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Chile

Avocado Annual

2018

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Report Highlights:

Chileans would be hard-pressed to think of a more popular fruit than avocado. Its versatility and availability throughout the year makes it a staple food. As such, nearly thirty percent of all the Chilean avocado production is destined to the domestic market. While there are many avocado varieties such as *Edranol*, *Negra de la Cruz*, and *Fuerte*, *Hass* avocado reached eighty-eight percent of the total 29,166 hectares (ha) planted. For MY2018/19, Chilean avocado producers strategically delayed harvest to avoid overlapping export supplies with competitor suppliers. The Chilean Avocado Committee (CAC) estimates that MY2018/19 production will reach 245,000 metric tons (MT), which represents an 8.8 percent increase over MY2017/18.

Commodities:

Avocados, Fresh

Production:

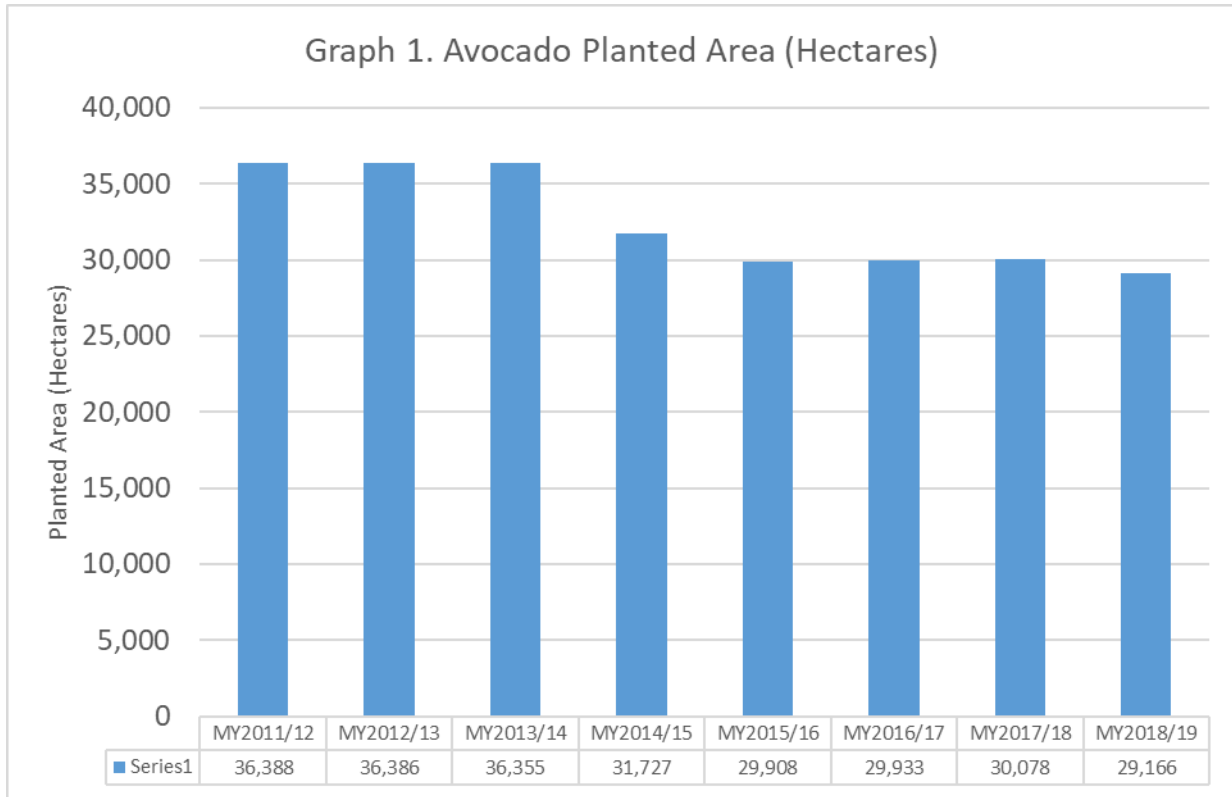
Chileans prefer the *Hass* avocado variety due to its size, creamy consistency, and taste. To date, avocado producers have planted 25,660 ha of this variety or 88 percent of the total avocado area planted in Chile.

According to CAC, production will reach 245,000 MT in MY2018/19 (July 2018 to June 2019), which represents an 8.8 percent increase over MY2017/18.

