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Chile

Fresh Deciduous Fruit Annual

Chilean Fresh Fruit Exports Remain Strong in MY 2017/18

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Report Highlights:
Abundant rainfall, sufficient number of chill hours, and spring conditions are expected to remain favorable for fruit development while high temperatures and low relative humidity is expected in the summer of MY2017/18. Post forecasts apple exports to increase up to 780,000 MT or 4% in line with good climatic conditions and the recovery of production from MY 2016/17. Table grape exports are projected to remain flat and reach 733,000 MT following the steady production trend. Fresh pear exports are expected to increase by 3.3% and reach 155,000 MT since new orchards start production.

Commodities:
Apples, Fresh

Production:

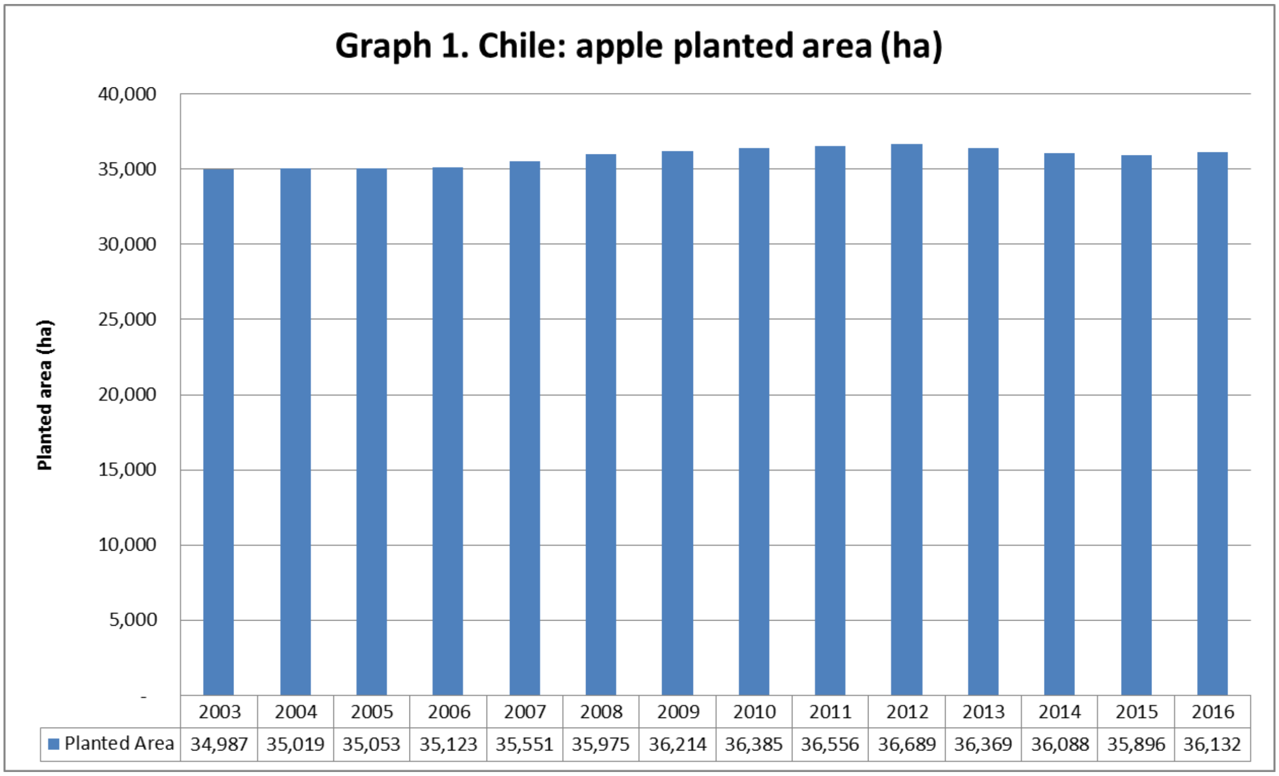
MY 2016/17 apple planted area was 36,132 hectares (ha) and has remained steady around 36,000 ha in the last 10 years (see graph 1). 86% of apple planted area in Chile is in the central-south regions of Maule and O'Higgins which accounts for 22,025 ha and 9,155 ha respectively. Maule region has grown 0.5% between 2003 and 2016, while O'Higgins has decreased planted area by 0.8% (see graph 2).

In the southern regions of Araucania and Biobio, apple planted area has grown 5.3% and 0.8%, respectively between 2003 and 2016.

Apple production has been displaced from the region of O'Higgins to the southern regions of Chile (Biobio ad Araucania) due to higher water availability for irrigation, increased average temperatures and decrease in rainfall in the southern regions all of which have allowed for planting of fruits in areas where it was not possible before. In addition, the higher profits that cherry and walnut orchards have experienced in the last years have shifted the interest towards planting those crops in O'Higgins region.

