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New Zealand

Fresh Deciduous Fruit Semi-annual

Apple and Pear Growing and Trade Semi-Annual Report 2015

Approved By:
Hugh Maginnis

Prepared By:
David Lee-Jones

Report Highlights:

The sustained trend of reducing orchard area over the last decade has come to an end over the last two years and after 2014's 200 hectare increase now stands at 9,049ha. Despite mid-season hail events which threatened apple and pear production it is forecast that the MY2014 deciduous fruit harvest will still reach 554,875 metric tons (MT), eleven percent greater than MY2013. Total exports now forecast at 320,000MT, while 11,000 MT less than original forecasts, will still be two percent greater than MY2013.

Executive Summary

The total deciduous fruit planted area registered now for MY2014 stands at 9,049 hectares (ha), which is 2.5% greater than MY2013. The increases in planted area over the last two years clearly reverse the trend since the early 2000's of planted area reductions. Reportedly there will be annual planted area increases at least for the next two to three years.

Total deciduous fruit production for MY2014, now forecast at 554,875 metric tons (MT), is eleven percent greater than MY2013 and consistent with the previous forecast. The MY2013 total of 498,965MT of which apple production is estimated to make up 485,400MT was the result of a biennial bearing "off" year. As expected MY 2014 being a biennial bearing "on" year production has increased but not without some trials and tribulations along the way. Hail events in November 2014 and January 2015 threatened to reduce production and especially export pack-outs but as the harvest has progressed it has proved otherwise.

The latest information from the sector suggests total deciduous fruit exports could now be forecast at 320,000MT which is 3% less than was previously forecast in October 2014. Apple production won't be affected but the export volume has been reduced to an estimated 315,000MT in MY2014 down 11,500MT (3.5%) from the previous forecast on October 2014. Apple exports for MY2014 are still expected to be 2.3% greater than the volume in MY2013 of 307,893MT.

For MY2014 both total deciduous fruit consumption and fruit processed are forecast to be up at 80,000Mt and 159,000MT respectively (7% and 37% increases year-on-year respectively).

The apple tree cultivar renewal over the last seven years and diversification away from the traditional markets in Europe to Asia is really starting to pay off now. It is forecast MY2014 will be the third year of good orchard gate returns putting growers solidly back into consistent profitability.

Note1: The Marketing Year MY2014 is from Jan1, 2015 to Dec31, 2015 and can be referred to as 2014/2015 in the text to conform to Northern Hemisphere country marketing years. Similarly MY 2013 can be shown as 2013/2014. CY2015 refers to the calendar year 2015.

Note2: A TCE stands for Tray Carton Equivalent and is 18.0 kilograms of fruit

Planted and Harvested Area

Apples

The apple area registered for the MY2014 harvest is 8,642 hectares (ha) which is just 42 ha less than initial industry estimates in October 2014. The increase from MY2013 of over 200ha (2.5%) clearly reverses the trend since the early 2000's of planted area reductions. Reportedly there will be annual planted area increases at least for the next two to three years. The varieties which are favored for the increased planted area are the ones which sell well in Asia such as: Pacific Queen, Envy, Pink Lady, and highly colored Royal Gala sports.

Table of Deciduous Fruit Plantings in New Zealand by Variety (in Hectares)										
Market Year for FAS	MY2005	MY2006	MY2007	MY2008	MY2009	MY2010	MY2011	MY2012	MY2013	MY2014
Calendar Year of Harvest	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Braeburn	2,464	2,484	2246	2034	1,869	1740	1589	1504	1381	1352
Royal Gala & sports	2,872	2,893	2669	2538	2,417	2423	2369	2386	2337	2410
Cox	354	314	295	281	248	236	203	178	150	134
Fuji	875	836	829	899	931	970	934	906	832	837
Granny Smith	322	294	286	282	267	256	256	246	240	219
Cripps Pink/Pink Lady	287	248	285	353	397	434	446	459	443	461
Jazz	440	576	768	917	977	983	943	905	869	855
Pacific Beauty	250	177	162	149	135	127	120	113	92	84
Pacific Queen	306	223	212	220	263	291	351	456	622	730
Pacific Rose	642	529	454	424	416	399	396	390	379	364
Pacific series Sub-Total	1,198	929	828	793	814	817	867	959	1,093	1,178
Envy					88	174	272	285	315	346
Other Varieties /Unidentified	184	192	333	388	624	437	445	544	769	850
Total Apple Area	8,996	8,766	8,539	8,485	8,632	8,470	8,324	8,372	8,429	8,642
Total Pear Area	722	735	412	412	429	473	441	448	403	407
Total	9,718	9,501	8,951	8,897	9,061	8,943	8,765	8,820	8,832	9,049
Braeburn as % of Apple Area	27.4 %	28.3 %	26.3 %	24.0 %	21.7 %	20.5 %	19.1 %	18.0 %	16.4 %	15.6 %

