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FIELD NOTES

Weekly news update from the KPMG Agribusiness network

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Due to Easter this weekend, there will be no Field Notes edition next week, 23 April 2014. We will run a catch up edition for the 30th April 2014. Wishing you all, a safe and happy Easter and ANZAC break.

Organisations referenced in this week's Field Notes include:	
Alliance Group	Meat Industry Association
Beef + Lamb New Zealand	Meat Industry Excellence
BioConsortia	National Farmers Association – Australia
BioDiscovery	Ngapuhi
Christchurch Yarns NZ Ltd	Northburn Station Wine Company
Cloudy Bay Vineyards	Nufarm
Crown Irrigation Investments	Rainer Irrigation
DANA	Saint Lukes Estate Wines
Deer Industry New Zealand	Scion
Federated Farmers	Scott Biotechnologies
Fonterra Co-operative Group	Seeka Kiwifruit Industries
Foundation for Arable Research	Talley's Group
Glassfields	WH Group
Hawkes Bay Regional Council	Wools of New Zealand
Manawatu River Leaders Forum	

This week's headlines	
Forestry	**Scion to build forestry centre** [9 April/ Radio New Zealand Rural]
Economics and trade	**All not lost over Australia and Japan trade deal** [11 April/ Radio New Zealand Rural
Red meat	**Alliance appoints Stoddart to board** [9 April/ Otago Daily Times]
Water	**Ruataniwha Dam: Resource consents approved** [15 April/ Hawkes Bay Today]
Economics and trade	**China's belt-tightening ripples out** [12 April/ Otago Daily Times]

Horticulture

Seeka looks for growth outside of kiwifruit with acquisition [9 April/ NZ Herald] The fruit grower, coolstore and packhouse operator, Seeka Kiwifruit Industries has agreed to purchase the New Zealand fruit ripening and delivery services business, Glassfields. Seeka CEO, Michael Franks said that the company will pay $3.75 and $6.25 million, based on 2015 expected EBITDA. Seeka will pay for the acquisition through existing cash and debt facilities. Glassfields holds the exclusive New Zealand right to import and distribute Sumifru bananas, pineapple and papayas from the Philippines. The move comes while Seeka is looking for growth opportunities outside the PSA stricken kiwifruit industry, after a $2.7 million (55%) drop in net profits in 2013. Mr Franks said that the expansion aims to complement kiwifruit, which is the company's core business, as well as to put the company back on a growth strategy. In March, Seeka sold back its 20% holding in Opotiki Packing and Cool Storage for $3.1 million, which it bought for $3.7 million in 2005 with the intention of complete ownership, prior to the strategy change in light of the PSA outbreak. Part of Seeka's post-PSA strategy included shredding non-core assets, reducing debt, restructuring operations and limiting capital spending. The company's tightly held shares remained unchanged at $2.60 on 9 April, and have increased 24% in the past year, ahead of the 3.1% decline in the NZX SmallCap Index.

Viticulture

Huge vineyard holding for sale [9 April/ Business Day] Co-founder and director, Graeme Giles has listed the 440 hectare Marlborough grape growing estate, Saint Lukes Estate Wines, along with two homesteads for sale. The 7km land has the potential for expansion with 40 unplanted hectares, with the planted land consisting of sauvignon blanc and pinot gris vines. Mr Giles co-owns the fruit bar manufacturer, Annies Café and Bar, which was put into receivership last year. Harcourts Marlborough sales manager, Tom Rutherford who is appointed to sell the land said that the estate's sale was not connected to the voluntary receivership of Annies.

Vineyard set to join global luxury goods group [10 April/ Business Day] CEO of Central Otago's Northburn Station, Tom Pinckney said that the Northburn Station Wine Company has entered into a conditional sales agreement with Cloudy Bay Vineyards, part of Moët Hennessy, which is part of the global luxury goods group LVMH. Mr Pinckney said that the conditions on the sale include approval from the Overseas Investment Office. He also mentioned that the vineyard and The Shed will be advertised for sale in line with the Overseas Investment Act requirements. Mr Pinckney said that the company will continue to produce Northburn Station brand wines and that they expect the sale to be a boost for the region, expanding the reputation of Central Otago wine globally.

