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THE AGCARM NEWSLETTER

MARCH 2009

Welcome to *Input*.

Agcarm is the industry association of companies that make, distribute and sell products that keep animals healthy and crops thriving.

For over 60 years, Agcarm has provided a voice for members, promoting the responsible use of products, lobbying for a progressive regulatory environment, and informing the public about the industry's contribution to the New Zealand economy.

Agrichemicals and veterinary medicines play a major role in sustaining New Zealand's primary production industry. By developing and supplying products that promote the high yield, sustainable production of food and fibre, the industry helps keep New Zealand agriculture, horticulture and forestry internationally competitive.

Research tax credit should be retained

Agcarm is calling on the National Government to retain tax credits for research and development.

The scheme, which was introduced under the Labour government and offered tax credits of 15 percent for companies involved in R and D, has been repealed by the new government for the 2009-10 income year.

"The credit was intended to encourage New Zealand businesses to invest further in R and D, and develop innovative products which would benefit the New Zealand economy," said Agcarm chief executive, Graeme Peters.

"Our members actively supported the policy. In many cases, they had curtailed or stopped completely their R&D spending in New Zealand, and they were just beginning to consider reprising those functions here as a result of the last government's policy.

"Now, unfortunately, those plans have been shelved and we're back to square one."

Mr Peters wrote to Prime Minister John Key on behalf of members, requesting that the decision to drop the credits at least be deferred for three years. However, a reply from Mr Key indicated the Government has other spending priorities and its own plans



for boosting R&D, including a proposed \$500 million worth of R&D investment.

Mr Peters said New Zealand industry as a whole needs to invest more in R&D spending to underpin long-term growth and profitability.

"If we can't have the tax credit, we hope this Government has something equally useful to bring to the table," he said.

"At the very least, it would certainly be sensible to assess progress in this area in three years and be prepared to reconsider a tax credits policy at that point." ■



[02]
Bee protection gets high priority



[04]
Agcarm makes case for one regulator

 AGCARM

Endosulfan phase out too hasty

Agcarm has expressed surprise and disappointment at the unnecessary haste in revoking approvals for the insecticide endosulfan.

The Environmental Risk Management Authority (ERMA) has prohibited the importation, manufacture and use of endosulfan in New Zealand. The authority's decision, announced just before Christmas, came into effect on January 16.

"Agcarm supports the process for reassessing currently registered chemicals and has no objection to some being deregistered, but in this ERMA slipped up," said Agcarm chief executive Graeme Peters.

A more sensible decision would be a gradual phase-out of endosulfan over one or more years. This would have given farmers and growers who occasionally rely on endosulfan the opportunity to find sensible alternative products to use. In some cases this will take time as there are currently no alternatives.

A phase-out would also give farmers a safe way of discarding their endosulfan stocks, by spraying. Instead, the one month window has left users holding stock and wondering how to get rid of it.

"This scenario should be avoided as it raises the risk of irresponsible dumping of chemicals, which is a risk to the environment and is precisely the opposite of what Erma is trying to achieve," Mr Peters said.

To its credit, ERMA has put disposal information on its website, but it is questionable whether this will be effective at such short notice.

Agcarm's distributor members who sell endosulfan have also raised concerns at ERMA's decision.

"In future they will be reluctant to hold stocks of chemicals up for re-assessment, potentially denying farmers and growers access to the products they need to protect their crops and stay profitable," Mr Peters said.

Other reassessments underway are azinphos methyl, dichlofos, trichlorfon, metharsinic acid, methyl bromide and peratec fungicide.

"Given the earlier controversial reassessment and approval of 1080, which upset some environmentalists, it is easy to come to the conclusion that ERMA went for a 'one-all' approach in banning endosulfan," Mr Peters said. ■



Bee protection gets high priority

Agcarm's efforts to protect bees from exposure to agrichemicals are off to a very positive start.

Agcarm has produced an awareness brochure as part of a wider strategy to enhance awareness and co-operation between beekeepers, farmers and agricultural applicators.

Developed with the National Beekeepers' Association (NBA) and Federated Farmers' Bees Industry Group, the brochure explains the key risks to bees and offers 10 ways to keep them safe from some pesticides.

Initially 10,000 copies of the brochure were distributed, but demand was such that it had to be reprinted within three months.

