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Chile

Fresh Deciduous Fruit Annual

Chilean Fruit Production and Exports Expected to Recover in MY2016/17

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Report Highlights:
For Chilean apples, pears and table grapes, MY2016/17 has been characterized by having a high accumulation of chill hours (i.e. temperatures below 7 degrees Celsius) during winter months, which is necessary for a quality harvest. Such climatic conditions resulted in early and uniform blooming that is favorable for these crops. As a result, apple exports are expected to reach 750,000 MT during MY2016/17. In addition, the table grape export volume is expected to recover to 730,000 MT, while fresh pear exports are estimated to rebound to 138,000 MT during the same period. The U.S. is the largest importer of Chilean apples and table grapes, and is the fourth largest importer of Chilean pears.

Executive Summary:
For Chilean apples, pears and table grapes, MY2016/17 has been characterized by having a high accumulation of chill hours (i.e. temperatures below 7 degrees Celsius) during winter months, which is necessary for a quality harvest. Such climatic conditions resulted in early and uniform blooming that is favorable for these crops. As a result, apple exports are expected to reach 750,000 MT during MY2016/17. In addition, the table grape export volume is expected to recover to 730,000 MT, while fresh pear exports are estimated to rebound to 138,000 MT during the same period. The U.S. is the largest importer of Chilean apples and table grapes, and is the fourth largest importer of Chilean pears.

Commodities:
Apples, Fresh

Production:
The area planted with apples in MY2015/16 was 36,059 hectares (ha). This is a 3% reduction in the planted area over MY2014/15, and is a result of farmers shifting their lower yield variety apples to either higher yield varieties or more profitable fruits like cherries.

61.2% of Chile's apple planted area is located in the region of Maule, followed by O'Higgins region which has 25.6% of the apple planted area, and the remaining spread through other regions in the country. 81% of the area planted is made up of red apple varieties while 19% is green apple varieties, which is almost entirely Granny Smith. The traditional red varieties, Royal Gala and Pink Lady, remain the most planted red ones (19.3% and 10.3% of the red apple area planted respectively), while other traditional varieties like Scarlett and Red Chief are still important but are not being planted at the time. New varieties that are being planted are Brookfield Gala, Gala Premium, Fuji Raku Raku, Honey Crisp and Rosy Glow, which are improved clones of Royal Gala (harvested in February-March), Fuji (harvested in March-April) and Pink Lady (harvested in April-May), which allow for apples to be harvest throughout the harvest season rather than all at one time, which reduces the risk of total loss when facing adverse climatic conditions.

MY2016/17 has been characterized by a high accumulation of chill hours (i.e. temperatures below 7 degrees Celsius) during the winter, which caused fruits to blooming 10 days early (see picture 1). Such early blooming is favorable for Chile's fruit production. In contrast, in MY2015/16 winter lacked proper chill hour conditions and caused irregular blooming and harvest was delayed by 10 days for almost all fresh fruits, having an adverse effect on apple production.

Picture 1: Apple bloom, September 13th, Chillan, Bio Bío region.

