USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 8/10/2016
GAIN Report Number: CI1619

Chile

Stone Fruit Annual

Chilean Cherry export volume expected to recover in MY2016/17

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Report Highlights:

In MY2015/16 Chile's climatic conditions were not favorable for cherry production. As a result, the production volume was reduced and exports were 83,558 MT. In MY2017/16 Chile's cherry export volume is expected to reach 110,000 MT as "el Nino" effects are not expected to be an issue during this period and new orchards in Chile come into production.

For fresh peach and nectarines, total exports increased 2.2 % in volume in MY2015/16 over

MY2014/15, reaching 85,940 MT but decreased 8.1% in value to a total of US$ 94 million. Exports are expected to decline 5.5% to 81,200 MT in MY 2016/17, due to the decrease in the area planted and lower prices that peaches and nectarines have in relation to more profitable fruits.

Executive Summary:

In MY2015/16 Chile's climatic conditions were not favorable for cherry production. As a result, the production volume was reduced and exports were 83,558 MT. In MY2017/16 Chile's cherry export volume is expected to reach 110,000 MT as "el Nino" effects are not expected to be an issue during this period and new orchards in Chile come into production.

For fresh peach and nectarines, total exports increased 2.2 % in volume in MY2015/16 over MY2014/15, reaching 85,940 MT but decreased 8.1% in value to a total of US$ 94 million. Exports are expected to decline 5.5% to 81,200 MT in MY 2016/17, due to the decrease in the area planted and lower prices that peaches and nectarines have in relation to more profitable fruits.

Commodities:

Fresh Cherries,(Sweet&Sour)

Production:

Cherry production in Chile is concentrated in the VI region of O'Higgins and VII region of el Maule, which together account for 81% of the total planted area (20,590 ha). The cherry area planted has been constantly growing as producers move towards more profitable crops. Cherry exports have shown a big success in the last years and continue to remain one of the most profitable fruits for Chilean producers. Main varieties planted in Chile are Bing which has 21.6% of the area planted, Lapins (21.3% of the area planted) and Santina (13.2% of the area planted).

There are still a lot of cherries being planted, especially in the VI region - O'Higgins, which has presented ideal agro-climatic conditions for cherry production. In this region, around 24% of the trees are in formation and not producing yet and 39% are in growing production thus we should expect a constant increase in the cherry production in the following years.

In MY2015/16 climatic conditions were not favorable for cherry production, resulting in fewer than ideal chill hours during the winter which caused an irregular bloom in the spring and delayed the cherry harvest approximately 10 days. Rainfall took place during October which affected the fruit that was developing. As a result, production volume was reduced.

In MY2016/17 cherry production volume is expected to increase up to 135,000MT as the "el Nino" phenomena fades away from Chile and new orchards come into production.

Chile: Cherry planted area 2015 (ha)

Region	Area (ha)	Share (%)
IV Coquimbo	25	0.12
V Valparaíso	243	1.18
Metropolitana	1,814	8.81
VI O'Higgins	8,675	42.13
VII Maule	8,087	39.28
VIII Bío Bío	1,310	6.36
IX La Araucanía	382	1.86
XIV Los Ríos	28	0.14
X Los Lagos	28	0.14
Total	**20,591**	**100.00**

Source: based in CIREN/Odepa.

Consumption:

Based on data from CIREN/ODEPA, Post estimates that 82 % of Chile's cherry production is exported, 12% goes to domestic consumption and 6% is processed. The fruit destined for domestic consumption is mainly fruit that does not comply with the conditions for export. This means it has quality problems or lower post-harvest life. As production increases, domestic consumption is projected to be 17,000 MT in MY 2016/17.

