HORTICULTURE AND VITICULTURE

Squeezing the pips.

September 2024

EXECUTIVE SUMMARY

Horticulture and viticulture is big business in New Zealand. Kiwifruit exports for the year ending August 2024 were worth around $3.1bn, while apples contributed slightly under $1bn. That makes the sector the fourth largest exporter in New Zealand just behind logs. Add $2bn worth of wine into the mix, and the sector catapults into third place.

The sector punches above its weight. Not only does it post higher production yields than many of its contemporaries, it also shows an unrivalled export propensity – a nod to the quality of fruit produced in New Zealand and its ability to compete successfully in export markets.

Much of that success reflects ideal growing conditions in regional New Zealand. Being a counter-seasonal producer, it is well placed to fill gaps in global supply. The sector is also a big investor in R&D, which has delivered both process efficiency gains as well as new products that align to changing customer preferences.

We think that this is a growth sector. Demand for high quality nutritious fruit that delivers health benefits is set to grow over coming years. Subject to the weather and the impacts of climate change, supply will be all important in determining prices. Careful management here will help support prices and deliver superior orchard gate returns in coming years.

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INDUSTRY IMPORTANCE, STRENGTHS, CHALLENGES

New Zealand's horticulture and viticulture sectors are important export industries.

- Kiwifruit exports were worth $3.1bn for the year ending August 2024. Apples generate about $1bn per year, while grape revenues are worth about $1.2bn.

The key strengths of the industry are:

- New Zealand has ideal growing conditions for high quality fruit.
- It is a counter-seasonal producer and currently faces relatively limited competition in key export markets.
- The sector is innovative and makes ongoing investment in research and development that delivers process efficiencies and new products that keep step with changing customer preferences.
- Well-developed marketing and distribution networks in key export markets enable good access to customers.

The sector faces challenges including:

- Adverse short-term weather events that can seriously derail production over the medium-term.
- Changes to the growing season and seasonality due to climate change, which in turn may affect orchard yields and quality of fruit.
- Growing competition from producers in other countries that are using technology to erode our counter-seasonal advantages.
- Ongoing threat of substitution from other fruits.

DEMAND DRIVERS AND SECTOR OUTLOOK

Key factors supporting demand include (pages 6 and 7):

- Increases in population size in export markets.
- Increasingly ageing populations in key export markets. Older people have a higher propensity to consume fruit
- Rising income levels, particularly in low-to-middle income countries, and the relative affordability of fruit.
- Growing customer acceptance of the health benefits associated with fruit consumption.
- Growing customer emphasis on environmentally sustainable practices.

The outlook for the sector is positive (pages 9 and 10):

- Growing capacity should continue to recover gradually from recent adverse weather events.
- That together with conducive weather conditions should help lift production in coming years.
- At the same time improving economic growth, rising incomes, and better access to key export markets will support demand.
- Over the coming year, we expect production gains to outpace increases in offshore demand.
- That is likely to result in slightly lower unit prices for fruit. However, impacts here are likely to be offset by production gains, which means better returns to orchardists and grape growers in the year ahead.

PRODUCTIVITY COMPARISONS

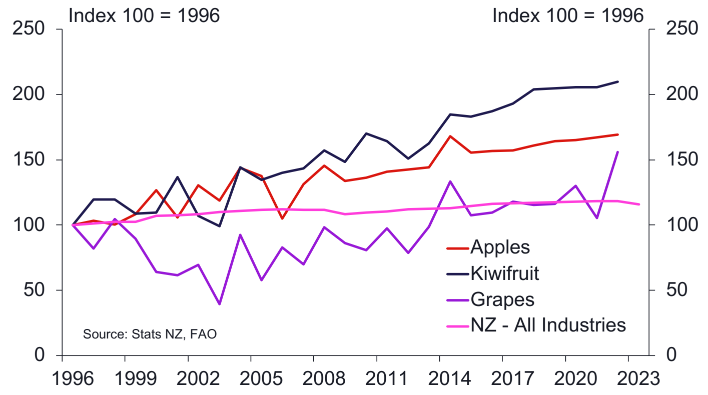
Growth in productivity in the kiwifruit sector outpaces all others.

- Productivity in the kiwifruit sector continues to outperform productivity in the apples and wine growing sectors. The switch to disease resistance gold kiwifruit has boosted yields per hectare over the last decade or so.
- Growth in productivity in the wine grape sector reflects the impact of vertical consolidation, resulting in improvements to economies of scale, and more recently, better growing conditions.
- R&D and the innovations that result have helped to boost horticultural and viticultural productivity relative to the overall economy.

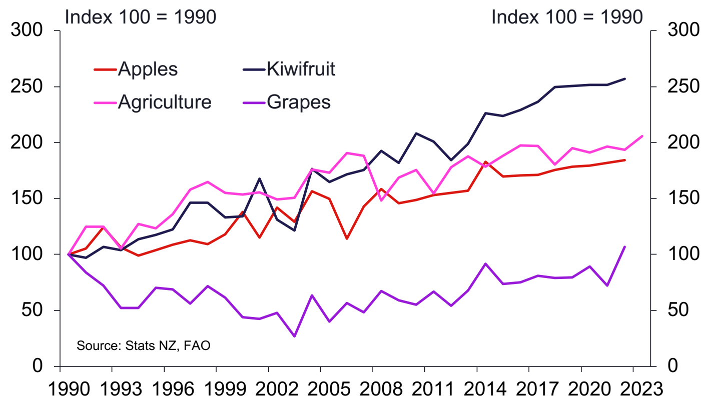
Horticultural productivity growth compares favourably with that of the broader agricultural sector.

- Productivity growth in the kiwifruit sector has outpaced that for agriculture. Despite slowing since the turn of the century, agricultural sector productivity growth continues to easily outstrip that of both goods and service producing sectors.
- Productivity growth in the apple sector has largely kept pace with agriculture. Grape productivity was weak in the 1990's but has improved since.

Productivity growth comparison – all industries



Productivity growth comparison – agriculture



FACTORS THAT DRIVE PRODUCTION

Growing conditions.

- Production is heavily dependent on climatic and soil conditions. These factors not only determine the volume of production, but also the quality of fruit.
- The sector is also vulnerable to severe short-term weather events, which can have long-term impacts on production. Examples, include the loss of growing capacity following Cyclone Gabrielle in early 2023.

Grower productivity.

- R&D delivers process innovations and orchard productivity gains. R&D also underpins the development of new varieties that are not only disease resilient but are better aligned to changing customer preferences.