Source: USDA/FAS Santiago field visit to Chillan, Chile

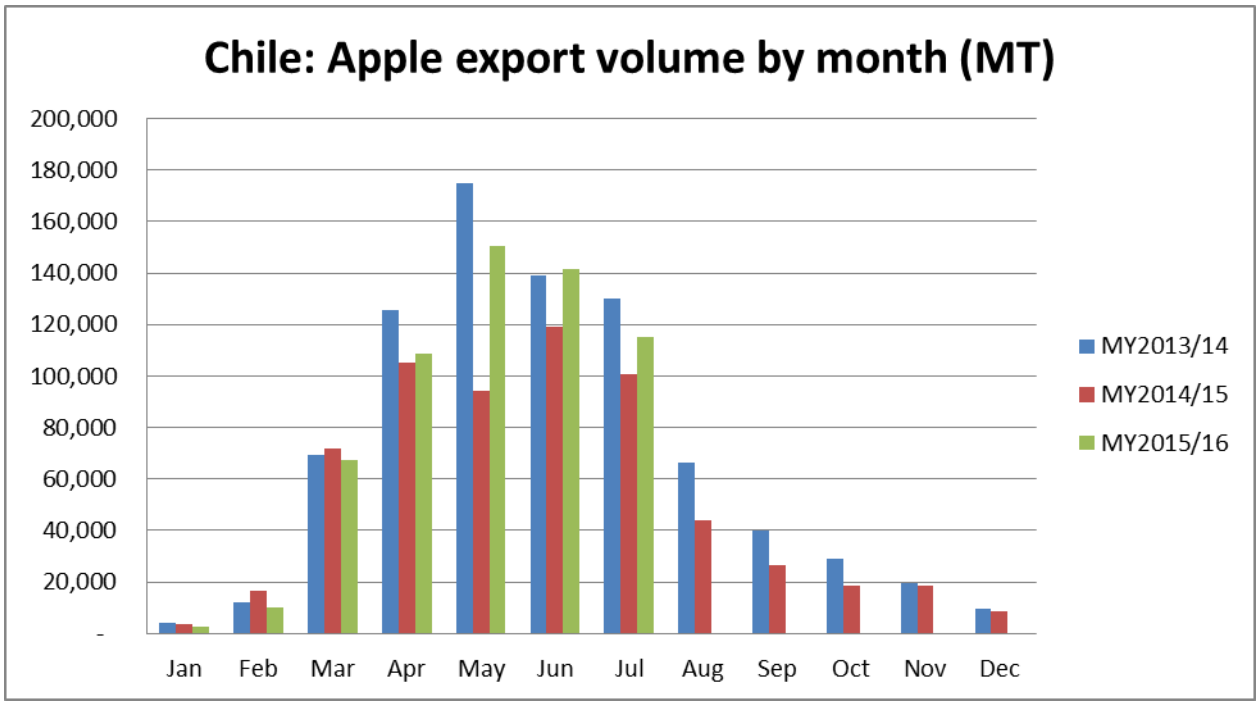
Consumption:

Apple consumption has been rising since 2003. Per capita consumption was 14kg in 2013 (ODEPA, 2014). Total domestic consumption is likely to reach around 255,000 MT/year, considering a population of 18,191,884 in CY2016 (INE, 2016).

Trade:

Apple export volume increased 16.4% to 595,873 MT in January-July 2016 over the same period in 2015. During mid-April 2016, rainfall affected the harvest of Fuji and pink lady apples, which presented fruit cracking in some cases. Additionally, rainfall reduces cold storage potential which means fruit has to be exported quickly. Exports peaked in May and June MY2015/16 (see Graph "Chile: Apple export volume by month") and are expected to reach a total of 660,000 MT.

Production conditions have been favorable in MY2016/17 for apple production, due to the high accumulation of chill hours and early blooming. Thus, exports are expected to reach 750,000 MT. The U.S. is the largest market for Chilean apples.



Source: Based in Servicio Nacional de Aduana, 2016.

Chile Export Statistics Commodity: 080810, Apples, Fresh						
Calendar Year						
Partner Country	Volume (MT)			Value (USD)		
	2014	2015	Variation (%)	2014	2015	Variation (%)
World	820,242	628,301	-23.4%	693,288,381	517,705,764	-25.3%
United States	119,574	78,290	-34.5%	105,146,957	71,501,530	-32.0%
Colombia	90,741	75,593	-16.7%	73,221,748	61,084,793	-16.6%
Taiwan	52,527	39,332	-25.1%	58,041,468	44,645,707	-23.1%
Netherlands	64,817	42,943	-33.7%	55,012,348	33,876,275	-38.4%
Saudi Arabia	33,803	39,981	18.3%	28,975,525	33,474,310	15.5%
Ecuador	60,576	41,348	-31.7%	42,097,914	30,313,509	-28.0%
Peru	46,810	43,715	-6.6%	30,630,292	28,755,877	-6.1%
Brazil	42,577	35,820	-15.9%	34,963,281	27,446,998	-21.5%
United Kingdom	41,152	25,373	-38.3%	41,391,885	24,348,936	-41.2%
China	15,875	22,524	41.9%	15,122,480	21,564,094	42.6%
Others	251,790	183,382	-27.2%	208,684,483	140,693,735	-32.6%