Trade:

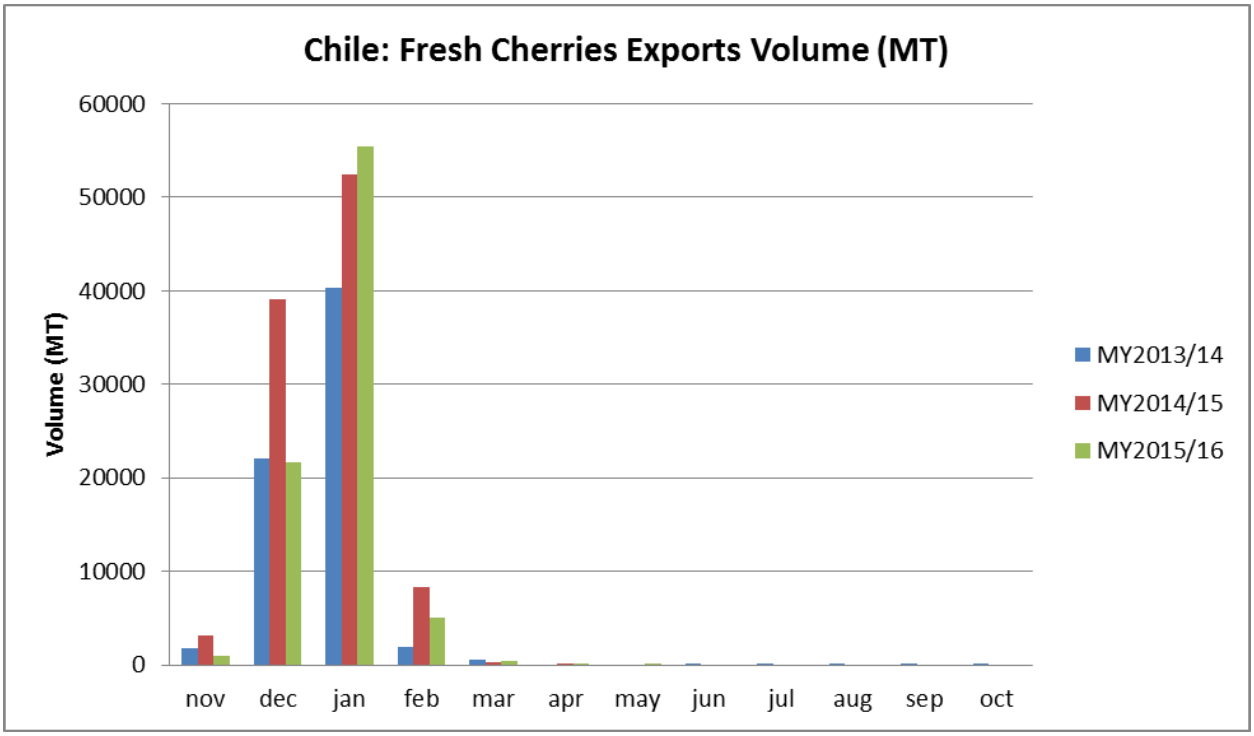
Since production volume was lower in MY 2015/16, fresh cherry exports decreased 19.2% in volume and 22% in total value MY2015/16 over MY2014/15.

Although overall export volume and value was lower in 2015/16, this was compensated by high prices in China along with a favorable exchange rate. The main destination for Chilean cherries was China, importing 81% of Chilean cherry exports in MY2015/16. The U.S. was the second largest importer of Chilean cherries after China. The U.S. imported 7% of Chilean cherries in MY2014/15.

