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Chile

Fresh Deciduous Fruit

Annual

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Report Highlights:
Chile's production forecast of fresh apples and apple juice are up, but pear production is expected to remain unchanged. Additionally a smaller table grape production is expected due to abnormal weather conditions in some production areas.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Table of Contents

General Summary **3**
Fresh Apples **3**
Production 3
Crop Area 3
Consumption 3
Trade 3
Policy General 4
Marketing General 4
PSD Table **5**
Export Trade Matrix **5**
Fresh Table Grapes **6**
Production 6
Crop Area 6
Consumption 6
Trade 6
PSD Table **7**
Export Trade Matrix **7**
Fresh Pears **8**
Production 8
Consumption 8
Trade 8
PSD Table **9**
Export Trade Matrix **9**
Concentrated Apple Juice **10**
Production 10
Consumption 10
Trade 10
PSD Table **11**
Export Trade Matrix **11**

General Summary

The industry forecasts production increases for apples and apple juice, but stable production for pears in MY2003 (Jan-Dec 2004). On the other hand, table grape production is expected to be smaller, as weather has not been favorable in some production areas.

Apple and Apple Juice exports are forecasted to expand slightly following an increase in output. No changes are forecasted for pears and a small reduction is expected for table grapes, following a decline in output.

Fresh Apples

Production

Chile's total apple production for Marketing Year (MY) 2002(Jan-Dec 2003) was larger than the previous year. Crop quality was also better, as a result exports expanded. Stronger export demand, mainly from the EU markets contributed to this export expansion. Although it is still early to predict production volume for the coming year, industry officials indicate that they expect a larger output of a good quality for MY2003 (Jan-Dec 2004) production.

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 the 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 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 other areas are uprooting old orchards. As a result total planted area has leveled off, according to the Fresh Fruit Producers Association. Low prices over the past few years have also forced many marginal producers to uproot their orchards.

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

For MY2002, the latest estimate is for a significant increase in exports when compared to last year's exports. Strong demand, due to lower stocks at the end of the season in Europe together and increased demand in American markets explains, the significant increase in exports during this period. A reduction of duties to zero, for apple imports into the EU due to the FTA for the period of January 1 through July 31 has had also some positive effect on total exports to that market according to trade sources. The U.S. is Chile's largest single export market for apples, up from 6 percent in 1997 to 16 percent in 2003. Apple exports to the US have a duty free access, so when the FTA will come into effect January 1, 2004, it is not expected to have an effect on total exports to that market. As production is expected to expand in MY2003 industry sources have indicated that exports is also expected to expand accordingly.

Red apple varieties account for about two-thirds of exports, but sweet/sour varieties are increasing their share. Chile's traditional varieties are losing ground. This trend is becoming more evident every 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 this year they will be similar to those of last year. Growers and Exporters have agreed to 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 the 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 market for U.S. fresh fruit is limited by the small portion of Chileans who are willing to pay for higher-priced, off-season fruit only about 10 percent of the population.

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. In general, some financing is provided to producers during the growing season, which is then deducted from grower receipts at the end of the season.

A generic promotional campaign in the U.S., Mexico, Japan, So. Korea and the European Community for fruits is co-financed by producers, exporters and the Government (through Pro-Chile). Approximately 3 to 5 cents of every box shipped to these markets are destined for this purpose. The budget for this coming year is expected to be a similar amount then last season, a total of 6 million US dollar. A 50 percent of this amount is Governments contribution. An estimated total of 4 million will be spend in the United States, this year only for a TV campaign in the U.S. and Canada. The remainder will be spent in other.

PSD Table

Country	**Chile**						
Commodity	**Fresh Apples**				(HA)(1000 TREES)(MT)		
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	35090	35090	35700	35700	0	35775	(HA)
Area Harvested	30177	30177	30250	30250	0	30400	(HA)
Bearing Trees	12490	12490	12520	12520	0	12620	(1000 TREES)
Non-Bearing Trees	2033	2033	2255	2255	0	2230	(1000 TREES)
Total Trees	14523	14523	14775	14775	0	14850	(1000 TREES)
Commercial Production	1000000	1000000	1080000	1080000	0	1130000	(MT)
Non-Comm. Production	10000	10000	10000	10000	0	10000	(MT)
TOTAL Production	1010000	1010000	1090000	1090000	0	1140000	(MT)
TOTAL Imports	0	0	20	20	0	0	(MT)
TOTAL SUPPLY	1010000	1010000	1090020	1090020	0	1140000	(MT)
Domestic Fresh Consump	110000	110000	130020	110020	0	120000	(MT)
Exports, Fresh Only	548194	548194	600000	600000	0	600000	(MT)
For Processing	351806	351806	360000	380000	0	420000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	1010000	1010000	1090020	1090020	0	1140000	(MT)