Year To Date: January - July						
Partner Country	Volume (MT)			Value (USD)		
	Jan-July 2015	Jan - July 2016	Variation (%)	Jan-July 2015	Jan - July 2016	Variation (%)
World	512,130	595,873	16.4%	424,635,727	496,898,893	17.0%
United States	74,453	100,626	35.2%	68,614,066	96,471,293	40.6%
Taiwan	34,552	38,104	10.3%	38,407,733	39,926,032	4.0%
Netherlands	41,917	44,565	6.3%	33,055,159	35,758,087	8.2%
Colombia	50,927	45,163	-11.3%	40,667,398	34,792,498	-14.4%
Saudi Arabia	37,745	41,819	10.8%	31,562,639	34,690,841	9.9%
Brazil	17,901	42,368	136.7%	13,086,230	32,404,707	147.6%
United Kingdom	24,524	25,448	3.8%	23,445,650	23,962,898	2.2%
Canada	10,381	21,363	105.8%	9,166,764	23,026,813	151.2%
India	19,997	32,189	61.0%	14,391,696	21,850,493	51.8%
Peru	26,325	27,661	5.1%	16,150,604	16,114,689	-0.2%
Others	173,408	176,567	1.8%	136,087,788	137,900,542	1.3%

Source: Based in Servicio Nacional de Aduana, 2016.

Production, Supply and Demand Data Statistics:

Apples, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	37,200	37,200	36,200	36,059	0	36,000
Area Harvested	33,900	33,900	33,600	33,600	0	33,500
Bearing Trees	39,900	39,900	38,900	38,900	0	38,000
Non-Bearing Trees	2,900	2,900	2,800	2,800	0	2,500
Total Trees	42,800	42,800	41,700	41,700	0	40,500
Commercial Production	1,200,000	1,200,000	1,220,000	1,220,000	0	1,350,000
Non-Comm. Production	10,000	10,000	10,000	10,000	0	10,000
Production	1,210,000	1,210,000	1,230,000	1,230,000	0	1,360,000
Imports	2,100	2,100	1,500	1,500	0	1,500
Total Supply	1,212,100	1,212,100	1,231,500	1,231,500	0	1,361,500
Fresh Dom. Consumption	252,032	252,032	251,500	251,500	0	255,000
Exports	628,300	628,300	660,000	660,000	0	750,000
For Processing	331,768	331,768	320,000	320,000	0	356,500
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	1,212,100	1,212,100	1,231,500	1,231,500	0	1,361,500
(HA) ,(1000 TREES) ,(MT)						

Commodities:

Grapes, Table, Fresh

Production:

Chile's table grape production is situated between the Atacama and Maule regions. There are a total of 48,378 ha of area planted with table grapes in these regions. Chile's main grape varieties produced are Red Globe, a high caliber red grape with seeds that constitutes 24.4% of planted area, Thompson Seedless, a white seedless grape (23.9% of planted area), Crimson Seedless, red seedless grape (16.9% of planted area), Flame Seedless, red seedless grape (15.7% of planted area) and Superior Seedless, white seedless grape (6.5% of planted area). New varieties being planted in Chile are Arra-15 (white seedless grape from California), Sweet Celebration (red seedless grape from California) and Timco (red seedless grape from California).

Weather conditions MY2015/16 caused a decline in Chile's table grape production. The spring had low temperatures that caused an erratic bloom and the summers had high temperatures and rain, which made the fruit more susceptible to fungus.

The Copiapó Valley in the Atacama region, which produces the earliest grapes for exports, suffered from a flooding in March 2015 which reduced production of 1,000 ha of the 7,746 ha of table grapes planted in that region. Current conditions suggest that harvest in Atacama region will start around 10 days earlier than the historical harvest date due to favorable weather conditions in MY2015/16. Like apples, table grapes benefited from the high accumulation of chill hours, higher spring temperatures and water availability. This means table grapes from this region could be exported by the end of November allowing exporters to receive higher prices for the early fruit harvested.

Consumption:
Chile's per capita consumption of table grapes was 7.8kg in 2013 (ODEPA, 2014). As mentioned earlier, Chile's population is estimated at 18,191,884 in CY2016 (INE, 2016), thus total domestic consumption is at least 142,000 MT/year.

Trade:
Chilean table grape export volume dropped 9.6% and value dropped 8.3% in MY2015/16 over MY2014/15. Although exports to the U.S. decreased by 11.7% in volume in MY2015/16, the U.S. still remains as the biggest market for Chilean table grapes with 45% of market share. The main varieties exported to the U.S. are seedless: Crimson (83,000 MT exported in MY2015/16), Thompson (80,000 MT exported in MY2015/16) and Flame (66,000 MT exported in MY2015/16).

