

Chilean blueberry

Quality to face off the competition

Chilean blueberry production has boomed in recent years, and is continuing to expand thanks to new plantations in the south of the country. However, the origin is facing a new player on this competitive market, in Peru. Although its traditional outlets are seeing continuing progress, the Chilean industry will need to find new ones to sell off the blueberry volumes available. To this end, it has opted to turn to the Asian diversification markets, as well as the organic and high-quality segments.



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On a continuous rise

The 2017-18 season, which finished in March, confirmed the trend of recent years: Chile is continuing to produce blueberries in abundance. Its fresh shipments registered a rise of 6 %, reaching 115 000 tonnes, while the frozen shipments also saw a 14% increase to 40 000 tonnes.

The previous seasons had been rough, with production disrupted by frosts and frozen sales very limited and at low prices to their main market, the USA, which already had large stocks. This season was more favourable, with lower but much more stable prices, thanks to better spread shipments and better forecasting of the calendar. This price stabilisation was also helped by the year-round presence of Peruvian produce on the shelves, helping sustain blueberry consumption and make it an everyday product.

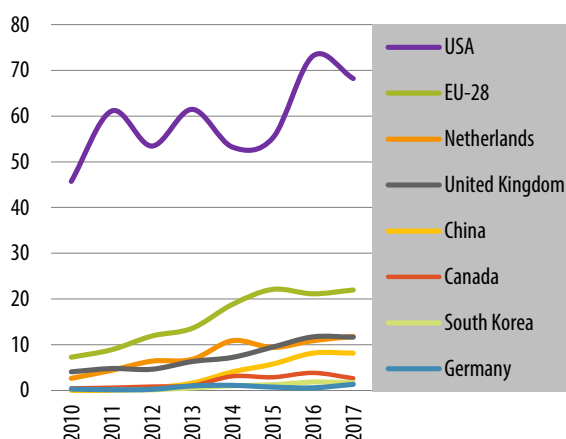


Favoured markets highly competitive

Once again this year, the two favoured markets for Chilean blueberries were the United States and Europe, though with a distinct loss of momentum.

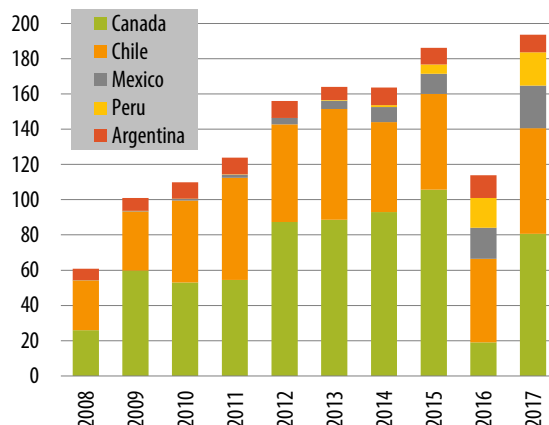
The USA remains by far the number one purchaser, absorbing 64 % of Chilean fresh exports, i.e. 70 220 tonnes last campaign (+ 40 % on 2013-14). On this low-growth but steady market, Chile remains a key player yet is no longer taking advantage of its development: US imports of blueberries are now increasing from Peru and Mexico. As regards fresh, Mexico is capitalising on its proximity, and has the advantage of year-round production. Furthermore, the US public are really into frozen blueberries. Hence in 2016, excessively large frozen blueberry stocks in the USA caused a real paralysis in sales. Since then they have taken an upturn, though they remain hard to predict.

Blueberry - Chile - Exports
(in 000 tonnes / source: Comtrade)



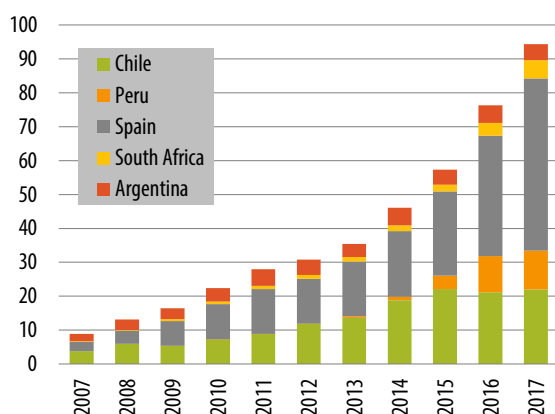
Photos © Chilean Blueberry Committee

Blueberry - United States - Imports
from main supplier countries
(in 000 tonnes / source: Comtrade)



Europe took in 20 % of Chilean volumes (25 896 t) last campaign (+ 50 % on 2013-14). While overall European imports are continuing to see big increases (+ 24 % this year), shipments from Chile have stagnated for the past three years, representing 27 % of volumes. The new market share has been captured by Peru (for the past three years) and Mediterranean origins, taking advantage of their proximity. Hence thanks to this advantage and high-quality fruits, Spain, already the main supplier, is continuing to show impressive acceleration. Morocco, still in a high growth phase (+ 40 % per year for the past 5 years), is offering its fruits at competitive prices (7 000 USD per tonne, as opposed to 9 000 USD for Chile). This rise is not running out of momentum, driven by the "Maroc Vert" plan, which is developing competitiveness and investment in the agricultural sector: blueberry surface areas will expand over 3 000 hectares by 2020, to achieve a production of more than 30 000 tonnes.

