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Chile

Tomatoes and Products

Annual

2004

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Report Highlights:
Chile's tomato paste production is expected to fall, as planted area will stay unchanged and tomato production will be adversely affected by abnormal climatic conditions. Production of fresh tomatoes is forecast to stay at a similar level to last year and exports are expected to rebound as deliveries to Argentina have resumed.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Our new tomato paste production estimates show output for MY2004 as smaller than last year, as the canning industry contracted a slightly smaller planted area of tomatoes from producers. Planted area should be similar to MY2004 for MY2005. However total output of tomatoes for processing may fall, as weather was unfavorable during planting. Fresh tomato production is expected to stay at similar levels to MY2004, as planting takes place throughout the year. Exports should increase as demand in Argentina has resumed.

Production General

Fresh Tomatoes

For Fresh Consumption

In MY2004 (Jan-Dec 2004) planting of tomatoes for fresh consumption fell slightly as demand shifted to other horticultural products. According to industry sources, many marginal tomato producers went out of business or switched to other horticultural products. In spite of an apparent increase in export demand, at least for MY2005, planted area and total output are not expected to increase. After a year with no exports to Argentina, Chile's main fresh tomato market, producers are optimistic that exports will resume. In the long run, planted area is forecasted to expand when export demand for fresh tomatoes increases again. However according to industry sources, domestic demand for tomatoes is not expected to increase in the near future as other horticultural products have begun to displace tomatoes. A significant improvement in Chile's road network has lowered internal transportation costs and allowed other horticultural products to become more competitive with fresh tomatoes. As a result, domestic tomato prices have fallen significantly during the last two years.

Although greenhouse planted areas with drip-irrigation systems have been increasing slowly over the last few years tomatoes planted in open fields still account for 80 percent of the total planted area. The open fields are mainly responsible for the yearly variation in production. Although most tomatoes are produced in the irrigated central valley of Chile, tomatoes for fresh consumption are planted throughout Chile from Arica to Tierra del Fuego.

Prices Table			
Country	Chile		
Commodity	Fresh Tomatoes		
Prices in	pesos	per uom	Kg.
Year	**2003**	**2004**	% Change
Jan	330.0	181.3	-45%
Feb	220.6	156.7	-29%
Mar	233.3	151.5	-35%
Apr	218.4	142.3	-35%
May	215.4	165.9	-23%
Jun	208.9	182.9	-12%
Jul	197.5	177.7	-10%
Aug	215.2	176.3	-18%
Sep	204.9	198.0	-3%
Oct	221.8	203.9	-8%
Nov	240.9		-100%
Dec	201.2		-100%
Exchange Rate	609	Local Currency/US $	
Date of Quote	10/30/2003	MM/DD/YYYY	

For Processing

Although the planted area of tomatoes for processing fell from 12,000 in MY2003 to 11,000 hectares in MY2004, planted area for MY2005 is expected to remain steady at 11,000 hectares. However according to industry sources total output for processing in MY2005 may be slightly smaller as weather during the spring season has been abnormally cold and wet and adversely affected some planting areas. Total tomato production figures for processing for MY2004 were revised downward in our PS&D table as a result of more precise information provided by industry consultations. Planted area is not expected to vary significantly for the coming years, as the tomato processing industry is reportedly producing tomato paste for niche markets and for long-term customers. The two largest processing companies that produce close to 90 percent of all Chilean tomato paste production reportedly have most of their production already committed when fixing planting contracts with the farmers. The same sources indicate that in the long run, planted area and production figures probably will not vary significantly as the industry is presently producing at more than 85 percent of capacity. Consequently if the industry wants to increase production, mainly tomato paste, new investments in the processing industry will be needed. The uncertainty of being able to market globally increased amounts of tomato paste makes this new investment unlikely for now. Chile’s tomato production (planting and processing) represents less than 4 percent of total world production.

Tomatoes for processing are planted from mid-September through early November of each year and harvested from early-mid January through mid April. During the planting season, frosts are an important limiting factor in many growing areas. A dry summer, with significant temperature changes between day and night during the growing season, allows growers to produce tomatoes with a deep red color. Over 95 percent of tomatoes harvested for processing are destined for paste production. In canned tomatoes, Chile produces whole-peeled, diced-peeled and crushed. The tomato products industry mainly targets the export market.

Tomatoes for industrial purposes are planted in the central area (Regions V through VII - including the Santiago Metropolitan Region).

Tomato Products

Canned Tomatoes

Chile produces whole peeled, crushed peeled and diced tomatoes. Trade figures and PS&D tables include all three products since statistics contain no product breakout. Most canned tomatoes are produced for export. Canned tomato production is highly dependent on export demand. Customers in the domestic or export market normally contract yearly production. New production estimates are adjusted downwards for MY2004, as export demand has fallen significantly. Canned tomatoes are produced mainly for the Latin American market. The expected production shortfall in Italy reported previously had no effect on quantities of canned product demanded, but had a positive effect on economic returns for the product exported. Average prices increased from US$475 per Metric Ton to US$716 per Metric Ton for the first nine months of this year, compared to the same period last year.

