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Chile

Dried Fruit

Annual

2003

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Report Highlights:
While Chile's raisin production and exports are expected to expand due to larger availability of discarded table grapes, prunes will expand as a result of expanding planted area.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
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[CI]

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Executive Summary

For MY2002 (Jan-Dec 2003), estimated raisin production and exports are expected to be larger than last year, as the availability of discarded table grapes increased. A different scenario is expected for prunes, the MY2002 (Jan-Dec 2003) crop is also expected to be smaller than last year's output, as the weather has not been favorable. For MY2003 (Jan-Dec 2004), both raisin and prune production and exports are expected to expend when compared to MY2002.

Production Raisins

Chilean raisin production in MY2001 (Jan-Dec 2002), increased as demand from the wine industry was less high than our previous estimate. The wine and concentrated juice industries are the main competitors for table grape leftovers. The wine industry is demanding smaller amounts of table grapes, as new wine vineyards are coming into production. As a result, more grapes were dried for raisins than previously expected.

New raisin production estimates for MY2002 (Jan-Dec 2003) show a significant increase to last year's. Strong foreign demand for raisins together with a fall in demand by the wine and juice industry was reported by the industry as the main factors for this significant increase in output.

Although it is still too early for an accurate forecast for MY2003 (Jan-Dec 2004) production, because weather can play an important role in the quality of the table grape production, total raisin output is expected to increase again when compared to the previous year. An industry source has indicated that frost in some of the northern table grape production areas (Copiapo Valley) during this spring is expected to make an increased amount of table grapes available, in MY2003, for raisin production. Raisin production in Chile is based on lower quality table grapes and those rejected from the export process. It is expected that in the next few years, competition from the wine industry for discarded table grapes will disappear, as recently planted vineyards with wine varietals continue come into production. Such a development will significantly increase the annual availability of discarded table grapes for either juice concentrate or raisin production.

Consumption

Chile's best quality raisins are exported. As with most of Chile's fruits, the domestic market normally receives raisins rejected for export. Because domestic raisin consumption is small, it does not influence production or trade decisions. The main end-users of raisins are the baking, pastry and ice cream industries. Raisins are primarily used in finished products such as cakes, cookies, and ice cream. Non-industrial usage and snack consumption are both very limited.

There are no official Chilean statistics kept on domestic raisin consumption.

Trade

Over 90 percent of Chilean raisin production is exported. Exports for MY2001 (Jan-Dec 2002) were significantly higher than our previous estimates due to a large increase in production that was combined with strong foreign demand. For MY2002 (Jan-Dec 2003) as production expands further, exports is expected to grow mainly due an increased export demand. As a result of signing the Free trade Agreement with the EU, together with a favorable exchange rate, export demand for Chilean raisins in Europe is growing significantly. According to industry officials, the reduction of the 2.4 percent tariff to zero as a result of the Free Trade Agreement with the European Union had a positive effect on demand. But the

Latin American market still accounts for half of Chile's raisin exports, generally accounting for the lower quality raisins.

Stocks

Most raisin exporters have a policy of maintaining stock levels close to zero. Whenever possible, exporters prefer to sell or export all of their production. Industry sources have indicated that due to strong foreign demand, stocks are at their lowest level. Variations in the ending stock level, from one marketing year to the next, generally only means that raisins have not yet been shipped to their destination.

Policy

The government does not provide direct export subsidies or play any role in setting quality standards for this product.

Prices

Raisins currently are not a key consumer item in Chile. Consequently, neither the government or the various exporter associations maintain retail or wholesale prices. Export prices for calendar 2002 averaged US$920/MT, down from the calendar 2001 average price of US$942/MT.

PS&D Table - Raisins

PSD Table

Country **Chile**

Commodity **Raisins** (HA)(MT)

	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official	Estimate [	DA Official	Estimate [	DA Official	Estimate [
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	45383	44000	45300	45383	0	45490
Area Harvested	40700	39500	40300	40700	0	40750
Beginning Stocks	714	714	614	545	514	445
Production	42500	45000	42000	46000	0	48700
Imports	0	0	0	0	0	0
TOTAL SUPPLY	43214	45714	42614	46545	514	49145
Exports	39000	41569	38500	42500	0	45000
Domestic Consumption	3600	3600	3600	3600	0	3650
Ending Stocks	614	545	514	445	0	495
TOTAL DISTRIBUTION	43214	45714	42614	46545	0	49145

Export Trade Matrix – Raisins

Export Trade Matrix

Country	Chile		
Commodit	Raisins		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2002		**2003**
U.S.	6162	U.S.	5931
Others		Others	
Mexico	8880	Mexico	3940
Peru	4924	Colombia	2277
Colombia	4578	Brazil	1548
Venezuela	2435	U.K.	1529
U.K.	2399	Peru	1344
Netherlands	2064	Netherlands	977
Ecuador	1607	France	784
France	1393	Germany	770
Brazil	1099	Ecuador	523
Australia	947	Italy	452
Total for Others	30326		14144
Others not Liste	5081		3545
Grand Total	41569		23620

Note: Year 2003 data are for January through July only.

