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Report Name: Stone Fruit Annual

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Post: Santiago

Report Category: Stone Fruit

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Report Highlights:

Chilean area planted with cherries is growing consistently and will reach 52,000 hectares (ha) in marketing year (MY) 2022/23. Post projects that due to favorable climatic conditions and abundant rainfall, MY 2022/23 cherry yields will increase. For MY 2022/23, Post estimates cherry production at 465,000 MT, a 19.2 percent increase over MY 2021/22. Chilean cherry exports will reach 430,000 MT, a 20.7 percent increase assuming higher yields and higher area planted. For MY 2022/23, Post estimates that fresh peach and nectarine production will total 178,500 MT, a 5.3 percent increase over MY 2021/22. Peach and nectarine exports will increase by 5.8 percent totaling 118,000 MT based on high yields and growth in area planted with nectarines.

Commodity:
Fresh Cherries, (Sweet & Sour)

Table 1: Production, Supply and Distribution

Cherries (Sweet&Sour), Fresh	2020/2021		2021/2022		2022/2023	
Market Year Begins	Nov 2020		Nov 2021		Nov 2022	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	39500	39645	44000	48961	0	52000
Area Harvested (HA)	37500	37500	42000	44000	0	50000
Bearing Trees (1000 TREES)	30300	30300	33900	33900	0	36000
Non-Bearing Trees (1000 TREES)	2000	2000	2000	2000	0	2000
Total Trees (1000 TREES)	32300	32300	35900	35900	0	38000
Commercial Production (MT)	384000	384000	395000	390000	0	465000
Non-Comm. Production (MT)	2000	2000	2000	2000	0	2000
Production (MT)	386000	386000	397000	392000	0	467000
Imports (MT)	0	0	0	0	0	0
Total Supply (MT)	386000	386000	397000	392000	0	467000
Domestic Consumption (MT)	32800	32800	32000	36000	0	37000
Exports (MT)	353200	353200	365000	356000	0	430000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	386000	386000	397000	392000	0	467000
(HA), (1000 TREES), (MT)						

Source: Post estimates

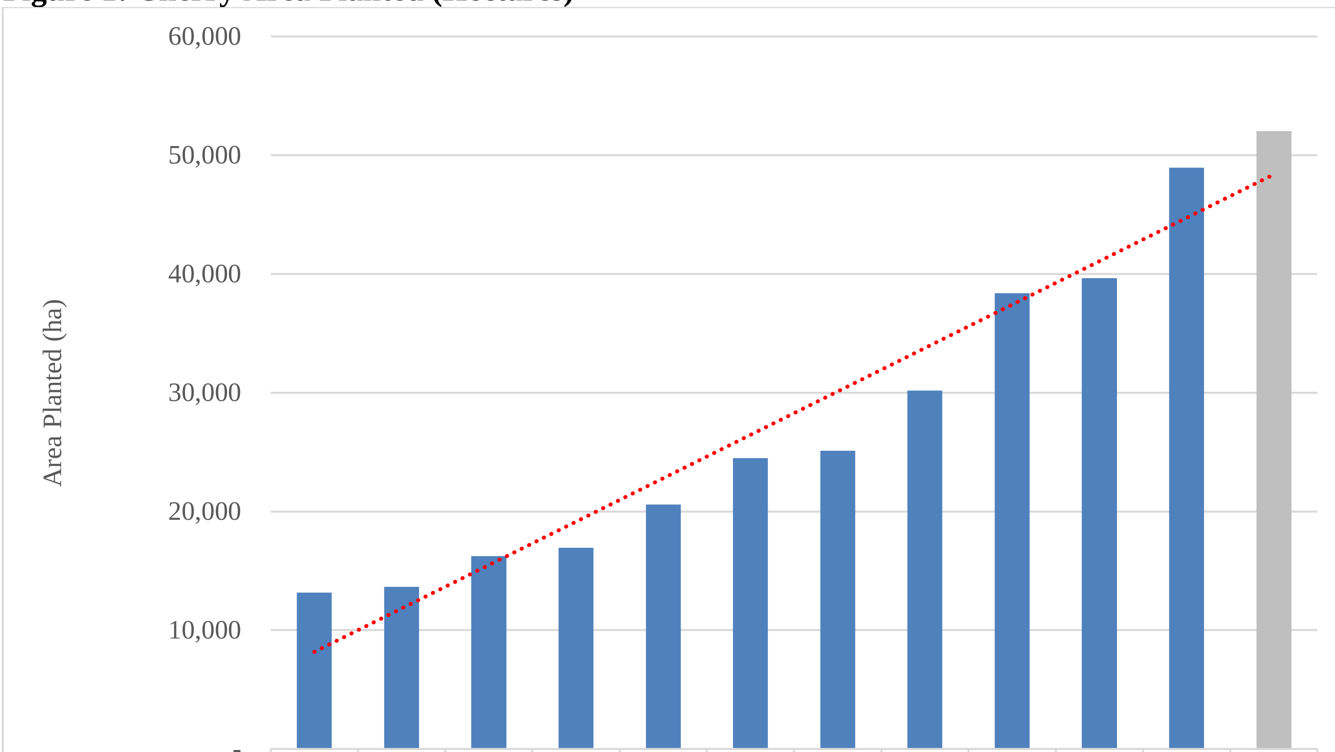
Production:

