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Chile

Fresh Deciduous Fruit Annual

Fresh Apples, Table Grapes and Pears

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Report Highlights:

Weather conditions are expected to be uncertain during the 2015 spring and summer due to “El Niño”. Rain is expected during the spring and unusually high temperatures and drought conditions are expected in the summer.

Apple exports were down by 23.5% from January-September 2015 compared with the previous marketing year (MY) 2013/2014, as the international prices Chilean exporters obtained were 2.7% lower. A total of 10% decrease in apple exports is expected for MY 2014/2015. A reduction in apple area for MY 2015/2016 season is evidenced by official government data. In contrast, there is a 4% increase in fresh grape exports in MY 2014/2015 but prices have been lower compared to previous MY.

Weather conditions affected Valle del Copiapo (Atacama region), which suffered from severe flooding in March, and then experienced snow in July, which is Quite unusual for a traditionally dry desert-like region. Grape export volumes are not expected to increase significantly in MY 2015/2016, as a result. Finally, fresh pear exports had an 18.8% increase in MY 2014/2015 from January to September. MY 2015/2016 production and exports are expected to increase at a similar rate than the previous MY reaching almost 300,000 MT of commercial production and 158,466 MT of exports.

Executive Summary:

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Commodities:

Apples, Fresh

Production:

Apple production in Chile is concentrated on Regions of O’Higgins and Maule that account for 25.5% and 62.1% of total apple production area. Chile produces a great number of red apple varieties such as Royal Gala, which accounts for 24% of its red apple production area, followed by Fuji (8%), Pink Lady (8%), Red Chief (7%), and Scarlett (7%). On the other hand, Granny Smith apples make up 97% of the green apple producing area.

Current production tendency is to plant high density orchards with 2000-3000 trees per hectare (ha), which permits farmers to obtain yields of up to 60MT/ha. New varieties such as Royal Gala and Fuji mutations are mostly being used, as they have better red color fruit coverage, better response to more unstable weather conditions and require less chill hours.

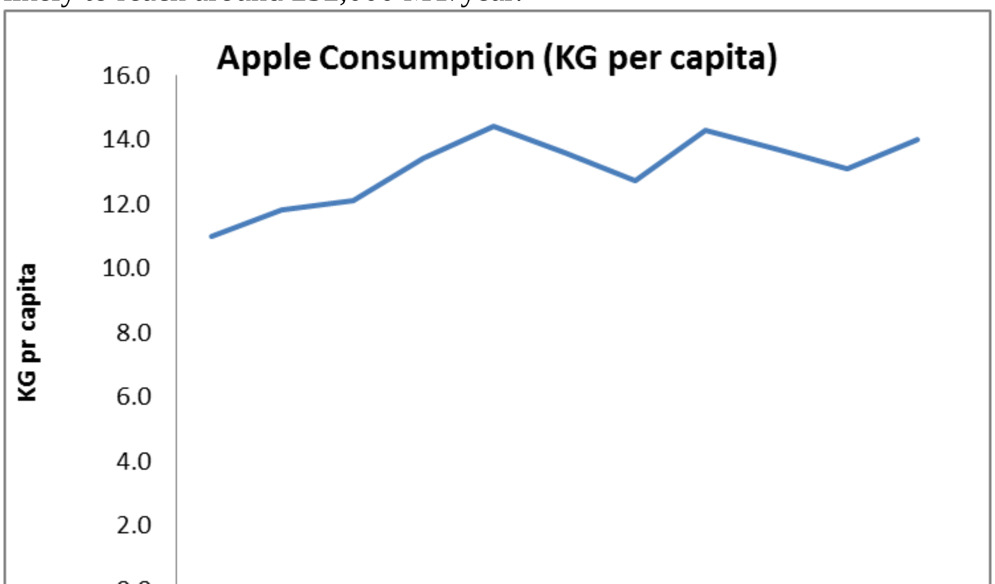
Weather conditions are expected to be uncertain during the spring and the summer due to “El Niño”. Rain is expected during the spring and unusually high temperatures and drought are expected in the summer. These factors could decrease yields and fruit quality, and increase costs associated with the use of fungicides

