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Chile

Wine

Competition Annual - Revised

2000

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Report Highlights: As new vineyards come into production, increased wine production is anticipated in 2000 and beyond. Chile's vineyards continue to focus their attention on improving quality and expanding their product line.

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

Total wine production is expected to be up again this year reflecting good weather conditions and expanded area as newly planted vineyards come into production. The value of 1999 exports was slightly down to $534 million as sales fell due to the slowdown of the world economy. In the coming years wine production is expected to increase based on additional plantings and replacement of existing vineyards. We now estimate wine exports will reach at least $680 million by the year 2003, with a volume of about 350 million hectoliters.

Planted Area

An estimated 8,000 hectares of new vines were planted again during 1999, most to red varieties. As a result, over 25,000 hectares of new vines for wine were planted in Chile during the last three years primarily reflecting strong demand in export markets. The area planted to varietal grapes has more than doubled over the last ten years as a percentage of total area. These new plantings and the replanting of export varieties are expected to expand significantly the total exportable wine production of Chile in the coming years. However, the total area and production of "traditional" (non-varietal) vineyards is expected to fall further.

Chile currently has more than 50 commercial wineries. They are growing concerned that growth in planted area in Chile and elsewhere will lead to over-production resulting in depressed international prices. The strategy of the industry is to develop exports of premium quality and reserve wines and reduce sales of wine in bulk. This strategy begins with replanting vineyards with distinctive varieties of grapes best suited for local climatic and soil conditions. Chile’s wineries are also expected to reduce use of surplus table grapes as their own production or wine grapes increases.

The Ministry of Agriculture estimates total planted acreage in 2000 at 90,000 hectares, up from 83,000 hectares the previous year. No breakdown by grape variety is yet available for 1999. [We will provide this data when released by the government.] Out of the total planted area, over 65 percent are of the red varieties.

Production

Wine grape output resulted smaller than previously expected in 1998 in spite of good weather during the spring and summer and new vineyards coming into production. The use of significantly fewer table grapes than previously expected in wine production explains the fall in final wine output.

For 1999, wine production fell when compared to both our previous estimate and the previous year’s output, primarily due to adverse weather conditions during most of the growing season. Additionally, the amount of table grapes used for wine production was not as large as expected because alternative uses, such as the production of raisins and grape juice, increased.

For the year 2000 a significant increase in wine production is expected as a larger amount of newly planted area comes into production, together with and extensive area which is in the increasing stage of production. In addition, the weather has been favorable for an excellent grape harvest which will result in increased quality and yield.

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	63	536	16	224	428
1998	75	547	17	251	540
1999	83	481	18	240	534
2000	90	559	20	278	610
2003	95	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 10 percent yearly for the last three years, bulk wine exports continue to fall. Bottled wine with a certificate of origin represented over 50 percent of the total wine exports in 1999. Currently, Chile exports wine to about 100 countries. In 1999, the United Kingdom and the United States were by far the largest markets for bottled wine with certificate of origin, while Canada was Chile's largest bulk wine market. Overall, the United Kingdom and the United States place first and second, followed by Canada and Germany, as Chile’s largest markets for wine, bottled and in bulk.

Chile’s wine exports by volume and value fell slightly during 1999, but exports of bottled wine increased again in volume and value. This development reflects the gradual improvement in the average quality of exported Chilean wines.

Table: Top 10 Bottled Wine Exporters*
January - December 1999

Vineyard	Exports (US$ Thous. FOB)	Pct. var. 99/98
1. Concha y Toro	88,610	-14.49
2. San Pedro	56,010	20.52
3. Santa Rita	39,200	-2.62
4. Santa Carolina	29,480	-27.13
5. Errazuriz	28,230	23.19
6. Undurraga	20,110	-6.98
7. Sta. Emiliana	16,830	-36.57
8. Tarapaca	15,440	31.39
9. Valdivieso	14,250	90.55
10. Canepa	12,840	-21.34

* Viñas de Chile.

