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Report Highlights:

New Zealand's fresh apple industry is experiencing a strong recovery in production and exports following the catastrophic damage caused by Cyclone Gabrielle in February 2023. FAS/Wellington forecasts marketing year (MY) 2026/2027 commercial production to reach 590,000 metric tons (MT) across 11,250 hectares of planted area. This volume will return the sector to pre-pandemic levels, marking the second-highest production level on record. Despite this volume growth, orchard profitability remains heavily pressured by a challenging financial and environmental landscape. On-farm inflation for fuel, freight, electricity, and packaging costs is compounding debt levels. Fresh apple exports are forecast to reach 410,000 MT, their highest level since MY 2020/2021. New Zealand is leveraging its extensive free trade agreement network to maximize competitive advantages. Key Asian markets are driving this expansion, particularly Vietnam, Taiwan, India and China.

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Executive Summary

New Zealand's fresh apple industry is experiencing a recovery in production and export following the catastrophic damage caused by Cyclone Gabrielle in February 2023. FAS/Wellington forecasts for marketing year MY 2026/2027 commercial apple production to reach 590,000 metric tons (MT) across 11,250 hectares of planted area. This volume will return the sector to pre-pandemic levels, marking the second-highest production level on record. This rebound is primarily supported by the maturation of young orchards established during post-cyclone redevelopment, alongside a concerted industry shift away from lower-returning traditional varieties like Braeburn and toward premium, high-value specialty apples such as Envy, Dazzle, and Fuji.

Despite this volume growth, orchard profitability remains heavily pressured by a challenging financial and environmental landscape. On-farm inflation related to fuel, freight, electricity, and packaging costs is compounding debt levels, with horticultural sector borrowing doubling since 2018 to reach NZ$8.55 billion (US$4.87 billion) in August 2026. While interest rates have declined recently, these high debt balances leave growers acutely exposed to fluctuations in financing costs and export returns. Operationally, the sector continues to face structural labor constraints and relies on impending 2027 Recognized Seasonal Employer (RSE) reforms to stabilize its seasonal workforce. Furthermore, a strong El Niño weather event heading into the 2026/2027 summer poses significant production risks for eastern regions like Hawke's Bay, forcing growers to rely heavily on irrigation infrastructure.

The domestic market is also shifting, with total consumption forecast at a record 183,450 MT, though elevated consumer food prices are keeping fresh consumption flat at 74,000 MT. The remaining surplus is fueling a highly efficient domestic processing industry in areas like Hawke's Bay, driving apple juice exports toward the highest levels on record.

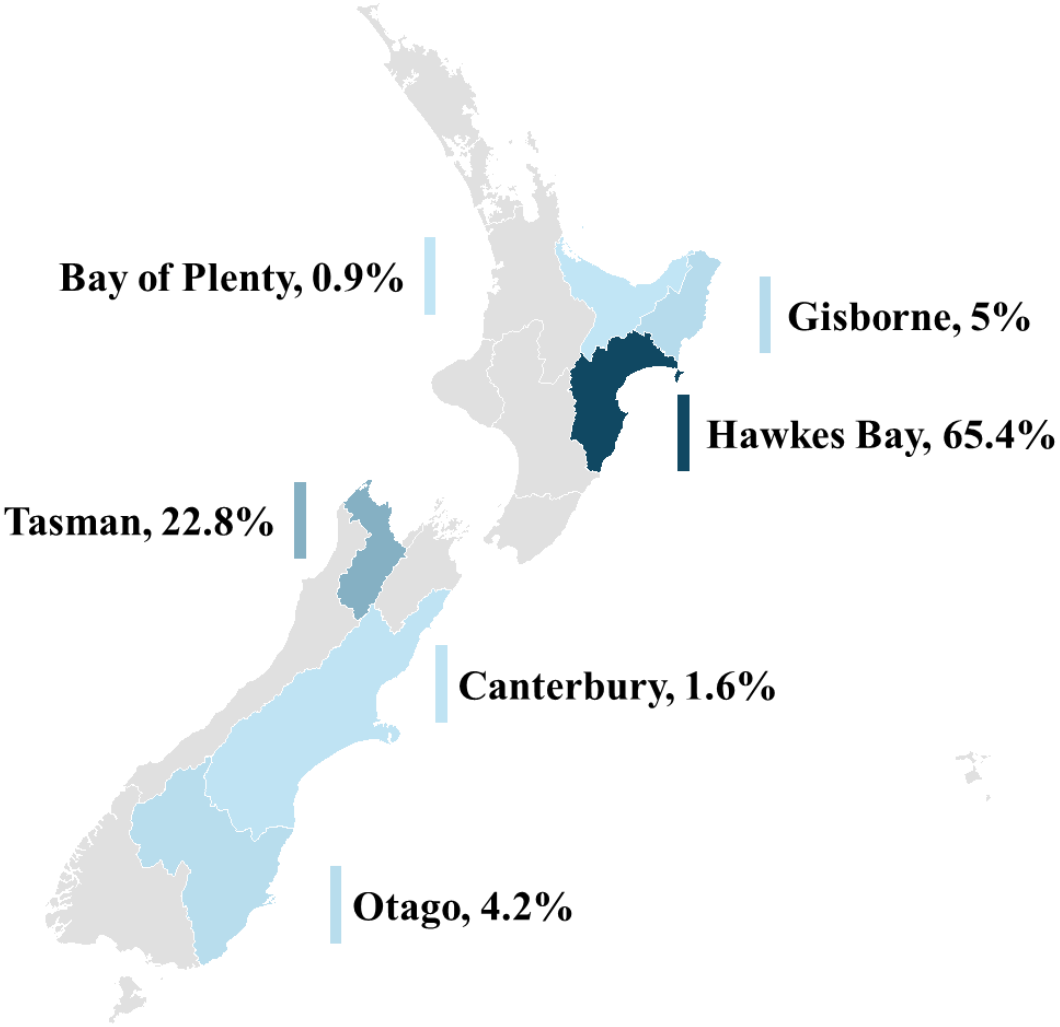
Fresh apple exports are forecast to hit 410,000 MT, their highest level since MY 2020/2021. New Zealand is leveraging its extensive free trade agreement network to maximize competitive advantages. Key Asian markets are driving this expansion, with exports to China rising 17.7 percent to command a 23 percent market share, while India surged 33.8 percent. Shipments to the United States face a 12.5 percent tariff enacted in July 2026, though specialty varieties and organic exports there continue to be streamlined by the critical USDA/APHIS offshore preclearance program.