Red Apple and Green Apple Planted Area MY 2014/2015

	Red Apples		Green Apples		Total	
Region	Area (HA)	%	Area (HA)	%	Area (HA)	%
IV Coquimbo	0.0	0.0%		0.0%	0	0.0%
V Valparaíso	131	0.5%	42	0.6%	173	0.5%
XIII Metropolitana	190	0.7%	48	0.7%	238	0.7%
VI O'Higgins	6,160	21.2%	3,083	43.3%	9,243	25.5%
VII Maule	18,863	64.9%	3,625	50.9%	22,488	62.1%
VIII Biobío	1,415	4.9%	147	2.1%	1,562	4.3%
IX Araucanía	2,313	8.0%	163	2.3%	2,476	6.8%
XIX Los Ríos	9	0.0%	17	0.2%	26	0.1%
Total	**29,081**	**100.0%**	**7,124**	**100.0%**	**36,206**	**100.0%**

Source: ODEPA-CIREN, 2015.
Note: Area is last available data for each region.

Consumption:
Apple consumption has been rising since 2003. Per capita consumption hit 14kg in 2013. Total country population in MY2015 is estimated to be 18,006,407 (INE, 2015) thus total domestic consumption is likely to reach around 252,000 MT/year.

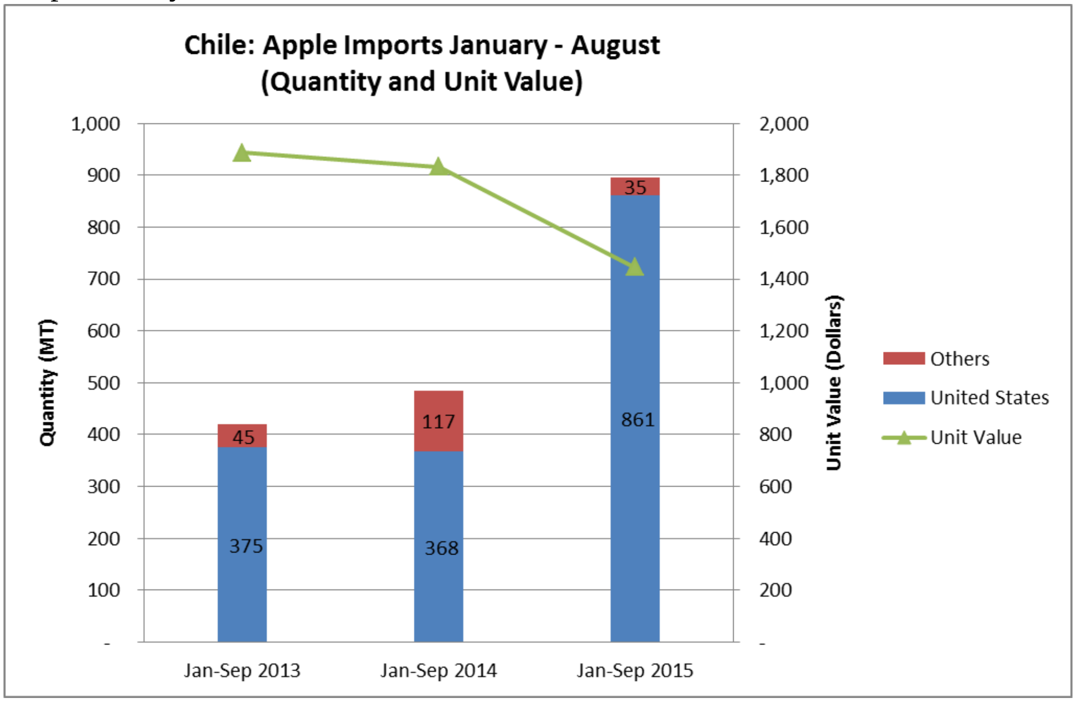


	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
KG	11.0	11.8	12.1	13.4	14.4	13.6	12.7	14.3	13.7	13.1	14.0

