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Chile

Wine

Wine Annual Report

1999

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Report Highlights:

Because drought, wine production will decline for the first time since 1995. However, exports will be similar to last year.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Santiago [CI9027], Chile

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Executive Summary

Total wine production is expected to fall this year reflecting adverse weather conditions and restricted water supplies. Output from a rather large area of recently planted vines just now coming into production will partially offset the expected fall of output per hectare. The value of 1998 export sales was up 26 percent to $540 million. In the coming years wine production is expected to increase further, based on additional plantings and replacement of existing vineyards. We now estimate wine exports will reach at least $680 million by the year 2002, with a volume of about 350 million hectoliters.

Planted Area

During 1997 and 1998 an estimated total of 15,000 hectares of new vines for wine were planted in Chile primarily reflecting strong demand in export markets during the last few years. The area planted to varietal grapes has doubled over the last ten years as a percentage of total area. As a result of new plantings and replanting of export varieties, total exportable wine production is expected to expand significantly in the coming years, and planted area of traditional vineyards is expected to fall further. Chile currently has about 50 commercial wineries.

Table: Chile - Area Planted by Grape Variety (Hectares)			
White Varieties:	**1994**	**1997**	**1998**
Sauvignon Blanc	5,981	6,576	6,606
Chardonnay	4,150	5,563	6,589
Mosc. Alexandria	5,839	5,956	6,050
Semillon	2,708	2,427	2,422
Torontel	1,072	1,083	1,109
Chasselas	559	504	404
Riesling	-	-	348
Moscatel Rosada	-	-	130
Sauvignon	-	-	117
Blanca Ovoide	-	-	107
Chenin Blanc	-	-	104
Gewurztraminer	-	-	100
Viogner	-	-	54
Pinot Blanc	-	-	12
Other White 1/	1,049	1,215	900
Total White	21,763	23,729	25,052
Note: 1/ For 1994 and 1997 other white includes those varieties, beginning with Riesling above, that are broken out for 1998.			

Red Varieties:	1994	1997	1998
Cabernet Sauvignon	11,112	15,995	20,812
Pais	15,990	15,241	15,436
Merlot	2,353	5,411	8,317
Carmenere	-	-	1,162
Tintoreras	341	632	981
Pinot Noir	138	411	589
Cot	389	501	579
Carignan	541	557	569
Sirah	-	-	546
Cinsaut	-	-	180
Cabernet Franc	-	-	111
Sangiovese	-	-	34
Zifandel	-	-	30
Alicante Bouschet	-	-	29
Mourvedre	-	-	13
Petit Verdot & Verdot	-	-	11
Other Red 1/	466	1,073	240
Total Red	31,330	39,821	49,639
Grand Total	53,093	63,550	74,691
Note: 1/ For 1994 and 1997, other red includes Carmenere and others beginning with Sirah that are broken out for 1998.			

Production

Wine grape output increased in 1998 due to good weather during spring, a dry summer, and new vineyards coming into production. Additionally, increased amounts of table grapes unsuitable for fresh export were offered for wine production at excellent prices. As a result, total wine production was larger than both our preliminary estimates and the previous year.

For 1999, wine production is expected to fall slightly compared to last year's output due to adverse weather conditions during most of the growing season. Chile experienced excessive heat during some periods in February, and vineyards suffered from insufficient water and humidity due to the severe drought which is affecting most growing areas. Industry sources indicate that while production in older vineyards is expected to fall as much as 10 percent when compared to last year, a significant number of recently planted vineyards are starting to produce, or are experiencing growth in yields. This will offset a part of the expected fall in output by older vineyards. Additionally, the amount of table grapes used for wine production is not expected to grow as in the past because alternative uses for these grapes have increased.

Table: Chile - Wine Production, Consumption and Exports					
	Area Planted (Th. Has)	Production (Mill. Ltrs.)	Per Capita Consumption	Exports	
				Mil. Ltrs.	Mil. US$
1982	105	603	52	8	11
1983	95	550	47	9	9
1984	78	500	42	9	9
1985	71	450	37	11	11
1986	67	460	33	12	13
1987	67	440	35	14	17
1988	66	423	35	17	22
1989	66	390	30	29	35
1990	65	398	25	43	52
1991	62	292	22	65	85
1992	62	370	17	74	119
1993	62	486	13	87	128
1994	53	411	13	111	143
1995	54	385	15	130	182
1996	56	481	16	185	294
1997	56	536	16	224	428
1998	64	627	17	251	540
1999	75	546	18	255	560
2002	80	750	24	350	680
Note: 1/ Agricultural Attache estimates.					
Source: National Agricultural Society (SNA) and Central Bank.					

Trade

Chile exports both bottled and bulk wine. While the volume of bottled wine exports has been increasing over 30 percent yearly for the last three years, bulk wine exports fell slightly last season. Bottled wine with certificate of origin represented 52 percent of the total wine exports in 1998, up from 46 percent the previous year. Currently, Chile exports wine to over 100 countries. Japan and the United Kingdom were the largest markets for bottled wine in 1998 with certificate of origin, and Canada was Chile's largest bulk wine market that year. Overall, however, the United States and the United Kingdom place first and second, followed by Japan and Canada, as Chile’s largest markets for wine, bottled and bulk.

Average export prices for Chilean wine rose 13 percent during 1998. The same year export volume rose only 12 percent and the value of Chile's wine exports increased 26 percent. This development reflects the gradual improvement in the average quality of exported Chilean wines. The largest expansion in Chile's exports in 1998 was in bottled wine.

