

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **New Zealand**

### **Fresh Deciduous Fruit Semi-annual**

#### **New Zealand Apple and Pear Production and Trade May 2017**

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**Report Highlights:**

Post forecasts 2016/2017 apple production at 574,000 MT, a 4.6% increase compared to 2015/2016. The combination of an expanded harvest area, excellent growing conditions, and the 2016/2017 growing season being a biennial bearing “on” year is making for a large potential crop. Post revises 2016/2017 pear production to 13,200 MT, representing a 5% reduction. Post estimates 2016/2017 apple exports at 385,500 MT, representing a 6% increase from Post’s original forecast. This increase is due to a significantly higher proportion of harvested fruit meeting export grade. This is an 11% increase over 2015/2016 and if actualized will surpass New Zealand’s record apple exports of 358,327 MT in 2004.

## **Executive Summary**

Post forecasts 2016/2017 apple production at 574,000 MT, a 4.6% increase compared to 2015/2016. The combination of an expanded harvest area, excellent growing conditions, and the 2016/2017 growing season being a biennial bearing “on” year is making for a large potential crop. Post revises 2016/2017 pear production to 13,200 MT, representing a 5% reduction.

Post estimates 2016/2017 apple exports at 385,500 MT, representing a 6% increase from Post’s original forecast. This increase is due to a significantly higher proportion of harvested fruit meeting export grade. This is an 11% increase over 2015/2016 and if actualized will surpass New Zealand’s record apple exports of 358,327 MT in 2004. Post forecasts 2016/17 pear exports at 4,500 MT, a 2.4% decrease from 2015/2016.

*Note1: The Marketing Year MY2015/2016 is from Jan 1, 2016 to Dec 31, 2016 and will be referred to as 2015/2016 in the text to conform to Northern Hemisphere country marketing years. Similarly MY 2016/2017 will be shown as 2016/2017 and refers to Jan 1, 2017 to Dec 31, 2017. CY2015 refers to the calendar year 2015.*

*Note2: TCE stands for Tray Carton Equivalent and is 18.0 kilograms of fruit. FOB stands for Free-On-Board which denotes the value of a product once it is loaded on board ship ready for departure.*

# Planted and Harvested Area

## Apples

Post estimates 2016/2017 apple plantings at 9,600 hectares (ha), which is 4.3% greater than 2015/2016. This estimate is based on Pipfruit New Zealand official statistics. The increase is just 0.5% (46 ha) greater than Post's estimate last October. The sector is continuing its growth phase. Indications are that the planted area will still grow by 3% to 4% per year (300 ha to 400 ha) until 2020. In addition, the last five to six year trend for cultivar plantings of high color Royal Gala sports, new Fuji varieties, Pacific Queen, and Envy is expected to continue. The New Zealand Apple and Pear Breeding Program released a new apple variety "Dazzle" in December 2016. It is a big, high color, very sweet apple aimed at Asian tastes.