Forestry

Scion to build forestry centre [9 April/ Radio New Zealand Rural] The Crown research institute, Scion has secured $2.5 million to build a dedicated centre, by successfully binding for funding from the Bay of Plenty Regional Council's inaugural regional infrastructure fund. The Council will have a 35% stake in the centre, and Scion CEO, Warren Parker said that the centre will create capital, expertise and technology, for the forestry and wood processing industry. Mr Parker said that the centre to be built at Te Papa Tipu Innovation Park will aid the goal of increasing New Zealand's forestry-related export earnings from $5 billion to $12 billion by 2022. Construction of the Scion Innovation centre is expected to begin towards the end of 2014, with an expected completion date towards the end of 2015.

Pinged contractors lift game [10 April/ Forest Owners Association] Out of the 200 forestry sites inspected earlier this year, 23 were shut down for posing an imminent danger to their workers, which included the failure to provide a safe retreat plan as well as having inadequate plans to manage the risk of workers being crushed. Of the 23 sites that were shut down, only two have failed to meet the WorkSafe New Zealand standards for reopening.

Sawmills to endure more pain as exporters contend with shrinking margins, cheaper rivals [11 April/ The National Business Review] New Zealand timber companies, have seen over 40 sawmills close in the last decade are facing further pressure as plants tied to exports face competition from lower cost Chinese mills, reducing margins and a high New Zealand Dollar. Although Chinese demand has increased the volume and price of New Zealand raw log export, local mills have been unable to compete with the more efficient and low-cost Chinese sawmills. Forestry consultancy, DANA director, Dennis Neilson said that sawmills supplying timber to the New Zealand market are benefiting from the renewed housing construction in Auckland and Christchurch, with consents for new dwellings at an annual pace of 21,300 in 2013 compared with the 13,700 in 2011 according to Statistics New Zealand, whereas the outlook for exporters remain uncertain. Mr Neilson said that there are indications that the current high Chinese demand may drop as inventory starts to build on Chinese log ports and availability of credit tightens due to bond defaults and concerns over financial stability. New Zealand exporters are also facing weaker demand and higher competition in other export markets such as the US and Australia due to weak housing construction in both countries and changes in product preferences in Australia (exports to Australia down 40% in the past nine years to 259,000m^3, as per the Australian Government Department of Agriculture). DANA warned against the fact that high exchange rates and competitive export price trends have prevented the industry from adding value to its lumber exports this decade, and highlighted the need to reverse this trend for the survival of the industry. The Ministry for Primary Industries figures indicate that New Zealand's sawn timber production has declined 11% in the past decade to 3.97 million cubic metres per annum. DANA said that New Zealand wood processing plants are also less competitive than their international counterparts in Chile, Canada and China.

Fishing and aquaculture

Fishing pay fight damaging NZ [15 April/ Business Day] Fairfax Media recently reported that Indonesian workers on South Korean fishing boats chartered by New Zealand companies were underpaid with approximately $25 million owing. The Fisheries (Foreign Charter Vessels and Other Matters) Amendment Bill last year included an exception for New Zealand's biggest tribe, Ngapuhi, allowing it to use of cheap lower cost labour on foreign boats. At the time, Nelson based Talley's Group CEO, Peter Talley said that if the Bill was passed allowing Maori preferential rights to use cheap labour, on top of preferential quota, New Zealand would face international boycotts. Political sources say that the second reading of the Bill expected before Parliament removes the Ngaphui exception. It will only allow the use of foreign crew on vessels used for research on specific tuna species and fisheries management. The international group, Slave Free Seas said that New Zealand's reputation would suffer resulting from allegations that workers from some chartered fishing boats were being pushed to drop court action, including the withholding of wage payments, threats to families and an interpreter being attacked. The group said that its suggestion given to Immigration New Zealand on the hiring of foreign crews should be adhered to.

