



# Newsletter

New Zealand Grain & Seed Trade Association Inc.

April 2011

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## No February Newsletter

Members may have noticed that there was no Newsletter in February. The earthquake in Christchurch on 22 February has left the Seed Industry Office temporarily homeless. Our building in Riccarton Road has suffered some damage and can't be reoccupied until it is repaired. In the meantime, like many other businesses, we are working from home, but there was a week or two of total disruption before everything settled into a new routine – hence the lack of a Newsletter.

Mailing address and telephone numbers remain the same.



Christchurch 22 February 2011 12.51 pm

## Conference 2011

The 2011 Conference will be held in Tauranga from Wednesday 30 November to Friday 2 December, This a week later than usual as we did not want to conflict with the APSA Congress and the only hotel big enough was not available for an earlier week. Airfares to Tauranga from most airports are pretty reasonable if booked now. The format will be the same as last year, with a lunch on Wednesday to start proceedings and a welcome from the President. Wednesday afternoon will be for the section meetings, followed by the Cocktail Party. Thursday will be the AGM with presentations and perhaps a workshop,

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a field trip and the Conference Dinner which will conclude the programme.

Sponsorship of the conference brings rewards and all members are invited to become sponsors for as little as \$500.00 and up to \$5,000.00. Contact Ann Harper for this opportunity to really be part of the success of the conference.

### **DNA Testing - a new weapon in the battle for PVR protection**

NZPBRA in conjunction with AgResearch has developed the means of identifying cultivars by DNA.

The owners of PVR protected plant varieties will be carrying out DNA testing on a wide range of ryegrasses now currently on the market to determine their true ownership.

### **Pallet Charging**

Work has continued with Federated Farmers and the Seed Cleaners Association.

As many of the pallets remain in the seed stores when the seed is loaded into containers for export, the farmers felt it was unfair to expect them to provide pallets when they would not get them back

The main issue with pallets appears to be in the trade between the South Island and the North Island and may not be as big an issue as it was several years ago.

It was agreed that the Seed Processors need to let everyone know that they are going to charge for services carried out in the stores. It was felt that if charges are known in advance then contracts can be drawn up that reflect all costs. NZGSTA members need to be clear about the terms they buy and sell on.

It appears that pallets moving locally tend to be returned and more and more traders are sending pallets to stores to be loaded.

The Seed Processors will meet and discuss the pallet situation and advise the NZGSTA of their decision.

In general store customers can expect to pay for services including palletizing in future.

### **Cocksfoot Bag Size**

The NZ Seed Processors have written to NZGSTA saying that for some years their members have struggled to pack Cocksfoot in 25 kg bags. Various bags have been tried including proprietary cocksfoot bags. Recently Textile Bag and Sack Co have produced a Cocksfoot Bag measuring 1250 mm x 600 mm which their members have found very satisfactory for Cocksfoot particularly when buyers require the product to be stacked on one tone pallets for transport. NZ Seed Processors recommend NZGSTA members adopt this size bag for packing Cocksfoot, both proprietary and non proprietary varieties.

### **Market Access matters**

Over the last 4 months NZGSTA has applied for market access (on behalf of members) for carrots, beet and peas to Brazil and used the same material for market access to Mexico. Further applications for radishes and onions are nearly completed, and will be for both Mexico and Brazil.

### **Soil in Seed Tolerance**

Exports of ryegrass and white clover to the EU are being handicapped by the requirement for the soil tolerance to be no more than 0.1% The latest news is that MAF have had confirmation that the Netherlands is willing to accept a tolerance of up to 0.3% and therefore exports to the EU at that level of tolerance can use the port of Rotterdam to access other EU countries.

The official position from MAF is that if a country does not have a specific soil in seed tolerance then the default position is whatever the exporting country has as an import tolerance, and in New Zealand that is 0.1%. The EU does not appear to have phytosanitary regulations that specify a soil tolerance so the New Zealand tolerance is technically the default.

Work is being done on analyzing the possible economic impact of the reduced tolerance so that NZGSTA has hard data to continue the discussion with MAF.

If any member can obtain an Import Permit or other official document from a European Country that shows a tolerance for soil of greater than 0.1% please forward it to Ann Harper.

## **Oil Seed Rape Production**

Meetings were held following receipt of a letter written by NZGSTA member Biodiesel NZ suggesting that OSR for oil production would be grown in Mid Canterbury this year and in the future.

All members were advised of the matter by email in January. Several meetings of interested members followed, with Biodiesel NZ agreeing to defer the Mid Canterbury contracts for another year.