Blueberry - EU-28 - Imports
from main supplier countries
(in 000 tonnes / source: Eurostat)



Peru, the neighbour with a strong presence

Chile remains a big player in the Southern Hemisphere blueberry sector, representing 62 % of South American exports, as opposed to 27 % for Peru, 10 % for Argentina and 1 % for Uruguay. Peru only achieved second place in the ranking in the past three years with exponential growth of 77 % in exports per year. To do so, blueberry surface areas leapt up from 400 hectares in 2012 to more than 3 200 in 2016. Production has the advantage of being year-round, with a peak in October-November, thanks to well-adapted varieties and technologies.

Hence the market is filling up and the production calendars are starting to pack together. The Chilean and Peruvian calendars overlap, though they remain relatively complementary, with the bulk of Chilean production arriving toward the end of the Peruvian peak. In October and November, the Argentinean and Peruvian production peaks occur at the same time, causing price falls just at the beginning of the Chilean season.

Consequently, in this context of heightened competition on its two essential outlets, the Chilean industry is exploring several avenues to try to stand out.

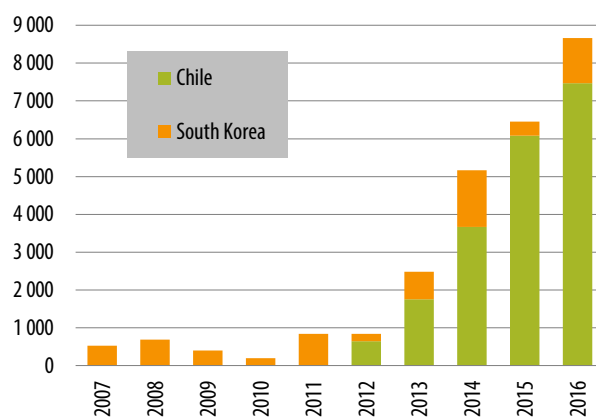


Setting course for China

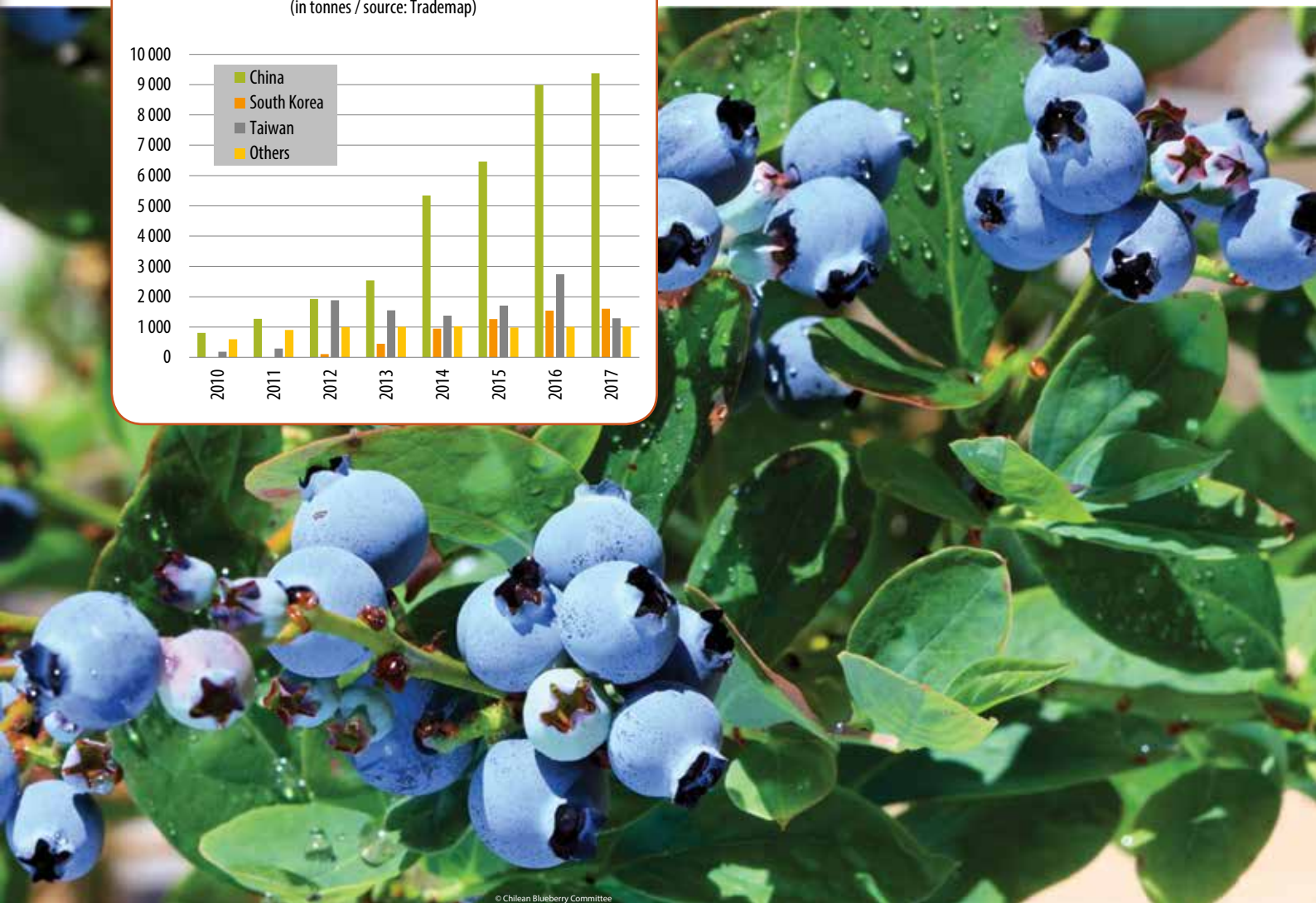
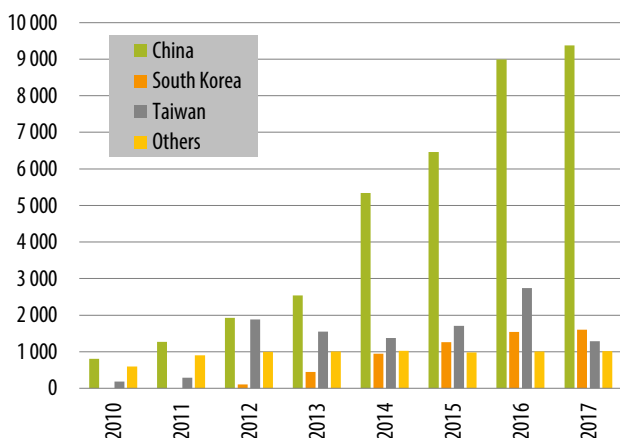
New markets have been opening up, for just the past few years, in Asia: China, South Korea and Taiwan in particular took in 13 138 tonnes of Chilean blueberries, an increase of 120 % on 2013-14. This rise should be attributed mainly to China, whose blueberry imports have followed exponential growth in recent years. Fortunately, Chile has been able to get in quickly. To export its 10 000 t per year, it created a direct express shipping line, thereby reducing the voyage time from 30 to 15 days.

