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Date: 11/29/2012

GAIN Report Number: CI1235

Chile

Avocado Annual

Fresh Avocado Annual Report

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Report Highlights:

Avocado production and exports of are expected to decline this season due to adverse weather conditions last winter, the alternate bearing effect and a severe drought which is affecting an increased production area.

Executive Summary:

Chilean avocado production is expected to decline again during the present 2012/13 production season compared to the last season. Adverse weather conditions, alternate bearing effect in some production areas and a severe drought which is affecting an increased production area in the most important production region, are responsible for the significant fall in production and exports for this season. For the 2013/14 season, output is forecasted to increase again, as an abundant blooming in most production areas forecasts a good production if weather conditions remain normal.

Commodities:

Avocados, Fresh

Production:

Production in 2011/2012 is down compared to the previous 2010/2011 production season because frost over the winter coupled with a drought which is affecting an ever increasing production area. Exports have fallen accordingly. Domestic demand and consumption continues to be strong and producers are choosing to sell to the domestic market rather than export.

For the 2012/13 production season the industry expects total output to fall again as a drought is affecting a larger production area than last year, mainly in the Aconcagua Region. Many producers have lost their orchards completely, industry sources indicated that over 2,000 Ha are being affected. The industry in Chile follows the production season that goes from July to June. For 2013/14 production season the industry expects production to recuperate as blooming has been abundant in almost all areas not affected by the drought, but total final production will depend on weather during next winter (May –Aug, 2013).

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 (99.8% in CY2010).

Planted Area

Avocado plantings have expanded 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 many 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
2001	21,800	98,000	52,492
2002	22,900	129,000	78,071
2003	23,300	148,000	97,646
2004	24,500	170,000	113,508
2005	24,900	177,000	136,412
2006	26,731	185,000	110,893
2007	35,350	215,000	146,397
2008	40,098	147,100	84,998
2009	40,598	261,600	166,184
2010	40,650	196,000	107,922
2011	39,300	183,000	102,373
2012	37,650	180,000	90,000 1/
2013	37,000	190,000	100,000 2/
Note: 1/	Estimate		
2/	Forecasts		
Source: Ministry of Agriculture, Central Bank			

Trade:

Although falling in importance, the largest export market for Chilean avocados is still the United States, followed by the European Community. The US market received 66 percent of Chile's total avocado exports in 2011, down from over 70 percent the past. 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 through the Check Off program. The Chilean Avocado Importers Association (CAIA) is in charge of the market promotion in the US with a budget of US$2.3 million this year, down from US$3.3 million last year. 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. They will have some advertising in Chile but only have a budget of $20,000 U.S. dollars which won't buy them much.

Policy:

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

Marketing:

Although avocados from California and Mexico can enter the Chilean market, this country's rather large, year-round 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 Argentina. Less than 1,000 MT were imported in 2012, down from almost 2,000 MT imported in CY2011.

Production, Supply and Demand Data Statistics:

Export Trade Matrix

Country	Chile				
Commodity	Avocados, Fresh				
Exports for:	2010			**2011**	
Time Period	Jan-Dec	Units:	M.T.		
Units:	**Volume**	**Value**		**Volume**	**Value**
U.S.	65,024	103,234	U.S.	67,983	139,637
Others			**Others**		
Netherlands	19,311	33,626	Netherlands	18,689	34,566
Argentina	8,425	10,294	Argentina	5,489	8,737
U.K.	5,251	9,285	U.K.	4,591	9,914
Spain	4,611	8,346	Spain	2,588	4,802
France	2,824	4,487	Japan	1,014	2,185
Sweden	1,137	1,877	France	691	1,334
Japan	365	682	Hong-Kong	522	972
Hong-Kong	301	570	Belgium	437	901
Belgium	195	357	Uruguay	106	237
Switzerland	188	396	Sweden	102	204
Total for Others	42,608			34,229	
Others not Listed	291			162	
Grand Total	**107,922**	**173,604**		**102,373**	**203,992**

Time Period	Jan-Oct				
Exports for:	2010			**2011**	
U.S.	55,292	92,983	U.S.	34,337	53,152
Others			**Others**		
Netherlands	8,757	14,136	Netherlands	16,844	25,172
Argentina	3,549	6,315	Argentina	6,615	9,298
U.K.	2,609	5,264	U.K.	3,549	5,566
Spain	1,949	3,287	Spain	3,183	5,547
Japan	642	1,117	France	1,099	1,850
France	519	991	Belgium	624	1,249
Belgium	229	456	Japan	536	551
Hong-Kong	179	388	Hong-Kong	507	863
Sweden	102	204	Uruguay	59	95
Uruguay	93	220	Denmark	21	43
Total for Others	18,628			33,037	
Others not Listed	70			33	
Grand Total	**73,989**	**125,476**		**67,408**	**103,429**

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