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Chile

Fresh Deciduous Fruit

Annual

2006

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Report Highlights:
Chile's production forecasts for fresh apples and pears are up following good weather conditions, but table grape production is expected to remain unchanged, as some areas were hit by frost.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Santiago [CI1]
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General Summary

The industry forecasts an expansion in fresh apple and pear production, as weather has been favorable in most growing areas. Table grape production however, is forecasted to remain stable in MY2006 (Jan-Dec 2006), as the northern production areas were affected by frost.

Fresh apple exports are forecasted to expand following an increase in output. No changes are forecasted for table grapes as a stable production volume is expected.

Fresh Apples

Production

Although it is still early to predict production volume for the coming year, Chile's apple harvest for 2006 is forecasted to increase to 1.2 million tons, an 8 percent increase over last year's harvest as a result of good weather conditions. Exports are also expected to increase as the quality of the production is expected to be good. A smaller harvest in the European Union is expected to contribute to an expansion in exports.

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 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 to 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, farmers in other areas are uprooting old orchards. However, in general, the total planted area is on hold due to a significant fall in economic returns observed during the last two years. A strong peso together with increased labor costs due to a mandatory reduction in the workweek from 48 to 45 hours is reducing the competitiveness of the labor-intensive fruit industry in Chile.

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 tend to be large variations in domestic fresh consumption in the PS&D tables from year to year.

Trade

A smaller output together with high stocks of apples in the European Union and the United States explains the fall in total exports in 2005. Stocks in the US, were as much as 72 percent higher than the previous year at the beginning of the export season. As a result, exports to the US fell to less than half the norm. Stronger demand, due to lower production in Europe, is expected to prompt increased exports again in 2006. There also will be a larger supply of apples, when compared to the previous year. The U.S. is still Chile's largest single export market for apples.

Red apple varieties account for about two-thirds of exports, but sweet/sour varieties are increasing in share, while Chile's traditional varieties are losing ground. This trend is becoming more evident each 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 will remain the same in 2006 as those applied in 2005. Currently growers and exporters 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 these 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 small portion of Chileans who are willing to pay for higher-priced off-season fruit limits the market for U.S. fresh fruit.

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. Often the exporters provide some financing to producers during the growing season. These monies are then deducted from the grower's receipts at the end of the season. In Chile, there are presently over 700 fruit exporters, export companies and/or individual producers that export directly.

Returns to Chile's fresh fruit industry during the last season have been very poor. In many instances, returns reportedly have been lower than the cost of production. This poor profitability is forecast to continue in 2006, due to some ongoing factors. Chile's peso remains strong, reducing returns to growers. Shipping costs have increased. Competition from other countries has increased and the seasonal advantage is being lost due to increasing southern hemisphere competition.

The fresh fruit industry is continuing with its generic promotional campaign in the United States, Mexico, Japan, S. Korea and the European Community. This campaign is co-financed by producers, exporters and the Government (through Pro-Chile). Approximately 3 to 5 cents of every box shipped to these markets is earmarked for this purpose. The budget for this coming year is expected to be similar to last season at a total of US$5.5 million. The Chilean Government contribution is projected to fall to 35 percent of the total amount this year compared to 45 percent last year.

Like last year, approximately US$ 4 million will be spent in the United States and Canada and the remainder will be spent in the other markets. The main activities paid for with these funds are a media campaign and other promotional activities like cross-promotional point of sales activities with fruit, wine and salmon; a fresh fruit promotional sweepstakes; children's and Hispanic materials; and PR activities. The media campaign is based on TV advertising.

The cross-promotional activity provides for a sweepstakes with grand prize trips to Chile. Entries can only be made through loyalty card purchases of the participating Chilean products. Printed materials include display materials for the Hispanic community, point of sale materials like a pocket fruit guide and variety posters. There is also a website.

