



Newsletter

New Zealand Grain & Seed Trade Association Inc.

February 2012

Page 1

Contents

Conference 2012
New Ashburton Attraction
Slippery Bags
Royalty Collection & Payment
Argentinean Stem Weevil
Contracts
Export of brassica seed to China
Section Reports

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Conference 2012

Mark your diaries for the conference to be held 21st to 23rd November 2012 – in Queenstown.

New Ashburton attraction

Members driving through Ashburton should make sure they detour along Smallbone Drive to see the mural at South Island Seed Dressing and Storage. It's 40 metres long and features some of the main grain and seeds processed on the premises.

This is great publicity for the industry from Brent Clarke, and something to show off to visitors in the area.

Slippery Bags

The New Zealand Seed Processors have asked all members of NZGSTA to be aware of the safety risk with slippery bags. Slippery bags make pallet stacking difficult and can cause stacks to collapse in storage, and the bags may become damaged, leading to quality problems with the contents.

Proprietary owners are asked to ensure that the proprietary bags are of a non-slip material and non-proprietary bag importers and manufacturers have also been alerted to the problem.

Royalty Collection and Payment

There has been much discussion in the Grains Section about the non-payment of royalties. The obligation for our members to collect and pay royalties and licence fees is covered by our Code of Ethics where members are expected to:

Respect the Intellectual Property Rights of the owners of Proprietary Cultivars and patented technologies, and pay applicable royalties and levies where required.

The Executive Council will be reviewing the various types of royalties and licence fees that should be collected and

paid, to determine the role NZGSTA has in enforcing them.

Argentinian Stem Weevil

The information in the December Newsletter was not completely correct. A member has supplied a letter from the Principal Plant Health and Seeds Inspector of FERA in the UK, that states

“if the seed is more than 6 months old and we find dead pest present, we assume that the risk of any pest being alive is much less so we take no action.”

We have advised MAF of this and they will determine if they need to update the ICPR further on this aspect.

Without the change to the ICPR members are advised to continue with their present processes.

Contracts

The Herbage Seed Section of Federated Farmers held their annual meeting with NZGSTA Executive Council representatives late last year, at which the main topic was the wording on contracts between farmers and merchants.

Federated Farmers tabled their interest in having a standard form of contract, which is unlikely to be feasible from an NZGSTA point of view.

Most of the clauses they raised that they felt were onerous for farmers have been in contracts for 20 or more years and are there for a purpose. Failure of a farmer to meet the contracted quality can result in seed being rejected by an overseas buyer a year or more after harvest so a contract might have an appropriate provision for dealing with that situation and other similar events.

NZGSTA are committed to working with Federated Farmers to create greater understanding of these matters, but members are once again asked to make sure contracting farmers fully understand the contracts they sign.

Export of Brassica Seeds to China

China has currently banned the import of brassica seeds from New Zealand. This is a continuation of a process that began last year with the withdrawal of import permits.

A small group of exporters are working with NZGSTA to get MAF and MFAT to assist with understanding how to have the ban lifted.

If any other members wish to be added to the list of interested parties please contact Ann Harper.

Section Reports

Forage Section Report

Brent Stirling reports:

General comments & reports from the market:

New Zealand market:

Weather conditions have been very mixed from one end of the country to the other, with continuing wet weather in the North Island and just about drought conditions in the South of the country. The good news is the ryegrass and cereal crops are looking very good in Canterbury.

At the time of writing this report the harvest was looking to be about two weeks late, due mainly to the lack of sun shine and heat. Also now with a greater percentage of later heading varieties being grown and the late harvest, harvest now is looking to be compressed, which could create bottle necks at seed processing stores. The late harvest will also create delays for some varieties being available to the market.

Early indications of seed yield for the grass crops, is showing yields are up about 10% on normal, but we still need to get it in the bag. Some of the white clover crops are struggling with the continued lack of sunshine and could impact on clover yields due to poor pollination with low Bee activity.

Storage issues in the processing plants are still a major concern this year with a lot of seed from last harvest still in store and now looking at a large harvest. The main shortage in storage is for the processed seed.

International market:

There are some concerns over the UK changing the import conditions of seed (mainly Brassica seed) that is treated.

A new EU legislation prohibits the import of seed which is treated with a plant protection product that does not have authorisation for use in at least one EU Member State. Previously it had been legal to import such seed provided that the seed treatment chemical was approved in the country of application; this is no longer the case and there must be approval for the product/species combination in at least one EU Member State (though this does not need to be the UK)".