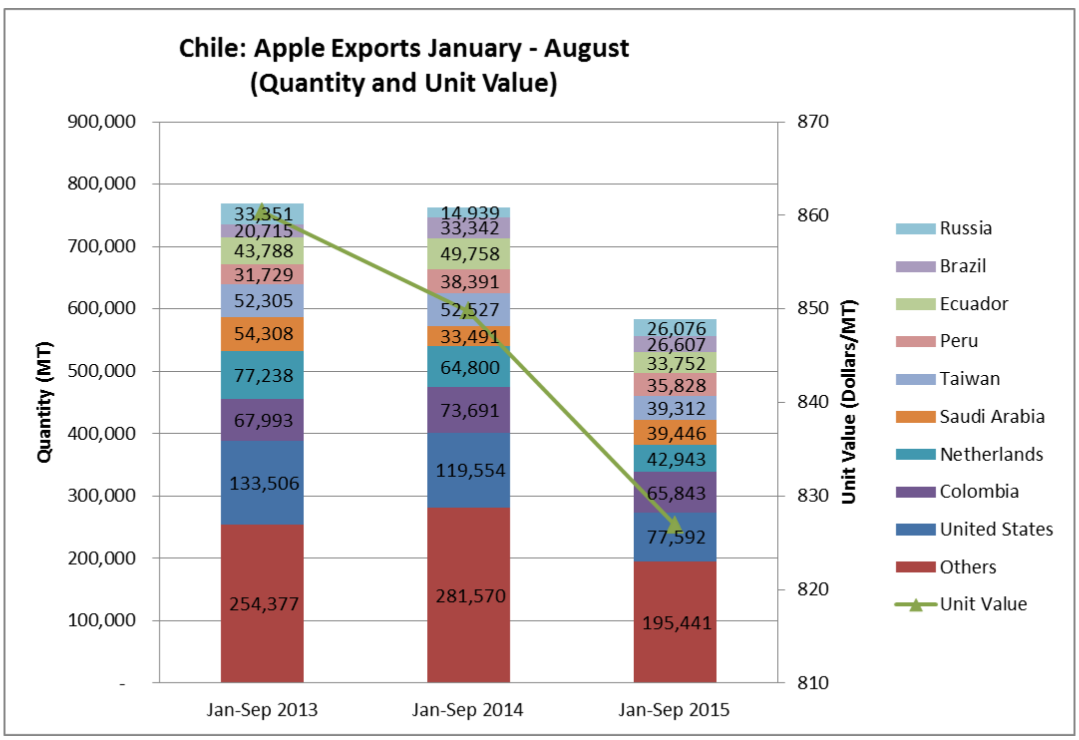
Source: ODEPA, 2015.

Trade:

The majority of Chile's apple imports come from the United States. The United States sent 861 MT of apple exports to Chile from January through September 2015, showing an 85% increase compared to the previous year.



Source: Servicio Nacional de Aduana.



Source: Servicio Nacional de Aduana.

Apple exports were down by 23.5% from January-September 2015 compared with the same period in MY 2013/2014. The United States is the main market for Chilean apples, with 14% of total fresh apple exports. The U.S. imported 35.1% less than the previous year; Colombia had a 10.7% reduction and Netherlands a 33.7% reduction. Prices dropped by 2.7% in MY 2014/2015 with an average of US$815/MT. In the U.S. a 4.7% increase in average price took place reaching US$915.4/MT. Colombia showed almost no price variation (0.2%) and the export price to Netherlands had a 7.0% decrease (US$ 788.9/MT).

Chilean traders believed that the strengthening of the US dollar will increase the attractiveness for its exports to the United States in MY 2015/2016. On other hand, lower international prices and high domestic stocks are contributing to a reduction in Chilean apple exports. The Russian market showed a 77.4% increase in Chilean Apple imports reaching 26,076 MT in MY 2014/2015 through September, although the average price was 8.2% lower (US$801.4MT). The main reason for this increase is the embargo Russia has on EU imports which had created an opportunity for Chilean exports. Other markets that increased apple imports from Chile are Saudi Arabia importing a total of 39.446 MT (17.8% increase) and China 22.323 MT (41.2% increase).

Lower prices and high stocks in the northern hemisphere caused a lag in Chilean exports overall, thus exporters are withholding shipments waiting for better market conditions. A total of 10% decrease in apple exports are expected for MY 2014/2015.

A reduction in apple area planted for MY 2015/2016 is evidenced by official government data from ODEPA/CIREN and was caused by uproot of lower yield orchards that are less competitive and a movement towards higher yield varieties and other fruits that are more profitable like pears and cherries.

