



SEAFOOD +15%

There is limited scope for volume growth in wild capture fisheries in both New Zealand and the rest of the world due to sustainability limits, which will help support higher prices as demand continues to rise.

Aquaculture is expected to be a key driver of forecast growth through planned expansion of salmon farming and increased mussel production, supported by gradual supply of hatchery-bred mussel spat.

Prices in New Zealand dollars are likely to remain high due to an expected further currency depreciation against the US dollar and growing demand from our key seafood export destinations (China and the US).



ARABLE +14%

Feed grain prices dropped significantly over the year due to lower dairy sector demand and abundant international grain supply.

Booming demand for baby leaf salad has significantly increased export demand for spinach, beet and kale seeds.

Ryegrass seed contracts are down on previous years due to high stocks held in Europe.

NOTES:

Annual figures are for the year ended June, unless otherwise noted.

Currency figures are in New Zealand dollars, unless otherwise noted.

MPI welcomes feedback on this publication to: SOPi@mpi.govt.nz

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Year to 30 June	Actual					Forecast			
	2013	2014	2015	2016*	2017	2018	2019	2020	
EXPORT REVENUE (\$M)									
DAIRY	13 139	17 791	14 050	13 230	13 814	16 626	17 055	17 735	
MEAT & WOOL	7 794	8 162	9 001	9 055	8 345	8 510	8 534	8 804	
FORESTRY	4 527	5 199	4 682	5 069	5 645	6 012	6 116	6 325	
HORTICULTURE	3 540	3 781	4 165	5 015	5 335	5 448	5 545	5 726	
OTHER ¹	1 689	1 677	2 089	2 374	2 609	2 796	2 847	2 936	
SEAFOOD	1 546	1 500	1 562	1 789	1 821	1 965	2 033	2 117	
ARABLE	225	228	177	202	208	218	229	243	
TOTAL	32 460	38 338	35 726	36 734	37 777	41 575	42 359	43 886	

* Estimate

¹ Other Primary Sector Exports and Foods includes live animals, honey, and processed foods such as chocolate and tomato sauce.

Ministry for Primary Industries
Manatū Ahu Matua



Situation and Outlook for Primary Industries 2016

THE FULL SOPI REPORT IS
AVAILABLE ON THE
MPI WEBSITE:
WWW.MPI.GOVT.NZ

New Zealand Government

SITUATION

Overall primary industry exports have increased three percent this year, with estimated export revenue for year ending June 2016 to reach over \$36.7 billion. Growth was led by the horticulture, forestry, seafood and other sectors, which more than offset stable to weaker returns from the larger lamb and dairy sectors. Export growth to our top five markets has been slowing with the exception of the USA which recorded annual growth of 10 percent over the past four years

OUTLOOK

The primary industries are poised for significant export growth. Export earnings are forecast to rise to almost \$44 billion by 2020 (19.5 percent higher than 2016 figures). Record earnings are projected to continue rising for the horticulture, forestry, seafood and other sectors, supported by a return to growth in the dairy and lamb sectors.

Forecast total
primary industry
export earnings
2016
\$36.7 billion
▲ 3%

4 out of 7
sectors grew at
more than
10%
in the past year

Forecast total
primary industry
export earnings
2020
\$43.9 billion
▲ 20%



DAIRY -6%

New Zealand milk solids production is expected to fall 1.6 percent in the 2015/16 year, before stabilising and starting to increase from the 2017/18 year.

Dairy export revenue is expected to fall to \$13.2 billion for the year ending June 2016, before increasing to \$17.7 billion by 2020.

European Union (EU) milk production has increased since quotas were lifted on 1 April 2015. This has contributed to a global oversupply of milk and depressed dairy prices. We expect that prices will gradually begin to recover from the December 2016 quarter onwards as supply and demand start to rebalance.



MEAT & WOOL +1%

For the second straight year, beef and veal exports remain elevated well above previous levels driven by strong prices and production.

Lamb and mutton exports have fallen as a result of lower prices and a poor lambing season in spring 2015.

The medium term outlook for the New Zealand meat and wool sector is positive with a steady production base and strong global consumer demand.



FORESTRY +8%

We expect Chinese demand for New Zealand logs and lumber to increase, as supply from the USA and Canada falls. North America will be less competitive due to currency movements, while increased domestic demand in the US means that fewer North American products will be made available for export.

Demand for New Zealand pulp exports is likely to increase due to global population increases along with economic growth increasing paper consumption, particularly in Asia.

Log prices are increasing on the back of a depreciating New Zealand dollar and low international shipping costs.



HORTICULTURE +20%

Expansion of the high value and very productive Gold3 cultivar is expected to drive overall kiwifruit exports up 27 percent from current levels, to \$1.9 billion by 2020.

A very large vintage in 2016 will dominate wine exports over the coming two years, nearing \$1.7 billion in 2017. Anticipated vineyard expansion in Marlborough will ensure further export growth beyond 2020.

Higher volumes of onions and squash will drive a 6 percent increase in vegetable export revenue for 2016.

Apple and pear export revenue has doubled since 2012 reaching almost \$700 million for the year ending June 2016.

A key challenge for the sector will be finding sufficient skilled labour to cope with the forecast rise in production over the outlook period.



OTHER PRIMARY SECTOR EXPORTS AND FOODS +14%

Australia continues to be our largest market for these products.

Strong growth in exports of innovative processed foods to China in 2015 is expected to continue at more moderate levels over the outlook period.

Exports to Japan and South Korea, our key markets for Other products, are continuing to grow strongly.