"Many merchants have been accustomed to importing seed of forage brassica crops treated with Cruiser OSR or Cruiser 600FS (SB in UK) from New Zealand in particular. These products do not currently have authorisation in any EU Member State for use on these crops. Therefore it is now illegal to import this seed into the UK or anywhere else in Europe. This has been confirmed by CRD, whose advice is that markets for existing stocks may be sought outside the EU".

There are moves to try to remedy this situation given that there are no other suitable insecticide seed treatment products available for these crops.

Members need be aware that it is currently illegal to for a UK company to import treated seed with a seed treatment that is not registered in the UK or Europe. We advise members to keep in contact with your European customers re updates on this issue.

Euro weak against the Kiwi: The strong kiwi dollar against the euro is putting a lot of down ward pressure on pricing for Nui & Huia exports and forward contracts at present. The firm kiwi dollar could also put pressure on other varieties being sold into Europe, as well could have effect on potential multiplication contracts for the coming season.

Seed Testing / Certification comments:

Seed Labs are all set up for the season when the seed arrives, with increased staff numbers this year, so we are hoping that there should not be any delays.

Asure Quality have been getting a small number of new samples from the 2012 crop coming through, which is lower in numbers compared to last year at the same time, which also is indicating a late start to the harvest

season. But have been getting a greater number of retests on past season seed.

Grains Section Report

Barry MCarter reports:

International situation - USA

Global maize prices are likely to be driven by weather supply impacts over the next few months. The reported dry weather in Brazil and Argentina could reduce grain output and firm prices. The reported La Niña also brings cooler temperatures in the Pacific Ocean, leading to higher rainfall in south-east Asia and northern and eastern Australia, and lack of rain in the south of the USA.

Growers in countries including the USA responded to higher maize prices last year by planting more maize. The maize futures contract on the Chicago Board of Trade reached a record of almost \$8 a bushel in June but has now settled nearer to \$6.40/bushel.

Last year, the maize acreage expanded in the USA. the world's biggest exporter, but overall production fell due to adverse weather impacts. The USA normally accounts for more than half of the maize traded globally. In addition, almost 40% of the US maize crop (approximately 120 million tonnes) is used to produce ethanol. Ethanol is currently very viable with oil above \$100 a barrel.

New Zealand Grain Industry

Good spring and early summer has the potential for a high-yielding cereal season in Canterbury. Cooler temperatures during the growing season have slowed down crop development and provided the opportunity to accumulate dry matter and grain. Favourable conditions during the harvest period will be needed.

Maize crop

It has been a difficult spring. While many early planted crops are looking very good there are some lower lying paddocks which saturated soils showing nitrogen deficiency and poor growth. Most crops are however, responding to the recent warmer weather and are now greening-up and growing more rapidly. In addition, with later than normal planting, frequent rain and dew, leaf

diseases like common rust and northern leaf blight are being observed.

Collection of Royalties

There is agreement with the stated position “If royalties are lost, the long term cash flow impact will mean breeders cannot afford to fund ongoing research”.

There was discussion at the Conference Section meeting with respect to the status of the PVR Act. This seemed to satisfy the members present at the time. However, to address ongoing concerns from some members it is likely appropriate to advise members through the newsletter that there is an obligation to pass levies collected to the owner of the PVR right.

Contracts

Ongoing concern has been expressed by Chris Thomas as a result of a number of reported shortfalls on grower contract deliveries last season. While this was worked through a number of lessons on grain contract interpretations have reportedly been learnt.

The suggestion was made to the Section business meeting at the AGM that the Executive look at the development of a standard industry contract like Grain Trade Australia. After much debate the consensus was not so much a contract issue, but a case of communications between merchant and grower over the contract wording, a question of enforceability and desirability of enforcing the terms of the contract in a legal sense. Most members seem to be of the view that they not would participate in such a project.

FAR

Registrations are due to close soon for FAR’s 5th North Island Conference which will be held at the University of Waikato on the 15th and 16th February. The conference will provide a mix of in-field and indoor presentations and will cover a wide range of topics of relevance to cropping farmers and industry personnel.

The conference will be followed by visits to five maize growing areas on the North and South Islands by Prof. Robert Nielsen a leading maize agronomist from Purdue University, USA. All interested growers and industry reps are invited to these discussions on maize agronomy over 20th to 23rd February.

Arable Marketing Initiative (AMI)

This group, formed some time ago, has been encouraging farmers to gain better understanding of grain procurement, hedging options, currency rates, international and landed values. The prime motive is to promote the use of NZ grown grain.

