



Foreign Agricultural Service

**GAIN Report**

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## **New Zealand**

### **Agricultural Situation**

## **New Zealand Export Projections to 2004 2000**

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**Report Highlights:** A recent New Zealand Ministry of Agriculture and Forestry (MAF) publication says the outlook for agriculture and forestry in New Zealand to 2004 is underpinned by generally improving world growth prospects, and continuing low exchange rates for the Kiwi dollar with respect to major trading partners. Rising beef numbers, rising dairy numbers, expanding wood volumes and continuing productivity growth all point to a promising outlook for New Zealand agriculture and forestry.

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Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Wellington [NZ1], NZ

New Zealand's Ministry of Agriculture and Forestry (MAF) has recently published a report forecasting agricultural and forestry exports for the year ending March 2001 and projections out to 2004. In general the outlook to 2004 for New Zealand agriculture and forestry exports is favourable and is underpinned by generally improving world growth prospects, and continuing low exchange rates for the New Zealand dollar with respect to major trading partners. Rising beef numbers, rising dairy numbers, expanding wood volumes and continuing productivity growth all contribute to the promising outlook.

MAF forecasters, however, expect the apple export crop to decline over the next four years, in response to lower returns over the past three seasons and to more stringent quality control measures proposed by Enza, namely the proposal by Enza to restrict the volume of apples sold on the export market. The value of apple exports is projected to fall from NZ\$480 million (US\$206 million) in 2000 to NZ\$426 million (US\$183 million), the 11 percent decline reflecting both lower export prices and volumes. Recently developed varieties of apples, including Royal Gala, Fuji, Braeburn, Pacific Rose and Southern Snap, now make up more than 80 percent of export volumes. But officials report that the rising production levels will be increasingly difficult to sell in the already competitive international apple market.

While apple returns shrink, the total value of exports of pastoral products is projected to rise from NZ\$9.39 billion (US\$4.03 billion) in 2000 to NZ\$11.54 billion (US\$4.96 billion) in 2004. The total export value for horticultural products is expected to rise from NZ\$1.75 billion (US\$750 million) in 2000 to NZ\$1.92 billion (US\$825 million) in 2004. That equates to an overall rise of 23 percent for pastoral products, mainly reflecting higher export volumes, and a 10 percent rise for horticultural products. The total value of exports of forestry products is projected to almost double from NZ\$2.93 billion (US\$1.25 billion) year ending March 2000 to NZ\$4.22 billion (US\$1.81 billion) in 2004. This is mainly due to the expansion in export volumes of lumber, logs and wood panels, which together contribute 90 percent of the total increases in export values. MAF expects stable to rising prices over its forecast period to March 2004.

The value of meat exports is forecast to increase from NZ\$3.19 billion (US\$1.37 billion) in 2000 to NZ\$3.58 billion (US\$1.54 billion) in 2001, reflecting increases in both price and volumes. But then it is projected to fall to NZ\$3.52 billion (US\$1.51 billion) in 2004, giving an overall rise from 2000 to 2004 of 10 percent, mainly reflecting higher beef volumes.

The value of wool exports is projected to increase from NZ\$760 million (US\$326 million) in 2000 to NZ\$880 million (US\$378 million) in 2002 due to price and volume increases, then fall to NZ\$850 million (US\$366 million) in 2004. The overall 12 percent rise from 2000 to 2004 reflects higher expected export prices.

The value of dairy exports is forecast to rise from NZ\$4.53 billion (US\$2 billion) in 2000 to NZ\$5.87 billion (US\$2.5 billion) in 2001 on the back of weaker exchange rates, then to fall to NZ\$5.59 billion (US\$2.4 billion) in 2002 before rising to NZ\$6.08 billion (US\$2.6 billion) in 2004. The overall 34 percent rise from 2000 to 2004 reflects higher export volumes.

The value of exports of other pastoral products is expected to rise from NZ\$900 million (US\$387

million) in 2000 to NZ\$1.09 billion (US\$468 million) in 2004, an increase of 20 percent reflecting a recovery in Asia for prices of hides and skins.

The value of kiwifruit exports is projected to rise from NZ\$467 million (US\$200 million) in 2000 to NZ\$528 million (US\$227 million) in 2004. The rise of 13 percent mainly reflects higher export volumes. Other horticultural exports are projected to rise from NZ\$806 million (US\$346 million) in 2000 to NZ\$963 million (US\$414 million) in 2004, a rise of 19 percent. Processed fruit, particularly wines, account for 84 percent of the increased export value.