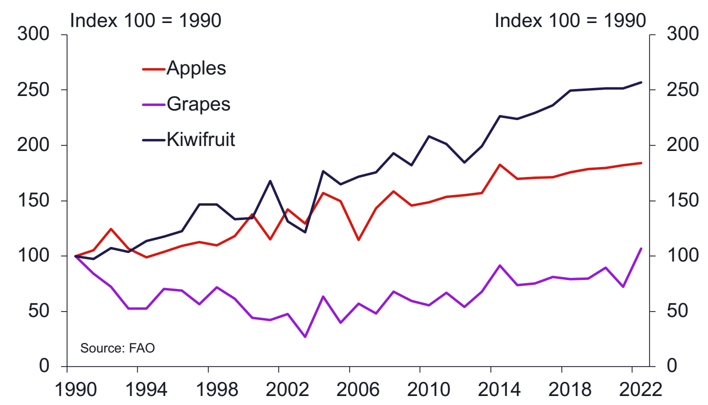
Labour.

- Despite mechanisation, labour remains a constraining factor.

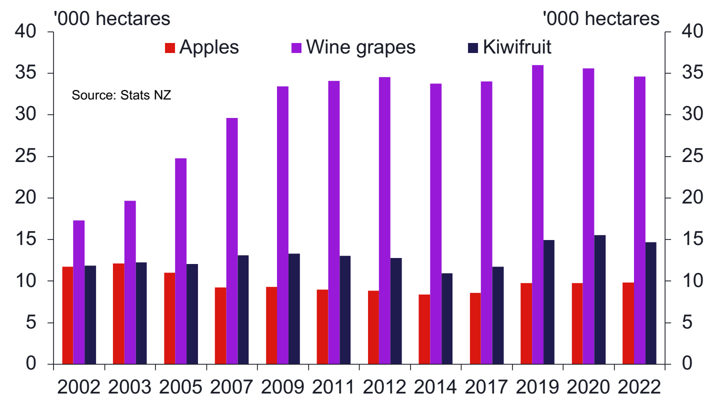
Supply chain productivity.

- Efficient and resilient supply chains are critical for ensuring adequate supply to customers. Market planning/shipping programmes keep supply available. Free trade agreements with the EU/UK/CPTPP, are set to expand export opportunities.

Production yields by fruit



Area of production



MACRO FACTORS THAT DRIVE CONSUMPTION

Population.

- Countries with larger populations eat more fruit at the aggregate.
- Older people and women are more likely to consume fruit than other segments of the population. Older people may drink less alcohol but when they do, they are more likely to opt for wine.

Regional affiliations.

- People living in countries where fruit has traditionally formed part of the diet are likely to eat more fruit than those in other countries.

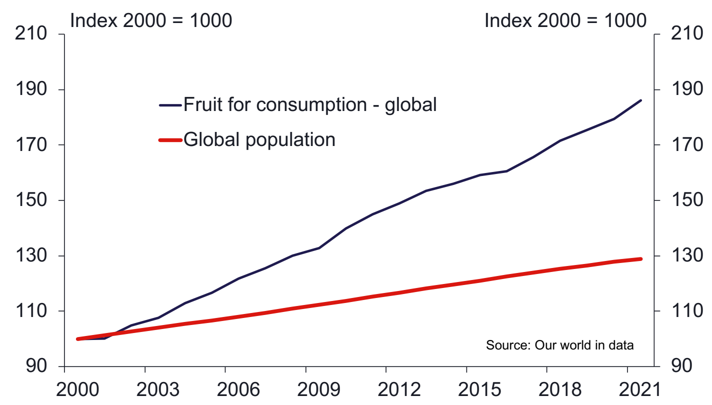
Income and education.

- Countries with higher GDP per capita are more likely to exhibit higher per capita consumption of fruit.
- Within countries, fruit consumption is positively correlated with income and levels of education. That is particularly true for women.

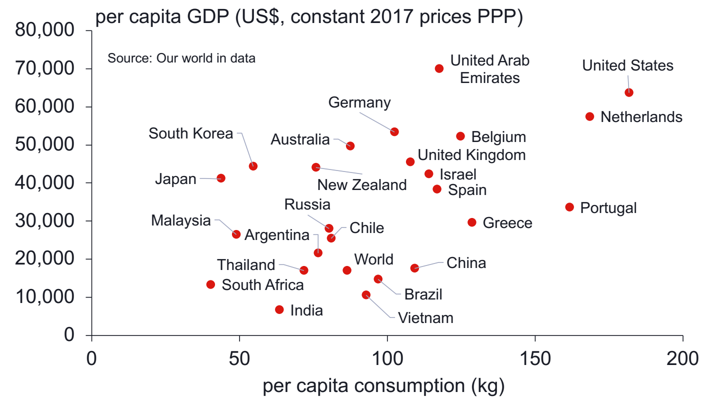
Household type.

- Families with children or dependent young people tend to eat more fruit per head than young couples that do not have children.

Fruit consumption vs global population size



Fruit consumption per capita vs per capita GDP



MICRO FACTORS THAT DRIVE CONSUMPTION

Micro-factors that determine choice of fruit to consume include:

- Sensory characteristics - appearance, taste and flavour of fruit.
- Comparative health benefits - nutrition and medicinal value.
- Convenience of consumption – apples, for example, are easier to eat than kiwifruit.
- Price – less so for differentiated fruit options; i.e. value that is added to the fruit, either through taste, quality, consistency, branding and reliability of supply.
- Traceability. Customers increasingly want to know where their fruit has been grown, what fertilisers were used, when and how it was harvested, packed and shipped. Digital technologies that provide full sight of the value chain are key.
- Also important are sustainability considerations and climate change impacts.
- According to PWC, more than 80% of consumers are willing to pay for more sustainable produce or sourced goods with a reduced carbon footprint.

Note: These factors above are relative. Consumer choice depends on the implied cost benefit of competing fruit options.

Consumer decision making factors

	% of participants
Taste and quality	20%
Health	20%
Convenience	16%
Social image	11%
Branding	10%
Price	9%
Appearance	7%
Others*	7%

* Traceability and sustainability are likely to have becoming increasingly important in recent years.

Source: Project Healthy 2007 – Consumer survey understanding why consumers buy Zespri Kiwifruit

OUTLOOK FOR HORTICULTURE

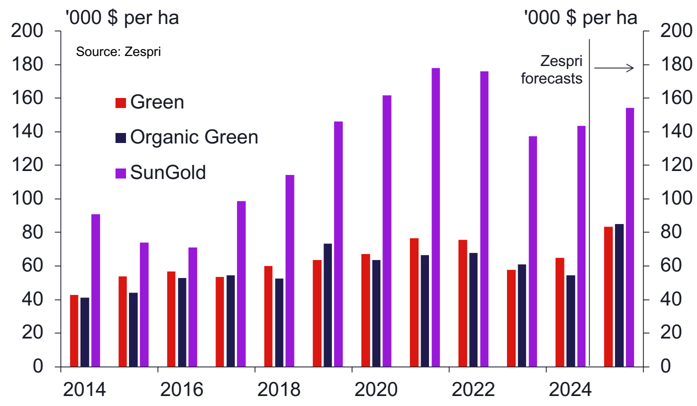
Increased production to boost Kiwifruit growers.