Cherry area planted is growing steadily in Chile, reaching 48,961 hectares (ha) in MY 2021/22, a 23.5 percent increase over MY 2020/21. Cherry planted area is growing because of the strong demand from the Chinese market and high cherry prices. Post estimates area planted in cherries will reach 52,000 ha in MY 2022/23, a 6.2 percent increase over MY 2021/22 following the growth trendline (See Figure 1).

Production has grown steadily year over year, surpassing record production volumes each year, due to the increase in planted area, newly planted orchards reaching maturity, and increasing yields. However, in MY 2021/22 production increased by only 1.6 percent over MY 2020/21 due to drought and frost which decreased average yields.

Chilean cherry producers expect MY 2022/23 to be highly productive due to good climatic conditions during winter, with abundant rainfall in comparison to the previous marketing year. For MY 2022/23, due to the projected increase in area planted and yields, Post estimates cherry production at 465,000 MT, a 19.2 percent increase over MY 2021/22. Industry sources expect area planted to continue growing at this pace until 2030, potentially doubling cherry production.

Figure 1: Cherry Area Planted (Hectares)



	MY20 11/12	MY20 12/13	MY20 13/14	MY20 14/15	MY20 15/16	MY20 16/17	MY20 17/18	MY20 18/19	MY20 19/20	MY20 20/21	MY20 21/22	MY20 22/23 *
Area Planted (ha)	13,174	13,642	16,243	16,933	20,591	24,498	25,109	30,179	38,392	39,645	48,961	52,000

Source: Based on ODEPA, 2022
* Post estimate

According to data from the Chilean Ministry of Agriculture, the *O'Higgins* region holds 46.9 percent of the area planted in Chile, making it the top cherry production region (see Table 2). The *O'Higgins* region is in the central part of the country, to the south of the capital Santiago. This region has ideal conditions for cherry production, which include sufficient chill hours during the winter, absence of frost in the spring, and no rainfall during the harvest months of December and January.

The *Maule* region, immediately to the south of the *O'Higgins* region, holds 17,656 ha of cherries which represents 36.1 percent of the area planted, making it the second top production region in Chile. The *Maule* region has similar conditions to the *O'Higgins* region but the risk of rainfall during the harvest months is higher than in *O'Higgins*. All the regions in the south of the country, *Ñuble*, *Biobío*, *Araucanía*, *Los Ríos*, and *Los Lagos*, have high risk of rainfall during the harvest months, between November and February each year. However, most of the cherry orchards in these regions have plastic coverings that producers use to avoid the potential damage to the fruit from rainfall.

Table 2: Cherry planted Area by Region (Hectares)

Region	Planted Area (ha)	Variation* (%)	Share (%)
Valparaíso	240	13.5%	0.5%
Metropolitana	3,681	49.9%	7.5%
O'Higgins	22,966	67.6%	46.9%
Maule	17,656	58.6%	36.1%
Ñuble	1,600	23.1%	3.3%
Biobío	539	70.3%	1.1%
La Araucanía	1,170	61.4%	2.4%
Los Rios	232	1031.4%	0.5%
Los Lagos	523	1088.8%	1.1%
Others	353	-	0.7%
Total	**48,961**	**62.2%**	100.0%

Source: Based on ODEPA, 2022

The top cherry varieties produced in Chile are Lapins, Santina, and Regina. However, Chile produces many other varieties like Bing, Sweetheart, Skeena, and Kordia. Producers are constantly testing new varieties based on price and potential yields.

Cherry harvest and packing are critical tasks since cherries are easily damaged by manipulation and high temperatures. Producers usually harvest cherries in the morning to avoid exposing cherries to heat. Cherries are pre-cooled within 48 hours of harvest, categorized by color, size, and quality, and then packed to travel to export markets (see Figure 2).

Finding workers for the cherry harvest and packing is difficult. Labor costs are high, increasing overall production costs for producers and exporters. As a result, companies are looking to increase efficiency through automation in the packing process, using technology and updated machinery. This issue is a major challenge for the cherry production industry, especially considering the constant growth in production each marketing year.

