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Chile

Tomatoes and Products

Annual

2003

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Report Highlights:
Chile's tomato paste production is expected to rebound, following a stronger demand in its export markets. Although exports of fresh tomato are expected to fall significantly, production is forecast to stay at a similar level to last year’s.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Table of Contents

Executive Summary

Chile's tomato paste production is expected to expand in MY2003, as the industry expects export demand to increase following a reported decline in tomato production in northern hemisphere producing countries. The industry expects to increase production of tomatoes by contracting for more planting. Total output of tomatoes for processing will increase to meet an expected increase in demand for tomato products, as production in the northern hemisphere production countries has been affected by unfavorable climatic conditions. Fresh tomato production is expected to fall slightly when compared to previous years, as exports most likely will fall further.

Production General

Fresh Tomatoes

For Fresh Consumption

As a result of favorable weather conditions during the MY2002 (Jan-Dec 2003) planting season, production expanded in spite of a decline in planted area. Green house planted areas with drip-irrigation systems, has been increasing slowly, but steadily, over the last few years. However, tomatoes planted in open fields, still account for 80 percent of the total planted area and are mainly responsible for the yearly variation in production. For MY2003, fresh tomato planted area is expected to fall as the export market for fresh tomatoes, mainly to Argentina, has fallen significantly.

For Processing

Both planted area and production of tomatoes for processing was up MY2002 (Jan-Dec 2003) compared to the previous year. For MY2003, another slight expansion is expected for planted area and production, as the industry has increased planting contracts in response to expected stronger export demand for tomato paste. A reported fall in tomato production in the main northern hemisphere producing countries will reportedly have a positive effect on demand for Chilean tomato paste during CY2004.

Chile has an excellent climate for growing tomatoes. Tomatoes for processing are planted from mid-September through early December of each year and harvested from around January 10 through April 15. During the planting season, frosts are an important limiting factor in many growing areas. A dry summer, with significant temperature changes between day and night during the growing season, allows growers to produce tomatoes with a deep red color.

The industry produces mainly tomato paste. Over 95 percent of tomatoes harvested for processing are destined for paste production. The tomato products industry mainly targets the export market. In canned tomatoes, Chile produces whole-peeled, diced-peeled and crushed.

Tomato Products

Canned Tomatoes

Chile produces whole peeled, crushed peeled and diced tomatoes. Currently, only one of the eight major tomato-processing plants produces these products. Trade figures and PS&D

tables include all three products since statistics contain no product breakout. Most canned tomatoes are produced for export.

Canned tomato production in Chile is highly dependent on export demand. As a result of last year's significant fall in tomato production in Italy, the largest canned tomato producer, Chilean canners increased production significantly in MY2002 to meet the unsatisfied demand, mainly in the Latin American market. A similar situation is expected for the coming MY2003, as Italy reportedly had problems again, with tomato production during this year's season.

Tomato Paste

Tomato paste production in MY2002 (Jan-Dec 2003) was smaller than last year due to adverse weather conditions, which affected yields and tomato quality for processing. For MY2003, a similar level of paste production is forecast as the industry expects demand to be strong again due to the decline in the northern hemisphere production. Tomato production in these countries was affected by adverse weather conditions during their spring season and summer.

There are no official tomato products production figures. The numbers shown in the PS&D's are estimated and may vary significantly from one year to the next. The only reliable data relates to exports.

The paste industry in Chile mainly produces a 30 to 32 Brix product. Small amounts are produced with 28 to 30 Brix for the Japanese market.

Tomato Sauce

Tomato sauce production, like that for canned tomatoes, is closely related to export demand. For this coming season a fall in output is expected as industry expects foreign demand to be weak again.

Crop Area

For Fresh:

Planted area of tomatoes for fresh consumption is expected to fall only slightly this year, in spite of a significant fall in exports. Domestic demand for fresh consumption is expected to grow as prices for tomatoes are falling. Export demand fell significantly in CY2003, as Chile's leading export market, Argentina, continued to experience economic problems. The fresh tomato producers hold little hope of developing the US market, as tomato must compete for limited air transport with other crops which offer higher economic. Berries and salmon compete directly with tomatoes for air cargo space, during the same months of the year.

Although most tomatoes are produced in the irrigated fertile central valley of Chile, tomatoes for fresh consumption are planted throughout Chile from Arica to Tierra del Fuego.

Price Table
Price Table in constant October 2003 pesos.

