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Chile

Fresh Deciduous Fruit

Semi-Annual

2005

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Report Highlights:
Chile's production forecasts for fresh table grapes and pears are expected to remain unchanged. However, apple production was affected by abnormal weather conditions and a smaller output was obtained.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Santiago [CI1]
[CI]

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Executive Summary

No changes since our last report are expected for table grapes and pear production. However, due to abnormal weather in most growing areas apple production is slightly down for MY2005 (Jan-Dec 2005), when compared to our previous forecast and last year. Additionally, as a result of larger carry over stocks of apples in Chile's main export markets, smaller total deliveries are expected. Strong export demand for grapes together with a good quality crop will result in larger than previously forecasted deliveries. There are no changes expected for pear exports.

Production General

Although total Chilean fruit exports will reach record volumes again in 2005, there are some important factors that are affecting the economic returns for grapes, apples and pears. One of the most important factors is the exchange rate. In general, prices for exported fruit have not varied much in dollar terms, but during the last two years the Chilean peso has gone through a significant revaluation process. The exchange rate for the peso has fallen from 740 Chilean pesos to only 540 pesos to the dollar. Another factor is the increase in transportation costs (ocean freight); which have increased close to 30 percent, depending on the market. Also labor costs have been increasing in peso terms. A new law was approved reducing the weekly workweek from 48 hours to 45-hours. This is an important factor for the labor-intensive fruit industry in Chile. In the case of table grape production, labor represents 70 % of total costs. Another contributing factor to raising costs has been the three med fly outbreaks during 2004/05. The fruit has to either be fumigated and/or cold treated. Consequently, significant changes in new plantings and production in the coming years are not expected.

Currently the Government of Chile is negotiating trade agreements with China, India and Japan. With China, the fruit industry is keenly interested in tariff reductions, as Chile currently pays close to 40 percent duties. However, agriculture reportedly is not a priority in these negotiations and the Chilean industrial sector does not want to reduce duties to zero immediately, as requested by the Chinese government. Some believe that duty reductions may be phased-in over 12 years. The Chilean fruit sector is, of course, lobbying for an immediate reduction of duties to zero.

Fresh Apples

Production

Abnormal weather during the Chilean spring (Sept-Oct 2004) affected apple production, both in terms of volume and quality. As a result, productions in MY2005 (Jan-Dec 2005) levels were smaller than our previous forecast and last year's crop. Although it is early for a crop prediction, industry sources indicate that production may be lower in MY2006 Jan-Dec 2006) as a result of the mild temperatures during this winter (May-Aug) and limited cold hours that adversely affected budding.

Consumption

There are no official statistics on domestic fresh apple consumption. The figures shown in the PS&D table are estimated as a residual of production, minus apples destined for processing and known exports.

Trade

Large carry over stocks at the beginning of the export season in the United States and the European Union, Chile's main export markets, forced producers to reduce shipments in an effort to help prices recuperate. According to industry sources exporters have not been particularly successful in finding alternative markets for the Chilean apple production. As a result, exports experienced a significant drop during the first half of this export season, compared to the previous year. Also, the prices received for last year's crop were lower than the previous year.

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	35900	35900	(HA)
Area Harvested	30250	30250	30400	30400	30800	30800	(HA)
Bearing Trees	12520	12520	12620	12620	12800	12800	(1000 TREES)
Non-Bearing Trees	2255	2255	2230	2230	2200	2200	(1000 TREES)
Total Trees	14775	14775	14850	14850	15000	15000	(1000 TREES)
Commercial Production	1080000	1080000	1242000	1242000	1180000	1150000	(MT)
Non-Comm. Production	10000	10000	10000	10000	10000	10000	(MT)
TOTAL Production	1090000	1090000	1252000	1252000	1190000	1160000	(MT)
TOTAL Imports	20	20	15	15	15	15	(MT)
TOTAL SUPPLY	1090020	1090020	1252015	1252015	1190015	1160015	(MT)
Domestic Fresh Consump	113612	113612	119015	118109	120015	118015	(MT)
Exports, Fresh Only	596408	596408	723000	738906	720000	700000	(MT)
For Processing	380000	380000	410000	395000	350000	342000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	1090020	1090020	1252015	1252015	1190015	1160015	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Apples, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2004		2005
U.S.	118372	U.S.	40827
Others		Others	
Netherlands	88107	Netherlands	79648
Mexico	59513	Spain	37747
Saudi Arabia	52129	Russia	33478
Colombia	45113	Saudi Arabia	30929
Ecuador	39993	U.K.	25188
Spain	39318	Colombia	20748
Russia	37941	Italy	20010
Peru	25883	Ecuador	19762
U.K.	25739	Taiwan	17226
Italy	23677	France	15856
Total for Others	437413		300592
Others not Listed	183121		127371
Grand Total	738906		468790
Note: Year 2005 data are for January through June only.			

