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Chile

Fresh Deciduous Fruit

Annual

2005

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Report Highlights:
Chile's production forecasts for fresh table grapes are up, but pear production is expected to remain unchanged. Additionally production of apple and apple juice is expected to be down, due to abnormal weather conditions in some production areas.

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

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Executive Summary

The industry forecasts production increases for fresh table grapes and stable production for pears in MY2005 (Jan-Dec 2005). But apple production is expected to be smaller, because the weather has been unfavorable in some production areas.

Table grape exports are forecasted to expand following an increase in output. No changes are forecasted for pears and a small reduction is expected for apples and apple juice, following a decline in yields.

Fresh Apples

Production

Apple production in MY2004 (Jan-Dec 2004) in volume and quality was much better and larger than in MY2003. Additionally strong demand, mainly from the European Union contributed to an expansion in exports. Although it is still early to predict production volume for the coming year, industry officials indicate that they expect a smaller output, but of good quality for MY2005 (Jan-Dec 2005. The cold and rainy weather during the springtime is expected to have a negative effect on the volume, but not the quality of the fruit.

Producers continue to diversify their orchards by planting new and more popular varieties, i.e., Fuji, Gala, Jonathan, Braeburn, Pink Lady and Galaxies. Traditional varieties, such as Red Delicious and its variations (i.e., Richard Red, Starking, etc) are being uprooted and replanted with newer varieties. Red apple varieties still constitute about 70 percent of total output and are grown mainly for the European and the Middle Eastern markets. The principal green variety, Granny Smith, 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, in other areas, farmers are uprooting old orchards. However in general the total acreage increased in response to the excellent returns obtained during the last three years. High export prices and a strong dollar promoted an increase in new orchard plantings. However a significant fall in the value of the dollar (from 1US$=720CH$ in early 2003 to less than 1US$=580CH$) is expected to put a hold on new plantings, according to the Fresh Fruit Producers Association.

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 is an apparent large variation in domestic fresh consumption in the PS&D tables from year to year.

Trade

Strong demand, due to lower stocks at the end of the season in Europe together with increased demand in American markets explains the significant increase in exports during MY2004, compared to the previous year. The U.S. is still Chile’s largest single export market for apples. Exporters do not expect to increase exports to the US as a result of the US –

Chile Free Trade Agreement, as apples had duty free access even before the agreement. As production is expected to fall slightly in MY2005 industry sources also expect exports to fall as well. However, exports will only fall a little, as the fruit will probably be of good quality. In Chile the top grades are destined for export.

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, 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 MY2005 as those applied in MY2004. 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.

The fresh fruit industry is continuing with its generic promotional campaign in the United States, Mexico, Japan, S. Korea and the European Community. This campaign is co-financed by producers, exporters and the Government (through Pro-Chile). Approximately 3 to 5 cents of every box shipped to these markets is earmarked for this purpose. The budget for this coming year is expected to be a similar to last season at a total of US$5.5 million. The Chilean Government contributes approximately 45 percent of the total amount.

An estimated US$ 4 million will be spent in the United States and Canada and the remainder will be spent in other markets. The main activities paid for with these funds are a media campaign and other promotional activities like cross-promotional point of sales activities with fruit, wine and salmon; fresh fruit promotional sweepstakes; children's and Hispanic materials; and PR activities. The media campaign is based on TV advertising. The cross-promotional activity provides for a sweepstakes with grand prize trips to Chile. Entries can only be made through loyalty card purchases of the participating Chilean products. Printed materials include display materials for the

Hispanic community, point of sale materials like a pocket fruit guide and variety posters. There is also a website.

