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Report Highlights:

Chilean cherry planted area has historically grown year over year. Post estimates area planted to reach a new record of 44,000 hectares in MY2021/22. Cherry productivity will likely decrease in MY2021/22 due to drought and production adjustments that Chilean producers will make to increase size and quality. For MY2021/22, Post expects a three percent increase in cherry production and a three percent increase in exports over MY2020/21 levels. FAS Santiago estimates that cherry production will reach 395,000 MT, while exports rise to 364,000 metric tons. For MY2021/22, Post estimates that fresh peach and nectarine production will total 160,000 MT, a 0.6 percent decrease over MY2020/21. The decrease is due to lower productivity and steady planted area. Peach and nectarine exports will only reach 98,000 MT, a one percent decrease from MY2020/21.

Commodity:
Fresh Cherries, (Sweet & Sour)

Table 1: Cherry Production, Supply and Distribution Data Statistics

Cherries (Sweet & Sour), Fresh	2019/2020		2020/2021		2021/2022	
Market Year Begins	Nov 2019		Nov 2020		Nov 2021	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	38400	38400	41200	39465	0	44000
Area Harvested (HA)	35000	35000	39500	37500	0	42000
Bearing Trees (1000 TREES)	27500	27500	27500	30300	0	33864
Non-Bearing Trees (1000 TREES)	2000	2000	2000	2000	0	2000
Total Trees (1000 TREES)	29500	29500	29500	32300	0	35864
Commercial Production (MT)	255000	255000	286000	384000	0	395000
Non-Comm. Production (MT)	1000	1000	1000	2000	0	2000
Production (MT)	256000	256000	287000	386000	0	397000
Imports (MT)	0	0	0	0	0	0
Total Supply (MT)	256000	256000	287000	386000	0	397000
Domestic Consumption (MT)	27000	27000	47000	32769	0	33000
Exports (MT)	229000	229000	240000	353231	0	364000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	256000	256000	287000	386000	0	397000
(HA) ,(1000 TREES) ,(MT)						