Note: For the purpose of this report - Market Year (MY) 2025/2026 split year refers to 01/2026-12/2026, the outgoing year, and MY 2026/2027 refers to 01/2027-12/2027 the incoming year. For foreign exchange rate between New Zealand Dollar and United States Dollar, the rate used in this report is NZ$ 1.00 = US$ 0.57.

Background

New Zealand ranks as one of the world's top ten largest apple exporters, with climate and soils making it well-suited for apple production. Key growing regions such as Hawke's Bay, Tasman, and Central Otago have ideal conditions for growing apples, including sufficient winter chilling, warm springs, long sunshine hours in summer, and dry growing areas. These areas also have reliable water resources to irrigate orchards, and as a result, almost all commercial orchards rely on irrigation. New Zealand also has well-established ports close to its apple and pear regions. The harvest season starts in January and finishes in June, with peak harvest for apples from March to May. Figure 1 shows the distribution of the country's apple growing areas, mainly in the Hawke's Bay region (over two-thirds of New Zealand's trees), followed by the Tasman region.

Figure 1: Commercial New Zealand Apple Growing Regions



Source: New Zealand Apples

Apples

Table 1: Production, Supply and Distribution – Fresh Apples

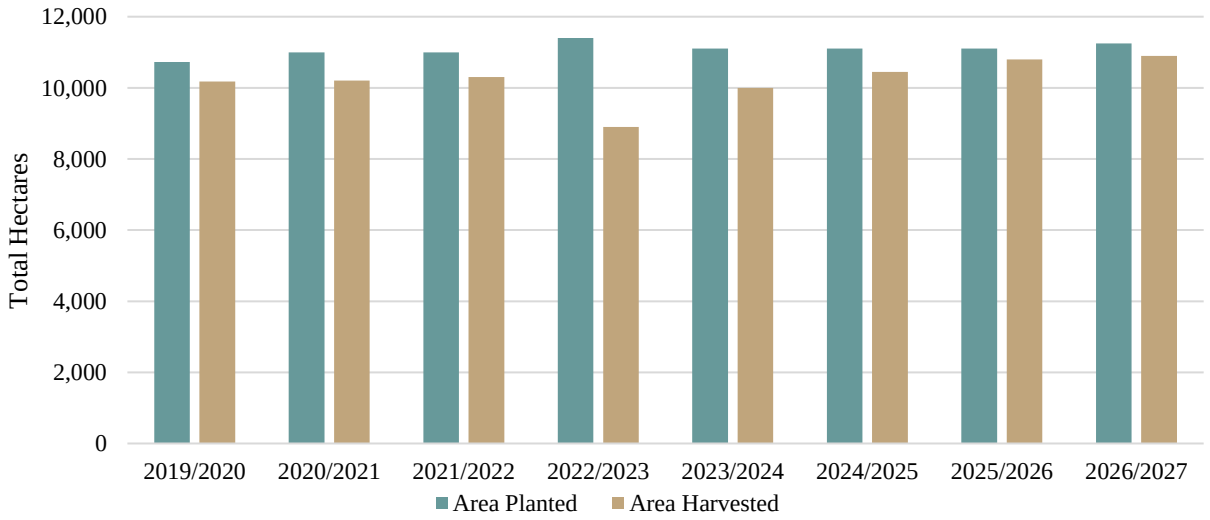
Apples, Fresh	2024/2025		2025/2026		2026/2027	
Market Year Begins	Jan 2025		Jan 2026		Jan 2027	
New Zealand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	11,100	11,100	11,100	11,100	0	11,250
Area Harvested (HA)	10,450	10,450	10,600	10,800	0	10,900
Commercial Production (MT)	555,000	555,000	565,000	585,000	0	590,000
Non-Comm. Production (MT)	3,000	3,000	3,000	3,000	0	3,000
Production (MT)	558,000	558,000	568,000	588,000	0	593,000
Imports (MT)	200	467	200	445	0	450
Total Supply (MT)	558,200	558,467	568,200	588,445	0	593,450
Domestic Consumption (MT)	173,200	173,467	178,200	183,445	0	183,450
Exports (MT)	385,000	385,000	390,000	405,000	0	410,000
Total Distribution (MT)	558,200	558,467	568,200	588,445	0	593,450
(HA) ,(1000 TREES) ,(MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Planted and Harvested Areas

2026/2027

FAS/Wellington forecasts apple planted area in 2026/2027 Market Year (MY) to increase to 11,250 hectares (ha) with expected harvested area at 10,900 ha. This follows the recovery of trees in the sector since Cyclone Gabrielle and the recent establishment of new orchards in the canterbury region of the South Island. Reporting from Ministry for Primary Industries (MPI) and New Zealand Apples and Pear (NZAP) indicates that national planted area in apples and pears has stabilized and is expected to return to the pre-Cyclone Gabrielle area. With most businesses focused on optimizing yields and redeveloping existing orchard blocks into higher-returning varieties, Production is forecast to increase steadily as young orchards mature, with a recovery in national average yields per hectare for gross and export production

