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Chile

Fresh Deciduous Fruit Semi-annual

Chilean fruit exports affected by weather conditions in MY2015/16

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Report Highlights:
Weather conditions such as low spring temperatures, high summer temperatures and rain affected grape production during MY 2015/16. As a result, fresh grape exports are expected to drop to 660,000 MT, which is a 12.5% reduction in volume over MY 2014/15. Fresh pear exports are projected to drop 9% totaling 130,000 MT, also due to negative climate conditions impacting production. On the other hand, a 5% increase in apple export volume is estimated in MY2015/16, totaling 660,000 MT, as U.S. demands increased for Chile's Royal Gala variety.

Executive Summary:
Weather conditions such as low spring temperatures, high summer temperatures and rain affected grape production during MY 2015/16. As a result, fresh grape exports are expected to drop to 660,000 MT, which is a 12.5% reduction in volume over MY 2014/15. Fresh pear exports are projected to drop 9% totaling 130,000 MT, also due to negative climate conditions impacting production. On the other hand, a 5% increase in apple export volume is estimated in MY2015/16, totaling 660,000 MT, as U.S. demands increased for Chile's Royal Gala variety.

Commodities:
Apples, Fresh

Production:
Apple production in Chile is concentrated on Regions of O'Higgins and Maule, which account for 25.5% and 62.1% of total apple production area respectively. Chile produces a great number of red apple varieties such as Royal Gala, which accounts for 24% of its red apple production area and is an early variety but has a lower storage life capacity than other varieties. Fuji accounts for 8% of the planted area but has presented some problems due to sunburn, Pink Lady is a late harvest variety and accounts for 8% of the planted area. On the other hand, Granny Smith apples makeup 97% of the green apple producing area, but has frequently present problems with storage scald.

Since Chile is one of the biggest apple exporters in the world, apple varieties have to respond to world market demands. New Zealand is the biggest competitor in the south hemisphere and it has developed apple varieties that are not all present in Chile.

The current production tendency is to plant high density orchards with 3000 trees per hectare (ha), which permits farmers to obtain yields of up to 60MT/ha. However, as the cost to expand the planting area for apple orchards is high (at a cost of up to $30,000-35,000/ha for a high density orchard), the planting areas have been reduced by farmers.

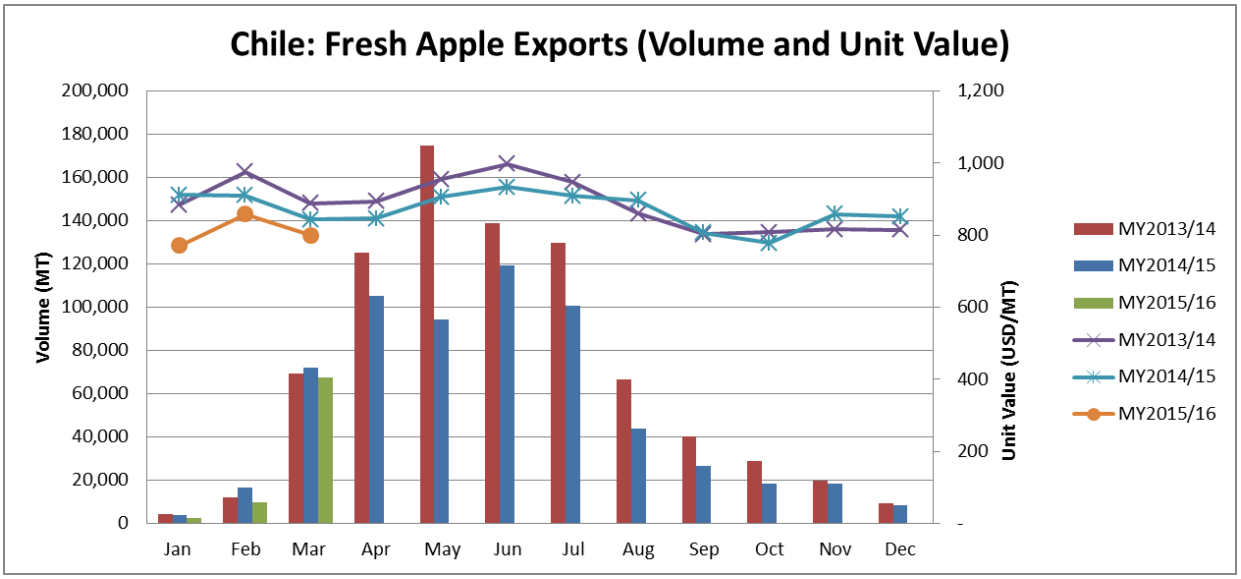
Apple exporters are interested in generating improved commercial varieties that adapt to local conditions, like less chill hour requirements and resistance to Venturia fungus which is a current problem in Chile, and it's favored by rain and high humidity conditions. Other wanted characteristics are a better/longer post-harvest life for Chilean apples and consumer oriented features like fruit crunchiness. The National Institute for Agricultural Research (INIA) conducts an apple variety improvement program that started in 1992 and lasted for 5 years. The second phase of the program started on 2015 and it will last for 10 years in order to obtain long term results.

