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Report Highlights:

New Zealand's apple-planted area in the 2024/2025 market year (MY) is forecast to increase substantially to 11,100 hectares (ha) from the significant damage to farms due to Cyclone Gabrielle in February 2023. The cyclone caused considerable damage due to large-scale floodwaters, silt, debris, wind, and surface flooding in the primary apple-growing regions of Hawkes Bay and Gisborne. FAS/Wellington forecasts apple production in the 2024/2025 MY to be 560,000 metric tons (MT). This is representative of an optimistic weather outlook, implementation of farm system innovations, and a growing availability of seasonal labor. In addition, hectares planted in recent years are reaching maturity and achieving higher yields. January to September in 2023/2024 MY, exports are tracking over 10 percent higher than the previous year. Recent media has reported the potential prospects of the total annual revenue in the current market year exceeding NZ\$1 billion (US\$ 600 million), the highest ever annually.

Executive Summary

New Zealand's apple planted area in the 2024/2025 market year (MY) is forecast to increase substantially to 11,100 hectares (ha) from the damaged area-panted resulting from Cyclone Gabrielle in February 2023. The apple sector sustained damages due to large-scale floodwaters, silt, debris, wind, and surface flooding in the primary apple-growing regions of Hawkes Bay and Gisborne. Although the recovery from the Cyclone damage is underway, on-farm inflation and debt servicing continue to put cost pressure on the growth of the industry.

FAS/Wellington forecasts apple production in the 2024/2025 MY to be 560,000 metric tons (MT). This is representative of an optimistic weather outlook, the implementation of farm system innovations, and the growing availability of seasonal labor. In addition, hectares planted in recent years have reached maturity and achieving higher yields.

FAS/Wellington also forecasts strong exports in the 2024/2025 MY at 380,000 MT, which if realized would be the highest since 2020. Export priorities are anticipated to continue to focus on Asian markets such as Vietnam and China, as well as the United States and the United Kingdom, in the foreseeable future. India is projected to be a growing market for New Zealand exporters, as apple consumption continues to rise as the population grows and healthier foods are in demand.

From January to September 2023/2024 MY, exports are tracking over 10 percent higher than the previous year. After the first 8 months of the year, volumes have already exceeded the total of the previous year. Recent media has reported the potential prospects of the total annual revenue in the current market year exceeding NZ\$1 billion (US\$ 600 million), the highest ever annually.

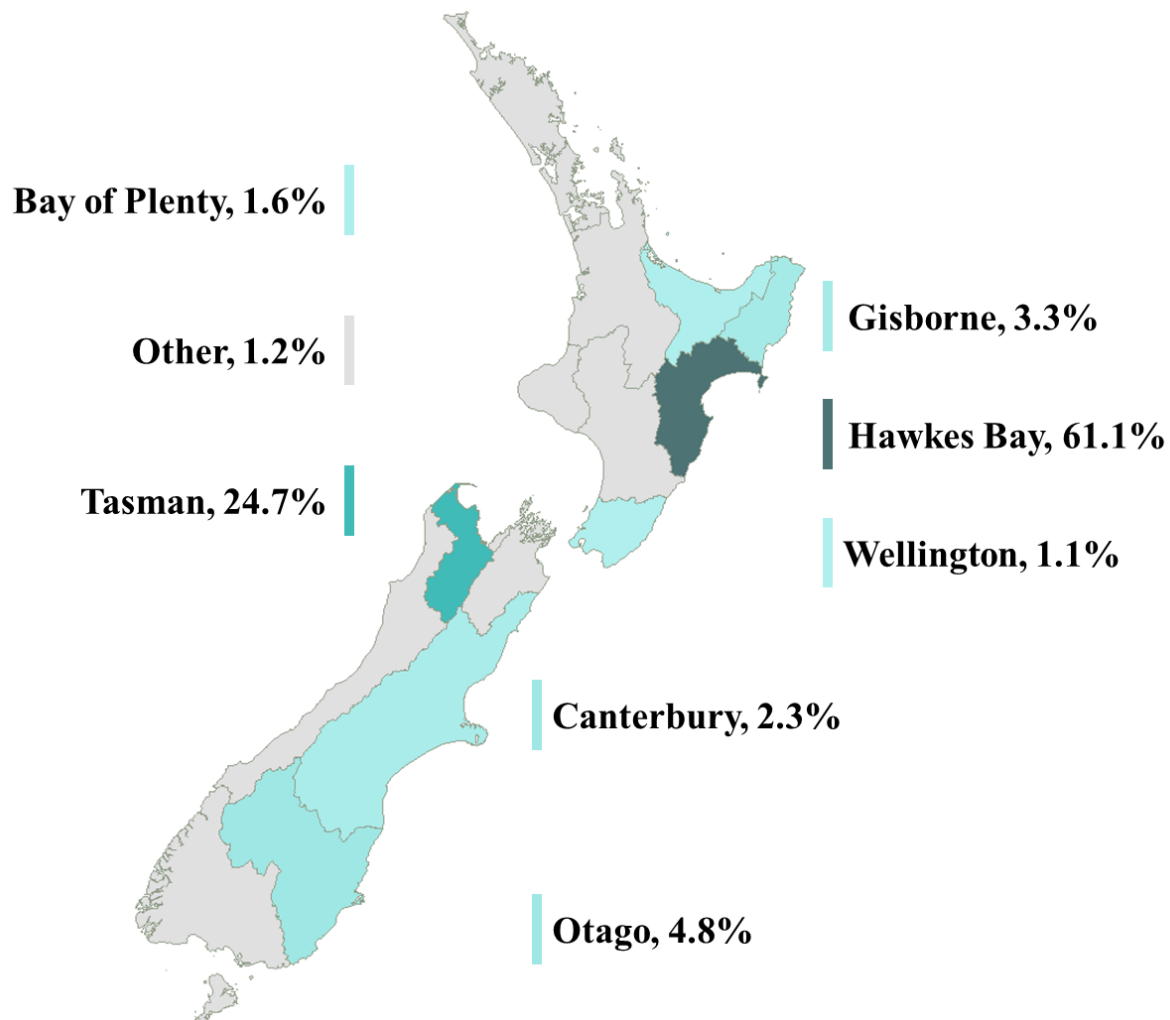
Domestic demand for pears in New Zealand continues to outstrip domestic supply. As a result, New Zealand imports fresh pears to meet its market demand annually.