Figure 2: Planted and Harvested Apple Orchard Hectares

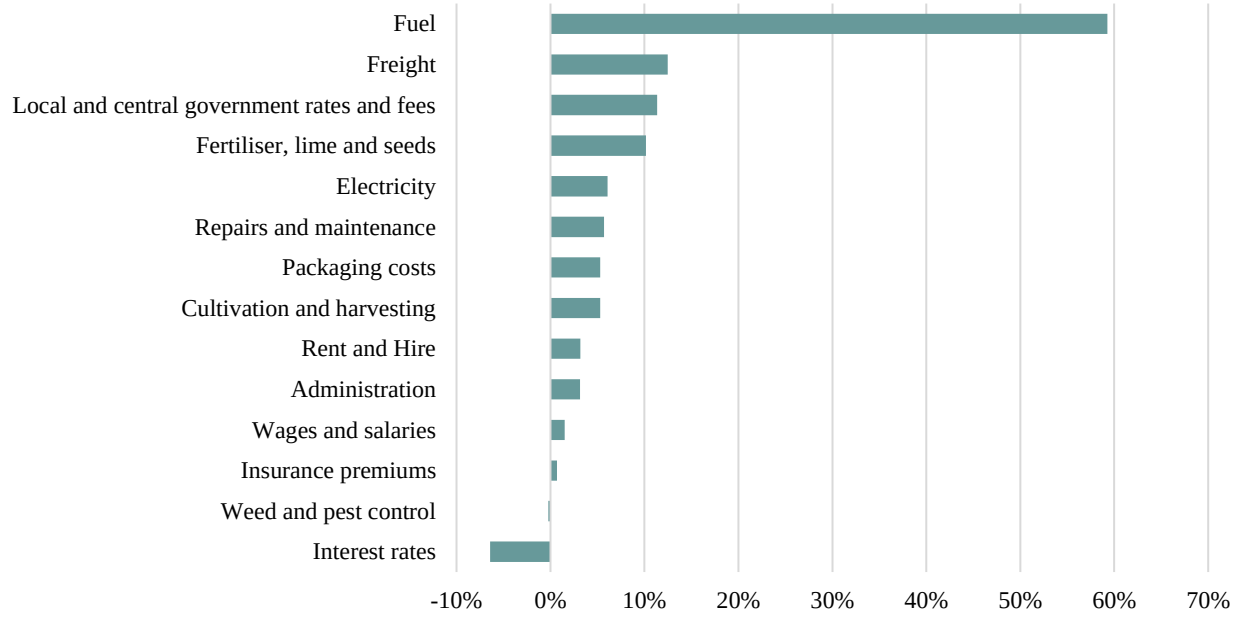


Source: Ministry for Primary Industries and New Zealand Apples and Pears

--Orchard Profitability

On-farm inflation continues to put cost pressure on operating expenses for apple operations. Figure 3 details inflation for major inputs for horticultural operations in New Zealand, comparing the second quarter of 2026 to the same period last year. Inflation on fuel is up 59 percent, resulting in cascade effects on most other inputs such as freight, cropping inputs, and packaging. The increase on electricity is also having an impact on packhouses and cool storage, which draw on power off the main grid, despite some operations utilizing solar to lower energy costs.

Figure 3: Horticulture Farm Inflation for Major Inputs 2025 vs 2026



Source: Statistics New Zealand

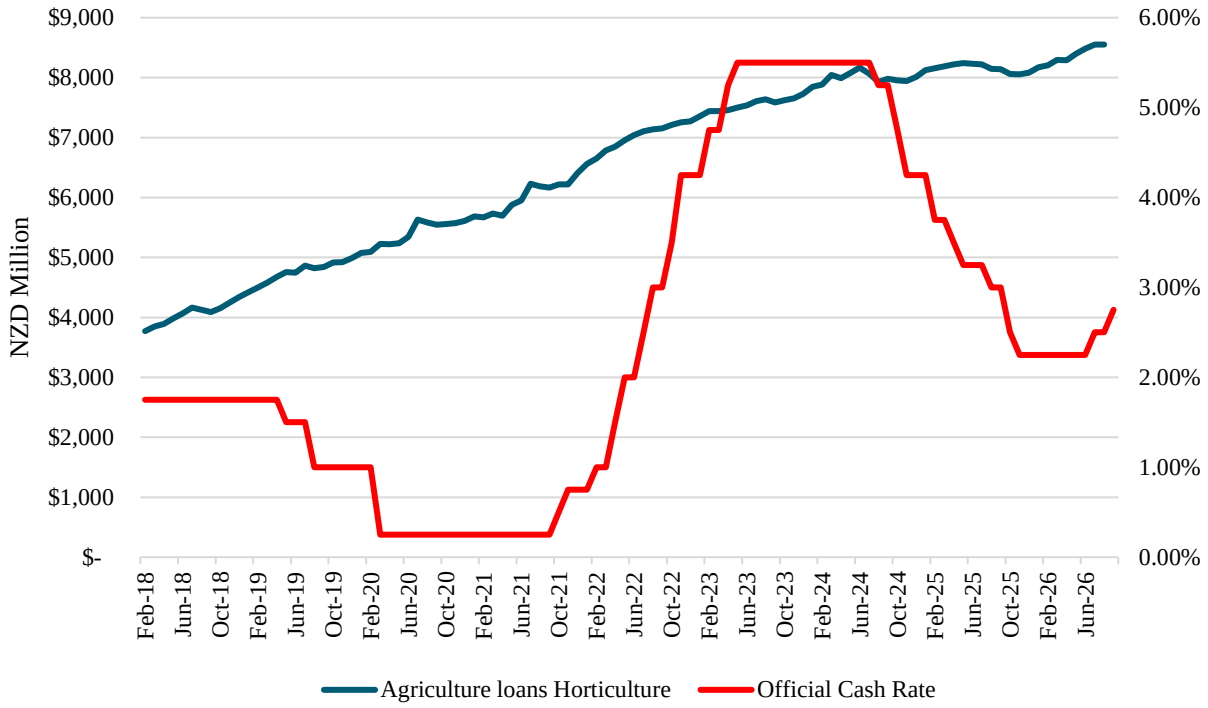
These pressures are anticipated to continue into the incoming 2026/2027 season. Higher fuel prices will continue to result in higher costs for majority of inputs. Industry contacts highlight that the pressure on maintaining orchard profitability will result in growers prioritizing expenditures on higher-returning orchard blocks, potentially leading to varietal changes through replanting or grafting stock from lower returning apple types.