Production, Supply and Demand Data Statistics:

Apples, Fresh	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jan 2014		Jan 2015		Jan 2016	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	37,700	37,545	37,200	37,207	0	36,206
Area Harvested	33,500	33,500	33,500	33,858	0	33,574
Bearing Trees	15,100	40,254	15,100	39,912	0	38,888
Non-Bearing Trees	1,920	2,921	1,700	2,898	0	2,827
Total Trees	17,020	43,175	16,800	42,810	0	41,715
Commercial Production	1,300,000	1,300,000	1,190,000	1,340,000	0	1,342,960
Non-Comm. Production	10,000	10,000	10,000	10,000	0	10,000
Production	1,310,000	1,310,000	1,200,000	1,350,000	0	1,352,960
Imports	1,300	1,300	1,000	1,500	0	1,500
Total Supply	1,311,300	1,311,300	1,201,000	1,351,500	0	1,354,460
Fresh Dom. Consumption	132,725	195,683	81,400	252,000	0	252,000
Exports	883,200	820,242	740,000	738,218	0	782,460
For Processing	295,375	295,375	379,600	361,282	0	320,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	1,311,300	1,311,300	1,201,000	1,351,500	0	1,354,460
(HA) ,(1000 TREES) ,(MT)						

Commodities:

Grapes, Table, Fresh

Production:

Grape production is situated between Atacama and Maule regions. Main production regions are O'Higgins (25.4% of production area) and Valparaiso (22.2% of production area).
Chile's main grape varieties produced are Red Globe (24.3% of production area), Thompson Seedless (23.8%), Crimpson Seedless (16.8%), Flame Seedless (15.6%) and Superior Seedless (6.4%).

Weather conditions affected Valle del Copiapo (Atacama region) with a severe flood in March followed by snow showers in July 2015. An estimated of 700 ha of grapes were lost along with irrigation systems due to the flooding. The snow affected 190 ha of grapes in the Atacama region. Irrigation issues were resolved to this date and it is estimated that replanting of 600 ha occurred in the area that was affected. Thus a decrease in production is expected in that region, but not as severe as initially forecasted.

In central regions, high temperatures and rain are expected in the spring due to "El Niño", which could affect blooming. According to producers, this could cause fungal diseases. Thus, appropriate orchard management and use of fungicide may be required to reduce such problems.

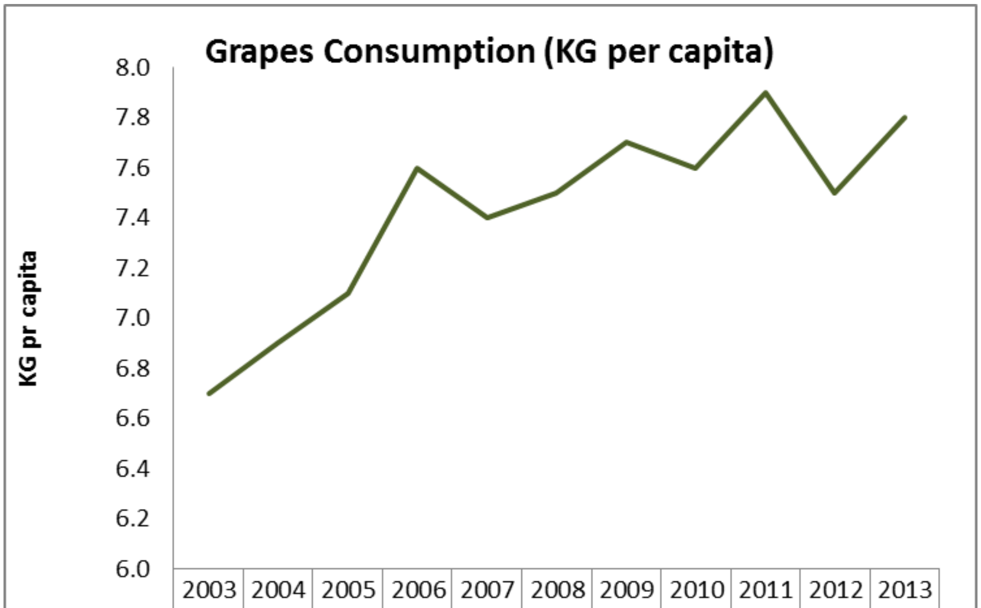
Grape Planted Area MY 2014/2015

Region	Area (Ha)	%
III Atacama	7,746.1	15.9%
IV Coquimbo	8,721.6	17.9%
V Valparaiso	10,771	22.2%
Metropolitana	8,771	18.1%
VI O'Higgins	12,364	25.4%
VII Maule	220	0.5%
Total	**48,593**	**100.0%**

Source: ODEPA-CIREN, 2015.
Note: Area is last available data for each region.