- The 2024 kiwifruit crop of just over 190m trays is larger than the 133m trays exported in 2023. About 75% of this season's crop has been shipped offshore, notably to the EU, China, Japan, which account for over 70% of kiwifruit exports.
- Export demand for kiwifruit is set to remain strong. However, we still expect prices to dip as supply from New Zealand and other major exporting countries lifts. Competition from seasonal summer fruits could also dampen prices.
- Volume effects should outweigh price effects, meaning better orchard gate returns on a per hectare basis.

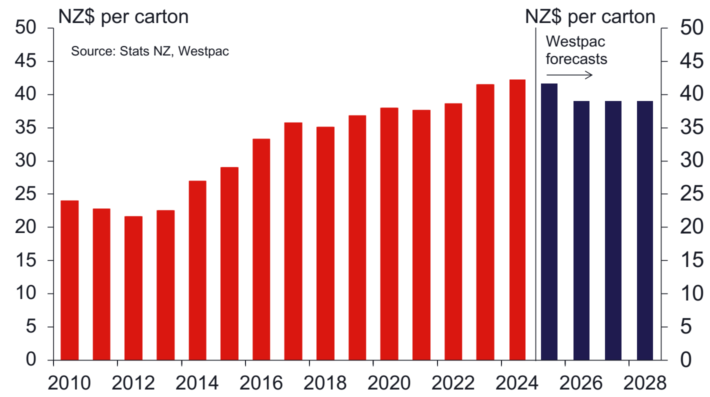
Apple growers also to benefit from gains in production.

- Conducive growing conditions have resulted in a better 2024 harvest. But with production still off from previous years, this latest harvest reflects a partial recovery from Cyclone Gabrielle.
- New Zealand's production is counter-seasonal, which means that demand for its apples in key export markets is likely to remain strong over the coming year.
- Prices though should still tilt lower, as growing capacity recovers further and output levels grow. We think that is likely to translate into better orchard gate returns for apple growers.

Kiwifruit – orchard gate returns per hectare



Apple prices per carton

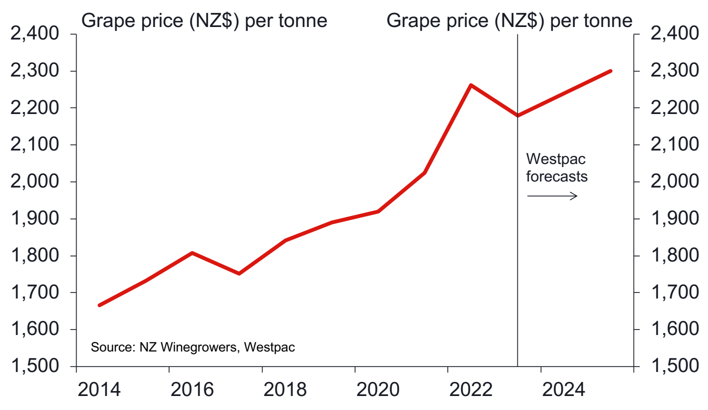


OUTLOOK FOR WINE GRAPES

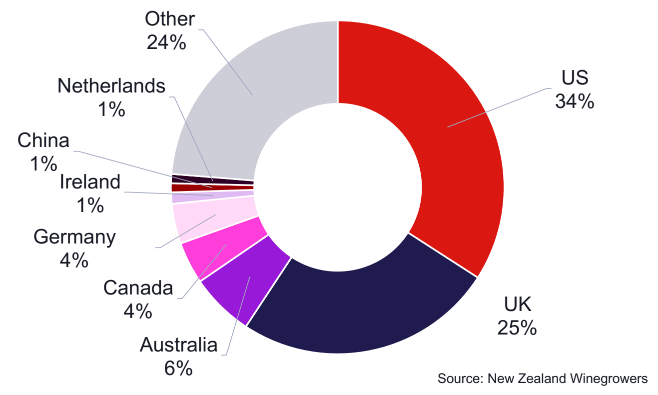
Higher prices likely as demand for New Zealand wines continue to grow.

- Adverse weather conditions in the Hawke's Bay has meant a significantly smaller grape harvest in 2024. That in turn has helped to push up prices for some wine grape varieties, amplifying returns to local vineyards.
- Relatively strong economic growth in the US should underpin demand for New Zealand wines, providing further support to wine grape prices.
- Traditionally the focus was to sell NZ wines to hospitality venues. That is now likely to shift with an increased focus on selling through retailers.
- Better economic growth prospects in the UK and EU should support prices for wine grapes in coming year. The conclusion of trade agreements with the EU and the UK, should allow better access to these markets.
- New Zealand Winegrowers forecasts an increase in producing areas over the next couple of years in anticipation of growing export demand. Assuming weather conditions remain supportive, we think that will lead to more wine grapes.
- While that extra supply could partially counteract the impact of stronger offshore demand, we expect the latter to dominate.
- For grape growers, this suggests the best of both worlds. Higher prices and more volume is likely to mean higher vineyard returns in coming years.

Average grape prices



Key export markets for wine



OPPORTUNITIES FOR GROWTH

Free trade agreements.

- The conclusion of free trade agreements with the EU and the UK is a game changer because it bolsters the competitiveness of kiwifruit, apples and wine in these markets. The removal of tariffs, the streamlining of procedures and the harmonising of regulations should also support the competitiveness of New Zealand's horticulture and viticulture products in these markets.
- New Zealand has already achieved tariff free access for its kiwifruit, apples and partial access for wine exports under the CPTPP.

Kiwifruit.

- Kiwifruit remains a niche product, accounting for just 1.2% of all internationally traded fruit and just 0.2% of the global fruit bowl dominated by apples, oranges, and bananas. There are significant opportunities in largely untapped markets, such as the US and Canada. Exploiting these, however, will require an ongoing focus on educating customers of the benefits of kiwifruit, as well as the development of value-added products – for example, combining chunked kiwifruit together with other fruits.
- Domestic production could be expanded via conversions from other land uses.
  - Orchards are profitable ($80k per ha versus $3k for dairy).
  - But conversions are expensive ($150k-$400k per ha), implying a long payback period (12-15 years).

Apples.

- Deregulation has created a smaller number of larger vertically integrated apple producers. This in turn has led to higher fruit quality, enabled longer term supply contracts and driven more consistent volumes through post-harvest activities. It has also provided access to more capital for investment in growing technologies that yield productivity improvements, and the development of new trade marked apple varieties.
- Opportunities for growth lie in the development of new varieties and new markets. The focus here is on developing new niche apple varieties, such as Envy and Rocket apples, both of which are capable of commanding premium prices. As a small volume exporter, apple shipments from New Zealand are unlikely to over supply any single market. Although India is not a niche market, it is a growth market, with consumers in that country willing to pay a premium for better quality fruit produced by New Zealand.
- The success of New Zealand wine products, specifically Sauvignon Blanc has also opened the door for downstream apple products, like apple cider. Premium cider categories are gaining traction globally as a lower-alcohol alternative to wine globally.