--Loans to Horticulture Sector

Many New Zealand horticultural growers have borrowed to reinstate orchards, repair weather damaged infrastructure, and invest in productivity enhancing technologies. Servicing debt was a significant challenge for growers when the Reserve Bank of New Zealand (RBNZ) maintained an elevated Official Cash Rate (OCR), equivalent to the federal funds rate in the United States. Beginning in September 2024, the RBNZ reduced the OCR from 5.5 percent to 2.25 percent by May 2026 before increasing it to

2.75 percent in September 2026 (Figure 4). The lower interest rate environment has reduced debt servicing costs and provided some relief to growers following several years of elevated financing costs.

Figure 4: New Zealand Interest Rates and Farm Debt



Source: Reserve Bank of New Zealand

With reduced interest rates, horticultural sector borrowing continues to rise. According to RBNZ data, bank loans to the sector reached NZ$8.55 billion (US$4.87 billion) in August 2026, up from NZ$8.15 billion in August 2025. This represents a 5 percent increase year over year and is more than double the level recorded in early 2018. Horticultural lending has grown substantially faster than lending to other major agricultural sectors over the longer term, reflecting continued investment in orchard redevelopment, production systems, and infrastructure.

The combination of high outstanding debt and substantially lower interest rates is likely to remain an important factor influencing grower profitability. While lower borrowing costs have eased financial pressure, elevated debt balances mean that growers remain exposed to changes in interest rates, production conditions, and export returns. The recent stabilization of horticultural lending around NZ$8.55 billion suggests that growers are continuing to carry significant levels of investment related debt rather than rapidly deleveraging.

2025/2026

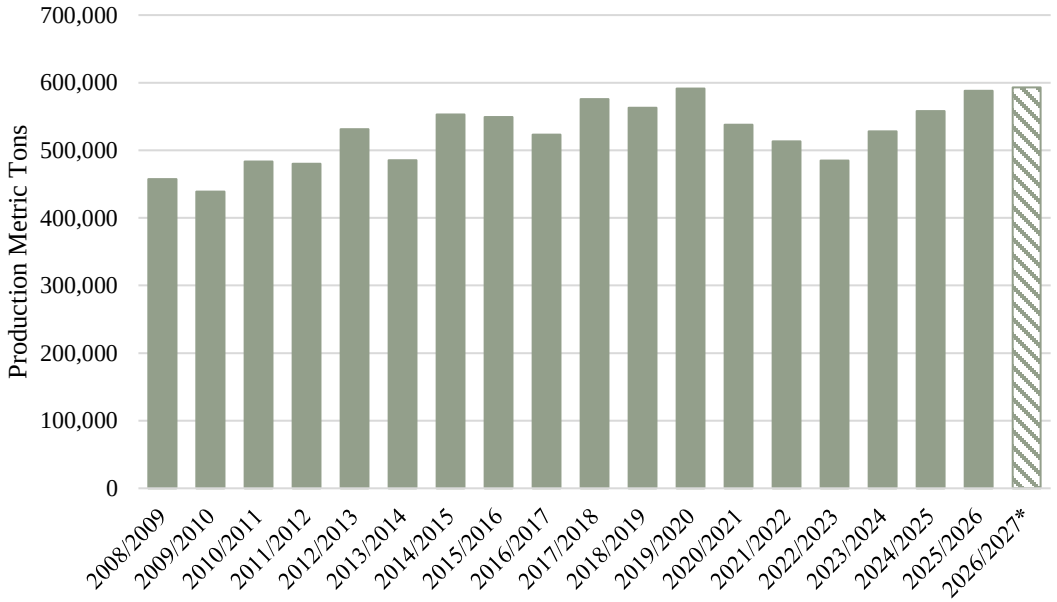
FAS/Wellington maintains the USDA official estimate for MY 2025/26 planted area at 11,100 ha with an increase on harvested area at 10,800 ha. As mentioned, the national area has recently stabilized with more orchards coming back into production post cyclone Gabrielle and new re-established areas coming back into production.

Production

2026/2027

FAS/Wellington forecasts MY 2026/2027 commercial apple production to increase by almost one percent to 590,000 metric tons (MT). If realized, it would be a return to volumes experienced since pre-COVID 19 (Figure 5). This would be the second highest production year on record. The Ministry for Primary Industries (MPI) is forecasting fresh apple production will continue to improve in future years as trees mature and planting area and new orchards become operational and expand.

Figure 5: New Zealand Apple production



Source: Official USDA Estimates, *FAS/Wellington forecast

--Seasonal Labor Availability

The availability of seasonal labor remains an important constraint for New Zealand's commercial deciduous fruit industry, particularly during harvest and packing periods when labor requirements increase sharply. Commercial orchards and packhouses rely on a combination of New Zealand workers, working holiday makers, other temporary migrants, and workers recruited through the Recognized Seasonal Employer (RSE) scheme. The RSE scheme allows approved horticulture and viticulture employers to recruit workers from eligible Pacific countries when seasonal labor needs cannot be met domestically. RSE workers can generally remain in New Zealand for up to seven months in an 11-month period.

The RSE scheme remains subject to an annual administrative cap. The Government increased the cap from 19,500 workers in the 2023/24 season to 20,750 workers for the 2024/25 season, an increase of 1,250 positions. The current RSE visa information continues to list 20,750 available places annually. The Government has stated that the RSE cap will be considered in relation to industry demand, the availability of New Zealand workers, and accommodation capacity.