Figure 2: Cherry Orchards and packing facility in the Maule Region

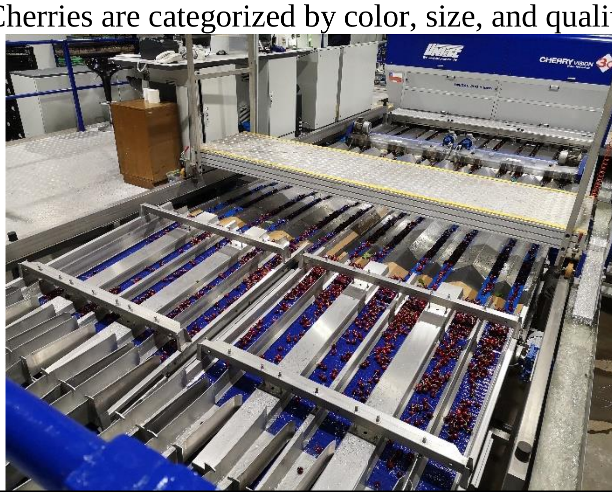
Cherry orchards in Maule region

Cherries ready to harvest

Cherries are placed in plastic boxes

After pre-cooling, cherries are cleaned

Cherries are categorized by color, size, and quality



Cherries are packed into 5.0 kg boxes for exports

Source: FAS Staff

Trade:

For MY 2022/23, Post estimates Chilean cherry exports will increase by 20.8 percent over MY 2021/22 reaching 430,000 MT (See Table 1). The increase in exports follows a large increase in production due to increasing area planted and high yields. In MY 2021/22 cherry exports totaled 356,000 MT, a 0.7 percent increase over MY 2020/21 (See Table 2). In the same period, export value increased by 0.6 percent and totaled $1.89 billion (See Table 3).

Chile exports cherries to more than 50 different countries, but China is by far the top market for Chilean cherries. Cherry exports to China totaled 321,868 MT in MY 2020/21 and represented 87.6 percent of Chilean cherry exports. The second top market is the United States with exports of 13,169 MT, which accounts for 3.7 percent of total Chilean fresh cherry exports. However, Chilean cherry exports to the United States grew by 91.9 percent because Chilean exporters are trying to diversify cherry export markets and reduce dependency on the Chinese market.

In MY 2021/22, the Chilean cherry export season was characterized by logistical difficulties. There were significant increases in the costs of shipments due to the increase in fuel prices and high demand for containers. Additionally, there were delays both in Chilean ports and in destination ports in China. According to Post sources, Chilean shipments were delayed in Chinese ports due to thorough inspections, longer unloading times, lockdowns, and reduced personnel working on the ports. Many of these were a result of Covid-19 countermeasures.

Another area of concern among Chilean cherry exporters is processing fruit quickly and efficiently to avoid damage, maintain fruit firmness and arrive to export markets in good conditions. Additionally, exporters are aiming to provide consistently high-quality cherries to maintain high prices for Chilean cherry exports. This becomes increasingly challenging for the Chilean cherry industry since production and exports increase rapidly year over year.

