand for high-end food. Stroppiana said he secured a special permit for truffle searching during the lockdowns, but buyers were lacking.

Still, the new collection limits could ultimately aid future harvests of the elusive mushrooms.

"Truffles would rest for a season and there may be more the next year," Stroppiana said. "Intensive collecting is making truffles more difficult to find than before. A rest would be bad in economic terms, but not for natural cycles, for sure." — ***Bloomberg***

Kenya starts warehouse receipt system to curb agriculture losses

KENYA began its farm produce warehouse receipt system to help curb post-harvest losses to as low as 10% from 40% and boost growers' liquidity ahead of a planned commodities exchange.

Farmers can now deliver produce including corn, beans, rice and coffee to one of five newly set up warehouses across the country, hold on to a receipt and wait to sell when the price if favorable. In the meantime, they can use the receipt to access benefits, such as credit.

Agriculture accounts for about a fifth of Kenya's gross domestic product and employs about 70% of the people in rural areas. Farmers of commodities, however, usually lose money when prices fall, partly because of inadequate or inappropriate storage.

Kenyan lawmakers passed the legislation to back the system in June 2019. The East African nation now has five certified warehouses operated by the state-owned National Cereals and Produce Board. The warehouses are located in the capital, Nairobi, as well as in Nakuru, Eldoret, Kitale and Meru, where farmers, agro-processors and traders can deliver their produce.

The receipts can be transferred, traded and used as collateral for credit and to access inputs, Hamadi Boga, principal secretary at the ministry, said on Thursday in a statement.

"It will subsequently reduce price volatility and improve liquidity when farmers make use of it as the first step toward a commodity exchange," he said.

In 2016 Kenyan authorities sought consultants to set up a commodities exchange. The government is yet to announce when it will begin operations. — ***Bloomberg***

UNSPLASH

Fertilizer prices seen dictated by importers in absence of price caps

By Luisa Maria Jacinta C. Jocson

THE Fertilizer and Pesticide Authority (FPA) said the high price of fertilizer reflects the market power of importers after the removal of price caps that come with the industry's liberalization.

"Because of the Trade Liberalization Act, (we) cannot impose a price ceiling in the sale of fertilizers. It is the importers who set the price," the FPA's Fertilizer Regulations Division (FRD) said in an e-mail interview.

The FRD declined to name an official to attribute the interview to, saying that its answers are based on consolidated input from several persons.

According to the FPA, the fertilizer trade was first deregulated in 1981 through the removal of procurement controls, the scrapping of the government's price-setting functions, and the withdrawal of an import licensing scheme for fertilizer.

The government has since "stopped imposing import quotas for fertilizer and reduced the corresponding import duties and tariffs on fertilizer imports." The subsequent deregulation measures were outlined in a 1986 FPA memorandum circular.

In the memorandum circular, the FPA relinquished its control over the procurement of fertilizers, particularly on the determination of import requirements, the allocation of import volumes, and the management of tenders for fertilizer imports.

As a result, the FPA lost its power to set prices and "assure the agricultural sector of adequate supply of fertilizer and pesticide at reasonable prices."

The coronavirus disease 2019 (COVID-19) pandemic also set off a scramble in various countries to ensure they have adequate supply to ensure food security.

"For instance, big countries like India, Australia, and Brazil have (greater) fertilizer demand than their pre-pandemic requirement," the FPA said.

"The recent gas shortage in Europe also made domestic fertilizer manufacturers cut production due to higher energy prices. The region now has to compete for the global fertilizer (supply). Fertilizer prices in North Africa... and the Middle East have been also moving upward," it added.

With the rise in energy prices, fertilizer manufacturers in China have also reduced their operations. "The Chinese government also made the decision to reduce carbon emissions in preparation for hosting the 2022 Winter Olympic Games. Reduced energy and carbon use now means reduced fertilizer production," the FPA said.

China's inspection and quarantine policy also effectively cut fertilizer exports by making the application process more complex.

