Date: 5/3/2018
GAIN Report Number: CI1813

Chile

Fresh Deciduous Fruit Semi-annual

2018

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Report Highlights:

For marketing year (MY) 2017/18 fresh apples exports are expected to reach 731,000 metric tons (MT) following a surge in exports in the months of April and May to levels of a regular year. Chilean table grape exports are projected to reach 720,000 MT, a 1.5 percent decrease over MY2016/17 while pear exports are expected to reach 140,000 MT, a 6.6 percent decrease over MY2016/17.

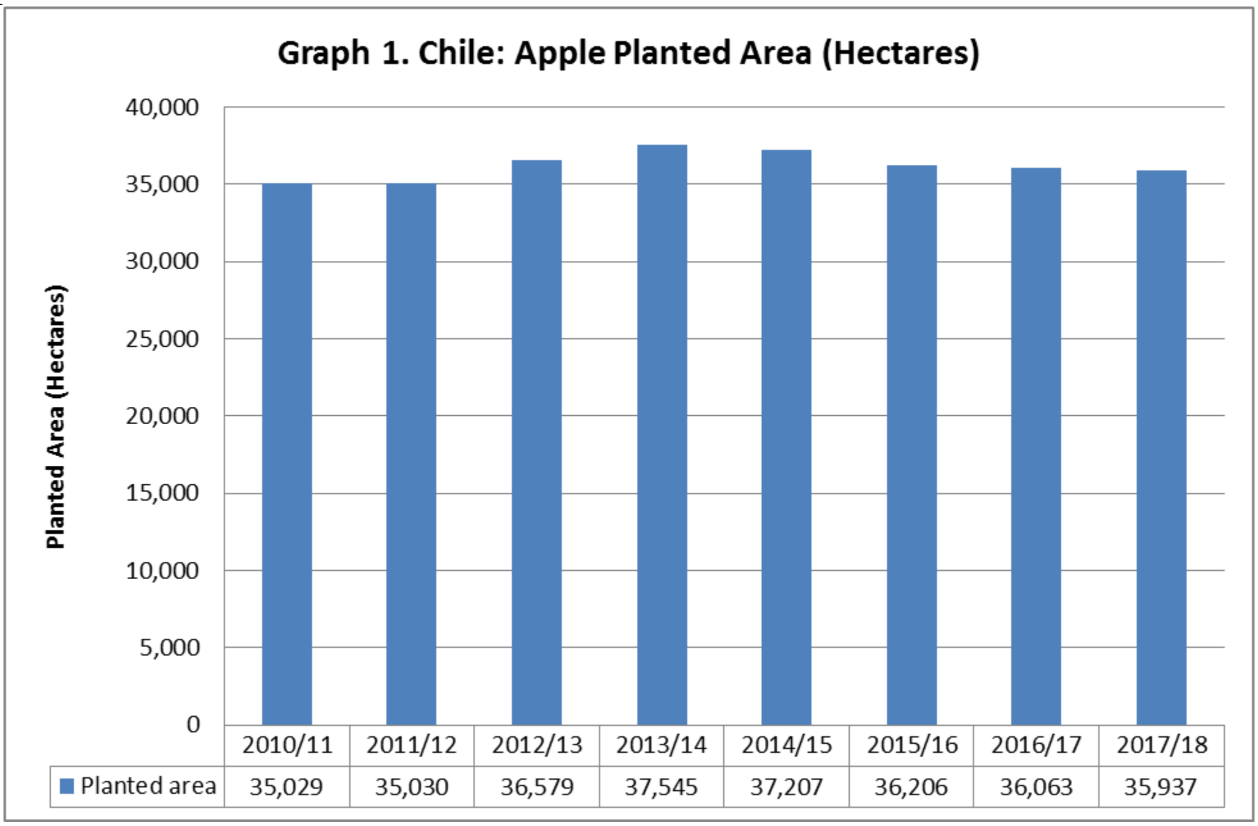
Chile's abundant rainfall during the winter allowed water reservoirs to reach full capacity that would likely secure irrigation for up to five marketing years. Yields are expected to reach average levels of a normal year.