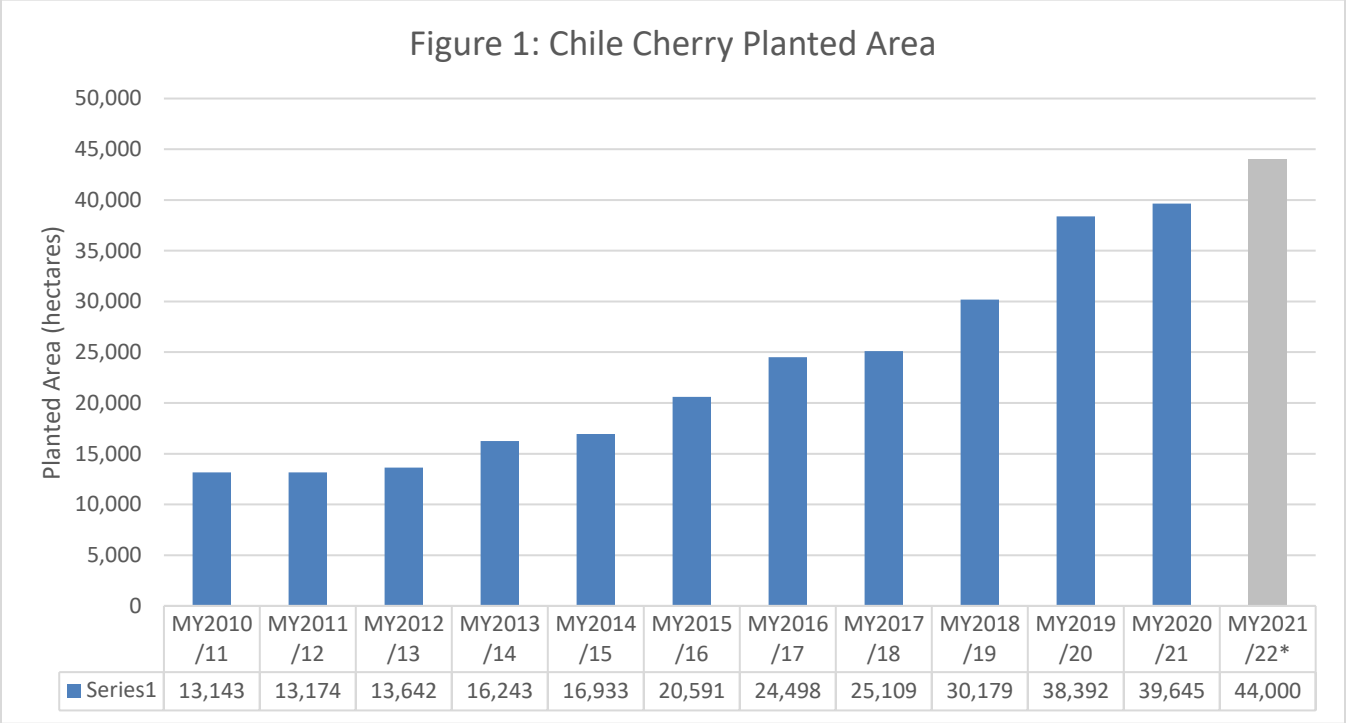
Source: Post estimates

Production:
Chilean cherry production has grown constantly, surpassing record production volumes each year. This is the result of an increase in planted area, as well as maturation of young orchards. As newly planted orchards continue to reach their production potential, total output will grow.

Chilean cherry planted area grew consistently in the past decade. Post estimates area planted in cherries at 44,000 hectares (ha) in MY2021/22, a 11.5 percent increase over MY2020/21 (See Figure 1). Despite the large area increase, FAS Santiago expects production to increase by only three percent in MY2021/22, with forecast production reaching 395,000 metric tons. The anticipated increases in area will be offset by a decrease in yields in the forecast year. Continued drought and the risk of frost damage have forced producers to adjust strategy to maintain fruit size and quality. Producers are now pruning trees more, as well as thinning flowers and fruit to ensure that the size and quality of the fruit harvested remains consistent. The result is better size and quality fruit, in spite of the weather conditions, but reduced yields per hectare of planted area.

In MY2020/21 commercial production totaled 384,000 MT of cherries, a 50.6 percent increase over MY2019/20. The large production volume presented new challenges for producers during production, harvest, and packing. A particularly challenging area is the existing processing capacity of cherries, which was pressured to the limit by the high production volume increase.

Figure 1: Chile Cherry Planted Area



Source: based in ODEPA/CIREN
** Post estimates*

The main cherry varieties produced in Chile are Santina, Regina and Lapins. Santina is an early variety that can be harvested starting mid-November, allowing them to reach markets early in the season to gain higher prices. Regina is mid-harvest variety which has high productivity and attractive qualities, such as firmness and resistance to damage when shipped to distant markets. Lapins is known for giving consistent productivity year over year. Chilean producers seek varieties that are not dependent on climatic conditions, do not require a high amount of chill-hours in the winter, can resist damage by rainfall, and can arrive with good quality conditions to export markets.

Cherries have an optimal date of harvest that in Chile moves from November to January depending on the variety. Additionally, producers need to harvest ideally during the morning to avoid exposure of the fruit to high temperatures. Cherries should be pre-cooled within 48 hours of harvest in order to maintain the necessary quality conditions to travel to foreign export markets. After pre-cooling, cherries are quickly categorized by color, caliber (size), and quality and then packed.

Despite the high level of automation in many of the packing facilities, many of these tasks still require a large number of workers. In MY2020/21, with the consequences of the COVID-19 pandemic, there were difficulties in finding additional staff to work in the orchards. As a result, production costs increased significantly, and important tasks such as tree pruning, thinning, harvesting, and packing were difficult to achieve, resulting in a reduction in fruit caliber and quality in many cases. According to Post sources, these difficulties will remain in MY2021/22, but the fruit export industry is taking precautions to harvest and process the fruit on time.

MY2020/21 was highly productive due to good climatic conditions during winter and spring, but fruit sizes were small and there were quality problems due to the difficulty of processing the fruit on time. So far, MY2021/22 has been characterized by having a winter with high average temperatures and insufficient rainfall; there is a deficit of water in most of the cherry production area. This drought, mainly in the central and northern regions in Chile, will likely reduce cherry production potential. Additionally, according to the Chilean Meteorological Agency, there is a high risk of frost which could affect the bloom. With the drought, risk of frost, and producer efforts to maintain fruit size and quality, productivity is expected to decrease in MY2021/22.

Trade:

For MY2021/22, Post estimates Chilean cherry exports will decrease by three percent over MY2020/21, reaching 364,000 MT (See Table 1). The decrease in exports is due to the adjustments that producers will make in order to maximize fruit quality for export markets. In MY2020/21 (data until May) cherry exports totaled 353,231 MT, a 54.3 percent increase over MY2019/20 (See Table 2). In the same period, export value increased by 57.8 percent and totaled $1.87 billion (See Table 3).