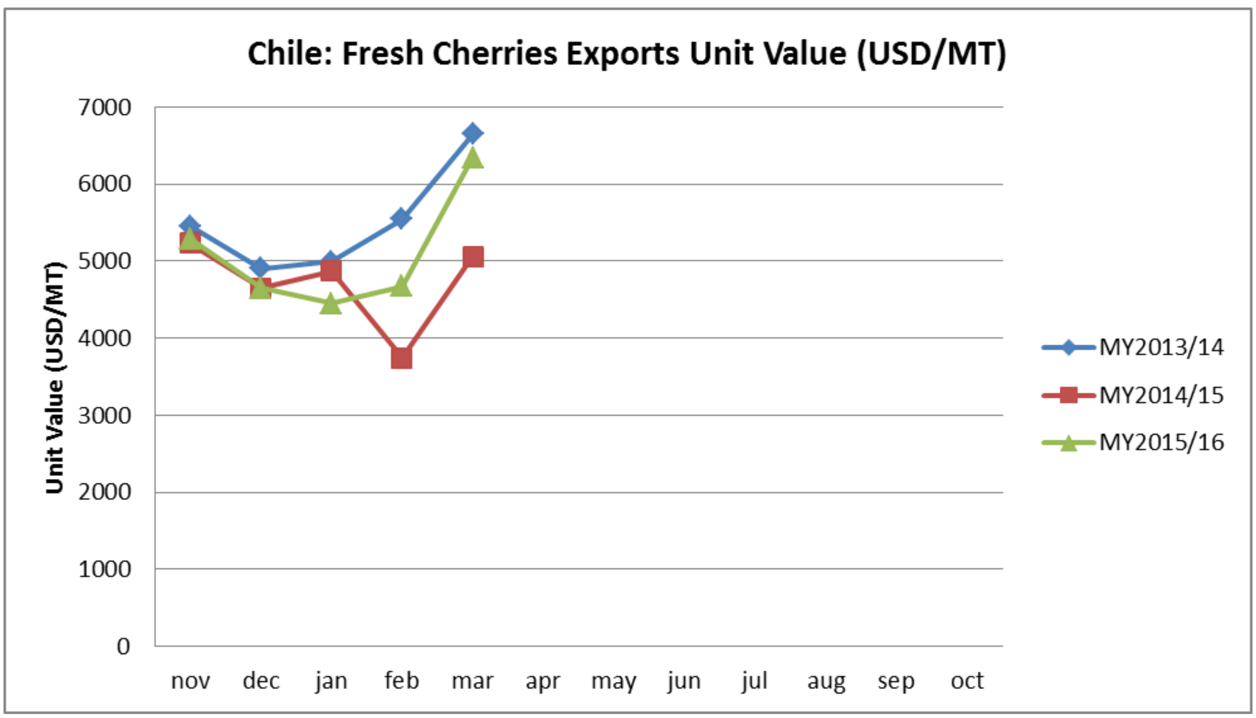
Beginning November 2015 prices were very high in the Chinese market for all varieties of Chilean cherries, reaching up to $28-29/Kg (Source: Expordata/Decofrut). The overall U.S. dollar value per MT for all cherry varieties was US$5291/MT in November, decreased until January when the Chinese demand for cherries increased and the highest volumes were exported, and then surged to US$6,346/MT in March. Bing and Lapins were the most exported varieties from Chile. Chinese cherry imports are expected to increase 9% in MY2015/16, thus Chilean cherry demand is expected. (see REPORT)

Exports to the U.S. begun in early November with high prices of $31-31.5/KG on the East Coast (Source: Expordata/Decofrut). Exports to the U.S. decreased by 36.4% in MY2015/16 over MY2014/15.

Fresh cherry export volume in MY2016/17 is expected to reach 110,000 MT as production and Chinese demand for cherries increase.



Source of Data: Chile Customs - Servicio Nacional de Aduana



Source of Data: Chile Customs - Servicio Nacional de Aduana

Chile Export Statistics: MY2013/14 & MY 2014/15

Commodity: 080921 - 080929, Cherries Fresh (includes sour cherries)						
Partner Country	**Volume (MT)**		**Change (%)**	**Value (USD)**		**Change (%)**
	MY 2013/2014	**MY 2014/2015**		**MY 2013/2014**	**MY 2014/2015**	
World	**66,686**	**103,373**	**55.0**	**333,809,782**	**486,779,338**	**45.8**
China	40,985	77,135	88.2	216,265,377	371,633,723	71.8
United States	8,821	9,056	2.7	31,697,383	34,260,418	8.1
Hong Kong	4,007	4,372	9.1	18,055,287	21,716,363	20.3
Brazil	2,563	2,840	10.8	14,342,698	11,374,873	-20.7
Taiwan	3,604	2,604	-27.7	19,521,692	14,001,823	-28.3
United Kingdom	1,789	1,981	10.7	8,837,556	9,668,597	9.4
Ecuador	873	1,413	61.9	2,047,281	2,611,191	27.5
Netherlands	1,136	1,442	26.9	4,866,149	7,172,446	47.4
Spain	721	307	-57.4	3,665,240	2,047,055	-44.1
Others	2,187	2,223	1.6	14,511,119	12,292,849	-15.3

