

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Chile**

### **Avocado Annual**

#### **Chilean exports recuperate beginning the avocado production year**

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**Report Highlights:**

Avocado exports have been 42% lower in January-October 2015 compared to 2014 due to a lower production output from Chile caused by droughts and a reduction in production area. While Netherlands is the top market for Chilean avocado exports, trade decreased by 17%, and its second largest market, the U.S. decreased on 84%, mainly because exports were allocated in higher prices markets in European countries like UK and Spain which have increased their Avocado Imports from Chile by 76% and 32% respectively in MY2015 (January-October).

Exports to China are rising as prices have been highest through MY2014/2015. Exports have recuperated on August to October Marketing Year (MY) 2015, which correspond to the beginning of Production Year.

Chile's avocado planted area has shown a reduction from MY2013 to MY 2015, from 36,355 hectares to 29,908 hectares due to chilling temperatures in the lower sectors of the orchards and intense drought on MY2013. This reduction has been more accentuated in Valparaiso region which accounts for 62.2% of the production area. Nevertheless, an increase in production is expected as weather conditions improve and high density orchards, with 30-40 MT/hectare (ha) yields, are being planted.

### **Executive Summary:**

Avocado exports have been 42% lower in January-October 2015 compared to 2014 due to a lower production output from Chile caused by droughts and a reduction in production area. While Netherlands is the top market for Chilean avocado exports, trade decreased by 17%, and its second largest market, the U.S. decreased on 84%, mainly because exports were allocated in higher prices markets in European countries like UK and Spain which have increased their Avocado Imports from Chile by 76% and 32% respectively in MY2015 (January-October).

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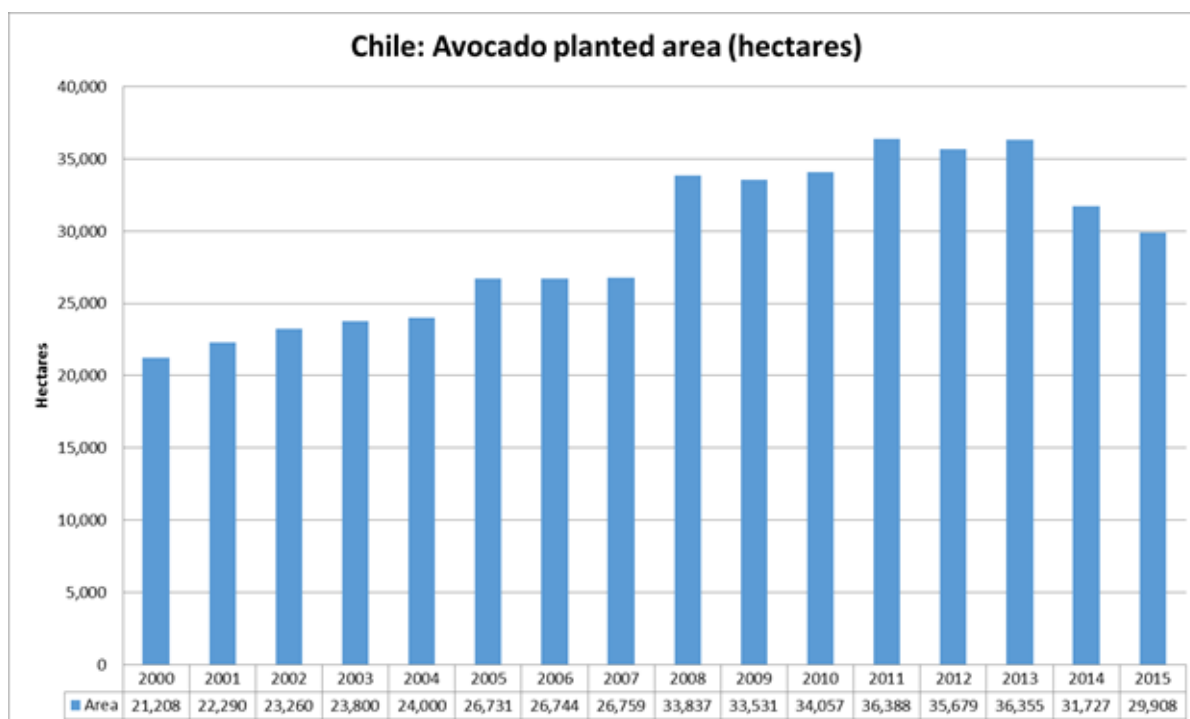
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### **Commodities:**

