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**To:** marketstudies <marketstudies@comcom.govt.nz>

**Subject:** United Fresh comment on Session 5: Indicators of competition – international price comparisons

Good morning,

There has been a lot of theorising this morning on whether and how to manage international price comparisons. The international fruit and vegetable trade received a brief mention in dispatches. I would therefore like to offer a practical example on why international price comparisons need to be managed with a degree of caution.

A supermarket banana buyer in New Zealand pays a wholesale price to the banana importer that includes a range of elements that make up that price. One of these components is the cost of discharging the banana vessel, broken down into a cost per carton basis. The Auckland based supermarket banana buyer has no say on where the vessel is discharging. Its Auckland. And there is no competition by other ports to discharge the fruit destined for Auckland there. Ditto Christchurch.

A German supermarket banana buyer has competitive options, with bananas being discharged at Antwerp, Rotterdam, Bremerhaven and Hamburg in any given week – and these ports competing with each other for supermarket business.

So, comparisons with international prices ought to include comparable supply chain costs and the degree of infrastructural competition as a factor.

regards

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