Table 2: Chilean Cherry Exports to the World by Volume

Table 2: Chile Exports to the World by Volume (MT)						
Commodity: 080921,080929, Sour Cherries (Prunus Cerasus), Fresh/Cherries, Fresh, Other Than Sour						
Partner Country	Marketing Year			Year to Date		
	MY2018/19	MY2019/20	Variation (%)	Nov 2019 - May 2020	Nov 2020 - May 2021	Variation (%)
World	179,975	228,929	27.2%	228,923	353,231	54.3%
China	157,712	207,576	31.6%	207,575	321,868	55.1%
United States	4,852	4,636	-4.5%	4,631	6,863	48.2%
South Korea	4,147	3,187	-23.1%	3,187	5,414	69.9%
Taiwan	2,256	1,973	-12.5%	1,973	4,608	133.6%
United Kingdom	1,917	2,041	6.5%	2,041	3,212	57.4%
Ecuador	2,378	1,474	-38.0%	1,474	2,118	43.7%
Brazil	2,338	2,771	18.5%	2,769	2,096	-24.3%
Thailand	875	1,120	28.0%	1,120	1,027	-8.3%
Hong Kong	741	550	-25.8%	550	963	75.1%
Netherlands	307	468	52.4%	468	720	53.8%
Canada	316	489	54.7%	489	702	43.6%
Spain	346	341	-1.4%	341	519	52.2%
Bolivia	348	304	-12.6%	304	440	44.7%
Mexico	73	71	-2.7%	71	275	287.3%
Others	1,369	1,928	40.8%	1,930	2,406	24.7%

Source: Trade Data Monitor, LLC.

Chile exports cherries to more than 50 different countries, but China is by far the top market for Chilean cherries. Cherry exports to China totaled 321,868 MT in MY2020/21 and represented 91 percent of Chilean cherry exports. The second top market is the United States with exports of 6,863 MT and which accounts for only two percent of total Chilean fresh cherry exports.

On January 21, in the middle of the Chilean export cherry season to China, social media reported that traces of COVID-19 had been found on a box of Chilean cherries in the city of Wuxi. Although this was not an official communication from Chinese authorities, the news went viral. As a result, Chilean cherry exports to China slowed and prices decreased by 59 percent. According to the Chilean Association of Chilean Fruit Exporters (ASOEX), an independent investigation found no evidence or traces of COVID-19 on Chilean cherry boxes. Despite this issue, Chilean cherry exporters expect Chinese demand for cherries will remain strong, however, due to these events, Chilean exporters are increasingly concerned about reducing market dependency by diversifying their export destinations for cherries.

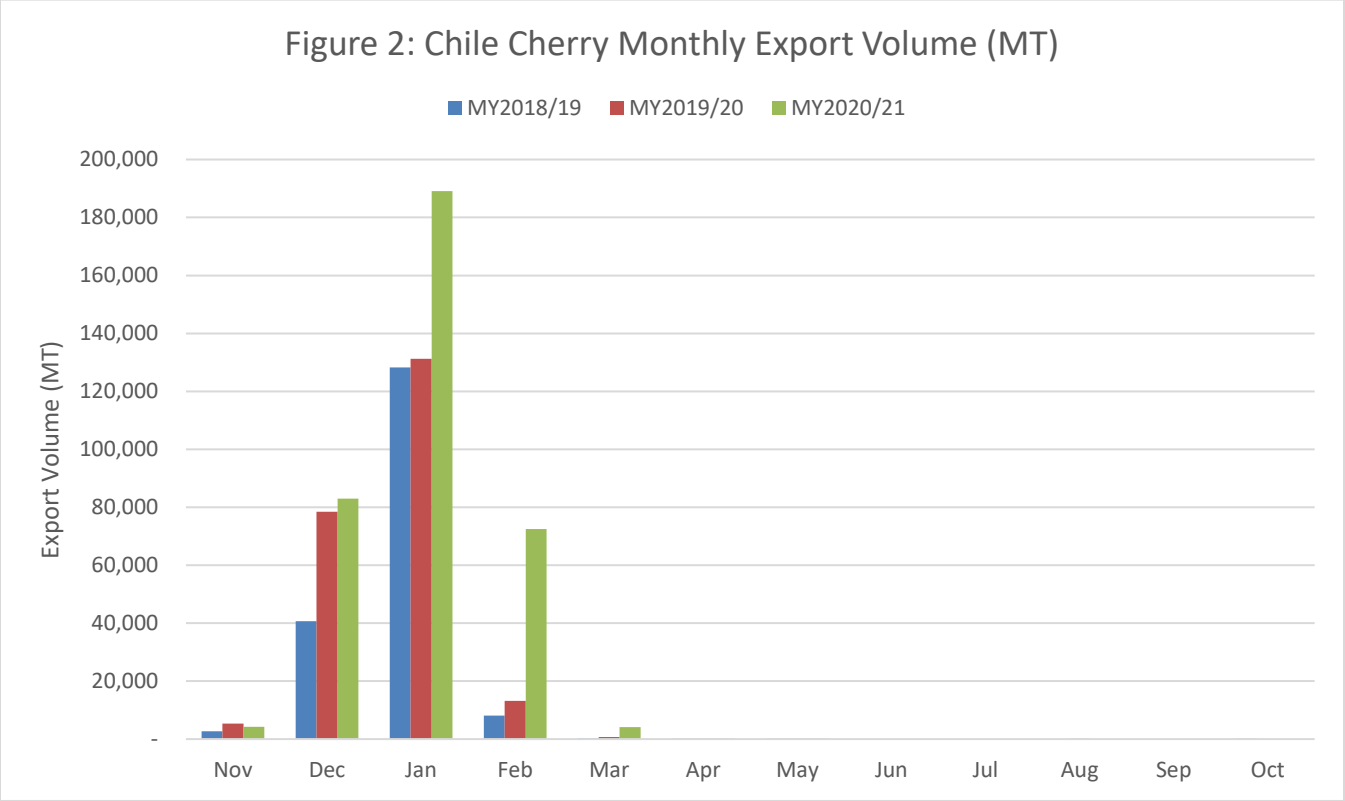
Another area of concern among Chilean cherry exporters is ensuring that only high-quality cherries reach the Chinese market (high caliber, fruit firmness, and taste) in order to maintain a good country reputation and, thus, high prices for their exports.

