USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 11/20/2007

GAIN Report Number: CI7030

Chile

Fresh Deciduous Fruit

Annual

2007

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Report Highlights:
Chile's production forecasts for fresh apples, table grapes and pears are up following good weather conditions, but a smaller concentrated apple juice production is expected as a smaller availability of apples for processing is forecasted.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Santiago [CI1]
[CI]

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Executive Summary

The industry forecasts an expansion in fresh apple, table grape and peat production, as weather has been favorable in most growing areas. As a result exports of these selected fruits are also expected to expand in 2008. A smaller apple juice output is expected due to a reduced availability apple export rejects as a good quality 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 2008 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, this will affect total production positively in quantity and 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 record figure of over 800,000 metric tons in 2008.

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

A larger output together with low stocks of apples in the European Union explains the increase in total exports in 2007. For 2008 a stronger demand is expected, as production in the northern hemisphere has yet not recovered and exports are expected to expand further.

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 2008 as those applied in 2007. 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 table grapes, apples and pears, 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.

PSD Table									
Country	Chile								
Commodity	Apples, Fresh						(HA)(1000 TREES)(MT)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01-2006	01-2006		01-2007	01-2007		01-2008	01-2008
Area Planted	35900	35900	35900	35900	35900	35900	0	0	37197
Area Harvested	31000	31000	31000	32000	32000	32000	0	0	32049
Bearing Trees	13950	13950	13950	14400	14400	14400	0	0	14422
Non-Bearing Trees	2230	2230	2230	1780	1780	1780	0	0	2343
Total Trees	16180	16180	16180	16180	16180	16180	0	0	16765
Commercial Production	1230000	1230000	1230000	1240000	1240000	1240000	0	0	1364000
Non-Comm. Production	10000	10000	10000	10000	10000	10000	0	0	10000
Production	1240000	1240000	1240000	1250000	1250000	1250000	0	0	1374000
Imports	66	66	66	50	50	50	0	0	50
Total Supply	1240066	1240066	1240066	1250050	1250050	1250050	0	0	1374050
Fresh Dom. Consumption	90458	90458	90458	105050	105050	145050	0	0	156800
Exports, Fresh	725108	725108	725108	750000	750000	805000	0	0	810000
For Processing	424500	424500	424500	395000	395000	300000	0	0	407250
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	1240066	1240066	1240066	1250050	1250050	1250050	0	0	1374050

Export Trade Matrix			
Country	Chile		
Commodity	Apples, Fresh		
Time Period	Jan-Sep	Units:	M.T.
Exports for:	2006		2007
U.S.	83973	U.S.	124523
Others		Others	
Netherlands	75945	Netherlands	75751
Saudi Arabia	52975	Colombia	48411
Taiwan	41557	Saudi Arabia	45206
Colombia	40579	U.K.	40403
U.K.	35842	Ecuador	37864
Ecuador	34672	Taiwan	32424
Spain	33175	Venezuela	30125
Venezuela	35888	Spain	28874
Peru	23959	Mexico	26552
Mexico	23103	Russia	25729
Total for Others	397695		391339
Others not Listed	157115		219452
Grand Total	638783		735314

Fresh Table Grapes

Production

Poor weather conditions in some growing areas are the main reason for a slight fall in total production in 2007, when compared to the previous year. For 2008 an increase in total output is expected as weather during last winter has been good in most areas for grape production.

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, competition and a constant revaluation of the peso.

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. A weaker dollar, would suggest that these imports could increase. However, transport costs remain high due to low volumes and there is also an ample supply of competing low priced fruits available year around in Chile.

PSD Table									
Country	Chile								
Commodity	Grapes, Table, Fresh						(HA)(MT)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01-2006	01-2006		01-2007	01-2007		01-2008	01-2008
Area Planted	47727	47727	47727	48500	48500	48500	0	0	56169
Area Harvested	42400	42400	42400	43000	43000	43000	0	0	47770
Commercial Production	1185000	1185000	1185000	1158000	1158000	1158000	0	0	1270000
Non-Comm. Production	5000	5000	5000	5000	5000	5000	0	0	5000
Production	1190000	1190000	1190000	1163000	1163000	1163000	0	0	1275000
Imports	31	31	16	50	50	153	0	0	150
Total Supply	1190031	1190031	1190016	1163050	1163050	1163153	0	0	1275150
Fresh Dom. Consumption	120000	120000	120000	103050	103050	103050	0	0	110000
Exports, Fresh	823247	823247	823247	815000	815000	807100	0	0	900000
For Processing	246784	246784	246769	245000	245000	253003	0	0	265150
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	1190031	1190031	1190016	1163050	1163050	1163153	0	0	1275150