Deciduous Fruit Plantings in New Zealand by Variety ( in Hectares)											
Calendar Year of Harvest	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Braeburn	2,484	2246	2034	1,869	1740	1589	1504	1381	1352	1303	1239
Royal Gala & sports	2,893	2669	2538	2,417	2423	2369	2386	2337	2410	2549	2604
Cox	314	295	281	248	236	203	178	150	134	121	111
Fuji	836	829	899	931	970	934	906	832	837	858	831
Granny Smith	294	286	282	267	256	256	246	240	219	233	231
Cripps Pink/Pink Lady	248	285	353	397	434	446	459	443	461	523	562
Jazz	576	768	917	977	983	943	905	869	855	825	821
Pacific Beauty	177	162	149	135	127	120	113	92	84	83	71
Pacific Queen	223	212	220	263	291	351	456	622	730	827	878
Pacific Rose	529	454	424	416	399	396	390	379	364	365	342
Pacific series Sub-Total	929	828	793	814	817	867	959	1,093	1,178	1,275	1,291
Envy				88	174	272	285	315	346	416	544
Other Varieties	198	332	389	421	376	385	484	709	790	707	930
<b>Total Apple Area</b>	<b>8,772</b>	<b>8,538</b>	<b>8,486</b>	<b>8,429</b>	<b>8,409</b>	<b>8,264</b>	<b>8,312</b>	<b>8,369</b>	<b>8,582</b>	<b>8,810</b>	<b>9,164</b>
<b>Total Pear Area</b>	<b>735</b>	<b>412</b>	<b>412</b>	<b>429</b>	<b>473</b>	<b>441</b>	<b>448</b>	<b>403</b>	<b>407</b>	<b>403</b>	<b>371</b>
Unregistered								383	320	413	465
<b>Total</b>	<b>9,507</b>	<b>8,950</b>	<b>8,898</b>	<b>8,858</b>	<b>8,882</b>	<b>8,705</b>	<b>8,760</b>	<b>9,155</b>	<b>9,309</b>	<b>9,626</b>	<b>10,000</b>
Braeburn as % of Apple Area	28.3 %	26.3 %	24.0 %	22.2 %	20.7 %	19.2 %	18.1 %	16.5 %	15.8 %	14.8 %	13.5 %
Royal Gala	33.0	31.3	29.9	28.7	28.8	28.7	28.7	27.9	28.1	28.9	28.4

as % of Apple Area	%	%	%	%	%	%	%	%	%	%	%	%
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Source: PNZI registered area

Note: The unregistered area includes planted area not currently producing fruit for export. This area aligns with the surveys from the Pipfruit NZ National Crop Estimate. A proportion of the area will be young trees not producing a crop yet. It is estimated for 2017 29ha of this area is pears and 436 ha apples.

The sector’s expansion is constrained by the availability of additional high quality land with adequate irrigation. However, some such acreage is being found, but it is limited.

Post estimates a harvest area of 9,164 ha, 4% greater than 2015/2016 but 186 ha less than Post’s original forecast last October.

## Pears

The area for pear plantings seems to have stabilized. Planted area for 2016/17 is now estimated at 400 ha, 4.8% less than 2015/16. The estimated harvest area is now 371 ha, 8% less than 2015/2016. The downward trend in pear plantings is caused by the better relative returns per hectare from growing apples.

## Apple Production

### 2016/2017

Post forecasts 2016/2017 apple production at 574,000 MT, which represents a 4.6% increase than compared to 2015/2016.

The combination of the expanded harvest area and the 2016/2017 growing season being a biennial bearing “on” year is making for a large potential crop. Weather conditions in the main growing regions have been very good. The February through April harvest had bouts of heavy rain during late March into April in the Hawkes Bay region (61% of the total deciduous area), but these rains are not expected to have a significant effect on production or the export volume. The fruit being harvested is very good quality and showing high color, which will boost the volume of export grade fruit.

Better estimates of the planted and harvested areas has meant there is a better understanding of the non-commercial production, which is estimated to consist of an area of only 60ha to 100ha and produce around 3,000 MT. All of the non-commercial production is consumed domestically. For this reason the non-commercial production in the PSD table has been reduced by 79% from 14,000 MT to 3,000 MT.

### 2015/2016

Post’s 2015/2016 apple production estimate has not been altered from the October estimate of 549,000 MT and is only 0.7% less than 2014/2015 production.

## **Pear Production**

### **2016/2017**

Post revises 2016/2017 pear production to 13,200 MT, representing a 5% reduction. Pear production was impacted by two opposing factors—while harvested area was reduced by 8%, the biennial bearing “on” year and optimal weather conditions countered this reduced acreage to a large extent.

