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Chile

Stone Fruit Annual

Peaches & Nectarines and Cherry Annual

Approved By:
Rachel Bickford, Agricultural Attaché

Prepared By:
Luis Hennicke, Agricultural Specialist

Report Highlights:
Chile's production estimates for peaches and nectarines are expected to fall, while cherry production will continue to expand as large areas of new planted orchards are coming into production.

Executive Summary:

Chilean cherry production increased in MY2011/2012 when compared to the previous year as a result of an increased harvesting area together with good weather conditions during the harvest period. Peach and nectarine production and exports fell as planted area continued to decrease mainly as a result falling economic returns. A revaluation of the Chilean peso against the dollar and increasing production costs encouraged farmers to uproot low producing orchards. This is not the case for cherries as producers still obtain good economic returns in spite of the deterioration of the exchange rate; this encourages farmers to increase cherry plantings. During the last few years planted areas to cherries have increased significantly.

For MY2012/2013 the industry is forecasting a slight decrease in production for peaches and nectarines as weather during last winter has not been favorable and planted and production area continues to fall. 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.

Post uses trade data published by the Ministry of Agriculture and their source is Chilean Customs. This data could be different from that obtained from the Global Trade data because most fruit exports go on consignment and are initially registered with an estimated figure. Later once it is traded the initial data is corrected with a real figure. These corrections are done sometimes a year later. Figures published in the Global Trade Atlas normally take the first figure published by Customs and are not corrected later on.

Commodities:

Fresh Peaches & Nectarines

Production:

Total planted area of peaches and nectarines continues to decrease when compared with previous years as some old orchards are not replaced. 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 with the 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 situation, coupled with high price fluctuations during the last few seasons and diminishing returns have resulted in further reduction in total planted area in the coming years as was indicated by the industry.

MY2011/12 brought a smaller than previously predicted harvest for both peaches and nectarines. For the MY2012/13 production season it is still too early for a good prediction, but industry sources have indicated that as a result of higher temperatures during this winter, some production areas will probably not accumulate enough cold hours for a for a good budding which will result in a lower production volume of peaches and nectarines when compared to last season. The quality of the production could also be affected which will reduce next season's export volumes and returns.

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 in Chile, 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	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		Market Year Begin: Nov 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	8,920	8,920	8,622	8,622		8,600
Area Harvested	8,470	8,470	8,190	8,190		8,165
Bearing Trees	5,720	5,720	5,531	5,531		5,514
Non-Bearing Trees	301	301	289	289		291
Total Trees	6,021	6,021	5,820	5,820		5,805
Commercial Production	160,300	160,300	157,900	152,300		150,250
Non-Comm. Production	1,000	1,000	1,000	1,000		1,000
Production	161,300	161,300	158,900	153,300		151,250
Imports	62	148	100	29		30
Total Supply	161,362	161,448	159,000	153,329		151,280
Fresh Dom. Consumption	58,200	58,200	58,500	54,446		54,280
Exports	99,700	99,765	98,000	95,683		93,800
For Processing	3,462	3,483	2,500	3,200		3,200
Withdrawal From Market	0		0			
Total Distribution	161,362	161,448	159,000	153,329		151,280
HA, 1000 TREES, MT						

Export Trade Matrix

Country	Chile			
Commodity	Fresh Peaches & Nectarines			
Exports for:	2010			2011
Time Period	Nov10-Oct11	Units:	M.T.	Nov11-Oct12

Units:	Volume	Value		Volume	Value
U.S.	50,763	58,146	U.S.	41,245	44,837
Others			**Others**		
México	8,272	10,784	Brazil	10,437	11,911
Netherlands	7,948	11,673	Mexico	8,986	11,322
Brazil	6,631	6,447	Netherlands	7,808	8,121
Taiwan	4,682	8,764	Hong-Kong	5,901	8,267
Hong-Kong	4,434	7,837	Taiwan	4,876	6,783
U.K.	3,127	4,158	U.K.	3,122	3,399
Colombia	2,522	3,188	Colombia	2,822	3,685
Spain	2,482	3,289	Ecuador	1,900	2,173
Ecuador	1,922	2,040	Spain	1,273	1,514
Russia	1,085	1,220	Peru	1,122	1,139
Total for Others	43,105			48,247	
Others not Listed	5,896			6,190	
Grand Total	**99,764**	**127,630**		**95,682**	**109,525**

Note: 2011 data is from Nov 2011 through June 2012 only.