Note: Market Year (MY) will refer to July 1 to the following June 30. For foreign exchange rate between New Zealand Dollar and United States Dollar, the rate used in this report is NZ\$ 1.00 = US\$ 0.60.

Background

New Zealand ranks as one of the world's top ten largest apple exporters, with a climate and soils making it well-suited for growing apples and pears. Key growing regions such as Hawke's Bay, Tasman, and Central Otago have ideal conditions for growing apples, such as 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 and pear growing areas, mainly in the Hawke's Bay region (nearly two-thirds of New Zealand's trees).

Figure 1: New Zealand Apple and Pear Growing Regions by volume



Source: Statistics NZ, FAS/Wellington

Cyclone Gabrielle

Several of North Island's horticulture growing regions were impacted by adverse weather in the 2022/2023 season, including Cyclones Hale and Gabrielle. The government called Cyclone Gabrielle one of the deadliest weather events to hit the country since 1968. Intense winds and rain caused huge landslides and flooding, which, for the apple industry, resulted in the widespread destruction of orchards and infrastructure, and an immense buildup of silt in vast areas (Figure 2). Cyclone Gabrielle affected approximately half of the Hawke's Bay and Gisborne region's orchard area, and the Napier Port, which supplies aid to the region. Much of the impact on the national deciduous fruit crops is due to the majority of hectares being in these regions. In response to the damage to apple and pear operations, government support funding was provided to growers through the Ministry for Primary Industries (MPI), and the industry representative group – New Zealand Apples and Pears (NZAP), reducing levies to growers.

Figure 2: Damaged Apple Orchard Following Cyclone Gabrielle



Source: Hastings District Council

Apples

Table 1: Production, Supply and Distribution – Fresh Apples

Apples, Fresh Market Year Begins New Zealand	2022/2023		2023/2024		2024/2025	
	Jan 2023		Jan 2024		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted ^(HA)	11000	11400	9200	11100	0	11100
Area Harvested ^(HA)	8900	8900	9000	10000	0	10450
Commercial Production ^(MT)	440000	485000	480000	525000	0	560000
Non-Comm. Production ^(MT)	3000	3000	3000	3000	0	3000
Production ^(MT)	443000	488000	483000	528000	0	563000
Imports ^(MT)	200	154	300	200	0	200
Total Supply ^(MT)	443200	488154	483300	528200	0	563200
Domestic Consumption ^(MT)	134200	179109	153300	188200	0	183200
Exports ^(MT)	309000	309045	330000	340000	0	380000
Total Distribution ^(MT)	443200	488154	483300	528200	0	563200
(HA) ,(1000 TREES) ,(MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Planted and Harvested Areas

2024/2025

FAS/Wellington forecasts apple planted area in 2024/2025 to drop substantially from 11,100 hectares (ha) and harvested area to be 10,450ha, following reported estimates by MPI and NZAP. This is because of recovery and investment following Cyclone Gabrielle, with areas returning to productivity. However, there are areas that remain unviable and at risk of damage in future adverse weather events to return to productivity in the Hawkes Bay region.