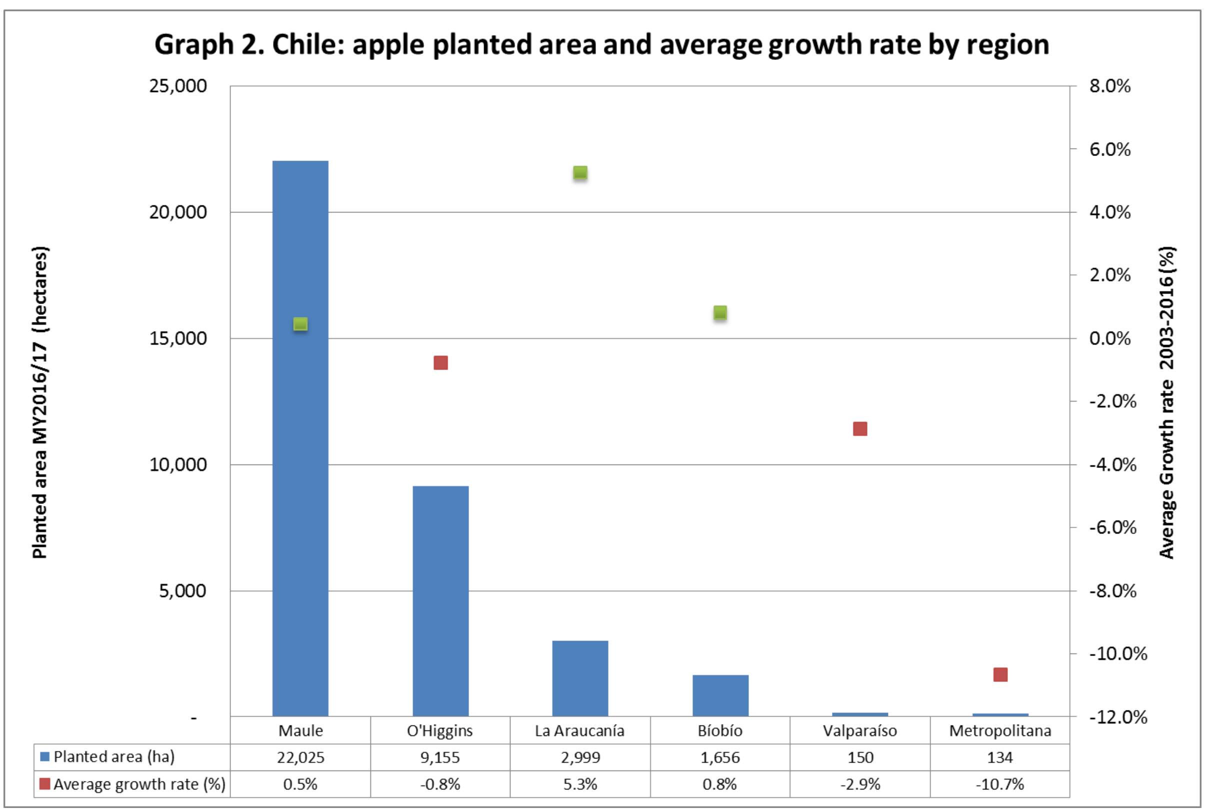
The main challenges that the Chilean apple industry faces are renewing old orchards with new varieties to increase productivity, improving the condition that the fruit has to be exportable (i.e. cold storage potential) and increasing overall quality (color, taste, caliber and firmness).

MY2017/18 has presented good climatic conditions so far, rainfall has allowed for enough water accumulation in the reservoirs for irrigation and number chill hours during the winter were sufficient. Spring conditions are expected to remain favorable for fruit development, although summer is expected to be dry and with high temperatures. Considering climatic conditions, production is projected to increase by 4% up to 1.35 million MT.



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Planted Area	34,987	35,019	35,053	35,123	35,551	35,975	36,214	36,385	36,556	36,689	36,369	36,088	35,896	36,132

Source: ODEPA/CIREN



	Maule	O'Higgins	La Araucanía	Bíobío	Valparaíso	Metropolitana
Planted area (ha)	22,025	9,155	2,999	1,656	150	134
Average growth rate (%)	0.5%	-0.8%	5.3%	0.8%	-2.9%	-10.7%

Source: ODEPA/CIREN

Consumption:

Post estimates that 60% of total apple production of apples is destined for exports. In general, fruit that does not comply with the quality requirements for export (i.e. caliber or color defects) is sold to the processing industry or for domestic consumption, where prices obtained are lower.

Post projects MY2017/18 domestic fresh consumption at 260,000 MT or 14.0 KG *per capita*. The official population estimate is 18,373,917 habitants in Chile for 2017 (National Statistics Institutes, INE).

Trade:

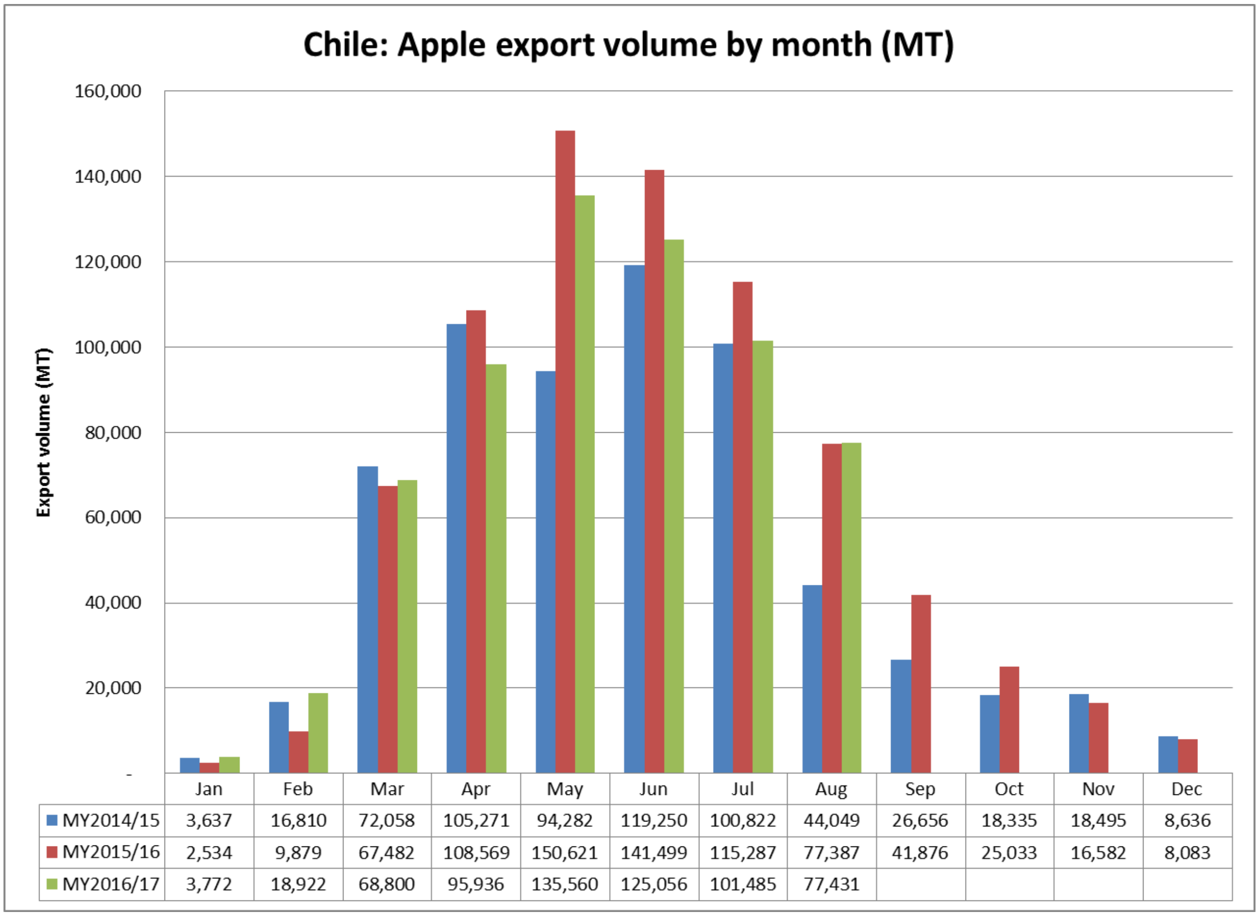
In MY2015/16 exports reached 764,883 MT, which represented a 22% increase over MY2014/15. Chilean apple exports are diversified and exported to many markets. The main market for Chilean apple exports is the United States, which holds a 14% market share followed by Colombia and Taiwan with 9% and 8% market share respectively.