Arable

Fungicide resistance in wheat in a shock [15 April/ Business Day] Foundation for Arable Research confirmed that Septoria tritici blotch, the principal disease affecting New Zealand wheat crops over the past four years had developed resistance to a strobilurins, a fungicide group, which had previously been the most effective at controlling the disease. Federated Farmers' grain and seed section chairman for Mid Canterbury, David Clark said that the disease is expected to have a significant impact on wheat yields, with losses of 2-3t/ha already seen this season in affected crops. Clark said that the industry was struggling to find an alternative fungicide and encouraged growers to consider cultivars with better natural resistance. The Foundation for Arable Research's director of research and extension, Nick Poole said that growers were being encouraged to think crop disease management strategies with a greater emphasis on Integrated Disease Management approaches. Any control strategies needed to be based on fungicide approaches that do not rely on Quinone outside Inhibitors (QoI) – Group 11 fungicides. Poole said the resistance also highlights the importance of the new succinate dehydrogenase inhibitor (SDHI) follar fungicides. It also highlights the need not to exceed the recommended maximum number of SDHI applications, which is currently set at two applications per season.

Dairy

Chinese dairy consumers 'moving on' [11 April 2014/ New Zealand Radio Rural] Fonterra's Greater China and India president, Kelvin Wickham said that the market indicates that Chinese consumers have not been put off by the false botulism scare last year, with sales increases well ahead of a year ago. Trade Minster, Tim Groser said that the botulism scare affected some of New Zealand and Chinese companies, but they are past its impacts. He also mentioned that the Chinese Government was impressed with New Zealand's management of the botulism scare.

ASB predicts fall in dairy prices [15 April/ Radio New Zealand Rural] Although Fonterra is forecasting a record payout this season of $8.65/kg of milk solids, ASB rural economist, Nathan Penny forecasted the payout to be at $8.50/kg. However he expects the milk supply to increase by 11%, offsetting the drop in the payout. ASB believes that on top of the approximate 20% drop in dairy prices in the GlobalDiaryTrade auction since the end of February, the prices will drop a further 10% through the middle of 2014, before starting to recover.

Cows may be bred to produce low-fat milk [15 April/ Business Day] LIC scientists engaged in the dairy farmer-owned co-operative's DNA sequencing programme have discovered the gene, named AGPAT6, affecting the milk fat composition, which is present in all cows, opening up the possibility of breeding cows to produce low fat milk. The finding is one of a few cases worldwide where genes affecting milk composition has been identified. The discovery will be used to help scientists better understand how milk composition was regulated by genes, and would be used to help improve the accuracy of the LIC's genomic selection programme for their AB sires to drive genetic gain improvements.

Red Meat

Alliance appoints Stoddart to board [9 April/ Otago Daily Times] Vanessa Stoddart, who has held various senior management positions with high profile companies such as Air New Zealand and Carter Hold Harvey, has been appointed to join the current independent directors Graeme Milne and John Waller as the Alliance Group's third independent director. Ms Stoddart also holds independent director positions at The Warehouse Group Ltd, Paymark Ltd and the New Zealand Refining Company. There was considerable interest in the position, with a non-binding shareholder resolution having being passed to appoint Fonterra director John Monaghan to the position. Although the group was approached to increase the number of independent positions from three to four, the Group maintained that the six elected and three appointed director mix was appropriate. Alliance Group chairman, Murray Taggart in a statement said that Ms Stoddart had outstanding credentials with a diverse commercial background with strengths in development and implementation of corporate strategies.

Threat to red meat exports [10 April/ Radio New Zealand Rural] The Meat Industry Association chair, Bill Falconer said that beef exports will struggle to compete with Australian exports, in light of the Australia-Japan bilateral agreement, which will lower Japan's current tariffs on Australian beef to half of the current 38.5% over approximately 18 years. Mr Falconer said that New Zealand must at least secure equally beneficial trading conditions with Japan, the country's fifth biggest beef importer.