Table 3: Chilean Cherry Exports to the World by Value

Table 3: Chile Exports to the World by Value (USD)						
Commodity: 080921,080929, Sour Cherries (Prunus Cerasus), Fresh/Cherries, Fresh, Other Than Sour						
Partner Country	Marketing Year			Year to Date		
	MY2018/19	MY2019/20	Variation (%)	Nov 2019 - May 2020	Nov 2020 - May 2021	Variation (%)
_World	829,949,799	1,187,458,450	43.1%	1,187,416,214	1,873,843,714	57.8%
China	721,687,142	1,076,514,144	49.2%	1,076,508,649	1,707,684,885	58.6%
South Korea	28,761,393	22,586,457	-21.5%	22,586,457	37,623,299	66.6%
United States	19,826,112	21,157,545	6.7%	21,134,720	32,017,507	51.5%
Taiwan	12,992,748	11,759,315	-9.5%	11,759,315	25,543,742	117.2%
United Kingdom	9,824,676	10,023,971	2.0%	10,023,971	15,441,526	54.0%
Brazil	9,791,696	12,314,525	25.8%	12,300,609	10,075,639	-18.1%
Thailand	5,474,104	7,978,228	45.7%	7,978,228	7,911,605	-0.8%
Ecuador	4,930,107	3,297,556	-33.1%	3,297,556	4,688,594	42.2%
Hong Kong	3,229,291	2,756,098	-14.7%	2,756,098	4,536,050	64.6%
Netherlands	1,846,020	2,734,174	48.1%	2,734,174	4,029,457	47.4%
Spain	1,754,225	2,271,147	29.5%	2,271,147	3,413,681	50.3%
Canada	1,381,709	2,051,444	48.5%	2,051,444	3,038,745	48.1%
India	648,266	961,777	48.4%	961,777	2,212,813	130.1%
Vietnam	-	-	-	-	1,909,052	
Others	7,802,310	11,052,069	41.7%	11,052,069	15,626,171	41.4%

Source: Trade Data Monitor, LLC.

Figure 2: Chilean Cherry Monthly Export Volume



Source: Trade Data Monitor, LLC.

Consumption:

Post estimates that cherry exports represent around 90 percent of commercial production. In MY2021/22 producers will adjust cherry productivity by limiting the production per tree in order to increase size and quality to maximize exports. With tighter supplies, Post estimates that MY2021/22 domestic consumption will show a moderate increase of 0.7 percent over MY2020/21 totaling 33,000 metric tons. This represents 8.4 percent of the total commercial production and includes fresh domestic consumption and cherries for the processing industry. The majority of the domestic consumption is fresh consumption and very few companies are currently processing to produce canned cherries or confectionery products.

