

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Date: 8/5/2011

GAIN Report Number: CI1028

Chile

Stone Fruit Annual

Peach & Nectarine and Cherry Annual

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Report Highlights:

Chile's production estimates for stone fruits should recuperate when compared to last year's output as weather conditions are expected to be more favorable.

Executive Summary:

Chilean production of peaches & nectarines and cherries in MY2010/2011 have increased year on year compared to MY 2009/2010. Good weather conditions for peaches, nectarines and cherries coupled with an increase of the cherry harvesting area are responsible for the output increase.

Planted area for peaches & nectarines fell mainly as a result falling economic returns as a result of a revaluation of the Chilean peso against the dollar and increased production costs which encourages farmers to uproot low producing orchards. This situation is not the case for cherries as good economic returns in spite of the deterioration of the exchange rate, encourages farmers to increase plantings. During the last few years planted areas to cherries have increased significantly.

Commodities:

Fresh Peaches & Nectarines

Production:

Recent planting statistics released by the Ministry of Agriculture shows that total planted area of peaches and nectarines show a significant decrease when compared with previous years. Total production does not show a corresponding significant reduction as many farmers have been updating older orchards with new more productive varieties. As new varieties develop, most producers have been replacing old, less acceptable varieties, especially in the case of nectarines. As peaches have a shorter shelf life and are less attractive to consumers, planted area to this fruit has decreased proportionally over the last few years. Additionally, declining economic returns have also contributed in uprooting peach orchards in a larger than previously estimated area.

There are over 36 peach varieties for fresh consumption and another 36 varieties of nectarines grown and exported from Chile. Peach and nectarine varieties often become obsolete because of changing consumer tastes, even sometimes before trees begin bearing fruit. This, coupled with high price fluctuations during the last few seasons and diminishing returns will contribute to further reductions in total planted area in the coming years, according to industry representatives.

However, in general variations in outputs are mainly the result of changing weather conditions. Some varieties also are affected by yearly alternate bearing effect.

MY2010/11 brought a smaller than previously predicted peaches and nectarine harvest, but slightly larger than the previous year. Adverse weather conditions reported during last spring in some areas did not affect total peach and nectarine production. For the MY2011/12 production season it is still too early for a good prediction. However, bearing in mind that cold weather observed during this winter will probably accumulate enough cold hours for a good budding in most areas. Still, adverse spring weather during could upset an expected production expansion.

Consumption:

A large percentage of the total peach and nectarine production is consumed as fresh fruit (40%). There is no breakdown on the volume of clingstone versus freestone production or consumption in Chile. Like most fresh fruit consumption in Chile, domestic consumption of peaches and nectarines is mainly lower quality fruit that does not make it to the export market.

Trade:

Over 55 percent of Chile’s total peach and nectarine exports are bound for the United States. Latin America is the second largest export market with a 23 percent of total exports, followed by deliveries to Europe at roughly 16 percent. The relatively short shelf life of peaches and nectarines is the major factor influencing the search for nearby markets. Some stone fruits are imported; these come mainly from the United States. Among them, peaches and nectarines have been arriving during offseason and are successfully marketed in large supermarket chains.

Production, Supply and Demand Data Statistics:

Fresh Peaches & Nectarines Chile	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	10,441	10,441	10,400	8,920		8,622
Area Harvested	9,606	9,606	9,500	8,470		8,190
Bearing Trees	6,488	6,488	6,416	5,720		5,531
Non-Bearing Trees	560	560	604	301		289
Total Trees	7,048	7,048	7,020	6,021		5,820
Commercial Production	150,000	150,000	170,000	160,300		157,900
Non-Comm. Production	1,000	1,000	1,000	1,000		1,000
Production	151,000	151,000	171,000	161,300		158,900
Imports	100	183	110	62		100
Total Supply	151,100	151,183	171,110	161,362		159,000
Fresh Dom. Consumption	58,017	58,017	67,110	58,200		58,500
Exports	89,483	89,761	100,000	99,700		98,000
For Processing	3,600	3,405	4,000	3,462		2,500
Withdrawal From Market	0		0			
Total Distribution	151,100	151,183	171,110	161,362		159,000

HA, 1000 TREES, MT

Export Trade Matrix

Country		Chile			
Commodity		Fresh Peaches & Nectarines			
Exports for:	2010	2011			
	Jan-Dec	Units:	M.T.		
Units:	Volume	Value		Volume	Value
U.S.	50,920	68,482	U.S.	45,095	41,091
Others		Others			
México	6,305	8,976	Netherlands	7,823	8,155
Brazil	6,086	6,909	México	7,124	8,300
Taiwan	4,888	8,139	Brazil	5,781	5,392
Netherlands	4,630	7,468	Taiwan	4,682	7,223
Spain	3,248	5,206	Hong-Kong	4,412	5,549
Hong-Kong	2,853	4,342	U.K.	3,127	3,420
Colombia	2,437	3,234	Spain	2,424	2,519
U.K.	2,235	2,871	Colombia	2,048	2,455
Ecuador	2,165	2,364	Ecuador	1,628	1,472
Russia	1,017	1,376	Russia	1,085	1,116
Total for Others	35,864			40,134	
Others not Listed	5,056			5,355	
Grand Total	91,840	126,264		90,584	92,430

Note: 2011 data is from January through June only.