Royal Gala as % of Apple Area	31.9 %	33.0 %	31.3 %	29.9 %	28.0 %	28.6 %	28.5 %	28.5 %	27.7 %	27.9 %

Source: PNZI

Pears

The registered pear area for MY2014 is now 407ha which is just 1% greater than MY2013. There have been several new pear cultivars released to growers which may well help stimulate new interest in pear production and bring about some greenfields development and/or cultivar renewal in existing blocks

Apple Production

MY 2014 -2014/2015

New Zealand Apple Production for MY2014 has been held at 540,500MT the same as had been forecast in October 2014. It had been forecast in October 2014 that the biennial bearing "on" year for MY2014 combined with an extra 225ha orchard area coming in to production was expected to boost production by 55,000MT. However since October 2014:

- A severe storm in the Nelson area during November 2014 caused hail and wind damage to the crops there.
- There were two major hail events in Hawkes Bay in November and a further destructive hail event in January in the Hawkes Bay which have significantly reduced export grade yields on many orchards.

Assessments of crop yields back in January suggested the export volume could be reduced by 20,000 to 30,000MT. However now that the harvest is progressing to its conclusion it is being realized that the damage from the hail wasn't as bad as feared and the blocks not effected by hail have very high crop loadings which will partially compensate for the losses from hail. The other factors influencing total production and the export packout for MY2015 are:

- Good weather during the late summer early autumn has meant the fruit have sized up well and the color levels are good.
- The whole growing season has been approximately two weeks later than last year, which has had the effect of compressing the harvest duration. This combined with a short supply of seasonal labor may mean some blocks of low value Braeburn have not been harvested and may be left just to be harvested to waste.
- Fruit for juicing prices have crashed which may also prompt some growers who were thinking of harvesting whole blocks for juice to withdraw.

MY2013 -2013/2014

Total apple production for MY2013 is now put at 486,400MT, a 2,600MT or 0.6% downward revision. This accounts for the slightly less volume actually exported than had been estimated in October 2014.

Pear Production

MY 2014 -2014/2015

Total Pear production for MY2014 is forecast at 14,375MT which is 2.5% less than earlier forecasts.

MY2013 -2013/2014

Pear production for the last year MY2013 is put at 13,570MT just 20MT greater than had been previously forecast.

Grower Returns

In MY2013 for the second year in a row growers have received good orchard gate returns, which has allowed reasonable profitability to be maintained. In fact average FOB pricing for all deciduous fruit was NZ$30.03/TCE in MY2013 up from NZ$27.78/TCE in MY2012. Even though export yields per hectare were down five percent, the eight percent increase in price per TCE will have made up for that.

For MY2014 FOB prices have opened at levels slightly above MY2013, although nearly all the gain can be put down to more favorable currency exchange rates. Sector participants are being described as cautiously optimistic for the rest of the year. At this stage it looks like returns for the year will be similar to MY2013.

Consumption

With a greater volume of domestically produced apples in abundance during MY2014 it is forecast domestic consumption will increase to 70,000MT, an eight percent upward shift. Reportedly consumption has been ahead of expectations during March through May which supports the increased estimate. Apple consumption in New Zealand for MY2013 is estimated at 65,000MT, basically no change to the previous forecast.

Pear consumption has been estimated at 10,200MT for MY2014, which is no change to earlier projections and just 200MT greater than MY2013.

Production, Supply, and Distribution Tables

Apples, Fresh New Zealand	2012 2012/2013			2013 2013/2014			2014 2014/2015		
	Market Year Begin: Jan 2013			Market Year Begin: Jan 2014			Market Year Begin: Jan 2015		
(HA)/(MT)	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted	8,400	8,372	8,372	8,400	8,429	8,429	8,700	8,685	8,642
Area Harvested	8,300	8,275	8,275	8,300	8,325	8,325	8,600	8,585	8,550
Bearing Trees	0	0	0	0			0		0
Non-Bearing Trees	0	0	0	0			0		0
Total Trees	0	0	0	0	0	0	0	0	0
Commercial Production	515,800	515,777	515,813	472,500	472,500	469,893	525,000	525,000	525,000