Table: Chile - Wine Export Prices (FOB current US$ per Hectoliter)				
	Champagne	Bottled Wine	Bulk	Average
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
1999	233	290	108	214
Source: Central Bank.				

Since there is still a sufficient quantity of table grapes available for wine production in 1999, most wineries did not import as much lower quality, low-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**	**1996**	**1997**	**1998**	**1999**	**2000 1/**
176	95	99	183	305	354	364	344
Exchange rate: US$1.00 = CH$525.							
Note: 1/ Price for first 5 months of 2000 only. Prices are in May 2000 Chilean pesos.							
Source: ODEPA (Ministry of Agriculture).							

Policy

Wine production and exports are regulated and certified by the Agriculture and Livestock Service (SAG) of the Ministry of Agriculture. The government provides no funds to support wine production or subsidize exports. All wine produced in Chile for the domestic or export market is periodically sampled by SAG, which issues an export certificate that includes the wine's origin and quality. 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 shows to promote wine exports.

PS&D Table - Wine

PSD Table						
Country	Chile					
Commodity	Wine				(1000 MT)(1000 HL)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
TOTAL Grape Crush	0	0	0	0	0	0
Begin Stock (Ctrl App)	0	0	0	0	0	0
Begin Stock (Other)	2868	2868	3581	3216	0	2916
TOTAL Beginning Stocks	2868	2868	3581	3216	3901	2916
Prod. from Wine Grapes	4478	4649	4230	4240	0	5088
Prod. from Tabl Grapes	1796	825	1700	566	0	500
TOTAL PRODUCTION	6274	5474	5930	4806	0	5588
Intra-EU Imports	0	0	0	0	0	0
Other Imports	99	99	100	45	0	50
TOTAL Imports	99	99	100	45	0	50
TOTAL SUPPLY	9241	8441	9611	8067	3901	8554
Intra-EU Exports	0	0	0	0	0	0
Other Exports	2510	2510	2550	2396	0	2775
TOTAL Exports	2510	2510	2550	2396	0	2775
Dom.Consump(Cntrl App)	0	0	0	0	0	0
Dom.Consump(Other)	3150	2715	3160	2755	0	2895
TOTAL Dom.Consumption	3150	2715	3160	2755	0	2895
End Stocks (Cntrl App)	0	0	0	0	0	0
End Stocks (Other)	3581	3216	3901	2916	0	2884
TOTAL Ending Stocks	3581	3216	3901	2916	0	2884
TOTAL DISTRIBUTION	9241	8441	9611	8067	0	8554

Export Trade Matrix - Wine

Export Trade Matrix			
Country	Chile		
Commodity	Wine		
Time period	Jan-Dec	Units:	HL
Exports for:	1998		1999
U.S.	513294	U.S.	459345
Others		Others	
U.K.	361506	U.K.	477975
Japan	338775	Canada	240329
Canada	284707	Germany	123499
Argentina	117215	Denmark	118908
Denmark	95854	Norway	100494
Norway	88642	Japan	95410
Germany	87941	Argentina	85413
France	60981	Netherlands	70977
Netherlands	58257	Sweden	69071
Sweden	51453	France	57803
Total for Others	1545331		1439879
Others not Listed	451687		496742
Grand Total	2510312		2395966

Import Trade Matrix - Wine

Import Trade Matrix			
Country	Chile		
Commodity	Wine		
Time period	Jan-Dec	Units:	HL
Imports for:	1998		1999
U.S.	609	U.S.	111
Others		Others	
Argentina	93424	Argentina	41641
Spain	2441	France	2247
France	1099	Spain	531
Italy	250	Brazil	347
Denmark	179	Italy	163
Brazil	116	U.K.	69
Japan	48	Portugal	22
Israel	31	Germany	7
U.K.	11	Lebanon	1
Austria	10	Belgium	1
Total for Others	97609		45029
Others not Listed	1017		59
Grand Total	99235		45199