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Chile

STONE FRUIT ANNUAL

Fresh Apricot, Plums, Peaches & Nectarines and Cherry Annual Report

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Report Highlights:

Chile's production estimates for stone fruits are expected to fall when compared to last year's output, with the exception of fresh cherries.

Executive Summary:

Chilean production of apricots, plums and peaches & nectarines in MY2009/2010 are expected to fall slightly when compared to the previous year due to alternate bearing effect and weather predictions that call for unusual rain during next spring and summer as apparently a climatic phenomenon called "El Niño" is developing. Planted area for all except cherries fell again as it was revealed by a Ministry of Agriculture recent publication. Falling economic returns as a result of a revaluation of the Chilean peso against the dollar and increasing production costs encouraged many farmers to uproot low producing orchards with the exception of cherries. During the last few years planted area to cherries have been increasing but these are also expected to level off in spite of excellent returns obtained by most producers during the last few years.

Commodities:

Fresh Apricots

Production:

Total apricot planted area has been falling slightly during the last few years, because after uprooting old orchards many farmers have not replanted mainly due to poor economic returns obtained. Nevertheless, some producers have been replanting with newly developed varieties which have a longer shelf life and a greater acceptance by consumers. This trend is expected to continue, as indicated by industry sources, as most varieties planted in Chile (i.e. Tilton, Katy, Dina, Modesto) are not considered to be good for the export market. Most of these varieties have a short shelf life and are not resistant for ocean transport. Almost all apricots are exported by airfreight; these compete for space on airplanes with many other high value products, mainly cherries and fresh salmon. Currently only 10 percent of apricot production is exported fresh. Weather and the alternate bearing effect are important factors that affect yearly output.

In spite of mostly good weather conditions in most production areas production in MY2008/2009 resulted similar to the previous year. Good temperatures during last winter (May-Aug. 2008) which allowed a reasonable accumulation of cold hours affected budding positively. For the coming year we do not expect major changes in production. As of now due to weather predictions for this spring which calls for unusual rain and affects budding directly coming, the industry foresees a fall in production. Meteorologists are predicting that the climatic phenomenon “El Niño” is developing and these calls for unusual rain in normally dry areas or season.

Consumption:

Most (over 50%) fresh apricots are destined for the processing industry (drying, juice and jams). Domestic fresh consumption also takes a large percentage (35%) of the production.

Trade:

The US is by far the largest export market for fresh apricots, followed by Argentina and Brazil. No major changes are expected in the coming season.

Production, Supply and Demand Data Statistics:

Fresh Apricots Chile	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data		Jan Data
Area Planted	2.106	2.106	2.106	2.110	2.110	1.906			1.770
Area Harvested	1.845	1.845	1.845	1.855	1.855	1.800			1.695
Bearing Trees	695	695	695	698	698	677			638
Non-Bearing Trees	96	96	96	95	95	39			27
Total Trees	791	791	791	793	793	716			665
Commercial Production	26.000	26.000	26.000	26.100	26.100	26.100			25.000
Non-Comm. Production	500	500	500	500	500	500			500

Production	26.500	26.500	26.500	26.600	26.600	26.600			25.500
Imports	0	0	0	0	0				
Total Supply	26.500	26.500	26.500	26.600	26.600	26.600			25.500
Fresh Dom. Consumption	9.700	9.700	9.700	9.700	9.700	9.700			9.700
Exports, Fresh	2.700	2.700	2.722	2.700	2.700	2.748			2.610
For Processing	14.100	14.100	14.078	14.200	14.200	14.152			13.190
Withdrawal From Market	0	0		0	0				
Total Distribution	26.500	26.500	26.500	26.600	26.600	26.600			25.500

Export Trade Matrix

Country Chile

Commodity Fresh Apricots

Time Period	Jan-Dec	Units:	M.T.
Exports for:	2008		**2009**
U.S.	2.199	U.S.	521
Others		Others	
Argentina	210	Brazil	49
Brazil	187	Ecuador	46
Netherlands	122	Argentina	42
Spain	85	Spain	22
France	54	France	16
Mexico	40	Italy	8
Ecuador	35	Netherlands	7
Canada	32	Germany	5
U.K.	29	México	3
Italy	22	Honduras	3
Total for Others	814		202
Others not Listed	77		7
Grand Total	3.090		730

Note: 2009 data is from January through June only.