PSD Table							
Country	Chile						
Commodity	Apples, Fresh			(HA)(1000 TREES)(MT)			
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Planted	35775	35775	35900	35900	0	35900	(HA)
Area Harvested	30400	30400	30800	30800	0	31000	(HA)
Bearing Trees	12620	12620	12800	12800	0	13950	(1000 TREES)
Non-Bearing Trees	2230	2230	2200	2200	0	2230	(1000 TREES)
Total Trees	14850	14850	15000	15000	0	16180	(1000 TREES)
Commercial Production	1242000	1242000	1150000	1110000	0	1200000	(MT)
Non-Comm. Production	10000	10000	10000	10000	0	10000	(MT)
TOTAL Production	1252000	1252000	1160000	1120000	0	1210000	(MT)
TOTAL Imports	15	17	15	15	0	15	(MT)
TOTAL SUPPLY	1252015	1252017	1160015	1120015	0	1210015	(MT)
Domestic Fresh Consump	118109	118111	118015	115000	0	138015	(MT)
Exports, Fresh Only	738906	738906	700000	635000	0	685000	(MT)
For Processing	395000	395000	342000	370015	0	387000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	1252015	1252017	1160015	1120015	0	1210015	(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.	57201
Others		Others	
Netherlands	88107	Netherlands	80977
Mexico	59513	Saudi Arabia	47885
Saudi Arabia	52129	Spain	38886
Colombia	45113	Ecuador	38179
Ecuador	39993	Colombia	37208
Spain	39318	Taiwan	34469
Russia	37941	Russia	33644
Peru	25883	U.K.	28543
U.K.	25739	Peru	23436
Italy	23677	Venezuela	22272
Total for Others	437413		385499
Others not Listed	183121		174666
Grand Total	738906		617366
Note: Years 2005 data are for January through October only.			

Fresh Table Grapes

Production

Adverse weather conditions with rain and low temperatures during spring of CY2005, with frost in Region III (Copiapo) and Region IV (Elqui Valley), are expected to reduce total production of the early varieties like Perlette. Thompson and Superior also are expected to be affected significantly. Nevertheless, for other varieties like Red Globe and Flame, a larger out put than last year is projected to help offset the reduction in early varieties. Additionally, harvested area keeps expanding slightly; consequently, total output for the 2006 production season is expected to be similar as the 2005 season.

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

Crop Area

New plantings have been suspended as economic returns have been affected by increasing costs, competition and a constant revaluation of the peso.

Consumption

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

Trade

Table grape export volumes in 2006 are expected to be similar to the previous year, as production volumes will be similar and due to adverse weather conditions in some growing areas the quality of the production also is expected to be similar to MY2005. As in the past, table grapes are being imported during the off-season. Due to a weaker dollar, these imports could increase significantly. However, transport costs remain high due to low volumes and there is an ample supply of competing low priced fruits available year around.

PSD Table							
Country	Chile						
Commodity	Grapes, Table, Fresh			(HA)(MT)			
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Planted	45490	45490	47720	47720	0	47727	(HA)
Area Harvested	40800	40800	42200	42200	0	42400	(HA)
Commercial Production	1070000	1070000	1100000	1100000	0	1100000	(MT)
Non-Comm. Production	5000	5000	5000	5000	0	5000	(MT)
TOTAL Production	1075000	1075000	1105000	1105000	0	1105000	(MT)
TOTAL Imports	46	46	50	50	0	50	(MT)
TOTAL SUPPLY	1075046	1075046	1105050	1105050	0	1105050	(MT)
Domestic Fresh Consump	115546	115546	125000	115000	0	115000	(MT)
Exports, Fresh Only	692916	692916	730000	750000	0	750000	(MT)
For Processing	266584	266584	250050	240050	0	240050	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	1075046	1075046	1105050	1105050	0	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.	398211
Others		Others	
Netherlands	60834	Netherlands	65703
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		237589
Others not Listed	66831		64162
Grand Total	692916		699962
Note: Years 2005 data are for January through October only.			

Fresh Pears

Production

Pear production levels were similar for MY2004 and MY2005. For MY2006 a slightly larger harvest is expected, as the pear crop will benefit from positive growing conditions during the spring of CY2005. The latest planting statistics show that total planted area to pears continues to fall. However, industry sources indicate that while replanting old orchards, producers are increasing planting densities, thus maintaining present total production levels in the coming years.

There are over 36 pear varieties grown in Chile. Packam's Triumph and Beurre Bosc make up over 60 percent of Chile's exports. Other important varieties in Chile are Abate Fetel, Coscia, Summer Bartlets and D'Anjou.

Consumption

As with most other Chilean fruits, mostly export rejects enter domestic marketing channels. Pears are mostly consumed fresh, although some are utilized for processing.

