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Chile

Stone Fruit Annual

Peaches & Nectarines and Cherry Annual Report

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Report Highlights:
Due to the presence of the El Niño current, rains were close to normal levels in most of the country 2015. The increase in rain plays favor for the necessary irrigation of Chile's stone fruit sector, which positively contributes to its increasing production. If the climatic conditions are maintained during the spring, nectarine and peach production could increase by as much as ten percent, while cherries are expected to grow by nearly fifteen percent.

Executive Summary:

Due to the presence of the El Niño current, rains were close to normal levels in most of the country 2015. The increase in rain plays favor for the necessary irrigation of Chile's stone fruit sector, which positively contributes to its increasing production. If the climatic conditions are maintained during the spring, nectarine and peach production could increase by as much as ten percent, while cherries are expected to grow by nearly fifteen percent.

Commodities:

Fresh Peaches & Nectarines

Production:

The total planted area for peaches and nectarines continues to decrease when compared with previous years, as some older orchards are not being replaced (according to the Office of Studies and Agricultural Policies (ODEPA) of the Ministry of Agriculture). In the case of nectarines, the area planted was reduced from 6,818 hectares (ha) in 2006 to 5,209 ha in 2014, a 23 percent reduction. The reduction in the area planted for peaches (fresh and for canned used) is even more drastic, from 5,616 ha in 2006 to 2,787 ha in 2014, a reduction of 50 percent. Thus, at present, while the planted area noted above totals 7996 ha, post sources report that the next MY2015/2016 will reach a total of 8500 ha, as farmer are still planting more varieties for the upcoming season.

As estimated in last previous years GAINs report, the production of peaches and nectarines for MY 2014/15 was higher than MY 2013/2014 and almost reached normal levels with an increase of a 95 percent combined. This was due to winter frosts that impacted MY2013/2014 production, which the industry has since recovered from.

As new varieties of nectarines with higher production are develop, producers have been replacing old plants with these new varieties which has increased the production despite the reduction in the planted area. As peaches have a shorter shelf life making it less attractive to consumers, the area planted for peaches has decreased proportionally over the last few years shifting to more attractive orchards like cherries or others.

In general, however the yield production variations are mainly the result of specific weather conditions, like the frost in 2013. 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, sometimes even before the trees begin bearing fruit.

Post forecast that peach and nectarine production will increase about ten percent in MY 2015/2016 if the climatic conditions remain stable during the spring. In addition, the high value of the dollar and a production that is estimated to reach 151 tons makes this a very good year.

Consumption:

A large percentage of the total peach and nectarine production is consumed as fresh fruit (40 percent). 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:

43 percent of Chile's nectarines and 56 percent of its peaches be exported to the United States making it its top export destination. 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 that are imported come mainly from the United States during Chile's counter season. Among them, peaches and nectarines have been successfully marketed in large supermarket chains. Over 95 percent of peaches and nectarines are exported from December through April, with 66 percent of the total yearly volume being delivered during the months of January and February.

Fresh Peaches & Nectarines Chile	**2013/2014**			**2014/2015**			**2015/2016**		
	Market Year Begin: Nov 2013			**Market Year Begin: Nov 2014**			**Market Year Begin: Nov 2015**		
	USDA Official	**Old Post**	**New Post**	**USDA Official**	**Old Post**	**New Post**	**USDA Official**	**Old Post**	**New Post**
Area Planted	8,500	8,500	8,522	8,450	8,450	7996			8,500
Area Harvested	8,245	8,245	8,245	8,245	8,245	8,245			8,300
Bearing Trees	5,568	5,568	5,568	5,568	5,568	5,568			5,800
Non-Bearing Trees	170	170	170	136	136	136			136
Total Trees	5,738	5,738	5,738	5,704	5,704	5,704			5,936
Commercial Production	90,000	90,000	90,000	140,000	140,000	140,000			150,000
Non-Comm. Production	1,000	1,000	1,000	0	1,000	1,000			1,000
Production	91,000	91,000	91,000	140,000	141,000	141,000	0	0	151,000
Imports	26	26	26	20	20	20			20
Total	91,026	91,02	91,02	140,02	141,02	141,02	0	0	151,02

Supply		6	6	0	0	0			0
Fresh Dom. Consumption	42,826	42,826	44,506	55,020	47,820	51,974			56,020
Exports	45,000	45,000	43,020	80,000	90,000	84,046			90,000
For Processing	3,200	3,200	3,500	5,000	3,200	5,000			5,000
Withdrawal From Market	0	0			0				
Total Distribution	91,026	91,026	91,026	140,020	141,020	141,020	0	0	151,020
TS=TD			0			0			0
Comments									

Source: ODEPA

Stocks:

There are no official statistics available on Chile's average stocks. However, exporters normally try not to carry over stocks.

Commodities:

Fresh Cherries,(Sweet&Sour)

Production:

There are no official statistics available for the area planted with cherries in Chile. The latest estimations given by the Office of Studies and Agricultural Policies (ODEPA) of the Ministry of Agriculture are that 16.933 ha of cherries were planted between the Coquimbo Region in the north of Chile and the region of the Lakes Region in the south, with nearly 81 percent located in the O'Higgins and Maule Regions.

