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New Zealand

Fresh Deciduous Fruit Annual

New Zealand Apple and Pear Production and Marketing November 2016

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Report Highlights:

The total volume of New Zealand's deciduous fruit exports in 2015/2016 was the beneficiary of a superb growing season in the main growing regions. This resulted in high export pack-out rates. Post forecasts 2015/2016 total deciduous fruit exports at 351,550MT, representing a 5.5 percent increase over 2014/2015. Looking ahead to 2016/2017, total exports are forecast to reach 367,500MT.

Executive Summary

Based on industry estimates, total deciduous fruit plantings for the 2016/2017 growing season total 9,976 hectares (ha), 3.6 percent greater than the 2015/2016 9,626 ha. Total plantings are forecast to keep increasing at the rate of 300-400 ha per year until 2020.

The combination of a range of new apple cultivars with varying taste characteristics, grown and stored to achieve a high quality eating experience, along with reasonable market access conditions in Asia is driving the renaissance of the deciduous fruit sector in New Zealand.

The total deciduous fruit production for 2015/2016 is now estimated at 562,400 metric tons (MT), which is only 0.6 percent less than 2014/2015. This is a good crop result given the 2015/2016 growing season was expected to be a biennial bearing “off” year. Looking ahead to 2016/2017, the increased apple plantings and the potential for a biennial “on” year should mean a 3 percent increase in total production, reaching 580,100MT.

For 2015/2016, total consumption is estimated at 71,925MT which is 2.6 percent less than 2014/2015. For 2016/2017, total consumption is forecast to be similar at 71,675MT.

Processing volumes in 2015/2016 have been estimated at 143,000MT, 12 percent lower than 2014/2015 because a higher proportion of fruit met export grade standards in 2015/2016, which then reduced the tonnage going to processing. For 2016/2017, total processing volumes are forecast at 145,000MT, which will be 1.4 percent up from 2015/16 on account of the increased production.

The export volume in 2015/2016 has been the beneficiary of a superb growing season for most of the deciduous fruit growing regions, which resulted in high export pack-out rates. Total deciduous fruit exports should reach a total of 351,550MT in 2015/2016, 5.5 percent greater than 2014/2015. Looking ahead to 2016/2017, total exports are forecast at 367,500MT as a result of extra apple production flowing through to increased exports.

The financial outlook for growers in 2015/2016 is again very good making it the fourth consecutive year of good returns. Average Free-On-Board (FOB) returns for 2015/2016 are running 9 percent above the comparable period for 2014/2015 (year to date basis).

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: 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

Post estimates 2016/2017 apple plantings at 9,554 hectares (ha), which is 3.8 percent greater than 2015/2016. The sector is now in a growth phase, and this growth is forecast to continue through to 2020. By 2020, New Zealand's apple area is forecast to reach between 10,400 ha to 10,600 ha. 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 combination of a range of new apple cultivars with varying taste characteristics, grown and stored to achieve a high quality eating experience, along with reasonable market access conditions in Asia, is driving the renaissance of the deciduous fruit sector in New Zealand.

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	9,155	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 area for pear plantings seems to have stabilized. Planted area for 2016/17 is forecast at 422 ha, the same as the previous year.

Apple Production

2015/2016

The 2015/2016 New Zealand apple selling season is nearly over and total production for 2015/2016 has been adjusted upward to 549,000 MT, just 0.2 percent higher than the previous estimate completed in May 2016. The weather conditions included: a cold dry winter from June to August 2015; followed by a rapid increase in temperature in October 2015 that led to a shortened duration for high volume flowering. This was followed by almost perfect growing conditions over the summer and autumn, especially in the Hawkes Bay (62 percent of the planted area), which meant that even though 2015/2016 was expected to be a biennial “off” bearing year, New Zealand’s total apple production will only be 0.7 percent less than the 2014/2015 production.