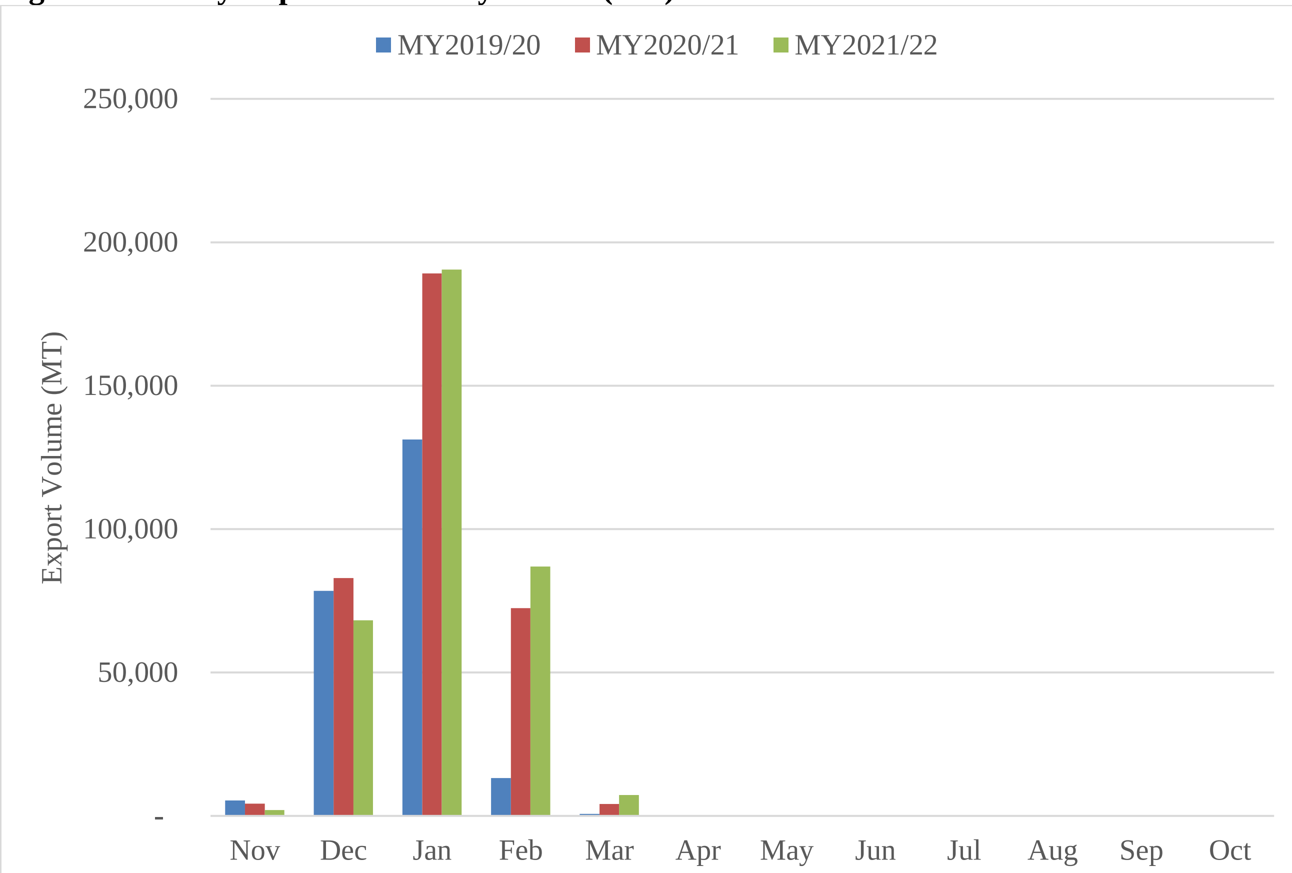
Table 3: Chile Exports to the World by Volume (MT)						
Commodity: 080921,080929, Sour Cherries (Prunus Cerasus), Fresh/Cherries, Fresh, Other Than Sour						
Partner Country	**Marketing Year**			**Year to Date**		
	MY 2019/20 (MT)	**MY 2020/21 (MT)**	**Variation (%)**	**Nov 2020 - May 2021 (MT)**	**Nov 2021 - May 2022 (MT)**	**Variation (%)**
The World	228,929	353,310	54.3%	353,231	355,547	0.7%
China	207,576	321,943	55.1%	321,868	311,532	-3.2%
United States	4,636	6,866	48.1%	6,863	13,169	91.9%
South Korea	3,187	5,414	69.9%	5,414	6,924	27.9%
Taiwan	1,973	4,608	133.6%	4,608	5,945	29.0%
United Kingdom	2,041	3,212	57.4%	3,212	2,907	-9.5%
Ecuador	1,474	2,118	43.7%	2,118	2,259	6.7%
Brazil	2,771	2,096	-24.4%	2,096	2,676	27.7%
Thailand	1,120	1,027	-8.3%	1,027	1,010	-1.7%
Hong Kong	550	963	75.1%	963	1,608	67.0%
Netherlands	468	720	53.8%	720	1,802	150.3%
Canada	489	702	43.6%	702	897	27.8%
Spain	341	519	52.2%	519	922	77.6%
Bolivia	304	440	44.7%	440	567	28.9%
Mexico	71	275	287.3%	275	338	22.9%
Vietnam		259		259	595	129.7%
India	126	252	100.0%	252	391	55.2%
Philippines	135	210	55.6%	210	95	-54.8%
Japan	59	195	230.5%	195	195	0.0%
Argentina	40	188	370.0%	188	247	31.4%
Russia	123	167	35.8%	167	152	-9.0%
Others	1,445	1,136	-21.4%	1,135	1,316	15.9%