Source of Data: Chile Customs - Servicio Nacional de Aduana

Chile Export Statistics: Year to date (Nov 2014-May 2015 & Nov 2015-May 2016)						
Commodity: 080921 - 080929, Cherries Fresh (includes sour cherries)						
Partner Country	**Volume (MT)**		**Change (%)**	**Value (USD)**		**Change (%)**
	Nov 2014-May 2015	**Nov 2015-May 2016**		**Nov 2014-May 2015**	**Nov 2015-May 2016**	
World	**103,373**	**83,558**	**-19.2**	**486,778,343**	**378,938,721**	**-22.2**
China	77,134	67,868	-12.0	371,632,728	304,762,549	-18.0
United States	9,056	5,761	-36.4	34,260,418	23,977,013	-30.0
Hong Kong	4,372	2,007	-54.1	21,716,363	7,636,171	-64.8
Brazil	2,840	1,852	-34.8	11,374,873	8,834,540	-22.3
Taiwan	2,604	1,693	-35.0	14,001,823	9,424,281	-32.7
United Kingdom	1,981	1,327	-33.0	9,668,597	8,391,820	-13.2
Ecuador	1,413	530	-62.5	2,611,191	1,033,468	-60.4
Netherlands	1,442	493	-65.8	7,172,446	2,989,801	-58.3
Spain	307	270	-12.1	2,047,055	1,629,072	-20.4
Others	2,224	1,757	-21.0	12,292,849	10,260,006	-16.5

Source of Data: Chile Customs - Servicio Nacional de Aduana

Production, Supply and Demand Data Statistics:

Fresh Cherries,(Sweet&Sour)	2014/2015		2015/2016		2016/2017	
Market Begin Year	Nov 2014		Nov 2015		Nov 2016	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	16,933	16,933	18,000	20,591	0	22,650
Area Harvested	13,307	15,070	13,470	18,325	0	20,158
Bearing Trees	7,961	16,116	8,000	18,108	0	20,100
Non-Bearing Trees	3,580	1,772	3,500	2,132	0	2,211
Total Trees	11,541	17,888	11,500	20,240	0	22,311
Commercial Production	123,184	126,064	141,660	101,900	0	134,000
Non-Comm. Production	1,000	1,000	1,000	1,000	0	1,000
Production	124,184	127,064	142,660	102,900	0	135,000
Imports	0	0	0	0	0	0
Total Supply	124,184	127,064	142,660	102,900	0	135,000
Fresh Dom. Consumption	15,784	16,128	22,660	13,228	0	17,000
Exports	103,400	103,373	120,000	83,558	0	110,000
For Processing	5,000	7,563	0	6,114	0	8,000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	124,184	127,064	142,660	102,900	0	135,000
(HA) ,(1000 TREES) ,(MT)						

Commodities:

Fresh Peaches & Nectarines

Production:

The area planted for both fresh peaches and nectarines has been decreasing at a rate of 5% in the last 10 years due to a decrease in international prices. The total area planted is 5,340 ha of nectarines and 2,019 ha of fresh peaches in MY2015/16. The main production region is the VI O'Higgins region holding 68% of the area planted and the Metropolitana region with 25% of the area.

Just like other fruits, peaches and nectarines had a 10 day delay in harvest in MY 2015/16 due to a cold and rainy spring caused by El Nino phenomena but impact in production was not as critical as in other fruits. The production volume was slightly higher MY2015/16 over the previous MY.

