



Newsletter

New Zealand Grain & Seed Trade Association Inc.

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Conference 2011

Reminder: The NZGSTA Conference will be held on Wednesday 30 November and Thursday 1 December 2011, in Tauranga. Members are advised to make airline bookings now to get good rates.

National Seed Lab Performance

NZGSTA wrote to AsureQuality to be reassured that the Seed Laboratories will be staffed and managed to cope with a high volume of testing during the forthcoming season. Asure Quality will have records from seed certification entries that show that the New Zealand seed industry is expecting larger volumes in some crops from the 2012 harvest.

NZGSTA have concerns about the Seed Labs performance, particularly at Lincoln, with regards to the length of time some tests take. We believe that there needs to be a performance standard for each test, and that there should be an industry audit that those standards are being maintained.

The Seed labs performance and efficiency will be crucial to getting seed to the market on time and in good condition.

Withdrawal of Diazinon

In June 2011 ERMA made an application for the reassessment of Diazinon on the grounds that new information had come to hand on the potential adverse health effects of Diazinon.

The grain and seed industry decided to put together some figures on the economic effects of the withdrawal of Diazinon to support the technical data FAR were providing on the importance of Diazinon to the arable industry.

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NZGSTA made a submission calling for a 10 year phase out period to allow research into alternative methods of controlling grass grub, and supported the request with data that showed there could be a detrimental effect on an industry valued at \$520 million. And that is without the long term effect on the meat, wool and dairy industries of pastures affected by grass grub.

Government Industry Agreements

For the last 3 years the Government has been trying to reshape the way they manage biosecurity at the borders. The economic rationale is that the sector of New Zealanders who stand to gain the most from biosecurity protection should participate in the management of that protection – and the cost.

NZGSTA is not a levy collecting body so we have shied away from being the industry representatives in this debate, leaving it to FAR to represent the arable industry.

A big hurdle for both horticulture and arable industries has been the possible cost of reacting to a serious incursion. On 1 June the Government announced that their contribution will start at a minimum threshold of 50% of the cost share. In instances where the public benefit is significantly greater than 50% the government will pay a higher share according to the broad bucket cost share categories outlined in the Deed of Agreement.

This change was in response to concern at the high level of industry funding that was emerging from the proposed cost sharing approach.

There will be workshops held by FAR and Federated Farmers and all NZGSTA members are urged to attend and keep abreast of the GIA issues.

Market Access Issues

Over the last months NZGSTA has applied for Market Access to several countries for several products. The process goes through MAF who then send the applications to our Trade Representatives in the countries we are applying to, and they lobby the appropriate officials in that country. It is a process that can take years but can also sometimes be surprisingly quick if there is an effective lobby group in the importing country that want our seeds.

So far this year we have lodged applications for onions, peas, carrots, beet and radish seeds to Brazil and Mexico. We have also lodged applications for carrot and beet seeds to Colombia, Ecuador and Venezuela. If any members have other areas they would like to make market access applications for, they should contact the office, as NZGSTA may be able to help.

Brassica Exports to China

The authorities in China have advised MAF New Zealand that they will not grant any more Import Permits for brassica seeds from New Zealand as they detected the presence of blackleg (*Leptosphaeria maculans*) in a recent shipment. NZGSTA are working with MAF and interested exporters to investigate what can be done to restore this business opportunity. Most likely it will involve a different testing regime and treatments in future. NZGSTA will keep members informed.

NZGSTA Office

The NZGSTA office is now operating from the home of Ann Harper, in Kaiapoi. Ann has an appropriate office to work from and storage for the files and records. Staples Rodway, our accountants, make space available for meetings in their Riccarton Road office when a central base is required. There has been no change to our mailing address and telephone number.

Pro Farmer Grain New Zealand

All members involved in the grain trading business should be interested in the fortnightly publication Pro Farmer Grain, put out by email by Agrifax.