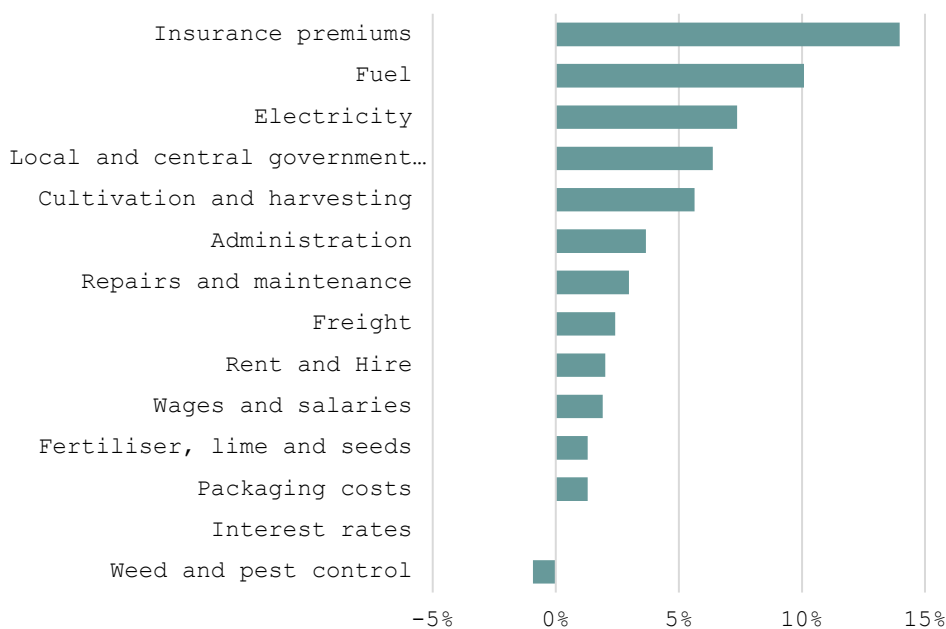
--Recovery from Cyclone Gabrielle

Growers in the Napier and Gisborne regions are undergoing the decision process to salvage or repair damaged orchards. The estimated cost of reinstating apple and pear orchards is significant, at between NZ\$180,000 to NZ\$250,000 per hectare (US\$108,000 to US\$150,000) for trees and planting, support structures, irrigation systems, and ground preparation. The lead time to obtain apple tree stock can be two to three years, with a further lead time before trees reach maturity. As a result, a substantial number of hectares that may not be reinstated in the future or will at least take several years to come back into production.

--On Farm Inflation

On-farm inflation for horticultural operators such as apple and pear growers continue to put pressure on operating expenses. Figure 3 shows the inflation on major inputs for horticultural operations in New Zealand, comparing the 2nd quarter of 2023/2024 to the same time in the year prior. Insurance premiums following cyclones have seen the highest inflation in the industry (14 percent).

Figure 3: Horticulture Farm Inflation for Major Inputs 2nd QTR 2023/24



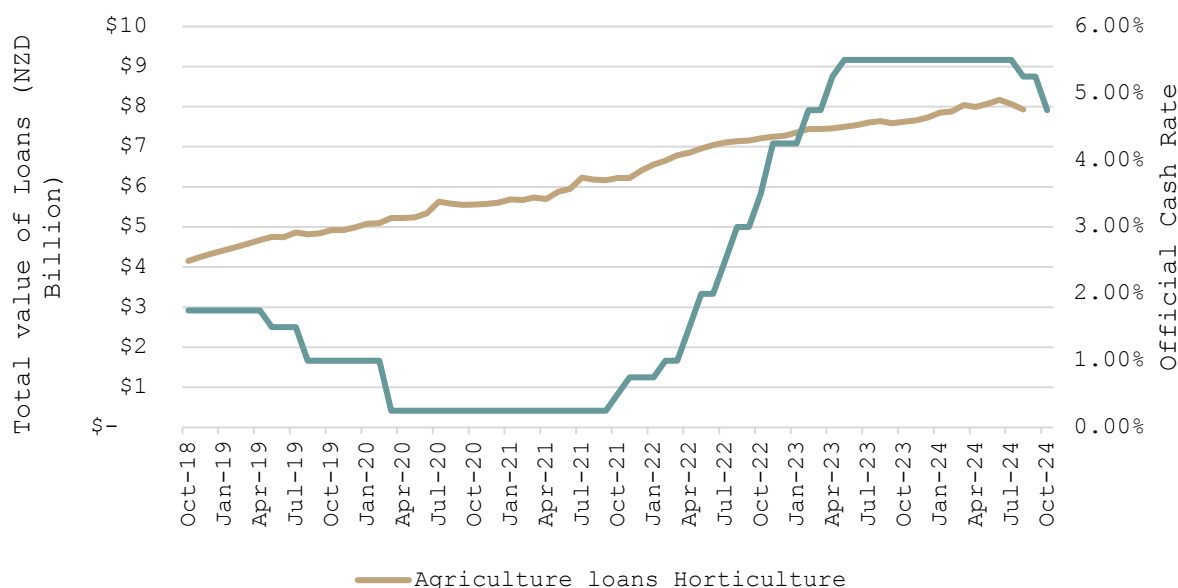
Source: Statistics New Zealand

Feedback from the industry is that trees and some of the infrastructure damaged in the cyclones were not insurable, resulting in growers fronting up the capital for replacement and repairs. In addition, with inflating insurance premiums and increasing debt (see Figure 4), growers are deciding to expose themselves to more risk due to the higher insurance premiums.

--Loans to Horticulture

Many growers borrowed from banks to reinstate orchards and any other investment into operations. Servicing debt has been a major challenge for New Zealand agriculture in the last 18 months, as the New Zealand Reserve Bank (RBNZ) sets the nation's official cash rate (OCR), equivalent to the federal funds rate in the United States, to levels not seen since the 2008 global financial crisis. In September and October 2024, the RBNZ reduced the OCR to 4.75 percent.

Figure 4: New Zealand Interest Rates and Farm Debt



Source: Reserve Bank of New Zealand

According to the RBNZ, the nation’s total bank loans to horticulture operations were NZ\$7.9 billion (US\$4.74 billion) as of August 2024 (Figure 4). Since 2017, the total value of loans to horticultural growers has increased at a compounding annual growth rate (CAGR) of 10.64 percent per year, compared to dairy, livestock, and grain farmer loans combined, which have decreased at a CAGR of -0.39 percent per year.

2023/2024

FAS/Wellington has revised up from the USDA official estimate for 2023/24 to 11,100 ha planted and 10,000 ha harvested. This revision follows the data released by MPIs most recent report - Situation Outlook for Primary Industries (SOPI). This report was released in June 2024, following harvest, with data supplied by NZAP. Now, 18-months after the damage from Cyclone Gabrielle, the industry has been able to assess what areas were feasible to continue growing and those that are not. In addition, some new areas being planted or coming into production in the Tasman and Bay of Plenty regions.

