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Report Name: Fresh Deciduous Fruit Semi-annual

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Report Highlights:

Despite some minor challenges and disruptions caused by the Covid-19 pandemic, deciduous fruit production in New Zealand is forecast to expand in 2019/2020, with apple production expected to reach a record level of 593,000 metric tons. Apple exports are also forecast to be up, rising over two percent to 400,000 metric tons in 2019/2020. This follows an almost six percent increase in exports in 2018/2019.

Executive Summary

For 2019/2020, the apple harvested area is forecast at 10,180 hectares (ha), a 3.5 percent increase over 2018/2019. Although there has been a strong trend in recent years for area increases, the Covid-19 outbreak and responses to it are likely to severely limit new plantings in CY2020.

FAS/Wellington forecasts 2019/2020 apple production at 593,000 metric tons (MT), 2.8 percent greater than 2018/2019, but just under one percent less than the previous estimate. The year-on-year increase is due to an expanded harvested area and a good growing season. However, Covid-19 impacts during harvesting and packing have slightly reduced production prospects. Total apple production for 2018/2019 is now estimated at 576,850 MT, just 1,350 MT (0.2 percent) greater than 2017/2018.

Apple exports for 2019/2020 are forecast at a record 400,000 MT, which represents a 2.3 percent increase over 2018/2019, but slightly below the previous estimate. While the increase in apple production should boost exports, there are expected to be some disruptions caused by the Covid-19 pandemic. Apple exports 2018/2019 reached 390,942 MT, which was a 5.8 percent increase on 2017/2018. This was a strong export season considering production was largely the same as the previous year and was driven by a greater proportion of the total apple production being export-quality.

This season the volume of apples to be processed is expected to rise to 119,400 MT, 5.7 percent above 2018/2019. This is rise is due to the larger crop, as well as expectations for a reduced proportion of the crop being export-quality. Domestic consumption of apples is expected to be up slightly at 74,000 MT for 2019/2020, only 0.6 percent greater than 2018/19.

For 2019/2020, FAS/Wellington is forecasting total pear production at 13,150 MT, which is 4.5 percent greater than 2018/2019. A good growing season is the prime reason for the increase on 2018/2019. Pear exports are forecast at 4,000 MT for 2019/2020, unchanged from 2018/2019. Pear production for 2018/19 is now estimated at 12,585 MT, nine percent less than 2017/2018. Actual pear exports for 2018/19 were 3,934 MT, 18 percent less than 2017/2018.

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. 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.

Apples

Planted and Harvested Area

Apple harvested area is forecasted to rise to 10,180 hectares (ha), a 3.5 percent increase over 2018/2019 but unchanged from the previous forecast. The latest industry survey data supports this forecast (please see below). This follows a similar increase of four percent in area during 2018/19 and follows a trend of steady expansion in recent years.

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	151	151	140
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	9,449	9,815	10,075
Total Pear Area	473	441	448	403	407	403	371	361	375	342
Unregistered				383	320	384	395	409	425	450
Total	8,882	8,705	8,760	9,155	9,309	9,597	9,904	10,219	10,615	10,867
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%	29.1%	28.3%

Source: A&PNZI 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.

Although new plantings in 2019 were strong, there are signs that this may slow down over the next two to three years. New plantings in CY2020 are likely to be limited to only those areas that had already started the process prior to the advent of the Covid-19 virus.

The harvested area in 2018/2019 continues to be estimated at 9,835 ha, up four percent on 2017/2018.

Production

2019/2020

Total apple production is now forecast at 593,000 MT, 2.8 percent greater than 2018/2019, but just under one percent less than the USDA official number. The increase over 2018/2019 is primarily the result of expanded harvested area and a good growing season. The strong growing season, especially the dry warm period leading up to harvest, has ensured great fruit color this year and the fruit is generally larger in size. The harvest will be completed by mid-May 2020.