Consumption:

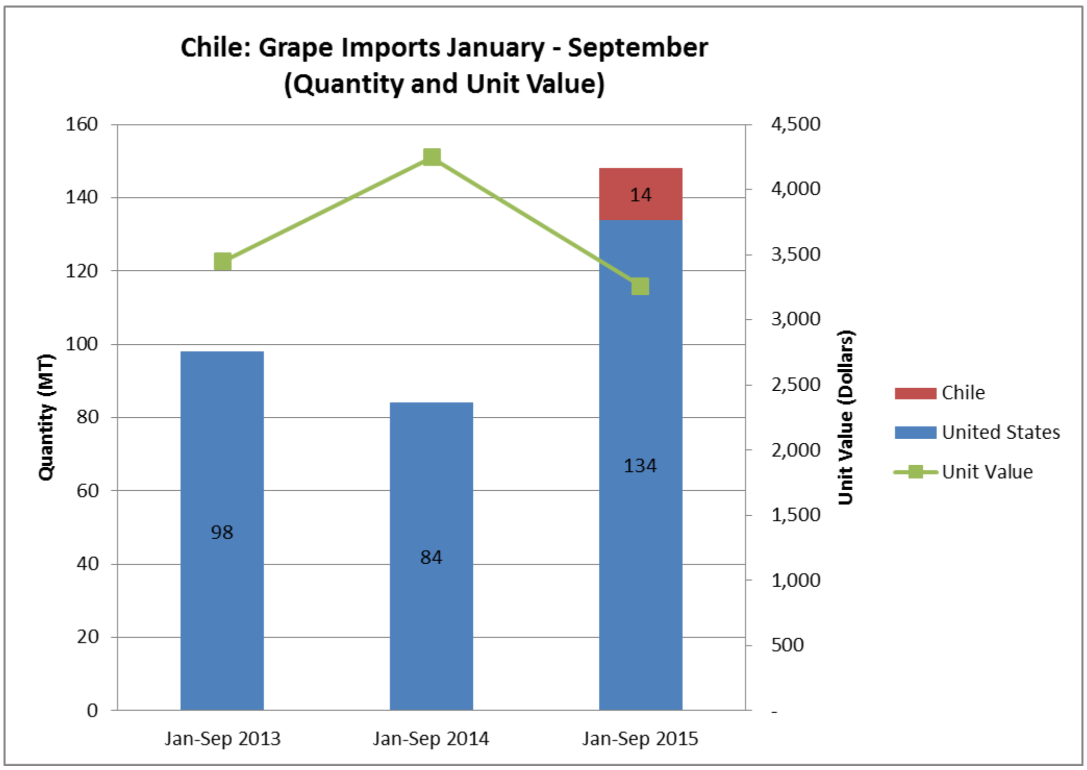
Grape consumption has been rising since 2003, with per capita consumption reaching 7.8kg in 2013. As mentioned earlier, Chile's population is estimated at 18,006,407 (Source: INE, 2015), thus total domestic consumption is likely to reach around 140,000 MT/year.



