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Chile

Tree Nuts Annual

U.S. Almond exports to Chile expected to reach nearly 3,100 MT in MY2017/18

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Report Highlights:
The United States is the most important supplier of almonds to Chile. The Chilean confectionary industry is the largest user of U.S. almonds as an ingredient for chocolate, with imports expected to reach 3,100 MT or 3.3 percent (%) increase over MY2016/17. Chile's walnuts planted area is projected to keep increasing at an 8 % annual average growth rate for the next 10 years. MY2017/18 is expected to have a good harvest of walnuts. As a result, exports are expected to increase by 7.1 % in volume totaling 105,000 MT (In-shell).

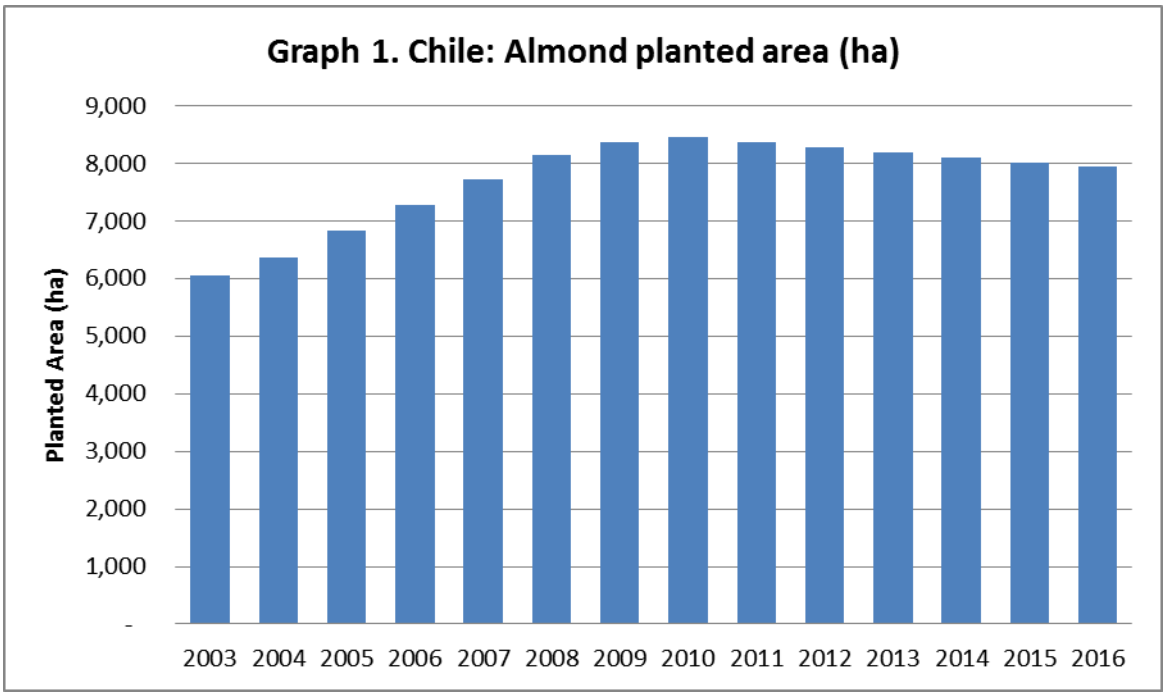
Commodities:
Almonds, Shelled Basis

Production:

Chile's almond planted area grew up to reach 8,457 hectares (ha) in MY2009/10, but started to decrease slightly down to 7,932 ha in MY2015/16 (see Graph 1). Almond planted area is concentrated in Metropolitana and O'Higgins regions which hold 42% and 29%, respectively (see Table 1).

In MY2017/18 almond planted area is projected to decrease slightly to 5,800 ha, adjusting to current market conditions, which favor the plantation of alternative crops that are more profitable such as walnuts or cherries. Post expects production of almonds to decrease to 7,500 MT or 1.9%.

The most efficient and productive Chilean almond growers are the ones who remain and keep producing almonds for exports.



