

**Student 1:                    The Summary of Important Factors**

The summary of important factors from this report of investigating the profitability of apples shows:

- Tariffs imposed the greatest costs for exporters from a political perspective. Even though the New Zealand exporter does not have to pay the tax, they are impacted by the consequence as they receive less \$/TCE (tray carton equivalent). ①
- FTAs (free trade agreement) allow exporters to trade without tariffs, helping the apple industry increase price received and therefore profitability. ②
- A variety of apples enables growers to reach different markets when exporting. This means receiving higher prices for niche markets, and also obtaining optimum count size prices. Count size allows the growers to target maximum returns for their fruit, which means increasing the possibility of a profitable production. ③
- Thinning is an important management practice as it relates to count size and quality of the fruit. Since the grower receives their price/carton, quality of fruit is crucial. However, thinning ensures a consistent yield/ha for each tree - especially when grown on dwarfing rootstocks and in high density plantings. ④
- Lastly, the development of apple trees growing on dwarf rootstocks has meant more intensification of the industry. This has led to a higher yield/ha and packout %'s /volumes which means the grower has a greater quantity of fruit to sell to overseas market. Accordingly, they have a much greater income due to selling more produce for no real extra costs. ⑤

This is why I believe that yield/ha of export quality apples produced is the critical factor in ensuring the production of apples in New Zealand is profitable. Many factors influence the yield of fruit per hectare, including pruning, thinning, rootstock and variety selection. Climatic extremes (e.g. hail) will in random years result in a dramatic reduction in yield due to damage but this should not be a regular occurrence.

Most importantly, dwarf rootstock development has meant similar volumes of apples have been produced and exported with 5,000 less planted hectares. Leading to more income for New Zealand apple growers, with less costs from managing less land.

The primary production of apples in New Zealand is profitable. New Zealand growers are able to grow, manage, pack and export apples to their international markets. The income they obtain (quantity sold x price received) from this production is typically greater than their overall orchard production costs. Therefore, an apple business in New Zealand will allow the owner to make profit, thereby it is an economically sustainable venture.