Tomato Paste

Tomato paste production in MY2004 is now estimated to be slightly larger than previously estimated but close to 2 percent less than last year. For MY2005, another small reduction is expected, as production of tomatoes for processing may be affected by the adverse weather conditions during planting. Weather during the spring has been cold and humid, which delayed plantings and as a result lower yields can be expected.

The paste industry in Chile mainly produces a 30 to 32 Brix product. Small amounts are produced with 28 to 30 Brix for the Japanese market. As a result of industry merges, sales processing plants, and joint ventures with foreign companies, there are now two main players in the tomato paste industry in Chile today. The two largest companies, Aconcagua Foods and Agrozzi produce almost 90 percent of total tomato paste. Aconcagua Foods, which used to be Corpora bought several processing plants over the last few years and also established a joint venture with a Mexican Company named La Costena, a leading canned product producer and distribution company. Meanwhile Agrozzi, took control of Malloa, a tomato processing company that used to belong to Lever a multinational company and became the largest producer in Chile.

Tomato Sauce

Tomato sauce production, like canned tomato production, is closely related to export demand. For this coming season a slight increase in output is expected as industry expects foreign demand to get stronger. This is reflected in the higher economic returns obtained for exports during the first 9 months of this year when compared to last year. Export prices increased from US$728 to US$772 per Metric Ton for this period.

Production Policy

There are no government subsidies for tomatoes. Most imports are subject to a fixed general tariff of 6 percent ad valorem. All products pay an additional 19 percent value added tax.

Consumption

Fresh Tomatoes

There are no statistics on domestic consumption in Chile. Usually, we assume no significant change in domestic consumption, although high prices due to a smaller supply may reduce consumption some years. Figures are estimated as a residual of estimated production and export data.

Shelf life influences which tomato varieties are used in Chile. Improved shelf life has allowed growers to produce tomatoes in the extreme north of Chile (Arica) and transport them to major population centers 1,000 miles to the south e.g., Santiago, mainly during the winter season. This development has permitted a constant fresh tomato supply during the entire year, contributing to an increase in total fresh tomato consumption together with a fall in prices over the last four years. However increased competition from other horticultural products is expected to modestly affect domestic consumption of fresh tomatoes over the next few years. The most common varieties planted in Chile are Cal-ace, Marmande raf, Ac 55 vf, Early pack, Napoli and Roma.

Processed Tomatoes

Since Chilean processed tomato production is mainly for the export market, domestic utilization is fundamentally a residual. As previously mentioned there are no statistics on domestic consumption. However, industry sources point to a moderate expansion in the consumption of paste and sauce, in line with the spread of fast-food and pizza restaurants in Chile. We have increased our consumption figure for tomato paste in the PS&D as a result of additional information provided by industry sources.

Trade

Note: The 2004 export figures given in the trade matrices correspond to January through September only.

Fresh

Chile's fresh tomato exports are tied to export demand. Argentina is by far Chile's largest export market. Since Argentina is overcoming last year’s economic crisis, exports of fresh tomatoes to that market are expected to resume to past levels again. Producers also are increasing their effort to develop new markets

Although Chile can export fresh tomatoes to the U.S., the industry is not optimistic about that market due to fumigation requirements, which reduce the products shelf life and the need to ship the product by air in order to compete in quality with other imports. As a result of limited space in airfreight and competition for that space with more profitable commodities, like berries and salmon, fresh Chilean tomatoes generally are not price - competitive with Mexican tomatoes that are produced year round closer to the U.S. market.

Processed

Tomato Paste: Neighboring Latin American countries are Chile's main export markets. Venezuela is by far the largest market. Economic instability in most Latin American countries make exports uncertain. But the industry is optimistic, as they believe they have developed a relationship with most of their customers, demonstrating an ability to deliver similar amounts of tomato paste year after year. The two largest processors indicated that they normally contract planting areas with farmers to produce enough tomato paste to supply their export needs. But, when lower production is expected from the most important tomato paste producer in the northern hemisphere, the industry increases production hoping to supply an unsatisfied demand.

Tomato Sauce: Tomato product exports are highly concentrated, with most exports destined for Argentina and other neighboring Latin American countries, whose economies are more or less stagnant. Consequently, growth in exports is unlikely in the next few years.

Canned Tomatoes: Although the industry is making a concentrated effort to expand markets in neighboring Latin American countries, demand for Chile's canned tomatoes has been falling over the last few years.