Source: ODEPA/CIREN

Table 1. Chile: almonds planted area MY2015/16 (ha)

Region	MY2015/16 (ha)	Share (%)
Metropolitana	3,349	42%
O'Higgins	2,290	29%
Coquimbo	1,121	14%
Valparaiso	1,096	14%
Maule	57	1%
Araucanía	11	0%
Biobio	5	0%
Atacama	2	0%
Total	**7,932**	**100%**

Source: ODEPA/CIREN

Consumption:

Chilean confectionary industry uses almonds as an ingredient for snacks, chocolates, and sweets. The confectionary industry requires uniform flat and rounded almonds, which perform better in the production of snacks, chocolates, and sweets. These unique characteristics are found in U.S. almond varieties, which explain why Chilean confectionary industry prefers to import from the U.S. In MY2015/16, the processing industry, in general, faced several problems because of adjustments that had to be made to comply with the Nutritional Labeling Law which was implemented June 2016 (see Gain Report). Initially industry had to quickly sell the stocks that did not comply with the Nutrition Labeling Law, and afterwards some products had to be reformulated or labeled. According to Post sources, the confectionary industry has already made the adjustments and demand for U.S. almonds recovered in MY2016/17.

Trade:

Chilean almond exports in MY2016/17 decreased by 11% in volume and 10% in value (Jan-Jun) over MY2015/16 (see Table 2).

Argentina is the top market for Chilean almond exports, followed by Brazil, and Russia. From the top ten markets, only exports to Argentina, Ecuador, and Mexico have grown in MY2016/17, and these increases have not been enough to compensate the decrease in exports to the other markets.

On the other hand, almond imports in MY2016/17 have increased by 57% over MY2015/16 (Jan-Jun).

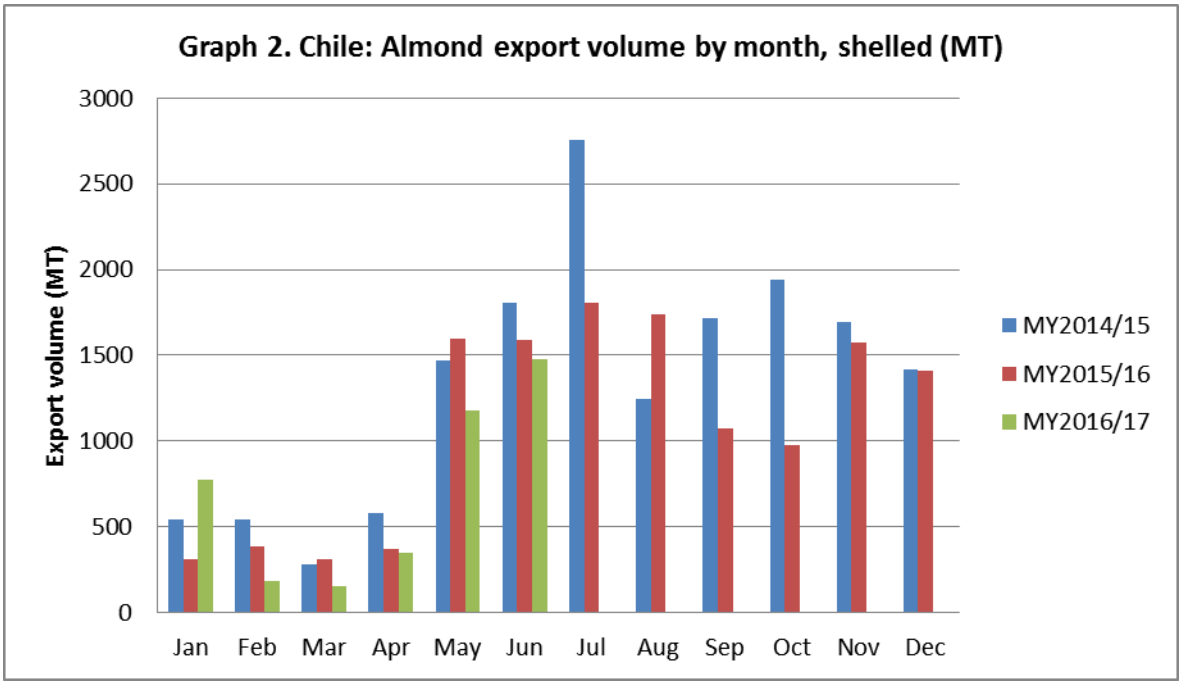
The U.S. is the top supplier of almonds, with 99% of market share (see Table 3).

Since planted area and production are projected to decrease in MY2017/18, exports are expected to decrease to reach 6,500 MT or 1.5%. Imports are expected to increase 3.3% and reach 3,100 MT in MY2017/18 to supply the demand for the food processing industry.