In a normal year, Chilean avocado harvest starts in June, but in MY2018/19, avocado producers strategically delayed the harvest until July in order to avoid overlapping with the Peruvian avocado supply.

Despite anticipated growth, *Hass* avocado producers face challenges as *Hass* avocado trees are very sensitive to low temperatures, which may destroy an entire orchard. Another challenge is limited water availability.

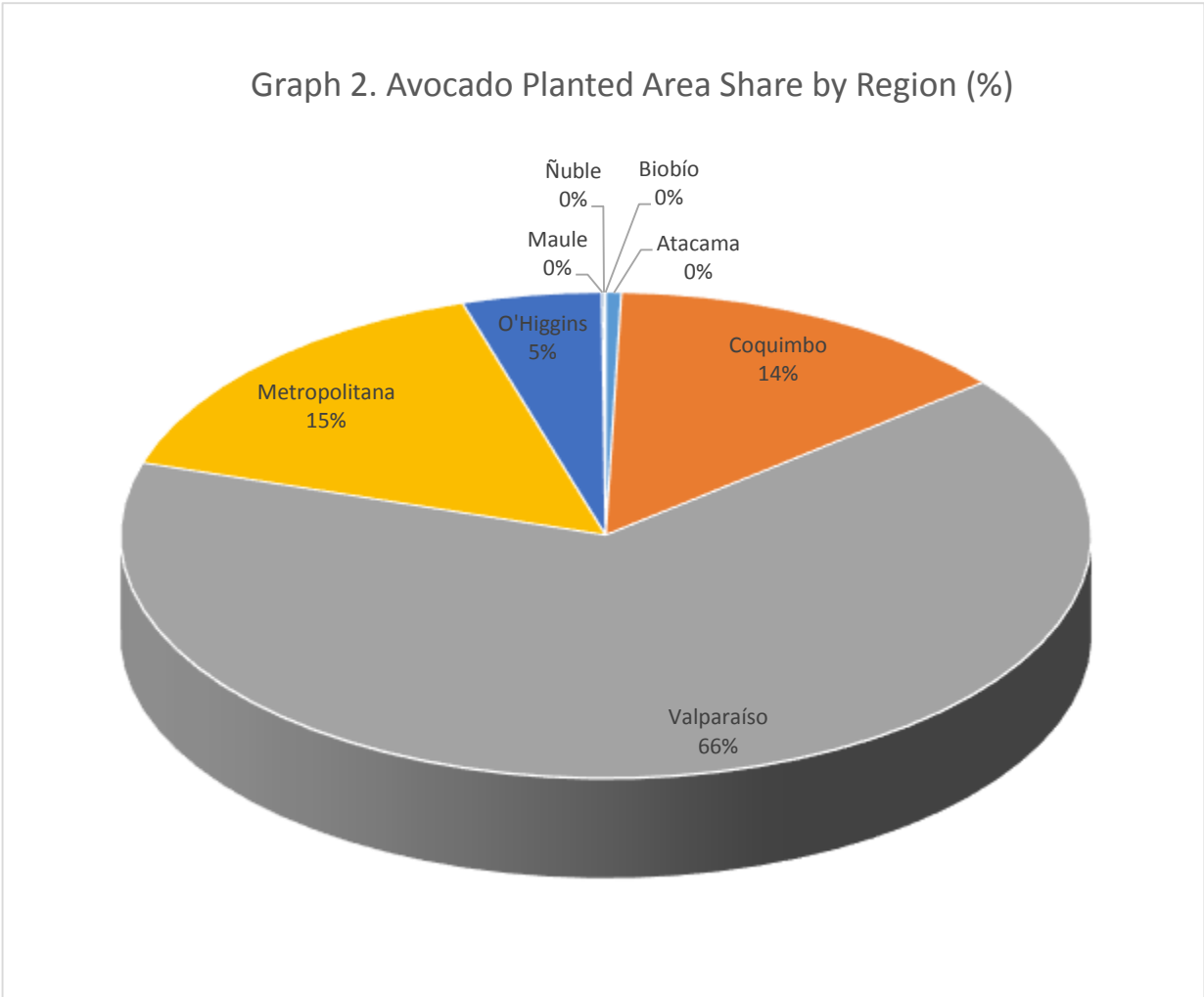
For instance, earlier this year, there was a conflict between avocado producers and a community in *Petorca*, *Valparaiso* region. The latter claimed that avocado producers had drained water resources in the community of *Petorca*, leaving the community without water for human consumption. This issue reached [international press](#)' attention and local environmental civil society groups (NGOs) amplified it via social media. As a result, the Chilean Fruit Exporter Association (ASOEX) designed a communication campaign to respond to its international clients in the European Union (EU) and Minister of Agriculture Antonio Walker intervened to resolve the conflict.