Despite these positive factors, Covid-19 impacts have slightly reduced prospects for an even larger rise in production. New Zealand Apples & Pears Inc (NZAPI) reported that while the horticulture sector was considered essential to keep running during the Covid-19 response nationwide lockdown (March 27 to April 29), there were strict requirements for social distancing. This meant that the capacity in the pack sheds has been constrained and pack shed owners and managers had to re-engineer pack sheds to enable people to keep these distances. NZAPI went on to report that throughput at individual pack sheds was down by at least five percent, and at the extreme end by 50 percent. A common throughput reduction across the industry is expected to have been about 20 percent. This slower throughput in April meant harvest progression was interrupted at times, resulting in reports that some growers of lower value apples, especially Braeburn, may have elected to leave some unharvested. Since April 29, however, the social distancing rules have been relaxed from two meters down to one meter, which is allowing most pack sheds to significantly improve throughput.

Despite these challenges, overall Covid-19 is only expected to have a relatively minor impact on total production. Although labor supply continues to be an issue in the fruit industry, and there is a restriction on new arrivals of seasonal workers from the Pacific islands, those workers already in New Zealand have remained during the lockdown. Additionally, there have been a lot of people who have lost their jobs in the tourism sector (including both New Zealand citizens and tourists on work visas), some of who have now become available to work in the horticultural sectors.

2018/2019

The 2018/2019 apple harvest estimate is estimated at 576,850 MT, just 1,350 MT (0.2 percent) greater than 2017/2018. The average harvest yield was 58.7 MT/ha, 2.2 MT/ha less than 2017/2018. This decline in yield was caused by an influx of new trees being added to harvested area, but which still need a number of years to reach full production. The proportion of the total apple crop that was graded as export-quality was significantly up on 2017/2018.

Production, Supply, and Distribution Table – Apple

Apples, Fresh	2017/2018		2018/2019		2019/2020	
Market Year Begins	Jan 2018		Jan 2019		Jan 2020	
New Zealand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	9925	9925	10315	10315	10725	10725
Area Harvested (HA)	9450	9450	9835	9835	10180	10180
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)	572500	572500	573850	573850	595000	590000
Non-Comm. Production (MT)	3000	3000	3000	3000	3000	3000
Production (MT)	575500	575500	576850	576850	598000	593000
Imports (MT)	200	164	200	617	200	400
Total Supply (MT)	575700	575664	577050	577467	598200	593400
Fresh Dom. Consumption (MT)	73525	73500	74050	73525	73200	74000
Exports (MT)	369400	369389	390000	390942	405000	400000
For Processing (MT)	132775	132775	113000	113000	120000	119400
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	575700	575664	577050	577467	598200	593400
(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

FAS/Wellington forecasts apple consumption in 2019/2020 to be 74,000 MT, just 0.6 percent greater than the estimate for 2018/2019. FAS/Wellington expects domestic demand for apples to be firm in 2020. Also, much of the distribution of apples in New Zealand is through supermarket channels, and these have not had major disruptions as a result of Covid-19. New Zealand has a mature level of per capita apple consumption, and fresh consumption only accounts for approximately 12 percent of the total crop produced.

Processing

The 2019/2020 apple processing volume is forecast at 119,400 MT, which would be 5.7 percent up on 2018/2019. This is due to two factors. First, the overall expected increase in production in New Zealand will result in more for processing. Second, it is estimated the proportion of the total crop being graded export-quality will be slightly less than last year's high level, increasing the amount going for processing.

A range of apple products are produced in New Zealand such as juice, juice concentrates, diced and sliced apples, apple puree, and apple paste. The major product exported is apple juice, with approximately six million liters being exported in 2018/2019.

The 2018/2019 apple processing volume is now estimated at 113,000 MT, 15 percent lower than the previous year. The higher proportion of export-quality fruit reduced the volume being sent to processing.

Trade

Exports

2019/2020

2019/20 exports are forecast to reach a record level of 400,000 MT in 2019/20, up 2.3 percent from the previous year due to the larger crop. Some disruptions caused by the Covid-19 pandemic, however, are expected to limit an even greater increase in exports.

Even though for the year-to-date (January to March) exports to China were six percent greater than the same period 2019, industry sources are cautious about the prospects for this market. Reportedly, the Chinese domestic crop is expected to return to normal levels after last year's poor crop, and this would tend to reduce demand for imports compared with 2018/2019. In addition, many exporters who have previously sold significant volumes through the wet markets may have to change some marketing channels. Pivoting quickly to online marketing and delivery is seen by the sector to be important.