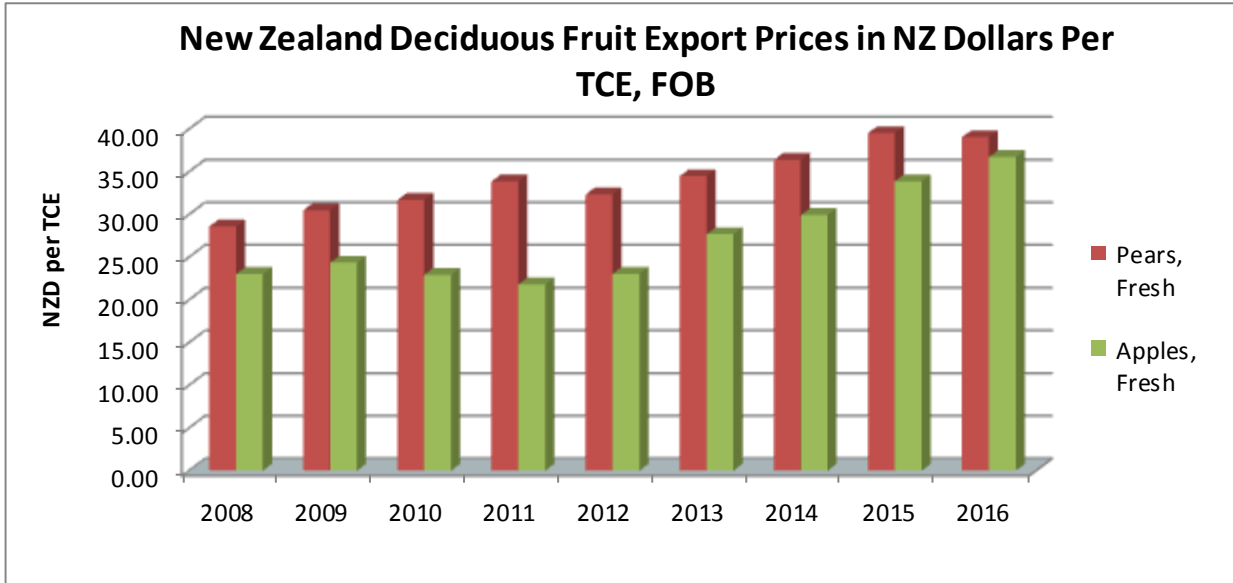
### **2015/2016**

Post estimates total pear production for 2015/2016 at 13,931 MT, representing a 4% increase compared to Post’s previous estimate last October. Most of the pear production is centered in the Nelson region, which suffered a severe hail storm during the 2015/2016 growing season. While the effect on production was significant, it now seems the damage was not quite as severe as had been previously expected.