Source: Trade Data Monitor, LLC

Table 4: Chile Exports to the World by Value (USD)						
Commodity: 080921,080929, Sour Cherries (Prunus Cerasus), Fresh/Cherries, Fresh, Other Than Sour						
Partner Country	**Marketing Year**			**Year to Date**		
	MY 2019/20 (USD)	**MY 2020/21 (USD)**	**Variation (%)**	**Nov 2020 - May 2021 (USD)**	**Nov 2021 - May 2022 (USD)**	**Variation (%)**
The World	1,187,458,450	1,874,116,795	57.8%	1,873,843,714	1,885,486,217	0.6%
China	1,076,514,144	1,707,928,063	58.7%	1,707,684,885	1,669,345,116	-2.2%
South Korea	22,586,457	37,623,299	66.6%	37,623,299	41,631,662	10.7%
United States	21,157,545	32,047,411	51.5%	32,017,507	59,615,772	86.2%
Taiwan	11,759,315	25,543,742	117.2%	25,543,742	30,909,487	21.0%
United Kingdom	10,023,971	15,441,526	54.0%	15,441,526	12,978,761	-15.9%
Brazil	12,314,525	10,075,639	-18.2%	10,075,639	9,608,639	-4.6%
Thailand	7,978,228	7,911,605	-0.8%	7,911,605	7,175,077	-9.3%
Ecuador	3,297,556	4,688,594	42.2%	4,688,594	4,330,492	-7.6%
Hong Kong	2,756,098	4,536,050	64.6%	4,536,050	11,007,302	142.7%
Netherlands	2,734,174	4,029,457	47.4%	4,029,457	9,505,890	135.9%
Spain	2,271,147	3,413,681	50.3%	3,413,681	5,103,133	49.5%
Canada	2,051,444	3,038,745	48.1%	3,038,745	4,266,569	40.4%
India	961,777	2,212,813	130.1%	2,212,813	2,899,489	31.0%
Vietnam		1,909,052		1,909,052	4,166,606	118.3%
Japan	537,179	1,678,609	212.5%	1,678,609	1,785,547	6.4%
Philippines	1,068,242	1,645,761	54.1%	1,645,761	634,591	-61.4%
Russia	1,230,916	1,440,494	17.0%	1,440,494	1,296,833	-10.0%
Mexico	620,682	1,199,111	93.2%	1,199,111	1,525,805	27.2%
United Arab Emirates	348,475	1,035,589	197.2%	1,035,589	515,370	-50.2%
Singapore	735,580	778,340	5.8%	778,340	785,917	1.0%
Others	6,510,995	5,939,214	-8.8%	5,939,215	6,398,159	7.7%

Source: Trade Data Monitor, LLC

Figure 3: Cherry Export Volume by Month (MT)



Source: Trade Data Monitor, LLC

Consumption:

In MY 2022/23, Post estimates that domestic consumption will increase by 2.7 percent and total 37,000 MT, which represents 8.0 percent of commercial production. This increase in domestic consumption follows the increase in production and the overall supply and availability of cherries. However, domestic consumption grows at a slower rate that exports because exporters seek higher prices in foreign markets where big buyers such as China and the United States demand larger volumes. Most of the domestic cherry consumption is fresh and very few companies are currently processing to produce canned cherries or confectionery products.

Policy:

No policy updates to report.

Commodities:
Fresh Peaches & Nectarines

Table 5: Production, Supply and Distribution

Peaches & Nectarines, Fresh	2020/2021		2021/2022		2022/2023	
Market Year Begins	Nov 2020		Nov 2021		Nov 2022	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	7340	7335	7350	8399	0	8500
Area Harvested (HA)	7000	7000	7000	7000	0	8000
Bearing Trees (1000 TREES)	5600	5600	5600	6300	0	6488
Non-Bearing Trees (1000 TREES)	680	680	680	700	0	720
Total Trees (1000 TREES)	6280	6280	6280	7000	0	7208
Commercial Production (MT)	159000	159000	158000	169548	0	178500
Non-Comm. Production (MT)	1000	1000	1000	1000	0	1000
Production (MT)	160000	160000	159000	170548	0	179500
Imports (MT)	100	100	0	0	0	0
Total Supply (MT)	160100	160100	159000	170548	0	179500
Domestic Consumption (MT)	61000	61000	59000	59000	0	61500
Exports (MT)	99100	99100	100000	111548	0	118000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	160100	160100	159000	170548	0	179500
(HA), (1000 TREES), (MT)						

Source: Post estimates
Note: Data do not include canned peaches

Production:

In MY 2022/23, Post estimates fresh peach and nectarine production to total 178,500 MT, a 5.3 percent increase over MY 2021/22 (See Table 5). This increase is explained by a growth in planted area and growth in yields. Post expects MY 2022/23 yields to increase because climatic conditions have been favorable in the stone fruit production regions. Rainfall was higher in the winter of MY 2022/23 than in past marketing years, removing an important limitation on production in MY 2021/22.