Avocados, Fresh

### **Production:**

Chile's avocado planted area has shown an important reduction from Marketing Year (MY) 2013 to MY 2015, from 36,355 hectares (ha) to 29,908 ha. This reduction has been more accentuated in Valparaiso region which accounts for 62.2% of the production area. The main reason for uproots of avocado orchards in this region were chilling temperatures in the lower sectors of the orchards and intense drought on MY2013 in northern regions (Coquimbo Region, Ovalle), thus Avocado orchards remain mainly on the higher areas of the orchards (piedmont) and are being replaced by walnut and almond plantations. Another problem is high salinity in soils that affects the development of the avocado tree.



Source: ODEPA/CIREN, 2015

In addition to a reduction in traditional production area (Valparaiso, Coquimbo), avocado production is being displaced to other regions like Metropolitana, which provides more water availability and more favorable weather conditions.

Although total avocado area was reduced, the current tendency on plantation is the use of smaller trees and higher densities, which has reported yields up to 33MT/ha (and are expected to reach up to 40MT/ha). Traditional orchards yield an average of 9MT/ha. Dense orchards with 3,200-6,400 plants per ha allow for a more efficient use of water and fertilizers in comparison to the traditional orchards of 550 plants per ha.

Chile: Avocado production area by regions.

Region	Area (hectares)	Share (%)
Atacama	155	0.5%
Coquimbo	5,024	16.8%
Valparaiso	18,588	62.2%
Metropolitana	4,895	16.4%
O'Higgins	1,223	4.1%
Maule	4	0.0%
Biobio	18	0.1%
<b>Total</b>	<b>29,908</b>	<b>100.0%</b>

Source: ODEPA/CIREN, 2015.

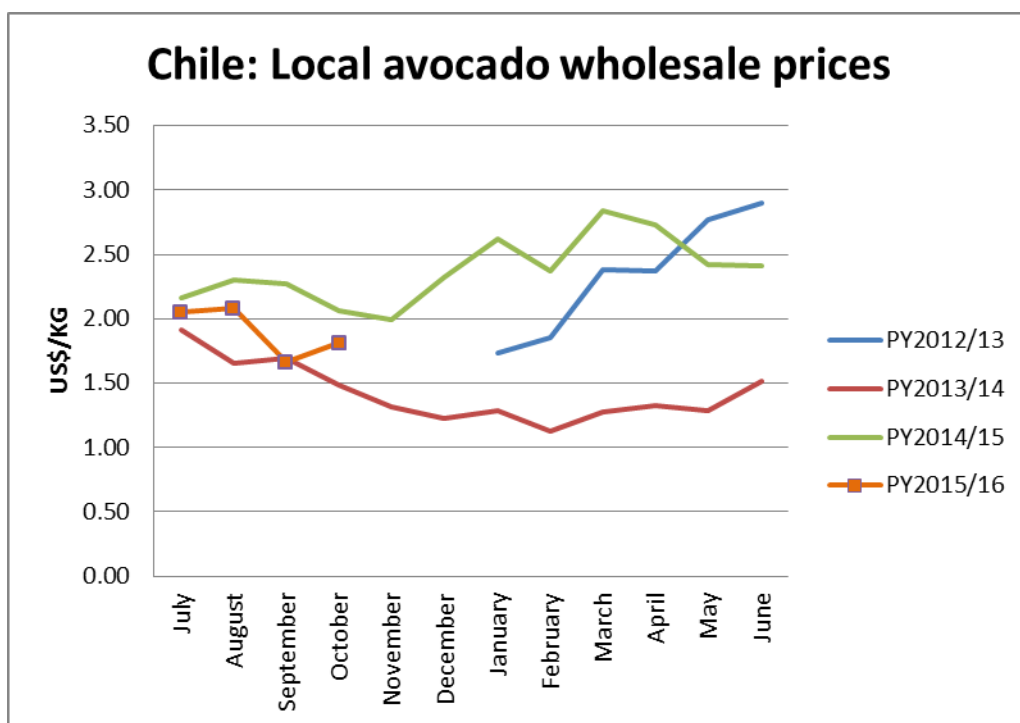
The main variety of avocados produced in Chile is Hass, which accounts for 88.3% of the total area. Edranol which is the pollination variety of Hass avocados represents 3.7% of total area. Other varieties produced are Negra de la Cruz (2.7%) and Fuerte (1.9%).