However, there is a market window between the end of the local production season in August and the beginning of the Chilean season in December. We might imagine that it will not be long before Peru covets this choice market.

Blueberry - China - Imports from main supplier countries
(in tonnes / source: Comtrade)



Blueberry - Chile - Exports to Asia
(in tonnes / source: Trademap)



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ASOEX and CBBC, a plus for the Chilean industry

The goal of ASOEX (the Chilean exporters association) is to facilitate exports of Chilean fresh fruits, and it encompasses 96 % of export volumes, from more than 6 000 producers. The association has multiple missions: negotiating free trade agreements for new products to new markets, monitoring modifications to phytosanitary standards, and above all large-scale promotion actions. For example, ASOEX has funded, in partnership with the US Government, APHIS fruit phytosanitary inspection sites to validate fruit exports to the USA, the number one trading partner. ASOEX is separated into several centres handling a particular fruit, such as the Chilean Blueberry Committee which is responsible for promoting the blueberry.

As the second biggest contributor to national GDP, the fruit export sector enjoys the favour of the Chilean Government, and close cooperation with ASOEX. In this country where more than 90 % of fruit is exported, production decisions are taken according to the market and its demands, by harnessing the competitive advantages of the products.



Organic and quality upgrades

The organic blueberry is a useful avenue to help the Chilean industry stand out. Demand is already in place and growing in the United States, where Chile ships 85 % of its fresh organic produce. However, shipments are limited by phytosanitary authorisations only being granted to certain Chilean regions. To prevent the introduction of EGVM (*Lobesia botrana* or *Eudemis*), APHIS is requesting fumigation of fruits from regions VI, VII and VIII, which are the biggest producers. So these fruits are no longer considered organic, and must be sent to other markets, such as Europe where demand needs to be generated by promotional campaigns. Chile's other production regions are authorised to export, subject to reinforced authorisation inspections prior to shipment.

In terms of surface areas, according to this year's official figures, organic represented 20 % of the 15 785 hectares planted area, i.e. 3 230 hectares. Thanks to climate warming, the cultivation area has been able to expand in the south of the country, which while still relatively cool with a

dry climate, can technically sustain organic cultivation. To this end, CORFO has initiated and funded a project aimed at developing new varieties adapted to climate change.

Generally speaking, more particular attention to quality will help Chilean exporters earn better value from their blueberries, but also reduce frozen output, of which there are large stocks in the USA, while increasing their fresh output which sells at a higher price. At present part of the production is processed into frozen, not because of the variety, but because of quality defects, especially when the harvest is not carried out at the optimum time. Hence Chile has its sights set on the high-quality fresh segment. Efforts are focused on care measures during harvesting, as well as on packing. Product quality now seems an essential factor for anyone aspiring to survive and stand out on this highly competitive market ■

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