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Chile

FRESH DECIDUOUS FRUIT ANNUAL

Apples, Table Grape and Pear Annual Report

Approved By:
Joseph Lopez, Agricultural Attaché

Prepared By:
Luis Hennicke, Agricultural Specialist

Report Highlights:

Due to unstable weather conditions, Chile's production of table grapes is expected to fall. The projected expansion of apple and the stable pear production will depend on the development of "El Niño" a weather phenomenon which is affecting Chile's climatic conditions.

Executive Summary:

New estimates show that production of table grapes and pears will increase slightly in MY2009 (Jan-Dec 2009), but apple output which has been affected by abnormal high temperatures during late spring and early summer will fall slightly, when compared to the previous season. For the coming year, although it is to early for a forecast no major changes in production are expected as the planted area has not expanded and most orchards have reached their mature stage of production.

The industry forecasts a small expansion in fresh apple production, as weather has been favorable in most growing areas. No changes are expected for fresh pears. For table grape production, due to frost in an extensive area of the main production regions and unstable weather expected as the climatic phenomenon “El Niño” develops, a fall in output is expected. No major changes are expected for apple juice production.

Commodities:

Apples, Fresh

Production:

Although it is still early to predict production volume for the coming year, Chile's apple harvest for 2010 is forecasted to be slightly larger than this year’s harvest, as weather conditions during this last winter months has been good in most growing areas. That is, more than sufficient cold hours during last winter had a positive effect on budding which will result in an increase of the volume of the production and a quality is also expected, as it was stressed by industry contacts. Under normal conditions, and as a result of a good quality harvest, exports could reach a record figure of 800,000 metric tons in 2010, but since a climatic phenomenon called “El Niño” is developing which calls for out of season rain and lower than normal and unusual variations in temperatures from one day to the other, the effect of this on the quality of the production is still to be seen.

As producers have been diversifying their orchards, during the last decade, by planting new and more productive varieties, i.e., Fuji, Gala, Jonathan, Braeburn, Pink Lady and Galaxies in replacement for the traditional varieties, such as Red Delicious and its variations (i.e., Richard Red, Starking, etc) and increasing density of their orchards, output in the coming years is expected to keep expanding. Red apple varieties constitute over 75 percent of total planting and output. The main green variety is Granny Smith, which 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 have been 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 few years. A strong peso together with increased labor costs which is reducing the competitiveness of the labor-intensive fruit industry in Chile have brought the planted area into a hold after a continuous growth in the past. The exchange rate for the peso fell again during the last few months from 570 Chilean pesos to 520 pesos to the dollar. Other factors like increasing energy costs are also affecting the industry. Consequently, industry sources have indicated that increases of new plantings and significant production increases in the coming years are not expected.

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 an estimate of apples destined for processing and the known export figure.

Trade:

As a result of a higher production in Europe and the United States and larger than normal stocks at the beginning of the Chilean apple export season the smaller export demand for apples resulted in a fall of volume exported in MY2009 when compared to the previous year. Economic returns fell during 2009 as prices obtained for the exported apples fell close to 17 percent when compared to the previous year as was indicated by an industry source.

Production, Supply and Demand Data Statistics:

Apples, Fresh Chile	2007	2008	2009
	2007/2008	2008/2009	2009/2010
	Market Year Begin: Jan 2008	Market Year Begin: Jan 2009	Market Year Begin: Jan 2010