Wine grapes.

- What matters for grape growers is demand for grapes from wine producers. That in turn is a function of anticipated demand for wine in key export markets. In New Zealand's case, the focus in on producing enough grapes to produce Sauvignon Blanc, which has gained favour in several key wine consuming markets, notably the US. Ignoring the post-Covid blip in 2023, demand in other major markets, such as the UK and Australia has effectively moved sideways in recent years.
- While there is further upside for Sauvignon Blanc in the US, there is a limit. This varietal already accounts for about 7% of total US wine consumption, which is relatively high. Five years ago, this figure was closer to 2%. And while there are an increasing number of people in the US consuming wine, there has been a slowdown in US wine consumption growth. In part that reflects growing concerns about the health impacts associated with consuming wine. Demographic changes, also loom large with new age cohorts of wine drinkers showing a lower propensity to consume.
- However, that doesn't mean that there isn't growth elsewhere. Other varieties of wine produced in New Zealand have achieved export success, albeit on a smaller basis. Expanding investment in these varieties, particularly those suited to climatic conditions in the Hawke's Bay, would offer the chance for greater diversification, which would benefit New Zealand's export performance.

GLOBAL KIWIFRUIT PRODUCTION - I

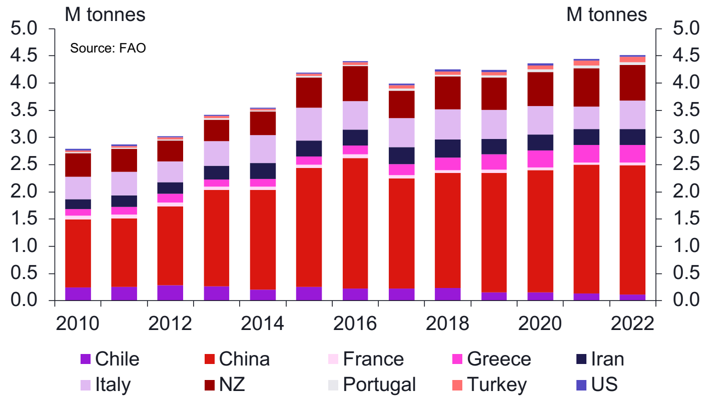
China produces more kiwifruit than anyone else.

- Global production amounted to about 4.5m tonnes in 2022. That compares to 2.8m tonnes in 2010. Production has increased by an average 4.3% p.a. over this period.
- Most of this increase has been driven by China. China produced 2.4m tonnes of kiwifruit in 2022, accounting for 53% of total world production. That's up from 1.25m tonnes produced in 2010.
- New Zealand is the world's 2nd largest producer of Kiwifruit, producing 650k tonnes in 2022, up from the 430k tonnes produced in 2010.
- Other major producers include Italy and Greece, which in 2022 produced 520k tonnes and 320k tonnes, respectively.

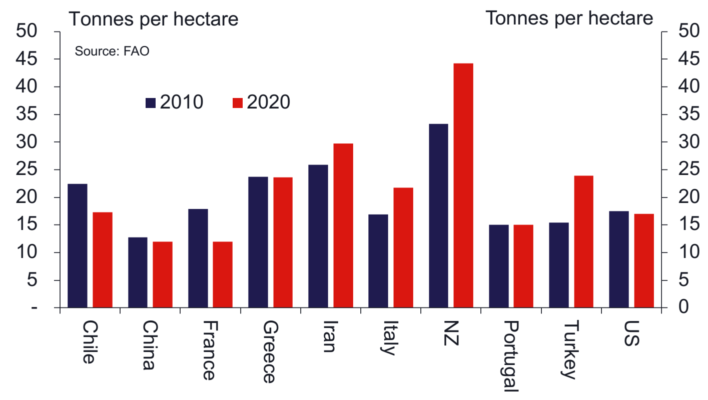
But New Zealand is the most productive.

- New Zealand produces more kiwifruit per hectare of orchard than its peers. In part that reflects a lack of subsidies, which is not always the case overseas.
- It also reflects conducive growing conditions in New Zealand, ongoing investments made in R&D, product and process innovations, and increased use of new digital technologies.
- By contrast, China produces less kiwifruit per hectare than other major producers. That largely reflects a preponderance of small holdings in that country and resulting lack of scale.

Global production of kiwifruit



Global production yields



GLOBAL KIWIFRUIT PRODUCTION - II

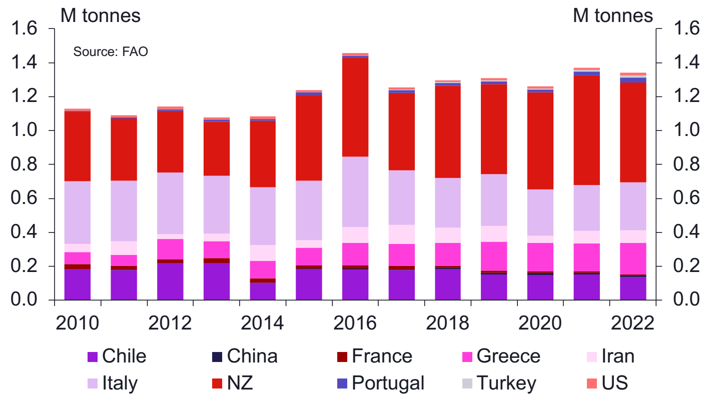
China produces for itself while New Zealand produces for others.

- Global exports amounted to 1.3m tonnes in 2022 and were worth US$3.2bn.
- Chinese exports 0.5% of its production. By contrast New Zealand exports over 90%, with about 45% going to the EU, 25% to China and 20% to Japan.
- That is significantly more than other major producers, such as Greece, Italy and Portugal and the US, all of whom export about 50% of their production.
- The exception is Chile, which seems to export more than it produces. A large chunk of that, however, is likely to consist of re-exports.

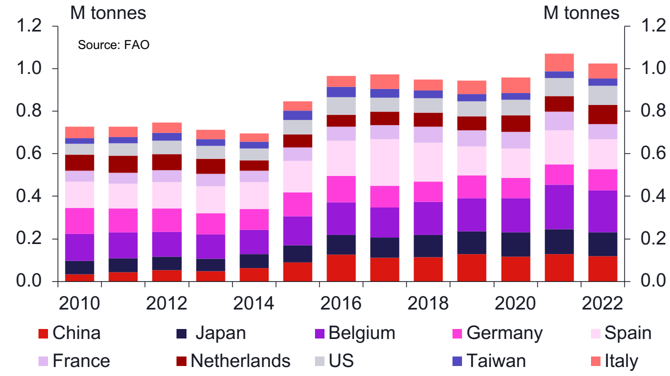
The EU, China and Japan are the major kiwifruit importers.