In fact, the 2015/2016 total production could have almost been greater than 2014/2015 production had it not been for a particularly severe hail storm during mid-December in the Nelson region (home to 25 percent of New Zealand’s deciduous crop), which destroyed or downgraded a significant volume of fruit. The threat of a strong El Nino induced drought over summer did not occur, which has meant irrigation water supplies were able to cope with normal demand satisfactorily.

2016/2017

Post forecasts 2016/2017 apple production at 566,500 MT, which will be 3.3 percent greater than 2015/2016. The increase will be the result of the expanded harvest area. In addition, the 2016/2017 growing season is forecast to be a biennial bearing “on” year, which should mean higher yields per hectare. However, the higher yields might be offset by the area of younger trees, which are not yet at full maturity. At this stage of the growing season (spring), weather conditions are good for blossom and pollination. Soil moisture levels are high, which should mean there will not be too many problems maintaining the appropriate irrigation inputs later in the growing season.

Pear Production

2015/2016

Post estimates total pear production for 2015/2016 at 13,400MT, 5 percent higher than 2014/2015. Most of the pear production is centered in the Nelson region which suffered the 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 estimated previously.

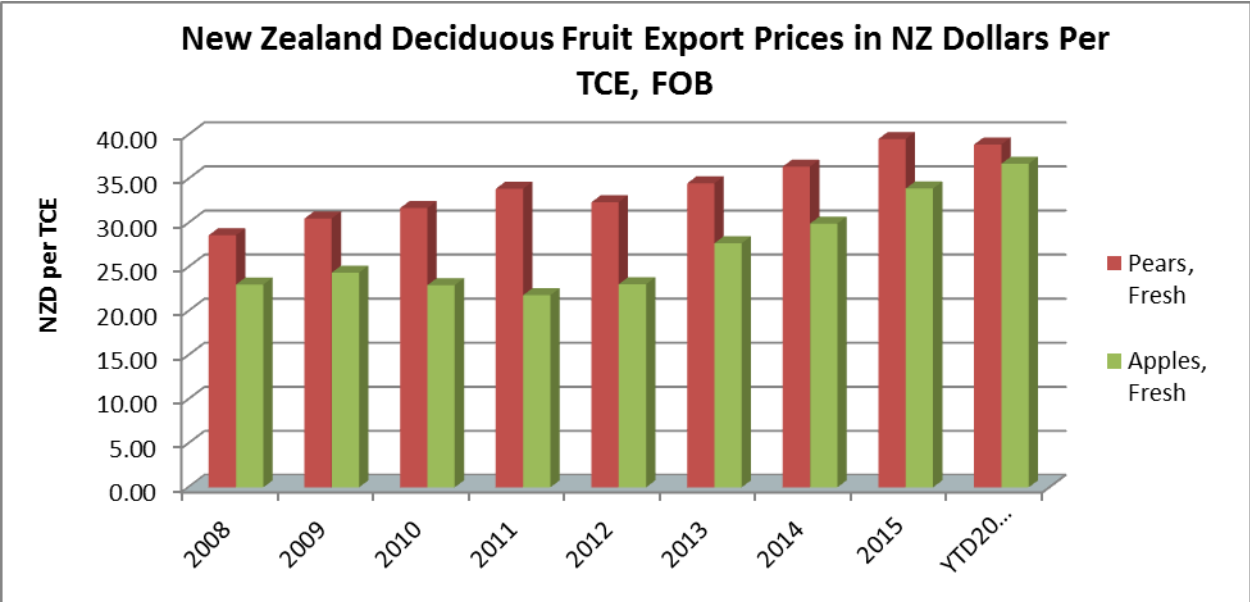
2016/2017

Post forecasts 2016/2017 pear production volume to reach 13,600MT, representing a 1.5 percent increase.