In MY2016/17 (Jan- Aug) exports have reached 626,961 MT which represent a 7% decrease over MY2015/16. Chilean apple exports to the U.S. decreased by 17% in the same period while exports to Colombia have increased by 4% and 5% to Taiwan. In MY2016/17 apple exports are projected to reach 750,000 MT.

In MY2017/18 apple exports are expected to increase by 4% and reach 780,000 MT in line with good climatic conditions and recovery in production.

Table 1: Chile Export Statistics				
Commodity: 080810, Apples, Fresh				
	Quantity (MT)		Share (%)	Variation (%)
Partner Country	MY2015/16 (Jan-Aug)	MY2016/17 (Jan - Aug)	MY2016/17	
World	673,259	626,961	100%	-7%
United States	104,935	87,230	14%	-17%
Colombia	56,483	58,652	9%	4%
Taiwan	49,353	52,029	8%	5%
Saudi Arabia	45,536	44,968	7%	-1%
Netherlands	45,977	38,504	6%	-16%
Peru	34,361	36,640	6%	7%
Ecuador	29,335	34,898	6%	19%
United Kingdom	26,808	27,970	4%	4%
Russia	20,592	26,702	4%	30%
India	32,189	24,102	4%	-25%
Others	227,690	195,266	31%	-14%
	Quantity (MT)		Share (%)	Variation (%)
Partner Country	MY2014/15	MY2015/16	MY2015/16	
World	628,301	764,833	100%	22%
United States	78,290	105,039	14%	34%
Brazil	35,820	86,261	11%	141%
Colombia	75,593	76,392	10%	1%
Taiwan	39,332	49,899	7%	27%
Peru	43,715	47,894	6%	10%
Saudi Arabia	39,981	47,075	6%	18%
Netherlands	42,943	46,164	6%	8%
Ecuador	41,348	37,898	5%	-8%
India	19,997	32,189	4%	61%
United Kingdom	25,373	27,150	4%	7%
Others	185,909	208,872	27%	12%

Source: Based in Servicio Nacional de Aduana, 2017.



Source: Based in Servicio Nacional de Aduana, 2017.

Table 2. Production, Supply and Demand Data Statistics:

Apples, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	36,059	35,896	36,000	36,132	0	36,000
Area Harvested	33,600	33,400	33,500	33,600	0	33,500
Bearing Trees	38,900	38,900	38,000	39,000	0	38,950
Non-Bearing Trees	2,800	2,800	2,500	2,800	0	2,800
Total Trees	41,700	41,700	40,500	41,800	0	41,750
Commercial Production	1,325,000	1,325,000	1,400,000	1,300,000	0	1,350,000
Non-Comm. Production	10,000	10,000	10,000	10,000	0	10,000
Production	1,335,000	1,335,000	1,410,000	1,310,000	0	1,360,000
Imports	2,000	2,014	1,500	2,000	0	1,000
Total Supply	1,337,000	1,337,014	1,411,500	1,312,000	0	1,361,000
Fresh Dom. Consumption	252,200	252,131	255,000	255,000	0	260,000
Exports	764,800	764,883	800,000	750,000	0	780,000
For Processing	320,000	320,000	356,500	307,000	0	321,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	1,337,000	1,337,014	1,411,500	1,312,000	0	1,361,000
(HA) ,(1000 TREES) ,(MT)						

Source: Post estimations

Commodities:

Grapes, Table, Fresh

Production:

Table grape planted area has been declining since MY2008/09. Despite the decline, in MY2016/17 planted area reached 47,084 ha, which continues to make tables grapes the most planted fruit in Chile (see graph 4).

