



Situation and Outlook for Primary Industries

March 2018



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Annual figures are for the year ended June, unless otherwise noted. Currency figures are in New Zealand dollars, unless otherwise noted. Some totals may not add due to rounding.

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Ministry for Primary Industries
Economic Intelligence Unit
Pastoral House, 25 The Terrace
PO Box 2526, Wellington 6140,
New Zealand
Tel: 0800 00 83 33

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Situation and outlook for primary industries

Primary industry export revenue is forecast to increase 10.8 percent to \$42.2 billion in the year ending June 2018, the largest annual increase since 2014. This forecast reflects a recovery in dairy prices over the past 12-18 months, rising red meat prices, and high log prices driving record forestry harvest volumes.

At \$4.3 billion, December 2017 was the highest month ever for primary sector export revenue and exceeded the previous high (May 2017) by over 10 percent. This result was led by strong performances in the three largest primary sectors, and all sectors are on target for increased export revenue this year. Increased exports of high-value products, including infant formula and processed food, are contributing to this bright outlook.

In addition, the landscape of our primary industries continues to change. The latest numbers show that dairy cow numbers have fallen by nearly 220 thousand since 2016. Further growth in that sector is likely to come from increasing efficiency and value-add. At the same time, high horticulture returns are driving investments in productivity and competition for suitable land. Kiwifruit area alone will have to expand by 7 thousand hectares by 2025 to meet industry growth targets. The government's One Billion Trees Programme will also create change in primary sector land use, primarily through increased replanting rates and new production forest area.

Following the strong increase in expected export revenue for the year ending June 2018, further gains in 2019 are forecast to be

more modest. Some commodity prices are likely to return toward historical trends, and opportunities for further production growth are likely to be constrained in most sectors.

Global situation positive for New Zealand exports

New Zealand's primary industry exports have benefitted from a supportive macroeconomic environment, which is expected to continue in the short term. One caveat to this outlook is the risk of increasing protectionism, which could limit opportunities for New Zealand's export-oriented primary sector. The US's withdrawal from the Trans-Pacific Partnership Agreement (TPPA) in early 2017 is an example of this.

The New Zealand dollar traded below 70 cents to the US dollar for most of the December 2017 quarter, providing a boost to New Zealand export prices. However, since mid-December this rate has risen to the range of 73 to 74 cents.

In addition to a positive economic outlook for New Zealand, global GDP is forecast to grow by nearly 4 percent in both 2018 and 2019 according to the International Monetary Fund. This would be the highest growth rate since 2010 and will help support consumer demand for New Zealand's primary sector exports.

Negotiations on the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP) concluded in January, and the final agreement was signed in March 2018. The CPTPP is a significant free trade agreement, comprising eleven of the countries involved in the TPPA.

Primary industries export revenue, 2013-19 (\$NZ million)

Year to 30 June	Actual					Forecast	
	2013	2014	2015	2016	2017	2018	2019
Dairy	13,139	17,791	14,050	13,289	14,638	16,710	16,840
Meat and wool	7,793	8,163	9,001	9,201	8,356	9,160	8,910
Forestry	4,527	5,199	4,683	5,140	5,482	6,090	6,000
Horticulture	3,547	3,807	4,187	5,002	5,152	5,370	5,560
Seafood	1,546	1,500	1,562	1,768	1,744	1,850	1,940
Arable	229	232	181	210	197	240	230
Other primary sector	1,936	1,908	2,314	2,612	2,532	2,810	2,780
Total	32,717	38,600	35,978	37,223	38,101	42,230	42,260
YY % change	+0.5%	+18.0%	-6.8%	+3.5%	+2.4%	+10.8%	+0.1%

Source: Statistics New Zealand and MPI.

Note: Some totals may not add due to rounding.

* Other primary sector exports includes live animals, honey, and processed foods.

Current season weather and production outlook

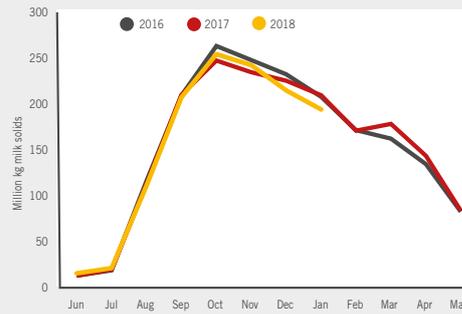
In December, drought conditions rapidly emerged following a wet spring. The impact was felt across New Zealand, especially in Taranaki, Manawatu, West Coast, Central Otago, and Southland.

In part due to the dry summer, this season's dairy production is forecast to fall 1.0 percent from last year, while some sheep and beef farmers increased stock sales to reduce pasture demand. However from late January onwards, pasture conditions significantly improved due to warm and rainy conditions across the country.

By February, drought conditions across had eased through most of the country, but in late February Cyclone Gita brought strong winds to the lower North Island and strong winds and heavy rain to the upper half of the South Island. In particular, the storm caused widespread damage to trees and farm buildings in Taranaki, and flood damage to a small number of orchards in the Tasman District.

The National Institute of Water and Atmospheric Research (NIWA) projects warmer ocean waters around New Zealand, which is a key driver behind NIWA's outlook for March to May, which suggests above-average temperatures and normal to above normal soil moisture for all regions.

Milk production slowing since December



New Zealand's milk solid production started the 2017/18 season strongly, but dry weather has contributed to lower production year on year in December and January. Autumn production in 2016/17 was unusually strong; it remains to be seen whether this performance will be repeated.