Marketing:

The Chilean cherry export industry is organized and constantly carries out campaigns in China around the Chinese New Year, a time when cherries are offered as gifts. The Chilean Fresh Fruit Exporters Association (ASOEX) usually works along the Chilean Export Promotion Agency (ProChile) and the Chilean Embassy in China to organize marketing campaigns and to participate in trade events.

The Chilean campaign in China focuses on furthering the current business relationships and reassuring the phytosanitary and food safety conditions of Chilean cherry exports. Recently, marketing efforts have moved beyond China, to countries like the United States, Brazil, India, South Korea, Vietnam, and Thailand, in order to diversify export destinations. A summary of Cherries from Chile´s MY2020/21 marketing campaign in China can be seen in "Fruits from Chile" YouTube channel.

Policy:
In October 2020, Chile gained market access to export cherries to Vietnam. For Chilean cherry exporters this is viewed as an opportunity to diversify export markets, especially considering the increasing production trend of Chilean cherries.

The Chilean government along with the Chilean fruit production and export industry have worked to improve protocols to reduce the risk of COVID-19 infection and to maintain regular operations in orchards, packing plants and for logistics. The procedures include physical distancing, use of masks and other protective equipment, measuring temperatures of workers, sanitation of facilities, among others. More information about COVID -19 government protocols for agriculture can be found at Chilean Ministry of Agriculture website.

Commodities:
Fresh Peaches and Nectarines

Table 4: Peach and Nectarine Production, Supply and Distribution Data Statistics

Peaches & Nectarines, Fresh	2019/2020		2020/2021		2021/2022	
Market Year Begins	Nov 2019		Nov 2020		Nov 2021	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	7450	7450	7400	7335	0	7350
Area Harvested (HA)	7000	7000	7000	7000	0	7000
Bearing Trees (1000 TREES)	5600	5600	5600	5600	0	5600
Non-Bearing Trees (1000 TREES)	680	680	680	680	0	680
Total Trees (1000 TREES)	6280	6280	6280	6280	0	6280
Commercial Production (MT)	164000	164000	169000	159000	0	158000
Non-Comm. Production (MT)	1000	1000	1000	1000	0	1000
Production (MT)	165000	165000	170000	160000	0	159000
Imports (MT)	100	100	100	100	0	0
Total Supply (MT)	165100	165100	170100	160100	0	159000
Domestic Consumption (MT)	62100	62100	65100	61042	0	61000
Exports (MT)	103000	103000	105000	99058	0	98000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	165100	165100	170100	160100	0	159000
(HA) ,(1000 TREES) ,(MT)						

Source: Post estimates
Note: data does not include canned peaches.

Production:
In MY2021/22, Post estimates fresh peach and nectarine production to total 158,000 MT, a 0.6 percent decrease over MY2020/21 (See Table 4). Dropping productivity due to drought with a relatively steady planted area for fresh peaches and nectarines explains the annual variation.

