

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Chile

Stone Fruit Annual

Fresh Peaches, Nectarines and Cherries Annual

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Report Highlights:

Chile's production estimates for peaches and nectarines are expected to increase and cherries will expand significantly as large areas of new planted orchards are coming into production and weather conditions have been more favorable for all stone fruit production.

Executive Summary:

Chilean cherry production fell significantly in MY2012/2013 when compared to the previous year as a result adverse weather conditions. Weather has been bad during last winter, mainly because of a lack of cold days coupled with hail and rain during the blossom period. Production and exports of peaches and nectarines fell as planted area continued to decrease due to low economic returns and adverse weather conditions that affected all stone fruit production. A revaluation of the Chilean peso against the dollar and increasing production costs encourages farmers to uproot low producing orchards. This is not the case for cherries producers who still obtain good economic returns in spite of the deterioration of the exchange rate; which encourages farmers to increase plantings. During the last few years planted areas to cherries have increased significantly. For cherries a further expansion of production can be expected as additional planted area is coming into production and a still large area is in the incremental stage of production.

Commodities:

Fresh Peaches & Nectarines

Production:

Total planted area of peaches and nectarines continue to decrease when compared with previous years as some old orchards are not replaced. But total production does not show a corresponding significant reduction as many farmers update their older orchards with new more productive varieties. As new varieties develop, most producers have been replacing old, less acceptable varieties, especially nectarines. As peaches have a shorter shelf life and are less attractive to consumers, planted area to this fruit has decreased proportionally more during the last few years. Additionally, declining economic returns during the last few years has also contributed in uprooting peach orchards in a larger than previously estimated area.

However, in general, output variations are mainly the result of changing weather conditions. Some varieties also are affected by yearly alternate bearing effect.

There are over 36 peach varieties for fresh consumption and another 36 varieties of nectarines grown and exported from Chile. Peach and nectarine varieties often become obsolete because of changing consumer tastes, even sometimes before trees begin bearing fruit. This coupled with high price fluctuations during the last few seasons and diminishing returns will contribute to the further reduction in total planted area in the coming years.

MY2012/13 brought a smaller than both previously predicted peaches and nectarine harvest and last year's output, mainly as a result of adverse weather conditions during last winter and freezing weather during the spring. For the MY2013/14 production season it is still early for an accurate prediction, but industry sources have reported that as a result of cold weather which allowed to accumulate enough cold hours for a good budding during this winter in most production areas, will probably result in a higher production volume of peaches and nectarines when compared to last season. The quality of the production is also expected to improve which will increase next season's export volumes.

Consumption:

A large percentage of the total peach and nectarine production is consumed as fresh fruit (40%). There is no breakdown on the volume of clingstone versus freestone production or consumption in Chile. Like most fresh fruit consumption, domestic consumption of peaches and nectarines is mainly lower quality fruit that does not make it to the export market.

Trade:

Close to 50 percent of Chile's total peach and nectarine exports are bound for the United States. Latin America is the second largest export market with a 23 percent of total exports, followed by deliveries to Europe with roughly 15 percent. The relatively short shelf life of peaches and nectarines and is the major factor influencing the search for nearby markets. Some stone fruits are imported; these come mainly from the United States. Among them, peaches and nectarines have been arriving during offseason and are successfully marketed in large supermarket chains. Over 95 percent of peaches and nectarines are exported from December through April with largest amounts during the month of February when almost 30 percent of the total volume is delivered yearly.

Production, Supply and Demand Data Statistics:

Fresh Peaches & Nectarines Chile	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	8,622	8,574	8,600	8,522		8,500
Area Harvested	8,190	8,231	8,165	8,181		8,245
Bearing Trees	5,531	5,559	5,514	5,525		5,568
Non-Bearing Trees	289	229	291	228		170
Total Trees	5,820	5,788	5,805	5,753		5,738
Commercial Production	152,300	152,300	150,000	147,845		150,600
Non-Comm. Production	1,000	1,000	1,000	1,000		1,000
Production	153,300	153,300	151,000	148,845		151,600
Imports	29	29	0	18		20
Total Supply	153,329	153,329	151,000	148,863		151,620
Fresh Dom. Consumption	54,446	54,446	54,000	54,280		54,420
Exports	95,683	95,683	93,800	91,383		94,000
For Processing	3,200	3,200	3,200	3,200		3,200
Withdrawal From Market	0		0			
Total Distribution	153,329	153,329	151,000	148,863		151,620

HA, 1000 TREES, MT

Export Trade Matrix

Country

Chile

Commodity

Fresh Peaches & Nectarines

Exports for:

2011			2012
Nov11-Oct12	Units:	M.T.,	Nov12-Oct13
Volume	Value		Volume
41,245	53,300	U.S.	38,918

Value
42,356

Others

Others

Brazil	10,459	12,031	Mexico	8,643	11,734
Netherlands	6,712	8,733	Brazil	7,895	9,313
Hong-Kong	5,932	10,403	Hong Kong	7,375	10,321

Nicaragua	5,420	6,488	Netherlands	6,709	7,846
Taiwan	4,868	7,991	Taiwan	5,644	7,611
Mexico	3,581	4,982	Colombia	3,386	5,121
U.K.	3,146	3,834	U.K.	2,512	3,174
Colombia	2,822	3,718	Ecuador	1,805	2,231
Ecuador	1,900	2,187	Russia	1,454	1,786
Honduras	1,376	2,048	Peru	1,397	1,622
Total for Others	46,214			46,818	
Others not Listed	8,300			5,571	
Grand Total	95,759	127,114		91,307	110,177

Note: 2012 data is from Nov 2012 through June 2013 only.