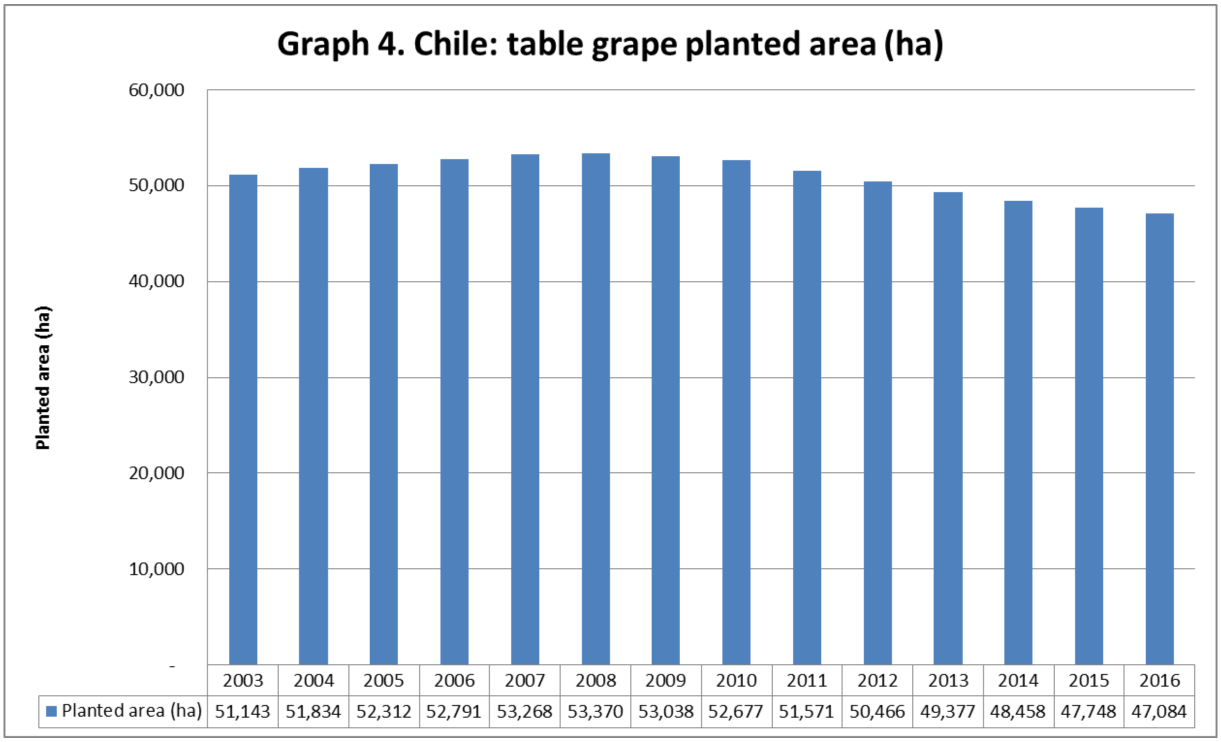
Table grape planted area in Chile is located in the central regions of O'Higgins, Valparaiso, and Metropolitana and also in the northern regions of Coquimbo and Atacama, which produce the earliest grapes (see graph 5). Planted area in the regions of O'Higgins, Metropolitana, and Coquimbo has decreased in the 2003-2016 period. Planted area in Atacama and Valparaiso has been steady in the same period.

In MY2016/17 producers in the northern regions faced low prices, led by an early harvest and an overlap in the supply with other countries (for more details see GAIN report). The planted area in the Atacama region remains steady at 7,743 ha, where there are not many alternatives to planting table grapes, but it decreased to 7,921 ha in Coquimbo region where planted area of other alternative crops like walnuts and olives have increased.

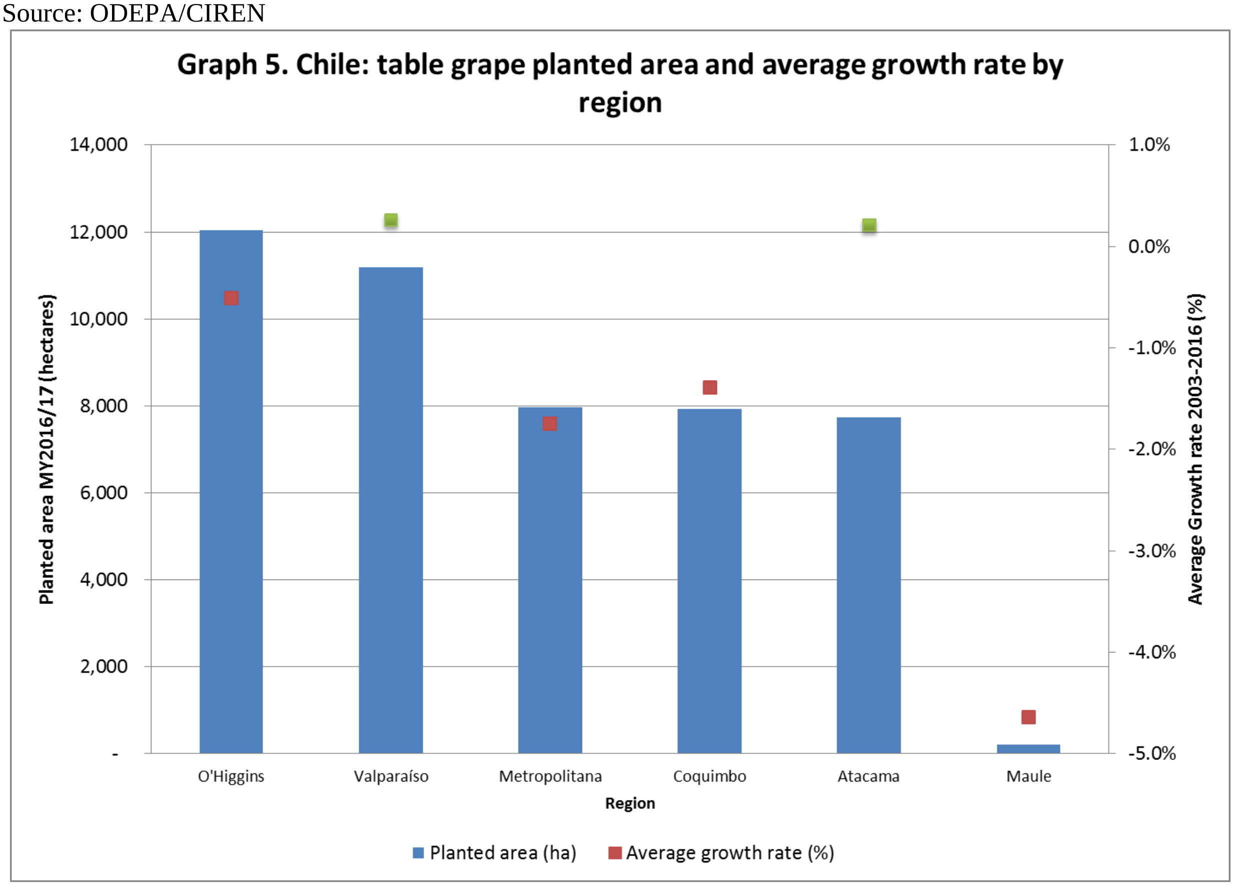
In the O'Higgins and Metropolitan regions, table grape reduction in planted area has also taken place in replacement of other fruits like walnuts, cherries, olives and pears.