Non-Comm. Production	15,000	15,500	15,500	15,000	15,500	15,500	15,000	15,500	15,500
Production	530,800	531,277	531,313	487,500	488,000	485,393	540,000	540,500	540,500
Imports	900	873	873	1,000	1,000	1,000	1,000	1,000	1,000
Total Supply	531,700	532,150	532,186	488,500	489,000	486,393	541,000	541,500	541,500
Fresh Dom. Consumption	67,700	67,650	67,650	65,000	65,000	65,000	70,000	70,000	70,000
Exports	321,600	322,136	322,136	310,000	310,500	307,893	325,000	326,500	315,000
For Processing	142,400	142,364	142,400	113,500	113,500	113,500	146,000	145,000	156,500
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	531,700	532,150	532,186	488,500	489,000	486,393	541,000	541,500	541,500
TS=TD		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

Pears, Fresh New Zealand	2012 2012/2013			2013 2013/2014			2014 2014/2015		
	Market Year Begin: Jan 2013			Market Year Begin: Jan 2014			Market Year Begin: Jan 2015		
(Ha/MT)	Official Data	Old Post Estimate	New Post Data	Official Data	Old Post Estimate	New Post Data	Official Data	Old Post Estimate	New Post Data
Area Planted	450	448	448	400	403	403	400	415	407
Area Harvested	450	448	448	400	403	403	400	415	407
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	14,300	14,256	14,256	13,400	13,350	13,372	14,500	14,525	14,175
Non-Comm. Production	200	200	200	200	200	200	200	200	200
Production	14,500	14,456	14,456	13,600	13,550	13,572	14,700	14,725	14,375
Imports	3,500	3,465	3,465	3,700	3,700	3,700	3,500	3,250	3,600
Total Supply	18,000	17,921	17,921	17,300	17,250	17,272	18,200	17,975	17,975
Fresh Dom. Consumption	10,300	10,200	10,200	10,000	10,000	10,000	10,400	10,200	10,200
Exports	4,700	4,721	4,721	5,400	5,350	5,372	5,000	5,000	5,000
For Processing	3,000	3,000	3,000	1,900	1,900	1,900	2,800	2,775	2,775
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	18,000	17,921	17,921	17,300	17,250	17,272	18,200	17,975	17,975
TS=TD		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

Processing

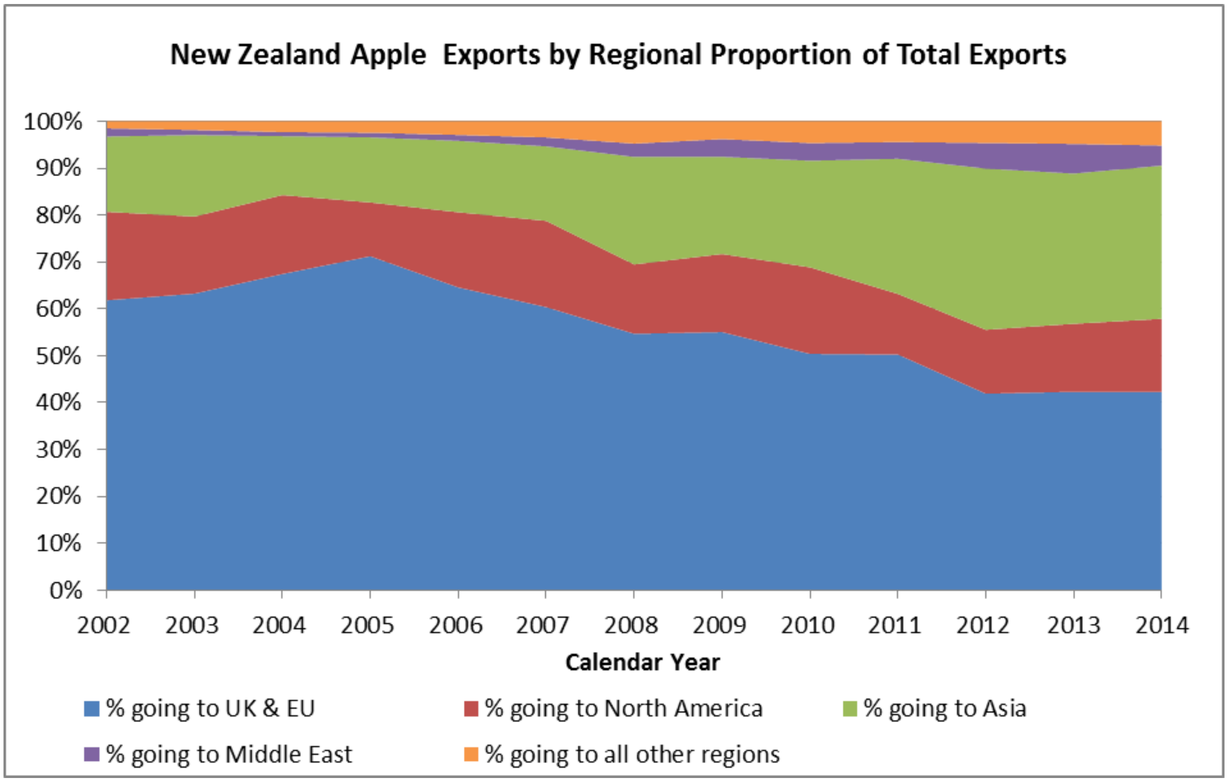
The greater volume of deciduous crop available in MY2014 means processing volumes will now increase to a level estimated at 159,000MT (37% up year-on-year). Potentially the volume could be greater, but with juice prices on a steep decline, growers who may have planned for whole blocks or a high proportion of fruit to be harvested for juicing may find it is un-economic to do so. From an orchard hygiene perspective fruit left to waste should really be harvested and disposed of away from the actual trees so some fruit may find its way to stock feed or compost.