Industry contacts report that there have also been some logistical challenges with shipping lines and schedules, and some Chinese ports had been blocked but have now opened up again. The uncertainty surrounding disruptions in various destination countries with regards to logistics and supply chains is causing concern for exporters. Regular shipping is usually by refrigerated containers, but in order to avoid shipping delays one of the large exporters even chartered an entire ship in April with fruit which was sent to Belgium to be distributed into Europe.

Exporters are hoping markets in the European Union will be stronger in 2019/2020 and take a greater volume of New Zealand apples. It is too early to say whether this will be the case. Industry sources have said because most fruit is sold via the supermarket channel direct to consumers, sales are progressing well. North American exports are also distributed mostly via supermarkets and experiencing similar demand.

Reportedly, sales into India, Vietnam and Taiwan have been affected as a result of Covid-19.

2018/2019

2018/2019 apple exports were 390,942 MT, 5.8 percent greater than 2017/2018. Generally, fruit quality was better than the previous year and fruit color was very good. This meant the proportion of the total production graded export-quality increased from 64 percent in 2017/2018 to approximately 68 percent in 2018/2019.

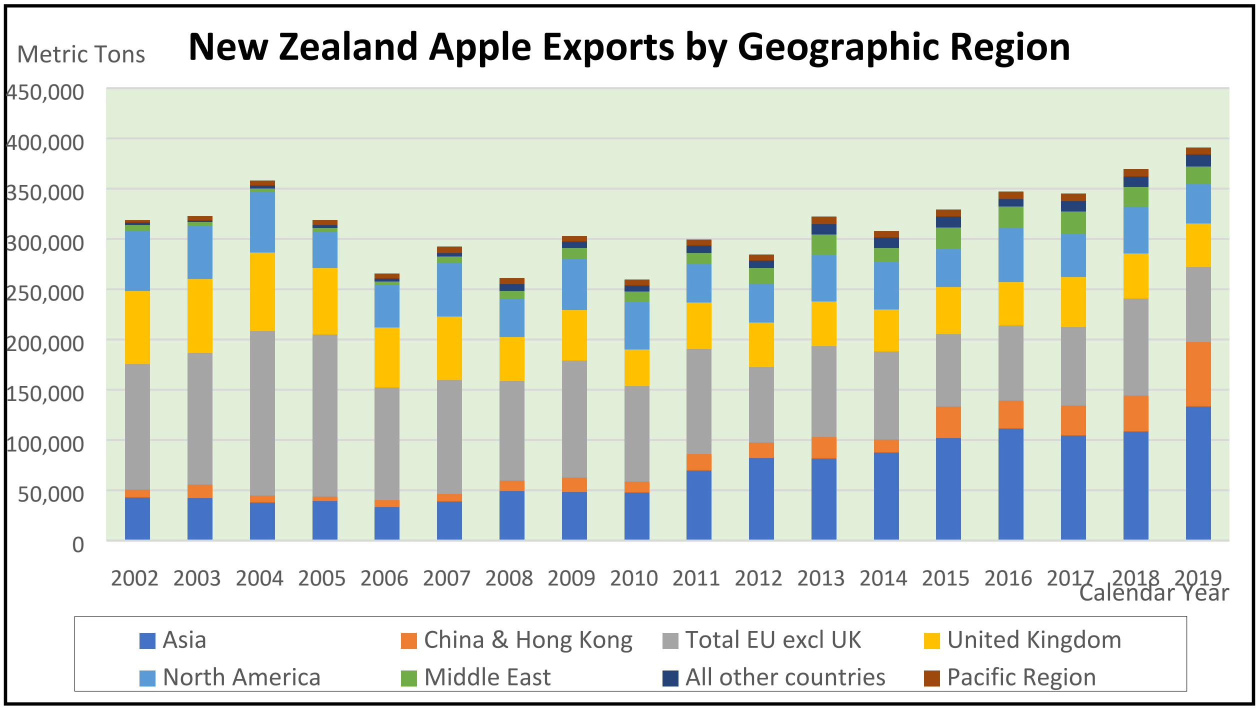
The severe frost damage which reduced the Chinese domestic crop supercharged demand for apple imports into China with volumes exported from New Zealand up 77 percent for the year. Reportedly, the lack of Chinese apple availability in other Asian markets also helped boost demand for New Zealand apples. As a result, Asian (excl. China) markets in 2018/2019 showed significant positive demand growth at 23 percent over 2017/2018.