Table 2. Chile Export Statistics						
Commodity: 080212, Almonds, Fresh Or Dried, Shelled						
Year To Date: January - June						
Partner Country	Quantity			Value		
	Jan – Jun 2016	Jan – Jun 2017	Variation	Jan – Jun 2016	Jan – Jun 2017	Variation
World	**2,366**	**2,100**	**-11%**	**17,346,772**	**15,553,855**	**-10%**
Argentina	505	580	15%	3,868,715	4,335,553	12%
Brazil	391	387	-1%	3,197,138	2,957,021	-8%
Russia	324	296	-9%	2,496,082	2,347,124	-6%
Italy	255	201	-21%	1,577,487	1,445,920	-8%
Ecuador	54	84	55%	485,773	675,292	39%
Colombia	59	58	-2%	487,280	441,655	-9%
Mexico	16	72	350%	98494	297,695	202%
Peru	82	37	-55%	600,039	282,758	-53%
Uruguay	43	43	0%	339,620	325,100	-4%
Lithuania	76	16	-79%	487,081	125,450	-74%
Others	561	325	-42%	3,709,063	2,320,287	-37%
Commodity: 080212, Almonds, Fresh Or Dried, Shelled						
Marketing year						
Partner Country	Quantity			Value		
	MY2014/15	MY2015/16	Variation	MY2014/15	MY2015/16	Variation
World	**8,344**	**6,668**	**-20%**	**91,030,642**	**48,253,594**	**-47%**
Argentina	1,194	1,826	53%	13,396,504	13,102,861	-2%
Brazil	2,037	1,334	-34%	22,138,053	10,230,537	-54%
Russia	1,541	925	-40%	16,487,144	6,535,372	-60%
Italy	486	393	-19%	4,772,353	2,572,455	-46%
Ecuador	231	297	29%	2,459,393	2,364,932	-4%
Colombia	193	285	48%	2,122,675	2,157,168	2%
Mexico	155	222	43%	1,657,111	1,493,046	-10%
Peru	157	203	29%	1,588,867	1,393,258	-12%
Uruguay	130	149	15%	1,468,171	1,126,180	-23%
Lithuania	0	132	-	0	878,206	-
Others	2,220	902	-59%	24,940,371	6,399,579	-74%

Source of Data: Chile Customs - Servicio Nacional de Aduana

Note: In-Shell to shelled conversion rate = 0.6



Source of Data: Chile Customs - Servicio Nacional de Aduana
Note: In-Shell to shelled conversion rate = 0.6

Table 3. Chile Import Statistics						
Commodity: 080212, Almonds, Fresh Or Dried, Shelled						
Year to date (January - June)						
Partner Country	Quantity			Value		
	Jan – Jun 2016	Jan – Jun 2017	Variation	Jan – Jun 2016	Jan – Jun 2017	Variation
World	805	1,264	57%	7,096,304	7,616,489	7%
United States	805	1,252	56%	7,094,437	7,531,593	6%
Spain	0	10	-	0	72,338	-
Germany	0	0	-	461	474	-
Others	0	2	-	1,406	12,084	759%
Commodity: 080212, Almonds, Fresh Or Dried, Shelled						
MY2014/15 - MY2015/16						
Partner Country	Quantity			Value		
	MY2014/15	MY2015/16	Variation	MY2014/15	MY2015/16	Variation
World	2,700	2,474	-8%	26,436,621	17,882,415	-32%
United States	2,699	2,451	-9%	26,426,107	17,703,434	-33%
Spain	0	17	-	1,112	119,161	10616%
Germany	0	6	-	0	57,215	-
Others	1	0	-100%	9,402	2,605	-72%

Source of Data: Chile Customs - Servicio Nacional de Aduana
Note: In-Shell to shelled conversion rate = 0.6

Table 4. Production, Supply and Demand Data Statistics:

Almonds, Shelled Basis	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2017	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	7,932	0	7,850	0	7,700
Area Harvested	0	7,000	0	6,900	0	6,800
Bearing Trees	0	3,500	0	3,450	0	3,400
Non-Bearing Trees	0	70	0	60	0	60
Total Trees	0	3,570	0	3,510	0	3,460
Beginning Stocks	500	500	500	506	0	551
Production	8,000	7,720	8,000	7,645	0	7,500
Imports	2,600	2,474	3,000	3,000	0	3,100
Total Supply	11,100	10,694	11,500	11,151	0	11,151
Exports	7,000	6,688	7,000	6,600	0	6,500
Domestic Consumption	3,600	3,500	4,000	4,000	0	4,150
Ending Stocks	500	506	500	551	0	501
Total Distribution	11,100	10,694	11,500	11,151	0	11,151
(HA) ,(1000 TREES) ,(MT)						