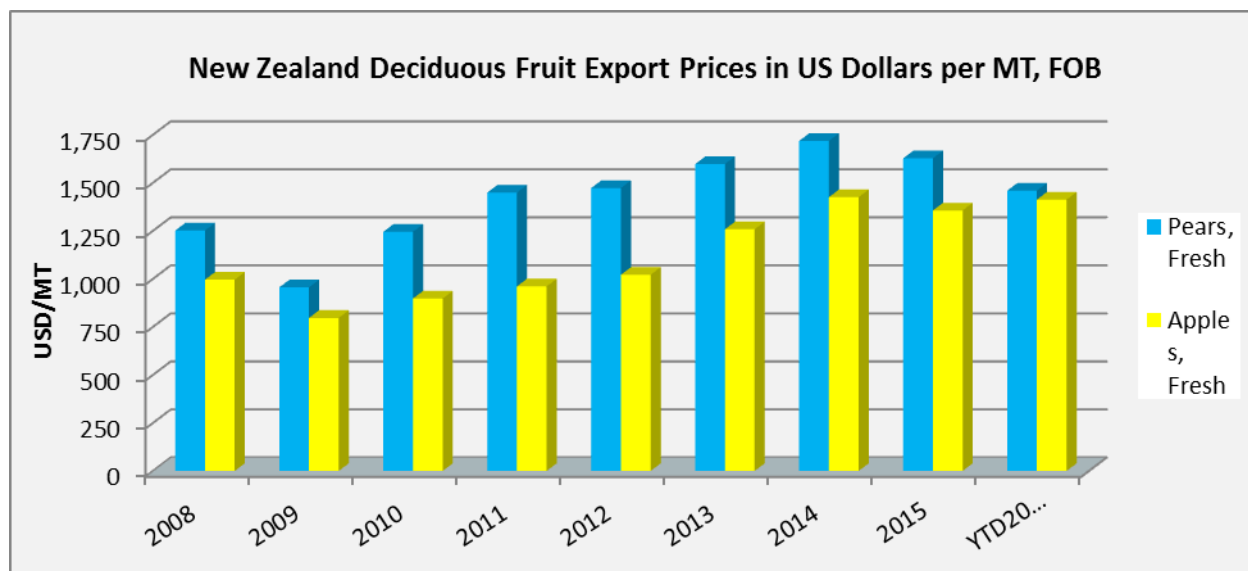
Grower Returns

2015/2016 appears to be continuing the trend of high revenue returns for New Zealand deciduous fruit growers. For the “to date” export selling season (January 2016 to August 2016, which represents 97 percent of estimated total export volume, FOB prices are averaging NZ\$36.71/TCE (USD26.80/TCE), which is 9 percent above 2014/2015. This follows on the heels of the 2014/2015 year where FOB returns per TCE were 13 percent greater than 2013/2014. Export yields per hectare for 2015/2016 were similar to 2014/2015, which means the average grower will probably have per hectare revenue increases on the order of 9 percent.

Approximately half of the New Zealand dollar FOB price increase 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 is now the fourth year of good returns to 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.



Source: GTA



Source: GTA

Consumption

Apples

Post forecasts 2015/2016 apple consumption at 1,175MT, which is 3 percent less than last year.

Looking forward to 2016/2017 there is nothing to suggest apple consumption will change dramatically. As a result, apple consumption is forecast to remain the same at 1,175MT.

Pears

Post forecasts 2015/2016 pear consumption at 10,750MT, which is a marginal 0.5 percent increase. The 2016/2017 consumption is forecast at 10,500MT, a 2 percent reduction.

Processing

Apple processing volumes are estimated at 141,000MT for 2015/2016, 12 percent below 2014/2015. A higher proportion of the total crop made export grade in 2015/2016, which reduced the proportion downgraded for processing. Looking forward to 2016/2017, apple processing volume is forecast to rise by 1.4 percent to 143,000MT, which is generally in line with the production volume increase.