New Zealand Export Statistics For Fresh Apples								
Destination Country	Annual Total Quantity (MT) by Calendar Year					YTD Jan-Mar by Qty (MT)		
	2015	2016	2017	2018	2019	2019	2020	%Δ 2020/19
Total E.U.	73,327	76,117	79,827	97,996	76,389	10,630	9,972	-6.2%
China	20,331	17,491	16,586	22,171	45,015	9,062	9,604	6.0%
United Kingdom	47,236	42,925	49,237	44,665	43,299	5,833	3,222	-44.8%
United States	32,070	48,625	38,220	40,462	33,883	1,776	1,397	-21.3%
Thailand	30,141	24,889	23,605	18,654	32,890	5,377	4,545	-15.5%
Vietnam	4,248	8,316	13,311	18,149	25,874	2,839	4,164	46.7%
Taiwan	22,096	32,183	23,673	22,437	20,858	3,154	2,772	-12.1%
Hong Kong	10,599	10,183	13,416	14,074	19,010	2,959	3,049	3.0%
India	15,007	13,253	9,667	25,787	17,068	5,197	4,712	-9.3%
United Arab Emirates	18,764	17,785	18,178	15,424	14,198	4,329	6,357	46.8%
Rest of World	55,212	55,146	59,210	49,570	62,458	8,085	9,918	22.7%
Total for World	**329,031**	**346,913**	**344,930**	**369,389**	**390,942**	**59,241**	**59,712**	**0.8%**

Source: Trade Data Monitor LLB

In regard to trade to the European Union, after a good year into continental Europe in 2017/2018, New Zealand apple volumes fell by 23 percent in 2018/2019. One of the reasons for this decline is that prices into many Asian markets for varieties such as Pink Lady and Jazz have been more attractive than to the European Union. The other major variety exported to the European Union is Braeburn apples, and at least 66 percent of the Braeburn apples exported go to this market. Plentiful supplies of fruit in the European Union crashed the market for the Braeburn variety with actual prices achieved down by an estimated 30 to 40 percent compared with 2017/2018. In contrast to continental Europe the United Kingdom market was relatively stable, undergoing only a three percent volume reduction.

In the past 15 years there has been a dramatic shift of New Zealand apple exports away from the European Union and towards Asian markets. This shift began after the apple industry was deregulated and modern sweeter, highly colored apples began to be planted. In 2018/2019 the Asian region (excl. China) took 34 percent of all fruit shipped. China received 16 percent, which means the greater Asia area was the destination for 50 percent of all apples exported in 2018/2019. This is a dramatic shift from 2003/2004 when only 12.5 percent of the apples were shipped to the greater Asia region. The Middle East, while still a relatively minor market, has showed impressive growth from less than one percent in 2003/2004 to now importing five percent of the volume in 2018/2019.



Source: Trade Data Monitor LLB

Imports

New Zealand only imports very limited quantities of apples. However, imports from the United States did increase in 2019, and the United States supplier usually accounts for nearly all of imports.

New Zealand Import Statistics for Fresh Apples						
Origin Country	Annual Quantity (MT) by Calendar Year				YTD Jan-Mar Qty (MT)	
	2016	2017	2018	2019	2019	2020
United States	281	414	152	467	0	183
Poland	0	0	12	0	0	0
New Zealand(customs re-entry)	42	43	0	150	0	42
Italy	0	25	0	0	0	0
World Total	**323**	**482**	**164**	**617**	**0**	**225**

Source: Trade Data Monitor LLB

Pears

Planted and Harvested Area

FAS/Wellington estimates the 2019/2020 harvested area for pears will be at 352 ha, 8.6 percent less than the previous year. There has been a downward trend (since 2011) in area for pears. Although in 2018/19 there was a slight rebound in area, new industry data shows that this downward trend looks to be continuing in 2019/20. The reduction in harvested area, however, is expected to be somewhat offset by higher yields. The new varieties that have been replaced old varieties during replanting have significantly greater yields because of modern genetics and more intensive planting systems. The harvested area for 2018/2019 is now estimated at 385 ha, four percent greater than 2017/2018.

