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Chile

Avocado Annual

Hass Avocado Annual Report

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Report Highlights:

Output and exports of avocados are expected to increase this production season, due to better weather conditions last winter.

Executive Summary:
Chilean avocado production is expected to increase during the current 2013/14 production season compared to last season. Normal weather conditions, are responsible for the increase in production and subsequently exports for this season. For the 2014/15 season, output is forecasted to increase, as an abundant blooming in most production areas forecasts strong production if weather conditions remain normal.

Commodities:
Avocados, Fresh

Production:
Production in 2012/2013 fell when compared to the previous 2011/2012 production season because cold and freezing weather together with a drought which is affecting an ever increasing production area. Exports also fell accordingly. Domestic demand and consumption continues to be strong. For the present 2013/14 production season the industry expects total output to increase when compared to the previous year as weather has been more favorable. Heavy frosts in September which affected most fresh fruit production had only minor negative effect on avocado production. Nevertheless, the drought that is affecting the Aconcagua Region for the last three years has extended to the southern areas of the Coquimbo Region (Ovalle) will not allow the production to recuperate as predicted last year for the 2013/14 production season as blooming was been abundant in almost all areas not affected by the drought.

Most Chilean avocados are produced in arid regions with little rain, except during the winter months, consequently most orchards are frequently free of pests and spraying is minimal or not necessary. Production area has expanded during the last few years.   Increases in planted land have been almost exclusively devoted to the Hass variety, which represents over 80 percent of total production and almost 100 percent of total exports (98.4% in CY2011).

Planted Area

Avocado plantings which had been expanding at a slower rate during the last few years when compared to the past, mainly because prices leveled off and returns have fallen due to a continuous revaluation of the peso against the dollar, together with increasing costs expenditures which are in pesos while sales are in dollars, have reduced margins considerably. An extensive and increasing area in the Aconcagua Region is being affected by the worst drought ever in a productive valley in Chile for the last four years, industry sources have indicated that this could affect as much as 2,200 Has. They added that together with the uprooting of old non productive orchards and the orchards affected by the drought, total planted area could probably be reduced in as much as 3,000 hectares in total.

A little over 98 percent of all Chilean commercial avocado trees are planted in the central area of the country - from Region IV through Region VI. Almost all the planting expansion has been of the Hass variety in the last decade, there are over 20 other varieties planted in Chile. Out of the total planted area in Chile around 30,000 has are planted to the Hass avocado variety which represented almost 100 percent of total exports (99.8%).

Consumption:

In Chile during the last few years domestic avocado consumption has become an interesting alternative for producers mainly due to falling revenues from exports due to increasing production costs and the continuous devaluation of the dollar against the Chilean peso. Domestic prices obtained by producers often are higher than prices obtained for exports. As a result a large number of producers are favoring the less risky domestic market.

Table – 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
1999	19,800	80,550	34,788
2000	21,202	95,000	52,049
2002	22,900	129,000	78,071
2004	24,500	170,000	113,508
2006	26,731	185,000	110,893
2008	40,098	147,100	84,998
2010	40,650	166,000	107,922
2011	39,300	156,000	102,373
2012	37,650	147,000	91,519
2013	37,000	165,000	73,200 1/
2014	35,679	200,000	100,000 2/
Note: 1/	Estimate		
2/	Forecasts		
Source: Ministry of Agriculture, Central Bank			

Trade:

Although declining in importance, the United States is still largest export market for Chilean avocados, followed by the European Community. The US market received 45 percent of Chile's total avocado exports in 2012, down from over 66 percent last year. Exports to the EU have increased during the last few years as a result of a big industry effort made to diversify their markets.

As a result of the US-Chile FTA, Chile has a duty free quota, which started with 49,000 M.T. in CY2004. This quota increases 5 percent yearly over the next 12 years, after which avocados will enter the US duty free (CY2016). Chilean avocado exports are highly dependent on the U.S. market. The California Avocado Commission's promotional campaign which will continue this year is financed trough the Check Off program. The Chilean Avocado Importers Association (CAIA) is in charge of the market promotion in the US. The promotional campaign includes radio and television programs and ads on buses. Soccer in the US has reportedly become the best promotional scenario for CAIA's activities reaching an estimated 8.7 million consumers. There are no promotional campaign in Europe programmed for this year and only a small domestic campaign.

Policy:

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

Marketing:

Market Development

Although avocados from California and Mexico can enter the Chilean market, this country's rather large, year-around avocado production tend to discourage commercial imports for all but a few months during the marketing year. Every year there are some imports, which come mainly from Peru and some from Argentina in the past. Starting last year avocados have been imported from the United States, these increased significantly during CY2013 and are expected to increase further as the domestic market for avocados is a strong market. Over 70,000 MT are consumed domestically every year.

Production, Supply and Demand Data Statistics:

Export Trade Matrix

Country	Chile				
Commodity	Avocados, Fresh				
Exports for:	2011			**2012**	
Time Period	Jan-Dec	Units:	M.T.		
Units:	**Volume**	**Value**		**Volume**	**Value**
U.S.	67,983	139,637	U.S.	40,737	66,240
Others			**Others**		
Netherlands	18,689	34,566	Netherlands	27,517	49,010
Argentina	5,489	8,737	Argentina	9,023	12,396
U.K.	4,591	9,914	U.K.	6,004	10,896
Spain	2,588	4,802	Spain	4,269	7,981
Japan	1,014	2,185	France	1,586	2,915
France	691	1,334	Belgium	841	1,742
Hong-Kong	522	972	Hong Kong	791	1,419
Belgium	437	901	Japan	536	957
Uruguay	106	237	Uruguay	96	156
Sweden	102	204	Switzerland	64	134
Total for Others	34,229			50,727	
Others not Listed	162			54	
Grand Total	**102,373**	**203,992**		**91,519**	**153,928**

Time Period	Jan-Oct				
Exports for:	2012			**2013**	
U.S.	34,337	53,152	U.S.	11,929	17,470
Others			**Others**		
Netherlands	16,844	25,172	Netherlands	20,857	36,082
Argentina	6,615	9,298	Argentina	6,865	12,420

U.K.	3,549	5,566	U.K.	4,194	7,398
Spain	3,183	5,547	Spain	2,613	4,439
France	1,099	1,850	France	951	1,575
Belgium	624	1,249	Japan	872	1,443
Japan	536	551	Hong Kong	386	605
Hong-Kong	507	863	Belgium	155	374
Uruguay	59	95	Switzerland	110	280
Denmark	21	43	Uruguay	102	247
Total for Others	33,037			37,104	
Others not Listed	55			34	
Grand Total	**67,430**	**114,174**		**49,067**	**82,384**

Note: Volume in M.T. and Value in Thous.US$ F.O.B.