In MY 2016/17 high temperatures favored maturity and early fruit development during the spring and summer and table grape production reached 911,000 MT, which represented a 7.5% increase over the previous marketing year.

MY2017/18 is expected to have regular climatic conditions in regards to the timing of the harvest and the influence in average yields, thus production is expected to remain flat and reach 915,000 MT, considering a slight reduction trend in planted area.



Source: ODEPA/CIREN



Source: ODEPA/CIREN

Consumption:

62% of total table grape production is destined for fresh table grapes (911,000 MT in MY2016/17), 22 percent for raisins, 11 percent for juice production, and 5 percent for wine production. Post estimates that out of the fresh table grape production, 80% is exported and the remainder is domestic consumption. In MY2017/18 consumption is expected to reach 187,000 MT which is equivalent to 10.2 kg *per capita*.

Trade:

The main market destination for table grapes is the United States with 47% market share, which grew 10% in exported volume in MY2016/17.

Table grape exports increased by 6% in MY2016/17 over MY2015/16 and reached 731,156 MT.

The second top destination for Chilean table grape exports is China, with a 13% market share, but volume exported decreased by 19% in MY2016/17. Fruits exported to China travels 30 days, which is longer than the 14 days it takes to reach the United States from Chile.

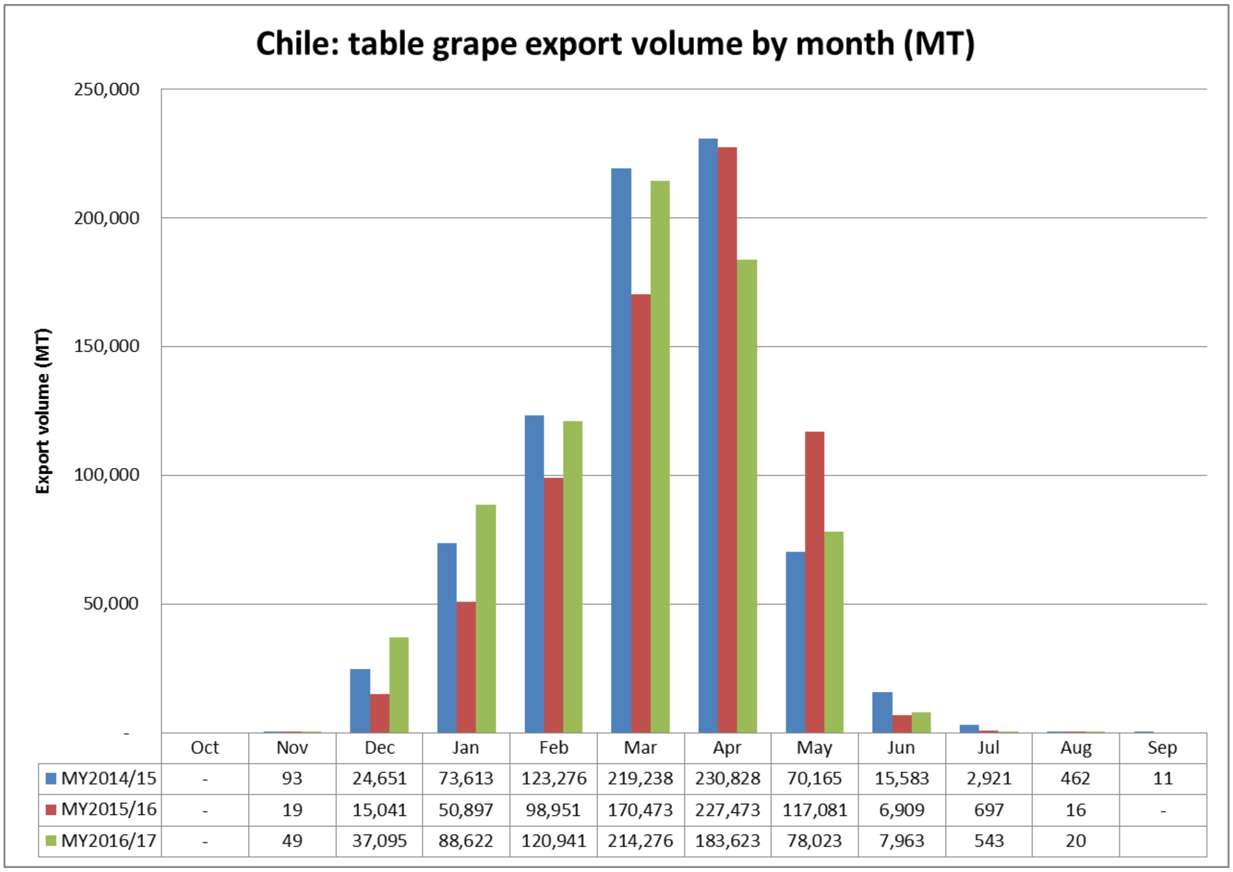
In MY 2016/17, high summer temperature impacted table grape quality condition, thus less fruit complied with China's export requirements. Table grape exports normally peak in April, but in MY 2016/17 export volume peaked in March because of the early harvest (see graph 6).

The third largest market for Chilean table grapes is the Netherlands, with 6% market share and a 4% increase in volume in MY2016/17 over MY2015/16.

In MY2017/18 exports post expects to remain flat and reach 733,000 MT following the production trend.