## **Grower Returns**

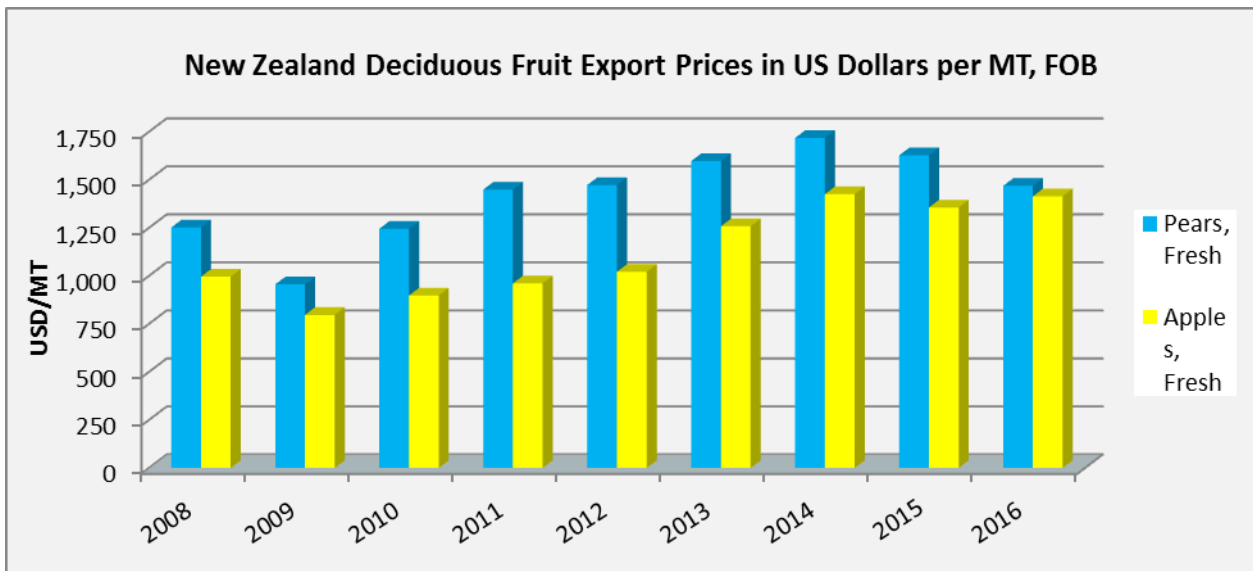
2015/2016 continued the trend of high revenue returns for New Zealand deciduous fruit growers. For 2015/2016, the FOB prices averaged NZ \$36.74/TCE (USD 25.46/TCE). In NZ dollar terms, this is 8.2% above 2014/2015, however in US dollar terms this is a 4% increase. Approximately half of the increase in the New Zealand dollar FOB price can be attributed to in-market price increases, and the other half of the price increase to the New Zealand dollar’s depreciation against the other main currencies of the export markets.

This follows on the heels of the 2014/2015 year when FOB returns per TCE were 13% greater than 2013/2014. Average export yields per hectare for 2015/2016 were 1 MT/ha greater than 2014/2015. In addition, FOB returns were 8% higher. As a result, average revenue per hectare is up an estimated 9% to 10% in 2015/16.



Source: GTA

The 2015/2016 was the fourth continuous year of good returns for growers, which has boosted growers' confidence and supplied a steady stream of cash for orchard investments, including investments for new variety re-plantings and expanded planting areas. All expectations are that this high profitability will continued into 2016/2017 because yields per hectare are up and average orchard gate prices per TCE are likely to be similar, if not up slightly, as the proportion of premium varieties increases relative to total production.



Source: GTA

## Consumption

### Apples

Post estimates apple consumption for 2016/2017 at 65,700 MT, which is 4.5% greater than 2015/2016. The revision is due to the better estimates for non-commercial production.

## Pears

Pear consumption for 2016/2017 is forecast at 10,600 MT, a 1.4% reduction from 2015/2016. Post forecasts 2015/2016 pear consumption at 10,750 MT, which is a marginal 0.5% increase.

## Processing

The 2016/2017 processing volumes for apples are now forecast at 123,000 MT, a 12.8% reduction over 2015/2016. This is a 14% revision down from Post's initial forecast due to a higher percentage of the crop forecast to make export grade, which consequently will reduce the volume available for processing.

Apple processing volumes are estimated at 141,087 MT for 2015/2016, 12.4% below 2014/2015. A higher proportion of the total crop made export grade in 2015/2016 than 2014/2015, which reduced the proportion downgraded for processing in 2015/2016.

The volume of pears going to processing is estimated at 2,000 MT for 2016/2017, 200 MT greater than the revised volume for 2015/2016.

## Production, Supply, and Distribution Tables

Apples, Fresh New Zealand (HA)/(MT)	2014/2015			2015/2016			2016/2017		
	Market Year Begin: Jan 2015			Market Year Begin: Jan 2016			Market Year Begin: Jan 2017		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	8,887	8,887	8,886	9,204	9,204	9,205	9,554	9,554	9,600
Area Harvested	8,550	8,550	8,581	9,000	9,000	8,809	9,350	9,350	9,164
Bearing Trees	0	0	0	0	0		0	0	0
Non-Bearing Trees	0	0	0	0	0		0	0	0
Total Trees	0	0	0	0	0	0	0	0	0
Commercial Production	539,000	539,000	539,000	535,000	535,000	535,000	552,500	552,500	571,000
Non-Comm. Production	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	3,000
Production	553,000	553,000	553,000	549,000	549,000	549,000	566,500	566,500	574,000
Imports	200	174	174	200	175	323	200	175	200