New Zealand Drought Index Maps November 2017 to February 2018

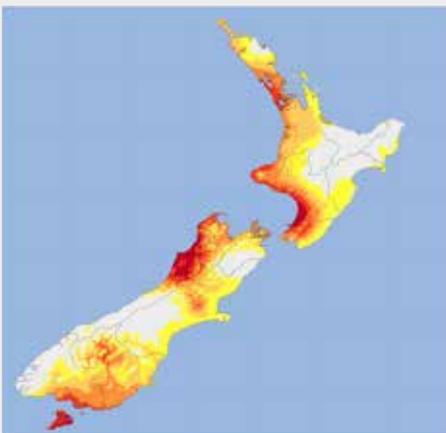
November 2017



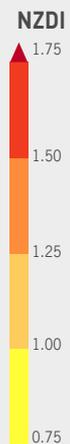
December 2017



January 2018



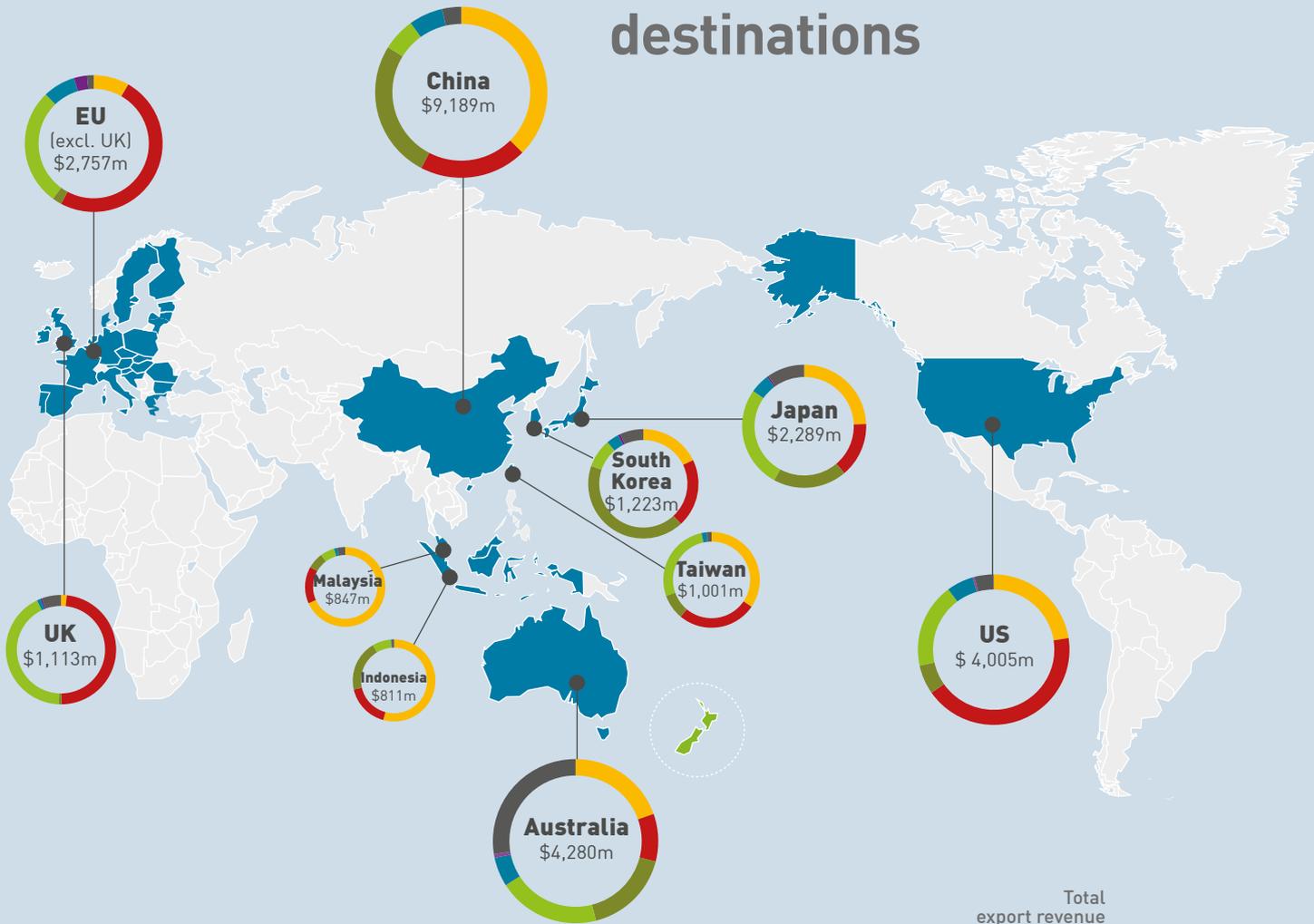
February 2018



● Dry ● Very dry ● Extremely dry ● Drought ● Extreme drought

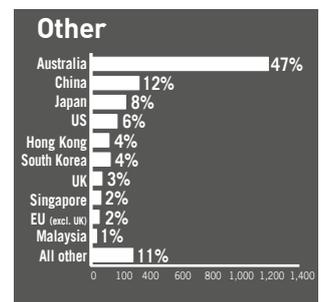
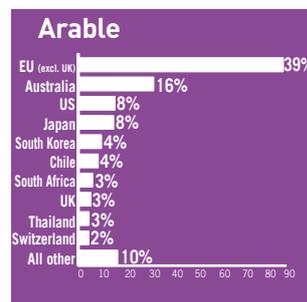
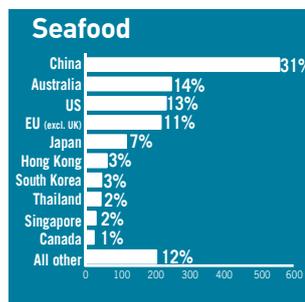
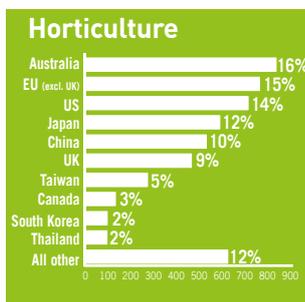
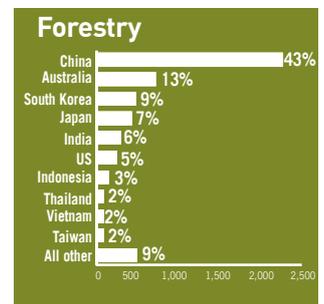
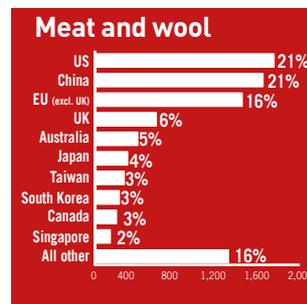
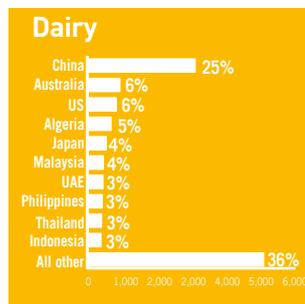
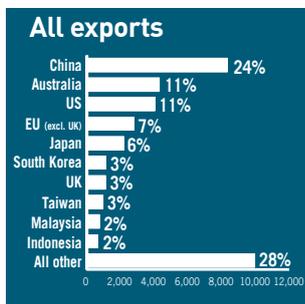
Source: National Institute of Water & Atmospheric Research (NIWA)

Top 10 export destinations



Product	Total export revenue \$ million (June 2017)	% of Total
Dairy	14,638	38%
Meat and wool	8,356	22%
Forestry	5,482	14%
Horticulture	5,152	14%
Seafood	1,744	5%
Arable	197	1%
Other	2,532	7%
Primary industries (total)	38,101	100%

Top markets (\$NZ millions, year ended June 2017)





Dairy export revenue to grow despite lower milk production

Strong export prices are expected to more than offset an expected decline in milk production this season, propelling dairy export revenue to \$16.7 billion for the year ending June 2018. Average butter prices are up almost 50 percent on the previous year, while average whole milk powder prices are more than 10 percent higher than in 2017.



High red meat prices driving export revenue growth in 2018

Meat and wool exports are now forecast to increase 9.6 percent to \$9.2 billion in 2018, up significantly from the previous report. Prices across the sector continue to increase despite dry pasture conditions causing some farmers to increase stock sales in the December quarter.



Record harvest volumes in forestry sector

Record harvest volumes, driven in part by strong log export prices, resulted in a record December quarter for the forestry industry. As a result, export revenue for the year ending June 2018 is now forecast to reach \$6.1 billion, over 11 percent higher than 2017.



Horticulture remains on pace for steady expansion

Horticulture exports are forecast to grow by 4.2 percent in 2018 with the continued expansion of kiwifruit orchard area and generally favourable weather conditions for pipfruit and wine production. New varieties will be an important driver of growth in the coming years.



Seafood exports look to aquaculture for future growth

Seafood export volumes are forecast to increase 6.1 percent in the year ending June 2018 and 4.9 percent in 2019, driven by developments in the aquaculture sector, in particular salmon farm expansion and increased mussel production.



