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Annual Fresh Deciduous Fruit Report

Report Categories:

Fresh Deciduous Fruit

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Report Highlights:

For calendar year (CY) 2016, Post revised its apples production forecast down to 1 million metric tons (MMT), an 18 percent drop. The decrease in apple production is a result of unfavorable weather conditions and an ongoing decline of planted area. Apple imports increased 99 percent reaching 82,368 metric tons (MT) in CY2016. Total fresh pear imports were projected to drop 14 percent in CY 2015 to 179,306 MT when compared to the previous year. On the other hand, a 6 percent increase is estimated in CY 2016, reaching 205,000 MT of imported fresh pears. For grapes, production is projected to decrease significantly to 959,482 MT from the past estimate of 1.4 MMT, as a result of the weather problems experienced in 2015.

General Information:
Apples

Area:

Total planted area for apples in Brazil in 2016 is estimated to decrease to 34,664 hectares, a 4 percent decline, as the planting of new trees is limited by the higher costs of production. Planted areas for apples have been following a downward trend during the past few years. The reason for the reduction in the area is mainly driven by three factors: economic problems in the sector, severe weather conditions, and the eradication of old orchards, which were showing low productivity in recent years. Some producers claimed dissatisfaction with the profit margins, and did not show any interest in replacing eradicated trees and planted other crops instead.

Santa Catarina continues to be the main apple-producing state in Brazil, accounting for 48 percent of total area, followed by Rio Grande do Sul with 47 percent. Brazil mainly produces three varieties of apples: Gala, Fuji and Eva.

Total planted area for apple production

State	Principal Varieties	Planted area 2014 (ha)	Planted area 2015 (ha)	Planted area 2016 (ha)	% Change 2015/2016
Santa Catarina	Gala and Fuji	18,038	17,929	17,028	-5%
Rio Grande do Sul	Gala and Fuji	17,582	16,471	15,716	-5%
Parana	Eva	1,730	1,451	1,490	3%
Sao Paulo	Eva	212	170	173	2%
Others	Gala and Fuji		261	257	-2%
TOTAL BRAZIL		37,562	36,282	34,664	-4%

Source: based on IBGE data base – SIDRA

Production:

In calendar year (CY) 2016, fresh apple production is expected to reach a total of 1.0 million metric tons (MMT), an 18 percent decline in volume. The major producing regions for apples, during the Brazilian winter and spring (Jun-Nov), experienced unfavorable weather conditions. Due to these severe adverse weather conditions, the production decreased substantially and the general quality of the fruit is low.

Total apple production

State	Production 2013 (MT)	Production 2014 (MT)	Production 2015 (MT)	Production 2016 (MT)	% Change 2015/2016
Santa Catarina	530,601	633,197	613,828	501,913	-18.2%
Rio Grande do Sul	642,989	690,422	598,513	485,466	-18.9%
Parana	49,300	48,786	40,580	44,700	10.2%
Sao Paulo	3,665	4,988	3,746	3,447	-8.0%
Others	-	-	5,916	5,767	-2.5%
TOTAL BRAZIL	1,226,555	1,377,393	1,262,583	1,041,293	-17.5%

Source: IBGE database – SIDRA

The current weather scenario for the CY 2017 season started different from the 2016 crop scenario. In the period of June – August 2016 the trees received the necessary amount of cold weather and the trees did not experienced hail and storms. This will help the development of the fruit for the CY 2017 harvest.

Trade sources indicate that total apple production for 2017 harvest production is forecast to increase 2 percent from 2016 harvest considering the same area and considering good weather conditions.

Consumption:

Brazilians consume fresh apples with large variations in preference depending on the region. Consumers in southern Brazil, who have been exposed to a more European style of colonization, prefer larger apples. Consumers in the central region of Brazil prefer medium-sized apples. Those in the Northeast favor smaller-sized apples. Trade contacts highlight that this wide variety of preferences within a single country equates to a market for the entire crop. According to the World Apple and Pear Association, fresh apple consumption was 3 kilos (6.61 lbs) per inhabitant in 2013.

