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THE NEW ZEALAND
CHINESE GOOSEBERRY EXPORT INDUSTRY
AND ITS FUTURE DEVELOPMENT

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Abbreviations used in this thesis

| | | |
|----------|---|---------------------------------------|
| N.Z.D.A. | : | New Zealand Department of Agriculture |
| A.N.Z. | : | Australia and New Zealand |
| N.D.C. | : | National Development Conference |
| S.A.C. | : | State Advances Corporation |
| H.M.A. | : | Honey Marketing Authority |
| F.M.C. | : | Food Marketing Corporation |

CHAPTER I

INTRODUCTION

New Zealand's dependence on the traditional exports, meat, wool, butter and cheese for the major overseas earners is well documented, (see (1)). New Zealand is one of the world's most efficient producers of these commodities but market access and short term political and social expediency has tended to reduce the gains of economic rationalization.

During the last year (1971) butter and cheese have been placed in long term jeopardy due to Britain's impending union¹ with the European Economic Community. Wool suffered a serious price reversal in 1967 and although a price revival has occurred in the past year it is doubtful if this will be a long term recovery. Lamb exports to the U.K. are experiencing greater competition than ever from other meats, especially cheaply produced poultry. The beef quota for the U.S.A. cannot be considered safe as it depends to a large extent on seasonal production variations in the U.S.A. and the strength of the U.S.A. farm lobby.

The existence of tariff and non-tariff barriers to trade, together with low price and income elasticities of demand for primary exports has placed emphasis on manufactured exports and import substitution in New Zealand, but many attempts at such diversification are often misdirected.² Condliffe (5) has a cautionary note about this:

"It is necessary to aim at competitive production for the world market rather than protected production for a small local market."

-
1. This is not an unexpected development. Britain first applied for membership in 1961 and was rejected in 1963 - negotiation restarted in 1966 and entry will date from the 1/1/73. However, the provisions of the Common Agricultural Policy will not come into force until 1/1/74.
 2. An obvious example of this in New Zealand - The Automobile Industry. (see The World Bank Report on the New Zealand Economy 1968) though the farming industry has some protected sectors also. New Zealand has no absolute or comparative advantage in citrus production, hop production, wheat production - consequently all are protected by trade barriers in common with many other countries.

Scarce resources should be allocated to those industries in which an absolute or comparative advantage exists. A radical swing away from agriculturally based industries is not necessarily the correct path because New Zealand has many environmental advantages for the production of a large number of foodstuffs besides meat, wool, butter and cheese.

The New Zealand climate enables production of a multitude of fruits but only a few appear to have reasonable export prospects; apples, pears, berry fruits and Chinese gooseberries. However, the future prospects for apple and pear exports are poor as no safeguards exist when Britain joins the E.M.C. The export trade for fruitgrowing is complicated by:

- (a) the perishable nature of fruit
- (b) unpredictable biological vagaries
- (c) stringent and sometimes unreasonable quarantine regulations
- (d) increasing domestic production in many countries.

New Zealand's problems are added to by:

- (a) remoteness from world markets creates higher costs (freight, administration, market intelligence)
- (b) lack of suitable transport space when required.

On the positive side for New Zealand are the overseas market opportunities in the Northern Hemisphere for off-season fruit. However, this advantage is being continually eroded due to improved cool storage techniques enabling extension of the northern hemisphere fruit season.

The two major factors inhibiting fruit exports from New Zealand are that

- (a) other countries can produce and market the same or similar fruit at lower cost.
- (b) other countries prohibit fruit imports for political and social reasons.

Neither of these two factors operate against the export of Chinese Gooseberries nor are they likely to in the foreseeable future.

New Zealand appears to have a comparative advantage (and possibly an absolute advantage) in producing Chinese Gooseberries and nowhere else in the world has this fruit achieved such commercial prominence³. With rapidly expanding production and export sales, commercial production of Chinese Gooseberries has moved from relative obscurity to national prominence within the Horticultural Industry in the past decade. The

3. According to Fletcher and Schroder (2) Chinese Gooseberries can also be grown with varying degrees of success in parts of England, Japan, Belgium, France, India, Germany and Russia, Australia, United States and the Netherlands.

impetus for the expansion has come from the export demand.

To be aware of existing problems and to enable future problems to be anticipated makes an economic review of the industry desirable.

Too many times in the past New Zealand industries⁴ have run into serious difficulties due to inherent competitive weakness which has resulted in political intervention to ensure the survival of these industries. This has been achieved by regulation and market intervention. This thesis consists of a broad review of the Chinese Gooseberry Industry in which certain important problems are dealt with in depth.

The second chapter deals with the history and a description of the Chinese Gooseberry vine and fruit, a review of industry statistics and an indication of potential production areas. Chapter three discusses some potential industry problems and the theory of economics of size is outlined. Chapter four describes the method of cost curve analysis used to investigate cost-size and profit-size relationships on Chinese Gooseberry orchards. In Chapter five cost-size and profit-size relationships for specific situations are presented. The sixth chapter is concerned with the marketing sector of the industry, covering the current marketing process, economies of size of packing and grading installations and a discussion on the desirability of statutory intervention. Chapter seven comprises the conclusions and recommendations for this thesis.

4. e.g. Whangarei Glass, Nelson Shipping.