Arable prospects bright despite variable weather

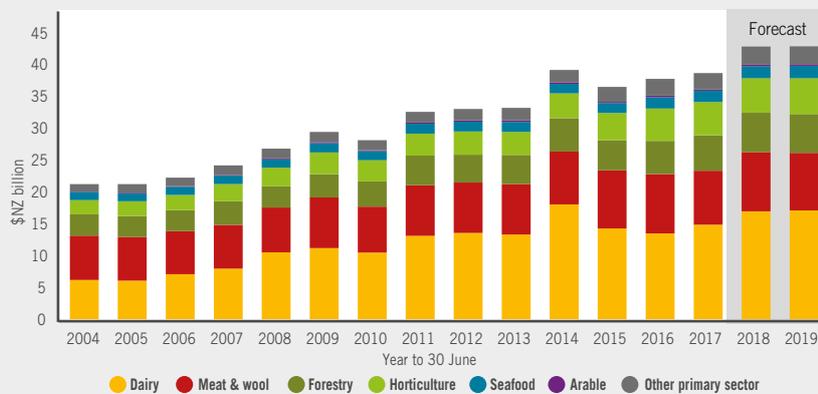
Arable exports are expected to rise to \$240 million in the year ending June 2018, up from \$197 million in 2017. Arable yields overall are expected to reach average levels despite variable weather, with a wet winter and early spring delaying the planting of some crops, followed by one of the driest summers on record.



Growth returns to processed food exports

Led by processed foods, such as dietary supplements and cereal products, exports of New Zealand's other primary sector exports and foods are expected to rise to \$2.8 billion in the year ending June 2018, up from \$2.5 billion in 2017. This sector has achieved record export revenue in two of the past three quarters.

Primary industries export revenue 2004–19



Source: Statistics New Zealand and MPI.

Extreme weather conditions experienced by much of the country are expected to lead to a 1.0 percent fall in milk solid production for the 2017/18 season. Despite this expected production fall, strong global prices for butter and whole milk powder are forecast to contribute to dairy export revenue rising to \$16.7 billion for the year ending June 2018, up from \$14.6 billion in the previous year. Milk fat prices are forecast to decline in the following year, but whole milk powder prices should remain near current levels and production should bounce back from a poor season, leading to forecast dairy exports rising slightly to \$16.8 billion for the year ending June 2019.

Dairy export revenue 2013-19 (\$NZ million)



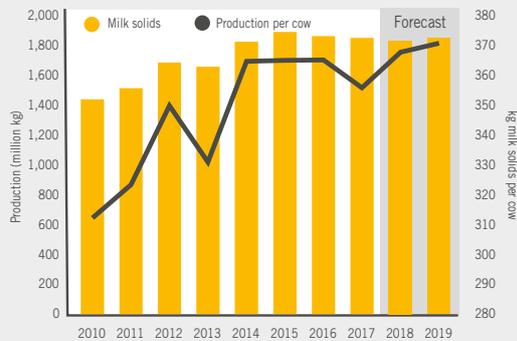
Opportunities

- Manufacturers continue to increase the proportion of raw milk used for higher value products rather than commodities, driving a higher value dairy product export basket.
- China, our largest dairy market, continues to show strong demand for imported whole milk powder and infant formula.
- Ongoing farm system improvements and genetic gains are expected to continue to lead to rising production per cow in future years.

Challenges

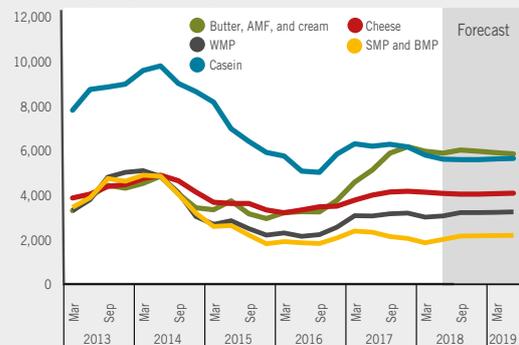
- EU production and exports continue to rise, placing downwards pressure on international prices.
- The cattle disease *Mycoplasma bovis* has been identified at a number of properties across New Zealand. If this disease becomes established dairy production will be negatively impacted and farm management costs may increase.
- Domestic environmental policy is likely to be constraining cow numbers and the land area used for dairy farming in the future, with growth becoming even more reliant on productivity increases and rising proportions of value-add products.

Weather expected to hit production



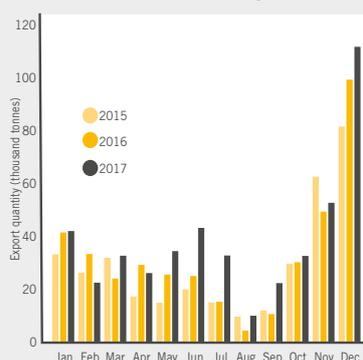
Dairy production is expected to fall 1.0 percent in the 2017/18 season due to a wet spring, which was quickly followed by an overly dry summer in much of the country.

Dairy export prices high but stable



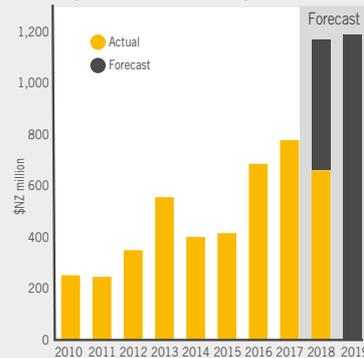
Butter prices are expected to recede from current record levels while WMP prices stabilise. Prices for almost all products are forecast to be higher than last year, pushing overall export values up.

China's WMP demand rising



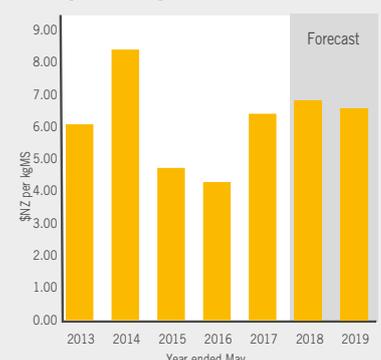
China has imported 25 percent more WMP from New Zealand over the past 6 months compared to the same time last year, supporting higher prices for this product.

Growing infant formula exports



Strong rises in infant formula export volumes over the second half of 2017 underpin a forecast 13 percent increase in infant formula export revenue.

Farm gate milk price outlook



The average payout for the 2017/18 season is forecast to rise to \$6.81 per kilogram of milk solids (including dividends). High WMP prices provide a small upside potential.

Meat & wool

Meat and wool exports are now forecast to increase 9.6 percent to \$9.2 billion in 2018, up significantly from the previous report. Prices across the sector remain strong, with 2018 red meat prices forecast to increase 14.7 percent for lamb, 20.5 percent for mutton, 2.0 percent for beef, and 11.7 percent for venison.



Meat and wool export revenue 2013-19 (\$NZ million)

2013	↑ 0.2%	2014	↑ 4.7%	2015	↑ 10.3%	2016	↑ 2.2%	2017	↓ 9.2%	2018	↑ 9.6%	2019	↓ 2.7%
7,793		8,163		9,001		9,201		8,356		9,160		8,910	

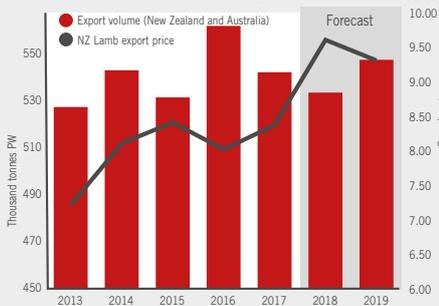
Opportunities

- New Zealand beef export prices remain at or above \$7.00 per kg, even though production is expanding in the US and elsewhere. This is because beef consumption is trending upward in key markets including the United States, China, Japan, and South Korea. This has helped
- One of the biggest potential beneficiaries of the CPTPP for New Zealand is likely to be beef exports to Japan. Australia has enjoyed a tariff advantage over all other countries in the Japanese market since its 2015 free trade agreement, but the CPTPP will put New Zealand on a level playing field once the agreement has been fully implemented, a process which will take several years.