Beef and Lamb to work with MIE [11 April/ Otago Daily Times]. In March, farmers supported a remit from Meat Industry Excellence (MIE) seeking Beef + Lamb funding for the continuing the work towards industry reform. Beef + Lamb New Zealand chairman, James Parson said that it will work with the MIE as it develops a detailed project plan, which can achieve Beef + Lamb funding. Mr Parson said that the MIE needed a funding application and a business plan that levy funds could support, and stressed that it was important to understand and agree on how the levies would be invested. In March, the MIE called for an industry summit to address what it called a crisis confronting New Zealand's red meat sector. In its latest newsletter, the MIE said it was working on an agenda for a meeting tentatively set for June, in which it would focus on livestock procurement and in-market behaviour. Additionally, Beef + Lamb directors also supported a Wool Levy Review Group request to use the remaining wool levies to prepare a referendum proposal for a wool levy. Mr Parson said that the business case that farmers voted to support in March is for a wool levy to be raised and to focus on increasing demand for wool and wool products, information, policy and advocacy, research, development and extension. The Beef + Lamb support means that the independent Wool Levy Review Group can take the proposal to a wool grower referendum before the end of 2014.

Deer

Ailing venison price tipped to rise [11 April/ Business Day] Deer Industry New Zealand marketing services manager, Innes Moffat said that the venison schedule is at a season low of $6.20/kg for a 60kg stag (down 5%), but information suggests a price rise is due to a good level of demand for higher value and middle cuts from European orders for frozen products. Mr Moffat outlined that with frozen surplus stock from last season having been emptied, there is an expectation for prices to improve over the coming years. He also mentioned that the US has become New Zealand's biggest market for chilled venison in the past 12 months, consuming over 2,000 tonnes, close to double the exports two years ago. Mr Moffat mentioned that although New Zealand processors have met Chinese compliance requirements, the penetration into the Chinese market has been difficult. An industry Passion 2 Profit initiative is looking to improve returns for the industry by producing higher quantities earlier at the farmgate. Passion 2 Profit is one of the topics planned for discussion at the New Zealand deer industry conference at Methven Resort Hotel from May 20 to 22. New Zealand Deer Farmers' Association chairman, Kris Orange's conservative estimates indicate that venison prices are probably 20% lower than what is required for on-farm profitability. He mentioned that although some farmers are considering the low prices as an opportunity to increase deer numbers, others are reconsidering the part deer plays in their portfolio.

Wool

Rapid growth in direct to scour [11 April/ Rural News Group] Wools of New Zealand said that the Direct-to-Scour spot market sales option volumes have reached approximately 350,000kgs, with annual volumes expected to reach between 3.5-4 million kg within its first year (approximately 8% of the market). Wools of New Zealand CEO, Ross Townshend told shareholder growers and supporters that the system was simpler and more profitable to growers than the conventional model, stating that it is more beneficial for wool to go to the first point of processing where it can be core sampled, independently tested, objectively assessed and fairly priced. Mr Townshend said that there is an immediate saving of at least 13c/kg, with the option for growers to either accept the offered price or keep the wool in their system for an anticipated price lift in the future. He said that the process was generally working well with volumes having grown faster than expected, and that Wools of New Zealand will monitor the system to ensure that the prices remain faire and reasonable. Wools of New Zealand continues to promote its new contracts, including a lamb's wool contract with UK upholstery weaver Camira offering approximately $6.25/kg for 0.0% vegetable matter. Mr Townshend acknowledged that the first preference for shareholders would be to lock into a supply contract, but the Direct-to-Scour spot market option is available for wool that is unable to meet the stringent Wools New Zealand specifications.

Yarn firm workers knew nothing of closure [12 April/ Business Day] With its receivership on April 11, Christchurch Yarns NZ Ltd director, Mark Abbot confirmed that its entire staff had been made redundant. The First Union general secretary, Robert Reid said that Christchurch representatives were surprised at the company failure. Mr Abbot blamed the inability to stay competitive on the rise of the New Zealand Dollar in the last 12 months. Mr Reid said that neither the company staff, nor the Union were informed of the situation until the receivers, announced the news. Mr Abbot highlighted that 93% of the product was sent to Australia, and resulting from the receivership, some buyers were left without a supplier and the New Zealand wool suppliers who sold of wool to the company will also feel its impact. In 2011, almost 2,000 Canterbury workers lost their jobs due to Godfrey Hirst's announcement not to reopen after the earthquake.