Country	Chile		
Commodity	Fresh Tomatoes		
Prices in	pesos	per uom	Kg.
Year	2002	2003	% Change
Jan	207,3	225,7	9%
Feb	173,3	216,4	25%
Mar	159,7	228,9	43%
Apr	168,7	214,3	27%
May	184,6	211,4	15%
Jun	195,1	204,9	5%
Jul	240,4	193,8	-19%
Aug	271,8	211,2	-22%
Sep	295,3	201,1	-32%
Oct	345,5	217,6	-37%
Nov	389,8		-100%
Dec	293,8		-100%
Exchange Rate	646	Local Currency/US $	
Date of Quote	10/30/2003	MM/DD/YYYY	

For Processing:

Improved export prospects, due to a decline in production in the northern hemisphere producing countries, prompted the industry to slightly increase planting contracts in all production areas. Tomatoes for industrial purposes are planted in the central area (Regions V through VII - including the Santiago Metropolitan region).

Production Policy

There are no government subsidies for tomatoes. Most imports are subject to a fixed general tariff of 6 percent ad valorem. All products pay an additional 18 percent value added tax.

Consumption

Fresh Tomatoes

There are no statistics on domestic consumption in Chile. Usually, we assume no significant change in domestic consumption, although high prices due to a smaller supply may reduce consumption some years. Figures are estimated as a residual of estimated production and export data. From that data, it appears that fresh tomato consumption has been keeping pace with the increase in output as a result of improved tomato quality and availability throughout the year.

Shelf life influences which tomato varieties are used in Chile. Improved shelf life has allowed growers to produce tomatoes in the extreme north of Chile (Arica) and transport them to major population centers 1,000 miles to the south e.g., Santiago, mainly during the winter season. This development has permitted a constant fresh tomato supply during the entire year, contributing to an increase in total fresh tomato consumption together with a fall in prices observed during the last four years. The most common varieties planted in Chile are Cal-ace, Marmande raf, Ac 55 vf, Early pack, Napoli and Roma.

Processed Tomatoes

Since Chilean processed tomato production is mainly for the export market, domestic utilization is fundamentally a residual. As previously mentioned there are no statistics on domestic consumption. However, industry sources point to a moderate expansion in the consumption of paste and sauce, in line with the spread of fast-food and pizza restaurants in Chile.

Trade

Note: The 2003 export figures given in the trade matrices correspond to January through September only.

Fresh

Chile's fresh tomato exports depend on international demand. Since Argentina is by far Chile's largest export market, and that country is going through an economic crisis, exports of fresh tomatoes are expected to fall again significantly unless new markets can be developed.

Although Chile can export fresh tomatoes to the U.S., the industry is not optimistic about that market due to fumigation requirements, which reduce the products shelf life and the need to ship the product by air in order to compete in quality with other imports. As a result of limited space in airfreight and competition for that space with more profitable commodities, like berries and salmon, fresh Chilean tomatoes generally are not price - competitive with Mexican tomatoes that are produced year around and closer to the U.S. market.

Processed

Tomato Paste: Neighboring Latin American countries are Chile’s main export markets. Argentina, Brazil and Venezuela are by far the largest markets. Economic troubles and instability in all three countries make exports uncertain but the industry expects the demand in other countries to offset the decline from these countries. A lower out put by the most important tomato paste producer in the northern hemisphere will result in stronger export demand again in MY2003.

Tomato Sauce: Tomato product exports are highly concentrated, with most exports destined for Argentina and other neighboring Latin American countries whose economies are more or less stagnant.

Canned Tomatoes: Although the industry is making a concentrated effort to expand markets in neighboring Latin American countries, demand for Chile's canned tomatoes has been falling during the last few years. A significant fall in Italy’s production in MY2002 and an expected fall in MY2003 explains the increase in exports for those two years in our PS&D table.

Stocks
There are no official statistics on tomato paste or canned tomato stocks.

PS&D Table – Fresh Tomatoes

Country	Chile						
Commodity	Fresh Tomatoes			(HA)(MT)			
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Plnt For Fresh Consump	7550	7550	7500	7500	0	7000	(HA)
Plnt For Processing	10800	10800	12000	12000	0	12200	(HA)
TOTAL Area Planted	18350	18350	19500	19500	0	19200	(HA)
Harv. For Fresh Cons.	7550	7550	7500	7500	0	7000	(HA)
Harv. For Processing	10800	10800	12000	12000	0	12200	(HA)
TOTAL Area Harvested	18350	18350	19500	19500	0	19200	(HA)
Fresh Sale Production	286900	286900	287000	287000	0	285000	(MT)
Processing Production	975750	975750	1000000	1100000	0	1120000	(MT)
TOTAL Production	1262650	1262650	1287000	1387000	0	1405000	(MT)
TOTAL SUPPLY	1262650	1262650	1287000	1387000	0	1405000	(MT)

Export Trade Matrix – Fresh Tomatoes
(Year 2003 data are for January – September only)

