



ATTACHE QUERY DETAIL

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Canned Deciduous Fruit

Ref.: Secstate 120466

Brazilian Canned Peach Industry Recovering

The canned peach industry, almost entirely located in the very southern part of Brazil at Pelotas, Rio Grande do Sul, is recovering slowly from the fierce competition of Greek canned peaches during the past five years. The recovery has been in part possible because of the higher import duty, currently 35 percent, and the more favorable competitive situation with restrictions on supplier import credits. Reportedly importers of Greek canned peaches were offered financing as long as 360 days, whereas since April 1997 this type of financing is restricted with the importer having to advance payment and pay cash at the time of customs clearance for terms of less than 180 days. See BR7611 for more information on the import financing restrictions. The import duty was increased from 14 to 40 percent in July 1996 for non-Mercosul countries. It is scheduled to be reduced 5 percentage points yearly until the year 2000, with a final lowering of 6 percentage points to return to 14 percent in 2001 (see BR6621).

Peaches account for 35 percent of the Pelotas canning industry which employees about 5,000 workers during harvest from November to February. The Pelotas region has produced up to 50,000 tons of canning peaches, but because of low canning peach prices and the inability of some canners to compete with imported canned peaches some growers took out their orchards to plant tobacco.

Production in 1996/97 was enough peaches for 28 million cans (one kilo) compared to about 22 million cans in 1995/96.

The Rio Grande do Sul government has an incentive program, Prin, to reduce industrial overcapacity in six sectors identified as the weakest in the state. The fruit canning industry is one of them, and thus eligible for a reduction of 75 percent of the state sales tax (ICMS), a value added type tax. According to Joaquim Silveira Costa, president of the Pelotas Canning Industry Association, 13 agroindustries have signed up for Prin. A businessman, Costa is the owner of the Leon Cannery (Icalda - Industria de Conservas Alimenticias Leon) and he believes in the recuperation of the sector which saw the number of canneries reduced to 18 from the 40 operating at the beginning of the 1990's. One company, Vega, was looking at moving to Goias because of the incentives being offered by that state, but choose to remain in Pelotas because of the Prin incentives.

Brazilian canned peach imports have been dominated by Greek product which overtook Argentina, the major supplier up until 1992. Imports of Greek canned peaches totaled 28,460 tons in 1996 compared to 7,433 tons in 1993. Peach imports by country of origin for recent years are given in Table I.

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 Fresh Peach Market Expanding

Fresh Peach Market Expanding

Imports of peaches from Chile, Argentina and Uruguay are extending the seasonal supplies of fresh peaches as the Brazilian crop is marketed from September to December which precedes the heavy shipping season from these neighboring countries.

The major Brazilian table peach producing areas are located in the southern four states. The Porto Alegre, RS crop was quite good in quality this past season (1996/97) because of a dry and relatively cold winter with a suitable dormancy period without frost. The crop was estimated at 5,500 tons, about 25 percent of which was marketed in Sao Paulo.

The Parapanema area in Sao Paulo expected a crop of more than 6,000 tons or about 50 percent of the state's production. Much of the fruit is marketed by the Holambra-2 Cooperative who among its members 35 grow peaches on about 700 hectares. The other major Sao Paulo peach area is centered in Guapiara. Sao Paulo yields average about twice as large as other areas, mainly because of the more advanced cultural practices utilized by the state's fruit growers. Santa Catarina is the third largest peach producing state with the producing areas shifting to southern regions and the upper Itajai region, areas less susceptible to late frosts (after blossoming). Peaches and nectarines are being planted in the northern part of Parana near Cornelio Procopio. The largest grower has 60 hectares in fruit.

For additional information on stone fruit production in Brazil see BR6608 dated 3/1/96. Since peach and nectarine area and production estimates are not part of the official (IBGE) agricultural statistics, we are not able to update the area and production estimates contained in BR6608. A recent study published by Sao Paulo's agricultural department (SAA/IEA - Informacoes Economicas, Vol. 26, Nr. 2, 2/96) concludes that peach production has not yet fully developed its potential in Brazil.

The United States has also been benefiting from the expanding market, although phytosanitary problems in some June 1997 air shipments appeared to dampen the enthusiasm of Brazilian fruit importers. The Brazilian authorities are recommending shipping point fumigation against the Pacific spider mite on both peaches and nectarines. USDA's plant protection and quarantine service (PPQ/APHIS) should be contacted for information on the current Brazilian import requirements for stone fruit.

Brazilian peach and nectarine import statistics for 1995 and 1996 are presented in Tables II and III.

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Canned Deciduous Fruit
Import Data for Canned and Fresh Peaches and Nectarines

Table I: BRAZIL: Imports of Canned Peaches, 1995 and 1996.

ORIGIN	1995		1996	
	Volume metric ton	Value \$1,000	Volume metric ton	Value \$1,000
United States	723.3	620	5.7	7
Argentina	1,547.0	1,584	4,404.0	4,473
Chile	2,002.9	1,669	2,532.0	2,223
Germany 1/	296.2	222		
Greece	30,208.7	21,859	28,460.4	16,833
Italy	68.7	43	36.6	19
Portugal	1.0	1	5.0	6
South Africa 1/	118.8	91		
Spain	1,618.2	1,531	268.8	182
Uruguay 1/	120.4	104		
Other	0.9	1	38.4	25
TOTAL	36,706.1	27,725	35,750.9	23,768

1/ In 1996 included in other, if any.
Total may not add due to rounding
HTS 200870020, canned peaches in syrup.
Source: Ministry of Finance

Imports in 1996 in the other processed category, HTS 200870990, totaled 10.4 tons valued at \$10,553 of which the United States supplied 8 tons.

Table II: BRAZIL: Imports of Fresh Peaches, 1995 and 1996.

ORIGIN	1995		1996	
	Volume metric ton	Value \$1,000	Volume metric ton	Value \$1,000
United States	756	756	1,164	1,261
Argentina	549	645	1,242	1,199
Chile	11,334	4,949	9,578	6,374
France	5	15	1	2
Greece	410	319	18	13
Italy 1/			22	18
Netherlands Antilies 1/			24	19
Paraguay	250	115	150	75
Portugal	47	61	46	59
Spain	23	73	78	81
Uruguay	186	177	759	719
Venezuela 1/			14	11
Other	17	12	0	0
TOTAL	13,577	7,122	13,096	9,831

1/ In 1995 included in other, if any.
Total may not add due to rounding
HTS 0809300100
Source: Ministry of Finance

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Import Data for Canned and Fresh Peaches and Nectarines

Table III: BRAZIL: Imports of Fresh Nectarines 1995 and 1996.

ORIGIN	1995		1996	
	Volume metric ton	Value \$1,000	Volume metric ton	Value \$1,000
United States	758	771	1,025	1,108
Argentina	87	98	194	210
Chile	14,847	5,450	13,762	8,525
Italy 1/			23	21
Paraguay	130	73	104	54
Portugal	30	35	45	48
Spain	10	29	297	278
Uruguay	23	27	14	12
Other	6	11	1	2
TOTAL	15,891	6,494	15,465	10,258

1/ In 1995 included in other, if any.

Total may not add due to rounding

HTS 0809300200

Source: Ministry of Finance

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