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Chile

Fresh Deciduous Fruit

Annual

2008

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Report Highlights:
Chile's production forecasts for fresh apples, table grapes, pears and apple juice are up following good weather conditions.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

The industry forecasts an expansion in fresh apple, table grape and pear production, as weather has been favorable in most growing areas. As a result exports of these selected fruits are also expected to expand in 2009. A larger apple juice output is expected due to a larger availability apple harvest is forecasted.

Fresh Apples

Production

Although it is still early to predict production volume for the coming year, Chile's apple harvest for 2009 is forecasted to be larger than this year's harvest, as weather conditions has been good in most growing areas. More than sufficient cold hours during last winter had a positive effect on budding together with good temperatures differences between day and night during the spring will have a positive effect on total and the quality of the production, as it was stressed by contacts in the industry. As a result of a good quality harvest, exports are expected to reach a record figure of 800,000 metric tons in 2009.

As producers have been diversifying their orchards, during the last decade, by planting new and more productive varieties, i.e., Fuji, Gala, Jonathan, Braeburn, Pink Lady and Galaxies in replacement for the traditional varieties, such as Red Delicious and its variations (i.e., Richard Red, Starking, etc) and increasing density of their orchards, output in the coming years is expected to keep expanding. Red apple varieties constitute over 75 percent of total planting and output. The main green variety is Granny Smith, which is used both for fresh export (mainly to Europe and the United States) as well as for concentrated apple juice production.

Crop Area

Although some growers, mainly in Regions VII (Curico-Talca) and VIII (Chillan), continue to replace and increase their planting densities, farmers have been uprooting old orchards. However, in general, the total planted area is on hold due to a significant fall in economic returns observed during the last two years. The increased planted figure shown in our PS&D table is the result of the new agricultural census recently published. But as a result of a strong peso together with increased labor costs which is reducing the competitiveness of the labor-intensive fruit industry in Chile no significant increases in the planted area is expected in the coming years.

Consumption

Since there are no official domestic consumption statistics for apples, figures are estimated as a residual of production and exports. Because the residual figure includes apples for fresh domestic consumption and for processing, there tend to be large variations in domestic fresh consumption in the PS&D tables from year to year.

Trade

Exports in 2007 are expected to be at similar level than the previous year in spite of a larger production as a lower quality output was obtained and the domestic market was more attractive due to the constant fall of the dollar against the peso. For 2009, due to a projected expansion of the production exports are also expected to increase to a record level of 800,000 MT

Red apple varieties account for about two-thirds of exports, but sweet/sour varieties are increasing in share, while Chile's traditional varieties are losing ground. This trend is becoming more evident each year. Production and exports of new varieties, like Fuji and Pink Lady, are increasing significantly.

Policy General

Chile's fruit sector has a voluntary export quality program for apples, table grapes, stone fruit and kiwis shipped to the United States and Europe. Nearly 80 percent of Chile's exports to these two markets are under the auspices of this quality program. The minimum standards are voluntary and will remain the same in 2009 as those applied in 2008. Currently growers and exporters limit the quality control only to fruit maturity. There are no requirements related to the size of the fruit or to the volumes exported. Normally the market sets these requirements.

Marketing General

Although Chile is a major producer of deciduous fruit, there are some opportunities for imports, particularly when domestic supplies are low or non-existent in the off-season. A major constraint on demand is price. Consumers are accustomed to low prices for in-season apples. In general, the small portion of Chileans who are willing to pay for higher-priced off-season fruit limits the market for U.S. fresh fruit.

On the export side, contractual arrangements between producers and exporters vary according to the exporting company. A large portion of Chilean fruit is shipped on a consignment basis. After the exporter sells the fruit in a given market, all marketing and transportation costs are deducted from the sale price. The remaining amount is given to the farmer, so that he/she can pay his/her production costs and determine his own profit. Some producers receive a guaranteed minimum price for their fruit from the exporters. Often the exporters provide some financing to producers during the growing season. These monies are then deducted from the grower's receipts at the end of the season. In Chile, there are presently over 700 fruit exporters, export companies and/or individual producers that export directly.