Commodities:
Apples, Fresh

Production:

Apple total planted area has decreased slightly in the last three marketing years from 36,206 hectares (ha) in MY2015/16 to 35,937 ha in MY2017/18 (see Graph 1). Apple producers are renewing Fuji orchards with modern and highly productive varieties such as Envy, Brookfield, Rosy Glow or Ambrosia. Consumers in export markets demand these new varieties because of their superior taste, color, post-harvest and extended shelf life. Top profitable producers are constantly innovating, incorporating new varieties and implementing new management practices.

Climatic conditions have been favorable for apple production in MY 2017/18, with enough chill hours during the winter and enough rainfall that secured water availability for the next production seasons. According to post sources yields are expected to reach average levels of a normal year, nearly 36 MT per ha.



Source: ODEPA, 2018

Consumption:

For MY 2017/18, post estimates domestic consumption of fresh apples to reach 240,000 MT or 24 percent of the total crop while 300,000 MT or 19 percent of the Chilean crop will be used for processing while the remainder 58 percent is destined to export markets.

These proportions may vary from year to year depending on the quality of the fruit harvested and market conditions. Low caliber, less coloring or limited post-harvest life fruit that does not meet the requirements for export markets are directed to the domestic market and processing sector. If quality is higher (color, caliber, post-harvest life) the exported proportion will be higher and domestic fresh consumption and processing consumption will be lower.

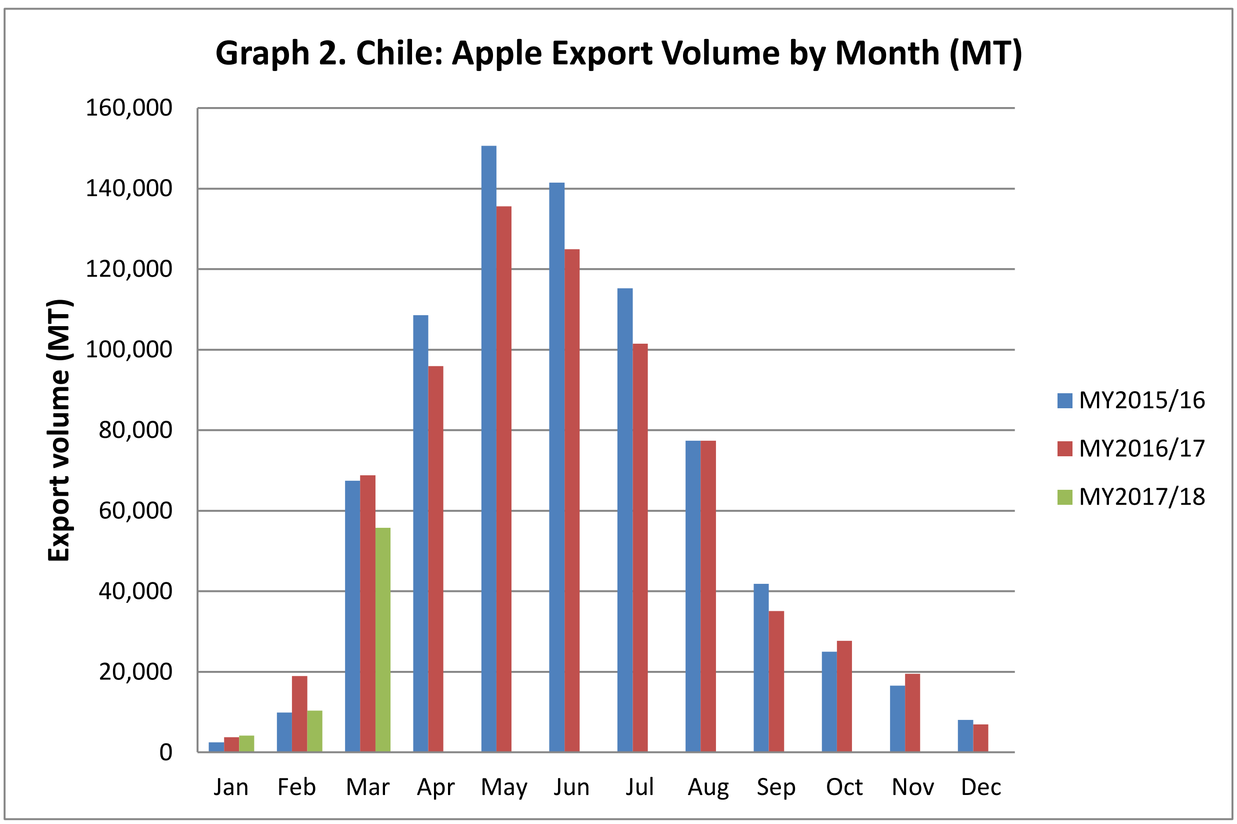
Trade:

