

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 5/15/2016

GAIN Report Number: NZ1604

New Zealand

Fresh Deciduous Fruit Semi-annual

New Zealand Apple and Pear Production and Marketing May 2016

Approved By:
Hugh Maginnis

Prepared By:
David Lee-Jones

Report Highlights:

New Zealand deciduous fruit exports at 351,000 metric tons for MY2015/2016 are three percent greater than the previous forecast, because of an almost perfect growing season in the main growing region. Grower returns for CY2015 were up 15-20% on a per hectare basis making three profitable years in a row now. The outlook for CY2016 grower returns is similar to CY2015 if not slightly better. The sector is in expansion mode.

Executive Summary

Total deciduous fruit plantings, based on the latest industry survey data are now estimated at 9,626 hectares (ha) just 1.3% less than the original forecast (November 2015) but 3.4% greater than the 2014/2015 total of 9,309 ha. Total plantings are forecast to keep increasing at the rate of 300-400ha per year through to CY2020.

The total deciduous fruit production for 2015/2016 is now forecast at 561,100 metric tons (MT), which is only 0.8% less than the previous forecast. This result will only be 0.7% behind the actual 2014/2015 volume of 564,800 MT even though this season was meant to be a biennial bearing "off" year. An almost perfect growing season apart from a severe hail storm in Nelson, and new plantings of varieties that are less susceptible to biennial bearing have overcome this factor.

The latest industry production and use data has changed the estimates for domestic consumption of deciduous fruit. For 2015/2016 total consumption is forecast at 71,050MT which is eleven percent less than the previous forecast. Similarly the 2014/2015 consumption has been reduced as well to 72,885MT, a ten percent adjustment.

The new industry data also means that the volume of apples and pears going to processing has changed significantly. For 2014/15 the increased production volume and the reduced export packout proportion owing to hail and storm damage meant the processed volume was up eleven percent at 163,000MT. For 2015/2016 the situation will be reversed with higher export packout rates because of the high fruit quality leading to a reduced processing tonnage forecast at 143,000MT (three percent less than initial forecasts).

The export volume in 2015/2016 is the beneficiary of the superb growing season experienced by most of the deciduous growing regions. The high quality fruit harvested has meant the export pack-out rates are up which should mean deciduous fruit exports reach a total of 351,000MT (three percent up on the previous forecast). For 2014/2015 total exports were 333,218MT (0.6% up on previous estimate) as a result of some of the extra production flowing through to increased exports.

The highlight of the CY2015 New Zealand export season was the very good FOB returns, which averaged NZ\$33.96/TCE thirteen percent better than 2013/2014. A depreciation of New Zealand currency during the year was behind the increase. Most grower returns were bolstered by 15-20% per hectare from a combination of the better prices and on average five percent better average yields. The outlook for 2015/2016 is similar if not better. FOB returns are forecast to be NZ\$34.50 to NZ\$35.00/TCE approximately three percent up and per hectare export yields similar to 2014/2015.

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 2014/2015 will be shown as 2014/2015 and refers to Jan 1, 2015 to Dec 31, 2015. CY2015 refers to the calendar year 2015.

Note2: A 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

New industry data which has become available shows that a more accurate estimate of apple plantings at 9,204 hectares (ha) is 1.3% less than had been previously estimated. As has been commented on in previous reports the sector is now in a renaissance and is forecast to expand the planted area each year through to 2020. By 2020 it is forecast the apple area will be 10,400 ha to 10,600 ha. The trends of the last 5-6 years will be continued in terms of cultivars planted with: high color Royal Gala sports; new Fuji varieties; Pacific Queen; and Envy plantings dominating.

Table of Deciduous Fruit Plantings in New Zealand by Variety (in Hectares)											
Calendar Year of Harvest	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Braeburn	2,464	2,484	2246	2034	1,869	1740	1589	1504	1381	1352	1303
Royal Gala & sports	2,872	2,893	2669	2538	2,417	2423	2369	2386	2337	2410	2549
Cox	354	314	295	281	248	236	203	178	150	134	121
Fuji	875	836	829	899	931	970	934	906	832	837	858
Granny Smith	322	294	286	282	267	256	256	246	240	219	233
Cripps Pink/Pink Lady	287	248	285	353	397	434	446	459	443	461	523
Jazz	440	576	768	917	977	983	943	905	869	855	825
Pacific Beauty	250	177	162	149	135	127	120	113	92	84	83
Pacific Queen	306	223	212	220	263	291	351	456	622	730	827
Pacific Rose	642	529	454	424	416	399	396	390	379	364	365
Pacific series Sub-Total	1,198	929	828	793	814	817	867	959	1,093	1,178	1,275
Envy					88	174	272	285	315	346	416
Other Varieties	184	198	332	389	421	376	385	484	709	790	707
Total Apple Area	8,996	8,772	8,538	8,486	8,429	8,409	8,264	8,312	8,369	8,582	8,810
Total Pear Area	722	735	412	412	429	473	441	448	403	407	403
Unregistered apples & pears									383	320	413
Total	9,718	9,507	8,950	8,898	8,858	8,882	8,705	8,760	9,115	9,309	9,626
Braeburn as % of Apple Area	27.4%	28.3%	26.3%	24.0%	22.2%	20.7%	19.2%	18.1%	16.5%	15.8%	14.8%

