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Report Highlights:

Although early indications were for a near-record New Zealand apple crop in 2020/2021, a number of factors have tempered expectations, and production is now estimated to have slumped eight percent from the previous year to 543,000 metric tons (MT). Two of these factors have been hailstorms causing widespread damage in key apple areas, as well as generally smaller-sized apples this year due to a cooler summer. In addition to reduced production, the impact on exports is being exacerbated by severe staffing shortages during the harvest. Because of these shortages, orchardists were not able to do the number of harvest picks in each orchard block necessary to maximize the proportion of export quality fruit. As a result, more New Zealand apples are expected to flow into processing this year.

Executive Summary

Although early indications were for a near-record New Zealand apple crop in 2020/2021, a number of factors have tempered expectations, and production is now estimated to have slumped eight percent from the previous year to 543,000 metric tons (MT). Two of these factors have been hailstorms causing widespread damage in key apple areas, as well as generally smaller-sized apples this year due to a cooler summer. In addition to reduced production, the impact on exports has been exacerbated by severe staffing shortages during the harvest. The labor shortages were brought about by the New Zealand Government's COVID-19 response, including limiting slots available for short-term foreign workers in mandatory 14-day quarantine on arrival, and international border closures. This meant that orchardists were not able to do the number of harvest picks in each orchard block necessary to maximize the proportion of export-quality fruit. Consequently, while all the apples are still expected to eventually be harvested there will be a greater volume destined for processing. This is expected to reduce exports by 14 percent from 2019/2020, down to 345,000 MT in MY 2020/2021. The volume of apples being processed in 2020/2021 is estimated to increase by seven percent to reach 125,000 MT. Total domestic consumption, which includes apples for processing, is estimated at 198,600 MT, four percent greater than 2019/2020. The component of domestic consumption that is consumed fresh in New Zealand is estimated to be relatively stable at 73,600 MT.

Apple harvested area in New Zealand for 2020/2021 is estimated at 10,300 hectares (ha), just over one percent up on the 10,180 ha estimate for 2019/2020. There are reports that due to COVID-19-related uncertainty, the rate of growth of planting green-field blocks is likely to slow but replanting of existing blocks is expected to remain strong.

The 2019/2020 total apple production estimate has been revised up to 591,200 (MT), which is five percent greater than 2018/2019. The COVID-19 disruptions during harvesting and packing did not actually reduce production. The year-on-year increase is due to an expanded harvested area and a good growing season. The apple export volume for 2019/2020 was a record at 401,200 MT, nearly three percent greater than 2018/2019. Nearly all destinations recorded increased volumes except China, Hong Kong, Thailand, and the United States. For 2019/2020 the total volume of apples domestically consumed is estimated at 190,638 MT, ten percent up on 2019/2020. Fresh consumption of apples is estimated to be stable at 74,000 MT but the processing volume is estimated at 116,600 MT, up nearly 17 percent because of the larger crop and a slightly reduced proportion of the crop making export quality.

For pears, total production in New Zealand in 2020/2021 is forecast at 11,700 MT, down eight percent on the 2019/2020 volume which is estimated at 12,700 MT. While the harvested area is expected to be stable at 350 ha, yields are forecast to fall for the same reasons as the reduction in apples. Pear exports are forecast at 2,700 MT for 2020/2021, the same as 2019/2020. For 2020/2021 imports are forecast at 4,000 MT, nine percent below 2019/2020 but close to the five-year average.

Note1: The Marketing Year is from Jan 1 to Dec 31, so MY 2019/2020 will be shown as 2019/2020 and refers to Jan 1, 2020 to Dec 31, 2020 in the text to conform to Northern Hemisphere country marketing years.

Apples

Planted and Harvested Area

Planted area in New Zealand continues to expand, and although there is expected to be a slowdown, new planting is still anticipated to continue during 2020/2021. FAS/Wellington forecasts planted apple area for 2020/2021 at 11,050 ha, up three percent on the 10,725 ha estimated for 2019/2020.