- Belgium is reportedly the world's largest importer of kiwifruit. However, much of that is exported to EU countries. Contrast that to Spain, which imported about 140k tonnes in 2022, but only exported 28k tonnes.
- China is a key market, having imported 120k tonnes of kiwifruit in 2022. About 80% of kiwifruit imported into China comes from New Zealand. Ditto Japan, which imported about 110k tonnes in 2022. Kiwifruit from New Zealand accounts for about 85% of Japanese imports.

Major kiwifruit exporting countries



Major kiwifruit importing countries



NEW ZEALAND KIWIFRUIT PRODUCTION

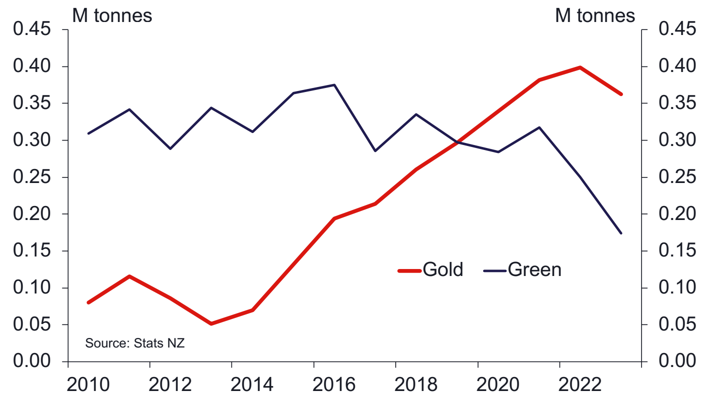
Production levels have fallen because of adverse weather events.

- New Zealand kiwifruit production dropped to about 0.54m tonnes in 2023 from 0.65m tonnes in 2022. This reflects the impact of adverse weather conditions in 2023 on growing capacity in the Bay of Plenty and the Gisborne area.
- Historically the mainstay, green kiwifruit has been eclipsed by gold kiwifruit - the result of significant R&D. Produced under licence, this disease resistant variety now accounts for about 70% of total domestic production.

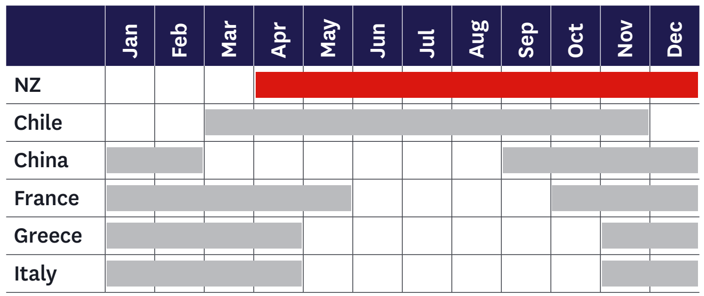
The shift is towards value added products.

- The area of cultivation for gold kiwifruit has expanded. The pace of expansion reflects the issuance of licences by Zespri, which is the sole marketer of kiwifruit in New Zealand (and the largest in the world). Issuance largely reflects anticipated global supply and demand conditions, with prices set at auction.
- Kiwifruit production is counter-seasonal (April to December).
  - NZ supply tends to heavily influence prices.
  - R&D activity has led to the production of a new variety, with a distinctive taste profile and health benefits. Zespri expects to sell 3.6k tonnes of its new ruby red kiwifruit produced under licence, most of which is targeted to the local market in 2024, before expanding into exports thereafter.

NZ production of kiwifruit by cultivar



Counter-seasonal production



Source: Encyclopedia New Zealand, Chilean Fresh Fruit Association, Purdue University, University of California

NEW ZEALAND KIWIFRUIT EXPORTS

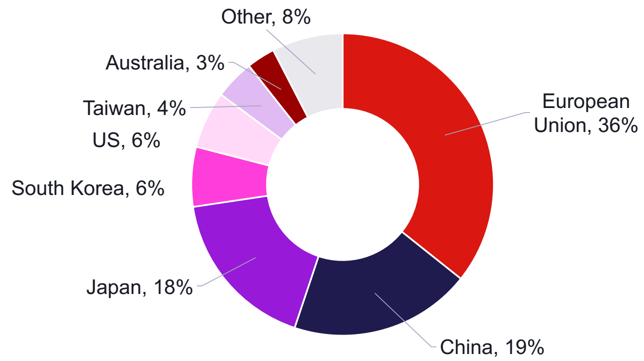
Exports are increasingly dominated by gold kiwifruit.

- We estimate that New Zealand exported 0.5m tonnes of kiwifruit in 2023, worth about $2.4bn. For the year ending August 2024, exports rose to $3.1bn.
- Kiwifruit makes up about 55% of New Zealand fruit and vegetable exports.
- Not surprising, gold kiwifruit is the big export earner, generating $1.8bn in 2023. For the year ending August 2024, gold kiwifruit exports were worth $2.4bn.
- This upturn in exports reflects better growing conditions and an improvement in fruit quality.

Biggest markets for New Zealand produces are the EU, China and Japan.

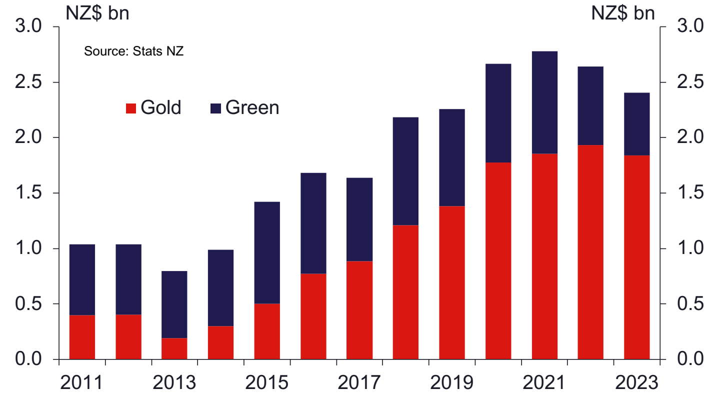
- The EU is the biggest export market for kiwifruit produced in New Zealand. The biggest individual market is China, with other Asian markets also major consumers of New Zealand produce.
- The recently concluded NZ-EU free trade pact, is likely to support kiwifruit exports into this market, with tariff reductions expected to deliver annual benefits of about $37m per year.