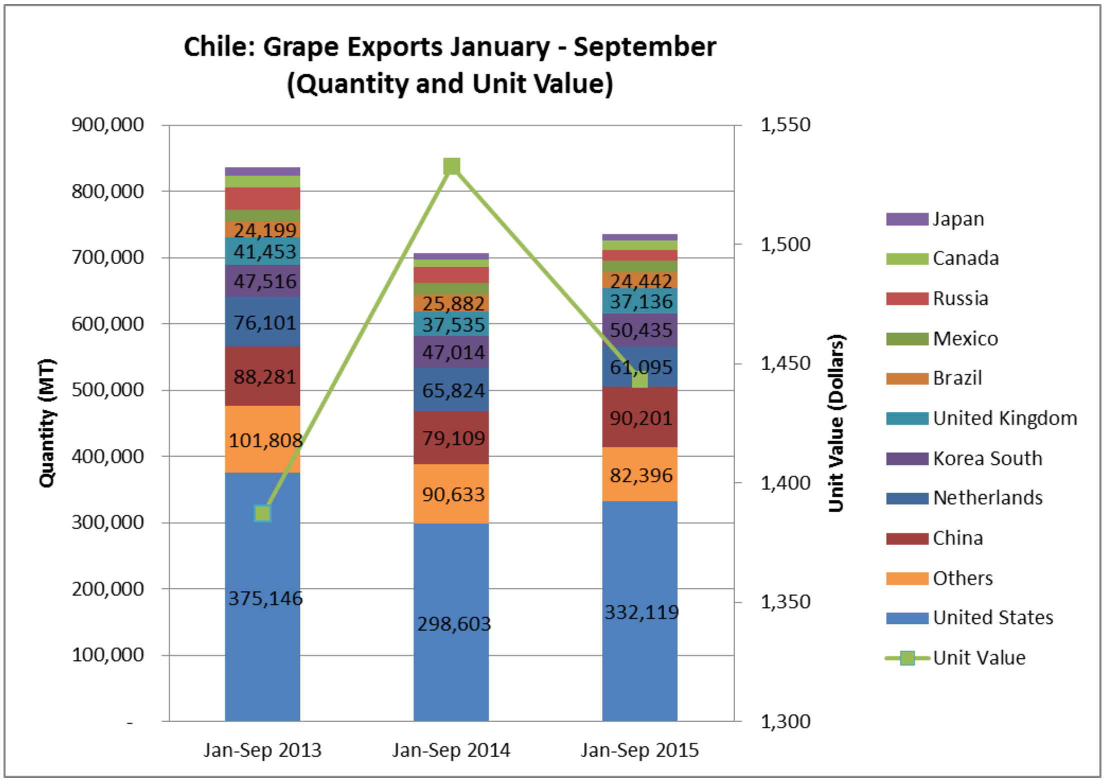
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
KG	6.7	6.9	7.1	7.6	7.4	7.5	7.7	7.6	7.9	7.5	7.8

Source: ODEPA. 2015.

Trade:



Source: Servicio Nacional de Aduana.



Source: Servicio Nacional de Aduana.

There was a 4% increase on exports on the MY 2014/2015 but average price has been lower compared to season MY 2013/2014. The U.S. is the main destination of Chilean grape exports, importing nearly 45% of all Chilean grapes, followed by China (12%) and the Netherlands (8%). The market share of exports to the U.S. is expected to increase in MY 2015/2016 due to high exchange rates and strengthening of the US dollar. Exports showed an 11.2% increase to the United States and a 14.0% increase to China, while exports to Netherlands decreased on 7.2%. Fresh grapes average price went down 5.8%, but increased in 3.6% in the United States.

In MY 2015/2016 a recuperation of the northern production orchards that were affected by floods and snow is expected, although total planted area was reduced due mainly to the attractiveness of planting fruits that are currently more profitable like cherries. No drastic changes on export volumes are expected in MY 2015/2016.

Policy:

The Ministry of Agriculture, through SAG (Servicio Agricola y Ganadero) has developed National Program for the control of Grapevine Moth Lobesia Botrana.

The strategy for MY 2015-2016 considers the following actions:
1) Monitoring trough pheromone traps
2) Rural and urban control
3) Auditing internal quarantine actions

4) Develop and implement a communications plan.
5) Supervise and support the National Research Plan by INIA.

National program goals are:
i) Contain, suppress and eradicate the plague:
- Contention and suppress strategy in Metropolitana, O'Higgins and Maule regions.
-Eradication and suppress strategy in: Atacama (Copiapo province to the south), Coquimbo, Valparaíso, Biobío y Araucanía regions.
ii. Establish a monitoring network that allows knowledge on the distribution, absence and population of the plague.
iii. Establish quarantine actions that avoid dispersion of the plague.
iv. Auditing the compliance of SAG measures.