Total Supply	553,200	553,174	553,174	549,200	549,175	549,323	566,700	566,675	574,200
Fresh Dom. Consumption	63,200	63,143	63,143	61,200	61,175	61,323	58,700	61,175	65,700
Exports	329,000	329,031	329,031	347,000	347,000	346,913	365,000	362,500	385,500
For Processing	161,000	161,000	161,000	141,000	141,000	141,087	143,000	143,000	123,000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	553,200	553,174	553,174	549,200	549,175	549,323	566,700	566,675	574,200
TS=TD	0	0	0	0	0	0	0	0	0

Pears, Fresh New Zealand (Ha/MT)	2014/2015			2015/2016			2016/2017		
	Market Year Begin: Jan 2015			Market Year Begin: Jan 2016			Market Year Begin: Jan 2017		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	422	422	422	422	422	420	422	422	400
Area Harvested	405	405	407	405	405	403	405	405	371
Bearing Trees	0	0	0	0	0	0	0	0	
Non-Bearing Trees	0	0	0	0	0	0	0	0	
Total Trees	0	0	0	0	0	0	0	0	0
Commercial Production	12,558	12,558	12,558	13,200	13,200	13,731	13,400	13,400	13,000
Non-Comm. Production	200	200	200	200	200	200	200	200	200
Production	12,758	12,758	12,758	13,400	13,400	13,931	13,600	13,600	13,200
Imports	4,100	4,129	4,129	3,900	3,900	3,231	3,900	3,900	3,900
Total Supply	16,858	16,887	16,887	17,300	17,300	17,162	17,500	17,500	17,100
Fresh Dom. Consumption	10,158	10,700	10,700	10,700	10,750	10,750	10,500	10,500	10,600
Exports	4,700	4,187	4,187	4,600	4,550	4,612	5,000	5,000	4,500
For Processing	2,000	2,000	2,000	2,000	2,000	1,800	2,000	2,000	2,000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	16,858	16,887	16,887	17,300	17,300	17,162	17,500	17,500	17,100
TS=TD	0	0	0	0	0	0	0	0	0

Note: Data included in this report is not official USDA data. Official data can be found at <http://www.fas.usda.gov/psd>

## Trade

### Apple Exports

The excellent growing season, which has boosted fruit quality and color, will result in a significantly higher proportion of harvested fruit meeting export grade. This higher quality, combined with a larger harvest, is expected to increase apple exports in 2016/2017 to 385,500 MT. This is an 11% increase over 2015/2016 and represents a 6% increase from Post's original forecast. If actualized, this export total will also surpass New Zealand's record apple exports of 358,327 MT in 2004.

