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Chile

Fresh Deciduous Fruit Annual

2018

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Report Highlights:
For marketing year (MY) 2018/19, Post estimates Chile's apple production will reach 1.24 million metric tons (MMT) and 720,000 MT of exports assuming average yields, and a 4.2 percent decrease over MY2017/18 in planted area. So far, climatic conditions in Chile's growing areas have been normal.

The top market for Chilean table grapes is the United States. Post estimates MY2018/19 table grape exports at 720,000 MT, a 1.5 percent decrease over MY2017/18, assuming average level yields, and one percent decrease in planted area.

Post projects MY2018/19 Chile's pear production to reach 250,000 MT and exports total 127,000 MT, a 2.3 percent export decrease over MY2017/18. Chile's pear planted area in MY2018/19 totaled 8,217 hectares (ha), a 3.8 percent decrease over MY2017/18.

Commodities:
Apples, Fresh

Production:

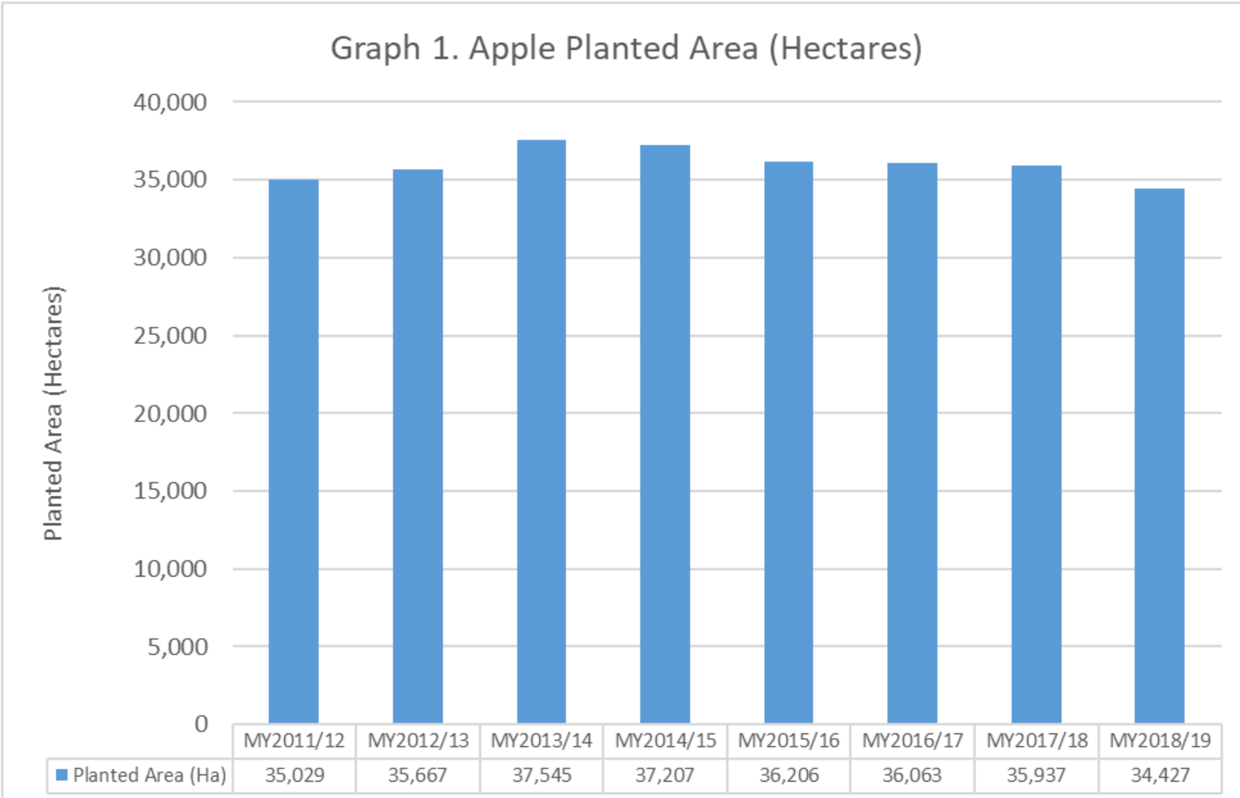
Chile's apple production is concentrated in the Central regions of the country in *Maule* and *O'Higgins* regions, which hold 64 percent and 22 percent of the 34,427 (ha) planted in MY2018/19, respectively. In the southern part of the country, in *La Araucania* region, apple planted area is 2,767 ha or eight percent of total planted area. In *La Araucania* region rainfall is abundant and apple production became a profitable alternative to traditional annual crops such as wheat and oats.