	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Area Planted	37.197	37.197	37.197	37.250	37.250	37.250		37.300	37.300
Area Harvested	32.049	2.049	2.049	32.780	32.780	32.780		32.900	32.900
Bearing Trees	14.422	14.422	14.422	14.750	14.750	14.750		14.800	14.800
Non-Bearing Trees	2.343	2.343	2.343	2.039	2.039	2.039		2.011	2.011
Total Trees	16.765	16.765	16.765	16.789	16.789	16.789		16.811	16.811
Commercial Production	1.340.000	1.340.000	1.340.000	1.390.000	1.270.000	1.270.000		1.360.000	1.300.000
Non-Comm. Production	10.000	10.000	10.000	10.000	10.000	10.000		10.000	10.000
Production	1.350.000	1.350.000	1.350.000	1.400.000	1.280.000	1.280.000		1.370.000	1.310.000
Imports	264.000	78	78	300.000	50	38		50	50
Total Supply	1.614.000	1.350.078	1.350.078	1.700.000	1.280.050	1.280.038		1.370.050	1.310.050
Fresh Dom. Consumption	438.000	155.000	155.000	470.000	150.050	160.000		160.000	160.000
Exports	776.000	770.708	770.708	830.000	730.000	698.000		770.000	800.000
For Processing	400.000	424.370	424.370	400.000	400.000	422.038		440.050	350.050
Withdrawal From Market	0	0		0	0			0	
Total Distribution	1.614.000	1.350.078	1.350.078	1.700.000	1.280.050	1.280.038		1.370.050	1.310.050

Export Trade Matrix

Country Chile

Commodity **Apples, Fresh**

Exports for:	2007			**2008**	
Time Period	Jan-Dec	Units:	M.T.		
Units:	**Volume**	**Value**		**Volume**	**Value**
U.S.	124.711	102.514	U.S.	93.784	96.616
Others			**Others**		
Netherlands	75.793	47.042	Netherlands	83.829	71.862
Colombia	59.938	38.342	Colombia	57.338	43.640
Saudi Arabia	47.316	31.448	Saudi Arabia	51.277	37.449
Ecuador	42.223	23.121	Venezuela	44.637	75.458
U.K.	40.612	33.343	Ecuador	43.170	28.297
Venezuela	38.949	44.025	Russia	38.279	30.619
Taiwan	32.770	39.843	U.K.	37.771	35.510
Spain	28.965	21.249	Taiwan	35.108	41.766
Mexico	26.552	19.152	Spain	28.164	24.923
Russia	26.039	15.135	Peru	27.950	15.556
Total for Others	419.157			447.523	
Others not Listed	230.766			229.401	
Grand Total	**774.634**	**560.304**		**770.708**	**670.626**

Time Period	Jan-Sep				
Exports for:	2008			**2009**	
U.S.	93.385	98.863	U.S.	87.904	54.124
Others			**Others**		
Netherlands	83.389	71.952	Netherlands	64.950	35.407
Saudi Arabia	48.048	35.315	Colombia	49.595	31.583

Colombia	46.642	34.944	Saudi Arabia	36.068	25.273
Russia	38.279	30.702	Ecuador	34.383	18.167
U.K.	37.771	35.578	Peru	32.414	15.523
Ecuador	36.954	23.680	Taiwan	31.953	33.815
Taiwan	34.859	41.921	U.K.	30.694	20.708
Venezuela	33.036	56.306	Russia	30.446	19.885
Spain	28.164	24.975	Venezuela	25.690	39.811
U.A. Emirates	26.107	19.401	U.A. Emirates	25.458	16.265
Total for Others	413.249			361.651	
Others not Listed	215.051			199.049	
Grand Total	**721.685**	**631.501**		**648.604**	**434.135**

Note: Volume in M.T. and Value in Thous.US$ F.O.B.

Commodities:

Grapes, Table, Fresh

Production:

As a result of favorable weather conditions in most growing areas during the summer and harvesting time, total output in MY2009 (Jan-Dec 2009) resulted slightly larger than the previous year. For the coming season, production is forecast to be smaller than this season as weather has been unfavorable for table grape production. Frost during September and beginning October has damaged many planting from Region III (Copiapo) through Region VI (Rancagua), at certain areas temperatures below -2º C were measured in the Copiapo area affecting reportedly over 300 hectares. In Region V (Aconcagua) a similar situation was reported but damages were not as extensive. In general, an industry source has indicated that production is expected to fall at least over 10 percent when compared to last years output. A contact at Fedefruta (The Fresh Fruit Producers Association) has indicated that although the production volume will be affected, a good quality production is expected and the supply of the export market is expected to be normal. The But there is another negative factor that could affect total volume and quality of the production, is the development of a climatic phenomenon called “El Niño” which calls for unusual rain during summer and up normal temperatures in most growing areas. This climatic phenomenon could affect the quality of the production and for sure increase the costs of production (more spraying will probably be necessary).