Production, Supply and Demand Data Statistics:

Grapes, Fresh	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jan 2014		Jan 2015		Jan 2016	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	62,600	53,727	52,200	52,234	0	48,593
Area Harvested	53,300	53,300	49,600	49,600	0	46,172
Commercial Production	1,050,000	1,050,000	1,200,000	925,007	0	920,000
Non-Comm. Production	5,000	5,000	5,000	3,520	0	3,500
Production	1,055,000	1,055,000	1,205,000	928,527	0	923,500
Imports	200	207	200	250	0	200
Total Supply	1,055,200	1,055,207	1,205,200	928,777	0	923,700
Fresh Dom. Consumption	323,200	323,230	375,200	192,680	0	183,700
Exports	732,000	731,977	830,000	736,097	0	740,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	1,055,200	1,055,207	1,205,200	928,777	0	923,700
(HA) ,(MT)						

Commodities:

Pears, Fresh

Production:

Chile's pear production regions are O'Higgins, Maule and Metropolitana, which account for 97% of total production area. Main varieties produced are Packam's Triumph, which accounts for 36% of the area, Abate Fettel (17.6%), Forelle (11.0%), Coscia (7.9%) and Beurre Bosc (6.3%).

Pear Planted Area MY 2014/2015

Region	Area (Ha)	%
III Atacama	0.3	0.0%
IV Coquimbo	42.7	0.5%
V Valparaiso	142	1.7%
Metropolitana	808	9.6%
VI O'Higgins	4,795	57.2%
VII Maule	2,513	30.0%
VIII Biobio	61	0.7%
IX Araucania	18.20	0.2%
Total	**8,380**	**100.0%**

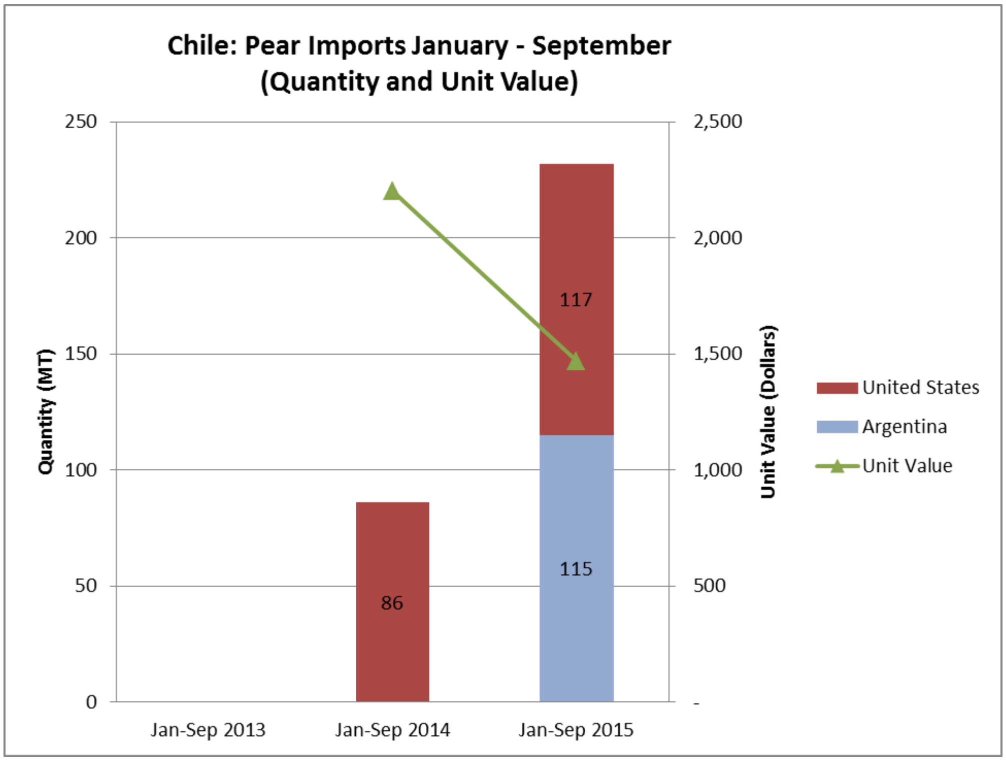
Source: ODEPA-CIREN, 2015.
Note: Area is last available data for each region.