Chile's export volume in MY2015/16 increased only in exports to China with a 33.3% growth rate, but decreased in all other major markets for table grapes. The main variety sent to China was Red Globe, adding up 100,000 MT exported in MY2015/16.

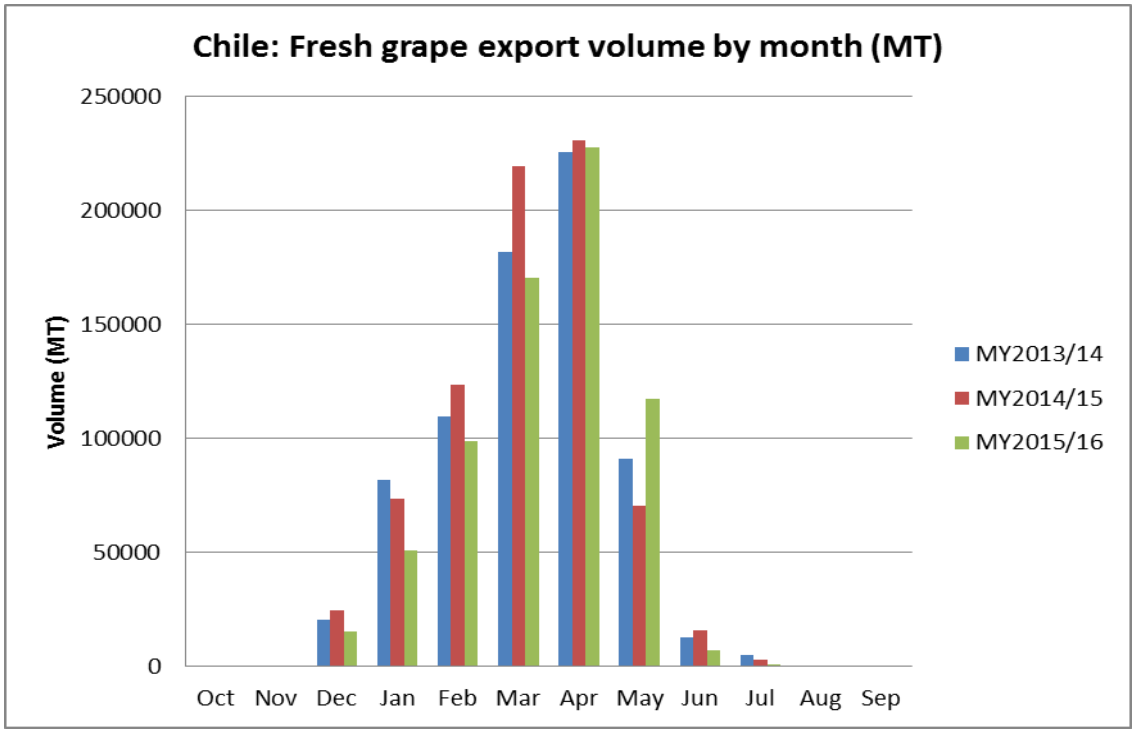
Export volume peaks in March and April, but rain that took place during mid-April 2016 damaged the late harvest varieties of grapes (see Graph "Chile: Fresh Grape export volume by month"). Monthly volumes of exported table grapes were lower in every month of MY2015/16 except on May, which is explained by the rainfall that took place in April. This forced a producers and exporters to work fast to move the remaining table grape harvest, as keeping product to long in storage increased the risk of fungus disease developing (*Botrytis cinerea).*

Rainfall took place in mid-October 2016 from the region of Valparaiso to the south up to Maule region. Initial assessments indicate that table grape orchards were not damaged by rains and that products will only require the application of fungicides. A recovery of exported volumes of 730,000 MT is expected in MY2016/17 as weather conditions have been favorable.