Volume in Metric Tons, value in Thous. US\$

Commodities:

Fresh Cherries,(Sweet&Sour)

Production:

The cherry production area continues to expand significantly every year. Industry sources have indicated that during last few years between 1,500 to 2,500 hectares yearly have been planted, totaling almost 18,000 hectares today. Close to 40 percent of the total planted area is still not in production or is in the incremental stage of production. As a result cherry production should increase significantly during the next few years if we have favorable weather patterns. Cherries are one of the few fruits that producers are increasing their planted area significantly in spite of the continued fall of the dollar value against the peso which is hurting the fresh fruit industry in general by increasing production costs which are in pesos and diminishing returns which are in dollars.

Producers have expanded the production period by introducing more weather resistant varieties and planting these further souths.

The main varieties planted are Bing, Sweet Heart and Santana which together represent over 88 percent of the total cherries exported. Among the main new-planted varieties are Lapins, Van, Stella and Summit. A total of over 70 varieties are planted in Chile.

Although Chile has great potential for cherry production, every year the total output is affected by both climatic factors and/or the extreme delicacy of the fruit. A pre-harvest rain or other adverse weather conditions can damage the delicate skin of the fruit. These factors make the fruit production very expensive, as it requires extreme care and specialized labor. The harvest can only be done by hand; there is no mechanization. Chile has great potential because it is one of the few countries that can produce off season in the southern hemisphere for the large quantity of consumers of the northern hemisphere. Chile has an advantage over other countries like South Africa where there is cheap labor, but average temperatures are too high. New Zealand does not have enough suitable land for cherry production and Australia has water problems. Chile produces 2 percent of total world production but it meets almost 80 percent of the off-season demand.

Weather has been bad during last winter, mainly because of a lack of cold days, hail and rain during the blossom period; as a result total cherry production in MY2012/2013 fell significantly when compared to both, our previous estimates and last year's output. For MY2013/2014, as new planted areas are coming into production and weather has been more favorable for stone fruit during this winter months, a rather large production expansion is forecasted, although it is still too early for a good prediction.

Trade:

As for other stone fruit, the US is one of Chile's most important fresh cherry export markets. As production expands in the coming years, industry expects to increase exports to the EU, Japan and mainly China. Since 2007 Chile exports its cherries duty free to the EU and the agreement with Japan will lower the current 8.5 percent duty in five years to zero. The agreement with China calls for a duty reduction in 3 years of the present 10 percent duty. Although cherries are exported from early November through February, over 90 percent are exported during the months of December and January of each year.

As a result of a smaller production in volume and a large production area which was affected by off season rain which damaged some crops and cracked the fruit, exports in MY2012/2013 resulted a 30 percent smaller than the previous year. For next season an 80 percent expansion is expected in exports.

Production, Supply and Demand Data Statistics:

Fresh Cherries,(Sweet&Sour) Chile	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	14,928	14,928	16,428	16,952		17,900
Area Harvested	11,047	11,047	12,151	12,544		13,500
Bearing Trees	5,863	5,863	6,449	6,658		7,165
Non-Bearing Trees	3,094	3,094	3,412	3,518		3,580
Total Trees	8,957	8,957	9,861	10,176		10,745
Commercial Production	84,800	84,793	91,000	64,325		97,000
Non-Comm. Production	1,000	1,000	1,000	1,000		1,000
Production	85,800	85,793	92,000	65,325		98,000
Imports	0	0	0	0		0
Total Supply	85,800	85,793	92,000	65,325		98,000
Fresh Dom. Consumption	12,000	12,000	11,500	12,000		13,000
Exports	70,200	70,227	76,000	49,825		80,000
For Processing	3,600	3,566	4,500	3,500		5,000
Withdrawal From Market	0		0			
Total Distribution	85,800	85,793	92,000	65,325		98,000

HA, 1000 TREES, MT

Export Trade Matrix

Country Chile

Commodity Fresh Cherries,(Sweet & Sour)

Exports for:

Time Period

Units:

U.S.

2011			2012	
Nov11-Oct12	Units:	M.T.	Nov12-Oct13	
Volume	Value		Volume	Value
15,641	60,030	U.S.	7,906	32,222

Others			Others		
China	24,926	153,557	China	28,126	172,962
Hong-Kong	13,135	76,128	Hong-Kong	3,755	17,901
Taiwan	4,081	23,292	Brazil	2,368	13,799
Brazil	3,114	13,826	Taiwan	2,082	11,934
U.K.	2,806	12,948	U.K.	1,249	7,218
Netherlands	1,400	6,666	Ecuador	851	2,310
Ecuador	1,224	2,497	Netherlands	499	3,064
Spain	969	4,868	Spain	453	2,588
France	320	2,104	France	299	1,949
Thailand	291	2,088	Thailand	299	1,669
Total for Others	52,265			39,980	
Others not Listed	2,468			1,792	
Grand Total	70,374	371,797		49,678	278,898

Note: 2012 data is from Nov 2012 through June 2013 only.