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Global Agricultural Information Network

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Chile

Avocado Annual

Chilean Avocado Production, Exports and Demand Increase in MY2016

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Report Highlights:

Avocados are the third most planted fruit crop in Chile. There is a strong domestic demand for Chilean avocados, as nearly 50% of its production is consumed locally. The Netherlands is the largest export market for Chilean avocados and the United States is the fourth. Chilean avocado exports to China have been on the rise and are expected to grow in the future.

The planted area for avocados has been on the decline since MY2013, as producers have uprooted orchards that suffered from chilling and drought, and relocated them to areas that offer better conditions or replaced them with crops with higher profitability like walnuts. In MY 2015 Chilean avocado exports

totaled 90,010 MT, a 19.4% decrease over MY2014. When comparing January – July 2016 versus January – July 2015, avocado export volume and value increased by 121.3% and 120.8% respectively, due to favorable growing conditions.

Executive Summary:

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Commodities:

Avocados, Fresh

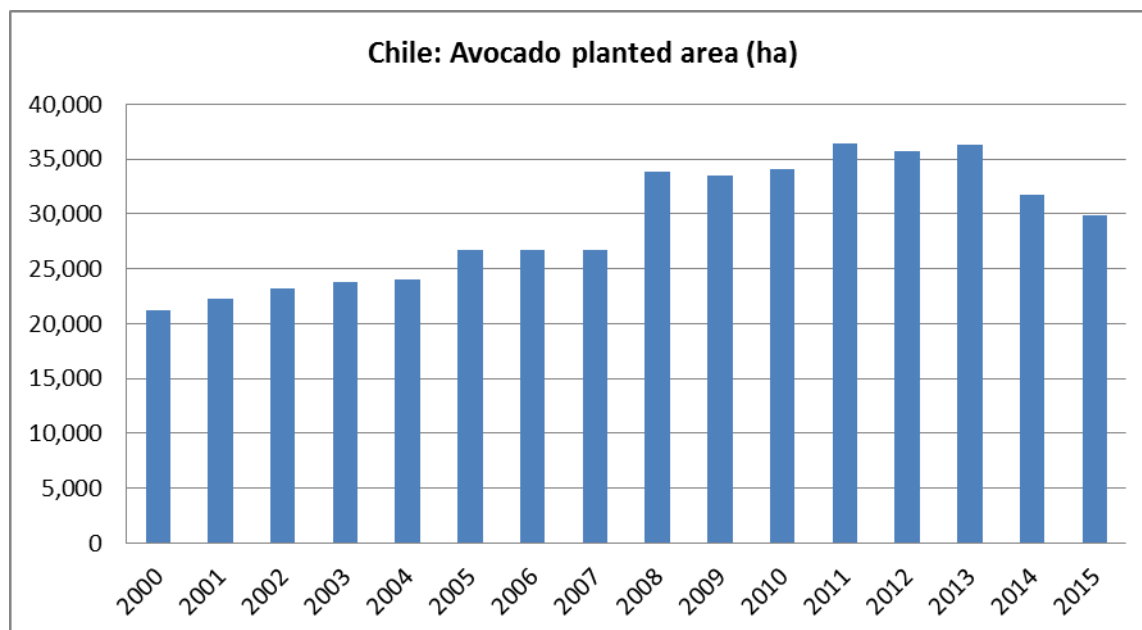
Production:

Avocados are one of the main fruits produced in Chile and producers have been successful both in international markets as well as in supplying Chile's domestic market. The demand for avocados has been growing in the last 10 years and international prices of avocados have risen. Nevertheless, the planted area for avocados in Chile has decreased since MY2013 (see graph "Chile: Avocado Planted Area"). The reduction in planted area has taken place mainly in Valparaiso region, which has 62.1% of Chile's avocado planted area (see table "Chile: Avocado Planted Area by Region MY2015"). The planted area for Chilean avocados decreased due to different factors such as: chilling and drought in the main producing regions; the high cost of energy and labor; and an unfavorable exchange rate for exports.