Source: ODEPA, 2018

Avocado planted area has decreased in the past five MY. Avocado planted area reached 36,355 ha in MY2013/14 (see graph 1), however overall planted area decreased to 29,166 ha. This decrease is a result of avocado producers planting orchards only in areas with high temperatures and taking away avocado orchards from flatlands and areas with not enough water availability.

Valparaíso region holds 66 percent of the planted area (graph 2) making it the top avocado production region in Chile. Metropolitana and Coquimbo regions have 15 and 14 percent of the avocado planted area respectively (see graph 2).



Source:

based in ODEPA/CIREN 2018

Consumption:

Unlike other fruits produced in Chile, the avocado fruit has a strong domestic demand that reaches 66,000 MT per year or 30 percent of annual avocado production. Chilean avocado price increases during May and June when it can reach up to \$8 per kilogram (1 kilogram = 2.205 pounds) since there are no domestic supplies available during those months. Most of the avocados available in the domestic market arrive mainly from Peru and Mexico, but also from the United States.

Trade:

In MY2017/18, Chilean avocado exports grew 3.5 percent in volume over MY2016/17 totaling 157,697 MT (see table 1). Chilean avocado exports totaled \$364 million in MY2017/18, a 16 percent increase over MY2016/17 (see table 2). The main export market for Chilean avocado in MY2017/18 was the Netherlands, which received 40 percent of Chilean avocado exports, followed by the United States (19 percent), and the United Kingdom (11 percent). That same MY, exports to the Netherlands and the U.S. grew by 15.4 percent and 0.6 percent respectively while exports to the United Kingdom decreased by 1.9 percent.

Chilean avocado exports to China have grown consistently in the past three marketing years after Chile gained market access in 2014. Chilean avocado exports to China grew by 11.6 percent in MY2017/18 over MY2016/17, totaling 14,578 MT.

In MY2018/19 (data available through September 2018), Chilean avocado exports have decreased 58.3 percent (see table 1) mainly due to delayed harvest, which caused exports to fall behind when compared to the previous marketing years (see graph 3). However, the CAC estimates an 8.8 percent increase in production, which would also increase exports over MY2017/18.

Table 1. Chile Export Statistics						
Commodity: 080440, Avocados, Fresh Or Dried						
Quantity (MT)						
Partner Country	Marketing Year (July-June)			Year To Date		
	MY2016/17	MY2017/18	Variation (%)	Jul 2017 - Sep 17	Jul 2018 - Sep 18	Variation (%)
World	152,399	157,697	3.5%	44,519	18,580	-58.3%
Netherlands	54,341	62,735	15.4%	12,107	4,659	-61.5%
United States	29,204	29,389	0.6%	15,773	10,560	-33.1%
United Kingdom	17,198	16,874	-1.9%	4,376	355	-91.9%
Argentina	14,535	15,031	3.4%	3,624	970	-73.2%
China	13,061	14,578	11.6%	3,823	394	-89.7%
Spain	7,403	7,998	8.0%	2,895	647	-77.7%
Costa Rica	3,041	2,967	-2.4%	698	430	-38.4%
Belgium	1,707	2,408	41.1%	185	142	-23.2%
France	4,574	1,327	-71.0%	481	114	-76.3%
Switzerland	2,176	1,221	-43.9%	68	44	-35.3%
Germany	3,759	933	-75.2%	67	118	76.1%
Hong Kong	363	600	65.3%	135	20	-85.2%
Brazil	258	519	101.2%	25	-	-100.0%
Uruguay	338	506	49.7%	98	55	-43.9%
United Arab Emirates	24	240	900.0%	72	72	0.0%
Others	417	371	-11.0%	92	0	-100.0%