The only region were new orchards are being planted is the VI O'Higgins region, which has ideal agro-climatic conditions for growing peaches and nectarines. Nevertheless only the most efficient producers which have top of the edge varieties and technology maintain competitiveness and are able to export and gain profits. Because of the decrease in area planted, fresh peach and nectarine production in MY2016/17 is expected to decline by 5% to an estimate of 131,000MT.

Chile: Nectarine and fresh peach area planted (ha) 2015.

Region	Nectarines Area (ha)	Fresh Peaches Area (ha)	Total Nectarines & Peaches	Share (%)
III Atacama	1	1	2	0.02
IV Coquimbo	5	23	28	0.08
V Valparaíso	327	304	631	6.12
Metropolitana	1,316	713	2,029	24.64
VI O'Higgins	3,645	967	4,613	68.26
VII Maule	45	10	55	0.84
VIII Bío Bío	2	1	3	0.03
Total	**5,340**	**2,019**	**7,359**	**100.00**

Source: based in CIREN/Odepa.

Consumption:

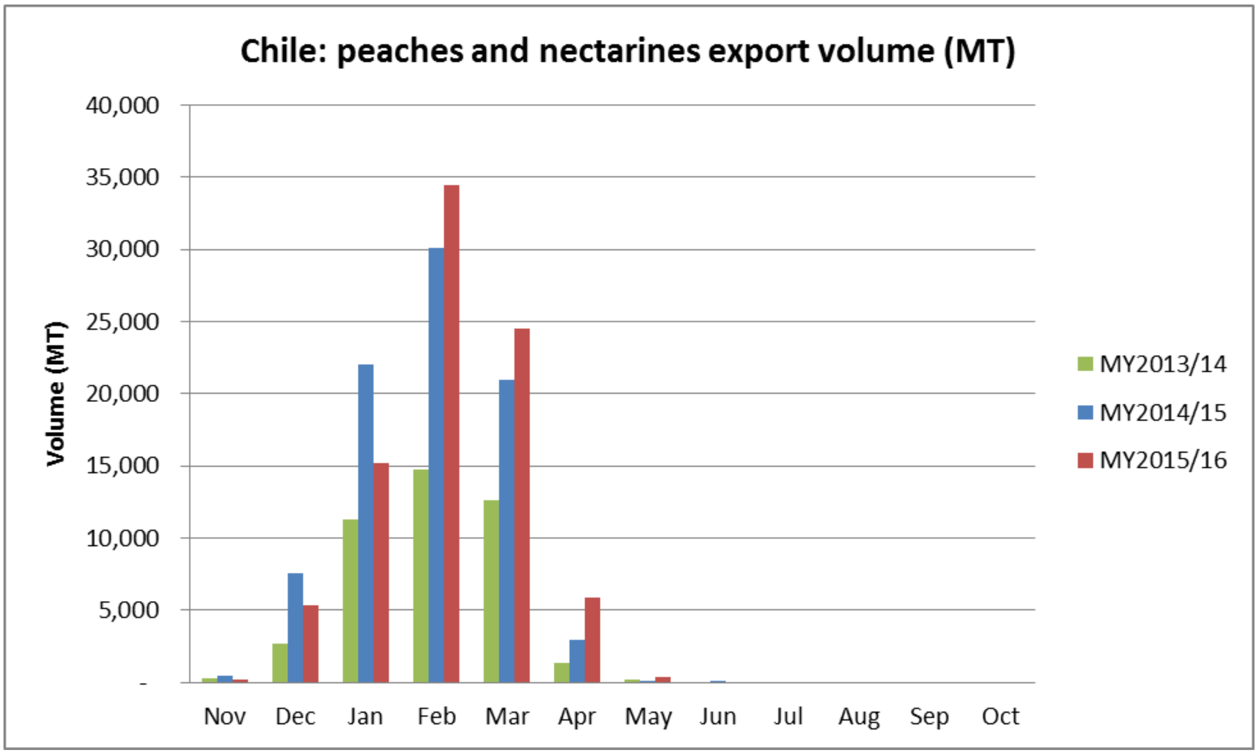
Based on data from CIREN/ODEPA, Post estimates that 62% of peach and nectarines production is exported, 35% goes to domestic consumption and 3% is processed. Fresh domestic consumption is projected to be 46,000 MT in MY 2016/17.