Preliminary data for 1999 shows that the wine industry will finally feel the effects of the Asian crisis. While the volume of wine exports during January-March 1999 was down almost 10 percent compared to the same period a year earlier, industry sources indicate that they expect exports to attain similar levels to 1998.

Table: Top 10 Bottled Wine Exporters*
January - December 1998

Vineyard	Exports (US$ mil. FOB)	Pct. var. 98/97
1. Concha y Toro	102,692	28.1
2. San Pedro	46,479	38.3
3. Santa Carolina	40,456	19.7
4. Santa Rita	40,257	29.4
5. Santa Emiliana	26,545	43.7
6. Errazuriz	22,918	9.1
7. Undurraga	21,627	33.7
8. J. Canepa	16,303	36.8
9. Tarapaca	11,753	64.2
10. Discovery Wine	8,868	19.0

* Asociacion de Exportadores y Embotelladores de Vino.

Table: Chile - Wine Export Prices (FOB current US$ per Hectoliter)				
	Champagne	**Bottled Wine**	**Bulk**	**Average**
1989	218	164	58	125
1990	236	143	42	111
1991	225	162	56	180
1992	239	184	76	161
1993	244	186	62	148
1994	246	172	49	129
1995	243	223	73	140
1996	252	239	79	159
1997	262	261	108	191
1998	269	282	119	215
Source: Central Bank.				

Because a large quantity of table grapes was available for wine production in 1998, the largest wineries did not import as much lower quality, lower priced wine for the domestic market. Imports of wine are mainly in cartons (tetrapack) from Argentina.

Stocks

Stock figures in the PS&D include wine which is in the aging process for both the domestic and export market. Stocks vary significantly from year to year depending on production fluctuations, particularly variations in the volume of table grapes going to wine.

Table: Chile - Real Domestic Farm Gate Wine Prices (CH$ Per Liter)							
1981	**1985**	**1990**	**1995**	**1996**	**1997**	**1998**	**1999 1/**
170	133	132	141	168	294	329	339
Exchange rate: US$1.00 = CH$495.							
Note: 1/ Price for first 4 months of 1999 only. Prices are in April 1999 Chilean pesos.							
Source: ODEPA (Ministry of Agriculture).							

Policy

Wine production and exports are regulated and certified by the government. In Chile there are no policies or subsidies that support or promote wine production. All wine produced in Chile for the domestic or export market is periodically sampled by laboratories of the Agriculture and Livestock Service (SAG) of the Ministry of Agriculture, which issues an export certificate. Strict labeling regulations are also enforced for both domestic and imported wines. Prochile, the Export Promotion Bureau of the Ministry of Foreign Affairs, supports the wine industry in international efforts to promote wine exports. All exported wine must bear a certificate of origin and quality.

PS&D Table - Wine

PSD Table						
Country:	Chile					
Commodity:	Wine					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
TOTAL Grape Crush	0	0	0	0	0	0
Begin Stock (Ctrl App)	0	0	0	0	0	0
Begin Stock (Other)	2711	2711	2868	2868	3267	3581
TOTAL Beginning Stocks	2711	2711	2868	2868	3267	3581
Prod. from Wine Grapes	4127	4127	5159	4478	0	4230
Prod. from Tabl Grapes	1232	1232	1289	1796	0	1700
TOTAL PRODUCTION	5359	5359	6448	6274	0	5930
Intra-EU Imports	0	0	0	0	0	0
Other Imports	134	134	8	99	0	100
TOTAL Imports	134	134	8	99	0	100
TOTAL SUPPLY	8204	8204	9324	9241	3267	9611
Intra-EU Exports	0	0	0	0	0	0
Other Exports	2236	2236	2907	2510	0	2550
TOTAL Exports	2236	2236	2907	2510	0	2550
Dom.Consump(Cntrl App)	0	0	0	0	0	0
Dom.Consump(Other)	3100	3100	3150	3150	0	3160
TOTAL Dom.Consumption	3100	3100	3150	3150	0	3160
End Stocks (Cntrl App)	0	0	0	0	0	0
End Stocks (Other)	2868	2868	3267	3581	0	3345
TOTAL Ending Stocks	2868	2868	3267	3581	0	3901
TOTAL DISTRIBUTION	8204	8204	9324	9241	0	9611

Export Trade Matrix - Wine

Export Trade Matrix			
Country:	Chile	Units:	HL
Commodity:	Wine		
Time period:	Jan-Dec		
Exports for	1997		1998
U.S.	632184	U.S.	513294
Others		Others	
U.K.	310126	U.K.	361506
Canada	307998	Japan	338775
Denmark	103436	Canada	284707
Japan	76441	Argentina	117215
Norway	66458	Denmark	95854
France	65198	Norway	88642
Germany	63969	Germany	87941
Netherlands	63407	France	60981
Sweden	59819	Netherlands	58257
Argentina	41610	Sweden	51453
Total for Others	1158462		1545331
Others not listed	445367		451687
Grand Total	2236013		2510312

Import Trade Matrix - Wine

Import Trade Matrix			
Country:	Chile	Units:	HL
Commodity:	Wine		
Time period:	Jan-Dec		
Imports for	1997		1998
U.S.	84	U.S.	609
Others		Others	
Argentina	132250	Argentina	93424
Spain	707	Spain	2441
Brazil	231	France	1099
France	211	Italy	250
Italy	146	Denmark	179
Japan	50	Brazil	116
Portugal	9	Japan	48
Germany	6	Israel	31
Australia	5	U.K.	11
Israel	5	Austria	10
Total for Others	133620		97609
Others not listed	329		1017
Grand Total	134033		99235