Chile's total apple planted area decreased from 37,545 ha in MY2013/14 to 34,427 ha in MY2017/18 (graph 1). This decrease is explained because apple exports have not been as profitable as other fruit crops such as cherries, walnuts, and hazelnuts.

Apple producers are renewing old orchards with modern varieties such as Jazz, Envy, Brookfield, Rosy Glow or Ambrosia.

According to Post sources, MY2018/19 climatic conditions have been normal so far. Winter chill hour accumulation has been sufficient in apple production areas generating a normal blooming, so production conditions should be normal. However, final apple production depends on normal temperature accumulation during the fruit development stages in the spring and summer months.

Post estimates MY2018/19 production at 1.24 MMT assuming average yields of 36 MT/ha, and a 4.2 percent decrease over MY2017/18 in planted area.



Source: ODEPA, 2018

Consumption:

For MY 2018/19, post estimates domestic consumption of fresh apples to reach 240,000 MT or 19 percent of the total commercial apple production while 291,000 MT or 23 percent of the Chilean apple crop will be processed, and 720,000 MT or 58 percent will be exported.

Apples that do not meet the export market quality requirements (low caliber, less coloring or limited post-harvest life) are re-directed to the domestic market and fruit-processing sector.

Trade:

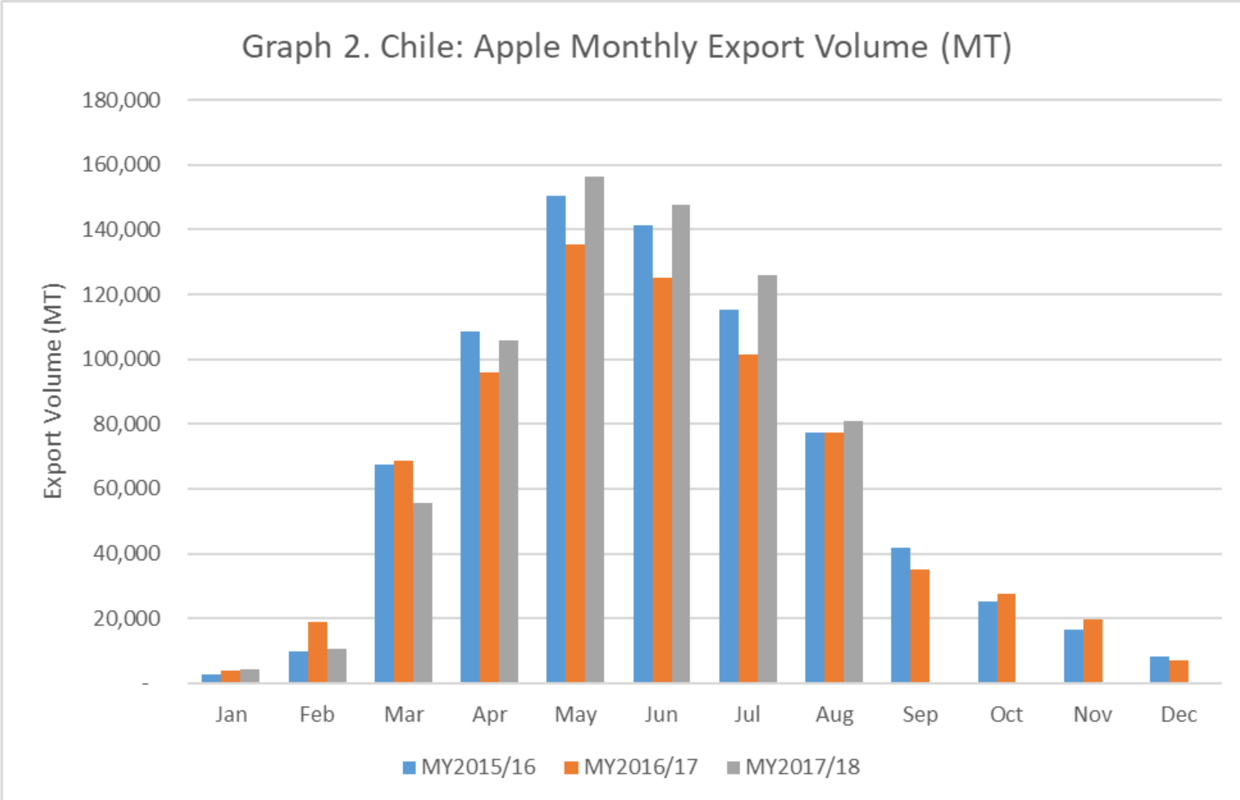
In MY2017/18, Chile's fresh apple exports increased by 10 percent over MY2016/17 (January- August data). The United States is the top market for Chilean apples followed closely by the Netherlands, Colombia, and India. Chilean apple exports to the United States decreased by 17 percent in MY2016/17 over MY2015/16 and have decreased by 29 percent in MY2017/18 so far (see table 1).