Commodities:

Fresh Plums & Prunes

Production:

As with apricots, output of plums will probably not increase in the coming years, as plantings are not expected to increase. Declining economic returns during the last few years have resulted in uprooting of old low producing orchards in a larger than previously estimated area, as was revealed by the last agricultural census, consequently total planted area keeps falling slowly as many uprooted orchards are not being replaced by many farmers. Over 36 plum varieties are planted in Chile. The Friar, Angelo, Larry Ann, Black Amber and Laroda are the most popular varieties that cover over 50 percent of the total planted area. As a result of the introduction of new varieties, the harvest and export season have now expanded to include a period of more than six months, compared to only a two-month season in the past. An estimated 57 percent of the total planted area to plums and prunes are the fresh consumption varieties. The remainder is accounted for by varieties suitable only for dried prune production.

For the 2008 production season, good weather in most production areas and enough low temperatures allowed a reasonable accumulation of cold hours affecting budding positively, this resulted in a larger than the previous year production. For this coming seasons due to expected rain during spring time as a result of the predicted “El Niño” climatic phenomenon, that calls for rain and adverse weather conditions during budding, that also could extend to the harvesting season total will affected production negatively.

Trade: As for most fresh fruit, the US is the main export market for fresh plums followed by EU member countries and China (Hong Kong).

Production, Supply and Demand Data Statistics:

Fresh Plums & Prunes Chile	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Area Planted	6.855	6.855	6.855	6.900	6.900	8.061			7.852
Area Harvested	6.083	6.083	6.083	6.100	6.100	6.852			6.673
Bearing Trees	4.745	4.745	4.745	4.758	4.758	5.344			5.204
Non-Bearing Trees	602	602	602	624	624	944			921
Total Trees	5.347	5.347	5.347	5.382	5.382	6.288			6.125
Commercial Production	135.000	135.000	125.000	135.000	135.000	135.000			130.000
Non-Comm. Production	500	500	500	500	500	500			500
Production	135.500	135.500	125.500	135.500	135.500	135.500			130.500
Imports	0	0		0	0				0
Total Supply	135.500	135.500	125.500	135.500	135.500	135.500			130.500
Fresh Dom. Consumption	32.000	32.000	32.000	32.000	32.000	34.000			33.000
Exports, Fresh	99.500	99.500	88.089	99.500	99.500	95.935			92.385
For Processing	4.000	4.000	5.411	4.000	4.000	5.565			5.115
Withdrawal From Market	0	0		0	0				
Total Distribution	135.500	135.500	125.500	135.500	135.500	135.500			130.500

Export Trade Matrix

Country	Chile		
Commodity	Fresh Plums & Prunes		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2008		**2009**
U.S.	30.985	U.S.	28.902
Others		Others	
Netherlands	13.696	Netherlands	14.383
U.K.	9.309	Brazil	8.513

Brazil	4.058	U.K.	8.414
Spain	3.457	Hong-Kong	5.176
México	3.143	China	3.681
Hong-Kong	2.702	México	3.439
China	2.404	Spain	2.915
Russia	2.218	Taiwan	2.844
Taiwan	1.894	Italy	1.676
Italy	1.674	Germany	1.619
Total for Others	44.555		52.661
Others not Listed	13.276		12.738
Grand Total	88.816		94.301

Note: 2009 data is from January through June only.