The top market for Chilean apples is the United States followed by Colombia and Taiwan. Exports of fresh apples in MY2017/18 decreased by 35.9 percent over MY2016/17. One of the reasons for this decrease has to do with the timing of the harvest. MY2017/18 has been a regular year and harvested times for the different apple varieties have not been early or delayed. In contrast, MY2016/17 was characterized by an early harvest (see GAIN report) so export volumes were very high at the beginning of the marketing year (see graph 2), but decreased in the months of April and May, which are normally the peak months for fresh apple exports. At the end of the MY 2016/17, fresh apple exports reached 716,307 MT which represents a 6.4 percent decrease over MY2015/16.

Post expects MY2017/18 fresh apple exports to reach 731,000 MT following an increase in export volumes in April and May to levels of a regular year.

Chile Export Statistics Commodity: 080810, Apples, Fresh						
Calendar Year: 2013 - 2017, Year To Date: 02/2017 & 02/2018 Quantity						
Partner Country	Quantity (MT)			Year To Date		
	MY2014/15	MY2015/16	MY2016/17	Jan - Feb 2017	Jan - Feb 2018	%Change
World	**628,301**	**764,833**	**716,307**	**22,694**	**14,549**	**-35.9**
United States	78,290	105,039	87,629	281	64	-77.3
Colombia	75,593	76,392	80,598	7,690	4,378	-43.1
Taiwan	39,332	49,899	53,519	-	-	n/a
Peru	43,715	47,894	52,779	2,256	1,630	-27.8
Ecuador	41,348	37,898	49,402	3,276	3,398	3.7
Saudi Arabia	39,981	47,075	45,730	1,524	400	-73.8
Netherlands	42,943	46,164	38,719	272	58	-78.8
Brazil	35,820	86,261	34,465	1,083	1,234	14.0
United Kingdom	25,373	27,150	28,256	296	-	-100.0
Russia	26,076	20,632	26,722	205	21	-89.6
Bolivia	20,522	22,457	24,364	2,302	2,182	-5.2
India	19,997	32,189	24,102	384	425	10.5
Canada	10,528	22,648	21,808	-	-	n/a
Germany	6,592	9,791	15,155	-	-	n/a
France	11,013	12,710	14,695	728	-	-100.0
Others	111,178	120,634	118,364	2,397	759	-68.3

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	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	35,896	36,206	36,132	36,063	36,000	35,937
Area Harvested	33,400	33,800	33,600	33,600	33,500	33,400
Bearing Trees	38,900	38,900	39,000	39,000	38,950	38,950
Non-Bearing Trees	2,800	2,800	2,800	2,800	2,800	2,800
Total Trees	41,700	41,700	41,800	41,800	41,750	41,750
Commercial Production	1,325,000	1,325,000	1,300,000	1,300,000	1,350,000	1,260,000
Non-Comm. Production	10,000	10,000	10,000	10,000	10,000	10,000
Production	1,335,000	1,335,000	1,310,000	1,310,000	1,360,000	1,270,000
Imports	2,000	2,014	2,000	2,000	1,000	1,000
Total Supply	1,337,000	1,337,014	1,312,000	1,312,000	1,361,000	1,271,000
Fresh Dom. Consumption	252,200	252,131	255,000	285,693	260,000	240,000
Exports	764,800	764,883	750,000	716,307	780,000	731,000
For Processing	320,000	320,000	307,000	310,000	321,000	300,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	1,337,000	1,337,014	1,312,000	1,312,000	1,361,000	1,271,000
(HA) ,(1000 TREES) ,(MT)						

Source: Post estimations

Commodities:

Grapes, Table, Fresh

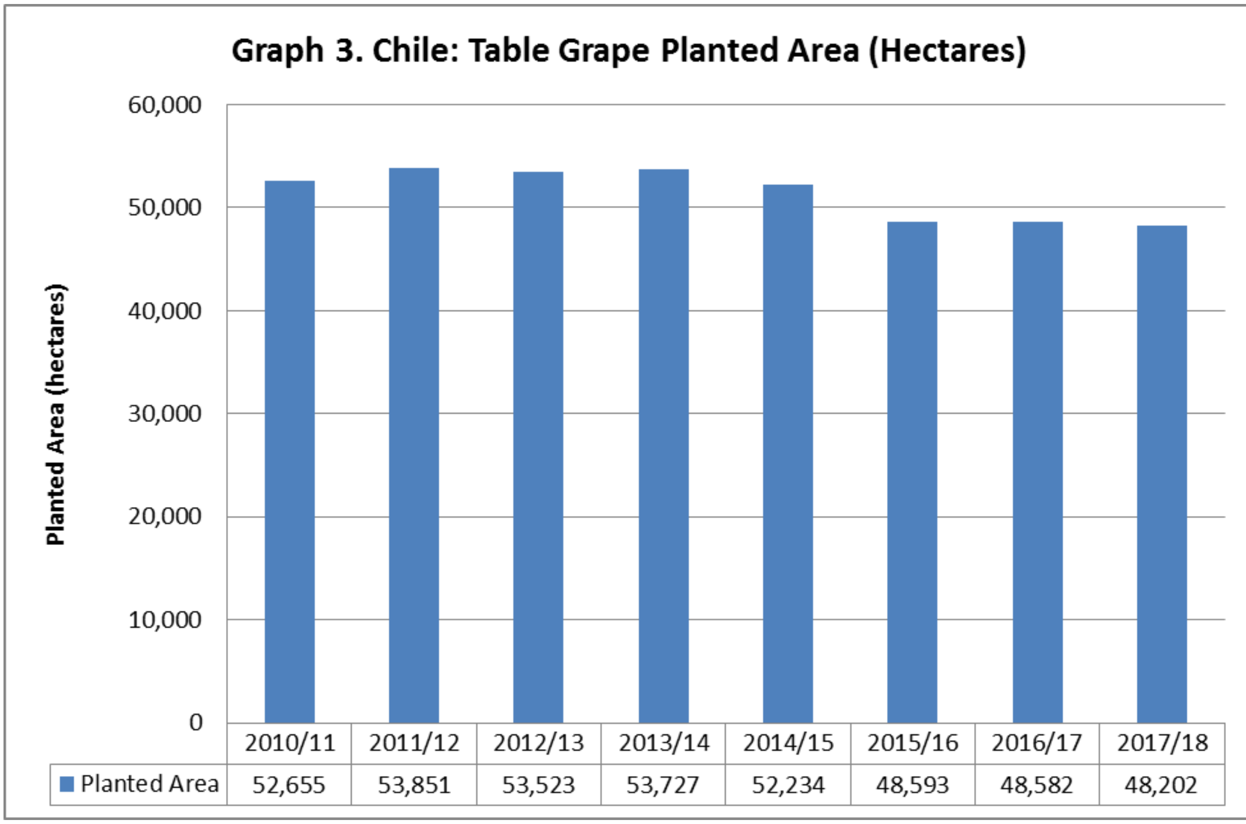
Production:

Chile's table grape planted area has declined since MY2013/14 but the decrease has been lower since MY2015/16. In MY2017/18 planted area totaled 48,202 ha. Table grapes have faced declining profits in export markets due to increasing competition from other countries and increasing demand for quality, caliber, and new varieties. Table grape producers are faced with the need to renew their orchards and replace older varieties with more modern ones that require a high initial investment, but that give higher returns in the medium to long term.

The first table grapes of the country are harvested and exported in the months of November and December from the northern regions of Atacama and Coquimbo. In these two regions, water availability had been an issue in the past due to long periods of droughts, but MY2017/18 was characterized with abundant rainfall during the winter and allowed water reservoirs to be at almost maximum capacity which will secure irrigation for up to five marketing years.

Picture 1. Field visit in November 2017 to grape orchards in Elqui Valley, Coquimbo region 400 km to the north of Chile's capital, Santiago. The Elqui Valley is irrigated with water from the Puclaro Dam. The irrigation system allows for orchards to be planted on hillsides.

Picture 2. In the northern regions, the majority of table grape orchards for exports have drip irrigation systems. Water availability had been an issue in the past marketing years and efficiency in irrigation is key to ensure sufficient yields. In MY2017/18 producers can achieve yields of 30-40 MT/ha of fresh table grapes for exports.