Trade:

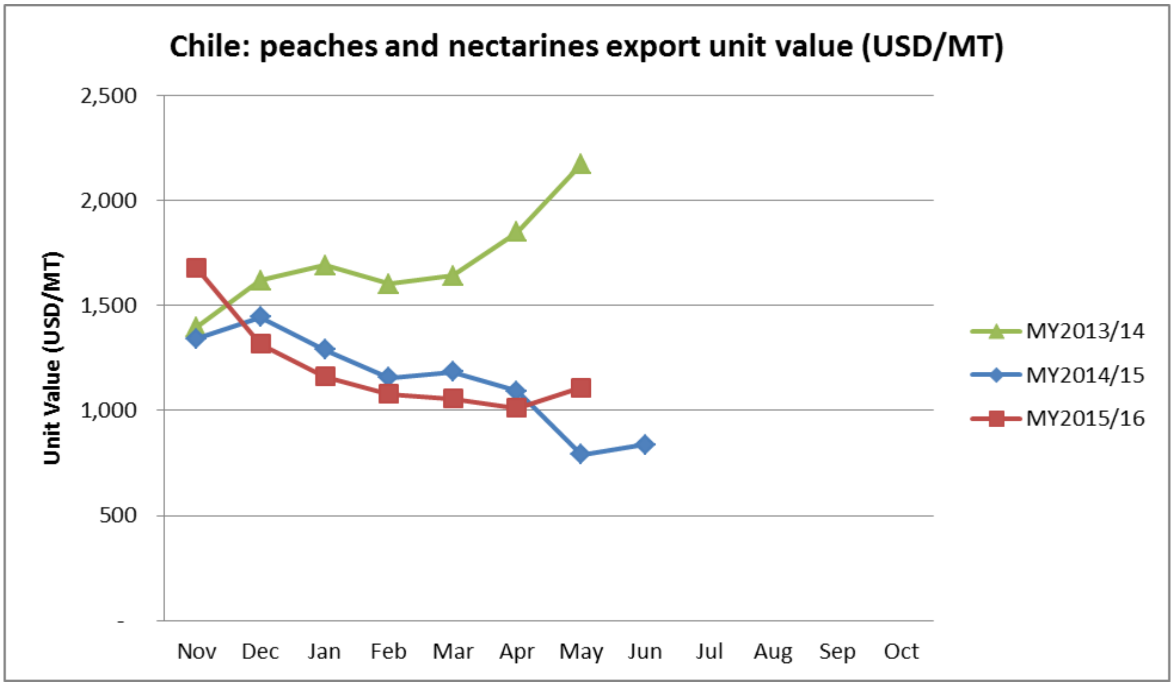
The main destination for Chilean peaches and nectarines is the United States. 48% of Chilean peaches and nectarines were exported to the U.S. in MY2015/16. Other countries in Latin America like Brazil and Mexico are also big importers of Chilean peaches and nectarines, importing 12% and 8% of Chilean Peaches and Nectarines respectively.

Total peach and nectarines export increased 2.2 % in volume in MY2015/16 over MY2014/15, reaching 85,940 MT but decreased 8.1% in value to a total of $94 million. Exports are concentrated in the months of December to March and peak in February. Monthly exports in both in December and January were lower in MY2015/16 over MY2014/15 but were higher in February and March (see graph: Chile: peaches and nectarines export volume). In the United States, the supply of early fruit from Chile was very limited and prices were similar to those of the previous MY reaching $2.7-3.1 /KG (source: Expordata/Decofrut). After, prices decreased continually until mid-march as fruit exports supply increased.