Post expects MY2017/18 fresh apple exports to reach 750,000 MT following an increase in export volumes from April to August over the same period in MY2016/17 (see graph 2).

In MY2018/19, post projects 720,000 MT of fresh apple exports assuming average year yields, and a 4.2 percent decrease in planted area. This will constitute a 4 percent decrease over MY2017/18 (see table 2).

Table 1. Chile Export Statistics Commodity: 080810, Apples, Fresh						
Marketing Year (MY) and Year to Date Quantity (MT)						
Partner Country	**Marketing year (MT)**			**Year To Date (MT)**		
	MY2015/16	**MY2016/17**	**%Change**	**Jan - Aug 2017**	**Jan - Aug 2018**	**%Change**
World	**764,833**	**716,307**	**-6%**	**626,961**	**686,748**	**10%**
United States	105,039	87,629	-17%	87,230	62,211	-29%
Netherlands	46,164	38,719	-16%	38,504	59,069	53%
Colombia	76,392	80,598	6%	58,652	56,996	-3%
India	32,189	24,102	-25%	24,102	56,119	133%
Taiwan	49,899	53,519	7%	52,029	47,906	-8%
Saudi Arabia	47,075	45,730	-3%	44,968	41,520	-8%
United Kingdom	27,150	28,256	4%	27,970	40,623	45%
Ecuador	37,898	49,402	30%	34,898	40,056	15%
Germany	9,791	15,155	55%	14,966	29,621	98%
Russia	20,632	26,722	30%	26,702	29,387	10%
Peru	47,894	52,779	10%	36,640	27,854	-24%
Brazil	86,261	34,465	-60%	21,709	25,372	17%
Canada	22,648	21,808	-4%	21,418	22,675	6%
France	12,710	14,695	16%	14,574	19,451	33%
Bolivia	22,457	24,364	8%	16,556	16,453	-1%
Others	120,634	118,364	-2%	106,043	111,435	5%

Source of Data: Global Trade Atlas - Chile Customs - Servicio Nacional de Aduana



Source: Based in Servicio Nacional de Aduana, 2018

Table 2. Production, Supply and Demand Data Statistics:

Apples, Fresh	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	36,063	36,063	35,937	35,937	0	34,427
Area Harvested	33,600	33,600	33,400	33,400	0	33,000
Bearing Trees	39,000	39,000	38,950	38,950	0	36,300
Non-Bearing Trees	2,800	2,800	2,800	2,800	0	2,500
Total Trees	41,800	41,800	41,750	41,750	0	38,800
Commercial Production	1,300,000	1,300,000	1,260,000	1,290,000	0	1,240,000
Non-Comm. Production	10,000	10,000	10,000	10,000	0	10,000
Production	1,310,000	1,310,000	1,270,000	1,300,000	0	1,250,000
Imports	1,800	1,800	1,000	1,000	0	1,000
Total Supply	1,311,800	1,311,800	1,271,000	1,301,000	0	1,251,000
Fresh Dom. Consumption	285,500	285,500	241,000	245,000	0	240,000
Exports	716,300	716,300	730,000	750,000	0	720,000
For Processing	310,000	310,000	300,000	306,000	0	291,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	1,311,800	1,311,800	1,271,000	1,301,000	0	1,251,000
(HA) ,(1000 TREES) ,(MT)						

Source: Post estimations

Commodities:
Grapes, Table, Fresh

Production:
Table grapes are the top-planted fruit in Chile. Planted area stretches from the *Copiapo* valley in the northern part of the country to the *Maule* Region in the southern part of the country.

The table grape harvest runs from November to April. The *Copiapo* valley produces the earliest table grapes from Chile in late November and finishes its harvest in mid- February. Extending the season even more, the table grape harvest in the central and southern part of the country starts in mid- January and lasts until late March. In January and early February, the *Copiapo* harvest overlaps with the harvest in the *Valparaiso* and *Metropolitana* region (Chile's central valley).