Key export markets for kiwifruit



Source: New Zealand Horticulture Export Authority

Kiwifruit exports by cultivar (per calendar year)



GLOBAL APPLE PRODUCTION

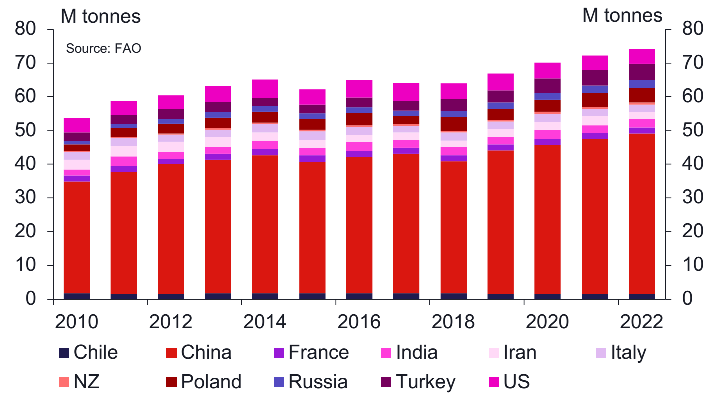
China produces more apples than anyone else.

- Global production of apples amounted to about 96m tonnes in 2022. Tonnages have generally trended higher over time with output growth averaging 2% p.a. over the past decade.
- China is the largest apple producer by far – contributing almost 50% to global production. Other major producers, such as Turkey, US and Poland, each contribute about 5% at best. New Zealand produced 575k tonnes in 2022, contributing about 0.6% to world production.

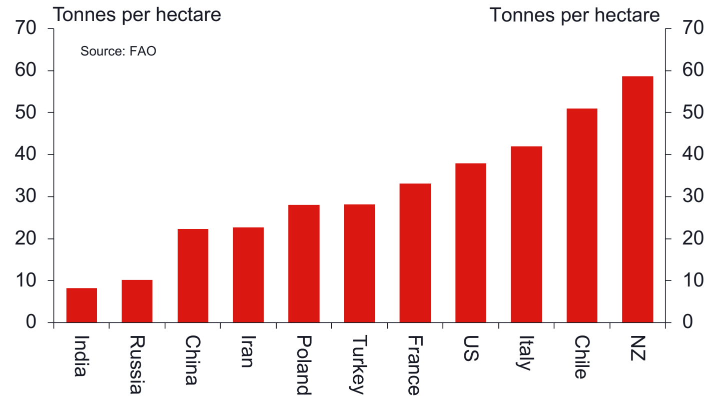
New Zealand is the most efficient producer of apples in the world.

- New Zealand is a very efficient producer of apples, posting higher yields per hectare than any of the world's largest producers. Its unique climate and versatile soils make New Zealand ideal for growing apples.
- This outperformance reflects the significant investment made by the sector in innovation and intellectual property. Also contributing is the target use of migrant labour, especially the Recognised Seasonal Employer Scheme (RSE).
- Compare that to India and Russia, both of whom exhibit very low yields. Declining production yields in the Indian apple belt are largely attributed to climate change. Similarly, China's low production yields are likely to reflect outdated horticultural practices.

Global production of apples – top producers



Comparative production yields



GLOBAL TRADE IN APPLES

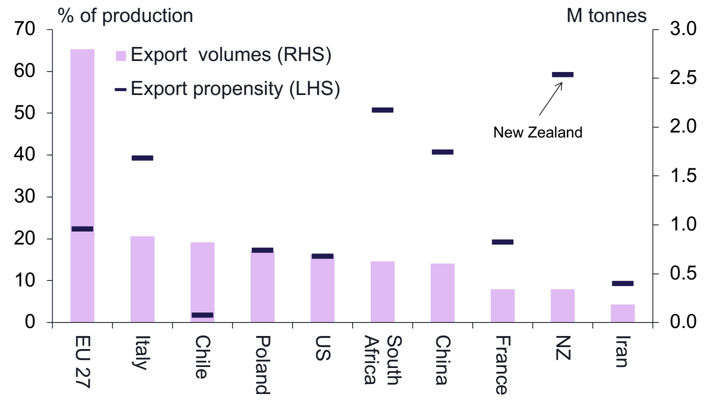
The EU is the world's biggest exporter.

- Global exports amounted to 8m tonnes in 2022 and were worth about US$7bn. The value of exports fluctuates markedly from year-to-year.
- The EU dominates the export market, exporting 2.8m tonnes in 2022. Key exporters include Poland, Italy and France. China exports just over 800k tonnes annually, or 2% of its production.
- New Zealand exports about 355k tonnes each year or about 60% of production. That is a very high by international standards. Most countries export about 20% of their production.

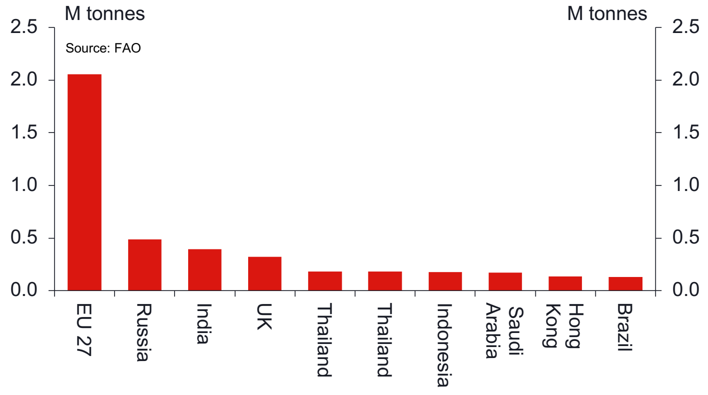
The EU is also the world's biggest importer.

- The top 10 importers account for about 46% of global imports.
- The EU is by far the biggest bloc, importing well over 2m tonnes annually, mostly from Chile, New Zealand and South Africa. There is also significant intra-bloc trade. Key markets include Germany, which imports about 500k tonnes and the Netherlands, which imports just over 200k tonnes.
- Not surprising considering production levels, China is a relatively small importer. The key importers in Asia are Hong Kong, Philippines, Indonesia and Malaysia and Thailand.

Key apple exports and propensity to export - 2022



Top 10 apple importers - 2022



NEW ZEALAND APPLE PRODUCTION

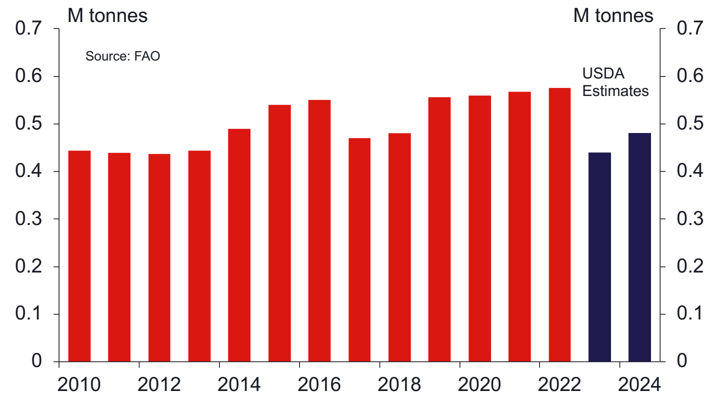
New Zealand production has declined.