Source: GTA - Chile Customs - Servicio Nacional de Aduana 2018

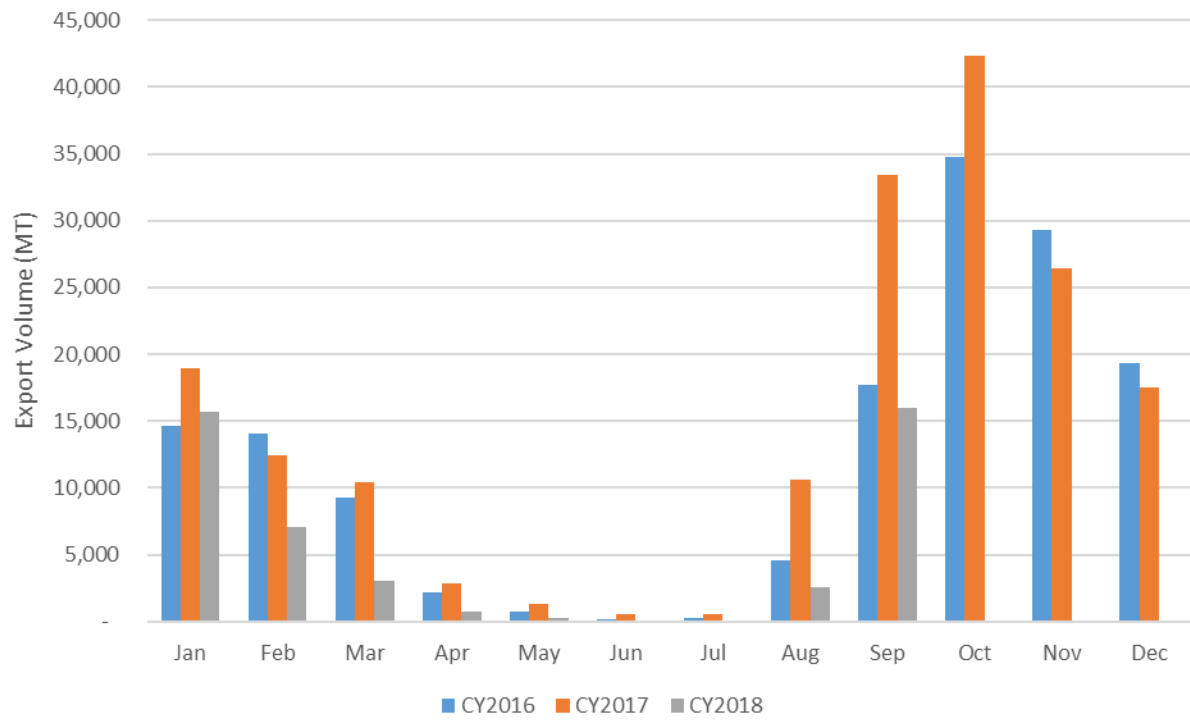
Table 2. Chile Export Statistics
Commodity: 080440, Avocados, Fresh Or Dried

United States Dollars

Partner Country	Marketing Year (July-June)			Year To Date		
	MY2016/17	MY2017/18	Variation (%)	Jul 2017 - Sep 17	Jul 2018 - Sep 18	Variation (%)
World	315,205,949	364,156,978	16%	106,070,106	39,853,672	-62%
Netherlands	92,466,145	122,266,723	32%	24,793,182	10,048,968	-59%
United States	74,496,468	76,024,369	2%	39,026,839	22,063,148	-43%
United Kingdom	41,832,700	46,345,191	11%	12,012,096	797,736	-93%
Argentina	28,388,813	35,860,412	26%	7,794,693	2,258,901	-71%
China	30,748,030	35,367,527	15%	9,928,992	719,272	-93%
Spain	16,347,541	21,301,555	30%	7,494,027	1,257,046	-83%
Costa Rica	8,938,336	10,031,265	12%	2,175,008	1,435,656	-34%
Belgium	2,320,214	3,584,650	54%	276,332	264,372	-4%
France	7,181,484	3,038,025	-58%	1,215,554	204,402	-83%
Switzerland	3,149,326	2,482,695	-21%	143,161	104,880	-27%
Germany	5,767,246	2,047,721	-64%	150,234	223,200	49%
Hong Kong	1,014,821	1,653,384	63%	367,786	57,329	-84%
Uruguay	702,576	1,300,375	85%	214,723	191,712	-11%
Brazil	550,269	1,228,292	123%	49,280	-	-100%
United Arab Emirates	58,145	710,400	1122%	206,400	227,051	10%
Others	1,243,835	914,394	-26%	221,799	-	-100%