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

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 2016	
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	New Post
Area Planted	8,600	8,887	8,887	9,204	9,204	9,204		9,554
Area Harvested	8,600	8,550	8,550	9,000	9,000	9,000		9,350
Bearing Trees	0		0	0	0			0
Non-Bearing Trees	0		0	0	0			0
Total Trees	0	0	0	0	0	0		0
Commercial Production	525,000	539,000	539,000	534,000	534,000	535,000		552,500
Non-Comm. Production	15,500	14,000	14,000	14,000	14,000	14,000		14,000
Production	540,500	553,000	553,000	548,000	548,000	549,000		566,500
Imports	900	174	174	200	200	175		175
Total Supply	541,400	553,174	553,174	548,200	548,200	549,175		566,675
Fresh Dom. Consumption	70,000	63,143	63,143	57,200	61,200	61,175		61,175
Exports	327,000	329,031	329,031	346,000	346,000	347,000		362,500
For Processing	144,400	161,000	161,000	145,000	141,000	141,000		143,000
Withdrawal From Market	0	0	0	0	0	0		0
Total Distribution	541,400	553,174	553,174	548,200	548,200	549,175		566,675
TS=TD	0	0	0	0	0	0		0

Pears, Fresh New Zealand (Ha/MT)	2014/2015			2015/2016			2015/2016	
	Market Year Begin: Jan 2015			Market Year Begin: Jan 2016			Market Year Begin: Jan 2016	
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	New Post
Area Planted	400	422	422	422	422	422		422
Area Harvested	400	405	405	405	405	405		405
Bearing Trees	0	0	0	0		0		
Non-Bearing Trees	0	0	0	0		0		
Total Trees	0	0	0	0	0	0		0
Commercial Production	13,300	11,600	12,558	12,900	12,900	13,200		13,400
Non-Comm. Production	200	200	200	200	200	200		200
Production	13,500	11,800	12,758	13,100	13,100	13,400		13,600
Imports	4,100	4,129	4,129	3,800	3,750	3,900		3,900
Total Supply	17,600	15,929	16,887	16,900	16,850	17,300		17,500
Fresh Dom. Consumption	10,700	9,742	10,700	11,900	9,850	10,750		10,500
Exports	4,100	4,187	4,187	5,000	5,000	4,550		5,000
For Processing	2,800	2,000	2,000	0	2,000	2,000		2,000
Withdrawal From Market	0	0	0	0	0	0		0

Total Distribution	17,600	15,929	16,887	16,900	16,850	17,300		17,500
TS=TD	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 at 347,000MT. This would put the 2015/2016 exports 5.5 percent ahead of 2014/2015's total of 329,031MT. The export increase is due to a higher proportion of total production that met export grade in 2015/2016 than compared to the proportion in 2014/2015.

Focusing on 2016/2017, apple exports should follow the upward production trend and are forecast at 362,500MT. This would be a 4.5 percent increase compared to 2015/16.