Production

2019/2020

For 2019/2020, FAS/Wellington is forecasting total pear production at 13,150 MT, which is 4.5 percent greater than 2018/2019 but six percent less than the USDA official forecast. The good growing season is the prime reason for the increase on 2018/2019, although the lower harvested area is limiting the rise in production.

2018/2019

FAS/Wellington estimates 2018/19 pear production at 12,585 MT, nine percent less than 2017/2018.

Production, Supply, and Distribution Table

Pears, Fresh	2017/2018		2018/2019		2019/2020	
Market Year Begins	Jan 2018		Jan 2019		Jan 2020	
New Zealand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	395	395	375	402	390	370
Area Harvested (HA)	370	370	360	385	375	352
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)	13612	13612	13000	12385	13800	12950
Non-Comm. Production (MT)	200	200	200	200	200	200
Production (MT)	13812	13812	13200	12585	14000	13150
Imports (MT)	3700	3650	3400	3949	3300	3850
Total Supply (MT)	17512	17462	16600	16534	17300	17000
Fresh Dom. Consumption (MT)	10812	10750	10800	10800	11300	11000
Exports (MT)	4800	4812	4000	3934	4000	4000
For Processing (MT)	1900	1900	1800	1800	2000	2000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	17512	17462	16600	16534	17300	17000
(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

Pear consumption for 2019/2020 is estimated at 11,000 MT, two percent greater than 2018/2019.

Processing

With anticipated increased production in 2019/2020, pear processing is forecast to increase to 2,000 MT of pears processed, a 11 percent gain. Pear processing in 2018/2019 is estimated at 1,800 MT.

Trade

Exports

2019/2020

FAS/Wellington is forecasting exports at 4,000 MT essentially the same as 2018/2019.

New Zealand Export Statistics For Fresh Pears								
Destination Country	Annual Total Quantity (MT) by Calendar Year					YTD Jan-Mar by Qty (MT)		
	2015	2016	2017	2018	2019	2019	2020	%Δ 2020/19
Taiwan	846	1,662	1,226	1,865	1,540	1,502	869	-42.1%
United States	1,102	1,121	1,072	1,264	673	172	202	17.4%
China	151	45	326	497	647	386	111	-71.2%
Fiji	119	251	101	137	199	71	77	8.5%
Singapore	121	103	117	50	72	66	48	-27.3%
Hong Kong	467	471	69	34	59	39	24	-38.5%
Unidentified EU	100	71	53	150	51	50	66	32.0%
New Caledonia	16	24	11	38	29	11	7	-36.4%
Wallis and Futuna	2	9	21	21	23	4	2	-50.0%
Cook Islands	16	19	21	21	22	3	4	33.3%
Rest of World	223	267	176	203	101	57	138	142.1%
World Total	**4,187**	**4,612**	**3,785**	**4,812**	**3,934**	**2,591**	**1,778**	**-31.4%**

Source: Trade Data Monitor LLB

2018/2019

Actual exports for 2018/2019 were 3,934 MT, 18 percent less than 2017/2018 because of reduced total production. Taiwan was the largest market, followed by the United States and China.

Imports

New Zealand Import Statistics for Pears							
Origin Country	Annual Quantity (MT) by Calendar Year				YTD Jan-Mar Qty (MT)		
	2016	2017	2018	2019	2019	2020	%Δ 2020/19
Australia	2,108	3,171	2,707	2,822	103	142	37.86
China	505	718	500	576	43	125	190.70
United States	513	572	359	455	0	20	0
Korea South	106	93	84	97	0	0	0
Italy	0	4	0	0	0	0	0
World Total	**3,231**	**4,559**	**3,650**	**3,949**	145	287	97.93

Source: Trade Data Monitor LLB

For 2019/2020, FAS/Wellington is forecasting pear imports at 3,850 MT, three percent below 2018/2019. For 2018/2019, actual pear imports were 3,949 MT, eight percent above 2017/2018. Australia is the primary supplier to New Zealand.

Attachments:

No Attachments