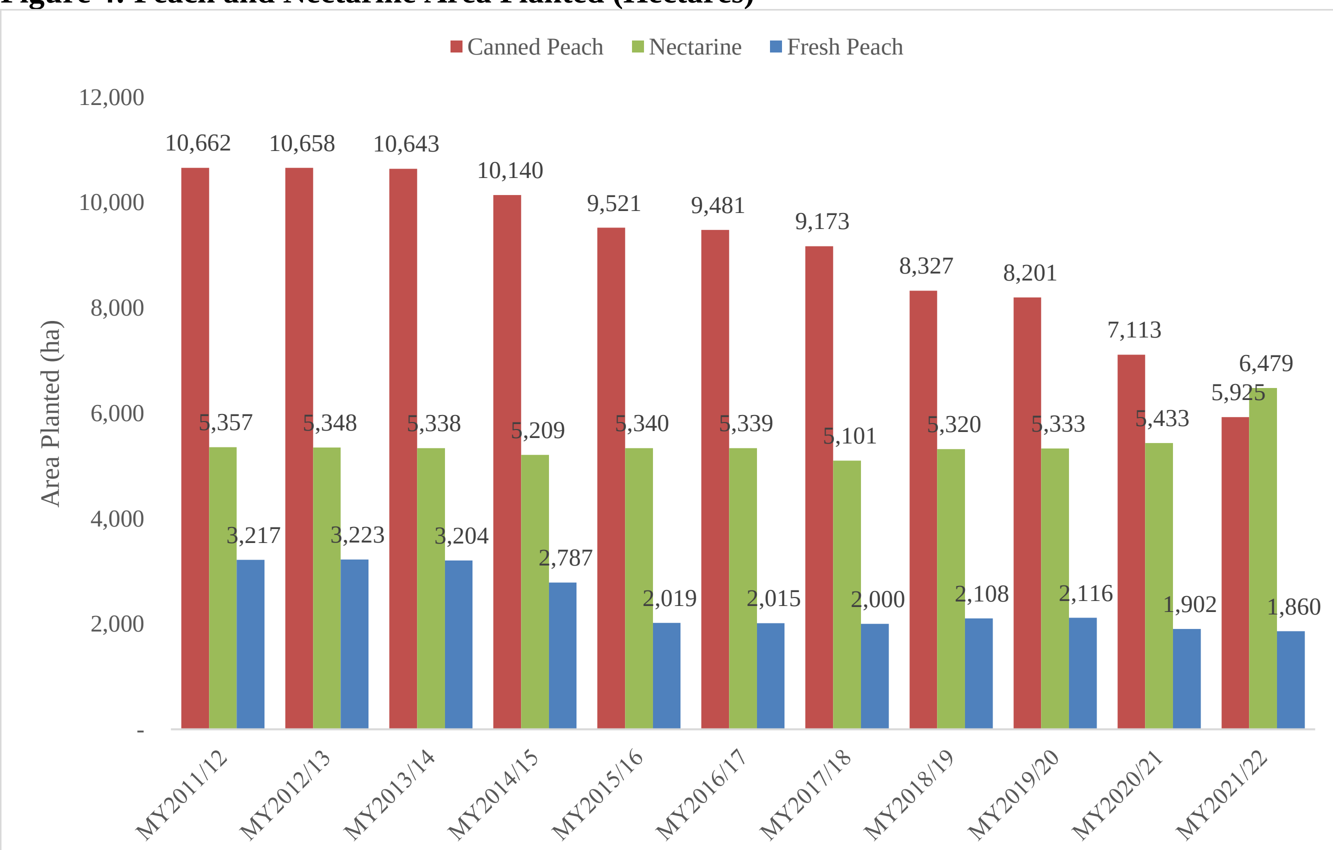
Fresh peach and nectarine area planted totaled 8,399 ha in MY 2021/22, a 14.5 percent increase from MY 2020/21. This increase in total area planted is due to an increase in nectarine area planted, despite a decrease in peach area planted. Nectarine area planted went from 5,433 ha in MY 2020/21 to 6,479 ha in MY 2021/22. Nectarine area planted is mainly in the central part of the country, specifically in the *Metropolitana* and the *O'Higgins* regions. Area planted in both of those regions grew by 10.47 percent and 26.6 percent, respectively, in the past three marketing years. Nectarine production and exports remains a profitable business for producers and exporters. Additionally, it allows producer that are specialized in stone fruit to diversify their portfolio, thus reducing risk, and taking full advantage of their available resources by extending their harvest season.

Fresh peach planted area continues a declining trend, totaling 1,860 ha in MY 2021/22, a 2.2 percent decrease from MY 2020/21 (See Figure 4). The main reason behind the decline in planted area is the low margins that production and exports of fresh peach varieties have in comparison to nectarines and cherries. As a result, for the past 10 marketing years, stone fruit producers renewed their orchards with nectarines or cherries. Post estimates that this declining trend will continue in MY 2022/23.

Planted area in peaches for canning totaled 5,925 ha in MY 2021/22 a 16.7 percent decrease from MY 2020/21. Area planted has decreased rapidly, mainly due to the commercial difficulties that producers face, since canned peach production became less profitable in comparison to other stone fruit. (Note that canned peaches are not included in the PSD estimates of this report and are included only for general information purposes.)

The increasing trend in nectarine planted area will offset the decrease in fresh peach planted area. For MY 2022/23, Post estimates area planted at 8,500 ha, a 1.2 percent increase over MY 2021/22.

Figure 4: Peach and Nectarine Area Planted (Hectares)



Source: Based on ODEPA, 2022

Consumption:

In MY 2022/23, Post estimates that total domestic consumption of peaches and nectarines, which includes both fresh domestic consumption and processing, will increase by 4.2 percent and total 61,500 MT. This increase in domestic consumption follows the higher production volume. In MY 2021/22, domestic consumption of peaches and nectarines totaled 59,000 MT. Domestic consumption of nectarines remains relatively steady since it is a well-known product that is regularly consumed in Chile during the harvest season, between December and February.