Rural infrastructure

Nufarm shifting to Australia, 59 jobs to go [12 April/ NZ Herald] The agricultural chemicals manufacturer, Nufarm will shift its Auckland based production to the Laverton plant in Victoria, Australia, aiming for a cost saving from consolidation of AUD3 million per annum, resulting in the loss of 59 jobs. The total restructuring costs in Australia and New Zealand will amount to AUD50 million, with the sale of the Otahuhu plant generating a profit of AUD10 million. Annual savings are expected to be AUD 16 million. The company also announced plans in March to close manufacturing plants in Welshpool, Western Australia and Lytton in Queensland. In addition the company will also close six facilities with the loss of further jobs, in order to implement a new management structure. Nufarm said that the closure of the New Zealand plant is expected to increase the utilisation and efficiency of facilities, result in lower unit costs and reduce maintenance related capital expenditure and working capital requirements. Shares in Nufarm have declined 4.1% on the ASX in the past 12 months to AUD3.99, with a 'hold' recommendation issued on its shares based on the consensus of 32 analysis polled by Reuters.

Water

CPW irrigation funding complete [10 April/ Business Day] Crown Irrigation Investments has agreed to the draft terms of a $6.5 million loan for Canterbury's Central Plains Water Scheme, making it the first investment by Crown Irrigation, which was set up to help establish regional scale irrigation schemes targeted at accelerating economic development. The Government has indicated that it may invest up to $400 million through Crown Irrigation, which is also in talks with other irrigation proponents, including the North Otago Irrigation Co, the Hunter Downs Irrigation Scheme and a Ruataniwha scheme in Hawke's Bay. The first stage of the canal is to run for approximately 17kms from a headrace sourcing water from the Rakaia River, with Fulton Hogan establishing a large Te Pirita-Rakaia base for their work. Crown Irrigation CEO, Murray Gribben said that the loan will fund the over capacity, which will ensure the headrace is of an optimal size to be able to proceed to stage two and three in the future. Mr Gribben said that the Crown will consider funding some of stage two and three of the $375 million project, if necessary. Central Plains Water CEO, Derek Crombie said that the company had secured $150 million, inclusive of bank funding and Crown Irrigation loan, with farmer shareholders also having committed $32 million. He mentioned that stage one is expected to cost $140 million, with some of the funding being used to pay back existing loans. Central Plains Water has named a Fulton Hogan-John Holland joint venture and Downer Group as lead contractors on the project, with each earning approximately $60 million for the work. The substantial work on the project is expected to commence in early May.

Manawatu River becoming cleaner [14 April/ Radio New Zealand Rural] The Manawatu River Leaders Forum's Independent chair Richard Thompson says that although it is in its very early stages, testing indicates that nutrient pollution in the Manawatu River is not getting worse, and that it is improving in some areas. He attributed the results to town waste water systems such as sewage schemes and farms being targeted with farm plans and better nutrient management regimes. Mr Thompson said that the Government's Fresh Start for Fresh Water Clean-up fund has helped the fencing of over 100km of farmland targeting beef cattle, with farmers paying for 59% of the cost of fencing their farms.

Ruataniwha Dam: Resource consents approved [15 April/ Hawkes Bay Today] A board of inquiry has approved the 17 resource consent applications to enable the construction of the Ruataniwha Dam and water storage scheme in the Hawkes Bay to proceed although these have only been granted subject to conditions. The project which has been driven by the Hawkes Bay Regional Council to alleviate drought problems and boost the local economy through improved primary production on the Ruataniwha Plains. The five member board heard submissions between November last year and January this year and has released its draft decision on the consent along with the proposed changes to the Hawkes Bay Regional Resource Management Plan, which are need because of the impact the scheme will have on the Tukituki river catchment. The plan change has been allowed based on a set of conditions including limits on nitrogen and phosphorus levels in the catchment. The board will consider submissions on the draft decision before issuing the final determination on May 28.

