



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/2/1998

GAIN Report #NZ8054

## **New Zealand**

### **Agricultural Situation**

#### **NZ AGRIBUSINESS UPDATE**

**1998**

Approved by:

**Gary Meyer**

**U.S. Embassy**

Drafted by:

**Maxine Yule**

---

#### **Report Highlights:**

**New Mandatory Standard for Genetically Modified Foods**

**Commerce Commission Reviewing Latest Dairy Merger Proposal**

**Producer Boards Scramble to Meet Government Deadline**

**MAF Names New SOE: Asure New Zealand Ltd**

**US Salmon Access Evokes Domestic Debate**

**NZ Log Exports to Korea Up**

---

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Wellington [NZ1], NZ

**New Mandatory Standard for Genetically Modified Foods**

A new mandatory food standard on foods produced using gene technology comes into force on May 13, 1999. Australia Food Safety Code (AFSC) Standard A18 - Foods Produced Using Gene Technology, was recognized in August in New Zealand and declared a mandatory standard by Amendment No.9 to the New Zealand Food Standard 1996. The standard prohibits the sale of food produced using gene technology or using such foods as ingredients in other foods, unless the food has been listed in the standard and complies with any special conditions stated. The standard also specifies labeling requirements. The standard does not include additives and processing aids as these are regulated elsewhere in the AFSC.

The Australia New Zealand Food Authority (ANZFA) will assess the safety of each food or class of food before it is listed in the standard. ANZFA will also assess the labeling requirements for each genetically modified food. Foods that contain new or altered genetic material and are not substantially equivalent in any characteristic or property modified. Foods that contain new or altered genetic material and are substantially equivalent will not be required to be labeled. Industry is being encouraged to provide additional information to consumers, which may include voluntary labeling.

**Commerce Commission Examining Latest Dairy Merger Proposal**

The N.Z. Commerce Commission is expected to investigate the impact on domestic marketing of dairy products of a proposed merger between New Zealand Dairy Group (NZDG) and South Island Dairy Cooperative (SIDC). SIDC - recently formed through the merger of Alpine Dairy and Southland Dairy - processes about 12 percent of New Zealand's milk flow while NZDG processes about 46 percent. The prospect of a single giant New Zealand dairy company is of concern to local food distributors. Commerce Commission review is required.

**Producer Boards Scramble to Meet Government Deadline**

In its 1998 Budget, which was released in May, the N.Z. Government announced its intention to remove statutory backing of New Zealand's agricultural industry boards and invited the Boards to file plans for operating without statutory powers. These strategic plans are due mid-November 1998, less than two weeks away. The government initiative has provoked considerable domestic debate, but the Boards have committed to making submissions to the governments within the tight time-frame.

**MAF Names New SOE: Asure New Zealand Ltd**

The Ministry of Agriculture and Forestry (MAF) has named the State owned enterprise (SOE) Quality Meat unit Assure New Zealand Ltd. Asure New Zealand Ltd, which begins trading in November 1, 1998, will provide front-line meat inspection services and other services to the meat processing industry. It is one of two SOEs being created from the former MAF Quality Management. The other arm is MQM Food, which provides tuberculosis screening and other services to the livestock industry, and quality assurance for a range of food products.

**US Salmon Access Evokes Domestic Debate**

In September 1998 the MAF announced that importation of uncooked, headless, gilled and gutted salmon, trout and char for human consumption would be permitted from the United States. Sport fishing organizations have opposed access for imports. Although the groups raise the possibility of introduction of disease, concern has tended to focus of the likelihood of increased poaching of trout. Currently it is illegal to sell domestic trout commercially in New Zealand.

**NZ Log Exports to Korea Up**

Optimism is returning to the forestry sector, with strong interest from many importing countries. Korea is leading the way and wharf prices are up slightly. Reportedly Korean demand has been helped by supply problems out of Russia and logs from failed Korean trading houses are now being sawn, reducing stocks. Japanese demand is reported as being steady, with a small increase in price. Overall, prices for domestic pruned and unpruned logs have fallen, while export logs and pulp logs have risen.