Nectarines have gained popularity within the Chilean market over fresh peaches. This is because producers developed new varieties that have better flavor and longer post-harvest life, allowing for nectarines to maintain their quality and firmness.

Trade:

For MY 2022/23, Post projects peach and nectarine exports to increase by 5.8 percent totaling 118,000 MT based on the higher production volume (See Table 5). In MY 2021/22 Chilean exports of peaches and nectarines increased by 12.6 percent in volume, totaling 111,548 MT (See Table 6) and $140 million (See Table 7).

The United States was the top market for Chilean peach and nectarine exports in MY 2021/22 followed by China. Exports to the U.S. totaled 31,924 MT, which represents a 3.5 decrease from MY 2020/21. Conversely, in MY 2021/22, nectarine exports to China totaled 37,307 MT, a 42.2 percent increase over MY 2020/21. This increase in exports to China represents a rebound from the difficult logistic conditions and delays observed in Chinese ports in January and February of 2021, in the middle of the Chilean export season (see Figure 5). Due to these difficulties, exporters were had to reallocate nectarine exports in other markets such the United States, Europe, or Mexico.

Policy:

No policy updates to report.

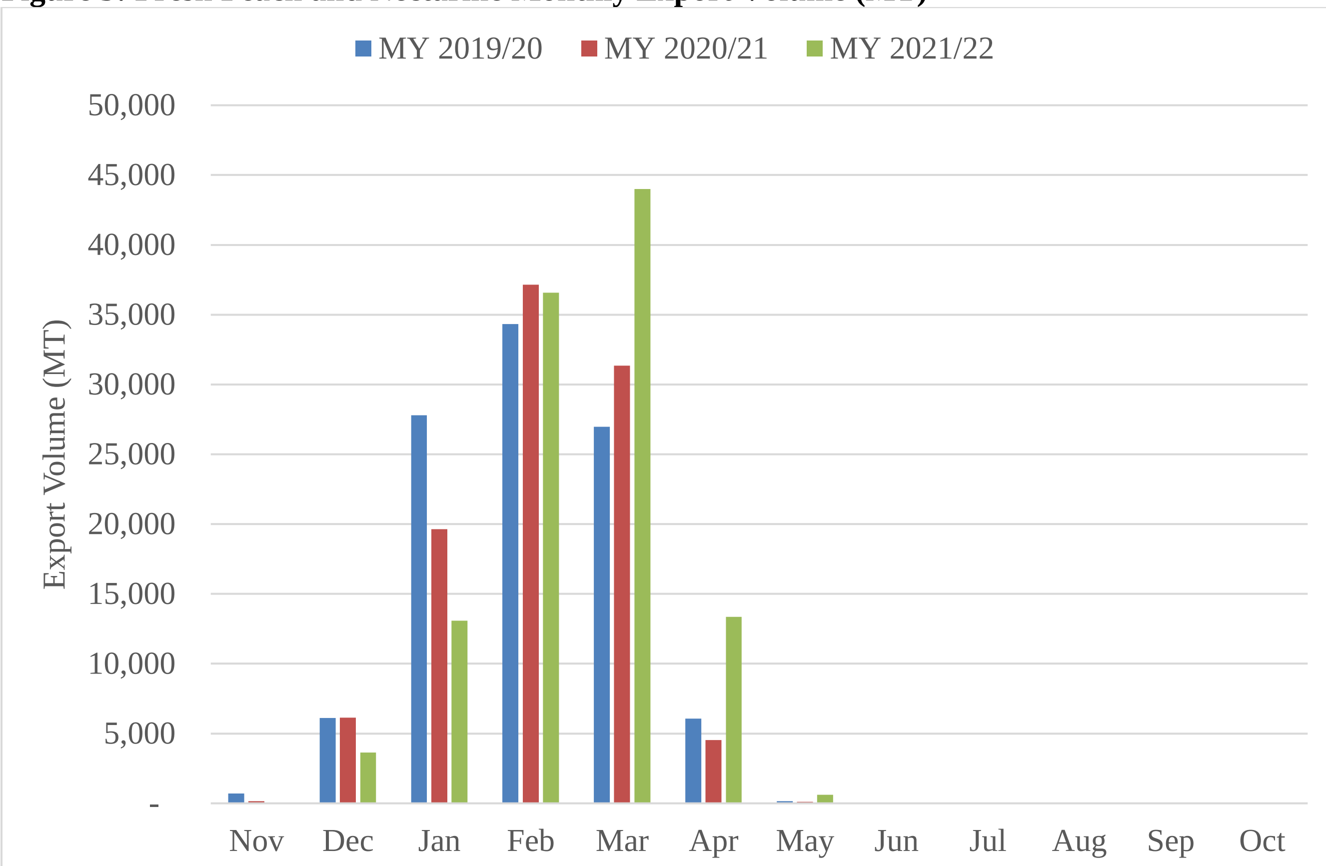
Table 6: Chile Exports to The World by Volume						
Commodity: 080930, Peaches, Including Nectarines, Fresh						
Partner Country	Marketing Year			Year to Date		
	MY 2019/20 (MT)	MY 2020/21 (MT)	Variation (%)	Nov 2020 - May 2021 (MT)	Nov 2021 - May 2022 (MT)	Variation (%)
The World	102,097	99,081	-3.0%	99,081	111,548	12.6%
United States	30,541	33,085	8.3%	33,085	31,924	-3.5%
China	30,266	26,231	-13.3%	26,231	37,307	42.2%
Mexico	7,569	8,308	9.8%	8,308	9,355	12.6%
Brazil	6,705	5,226	-22.1%	5,226	6,360	21.7%
Netherlands	4,302	4,730	9.9%	4,730	5,936	25.5%
Taiwan	3,292	4,080	23.9%	4,080	4,923	20.7%
Canada	2,692	3,262	21.2%	3,262	3,250	-0.4%
United Kingdom	3,095	3,172	2.5%	3,172	1,784	-43.8%
Russia	1,799	2,294	27.5%	2,294	2,055	-10.4%
Germany	1,323	1,845	39.5%	1,845	856	-53.6%
Ecuador	1,189	968	-18.6%	968	1,065	10.0%
Peru	2,265	913	-59.7%	913	1,226	34.3%
Colombia	1,152	849	-26.3%	849	751	-11.5%
Guatemala	743	607	-18.3%	607	668	10.0%
Spain	1,600	552	-65.5%	552	429	-22.3%
Italy	700	542	-22.6%	542	438	-19.2%
Costa Rica	467	407	-12.8%	407	397	-2.5%
Belgium	527	406	-23.0%	406	629	54.9%
Puerto Rico	212	309	45.8%	309	280	-9.4%
El Salvador	251	282	12.4%	282	264	-6.4%
Others	1,407	1,013	-28.0%	1,013	1,651	63.0%