Trade

Argentina is Chile's main competitor for pear exports, principally to the European Union, which is also Chile's main export market. Close to 50 percent of exports are destined for the EU. As a result Chilean exports will depend on fluctuations in the Argentinean production. Exports levels in 2006 are expected to be very similar to 2005.

PSD Table							
Country	Chile						
Commodity	Pears, Fresh				(HA)(1000 TREES)(MT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Planted	10120	10120	10120	9950	0	9850	(HA)
Area Harvested	9980	9980	9980	9080	0	9000	(HA)
Bearing Trees	4830	4830	4830	4830	0	5049	(1000 TREES)
Non-Bearing Trees	115	115	115	115	0	110	(1000 TREES)
Total Trees	4945	4945	4945	4945	0	5159	(1000 TREES)
Commercial Production	255000	255000	255000	255000	0	257000	(MT)
Non-Comm. Production	2000	2000	2000	2000	0	2000	(MT)
TOTAL Production	257000	257000	257000	257000	0	259000	(MT)
TOTAL Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	257000	257000	257000	257000	0	259000	(MT)
Domestic Fresh Consump	71525	71525	71000	71000	0	72000	(MT)
Exports, Fresh Only	123475	123475	124000	127000	0	127000	(MT)
For Processing	62000	62000	62000	59000	0	60000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	257000	257000	257000	257000	0	259000	(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.	22684
Others		Others	
Netherlands	26414	Netherlands	29099
Italy	12841	Italy	11199
Colombia	8222	Colombia	9836
Russia	7841	Spain	7256
Spain	7000	Ecuador	6318
Peru	4456	Peru	6244
Ecuador	3685	Venezuela	5822
Portugal	3645	Germany	4385
Brazil	3325	Russia	3528
Venezuela	3279	Saudi Arabia	2445
Total for Others	80708		86132
Others not Listed	20544		17611
Grand Total	123475		126427
Note: Years 2005 data are for January through October only.			

Concentrated Apple Juice

Production

Chile's production of apple juice concentrate (AJC) primarily reflects foreign demand. Although production fell in MY2005 (Jan-Dec, 2005), due to the reduced availability of apples for processing, total exports were greater than the previous year and greater than expected. Industry sources indicate this occurred because a large amount of AJC was exported during the last month of 2004 but registered in 2005. This explains the large increment observed in ending stocks in 2004. Although it is difficult to forecast production levels for MY2006, apple production is expected to increase due to an increase in the availability of apples for processing. Therefore, production volumes of AJC probably will be larger then in MY2005.

Although the apple juice industry mainly processes export rejects, the AJC industry has been encouraging farmers to increase production of sour-type apples, as well as to expand new plantings of apple varieties mainly for juice purposes. Reportedly the industry is contacting producers directly to obtain apple supplies in an effort of reduce the use of export rejects.

Consumption

Only a small amount of AJC, principally single-strength juice, is 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, accounting for over 70 percent of total export sales. Other markets of increasing importance are Japan, Mexico and Canada. Latin American export markets also are growing fast. Levels of AJC exports will depend upon foreign demand and the ability of the industry to compete in international markets against other suppliers such as China.

PSD Table							
Country	Chile						
Commodity	Apple Juice, Concentrated			(MT)			
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Deliv. To Processors	395000	395000	342000	370015	0	387000	(MT)
Beginning Stocks	453	453	353	4429	653	229	(MT)
Production	59000	59000	51500	55400	0	58000	(MT)
Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	59453	59453	51853	59829	653	58229	(MT)
Exports	58600	54424	50700	59000	0	57100	(MT)
Domestic Consumption	500	600	500	600	0	600	(MT)
Ending Stocks	353	4429	653	229	0	529	(MT)
TOTAL DISTRIBUTION	59453	59453	51853	59829	0	58229	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Apple Juice, Concentrated		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2004		2005
U.S.	46160	U.S.	33453
Others		Others	
Japan	5885	Japan	7232
Canada	1026	Mexico	1527
Mexico	994	Canada	1095
Ecuador	63	So. Korea	255
Dominican Rep.	61	Peru	92
Costa Rica	42	Costa Rica	89
Paraguay	38	Jamaica	81
Peru	38	Dominican Rep.	77
Guatemala	20	Ecuador	56
Panama	20	Nicaragua	39
Total for Others	8187		10543
Others not Listed	77		174
Grand Total	54424		44170
Note: Years 2005 data are for January through October only.			