Note: In-Shell to shelled conversion rate = 0.6

Source: post estimations

Commodities:

Walnuts, Inshell Basis

Production:

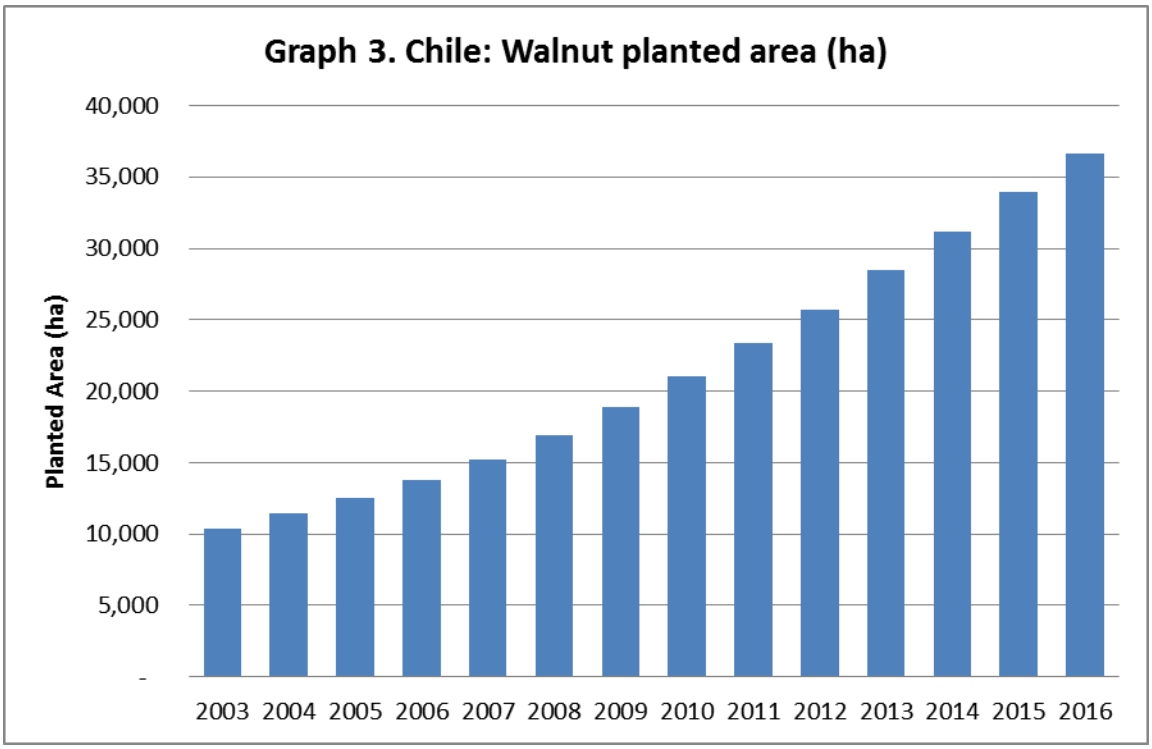
Walnut planted area has increased at a 10% average annual growth rate since 2003 (see Graph 3) and is projected to keep increasing at an 8% annual average growth rate for the next 10 years. Post sources indicate that profits obtained from walnut exports are higher than other species, thus producers are investing more resources in the production of walnuts and others are moving away from less profitable crops (apples, table grapes, pears, peaches, and nectarines) in the last years.

The production potential for Chilean walnuts has not been reached yet since it takes four to five years to produce the crop, however, it is expected to reach its potential in 10 years. There are a number of factors that influence production of walnuts such as inputs, varieties and orchard management, but in Chile, climatic conditions are the most important factors that have the greatest influence on the actual volume of the harvest. The climatic conditions in the months before the harvest are critical, and they can affect negatively or favor the overall results greatly. Harvest is concentrated in the months of March and April, which means that during the winter, in the months of June and September of the previous calendar year, there has to be enough number of chill hours (hours under 45 degrees Fahrenheit) and rainfall accumulation; and during the spring months, September through December, there has to be sufficient number of growing degree days (measure of heat accumulation for plant development). Finally, during the summer months, December through March, rainfall also could damage the harvest.

MY2015/16 was characterized by unexpected rainfall that took place in mid-April, reducing the volume of the harvest and the quality of the walnuts exported to the world.

MY2016/17 presented better climatic conditions for walnut production, with high temperatures during the summer that allowed for rapid development of early varieties favoring the quality of the walnuts (light color and proper conditions for drying and processing), and with absence of rainfall during the harvest months. Production in MY2016/17 is expected to reach 95,000 MT (In-shell).