Research and development

Turning water into wine [13 April/ Business Day] A system developed by Christchurch based research company Scott Biotechnologies that uses a cyclonic filter to remove solids and cellulose fibres from wastewater, as well as oxygenating it, to make it reusable for irrigation is likely to be popular with winemakers as well as farmers. The cyclonic filers are manufactured in the US, while the Ashburton-based Rainer Irrigation makes the rest of the equipment, as well as distributing and installing the system. Rainer Irrigation general manager, Gavin Briggs mentioned the unreliability of the previous wastewater filtering systems the company used, and highlighted the financial advantage of the Scott system costing approximately half of previous systems at $25,000. Scott Biotechnologies principal Ken Scott's brother and winemaker, Allan Scott, who used the system for the filtering of wastewater at his Marlborough winery said that they system worked well for the wine industry and that it needed no modification. The clean water was used to irrigate the winery, resulting in environmental benefits from the reduced use of groundwater from the vineyard bores. The remained sludge could also be used as fertiliser.

GM in NZ on farming leaders' agenda [14 April/ NZ Farmers Weekly] Federated Farmers vice-president, William Rolleston mentioned his views on genetically modified agriculture at a speech at the North Canterbury branch of Federated Farrmers' AGM, saying that he did not want to be accused of keeping his views secret if he was to later become the Federated Farmers president. Dr Rolleston highlighted the need for debate before making moral decisions on the topic. He also highlighted the challenge of meeting the world's food demand, with projections indicating a rise in population to almost 10 billion in 2050. Federated Farmers grain and seed chairman, Ian Mackenzie supporting Dr Rolleston's position said that modern genetic modification, especially if done within species, enables the breeder to focus on desired traits with a high degree of certainty, as well as speeding up the breeding operation.

What BioDiscovery (and other agricultural tech firms) will find in Davis, California [15 April/ The National Business Review] Biotech firm BioConsortia has raised USD15 million in series B funding from Silicon Valley to focus on research and development of crop-selection technology, which was initially invented in New Zealand by its subsidiary BioDiscovery with the help of $5 million in taxpayer funding. According to National Business Review reporter, Stephanie Flores the fact that there has been funding by Silicon Valley for an agriculture related investment and the appointment of Marcus Meadows-Smith, with a strong track record indicates a positive outlook on the deal. With a strong track record for biotech companies and driven by the Davis campus of the University of California, a well-established research centre, close to San Francisco investor base with land for crop research. Ms Flores said that it is not just taxpayer-funded innovation that is moving from New Zealand to the US. She highlighted that unlike Davis, which has for decades been formatting the infrastructure necessary for biotech companies, New Zealand is not fostering what is needed for growth in the agricultural sector. She said that the Waikato Agricultural Research Hub needs a leader with business acumen and a clear business plan on commercialising research and innovation. Although New Zealand has the necessary resources, they are too spread out and disjointed to be able to support start-ups in agricultural innovation. This is further hindered by the country's insufficient transportation network.

International

Hybrid maize seed market set to double in two years [10 April/ The Economic Times] High yields and remunerative selling prices are encouraging farmers to move to hybrid maize cultivation from crops such as hybrid cotton that have hit near saturation, with the potential for India's maize seed sector to double from 90,000 tonnes/year to more than 200,000 tonnes/year over the next two years. The hybrid seed sector stands at approximately Rs 12,000 crore with hybrid maze making up over Rs 1,500 crore. India, currently ranked as the world's sixth largest maize producer and fifth largest maize consumer has seen a substantial jump in production due to the adoption of high-yielding hybrid varieties, with production rising from 11.15 million tonnes in 2002/2013 to 22.5 million tonnes in 2012/2013. Seed industry consultant SVR Rao said that the penetration of hybrid cotton seed production is saturated to around 95%, while hybrid maize seed adoption is around 50% of maize areas. Kaveri Seed Company managing director, GV Bhaskar Rao, highlighted that preference for hybrid maize by farmers is due to the relative high yield, with demand expected to increase. India's domestic demand for maize is forecasted to exceed supply in the next five to ten years.