Export Trade Matrix

Country	Chile		
Commodity	Fresh Apples		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2002		**2003**
U.S.	63117	U.S.	92551
Others		Others	
Netherlands	59450	Netherlands	72717
Colombia	44320	Saudi Arabia	45601
Saudi Arabia	41310	Mexico	40958
Mexico	37191	Spain	36428
Ecuador	36746	Colombia	35860
Spain	32158	Ecuador	33293
U.K.	24770	Peru	22205
Peru	24094	Taiwan	20691
Venezuela	22541	U.K.	18870
Italy	16795	Italy	18777
Total for Others	339375		345400
Others not Listed	145702		142408
Grand Total	548194		580359

Fresh Table Grapes

Production

Good weather for grape production in most areas resulted in an increase in output of table grapes in MY2003 (Jan-Dec 2003). For MY2004 a slightly smaller production is forecasted for MY2003 as a result of colder and wet weather during this spring season. Frost affected some production areas in the north (Copiapo Valley).

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 replanting has been with these varieties. Table Grapes are planted from Region III (Copiapo) to Region VII (Curico-Talca).

Crop Area

Planted area to table grapes has apparently leveled off. Only small increases have been reported during the last few years. Some of the aging vineyards are being planted with the above-mentioned new varieties, which better address market demand.

Since planted area is not expected to increase, in the coming years, variations in grape output will be a function of changing yields, due to climatic variations, and newly planted areas reaching mature stages of production. Table grape vines in Chile provide mature yield levels between 7 and 17 years after planting.

Consumption

There are no statistics on fresh table grape consumption. A residual figure is used to determine fresh consumption and utilization for processing.

Trade

The volume of table grape exports is expected to expand beyond production in MY2003 due to strong foreign demand, based on the good quality of the produce. For MY2004, as a smaller production is expected, exports are likely to fall also. Although Chile has imported limited amounts of table grapes during the winter months in the past, these are not expected to grow in the coming years, as there is an ample supply of different low priced fruits year around.

No mayor changes in export volumes are expected due to the FTA with the US, according to trade sources, as Chilean grapes already faced low tariffs in that market. As of January 1, 2004 Chilean table grapes will enter the US market duty free.

PSD Table

Country	Chile						
Commodity	Fresh Table Grapes			(HA)(MT)			
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	45383	45383	45490	45490	0	45490	(HA)
Area Harvested	40700	40700	40750	40750	0	40800	(HA)
Commercial Production	1060000	997000	1015000	1060000	0	1025000	(MT)
Non-Comm. Production	5000	5000	5000	5000	0	5000	(MT)
TOTAL Production	1065000	1002000	1020000	1065000	0	1030000	(MT)
TOTAL Imports	12	12	12	12	0	12	(MT)
TOTAL SUPPLY	1065012	1002012	1020012	1065012	0	1030012	(MT)
Domestic Fresh Consum	115012	99000	100012	113012	0	105012	(MT)
Exports, Fresh Only	700000	654932	670000	707000	0	675000	(MT)
For Processing	250000	248080	250000	245000	0	250000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	1065012	1002012	1020012	1065012	0	1030012	(MT)

Export Trade Matrix

Country	Chile		
Commodity	Fresh Table Grapes		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2002		**2003**
U.S.	408221	U.S.	366167
Others		Others	
Netherlands	40600	Netherlands	54303
Mexico	39918	Mexico	41219
U.K.	34716	U.K.	38222
China	23962	China	25671
Ecuador	9966	Ecuador	10677
Japan	8809	Spain	10464
Spain	7134	So. Korea	9480
Brazil	6711	Japan	9161
Taiwan	6159	Taiwan	9149
Korea	5806	Russia	7788
Total for Others	183781		216134
Others not Listed	62930		60987
Grand Total	654932		643288

Fresh Pears

Production

For Marketing Year (MY) 2002 (Jan-Dec 2003) total pear production is expected to be slightly larger than last year. Weather has been favorable in most growing areas. Spring weather this year was cold and cloudy again, but it is still early to predict the effect this will have on the volume and quality of production. Nevertheless, industry sources indicate they expect a similar output for MY2003 (Jan-Dec 2004).

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 fruits, mostly export rejects enter domestic marketing channels. Pears are mostly consumed fresh, although increasing amounts are utilized for processing.