- New Zealand apple production dropped to about 430k in 2023, from 575k tonnes in 2022. This drop reflects a reduction in growing capacity and apple planted area (from 11k in 2022/23 to 9.2k hectares in 2023/24), particularly in the Hawke's Bay and Gisborne, following cyclone Gabrielle.
- A partial recovery is expected in the current 2023/24 season. While growing capacity remains constrained, production levels are set to rise to about 480K tonnes mainly because of factors such as the waning El Nino phenomenon, increased labour availability and the adoption of innovative farming practices.

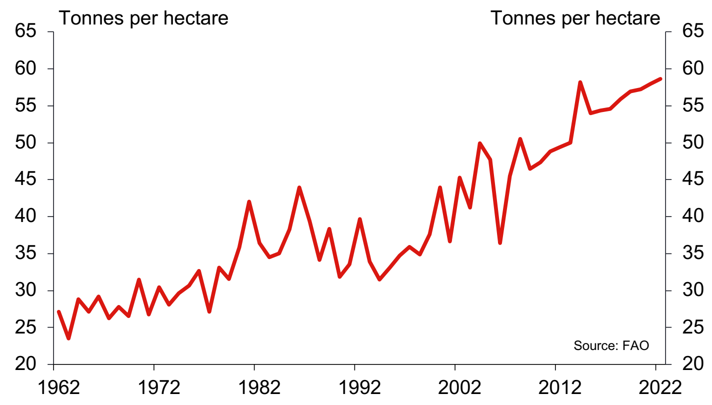
Counter-season production infers advantages.

- New Zealand's harvest season runs from January to June. The season runs counter-seasonal to northern hemisphere production, which limits competition. However, that advantage is slowly eroding as overseas producers use technology to expand their production windows.
- That said, New Zealand still has some significant competition in key export markets from other southern hemisphere countries, such as Chile and South Africa, both of which are bigger producers than New Zealand.
- To compete more effectively, New Zealand continues to develop different varieties, which target specific customer preferences in export markets.

NZ apple production



Productivity of apple orchards



NEW ZEALAND APPLE EXPORTS

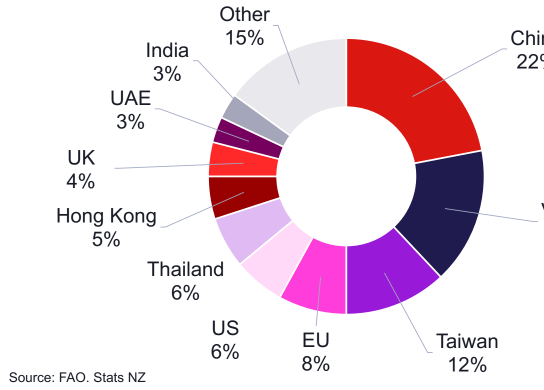
Exports are diversified across many markets.

- We estimate that New Zealand exported 0.35m tonnes of apples for the year ending June 2024, generating about $960m in export earnings. That's up on the 0.32m tonnes of apples that were exported in the previous year.
- Apples make up just under 20% of New Zealand's fruit and vegetable exports.
- About 61% of New Zealand apple exports go to Asia, with China, Vietnam and Taiwan the largest consuming countries. That said, exports are diversified across several markets including those in the Middle East, Europe and the US. India is a small but growing market for premium product.

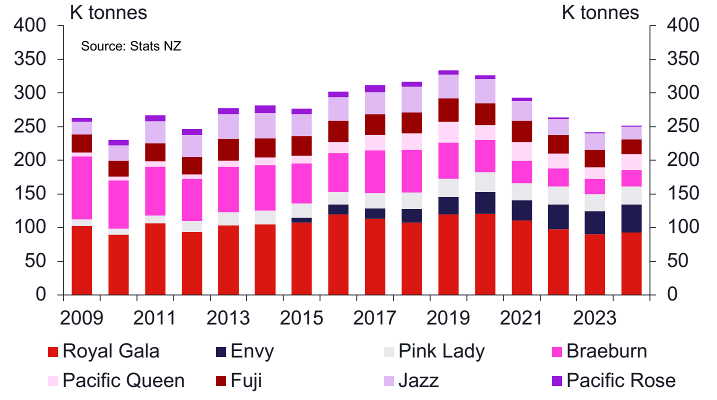
Exports are diversified across many products.

- The Royal Gala variety accounts for about a 1/3rd of apple exports. Developed in New Zealand, it is one of the world's premium apples. The relatively cheap Braeburn is still New Zealand's most sought after apple export in Europe.
- Neither of these are growth varieties. Export volumes for both show a declining trend. Not so Envy apples, which have grown on the back of strong demand out of Asia and North America and are now the second largest export variety. Other fast growing export varieties include Rocket, which command higher prices that most other varieties.

Key export markets for NZ apples by volume



Key apple export varieties



GLOBAL GRAPE PRODUCTION

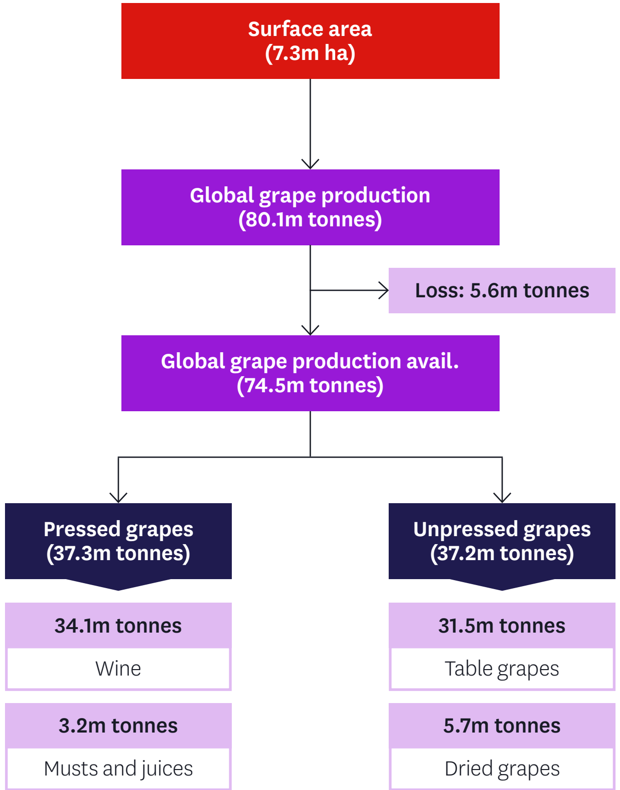
China is the big producer, but that is limited to table grapes.

- Global surface area for growing grapes is about 7.3m hectares, producing 80.1m tonnes in 2022. This surface area for growing grapes has trended lower since 2000.
- The largest areas are in Spain (955k ha), France (812k ha), and China (785k ha). In contrast to Spain and France, China has dramatically increased its surface area for grapes since 2000.

Productivity has increased.