Commodities:

Fresh Cherries, (Sweet&Sour)

Production:

The cherry production area was adjusted downward as a result of the new planting figures published by the Ministry of Agriculture. Nevertheless planted area has expanded significantly in the last few years. Close to 40 percent of the total planted area is still not in production or in the incremental stage of production. We can expect cherry production to increase during the next few years. Cherries are one of the few fruits that producers are increasing their planted area despite the fall of the dollar in value against the peso. The exchange rate is hurting the fresh fruit industry in general by increasing production costs which are in pesos, and diminishing returns which are in dollars.

Producers have expended the production period by introducing more weather resistant varieties and planting these further south. During recent years, between 2,000 to 2,500 hectares yearly have been planted totaling almost 15,000 hectares.

The main varieties planted are Bing, Sweet Heart and Santina which together represent over 88 percent of the total cherries exported. Among the main new-planted varieties are Lapins, Van, Stella and Summit. A total of over 70 varieties are planted in Chile.

Although Chile has great potential for cherry production, every year the total output is affected by both climatic factors and/or the extreme delicacy of the fruit. A pre-harvest rain or other adverse weather

conditions can damage the delicate skin of the fruit. These factors make production very expensive, as it requires extreme care and specialized labor. The harvest can only be done by hand; there is no mechanization. Chile has great potential because it is one of the few countries that can produce off season in the southern hemisphere for the large quantity of consumers of the northern hemisphere. Chile has an advantage over other countries like South Africa where there is cheap labor, but average temperatures are too high. New Zealand does not have enough suitable land for cherry production and Australia has water problems. Chile produces 2 percent of total world production but it meets almost 80 percent of the off-season demand.

As weather has been more favorable this past year, total cherry production in MY2010/2011 increased significantly when compared with both our previous estimates and last year's output. A significant area which comes into production this year also contributed with the large production expansion.

Consumption:

Trade: As for all other stone fruit the U.S. is Chile's single most important fresh cherry export market. As production expands in the coming years, industry expects to increase exports to the EU, Japan and China. Since 2007 Chile exports its cherries duty free to the EU and the agreement with Japan will lower the current 8.5 percent duty in six years to zero. The agreement with China calls for a duty reduction in 3 years of the present 10 percent duty. Although cherries are exported from early November through February, over 90 percent are exported during the months of December and January.

Production, Supply and Demand Data Statistics:

Fresh Cherries (Sweet&Sour) Chile	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	15,730	15,730	16,470	13,143		14,143
Area Harvested	9,940	9,940	10,400	10,280		10,480
Bearing Trees	5,275	5,275	5,520	5,456		5,562
Non-Bearing Trees	4,163	4,163	4,362	2,430		2,924
Total Trees	9,438	9,438	9,882	7,886		8,486
Commercial Production	49,750	49,750	63,400	76,120		82,000
Non-Comm. Production	1,000	1,000	1,000	1,000		1,000
Production	50,750	50,750	64,400	77,120		83,000
Imports	8	8	8	8		8
Total Supply	50,758	50,758	64,408	77,128		83,008
Fresh Dom. Consumption	9,725	9,725	10,008	10,525		11,808
Exports	33,054	33,071	45,400	57,600		62,000
For Processing	7,979	7,962	9,000	9,003		9,200
Withdrawal From Market	0		0			
Total Distribution	50,758	50,758	64,408	77,128		83,008

HA, 1000 TREES, MT

Export Trade Matrix

Country	Chile	
Commodity	Fresh Cherries,(Sweet-sour)	
Exports for:	2010	2011
Time Period	Jan-Dec	Units: M.T.

Units:	Volume	Value		Volume	Value
U.S.	16,103	61,405	U.S.	10,666	27,505

Others			Others		
Hong-Kong	8,992	56,403	Hong-Kong	9,632	37,192
China	5,409	34,633	China	7,778	27,384
Taiwan	3,100	19,560	Taiwan	3,079	12,812
Brazil	2,722	11,675	U.K.	1,639	4,802
U.K.	1,885	8,301	Spain	831	2,578
Spain	1,275	6,876	Brazil	588	1,903
Netherlands	984	4,256	Netherlands	562	1,803
Ecuador	670	1,654	Ecuador	246	316
Canada	608	2,132	Thailand	196	866
France	302	1,739	Canada	171	758
Total for Others	25,947			24,722	
Others not Listed	2,062			1,061	
Grand Total	44,112	219,732		36,449	122,753

Note: 2011 data is from January through June only.