Chile Export Statistics Commodity: 080610, Grapes, Fresh						
Marketing year (October-September)						
Partner Country	Volume (MT)			Value (USD)		
	MY 2013/14	MY 2014/15	Variation (%)	MY 2013/14	MY 2014/15	Variation (%)
World	727,875	760,841	4.5%	1,118,033,631	1,108,001,919	-0.9%
United States	318,298	355,846	11.8%	418,450,515	487,982,132	16.6%
China	79,124	90,201	14.0%	130,927,236	135,460,737	3.5%
Korea South	47,172	50,630	7.3%	109,554,260	115,269,324	5.2%
Netherlands	65,841	61,163	-7.1%	86,334,504	69,832,150	-19.1%
United Kingdom	37,535	37,136	-1.1%	66,380,631	53,757,601	-19.0%
Brazil	26,086	24,583	-5.8%	52,669,547	35,648,632	-32.3%
Mexico	18,024	17,236	-4.4%	34,300,700	28,193,109	-17.8%
Russia	22,673	16,456	-27.4%	36,908,353	23,365,014	-36.7%
Canada	11,513	14,169	23.1%	15,477,915	19,615,347	26.7%
Japan	10,779	10,778	0.0%	16,646,205	13,921,057	-16.4%
Others	90,830	82,643	-9.0%	150,383,765	124,956,816	-16.9%

Year To Date: October - July						
Partner Country	Volume (MT)			Value (USD)		
	Oct 2014- Jul 2015	Oct 2015 - Jul 2016	Variation (%)	Oct 2014- Jul 2015	Oct 2015 - Jul 2016	Variation (%)
World	760,368	687,535	-9.6%	1,107,331,252	1,014,916,688	-8.3%
United States	355,846	314,221	-11.7%	487,982,132	450,766,652	-7.6%
China	90,200	120,259	33.3%	135,460,738	171,515,316	26.6%
Netherlands	61,162	43,807	-28.4%	69,832,150	47,426,677	-32.1%
Korea South	50,630	33,850	-33.1%	115,269,324	74,709,588	-35.2%
United Kingdom	37,136	30,466	-18.0%	53,757,602	48,472,788	-9.8%
Brazil	24,253	18,429	-24.0%	35,170,816	28,922,293	-17.8%
Canada	14,169	13,132	-7.3%	19,615,348	21,736,090	10.8%
Mexico	17,236	12,985	-24.7%	28,193,109	21,621,773	-23.3%
Russia	16,438	11,936	-27.4%	23,328,294	17,072,649	-26.8%
Japan	10,777	9,254	-14.1%	13,921,057	11,693,684	-16.0%
Others	82,521	79,196	-4.0%	124,800,682	120,979,178	-3.1%

Source: Based in Servicio Nacional de Aduana and ODEPA, 2016.



Source: Based in Servicio Nacional de Aduana and ODEPA, 2016.

Policy:

The Ministry of Agriculture, through SAG (Servicio Agrícola y Ganadero) continues to carry out the National Program for the control of Grapevine Moth *Lobesia botrana.*

The Strategy for *Lobesia botrana* (LB) in MY 2016-2017 will include the following actions:
1) Monitor LB using pheromone traps
2) Control of LB in rural and urban areas
3) Audit internal quarantine actions
4) Develop and implement a communications plan
5) Supervise and support the National Research Plan by INIA.

National program goals are:
i) Contain, suppress and eradicate the plague:
- Contention and suppress strategy in Metropolitana, O'Higgins and Maule regions.
-Eradication and suppress strategy in Atacama (Copiapó province to the south), Coquimbo, Valparaíso, Biobío and Araucanía regions.
ii. Establish a monitoring network that allows knowledge on the distribution, absence and population of the plague.
iii. Establish quarantine actions that avoid dispersion of the plague.
iv. Give technical support through information and compliance of conditions established by the phytosanitary authorities in the country of destination to the SAG Sub-Department of

Phytosanitary certification. Additionally provide the technical background in order to maintain or improve the entrance conditions of exported fruit products due to the presence o*f Lobesia botrana.*
v. Audit the compliance of SAG measures.

The control actions are mandatory for table grapes (*Vitis vinifera*), as a primary host from Atacama region (Copiapó province to the south) to Araucanía region.

Production, Supply and Demand Data Statistics:

Grapes, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	52,200	52,200	48,600	48,378	0	48,000
Area Harvested	49,600	49,600	46,200	46,200	0	46,000
Commercial Production	935,700	935,700	820,000	847,800	0	906,000
Non-Comm. Production	3,500	3,500	20,000	20,000	0	3,700
Production	939,200	939,200	840,000	867,800	0	909,700
Imports	500	500	200	200	0	300
Total Supply	939,700	939,700	840,200	868,000	0	910,000
Fresh Dom. Consumption	178,900	178,900	180,200	180,000	0	180,000
Exports	760,800	760,800	660,000	688,000	0	730,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	939,700	939,700	840,200	868,000	0	910,000
(HA) ,(MT)						

Commodities:
Pears, Fresh

Production:
There were 8,646 ha of pear orchards planted in Chile in MY 2015/16. This area has been increasing in the last years because of high profits obtained from exports.