Bee Industry Group chair John Hartnell said bees help to underpin the continued viability of New Zealand's agricultural and horticultural industries, but unfortunately they tend to be taken for granted.

Some people in agriculture are not aware of how easily bees can be harmed, he said.

"Bees are already a threatened

population and exposure to pesticides just exacerbates the risks.

"Farmers need to have a better understanding of the lifecycle and needs of bees and they need to work more closely with beekeepers. It's in their own long-term best interests to do so.

"The brochure that Agcarm published in conjunction with us and the NBA has been very successful in starting that all-important awareness and co-operation process."

Mr Hartnell said while honey production is very important to the economy, by far the greatest benefit to New Zealand is the value of pollination activities.

Without the bee, key industries such as horticulture, small seed and pastoral farming would rapidly decline and food choices, such as fresh vegetables and table fruits, would be lost. ■

Agreement highlights need for protection

Agcarm has welcomed the expansion of the Trans-Pacific free trade agreement, but cautions data protection laws need to be tightened.

“We’re excited by the inclusion of the United States in the agreement. Removing barriers, like import tariff quota restrictions on dairy products, will have a positive effect on our whole economy,” said Graeme Peters, Agcarm chief executive.

The agreement will also provide better access to American innovation, knowledge, and technologies. “However, inadequate data protection laws could prove a disincentive to bringing innovative and more environmentally benign products to New Zealand,” he said.

Access to the latest active ingredients and their formulations are often lost to New Zealand. There is inadequate protection of data used to support the mandatory approval to market these products.

“Information is required by New Zealand regulators, such as ERMA and the Agricultural Compounds and Veterinary Medicines Group (ACVM), for approval of agricultural compounds. But this information, which Agcarm members often

invest millions of dollars to obtain, can then be copied by generic companies.”

Mr Peters said New Zealand offers no data protection for information supporting the registration of new uses

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and formulations of existing substances.

“This acts as a disincentive to developing new uses for existing products, and to produce additional data to allow the continued sale of agrichemicals and veterinary medicines when they are reassessed.”

In order for members to fully benefit from the Trans-Pacific Trade Agreement, Agcarm has put forward a submission to the Ministry of Foreign Affairs and Trade

on why data protection must be part of the agreement.

“We have included a proposal for set periods of data protection. For innovative substances or new organisms, the period should move from five to 10 years. New uses and formulations, and reassessments of existing substances, which currently have no data protection period, should also have 10 years.”

Mr Peters said data protection should be additional to patents.

“Patents protect the invention, not the data required for pre-market approval. Patents and data protection run concurrently meaning, in some cases, the data protection period

will expire at the same time as the patent.”

Agcarm is not asking for unlimited or infinite data protection.

“Our members are seeking to strike that balance, between the rights of R&D companies to receive an acceptable return from their investment in innovative products, while working in a competitive market in which generic copies of their products keep prices down.” ■

Labelling code of practice gets revamp

Agcarm is producing an updated version of its popular guide to product labelling and documentation for agricultural compounds and veterinary medicines.

According to Intervet/Schering-Plough regulatory specialist, Francie Olliver, the updated code of practice reflects industry’s enhanced understanding of the implications of the Hazardous Substances and New Organisations Act (HSNO) Act as it applies to labelling.

The new version also contains a variety of clarifications and amendments designed to ‘tidy up’ aspects of the earlier document, including an update on the labelling of class nine environmentally hazardous substances. Clarification is provided on the requirement for labelling of marine pollutants according to the International Maritime Dangerous Goods Code.

Ms Olliver hopes the update will be available by May this year.

The updated code will be available free to Agcarm members and be available for purchase by non-members.

“The earlier version was approved by ERMA as a means of meeting the performance requirements for labelling hazardous substances to achieve compliance with the HSNO regulations, but it was written some time ago when the HSNO Act first came into force and before industry had a chance to gain a thorough understanding of how the HSNO regime would work.

“It’s now timely to update the code based on our greater knowledge and experience.”

Ms Olliver said the HSNO Act is not prescriptive when it comes to labelling requirements for agricultural compounds and veterinary medicines. This means that interpreting the requirements can



be very complex. Because the Agcarm labelling code gives clear guidance, it has been used extensively across the industry to prepare labels.