Royal Gala as % of Apple Area	31.9 %	33.0 %	31.3 %	29.9 %	28.7 %	28.8 %	28.7 %	28.7 %	27.9 %	28.1 %	28.9 %
-------------------------------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

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 2016 19ha of this area is pears and 394 ha apples.

Pears

The Pear area seems to have stabilized at a planted area of 422ha in 2015/16 the same as the previous year and just 0.7% less than had been previously estimated.

Apple Production

2015/2016

The 2016 New Zealand apple harvest is over now and total production for 2015/2016 is estimated at 548,000 MT which is just 0.6% less than the original forecast completed in November 2015. The weather conditions commented on last November: a cold dry winter, June to August 2015; followed by a rapid increase in temperature in October 2015 did lead to a compressed high volume flower blossoming in October. Almost perfect growing conditions over the summer and autumn, especially in the Hawkes Bay (62% of the planted area), has meant that even though 2015/16 was thought to be a biennial bearing "off" year the total apple production will only be 0.9% less than the 2015/2016 production.

In fact the 2015/2016 total production could have almost been greater than 2014/2015 had it not been for a particularly severe hail storm during mid-December in the Nelson region (home to 25% of New Zealand's deciduous crop), which destroyed or downgraded a material volume of fruit. The threat of a strong El Nino induced drought came to nothing which has meant irrigation water supplies were able to cope with a normal demand satisfactorily. Reportedly fruit quality is very good this year.

2014/2015

New industry data available confirms that the total apple production for 2014/2015 was 553,000 MT, which was 2.3% greater than the previous estimate. The effect of the biennial bearing "on" year was greater than had been previously estimated. In addition fruit which was damaged in the hail storms during the growing season and essentially written-off was in fact harvested for processing.

Pear Production

2015/2016

Total pear production for New Zealand in 2015/2016 is now estimated at 13,100MT, eight percent below the previous forecast. Most of the pear production is centered in the Nelson region which suffered the severe hail storm and this had a disproportionately worse effect on pear production compared to the effect on apple production.

2014/2015

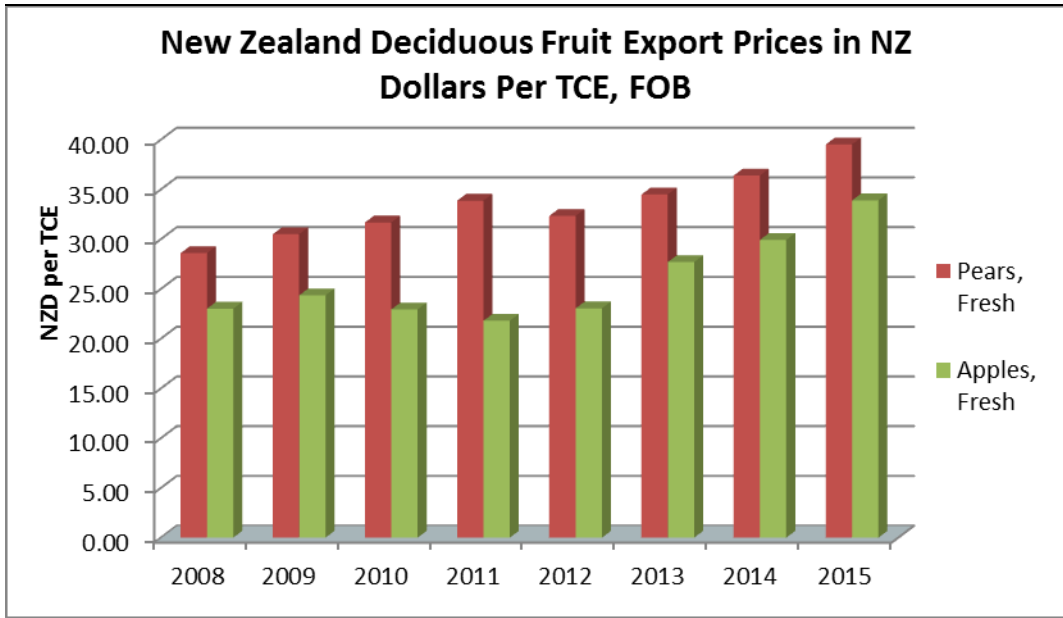
The 2014/2015 pear production volume has been reduced to 11,800MT now that new industry data has become available. The change amounts to a 13% downward revision