The main variety of avocados planted in Chile is Hass. Hass avocados are sensitive to low chilling temperatures (see table "Chile: Main Avocado Varieties Planted."). Producers have relocated orchards towards areas that offer better producing conditions. New locations include flatlands and hillsides that are less susceptible to chilling temperatures or regions that have higher water availability. Producers have also reported to shift their crops to more profitable ones such as walnuts, which is one of the fastest growing fruits planted in Chile in the past 5 years.

According to the Chilean Avocado Committee, avocado production volume totaled 152,000 MT in production year (PY) 2014/15 (from July 2014 to June 2015). This volume was low compared to the previous PY and was attributed to a persistent drought in the production regions and a reduction in planted area. Production was estimated at 175,000MT for PY2015/16 and 200,000 MT are expected in PY2016/17, because water availability was higher in the winter and temperatures were favorable for

avocado. Such factors positively contributed to the increase in productivity and yields, even with a decline in the planted area.



Source: ODEPA, 2016.

Chile: Avocado planted area by region MY2015

Region	Planted Area (ha)	Share (%)
Tarapaca	0	0.0%
Atacama	155	0.5%
Coquimbo	5,024	16.8%
Valparaiso	18,588	62.1%
Metropolitana	4,895	16.4%
O'Higgins	1,223	4.1%
Maule	3	0.0%
Bio Bio	34	0.1%
Total	29,923	100.0%

Source: based in ODEPA-CIREN

Chile: Main avocado varieties planted.

Variety	Planted Area (ha)	Share of total planted area (%)
Hass	26,420	88.3%
Edranol	1,099	3.7%
Negra de la Cruz	821	2.7%
Fuerte	557	1.9%
Bacon	292	1.0%
Others	734	2.5%

Source: based in ODEPA-CIREN

Consumption:

Chile consumes 50% of the avocados it produces. Consumption has been growing in the last 10 years at a rate of 3.6%, reaching 5kg per capita in 2015. Prices in the domestic market have been stable and are attractive when compared to foreign markets.

Trade:

In MY 2015 exports of Chilean avocados reached 90,010 MT, a 19.4% decrease over MY2014. In MY 2016 exports recovered, and the export volume and value increased by 121.3% and 120.8% respectively in January – July 2016 over January – July 2015 (see Table “Chile Export Statistics”).

Export destinations of Chilean avocados are diversified. They include the Netherlands as the number one export market, followed by the United Kingdom, Argentina, the United States, Spain, and China.

Europe is currently the biggest market for Chilean avocados and the demand for avocados is growing which has allowed an increase in prices. On the other hand, European countries have high standards towards sustainability, food safety and traceability issues. Chile is known for having high quality standards and products in comparison to its competitors. The export volume to Netherlands and to the United Kingdom has grown by 125.5% and 380.9% respectively in January – July 2016 over January – July 2015. Avocado exports to Argentina increased by 26.2% January – July 2016 over January – July 2015 making it the second largest market for this specific period.

Although in MY2015 export volume to the United States decreased by 75.4% over MY2014 it still remains as one of the top markets for Chilean avocados. The export volume to the United States has grown by 40.2% in volume in January- July 2016 over the same period in 2015 and is the third largest market for Chilean avocados after Netherlands and Argentina.

Exports to China have been on the rise since the opening of the market. Exports totaled 2,716 MT in MY 2015 and 2,719 MT in January- July 2016.

Exports during harvest season in August and October MY2016 started with big increases over the same months in MY2015, especially in the month of October, when exports reached over 34,000 MT (see graph “Chile: Avocado Export volume by month”). The main destination for these exports has been Netherlands, United States and United Kingdom and exports are almost entirely made up of the Hass variety. The average export price from August to October MY2016 has been similar to the same months in MY2015 and above US\$2,000/MT (see Graph “Chile: Avocado Export Price by Month”).

Peru sent a large volume of avocados to Europe during its export season which is April-August, compared to Chile’s export season that is typically from September to March, thus the two producers are not competing in that market at the same time.