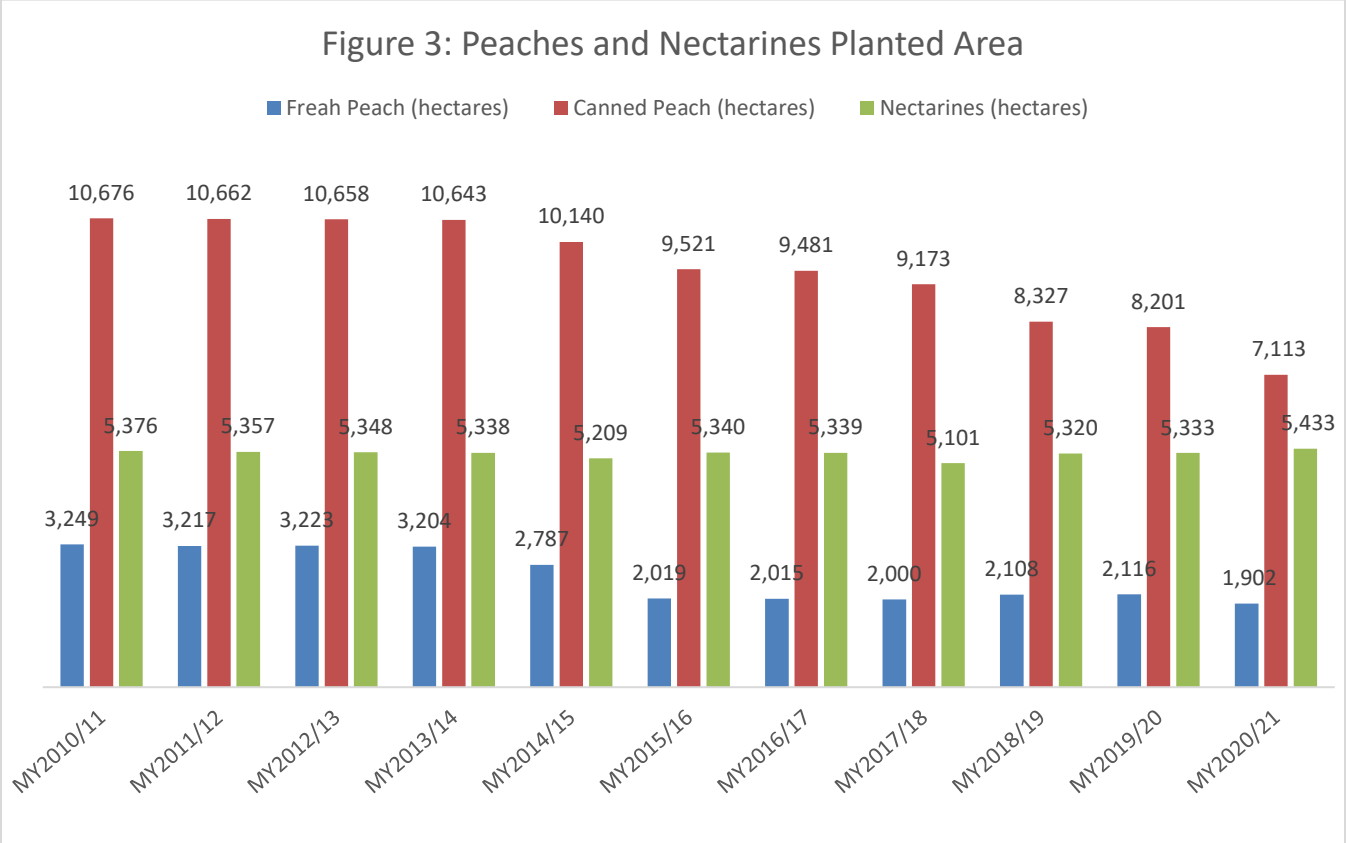
Fresh peach and nectarine planted area totaled 7,335 ha in MY2020/21. Fresh peach planted area is in a declining trend, totaling 1,902 (ha) in MY2020/21 a 10.1 percent decrease over MY2019/20 (See Figure 3). The difficulties in commercializing peaches are pushing down production. Chilean fresh peaches need to travel to distant markets, which have low margins and very high standards for quality and condition of the fruit, making it a very challenging business. After long shipping times peaches often present quality or condition problems upon arriving to commercial markets.

Planted area of peaches for canning totaled 7,113 ha in MY2020/21, a 13 percent decrease over MY2019/20. These decreases are also because of commercial difficulties that the producers are experiencing. (Note that canned peaches are not included in the PSD estimates of this report and are included only for general information.)

In contrast, nectarine planted area totaled 5,433 ha in MY2020/21, a 1.9 percent increase over MY2019/20. Nectarines are an interesting alternative to diversify stone fruit production for producers that are seeking to reduce the risk of exporting to a single market. Nectarines are especially attractive in those areas in the central part of the country that have the required climatic and soil conditions for production. Nectarines are commercialized all over the world and new varieties are more resistant and can arrive to distant markets in good conditions.

The increasing trend in the nectarine planted area will offset the decrease in fresh peach planted area. As a result, Post expects planted area to remain relatively steady and reach 7,350 hectares in MY2021/22.

Figure 3: Peach and Nectarine Planted Area



Source: based in ODEPA, 2021

Consumption:

In MY2021/22, Post estimates that total domestic consumption, which includes both fresh domestic consumption and processing, will remain flat at around 61,000 metric tons. This will represent 38.6 percent of commercial production. In MY2020/21, domestic consumption of peaches and nectarines totaled 61,042 MT, a 1.7 percent decrease over MY2019/20.

In Chile, fresh domestic consumption of peaches and nectarines corresponds with the harvest season, from December to early March. According to Post sources, consumption of peaches has been declining and increasingly displaced by consumption of nectarines. This is happening because the quality properties of nectarines are more appealing to consumers and because nectarines area easier to handle postharvest.

Peaches and nectarines that are processed are generally those that do not have the quality to be consumed fresh. Processed peaches also receive a lower price than fresh fruit. Thus, peach and nectarine processing give producers an outlet for lower-quality fruit and a chance to gain a complimentary income to cover some of the production costs. Producers prefer to sell to the fresh fruit market.