“The code lays out best practice guidelines to enable compliance and also to provide consistency across the industry in regards to how hazardous information is presented to the end user,” Ms Olliver said. ■

Registration process 'frustrating', says Agcarm President

The regulatory processes for registering agricultural chemicals and veterinary medicines need an urgent overhaul to make them more efficient and bring them in line with Australia.

"Although the New Zealand regulator has been in discussions for some time with its counterpart in Australia, we don't understand why it's taking so long to reach common ground," said Agcarm president John Yates.

"Perhaps this is one situation where having one New Zealand regulator, such as the Environmental Protection Authority planned by the National Government, might facilitate a speedier and better outcome."

Agcarm supports combining Australian and New Zealand regulation because it will reduce the time and cost of bringing products to market, meaning lower prices for farmers and growers.

Regulators have combined Australian and New Zealand food standards, so joint agricultural compounds regulation should also be achievable. Although there has been some preliminary work on alignment and the New Zealand regulator appears supportive, progress has been slow.

Mr Yates, who has worked in the industry for 20 years, said a more efficient regulatory environment is particularly important given the changing nature of the business in New Zealand.

"The industry is consolidating. Manufacturers, growers and retailers are merging and getting bigger. Competition among them is definitely much greater and there are increasing calls internationally for produce with low or nil residues.

He said while this is a positive move, it does pose challenges for the industry in maintaining existing products and developing new products for key export crops.

Mr Yates said Agcarm has worked successfully to facilitate and lead many industry efforts to bring about positive change and encourage sustainability.

One example is the Agrecovery container recycling programme, which is well supported by brand owners who pay a voluntary levy to fund the scheme. The scheme may be expanded to include the recovery of unwanted and expired chemicals and silage wrap.

He noted, too, Agcarm's leadership in the promotion of bee safety and chemical use through the publication of a bee safety brochure.

"Product stewardship initiatives like these are important to the industry's future and, in turn, to New Zealand's future." ■



Agcarm makes case for one regulator

Imagine the hassle of dealing with two government departments to get a driver's licence, or the stress of needing building permits from two separate councils to build a house.

Fortunately most people don't have to go through this palaver, but ticking the boxes with two regulators is a daily reality for people in the crop protection and animal health industry.

To sell products, they need approvals from both the Environmental Risk Management Authority (ERMA), and the New Zealand Food Safety Authority (NZFSA) – even though dealing with one regulator would be more efficient, cheaper and reduce compliance costs.

"Two regulators add cost for little benefit. Farmers, growers, consumers, and the industry would all be better off if the regulators were merged or replaced with a new, single regulator," said Graeme Peters, Agcarm's chief executive.

"This is not an attack on NZFSA or ERMA; they do their very best under the circumstances.



"It is more a case of convincing a new government – that is clearly serious about reducing regulatory burdens and compliance costs and creating a more productive economy – that one regulator makes more sense than two."

For decades the industry dealt with one regulator, but that changed in the 1990s when the ACVM Act and HSNO Act were passed.

The ACVM Group, part of NZFSA, is responsible for the registration of agricultural compounds and veterinary medicines, and for monitoring their importation, manufacture, sale, and use.

ERMA's main role is to decide on applications to import, develop or field test new organisms, or to import or manufacture hazardous substances in New Zealand.

Continued on next page...

Above: Food Safety Minister Kate Wilkinson after talks with Agcarm's Graeme Peters.

Wormwise helps lift farm production

Internal parasites are a major cause of lost production in livestock.

Parasite-killing drenches are an effective way of controlling parasites, but experts say some New Zealand farmers are using drenches in a way that will lead to drench-resistant parasites. And once present on a farm, parasite resistance and drench resistance are permanent.

To combat this Wormwise, an industry initiative aimed at developing a national worm management strategy, was established.

Wormwise manages and integrates research, education, communication and extension services for farmers, veterinarians, key influencers and retailers of anthelmintics.

Wormwise was set up in 2005 after a national survey of New Zealand sheep and beef farms revealed significant levels of anthelmintic resistance to internal parasites.

A management group – the Wormwise Implementation Group – was established to implement the strategy. The group includes representatives from Agcarm, Meat and Wool New Zealand, MAF Sustainable Farming Fund, and the Veterinary Association.

After consultation with experts in parasitology, agreed principles were established to help farmers manage internal parasites in sheep and cattle on their farm.

