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Chile

Dried Fruit

Annual

2004

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Report Highlights:
While Chile's raisin production and exports are expected to fall due to a smaller availability of discarded table grapes, prunes will expand as a result of expanding planted area and a strong export demand.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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[CI]

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Executive Summary

For MY2003 (Jan-Dec 2004), estimated raisin production and exports are expected to fall when compared to the previous year, as the availability of discarded table grapes fell. A different scenario is expected for prunes, the MY2003 (Jan-Dec 2004) crop is expected to be larger than last year's output, as the weather has been favorable and the area of production has increased. A similar scenario is expected for MY2004 (Jan-Dec 2005), when a slightly smaller production of raisin is expected and prune production and exports are expected to expand when compared to MY2003.

Production Raisin

New raisin production estimates for MY2003 (Jan-Dec 2004) show a fall when compared to last year's output, which was higher than predicted due to lower demand in MY2003. Strong foreign demand for fresh table grapes resulted in a smaller availability of grapes for raisin production. Raisin production in Chile is based on lower quality table grapes and those rejected from the table grape export process. The wine and concentrated juice industries are the main competitors for table grape leftovers. The wine industry is demanding smaller amounts of table grapes, as new wine vineyards are coming into production. As a result, more grapes were dried for raisins than previously expected.

Although it is still too early to accurately forecast MY2004 (Jan-Dec 2005) raisin production, because weather can play an important role in table grape quality. Raisin output is expected to face less competition from the wine industry as more vineyards with wine varietals come into production. However, a fast growing grape juice industry is expected to increase competition for the discarded table grapes that go into raisin production. Consequently raisin output may be reduced in the coming years.

Consumption

Chile's best quality raisins are exported. As with most of Chile's fruits, the domestic market normally receives raisins rejected for export. Because domestic raisin consumption is small, it does not influence production or trade decisions. The main end-users of raisins are the baking, pastry and ice cream industries. Raisins are primarily used in finished products such as cakes, cookies, and ice cream. Non-industrial usage and snack consumption are both very limited. Although there is no official Chilean statistics kept on domestic raisin consumption we adjusted domestic consumption downwards in our PS&D table based on additional information gathered from producers and exporters.

Trade

Over 90 percent of Chilean raisin production is exported. For MY2003 (Jan-Dec 2004), exports are expected to fall, due to a decline in production. The Latin American market accounts for half of Chile's raisin exports and it is generally the destination for the lower quality raisins. Exports for MY2002 (Jan-Dec 2003) were significantly higher than our previous estimates due to a large increase in production that was combined with strong foreign demand. As a result of the Free Trade Agreement with the EU in effect since CY2003 and lowered the tariff from 2.4 percent to zero, together with a favorable exchange rate, export demand for Chilean raisin in Europe is growing significantly.

Stocks

Most raisin exporters have a policy of maintaining stock levels close to zero. Whenever possible, exporters prefer to sell or export all of their production. Industry sources have indicated that due to strong foreign demand, stocks are at their lowest level. Variations in the ending stock level, from one marketing year to the next, generally only means that raisins have not yet been shipped to their destination.

Policy

The government does not provide direct export subsidies or play any role in setting quality standards for this product.

Prices

Raisins currently are not a key consumer item in Chile. Consequently, neither the government nor the various exporter associations maintain retail or wholesale prices. Export prices for CY2003 averaged US$945/MT, up from CY 2002 average price of US$920/MT.

PSD Table

Country	Chile						
Commodity	Raisins				(HA)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Area Planted	45383	45383	45490	45490	0	47720	(HA)
Area Harvested	40700	40700	40750	40750	0	42000	(HA)
Beginning Stocks	545	545	445	451	495	451	(MT)
Production	46000	51000	48700	48700	0	48000	(MT)
Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	46545	51545	49145	49151	495	48451	(MT)
Exports	42500	48094	45000	45700	0	45000	(MT)
Domestic Consumption	3600	3000	3650	3000	0	3000	(MT)
Ending Stocks	445	451	495	451	0	451	(MT)
TOTAL DISTRIBUTION	46545	51545	49145	49151	0	48451	(MT)

Export Trade Matrix

Country	Chile		
Commodity	Raisins		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2003		2004
U.S.	7866	U.S.	3770
Others		Others	
Brazil	6047	Mexico	3732
Mexico	5446	Colombia	2425
Colombia	4736	Peru	2041
Peru	4172	UK	1795
UK	3212	Netherlands	1548
Venezuela	1874	Venezuela	1191
Netherlands	1906	Ecuador	1093
Germany	1828	France	888
France	1536	Germany	697
Ecuador	1381	Russia	536
Total for Others	32138		15946
Others not Listed	8090		4491
Grand Total	48094		24207