Chile: Avocado production area by variety.

Variety	Area (hectares)	Share (%)
Hass	26,407	88.3%
Edranol	1,098	3.7%
Negra de la Cruz	821	2.7%
Fuerte	556	1.9%
Others	1,027	3.4%
<b>Total</b>	<b>29,908</b>	<b>100.0%</b>

Source: ODEPA/CIREN, 2015.

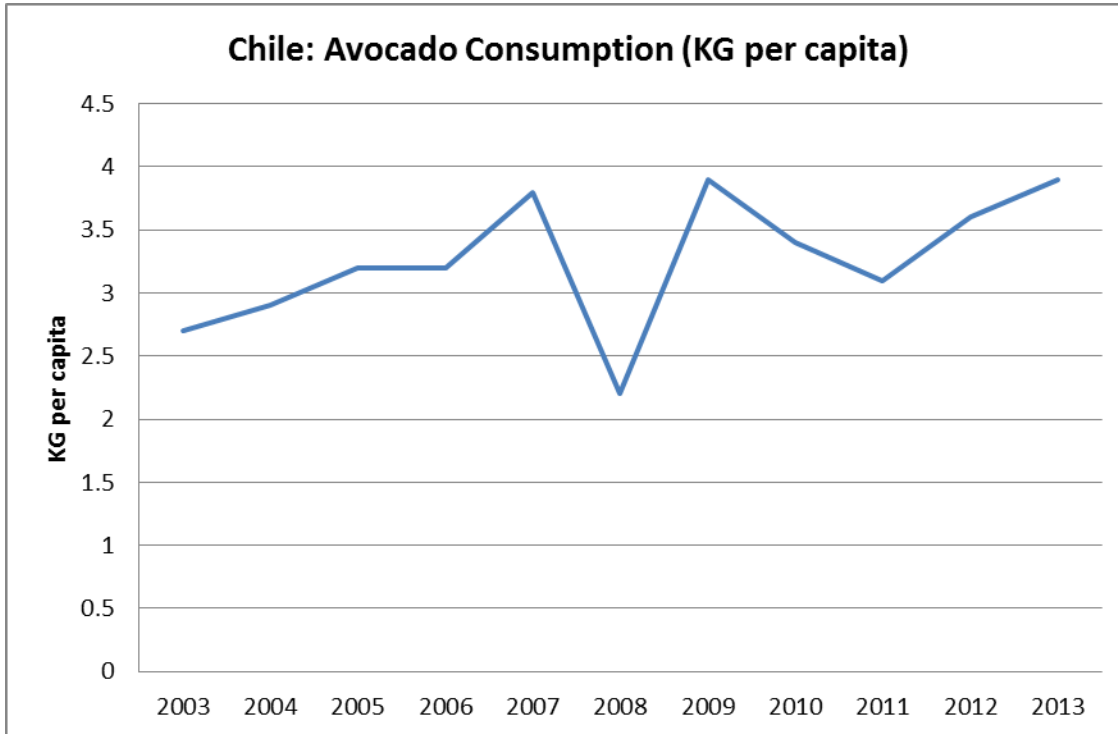
Local wholesale prices were high on Production Year (PY) 2014 (PY is from July to June), due to lower avocado production. Local prices have shown a decrease at the beginning of the PY2015 (July-October) compared with the previous PY. Production estimates according to the Chilean Avocado Committee are of 200,000 MT for PY2014/15, showing an increase compared to the previous season, where droughts and chills affected production..