For subscription information, contact: andrew.ward-smith@nzx.com or info@nzxagrifax.co.nz

Section Reports

Forage & Turf Section Report May 2011

General comments & reports from the market:

Strong demand for prompt and forward Nui has continued, with demand mainly coming from Europe. This could mean that we see prices stay firm for grasses

that are on the EU recommended list, like Nui etc, over the next few months, although the very strong kiwi dollar at present is not helping exporters. *(Interesting to note that the US\$ dollar exchange rate was at 0.69 in June 2010 and in June 2011 was trading at 0.815, but the Euro at the same time in 2010 & 2011, was trading at 0.566, with ups and downs in between times).*

NZ market for proprietary seed is looking to be strong for the coming spring season, with some varieties that could be in short supply.

The Australian pasture seed market is continuing to be affected by wet weather throughout Victoria. The Australian farmers are getting to understand what the word mud means. With potential damage to pasture throughout Victoria due to the wet, we could see an increase in brassica and perennial grass sales demands from New Zealand.

International markets:

Reports out of Europe:

Feedback from the European market is that some good named ryegrass varieties have been sold out, before even the start of their sales season, due to production areas back in Europe and drought continues throughout France and the UK, affecting yields.

Most European Seed merchants are being very cautious, re where the prices will go, with a number of merchants getting burnt two years ago with inflated prices and over production, creating large seed stocks. A lot of companies then had to sell their surplus stock at very low prices. *(Interesting to note how fast the market turns around)*

Strong cereal prices continue which is also putting pressure on small seed production prices for the coming season.

MAF – Import / Export comments:

- Discussion continues with MAF re the new soil tolerance for export seed level (0.1%), where the NZGSTA is stating that if a country hasn't got a soil tolerance then it is not up to NZ MAF to set one for that country.

- Phyto certificates fee is increasing from 1st Sept, from \$16.00 to \$19.10 plus GST due to the cost of running the system that produces the phytocertificate, which costs have increased and also paying for MAF staff time to undertake work that supports market access and other export support activities for plant products. NZGSTA had input into this process through being on the PMAC board.
- Exporters need to be aware of changes in ryegrass imports conditions into the UK. Over recent times the UK Border authorities have taken to inspecting all ryegrass seed imports, targeting Argentine Stem Weevil. Where insects (dead) have been found they have insisted that the seed is "treated, re-shipped or destroyed".

Due to this concern there has been a change in the UK ICPR, which exporters need to be aware of. The new requirements are optional and exporters can choose to use it or not. ***It is not compulsory.***

ICPRs

The following ICPR have been updated in the last week for the:

- EU addition of a pre-export treatment option for the export of seeds for sowing to the UK to Section 3.4.2

Exports also need to take note with some changes to the ICPR for USA exports, relating to Section 3.3.1, requirements for restricted plant materials under post entry quarantine and referenced the prohibited plants for planting.

Grains Section Report

International situation – USA

Strong demand for U.S. corn has resulted from sharply higher energy and livestock prices, a large decline in foreign wheat production, a small decline in foreign coarse grain production and a continuation of the weak US dollar.

Corn consumption is expected to increase in the ethanol and by-product category while feed and exports are expected to be flat.

Estimates of ethanol production continue to be encouraged by high oil relative to ethanol prices which also favour ethanol blending. This optimism is offset against growing debate in congress in relation to the cost / desirability of ethanol blend subsidies.

The late planting of the current crop, together with the effects of wind and dry conditions has raised issues about the crops final yield potential. Prices are now expected to relate to crop development reports as the season advances.

The above highlights the difficulty of forward projection in the international context. Add to this the weather issues that have had some effect on the grain crops planted in Australia, China, Canada, Russia and Northern Europe in the last six months and it becomes increasingly difficult.

High food prices are a serious problem for the poor and for political stability. This year has brought record food price levels due to a growing imbalance between rapidly growing demand and a slowly growing production capacity.

As a result firm commodity prices are expected over the next year but considerable seasonal volatility is expected.