Grower Returns

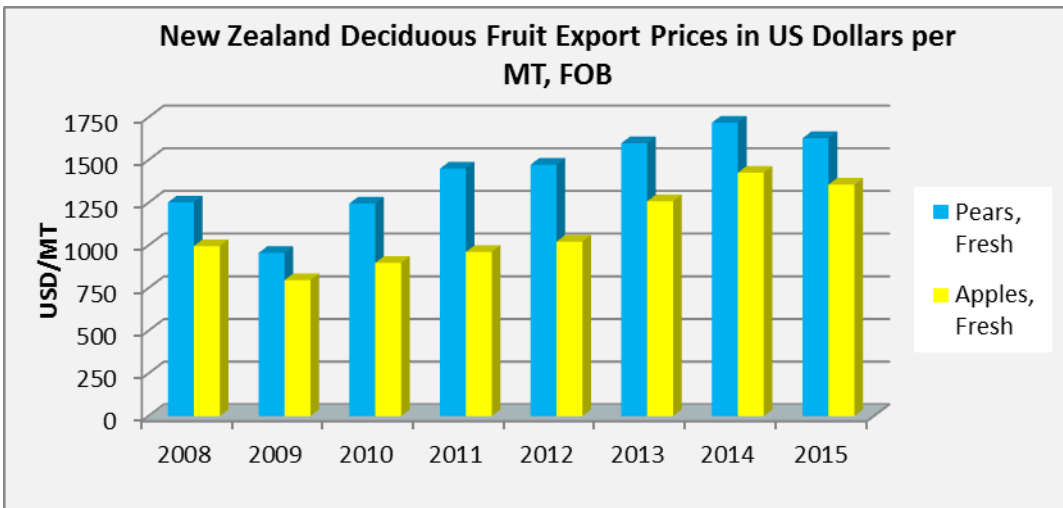
Last year, 2014/2015, was another good one financially for New Zealand deciduous fruit growers with FOB prices averaging NZ\$33.96/TCE, 13% greater than 2013/2014. This combined with average export yields five percent greater in 2014/2015 means the average grower probably had per hectare revenue increases in the order of 19%. The price increases were mostly the result of the NZ dollar depreciating against the other main currencies the fruit is sold in during the main

shipping period. This is now the third year of good returns to growers which have boosted their confidence and supplied a steady stream of cash to fund re-investment into their orchards to re-plant with new varieties and increase planted area.

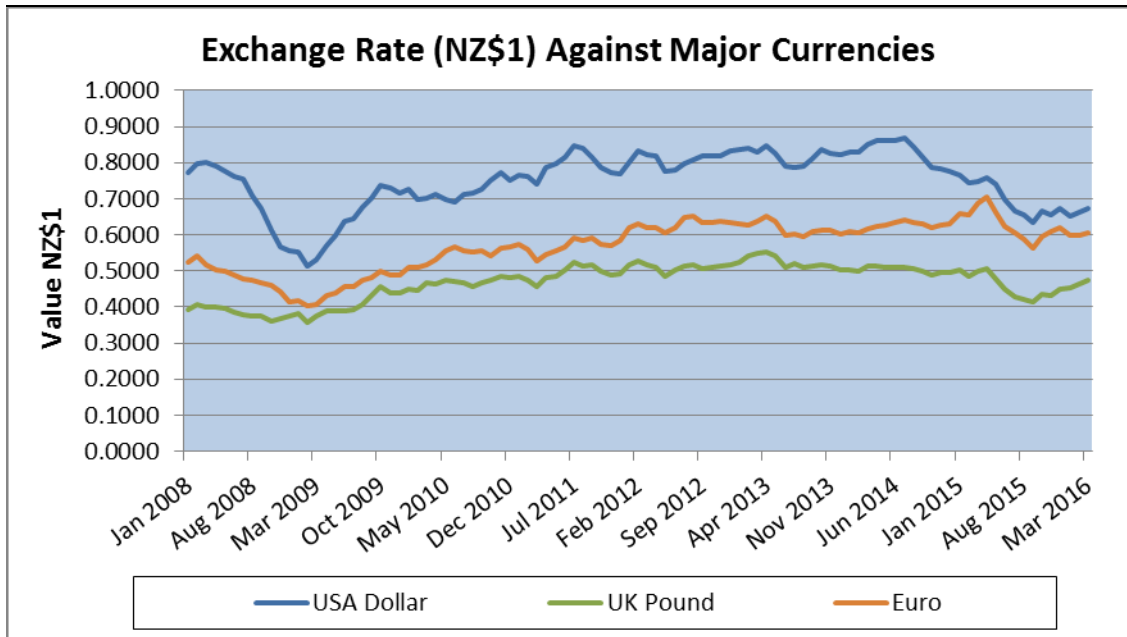
The outlook for 2015/2016 is similar if not better. FOB returns are forecast to be NZ\$34.50 to NZ\$35.00/TCE approximately three percent up and per hectare export yields similar to 2014/2015.