Apples, Fresh Chile	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
			Data			Data			Data	
Area Planted	35900	35900	35900	37197	37197	37197	37250	37250	37250	(HA)
Area Harvested	32000	32000	32000	32049	32049	32049	32780	32780	32780	(HA)
Bearing Trees	14400	14400	14400	14422	14422	14422	14750	14750	14750	(1000 TREES)
Non-Bearing Trees	1780	1780	1780	2343	2343	2343	2039	2039	2039	(1000 TREES)
Total Trees	16180	16180	16180	16765	16765	16765	16789	16789	16789	(1000 TREES)
Commercial Production	1240000	1240000	1240000	1340000	1340000	1340000	1340000	1340000	1380000	(MT)
Non-Comm. Production	10000	10000	10000	10000	10000	10000	10000	10000	1000	(MT)
Production	1250000	1250000	1250000	1350000	1350000	1350000	1350000	1350000	1381000	(MT)
Imports	55	55	55	50	50	78	50	50	50	(MT)
Total Supply	1250055	1250055	1250055	1350050	1350050	1350078	1350050	1350050	1381050	(MT)
Fresh Dom. Consumption	145421	145421	145421	156800	156800	165000	156800	156800	170000	(MT)
Exports, Fresh	774634	774634	774634	786000	786000	775000	786000	786000	800000	(MT)
For Processing	330000	330000	330000	407250	407250	410078	407250	407250	420050	(MT)
Withdrawal From Market	0	0		0	0		0	0		(MT)
Total Distribution	1250055	1250055	1250055	1350050	1350050	1350078	1350050	1350050	1381050	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Apples, Fresh		
Time Period	Jan-Sep	Units:	M.T.
Exports for:	2007		2008
U.S.	124523	U.S.	93385
Others		Others	
Netherlands	75751	Netherlands	83389
Colombia	48411	Saudi Arabia	48048
Saudi Arabia	45206	Colombia	46642
U.K.	40403	Russia	38279
Ecuador	37864	U.K.	37771
Taiwan	32424	Ecuador	36954
Venezuela	30125	Taiwan	34859
Spain	28874	Venezuela	33036
Mexico	26552	Spain	28164
Russia	25729	U.A.Emirates	26107
Total for Others	391339		413248
Others not Listed	219452		215052
Grand Total	735314		721685

Fresh Table Grapes

Production

Good weather conditions for table grapes in most growing areas are the main reason for a slight increase in total output in 2008, when compared to the previous year. For 2009 another small increase in total table grape production is expected as weather during winter and spring has been good in most areas.

Chile produces over 36 varieties of table grapes for export. Thompson Seedless, Flame Seedless and Ribier account for the bulk of production. Varieties like Red Globe, Superior Seedless, Crimson and Autumn Royal have increased significantly in the last few years, as most of the replanting has been with these varieties. Table Grapes are planted from Region III (Copiapo) to Region VII (Curico-Talca).

Crop Area

Due to the new planted figures of fresh fruit published by the Government as a result of the last census we have adjusted upwards the total planted area of table grapes in our PS&D table. During the last few years only small areas were planted to table grapes which replaced old aging orchards. Additional plantings had been suspended for a few years as economic returns have been affected by increasing costs.

Consumption

There are no statistics on fresh table grape consumption. A residual figure is used to determine fresh consumption and utilization for processing.

Trade

Table grape export volumes in 2007 fell as a smaller output was obtained. For 2008 a total production expansion is expected together with a good quality production which will result in an export expansion. As in the past, table grapes are being imported during the off-season.

Grapes, Table, Fresh Chile	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2008			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
			Data			Data			Data	
Area Planted	48500	48500	48500	56169	56169	56250	56169	56169	56000	(HA)
Area Harvested	43000	43000	43000	47770	47770	47840	48200	48200	48900	(HA)
Commercial Production	1158000	1158000	1158000	1180000	1180000	1180000	1180000	1180000	1200000	(MT)
Non-Comm. Production	5000	5000	5000	5000	5000	5000	5000	5000	5000	(MT)
Production	1163000	1163000	1163000	1185000	1185000	1185000	1185000	1185000	1205000	(MT)
Imports	226	226	226	150	150	115	150	150	150	(MT)
Total Supply	1163226	1163226	1163226	1185150	1185150	1185115	1185150	1185150	1205150	(MT)
Fresh Dom. Consumption	124800	124800	124800	125600	125600	126000	125000	125000	126000	(MT)
Exports, Fresh	776370	776370	776370	792000	792000	800000	800000	800000	810000	(MT)
For Processing	262056	262056	262056	267550	267550	259115	260150	260150	269150	(MT)
Withdrawal From Market	0	0		0	0		0	0		(MT)
Total Distribution	1163226	1163226	1163226	1185150	1185150	1185115	1185150	1185150	1205150	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Grapes, Table, Fresh		
Time Period	Jan-Sep	Units:	M.T.
Exports for:	2007		2008
U.S.	414334	U.S.	404989
Others		Others	
Netherlands	78354	Netherlands	95222
U.K.	55606	U.K.	62816
Mexico	33535	Russia	45247
Russia	23722	So. Korea	29391
So. Korea	23311	Mexico	22426
Spain	11455	Hong Kong	14885
China	10452	Germany	12841
Hong-Kong	10369	Spain	12796
Germany	9426	China	9176
Brazil	7174	Taiwan	8528
Total for Others	263404		313326
Others not Listed	84009		87058
Grand Total	761747		805373

Fresh Pears

Production

As for other fresh fruit, weather has been favorable for pear production in most growing areas; as a result total output for 2008 is expected to be larger than the previous year. The latest planting statistics published in the recently agricultural census show that total planted area to pears is slightly larger than our previous estimate.