Note: Year 2004 data are for January through July only

Production Prunes

Total prune production in MY2002 (Jan-Dec 2003) was much larger than expected. Good weather and a larger planted area coming into production explain most of the output expansion. Additionally, as a result of strong export demand and excellent prices for prunes, producers invested in improved orchard management practices (pruning and fertilizing), which also resulted in an increase in production. These improved orchard management practices also had a positive effect on total output for MY2003.

Although it is still too early to accurately estimate next year's production, industry sources indicate plum production destined for is expected to expand in MY2004 (Jan-Dec 2005), as planted area keeps expanding and a significant area is coming into production.

Chile harvests plums from mid-February through mid-April, entirely by hand. According to industry this greatly enhances the fruit quality, as it is picked at peak ripeness and maturity. Chilean plums also allegedly have higher sugar content. Prunes are mainly sun-dried, although there are also some drying tunnels.

Area Planted

Industry sources have indicated that producers are increasing planted area, mainly as a result of good prices paid to producers for plums during the last few years and a lack of better economic alternatives. This additional planted area is starting to bear fruit and is expected to increase total production over the next few years. Total production should level off in about 2 to 3 years, at around 45 thousand metric tons a year.

Plum trees for prune production are planted from Regions V (San Felipe) through Region VII (Talca). The largest planted area is located in the Metropolitan Region and Region VI, where roughly 90 percent of all plum trees are found.

Consumption

As with most of Chile's fruits, the domestic prune market is a residual market, normally taking less than 10 percent of domestic production. Domestic demand is principally for lower-priced prunes. These are either consumed directly or are processed into foods like juice or ingredients for the bakery industry or yogurt

Trade

The EU is Chile's largest prune export market, receiving over 25 percent of total exports for the first 7 months of CY2004. Followed by Mexico with almost 20 percent during the same time period. The FTA with EU lowered the tariff for prunes to zero from the previous 9.6 percent.

There are over 45 firms operating in Chile's prune export business. Three exporters account for nearly 70 percent of total export volume. One firm, Prunesco, accounts for a little over 40 percent of Chile's exports.

Stocks

The prune industry, like the raisin industry, maintains stock levels as low as possible.

Prices

Chile maintains no official retail or wholesale price series for prunes. Farm price information is even scarcer than for raisins. The average international price received for Chilean prunes rose from US$1,290 per MT (FOB) in CY2003 to US$1,446/MT in CY2004.

PSD Table							
Country	Chile						
Commodity	Prunes (Plums, Dried)				(HA)(1000 TREES)(MT)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Area Planted	5890	5890	5930	5930	0	6010	(HA)
Area Harvested	4830	4830	4940	5000	0	5200	(HA)
Bearing Trees	2208	2208	2258	2285	0	2308	(1000 TREES)
Non-Bearing Trees	484	484	452	425	0	442	(1000 TREES)
Total Trees	2692	2692	2710	2710	0	2750	(1000 TREES)
Beginning Stocks	947	947	1147	1856	1847	2256	(MT)
Production	25500	33500	32000	37000	0	38000	(MT)
Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	26447	34447	33147	38856	1847	40256	(MT)
Exports	24000	31291	30000	35000	0	36500	(MT)
Domestic Consumption	1300	1300	1300	1600	0	1600	(MT)
Ending Stocks	1147	1856	1847	2256	0	2156	(MT)
TOTAL DISTRIBUTION	26447	34447	33147	38856	0	40256	(MT)

Export Trade Matrix			
Country	**Chile**		
Commodity	**Prunes (Plums, Dried)**		
Time Period	**Jan-Dec**	**Units:**	**M.T.**
Exports for:	**2003**		**2004**
U.S.	39	U.S.	0
Others		**Others**	
Mexico	7668	Mexico	2874
Germany	5085	Germany	1610
Russia	1989	Russia	1523
Brazil	1802	Brazil	1501
Spain	1716	Spain	1496
Italy	1581	Italy	624
Peru	1116	Peru	617
Venezuela	1101	Colombia	448
Colombia	896	UK	420
Netherlands	829	Netherlands	351
Total for Others	23783		11464
Others not Listed	7469		3118
Grand Total	31291		14582

Note: Year 2004 data are for January through July only.