Source: GTA



Source: GTA



Source: RBNZ

Consumption

Apples

For 2015/2016 New Zealand apple consumption now based on new industry forecasts is estimated at 61,200MT, which is 12.6% less than the previous estimate.

The combination of better industry data and the actual import volume now suggests the 2014/2015 apple consumption was 63,143MT, which amounts to a ten percent reduction on the previous estimate.

Pears

During 2015/2016 New Zealand pear consumption is forecast at 9,850MT, which is 3.4% less than the previous forecast. The 2014/2015 consumption estimate is now put at 9,742MT, a 7.2% reduction, which brings it into line with overall deciduous fruit consumption data now available from the industry.

Processing

Apple processing volumes are forecast to be reduced in 2015/2016 to 141,000MT three percent below the previous forecast and twelve percent down from 2014/2015. A much better export pack-out as a proportion of the total crop in 2015/2016 as result of the good growing season and high fruit quality is behind the reduction in processing volume. It was almost the opposite in 2014/2015 when the hail damage damaged an appreciable volume of fruit which downgraded it to processing grade.

The volume of pears going to processing is constant at 2,000MT per year.

Production, Supply, and Distribution Tables

Apples, Fresh New Zealand (HA)/(MT)	2013/2014			2014/2015			2015/2016		
	Market Year Begin: Jan 2014			Market Year Begin: Jan 2015			Market Year Begin: Jan 2016		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	8,400	8,429	8,752	8,600	8,642	8,887	9,300	9,325	9,204
Area Harvested	8,300	8,325	8,400	8,600	8,550	8,550	9,100	9,100	9,000
Bearing Trees	0	0	0	0			0	0	0
Non-Bearing Trees	0	0	0	0			0	0	0
Total Trees	0	0	0	0	0	0	0	0	0
Commercial Production	469,900	470,020	470,020	525,000	525,000	539,000	534,500	535,650	534,000
Non-Comm. Production	15,500	15,500	15,500	15,500	15,500	14,000	15,500	15,500	14,000
Production	485,400	485,520	485,520	540,500	540,500	553,000	550,000	551,150	548,000
Imports	800	873	873	900	850	174	900	850	200
Total Supply	486,200	486,393	486,393	541,400	541,350	553,174	550,900	552,000	548,200
Fresh Dom. Consumption	61,800	65,000	65,000	70,000	70,000	63,143	65,900	70,000	61,200
Exports	310,900	307,893	307,893	327,000	327,000	329,031	340,000	337,000	346,000
For Processing	113,500	113,500	113,500	144,400	144,350	161,000	145,000	145,000	141,000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	486,200	486,393	486,393	541,400	541,350	553,174	550,900	552,000	548,200
TS=TD		0	0	0	0	0	0	0	0

Pears, Fresh New Zealand (Ha/MT)	2013/2014			2014/2015			2015/2016		
	Market Year Begin: Jan 2014			Market Year Begin: Jan 2015			Market Year Begin: Jan 2016		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	400	403	421	400	407	422	400	425	422
Area Harvested	400	403	405	400	407	405	400	407	405
Bearing Trees	0	0	0	0	0	0	0		
Non-Bearing Trees	0	0	0	0	0	0	0		
Total Trees	0	0	0	0	0	0	0	0	0
Commercial Production	13,400	13,400	13,400	13,300	13,300	11,600	14,000	14,000	12,900
Non-Comm. Production	200	200	200	200	200	200	200	200	200
Production	13,600	13,600	13,600	13,500	13,500	11,800	14,200	14,200	13,100