Deciduous Fruit Plantings in New Zealand by Variety (in Hectares)										
Calendar Year of Harvest	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Braeburn	1740	1589	1504	1381	1352	1303	1239	1199	1111	964
Cox	236	203	178	150	134	121	111	101	81	
Cripps Pink/Pink Lady	434	446	459	443	461	523	562	606	655	717
Dazzle										280
Envy	174	272	285	315	346	416	544	610	733	856
Fuji	970	934	906	832	837	858	831	854	848	822
Granny Smith	256	256	246	240	219	233	231	247	230	250
Honey Crisp							141	152	140	139
Jazz	983	943	905	869	855	825	821	807	844	868
Koru							120	150	160	150
Pacific Beauty	127	120	113	92	84	83	71	56	49	
Pacific Queen	291	351	456	622	730	827	878	880	862	859
Pacific Rose	399	396	390	379	364	365	342	321	260	227
Pacific series Sub-Total	817	867	959	1,093	1,178	1,275	1,291	1,257	1,171	1,086
Rockit										272
Royal Gala & sports	2423	2369	2386	2337	2410	2549	2604	2708	2859	2853
Other Varieties	376	385	484	709	790	707	643	759	972	817
Total Apple Area	8,409	8,264	8,312	8,369	8,582	8,810	9,138	9,450	9,804	10,074
Total Pear Area	473	441	448	403	407	403	371	361	375	342
Unregistered				383	320	384	395	409	425	442
Total	8,882	8,705	8,760	9,155	9,309	9,597	9,904	10,220	10,604	10,858
Braeburn as % of Apple Area	20.7%	19.2%	18.1%	16.5%	15.8%	14.8%	13.6%	12.7%	11.3%	9.6%
Royal Gala as % of Apple Area	28.8%	28.7%	28.7%	27.9%	28.1%	28.9%	28.5%	28.7%	29.2%	28.3%

Source: NZAPI Survey

Note: The unregistered area includes planted area not currently producing fruit for export. Also the PSD harvested area includes an estimated non-commercial area.

Industry sources indicate that all the trees ordered from the nurseries for planting in 2020/2021 are expected to be uplifted during the winter. Tree nurseries in New Zealand have consistently been producing new trees each year that would equate to approximately five to six percent of total planted area. Over the past six years, the majority of new trees were planted into new orchards, expanding overall area. The balance of the new trees were used to replant poor performing blocks. However,

industry analysts are anticipating that this trend may reverse this year, with the majority of new trees being used for replanting and not for expanding apple acreage.

Apple harvested area is forecasted to rise to 10,300 ha in 2020/2021, just over a one percent increase over 2019/2020. With uncertainty being a key factor this year, some growers have already removed low performing blocks prior to harvest, even if their plan had been to eventually replant them with new trees.

Production

2020/2021

Total apple production for 2020/2021 is forecast at 543,000 MT, eight percent less than 2019/2020.

Early indications at the beginning of the growing season were for a near-record New Zealand apple crop in 2020/2021. Initially budbreak and flowering was late but temperatures warmed up quickly and there was a heavy and compressed bloom period. However, a number of key factors have changed the situation, resulting in the fall in production. These include:

- Hailstorms in the Nelson and Otago regions during December caused severe damage to many horticultural crops in those regions including the apple and pear crop.
- In general, the apple size is smaller this year in New Zealand due to the slightly cooler summer period not providing quite enough heat units to maximize the average apple size.
- The severely reduced labor supply for harvesting has stopped orchardists from completing three to five picks, which maximizes fruit size and quality. Instead, many growers are getting only one or two picks focused on export-quality fruit, and then mopping up all the remaining apples at a later stage and sending them direct to processing. Although this is mainly impacting the quality of the fruit, the reduction in the number of picks also means a greater number of apples are having to be picked before reaching ideal fruit size, which will reduce the production tonnage.

It has been estimated that the horticultural sector has a harvesting and packing staffing shortfall of 20-25 percent as a result of the international border closures. This is impacting three major sources of harvest labor:

- Recognized Seasonal Employer (RSE) scheme workers from the Pacific Islands are being restricted by limited positions in the Managed Isolation & Quarantine system being made available to them by the Government.
- There are reduced numbers of short-term backpacker visitors because of COVID-19 travel restrictions.

- Despite incentivized offers to New Zealand nationals for short-term picking or packing work, not enough local workers took up these offers to make up for the shortfall in international workers.