World banana supply at risk as disease spreads [10 April/ NZ Herald] According to the United Nations' Food & Agriculture Organisation, the $8.9 billion global banana supply and trade is at risk from the soil-born fungus, TR4 strain of the Panama disease. An FAO agricultural officer, Fazil Dusunceli said that the fungus is fatal to the Cavendish banana, which consists of approximately 95% of supplies to importers. Mr Dusunceli said that although the disease hasn't reached the top of Latin America, it has been discovered in Jordan and Mozambique, indicating a spread outside Asia. According to FAO data, global exports of the world's most widely traded fruit reached 18.7 million metric tonnes, with the US and Belgium being the biggest importers. According to the International Monetary Fund, the export price of banana to the US from Ecuador (the world's biggest shipper), and Central America reached a 18-month high at $966.85/t in March. Mr Dusunceli said that the Cavendish variety has been very successful in fighting against the Panama disease in the past, but mentioned that once a cultivar is developed, it is inevitable that the disease will develop more aggressive strains. He mentioned that scientists are currently working on developing new resistant varieties, and recommended that countries take phytosanitary measures to contain the disease in the meantime.

Greentree puts $200m farm on the block [11 April/ The Australian] The Boolcarrol-Milton Downs outside Moree, NSW, one of Australia's largest and most expensive farms with an asset value of AUD200 has been listed for sale, by the country's single biggest grain farmer, Ron Greentree and partner Ken Harris, in light of the rise in wheat prices. Sale agent Ray White Rural's Bruce Gunning expects both national and international interest in the 47,800ha property, which is 90%, cultivated with wheat and barley. The farm could be sold whole or in sections, and the price range is well within that of foreign buyers who have targeted rural land and farming businesses.

Pork produce to raise $5.6bn [11 April/ The Australian] The Chinese pork producer, WH Group (formally known as Shuanghui International Holdings), which acquired Smithfield Foods, is planning to raise USD5.3 billion from its Hong Kong IPO, the world's biggest IPO in a year. The firm is selling 3.66 billion shares with an indicative price range of HKD8 to 11.25, valuing the firm between USD15 billion and 21.2 billion. The IPO includes an upsize option to sell 20% more shares to increase the target to USD6.4 billion. Shanghai based private equity firm CDH Investment is the largest shareholder with a 38.1% stake, while the group's management holds 42.6% collectively. Other investors include Goldman Sachs and Singapore's Temasek. The group secured Singapore's sovereign-wealth fund GIC and Norwegian central bank Norges Bank as anchor investors, but with the right of immediate sale post listing, in contrast to cornerstone investors who are barred from sale for a certain period. The group's listing in Hong Kong stock is scheduled for April 30.

Japan orders chicken cull after bird flue outbreak in south [13 April/ Agence France-Presse] Japanese officials ordered the destruction of approximately 112,000 chicken in two properties run by the same owner after officials confirmed the H5 strain of the bird flu virus at a farm in Kumamoto prefecture, resulting in the first confirmed Japanese outbreak of bird flu in three years. The authorities also restrained the movement of chicken from farms in the vicinity of the affected farms, with authorities sanitising, testing other properties in the area and setting up areas for vehicle disinfection in order to prevent its spread. The Government will be investigating the cause of the infection, and Agriculture Minister, Yoshimasa Hayashi said that the Government will be taking measures to prevent wider infections.

Economics and trade

All not lost over Australia and Japan trade deal [11 April/ Radio New Zealand Rural] The Trade Minister, Tim Groser said that neither New Zealand nor the US will accept a deal of the quality accepted by Australia, referring to the Australia-Japan bilateral agreement to lower tariffs on beef products to about half of the current 38.5% over 18 years. Mr Groser said that he is confident that a better deal can be reached. University of Auckland professor of Law, Jane Kelsey said that Australia was not acting in the ANZAC spirit when it made the deal with Japan, making negotiations harder for New Zealand and the US. The National Farmers Federation said that although the agreement appears positive for Australian beef and horticulture, sectors such as diary, sugar, grains, pork and rice would see no or minimal improvements in terms of market access. The Federation said that agreements needed to lead to the total elimination of tariffs.