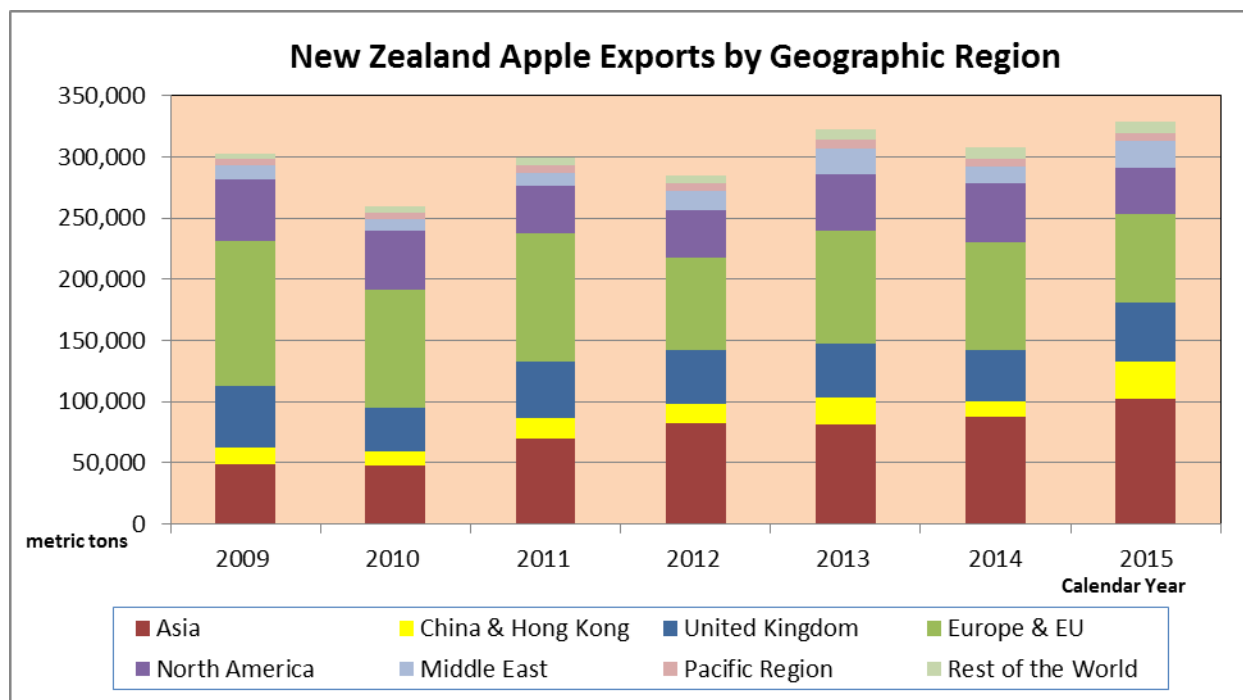
New Zealand Export Statistics For Fresh Apples							
Year To Date: January – August							
Partner Country	Quantity (metric tons)			% Share			% Change
	2014	2015	2016	2014	2015	2016	
Europe Combined	88,707	73,327	75,631	29.39	22.88	22.36	3.14
United States	40,345	32,050	48,624	13.37	10.00	14.37	51.71
United Kingdom	41,548	47,236	42,777	13.77	14.74	12.65	- 9.44
Taiwan	19,876	21,995	31,994	6.59	6.86	9.46	45.46
Thailand	17,178	27,392	22,936	5.69	8.55	6.78	- 16.27
China	1,966	20,246	17,470	0.65	6.32	5.16	- 13.71
United Arab Emirates	11,422	17,706	16,875	3.78	5.52	4.99	- 4.69
India	12,466	14,881	13,232	4.13	4.64	3.91	- 11.08
Hong Kong	10,563	10,100	9,287	3.50	3.15	2.75	- 8.06
Singapore	8,455	7,774	8,430	2.80	2.43	2.49	8.43
Rest of World	49,282	47,792	51,021	16.33	14.91	15.08	6.76
World Total	301,808	320,499	338,277	100.00	100.00	100.00	5.55

Source: GTA

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	100.0	6.87

Source: GTA



Source:

GTA

Total apple exports to all countries in Asia (133,316MT) surpassed the total shipped to continental Europe and the UK (120,563MT) in 2014/2015. This trend began in 2010 and is likely to be accentuated further over the next five years as new apple plantings mature, which comprise the varieties grown for the Asian export markets.

Apple Imports

Post forecasts apple imports for 2015/2016 at 175 MT, which will be the same as 2014/2015. There has been a downward trend in apple imports since 2007. For 2016/2017, imports are forecast to remain at 175 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. 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

Post forecasts pear exports for 2015/2016 at 4,550MT, while this is 9 percent less than the previous forecast for 2015/2016 of 5,000MT, this is still an 8.7 percent increase in volume over 2014/2015. As long as no significant adverse weather affects production, Post forecasts 2016/17 exports at 5,000MT, an 8.7 percent increase over 2015/2016.

Since 2008, annual pear imports have varied between 3,000MT and 4,000MT with each year's total varying in relation to the availability of domestic pears. This is expected to remain the same. For 2015/2016, Post forecasts pear imports at 3,900MT, 4 percent less the previous forecast and 5.5 percent below the volume imported in 2014/2015. For 2016/2017, Post forecasts pear imports at 3,900MT.

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