This has directly affected the 2020/2021 deciduous fruit harvest and packing season. The big integrated fruit businesses were able to cope with labor shortages better by having more sophisticated networks to attract seasonal staff and getting administrative staff to work part-time shifts in the packing sheds. In addition to the impact at harvest, the labor shortages also had an impact during the growing season. Chemical thinning was used more aggressively this year to reduce the amount of hand thinning needed and orchard management was adapted to the staffing available, which may have meant some orchard blocks have not been managed optimally for an export-quality crop.

In regard to the hail damage, the Braeburn and Jazz varieties were the most affected. In addition, Braeburn is a later-harvested variety and has been at the bottom of the pricing ladder for many years, so it is likely that with the pressures on harvesting staff the Braeburn export crop volume will be well down on 2020. Apples and Pears NZ are forecasting Braeburn export-quality production will be reduced by over 40 percent. Royal Gala varieties, Cripps Pink, and Fuji apple export-quality production is likely to be down by 15 to 20 percent. In contrast, the newer varieties such as Envy, Dazzle, Honeycrisp, and Rockit will continue to show strong volume growth as new plantings come into production.

2019/2020

On the strength of exports being 4,000 MT greater than previously expected, total apple production for 2019/2020 has been revised up to 591,200 MT, which is 5 percent above the 2018/2019 volume. This production level is a national record. This record was primarily the result of the expanded harvested area and a good growing season. The strong growing season, especially the dry warm period leading up to harvest, ensured great fruit color and the fruit being generally larger in size. The harvest was completed by mid-May 2020.

Consumption

FAS/Wellington forecasts total apple domestic consumption in 2020/2021 to be 198,600 MT, four percent greater than 2019/2020. Of this total, 73,600 MT would be for fresh consumption in New Zealand, which is relatively stable and accounts for approximately 12 to 13 percent of the total crop produced. The balance of domestic consumption is for processing, which is forecast at 125,000 MT for 2020/2021, seven percent up on the previous year. The pressure on harvest staffing has meant a reduced proportion of the total crop will have been able to be picked at a time to that maximized their quality for export and will instead be harvested later for processing. In addition, the hail-damaged fruit that was not thinned out earlier is anticipated to bolster the processing volume.

A range of apple products are produced in New Zealand such as juice, juice concentrates, diced and sliced apples, apple puree, and apple paste. Most of these products are for export, and the major product is apple juice, with approximately six to seven million liters being exported annually. Australia and the

United States are the largest markets for New Zealand apple juice. Approximately 1.2 million liters are imported annually, two-thirds of which comes from China.

Total domestic consumption for 2019/2020 is estimated at 190,638 MT, up ten percent from the previous year. Fresh apple consumption in 2019/2020 is estimated at 74,000 MT and has remained firm despite COVID-19. Much of the distribution of apples in New Zealand is through supermarket channels, and these stayed open right through the lock-down phase of the COVID-19 response. The 2019/2020 apple processing volume is estimated at 116,600 MT, which was nearly 17 percent up on the revised estimate of 100,000 MT for 2018/2019.

Production, Supply, and Distribution Table – Apples

Apples, Fresh Market Year Begins New Zealand	2018/2019		2019/2020		2020/2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	10315	10315	10725	10725	11050	11050
Area Harvested (HA)	9905	9905	10180	10180	10300	10300
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total Trees (1000 TREES)	0	0	0	0	0	0
Commercial Production (MT)	560000	560000	584000	588200	580000	540000
Non-Comm. Production (MT)	3000	3000	3000	3000	3000	3000
Production (MT)	563000	563000	587000	591200	583000	543000
Imports (MT)	600	617	600	638	500	600
Total Supply (MT)	563600	563617	587600	591838	583500	543600
Domestic Consumption (MT)	172700	172675	187600	190638	193500	198600
Exports (MT)	390900	390942	400000	401200	390000	345000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	563600	563617	587600	591838	583500	543600
(HA), (1000 TREES), (MT)						

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

Trade Exports 2020/2021

For 2020/2021, apple exports are forecast at 345,000 MT, which would be 14 percent less than 2019/2020. This is a result of the lower production forecast compounded by the labor shortages during harvest, which meant apples were not able to be picked at the optimum maturity for export and were harvested later for processing. Industry analysts believe that there is even a greater downside risk to the export volume by the time the harvest is over in mid to late May. Any further reductions to the export volume are likely to bolster the processing volume.

