



The last 12 months have seen export values for New Zealand primary industries reach near historic high prices, and producers have enjoyed generally favourable climatic conditions.

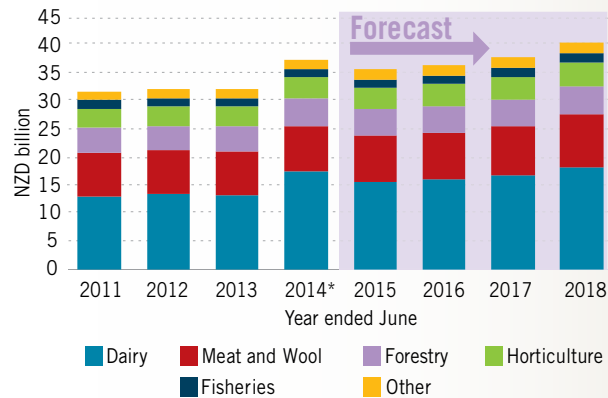
Much of the value gained over the year came from rising demand in China, and resulting high commodity prices.

Export values from agriculture, fisheries and forestry are projected to reach \$40.7 billion by year ending June 2018, which is an increase of more than eight percent on the year ending June 2014.

The rising importance of the Chinese market underpins growing demand and prices for many of New Zealand's exports.

The growth in exports of manufactured, value-added products has been notable. This shows that demand for New Zealand-branded food is strong and manufacturers are becoming more focused on the needs of their customers.

ACTUAL AND FORECAST AGRICULTURE, FISHERIES AND FORESTRY EXPORT VALUE (\$ BILLIONS)



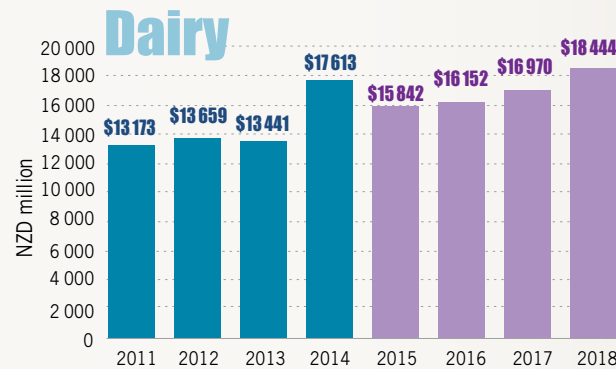
Note: Other comprises live animals, arable, other food products and other agricultural products.
 Symbol: * Estimate
 Sources: Statistics New Zealand and MPI.

DAIRY

Dairy export revenue in 2013/14 has reached record highs as a result of demand growth and high international prices. Over the coming year it is expected that export revenue will decline from \$17.6 billion to \$15.8 billion; however, the returns expected over the forecast period are still well above historical averages.

Expansion of dairy farming is progressing in New Zealand and productivity gains from technology and genetics are expected to continue. International dairy prices are forecast to retreat to more sustainable levels in the coming year which will see a 16 percent reduction in milk forecasted price to 720 cents per kilogram.

Global supply of dairy products is increasing, creating downward pressure on prices. Reflecting these lower prices and higher production, dairy exports are forecast to decline 10.2 percent to \$15.8 billion for year ending June 2015 but will then increase steadily to \$18.4 billion by year ending June 2018.



MEAT AND WOOL

Total meat and wool export value (including hides and skins, meat related products and manufactured wool products) for the year to June 2015 is estimated to increase to \$8.2 billion and is projected to reach \$9.4 billion by 2018. This reflects an increase in prices mainly for beef and lamb products. Rising Asian demand for red meat is putting pressure on a contracting global supply.

Domestically, dairy farming expansion continues to be a threat to the meat industry, but productivity improvements in lambs born per ewe and average carcass weights of slaughtered animals are projected to offset static to declining herd and flock numbers.

FORESTRY

Very strong log prices in the year to June 2014 were supported by record log production. But a global production response to the higher prices will be felt in the coming year, particularly in China where demand growth is expected to slow.

Forestry export value for year ending June 2015 is forecast at \$4.7 billion, down 8.5 percent on this year due mainly to lower log prices.

By 2018 export value is projected at \$5.0 billion due to increased log volume, lower log prices and higher prices for other forest products. The Forest Growers Levy came into effect on 1 January 2014. A levy of 27 cents per tonne on all logs harvested will fund research and development.



The full *SOPi* report is available at www.mpi.govt.nz or email brand@mpi.govt.nz

SEAFOOD

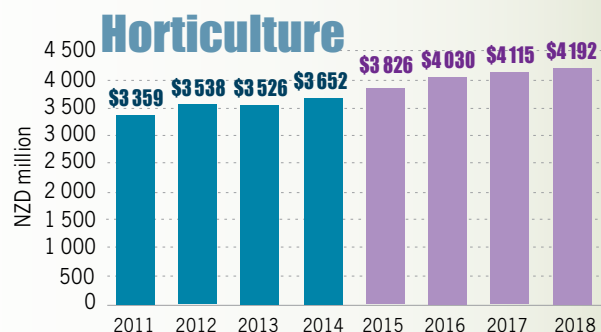
New Zealand's top three seafood export earners are rock lobster, hoki and mussels, accounting for more than 40 percent of total seafood exports.

Total seafood export value for year ending June 2015 is forecast at \$1.44 billion, slightly down on the current year, but is projected to reach \$1.64 billion by 2018 because of increasing export prices and growth of aquaculture export volume from 2016 through a planned expansion of salmon farming.

HORTICULTURE

Horticulture export value is forecast to increase 5.2 percent to \$3.83 billion in the year ending June 2015. Exports will be boosted by a record harvest of wine in 2014 due to warm conditions around bud initiation and flowering. Kiwifruit export volumes have reached a turning point due to the management of the bacterial disease Psa, and the prospects for apple exports are good as new apple varieties planted come on stream.

Horticulture export revenues are forecast to surpass \$4 billion in 2016, a major milestone for the sector.



OTHER INDUSTRY SECTORS

This category is composed of a wide range of relatively low-volume exports such as arable and live animals, but does not include animal co-products.

Export revenue for this category of primary products is estimated to reach \$1.8 billion for the year to June 2014. This represents 4.7 percent of total primary industry export revenue.

Over the forecast period this category is expected to grow, reaching 5.1 percent of total primary sector revenue by 2018. The main drivers in this category are other manufactured foods outside the major reported categories such as processed cereals and grains.



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Manatū Ahu Matua



SITUATION AND OUTLOOK FOR PRIMARY INDUSTRIES 2014

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Growing and Protecting New Zealand