PSD Table							
Country	Chile						
Commodity	Apples, Fresh				(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	35700	35700	35775	35775	0	35900	(HA)
Area Harvested	30250	30250	30400	30400	0	30800	(HA)
Bearing Trees	12520	12520	12620	12620	0	12800	(1000 TREES)
Non-Bearing Trees	2255	2255	2230	2230	0	2200	(1000 TREES)
Total Trees	14775	14775	14850	14850	0	15000	(1000 TREES)
Commercial Production	1080000	1080000	1242000	1242000	0	1180000	(MT)
Non-Comm. Production	10000	10000	10000	10000	0	10000	(MT)
TOTAL Production	1090000	1090000	1252000	1252000	0	1190000	(MT)
TOTAL Imports	20	20	0	15	0	15	(MT)
TOTAL SUPPLY	1090020	1090020	1252000	1252015	0	1190015	(MT)
Domestic Fresh Consump	113612	113612	120000	119015	0	120015	(MT)
Exports, Fresh Only	596408	596408	720000	723000	0	720000	(MT)
For Processing	380000	380000	412000	410000	0	350000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	1090020	1090020	1252000	1252015	0	1190015	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Apples, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2003		2004
U.S.	92551	U.S.	118372
Others		Others	
Netherlands	72717	Netherlands	88107
Saudi Arabia	45601	Mexico	59513
Mexico	40959	Saudi Arabia	52129
Colombia	38727	Colombia	41141
Ecuador	37817	Spain	39318
Spain	36428	Russia	37940
Peru	23187	Ecuador	34735
Taiwan	20691	UK	25739
UK	18870	Peru	24102
Italy	18777	Taiwan	21193
Total for Others	353774		423917
Others not Listed	150083		180043
Grand Total	596408		722332
Note: Year 2004 data are for January through October only.			

Fresh Table Grapes

Production

Good weather conditions with normal temperatures resulted in good grape quality and increased output of table grapes in MY2004 (Jan-Dec 2004), when compared to the previous year. For MY2005 another small production expansion is forecasted, as the harvested area has been increasing. Weather was favorable again in most growing areas. As a result, a good quality production is expected.

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

Planted area increases have been reported lately. Additionally, some of the aging vineyards are being replanted with the above-mentioned new varieties, which better address market demand.

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 are expected to expand as a result of a larger and good quality production in MY2004. For MY2005, another expansion in production is expected and quality is expected to be good, consequently exports will likely expand again. In the past limited amounts of table grapes have been imported during the off-season, with a weaker dollar these imports increased significantly in 2004. However they are not expected to grow much more, as there is an ample supply of competing low priced fruits available year around.

PSD Table							
Country	Chile						
Commodity	Grapes, Table, Fresh				(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	45490	45490	45490	0	47720	(HA)
Area Harvested	40700	40750	40750	40800	0	42200	(HA)
Commercial Production	997000	1060000	1060000	1070000	0	1100000	(MT)
Non-Comm. Production	5000	5000	5000	5000	0	5000	(MT)
TOTAL Production	1002000	1065000	1065000	1075000	0	1105000	(MT)
TOTAL Imports	12	12	12	46	0	50	(MT)
TOTAL SUPPLY	1002012	1065012	1065012	1075046	0	1105050	(MT)
Domestic Fresh Consump	99000	113012	113012	115546	0	125000	(MT)
Exports, Fresh Only	654932	706332	707000	710000	0	730000	(MT)
For Processing	248080	245668	245000	249500	0	250050	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	1002012	1065012	1065012	1075046	0	1105050	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Grapes, Table, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2003		2004
U.S.	426732	U.S.	355410
Others		Others	
Netherlands	54433	Netherlands	60762
Mexico	42116	U.K.	43547
U.K.	38397	Mexico	28970
Ecuador	10757	Hong-Kong	20493
Spain	10464	Russia	14617
So. Korea	9681	Spain	11758
Japan	9371	Taiwan	10178
Taiwan	9239	Germany	9286
Russia	7788	Japan	9054
Germany	5757	So. Korea	8430
Total for Others	198003		217095
Others not Listed	81597		66526
Grand Total	706332		639031
Note: Year 2004 data are for January through October only.			

Fresh Pears

Production

For MY2004 (Jan-Dec 2004) total pear production was slightly larger than MY2003, due to favorable weather conditions in most of the growing areas. Despite some cold and rainy days during last spring, this weather is not expected to have a negative effect on production. The forecast for MY2005 production is that it will be similar in volume and quality to MY2004.

There are over 36 pear varieties grown in Chile. Packam's Triumph and Beurre Bosc make up 45 percent and 25 percent of Chile's exports, respectively.