New Zealand's apple exports are very diversified, with strong volumes going to Asia, the European Union, the United Kingdom, the United States, and the Middle East. Reportedly, in-market pricing is firm with demand likely to be in excess of supply which should ensure pricing does not trend downward during the selling season (March through October). However, the New Zealand dollar has appreciated over the last six months, meaning the orchard gate returns might not be as good as 2019/2020.

One of the main concerns for exporters now are the COVID-19 pandemic-induced disruptions and delays to shipping. Obtaining enough containers of the right type for the various shipping lines is an issue. At times packhouses are having to change packaging to meet a different container and shipping line specification just because that is the only service available to meet a shipping and delivery schedule. However, with the smaller crop and significantly reduced export tonnage, cool storage capacity is not expected to be an issue this year.

New Zealand Fresh Apple Exports								
Average FOB Prices Per Metric Ton - In Market (USD) & In NZ Dollars								
Description	Calendar Year					January-March		
	2016	2017	2018	2019	2020	2020	2021	%Δ 2021/20
Av. World Price in USD/MT	\$1,414	\$1,416	\$1,449	\$1,458	\$1,417	\$1,347	\$1,518	12.71
Av. World Price in NZD/MT	\$2,039	\$1,998	\$2,066	\$2,198	\$2,263	\$2,209	\$2,122	-3.94

Source: TDM 2019

2019/2020

The volume of exports shipped in 2019/2020 has surpassed previous estimates to reach 401,200 MT, putting it 2.6 percent greater than 2018/2019 and a national record. The disruptions at harvest caused by the COVID-19 response last year did not have a material effect on the final volumes shipped.

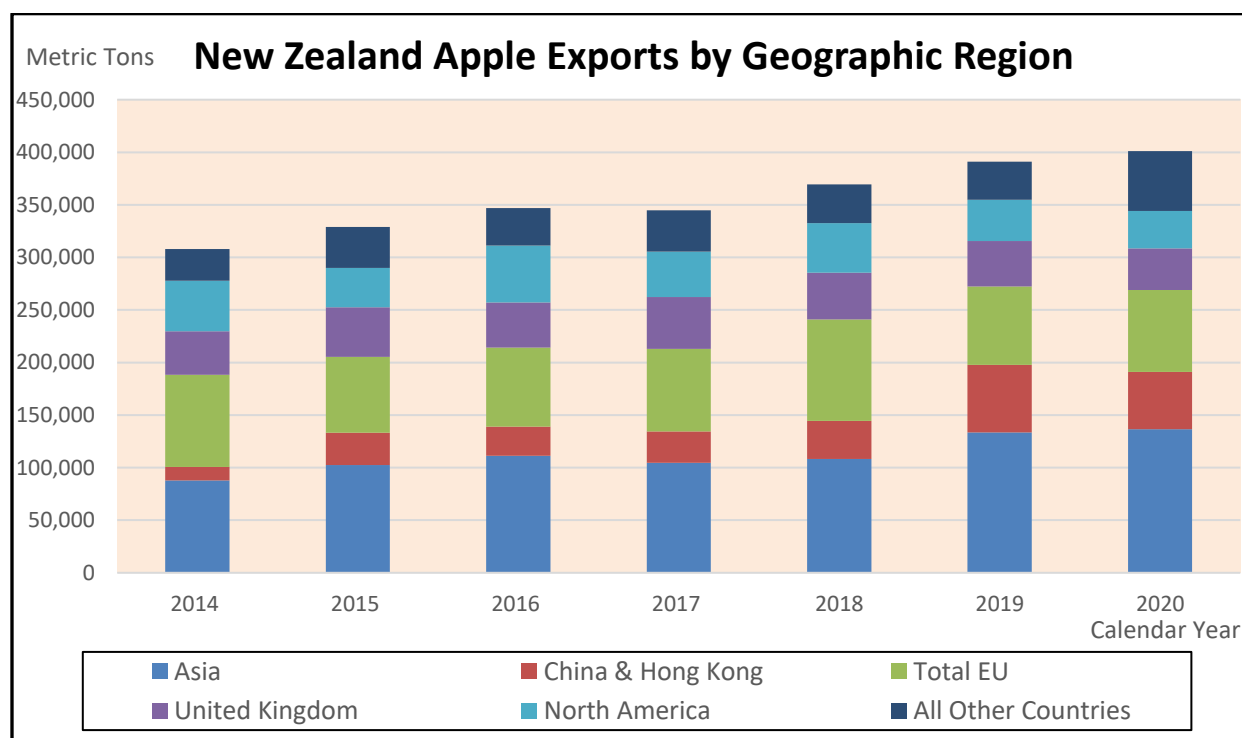
The big movers, in terms of volumes imported during 2019/2020 were: Russia up 139 percent, UAE up 35 percent, Taiwan and India both up around 30 percent, and Vietnam up 24 percent. Shipments to China, which more than doubled in 2018/2019, were down 15 percent. Most of this has been a result of slumping sales since March 2020 as a result of prices in China decreasing below other destinations. Many of the wet markets which previously handled significant volumes of New Zealand apples had closed because of the COVID-19 response. Pivoting quickly to online marketing and delivery is seen by the New Zealand exporters to be important in being able to at least maintain and preferably increase the volume of exports.