Kiwis spend more on food than most [11 April/ The Dominion Post] New Zealand is reported to spend 14% of household income on food at home, in excess of many other developed countries. Australia and New Zealand only come behind Switzerland, Norway and Japan, countries that have the highest level of farm subsidies, support for food production and a high cost of food. In contrast, Germans and the British spend 9.1% of the household income on food at home, with the average person in Britain having spent USD2,214 per capita during 2012, whereas the average New Zealander spent USD3,300. Global food and drink industry international speaker, David Hughes who was surprised with the high food spend in New Zealand and Australia said that high food prices and fondness of food, along with the high New Zealand Dollar could be contributing to the results. Professor Hughes mentioned that the lack of competition in both New Zealand and Australia, where the market is dominated by two large players could be linked to the countries' food spending. Professor Hughes said that although retailers had been tougher on suppliers in the last six to eight years, big companies seem to have maintained better margins and food prices have increased (especially in Australia).

Saudi minister visits Massey university [11 April/ Radio New Zealand Rural] Massey University hosted the Saudi Arabian Agricultural Minister, Fahd bin Abdul Rahman Balhunaim and 26 government officials as Saudi Arabia looks to secure its food supply from abroad. Massey University head of agriculture, Peter Kemp said that one of the Saudi Arabian strategies is to acquire farmland in other parts of the world such as Africa, and develop these through their companies. Mr Kemp said that Saudi Arabia was interested in their expertise in running large-scale farm systems, including areas such as cow nutrition and welfare.

China's belt-tightening ripples out [12 April/ Otago Daily Times] The Chinese President Xi Jinping's programme to cut down corruption and luxury spending is reported to have an impact on luxury item sales. New Zealand Winegrowers Association chairman Steve Green said that he had noticed a 20% national decline in sales to China, but expects this to change in the long run. According to Reuters, the Central Commission for Discipline Inspection reported a reduction in official Chinese Government spending with spending on meetings down 53%, overseas trips down 39% and vehicle purchases down 10% in 2013. The world's two largest distillers have also noted a significant decline in sales to China, with a 40% decline in the baijiu, a popular grain based spirit in China, and Pernod Ricard expected to report decline in whiskey sales. Mr Green stated that it was too early to speculate on the impact on the high-end Central Otago pinot noir, but that it was the Bordeaux-style wine of Hawke's Bay and around Auckland that has been most affected by the Chinese demand. Industry Council CEO, Jeremy Cooper said although there was a decline in paua consumed in larger banquets, there is a substantial expansion in retail sales to consumers. Dunedin-based commercial paua fisherman, Ross Newton said that the Chinese austerity drive is having a substantial impact on his business, along with quota cuts, limit impositions by commercial gatherers and a strong New Zealand Dollar. Mr Cooper mentioned that although 95% of paua is exported to China, Chinese populations elsewhere, such as Vancouver were also important markets. He mentioned that of the 1056 tonnes of paua consumed by commercial operations annually, most was eventually canned. He estimated a 20-30% drop in profit margins due the strong New Zealand Dollar. The crayfish export quantity, demand and price is expected to be similar to that of last year. Total New Zealand seafood exports increased over 200% from $117 million in 2007 to $353 million in 2012, with China consuming the largest share. Fiordland Lobster Company CEO, Alan Buckner said that there was no sign of the Chinese austerity programme having an impact on the lobster sector, and expects export volumes and prices to be similar to that of last year, with the Chinese demand offsetting some of the impacts from the unfavourable exchange rate. Crayfish exports increased 12.5% from 2.4 million tonnes to 2.7 million tonnes from 2007 to 2012.

Korea shows renewed interest in deal with New Zealand [14 April/ NZ Farmers Weekly] In 2013, South Korea expressed the intention to complete negotiations on a free trade agreement with New Zealand, Australia and Canada, as well as indicating an interest in joining the Trans-Pacific Partnership (TPP) talks. South Korea has concluded deals with Australia and Canada, but is yet to conclude a deal with New Zealand. With New Zealand's market share in Korea, particularly in beef and kiwifruit, being encroached by competitors with lower tariff barriers industry focus is on finalising a deal. Last year New Zealand exporters to Korea paid $200 million in tariffs. The International Business Forum's executive director, Stephen Jacobi said that Korea was yet to make a final decision on joining the TPP, but mentioned that business leaders in Korea are increasingly recognising the TPP as a way of removing wider trade barriers such as border and customs procedures and more lenient rules of origin for its exporters. Mr Jacobi said that it has not been established whether South Korea could join the TPP directly or whether it needed to wait until and initial deal had been made.

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