There are over 36 pear varieties grown in Chile. Packam's Triumph and Beurre Bosc make up over 60 percent of Chile's exports. Other important varieties in Chile are Abate Fetel, Coscia, Summer Bartlets and D'Anjou.

Consumption

As with most other Chilean fruits, mostly export rejects enter domestic marketing channels. Pears are mostly consumed fresh, although some are utilized for processing.

Trade

As a result of an increase in production, industry sources have indicated that exports will increase when compared to the previous year. Chile's exports have increased mainly to the European Union, which is also Chile's main export market. Close to 50 percent of exports are destined for the EU.

Pears, Fresh Chile	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data	
Area Planted	6556	6556	6556	6590	6590	6590	6590	6590	6590	(HA)
Area Harvested	6500	6500	6500	5911	5911	5911	5980	5980	6000	(HA)
Bearing Trees	3230	3230	3230	2937	2937	2937	2970	2970	2981	(1000 TREES)
Non-Bearing Trees	19	19	19	329	329	329	296	296	285	(1000 TREES)
Total Trees	3249	3249	3249	3266	3266	3266	3266	3266	3266	(1000 TREES)
Commercial Production	250000	250000	250000	260000	260000	270000	260000	260000	278000	(MT)
Non-Comm. Production	2000	2000	2000	2000	2000	2000	2000	2000	2000	(MT)
Production	252000	252000	252000	262000	262000	272000	262000	262000	280000	(MT)
Imports	24	24	24	0	0	24	0	0		(MT)
Total Supply	252024	252024	252024	262000	262000	272024	262000	262000	280000	(MT)
Fresh Dom. Consumption	74000	74000	74000	75000	75000	76000	75000	75000	79000	(MT)
Exports, Fresh	119257	119257	119257	127000	127000	132000	127000	127000	135000	(MT)
For Processing	58767	58767	58767	60000	60000	64024	60000	60000	66000	(MT)
Withdrawal From Market	0	0	0	0	0		0	0		(MT)
Total Distribution	252024	252024	252024	262000	262000	272024	262000	262000	280000	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Pears, Fresh		
Time Period	Jan-Sep	Units:	M.T.
Exports for:	2007		2008
U.S.	24165	U.S.	24992
Others		Others	
Netherlands	20727	Netherlands	27134
Colombia	11484	Italy	12325
Venezuela	9994	Venezuela	11306
Italy	9121	Colombia	11213
Ecuador	6618	Ecuador	6764
Peru	6166	Peru	6501
Spain	5035	Spain	5741
Germany	3002	Russia	4134
Russia	2516	Belgium	3135
Brazil	2028	Germany	2307
Total for Others	76691		90460
Others not Listed	17275		15646
Grand Total	118131		131098

Concentrated Apple Juice

Production

Chile's production of apple juice concentrate (AJC) primarily reflects foreign demand. In MY2008 in spite of a large and good apple quality crop and a strong export demand for fresh apples the availability of apples for processing increased when compared to the previous year but production of AJC fell when compared to the previous year. Although it is still early to forecast production levels for MY2009, the industry is expecting apple production to be larger than last year, due to excellent weather in most growing areas, but as a good quality production is also expected, the availability of apples for the juice industry could fall short and juice production could not expand as forecasted.

Although the apple juice industry mainly processes export rejects, the AJC industry has been encouraging farmers to increase production of sour-type apples, as well as to expand new plantings of apple varieties mainly for juice purposes. Reportedly the industry is contacting producers directly to obtain apple supplies in an effort of reduce the use of export rejects.

YEAR	PRODUCTION (MT)	CONSUMPTION (MT)	EXPORTS (MT)	STOCKS (MT)
2006	67,000	600	66,210	190
2007	36,600	600	35,824	176
2008 1/	34,000	650	33,000	350
2009 2/	45,000	650	44,000	350
1/ Estimated				
2/ Forecasted				
Source: Ministry of Agriculture,				

Consumption

Only a small amount of AJC, principally single-strength juice, is consumed domestically. AJC competes with a variety of fresh and processed juices in Chile.

Trade

The United States is Chile's largest AJC export market, accounting for close to 80 percent of total export sales. Other markets of increasing importance are Japan, Mexico and Canada. Latin American export markets also are growing fast. Levels of AJC exports will depend upon foreign demand and the ability of the industry to compete in international markets against other suppliers such as China.

Export Trade Matrix			
Country	Chile		
Commodity	Apple Juice, Concentrated		
Time Period	Jan-Sep	Units:	M.T.
Exports for:	2007		2008
U.S.	18487	U.S.	17131
Others		Others	
Mexico	4597	Japan	3478
Canada	1772	Mexico	2369
Japan	1536	Canada	1865
So. Korea	173	Costa Rica	246
U.K.	139	Peru	92
Netherlands	123	So. Corea	69
Perú	111	Dominican Rep.	69
Costa Rica	75	Panama	67
Dominican Rep.	69	Pakistan	65
Puerto Rico	59	Ecuador	44
Total for Others	8654		8364
Others not Listed	185		68
Grand Total	27326		25563