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New Zealand

KIWIFRUIT REPORT

**Kiwifruit New Zealand To Keep Single-Desk Trading
Monopoly
1999**

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Report Highlights: The New Zealand Government has approved, in principle, the kiwifruit industry's plan to restructure. The proposed legislation will enable kiwifruit growers to become shareholders of a newly corporatized Zespri International, while Kiwifruit New Zealand would undertake regulatory, oversight and monitoring roles. Under the proposal the New Zealand kiwifruit industry will retain its single-desk trading monopoly. The proposal requires approval by growers and Parliament.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Wellington [NZ1], NZ

The New Zealand kiwifruit industry will retain its single-desk trading monopoly for the foreseeable future, after negotiations between Kiwifruit New Zealand (KNZ) and the Government concluded last week. The Government has agreed to legislation which will enable the kiwifruit industry to corporatize its international marketing arm Zespri International and allow the kiwifruit industry body, Kiwifruit New Zealand, to undertake regulatory, oversight and monitoring roles.

Key elements of the kiwifruit industry restructuring plan include:

- From April 1, 2000, Zespri International would own all industry assets and brands. Zespri would be structured as commercial business, with a normal company structure. Shares would be issued to all kiwifruit growers and would be freely tradeable to among growers. Tradeable shares in Zespri will be allocated on the basis of one share per 100 trays submitted, and share ownership will be capped at 20 percent.
- Zespri International's functions would include export marketing, acquisition, grading, quality, pricing and commercial research. Kiwifruit New Zealand would monitor Zespri and approve other players to do collaborative marketing with Zespri.
- Commercial contracts with growers would govern the purchase of fruit. Growers would receive two payments; a separate price paid for fruit and a dividend payment resulting from the other commercial activities of Zespri.
- Trading in overseas-sourced fruit would be handled by a separate company, Kiwifruit International. Grower shareholding in that company would be voluntary.

The proposed legislation involves a short Bill of approximately 25 clauses to enable the restructuring plan and provide regulation making powers. The legislation would be referred to a Select Committee for hearings during August. The main changes will be implemented by regulations. The continuation of the KNZ's single-desk selling will continue to be contained in regulations. The Government plans to pass the Bill through Parliament in early September and begin drawing up the new regulations during October.

Industry leaders will now put the proposal to growers at 10 grower meetings in all the major growing regions, aiming to have the structure in place by the start of the next financial year on April 1, 2000. Growers will vote in a national referendum, which needs a 75 percent majority to endorse the proposal.

For background information:

NZ8055 - Kiwifruit New Zealand One Step Closer to Corporatization.

NZ8056 - Kiwifruit New Zealand Submits Plan for Deregulation.