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Chile

Canned Deciduous Fruit

Annual Report

2004

Approved by:
Christine M. Sloop, Agricultural Attaché
U.S. Embassy Santiago

Prepared by:
Luis Hennicke, Agricultural Specialist

Report Highlights:
Although it is early to predict next year's production, Chile's canned peach production and exports in MY2004 are expected to stay at similar level than the previous year.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Santiago [CI1]
[CI]

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Executive Summary

The initial forecast for Chilean canned peach production and exports for MY2004 (Jan-Dec 2005) shows a similar level of production to last year, as the total planted area of varieties devoted to canning peaches has not changed significantly and is expected to remain relatively stable in the medium term.

Production

Peach production in Chile normally is delivered fresh to canneries without any pre-selection. A certain percentage of the fruit is rejected immediately before being processed and destined mainly for pulp production. The difference between the figure for production and deliveries includes canning rejects, which are either processed as juice or pulp, or totally discarded as waste. The pulp is used for a variety of products, including jams and confectionary products and also exported.

Planting estimates show that a little over 7,000 hectares are planted to peach varieties for canning purposes according to the latest figures published by the Ministry of Agriculture. Approximately 2,500 hectares are planted north of Santiago in Region V (San Felipe-Los Andes). In the Santiago Metropolitan Region there are 1,422 hectares. The remainder is mostly planted south of Santiago in Region VI (Rancagua). Some replanting with improved varieties continues to take place, but an expansion in either total area planted or production is not foreseen in the near future. Over 27 different peach varieties for canning are planted in Chile. The most popular varieties that account for 75 percent of total planted area are Pomona, Andros, Fortuna and Phillip's Cling. Other varieties like Doctor Davies, Everts and Loadel do not exceed 6 percent each.

Peaches are canned only during the principal harvest season, which runs from December through April. Some canneries, but not all, can process other types of fruit (pears) or vegetables. Almost all canneries also produce pulp and some produce juice.

Although it is still early to predict, a mild winter with sufficient cold hours in most growing areas is expected to assure an excellent budding. Industry sources indicate heavy blooming in most orchards has been observed and so far no frosts have occurred in the production areas. This is expected to have a positive effect on the upcoming MY2004 (Jan-Dec 2005) production of peaches for canning. However, frost could still occur up to the end of October, affecting both quality and total peach supply for canning production. Strong demand for peach pulp also could affect total output of canned peaches. However now, the forecast is for similar production levels to last year.

Prices offered to farmers for peaches for canning recovered in 2004, reflecting an expected increase in demand and prices in the export market.

Farm Prices for Peaches for Canning Purposes		
Year	Chilean Pesos per MT	U.S. Dollars per MT
1999	157,000	315.00
2000	126,250	250.00
2001	80,000	143.00
2002	85,000	128.21
2003	120,000	174.17
2004	150,000	246.00
Note: Chile's 2003 inflation rate was 1.7 percent, up from 1.6 percent last year.		

Consumption

There are no official statistics on canned peach consumption, production and ending stocks. These figures are derived from the only known data, i.e., the export figures and limited information supplied by the canning industry. As a result, consumption figures may vary from report to report. In general, however, demand for canned peaches in Chile is considered to be relatively stagnant. This is partly the result of increased competition from alternative products, particularly ice cream and yogurt. Small profit margins do not permit canneries to advertise their products in the domestic market, because the potential advertising benefits are not justified by the high cost.

Trade

Canned peach exports for MY2003 (Jan-Dec 2004) are expected to be similar in volume to last year. However, strong export demand is expected to result in better prices and higher revenues than the previous year. The devaluation of the dollar against the Euro has reportedly made Greek production less competitive and increased global demand for Chilean product. For MY2004, exports are expected to equal the previous year's total production.

After some years of almost no export of canned peaches to the United States, deliveries increased significantly in MY2003. The devaluation of the dollar and a lower Greek production explain the increased demand for Chilean production. Industry sources also indicate that most of the contracts were for specialty products like fruit cups, which mainly contain canned peaches (diced).

Please note that the export figures in the trade matrix for 2004 cover January through July only.

Policy

Chile has no production supports or subsidies for canned peaches.

PSD Table – Canned Peaches

Chile Peaches, Canned							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Deliv. To Processors	70000	70000	80000	80000	0	80000	(MT)
Beginning Stocks	4960	1935	8334	1517	9517	2367	(MT, Net Weight)
Production	52000	52000	65000	64000	0	64000	(MT, Net Weight)
Imports	4778	4610	1000	1450	0	1000	(MT, Net Weight)
TOTAL SUPPLY	61738	58545	74334	66967	9517	67367	(MT, Net Weight)
Exports	43404	50428	53000	52000	0	52000	(MT, Net Weight)
Domestic Consumption	10000	6600	11817	12600	0	12800	(MT, Net Weight)
Ending Stocks	8334	1517	9517	2367	0	2567	(MT, Net Weight)
TOTAL DISTRIBUTION	61738	58545	74334	66967	0	67367	(MT, Net Weight)

Export Trade Matrix			
Country		**Chile**	
Commodity		**Peaches, Canned**	
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2003		2004
U.S.	1390	U.S.	1830
Others		**Others**	
Mexico	27214	Mexico	11490
Peru	7283	Peru	2596
Colombia	4582	Colombia	2236
Ecuador	4421	Ecuador	1922
Guatemala	934	Thailand	1567
Japan	857	Venezuela	1186
Paraguay	821	Bolivia	479
El Salvador	805	Guatemala	455
Venezuela	491	Philippines	345
Costa Rica	456	Costa Rica	334
Total for Others	47864		22610
Others not Listed	1174		1021
Grand Total	50428		25461

Note: Trade data for CY2004 covers the months of January through July only