Source: ODEPA, 2018

Consumption:

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

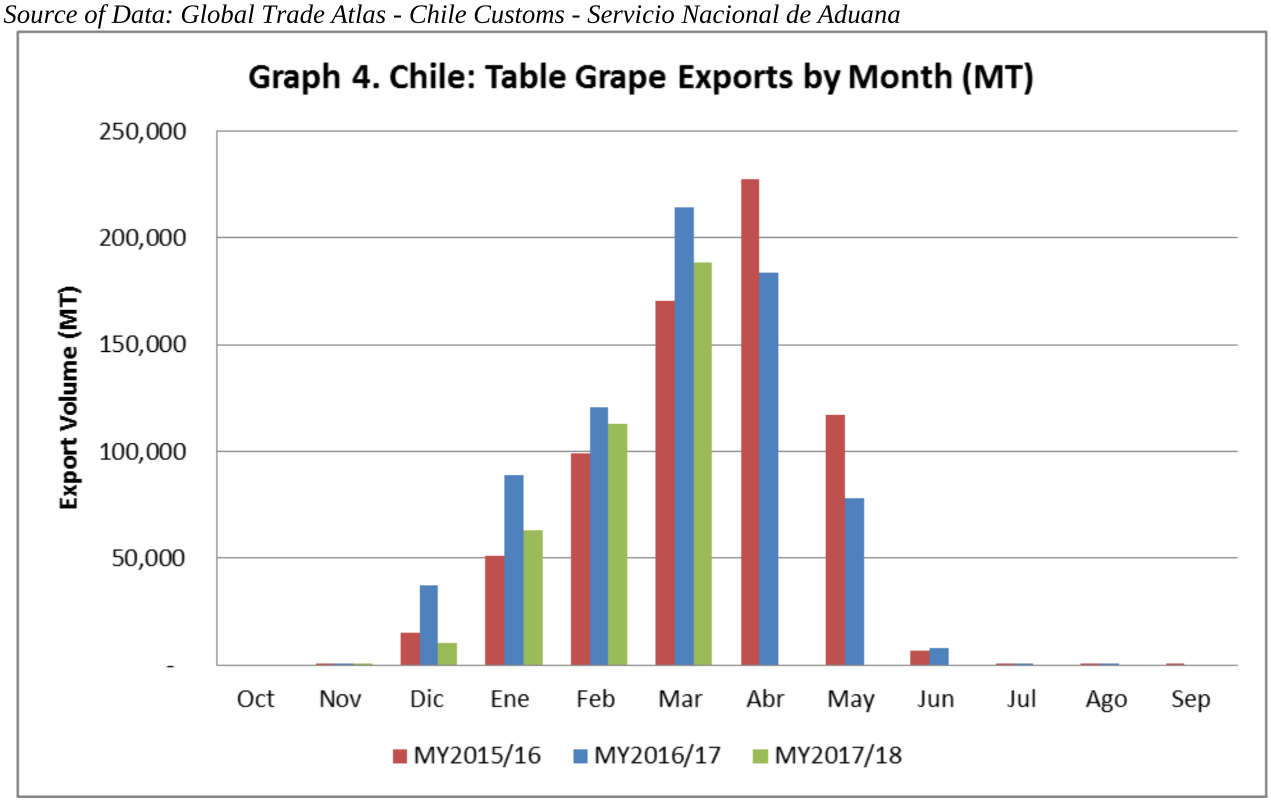
Trade:

In MY2016/17, Chile exported a total of 731,156 MT of fresh table grapes or a 6.4 percent increase over MY2015/16. The United States is the top market for Chilean table grape. Exports to the United States in MY2016/17 were 344,180 MT or 47 percent of total table grape exports.

In MY2017/18 exports have decreased by 24.38 percent over MY2016/17. The peak export month in MY217/18 is expected to be April, according to data from ODEPA, in the first three weeks of April 2018, 190,000 MT of table grapes have been exported, which is already a higher volume than April 2017, where a total of 184,000 MT were exported. Nevertheless, exports are projected to reach a volume of 720,000 MT which would be a 1.5 percent decrease over MY2016/17.