The cherry production area continues to expand significantly each year. Industry sources have indicated that during the last few years, between 1,500 to 2,500 ha of cherries have been planted annually. In the next MY 2014/2015, industry sources report a huge bounce in production from the previous marketing year, as the industry recovers for severe frosts that in September 2013 that caused production to plummet. Close to 40 percent of the total planted area is not in production or is in the incremental stage of production. The planted area of cherries increases every year despite of weather conditions and the normal low price of the dollar, as it is considered one of the most profitable crops produced in the Chilean market.

Producers have expanded the production period by introducing more weather resistant varieties and planting the crops into the colder regions of southern Chile.

Although Chile has great potential for cherry production, every year the total output and quality is affected by both climatic factors and/or the extreme delicateness 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, in order to protect the product from damage. Chile's greatest advantage in cherry production is its ability to produce cherries at the Northern Hemisphere's counter season (or off season). While South Africa could be thought as a viable competitor for producing cherries because of its cheaper labor, its average temperatures are too high. In addition, 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 northern hemisphere's off-season demand.

The main varieties of cherries planted are Bing and Lapins, which together represent over 42 percent of the total cherries produced.

MY 2014/2015 had the greatest production to date, despite of the rains that affected the production areas in the center of Chile before the harvesting season, exports reached 103,243 MT 55% higher than the previous year. Chilean cherries flooded the Chinese market before the late Chinese New Year with about 76 percent of it exports, which affected the price with the high offer.

Posts' forecast for fresh cherries is to increase about 15 percent in MY 2015/2016 if the climatic conditions remain stable during the spring. The high value of the dollar and increase production estimates expects Chile's cherry production to reach 142,660 MT in the coming MY.

Trade:

In 2011, China became Chile's most important export market for fresh cherries. Although cherries are exported from early November through February, over 90 percent are exported during the months of December and January of each year, with the expectation of reaching China before the Chinese New Year, where the demand is higher.

Challenges for next season include improvements on the logistic for distant markets like the Chinese and the Middle East, and improve post-harvest practices to maintain the quality of the product.

New prospect markets for Chilean cherries include Japan, who recently opened their market for Chilean cherries under the system approach. South Korea is now in the process of working to reach a similar negotiation to open its market.

Fresh Cherries,(Sweet&Sour) Chile	**2013/2014**			**2014/2015**			**2015/2016**		
	Market Year Begin: Nov 2013			**Market Year Begin: Nov 2014**			**Market Year Begin: Nov 2015**		
	USDA	**Old**	**New**	**USDA**	**Old**	**New**	**USDA**	**Ol**	**New**

	Official	Post	Post	Official	Post	Post	Official	d Post	Post
Area Planted	17,900	17,900	16,243	19,500	19,500	16,933			18,000
Area Harvested	13,500	13,500	12,183	15,000	15,000	13,307			13,470
Bearing Trees	7,165	7,165	7,165	7,961	7,961	7,961			8,000
Non-Bearing Trees	3,580	3,580	3,580	3,775	3,775	3,580			3,500
Total Trees	10,745	10,745	10,745	11,736	11,736	11,541			11,500
Commercial Production	84,900	84,900	84,900	110,000	110,000	123,184			141,660
Non-Comm. Production	1,000	1,000	1,000		1,000	1,000			1,000
Production	85,900	85,900	85,900	110,000	111,000	124,184			142,660
Imports	0	0	0		0	0			
Total Supply	85,900	85,900	85,900	110,000	111,000	124,184			142,660
Fresh Dom. Consumption	15,300	15,480	15,480	15,000	15,500	16,000			17,660
Exports	66,600	66,420	66,420	90,000	91,500	103,184			120,000
For Processing	4,000	4,000	4,000	5,000	4,000	5,000			5,000
Withdrawal From Market	0	0			0				
Total Distribution	85,900	85,900	85,900	110,000	111,000	124,184			142,660
TS=TD			0			0			0
Comments									

Source: ODEPA

Author Defined:

Regional distribution of cherries, peaches and nectarines around Chile.

According the date of the last census155											
(hectares)											
Specie	**Atacama**	**Coquimbo**	**Valparaíso**	**Metropolitana**	**O'Higgins**	**Maule**	**Bío Bío**	**La Arau**	**Los**	**Los Lag**	**Total**

								canía	Ríos	os	
	2011	**2011**	**2014**	**2014**	**2009**	**2013**	**2012**	**2012**	**2012**	**2012**	**Estimation**
cherry	0.05	73.88	242.67	1,814.19	4,967.51	8,087.13	1,309.67	381.99	27.91	27.88	16,932.88
Peaches	1.75	36.50	304.09	712.82	1,720.94	9.76	1.42				2,787.28
Nectarine	0.05	4.16	326.63	1,315.84	3,515.67	45.06	1.74				5,209.15

Source: ODEPA