A survey of 150 grain farmers as at October 2011 published good quality information on the production and sales of wheat, barley, oats and maize grain. This information is available on the FAR website.

Another important outcome is the publication of Profarmer Grain by the NZX. This two weekly market report is available on a commercial basis.

Vegetable Seed Section Report

**Vegetable Seed Business Group
NZGSTA Conference Meeting, Tauranga,
30 November 2011**

This business group represents the specific interests of companies actively involved in the importation, production, exportation, and commercial sale of vegetable seeds in New Zealand.

**DISCUSSION
Business group annual report**

The Annual report for the Vegetable seed business group was distributed with the NZGSTA conference papers. It was taken as read. The adoption of this report was moved by Mark Johnson, seconded by Chris Bone, and passed unanimously.

Vegetable seed export market access

Ann Harper presented a summary of the process for gaining market access to new markets. This process is quite technical requiring the creation of pest lists and what can be a very time consuming application to the desired market.

Ann updated the meeting on the market access applications that are in progress at this time including Brazil and Mexico. Comments were added by Peter Johnston from MAF.

Members are reminded that the market access process can take some time. Talk to NZGSTA if you have any possible markets which you may need to sell New Zealand grown seed in as the association has knowledge and experience in working through this process.

Other phytosanitary matters

Discussion was had on the recently ratified ISPM7 and ISPM12. Peter Johnston explained the changes to E-phyto which now allow for the inclusion of additional phytosanitary information on the phytosanitary certificate. Previously this had to be sent on a separate MAF letter.

There have been some challenges with China issuing import permits for brassica seed from New Zealand. At the time of this meeting it appears that China is issuing import permits.

Conrad Black also mentioned that brassica seed imports are currently under the 'basic' category. This species is on the list that may be reviewed by MAF in the future.

Tomato seed imports to New Zealand

MAF is undertaking a pest risk assessment in relation to protecting New Zealand from the importation of PSTVd. One of the perceived risks of the introduction of this pathogen is via tomato seed imports. The pest risk assessment will be completed by the risk assessment group of MAF by February or March 2012. The information will then be used by Brain Rose / Conrad Black from MAF, who set the regulations for seed imports, to decide if the current import measures need to be changed, and if so, to what new measures.

Conrad Black stated that they will consult with the seed industry on any possible changes and listen to industry concerns. After consultation with industry if new measures are to be implemented there will be at least a six month notice period of the possible changes.

The earliest any new import measures in relation to tomato seed could be implemented is late 2012.

A small group of members who may be affected by any changes to the tomato seed import health standard will stay in regular contact with each other, commercial growers, and MAF.

- ISF have been very helpful with supply of technical information from the Japan and EU reviews of this pest.
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- The 133 page EU Pest Risk Assessment is being summarised for discussion with MAF.
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- There has been dialogue with Conrad Black from MAF and some preliminary information has been supplied to him.

Remit to include SCID in the NZGSTA handbook

During 2011 a sub-committee of this business group worked on producing a remit relating to the NZGSTA handbook. The remit proposed to obligate members who produce the crops included in SCID, to participate in this scheme. Draft wording of this remit was submitted to the Executive Council of NZGSTA during 2011.

David Melhuish discussed the Executives desire to have a more comprehensive amount of information to be included in the handbook which will clearly describe the SCID system and the obligations to members. He also suggested that to include this in the hand book it must be broadly supported by all members to be effective.

A sub-committee will work on this project further with the view to present a remit at the 2012 NZGSTA conference.

EPA withdrawal of organophosphates and carbamates

The Environmental Protection Agency (EPA) wants to withdraw these chemical groups from the New Zealand market. Some chemicals from these groups are used by NZGSTA members. Diazanone is the most recognisable chemical that members may know of from these groups. It is very important that members are aware that these chemicals may not be available for use in future.

The NZGSTA Executive is monitoring the EPA process and encourages members to let them know if the withdrawal of these compounds from the market will affect their businesses.

Code of Practice

The Vegetable Seed Business Group Code of Practice (COP) is not being widely used. Now the NZGSTA has

adopted a Code of Ethics it is time to address the future of the COP and if it is still a relevant document for this business group. A meeting will be called in Pukekohe early in 2012 to discuss and analyse this further.

General Business

It is planned to have two mid-year section meetings during 2012 around March / April to keep members up to date with NZGSTA activity in relation to the Vegetable seed business group. One will be in Ashburton with a seed production focus and the second will be in Pukekohe with a seed retail focus. Details of the dates will be forwarded early in 2012.

**Next Meeting of NZGSTA
Executive Council**

Monday 19 March 2012

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