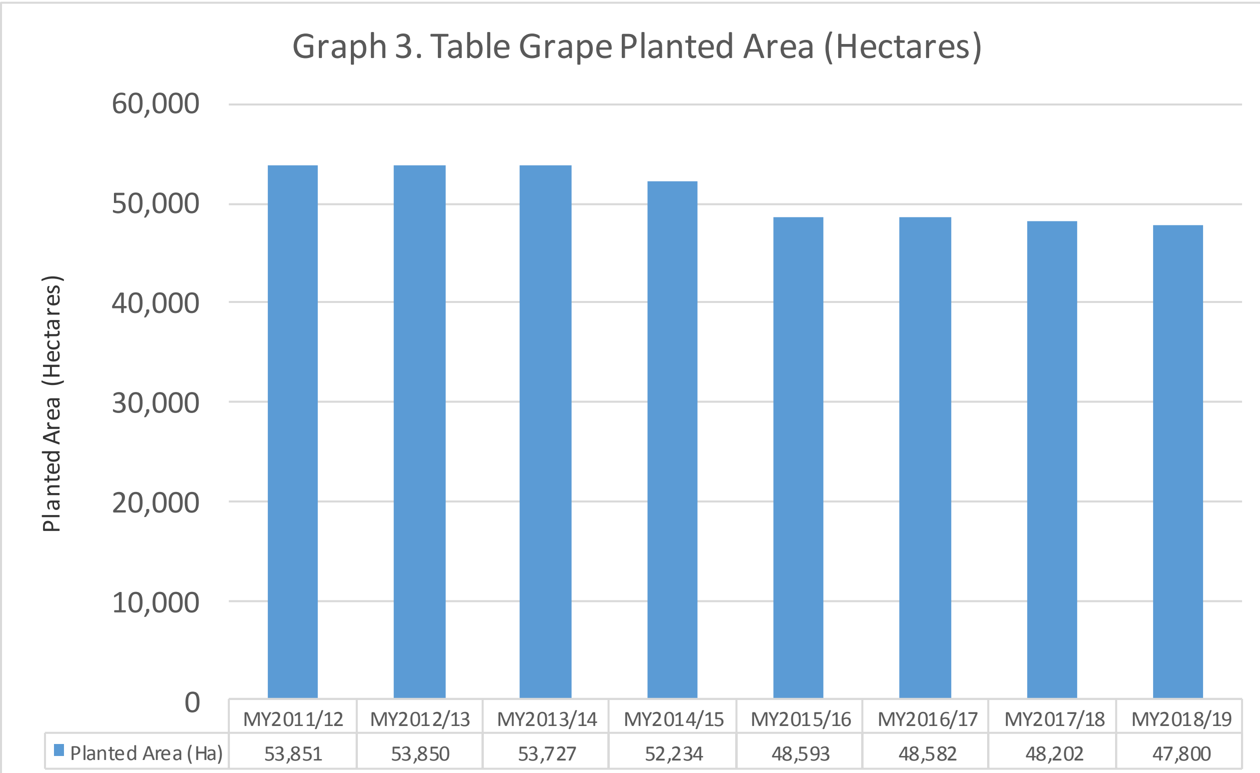
FAS Santiago staff traveled to the northern part of the country to see table grape production in the *Copiapo* Valley. In the *Copiapo* valley, one of the priorities for table grape producers/exporters is the renewal of orchards with modern varieties. Producers have been renewing their orchards for the last seven years at a 20 percent renewal rate. Most of the producers in the *Copiapo* valley are large companies that have vast experience in the export markets and the capacity to make necessary investments.

Producers in the central and southern regions are also renewing their orchards with new varieties, but this process has been especially critical in the *Copiapo* valley, which exports 75 percent of its table grapes to the United States, a market that demands modern seedless varieties.

Picture 1. Field visit to grape orchards in the *Copiapo* valley, Atacama region, which is 800 km to the north of Chile's capital, Santiago. The *Copiapo* valley is irrigated with water from the *Lautaro* Water Reservoir and water from underground wells.

- **Picture 2.** The *Lautaro* Water Reservoir provides water for irrigation. The Chilean government has a project to improve the water reservoir's efficiency.

- **Picture 3.** Table grape orchards have drip irrigation systems which allow farmers to grow grapes on hillsides



Source: ODEPA, 2018

Consumption:

Eighty percent of all table grape production in Chile is destined for the fresh table grape export markets while the remainder 20 percent is destined for the domestic market (fresh domestic consumption) or fruit processing sector in the of form raisins, juice, and wine.

Trade:

The United States is the top market for Chilean table grapes. Exports to the United States in MY2016/17 reached 344,180 MT or 47 percent of the total table grape exports (see table 3).