Trade:

Fresh apple exports

In CY2015, Brazil exported 60,112 MT of apples, a 36 percent increase compared to the same period in 2014. Apples producers focused on the external market as the prices were more competitive than compared to the internal market.

Total Brazilian apple exports (Calendar Year: 2013 – 2015)

Brazil Export Statistics Commodity: 080810, Apples, Fresh Calendar Year: 2013 - 2015							
Partner Country	Unit	2013		2014		2015	
		USD	Quantity	USD	Quantity	USD	Quantity
World	T	62,941,935.00	85,429.00	31,902,813.00	44,294.00	40,646,356.00	60,112.00

Source of Data: SECEX – Foreign Trade Secretariat

The panorama is different for CY 2016; exports declined by 49 percent between January – August as the production suffered a significant reduction. This panorama will slightly continue in CY 2017 until the apple producers recover from the downward in years due to severe unfavorable weather conditions.

Total Brazilian apple exports (Year to Date: January – August)

Brazil Export Statistics Commodity: 080810, Apples, Fresh Year To Date: January - August								
Partner Country	Unit	2014		2015		2016		%Change 2015/2016
		USD	Quantity	USD	Quantity	USD	%	
World	T	31,847,946	44,251	40,646,356	60,112	18,141,259	30,637	-49%
Bangladesh	T	6,865,270	11,123	12,058,527	17,285	5,332,899	9,420	-46%
Netherlands	T	8,009,491	10,978	6,465,726	10,754	2,173,523	3,601	-67%
Portugal	T	1,907,195	2,719	1,964,163	3,647	2,143,189	3,392	-7%
Ireland	T	2,394,448	3,154	4,664,544	6,260	1,937,006	3,202	-49%
Russia	T	38,220	42	2,635,521	3,348	1,505,868	2,384	-29%
United	T							-65%

Kingdom		3,465,899	3,938	2,804,160	3,803	817,817	1,349	

Source of Data: SECEX – Foreign Trade Secretariat

Apple Imports

Fresh Apples

Due to the shortage of product in the market, Brazil had to import more fruit in CY2016 than compared to CY2015. According to trade statistics, the amount of imported apples rose by almost 100 percent, between January – August, reaching 82,398 MT. The situation is expected to continue in CY2017.

Total Brazilian apple imports (Year to Date: January – August)

Brazil Import Statistics								
Commodity: 080810, Apples, Fresh								
Year To Date: January - August								
Partner Country	**Unit**	**2014**		**2015**		**2016**		
		USD	**Quantity**	**USD**	**Quantity**	**USD**	**Quantity**	**%Change 2015/2016**
World	T	62,190,910	64,508	36,380,202	41,358	69,997,745	82,368	100%
Chile	T	22,098,780	26,372	16,677,068	21,499	48,355,531	59,161	72%
Argentina	T	34,808,775	33,556	12,702,966	12,318	14,564,430	15,988	19%
Italy	T	1,685,207	1,221	2,526,612	2,636	2,981,485	2,923	4%
France	T	838,638	656	1,741,654	1,661	2,140,561	2,094	3%
Portugal	T	634,149	613	1,256,178	1,419	1,360,180	1,505	2%
Spain	T	1,322,013	1,056	650,251	691	512,582	591	1%
Uruguay	T	789,402	1,015	637,885	920	64,042	85	0%
Cyprus	T	-	-	-	-	18,934	22	0%
United States	T	13,946	17	187,588	214	-	-	

Source of Data: SECEX – Foreign Trade Secretariat

Apple Juice Exports and Imports

As reported last year, apple juice exports increased slightly in 2015 when compared to 2014, the scenario changed in 2016 and apple juice exports declined as a result of the decline in the crop production. The Brazilian juice industry focuses on other fruit flavors such as grape, orange and others. Brazil also uses the apple juice domestically as an ingredient for other types of juices such as: cashew, strawberry and tangerine.

