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## Chile

## Canned Deciduous Fruit

## Annual

## 2006

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**Report Highlights:**

Although it is early to predict next year's production, Chile's canned peach production and exports in MY2006 are expected to increase due to good weather conditions during the growing season.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Santiago [C1]  
[C1]

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## Executive Summary

The initial forecast for Chilean canned peach production and exports for MY2006 (Jan-Dec 2006) shows an increase in production when compared to last year, excellent weather conditions during the whole growing season are expected to increase total output of peaches for canning.

## Production

Although it is still early for a good prediction, production forecasts for MY2006 (Jan-Dec 2007) indicate a higher output than last year. As a result of excellent weather and good temperatures during May-August a higher than last year production is expected. Additionally, a larger production is expected as a result of new plantings coming into production.

As a result of good prices and a strong export demand, canned peach production figures for MY2005 (Jan-Dec 2006) were revised upwards. A larger percentage of fruit than previously predicted will be destined for canning.

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.

New planting figures published by the Ministry of Agriculture show that total planted area to peach varieties expanded to over 7,200 hectares. 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 also continues to take place, which will result in a production expansion during the next few years. 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.

Prices offered to farmers for peaches for canning fell again in 2005, reflecting a large supply of fruit for canning.

<b>Farm Prices for Peaches for Canning Purposes</b>		
Year	Chilean Pesos per MT	U.S. Dollars per MT
2001	80,000	143.00
2002	85,000	128.21
2003	120,000	174.17
2004	150,000	246.00
2005	85,000	146.00
2006	95,000	170.00
Note: Chile's 2005 inflation rate was 3.7 percent, up from 2.4 percent in 2004.		

### 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

Due to strong demand for Chile's canned peaches mainly from Mexico, total exports in MY2004 (Jan-Dec 2005) were larger than our previous estimates. Although, exports during the first half of MY2005 (Jan-Jul, 2006) increased close to 40 percent when compared to the same period last year, these are expected to have increased less than 10 percent during the whole year. Exporters reportedly delivered their production earlier this year as a result of the strong demand in the world market. Industry sources indicated that a significant shortfall in world production explains the increased demand for Chilean canned peaches. A little over 90 percent of Chile's canned peaches are exported to Latin American countries. Mexico has become by far the largest market for Chilean canned peaches. The industry expects to keep their share of exports to Latin American in the coming years, as a Mexican company called La Costena bought 50 percent of Corpora, Chile's largest canned peach producer, at the end of CY 2003 and they have particularly good ties to Chile's principal export market. Additionally, Mexico has a high import duty (23%) for Greek canned peaches, Chile's largest potential competitor in that market.

Chile normally imports small amounts of canned peaches, which are mainly destined to the Governments School Lunch programs. As a result of the availability of low priced Argentinean product and a strong export demand for Chilean canned peaches, imports

increased significantly in MY2004 (Jan-Dec 2005). Industry sources do not expect further increases in imports in the coming years.

After several years of almost no canned peaches export to the United States, deliveries began again in 2004. Exports of specialty products like fruit cups, which mainly contain canned peaches (diced), have been increasing. A shortfall in US production is expected to help sustain continued exports to the United States.

Please note that the export figures in the trade matrix for 2006 only cover January through July.

### **Stocks**

There are no official stock figures available. Normally, the canning industry hesitates to specify stock size out of fear that large stocks may reflect poor sales and management, or adversely affect future prices.

### **Policy**

Chile has no production supports or subsidies for canned peaches.

PSD Table									
Country	Chile								
Commodity	Peaches, Canned						(MT)(MT, Net Weight)		
	2004	Revised		2005	Estimate		2006	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007
Deliv. To Processors	82000	82000	85000	79000	79000	93000	0	0	100000
Beginning Stocks	1511	1511	1511	1911	1911	1179	1811	1811	804
Production	66200	66200	70000	64000	64000	75100	0	0	81600
Imports	500	500	877	500	500	1125	0	0	500
Total Supply	68211	68211	72388	66411	66411	77404	1811	1811	82904
Exports	53500	53500	59609	52000	52000	64900	0	0	70000
Domestic Consumption	12800	12800	11600	12600	12600	11700	0	0	11700
Ending Stocks	1911	1911	1179	1811	1811	804	0	0	1204
Total Distribution	68211	68211	72388	66411	66411	77404	0	0	82904

Export Trade Matrix			
Country	Chile		
Commodity	Peaches, Canned		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2005		2006
U.S.	2347	U.S.	3990
Others		Others	
Mexico	29433	Mexico	15224
Peru	8096	Peru	2947
Ecuador	5177	Colombia	2279
Colombia	5097	Venezuela	1758
Venezuela	2634	Ecuador	1728
Philippines	1405	Thailand	1106
Thailand	1204	Germany	697
Guatemala	799	Netherlands	471
Bolivia	785	Guatemala	440
Belgium	734	El Salvador	419
Total for Others	55364		27069
Others not Listed	1898		1362
Grand Total	59609		32421
<b>Note:</b> Trade data for CY2006 covers January through July only.			