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

The larger MY2004 production accounted for a moderate expansion in total exports. Exports levels are expected to be very similar in MY2005.

PSD Table							
Country	Chile						
Commodity	Pears, Fresh				(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	10400	10400	10120	10120	0	10120	(HA)
Area Harvested	9950	9950	9980	9980	0	9980	(HA)
Bearing Trees	4815	4815	4830	4830	0	4830	(1000 TREES)
Non-Bearing Trees	130	130	115	115	0	115	(1000 TREES)
Total Trees	4945	4945	4945	4945	0	4945	(1000 TREES)
Commercial Production	245000	245000	255000	255000	0	255000	(MT)
Non-Comm. Production	2000	2000	2000	2000	0	2000	(MT)
TOTAL Production	247000	247000	257000	257000	0	257000	(MT)
TOTAL Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	247000	247000	257000	257000	0	257000	(MT)
Domestic Fresh Consump	69900	69900	71000	71000	0	70000	(MT)
Exports, Fresh Only	120600	120600	125000	124000	0	125000	(MT)
For Processing	56500	56500	61000	62000	0	62000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	247000	247000	257000	257000	0	257000	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Pears, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2003		2004
U.S.	25941	U.S.	22223
Others		Others	
Netherlands	27798	Netherlands	26414
Italy	9877	Italy	12841
Colombia	9698	Colombia	8222
Spain	6152	Russia	7841
Peru	6109	Spain	7000
Brazil	4639	Peru	4409
Ecuador	4090	Ecuador	3674
Mexico	3743	Portugal	3645
Portugal	3076	Brazil	3318
Saudi Arabia	2984	Venezuela	3279
Total for Others	78166		80643
Others not Listed	16490		20552
Grand Total	120597		123418
Note: Year 2004 data are for January through October only.			

Concentrated Apple Juice

Production

Chile's production of apple juice concentrate (AJC) primarily reflects foreign demand. The increase in production in MY2004 (Jan-Dec, 2004) was mainly due to an increase in the availability of apples for processing and strong foreign demand for AJC. Although it is difficult to forecast production levels for MY2005, a smaller but good quality apple production is expected to reduce availability of apples for processing. Therefore, production volumes of AJC probably will be smaller then the previous year.

Chile's apple export rejects are mostly sent to the processing industry for apple juice production. However, as the processing market has become increasingly saturated with supplies, industry buyers have started to place increased attention on the quality of the fruit. As a result, the AJC industry is both encouraging farmers to increase production of sour-type apples, as well as to expand new plantings of apple varieties. Now the AJC industry is beginning to contract directly with the producers for their apple supply and not just taking the export rejects.

Consumption

Only small amounts of AJC principally of single-strength juice are 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 important markets are Japan, Mexico and Canada. New and growing markets are primarily located in Latin America. Levels of AJC exports will depend upon foreign demand and the ability of the industry to compete in international markets with other suppliers such as China.

PSD Table							
Country	Chile						
Commodity	Apple Juice, Concentrated			(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
Deliv. To Processors	380000	380000	412000	395000	0	350000	(MT)
Beginning Stocks	753	753	453	453	353	353	(MT)
Production	55200	57000	56000	59000	0	51500	(MT)
Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	55953	57753	56453	59453	353	51853	(MT)
Exports	55000	56800	55600	58600	0	50700	(MT)
Domestic Consumption	500	500	500	500	0	500	(MT)
Ending Stocks	453	453	353	353	0	653	(MT)
TOTAL DISTRIBUTION	55953	57753	56453	59453	0	51853	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Apple Juice, Concentrated		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2003		2004
U.S.	51053	U.S.	34984
Others		Others	
Japan	3891	Japan	5404
Mexico	996	Canada	1026
Canada	454	Mexico	834
Dom. Republic	159	Ecuador	57
Ecuador	54	Dom. Republic	44
Peru	43	Costa Rica	42
Costa Rica	42	Colombia	32
Taiwan	25	Guatemala	20
Uruguay	20	Panama	20
Paraguay	19	Uruguay	20
Total for Others	5703		7499
Others not Listed	36		58
Grand Total	56792		42541
Note: Year 2004 data are for January through October only.			