Tariff Rate Table

Harmonized tariff system (HS) code for non-Mercosur countries:

Tariff Number (HTS)	Product Description	Rate (%)
0808.10.00	Apples, Fresh	10
2009.79	Apple juice	14

Production, Supply and Demand Data Statistics:

Apples, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	36312	36282	36312	34664	0	34000
Area Harvested	35884	35822	36000	34429	0	34120
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	1266000	1262583	1240000	1041293	0	1045000
Non-Comm. Production	0	0	0	0	0	0
Production	1266000	1262583	1240000	1041293	0	1045000
Imports	77400	77395	90000	90000	0	91000
Total Supply	1343400	1339978	1330000	1131293	0	1136000
Fresh Dom. Consumption	1244059	1240666	1249000	1071293	0	1074500
Exports	60100	60112	50000	40000	0	41000
For Processing	39241	39200	31000	20000	0	20500
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	1343400	1339978	1330000	1131293	0	1136000
(HA) ,(1000 TREES) ,(MT)						

Pear

Production

Pear production in Brazil decreased 21 percent to 15,000 MT; this was a result of the unfavorable weather conditions that also apples producers experienced in CY 2015. Brazil in general has an insignificant pear production. Thus, the majority of demand for pears is met by imports. This small production is concentrated in the states of Rio Grande do Sul, Santa Catarina, Parana, Sao Paulo and Minas Gerais. The fruit is sold locally, mostly in small cities and with little impact on the big wholesale markets. The cost of pear production is expensive when compared to other tropical fruit available in Brazil, which does not attract new growers to this market.

Trade

Imports

Total pear imports were down 14 percent in CY 2015 to 179,306 MT versus 208,346 MT for the previous year.

Trade sources and U.S. cooperators indicates that Brazil is a maturing market for U.S. pears. As it is maturing, the import volume will fluctuate each season due to the external factors more so than growth in the export market from increasing consumer acceptance or familiarity of U.S. pears. The external factors are the U.S. Dollar – Brazilian Real exchange rate, the volume and prices of competitors' pears in the market (namely Argentina and Spanish pears), the FOB prices for U.S. pears, and the confidence in the U.S. pear shippers to ship to Brazil. Another example of external factors is that U.S. pear crop manifest was full of extremely large size pears (peaking on sizes 80's, 90's and 70's) and Brazil prefers the smaller to medium sized pears, which were being priced at a premium in the 2014 season. And many U.S. pear shippers are still very cautious about shipping large volumes of pears to Brazil due to past seasons' claim issues. The pears that were shipped to Brazil were still very expensive and left the importers and wholesalers with very small margins this season. This tempered their confidence in buying more volumes in the 2013-14 seasons.

Nevertheless, Brazil continues to be one of the strong markets for the U.S. pears specially the Bartlett variety which has strong acceptance in Northeast region of Brazil.

Trade sources forecast that 2016 pears imports will increase nearly 6 percent, reaching a similar volume imported in 2013. The situation is expected to follow this trend for CY 2017. The Brazilian economy and the depreciating exchange rate are the two biggest concerns and the final import number for CY 2016 and 2017 is strongly linked to that.

Tariff Rate Table

Harmonized tariff system (HS) code for non-Mercosur countries:

Tariff Number (HTS)	Product Description	Rate (%)
0808.30.00	Pears, Fresh	10

Production, Supply and Demand Data Statistics:

Pears, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	19000	15000	18000	15900	0	16200
Non-Comm. Production	0	0	0	0	0	0
Production	19000	15000	18000	15900	0	16200
Imports	179300	179306	170000	189500	0	190500
Total Supply	198300	194306	188000	205400	0	206700
Fresh Dom. Consumption	198300	194306	188000	205400	0	206700
Exports	0	0	0	0	0	0
For Processing	0	0	0	0	0	0

Withdrawal From Market	0	0	0	0	0	0
Total Distribution	198300	194306	188000	205400	0	206700
(HA) ,(1000 TREES) ,(MT)						

Grapes

Area

Total planted area for grapes is expected to decrease by 1.8 percent to 77,510 hectares. Future investments are not expected in new areas, due to higher land values. Grapes farmers are working to increase productivity using the same area.