Chile produces over 36 varieties of table grapes for export. Thompson Seedless and Flame Seedless 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 The Ministry of Agriculture together with the Producers Association updated table grape planted area figure based on the 2007 agricultural census together with special table grapes nation wide case studies. As a result, we have adjusted upwards the total planted area and harvested area of table grapes in our PS&D table for 2009. Nevertheless, industry sources agree that new additional plantings are not likely for the next few years as economic returns have been affected by increasing costs and falling prices for table grapes. Returns fell reportedly almost 20 percent in 2009, when compared to the same period last year, in spite of the larger exported volumes.

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: Table grape export volumes increased in 2009 as a result of a larger and good quality production. Exports to the US expanded almost 10 percent in 2009 when compared to the previous year, mainly due to more favorable dollar value when compared to the Euro. Nevertheless, the EU remained as the second export market in spite of a fall of almost 15 percent of the deliveries to that market. For 2010 a smaller production is expected. As a result exports are expected to fall accordingly. As in the past, table grapes are being imported during the off-season.

Production, Supply and Demand Data Statistics:

Grapes Chile	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Area Planted	56.250	56.250	56.250	56.000	56.000	56.000		56.000	62.410
Area Harvested	47.840	47.840	47.840	48.900	48.900	48.900		49.100	53.000
Commercial Production	1.180.000	1.180.000	1.180.000	1.200.000	1.200.000	1.200.000		1.200.000	1.020.000
Non-Comm. Production	5.000	5.000	5.000	5.000	5.000	5.000		5.000	5.000
Production	1.185.000	1.185.000	1.185.000	1.205.000	1.205.000	1.205.000		1.205.000	1.025.000
Imports	115	264	264	150	150	260		150	260
Total Supply	1.185.115	1.185.264	1.185.264	1.205.150	1.205.150	1.205.260		1.205.150	1.025.260
Fresh Dom. Consumption	89.000	115.000	115.000	86.000	120.000	115.000		125.000	115.000
Exports	837.000	836.885	836.885	850.000	840.000	850.000		835.000	765.000
For Processing	259.115	233.379	233.379	269.150	245.150	240.260		245.150	145.260
Withdrawal From Market	0	0		0	0			0	
Total Distribution	1.185.115	1.185.264	1.185.264	1.205.150	1.205.150	1.205.260		1.205.150	1.025.260

Export Trade Matrix

Country	Chile				
Commodity	**Grapes**				
Exports for:	2007		**2008**		
Time Period	Jan-Dec				
Units:	**Volume**	**Value**		**Volume**	**Value**
U.S.	428.324	571.813	U.S.	435.021	637.751
Others			**Others**		
Netherlands	78.412	88.421	Netherlands	95.623	124.472
U.K.	55.606	81.649	U.K.	62.825	97.576
Mexico	33.593	38.747	Russia	45.438	63.649
Russia	23.722	26.924	So. Korea	29.548	51.793
So. Korea	23.311	36.302	Mexico	22.426	32.726
Spain	11.455	14.122	Hong-Kong	14.929	22.520
China	10.452	17.399	Germany	12.857	13.797
Hong-Kong	10.369	15.179	Spain	12.805	18.325
Germany	9.436	11.095	China	9.195	15.838
Brazil	7.174	7.298	Taiwan	8.528	14.436
Total for Others	263.530			314.174	
Others not Listed	81.516			87.690	