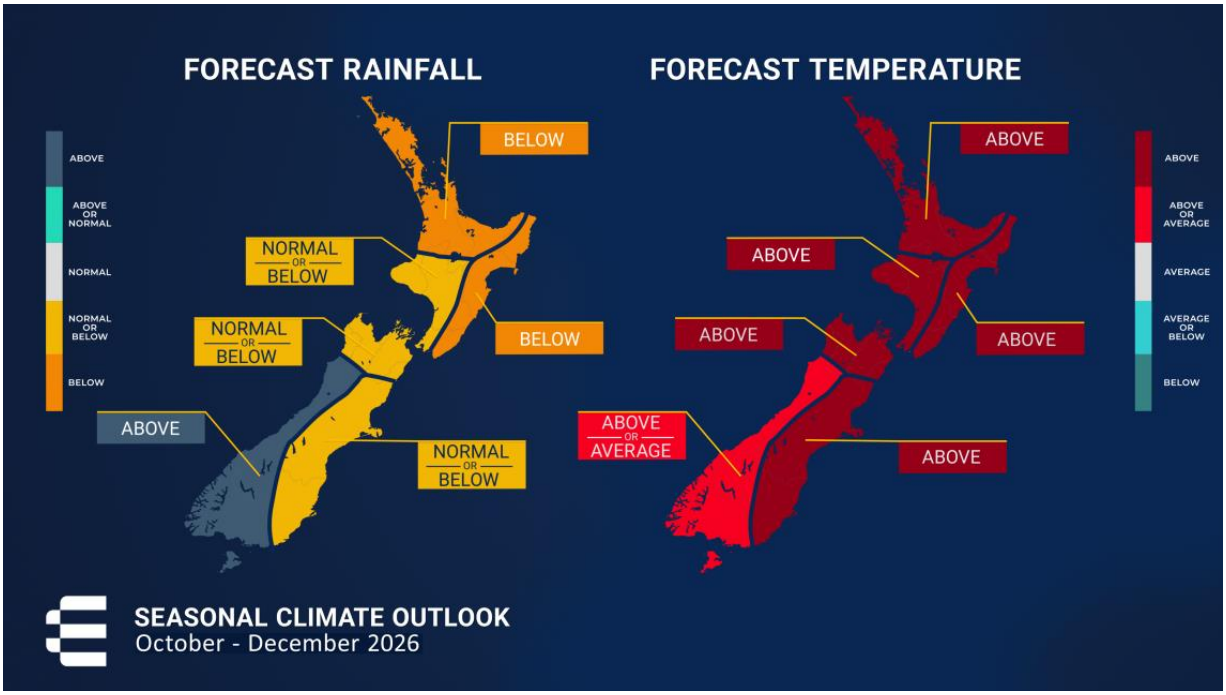
In July 2026, the Government announced further reforms to the RSE scheme following a review of its operation. The changes are intended to simplify recruitment and compliance requirements while providing greater flexibility for workers to move between accredited employers and strengthening worker protections. Implementation is scheduled to begin in early 2027 and will occur in stages through 2029.

Labor availability remains particularly important for deciduous fruit growers because harvest timing is highly concentrated and cannot easily be shifted when sufficient workers are unavailable. The continued reliance on RSE workers provides growers with access to an experienced seasonal workforce, particularly from Pacific Island countries. However, the availability and cost of suitable accommodation, wage costs, and competition for seasonal workers across horticulture and viticulture sectors remain important considerations for growers.

-- Extreme Weather Outlook

New Zealand is entering the 2026–27 summer under a very strong El Niño event, which Earth Sciences New Zealand (ESNZ) expects to remain the dominant influence on weather patterns through spring and early summer. El Niño is expected to bring more frequent westerly airflows, increased wind strength, and greater weather variability. Eastern areas, including major deciduous fruit growing regions, are more likely to experience warm, dry conditions, while western and southern areas are expected to receive more frequent rainfall events (Figure 6).

Figure 6: Seasonal Climate Outlook October - December 2026



Source: Earth Sciences New Zealand

For Canterbury, Otago, and other eastern growing regions, ESNZ forecasts above average temperatures during October to December, with rainfall more likely to be near normal or below normal. The outlook could increase irrigation requirements and place additional pressure on soil moisture during fruit development and harvest. Most commercial apple orchards in New Zealand are irrigated, which provides growers with an important buffer against dry conditions, although reliable access to irrigation water remains an important consideration.

The outlook therefore presents both opportunities and risks for deciduous fruit production. Warmer conditions can support fruit development and maturation, while adequate irrigation can help mitigate the effects of lower rainfall. However, prolonged dry periods, strong winds, and greater temperature variability could increase production costs and affect fruit quality. ESNZ assigns medium confidence to the seasonal outlook and notes that short-term weather patterns may vary considerably despite the broader El Niño influence.

--Innovation and Biotechnology

New Zealand's apple and pear industry is expected to continue accelerating investment in automation, precision agriculture, and applied technology through 2027 as growers and packhouses respond to labor constraints, rising production costs, and the need to maintain export competitiveness. Growers are increasingly adopting precision orchard systems, digital crop and pest monitoring, variable rate applications, and mechanical harvesting platforms, while packhouses are deploying high speed camera grading, automated packing and palletizing, and digital traceability.

These technologies are improving fruit quality, consistency, and labor productivity while allowing businesses to shift workers toward higher value activities. Industry led research is likely to remain central to this transition, with New Zealand Apples & Pears (NZAPI) reporting that 88 percent of surveyed industry participants use a tool or technique developed through its Smart & Sustainable program. Looking ahead, the industry is seeking greater investment in higher risk, higher return technologies, including precision breeding, to accelerate the development of varieties with improved disease resistance, productivity, and market characteristics.

Gene technology is likely to become an increasingly important area of focus for the sector in 2027. The Government's proposed Gene Technology Bill would replace New Zealand's current framework under the Hazardous Substances and New Organisms (HSNO) Act with a risk proportionate regulatory system. With the prospect of providing researchers and primary industries with greater access to technologies already being developed and used internationally.

Although the proposal had not received its second reading as of October 2026, regulatory reform could create new opportunities for New Zealand's breeding programs, including the Prevar joint venture, to shorten varietal development timeframes and improve resilience. For apple and pear producers, potential applications include disease resistance, reduced chemical inputs, improved productivity, and adaptation to changing climatic conditions. With the national general election scheduled for November 7, Post anticipates no new developments regarding the progress of this bill.

2025/2026

FAS/Wellington estimates commercial apple production at 585,000 MT, above the USDA official estimate and consistent with MPI reporting, reflecting a substantial recovery in industry production. Orchards in Hawke's Bay and Gisborne, which account for approximately 70 percent of New Zealand's planted area, received favorable winter chill in 2025, followed by normal bloom timing and favorable conditions through harvest. Warm, dry weather after fruit set supported early fruit sizing, low disease pressure, and good skin finish, while strong diurnal temperature ranges from late February supported color development in mid and late season varieties. Growers benefited from a second consecutive favorable growing season and harvest following challenging climatic conditions from years prior.