Challenges

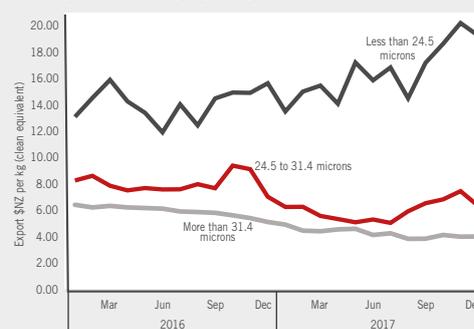
- The dry weather this summer has contributed to higher production and export volumes in the December quarter than expected, but overall the drought has had a minimal impact nationally on the sector. Average slaughter weights, which often decline in drought situations, are on target to approach last year's very good result, and farmgate prices have remained high despite higher throughput.
- The crossbred wool market is still struggling, with few indications of an imminent rebound. Export volumes are rising but there are still large inventories built up from the previous season and demand for crossbred wool remains low.

Lower Australasian lamb exports



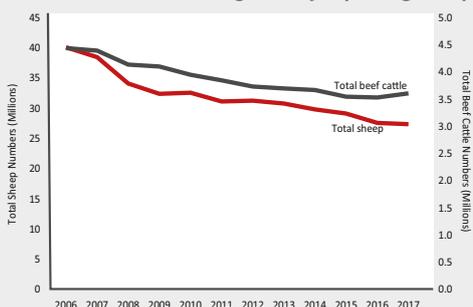
Australia and New Zealand account for the majority of lamb exports globally, so global prices are influenced by swings in the volume of exportable supplies from these two countries. Flock rebuilding in Australia following a 2016 drought is a key driver behind higher prices in 2017 and 2018, and higher supplies from 2019 are forecast to influence a reduction in future lamb prices.

Wool prices diverging by grade



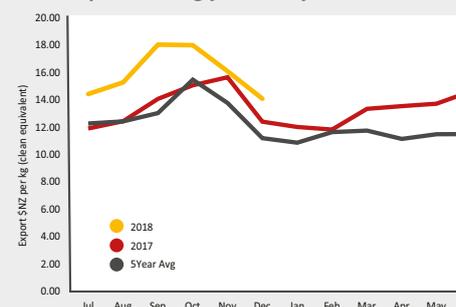
The gulf between strong and fine wool has continued to widen over the past few months with prices of fine wool currently 4 to 5 times higher than crossbred wool. Over 77 percent of New Zealand's wool export volume is crossbred (more than 31.4 microns).

Livestock numbers: beef gradually replacing sheep



Provisional Agricultural Production Survey (APS) data for June 2017 shows total beef cattle numbers have risen for the first time since 2006 following several years of strong beef prices. This has supported the overall trend towards cattle away from sheep.

Venison prices rising year over year



Venison export prices hit \$18 per kg during the peak of the chilled export season in September and October, and prices remain well ahead of the previous year's pace. Chilled exports and increased trade to the US have boosted the sector's outlook.

A combination of high log prices and record harvest levels are expected to drive New Zealand's forestry exports up to \$6.1 billion for the year ending June 2018, up from \$5.5 billion in 2017. This forecast has been revised upward following a third straight quarter of record export revenue.

Forestry export revenue, 2013–19 (\$NZ million)

2013	↑ 4.5%	2014	↑ 14.9%	2015	↓ 9.9%	2016	↑ 9.8%	2017	↑ 6.7%	2018	↑ 11.1%	2019	↓ 1.5%
4,527		5,199		4,683		5,140		5,482		6,090		6,000	

Opportunities

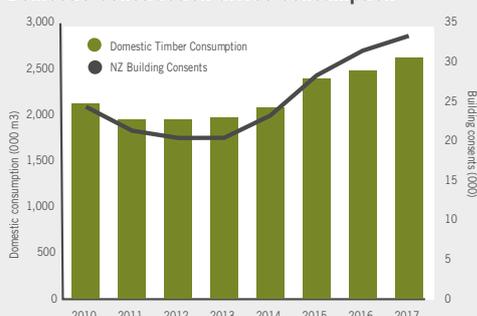
- Log exports have grown by 30 percent since 2015. Demand for New Zealand logs, particularly from China, show no sign of slowing down any time soon, but historically it has been rare for demand to remain this strong for an extended time.
- Timber demand from the US is expected to remain strong due to a range of factors: continuing high housing start numbers, rebuilds from recent hurricanes, and trade disputes between the US and Canada.
- The government has set a goal to plant one billion trees over the next ten years. This target will require new afforestation of approximately 500 million trees, as well as replanting of existing plantation forests after harvest. The planting will include a mix of exotic and native species, planted for a

variety of purposes, including environmental benefits (such as carbon sequestration, erosion control, and riparian planting) and commercial forestry.

Challenges

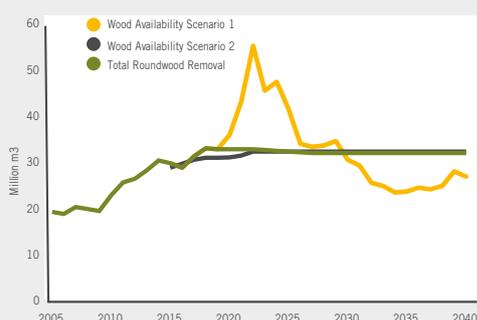
- Further gains beyond the current record harvest pace may be difficult, given capacity constraints in harvesting and transporting logs.
- The closure of mills across China due to increased environmental regulations is driving consolidation in the industry but have not affected New Zealand log exports to date, however if closures continue demand could be affected.
- Alternative sources of Chinese log imports could pose a challenge to New Zealand's market share, including Russia, Australia, and the US.

Domestic construction drives consumption



The rise in forestry exports has been achieved despite a concurrent increase in domestic consumption of timber products, which has been increasing steadily over the past five years. This is off the back on increases in construction, especially new houses.

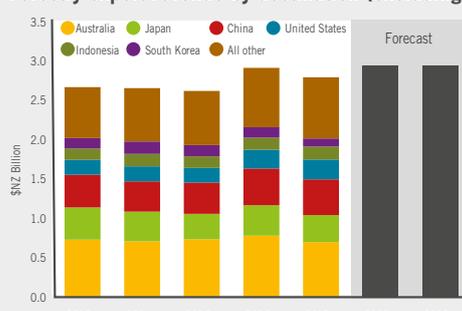
Roundwood removals exceeding wood availability projections



The current harvest pace is higher than the long run wood availability projections published in 2014.¹ If this trend continues, the average age of plantation forests will begin to decrease. The current high harvesting levels are partly driven by high log prices.

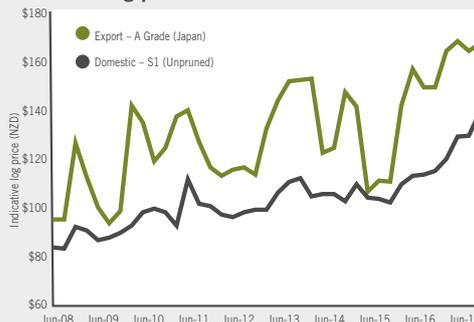
1. Wood Availability Forecast (WAF) Scenario 1 assumes most wood from small scale owners is harvested at maturity, whereas WAF Scenario 2 assumes a near-constant rate of production.