Table 3: Chile Export Statistics				
Commodity: 080610, Grapes, Fresh				
	Quantity (MT)		Share (%)	Variation (%)
Partner Country	**MY2015/16 (Oct - Aug)**	**MY2016/17 (Oct - Aug)**	**MY2016/17**	
World	687,559	731,156	100%	6%
United States	314,221	344,180	47%	10%
China	120,259	97,334	13%	-19%
Netherlands	43,806	45,728	6%	4%
Korea, South	33,857	34,343	5%	1%
United Kingdom	30,466	31,546	4%	4%
Brazil	18,446	18,505	3%	0%
Canada	13,132	17,527	2%	33%
Russia	11,937	15,218	2%	27%
Mexico	12,986	14,381	2%	11%
Japan	9,255	10,526	1%	14%
Others	79,194	101,868	14%	29%
	Quantity (MT)		**Share (%)**	**Variation (%)**
Partner Country	**MY2014/15**	**MY2015/16**	**MY2015/16**	
World	760,841	687,559	100%	-10%
United States	355,846	314,221	46%	-12%
China	90,201	120,259	17%	33%
Netherlands	61,163	43,806	6%	-28%
Korea, South	50,630	33,857	5%	-33%
United Kingdom	37,136	30,466	4%	-18%
Brazil	24,583	18,446	3%	-25%
Russia	16,456	11,937	2%	-27%
Mexico	17,236	12,986	2%	-25%
Canada	14,169	13,132	2%	-7%
Japan	10,778	9,255	1%	-14%
Others	82,643	79,194	12%	-4%

Source: Based in Servicio Nacional de Aduana, 2017.



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
MY2014/15	-	93	24,651	73,613	123,276	219,238	230,828	70,165	15,583	2,921	462	11
MY2015/16	-	19	15,041	50,897	98,951	170,473	227,473	117,081	6,909	697	16	-
MY2016/17	-	49	37,095	88,622	120,941	214,276	183,623	78,023	7,963	543	20	

Source: Based in Servicio Nacional de Aduana, 2017.

Policy:

The Ministry of Agriculture, through SAG (Servicio Agrícola y Ganadero) continues to carry out the National Program for the control of the European grapevine moth (EGVM) or Lobesia botrana.

The strategy for MY 2017/18 considers:

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

The National Program Goals include:
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. Give technical support through information and compliance of conditions stablished by the phytosanitary authorities in the country of destination to the SAG Sub-Department of Phytosanitary certification. Additionally, provide the technical background in order to maintain or improve the entrance conditions of exported fruit products due to the presence o*f Lobesia botrana.*

v. Auditing the compliance of SAG measures.

The control actions are mandatory for table grapes (Vitis vinifera) as a primary host from Atacama region (Copiapó province to the south) to Araucanía region.

Table 4. Production, Supply and Demand Data Statistics:

Grapes, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	48,378	47,784	48,000	47,084	0	47,000
Area Harvested	47,200	47,200	46,100	46,100	0	46,000
Commercial Production	847,800	847,800	911,000	911,000	0	915,000
Non-Comm. Production	20,000	20,000	3,700	4,806	0	4,650
Production	867,800	867,800	914,700	915,806	0	919,650
Imports	300	341	300	350	0	350
Total Supply	868,100	868,141	915,000	916,156	0	920,000
Fresh Dom. Consumption	180,500	180,541	185,000	185,000	0	187,000
Exports	687,600	687,600	730,000	731,156	0	733,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	868,100	868,141	915,000	916,156	0	920,000
(HA) ,(MT)						

Source: post estimations

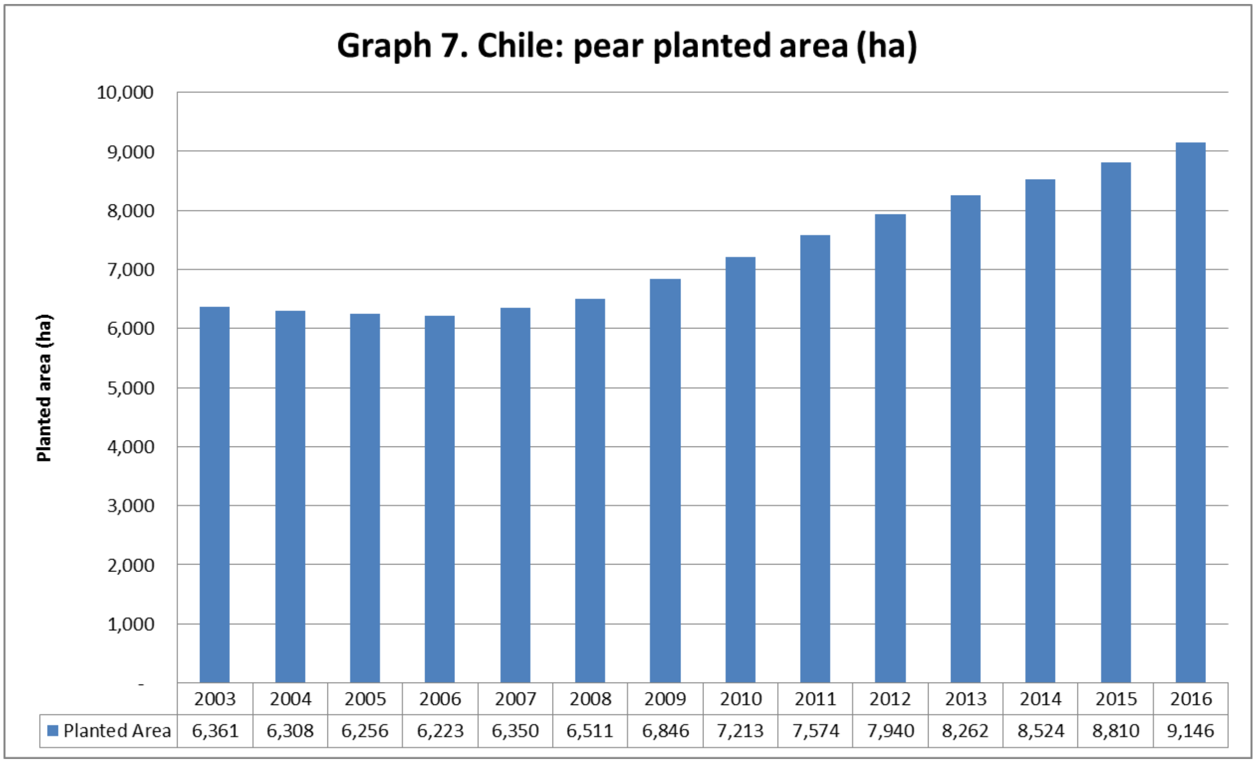
Commodities:

Pears, Fresh

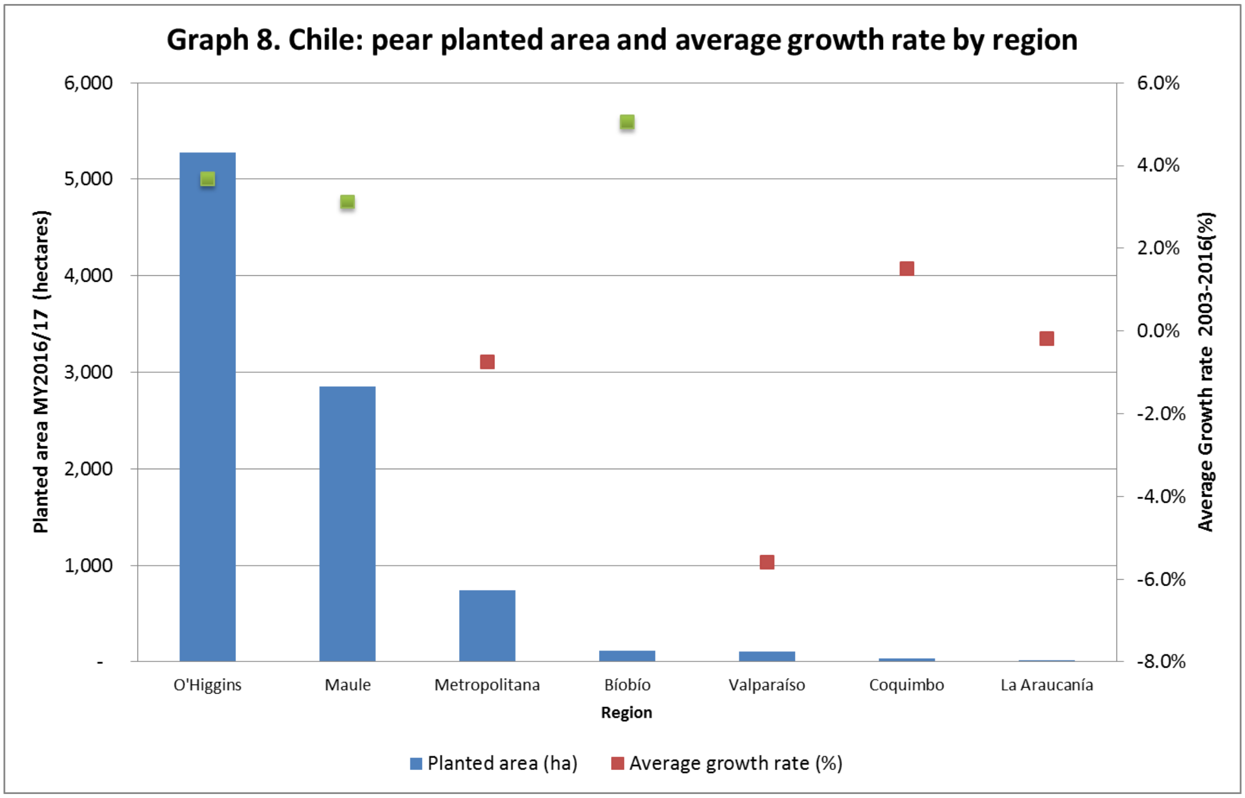
Production:

Chile's pear planted area reached 9,146 ha in MY2016/17 and it has grown at a 4% average rate in the last 10 years (see graph 7). Pear planted area is located in O'Higgins and Maule regions, which hold 58% and 31% of plated area in MY2016/17 (see graph 8). In both regions, planted area has grown in the 2003-2016 period. Nevertheless, pear producers claim that they have had difficulty finding profitable varieties and current prices for pears are low which has caused stagnation in production and exports.

The Packam's triumph variety has been the most planted variety in the past, but now other varieties are being planted and tested in order to increase profits including Abate Fetel, Forelle and Coscia. To date, no new variety has increased profits dramatically.



Source: ODEPA/CIREN



Source: ODEPA/CIREN

Consumption:

Fresh pear domestic consumption is not expected to increase dramatically in the next years, the main variety consumed locally is Packam's triumph, while other varieties like Abate Fetel are not too popular among Chileans. In MY 2017/18, Post expects domestic consumption to reach 84,600 MT and 4.6 KG *per capita.*