The export volume from the *Copiapo* valley ranges from 82,000 MT to 100,000 MT every season. Seventy percent is exported to the United States, mainly seedless varieties. The Red Globe variety produced in *Copiapo* is exported to China. Exporters from the *Copiapo* valley estimate that in MY2018/19 table grape exports will reach 90,200 MT.

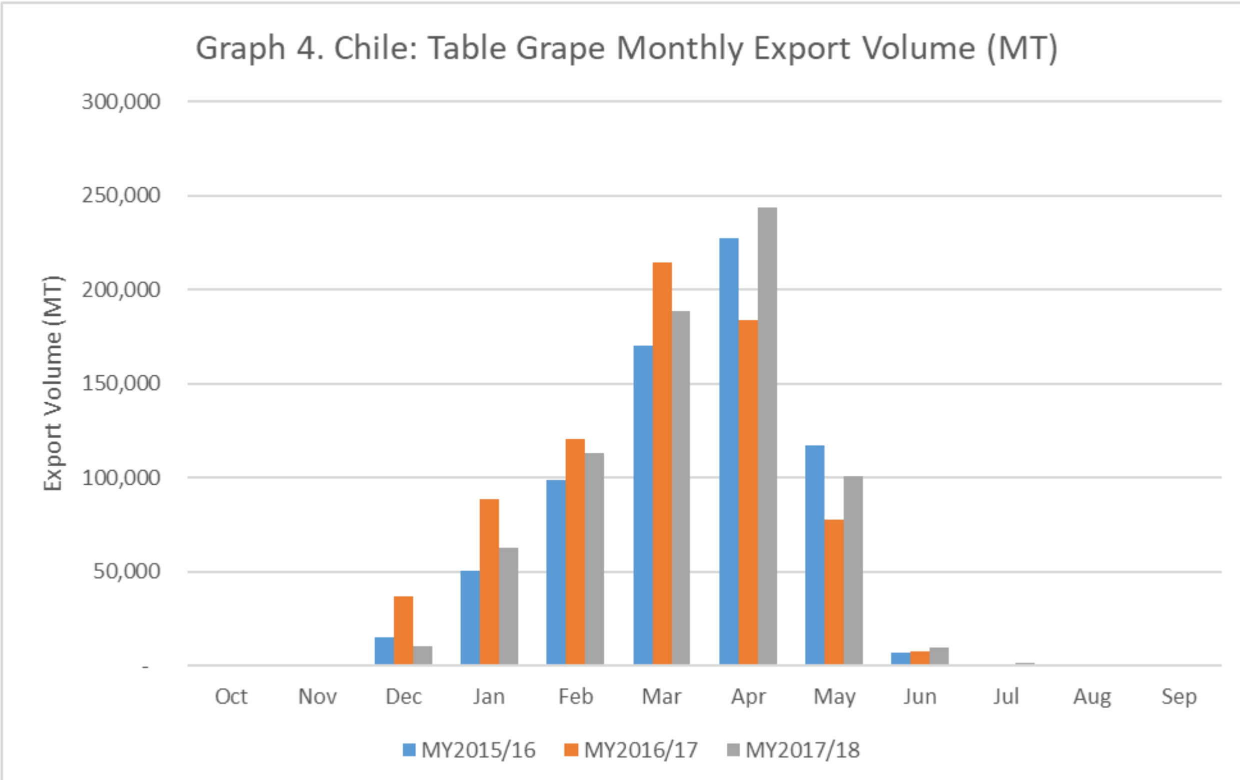
In MY2017/18, exports remained unchanged from MY2016/17 (see table 3). April was the peak export month in MY2017/18, following a delayed harvest compared to MY2016/17 (see graph 4). Table grape exports to the United States decreased by five percent while exports to China increased by 21 percent. Exports to the Netherlands and South Korea decreased by four percent and six percent, respectively. Post expects Chilean table grape exports to continue this trend, allocating more exports to the Chinese market in order to obtain high prices.

Post estimates MY2018/19 exports at 720,000 MT, a 1.5 percent decrease over MY2017/18, assuming regular yields, and a decrease in planted area (see table 4).