Source: GTA - Chile Customs - Servicio Nacional de Aduana 2018

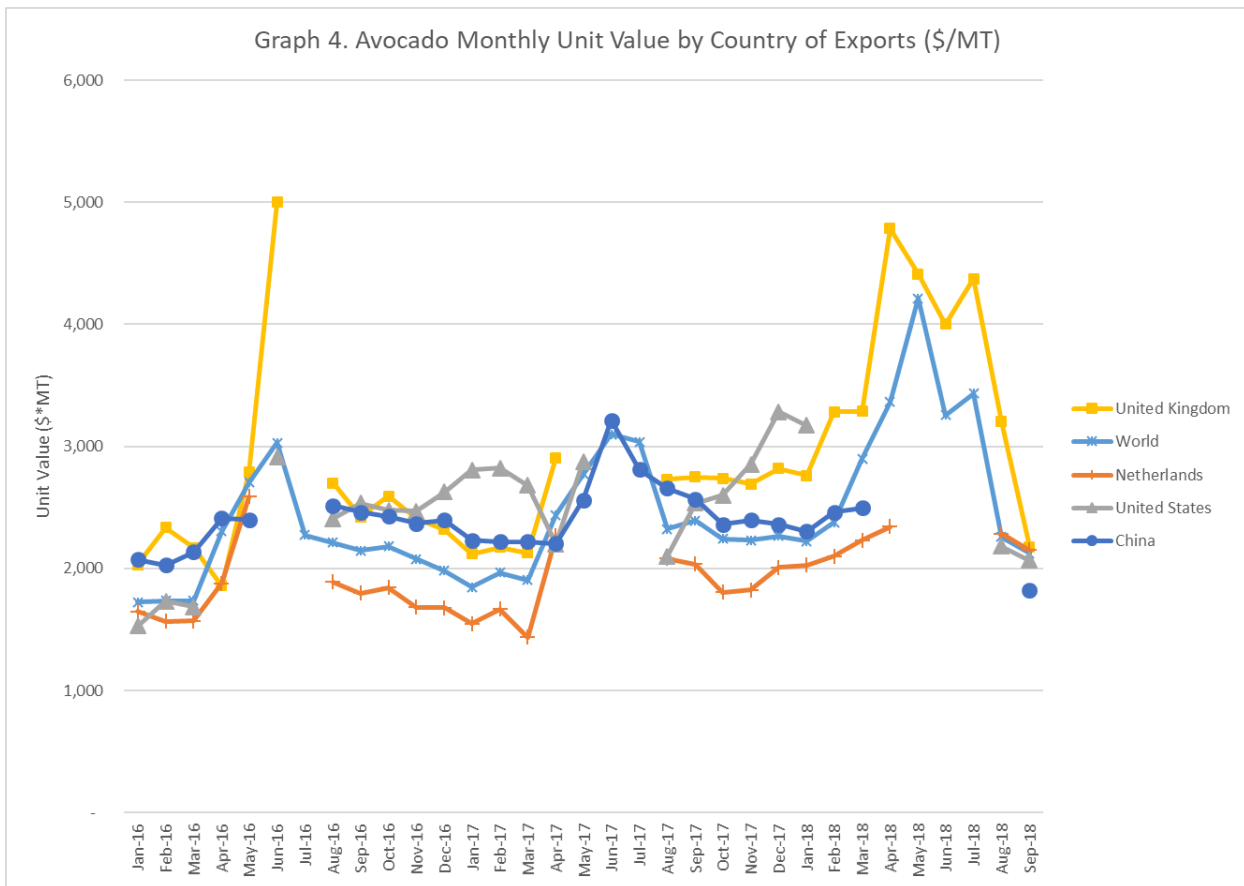
Graph 3. Chile: Avocado Export Volume by Month (MT)



