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Chile

Fresh Deciduous Fruit

Annual

2007

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Report Highlights:
Chile's production forecasts for fresh apples and table grapes are up following good weather conditions, but pear production is expected to remain unchanged, as uprooting of orchards continue.

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

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General Summary

The industry forecasts an expansion in fresh apple and table grape production, as weather has been favorable in most growing areas. Pear production however, is forecasted to remain stable in MY2007 (Jan-Dec 2007), as uprooting of orchards continues.

Fresh apple and table grape exports are forecasted to expand following an increase in output. A slight reduction of exports is forecasted for pears, as producers are selling increasing amounts of their production to the local processing industries due to falling economic returns.

Fresh Apples

Production

Although it is still early to predict production volume for the coming year, Chile's apple harvest for 2007 is forecasted to be slightly larger than last year's harvest, as weather conditions has been good in most growing areas. A good quality harvest is expected, as it was indicated by industry sources. As a result exports are also expected to be slightly larger than this year.

Producers have been diversifying 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 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 slightly larger output together with low stocks of apples in the European Union explains the increase in total exports in 2006. For 2007 a stronger demand is expected, due to lower production in Europe, which will expand exports again in 2007.

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 and Pink Lady, 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 2007 as those applied in 2006. 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 fell again. In many instances, returns reportedly have been lower than the cost of production. This poor profitability is forecast to continue in 2007, due to some ongoing factors. Chile's peso remains strong, reducing returns to growers. Shipping costs have increased. Competition from other countries is increasing and the seasonal advantage is being lost due to increasing southern hemisphere competition and improvements in cold storage technologies.

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.

Like last year, close to US$ 4 million will be spent in the United States and Canada and the remainder will be spent in 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. The media campaign is based on TV advertising. There is also a website.

PSD Table									
Country	Chile								
Commodity	Apples, Fresh						(HA)(1000 TREES)(MT)		
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007
Area Planted	35900	35900	35900	35900	0	35900	0	0	35900
Area Harvested	30800	30800	30800	31000	0	31000	0	0	32000
Bearing Trees	12800	12800	12800	13950	0	13950	0	0	14400
Non-Bearing Trees	2200	2200	2200	2230	0	2230	0	0	1780
Total Trees	15000	15000	15000	16180	0	16180	0	0	16180
Commercial Production	1110000	1150000	1110000	1200000	0	1207000	0	0	1220000
Non-Comm. Production	10000	10000	10000	10000	0	10000	0	0	10000
Production	1120000	1160000	1120000	1210000	0	1217000	0	0	1230000
Imports	0	15	0	0	0	0	0	0	0
Total Supply	1120000	1160015	1120000	1210000	0	1217000	0	0	1230000
Fresh Dom. Consumption	113406	118015	113114	118100	0	115100	0	0	115000
Exports, Fresh	639079	700000	639371	703000	0	710000	0	0	720000
For Processing	367515	342000	367515	388900	0	391900	0	0	395000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	1120000	1160015	1120000	1210000	0	1217000	0	0	1230000

Export Trade Matrix			
Country	Chile		
Commodity	Apples, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2005		2006
U.S.	57201	U.S.	84083
Others		Others	
Netherlands	80977	Netherlands	75945
Saudi Arabia	47885	Saudi Arabia	55797
Ecuador	42835	Colombia	44885
Colombia	41806	Taiwan	41557
Spain	38886	Ecuador	37737
Taiwan	34470	U.K.	35842
Russia	33645	Spain	33175
U.K.	29544	Venezuela	31646
Peru	25681	Peru	26867
Venezuela	25384	Mexico	23103
Total for Others	401113		406554
Others not Listed	181057		217916
Grand Total	639371		708553
Note: Year 2006 data is for January through October only.			

Fresh Table Grapes

Production

Good weather conditions in almost all growing areas together with an expansion of the harvested area are expected to increase total production slightly in 2007, when compared to the previous year.

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

After some years of no new plantings, industry sources indicated that total planted area increased again slightly in 2006. New plantings had been suspended for a few years 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 consump tion. A residual figure is used to determine fresh consumption and utilization for processing.

Trade

Table grape export volumes in 2006 increased as output expanded. For 2007 only a small expansion in total production is expected and a good quality production can also be expected in 2007. As in the past, table grapes are being imported during the off-season. A weaker dollar, would suggest that these imports could increase. However, transport costs remain high due to low volumes and there is also an ample supply of competing low priced fruits available year around in Chile.