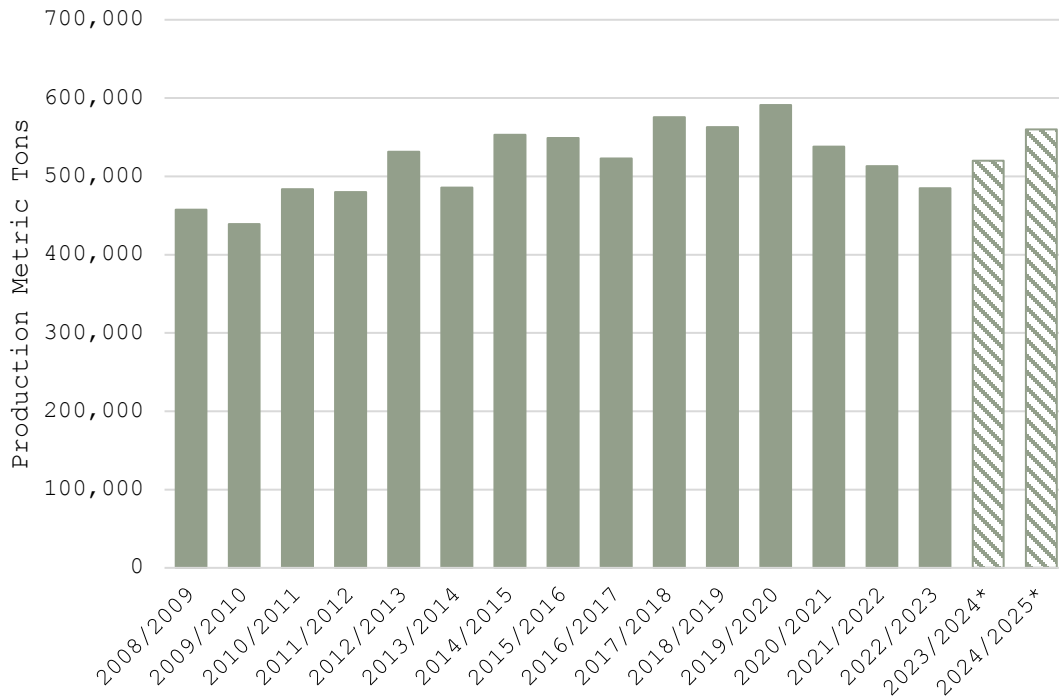
Production

2024/2025

FAS/Wellington forecasts 2024/2025 production to be 560,000 metric tons (MT), highlighting the recovery in yield from damaged areas and the maturing of trees established in recent years (Figure 5). If realized, this would be a substantial recovery towards increasing the national yield in historical years. This is a representation of the positive shifts in legislation, optimistic weather outlook, and recent

innovations.

Figure 5: New Zealand Apple production



Source: Official USDA Estimates, *FAS/Wellington forecast

--Seasonal Labor Availability

This has substantially impacted the national horticultural yield during past seasons, as foreign labor was constrained by Government border restrictions due to the COVID-19 pandemic. The industry is currently more optimistic about the outlook for labor availability with no more border restrictions and the return of foreigners on working holiday visas.

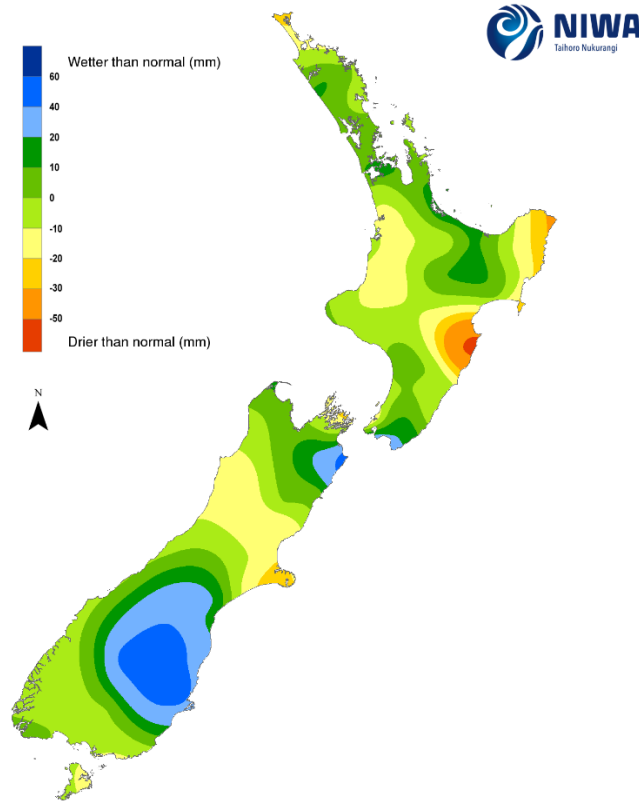
The recognized seasonal employer (RSE) scheme is a government policy that allows the horticulture and viticulture industries to recruit workers from overseas for seasonal work when there are not enough local workers. These are typically from Pacific countries and is a vital component of the apple harvest labor. In August 2024, the government announced that the cap on the number of workers would increase to 20,750 workers from 19,500. The incoming government announced prior to the election a planned policy that the cap would increase to 38,000 workers per year over five-years .