MY2017/18 is expected to have a good harvest of walnuts. The winter has presented enough amounts of chill hours and rainfall which will favor blooming and water availability for irrigation. As new orchards come into production, walnut production is expected to increase by 7.5% and reach 107,500 MT in MY2017/18.



Source: ODEPA/CIREN

Table 5. Chile: Walnut planted area MY2015/16 (ha)

Region	MY2015/16 (ha)	Share (%)
Metropolitana	13,238	36%
Valparaiso	6,826	19%
O'Higgins	6,438	18%
Maule	5,011	14%
Coquimbo	2,868	8%
Biobio	1,979	5%
Araucanía	292	1%
Los Ríos	8	0%
Atacama	4	0%
Total	**36,664**	**100%**

Source: ODEPA/CIREN

Consumption:

The majority of walnut production is destined to the export market and around 5% is used for domestic consumption. Walnuts are consumed in-shell or shelled and the food processing industry uses walnuts to produce oil, beverages, dairy products, bakery products, snacks, cereals and cosmetic products.

Trade:

In MY2015/16 walnut exports reached 78,496 MT, which represented a 2% increase over the previous MY (see Table 6). However, value decreased 32%, as a result of lower quality walnuts that faced rainfall during harvest season.

In MY2016/17 (Jan-Jun) exports increased by 62% in volume and 113% in value over MY2015/16. The top market destination for Chilean walnuts is Turkey which has grown by 35% in MY2016/17 and has a 45% market share. Italy is the second top market for Chilean walnuts and has grown 52% compared to the previous year, while United Arab Emirates, the third top market, has grown by 269%.

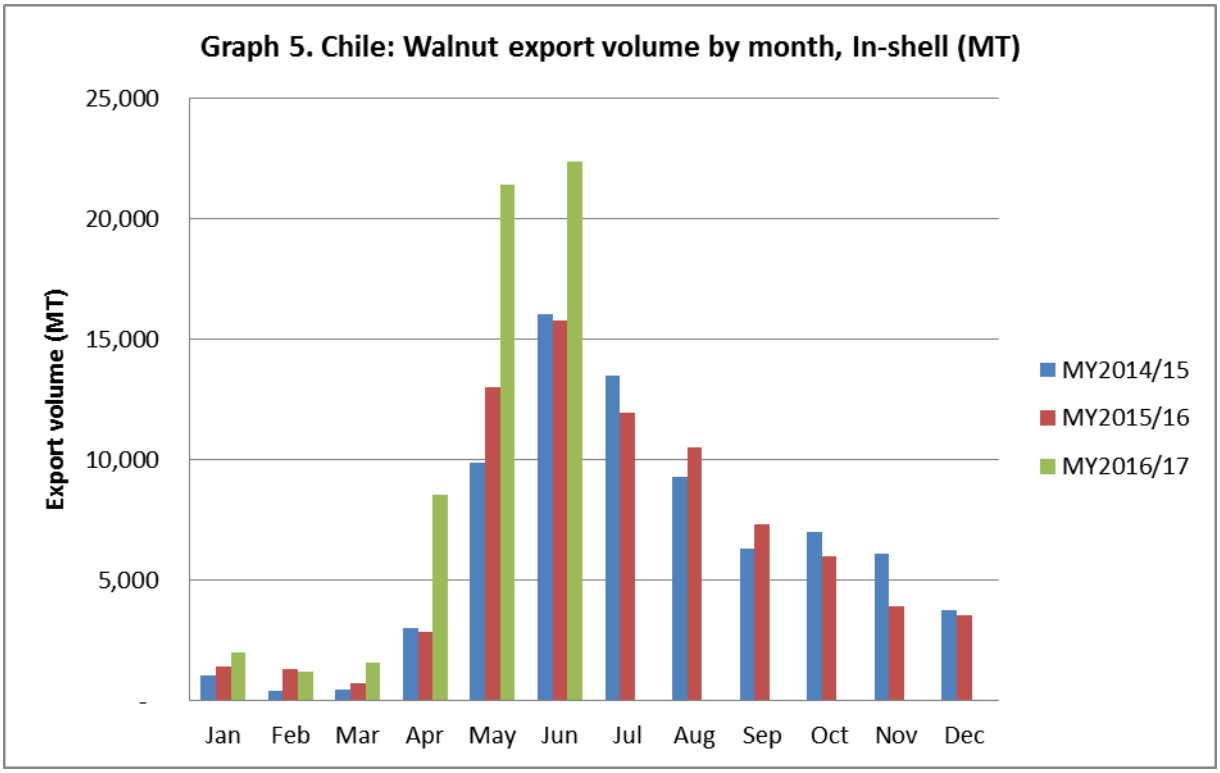
The fastest growing market for Chilean walnuts is India, which allows phosphine fumigation instead of methyl bromide since August 2016.