Source: Trade Data Monitor, LLC
Note: Data do not include canned peaches

Table 7: Chile Exports to the World by Value						
Commodity: 080930, Peaches, Including Nectarines, Fresh						
Partner Country	Marketing year			Year to Date		
	MY 2019/20 (USD)	MY 2020/21 (USD)	Variation (%)	Nov 2020 - May 2021 (USD)	Nov 2021 - May 2022 (USD)	Variation (%)
The World	132,586,153	122,465,279	-7.6%	122,465,279	139,591,441	14.0%
China	45,577,291	37,527,313	-17.7%	37,527,313	52,539,096	40.0%
United States	39,177,409	37,001,392	-5.6%	37,001,392	35,851,889	-3.1%
Mexico	10,693,260	11,589,786	8.4%	11,589,786	12,251,603	5.7%
Brazil	7,710,401	5,823,805	-24.5%	5,823,805	6,768,236	16.2%
Taiwan	4,565,395	5,284,701	15.8%	5,284,701	6,208,736	17.5%
Canada	3,180,248	4,840,342	52.2%	4,840,342	4,751,144	-1.8%
Netherlands	3,494,099	4,005,379	14.6%	4,005,379	6,075,079	51.7%
Russia	2,303,022	2,920,011	26.8%	2,920,011	2,812,545	-3.7%
United Kingdom	2,332,628	2,801,515	20.1%	2,801,515	1,377,198	-50.8%
Germany	1,271,044	1,763,976	38.8%	1,763,976	836,335	-52.6%
Ecuador	1,465,096	1,185,799	-19.1%	1,185,799	1,253,079	5.7%
Colombia	1,569,849	1,116,832	-28.9%	1,116,832	1,038,496	-7.0%
Guatemala	1,176,164	1,007,644	-14.3%	1,007,644	1,038,138	3.0%
Peru	1,858,589	866,833	-53.4%	866,833	1,470,424	69.6%
Spain	1,561,704	719,445	-53.9%	719,445	577,246	-19.8%
Costa Rica	707,763	634,711	-10.3%	634,711	601,135	-5.3%
Italy	719,514	606,136	-15.8%	606,136	513,753	-15.2%
Puerto Rico	319,921	486,096	51.9%	486,096	441,949	-9.1%
El Salvador	422,060	476,612	12.9%	476,612	458,599	-3.8%
Belgium	452,783	333,052	-26.4%	333,052	534,858	60.6%
Others	2,027,913	1,473,899	-27.3%	1,473,899	2,191,903	48.7%

Source: Trade Data Monitor, LLC
Note: Data do not include canned peaches

Figure 5: Fresh Peach and Nectarine Monthly Export Volume (MT)



Source: Trade Data Monitor, LLC

Attachments:

No Attachments