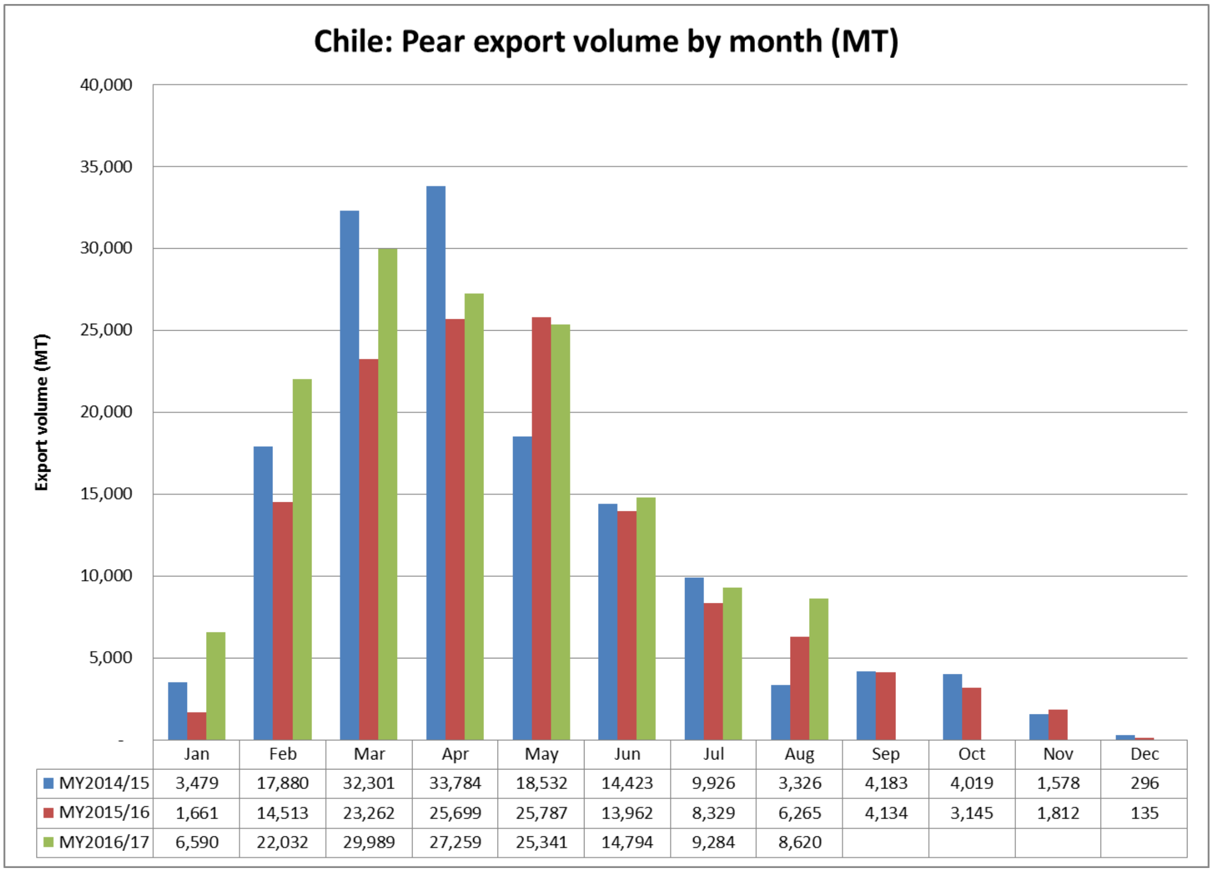
Trade:

The main market for Chilean pears is the European Union (EU). In MY2016/17, 19% of the Chilean pears were exported to The Netherlands and 11% were exported to Italy (see table 5). Chilean pear exports compete with Argentinian, South African, and with European supply since post-harvest fruit life has increased with the use of new technologies.

Colombia is the second market for Chilean per exports with 13% market share in MY2016/17. In Russia, Chilean Abate Fetel pears have been a success, and 12,938 MT were exported in MY2016/17. China would likely grant market access for Chilean pears in the near future.
In MY2017/18, Post forecasts fresh pear exports to increase 3.3% and reach 155,000 MT since new orchards would come into production and there have been no negative impacts from climatic events so far.

Table 5: Chile Export Statistics				
Commodity: 080830, Pears, Fresh				
	Quantity (MT)		Share (%)	Variation (%)
Partner Country	MY2015/16 (Jan-Aug)	MY2016/17 (Jan - Aug)	MY2016/17	
World	119,476	143,907	100%	20%
Netherlands	21,065	27,273	19%	29%
Colombia	16,864	18,785	13%	11%
Italy	13,814	15,616	11%	13%
Peru	10,915	14,161	10%	30%
Russia	6,260	12,938	9%	107%
United States	13,896	12,638	9%	-9%
Ecuador	7,560	10,767	7%	42%
Germany	4,032	6,204	4%	54%
Spain	2,016	4,280	3%	112%
Brazil	2,758	3,951	3%	43%
Others	20,296	17,294	12%	-15%
	Quantity (MT)		Share (%)	Variation (%)
Partner Country	MY2014/15	MY2015/16	MY2015/16	
World	143,726	128,703	100%	-10%
Netherlands	26,676	21,065	16%	-21%
Colombia	22,214	20,875	16%	-6%
United States	19,025	13,896	11%	-27%
Italy	16,725	13,814	11%	-17%
Peru	11,311	13,303	10%	18%
Ecuador	9,580	8,981	7%	-6%
Russia	6,763	6,400	5%	-5%
Germany	3,819	4,032	3%	6%
Brazil	4,258	3,047	2%	-28%
Saudi Arabia	3,156	3,027	2%	-4%
Others	20,199	20,263	16%	0%

Source: Based in Servicio Nacional de Aduana and ODEPA, 2017.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
MY2014/15	3,479	17,880	32,301	33,784	18,532	14,423	9,926	3,326	4,183	4,019	1,578	296
MY2015/16	1,661	14,513	23,262	25,699	25,787	13,962	8,329	6,265	4,134	3,145	1,812	135
MY2016/17	6,590	22,032	29,989	27,259	25,341	14,794	9,284	8,620				

Source: Based in Servicio Nacional de Aduana and ODEPA, 2017.

Policy:

The Chilean Government started market access negotiations for Chilean pears with Chinese authorities in February 2017.

Table 6. Production, Supply and Demand Data Statistics:

Pears, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	8,646	8,810	8,900	9,146	0	9,300
Area Harvested	7,200	7,400	7,500	7,900	0	8,200
Bearing Trees	7,600	7,770	7,800	8,295	0	8,610
Non-Bearing Trees	1,400	1,480	1,500	1,308	0	1,155
Total Trees	9,000	9,250	9,300	9,603	0	9,765
Commercial Production	265,000	265,000	278,000	288,000	0	294,000
Non-Comm. Production	2,000	2,000	2,000	2,000	0	2,000
Production	267,000	267,000	280,000	290,000	0	296,000
Imports	600	600	600	600	0	600
Total Supply	267,600	267,600	280,600	290,600	0	296,600
Fresh Dom. Consumption	83,200	83,200	84,000	84,000	0	84,600
Exports	128,700	128,703	140,000	150,000	0	155,000
For Processing	55,700	55,700	56,600	56,600	0	57,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	267,600	267,603	280,600	290,600	0	296,600
(HA) ,(1000 TREES) ,(MT)						

Source: Post estimations