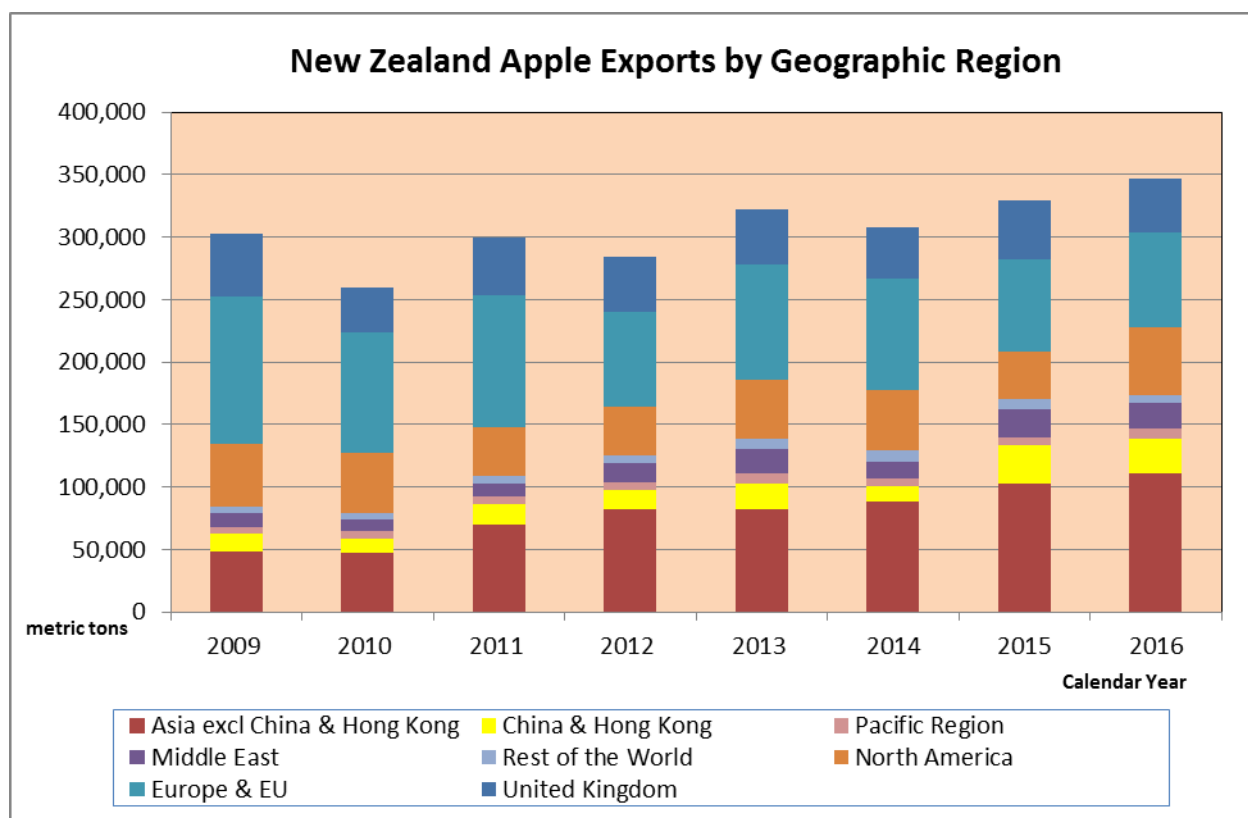


The average FOB prices for apples in NZ dollar terms for 2016/2017 are forecast to at least equal 2015/2016, if not increase. While the in-market prices for each variety are forecast to be similar or slightly lower compared to 2015/2016, the variety mix will have a higher proportion of premium high color varieties that attract premium prices. As a result, the average FOB return per tray carton may actually increase.

For 2015/2016, New Zealand apple exports reached a volume of 346,913 MT, just 87 MT less than Post's October 2016 estimate. This puts the 2015/2016 exports 5.4% ahead of 2014/2015's total of 329,031 MT.

<b>New Zealand Export Statistics for Fresh Apples</b>							
<b>Year Ending: December</b>							
<b>Partner Country</b>	<b>Quantity</b>			<b>% Share</b>			<b>% Change</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	
Europe Combined	88,707	73,327	76,117	28.81	22.29	21.94	3.80
United States	40,345	32,070	48,625	13.10	9.75	14.02	51.62
United Kingdom	41,548	47,236	42,925	13.49	14.36	12.37	- 9.13
Taiwan	19,876	22,096	32,183	6.46	6.72	9.28	45.65
Thailand	20,220	30,141	24,889	6.57	9.16	7.17	- 17.42
United Arab Emirates	11,422	18,764	17,785	3.71	5.70	5.13	- 5.22
China	1,966	20,331	17,491	0.64	6.18	5.04	- 13.97
India	12,487	15,007	13,253	4.06	4.56	3.82	- 11.69
Hong Kong	10,670	10,599	10,183	3.47	3.22	2.94	- 3.92
Singapore	8,747	8,336	9,070	2.84	2.53	2.61	8.81
Rest of World	51,905	51,124	54,392	16.86	15.54	15.68	6.39
<b>World</b>	<b>307,893</b>	<b>329,031</b>	<b>346,913</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>5.43</b>