Trade:
For MY2021/22, Post projects exports to decline by one percent totaling 98,000 MT based on the lower production volume (See Table 4). In MY2020/21 Chilean exports of peaches and nectarines decreased by three percent totaling 99,058 MT (See Table 5) and $122.5 million (See Table 6).

The United States was the top market for Chilean peach and nectarine exports in MY2020/21. Exports to the U.S. totaled 33,085 MT, which represents an 8.3 increase over MY2020/21. China is the second most important market for Chilean peaches and nectarines. Chile only exports nectarines to China. In MY2020/21, exports to China totaled 26,231 MT, a 13.3 percent decline over MY2019/20. The decrease in exports to China is attributed to delays in Chinese ports in late-January and February, which are the peak export months for Chilean peaches and nectarines (see Figure 4). During last season's port delays, exporters were forced to reallocate nectarine exports in other markets such the United States, Europe, or Mexico.

Table 5: Chilean Peach and Nectarine Exports to the World by Volume

Table 5: Chile Exports to the World by Volume (MT)						
Commodity: 080930, Peaches, Including Nectarines, Fresh						
Partner Country	Marketing year			Year to Date		
	MY2018/19	MY2019/20	Variation (%)	Nov 2019 - May 2020	Nov 2020 - May 2021	Variation(%)
World	96,568	102,097	5.7%	102,097	99,058	-3.0%
United States	34,847	30,541	-12.4%	30,541	33,085	8.3%
China	20,005	30,266	51.3%	30,266	26,231	-13.3%
Mexico	7,108	7,569	6.5%	7,569	8,308	9.8%
Brazil	6,436	6,705	4.2%	6,705	5,203	-22.4%
Netherlands	6,658	4,302	-35.4%	4,302	4,730	9.9%
Taiwan	2,961	3,292	11.2%	3,292	4,080	23.9%
Canada	2,481	2,692	8.5%	2,692	3,262	21.2%
United Kingdom	3,307	3,095	-6.4%	3,095	3,172	2.5%
Russia	1,628	1,799	10.5%	1,799	2,294	27.5%
Germany	1,077	1,323	22.8%	1,323	1,845	39.5%
Ecuador	1,095	1,189	8.6%	1,189	968	-18.6%
Peru	2,999	2,265	-24.5%	2,265	913	-59.7%
Colombia	1,358	1,152	-15.2%	1,152	849	-26.3%
Guatemala	479	743	55.1%	743	607	-18.3%
Spain	880	1,600	81.8%	1,600	552	-65.5%
Others	3,249	3,564	9.7%	3,564	2,959	-17.0%