In MY2017/18 exports are expected to increase 7.1% in volume totaling 105,000 MT (In-shell) considering the average annual growth rate increase that planted area has and the good weather conditions expected in the 2017 spring.

Table 6. Chile Export Statistics Commodity: 080231, Walnuts, Fresh Or Dried, In-Shell						
Country	**Quantity (MT)**			**Value (USD)**		
	Jan - Jun 2016	**Jan - Jun 2017**	**Variation (%)**	**Jan - Jun 2016**	**Jan - Jun 2017**	**Variation (%)**
World	**35,185**	**57,149**	**62%**	**99,174,474**	**211,696,562**	**113%**
Turkey	18,839	25,506	35%	46,714,231	84,586,545	81%
Italy	4,344	6,593	52%	14,067,252	26,848,855	91%
United Arab Emirates	1,313	4,846	269%	4,352,991	20,188,422	364%
Germany	1,037	3,759	263%	3,916,967	15,625,446	299%
Brazil	1,547	2,077	34%	4,154,926	7,676,111	85%
Spain	1,383	1,820	32%	4,780,473	8,289,237	73%
India	140	1,641	1071%	306,241	6,103,379	1893%
France	448	1,356	203%	1,911,620	3,940,558	106%
Morocco	656	1,216	85%	1,505,090	4,289,439	185%
Others	5,478	8,335	52%	17,464,683	34,148,570	96%
Country	**Quantity (MT)**			**Value (USD)**		
	MY2014/15	**MY2015/16**	**Variation (%)**	**MY2014/15**	**MY2015/16**	**Variation (%)**
World	**76,765**	**78,496**	**2%**	**357,203,254**	**242,356,271**	**-32%**
Turkey	22,974	23,404	2%	98,211,693	56,760,918	-42%
Italy	8,954	8,878	-1%	42,921,383	29,538,712	-31%
Brazil	7,037	7,875	12%	31,280,353	25,589,058	-18%
Germany	7,036	6,301	-10%	35,758,407	23,472,119	-34%
Netherlands	5,373	4,653	-13%	26,230,051	15,937,519	-39%
Spain	4,144	3,376	-19%	20,295,527	13,102,112	-35%
Korea, South	2,245	2,861	27%	10,853,807	8,382,266	-23%
United Arab Emirates	2,531	2,650	5%	12,622,486	9,519,079	-25%
France	1,845	1,942	5%	8,045,684	7,077,709	-12%
Others	14,628	16,555	13%	70,983,863	52,976,779	-25%

Source of Data: Chile Customs - Servicio Nacional de Aduana

Note: Shelled to in-shell conversion rate = 2.34



Source of Data: Chile Customs - Servicio Nacional de Aduana
Note: Shelled to in-shell conversion rate = 2.34

Policy:

In August 2016, the Indian government allowed Chilean walnut exports to enter the market by allowing fumigation of phosphine to be used instead of methyl bromide, which facilitates logistics to export to India. For more policy issues see previous Tree nuts GAIN Report.

Table7. Production, Supply and Demand Data Statistics:

Walnuts, In-shell Basis	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	36,664	0	39,360	0	42,000
Area Harvested	0	25,664	0	27,552	0	29,400
Bearing Trees	0	4,600	0	5,000	0	5,385
Non-Bearing Trees	0	1,840	0	1,900	0	2,046
Total Trees	0	6,440	0	6,900	0	7,431
Beginning Stocks	593	593	443	500	0	400
Production	80,000	80,500	100,000	100,000	0	107,500
Imports	1,000	361	1,000	365	0	370
Total Supply	81,593	81,454	101,443	100,865	0	108,270
Exports	79,000	78,496	90,000	98,000	0	105,000
Domestic Consumption	2,150	2,458	11,250	2,465	0	2,770
Ending Stocks	443	500	193	400	0	500
Total Distribution	81,593	81,454	101,443	100,865	0	108,270
(HA) ,(1000 TREES) ,(MT)						

Source: post estimations

Note: Shelled to In-shell conversion rate = 2.34