Production Prunes
Prune production in MY2002 (Jan-Dec 2003) is estimated to be significantly lower than previously estimated. Poor spring weather conditions, which affected most production areas, misled the industry to erroneously predict an increase in output over the previous year. However the production quality was good.

Although it is still too early to accurately estimate next year's production, the industry sources expect a significant larger output in MY2003 (Jan-Dec 2004) of plums for prune production, even though the weather has not been very good so far this spring. Slightly larger planted/harvested area should contribute to the increase in tonnage.

Chile harvests plums from mid-February through mid-April, entirely by hand. According to industry this greatly enhances the fruit quality, as it is picked at peak ripeness and maturity. Chilean plums also allegedly have higher sugar content. Prunes are mainly sun-dried, although there are also some drying tunnels.

Area Planted
Industry sources have indicated that some producers are increasing planted area, mainly as a result of good prices paid to producers for plums during the last few years and a lack of better economic alternatives. This additional planted area is starting to bear fruit and is expected to increase total production over the next 2 to 3 years. Total production should level off in about 2 to 3 years, at about 35 to 36 thousand metric tons a year.

Plum trees for prune production are planted from Regions V (San Felipe) through Region VII (Talca). The largest planted area is located in the Metropolitan Region and Region VI, where roughly 90 percent of all plum trees are found.

Consumption
As with most of Chile's fruits, the domestic prune market is a residual market, normally taking less than 10 percent of domestic production. Demand is principally for lower-priced prunes. These are either consumed directly or are processed into foods like juice or ingredients for the bakery industry or yogurt

Trade
The EU has become Chile's largest prune export market after the Free Trade Agreement took effect last January 1, 2003, receiving a little over 30 percent of total exports for the first 7 months of CY2003. Followed by Mexico with almost 20 percent during the same time period. The FTA with EU lowered the tariff for prunes to zero from the previous 9.6 percent.

There are over 45 firms operating in Chile's prune export business. Three exporters account for nearly 70 percent of total export volume. One firm, Prunesco, accounts for a little less than half of Chile's exports.

Stocks
The prune industry, like the raisin industry, maintains stock levels as low as possible, but sufficient to supply their main customers year around.

Prices

Chile maintains no official retail or wholesale price series for prunes. Farm price information is even scarcer than for raisins. The average international price received for Chilean prunes fell slightly from US$1,246 per MT (FOB) in CY2001 to US$1,218/MT for CY2002.

PS&D Table – Dried Prunes

PSD Table

Country Chile

Commodity Dried Prunes (HA)(1000 TREES)(M

	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official	Estimate [	)A Official	Estimate [	)A Official	Estimate [I
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	5890	5890	5890	5890	0	5930
Area Harvested	4770	4770	4830	4830	0	4940
Bearing Trees	2180	2180	2208	2208	0	2258
Non-Bearing Trees	512	512	484	484	0	452
Total Trees	2692	2692	2692	2692	0	2710
Beginning Stocks	1250	1250	1000	947	1000	1147
Production	30000	30000	32000	25500	0	32000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	31250	31250	33000	26447	1000	33147
Exports	29000	29053	30700	24000	0	30000
Domestic Consumption	1250	1250	1300	1300	0	1300
Ending Stocks	1000	947	1000	1147	0	1847
TOTAL DISTRIBUTION	31250	31250	33000	26447	0	33147

Export Trade Matrix – Prunes

Export Trade Matrix

Country	Chile		
Commodit	Dried Prunes		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2002		**2003**
U.S.	92	U.S.	19
Others		Others	
Mexico	6768	Mexico	3113
Germany	4592	Germany	2950
Brazil	1893	Russia	1365
China	1858	Spain	958
Russia	1437	Brazil	756
Italy	1261	Italy	747
Peru	1134	Netherlands	558
Venezuela	1042	Peru	550
Colombia	905	Colombia	509
Poland	751	Letonia	373
Total for Others	21641		11879
Others not Liste	7320		4138
Grand Total	29053		16036

Note: Year 2003 data are for January through July only.