Trade

A larger production was also reflected with a moderate expansion of total exports in MY 2002 (Jan-Dec 2003). A strong export demand in the EU due to lower stocks helped expand exports in CY2003. A reduction of duties as a result of the Free Trade Agreement with the EU had only a slight effect on total exports to that market, according to trade sources. Chilean Pears enter the EU duty free from January 1 through July 15, of each year. As a result of the FTA signed with the US, Chilean pears will enter that market also duty free. Pears had a 0.3 cents duty per kg before the agreement. The industry does not foresee a significant increase in demand due to the free trade agreements. As production is not forecasted to expand in MY2003, similar than last year’s levels of exports are expected. Chile does not yet import fresh pears.

PSD Table

Country **Chile**

Commodity **Fresh Pears** (HA)(1000 TREES)(MT)

	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	10400	10400	10400	10400	0	10120	(HA)
Area Harvested	9900	9900	9950	9950	0	9980	(HA)
Bearing Trees	4790	4790	4815	4815	0	4830	(1000 TREES)
Non-Bearing Trees	145	145	130	130	0	115	(1000 TREES)
Total Trees	4935	4935	4945	4945	0	4945	(1000 TREES)
Commercial Production	235000	235000	245000	245000	0	245000	(MT)
Non-Comm. Production	2000	2000	2000	2000	0	2000	(MT)
TOTAL Production	237000	237000	247000	247000	0	247000	(MT)
TOTAL Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	237000	237000	247000	247000	0	247000	(MT)
Domestic Fresh Consum	68000	66000	68500	69900	0	69000	(MT)
Exports, Fresh Only	122000	119445	128500	120600	0	120000	(MT)
For Processing	47000	51555	50000	56500	0	58000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	237000	237000	247000	247000	0	247000	(MT)

Export Trade Matrix

Country Chile

Commodity Fresh Pears

Time Period	Jan-Dec	Units:	M.T.
Exports for:	2002		**2003**
U.S.	18907	U.S.	25941
Others		Others	
Netherlands	25460	Netherlands	27798
Colombia	9401	Italy	9877
Italy	8565	Colombia	9627
Venezuela	8169	Spain	6153
Russia	6667	Peru	6079
Peru	6326	Brazil	4616
Brazil	6043	Ecuador	4027
Spain	4743	Mexico	3743
Mexico	3941	Portugal	3076
Ecuador	3721	Saudi Arabia	2984
Total for Others	83036		77980
Others not Listed	17502		16488
Grand Total	119445		120409

Concentrated Apple Juice

Production

Chile's production of apple juice concentrate (AJC) primarily reflects foreign demand. The increase in production and exports in Marketing Year (MY) 2002(Jan-Dec, 2003) were mainly due to both a significant increase in foreign demand for AJC and a larger apple production. Although it is still early for a good forecast for MY2003, production volumes are expected to be similar as the previous year.

Chile's apple export rejects are mostly sent to the processing industry for apple juice production. But as the processing market has become increasingly saturated with supplies, industry buyers have started to place increased attention on the quality of the product. As a result, the AJC industry is both encouraging farmers to increase production of existing orchards of sour-type apples, as well as to expand new planting of apple varieties and contracting directly with producers for their apple supply and not only taking 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 (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.

PSD Table

Country	**Chile**						
Commodity	**Concentrated Apple Juice** (MT)						
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Deliv. To Processors	351806	351806	360000	360000	0	0	(MT)
Beginning Stocks	333	333	508	753	608	453	(MT)
Production	43200	43200	44300	55200	0	56000	(MT)
Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	43533	43533	44808	55953	608	56453	(MT)
Exports	42525	42280	43700	55000	0	55600	(MT)
Domestic Consumption	500	500	500	500	0	500	(MT)
Ending Stocks	508	753	608	453	0	353	(MT)
TOTAL DISTRIBUTION	43533	43533	44808	55953	0	56453	(MT)

Export Trade Matrix

Country	Chile		
Commodity	Concentrated Apple Juice		
Time Period	Jan-Dec	Units:	
Exports for:	2002		**2003**
U.S.	37529	U.S.	44768
Others		Others	
Japan	3102	Japan	3470
Mexico	866	Mexico	888
Canada	231	Canada	355
Dom.Republic	106	Dom.Republic	159
Philipins	75	Costa Rica	42
Ecuador	67	Ecuador	33
Uruguay	52	Peru	30
Nethlnd.Terr.Ameri	51	Taiwan	25
Colombia	47	Uruguay	20
Costa Rica	41	Paraguay	19
Total for Others	4638		5041
Others not Listed	113		28
Grand Total	42280		49837