Commodities:

Fresh Peaches & Nectarines

Production:

Total planted area to peaches and nectarines has not changed significantly during the last few years. Plantings to new varieties have been replacing older orchards. As new varieties developed, most producers have been replacing old, less acceptable varieties, mainly nectarines. As peaches have a shorter shelf life and are less acceptable, planted area to this fruit has fallen significantly during the last few years. Additionally, declining economic returns during the last few years has also contributed in uprooting orchards in a larger than previously estimated area, as was revealed by the last agricultural census.

There are over 36 varieties of peaches for fresh consumption and another 36 varieties of nectarines grown and exported from Chile. Peach and nectarine varieties often become obsolete because of changing consumer tastes, even sometimes before trees begin bearing fruit. This, together with high fluctuations in prices during the last few seasons and diminishing returns, will most likely prevent any increase in total planted area or production in the long term.

However, in general output variations are mainly the result of changing weather conditions. Some varieties also are affected by yearly alternate bearing effect.

For this season (MY2009/2010), the industry is projecting a fall in output as a result of adverse weather conditions. Meteorologists are predicting that the "El Niño" phenomenon which calls for adverse weather conditions like unusual rain in spring and summer will affect total output of most fresh fruit, mainly stone fruit. The quantity of the production will be affected by rain during flowering affecting budding and the quality is affected by rain during harvesting season.

Consumption: A large percentage of the total peach and nectarine production is consumed as fresh fruit (40%). There is no breakdown on the volume of clingstone versus freestone production or consumption in Chile. Like most fresh fruit consumption in Chile, domestic consumption of peaches and nectarines is mainly lower quality fruit that does not make it to the export market.

Trade:

Over 60 percent of Chile's total peach and nectarine exports are bound for the United States.

Latin America is the second largest export market. The relatively short shelf life of peaches and nectarines is the major factor influencing the search for nearby markets. Some stone fruits are imported; these come mainly from the United States. Among them, peaches and nectarines have been arriving during offseason and are successfully marketed in large supermarket chains. According to Trade contacts, amounts imported are expected to increase in the coming years.

Production, Supply and Demand Data Statistics:

Fresh Peaches & Nectarines Chile	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Area Planted	11.783	11.783	11.783	11.800	11.800	11.878			10.441
Area Harvested	10.724	10.724	10.724	10.820	10.820	10.820			9.606
Bearing Trees	7.243	7.243	7.243	7.308	7.308	7.308			6.488
Non-Bearing Trees	712	712	712	658	658	710			560
Total Trees	7.955	7.955	7.955	7.966	7.966	8.018			7.048
Commercial Production	168.000	168.000	174.000	169.000	169.000	176.000			155.000
Non-Comm. Production	1.000	1.000	1.000	1.000	1.000	1.000			1.000
Production	169.000	169.000	175.000	170.000	170.000	177.000			156.000
Imports	150	150	232	180	180	150			150
Total Supply	169.150	169.150	175.232	170.180	170.180	177.150			156.150
Fresh Dom. Consumption	70.150	70.150	68.613	71.180	71.180	72.000			58.650
Exports	97.000	97.000	104.619	96.500	96.500	101.484			95.000
For Processing	2.000	2.000	2.000	2.500	2.500	3.666			2.500
Withdrawal From Market	0	0		0	0				0
Total Distribution	169.150	169.150	175.232	170.180	170.180	177.150			156.150

Export Trade Matrix

Country Chile

Commodity Fresh Peaches & Nectarines

Time Period	Jan-Dec	Units:	M.T.
Exports for:	2008		**2009**
U.S.	67.849	U.S.	47.799
Others		Others	
Netherlands	9.800	Netherlands	7.795
México	6.215	México	6.802
Brazil	4.605	Taiwan	5.085
Spain	4.309	Brazil	4.217
U.K.	3.501	Spain	3.540
Colombia	3.417	U.K.	3.037
Taiwan	3.119	Hong-Kong	2.108
Ecuador	1.796	Colombia	1.946

Hong-Kong	912	Ecuador	1.477
France	752	France	697
Total for Others	38.426		36.704
Others not Listed	5.371		4.496
Grand Total	111.646		88.999

Note: 2009 data is from January through June only.

