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Chile

Canned Deciduous Fruit

Annual

2008

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Report Highlights:
Although it is early to predict next year's production, Chile's canned peach production and exports in MY2008 are expected to increase due to good weather conditions during the growing season.

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

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Executive Summary

The initial forecast for Chilean canned peach production and exports for MY2008 (Jan-Dec 2009) shows an increase in production when compared to last year, excellent weather during last winter together with enough cold hours accumulated and good weather expected for the spring will result in an increase in total output and exports of peaches for canning and for puree.

Canned Peaches

Production

Although it is still early for a good prediction, production forecasts for MY2008 (Jan-Dec 2009) indicate a higher output than the previous year. As a result of low temperatures during most of the winter months which allowed an accumulation of enough cold hours, a higher than last year production is expected.

Canned peach production in MY2007 (Jan-Dec 2008) resulted smaller than previously forecasted due to a lower quality fruit available for the processing industry. Additionally, as a result of a strong demand and high prices for pulp, larger amounts of peaches were destined for pulp production.

Peach production in Chile normally is delivered fresh to canneries without any pre-selection. A certain percentage of the fruit is rejected immediately before being processed and destined mainly for pulp production. The difference between the figure for production and deliveries includes canning rejects, which are either processed as juice or pulp, or totally discarded as waste. The pulp is used for a variety of products, including jams and confectionary products and also exported.

Total planted area has expanded to a little over 7,300 hectares. Of these approximately 2,600 hectares are planted north of Santiago in Region V (San Felipe-Los Andes). In the Santiago Metropolitan Region there are 1,422 hectares. The remainder is mostly planted south of Santiago in Region VI (Rancagua). Some replanting with improved varieties also continues to take place, which will result in a production expansion during the next few years. Over 27 different peach varieties for canning are planted in Chile. The most popular varieties that account for 75 percent of total planted area are Pomona, Andros, Fortuna and Phillip's Cling. Other varieties like Doctor Davies, Everts and Loadel do not exceed 6 percent each.

Peaches are canned only during the principal harvest season, which runs from December through April. Some canneries, but not all, can process other types of fruit (pears) or vegetables. Almost all canneries also produce pulp and some produce juice.

Prices offered to farmers for peaches for canning were similar than in 2007 in Chilean pesos but larger in dollar due to the revaluation of the peso against the dollar during the last two years.

Farm Prices for Peaches for Canning Purposes		
Year	Chilean Pesos per MT	U.S. Dollars per MT
2002	85,000	128.21
2003	120,000	174.17
2004	150,000	246.00
2005	85,000	146.00
2006	95,000	170.00
2007	135,000	260.00
2008	135,000	314.00
Note: Chile's 2007 inflation rate was 7.8 percent, up from 2.6 percent in 2006.		

Consumption

There are no official statistics on canned peach consumption, production and ending stocks. These figures are derived from the only known data, i.e., the export figures and limited information supplied by the canning industry. As a result, consumption figures may vary from report to report. In general, however, demand for canned peaches in Chile is considered to be relatively stagnant. This is partly the result of increased competition from alternative products, particularly ice cream and yogurt. Small profit margins do not permit canneries to advertise their products in the domestic market, because the potential advertising benefits are not justified by the high cost.

Trade

Due to a lower production of canned peaches, total exports in MY2006 (Jan-Dec 2007) resulted smaller than our previous estimates. Although in MY2007 (Jan-Dec 2008) exports are estimated to be larger than the previous year these will be smaller than forecasted last year as a result of a smaller estimated output. A little over 90 percent of Chile's canned peaches are exported to Latin American countries. Mexico is by far the largest market for Chilean canned peaches. The industry expects Mexico to remain as the main export market for Chile, due to a high import duty (23%) for Greek canned peaches, which are Chile's largest potential competitor in that market.

Chile normally imports small amounts of canned peaches, which are mainly destined to the Governments School Lunch programs. As a result of the availability of low priced Chinese product and a strong export demand for Chilean canned peaches, imports increased significantly in MY2006 (Jan-Dec 2007). Industry sources do not expect further increases in imports in the coming years.

Please note that the export figures in the trade matrix for 2008 only cover January through August.

Stocks

There are no official stock figures available. Normally, the canning industry hesitates to specify stock size out of fear that large stocks may reflect poor sales and management, or adversely affect future prices.

Policy

Chile has no production supports or subsidies for canned peaches.

Peaches, Canned 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
Deliv. To Processors	115000	115000	115000	125000	125000	125000			130000
Beginning Stocks	3732	3732	3732	832	832	1392			892
Production	71000	71000	65000	78000	78000	72000			77500
Imports	700	700	3153	500	500	500			500
Total Supply	75432	75432	71885	79332	79332	73892			78892
Exports	62000	62000	57493	66000	66000	60000			65000
Domestic Consumption	12600	12600	13000	12600	12600	13000			13000
Ending Stocks	832	832	1392	732	732	892			892
Total Distribution	75432	75432	71885	79332	79332	73892			78892

Export Trade Matrix

Country	Chile		
Commodity	Peaches, Canned		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2007		**2008**
U.S.	2563	U.S.	2094
Others		Others	
Mexico	26047	Mexico	13757
Peru	9172	Peru	5700
Colombia	5914	Venezuela	5274
Ecuador	4899	Colombia	4418
Venezuela	4669	Ecuador	4073
Bolivia	1079	Bolivia	783
Costa Rica	1051	Costa Rica	586
El Salvador	870	Guatemala	424
Guatemala	794	El Salvador	316
Honduras	81	Canada	128
Total for Others	54576		35459
Others not Listed	354		27
Grand Total	57493		37580

Note: Trade data for CY2008 covers the months of January through August only.

Canned Peach Puree

Production

Producers deliver their peach production to the canning industry normally without any pre-selection. The industry then only processes the best quality fruit into canned peaches and the remainder is then processed and destined mainly for pulp production. Additionally some fruits are also processed for juice or jams, or totally discarded as waste. The pulp is used for a variety of products, including jams and confectionary products and also exported. As a result of an increasing demand and export prices for puree the largest processing industry, Agrozzi has mainly produced peach puree during the last few years.

Trade

As a result of a strong demand and increasing prices for canned peach puree, together with a reported smaller quality of fruit, the industry increased out put in 2007.

Export Trade Matrix

Country	Chile		
Commodity	Peaches, Canned Puree		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2007		**2008**
U.S.	2008	U.S.	1086
Others		Others	
Russia	12890	Russia	8174
Venezuela	6333	Venezuela	5854
Mexico	5986	Mexico	2918
Ecuador	2896	Brazil	2771
Brazil	2674	Ecuador	1795
Peru	1902	Peru	1514
El Salvador	1752	Colombia	1254
Guatemala	1625	El Salvador	1135
Colombia	1344	Ukraine	949
France	846	Guatemala	916
Total for Others	38248		27280
Others not Listed	4320		3430
Grand Total	44576		31796

Note: Trade data for CY2008 covers the months of January through August only.