- Global production continues to trend higher, implying higher yields per hectare. According to the FAO, an average of 11.1 tonnes of grapes per hectare were produced in 2022, compared to 8.7 tonnes in 2000.
- Global grape production including losses was 74.5m tonnes in 2022, of which 34.1m tonnes were pressed grapes that are used to produce wine.
- China is the world's largest producer of grapes, accounting for 16.8% of global production. Most of that goes into domestic consumption. Italy comes second at 11.3%, followed by France at 8.3% and Spain at 7.8%.
- However, unlike other major producers, 90% of Chinese production is for table grapes. The opposite is true for France, Italy, and Spain.

Global production of grapes and grape products



Source: Annual assessment of the world and vine and wine sector in 2022

GLOBAL TRADE IN GRAPES

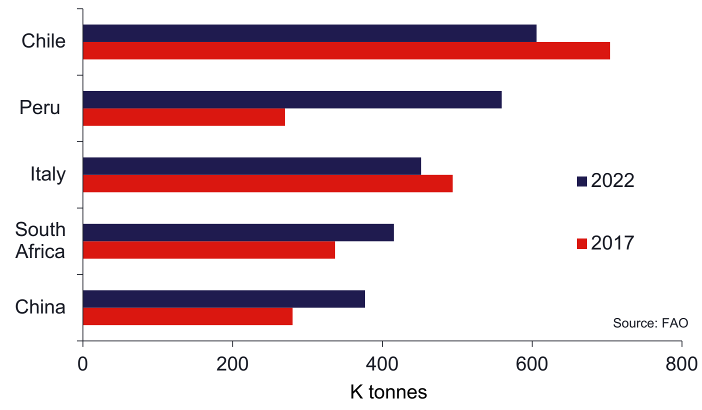
Trade in grapes is small, especially for New Zealand.

- World fresh grape export trade is in the region of 5.2m tonnes. It accounts for 7% of global production. Most of this is table and dried grapes.
- The big exporters are Chile (606k tonnes), Peru (559k) , Italy (452k) and South Africa (515k). Export volumes from Chile and Italy show a declining trend, while that for Peru and South Africa have increased over time.
- New Zealand is a tiny exporter, exporting about 37 tonnes of fresh grapes for the year ending August 2024.

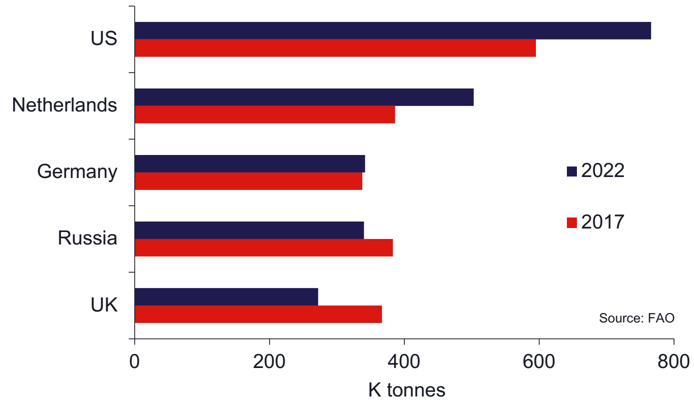
The US is the world's biggest importer.

- According to the FAO, the US imports about 655k tonnes of mainly table grapes, followed by the Netherlands (461k tonnes) and Germany (333k), which presumably are forwarded to other countries within the EU.
- Imports into the US and the Netherlands have grown strongly in recent years, while those into Germany have largely moved sideways.
- New Zealand imports about 100k tonnes of grapes, most of which are table grapes, primarily from the US, which is counter-seasonal, and Australia.
- However, it also imports small quantities of grapes used for wine production, which is then blended with locally produced grapes when shortages arise.

Top global grape exporters



Top global grape importers



NEW ZEALAND GRAPE PRODUCTION

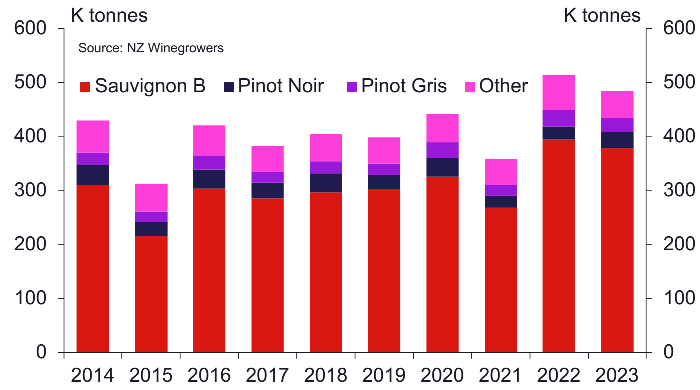
Falling grape production, fewer vineyards, supplying larger wineries.

- Grape production focuses almost entirely on wine grapes because of increased offshore demand for New Zealand wine.
- Wine grape production fell from 532k tonnes in 2022 to 501k tonnes in 2023. That reflects damage to vineyards in the Hawke's Bay/Gisborne regions in early 2023 caused by Cyclone Gabrielle. Cyclone impacts are likely to be felt again in 2024, with pre-vintage surveys suggesting a smaller crop.
- According to New Zealand Winegrowers, 378k tonnes of domestically grown white grapes were used to produce Sauvignon Blanc in 2023. This variety accounts for 78% of New Zealand total grape production.

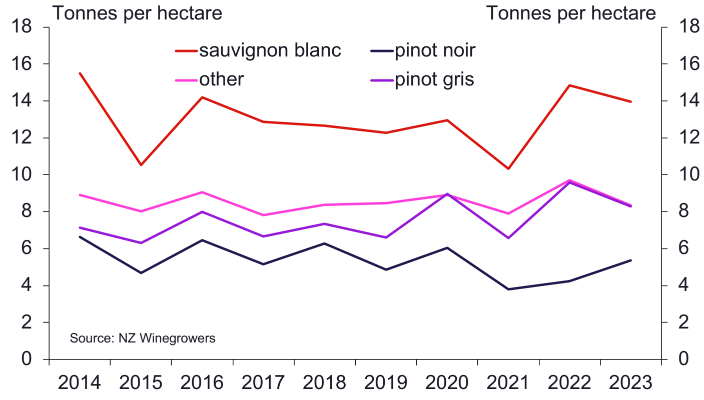
Grape production is focused on Sauvignon Blanc and not much else.

- Sauvignon Blanc, produced in Marlborough, accounts for almost 90% of New Zealand's wine exports. This wine is primarily exported to the US, UK and Australian markets.
- Grape growing is predominantly composed of small, independent, family-owned businesses. The number of grape growers fell to a 10-year low in 2023, in part because of cyclone damage. We are also seeing larger contracted growers buying struggling vineyards, while larger wineries are also vertically integrating.

NZ grape production



Productivity of vineyards by grape variety



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