-- Optimistic Weather Outlook

National Institute of Water and Atmospheric Research (NIWA) scientists forecast that in the coming months the Hawkes Bay region will experience dry conditions (Figure 6). With the 2024/2025 crop currently growing on the tree, this is a positive prospect for apple growers. This results from most

commercial orchards utilizing irrigation; therefore, the impacts of a dry season are of little concern unless the water supply becomes restricted.

Figure 6: Soil Moisture Surplus/Deficit October 2024



Source: National Institute of Water and Atmospheric Research

--Innovation and Biotechnology

Over the last few years, many orchards and packhouses have advanced technologically and made large investments in automation to manage labor more effectively. Other innovations aim to improve decision-making and fruit quality management. Packhouses are investing in camera technology for grading and robotics for packing, stacking, and palletizing. In recent years, growers have made large investments in platform technology to make the orchard jobs easier and more efficient.

The new incoming government is working to change current legislation towards the use of biotechnology. Prior to the election, the majority government party released a report titled [Harnessing Biotech](#); specific references highlight the potential benefits for the recovery of the apple industry. The report also highlights ongoing research that would shorten the timeline for trees to reach full commercial production by years. The legislation changes are anticipated to be in early 2025.

2023/2024

FAS/Wellington has increased the production forecast from the USDA official estimate to 525,000 MT. This results from a far better recovery from the damages of Cyclone Gabrielle being experienced than anticipated. The outgoing year faced an El Niño weather pattern, which resulted in favorable dry

conditions in eastern areas of the country and particularly horticultural regions. Commentary from industry that this increase in production is also because of the recent pre-cyclone high-density planting ramping up production.

Consumption

2023/2024

FAS/Wellington forecasts domestic consumption in 2024/2025 to be 183,200 MT - reflecting the recovery in production following the previous year. Fresh consumption has traditionally been steady at ~74,000 MT for the domestic market, with remaining volumes destined for further processing.

In recent years, New Zealand has been challenged by increased inflationary pressure overall and on food prices (Figure 7), tightening household spending. Currently government reports are highlighting that the measure for inflation – consumer price index (CPI) has been slowing, highlighting a decrease in inflationary pressure. This is anticipated to continue into the incoming market year. Fruit prices have always had more volatility each year due to different fruits coming in and out of season with the consumption of imports.

Figure 7: New Zealand Fruit Price Index and inflation



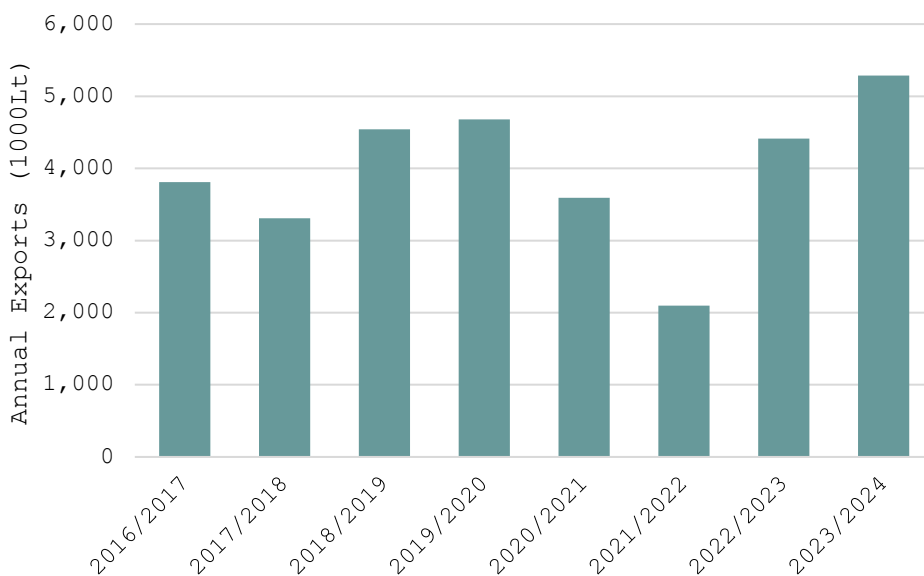
Source: Statistics New Zealand

2023/2024

FAS/Wellington has revised up domestic consumption from the USDA Official to 188,200 MT for 2023/2024 market year. This reflects the currently high volumes of apple juice exports from January to September (Figure 8). FAS/Wellington estimates that based on current figures after the first nine months of data, apple juice exports could exceed 7.4 million liters, which would be the largest volume exported

in a year. These increased apple juice production and exports are due to re-establishing orchards, larger volumes have been put in smaller sizes for the export markets and are utilized for juicing. Highlighted in the last section is the inflationary pressure on the price of food in the domestic market, limiting the purchasing power of domestic consumers. Current data highlight that inflationary pressure is subsiding, which typically gives domestic consumer more purchasing power for fruits and vegetables.