Forestry export revenue by destination (excluding logs)



Forestry exports (excluding logs) are forecast to expand in 2018. Indonesia continues to be a growing market, especially for pulp. In 2017 we exported \$185 million to Indonesia, a \$27.8 million increase from the previous year.

Indicative log prices



Domestic logs reached record high levels in the December 2017 quarter, and export prices remained high. The difference between export and domestic prices for unpruned logs has steadied in the last four quarters to an average of \$37.

Continued expansion of kiwifruit area and favourable weather conditions for pipfruit and wine production are forecast to drive overall growth in the horticulture sector in 2018. New varieties, such as gold kiwifruit and jazz and envy apples, are a key part of success in the sector.

Horticulture export revenue, 2013–19 (\$NZ million)



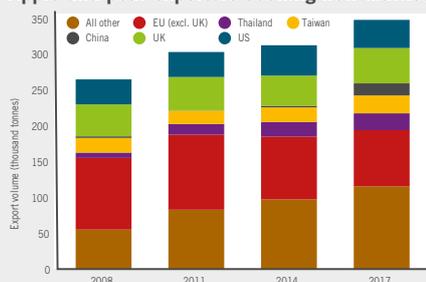
Opportunities

- An increase in apple and pear production is expected in 2018, arising from favourable growing conditions and young trees maturing, assuming normal weather patterns over harvest.
- Avocados are now being shipped to China after years of negotiations on access conditions. China is the world's fifth largest importer of avocados with rapid growth in the past five years.
- Wine exports are forecast to increase to \$1.7 billion in 2018 as a result of an anticipated larger wine vintage in 2018 due to favourable weather.
- Kiwifruit exports are forecast to increase 4.5 percent to \$1.8 billion for the year ending June 2018. With increased plantings of gold varieties expected over the next few years, production of gold kiwifruit is forecast to continue expanding.

Challenges

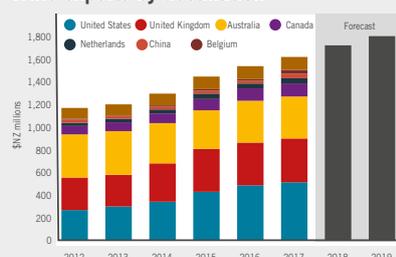
- Pressures on the supply of skilled labour, particularly at pruning and harvesting, remains a challenge across the industry.
- Apple and pear exporters will need to continue developing new varieties and expand into higher-paying markets in order to ensure continued export growth in future years.
- Management decisions around the proportion of wine that is exported in bulk, as opposed to bottles, can have a significant impact on average export prices received for our wine. The rise in bulk wine exports following last year's Kaikoura earthquake is an example of this.

Apple and pear exporters seeking new markets



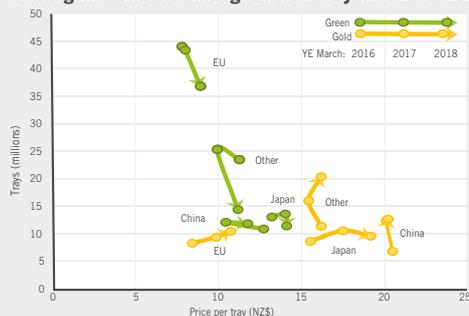
Since 2008, apple and pear exports have shifted away from the EU and towards new markets in China and the rest of Asia. This shift is occurring alongside commercialisation of new apple varieties.

Wine exports by destination



Growth in wine exports has been primarily driven by growth in traditional markets, such as the United States and the United Kingdom. Growth has also been supported by non-traditional markets including China and Belgium.

Price gains and volume growth in key kiwifruit markets



Global kiwifruit prices remain strong. The reduced green crop is expected to have a positive effect on prices, while demand for gold kiwifruit in the largest markets of China, the EU and Japan are forecast to continue increasing.

Avocado's irregular bearing pattern in down cycle



Avocado export volumes are expected to fall 54 percent to 2.2 million trays in the year to June 2018, and only partially recover the following year to 3.1 million trays. This reflects two low years on the irregular bearing cycle of production which makes it difficult to develop markets.

Seafood export volumes are forecast to increase in the year ending June 2018 and beyond due to salmon farm expansion and increased mussel production. Investment in the seafood sector such as mussel spat breeding, precision seafood harvesting, and expansion of aquaculture areas provide New Zealand with a solid platform from which to grow our export values and volumes. Combined with rising prices, the increased production is forecast to result in \$1.9 billion in export revenue in the year ending June 2019, an increase of nearly 5 percent from 2018.

Seafood export revenue, 2013–19 (\$NZ million)



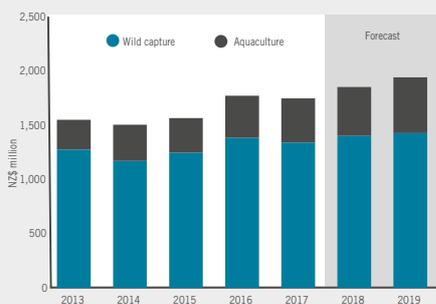
Opportunities

- New salmon farms in the Marlborough Sounds are expected to begin operation in 2018, while successful farming of hatchery-bred mussel spat will increase volumes of mussels available for export. Production from wild capture fisheries is expected to remain steady.
- Limited global supply of wild fisheries should mean that New Zealand will continue to be able to command high prices for our seafood.
- Efforts are underway to increase consumer awareness of New Zealand's sustainable fishing practices through environmental certification to increase the value of seafood exports.

Challenges

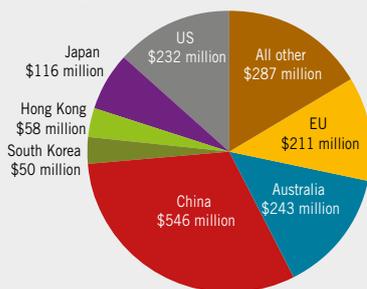
- The forecast for increasing aquaculture exports is contingent on new technologies (such as hatchery-bred mussel spat) and investments (such as new salmon farms) reaching commercial production.
- Sustainable production principles and the natural fluctuation of wild capture fisheries creates challenges for meeting consumer expectations for consistent supplies.

Seafood export forecast



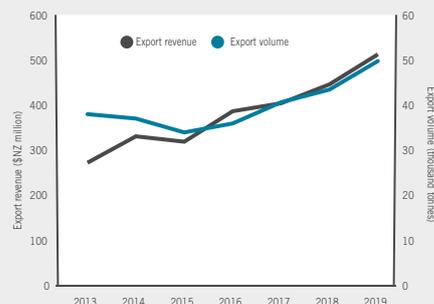
Seafood export earnings are expected to increase further and reach \$1.9 billion in June 2019, particularly supported by aquaculture growth.

Seafood exports by destination



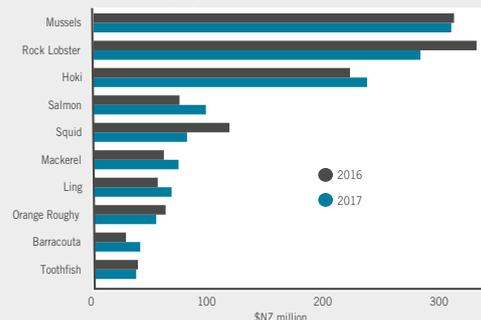
China, Australia, the EU, and the US continue to be the largest markets for New Zealand's seafood products.