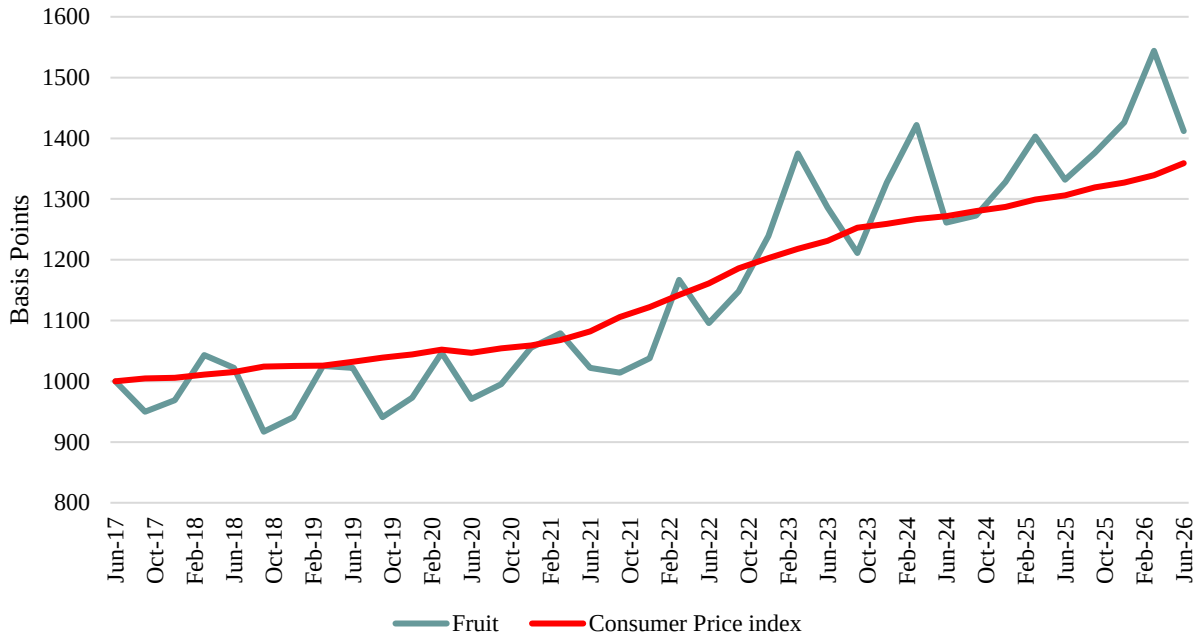
Consumption

2026/2027

FAS/Wellington forecasts domestic apple consumption to reach a record 183,450 MT in MY 2026/2027. This is supported by the expected recovery in domestic production. Fresh consumption is expected to remain relatively stable at around 74,000 MT, with the balance primarily directed at processing. Imports typically supplement domestic supply from November through February, helping maintain year-round availability ahead of the domestic harvest.

Household spending remains constrained by elevated living costs, with food prices continuing to attract significant consumer and media attention. Fresh fruit prices are particularly variable due to seasonal supply changes (Figure 7). Despite these pressures, apples remain a widely consumed fruit with Granny Smith and Royal Gala leading fresh varieties in the domestic market.

Figure 7: New Zealand Fruit Price Index and Inflation



Source: Statistics New Zealand

2025/2026

FAS/Wellington revises domestic consumption upward to 183,445 MT for MY 2025/2026 as a result of higher production/supplies, reflecting higher yields and a stronger than initially expected seasonal harvest. The larger crop has also supported New Zealand's established apple processing sector, particularly in Hawke's Bay.

Within the Hawkes Bay region there are multiple further processing facilities for apple products. These operations range between both conventional and organic apple juice concentrate, as well as puree, diced and sliced apples, and other value-added ingredients for domestic and international food and beverage manufacturers.

Figure 8: New Zealand Apple Juice Exports to the World (January to September)



Source: Trade Data Monitor LLC

FAS/Wellington notes that apple juice exports remained strong through the first nine months of 2026, continuing the growth recorded in the previous year (Figure 8). Based on January to September trade data, FAS/Wellington estimates full year exports could reach approximately 9 million liters, potentially the largest annual volume on record. New Zealand's processing industry is increasingly focused on capturing greater value from fruit that may not meet fresh export specifications.

Trade

Exports

2026/2027

FAS/Wellington forecasts MY 2025/2026 exports at 410,000 MT, up 5,000 MT compared to the revised outgoing 2025/2026 year (Figure 9). This is in line with MPI forecasts for the same year in their most recent SOPI report. If realized, this would be the highest level of exports since 2020/2021. Post anticipates that exporters in the incoming year to focus on Asian markets, particularly Vietnam, Taiwan, India and China. In addition, they plan to market specialty varieties in Northern Hemisphere counter seasonal markets, such as the European Union and United States.

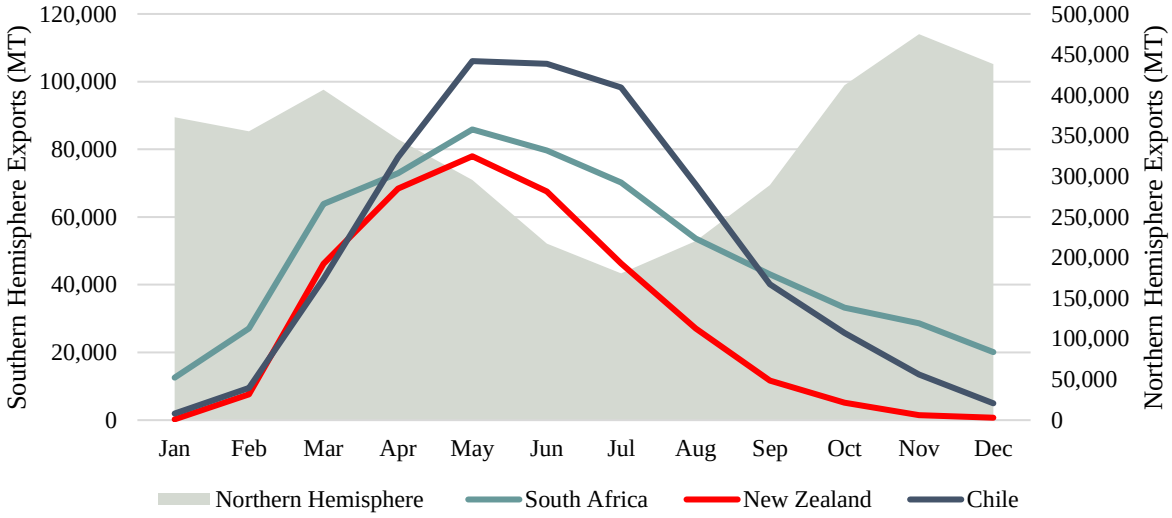
Figure 9: New Zealand Annual Apple Exports and Forecast