Commodities:

Fresh Cherries,(Sweet&Sour)

Production:

The cherry production area has expanded significantly in the last few years. Industry sources have indicated that during last few years between 1,500 to 2,500 hectares yearly have been planted, totaling today over 16,000 hectares. 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 during the next few years. Cherries is one of the few fruits that producers are increasing their planted area significantly in spite of the continues 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 falling returns which are in dollars.

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

The main varieties planted are Bing, Sweet Heart and Santina 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 favorable last year, as a result total cherry production in MY2011/2012 increased significantly when compared to both, our previous estimates and last year's output. For MY2012/2013, a significant area is coming into production, as a result another production expansion is forecasted, although it is still too early for a good prediction. Nevertheless industry sources are skeptical and worried as weather predictions have indicated that there are indications that an El Niño weather phenomenon is apparently developing for late spring and summer which calls for unusual rain during the harvesting season. This could affect the quality and quantity of production seriously.

Trade:

As for other stone fruit, the U.S. 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 especially China. Since 2007 Chile has exported cherries duty free to the EU and the agreement with Japan will lower the current 8.5 percent duty over six 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.

Production, Supply and Demand Data Statistics:

Fresh Cherries,(Sweet&Sour) Chile	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		Market Year Begin: Nov 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	13,143	13,143	14,143	14,928		16,428
Area Harvested	10,280	10,280	10,480	11,047		12,151
Bearing Trees	5,456	5,456	5,562	5,863		6,449
Non-Bearing Trees	2,430	2,430	2,924	3,094		3,412
Total Trees	7,886	7,886	8,486	8,957		9,861
Commercial Production	76,120	76,120	82,000	84,793		91,272
Non-Comm. Production	1,000	1,000	1,000	1,000		1,000
Production	77,120	77,120	83,000	85,793		92,272
Imports	8	2	8	2		2
Total Supply	77,128	77,122	83,008	85,795		92,274
Fresh Dom. Consumption	10,525	11,500	11,808	12,000		12,000
Exports	57,600	57,566	62,000	70,227		75,774
For Processing	9,003	8,056	9,200	3,568		4,500
Withdrawal From Market	0		0			
Total Distribution	77,128	77,122	83,008	85,795		92,274
HA, 1000 TREES, MT						

Export Trade Matrix

Country	Chile			
Commodity	Fresh Cherries,(Sweet&Sour)			
Exports for:	2010			2011
Time Period	Nov10-Oct11	Units:	M.T.	Nov11-Oct12

Units:	Volume	Value		Volume	Value
U.S.	20,132	66,794	U.S.	15,630	57,584
Others			**Others**		
Hong-Kong	13,098	74,778	China	24,926	139,150
China	9,120	57,733	Hong-Kong	12,876	70,658
Taiwan	3,889	23,314	Taiwan	4,018	22,508
Brazil	2,558	9,900	Brazil	3,116	13,839
U.K.	2,392	9,741	U.K.	2,804	12,276
Spain	1,291	5,930	Netherlands	1,399	6,005
Netherlands	1,085	3,812	Ecuador	1,224	2,497
Canada	628	2,108	Spain	968	4,593
Ecuador	594	1,318	France	320	2,032
France	289	1,675	India	293	1,927
Total for Others	34,944			51,944	
Others not Listed	2,490			2,653	
Grand Total	**57,566**	**269,968**		**70,227**	**347,992**

Note: 2011 data is from Nov 2011 through June 2012 only.