Chile Export Statistics Commodity: 080610, Grapes, Fresh						
Year Ending September: 2013 - 2017, Year To Date: 10/16 - 02/17 & 10/17 - 02/18 Quantity						
Partner Country	Quantity (MT)			Year To Date		
	MY2014/15	MY2015/16	MY2016/17	Oct/2016 - Feb/2017	Oct/2017 - Feb/2018	%Change
World	760,841	687,559	731,156	246,707	186,550	-24.38
United States	355,846	314,221	344,180	181,638	141,790	-21.94
China	90,201	120,259	97,334	9,626	5,604	-41.78
Netherlands	61,163	43,806	45,728	8,745	3,758	-57.03
Korea, South	50,630	33,857	34,343	12,869	7,564	-41.22
United Kingdom	37,136	30,466	31,546	4,553	2,668	-41.40
Brazil	24,583	18,446	18,505	2,299	1,526	-33.65
Canada	14,169	13,132	17,527	4,723	5,631	19.22
Russia	16,456	11,937	15,218	1,112	972	-12.60
Mexico	17,236	12,986	14,381	5,046	4,884	-3.21
Japan	10,778	9,255	10,526	4,704	4,234	-10.00
Spain	5,022	5,637	9,088	993	953	-4.07
Germany	3,416	4,569	8,861	1,075	529	-50.83
Indonesia	3,116	4,303	8,191	94	-	-100.00
Taiwan	3,651	6,421	6,459	1,516	350	-76.91
Saudi Arabia	3,854	4,990	6,155	324	199	-38.70
Others	63,584	53,274	63,114	7,390	5,888	-20.32

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.

Table 4. Production, Supply and Demand Data Statistics

Grapes, Fresh Table	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	47,784	48,593	47,084	48,582	47,000	48,202
Area Harvested	47,200	47,200	46,100	46,100	46,000	46,000
Commercial Production	847,800	847,800	911,000	911,000	915,000	895,000
Non-Comm. Production	20,000	20,000	4,800	4,806	4,650	4,650
Production	867,800	867,800	915,800	915,806	919,650	899,650
Imports	300	341	400	350	400	350
Total Supply	868,100	868,141	916,200	916,156	920,050	900,000
Fresh Dom. Consumption	180,500	180,541	186,200	185,000	187,050	180,000
Exports	687,600	687,600	730,000	731,156	733,000	720,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	868,100	868,141	916,200	916,156	920,050	900,000
(HA) ,(MT)						

Source: post estimations

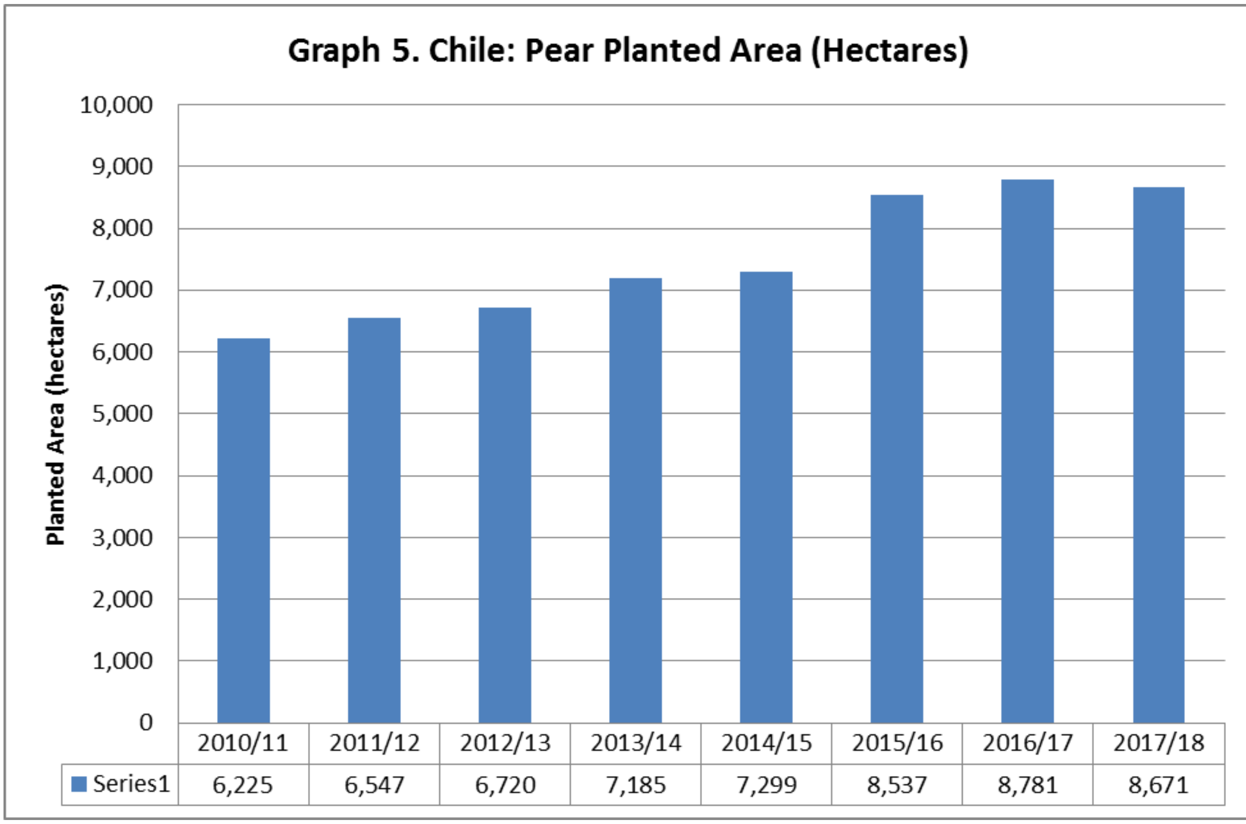
Commodities:

Pears, Fresh

Production:

Chile's pear planted area in MY2017/18 totaled 8,671 ha, or 1.3 percent decrease over MY2016/17. Although planted area has remained steady around 8,600 ha in the past three marketing years, planted area could increase if the demand for Chilean pears increases with the opening of the Chinese market (see policy section below).

MY2017/18 has presented regular weather conditions and yields are expected to be normal. Production is projected to reach total 270,000 MT following the slight decrease in planted area.



Source: ODEPA, 2018

Consumption:

Post estimates that 52 percent of the commercial production is exported, fresh domestic consumption of pears is 30 percent and the remainder 18 percent is used in the processing industry. Pear domestic/local consumption has not increased as much as consumption of other fruits because some pear varieties produced in Chile, like *abate fetel or forelle*, are less popular among domestic consumers and post-harvest handling is limited when compared to other fruits such as apples.

Trade:

Pear exports totaled 151,627 MT in MY2016/17. The main market for Chilean pears is the Netherlands, followed by Colombia, Peru, and Italy. Pear exports to Russia grew by 102 percent in MY2016/17 over MY2015/16.

Pear exports have decreased by 40.82 percent in MY2017/18 over MY2016/17, but it is expected to reach peak export volumes in April. Export volume in MY2017/18 is projected to reach 140,000 MT, a 6.6 percent decrease over 2016/17.