Exports are expected to go 5.5% down to 81,200 MT in MY 2016/17 due to the decrease in the area planted and lower prices that peaches and nectarines have in relation to more profitable fruits.



Source of Data: Chile Customs - Servicio Nacional de Aduana



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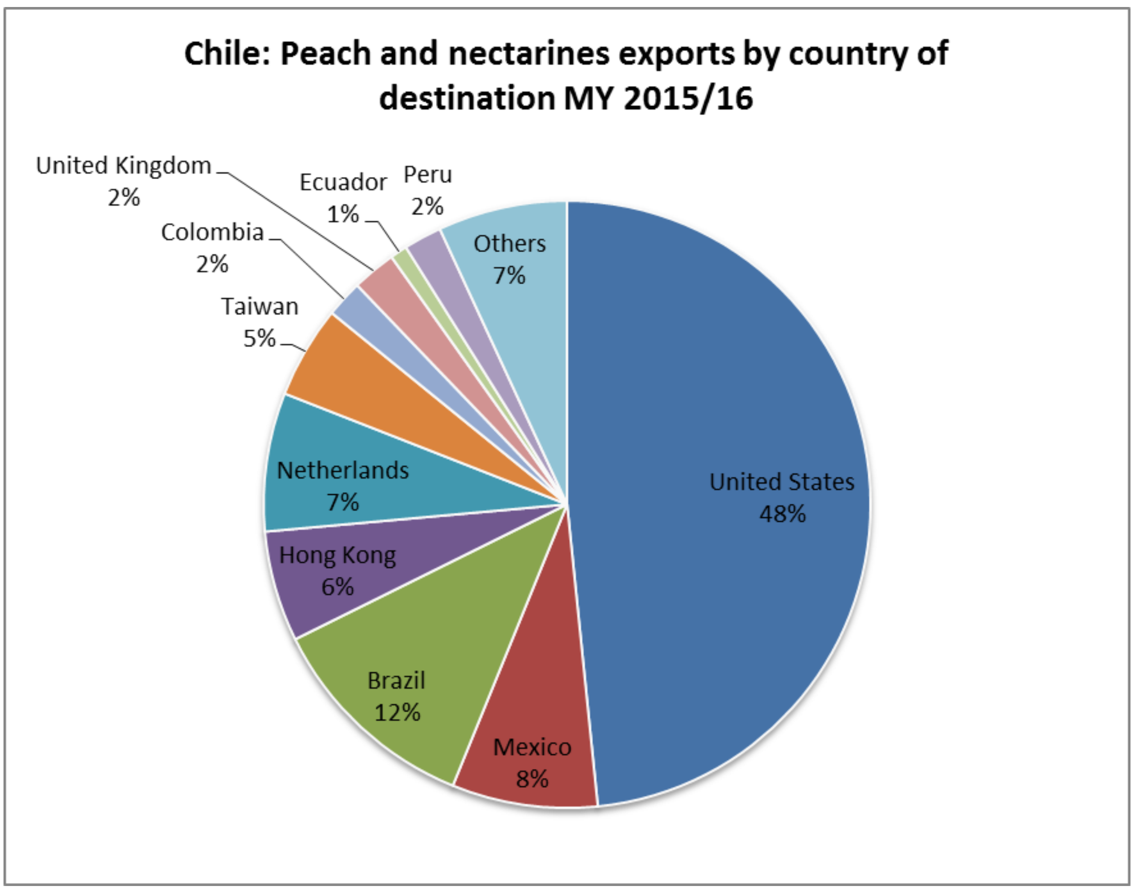