Fresh Table Grapes

Production

As a result of favorable weather conditions in most growing areas, output in MY2005 (Jan-Dec 2005) is expected to be larger than previously. With the exception of some rain in the Metropolitan Region last March, good weather conditions with normal temperatures resulted in mostly good quality production. As a result exports increased. Higher than normal temperatures during this winter's months (July – August 2005), most probably will affect this next year's output. Industry sources believe the lack of cold hours this winter will affect budding and total fruit production next season.

Consumption

As with other Chilean fresh fruits, domestically consumed table grapes are mainly export rejects. There are no official statistics on domestic consumption. Domestic fresh consumption is derived from the only known figure, which is exports, and estimated production data. Domestic consumption generally accounts for about 10 percent of total output, while processing accounts for another 30 percent.

Trade

Strong export demand and mostly good quality product will result in an increase in exports in MY2005 (Jan-Dec 2005). The U.S. is the largest export market, accounting for close to 60 percent of total shipments. Although total trade varies in volume, in general the US market share has remained steady.

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]	Pos t Estimate [New]	USDA Official [Old]	Pos Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Area Planted	45490	45490	45490	45490	47720	47720	(HA)
Area Harvested	40750	40750	40800	40800	42200	42200	(HA)
Commercial Production	1060000	1060000	1070000	1070000	1100000	1100000	(MT)
Non-Comm. Production	5000	5000	5000	5000	5000	5000	(MT)
TOTAL Production	1065000	1065000	1075000	1075000	1105000	1105000	(MT)
TOTAL Imports	12	12	46	46	50	50	(MT)
TOTAL SUPPLY	1065012	1065012	1075046	1075046	1105050	1105050	(MT)
Domestic Fresh Consump	113012	113012	115546	115546	125000	125000	(MT)
Exports, Fresh Only	706332	706332	710000	692916	730000	730000	(MT)
For Processing	245668	245668	249500	266584	250050	250050	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	1065012	1065012	1075046	1075046	1105050	1105050	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Grapes, Table, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2004		2005
U.S.	406582	U.S.	397557
Others		Others	
Netherlands	60834	Netherlands	65678
U.K.	43862	U.K.	49995
Mexico	30862	Russia	25607
Hong Kong	20512	Mexico	25537
Russia	14618	Hong Kong	19703
Spain	11758	Spain	15943
Taiwan	10178	So. Korea	11136
Germany	9286	Taiwan	8931
Japan	9131	Japan	8001
So. Korea	8462	Germany	7033
Total for Others	219503		237564
Others not Listed	66831		63310
Grand Total	692916		698431
Note: Year 2005 data are for January through June only.			

Fresh Pears

Production

Like last year, weather conditions were good, so production levels for pears are expected to be similar to last year (MY2004, Jan-Dec 2004). Although product quality was good, exports are not expected to increase in MY2005 (Jan-Dec 2005), because Chilean pears are facing increased competition from Argentine pears. Like other deciduous fruits, pears also are expected to be affected by the lack of cold hours during this winter (July – August 2005) consequently output in MY2006 (Jan – Dec 2006) is expected to fall.

Consumption

Most pears are consumed fresh because only a few existing varieties in Chile can be processed for canned pears or juice concentrates. Domestically consumed pears are mainly export rejects.

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	10120	10120	(HA)
Area Harvested	9950	9950	9980	9980	9980	9980	(HA)
Bearing Trees	4815	4815	4830	4830	4830	4830	(1000 TREES)
Non-Bearing Trees	130	130	115	115	115	115	(1000 TREES)
Total Trees	4945	4945	4945	4945	4945	4945	(1000 TREES)
Commercial Production	245000	245000	255000	255000	255000	255000	(MT)
Non-Comm. Production	2000	2000	2000	2000	2000	2000	(MT)
TOTAL Production	247000	247000	257000	257000	257000	257000	(MT)
TOTAL Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	247000	247000	257000	257000	257000	257000	(MT)
Domestic Fresh Consump	69900	69900	71000	71525	70000	71000	(MT)
Exports, Fresh Only	120600	120600	124000	123475	125000	124000	(MT)
For Processing	56500	56500	62000	62000	62000	62000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	247000	247000	257000	257000	257000	257000	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Pears, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2004		2005
U.S.	22223	U.S.	22469
Others		Others	
Netherlands	26414	Netherlands	28623
Italy	12841	Italy	11133
Colombia	8222	Spain	7256
Russia	7841	Colombia	6143
Spain	7000	Germany	4351
Peru	4456	Russia	3528
Ecuador	3685	Peru	3463
Portugal	3645	Venezuela	3196
Brazil	3325	Saudi Arabia	2445
Venezuela	3279	Mexico	1924
Total for Others	80708		72062
Others not Listed	20544		17654
Grand Total	123475		112185
Note: Year 2005 data are for January through June only.			