Aquaculture growth forecast



Increased aquaculture production, along with rising prices, is expected to lead to a 13 percent annual increase in aquaculture export revenues over the next two years.

Export revenue by species 2016-17



Mussels have surpassed rock lobster to become our top export earner by species for calendar year 2017. Rock lobster prices in China, New Zealand's main market, are lower this year.

Arable

Arable exports are expected to rise to \$240 million in the year ending June 2018, up from \$197 million in 2017. Higher export volumes of vegetable seeds are the main contributor, lifting the vegetable seed export value by \$24 million to \$95 million.

It has been a season of extremes for cropping farmers coming from a wet winter and early spring to one of the driest summers on record. The hot dry summer brought the Canterbury cereal harvest forward a few weeks and while yields for some dryland crops are lower, overall an average yield is expected.

Arable export revenue, 2013–19 (\$NZ million)

2013	↑ 25.6%	2014	↑ 1.2%	2015	↓ 21.6%	2016	↑ 15.6%	2017	↓ 6.0%	2018	↑ 21.7%	2019	↓ 4.2%
229		232		181		210		197		240		230	

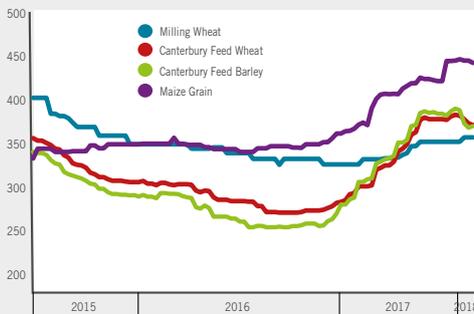
Opportunities

- Food trends are providing new cropping opportunities for New Zealand farmers. Areas of cropping potential identified by the Foundation for Arable Research are with nutritional beverages, ancient grains, high value oils, plant proteins, durable water containing crops and some native species.
- Legislative amendments are underway to permit hemp seed to be grown for human consumption, providing another cropping option for New Zealand farmers.

Challenges

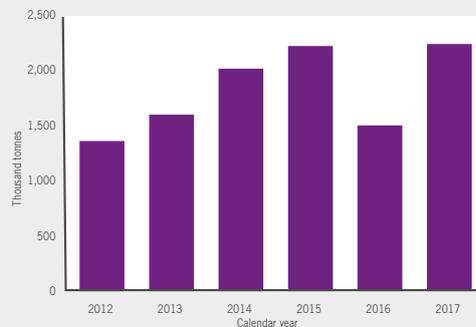
- World grain production in 2017/18 is expected to be the second largest ever at 2,100 million tonnes, which will continue to restrain domestic grain prices.
- High transport costs make it difficult for South Island grain suppliers to compete in the North Island market, where major flour and animal feed mills and most of the poultry and pork production is based. Australian and North American grain can be landed more cheaply in Auckland and Tauranga than grain from Timaru or Lyttelton.

Domestic Grain Spot Prices 2015-18



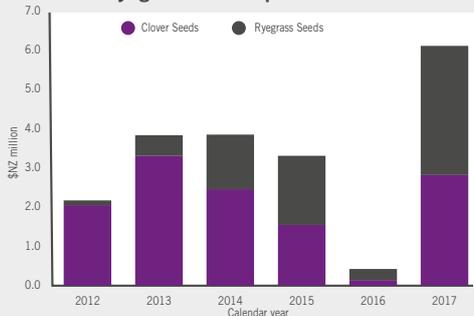
Prices for domestic feed wheat and barley steadily improved during 2017 but dipped \$10-\$20 in January 2018 as feed shortages were eased by pasture growth following rain and palm kernel was plentiful.

New high for PKE imports



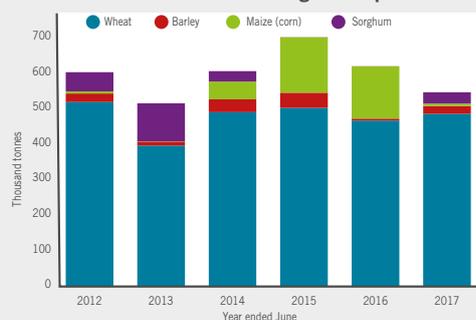
Drought conditions this summer contributed to a record volume of palm kernel expeller (PKE) being imported in the 2017 calendar year. Demand for PKE is likely to fall in 2018 when Fonterra introduces a testing and pricing system designed to discourage the use of PKE, which alters the fat composition of milk.

Clover and ryegrass seed exports to China



Clover and ryegrass seed exports to China increased considerably in 2017, up 59 percent on the previous high in 2014. Seed demand from China is expected to fall going forward as supply from Australia and the US increases.

Wheat dominates New Zealand grain imports



Wheat is the main grain import to New Zealand with domestic production not able to meet demand and reflects the availability of cheap overseas grain in large quantities.

Exports of New Zealand's other primary sector exports and foods are expected to rise to \$2.8 billion in the year ending June 2018, up from \$2.5 billion in 2017. Innovative processed foods (such as vitamin and mineral tablets, and infant food) and cereal products (such as biscuits and breakfast cereals), are leading this growth.

Other primary sector export revenue, 2013–19 (\$NZ million)



Opportunities

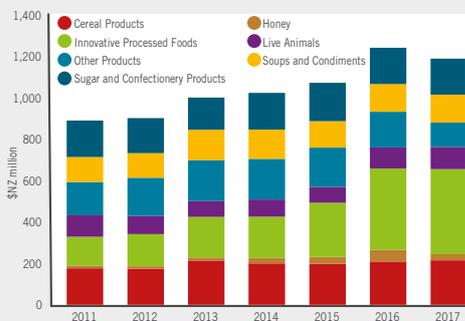
- Increasingly strong demand for health products, particularly from Australia and Hong Kong, should continue to support the growth of innovative processed foods.
- A more normal honey harvest is anticipated for 2018 due to improved weather following a poor season in 2017. In addition, sales of honey into the United States market have been increasing recently.
- Cereal product exports to Australia continue to grow, with exports for the first six months of the year to June 2018 up by 16 percent.

- A new poultry breeding facility near Huntly is expected to start producing birds to supply the Asia Pacific region towards the middle of 2018.

Challenges

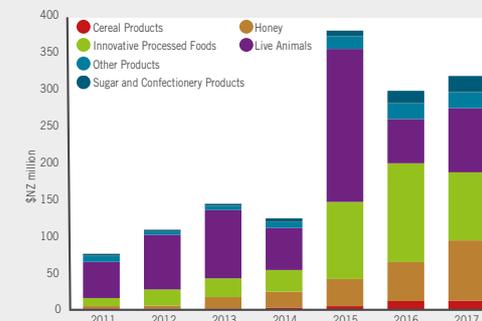
- The short-term outlook for honey exports is unclear while the industry implements the new definition for mānuka honey. Although average prices have dropped slightly in the last three months, growth is expected to return in the longer term.
- The closure of the Cadbury factory in Dunedin in early 2018 could lead to a fall in exports of chocolate and confectionery products.