Chile's pear production regions are O'Higgins (55.5% share of planted area), Maule (31.7% share of planted area) and Metropolitana (9.3% share of planted area), and together they account for 96.5% of planted area. The main varieties produced are Packam's Triumph, which accounts for 35.2% of the planted area, Abate Fettel (17.9% of the planted area), Forelle (12.7% of the planted area), Coscia (8.3% of the planted area) and Beurre Bosc (6.4% of the planted area). Forelle, Abate Fettel and Coscia are varieties that are still growing in planted area, while Packam's Triumph has remained stable.

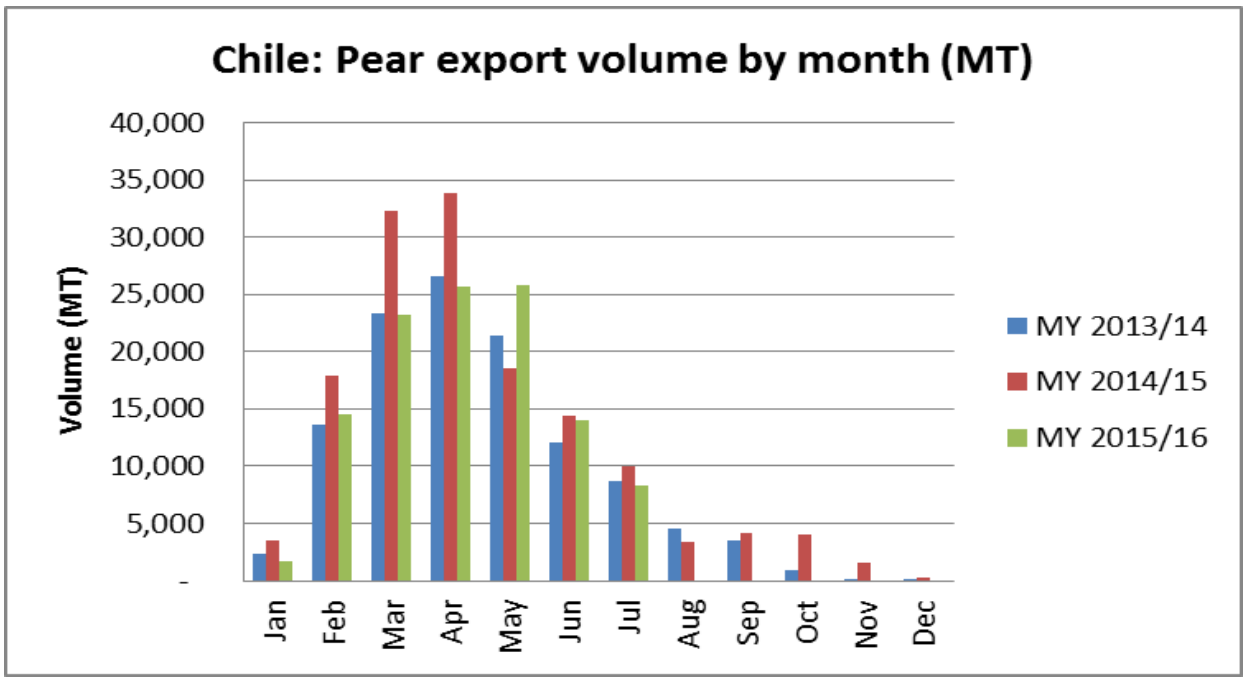
MY2016/17 production and exports are expected to recover to 280,000 MT, since weather conditions during the winter allowed for a higher accumulation of chill hours compared to MY2015/16, when accumulation was insufficient and resulted in lower yields.

Consumption:
There is no official data for pear consumption. Data is obtained by estimating the difference between known exports and estimated volume that goes to processing industry. Fruit consumption in the domestic Chilean market is mainly discarded fruit that was not used for exports.

Trade:
Chilean pear markets are diversified as follows: the Netherlands imports 18.6% Chilean pears, Colombia imports 15.5%, the U.S. imports 13.2% and Italy 11.6% (Data for MY2014/15).