Table 3. Chile Export Statistics
Commodity: 080610, Grapes, Fresh
Marketing Year (MY) and Year to Date
Quantity (MT)

Partner Country	Marketing year (MT)			Year To Date (MT)		
	MY2015/16	MY2016/17	%Change	Jan - Aug 2017	Jan - Aug 2018	%Change
World	**687,559**	**731,156**	**6%**	**731,156**	**731,258**	**0%**
United States	314,221	344,180	10%	344,180	328,081	-5%
China	120,259	97,334	-19%	97,334	118,155	21%
Netherlands	43,806	45,728	4%	45,728	43,726	-4%
Korea, South	33,857	34,343	1%	34,343	32,212	-6%
United Kingdom	30,466	31,546	4%	31,546	32,823	4%
Brazil	18,446	18,505	0%	18,505	16,162	-13%
Canada	13,132	17,527	33%	17,527	17,182	-2%
Russia	11,937	15,218	27%	15,218	16,700	10%
Mexico	12,986	14,381	11%	14,381	16,505	15%
Japan	9,255	10,526	14%	10,526	8,972	-15%
Spain	5,637	9,088	61%	9,088	10,253	13%
Germany	4,569	8,861	94%	8,861	9,316	5%
Indonesia	4,303	8,191	90%	8,191	6,947	-15%
Taiwan	6,421	6,459	1%	6,459	4,513	-30%
Saudi Arabia	4,990	6,155	23%	6,155	5,736	-7%
Others	53,274	63,114	18%	63,114	63,975	1%

Source of Data: Global Trade Atlas - Chile Customs - Servicio Nacional de Aduana



Source: Based in Servicio Nacional de Aduana, 2018

Policy:

The Ministry of Agriculture through SAG (*Servicio Agrícola y Ganadero*) continues to carry out the National Program for the control of Grapevine Moth (*Lobesia botrana)*. SAG's control actions are mandatory for table grapes (*Vitis vinifera*) as a primary host from Atacama region (*Copiapo* province to the south) to *Araucanía* region.

Chile is working on having systems approach for table grape exports and specifically for the *Atacama* region (*Copiapo* Valley). Currently, exporters have to fumigate with methyl bromide to export to the United States, which affects conditions and the overall quality of the grapes. According to grape producers in *Copiapo*, *Lobesia botrana* does not develop in that area due to *Copiapo*'s climatic conditions.

Table 4. Production, Supply and Demand Data Statistics:

Grapes, Fresh Table	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	48,582	48,582	48,202	48,202	0	47,800
Area Harvested	46,100	46,100	46,000	46,000	0	45,900
Commercial Production	911,000	912,156	895,000	910,578	0	900,000
Non-Comm. Production	4,800	4,800	4,650	4,650	0	4,600
Production	915,800	916,956	899,650	915,228	0	904,600
Imports	300	300	300	300	0	300
Total Supply	916,100	917,256	899,950	915,528	0	904,900
Fresh Dom. Consumption	186,100	186,100	179,950	184,000	0	184,900
Exports	730,000	731,156	720,000	731,528	0	720,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	916,100	917,256	899,950	915,528	0	904,900
(HA) ,(MT)						

Source: Post estimations

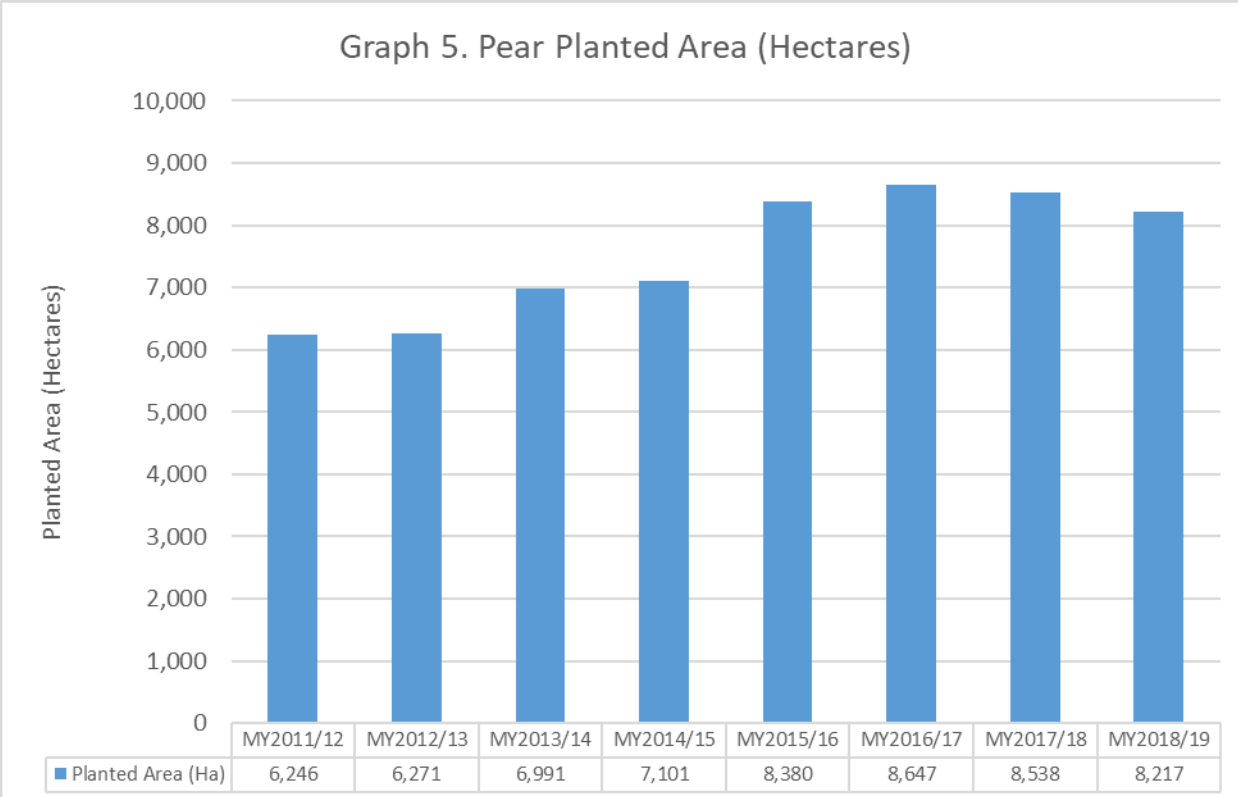
Commodities:

Pears, Fresh

Production:

In MY 2018/19, Chile’s pear planted area totaled 8,217 ha, or 3.8 percent less than in MY2017/18. Pear planted area reached 8,647 ha in MY2016/17, but decreased in the last two MY (see graph 5). Post estimates that pear’s planted area could increase if the demand for Chilean pears increases with the expected opening of the Chinese market in MY2019/20.

Chile’s pear production will total 250,000 MT following the 3.8 percent decrease in planted area. Post projects normal yields for MY2018/19.



Source: ODEPA, 2018

Consumption:

Post estimates that Chile's pear exports are 50 percent of the commercial production, 29 percent is fresh domestic consumption of pears and the processing fruit sector uses the remainder 21 percent.

Post estimates fresh domestic consumption of pears at 73,000 MT and 52,600 MT for the processing industry.

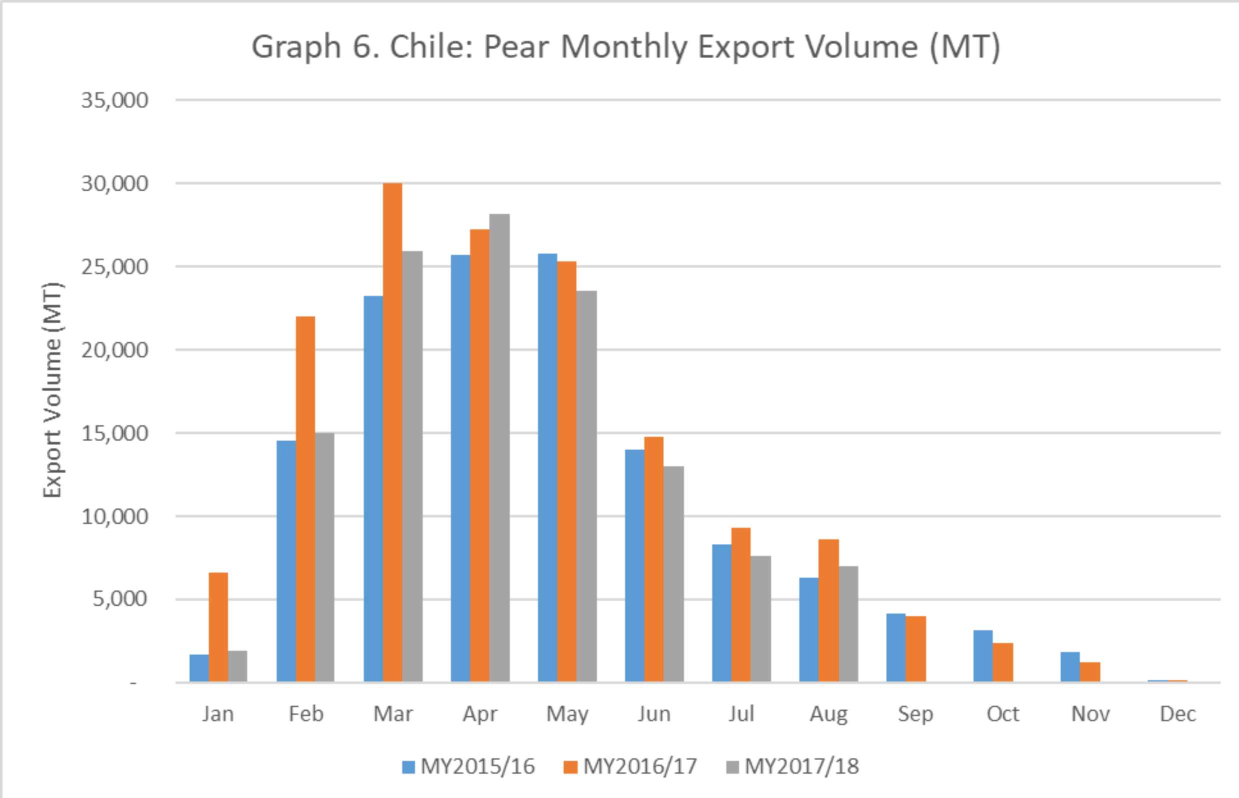
Trade:

Chile's pear exports totaled 151,627 MT in MY2016/17. In MY2017/18, pear exports reached 122,190 so far, a 15 percent decrease over MY2016/17 (see table 5 and graph 6). Chile's main market for Chilean pears is the Netherlands, followed by Colombia, Peru, and Italy. Chile's pear exports to all of these markets decreased in MY2017/18 while exports to Russia grew by 19 percent in MY2017/18.

Post estimates pear exports to decrease to 130,000 MT in MY2017/18, a 14 percent decrease over MY2016/17 (see table 6). Chile's pear exports in MY2018/19 are projected to decrease again to 127,000 MT, a 2.3 percent decrease due to lower than expected production.

Table 5. Chile Export Statistics Commodity: 080830, Pears, Fresh						
Marketing Year (MY) and Year to Date Quantity (MT)						
Partner Country	**Marketing year (MT)**			**Year To Date (MT)**		
	MY2015/16	**MY2016/17**	**%Change**	**Jan - Aug 2017**	**Jan - Aug 2018**	**%Change**
World	**128,703**	**151,627**	**18%**	**143,907**	**122,190**	**-15%**
Netherlands	21,065	27,273	29%	27,273	17,649	-35%
Colombia	20,875	22,149	6%	18,785	16,544	-12%
Peru	13,303	16,061	21%	14,161	10,361	-27%
Italy	13,814	15,616	13%	15,616	10,937	-30%
Russia	6,400	12,938	102%	12,938	15,455	19%
United States	13,896	12,638	-9%	12,638	11,930	-6%
Ecuador	8,981	12,332	37%	10,767	9,265	-14%
Germany	4,032	6,204	54%	6,204	7,097	14%
Brazil	3,047	4,291	41%	3,951	2,838	-28%
Spain	2,016	4,280	112%	4,280	5,233	22%
Saudi Arabia	3,027	1,839	-39%	1,839	2,034	11%
Panama	1,722	1,712	-1%	1,354	1,654	22%
Belgium	1,732	1,695	-2%	1,695	1,705	1%
Portugal	1,528	1,522	0%	1,522	745	-51%
United Arab Emirates	1,562	1,312	-16%	1,312	643	-51%
Others	11,703	9,765	-17%	9,572	8,100	-15%

Source of Data: Global Trade Atlas - Chile Customs - Servicio Nacional de Aduana



Source: Based in Servicio Nacional de Aduana, 2018.

Policy:

Chile began market access negotiations for Chilean pears with the Chinese authorities in February 2017. In MY2019/20, Chilean pear producers expect that they will be able to export to China.

Table 6. Production, Supply and Demand Data Statistics:

Pears, Fresh	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	8,781	8,647	8,671	8,538	0	8,217
Area Harvested	7,900	7,900	8,200	8,200	0	8,100
Bearing Trees	8,295	8,295	8,610	8,610	0	8,505
Non-Bearing Trees	1,308	1,308	1,155	1,155	0	1,050
Total Trees	9,603	9,603	9,765	9,765	0	9,555
Commercial Production	288,000	288,000	270,000	260,000	0	250,000
Non-Comm. Production	2,000	2,000	2,000	2,000	0	2,000
Production	290,000	290,000	272,000	262,000	0	252,000
Imports	600	600	600	600	0	600
Total Supply	290,600	290,600	272,600	262,600	0	252,600
Fresh Dom. Consumption	82,400	82,400	75,600	75,600	0	73,000
Exports	151,600	151,600	140,000	130,000	0	127,000
For Processing	56,600	56,600	57,000	57,000	0	52,600
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	290,600	290,600	272,600	262,600	0	252,600
(HA) ,(1000 TREES) ,(MT)						

Source: Post estimations