Australia is a crucial export partner for processed foods



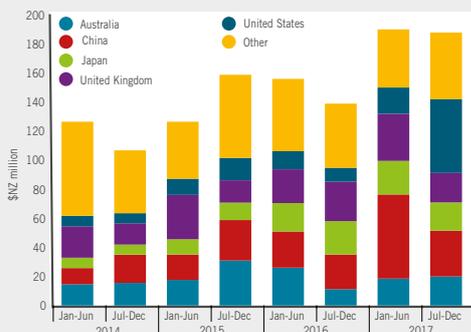
Australia is usually the destination for almost half our exports in this sector (\$1.2 billion in 2017). This is due to our shared food safety regulations which make it easy for products produced in New Zealand to be sold in both Australia and New Zealand.

China continues to grow in importance



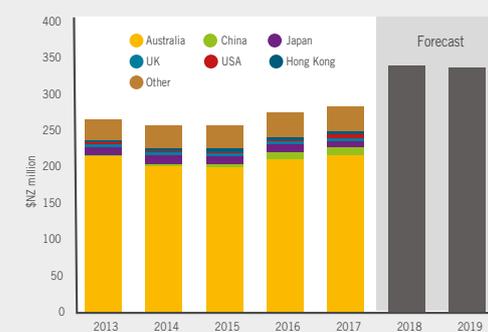
China is our second largest export partner for this sector. New Zealand's exports to China have grown markedly in the ten years since the FTA was signed: from \$23 million in 2008 to \$316 million in 2017. This growth is continuing into 2018.

Honey's shifting export markets



Over the last few years, our top export market for honey has changed every year, from the UK (2015), to Australia (2016), and China (2017). High world demand for mānuka honey continues to drive this pattern. The US is currently on track to be New Zealand's leading destination for honey for the year ended June 2018.

Australia remains our largest cereal products market



While Australia continues to be our largest market for cereal products, China has overtaken Japan to become our second largest market. Exports to China have grown rapidly from \$0.5 million in 2012 to \$11.5 million in 2017.

Supplementary Tables

Primary industries export revenue, 2013–19 (\$NZ million)

Year to 30 June	Actual					Forecast	
	2013	2014	2015	2016	2017	2018	2019
Dairy	13,139	17,791	14,050	13,289	14,638	16,710	16,840
Meat and wool	7,793	8,163	9,001	9,201	8,356	9,160	8,910
Forestry	4,527	5,199	4,683	5,140	5,482	6,090	6,000
Horticulture	3,547	3,807	4,187	5,002	5,152	5,370	5,560
Seafood	1,546	1,500	1,562	1,768	1,744	1,850	1,940
Arable	229	232	181	210	197	240	230
Other primary sector*	1,936	1,908	2,314	2,612	2,532	2,810	2,780
Total	32,717	38,600	35,978	37,223	38,101	42,230	42,260
YY % change	+0.5%	+18.0%	-6.8%	+3.5%	+2.4%	+10.8%	+0.1%

Source: Statistics New Zealand and MPI.

Note: Some totals may not add due to rounding.

* Other primary sector exports includes live animals, honey, and processed foods.

Dairy export revenue 2013-19 (\$NZ million)

Year to 30 June	Actual					Forecast	
	2013	2014	2015	2016	2017	2018	2019
Whole milk powder	5,104	8,393	5,385	4,609	5,271	5,870	5,890
Butter, AMF, and cream	1,910	2,699	2,219	2,378	2,794	3,730	3,790
Skim milk & butter milk powder	1,832	2,285	1,762	1,347	1,385	1,290	1,360
Casein & protein products	1,674	1,925	2,129	1,834	1,735	1,600	1,560
Cheese	1,441	1,482	1,557	1,720	1,830	2,000	2,000
Infant formula	555	401	415	685	778	1,170	1,190
Other dairy products*	623	607	582	716	845	1,050	1,050
Total	13,139	17,791	14,050	13,289	14,638	16,710	16,840
YY % change	-1.8%	+35.4%	-21.0%	-5.4%	+10.1%	+14.2%	+0.8%

Source: Statistics New Zealand and MPI.

Note: Some totals may not add due to rounding.

* Other dairy products include: liquid milk and cream, yoghurt, and ice cream.

Meat and wool export revenue 2013–19 (\$NZ million)

Year to 30 June	Actual					Forecast	
	2013	2014	2015	2016	2017	2018	2019
Beef & veal	2,143	2,199	2,980	3,096	2,706	2,820	2,690
Lamb	2,263	2,485	2,504	2,569	2,441	2,810	2,780
Mutton	395	488	418	419	417	500	430
Wool	678	733	805	760	522	570	550
Venison	171	187	174	182	162	180	160
Other meat*	435	438	466	503	513	540	550
Hides & Skins	608	625	571	510	417	440	450
Animal by-products	517	489	578	598	587	720	740
Animal fats & oils	162	130	118	125	156	140	140
Animal products for feed	229	209	216	247	273	300	290
Carpets & other wool products	193	178	172	192	163	130	120
Total	7,793	8,163	9,001	9,201	8,356	9,160	8,910
YY % change	+0.2%	+4.7%	+10.3%	+2.2%	-9.2%	+9.6%	-2.7%

Source: Statistics New Zealand and MPI.

Note: Some totals may not add due to rounding.

* Other meat includes: edible offal, processed meat, and poultry.

Forestry export revenue, 2013–19 (\$NZ million)

Year to 30 June	Actual					Forecast	
	2013	2014	2015	2016	2017	2018	2019
Logs	1,855	2,541	2,060	2,224	2,687	3,140	3,050
Sawn timber & sleepers	792	787	751	860	830	860	870
Pulp	547	606	631	687	655	750	760
Paper & paperboard	510	477	470	518	484	510	500
Panels	436	407	451	512	476	460	460
Chips	67	51	52	64	59	60	60
Other forestry products*	320	331	267	275	290	300	300
Total	4,527	5,199	4,683	5,140	5,482	6,090	6,000
YY % change	+4.5%	+14.9%	-9.9%	+9.8%	+6.7%	+11.1%	-1.5%

Source: Statistics New Zealand and MPI.

Note: Some totals may not add due to rounding.

* Other forestry products include: structural or moulded wood, furniture, and prefabricated buildings.

Horticulture export revenue, 2013–19 (\$NZ million)

Year to 30 June	Actual					Forecast	
	2013	2014	2015	2016	2017	2018	2019
Kiwifruit	934	931	1,182	1,673	1,664	1,740	1,760
Wine	1,204	1,323	1,408	1,558	1,660	1,720	1,800
Apples & pears	484	547	571	701	701	770	810
Fresh & processed vegetables*	600	606	588	612	614	670	680
Other horticulture**	325	400	438	458	513	460	500
Total	3,547	3,807	4,187	5,002	5,152	5,370	5,560
Y/Y % change	-0.4%	+7.3%	+10.0%	+19.5%	+3.0%	+4.2%	+3.5%

Source: Statistics New Zealand and MPI.

Note: Some totals may not add due to rounding.

* Fresh and processed vegetables include: onions, squash, peas, legumes, potatoes, sweetcorn, and other vegetables.

** Other horticulture includes: avocados, cherries, other fruit, and ornamentals.

Seafood export revenue, 2013–19 (\$NZ million)

	Actual					Forecast	
	2013	2014	2015	2016	2017	2018	2019
Wild Capture	1,272	1,168	1,242	1,380	1,338	1,400	1,420
Aquaculture	274	332	321	388	406	450	510
Total	1,546	1,500	1,562	1,768	1,744	1,850	1,940
Y/Y % change	+0.0%	-2.9%	+4.1%	+13.2%	-1.4%	+6.1%	+4.9%

Source: Statistics New Zealand and MPI.