Source: Based on ODEPA, 2015.

### Consumption:

Around 50% of Chilean avocados are consumed locally. Consumption has an increasing since MY2003 when it was 2.7 kg per capita, to 3.9KG per capita in MY 2013. Total country population on MY2015 is estimated to be 18,006,407 (INE, 2015) thus consumption in Chile likely to reach around 70,200 MT/year.



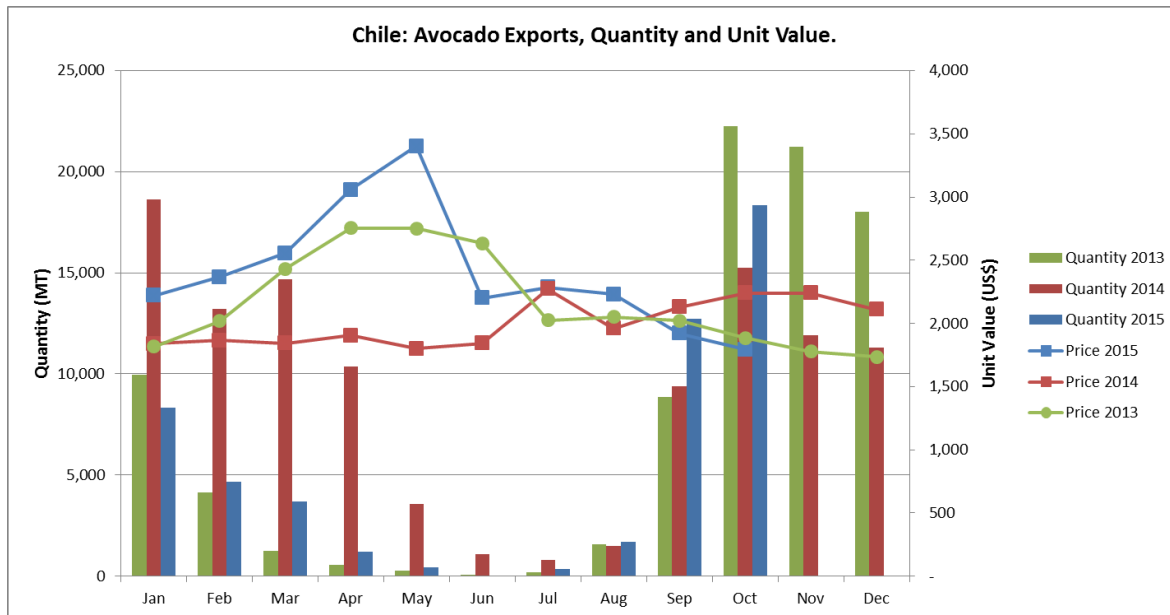
Source: Based on ODEPA-INE.

### Trade:

The main market for Chilean avocados is the Netherlands, which accounted for 46% of total avocado exports in January to October 2015. In Europe Chilean avocados are recognized for its high quality which allows for better prices in relation to its competitors. Chile's main competitors are Peru and Colombia, production in Peru has an advantage because climate is not so unstable and allows for a more regular production. Chilean exporters try to avoid overlapping the beginning of the export season (August) and send the majority of exports at the ending of Peruvian's export season.

In MY2014 U.S. was the second largest market for Chilean exports after Netherlands with a total 41,370 MT and a value of US\$79,778. However on January-October MY2015 there has been an 84% year-over-year decrease in exports due to the allocation of exports in European Countries like U.K and Spain that have higher prices (see Graph "Chile: Avocado average export price August- October by country").

Export quantity has shown a recuperation on August to October MY2015 compared with the previous MY. Average prices have been high on MY2015 until September when they have been lower than those of previous years.



Source: based on ODEPA, 2015.