Total planted area for grape production

States	Planted area 2013 (ha)	Planted area 2014 (ha)	Planted area 2015 (ha)	Planted area 2016 (ha)	% Change 2015/2016
Rio Grande do Sul	51,450	51,005	50,743	50,024	-1.4%
Sao Paulo	9,526	8,308	7,821	7,796	-0.3%
Pernambuco	6,817	6,872	6,833	6,848	0.2%
Parana	5,824	5,580	4,157	4,500	8.3%
Santa Catarina	4,272	4,922	4,943	4,832	-2.2%
Bahia	2,395	2,864	2,861	1,919	-32.9%

Others	1,154	997	1,573	1,591	1.1%
Brazil total area	**81,438**	**80,548**	**78,931**	**77,510**	-1.8%

Source: Based on IBGE data

Production

Trade sources indicate that grape production is expected to decrease 36 percent to 959,482 MT in 2016 when compared to 1.492 MMT in 2015. Trade sources forecast that grape production will remain the same or possibly increase by 1 percent in 2017. This result will be obtained considering favorable weather conditions and that growers continue in the business and invest in technology to increase yields. The dramatic reduction in production volume is a result of the unfavorable weather conditions such as low spring temperatures, high summer temperatures, and rain affected grape production.

The peak of the harvest for the export market is in May and September-November. For the domestic market, the peak harvest is April-June and September-December.

Consumption

Post sources estimate grape consumption at 3.54 kilos (7.08 lbs) per inhabitant.

Following last year's trend, there was strong growth in demand for natural grape juice (with stocks being exhausted at some wineries). As consumers seek healthier juice options and organic products, there is a trend for producers to shift to producing grapes destined for juice as opposed to wine.

Trade

Grape Exports

Production in Rio Grande do Sul is intended for processing, in the Northeast (Sao Francisco Valley) for exports, and the state of Sao Paulo, for table consumption.

Grape exports increased 21 percent in CY 2015 estimated at 34,385 MT, as it was a favorable year for the external market. Despite the low production, farmers decided to focus on the external market as their prices were more favorable. The situation will continue and it's expected that this volume will increase 2 percent in CY 2016, as exporters will focus on the external markets due to the economic crisis.

Grape Imports

Post forecasts that grape imports will slightly increase in CY2016, due to unfavorable weather conditions that affected the production. CY2017 grape imports will continue to decrease as in CY 2015. Chile is the main supplier, accounting for 76 percent market share, and the Argentina market share was 11 percent.

Brazil Import Statistics								
Commodity: 080610, Grapes, Fresh								
Year To Date: January - August								
		2014		**2015**		**2016**		
Partner Country	**Unit**	**USD**	**Quantity**	**USD**	**Quantity**	**USD**	**Quantity**	%Change 2015/2016
World	T	52,773,326	28,953	45,133,733	29,035	37,789,141	23,223	-20%
Chile	T	46,864,150	25,770	36,953,855	24,253	30,715,958	18,405	-24%
Argentina	T	4,388,697	2,511	5,608,506	3,554	5,444,416	3,747	5%
Peru	T	956,234	429	2,102,883	1,031	1,470,042	1,000	-3%
Spain	T	47,113	22	58,562	28	137,632	68	143%
United States	T	39,456	7	65,265	17	21,093	4	-76%

Italy	T	79,580	29	37,008	19	-	-	-100%
Mexico	T	398,096	185	307,654	134	-	-	-100%

Source of Data: SECEX – Foreign Trade Secretariat

Tariff Rate Table

Harmonized tariff system (HS) code for non-Mercosur countries:

Tariff Number (HTS)	Product Description	Rate (%)
0806.10.00	Grapes, Fresh	10

Production, Supply and Demand Data Statistics:

Grapes, Fresh	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	80300	78931	80400	77510	0	77510
Area Harvested	79000	77544	79500	76256	0	76250
Commercial Production	1450900	1492138	1460000	959482	0	969000
Non-Comm. Production	0	0	0	0	0	0
Production	1450900	1492138	1460000	959482	0	969000
Imports	31800	31818	28000	33000	0	32500
Total Supply	1482700	1523956	1488000	992482	0	1001500
Fresh Dom. Consumption	1448300	1489571	1455000	957482	0	965650
Exports	34400	34385	33000	35000	0	35850
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	1482700	1523956	1488000	992482	0	1001500
(HA) ,(MT)						