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



Source: Trade Data Monitor LLC

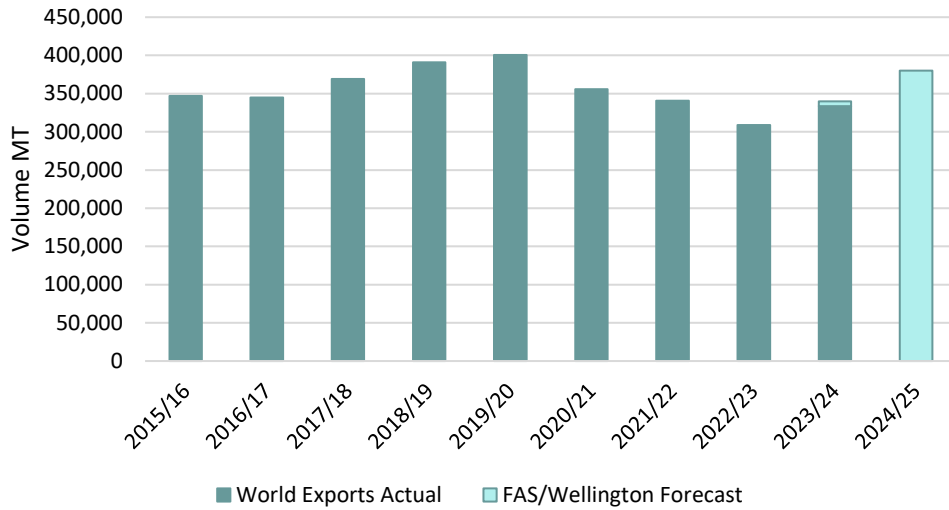
Trade

Exports

2024/2025

FAS/Wellington is forecasting exports for 2024/2025 to be 380,000 MT, up 40,000 MT on the outgoing year revised forecast (Figure 9). This is in line with forecasts from MPI for the same year in their most recent SOPI report. If realized, this would be the highest exports since 2019/2020, and the 3rd most volume of apple exports in a year. Export priorities will likely focus on Asian markets such as Vietnam, and China and the United States and the United Kingdom in the foreseeable future. India is projected to be a growing market for New Zealand exporters, as apple consumption continues to rise as the population grows and demands healthier foods.

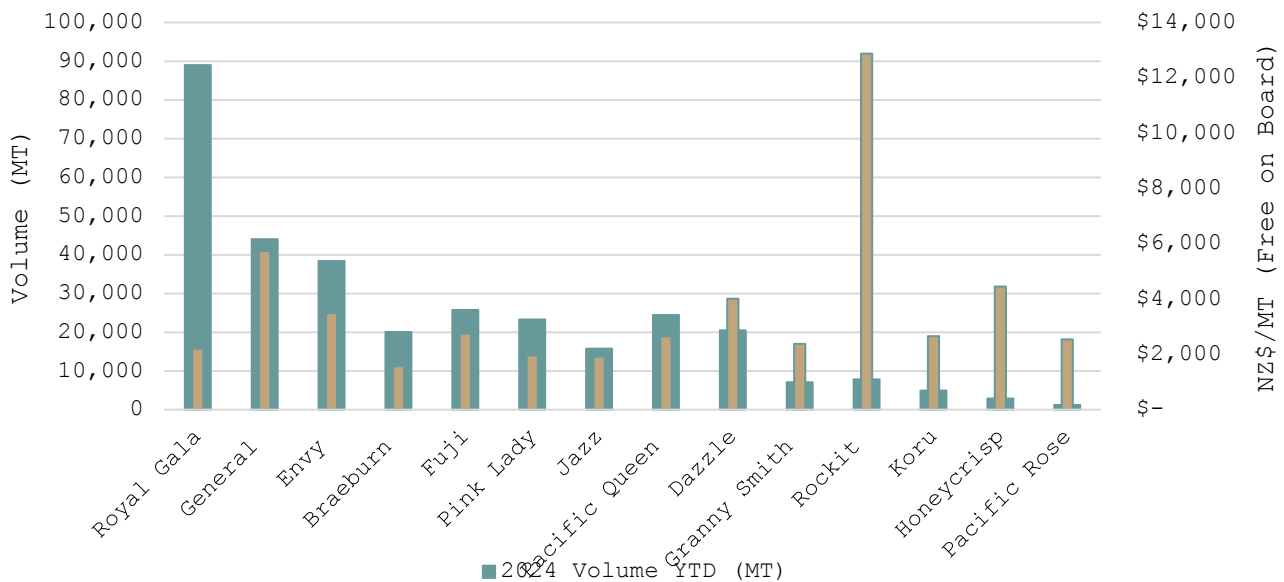
Figure 9: New Zealand Annual Apple Exports and Forecast



Source: Trade Data Monitor LLC, FAS/Wellington

Royal Gala has been the most significant variety for export in 2023/2024 MY. However, increased export demand for varieties such as Envy, Dazzle, and the new variety Rockit has resulted in increased unit pricing per MT (Figure 10). Commentary from growers is that with the current replacement of damaged orchards and increasing interest rates, farm gate returns will be a substantial factor in the selection of future varieties. As a result, the industry already sees diminishing hectares for varieties such as Braeburn, which in 2011/2012 accounted for 22 percent of national hectares and in 2023/2024 was just 6 percent.