Imports	3,700	3,700	3,700	4,100	4,100	4,129	3,800	3,750	3,750
Total Supply	17,300	17,300	17,300	17,600	17,600	15,929	18,000	17,950	16,850
Fresh Dom. Consumption	10,000	10,000	10,000	10,700	10,500	9,742	14,500	10,200	9,850
Exports	5,400	5,372	5,372	4,100	4,100	4,187	3,500	5,000	5,000
For Processing	1,900	1,928	1,928	2,800	3,000	2,000	0	2,750	2,000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	17,300	17,300	17,300	17,600	17,600	15,929	18,000	17,950	16,850
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>

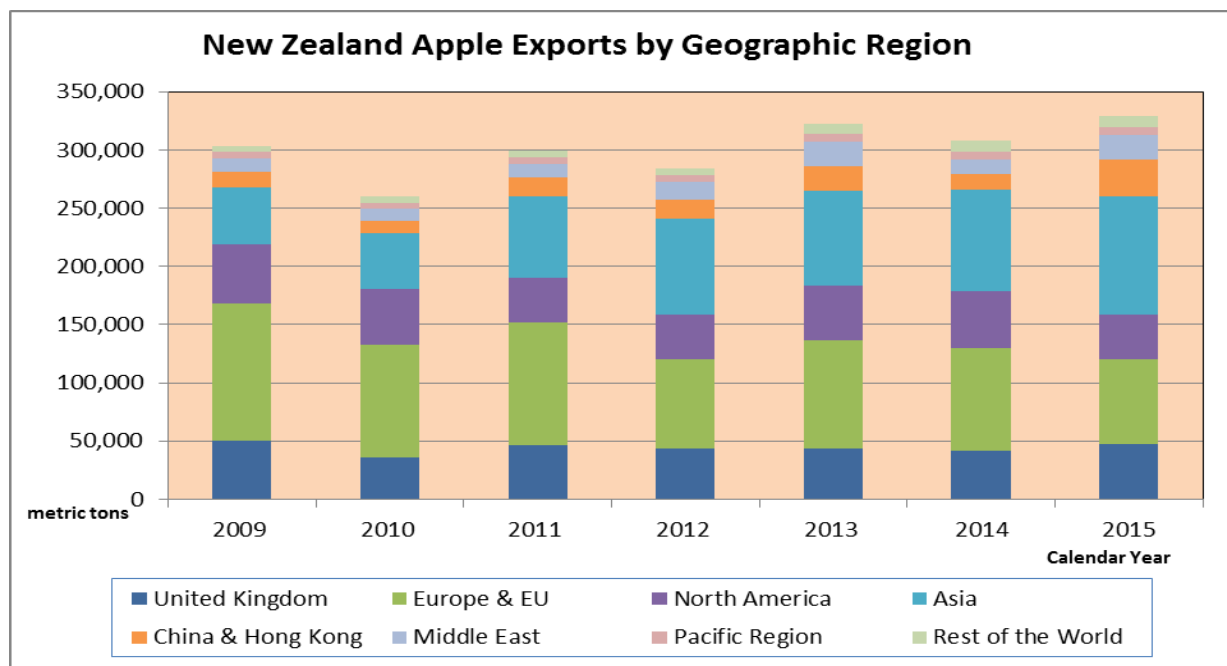
Trade

Apple Exports

For 2015/2016 New Zealand apple exports are forecast to be 346,000MT, up 2.7% on the previous forecast. This would put the 2015/2016 exports at 5.2% ahead of the final total for 2014/2015 of 329,031MT on account of the better export packout proportion in 2015/2016 even though the total production will be marginally less than 2014/2015.

