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Chile

Stone Fruit Annual

Peaches & Nectarines and Cherry Annual Reports

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Report Highlights:
Chile's production estimates for peaches and nectarines are expected to recuperate after a significant fall during this marketing as a result of a heavy frost last September. Cherry production and exports will expand significantly as large areas of newly planted orchards are coming into production and weather conditions are expected to be more favorable for all stone fruit production.

Executive Summary:
Chilean cherry production did not expand as expected in MY2013/2014 because of a heavy frost in September 2013 which severely reduced all stone fruit production in Chile. Peaches and nectarines output fell close to 40 percent when compared to the previous year. For the coming year we expect most stone fruit production to recuperate to normal levels. But for cherries, a much larger expansion of production can be expected as additional planted area is coming into production and another large area is in the incremental stage of production.

Commodities:
Fresh Peaches & Nectarines

Production:
As a result of a heavy frost last spring (September 2013), production of peaches and nectarines fell close to 40 percent when compared to the previous year for the MY2013/14 production season. Although it is still early to accurately forecast for MY2014/15, output of peaches and nectarines are expected to rebound to close to normal levels.

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, area planted to this fruit has decreased proportionally more during the last few years. Additionally, declining economic returns during the last few years has also contributed to uprooting peach orchards in a larger than previously estimated area.

In general, however, 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, sometimes even before the trees begin bearing fruit.

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:
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 66 percent of the total yearly volume being delivered during the months of January and February.

Production, Supply and Demand Data Statistics:

Fresh Peaches & Nectarines Chile	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Nov 2012		Market Year Begin: Nov 2013		Market Year Begin: Nov 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	8,600	8,522		8,500		8,450
Area Harvested	8,165	8,181		8,245		8,245
Bearing Trees	5,514	5,525		5,568		5,568
Non-Bearing Trees	291	228		170		136
Total Trees	5,805	5,753		5,738		5,704
Commercial Production	150,000	147,845		90,000		140,000
Non-Comm. Production	1,000	1,000		1,000		1,000
Production	151,000	148,845		91,000		141,000
Imports	0	46		26		20
Total Supply	151,000	148,891		91,026		141,020
Fresh Dom. Consumption	54,000	54,196		42,826		47,820
Exports	93,800	91,495		45,000		90,000
For Processing	3,200	3,200		3,200		3,200
Withdrawal From Market	0					
Total Distribution	151,000	148,891		91,026		141,020
HA, 1000 TREES, MT						

Commodities:

Fresh Cherries,(Sweet&Sour)

Production:

The cherry production area continues to expand significantly every year. Industry sources have indicated that during the last few years between 1,500 to 2,500 hectares yearly have been planted, totaling almost 20,000 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 is expected to increase significantly during the next few years if we have favorable weather conditions. 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. This 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 into the colder regions of southern Chile.

The main varieties planted are Bing, Sweet Heart and Santina which together represent over 88 percent of the total cherries exported. Among the main newly 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 number of northern hemisphere. Chile has advantages over other potential cherry producing countries. Although South Africa has cheap labor, the 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 northern hemisphere's off-season demand.

As a result a heavy spring frost which reduced all stone fruit production, including cherries, total cherry production in MY2013/2014 fell significantly when compared with previous estimates. A rather large production expansion is forecast for MY2014/2015 because newly planted areas are coming into production and weather is expected to be more favorable for stone fruits in general. Last spring's frost was an unusual event that is not expected occur again this year.

Trade:

As for other stone fruit, the United States is one of Chile's most important fresh cherry export markets. 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.

Production, Supply and Demand Data Statistics:

Fresh Cherries,(Sweet&Sour) Chile	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Nov 2012		Market Year Begin: Nov 2013		Market Year Begin: Nov 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	16,428	16,952		17,900		19,500
Area Harvested	12,151	12,544		13,500		15,000
Bearing Trees	6,449	6,658		7,165		7,961
Non-Bearing Trees	3,412	3,518		3,580		3,775
Total Trees	9,861	10,176		10,745		11,736
Commercial Production	91,000	64,325		84,900		110,000
Non-Comm. Production	1,000	1,000		1,000		1,000
Production	92,000	65,325		85,900		111,000
Imports	0	0		0		0
Total Supply	92,000	65,325		85,900		111,000
Fresh Dom. Consumption	11,500	11,979		15,480		15,500
Exports	76,000	49,846		66,420		91,500
For Processing	4,500	3,500		4,000		4,000
Withdrawal From Market	0	0		0		0

Total Distribution	92,000	65,325		85,900		111,000
HA, 1000 TREES, MT						