



Newsletter

New Zealand Grain & Seed Trade Association Inc.

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NZGSTA 2010 Conference

Conference will be held in Nelson this year, starting on Wednesday 24 November and finishing on Friday 26 November 2010. The format of the conference will be changed to start with the section meetings on Wednesday, followed by the cocktail party. On Thursday we will hold the AGM and a general meeting followed by the Field Trip and dinner, and Friday will be the golf tournament. We recommend travel be arranged to arrive in Nelson early Wednesday morning or Tuesday night.

Registration and payment can be done on-line this year – check out the website www.nzgsta.co.nz – or we welcome the traditional cheque and form in the mail. The deadline date for registration is 17 October, after which a penalty fee is incurred and the hotel may not have accommodation available.

Please remember that in even numbered years an election is held for the Chairs of the Grains Section, Forage & Turf Section and Vegetable Seed section. Nominations will be made at the Section meetings but the formal voting will be done by section members at the AGM.

Refreshed Website

NZGSTA has changed the appearance of our website and encourages members to have a look for themselves.

Scholarship

After much discussion with Lincoln and Massey Universities, NZGSTA is now in a position to offer a Scholarship to worthy students for a final year of study in courses that we believe will have value to our industry in the future.

Applicants will be screened by the universities and final selection made by the Executive Council. The value is \$5,000.00 plus summer work.

Soil in Seed Tolerance

We now have advice from MAF that says, as far as seeds are concerned –

“In the absence of internationally agreed MPLs and maximum limits for soil, MAF, through our Export Phytosanitary Certification System has determined risk management measures for the likes of soil that we believe will:

- Maintain the integrity of MAF phytosanitary certification.
- Facilitate international trade in plant products from NZ that is compliant with the primary aim of importing countries legislative requirements.
- Minimise the spread/establishment of quarantine pests associated with plants and plant products exported from NZ where these are accompanied with MAF phytosanitary certificates.

In the past few months MAF Plant Exports has determined the appropriate risk management limit for the presence of soil in exports of seed should be the same maximum limit specified by MAFBNZ Imports in their import health Standard for the importation of seed into New Zealand. This maximum limit for soil at 0.1% by weight of the seed sample has been under discussion with members of the seed sector at and since the April meeting of SQMA.

Accordingly, over the next few months, MAF Plant Exports will update the MAF Export Certification System of Standards & ICPRs to reflect this corrective action.

The MAF Export Certification System Standard: “Phytosanitary Inspection” is in the process of being updated to reflect the following in sections 2.2.1 iii and iv:

Sub section iii:

Maximum limits for specified quarantine pests (including soil)

For all commodities exported to countries **requiring MAF phytosanitary certificates**, the following maximum limits have been set by MAF (unless

otherwise specified by an importing country in their legislation) to facilitate exports while still meeting the importing countries minimum requirements for specified quarantine pests, including soil.

- All insect pests associated with seed: Acceptance level is zero (set by SQMA in conjunction with MAF)
- Soil maximum limit in seed: 0.1% by weight per inspection sample.

In addition; as the current set of ICPRs for plants & plant products are updated they will contain the above text with regards the MAF allocation of MPLs for quarantine pests and maximum limit for soil

Sub section iv:

Importing country’s phytosanitary requirements and sampling plans are unknown

a) Where an importing country phytosanitary requirements **are unknown**, but an exporter elects to obtain MAF phytosanitary certification, the supplier shall design and document a sampling plan that provides at least a 95% confidence level that the following generic default maximum limits for plant products infested with pests (including soil) within the lot are not exceeded.

iii) For seed:

- **Maximum limit for all pests (excluding soil):**
- Acceptance level is zero (as set by SQMA in conjunction with MAF)
- **Soil maximum limit:**
- 0.25% of soil by weight per inspection sample.

b) When this sampling plan option is adopted, the optional clause “They are deemed to be free from other pests” applies.

Please note; where an importing country states a specific soil limit, that requirement will be captured in the appropriate ICPR and override these generic soil requirements specified in the MAF Plant Export Certification System Standards.

We trust this communication clarifies the maximum limits to be applied for pests, including soil, within our MAFBNZ Export certification System.”

All NZGSTA members are urged to read the appropriate sections in the regulations and not rely on this extract for a full understanding of the position.

<http://www.maf.govt.nz/biosecurity/exports/plants/certification/index>

Market Access Activity

NZGSTA has started the process to gain market access for radish, carrot, beets, onions and peas to countries for which we do not currently have access e.g. Brazil and Mexico, by asking for quotes from suitably qualified organisations to prepare a pest list for those plants.

Once the quote is obtained interested members may wish to fund the pest list, which is the first step in gaining market access.

Once a pest list is obtained the next step in the process is to create a document covering the pest management regimes, production places and systems, climate in the production area and what other export markets these products are sent to.

All this is sent to MAF for validation and forwarded to the importing country that then sets about doing a pest risk analysis before they decide if our seeds represent a risk to their country.

It is a long and slow process but necessary if we are to penetrate new markets.

Section Reports

Forage & Turf Section

General comments & reports from the market:

New Zealand market:

Spring seed season has had a shaky start in many ways, with low demand for pasture seeds from farmers,

due to the wet and cold weather conditions we have been getting throughout the country.

The positive side is, where there is mud there should be increased demand for seed as the weather warms up

International markets:

Government policies in a number of countries around the world continue to control what the demand for seed e.g. in China at present, Lucerne imports have significantly declined but imports into China have seen increased turf seed sales, with a new focus on an increase in green area.