Figure 10: 2024 New Zealand Apple Exports by Variety and Unit Price (Jan to Aug)

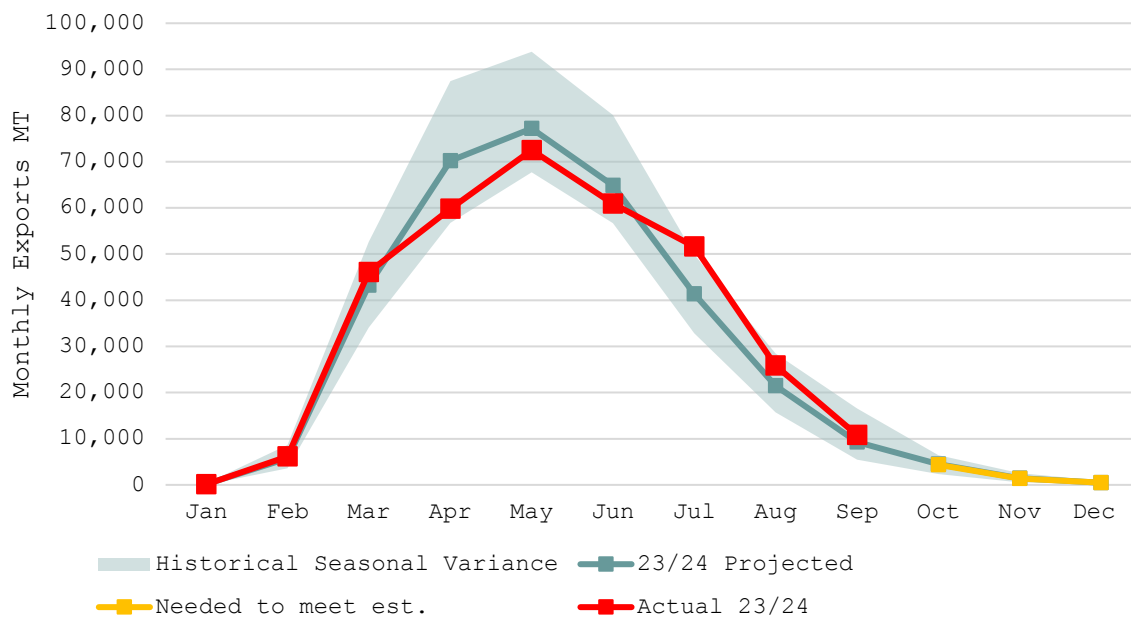


Source: Trade Data Monitor LLC

2023/2024

FAS/Wellington revised its forecast for apple exports up to the USDA official to 340,000 MT. Industry commentary is that demand for New Zealand apples is increasing due to strong demand in Asia markets, including China, Taiwan, and India as a growing market. Commentary is that other global suppliers, such as the European Union, Türkiye, and Chile have declined due to climatic challenges and land-use change. From January to September 2023/2024, exports are tracking over 10 percent higher on the previous year. After the first 8 months of the year, volumes exceeded the total of the previous year. (see Figure 11). Recent media has reported the potential prospects of the total annual revenue in the current market year exceeding NZ\$1 billion (US\$ 600 million), the highest ever annually.

Figure 11: Monthly New Zealand Apple Exports and Forecast



Source: Trade Data Monitor LLC, FAS/Wellington

Historically, Napier Port has been the primary location of apple exports to world markets, accounting for 61 percent of volume. In the 2022/2023 MY, there was a significant shift in export ports due to Napier’s disaster relief use, and with Tauranga increasing apple volumes exported by 30 percent. In 2023/24 MY, Napier Port has shipped just over 60 percent of apple volumes, consistent with the historical averages. Year to date, China has increased imports of New Zealand apples by 52 percent, returning to being the largest customer. Currently consumes more apples annually from New Zealand than in the past, at 63,153 mt in the first nine months (Table 2).

Table 2: New Zealand Export Statistics for Apples

Destination Country	Quantity (MT) Calendar Year					January-September		
	2019	2020	2021	2022	2023	2023	2024	%Δ 2024/23
World Total	390,942	400,397	355,799	340,762	309,044	301,955	333,772	10.54%
China	45,015	38,098	35,423	53,304	41,954	41,363	63,153	52.68%
Vietnam	25,874	32,157	33,677	47,223	44,743	43,755	39,881	-8.85%
Taiwan	20,858	26,596	29,135	31,183	28,984	28,586	30,996	8.43%
United Kingdom	43,299	39,569	32,549	21,892	22,241	21,908	29,328	33.87%
India	17,068	22,163	28,148	18,074	19,314	19,122	28,614	49.64%
Thailand	32,890	23,501	20,940	22,486	22,926	21,698	22,223	2.42%
United States	33,883	28,379	24,433	23,949	26,239	26,222	18,743	-28.52%
European Union	51,846	53,183	43,007	35,042	30,789	30,789	24,806	-19.43%
United Arab Emirates	14,198	19,163	15,880	14,059	12,625	12,342	14,015	13.56%
Hong Kong	19,010	16,018	13,953	12,381	14,032	12,914	12,667	-1.91%
Other	87,001	101,570	78,654	61,169	45,197	43,256	49,346	14.08%

Source: Trade Data Monitor LLC

Trade Policy

--Light Brown Apple Moth

Specific regulations are placed to manage the risk of the light brown apple moth (LBAM) when exporting apples to the U.S. Steps exporters must take include:

- Pre-export inspection/pre-clearance.
- Phytosanitary certification.
- Treatment protocols if any LBAM is detected, which is problematic for organic apple exporters.
- Packaging and shipping are done to prevent contamination or infestations during transit.

New Zealand exporters have raised concerns about the high cost of LBAM compliance. Meanwhile, the New Zealand Apples and Pears (NZAP) group proposes the U.S. Department of Agriculture reclassify LBAM as a non-quarantine pest.

--Free Trade Agreements

New Zealand has several free trade agreements (FTAs) that significantly impact its apple exports. The recently secured FTA with the European Union eliminates tariffs on apples, providing immediate duty-free access. Similarly, the FTA with the United Kingdom will phase out all tariffs on apples over three years, with a substantial duty-free quota for off-season exports.