Consumption:

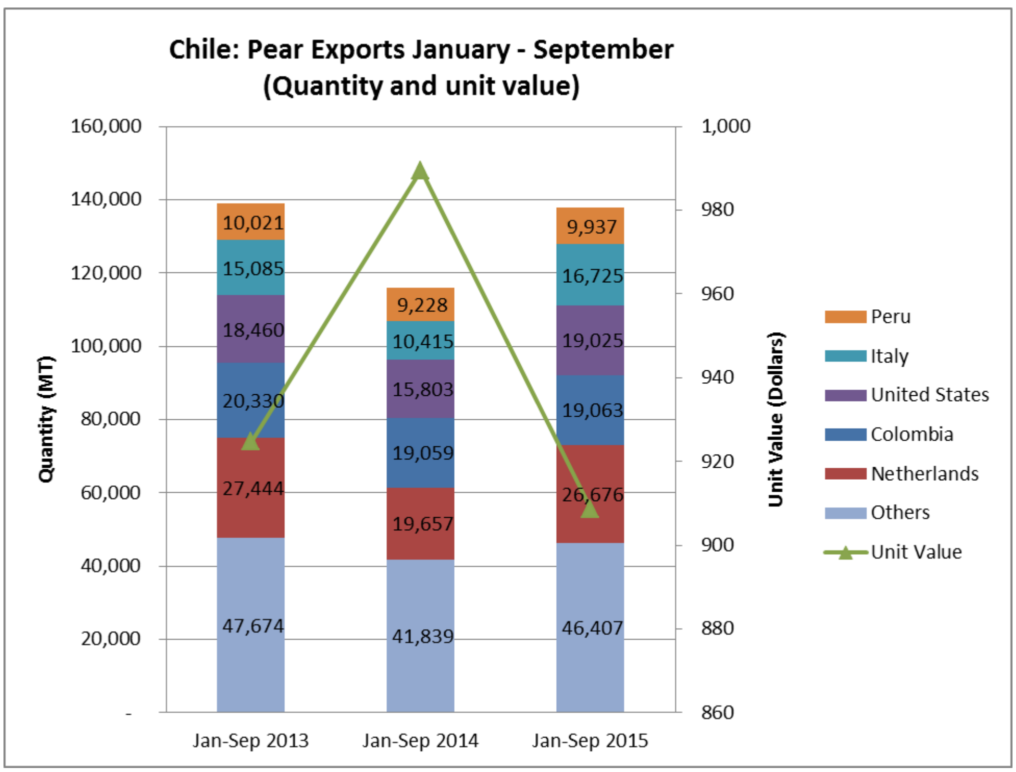
There is no official data for pear consumption. Data is obtained by estimating the difference between known exports and estimated volume that goes to processing industry. Fruit consumption in the domestic Chilean market is mainly discarded fruit that was not used for exports.

Trade:

Pear imports doubled in MY 2014/2015 reaching 231 MT from January to September. Pear imports came only from United States (115MT) and Argentina (113MT).



Source: Servicio Nacional de Aduana.



Source: Servicio Nacional de Aduana.

Exports had an 18.8% increase in MY 2014/2015 until September, although price showed a 8.2% decrease related to the previous season. 19% of Chile's fresh pear exports go to Netherlands, 14% goes to Colombia, 14% to United States and 12% to Italy. 26,676 MT have been exported to Netherlands from January to September 2015 (35.7% increase compared to previous MY), 19,063.0 MT to Colombia (.02% increase) and 19,025 MT to the U.S. (20.4% increase).

The area planted for pear orchards has increased mainly because of high profits obtained by pear producers exporting. MY2015/2016 production and exports are expected to increase at a similar rate than the previous MY reaching almost 300,000 MT of commercial production and 158,466 MT of exports.

Production, Supply and Demand Data Statistics:

Pears, Fresh	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jan 2014		Jan 2015		Jan 2016	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	6,600	7,185	6,600	7,299	0	8,380
Area Harvested	6,000	6,000	6,000	6,204	0	7,123
Bearing Trees	3,000	6,436	3,000	6,538	0	7,647
Non-Bearing Trees	300	1,172	300	1,191	0	1,393
Total Trees	3,300	7,608	3,300	7,729	0	9,040
Commercial Production	265,000	265,000	288,000	280,000	0	299,166
Non-Comm. Production	2,000	2,000	2,000	2,000	0	2,000
Production	267,000	267,000	290,000	282,000	0	301,166
Imports	300	284	300	231	0	300
Total Supply	267,300	267,284	290,300	282,231	0	301,466
Fresh Dom. Consumption	85,468	85,729	85,100	86,000	0	86,000
Exports	117,300	117,023	130,000	137,834	0	158,466
For Processing	64,532	64,532	75,200	58,397	0	57,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	267,300	267,284	290,300	282,231	0	301,466
(HA) ,(1000 TREES) ,(MT)						