In CY2015 due to "el Niño" chill hours were insufficient and caused unbalances during bloom, lengthening apple the blooming period and a delay in fruit harvest. According to Post contacts, low temperatures during the spring have also been a cause for lower caliber fruit. Production is expected to remain flat MY2015/16 over MY2014/15, totaling 1,220,000 MT.

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.

Consumption: Apple consumption has been rising since 2003. Per capita consumption hit 14kg in 2013. Total domestic consumption is likely to reach around 255,000 MT/year, considering a population of 18,191,884 in CY2016 (INE, 2016).

Trade:
Trade volume increased 10% in January-April MY 2015/16 over the same period in MY 2014/15. Nevertheless, Chilean fresh apple exports peaked from May through July, and since temperatures in the spring were low, problems in the blooming period were reported, which resulted in lower caliber fruit. Overall a 5% increase in exports is estimated in MY2015/16 over MY2014/15, totaling 660,000 MT.



Source: Based in Servicio Nacional de Aduana and ODEPA, 2016.

Chile: Fresh Apples Exports January- April.			
	Jan- Apr MY2014/15	Jan- Apr MY2015/16	Variation (%)
Volume (MT)	227,119.8	250,489.8	10%

Source: EXPORDATA/ASOEX - DECOFRUT

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	37,500	37,500	37,200	37,200	36,200	36,200

Area Harvested	33,500	33,500	33,900	33,900	33,600	33,600
Bearing Trees	40,300	40,300	39,900	39,900	38,900	38,900
Non-Bearing Trees	2,900	2,900	2,900	2,900	2,800	2,800
Total Trees	43,200	43,200	42,800	42,800	41,700	41,700
Commercial Production	1,300,000	1,300,000	1,340,000	1,200,000	1,340,000	1,220,000
Non-Comm. Production	10,000	10,000	10,000	10,000	10,000	10,000
Production	1,310,000	1,310,000	1,350,000	1,210,000	1,350,000	1,230,000
Imports	1,300	1,326	1,500	2,069	1,500	1,500
Total Supply	1,311,300	1,311,326	1,351,500	1,212,069	1,351,500	1,231,500
Fresh Dom. Consumption	195,725	195,709	252,000	252,000	251,500	251,500
Exports	820,200	820,242	738,200	628,301	780,000	660,000
For Processing	295,375	295,375	361,300	331,768	320,000	320,000
Withdrawal From Market	-	-	-	-	-	-
Total Distribution	1,311,300	1,311,326	1,351,500	1,212,069	1,351,500	1,231,500
(HA) ,(1000 TREES) ,(MT)						

Commodities:

Grapes, Table, Fresh

Production:

Grape production is situated between Atacama and Maule regions. Chile's main grape varieties produced are Red Globe (24.3% of production area), Thompson Seedless (23.8%), Crimson Seedless (16.8%), Flame Seedless (15.6%) and Superior Seedless (6.4%). The top destination for Chilean grapes is the United States.

Weather conditions have affected grape production in MY2015/16; low temperatures during the spring caused an erratic bloom; during the summer high temperatures and rain took place, which complicated the condition of the fruit for exports because it becomes more susceptible to fungal diseases.

Valle del Copiapó (Atacama region), which produces the earliest grapes for exports, was affected by a severe flood in March 2015 followed by snow showers in July 2015. An estimated of 700 ha of grapes were lost along with irrigation systems due to the flooding, while the snow affected 190 ha of grapes in the Atacama region.

Consumption:

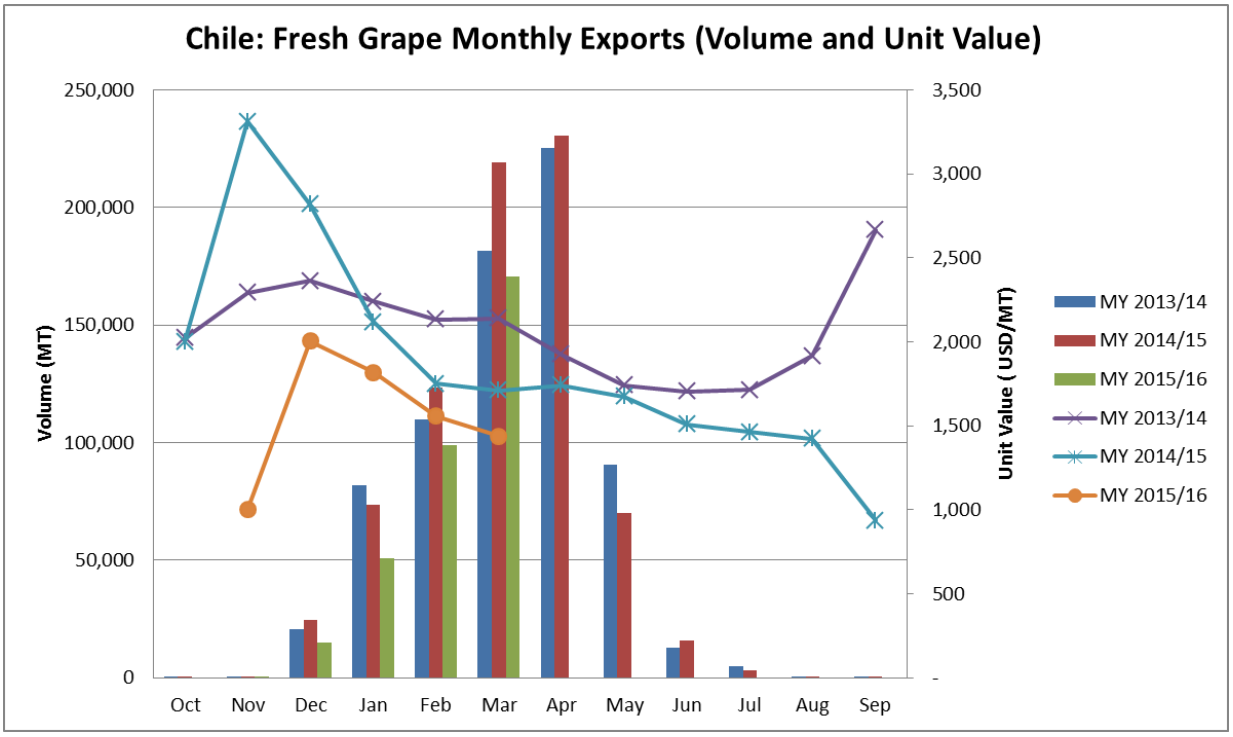
Grape consumption has been rising since 2003, Chile's population is estimated at 18,191,884 in CY2016 (INE, 2016), thus total domestic consumption is likely to reach 180,200 MT/year.

Trade:

Chilean grape exports grew 4.5% in MY 2014/15 over MY2013/14, totaling 760,841 MT. Unite value has dropped over the last two marketing years (see graph Chile: Fresh Grape Monthly Exports).

Trade value dropped 36% October-March MY 2015/16 over the same period in MY 2014/15 and volume dropped 24%. Export peaks on March and April, but rain took place during mid-April and

affected the later harvested grapes for exports. A total of 660,000 MT of fresh grape exports is estimated in MY2015/16, which is a 12.5% reduction in volume.



Source: Based in Servicio Nacional de Aduana and ODEPA, 2016.

Chile: Fresh grape exports October- March.

	Oct-Mar 2014/15	Oct-Mar 2015/16	Variation (%)
Value (USD)	816,368.80	522,138.70	-36%
Volume (MT)	440,843.40	335,373.70	-24%

Source: Based in Servicio Nacional de Aduana and ODEPA, 2016.

Policy:

The Ministry of Agriculture, through SAG (Servicio Agricola y Ganadero) continues to carry out the 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 (Copiapó 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	Oct 2013		Oct 2014		Oct 2015	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	53,700	53,727	52,200	52,200	48,600	48,600
Area Harvested	53,300	53,300	49,600	49,600	46,200	46,200
Commercial Production	1,050,000	1,050,000	925,000	935,724	921,500	820,000
Non-Comm. Production	5,000	5,000	3,500	3,500	3,500	20,000
Production	1,055,000	1,055,000	928,500	939,224	925,000	840,000
Imports	200	207	300	300	200	200
Total Supply	1,055,200	1,055,207	928,800	939,524	925,200	840,200
Fresh Dom. Consumption	323,200	327,275	178,800	178,683	185,200	180,200
Exports	732,000	727,932	750,000	760,841	740,000	660,000
Withdrawal From Market	-	-	-	-	-	-
Total Distribution	1,055,200	1,055,207	928,800	939,524	925,200	840,200
(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%).