New Zealand is actively negotiating several FTAs to expand its market access. These include in particular:

- **United Arab Emirates:** On September 26, 2024, New Zealand concluded negotiations on an FTA, or a Comprehensive Economic Partnership Agreement (CEPA).
- **India:** As one of the world's largest and fastest-growing economies, India represents significant opportunities for New Zealand exporters.

These negotiations are part of New Zealand's broader strategy to secure high-quality, comprehensive FTAs that benefit its economy and exporters, particularly apples.

Imports

FAS/Wellington forecasts import for 2024/2025 at 200 MT. These imports are sourced predominantly from the United States to supply consumers in the months leading up to harvest (November to December) as the domestic supply decreases. 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 2023/2024, the import estimate is revised down to 200 MT from the USDA official estimate due to the improvement in production for the current market year.

Pears

Table 3: Production, Supply and Distribution – Fresh Pears

Pears, Fresh Market Year Begins New Zealand	2022/2023		2023/2024		2024/2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	375	375	375	375	0	375
Area Harvested (HA)	325	325	345	345	0	350
Commercial Production (MT)	10300	10300	10500	10500	0	10750
Non-Comm. Production (MT)	200	200	200	200	0	200
Production (MT)	10500	10500	10700	10700	0	10950
Imports (MT)	3400	3393	4000	3300	0	3000
Total Supply (MT)	13900	13893	14700	14000	0	13950
Domestic Consumption (MT)	12200	12201	12700	12200	0	12050
Exports (MT)	1700	1692	2000	1800	0	1900
Total Distribution (MT)	13900	13893	14700	14000	0	13950

(HA) ,(1000 TREES) ,(MT)

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Planted and Harvested Areas

The recovery following the effects of Cyclone Gabrielle in the Hawke’s Bay and Gisborne region, FAS/Wellington forecast the planted areas for the national crop at 375 hectares total and a harvest of 350 hectares in 2024/2025. There are no changes to the 2023/2024 USDA official.

Production

Total pear production for 2024/2025 is forecast at 10,750 MT, a 2.4 percent improvement on the 10,500 MT estimated for the current outgoing 2023/2024 year. This is due to the expected recovery of hectares and yield compared to the previous harvest.

Consumption

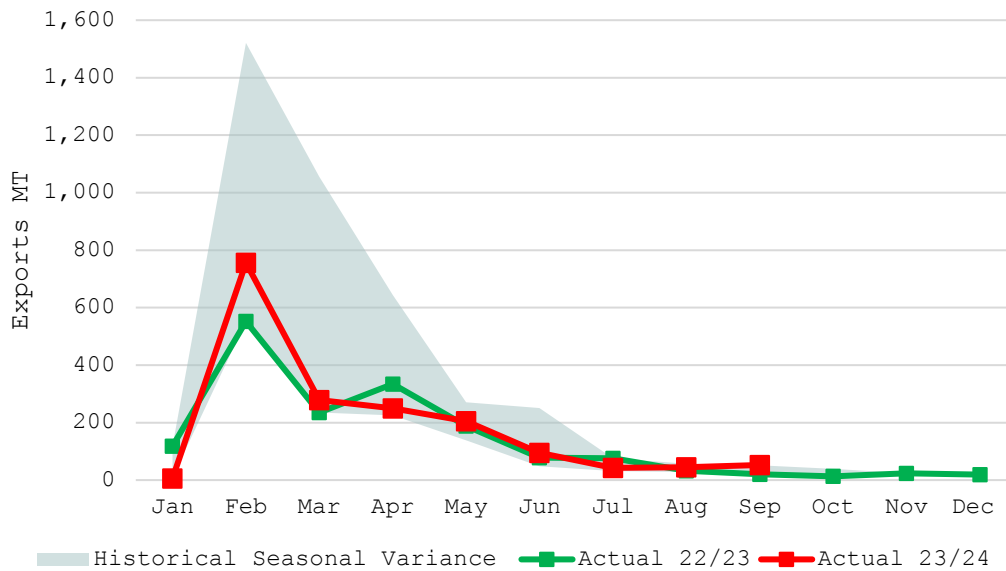
FAS/Wellington forecasts total pear domestic consumption to increase to be 12,050 MT for 2024/2025, slightly below the 2023/2024 revised USDA official estimate of 12,200 MT.

Trade

Exports

For the 2024/2025 MY, FAS/Wellington forecasts New Zealand’s pear exports to be 1,900 MT. This is a 100 MT increase on the revised outgoing 2023/24 year of 1,800 MT, a decrease on the USDA Official. As of September 30, 2024, fresh pear exports from New Zealand were 5.8 percent ahead of the previous year, displaying some recovery from the impacts of Cyclone Gabrielle (Figure 12). Taiwan, China, and Fiji are the primary markets for pear exports in 2023/24.

Figure 12: Monthly New Zealand Pear Exports (22/23 vs 23/24)



Source: Trade Data Monitor LLC

Imports

FAS/Wellington forecasts 2024/2025 imports to be 3,000 MT, less than the 2023/2043 revised forecast on the USDA Official of 3,300 MT. New Zealand’s demand for fresh pears continues to outstrip the national production. As a result, New Zealand is a net importer of pears. Australia is by far the largest supplier of pears to New Zealand, followed by China and the United States.

Attachments:

No Attachments