Export Trade Matrix			
Country	Chile		
Commodity	Grapes, Table, Fresh		
Time Period	Jan-Sep	Units:	M.T.
Exports for:	2006		2007
U.S.	433140	U.S.	414334
Others		Others	
Netherlands	67303	Netherlands	78354
U.K.	62880	U.K.	55606
Mexico	30162	Mexico	33535
Hong-Kong	20216	Russia	23722
Russia	17357	So. Korea	23311
So. Korea	15199	Spain	11455
Spain	14661	China	10452
Taiwan	10501	Hong-Kong	10369
Japan	7232	Germany	9426
Ecuador	6841	Brazil	7174
Total for Others	252352		263404
Others not Listed	86992		84009
Grand Total	772484		761747

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 slightly 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

Although production levels are not expected to change significantly, industry sources have indicated that exports could fall due to an increased competition from Argentina, Chile's main competitor for pear exports, principally to the European Union, which is also Chile's main export market. Close to 50 percent of exports are destined for the EU. As a result Chilean exports will depend on fluctuations in the Argentinean production. Additionally, due to increasing cost and lower returns for pear exports an increasing numbers of producers are selling their production to the local processing industries, according to industry sources.

PSD Table									
Country	Chile								
Commodity	Pears, Fresh						(HA)(1000 TREES)(MT)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01-2005	01-2005		01-2006	01-2006		01-2007	01-2007
Area Planted	9850	9850	9850	6556	6556	6556	0	0	6590
Area Harvested	9000	9000	9000	6500	6500	6500	0	0	5911
Bearing Trees	5049	5049	5049	3230	3230	3230	0	0	2937
Non-Bearing Trees	110	110	110	19	19	19	0	0	329
Total Trees	5159	5159	5159	3249	3249	3249	0	0	3266
Commercial Production	255000	255000	255000	250000	250000	250000	0	0	255000
Non-Comm. Production	2000	2000	2000	2000	2000	2000	0	0	2000
Production	257000	257000	257000	252000	252000	252000	0	0	257000
Imports	0	0	0	0	0	0	0	0	0
Total Supply	257000	257000	257000	252000	252000	252000	0	0	257000
Fresh Dom. Consumption	74500	74500	74500	75000	75000	74000	0	0	75000
Exports, Fresh	120370	120370	120370	115000	115000	120000	0	0	121000
For Processing	62130	62130	62130	62000	62000	58000	0	0	61000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	257000	257000	257000	252000	252000	252000	0	0	257000

Export Trade Matrix			
Country	Chile		
Commodity	Pears, Fresh		
Time Period	Jan-Sep	Units:	M.T.
Exports for:	2006		2007
U.S.	27589	U.S.	24165
Others		Others	
Netherlands	19796	Netherlands	20727
Italy	9621	Colombia	11484
Colombia	9091	Venezuela	9994
Venezuela	7969	Italy	9121
Peru	5456	Ecuador	6618
Ecuador	5261	Peru	6166
Spain	5092	Spain	5035
Germany	3902	Germany	3002
Russia	2792	Russia	2516
France	2730	Brazil	2028
Total for Others	71710		76691
Others not Listed	20286		17275
Grand Total	119585		118131

Concentrated Apple Juice

Production

Chile's production of apple juice concentrate (AJC) primarily reflects foreign demand. But for MY2007 due to a good apple quality crop and a strong export demand for fresh apples the availability of apples for processing fell significantly, which resulted in a significant fall in apple juice production. Although it is still early to forecast production levels for MY2008, the industry is expecting apple production to increase 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.

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 over 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.

PSD Table									
Country	Chile								
Commodity	Apple Juice, Concentrated						(MT)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01-2006	01-2006		01-2007	01-2007		01-2008	01-2008
Deliv. To Processors	424500	424500	424500	395000	395000	300000	0	0	407250
Beginning Stocks	229	229	229	419	419	419	219	219	419
Production	67000	67000	67000	62300	62300	46600	0	0	60170
Imports	0	0	0	0	0	0	0	0	0
Total Supply	67229	67229	67229	62719	62719	47019	219	219	60589
Exports	66210	66210	66210	62000	62000	46000	0	0	59600
Domestic Consumption	600	600	600	500	500	600	0	0	650
Ending Stocks	419	419	419	219	219	419	0	0	339
Total Distribution	67229	67229	67229	62719	62719	47019	0	0	60589

Export Trade Matrix			
Country	Chile		
Commodity	Apple Juice, Concentrated		
Time Period	Jan-Sep	Units:	M.T.
Exports for:	2006		2007
U.S.	38479	U.S.	18487
Others		Others	
Canada	2577	Mexico	4597
Mexico	1119	Canada	1772
Japan	1061	Japan	1536
Puerto Rico	594	So. Korea	173
So. Korea	222	U.K.	139
U.K.	98	Netherlands	123
Dominican Rep.	97	Peru	111
Costa Rica	89	Costa Rica	75
Peru	84	Dominican Rep.	69
France	80	Puerto Rico	59
Total for Others	6021		8654
Others not Listed	212		185
Grand Total	44712		27326