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## Chile

## Avocado

## Annual

## 2003

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**Report Highlights:**

Output and exports of avocados are expected to increase this year, as a result of more planted area coming into production.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Santiago [C1]  
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## Executive Summary

Chilean avocado production will continue to increase in the coming years as a large number of new orchards begin production. The total area planted to avocados has increased significantly. Additionally, a large percentage of existing orchards are in the 'growth' phase of production. The increase in dedicated land use to avocados is principally the result of excellent gains made in export markets.

## Production

Avocado production in MY2001 (Jan -Dec 2002) was revised upwards reflecting final numbers reported by the avocado producers association. Planting coming into production, together with orchards entering into a higher yield production stage are the main reasons for this expansion. Another significant expansion in production is expected for MY2002 (Jan-Dec 2003). Output is expected to expand as additional planting comes into production. Although it is early to predict MY2003 (Jan-Dec 2004) another expansion in production is predicted as additional planted area is coming into production. Weather also has been favorable during flowering in most producing areas. Expansion in the coming years will be mainly from Hass varieties that have been planted in the last few years and targeted for the export market. Avocado production is sensitive to climactic conditions, particularly to low temperatures during flowering and temperature changes. Weather largely accounted for production variations in the past. Alternate bearing volumes also affect avocado trees after a high production year normally a low production follows.

Chile has some advantages when compared to other avocado producing countries. Since most production is in arid regions with little rain, except for winter months, orchards are mostly free of pests, and spraying is not necessary. Chile's avocado production areas have expanded over 1,500 hectares per year during the last 4 years. Increases in planted land have been almost exclusively devoted to the Hass variety, which represents 75 percent of total production.

Total area planted to avocados is expected to keep expanding in the coming years according to the Chilean avocado association. Strong demand in Chile's most important market, the United States, resulted in high prices that will most probably prompt further increases in plantings in the coming years.

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, including the Metropolitan Region. The predominant areas are in Region V (Quillota, Aconcagua Valley and La Ligua, Petorca) with 61 percent of the total and the Metropolitan Region with 21 percent of the total. The largest expansion in planting during the last few years has been in Region V, followed by the Metropolitan Region and Region IV. Although almost all of the expansion has been dedicated to the Hass variety, there are over 20 other varieties planted.

## Consumption

In the past, most of Chile's avocado production was consumed domestically. With the introduction of the Hass variety, however, export markets were developed. Also, as a result of the large increases in output, more Hass entered the domestic market.

Despite the recent increases in consumption, per capita domestic use is still considered low for a producing country – less than 3.5 Kg. per person. To increase domestic consumption,

the Chilean avocado producers association has a promotion campaign in place. An estimated 60 to 65 percent of production is normally exported, and it is expected that Hass production will exceed 160,000 M.T. in 4 to 5 years. As a result, the 20 to 30 percent of total production that is not exported, together with the production of so-called traditional avocado varieties that are not for the export market, are expected to increase significantly the supply for the domestic market (currently approx. 50,000 MT).

**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
1998	18,307	86,500	44,514
1999	19,800	80,550	34,788
2000	21,202	95,000	52,049
2001	21,800	98,000	52,492
2002	23,300	129,000	78,071
2003	24,800	135,000	85,000 1/
2004	26,100	155,000	103,000 2/
Note: 1/	Projections		
2/	Forecasts		
Source: Ministry of Agriculture, Central Bank			

## Trade

MY2002 was a record export year in volume and value, due mainly to strong demand in Chile's number one market, the United States. Reduced US production and increased demand, as a result of an aggressive promotion campaign mainly in California and Texas, contributed to the record export volumes. Export estimates for 2002 have been revised upward.

Avocado producers expect to increase exports to the European Union (EU) in the coming years, as a result of the Chile-EU free trade agreement (FTA), which came into effect January 2003 and which eliminates the 4 percent duty. Avocado exports to the United States presently pay a duty of 11.2 cents per Kilo. As a result of the US-Chile FTA, which is expected to be implemented in January 2004, Chile obtained a duty free quota of 49,000 M.T., which will increase 5 percent yearly for the next 12 years at which time the quota will be eliminated and Chilean avocados will be able to enter the US duty free.

Chilean avocado exports are highly dependent on the U.S. market. The California Avocado Commission's promotional campaign will continue this year. Chile is reportedly contributing over US\$ 4.0 million, for this years campaign.

## Policy

The Chilean Government has no subsidy or special tax incentives for avocado production or exports. Imports are charged a 6 percent uniform duty rate.

## Market Development

Although avocados from California State can enter the Chilean market, this country's rather large, year-around avocado production and low domestic prices tend to discourage commercial imports for all but a few months during the marketing year.

## PS&D Table

Country	Chile						UOM
	Fresh Avocados						
Commodity	Market Year Begin	2001	Revised	2002	Estimate	2003	Forecast
		USDA Official	Estimate [A]	Official	Estimate [A]	Official	Estimate [New]
		01/2002		01/2003		01/2004	MM/YYYY
Area Planted		23300	23300	24800	24800	0	26100 (HECTARES)
Area Harvested		15600	18750	15872	20860	0	22380 (HECTARES)
Bearing Trees		4196	7500	4270	8657	0	9288 (1000 TREES)
Non-Bearing Trees		2072	1820	2402	1635	0	1544 (1000 TREES)
TOTAL No. Of Trees		6268	9320	6672	10292	0	10832 (1000 TREES)
Production		112000	129000	125500	135000	0	155000 (1000 MT)
Imports		0	0	0	0	0	0 (1000 MT)
TOTAL SUPPLY		112000	129000	125500	135000	0	155000 (1000 MT)
Exports		62000	78071	71500	85000	0	103000 (1000 MT)
Fresh Dom. Consumption		50000	50929	54000	50000	0	52000 (1000 MT)
Processing Consumption		0	0	0	0	0	0 (1000 MT)
TOTAL DISTRIBUTION		112000	129000	125500	135000	0	155000 (1000 MT)

**Export Trade Matrix.**

In the Matrix Below, data for 2002 are for January – December and for 2003 are for January – September only.

<b>Country</b>	Chile		
<b>Commodity</b>	Fresh Avocados		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2002		2003
U.S.	75902	U.S.	49484
Others		Others	
U.K	597	France	1263
Netherlands	558	U.K.	526
Spain	552	Spain	357
France	401	Argentina	170
Argentina	53	Japan	75
Japan	8	Netherlands	63
		Sweden	41
		Belgium	21
Total for Others	2169		2516
Others not Listed	0		0
Grand Total	78071		52000