Source: GTA



Source: GTA

## Apple Imports

Apple imports for 2015/2016 were 323 MT, up 149 MT from 2014/2015. For 2016/2017, imports are forecast at 200 MT. The advent of controlled atmosphere storage and chemical maturity inhibitors (SmartFresh™) has meant New Zealand apples can be kept in good eating condition for a longer time, almost shutting out the need for imports. New Zealand supermarkets will most likely require minimal apple imports in the future.

New Zealand Import Statistics for Fresh Apples			
Calendar Year: 2014 - 2016			
Partner Country	Quantity (MT)		
	2014	2015	2016
United States	822	173	281
New Zealand(customs re-entry)	21	1	42
<b>World Total</b>	<b>843</b>	<b>174</b>	<b>323</b>

Source: GTA

## Pear Exports and Imports

Pear exports for 2015/2016 settled at 4,612 MT, which represents a 10% increase in volume over 2014/2015. The reduced pear harvest area will lead to a lower export volume potential, but the favorable growing season will mask this in 2016/2017. Post forecasts 2016/17 pear exports at 4,500 MT, a 2.4% decrease from 2015/2016.

Since 2008, annual pear imports have varied between 3,000 MT and 4,000 MT with each year's total varying in relation to the availability of domestic pears. This is expected to remain the same. For 2015/2016, pear imports were 3,231 MT, 22% below the volume imported in 2014/2015. For 2016/2017, Post forecasts pear imports at 3,900 MT, a 21% increase over 2015/2016.

<b>New Zealand Export Statistics For Fresh Pears</b>							
<b>Calendar Year: 2014 – 2016</b>							
<b>Partner Country</b>	<b>Quantity (MT)</b>			<b>% Share</b>			<b>% Change</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>16/15</b>
Taiwan	682	846	1,662	12.70	20.20	36.04	96.50
United States	2,265	1,102	1,121	42.17	26.32	24.32	1.76
Hong Kong	293	467	471	5.46	11.15	10.21	0.89
United Kingdom	623	644	280	11.60	15.37	6.06	- 56.54
Fiji	116	119	251	2.16	2.83	5.45	111.81
Europe Combined	519	174	239	9.66	4.16	5.18	37.36
Canada	261	250	112	4.86	5.98	2.44	- 55.06
Singapore	217	121	103	4.04	2.89	2.22	- 15.27
French Polynesia	71	62	93	1.32	1.48	2.03	50.77
Rest of World	325	402	280	6.05	9.60	6.07	-30.35
<b>World Total</b>	<b>5,372</b>	<b>4,187</b>	<b>4,612</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>10.15</b>

Source: GTA

<b>New Zealand Import Statistics for Pears</b>							
<b>Calendar Year: 2014 - 2016</b>							
<b>Partner Country</b>	<b>Quantity (MT)</b>			<b>% Share</b>			<b>% Change</b>
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>16/15</b>
Australia	1,929	2,839	2,108	52.15	68.75	65.23	- 25.75
United States	1,233	777	513	33.34	18.83	15.86	- 34.07
China	365	423	505	9.88	10.25	15.63	19.27
Korea South	100	89	106	2.71	2.16	3.29	19.01
New Zealand	0	0	0	0.00	0.01	0.00	100.00
American Samoa	71	0	0	1.92	0.00	0.00	0.00
<b>World Total</b>	<b>3,699</b>	<b>4,129</b>	<b>3,231</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>- 21.74</b>

Source: GTA