Country	Chile		
Commodity	Fresh Tomatoes		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2002		**2003**
U.S.	364	U.S.	42
Others		Others	
Argentina	178	Mexico	19
Mexico	83	U.K.	7
Bolivia	28	Japan	4
U.K.	13		
Total for Others	302		30
Others not Listed			
Grand Total	666		72

PS&D Table – Canned Tomatoes

Country	**Chile**						
Commodity	**Canned Tomatoes**				(MT)(MT, Net Weight)		
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Deliv. To Processors	4650	4650	4800	6500	4800	6550	(MT)
Beginning Stocks	621	621	296	307	226	57	(MT, Net Weight)
Production	4200	4200	4400	6100	4400	6150	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	4821	4821	4696	6407	4626	6207	(MT, Net Weight)
Exports	1325	1314	1270	3150	1270	2900	(MT, Net Weight)
Domestic Consumption	3200	3200	3200	3200	3200	3200	(MT, Net Weight)
Ending Stocks	296	307	226	57	156	107	(MT, Net Weight)
TOTAL DISTRIBUTION	4821	4821	4696	6407	4626	6207	(MT, Net Weight)

Export Trade Matrix – Canned Tomatoes
(Year 2003 data are for January – September only)

Country	Chile		
Commodity	Canned Tomatoes		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2002		**2003**
U.S.	788	U.S.	357
Others		Others	
Honduras	266	Brazil	1477
Costa Rica	81	Honduras	705
Brazil	71	Japan	262
Venezuela	55	Costa Rica	160
Colombia	22	Venezuela	107
Guatemala	16	Colombia	35
Japan	15	Argentina	22
		Guatemala	18
Total for Others	526		2786
Others not Listed	0		0
Grand Total	1314		3143

PS&D Table – Tomato Paste

Country	Chile						
Commodity	Tom. Paste,28-30% TSS Basi (MT)(MT, Net Weight)						
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Deliv. To Processors	920800	920800	888000	888000	888000	888000	(MT)
Beginning Stocks	2410	2410	4610	4610	2930	2910	(MT, Net Weight)
Production	114000	114000	110000	110000	110000	110000	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	116410	116410	114610	114610	112930	112910	(MT, Net Weight)
Exports	100120	100120	100000	100000	100000	100000	(MT, Net Weight)
Domestic Consumption	11680	11680	11680	11700	11680	11750	(MT, Net Weight)
Ending Stocks	4610	4610	2930	2910	1250	1160	(MT, Net Weight)
TOTAL DISTRIBUTION	116410	116410	114610	114610	112930	112910	(MT, Net Weight)

Export Trade Matrix – Tomato Paste

(Year 2003 data are for January – September only)

Country	Chile		
Commodity	Tom. Paste,28-30% TSS Basi		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2002		**2003**
U.S.	897	U.S.	227
Others		Others	
Argentina	19563	Venezuela	9437
Venezuela	15731	Japan	7337
Brazil	9407	Argentina	6821
Italy	7307	Brazil	6041
Japan	6965	Colombia	5284
Honduras	6548	Honduras	5153
Colombia	6177	Costa Rica	3736
Mexico	5861	Taiwan	3611
Costa Rica	4315	Guatemala	2908
Guatemala	3149	Mexico	1916
Total for Others	85023		52244
Others not Listed	14200		8672
Grand Total	100120		61143

PS&D Table – Tomato Sauce

Country	**Chile**						
Commodity	**Tomato Sauce**				(MT)(MT, Net Weight)		
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Deliv. To Processors	10400	10500	10300	9200	0	8600	(MT)
Beginning Stocks	199	199	119	92	339	112	(MT, Net Weight)
Production	6800	6900	6700	6000	0	5500	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	6999	7099	6819	6092	339	5612	(MT, Net Weight)
Exports	5900	6027	5500	5000	0	4500	(MT, Net Weight)
Domestic Consumption	980	980	980	980	0	990	(MT, Net Weight)
Ending Stocks	119	92	339	112	0	122	(MT, Net Weight)
TOTAL DISTRIBUTION	6999	7099	6819	6092	0	5612	(MT, Net Weight)

Export Trade Matrix – Tomato Sauce

(Year 2003 data are for January – September only)

Country	Chile		
Commodity	Tomato Sauce		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2002		**2003**
U.S.	135	U.S.	
Others		Others	
Argentina	2500	Peru	999
Haiti	996	Argentina	406
Peru	927	Guatemala	320
Guatemala	408	Colombia	256
Colombia	372	Haiti	181
Venezuela	113	Uruguay	86
Uruguay	103	Ecuador	68
Paraguay	86	Dominican Rep.	56
Ecuador	68	El Salvador	37
El Salvador	58	Paraguay	37
Total for Others	5631		2446
Others not Listed	261		53
Grand Total	6027		2499