Commodities:

Fresh Cherries,(Sweet&Sour)

Production:

Cherry production area has expanded significantly in both, the northern and the southern main fruit production areas. Producers, by introducing more weather resistant varieties and planting these further south have expended the production period. Since over a third of the total planted area is still in the forming and incremental stage of production, significant increases in output can be expected in the coming years. Industry sources predict production, and consequently, exports will significantly grow in volume in the next five years.

The main varieties planted continue to be Bing and Early Burlat. Among the main new-planted varieties are Lapins, Van, Stella and Summit. A total of over 70 varieties are planted in Chile.

Poor weather conditions during last winter, together with the alternate bearing effect which reduced total output significantly in MY2008/2009 after the bumper crop obtained in MY2007/2008 in spite of a large new planted area coming into production. For MY2009/2010 due to another extensive area coming into production together with a still large area being in the increasing stage of production, the industry predicts only a 5 percent expansion of the total production. Since cherries are very sensible to rain in the flowering period and during harvesting affecting the quantity and quality of the production respectively, the weather predictions for this spring and summer could easily become a disaster for many producers and our total output predictions result too optimistic.

Trade: As for all other stone fruit the US is Chile's main fresh cherry export market. As production expands in the coming years, industry expects to increase exports to the EU, Japan and China. The EU import duty fell to zero in 2007 and the agreement with Japan will lower the current 8.5 percent duty in seven years to zero. The agreement with China calls for a duty reduction in 5 years of the present 10 percent duty.

Production, Supply and Demand Data Statistics:

Fresh Cherries,(Sweet&Sour) Chile	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Area Planted	13.461	13.461	13.461	14.000	14.000	14.000			14.200
Area Harvested	9.156	9.156	9.156	9.520	9.520	9.520			9.798
Bearing Trees	4.860	4.860	4.860	5.053	5.053	5.053			5.200
Non-Bearing Trees	3.217	3.217	3.217	3.347	3.347	3.347			3.320

Total Trees	8.077	8.077	8.077	8.400	8.400	8.400			8.520
Commercial Production	53.500	53.500	60.000	56.700	56.700	58.000			60.500
Non-Comm. Production	1.000	1.000	1.000	1.000	1.000	1.000			1.000
Production	54.500	54.500	61.000	57.700	57.700	59.000			61.500
Imports	6	6	3	10	10	6			5
Total Supply	54.506	54.506	61.003	57.710	57.710	59.006			61.505
Fresh Dom. Consumption	12.006	12.006	10.000	12.510	12.510	12.104			9.725
Exports	33.000	33.000	43.730	35.000	35.000	38.402			44.280
For Processing	9.500	9.500	7.273	10.200	10.200	8.500			7.500
Withdrawal From Market	0	0		0	0				
Total Distribution	54.506	54.506	61.003	57.710	57.710	59.006			61.505

Export Trade Matrix
Country Chile
Commodity Fresh Cherries,(Sweet&Sour)

Time Period	Jan-Dec	Units:	M.T.
Exports for:	2008		**2009**
U.S.	22.077	U.S.	5.051
Others		Others	
Hong-Kong	7.076	Hong-Kong	2.580
Taiwán	5.080	Taiwán	1.270
China	3.840	China	1.039
Netherlands	2.855	U.K.	878
U.K.	2.678	Netherlands	819
Spain	2.148	Spain	629
Brazil	2.088	Ecuador	327
Ecuador	652	Brazil	166
Germany	549	Germany	146
France	516	France	138
Total for Others	27.481		7.991
Others not Listed	2.308		370
Grand Total	51.865		13.412

Note: 2009 data is from January through June only.