Source of Data: Chile Customs - Servicio Nacional de Aduana

Chile Export Statistics: MY2013/14 & MY 2014/15						
Commodity: 080930, Peaches, Including Nectarines, Fresh						
Partner Country	Volume (MT)		Change (%)	Value (USD)		Change (%)
	MY 2013/2014	MY 2014/2015		MY 2013/2014	MY 2014/2015	
World	**43,206**	**84,124**	**94.7**	**71,230,417**	**102,802,702**	**44.3**
United States	21,461	40,279	87.7	30,481,965	45,831,649	50.4
Mexico	4,490	6,418	42.9	9,956,314	9,265,559	-6.9
Brazil	4,656	9,278	99.3	8,829,858	10,457,424	18.4
Hong Kong	2,177	4,861	123.3	4,025,516	7,214,040	79.2
Netherlands	2,738	6,575	140.1	2,689,850	6,089,820	126.4
Taiwan	1,602	4,677	191.9	3,333,840	6,999,794	110.0
Colombia	1,779	2,359	32.6	3,981,887	3,581,113	-10.1
United Kingdom	331	984	197.3	588,788	2,525,674	329.0
Ecuador	928	1,845	98.8	1,840,957	2,451,431	33.2
Peru	343	1,024	198.5	467,786	1,140,399	143.8
Others	2,701	5,824	115.6	5,033,656	7,245,799	43.9

Source of Data: Chile Customs - Servicio Nacional de Aduana

Chile Export Statistics: Year to date (Nov 2014-May 2015 & Nov 2015-May 2016)						
Commodity: 080930, Peaches, Including Nectarines, Fresh						
Partner Country	Volume (MT)		Change (%)	Value (USD)		Change (%)
	Nov 2014-May 2015	Nov 2015-May 2016		Nov 2014-May 2015	Nov 2015-May 2016	
World	**84,104**	**85,940**	**2.2**	**102,786,052**	**94,449,778**	**-8.1**
United States	40,259	41,586	3.3	45,815,209	44,988,904	-1.8
Mexico	6,418	6,668	3.9	9,265,559	8,828,752	-4.7
Brazil	9,278	9,904	6.7	10,457,424	10,549,297	0.9
Hong Kong	4,861	5,066	4.2	7,214,040	6,319,832	-12.4
Netherlands	6,575	6,342	-3.5	6,089,820	4,841,534	-20.5
Taiwan	4,677	4,226	-9.6	6,999,794	4,849,953	-30.7
Colombia	2,359	1,693	-28.2	3,581,113	2,326,736	-35.0
United Kingdom	984	2,008	104.1	2,525,464	2,273,962	-10.0
Ecuador	1,845	784	-57.5	2,451,431	927,525	-62.2
Peru	1,024	1,738	69.7	1,140,399	1,726,280	51.4
Others	5,824	5,925	1.7	7,245,799	6,817,003	-5.9

Source of Data: Chile Customs - Servicio Nacional de Aduana

Policy:

Chilean Ministry of Agriculture positively negotiated the entrance of shelled walnuts to the Chinese market which was signed in January 2016. Next up, the Ministry of Agriculture is currently negotiating the entrance of fresh nectarines to the Chinese market.

Production, Supply and Demand Data Statistics:

Fresh Peaches & Nectarines	2014/2015		2015/2016		2016/2017	
Market Begin Year	Nov 2014		Nov 2015		Nov 2016	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	8,500	7,966	8,500	7,359	0	7,000
Area Harvested	8,245	7,568	8,300	6,991	0	6,650
Bearing Trees	5,568	7,009	5,800	6,213	0	5,900
Non-Bearing Trees	136	350	136	326	0	295
Total Trees	5,704	7,359	5,936	6,539	0	6,195
Commercial Production	140,000	135,683	150,000	138,612	0	131,000
Non-Comm. Production	1,000	1,000	1,000	1,000	0	1,000
Production	141,000	136,683	151,000	139,612	0	132,000
Imports	0	0	0	0	0	0
Total Supply	141,000	136,683	151,000	139,612	0	132,000
Fresh Dom. Consumption	51,900	47,559	61,000	48,514	0	46,000
Exports	84,100	84,124	90,000	85,940	0	81,200
For Processing	5,000	5,000	0	5,158	0	4,800
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	141,000	136,683	151,000	139,612	0	132,000
(HA) ,(1000 TREES) ,(MT)						