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MAJOR BUCKLEY'S LETTER OF 13th FEBRUARY, 1937.

The first matter I want to discuss is the one most prominent in our minds here at the moment and is of paramount importance to the successful development of Honey sales in this country.

Throughout our friendly discussions in New Zealand and since that time I have always been slightly worried that a time might possibly arrive when for some reason supplies of Honey would fall short. I cannot too strongly impress upon you the disaster following such an event. Before we got together on the matter it would merely have resolved itself into a loss of commission on our part and a certain dislocation of the Agency arrangements. The position today, however, is that in every direction we are laying the foundation of a stable and ever increasing business, and if at this stage or at any time during the next year we ran short of supplies, this foundation would be shaken beyond repair.

I dictate this with a full psychological knowledge of English market conditions; nothing would do a scheme of this nature so much harm as any question of deferred deliveries. It is true that the position is not acute at the moment, but the delay in delivering the 25 tons of Honey now on the way, brought the matter seriously to my notice early this month, and on the 5th I sent you the following telegram :

"SERIOUSLY WORRIED HONEY SHORTAGE SALES PROGRAMME
DANGEROUSLY THREATENED DESPATCH IMMEDIATELY
ADDITIONAL FIFTY TONS EACH LOW GRADE AND IMPERIAL".

My attitude at the moment only dealt with the local situation, but there is a real indication that we shall become embarrassed if we do not get some supplies fairly quickly. The bigger issue is created by the news now received, which although perhaps does not suggest a crop failure, definitely indicates that the crop will not be a good one. In this connection I am going to make a definite suggestion to you. Quite apart from any suggestion of local control for New Zealand, I think that it would be a wise move on your part to make a really serious effort to induce the Government, if possible, and in any case, the Beekeepers, to take steps to ensure continuity and increasing supplies of Honey for the Export market.

I fully appreciate that the average Beekeeper, threatened with a shortage in New Zealand, will be tempted to go for the higher prices in the local market which such conditions would inevitably produce. Even from his point of

view this would be a short-sighted policy, as the New Zealand market, being a protected one, would not suffer from any after effects when the more productive seasons arrived. This market, however, is a highly competitive one, and the only possible result of a shortage of New Zealand Honey would be to let in the Canadian, Californian, Australian and West Indian honey to a degree from which we could not possibly dislodge them later on. I am quite sure that you have already appreciated this point of view, but I feel that it needs vigour and emphasis from this end to support you in any action you are taking.

This question of competitive intervention, although terribly important, is not the most serious; the most troubling aspect of the whole thing is that even a threat of a short crop psychologically effects the impetus which we are now creating. All along I have taken the line with the Beekeepers in New Zealand, that we are not out for spectacular effect, but there has already been evidence that we are surely but solidly creating distribution and developing sales which ultimately must be far in excess of anything that had previously been achieved in this country. As a slight indication of the rate of progress, we already visualise, both Taylor and myself feel that against the 530 tons sold last year, we shall need 750 tons to provide for the requirements as we see them at the present rate of development this year. Furthermore, we must not overlook the snowball effect of the efforts we are making, and I have a distinct fear that if these Honey products get really going in this market, the 1,000 tons which I referred to once or twice in New Zealand in a very abstract way, will materialise at a very much earlier date than I anticipated when I was with you. In this connection I propose to have a talk with Nash and Jordan in the hope that they can do something to strengthen the contention in New Zealand generally that to profiteer in the local market in the event of a honey shortage this year, must spell calamity for all time in the development of the export trade.