Apple exporters have reported that the effects of the COVID-19 pandemic and various countries response to it disrupted supply chains and sales programs. These programs are typically planned well in

advance and involve a regular series of shipments. However, there are reports that these programs shifted to importers increasingly doing a “hand-to-mouth” style of importing.

New Zealand Export Statistics for Fresh Apples								
Destination Country	Annual Total Quantity (MT) by Calendar Year					January-March		
	2016	2017	2018	2019	2020	2020	2021	%Δ 2021/20
Total for E.U.	75,040	78,310	96,280	74,496	77,947	9,570	7,496	-21.67
United Kingdom	42,925	49,237	44,665	43,299	39,449	3,242	2,302	-28.99
China	17,491	16,586	22,171	45,015	38,406	9,604	10,795	12.40
Vietnam	8,316	13,311	18,149	25,874	31,965	4,164	4,496	7.97
United States	48,625	38,220	40,462	33,883	28,494	1,397	1,072	-23.26
Taiwan	32,183	23,673	22,437	20,858	26,901	2,810	2,696	-4.06
Thailand	24,889	23,605	18,654	32,890	23,406	4,545	4,307	-5.24
India	13,253	9,667	25,787	17,068	22,272	4,754	5,265	10.75
Russia	5,757	8,168	8,152	8,992	21,443	3,421	4,980	45.57
United Arab Emirates	17,785	18,178	15,424	14,198	19,141	6,357	2,863	-54.96
Hong Kong	10,183	13,416	14,074	19,010	16,062	3,068	2,755	-10.20
Rest of the World	50,466	52,559	43,134	55,359	55,702	6,899	6,144	-10.94
World Total	346,913	344,930	369,389	390,942	401,188	59,831	55,171	-7.79

Source: Trade Data Monitor LLB



Source: Trade Data Monitor LLB

Imports

New Zealand only imports very limited quantities of apples. However, imports from the United States again increased in 2019/2020. For 2020/2021 it is estimated imports will be at a similar level to the previous year.

New Zealand Import Statistics for Fresh Apples							
Origin Country	Annual Quantity (MT) by Calendar Year					January-March QTY (MT)	
	2016	2017	2018	2019	2020	2020	2021
United States	281	414	152	467	489	183	134
New Zealand (customs re-entry)	42	43	0	150	149	42	0
Poland	0	0	12	0	0	0	0
Italy	0	25	0	0	0	0	0
World Total	323	482	164	617	638	225	134

Source: Trade Data Monitor LLB

Pears

Planted and Harvested Area

FAS/Wellington estimates 2020/2021 pear harvested area to be the same as 2019/2020 at 350 ha. Despite an upward blip for area in 2018/2019, there has been a downward trend for pear area since 2011. New varieties, such as “Peeka Boo”, have been replacing old varieties and offer significantly greater yields as a result of modern genetics and more intensive planting systems.