Source: Trade Data Monitor LLC, FAS/Wellington

New Zealand is a major supplier of counter seasonal fresh apples to its global markets. It is one of the few Southern Hemisphere producers that can complement global supply in this way (Figure 10). In the last ten years, global apple consumption has increased at a compounding annual growth rate of 1 percent per year. As reported by the USDA Production, Supply and Distribution (PSD) database, the largest consumers of fresh apples are China and European Union who represent 57 and 13 percent of global consumption, respectively. As such, New Zealand exporters are heavily focused on China as their largest fresh apple market (~23 percent).

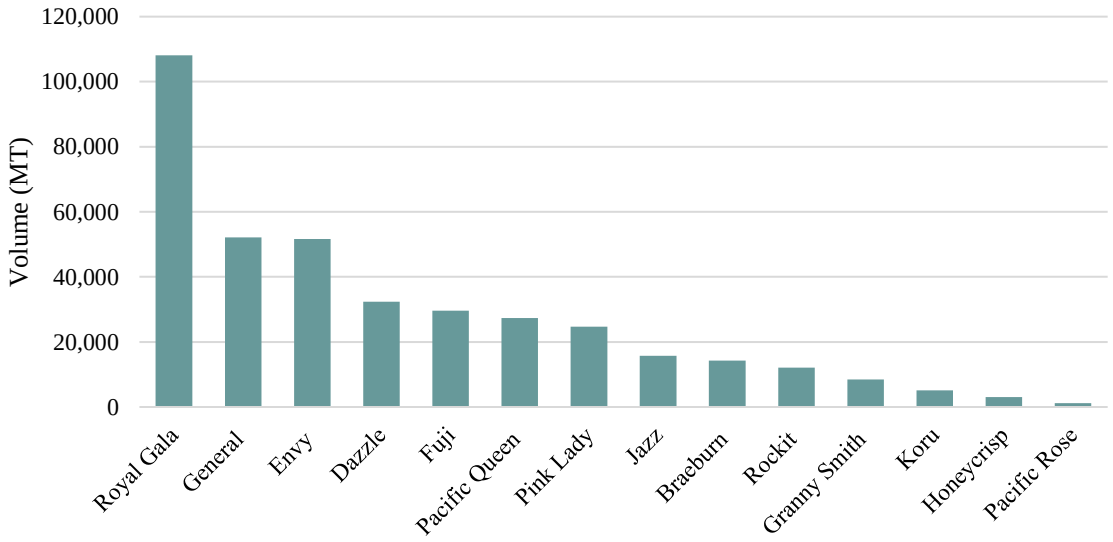
Figure 10: Counter Seasonal Monthly Exports (Five-year Average)



Source: Trade Data Monitor LLC

Royal Gala is consistently the primary variety for exports in recent years. However, increased export demand for varieties such as Envy, Dazzle, and Fuji have become more popular (Figure 11). The selection of future varieties is heavily influenced by ongoing recovery of damage and a need for higher farm gate returns. As already discussed, industry is shifting to specialty varieties that receive higher premiums in particular markets, leading to diminishing area for older mainstream varieties such as Braeburn, which in MY 2011/2012 accounted for 22 percent of planting area and in MY 2025/2026 represented less than 4 percent and declining.

Figure 11: 2026 New Zealand Apple Exports by Variety (Jan to Aug)