Source

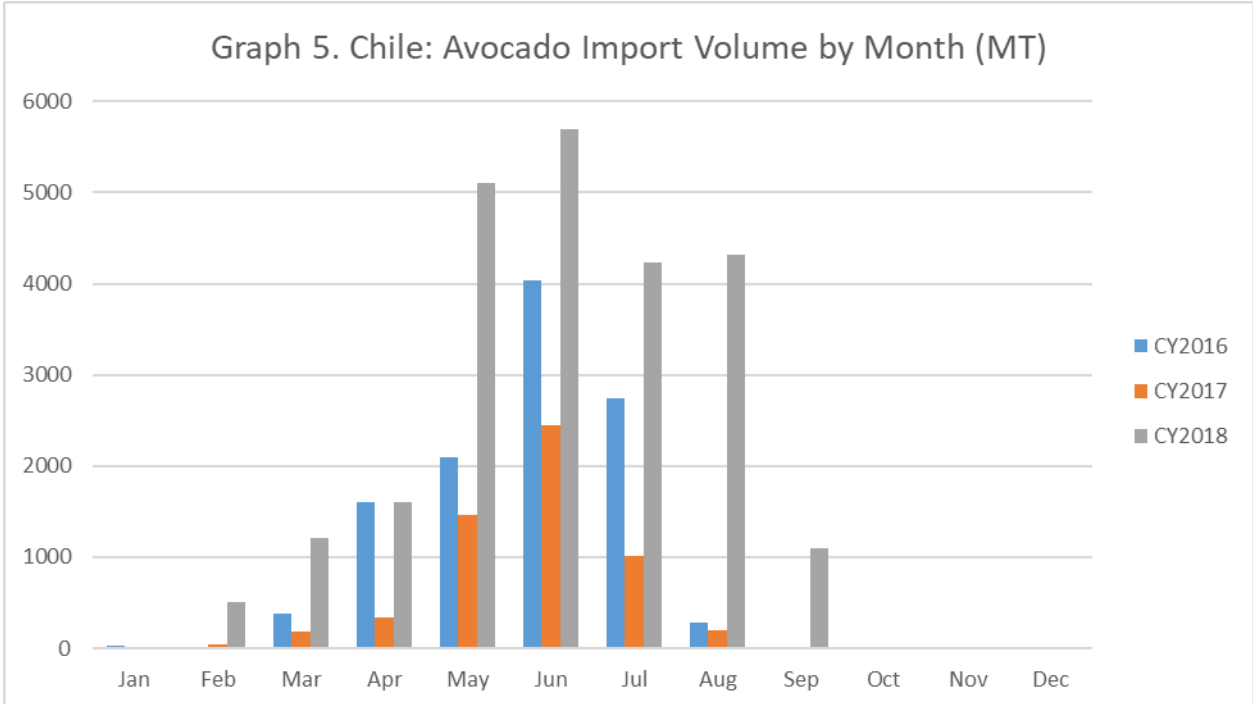
: GTA - Chile Customs - Servicio Nacional de Aduana 2018

The average unit value (\$/MT) for Chilean avocados fluctuates throughout the year. The unit value increases when the supply decreases, which usually happens in May and June (see graph 4). In addition, the unit value fluctuates according to the destination market. For instance, in the United States, the unit value for Chilean avocados peaks in December and January while in the United Kingdom, the unit value peaks around March.



Source: GTA - Chile Customs - Servicio Nacional de Aduana 2018

Chile imports avocados from Peru, Mexico, Argentina, and the United States during the production counter-season (April- August). From January to September 2018, imports increased 318 percent in volume over the same period in 2017 because of a lower domestic supply (see table 3). Imports were remarkably high during May and June 2018, surpassing 5,000 MT per month (see graph 5).



Source:

GTA - Chile Customs - Servicio Nacional de Aduana 2018

Table 3. Chile Import Statistics						
Commodity: 080440, Avocados, Fresh Or Dried						
Quantity						
Partner Country	Calendar Year			Year To Date		
	2016	2017	Variation (%)	Jan 2017- Sep 2017	Jan 2018 - Sep 2018	Variation (%)
World	11,173	5,700	-49%	5,692	23,776	318%
Peru	7,983	5,409	-32%	5,409	19,711	264%
Mexico	2,392	283	-88%	283	3,786	1238%
Israel	-	8		-	-	
Argentina	-	-		-	229	
Chile	24	-	-100%	-	-	
United States	775	-	-100%	-	50	

Source: GTA - Chile Customs - Servicio Nacional de Aduana 2018

Policy:

Chile has free trade agreements with the United States, China, and the European Union (EU), which allows for zero export tariffs for Chilean avocados.

Chile signed an agreement to [export avocados to India](#) using “System approach” in order to avoid the use of methyl bromide. However, Indian authorities have not implemented this agreement yet.

Chile presented a formal market access request for avocados to South Korea, a process that could take three years and is currently at stage 3 out of 8.