The lower volume of apples available in MY2013 and the push that was made by exporters to ship as much fruit as possible has resulted in lower processing volumes. Total processing volume is estimated at 115,400MT, consistent with the previous forecast in October 2015.

Trade

Apple Exports

For MY2014 Apple exports are now forecast at 315,000MT which is 3.5% less than previously forecast owing to a greater proportion of the crop going to processing than had been previously estimated as a result of the hail damage earlier in the growing season. However MY2014 exports will still be greater than MY2013 by 2.3%. The clear diversification away from reliance on the UK and Europe as the main destination (as shown below) is not set to change and is really paying off as evidenced by the significantly increased orchard gate returns now being achieved.



Source: GTA

New Zealand Export Statistics For Fresh Apples							
Calendar Year: 2012 - 2014							
Partner Country	Quantity (MT)			% Share			% Change 2014 over 2013
	2012	2013	2014	2012	2013	2014	
Total Exports to Europe/EU	76,155	92,432	88,707	26.77	28.69	28.81	-4.03
United Kingdom	44,024	43,923	41,548	15.48	13.63	13.49	- 5.41
United States	33,811	38,788	40,345	11.89	12.04	13.10	4.01
Thailand	21,940	27,078	20,220	7.71	8.41	6.57	- 25.33

Taiwan	12,217	8,858	19,876	4.29	2.75	6.46	124.38
India	18,122	15,048	12,487	6.37	4.67	4.06	- 17.02
United Arab Emirates	13,169	18,096	11,422	4.63	5.62	3.71	- 36.88
Hong Kong	14,007	11,395	10,670	4.92	3.54	3.47	- 6.36
Singapore	7,387	8,148	8,747	2.60	2.53	2.84	7.36
Russia	4,586	6,422	8,460	1.61	1.99	2.75	31.74
Vietnam	2,969	3,794	8,326	1.04	1.18	2.70	119.44
Canada	4,989	7,918	7,664	1.75	2.46	2.49	- 3.20
Malaysia	7,169	7,213	6,900	2.52	2.24	2.24	- 4.33
Indonesia	3,795	3,860	3,007	1.33	1.20	0.98	- 22.10
Japan	2,023	2,362	2,604	0.71	0.73	0.85	10.27
China	1,513	9,856	1,966	0.53	3.06	0.64	- 80.05
Rest of World	16,575	16,945	14,944	5.83	5.26	4.85	-11.81
World Total	**284,451**	**322,136**	**307,893**	**100.00**	**100.00**	**100.00**	**- 4.42**

Source: GTA

New Zealand Export Statistics For Fresh Apples							
Year To Date: January - March							
Partner Country	Quantity (MT)			% Share			% Change 2014 over 2013
	2013	2014	2015	2013	2014	2015	
Total Exports to Europe/EU	15,796	18,866	9,181	29.05	29.14	20.27	-51.34
United Kingdom	6,518	7,766	5,475	11.99	12.00	12.09	- 29.50
India	5,371	4,631	5,334	9.88	7.15	11.78	15.17
United Arab Emirates	5,829	3,984	4,928	10.72	6.15	10.88	23.70