Grand Total	**773.370**	**1.022.186**		**836.885**	**1.250.051**

Time Period	Jan-Sep				
Exports for:	2008		**2009**		
U.S.	404.989	598.659	U.S.	435.443	518.824
Others			**Others**		
Netherlands	95.222	126.447	Netherlands	80.967	88.662
U.K.	62.616	98.380	U.K.	52.983	63.782
Russia	45.247	63.800	Russia	30.492	37.528
So. Korea	29.391	51.765	Hong-Kong	30.222	41.761
Mexico	22.426	33.072	So. Korea	25.973	37.810
Hong-Kong	14.885	22.725	Mexico	18.980	23.318
Germany	12.841	13.900	Germany	13.531	13.002
Spain	12.796	18.214	Spain	12.299	14.061
China	9.176	16.153	China	12.284	14.162
Taiwan	8.528	14.746	Brazil	10.750	12.522
Total for Others	313.128			288.481	
Others not Listed	87.256			93.442	
Grand Total	**805.373**	**1.212.037**		**817.366**	**984.663**

Note: Volume in M.T. and Value in Thous.US$ F.O.B.

Commodities:

Pears, Fresh

Production:

As for apples, it is still early to predict production volume for pears in the coming year. Weather conditions during this last winter months has been good in most growing areas. Although, sufficient cold hours during last winter will have a positive effect on budding, that is expected to have a positive effect on the total volume and the quality production, our production estimates show similar than last year figures due to “El Niño” climatic phenomenon developing. The effect of “El Niño” is mainly out of season rain and lowers than normal and unusual variations in temperatures from one day to the other, which could affect the quality of the production.

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:

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:

Exports are expected to stay at similar level than last year. The European Union is Chile’s main export market. Close to 50 percent of exports are destined for the EU.

Commodities:

Apple Juice, Concentrated

Production:

Chile's production of apple juice concentrate (AJC) primarily reflects foreign demand and apple for processing availability. Although the apple juice industry mainly processes export rejects. Although, the AJC industry has encouraged farmers the production of sour-type apples, as well as to expand new plantings of apple varieties mainly for juice purposes, it still processes almost only export rejects. The apple juice industry competes with the pulp industry for the apples left from the fresh exported process.

Consumption:

Limited amounts of AJC, principally 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, accounting for 60 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.

Production, Supply and Demand Data Statistics:

Export Trade Matrix					
Country	Chile				
Commodity	**Apple Juice, Concentrated**				
Exports for:	2007		**2008**		
Time Period	Jan-Dec	Units:	M.T.		
Units:	**Volume**	**Value**		**Volume**	**Value**
U.S.	21.395	24.143	U.S.	26.426	45.108
Others			**Others**		
Japan	6.250	7.709	Japan	5.513	9.768
Mexico	5.113	6.057	Canada	3.166	5.611
Canada	1.792	2.120	Mexico	2.546	5.520
Netherlands	191	320	Costa Rica	306	646
So. Korea	173	216	Peru	186	427
Costa Rica	171	226	So. Korea	108	229
U.K.	139	186	Panama	80	179
Peru	136	199	Dominican Rep.	69	151
Puerto Rico	79	93	Pakistan	65	127
Dominican Rep.	71	95	Colombia	56	115
Total for Others	14.115			12.095	
Others not Listed	414			146	
Grand Total	**35.924**	**41.808**		**38.667**	**68.170**
Time Period	Jan-Sep				
Exports for:	2008		**2009**		
U.S.	17.131	29.155	U.S.	17.062	19.006
Others			**Others**		

Japan	3.478	5.936	Canada	3.319	2.848
Mexico	2.369	5.162	Japan	3.006	3.793
Canada	1.865	3.342	Mexico	2.104	3.083
Costa Rica	246	512	So. Korea	668	728
Peru	92	210	Costa Rica	141	254
So. Korea	69	149	Panama	111	142
Dominican Rep.	69	151	Peru	78	120
Panama	67	147	Venezuela	59	65
Pakistan	65	127	Ecuador	43	68
Ecuador	44	92	Dominican Rep.	41	59
Total for Others	8.364			9.570	
Others not Listed	68			182	
Grand Total	**25.563**	**45.119**		**26.814**	**30.423**

Note: Volume in M.T. and Value in Thous.US$ F.O.B.