Weather conditions in MY 2015/16 also impacted pear exports, as the overall value dropped by 15.7% from January-July MY 2015/16 compared to the same period in MY 2014/15, and volume dropped by 13.1%. Exports are expected to peak between the March-May period, but in MY 2015/16 there is a notorious decrease in monthly export volumes compared to MY2014/15 (see graph "Chile: Pear export volume by month").

Fresh pear exports are anticipated to rebound to 138,000 MT in MY2016/17, considering the superior weather conditions experienced during the winter and spring.



Source: Based in Servicio Nacional de Aduana and ODEPA, 2016.

Chile Export Statistics Commodity: 080830, Pears, Fresh						
Calendar Year						
Partner Country	Volume (MT)			Value (USD)		
	2014	2015	Variation (%)	2014	2015	Variation (%)
World	117,023	143,726	22.8%	115,901,779	130,133,279	12.3%
Netherlands	19,657	26,676	35.7%	20,818,528	25,772,000	23.8%
Colombia	19,534	22,214	13.7%	20,300,049	19,837,647	-2.3%
Italy	10,415	16,725	60.6%	11,385,372	15,562,457	36.7%
United States	15,803	19,025	20.4%	12,335,536	15,405,830	24.9%
Peru	9,467	11,311	19.5%	7,605,674	8,091,428	6.4%
Ecuador	10,304	9,580	-7.0%	9,207,979	8,022,561	-12.9%
Russia	5,514	6,763	22.7%	6,039,777	6,488,440	7.4%
Brazil	1,842	4,258	131.2%	2,227,889	4,112,505	84.6%
Spain	2,982	3,758	26.0%	3,250,896	3,921,771	20.6%
Saudi Arabia	1,203	3,156	162.3%	1,303,483	3,883,400	197.9%
Others	20,302	20,260	-0.2%	21,426,596	19,035,240	-11.2%

Year To Date: January - July						
Partner Country	Volume (MT)			Value (USD)		
	Jan-July 2015	Jan - July 2016	Variation (%)	Jan-July 2015	Jan - July 2016	Variation (%)
World	130,325	113,212	-13.1%	118,868,723	100,217,854	-15.7%
Netherlands	26,676	21,046	-21.1%	25,772,000	20,495,029	-20.5%
Colombia	15,628	13,992	-10.5%	14,085,635	12,157,323	-13.7%
Italy	16,725	13,814	-17.4%	15,562,457	11,932,904	-23.3%
United States	19,025	13,896	-27.0%	15,405,830	10,626,123	-31.0%
Peru	8,379	9,221	10.0%	6,095,265	6,139,800	0.7%
Russia	6,416	6,142	-4.3%	6,238,311	6,058,196	-2.9%
Ecuador	7,999	7,202	-10.0%	6,552,844	5,371,268	-18.0%
Saudi Arabia	3,062	3,027	-1.1%	3,758,520	3,803,524	1.2%
Germany	3,819	4,032	5.6%	3,025,738	3,336,856	10.3%
Brazil	3,753	2,497	-33.5%	3,706,719	2,521,419	-32.0%
Others	18,843	18,343	-2.7%	18,665,404	17,775,412	-4.8%

Source: Based in Servicio Nacional de Aduana and ODEPA, 2016.

Production, Supply and Demand Data Statistics:

Pears, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	7,300	7,300	8,400	8,646	0	8,900
Area Harvested	6,000	6,000	7,000	7,200	0	7,500
Bearing Trees	6,500	6,500	7,600	7,600	0	7,800
Non-Bearing Trees	1,200	1,200	1,400	1,400	0	1,500
Total Trees	7,700	7,700	9,000	9,000	0	9,300
Commercial Production	288,000	288,000	270,000	265,000	0	280,000
Non-Comm. Production	2,000	2,000	2,000	2,000	0	2,000
Production	290,000	290,000	272,000	267,000	0	282,000
Imports	600	600	600	700	0	600
Total Supply	290,600	290,600	272,600	267,700	0	282,600
Fresh Dom. Consumption	88,500	88,500	95,600	87,000	0	88,000
Exports	143,700	143,700	120,000	125,000	0	138,000
For Processing	58,400	58,400	57,000	55,700	0	56,600
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	290,600	290,600	272,600	267,700	0	282,600
(HA) ,(1000 TREES) ,(MT)						