PSD Table							
Country	Chile						
Commodity	Fresh Tomatoes			(HA)(MT)			
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Plnt For Fresh Consump	0	7500	0	7000	0	7000	(HA)
Plnt For Processing	0	12000	0	11000	0	11000	(HA)
TOTAL Area Planted	0	19500	0	18000	0	18000	(HA)
Harv. For Fresh Cons.	0	7500	0	7000	0	7000	(HA)
Harv. For Processing	0	12000	0	11000	0	11000	(HA)
TOTAL Area Harvested	0	19500	0	18000	0	18000	(HA)
Fresh Sale Production	0	287000	0	285000	0	285000	(MT)
Processing Production	0	864000	0	803000	0	767000	(MT)
TOTAL Production	0	1151000	0	1088000	0	1052000	(MT)
TOTAL SUPPLY	0	1151000	0	1088000	0	1052000	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Fresh Tomatoes		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2003		2004
U.S.	84	U.S.	14
Others		Others	
Mexico	19	Argentina	744
U.K.	13	Brazil	23
Japan	3	U.K.	7
		Japan	3
		Brit.Virg.Island	1
Total for Others	35		778
Others not Listed	0		
Grand Total	119		792

PSD Table							
Country	Chile						
Commodity	**Tomato Paste,28-30% TSS Basis**				(MT)(MT, Net Weight)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Deliv. To Processors	888000	840000	888000	788300	0	757000	(MT)
Beginning Stocks	4610	4610	28602	21002	8902	29102	(MT, Net Weight)
Production	110000	114700	110000	112600	0	110000	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	114610	119310	138602	133602	8902	139102	(MT, Net Weight)
Exports	74308	74308	118000	80000	0	85000	(MT, Net Weight)
Domestic Consumption	11700	24000	11700	24500	0	25000	(MT, Net Weight)
Ending Stocks	28602	21002	8902	29102	0	29102	(MT, Net Weight)
TOTAL DISTRIBUTION	114610	119310	138602	133602	0	139102	(MT, Net Weight)

Export Trade Matrix			
Country	Chile		
Commodity	**Tomato Paste,28-30% TSS Basis**		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	203		204
U.S.	358	U.S.	131
Others		Others	
Venezuela	11389	Venezuela	15019
Japan	9789	Japan	8420
Argentina	7403	Costa Rica	7437
Colombia	6853	Colombia	5280
Brazil	6391	Guatemala	3188
Honduras	5326	Ecuador	2463
Costa Rica	4744	Mexico	1252
Guatemala	3681	Philipines	1188
Ecuador	2591	Honduras	1118
Mexico	2184	Argentina	1009
Total for Others	60351		46374
Others not Listed	13599		9248
Grand Total	74308		55753

PSD Table							
Country	Chile						
Commodity	**Tomatoes, Canned**				(MT)(MT, Net Weight)		
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Deliv. To Processors	6500	6500	6550	5500	0	5000	(MT)
Beginning Stocks	307	307	85	85	135	135	(MT, Net Weight)
Production	6350	6350	6150	5300	0	4800	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	6657	6657	6235	5385	135	4935	(MT, Net Weight)
Exports	3372	3372	2900	2050	0	1600	(MT, Net Weight)
Domestic Consumption	3200	3200	3200	3200	0	3200	(MT, Net Weight)
Ending Stocks	85	85	135	135	0	135	(MT, Net Weight)
TOTAL DISTRIBUTION	6657	6657	6235	5385	0	4935	(MT, Net Weight)

Export Trade Matrix			
Country	Chile		
Commodity	**Tomatoes, Canned**		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2003		2004
U.S.	447	U.S.	656
Others		Others	
Brazil	1477	Honduras	283
Honduras	771	Japan	239
Japan	294	Venezuela	181
Costa Rica	196	Colombia	153
Venezuela	107	Costa Rica	77
Colombia	40	Guatemala	15
Argentina	22		
Guatemala	18		
Total for Others	2925		948
Others not Listed	0		
Grand Total	3372		1604

PSD Table							
Country	Chile						
Commodity	Tomato Sauce			(MT)(MT, Net Weight)			
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Deliv. To Processors	9200	9200	8600	9200	0	9500	(MT)
Beginning Stocks	92	92	262	262	182	162	(MT, Net Weight)
Production	4500	4500	4000	4500	0	4650	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	4592	4592	4262	4762	182	4812	(MT, Net Weight)
Exports	3350	3350	3100	3620	0	3600	(MT, Net Weight)
Dom. Consumption	980	980	980	980	0	980	(MT, Net Weight)
Ending Stocks	262	262	182	162	0	232	(MT, Net Weight)
TOTAL DISTRIBUTION	4592	4592	4262	4762	0	4812	(MT, Net Weight)

Export Trade Matrix			
Country	Chile		
Commodity	Tomato Sauce		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2003		2004
U.S.	1	U.S.	0
Others		Others	
Peru	1275	Peru	1128
Argentina	561	Argentina	524
Guatemala	530	Guatemala	378
Colombia	310	Colombia	215
Haiti	181	Haiti	181
Uruguay	108	Uruguay	86
Ecuador	107	Ecuador	68
Domin. Rep.	75	Domin. Rep.	56
Paraguay	56	Paraguay	37
El Salvador	37	El Salvador	37
Total for Others	3240		2710
Others not Listed	109		53
Grand Total	3350		2763