North America:

There continues to be large amounts of unsold seed stored in seed stores throughout Oregon, with most farmers continuing to cut back on grass production as the landscape changes from ryegrass and tall Fescue to wheat and clover.

A large number of the farmers in the Oregon Valley are now only growing about 10% of their farm in ryegrass compared to what they had grown two years ago. This is not looking to change, until farmers see the large stock piles of seed start moving out of their stores into the end user markets, and ryegrass & fescue prices start improving.

Even at market prices around 38 cents a pound, farmers are struggling to find buyers for their ryegrass stocks at present.

Europe:

The European autumn market reports are indicating that they are having a better season than last year re seed sales, but still back a long way from seed sale levels of two or three years ago.

The weather conditions in Europe are also having a major affect on demand with a big part of Europe having a very dry spring and summer, and now with weather conditions turning cold, going into their autumn.

MAF – Import / Export comments:

- Black grass (*Alopecurus myosuroides*) is a weed that Biosecurity NZ is on the lookout for, in any

imported seed. Black grass is classed as a major undesirable weed. It is capable of producing extremely high amounts of seed and has the potential to spread rapidly. Dramatic yield reductions can occur in cereal, brassica etc crops, due to strong competition with the crop infected with Black grass.

- Biosecurity NZ has reported that there is about 20% of all seed imports held up at the border, mainly due to incorrect or incomplete paper work being presented to MAF from importers. Seed companies should aim to present OIC certificates for all imported seed lines, which should help speed up the clearance process.
- Biosecurity NZ is continuing to look into the market access conditions for Lolium sp. for Brazil and Peru.

Seed Testing / Certification etc comments:

ISTA Herbage seed lot size experiment (25 tonne lots), will continue until 30th June 2013, with seven companies with eight production plants now taking part in the experiment. Most of these companies are from Europe and one from USA.

SQMA is continuing to look into other ways in which NZ companies could be part of this program, without having to go down the track of the ISTA present costly experimental path way.

Grains Section

World grain production:

Northern Hemisphere production has been severely impacted by weather over the last four months.

The wheat market has moved in recent weeks from concern over drought to worries about the effects of heavy rainfall. Currency has also played a role, particularly the weakness of the Euro and its fluctuations against the U.S. dollar.

The following events are worth noting;

- The USDA lowered its estimate for EU wheat production by 2.1 million tonnes.

- In Russia the drought and heat wave has destroyed a quarter of the grain crops reducing the harvest by some 25 million tonnes.
- In Canada exceptional spring rainfall has left more than three million hectares unplanted.
- Eastern Australia had one of the best starts to its winter cropping season for several years but crop plantings are expected to be down slightly.
- There have been dramatic increases in the Chicago wheat futures prices in recent weeks.

USA biofuels

The ethanol industry in the US appears to be recovering from the aftermath of the spike in corn prices in mid 2008 and the following slump in commodity values. Ethanol production reached an all time high in June.

The industry is currently lobbying for;

- A phase-out of the fuel blender's tax credit. These funds would be redirected to install more blender pumps at 200,000 fuel stations.
- Support for the construction of ethanol pipelines to make the fuel more available and competitive.
- A congressional mandate requiring all vehicles sold in the USA to have flex-fuel technology.

Arable Marketing Initiative - Improved New Zealand Market Information:

The first steps in improving market information available to New Zealand grain growers are reported to be at an advanced stage. From October 2010 it is expected to improve the scope and accuracy of local price reporting, trends in crop production, plantings and sales of grain products. This should become part of an on-going system of information provision that will improve growers and industry understanding of the relationship between domestic and international prices, while increasing the competitiveness of local grains.

A panel of growers has agreed to provide indicative information to a third party making it possible to monitor trends in production of key grain crops. These are expected to include feed and milling wheat, barley, oats and maize. The aggregate information will be provided

four times per year to evaluate winter and spring plantings, production and sales from farms. This information will aid both growers and end-users to better plan production and schedule the purchase of local grains.

Improved pricing information will assist growers to understand the relationships between domestic and international prices. It is anticipated that a price reporting system will be developed through co-operation between United Wheat Growers and Agrifax.

New Zealand Grain Industry:

There has been reported movement in the maize grain price over the last six weeks. This has resulted from users moving to ensure supplies through to the next harvest.

It is not yet evident that the international trends reported above have had any material impact on the New Zealand market in terms of price and contract volumes. There is, however, modest expectation of some market growth this spring.

The full impact of the earthquake on South Island grain supplies is yet to be established.

The grain market continues in the recovery process from the widespread impacts of the global financial crisis and the declines in prices since the peaks of mid 2008.

New Zealand Feed Manufactures Association Statistics to June 2010.

The NZFMA indicates relative grain usage for the June quarter compared to the same period last year;

- Total raw material usage for the quarter is up 2.6% to 190,723 tonnes.
- **Wheat** as the major grain is up 65.5% at 60,754 tonnes.
- **Maize** is the second most popular grain but has decreased 6.5% to 23,785 tonnes.

- **Barley** increased 14.3% to 22,783 tonnes.
- **Sorghum**, which surged in 2008 and early 2009 has dropped continuously since.
- **Palm kernel** imports decreased by 47.5% to 50,449 tonnes.

Next Executive Council Meeting Date

The next meeting will be on 24 November and will take place in Nelson. Members are invited to contact the Executive Director if they have any matters they would like to bring before the Executive Council