USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network
Template Version 2.09

Required Report - public distribution

Date: 9/6/2006

GAIN Report Number: CI6026

Chile

Fresh Deciduous Fruit

Semi-Annual

2006

Approved by:
Joseph Lopez, Agricultural Attaché
Office of Agricultural Affairs

Prepared by:
Luis Hennicke, Agricultural Specialist

Report Highlights:
Chile's production forecasts for pears are expected to remain unchanged. However, apple and grape production is expected to expand as a result of good weather in most growing areas.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Santiago [CI1]
[CI]

Table of Contents

Executive Summary **3**
Production General **3**
Fresh Apples **3**
Production 3
Consumption 3
Trade 3
PSD Table 4
Export Trade Matrix 5
Fresh Table Grapes **5**
Production 5
Consumption 5
Trade 5
PSD Table 6
Export Trade Matrix 7
Fresh Pears **7**
Production 7
Consumption 7
Trade 7
PSD Table 8
Export Trade Matrix 9

Executive Summary

No changes since our last report are expected for pear production. However, due to good weather in most growing areas apple and table grape production is slightly up for MY2006 (Jan-Dec 2006), when compared to our previous forecast and last year. Strong export demand for grapes and apples 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 continue to grow in 2006, 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 percent of total costs. Consequently, significant changes in new plantings and production in the coming years are not expected.

Fresh Apples

Production

Excellent weather conditions for apples during the Chilean spring (Sept-Oct 2005) had a positive effect on production, both in terms of volume and quality when compared with the previous year.

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

A lower carry over stocks at the beginning of the export season in the United States and the European Union, Chile's main export markets, was the main reason for a strong export demand observed during the first 6 months of CY2006. As a result, exports experienced a significant increase during the first half of this export season, compared to the previous year

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	35900	35900	(HA)
Area Harvested	30400	30400	30800	30800	31000	31000	(HA)
Bearing Trees	12620	12620	12800	12800	13950	13950	(1000 TREES)
Non-Bearing Trees	2230	2230	2200	2200	2230	2230	(1000 TREES)
Total Trees	14850	14850	15000	15000	16180	16180	(1000 TREES)
Commercial Production	1242000	1242000	1110000	1110000	1200000	1200000	(MT)
Non-Comm. Production	10000	10000	10000	10000	10000	10000	(MT)
TOTAL Production	1252000	1252000	1120000	1120000	1210000	1210000	(MT)
TOTAL Imports	17	17	15	0	15	0	(MT)
TOTAL SUPPLY	1252017	1252017	1120015	1120000	1210015	1210000	(MT)
Domestic Fresh Consump	118111	118111	115000	113406	138015	118100	(MT)
Exports, Fresh Only	738906	738906	635000	639079	685000	703000	(MT)
For Processing	395000	395000	370015	367515	387000	388900	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	1252017	1252017	1120015	1120000	1210015	1210000	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Apples, Fresh		
Time Period	Jan - Dec	Units:	M.T.
Exports for:	2005		2006
U.S.	57201	U.S.	63721
Others		Others	
Netherlands	80977	Netherlands	71298
Saudi Arabia	47885	Saudi Arabia	35026
Ecuador	42835	Spain	31797
Colombia	41806	U.K.	30582
Spain	38886	Colombia	23341
Taiwan	34470	Mexico	20543
Russia	33644	Ecuador	20209
U.K.	29543	Russia	19365
Peru	25680	Taiwan	19293
Venezuela	25384	France	17038
Total for Others	401110		288492
Others not Listed	180768		164194
Grand Total	639079		516407
Note: Year 2006 data are for January trough June only			

Fresh Table Grapes

Production

As a result of favorable weather conditions in most growing areas, output in MY2006 (Jan-Dec 2006) resulted larger than previously forecasted. 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 also increased.

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 MY2006 (Jan-Dec 2006). 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)			
	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	47727	47727	(HA)
Area Harvested	40800	40800	42200	42200	42400	42400	(HA)
Commercial Production	1070000	1070000	1100000	1100000	1100000	1140000	(MT)
Non-Comm. Production	5000	5000	5000	5000	5000	5000	(MT)
TOTAL Production	1075000	1075000	1105000	1105000	1105000	1145000	(MT)
TOTAL Imports	46	46	50	50	50	50	(MT)
TOTAL SUPPLY	1075046	1075046	1105050	1105050	1105050	1145050	(MT)
Domestic Fresh Consump	115546	115546	115000	115000	115000	115000	(MT)
Exports, Fresh Only	692916	692916	750000	738219	750000	774900	(MT)
For Processing	266584	266584	240050	251831	240050	255150	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	1075046	1075046	1105050	1105050	1105050	1145050	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Grapes, Table, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2005		2006
U.S.	435234	U.S.	433019
Others		Others	
Netherlands	65717	Netherlands	67232
U.K.	50026	U.K.	62864
Mexico	26120	Mexico	30093
Russia	25716	Hong Kong	20067
Hong Kong	19703	Russia	17299
Spain	15961	South Korea	16144
So. Korea	11156	Spain	14551
Taiwan	8931	Taiwan	10482
Japan	8063	Japan	7232
Germany	7033	Germany	6695
Total for Others	238426		252659
Others not Listed	64559		83036
Grand Total	738219		768714
Note: Year 2006 data are for January trough June only			

Fresh Pears

Production

In MY2006 pear production levels were similar to the previous year as a result of positive growing conditions in most production areas. 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.

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.

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.

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	9950	9950	9850	9850	(HA)
Area Harvested	9980	9980	9080	9080	9000	9000	(HA)
Bearing Trees	4830	4830	4830	4830	5049	5049	(1000 TREES)
Non-Bearing Trees	115	115	115	115	110	110	(1000 TREES)
Total Trees	4945	4945	4945	4945	5159	5159	(1000 TREES)
Commercial Production	255000	255000	255000	255000	257000	255000	(MT)
Non-Comm. Production	2000	2000	2000	2000	2000	2000	(MT)
TOTAL Production	257000	257000	257000	257000	259000	257000	(MT)
TOTAL Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	257000	257000	257000	257000	259000	257000	(MT)
Domestic Fresh Consump	71525	71525	71000	71000	72000	72000	(MT)
Exports, Fresh Only	123475	123475	127000	126754	127000	125000	(MT)
For Processing	62000	62000	59000	59246	60000	60000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	257000	257000	257000	257000	259000	257000	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Pears, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2005		2006
U.S.	22684	U.S.	25781
Others		Others	
Netherlands	29099	Netherlands	19771
Italy	11199	Italy	9621
Colombia	9836	Colombia	6732
Spain	7256	Spain	5047
Peru	6549	Venezuela	4989
Ecuador	6341	Germany	3902
Venezuela	5822	Ecuador	3372
Germany	4385	Peru	3343
Russia	3528	France	2729
Saudi Arabia	2445	Russia	2694
Total for Others	86460		62200
Others not Listed	17610		18058
Grand Total	126754		106039
Note: Year 2006 data are for January trough June only			