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**Avocado**

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Approved by:

**Lewis J. Stockard, Agricultural Attache**

**U.S. Embassy**

Prepared by:

Luis Hennicke, Agricultural Specialist

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**Report Highlights:**

**Good weather and increased planted area will result in a new expansion of Chile's output and exports of avocados this year.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
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## Executive Summary

Chilean avocado production will keep increasing in the coming years as a large number of new orchards begin production. The total area planted to avocados has increased significantly. Additionally, a high percentage of existing orchards are in the 'growth' phase of production. The increase in dedicated land use to avocados is principally the result of excellent gains made in export markets, but this is expected to slow due to trade restrictions, competition and lower export prices.

## Production

Total Chilean avocado production for marketing year 1999 (Jan-Dec 2000) ended higher than the previous estimates, thus the MY1999 estimate has been revised upward by 5,000 MT. New orchards coming into production, together with excellent weather, are mainly responsible for this increased output. The estimate of MY2000 output has been lowered slightly to reflect newly available data. This year's avocados are thus far excellent in quality due to excellent weather.

For MY2001, the initial forecast expects another production expansion in MY2001 as new orchards enter into a higher yielding production stage. Although it is still too early to accurately predict 2001 production, output is expected to expand as a new orchards are coming into production and the weather has been favorable during flowering in most producing areas. Expansion in the coming years will be mainly from Hass varieties which have been planted in the last few years and are targeted for export. Avocado production is sensitive to climactic conditions, particularly to low temperatures and temperature changes. Weather largely accounted for production variations during the last decade.

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 area planted to avocados is expected to expand at a slower rate than in the past due to significant fall in export prices, together with perceived restrictions observed in Chile's most important market, the United States. The recently approved, but still not applied, "check-off" program would increase costs to Chilean producers and exporters to the U.S. The program would add 2.5 cents per pound. This would be in addition to the U.S. duty of 11.2 cents per Kg. The total paid would represent almost 10 percent of the final price of Chilean avocados in the U.S.

95 percent of all Chilean 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 plantings 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 total planted area, a little over 20 percent is still in the

‘non-bearing’ (or ‘formation’) stage.

### 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	21,202	95,000	52,049
2001	21,800	98,000	50,000 1/
2002	23,300	110,000	60,000 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, however, export markets were developed. Also, as a result of the large increases in output, more Hass remain on the domestic market.

Despite the recent increases in consumption, per capita domestic use is still considered low for a producing country - approximately 3.5 Kg. per person. In response, the Chilean avocado producers association has initiated a large scale promotion to increase domestic consumption. The main objective is to increase the marketing possibilities. As a result, the MY2002 consumption forecast is significantly higher than the previous year and will likely be a record. An estimated 60 to 65 percent of production is normally exported, and it is

expected that Hass production will be around 150,000 M.T. in 5 to 8 years. As a result, the 35 to 40 percent of total production which is not exported, together with the production of so-called traditional avocado varieties which are not for the export market, supplies for the domestic market will double the current supply of about 40,000 M.T.

## **Trade**

The initial forecast for MY 2001 exports would be a new record and is based on aggressive efforts by the Chilean industry. Exports were sluggish during September and October, but have been ahead of last year since November and are expected to maintain that trend. The export estimates for both MY 1999 and 2000 have been revised upward, most significantly for MY 1999 based on new data.

As alluded to earlier, total Chilean avocado exports are highly dependent on the U.S. market, in spite of continued efforts by the avocado industry to diversify markets. In order to diversify their export markets, the Chilean industry is contributing specific funds for both domestic and foreign market promotional campaigns. As before, there is a promotional campaign again this year together with the California Avocado Commission. Chile is reportedly contributing US\$ 1.0 million.

## **Policy**

The Chilean Government has no subsidy or special tax incentives for avocado production or exports. Imports are charged the current 8 percent uniform duty, which will drop to 7 percent in 2002 and end at 6 percent in 2003.

## **Market Development**

Although the California State avocados now have market access to Chile, this country'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.

**PS&D Table**

PSD Table						
Country	Chile					
Commodity	Fresh Avocados				(HECTARES)(1000 TREES)(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	20800	21202	21800	21800	0	23300
Area Harvested	16500	16820	17450	17450	0	17850
Bearing Trees	4290	4375	4540	4540	0	4597
Non-Bearing Trees	1118	1139	1130	1130	0	1395
TOTAL No. Of Trees	5408	5514	5670	5670	0	5992
Production	90000	95000	100000	98000	0	110000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	90000	95000	100000	98000	0	110000
Exports	45500	52049	52000	52500	0	60000
Fresh Dom. Consumption	44500	42951	48000	45500	0	50000
Processing Consumption	0	0	0	0	0	0
TOTAL DISTRIBUTION	90000	95000	100000	98000	0	110000

## Export Trade Matrix

In the trade matrix below, data for 2000 are for January - December and for 2001 are for January - September only.

Export Trade Matrix			
Country	Chile		
Commodity	Fresh Avocados		
Time period	Jan-Dec	Units:	M.T.
Exports for:	2000		2001
U.S.	51348	U.S.	15256
Others		Others	
Argentina	657	Argentina	642
Spain	43	Netherlands	337
U.K.	1	France	112
		Japan	16
		Panama	9
		Ecuador	5
		Paraguay	4
		Uruguay	3
Total for Others	701		1128
Others not Listed			
Grand Total	52049		16384