

APPLES AND PEARS

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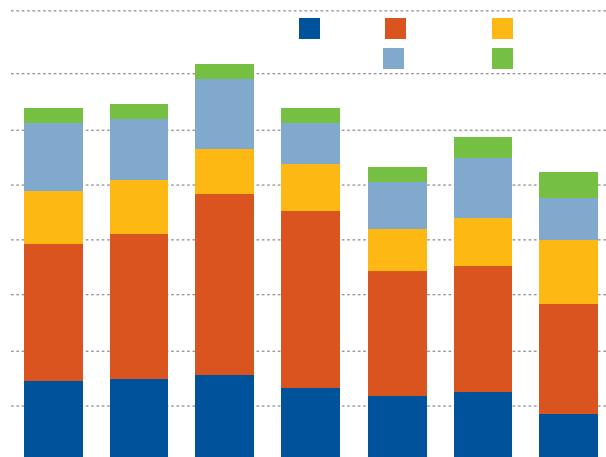
The 2008 season delivered good market returns for New Zealand apple and pear growers.

The 2009 season should be another profitable year, due to a combination of favourable exchange rates and good fruit quality. Targeted marketing strategies, a diverse range of export markets and an increased proportion of premium varieties will also help.

However, early signals indicate that the EU market, our main market for Royal Gala and Braeburn apples, could be challenging. There is plenty of fruit available in the EU, as the southern hemisphere's selling season begins after a return to average or above-average yields in northern hemisphere producing countries. As a result, the selling season for Royal Gala and Braeburn into Europe is likely to be protracted and prices in these markets could fall by up to 20 percent on 2008 levels.

Asian markets have experienced good demand for the Pacific series of apple, with similar prices to last year. Due to an overhang of fruit in the US, sales of New Zealand apples into US markets will favour late season supplies of larger fruit.

FIGURE 13.1: PIPFRUIT EXPORT VOLUME BY DESTINATION, 2002–2008



Source: Statistics New Zealand and MAF.



Annual export volumes have settled into a band between 14 and 17 million export cartons, with climatic conditions determining volumes within this range. The less profitable Braeburn and Royal Gala varieties are gradually being replaced by new plantings of higher-paying varieties coming into full production.

»» PRODUCTION

Apple production in 2009 is expected to be well up on the previous year, averaging 54 tonnes per hectare. This is due to a combination of good growing conditions, strong return bloom on frost-affected crops in the Hawkes Bay region and recently planted orchards coming into full production. The quality of the fruit is reported to be good, and is a more marketable size than last year.

This season, Braeburn and Royal Gala are forecast to account for 64 percent of exports. This is a significant change from recent years, when they accounted for 75 percent of export volume. The move reflects the transition by the industry towards new and more marketable varieties like Jazz™, Cripps Pink and Tentation. Continued transition into higher-returning varieties will bolster the industry against the likelihood of higher exchange rates when economic conditions improve.

Assuming average yields and packout rates, export volumes are expected to fall back in the short term, followed by a gradual lift in production as new plantings reach maturity.