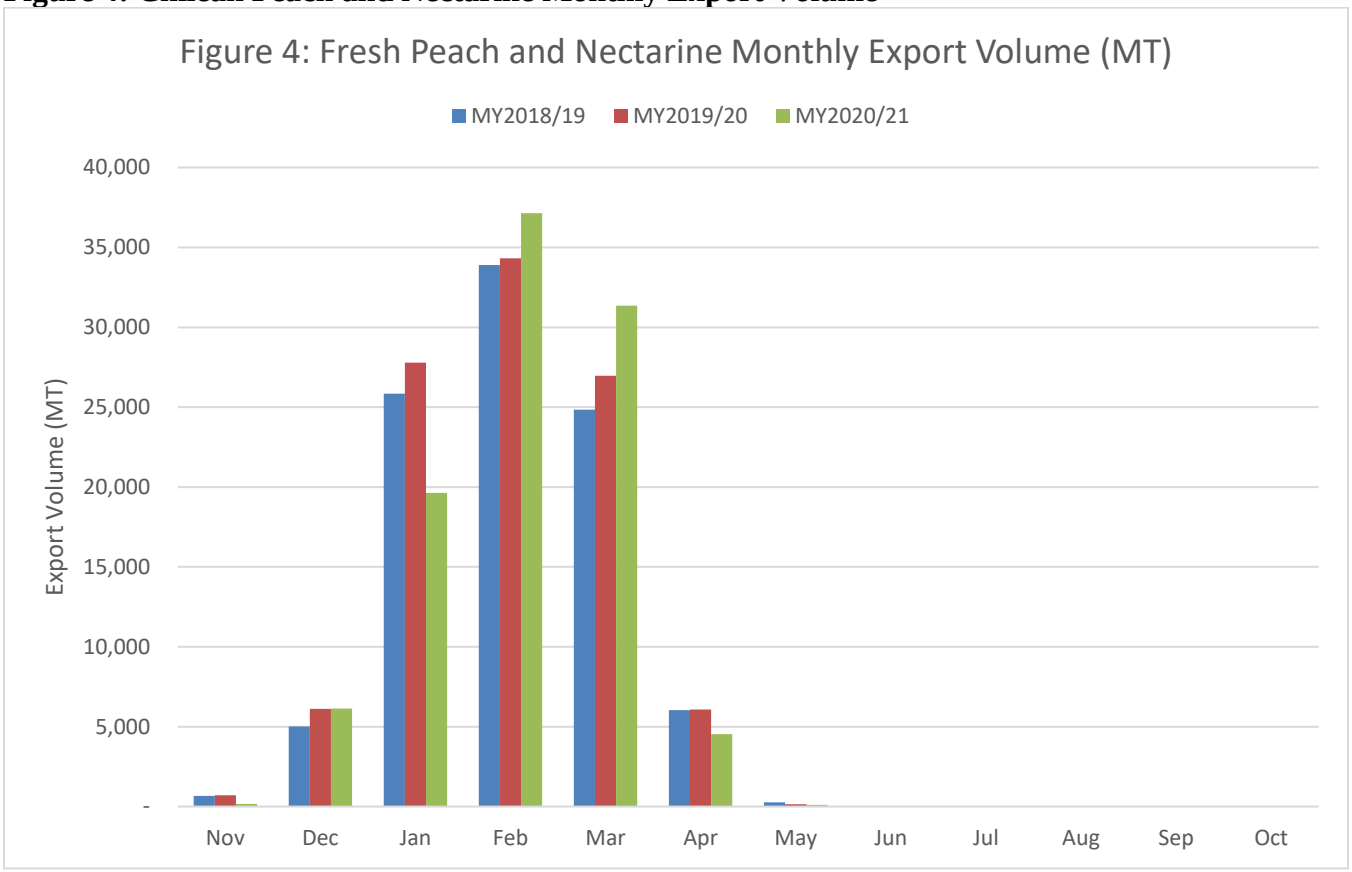
Source: Trade Data Monitor, LLC.
Note: Data does not include canned peaches

Table 6: Chilean Peach and Nectarine Exports to the World by Value

Table 6: Chile Exports to World by Value (USD)						
Commodity: 080930, Peaches, Including Nectarines, Fresh						
Partner Country	**Marketing year**			**Year to Date**		
	MY2018/19	**MY2019/20**	**Variation (%)**	**Nov 2019 - May 2020**	**Nov 2020 - May 2021**	**Variation(%)**
_World	108,677,383	132,586,153	22.0%	132,586,153	122,445,311	-7.6%
China	25,328,208	45,577,291	79.9%	45,577,291	37,527,313	-17.7%
United States	36,197,804	39,177,409	8.2%	39,177,409	37,001,392	-5.6%
Mexico	9,346,188	10,693,260	14.4%	10,693,260	11,589,786	8.4%
Brazil	7,177,671	7,710,401	7.4%	7,710,401	5,803,837	-24.7%
Taiwan	4,506,313	4,565,395	1.3%	4,565,395	5,284,701	15.8%
Canada	2,981,132	3,180,248	6.7%	3,180,248	4,840,342	52.2%
Netherlands	5,516,722	3,494,099	-36.7%	3,494,099	4,005,379	14.6%
Russia	2,171,379	2,303,022	6.1%	2,303,022	2,920,011	26.8%
United Kingdom	2,498,822	2,332,628	-6.7%	2,332,628	2,801,515	20.1%
Germany	1,165,145	1,271,044	9.1%	1,271,044	1,763,976	38.8%
Ecuador	1,322,120	1,465,096	10.8%	1,465,096	1,185,799	-19.1%
Colombia	1,902,064	1,569,849	-17.5%	1,569,849	1,116,832	-28.9%
Guatemala	682,139	1,176,164	72.4%	1,176,164	1,007,644	-14.3%
Peru	2,522,950	1,858,589	-26.3%	1,858,589	866,833	-53.4%
Spain	1,139,693	1,561,704	37.0%	1,561,704	719,445	-53.9%
Others	4,219,033	4,649,954	10.2%	4,649,954	4,010,506	-13.8%

Source: Trade Data Monitor, LLC.
Note: Data does not include canned peaches.

Figure 4: Chilean Peach and Nectarine Monthly Export Volume



Source: Trade Data Monitor, LLC.

Attachments:

No Attachments