Total exports of avocado increased from 88,307MT in MY2013 to 111,675MT in MY2014, but were 42% lower in January-October MY2015 compared to the same period in MY2014. Exports to the U.S., second largest market, decreased on 84% in MY2015.

Netherlands continues to be the main market for Chilean Avocado Exports, but has experienced a 17% decrease on MY2015 (Jan-Oct). On the other hand, European countries like UK and Spain have increased their avocado Imports from Chile on 76% and 32% in MY2015 (Jan-Oct).

Exports to China are rising, reaching 697MT in Jan-Oct MY 2015. The main challenge is to have good fruit quality arriving after such a long transport period from Chile to China, which can take up to 38 days. Industry producers anticipate that exports to China are expected to rise in the future.

**Chile: Avocado exports, quantity and value, January - October 2014/2015**

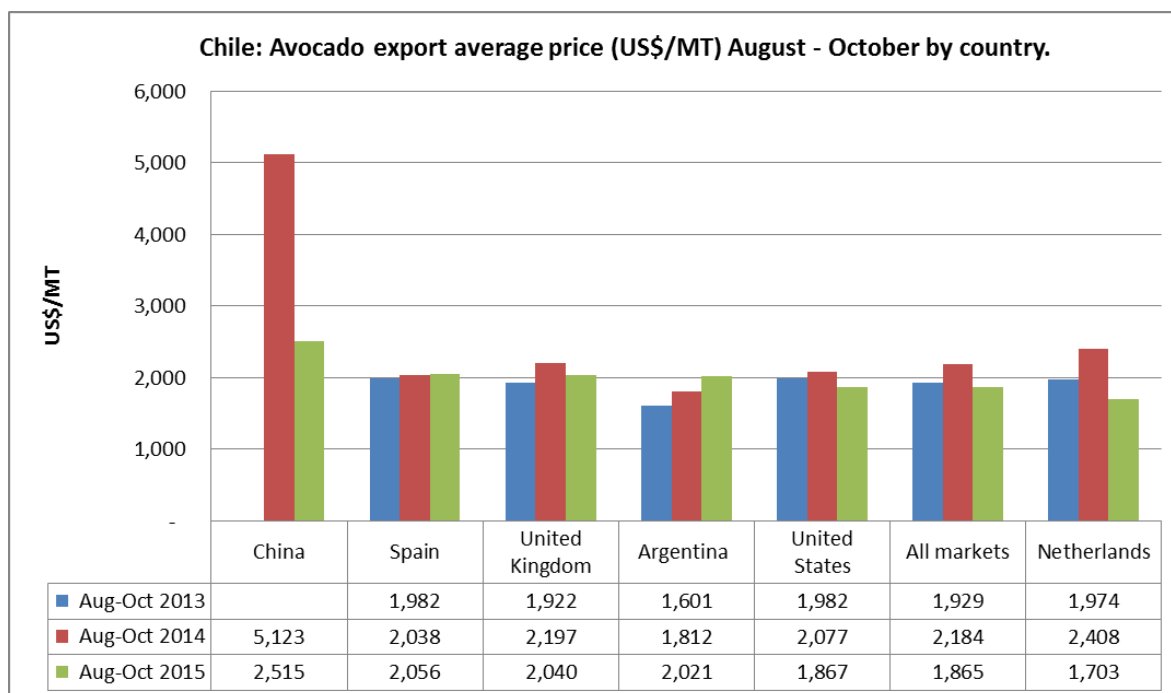
Country	Quantity (MT)			Value (1000 US\$)		
	Jan - Oct	Jan - Oct	Variation 2015/14	Jan - Oct	Jan - Oct	Variation 2015/14
	2014	2015	%	2014	2015	%
Netherlands	28,357	23,478	-17%	59,543	45,607	-23%
Argentina	11,026	7,524	-32%	17,817	17,647	-1%
United Kingdom	3,925	7,218	84%	8,546	15,009	76%
United States	38,949	6,056	-84%	74,126	13,274	-82%
Spain	2,904	3,828	32%	5,996	7,901	32%
France	1,100	974	-12%	2,385	1,575	-34%
China	21	679	3116%	108	1,706	1479%
Costa Rica		585			976	
Hong Kong	828	502	-39%	1,636	1,038	-37%
Belgium	462	239	-48%	1,021	512	-50%
Uruguay	144	182	26%	251	433	73%
Japan	724	99	-86%	1,495	243	-84%
Others	44	110	147%	106	214	101%
<b>Total</b>	<b>88,485</b>	<b>51,474</b>	<b>-42%</b>	<b>173,027</b>	<b>106,136</b>	<b>-39%</b>