Thailand	3,728	4,138	4,297	6.86	6.39	9.49	3.86
Taiwan	939	9,483	2,777	1.73	14.65	6.13	- 70.72
Hong Kong	2,452	2,848	2,178	4.51	4.40	4.81	- 23.51
China	2,554	0	1,676	4.70	0.00	3.70	0.00
Singapore	1,467	1,274	1,327	2.70	1.97	2.93	4.18
Malaysia	1,567	1,580	1,018	2.88	2.44	2.25	- 35.58
Russia	1,648	1,460	1,016	3.03	2.26	2.24	- 30.42
Pakistan	189	639	917	0.35	0.99	2.02	43.56
United States	695	2,039	536	1.28	3.15	1.18	- 73.70
Sri Lanka	867	162	482	1.59	0.25	1.06	197.16
Vietnam	231	1,658	439	0.43	2.56	0.97	- 73.55
Fiji	514	462	434	0.95	0.71	0.96	- 6.05
Rest of World	4,005	3,754	3,273	7.37	5.80	7.23	-12.81
World Total	**54,370**	**64,744**	**45,288**	**100.00**	**100.00**	**100.00**	**- 30.05**

Source: GTA

Apple Imports

Apple imports at 843MT in MY2013 were 156MT less than expected. The extra domestic fruit on offer in MY2014 suggests imports will be reduced again to 750MT.

New Zealand Import Statistics for Fresh Apples			
Calendar Year: 2012 - 2014			
Partner Country	Quantity (MT)		
	2012	2013	2014
World	1129	873	843
United States	1124	777	822
New Zealand	0	71	21
Australia	5	24	0
India	0	1	0

Source: GTA

New Zealand Import Statistics for Fresh Apples			
Year To Date: January - March			
Partner Country	Quantity (MT)		
	2013	2014	2015
World	177	19	95
United States	176	19	94
New Zealand	0	0	1
India	1	0	0

Source: GTA

Pear Exports and Imports

Pear exports have been estimated by the industry at 5,000 MT for MY2014, which is consistent with earlier estimates but seven percent below exports in MY2013.

Imports are forecast at 3,600MT for MY2014, which is eleven percent greater than previously forecast. However this level is more in line with the MY2013 volume which was 3,700MT.

New Zealand Export Statistics For Fresh Pears							
Calendar Year: 2012 - 2014							
Partner Country	Quantity (MT)			% Share			% Change
	2012	2013	2014	2012	2013	2014	2014/2013
United States	661	1933	2265	22.16	40.95	42.17	17.20
Taiwan	528	594	682	17.69	12.58	12.70	14.82
United Kingdom	528	497	623	17.70	10.54	11.60	25.25
Total for EU & Europe	240	455	519	8.05	9.64	9.66	14.07
Hong Kong	264	287	293	8.84	6.08	5.46	2.20
Canada	79	218	261	2.65	4.61	4.86	19.93
Singapore	206	243	217	6.90	5.14	4.04	- 10.48
Fiji	135	148	116	4.54	3.14	2.16	- 21.62
China	86	22	110	2.90	0.47	2.05	400.00
French Polynesia	48	78	71	1.63	1.65	1.32	- 8.69
Rest of World Sub-Total	208	246	215	6.97	5.21	4.00	-12.60
World Total	**2983**	**4721**	**5372**	**100.00**	**100.00**	**100.00**	**13.80**

Source: GTA

New Zealand Import Statistics For Pears			
Calendar Year: 2012 - 2014			
Partner Country	Quantity (MT)		
	2012	2013	2014
World	**3729**	**3465**	**3699**
Australia	1551	1520	1929
United States	1710	1518	1233
China	403	321	365

Korea South	65	86	100
American Samoa	0	0	71
Netherlands	0	21	0

Source: GTA

New Zealand Import Statistics For Pears			
Year To Date: January - March			
Partner Country	Quantity (MT)		
	2013	2014	2015
World	**231**	**55**	**318**
United States	181	23	177
Australia	0	0	100
China	43	20	41
New Zealand	0	0	0
Korea South	6	12	0

Source: GTA

Market Access, SPS Issues

China

At this stage in the MY2014 marketing shipping season the new SPS protocol for apples from New Zealand going into China seems to be working smoothly. Pricing is good, which will help the exporters with shipping the larger volume of fruit this year diversify their markets and avoid oversupplying any particular destination.