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Chile

Avocado

Annual

2000

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Report Highlights:

Chile's avocado production is expected to grow further in 2001 due to good weather conditions and expanded area.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Table of Contents

	Page
Executive Summary	1
Production	1
PS&D Table	2
Consumption	3
Trade	3
Policy	4
Market Development	4

Executive Summary

Chilean avocado production will increase significantly in the coming years, as a large number of new orchards have begun production. Additionally, a high percentage of existing orchards are in the 'growth' phase of production. The total areas planted with avocados has increased significantly. This increase in dedicated land use to avocados is principally the result of excellent gains made in export markets but this is expected to slowdown as markets become more restrictive to trade.

Production

Total avocado production for CY1999 resulted much higher than previously estimated. New orchards coming into production together with better than previously expected weather are mainly responsible for this increased output. Another expansion in production is expected in CY2000 as a larger number of new orchards enter an increased production stage. Additionally, weather has also been excellent for avocado production.

Although it is still too early to adequately forecast production in CY2001, avocado production should expand further as a large percentage of new orchards are coming into production. Expansion in the coming years will be mainly from Hass varieties which have been planted in the last few years and are targeted for the export market.

Chile's avocado production has some advantages when compared to other avocado producing countries. Since most production is in arid regions with little rain, except for winter months, orchards are mostly free of pests, and spraying is not necessary.

Chile's avocado production areas have been expanding over 1,000 hectares per year during the last 5 years. Increases in planted land have been almost exclusively devoted to the Hass variety, which represents 75 percent of total production. Total areas planted with avocados is expected to expand at a much slower rate than in the past due to increased restrictions observed in some markets like that in the United States, as was pointed out by the Chilean avocado producers association. The recently approved "Check-off" program by the U.S. Senate will increase costs to Chilean producers when exporting to the United States. Chilean Producers claim that at present, they pay a high import duty of 11.2 cents per Kg. The "Check-off" program will add an additional 2.5 cents per pound. The total paid would represent almost 10 percent of the final price of avocados in the U.S.

In Chile, 95 percent of all commercial avocado trees are planted in the central area of the country - from Region IV through Region VI, including the Metropolitan Region. The predominant areas are in Region V (Quillota, Aconcagua Valley and La Ligua, Petorca) and the Metropolitan Region where over 85 percent of all avocado trees are located. The largest expansion in planted avocados during the last few years has been in Region V, followed by the Metropolitan Region and Region IV. Although almost all of the expansion has been dedicated to the Hass variety, there are over 20 other varieties. Of the total planted orchards, a little over 20 percent are still in the 'non-bearing' (or 'formation') stage.

Avocado production is sensitive to climactic conditions, particularly to low temperatures and temperature changes. Weather largely accounted for production variations during the last decade. This year's avocado production is excellent in quality.

PSD Table						
Country	Chile					
Commodity	Fresh Avocados				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	19770	19800	21000	20800	0	21800
Area Harvested	12850	14850	13860	16500	0	17450
Bearing Trees	3370	3861	3640	4290	0	4540
Non-Bearing Trees	1870	1287	1930	1118	0	1130
TOTAL No. Of Trees	5240	5148	5570	5408	0	5670
Production	60550	80550	78000	90000	0	100000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	60550	80550	78000	90000	0	100000
Exports	25000	34787	38000	45500	0	52000
Fresh Dom. Consumption	35550	45763	40000	44500	0	48000
Processing Consumption	0	0	0	0	0	0
TOTAL DISTRIBUTION	60550	80550	78000	90000	0	100000

CHILE : Avocado Planted Area, Production and Exports

Years	Planted Area (Ha)	Production (MT)	Exports (MT)
1973	4,490	14,500	-
1980	6,180	25,000	12
1985	7,605	28,900	1,200
1990	8,315	38,800	11,557
1995	11,560	48,000	12,000
1996	12,850	51,200	16,744
1997	16,919	51,000	15,469
1998	18,307	86,500	44,514
1999	19,800	80,550	35,000
2000	20,800	90,000	45,500 1/
2001	21,800	100,000	52,000 2/

Note: 1/ Estimates.

2/ Projections.

Consumption

In the past, most of the avocado production in Chile was consumed in the domestic market. With the introduction of the Hass variety an export market has developed. Also, as a result of the large increases in output, larger amounts of avocados, which can not be exported, remain on the domestic market.

Despite the recent increases in consumption, domestic avocado consumption in Chile is still considered to be low for a producing country - around 3.5 Kg. per person.

Trade

Chile's exports are overwhelmingly dependent on the U.S. market, in spite of continued efforts by avocado producers and exporters to diversify markets. In order to diversify their export markets, Chilean producers and exporters are contributing specific funds towards domestic and foreign market promotional campaigns.

Export Trade Matrix

In the trade matrix below, data for 1999 are for January - December and for 2000 are for January - September only.

Export Trade Matrix			
Country	Chile		
Commodity	Fresh Avocados		
Time period	Jan-Dec	Units:	M.T.
Exports for:	1999		2000
U.S.	34276	U.S.	17936
Others		Others	
Argentina	508	Argentina	42
Spain	2	Spain	23
Brit. Virg. Islands	1		
Total for Others	511		65
Others not Listed			
Grand Total	34787		18001

Policy

The Chilean Government has no subsidy or special tax incentives for avocado production.

Market Development

As a result of long and intensive negotiations, avocados from the California State were granted permission for imports in Chile on September 29, 2000. But Chile's rather large, year-around avocado production and low domestic prices could discourage commercial imports for all but a few months during the marketing year.