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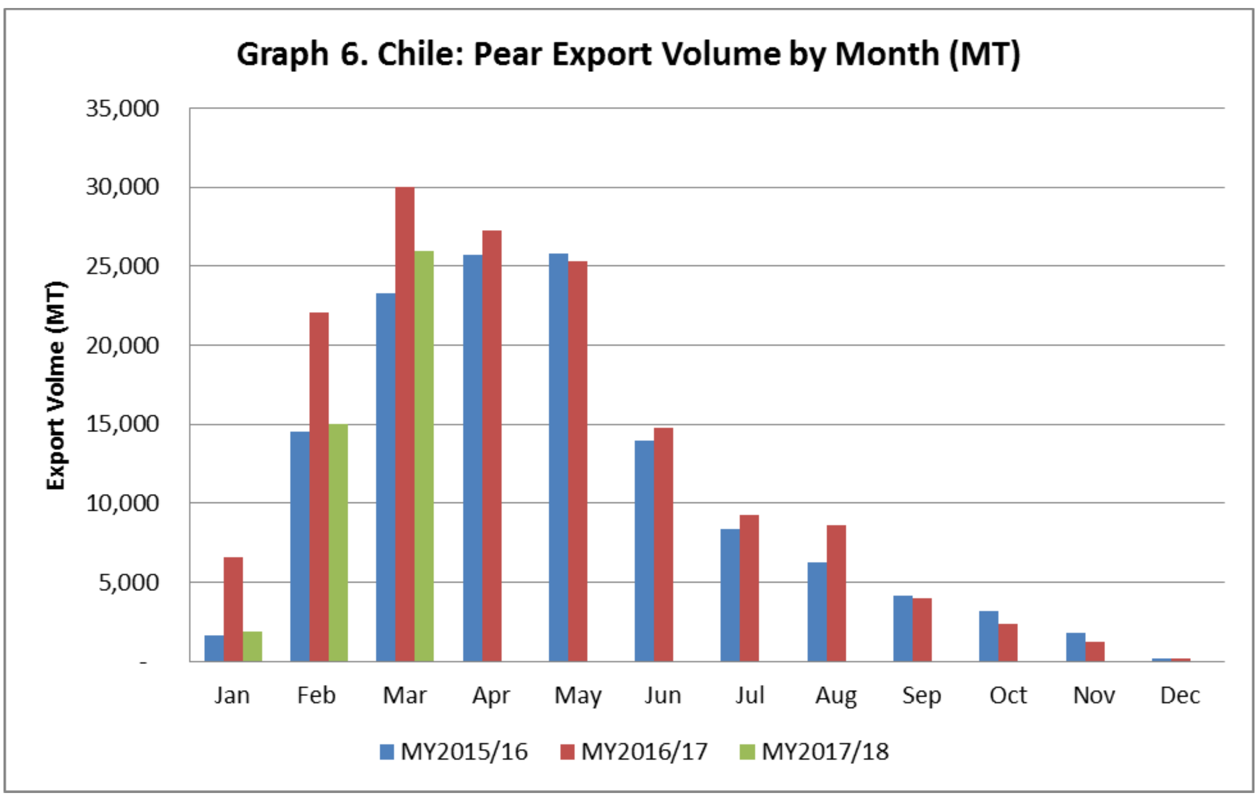
Chile Export Statistics						
Commodity: 080830, Pears, Fresh						
Calendar Year: 2013 - 2017, Year To Date: 02/2017 & 02/2018 Quantity						
Partner Country	Quantity (MT)			Year To Date		
	MY2014/15	MY2015/16	MY2016/17	Jan - Feb 2017	Jan - Feb 2018	%Change
World	**143,726**	**128,703**	**151,627**	**28,621**	**16,938**	**-40.82**
Netherlands	26,676	21,065	27,273	3,658	811	-77.84
Colombia	22,214	20,875	22,149	3,974	2,590	-34.83
Peru	11,311	13,303	16,061	1,634	1,090	-33.29
Italy	16,725	13,814	15,616	4,189	2,139	-48.93
Russia	6,763	6,400	12,938	999	484	-51.52
United States	19,025	13,896	12,638	3,093	2,646	-14.46
Ecuador	9,580	8,981	12,332	1,635	1,346	-17.67
Germany	3,819	4,032	6,204	548	182	-66.82
Brazil	4,258	3,047	4,291	1,188	241	-79.71
Spain	3,758	2,016	4,280	2,899	3,255	12.30
Saudi Arabia	3,156	3,027	1,839	1,056	982	-6.99
Panama	1,669	1,722	1,712	152	93	-38.89
Belgium	1,514	1,732	1,695	247	56	-77.48
Portugal	540	1,528	1,522	681	-	-100.00
United Arab Emirates	2,497	1,562	1,312	1,099	356	-67.64
Others	10,221	11,703	9,765	1,569	667	-57.49

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. As a reciprocity gesture, Chile allowed Chinese pears to enter the Chilean market and the first containers of Crown pears, Hosui pears, and Ya pears from China arrived to Chilean ports in December 2017 to be sold in the retail sector/outlets.

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	8,810	8,537	9,146	8,781	9,300	8,671
Area Harvested	7,400	7,400	7,900	7,900	8,200	8,200
Bearing Trees	7,770	7,770	8,295	8,295	8,610	8,610
Non-Bearing Trees	1,480	1,480	1,308	1,308	1,155	1,155
Total Trees	9,250	9,250	9,603	9,603	9,765	9,765
Commercial Production	265,000	265,000	288,000	288,000	294,000	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	296,000	272,000
Imports	500	600	300	600	200	600
Total Supply	267,500	267,600	290,300	290,600	296,200	272,600
Fresh Dom. Consumption	83,100	83,200	83,700	83,000	84,200	80,000
Exports	128,700	128,703	150,000	151,627	155,000	140,000
For Processing	55,700	55,700	56,600	55,973	57,000	52,600
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	267,500	267,603	290,300	290,600	296,200	272,600
(HA) ,(1000 TREES) ,(MT)						

Source: Post estimations