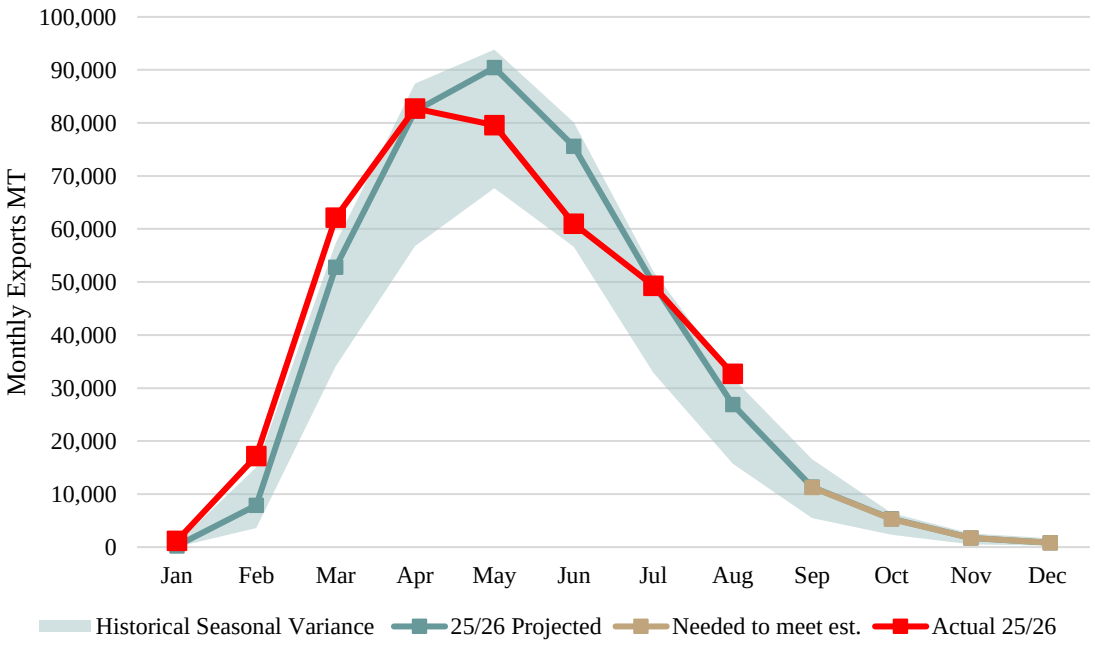
Source: Trade Data Monitor LLC

2025/2026

FAS/Wellington revised its MY 2024/2025 apple export forecast to 405,000 MT, a 15,000 MT increase on the USDA official figure. Recent trade data shows that demand for New Zealand fresh apples is increasing in particularly Asian markets, such as China, Vietnam, Taiwan, and India. During January - August 2026, total exports are almost 6 percent higher than in the same period last year, with only an approximate 4.7 percent of remaining exports (figure 12). Year to date annual export revenue for the current market year has almost exceeded NZ$1.25 billion (US$712 million), the highest annual level ever, with volumes still anticipated to ship.

China continues to be New Zealand's largest market with 23 percent of its exports directed to this market based on year-to-date trade data. Moreover, exports to China have increased by over 17.7 percent year-to-date compared to the same period last year (Table 2). Significant export growth is also occurring in Hong Kong and Taiwan markets. India is quickly becoming a booming market for New Zealand exporters, as apple consumption continues to rise as the population and demand for heathier foods grows, even before the implementation of the New Zealand/India Free Trade Agreement (FTA). Meanwhile exports to the European Union and United Kingdom have declined 52 and 17 percent, respectively, due to an expected decline in domestic consumption in those regions.

Figure 12: Monthly New Zealand Apple Exports and Forecast



Source: Trade Data Monitor LLC, FAS/Wellington

Table 2: New Zealand Export Statistics for Apples, Source: Trade Data Monitor LLC

Destination Country	Quantity (MT) Calendar Year					January-August		
	2021	2022	2023	2024	2025	2025	2026	%Δ 2026/25
World	**355,799**	**340,762**	**309,044**	**341,620**	**384,249**	**364,053**	**385,840**	**5.98**
China	35,423	53,304	41,954	64,788	82,422	77,584	91,349	**17.74**
Taiwan	29,135	31,183	28,984	31,265	44,502	43,122	44,824	**3.95**
Vietnam	33,677	47,223	44,743	40,561	41,020	38,179	42,283	**10.75**
India	28,148	18,074	19,314	28,680	38,579	37,871	50,657	**33.76**
European Union	43,007	35,042	30,789	24,846	24,521	24,491	11,733	**-52.09**
United Kingdom	32,549	21,892	22,241	29,288	22,548	22,488	18,629	**-17.16**
Thailand	20,940	22,486	22,926	23,828	22,055	20,277	21,714	**7.09**
United States	24,433	23,949	26,239	18,809	16,673	16,587	15,872	**-4.31**
Hong Kong	13,953	12,381	14,032	13,563	16,359	13,688	20,318	**48.44**
United Arab Emirates	15,880	14,059	12,625	14,170	14,947	14,208	8,732	**-38.54**
Other	78,654	61,169	45,197	51,822	60,623	55,558	59,729	**7.51**

Trade Policy and Market Access

--Free Trade Agreements (FTA)

New Zealand's apple exports benefit from an extensive network of free trade agreements (FTA) covering its major markets, providing preferential or duty-free access across key destinations. The NZ-EU FTA, which entered into force in May 2024, immediately eliminated EU tariffs on New Zealand apples. Tariffs on New Zealand apples entering Japan are being phased out over 11 years, improving New Zealand's competitive position relative to suppliers without equivalent preferential access. The NZ-UK FTA completed its transition for fresh apples on January 1, 2026, when apples became duty free and quota free. Most significantly for the 2026/27 outlook, the NZ-India FTA entered into force in late 2026 and provides New Zealand with preferential access for apples for the first time. India's existing 50 percent tariff is reduced to 25 percent for an initial 32,500 MT tariff rate quota, increasing annually to 45,000 MT by year six.

--Tariffs for U.S. Exports

New Zealand apples generally benefit from preferential or duty-free access in major FTA markets, although tariffs remain in some destinations, including India and Japan during their respective tariff phase out periods. In the United States, fresh apples enter with a zero MFN tariff; however, since July 24, 2026, New Zealand origin goods are generally subject to an additional 12.5 percent U.S. Section 301 tariff, unless specifically excluded.

--USDA Pre-Clearance Program:

New Zealand apples and pears exported to the United States participate in USDA Animal and Plant Health Inspection Service (APHIS) preclearance program, under which APHIS personnel conduct phytosanitary inspections in New Zealand before fruit is shipped. The program operates under an agreed technical work plan involving APHIS, New Zealand's Ministry for Primary Industries (MPI), growers, packhouses, and exporters. This program allows compliant consignments to arrive in the United States with the phytosanitary inspection completed offshore, facilitating faster clearance and reducing the risk of delays or additional pest mitigation at the U.S. port of entry.

The program remains particularly important for New Zealand's premium apple varieties such as Honeycrisp, and organic exports to the United States. The industry continues to identify phytosanitary requirements, including actionable pests such as light brown apple moth, as an area of market access focus. In July 2025, APHIS removed the requirement for an additional phytosanitary certificate declaration confirming freedom from light brown apple moth for certain commercially produced fruits and vegetables from New Zealand, reducing a compliance requirement for exporters.

Imports

FAS/Wellington forecasts MY 2026/2027 imports at 450 MT. to fill the growing counter seasonal demand. These imports are sourced predominantly from the United States to supply consumers in the months leading up to harvest (November to December) as domestic supplies decrease. These varieties are typically Granny Smith or Royal Gala varieties. The development of atmosphere-controlled cool stores to keep local fruit within a couple of months of the next harvest has reduced the demand for fresh apple imports. For 2025/2026 MY, the import estimate is also revised up from the USDA official at 445 MT, for the same reasons.

Attachments:

No Attachments