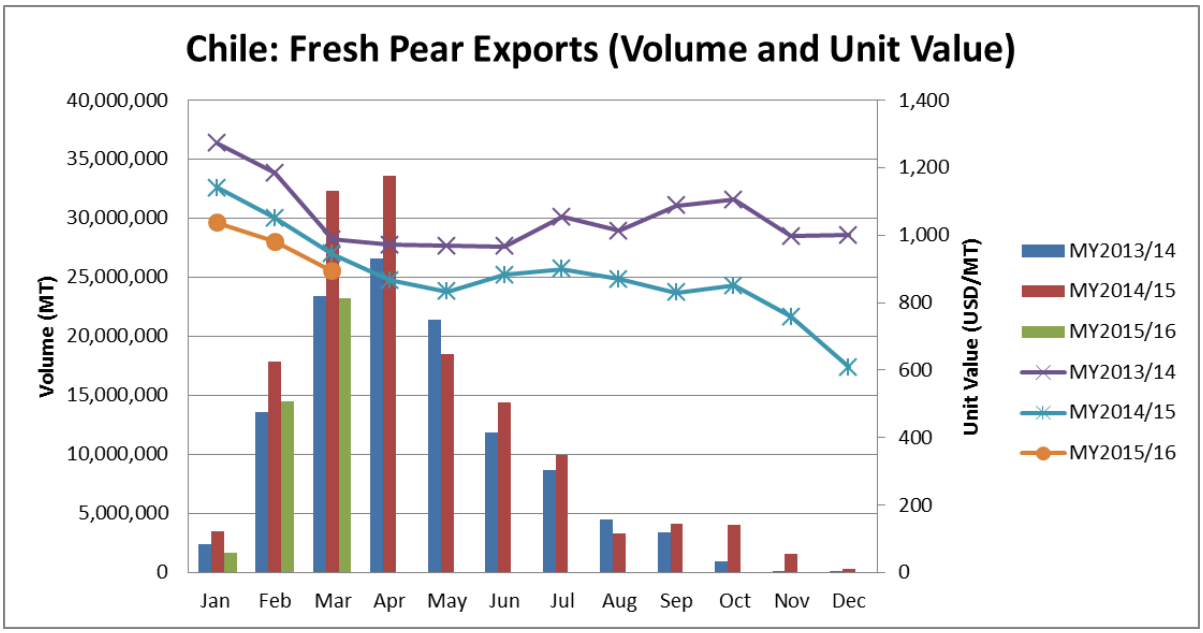
The area planted for pear orchards has been increasing in the last years because of high profits obtained from exports. MY2015/2016 production and exports were expected to increase at a similar rate than the previous MY but pear production was also affected by the low temperatures that took place during the spring and that affected the bloom period causing a delay in production and a lower caliber of the fruit.

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:
Main markets for Chilean pear are Netherlands with 18.5% of total exports, Colombia with 15.5%, and U.S. with 13.2% (Data for MY2014/15). European market seeks for high caliber fruit which is more

difficult to obtain considering the weather conditions during the blooming period in MY2015/16. Trade volume dropped 16% January-April MY 2015/16 over the same period in MY 2014/15. Exports are expected to peak in March through May period but the MY 2015/16 trend so far shows a decrease in exported volumes.

A 9% reduction in fresh pear exports is estimated for MY2015/16 over MY2014/15, falling to 130,000 MT.



Source: Based in Servicio Nacional de Aduana and ODEPA, 2016.

Chile: Fresh Pear Exports January- April.

	Jan- Apr MY2014/15	Jan- Apr MY2015/16	Variation (%)
Volume (MT)	91,997.1	77,614.2	-16%

Source: EXPORDATA/ASOEX - DECOFRUT

Pear imports doubled in MY 2014/2015 and reached 602 MT from January to September. Pear imports came only from United States and Argentina.

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	7,200	7,200	7,300	7,300	8,400	8,400
Area Harvested	6,000	6,000	6,000	6,000	7,000	7,000
Bearing Trees	6,400	6,400	6,500	6,500	7,600	7,600
Non-Bearing Trees	1,200	1,200	1,200	1,200	1,400	1,400
Total Trees	7,600	7,600	7,700	7,700	9,000	9,000
Commercial Production	265,000	265,000	288,000	288,000	298,000	270,000
Non-Comm. Production	2,000	2,000	2,000	2,000	2,000	2,000
Production	267,000	267,000	290,000	290,000	300,000	272,000
Imports	300	284	200	602	300	300
Total Supply	267,300	267,284	290,200	290,602	300,300	272,300

Fresh Dom. Consumption	85,768	85,729	94,000	88,476	83,300	88,000
Exports	117,000	117,023	137,800	143,726	160,000	130,000
For Processing	64,532	64,532	58,400	58,400	57,000	54,300
Withdrawal From Market	-	-	-	-	-	-
Total Distribution	267,300	267,284	290,200	290,602	300,300	272,300
(HA) ,(1000 TREES) ,(MT)						