"China, the largest supplier of Philippine fertilizer imports, has allocated their fertilizer production for their domestic use," the FPA said. "This resulted in reduced fertilizer exports to the Philippines."

The FPA is proposing a 25% increase in the fertilizer subsidy to encourage increased production.

"The government must subsidize cooperatives and associations by (also) providing loans on zero interest," the FPA said. "This would increase local fertilizer supply and promote market competition to balance local prices."

The FPA said the government needs to provide guidance on pricing imported fertilizer to set a baseline for price monitoring.

China's Q4 economic growth seen hitting 1-1/2-year low, raising heat on policymakers

BEIJING — China's economy likely grew at the slowest pace in 1-1/2 years in the fourth quarter (Q4), dragged by weaker demand due to a property downturn, curbs on debt and strict COVID-19 measures, raising heat on policymakers to roll out more easing steps.

Data on Monday is expected to show gross domestic product (GDP) grew 3.6% in October-December from a year earlier — the weakest pace since the second quarter of 2020 and slowing from 4.9% in the third quarter, a Reuters poll showed.

On a quarterly basis, growth is forecast to rise to 1.1% in the fourth quarter from 0.2% in July-September.

For 2021, GDP likely expanded 8.0%, which would be the highest annual growth in a decade, partly due to the low base set in 2020, when the economy was jolted by coronavirus disease 2019 (COVID-19) and stringent lockdowns.

The government is due to release the GDP data, along with December activity data, on Monday at 0200 GMT.

The world's second-largest economy, which cooled over the course of last year, faces multiple headwinds in 2022, including persistent property weakness and a fresh challenge from the recent local spread of the highly-contagious Omicron variant.

Exports, which were one of the few areas of strength in 2021, are also expected to slow, while the government is seen continuing its clampdown on industrial emissions.

Policymakers have vowed to head off a sharper slowdown, ahead of a key Communist Party Congress late this year.

The central bank is set to unveil more easing steps, though it will likely favor injecting more cash into the economy rather than cutting interest rates too aggressively, policy insiders and economists said.

Analysts polled by Reuters expect the central bank to deliver more modest easing steps, including cutting banks' reserve requirement ratios the one-year loan prime rate (LPR) — the benchmark lending rate.

Analysts at ANZ said in a note that they saw a possibility that the central bank will cut the rate on its medium-term lending facility (MLF) on Monday.

Policymakers have also pledged to step up fiscal support for the economy, speeding up local government special bond issuance to spur infrastructure investment and planning more tax cuts.

"We might see a larger effect of the monetary and fiscal easing only in the second half of 2022 due to the transmission lags of these policies," analysts at Natixis said in a note.

"The recent monetary easing and the stabilization of PMI (factory activity) have indicated such a direction, but more efforts are needed to boost fixed asset investment."

Growth is likely to slow to 5.2% in 2022, according to the poll. — ***Reuters***

GlaxoSmithKline rejects $68-billion Unilever bid for consumer healthcare business

GlaxoSmithKline Plc said it rejected an offer from Unilever Plc for the drugmaker's consumer healthcare unit last year that valued the business at about £50 billion ($68 billion).

Glaxo in a statement Saturday said that it had received three unsolicited offers from Unilever for its consumer healthcare business, the final one on Dec. 20 for £41.7 billion in cash and £8.3 billion in Unilever shares.

"GSK rejected all three proposals made on the basis that they fundamentally undervalued the Consumer Healthcare business and its future prospects," the statement said.

Unilever confirmed the approach in a statement on Saturday, saying the Glaxo unit would be a "strong strategic fit" as the owner of Ben & Jerry's ice cream and Dove soap reshapes its portfolio.

Unilever is still interested and could return with a fresh bid, though no final decision has been made, people familiar with the bid told Bloomberg. Glaxo's board still prefers the planned spin-off of a business that includes brands such as Sensodyne toothpaste and Advil painkillers. — ***Bloomberg***