International situation – Australia

Agrium announced in early May that Cargill had received clearance from Australia's Foreign Investment Board for Cargill's proposed acquisition of the AWB Commodity Management Business.

It was stated that Agrium would focus on bringing value to growers through their Landmark retail business, while Cargill's expertise in grain handling and international marketing will also deliver value to grain growers.

The current cereal crop is best described as fair with a large export programme in progress.

New Zealand Grain Industry

The harvesting of maize grain crops is now completed but wet weather in much of the North Island during autumn considerably extended the time required. There were some reports of lodging due to strong winds and the wet ground conditions. Yields have been reported to be average to above average in most growing regions after a relatively warm and moist summer. Quality was very good with few reported concerns even in late harvested crops.

Recent reports indicate good demand for the new grain crop.

There continues to be some substance to the expectation that prices will firm for the next production cycle. However, there realism needs to prevail in what is still a recovering market. It is nevertheless, expected that there will be the need for a good sized local crop to balance supply and price against the international volatility reported above.

Arable Industry Marketing Initiative (AIMI)

The most important outcome is the publication of Profarmer Grain by the NZX and the grower dip-stick survey of cereal areas and volumes. This initiative has generally been well received by the market and certainly delivers improved supply and demand data.

Foundation for Arable Research (FAR)

Preparations are in progress in support of the renewal of the levy order on the crops mandated to FAR. The referendum will close in early September 2011.

Biotechnology

A new initiative will help reduce the likelihood of a disruption in feed supplies by boosting legal certainty for animal feed imports into Europe.

The "technical solution" allows up to 0.1% of not yet authorised GM material in the EU. This approach takes account of the dynamics of international trade and allows European farmers continued access to vital protein feed imports.

Key exporting countries are no longer prepared to await full EU approval of GM crops before authorising their cultivation. The number of GM events commercially cultivated worldwide is predicted to increase from about 30 today to over 130 by 2014.

In another a vote in the EU Parliament on 5th July MPs supported proposals that will permit member states to ban GM plantings for socio-economic reasons. It means countries could disregard advice from the European Food Safety Authority on the safety of GM crop varieties and ban the technology on the grounds of factors such as the potential for civil unrest.

Vegetable Seed Section Report

VEGETABLE SEED MARKET ACCESS

- Brazil has made some changes to its import regulations that may allow easier access for seeds produced in New Zealand. The details are these changes are being analysed at the moment and further information will be distributed when it comes to hand.
- Australia is making some changes to its import regulations for tomato seed which may mean different inspection and testing regimes for this seed to that market. MAF is keeping a watching brief on what is Australia is doing and have indicated at some point in the future they will change New Zealand's regulations.
- ISPM 7 & 12. These updated ISPM's have been adopted by the IPPC. ISF has produced a basic question and answer document to explain the changes that have been made and how they will help facilitate trade.
- Seed ISPM. The seed ISPM supported by ISF is in the work programme for the IPPC. A representative of ISF will be a member of the technical working group when it is convened to work on this project. The main goal of ISF is to achieve some harmonisation of seed additional declarations to make worldwide trading a simpler and clearer proposition.

REMIT TO INCLUDE SCID INTO NZGSTA HANDBOOK

- The Vegetable Seed Section has been discussing the addition of a section into the NZGSTA handbook to obligate members to use the SCID system for seed crop isolation. A draft

of this remit will be discussed at the 20th July 2011 NZGSTA Executive meeting. Further feedback will be made to members after this discussion.

GENERAL

- Internationally it has been another trying season for seed production. Europe has generally experienced drought conditions that will affect seed yields. North America has had a very challenging spring that was very wet with many commercial and seed crops being severely delayed in their establishment.
- Onion seed continues to be in short supply for most day length types.

Next Meeting of NZGSTA Executive Council

Thursday 15 September 2011

Please advise Ann Harper of any matters you wish to have discussed at the meeting