Note: Some totals may not add due to rounding.

Arable export revenue, 2013–19 (\$NZ million)

Year to 30 June	Actual					Forecast	
	2013	2014	2015	2016	2017	2018	2019
Vegetable seed	80	66	62	74	64	95	95
Ryegrass seed	68	55	49	46	46	55	50
Clover/legume seed	21	20	22	20	23	30	25
Other grains and seeds	59	91	48	70	63	60	60
Total	229	232	181	210	197	240	230
Y/Y % change	+25.6%	+1.2%	-21.6%	+15.6%	-6.0%	+21.7%	-4.2%

Source: Statistics New Zealand and MPI.

Note: Some totals may not add due to rounding.

* Other grains and seeds include: maize, grains, and oilseeds.

Other primary sector export revenue, 2013–19 (\$NZ million)

Year to 30 June	Actual					Forecast	
	2013	2014	2015	2016	2017	2018	2019
Innovative processed foods	341	332	471	681	664	890	900
Honey	145	187	233	315	329	340	320
Sugar & confectionery	263	290	293	312	305	290	270
Cereal products	264	255	255	274	282	340	340
Live animals	238	208	370	242	274	270	260
Soup & condiments	196	192	183	187	186	180	190
Other products*	489	444	508	601	492	500	500
Total	1,936	1,908	2,314	2,612	2,532	2,810	2,780
YY % change	+9.2%	-1.4%	+21.2%	+12.9%	-3.0%	+11.0%	-1.1%

Source: Statistics New Zealand and MPI.

Note: Some totals may not add due to rounding.

* Other products include: beverages, vegetable-based dyes, and spices.

Forecast tracking

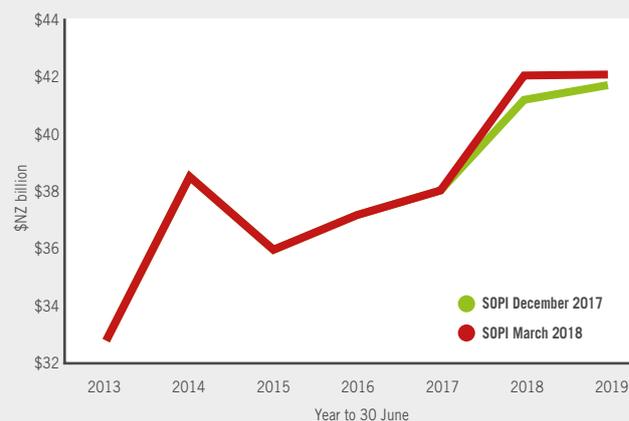
Our forecast outlook for the year ending June 2018 has increased \$880 million from the previous forecast round in December 2017. Forestry, and meat and wool are the main sources of change, and a softer dairy outlook is offset by a higher forecast for other primary sector goods.

The meat and wool forecast is \$450 million higher for 2018 as red meat prices have improved more than anticipated so far this season.

The December 2017 quarter was a record one for the forestry sector, and there is little indication that export volumes and prices will slow in the short term, except perhaps from a stronger exchange rate.

There are fewer changes to the 2019 forecast which has been increased by \$380 million, as gains in the forestry and other primary sectors are expected to be maintained over the medium term.

MPI primary sector export forecasts, 2013–19



Source: MPI.

MPI primary sector export forecasts, 2013–19 (\$NZ million)

	Year to 30 June	Actual					Forecast	
		2013	2014	2015	2016	2017	2018	2019
Dairy	Mar 2018	13,139	17,791	14,050	13,289	14,638	16,710	16,840
	Dec 2017	13,139	17,791	14,050	13,289	14,638	16,840	16,880
	Difference	-	-	-	-	-	-130	-40
Meat & wool	Mar 2018	7,793	8,163	9,001	9,201	8,356	9,160	8,910
	Dec 2017	7,793	8,163	9,001	9,201	8,356	8,710	8,820
	Difference	-	-	-	-	-	+450	+90
Forestry	Mar 2018	4,527	5,199	4,683	5,140	5,482	6,090	6,000
	Dec 2017	4,527	5,199	4,683	5,140	5,482	5,660	5,730
	Difference	-	-	-	-	-	+430	+270
Horticulture	Mar 2018	3,547	3,807	4,187	5,002	5,152	5,370	5,560
	Dec 2017	3,547	3,807	4,187	5,002	5,152	5,420	5,620
	Difference	-	-	-	-	-	-50	-60
Seafood	Mar 2018	1,546	1,500	1,562	1,768	1,744	1,850	1,940
	Dec 2017	1,546	1,500	1,562	1,768	1,744	1,820	1,950
	Difference	-	-	-	-	-	+30	-10
Arable	Mar 2018	229	232	181	210	197	240	230
	Dec 2017	229	232	181	210	197	220	220
	Difference	-	-	-	-	-	+20	+10
Other	Mar 2018	1,936	1,908	2,314	2,612	2,532	2,810	2,780
	Dec 2017	1,936	1,908	2,314	2,612	2,532	2,680	2,660
	Difference	-	-	-	-	-	+130	+120
Total exports	Mar 2018	32,717	38,600	35,978	37,223	38,101	42,230	42,260
	Dec 2017	32,717	38,600	35,978	37,223	38,101	41,350	41,880
	Difference	-	-	-	-	-	+880	+380

Source: MPI.

Note: Some totals may not add due to rounding.



More primary industry data can be found on the MPI website:
www.mpi.govt.nz/news-and-resources/open-data-and-forecasting/

SOPI supplemental data

- Historical and forecast export volumes, values and prices

Agriculture

- Agriculture production statistics
- Livestock slaughter statistics

Forestry

- Wood Availability Forecast
- National Exotic Forestry Description
- Quarterly production and log prices

Agricultural Greenhouse Gas Inventory

Fisheries

- MPI reports on the status of fish stocks and fisheries in New Zealand waters

Farm monitoring links

- DairyNZ Economic Survey 2015-16 (DairyNZ)
www.dairynz.co.nz/publications/dairy-industry/dairynz-economic-survey-2015-16/
- Sheep & beef farm survey reports (Beef + Lamb New Zealand)
www.beeflambnz.com/data-tools/sheep-beef-farm-survey
- 2017 Vineyard benchmarking report Marlborough
www.mpi.govt.nz/dmsdocument/19916-2017-vineyard-benchmarking-report-marlborough
- 2017 Viticulture Gross Margin Benchmarking Report
www.mpi.govt.nz/dmsdocument/20144-2017-variety-gross-margin-benchmarking-report
- 2017 Pipfruit Monitoring Report
www.mpi.govt.nz/dmsdocument/26506-farm-monitoring-report-2017-pipfruit-monitoring-programme
- 2017 Apiculture Monitoring Report
www.mpi.govt.nz/dmsdocument/27678-apiculture-ministry-for-primary-industries-2017-apiculture-monitoring-programme

A close-up photograph of several slices of kiwi fruit, showing the green flesh and black seeds. The slices are arranged in a slightly overlapping, fan-like pattern. A large, semi-transparent white circle is overlaid on the image, partially obscuring the kiwi slices. The background is dark, making the green of the kiwi stand out.

Ministry for Primary Industries
Manatū Ahu Matua
Economic Intelligence Unit
PO Box 2526, Wellington 6140
New Zealand
0800 00 83 33
www.mpi.govt.nz

New Zealand Government