The threat to high value export crops of brassicas seeds from contamination by commodity seeds of rape grown for oil production is understood by Biodiesel NZ and they do not wish to jeopardise that business. They do however have farmers wanting to plant OSR as a break crop in the disputed areas.

A key matter is whether or not modern OSR seeds meet the promise of clean residues and work will continue in that area.

## **Wheat Competition**

Members of NZGSTA are asked to advise wheat producers that the popular Wheat Competition is back.

Ashburton Trading Society (ATS) will be the new major sponsor. Please see their website for entry details <http://www.ats.co.nz>

Crops harvested in 2011 are eligible and growers are encouraged to start gathering samples for the competition now. All entries must be received by 15th May 2011 and judging will take place in autumn with results announced at the UWG AGM.

## **Withdrawal of Diazinon**

ERMA has advised that they are reviewing the use of Diazinon in New Zealand.

## **Section Reports**

### **Forage & Turf Section Report March 2011**

#### **New Zealand market:**

2011 harvest; Quality & seed yields this year have been good on average.

Demand from pastoral farmers for seed has been strong throughout New Zealand so far this autumn and looking to continue into April.

We have got very good sowing conditions at present for autumn sown crops. Early indications are showing that proprietary grass & clover variety sowings could be up on last year, and there is good interest coming from the trade for forward Nui contracts for 2012 delivery.

There is also good interest for prompt Nui Ryegrass, which seems to be trading at around a grower price of \$2.10 per kilo, on today's market.

#### **International markets:**

China's seed plantings will generally be unchanged from last year. China's imports of grass seeds, sunflower seeds, and vegetable seeds are to rise on continued strong demand.

#### **North America:**

The large seed stocks in the USA are starting to slowly lessen, due to grass seed production areas continuing to be cut back in Oregon, with these grass production areas being replaced by large areas of wheat, which has been grown throughout Oregon.

It is interesting to note that the U.S. seed industry is a \$12 Billion business, representing about 38% of the global seed market.

#### **Europe:**

Strong interest coming for ryegrass seed production in New Zealand, due to Europe's increase demand from end users this last spring sales season, as well with high cereals prices been paid to European farmers has pushed up ryegrass production prices in Europe.

Europe is looking to make a decision re changing the tolerance level on GMO feed only, and is said, is the first

step in recognizing reality and moving away from the unworkable 'zero tolerance' concept. Seed then might be next?

**MAF – Import / Export comments:**

MAF are continuing to work with the industry re, reviewing and updating the Seed Varietal Certification System Process Pathway, which will be ongoing.

**Seed Testing / Certification etc comments:**

There have been major delays in getting endophyte tests done, with some results taking up to 4 months from the time the samples have been sent to Asure Quality. Asure Quality is trying to address these delays with increasing staff numbers and improving endophyte testing times, which in turn we will more than likely see increase costs for endophytes testing in the future.

**Grain Business Group Report - March 2011**

**International situation**

A study by University of Illinois Ag Economists released on March 4 suggested with corn production down and consumption up, the market may be poised to see firm prices in the 2010-11 marketing year. Depending on the yield trend for the next crop three possible outcomes were considered possible;

- With an average production year prices could average near \$5.75 per bushel compared to an expectation of \$5.40 for the current year.
- Under a good production scenario a seasonal average of the order of \$4.75 was likely.
- Under a poor-weather scenario average corn prices could be very high at about \$7.00.

The above is not an attempt to predict future price trends but rather highlights the difficulty of forward projection in the international context at present. 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. The tragic events in Japan in the last week will also have some global impact.

Firm commodity prices are likely over the next year.

**New Zealand Grain Industry**

Recent reports indicate good demand for the new grain crop. Furthermore, there is reasonable expectation that prices will firm for the next production cycle. The strength of local demand, prices offered and the timely availability of contracts will determine the size of the next crops planted.

**Arable Farmers Marketing Group (AMG )**

This group, since it was formed over a year 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.

An important outcome is the publication of Profarmer Grain by the NZX.

**Europe considers new GM crop plan:**

After a decade in which just a single genetically modified (GM) crop was approved for commercial planting in the EU an attempt is being made to break the logjam.

The EU is considering allowing individual member states to choose whether or not to grow an approved GM crop within their borders. The proposal would also permit national governments to modify the existing rule allowing products to be labelled as GM-free if they contain no more than 0.9% of GM ingredients.

**Next Meeting of NZGSTA  
Executive Council**

Thursday 12 May 2011

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