PSD Table									
Country	Chile								
Commodity	Grapes, Table, Fresh						(HA)(MT)		
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007
Area Planted	47720	47720	47720	47727	0	47727	0	0	4850
Area Harvested	42200	42200	42200	42400	0	42400	0	0	4300
Commercial Production	1100000	1100000	1100000	1140000	0	1155000	0	0	115800
Non-Comm. Production	5000	5000	5000	5000	0	5000	0	0	500
Production	1105000	1105000	1105000	1145000	0	1160000	0	0	116300
Imports	50	50	0	50	0	31	0	0	5
Total Supply	1105050	1105050	1105000	1145050	0	1160031	0	0	116305
Fresh Dom. Consumption	125000	125000	120000	115000	0	110000	0	0	11000
Exports, Fresh	730000	730000	738469	774900	0	810000	0	0	81300
For Processing	250050	250050	246531	255150	0	240031	0	0	24005
Withdrawal From Market	0	0	0	0	0	0	0	0	
Total Distribution	1105050	1105050	1105000	1145050	0	1160031	0	0	116305

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.	433140
Others		Others	
Netherlands	65717	Netherlands	67303
U.K.	50026	U.K.	62902
Mexico	26120	Mexico	30162
Russia	25716	Hong-Kong	20216
Hong-Kong	19703	Russia	17366
Spain	15961	So. Korea	15199
So. Korea	11156	Spain	14661
Taiwan	8931	Taiwan	10501
Japan	8063	Japan	7232
Germany	7033	Ecuador	6876
Total for Others	238426		252418
Others not Listed	64809		86991
Grand Total	738469		772549
Note: Year 2006 data is for January through October only.			

Fresh Pears

Production

Due to good weather for pear production in most growing areas, total output level for 2007 is expected to be similar than for 2005 and 2006 in spite of a significant fall in the total planted area. The latest planting statistics show that total planted area to pears fell more than our previous estimate. 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

Although production levels are expected to remain constant, industry sources have indicated that exports are likely to fall due to an increasing competition from Argentina that 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. Additionally, due to increasing cost and lower returns for pear exports an increasing numbers of producers are selling their production to the local processing industries, according to industry sources.

PSD Table									
Country	Chile								
Commodity	Pears, Fresh						(HA)(1000 TREES)(MT)		
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007
Area Planted	9950	10120	9950	9850	0	8800	0	0	6556
Area Harvested	9080	9980	9080	9000	0	8500	0	0	6500
Bearing Trees	4830	4830	4830	5049	0	4224	0	0	3230
Non-Bearing Trees	115	115	115	110	0	100	0	0	19
Total Trees	4945	4945	4945	5159	0	4324	0	0	3249
Commercial Production	255000	255000	255000	255000	0	255000	0	0	255000
Non-Comm. Production	2000	2000	2000	2000	0	2000	0	0	2000
Production	257000	257000	257000	257000	0	257000	0	0	257000
Imports	0	0	0	0	0	0	0	0	0
Total Supply	257000	257000	257000	257000	0	257000	0	0	257000
Fresh Dom. Consumption	71000	71000	71000	72000	0	74500	0	0	75000
Exports, Fresh	126754	124000	126779	125000	0	120500	0	0	118000
For Processing	59246	62000	59221	60000	0	62000	0	0	64000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	257000	257000	257000	257000	0	257000	0	0	257000

Export Trade Matrix			
Country	Chile		
Commodity	Pears, Fresh		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2005		2006
U.S.	22684	U.S.	27589
Others		Others	
Netherlands	22099	Netherlands	19796
Italy	11199	Italy	9621
Colombia	9836	Colombia	9204
Spain	7256	Venezuela	8215
Peru	6549	Peru	5664
Ecuador	6341	Ecuador	5261
Venezuela	5822	Spain	5092
Germany	4385	Germany	3902
Russia	3529	Russia	2792
Saudi Arabia	2445	France	2730
Total for Others	79461		72277
Others not Listed	24634		20301
Grand Total	126779		120167
Note: Year 2006 data is for January through October only.			

Concentrated Apple Juice

Production

Chile’s production of apple juice concentrate (AJC) primarily reflects foreign demand. Although it is still early to forecast production levels for MY2007, we are expecting apple production to increase due to excellent weather in most growing areas. As a result there should be a larger availability of apples for processing. Therefore, production volumes of AJC probably will be larger then in MY2006.

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 80 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)		
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007
Deliv. To Processors	367515	342000	367515	388900	0	393000	0	0	395000
Beginning Stocks	4429	353	4429	229	653	164	529	0	196
Production	55400	51500	56000	58000	0	61500	0	0	62000
Imports	0	0	37	0	0	32	0	0	0
Total Supply	59829	51853	60466	58229	653	61696	529	0	62196
Exports	59000	50700	59802	57100	0	61000	0	0	61500
Domestic Consumption	600	500	500	600	0	500	0	0	500
Ending Stocks	229	653	164	529	0	196	0	0	196
Total Distribution	59829	51853	60466	58229	0	61696	0	0	62196

Export Trade Matrix			
Country	Chile		
Commodity	Apple Juice, Concentrated		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2005		2006
U.S.	47962	U.S.	46658
Others		Others	
Japan	7967	Japan	4175
Mexico	1644	Canada	2975
Canada	1294	Mexico	1295
So. Korea	255	Puerto Rico	594
Costa Rica	122	So. Korea	290
Peru	92	Costa Rica	159
Jamaica	81	Dominican Rep.	114
Dominican Rep.	77	U.K.	98
Ecuador	64	Peru	84
U.K.	43	France	80
Total for Others	11639		9864
Others not Listed	201		280
Grand Total	59802		56802
Note: Year 2006 data is for January through October only.			