



**BY RAFAEL BARISAUSKAS**

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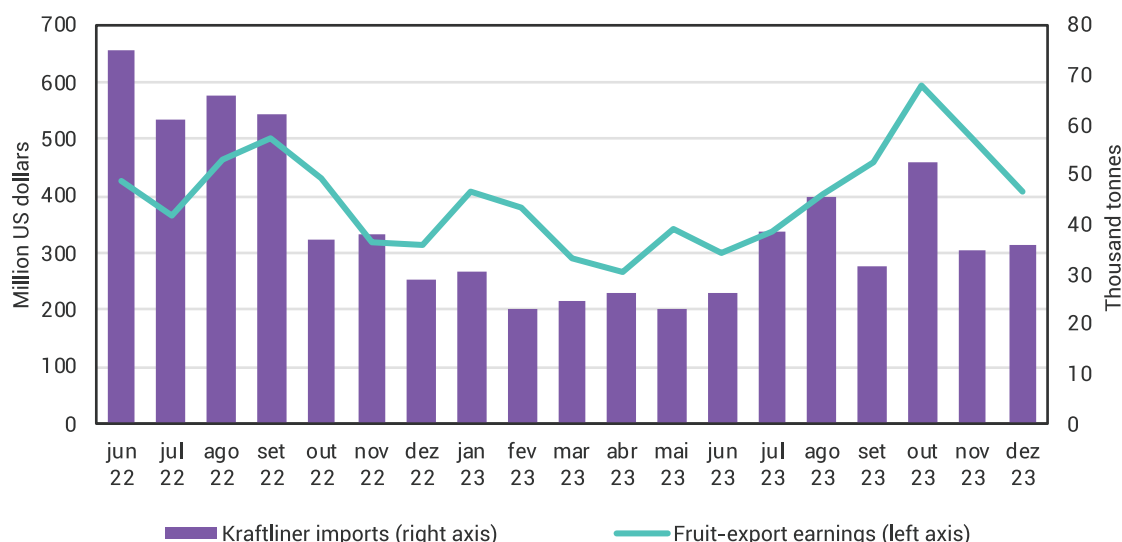
## GROWING FRUIT EXPORTS TO SUPPORT SOUTH AMERICAN CONTAINERBOARD DEMAND IN 2024

The first data entries for the latest South American fruit crops season and harvest are now being disclosed by local statistics agencies, and the crop damages expected from El Niño appear to be less severe than previously expected. As a result, packaging paper buyers are now stepping into the market to purchase material and secure the volumes needed to export their crops. Many had adopted a hand-to-mouth strategy last year to avoid building up their inventories and exposing themselves to unnecessary risks amid anticipated price declines for packaging paper grades, as Fastmarkets reported in previous editions of the *Latin American Paper Products Monitor*.

The less-drastic impact of El Niño on South American fruit production reflects the strong investments that growers made in recent years to improve their output and planted areas, supported by attractive prices that are poised to continue increasing. Therefore, despite an inferior climate condition for the 2023-24 season, production has not fallen as much as many market players had feared. Indeed, exports continued to support demand in the last months of 2023, as detailed in this story by Marina Faleiros, Latin American managing editor and country manager at Fastmarkets.

The blueberry harvest in Chile and Peru happens between September and December, while the cherry harvest takes place

**Figure 1 - South American<sup>1</sup> kraftliner imports versus fruit-export<sup>2</sup> earnings**  
Million US dollars, thousand tonnes



Source: Global Trade Tracker (GTT).

1. Includes only Argentina, Chile, Colombia and Peru.

2. Considers only berries, cherries, apricots, grapes, apples, pears, peaches, papayas, tamarinds, prunes, dates, figs, avocados, guavas, mangos and mangosteens.

between November and December. Despite the drop in fruit production due to negative climate conditions, exports have not fallen as much, due to prices remaining attractive in the international market.

In Chile, blueberry production fell by around 30% in 2023 versus 2022, but exports of blueberries and other berries dropped by only 12.3% in the same comparison. Notably, shipments increased in the last months of 2023 due to attractive price conditions, according to preliminary trade data from the Global Trade Tracker (GTT). Data for 2024 shows a similar trend, with volumes climbing year over year in January and only dropping by 2% in February, while earnings grew by double-digit percentage rates in the same period.

In Peru, berry exports dropped by 21% last year, with the country suffering more negative effects from El Niño than Chile. Still, export earnings grew by more than 27%, despite the drop in volumes, indicating that growers were able to keep margins healthy and support the purchase of paper packaging for the season in addition to funding investments for the 2024-25 cycle. Berry exports in Peru dropped sharply between September and October when the blueberry harvest began; but shipments strongly recovered afterward, following the trend seen in other berry exports, such as strawberries and cherries.

South American exports of tropical fruits — such as mangoes, avocados, pineapples and others — also showed some resilience despite the negative effects from El Niño in Peru and Colombia, but those crops were affected the most in Chile. The harvest of tropical fruits takes place throughout the whole year, but similar to berries, the peak harvest season for most tropical fruits occurs in the second half of the year, thus also supporting packaging paper imports.

Peruvian tropical fruit export volumes fell by almost 5% in 2023, while earnings grew by nearly 3% in the period. Trade data for the first months of 2024 shows this trend continuing, with volumes dropping while earnings increased on an annual basis, despite the lower quantity shipped. Similar to what was seen in Peru, Colombian exports grew by 12% and earnings by nearly 10% in 2023. Conversely, Chilean tropical fruit exports

dropped by 65% in 2023, and earnings fell by more than 52% in the same period, reflecting the El Niño damage to local crops.

Finally, exports of other, cheaper fruits — such as apples, pears, peaches and prunes — also showed some resilience in South America and somewhat supported the consumption of packaging paper in the last months of 2023. Shipments of these crops should continue to support the paper packaging sector in 2024, despite greater El Niño damages recorded in Peru and Colombia.

Chilean exports of these kinds of fruits grew by 6.4% in 2023 and continued to increase in double-digits in the early months of 2024, while earnings grew at a similar rate last year. In Argentina, export volumes jumped by more than 40%, also boosted by the strong currency devaluation observed in 2023, while earnings only grew by 8%. Early trade data for 2024 shows a similar trend, with shipments increasing by more than 60% in January and more than doubling year on year in February, also boosted by the economic reopening promoted by Javier Milei's new administration since taking office in December. Meanwhile, Peruvian exports dropped by more than 50% in 2023, causing earnings to fall by almost 38% in the period. A similar trend was seen in Colombia, where volumes fell by 42% and earnings by 32% in 2023.

In summary, fruit exports out of Latin America fell in 2023 because of the negative effects of El Niño on crops. Nonetheless, shipments did not drop as much as production, because export earnings remained attractive enough to growers. This trend supported packaging consumption in the last part of the year, although demand was weaker than in the same period of 2022.

We forecast that normalization of the climate in South America in 2024 due to the end of El Niño, in tandem with positive earnings from the 2023-24 exports, will continue to fund growers' investments in crops and, as a result, support the purchase of packaging paper to ship volumes globally. Our projection, as disclosed in our *Latin American Pulp & Paper Forecast* report, is that apparent consumption of containerboard grades in 2024 will grow by 1.8% in Chile, 2.7% in Colombia and 3.1% in Peru. Argentina, despite higher fruit exports, should still register a decline in containerboard consumption in 2024 due to the recession the country is expected to face this year. ■