Production

FAS/Wellington is forecasting total pear production for 2020/2021 at 11,700 MT, eight percent less than 2019/2020. The same reasons that have impacted apple production in the 2020/2021 year have also affected pear production including hail damage, cooler temperatures during fruit sizing, and staffing shortages.

For 2019/2020, FAS/Wellington estimates total pear production at 12,700 MT, which is one percent greater than 2018/2019. Although a good growing season boosted the potential for a bigger crop, disruptions caused by COVID-19 at harvest time reduced the production potential.

Production, Supply, and Distribution Table – Pears

Pears, Fresh Market Year Begins New Zealand	2018/2019		2019/2020		2020/2021	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	402	402	370	375	375	375
Area Harvested (HA)	385	385	352	350	350	350
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total Trees (1000 TREES)	0	0	0	0	0	0
Commercial Production (MT)	12385	12385	12500	12500	12500	11500
Non-Comm. Production (MT)	200	200	200	200	200	200
Production (MT)	12585	12585	12700	12700	12700	11700
Imports (MT)	3900	3949	4500	4373	4000	4000
Total Supply (MT)	16485	16534	17200	17073	16700	15700
Domestic Consumption (MT)	12585	12600	14500	14373	13200	13000
Exports (MT)	3900	3934	2700	2700	3500	2700
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	16485	16534	17200	17073	16700	15700
(HA), (1000 TREES), (MT)						

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

Consumption

Total pear domestic consumption for 2020/2021 is forecast at 13,000 MT, ten percent below 2019/2020 due to lower processing. Domestic consumption of fresh pears is likely to be stable 11,000 MT. However, pear processing is forecast to reduce back to a normal level of around 2,000 MT, down from an estimated processing volume of 3,323 MT in 2019/2020.

Trade

Exports

FAS/Wellington is forecasting pear exports in 2020/21 at 2,700 MT, which would be the same as 2019/2020. The anticipated lower production volume is likely to translate directly through to export volumes as fresh domestic consumption is likely to be maintained.

Imports

For 2020/2021, FAS/Wellington is forecasting pear imports at 4,000 MT, 11 percent below 2019/2020 but close to the five-year average. For 2019/2020, pear imports actually totaled 4,373 MT, 11 percent above 2018/2019. For New Zealand, imports provide fresh pear supplies to consumers out of season during the period of the year when domestic supplies have essentially run out.

New Zealand Export Statistics For Fresh Pears								
Destination Country	Annual Total Quantity (MT) by Calendar Year					January-March QTY (MT)		
	2016	2017	2018	2019	2020	2020	2021	%Δ 2021/20
Taiwan	1662	1226	1865	1540	969	869	1115	28.3
United States	1121	1072	1264	673	503	202	44	-78.2
China	45	326	497	647	206	111	126	13.5
United Kingdom	280	282	236	193	157	120	0	-100.0
EU Total	239	184	231	75	138	138	27	-80.4
Tonga	84	122	106	98	128	14	27	92.9
Fiji	251	101	137	199	126	77	52	-32.5
French Polynesia	93	83	68	90	97	15	14	-6.7
Canada	112	105	122	137	97	81	0	-100.0
Singapore	103	117	50	72	69	48	46	-4.2
Rest of World	622	167	236	210	210	103	140	35.9
World Total	4612	3785	4812	3934	2700	1778	1591	-10.5

Source: Trade Data Monitor LLB

New Zealand Import Statistics for Pears								
Origin Country	Quantity (MT) by Calendar Year					January-March QTY (MT)		
	2016	2017	2018	2019	2020	2020	2021	%Δ 2021/20
Australia	2,108	3,171	2,707	2,822	2,947	142	123	-13%
China	505	718	500	576	864	125	218	74%
United States	513	572	359	455	464	20	0	-100%
South Korea	106	93	84	97	73	0	0	0%
Ecuador	0	0	0	0	24	0	0	0%
Italy	0	4	0	0	0	0	0	0%
World Total	3,231	4,559	3,650	3,949	4,373	287	341	19%

Source: Trade Data Monitor LLB

Attachments:

No Attachments