New Zealand Export Statistics For Fresh Apples							
Calendar Year: 2013 - 2015							
Partner Country	Quantity (MT)			% Share			% Change 15 over 14
	2013	2014	2015	2013	2014	2015	
Total Exports to Europe/EU	92,432	88,707	73,327	28.69	28.81	22.29	-17.34
United Kingdom	43,923	41,548	47,236	13.63	13.49	14.36	13.69
United States	38,788	40,345	32,070	12.04	13.10	9.75	- 20.51
Thailand	27,078	20,220	30,141	8.41	6.57	9.16	49.07
Taiwan	8,858	19,876	22,096	2.75	6.46	6.72	11.17
China	9,856	1,966	20,331	3.06	0.64	6.18	934.08
United Arab Emirates	18,096	11,422	18,764	5.62	3.71	5.70	64.28
India	15,048	12,487	15,007	4.67	4.06	4.56	20.18
Hong Kong	11,395	10,670	10,599	3.54	3.47	3.22	- 0.67
Singapore	8,148	8,747	8,336	2.53	2.84	2.53	- 4.70
Rest of World	48,514	51,905	51,124	15.06	16.86	15.54	-1.50
World Total	322,136	307,893	329,031	100.00	100.00	100.00	6.87

Source: GTA



Source: GTA

The total apple export to all countries in Asia (133,316MT) has finally surpassed the total shipped to Continental Europe and the UK (120,563MT) in 2015/2016. The trend toward this happening began in 2010 and is likely to be accentuated further over the next five years as the new plantings of apples mature which comprise varieties targeting the Asian consumer.

Apple Imports

Apple imports for 2015/2016 are forecast at 200MT which is 77% less than the previous forecast. This is based on the level of imports in the 2014/2015 year which dropped to 174MT (down 80% from previous forecasts). There has been a downward trend in apple imports since 2007. 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 lot longer almost shutting out the need for imports. It is likely that New Zealand supermarkets will only require minimal apple imports in the future.

New Zealand Import Statistics for Fresh Apples							
Calendar Year: 2013 - 2015							
Partner Country	Quantity			% Share			% Change
	2013	2014	2015	2013	2014	2015	2015/2014
United States	777	822	173	89.06	97.50	99.48	- 78.89
New Zealand	71	21	1	8.09	2.50	0.52	- 95.73
Australia	24	0	0	2.74	0.00	0.00	0.00
India	1	0	0	0.11	0.00	0.00	0.00
World Total	873	843	174	100.00	100.00	100.00	- 79.31

Source: GTA

Pear Exports and Imports

Pear exports in 2015/2016 are forecast to rebound to 5,000MT consistent with the previous forecast as long as the export pack-out percentage can be improved from the 2014/2015 year back in line with the 2013/2014 harvest level. This would mean a 19% increase in volume over the 4,187MT shipped in 2014/2015.

Since 2008 pear imports have varied in a range between 3,000MT up to 4,000MT each year usually in relation to the availability of domestic pears. This is not forecast to change. For 2015/2016 3,750MT is forecast to be imported consistent with earlier forecasts. This will be nine percent below the volume imported in 2014/2015 of 4,129MT.

New Zealand Export Statistics For Fresh Pears							
Calendar Year: 2013 - 2015							
Partner Country	Quantity			% Share			% Change
	2013	2014	2015	2013	2014	2015	2015/2014
United States	1933	2265	1102	40.95	42.17	26.32	- 51.35
Taiwan	594	682	846	12.58	12.70	20.20	24.04
Total for EU & Europe	455	519	174	9.64	9.66	4.16	-66.47
United Kingdom	497	623	644	10.54	11.60	15.37	3.29
Hong Kong	287	293	467	6.08	5.46	11.15	59.16
Canada	218	261	250	4.61	4.86	5.98	- 4.17
China	22	110	151	0.47	2.05	3.61	37.33
Singapore	243	217	121	5.14	4.04	2.89	- 44.31
Fiji	148	116	119	3.14	2.16	2.83	2.08
Tonga	55	35	68	1.16	0.65	1.62	93.69
Rest of World Sub-Total	269	251	245	5.70	4.67	5.85	-2.39
World	4721	5372	4187	100.00	100.00	100.00	- 22.06

Source: GTA

New Zealand Import Statistics for Pears			
Calendar Year: 2013 - 2015			
Partner Country	Quantity	% Share	% Change

	2013	2014	2015	2013	2014	2015	2015/2014
Australia	1,520	1,929	2,839	43.85	52.15	68.75	47.15
United States	1,518	1,233	777	43.80	33.34	18.83	- 36.97
China	321	365	423	9.27	9.88	10.25	15.90
Korea South	86	100	89	2.49	2.71	2.16	- 11.08
New Zealand	0	0	0	0.00	0.00	0.01	0.00
American Samoa	0	71	0	0.00	1.92	0.00	- 100.00
Netherlands	21	0	0	0.59	0.00	0.00	0.00
World Total	3,465	3,699	4,129	100.00	100.00	100.00	11.63

Source: GTA