**Chile: Avocado exports, quantity and value, MY 2013 - MY 2014**

Country	Quantity (MT)			Value (1000 US\$)		
	Jan - Dec	Jan - Dec	Variation 2013/14	Jan - Dec	Jan - Dec	Variation 2013/14
	2013	2014	%	2013	2014	%
Netherlands	37,694	42,101	12%	73,001	89,339	22%
United States	24,330	41,370	70%	43,818	79,778	82%
Argentina	9,253	13,404	45%	15,205	22,321	47%
United Kingdom	7,623	6,811	-11%	14,857	15,132	2%
Spain	4,677	3,539	-24%	8,619	7,369	-14%
France	2,167	1,387	-36%	3,866	2,987	-23%
Hong Kong	767	1,228	60%	1,184	2,501	111%
Japan	892	765	-14%	1,765	1,582	-10%
Belgium	486	683	41%	1,035	1,550	50%
Uruguay	143	211	47%	301	411	36%
Switzerland	177	110	-37%	437	313	-28%
Others	100	66	-34%	152	203	34%
<b>Total</b>	<b>88,307</b>	<b>111,675</b>	<b>26%</b>	<b>164,240</b>	<b>223,484</b>	<b>36%</b>

Source: ODEPA, Servicio Nacional de Aduanas, 2015.

Avocado export price obtained at the beginning of PY2015 (August – October) has been lower in China, U.K., U.S. and Netherlands compared to the same period on PY2014. China's prices are the highest and are followed by Spain and U.K Prices. On the other hand Argentina and Spain have shown a higher price for Chilean avocado on MY2015 (Aug–Oct).



Source: ODEPA, Servicio Nacional de Aduanas, 2015.

Avocados have been imported from Peru, Mexico and U.S.A 251% increase in imports on MY2015 (Jan-Oct) took place reaching 9,354MT, mainly from Peru. This high increase is attributed to the low production output from Chile on PY2014/2015 (July-June). No avocado imports from the U.S. have taken place until October MY2015.

**Chile: Avocado imports, quantity and value, January - October 2014/2015**

Country	Quantity (MT)			Value (1000 US\$)		
	Jan - Oct	Jan - Oct	Variation 2015/14	Jan - Oct	Jan - Oct	Variation 2015/14
	2014	2015	%	2014	2015	%
Peru	2,663	8,261	210%	3,598	14,135	293%
México		1,093			2,053	
<b>Total</b>	2,663	9,354	251%	3,598	16,188	350%

**Chile: Avocado imports, quantity and value, MY 2013 - MY 2014**

Country	Quantity (MT)			Value (1000 US\$)		
	Jan - Dec	Jan - Dec	Variation 2013/14	Jan - Dec	Jan - Dec	Variation 2013/14
	2013	2014	%	2013	2014	%
Peru	761	2,680	252%	479	3,615	655%
United States	3,097			6,858		
<b>Total</b>	3,858	2,680	-31%	7,337	3,615	-51%

Source: ODEPA, Servicio Nacional de Aduanas, 2015.

**Policy:**



Chile has a free trade agreement with China which gradually eliminated the 22.5% export tariff from MY2006 until it reached 0% on MY2015. Its Free trade Agreement with the European Union gives 0% tariff for Chilean avocado exports since 2003. The U.S. – Chile Free Trade Agreement provides for a 0% tariff for Chilean avocado exports since 2004. Tariffs for imports from Peru, Mexico and U.S. are 0%.