The Wormwise brand was launched

in 2006 with the aim of being the recognised and trusted source of worm management.

The information was initially sent to 20,000 farmers, veterinarians and other animal health advisors, and retailers.

A Wormwise Technical Advisory Group was also established. It includes parasitologists, veterinarians, farmer and animal health industry representatives who review Wormwise material.

An important part of worm management is farmer education. Workshops have been held around New Zealand. They were tailored to the needs of the local farming area and designed to enable participants to develop practical guidelines dealing with drench resistance while maintaining productivity on their farms.

As part of this project, Agcarm financed the production of a poster for farmers about correct drenching procedures.

The Wormwise national worm management strategy was reviewed and revised in 2008.

The focus remains on providing consistent information and training for farmers, veterinarians, advisors and retailers, including other sectors of the farming community such as dairying and deer, and ensuring that there is ongoing research.

For access to Wormwise resources or further information, visit www.wormwise.co.nz ■

From opposite page...

In practice, much of their work is the same, and could be done by one regulator operating under two pieces of legislation or, ideally, one set of laws.

“There is a precedent for having one regulator. Medicines for people are approved by one regulator, Medsafe, but medicines for animals – an industry only the third the size of human pharmaceuticals – require double approval.”

Mr Peters has detailed the benefits

of a ‘one regulator’ approach to the new Minister of Food Safety, Hon Kate Wilkinson, and would do the same with Environment Minister Nick Smith.

Minister Wilkinson gave Agcarm a good hearing.

“The Government is already improving environmental administration through expanding ERMA into an Environmental Protection Authority. This centralised approach would also be useful in the regulation of crop protection and animal health products,” Mr Peters said. ■

Patents Bill OK but....

The Patents Bill, now back in the House, needs two major improvements, says Agcarm chief executive Graeme Peters.

The first focuses on allowing the term of a New Zealand patent to be extended.

In 1994, the term of a patent was extended from 16 years to 20 years, but at the same time a provision was repealed that would have allowed for a maximum term of up to 26 years in cases where regulatory delay had occurred.

“Agcarm would like to see provisions in the Bill for extensions to the current maximum term,” Mr Peters said.

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Agcarm will oppose vigorously the existing ‘springboarding’ provision, which should be removed from the Bill. ”

“This would make sense, particularly in our industry where regulatory conditions and product registration processes are not always straight forward, but R&D investment is significant and needs to be fully recouped.”

He said Agcarm will oppose vigorously the existing ‘springboarding’ provision, which should be removed from the Bill.

“Springboarding was introduced in 2002 without public consultation to allow Pharmac to facilitate more easily the introduction of cheaper, generic pharmaceuticals on to the New Zealand market.

“However, springboarding has serious intellectual property implications for our industry and will pose significant commercial risks for our members.”

He said it’s also at odds with what the United States and Australia do and we need to bear that in mind when we finalise legislation that affects companies operating in those parts of the world.

Agcarm is preparing a detailed submission on the Patents Bill. ■

Approved handlers urged to re-certify

Handlers of agrichemicals and animal health products are being urged to update their approved handler certificates.



Agcarm and ERMA are co-operating on a campaign to remind individual handlers to ensure they re-validate their certificate, which is valid for five years.

Tens of thousands of certificates are due to expire over the next few years, peaking at 35,000 expiries in 2011.

Agcarm members have already given a commitment to not sell product to anyone without a current approved handler certificate. It is important the whole industry adheres to this.

The joint Agcarm/ERMA awareness initiative includes the production of A4

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Farmers and growers can't buy agrichemicals and certain animal health products without a current certificate.

Agcarm is keen to ensure product users understand the importance of complying with the certification process.

posters to be placed in prominent positions near cash registers in retail outlets run by Agcarm members.

ERMA is also writing to all test certifiers, providing them with names of people it has certified and whose certification will expire within 12 months. ■

Agcarm is proud to represent the following organisations

Agronica New Zealand Limited
Nelson

Allied Farmers
Taranaki

Ashburton Trading Society Ltd
Ashburton

BASF New Zealand Limited
Auckland

Bayer New Zealand Limited
Auckland

Becker Underwood Pty Ltd
Nelson

Boehringer Ingelheim (NZ) Ltd
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