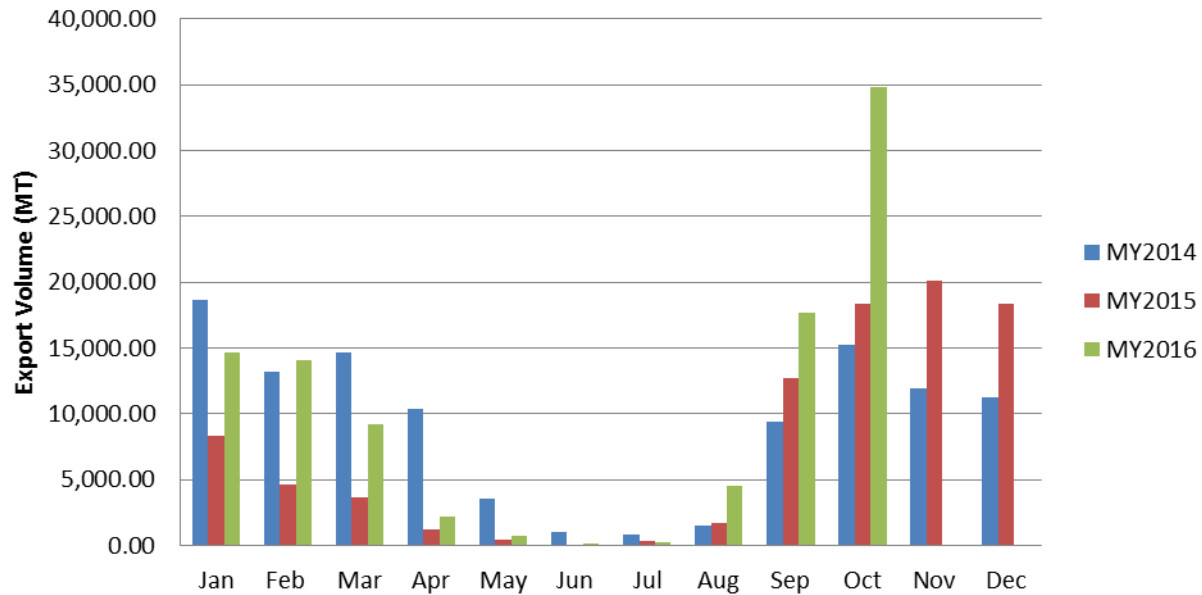
Commodity: 080440, Avocados, Fresh Or Dried

Marketing Year						
Partner Country	Volume (MT)			Value (USD)		
	2014	2015	Variation	2014	2015	Variation
World	111,654	90,010	-19.4%	169,040,123	161,881,229	-4.2%
Netherlands	42,101	42,005	-0.2%	60,948,919	66,492,794	9.1%
United Kingdom	6,811	14,520	113.2%	12,953,692	28,592,949	120.7%
Argentina	13,404	10,688	-20.3%	23,120,665	23,284,681	0.7%
United States	41,370	10,174	-75.4%	58,965,180	18,758,969	-68.2%
Spain	3,539	4,935	39.4%	5,914,056	9,837,950	66.3%
China	21	2,716	12,833.3%	52,800	6,378,910	11981.3%
Costa Rica	0	1,547		0	2,965,287	
France	1,387	1,485	7.1%	2,195,419	2,059,582	-6.2%
Hong Kong	1,226	625	-49.0%	2,234,452	1,149,521	-48.6%
Uruguay	211	263	24.6%	410,794	572,537	39.4%
Others	1,584	1,052	-33.6%	2,244,146	1,788,049	-20.3%

Year To Date: January - July						
Partner Country	Volume (MT)			Value (USD)		
	2015	2016	Variation	2015	2016	Variation
World	18,713	41,412	121.3%	33,549,812	74,094,295	120.8%
Netherlands	9,244	20,841	125.5%	12,819,056	33,550,544	161.7%
Argentina	4,603	5,808	26.2%	11,679,139	12,039,846	3.1%
United States	3,117	4,371	40.2%	6,417,021	7,039,311	9.7%
United Kingdom	644	3,097	380.9%	683,565	6,648,316	872.6%
China	0	2,719		0	5,746,388	
Costa Rica	0	2,047		0	4,000,838	
Spain	231	1,381	497.8%	405,634	3,029,269	646.8%
Belgium	151	223	47.7%	132,778	390,181	193.9%
France	221	282	27.6%	322,780	382,281	18.4%
Uruguay	125	163	30.4%	331,637	366,226	10.4%
Others	377	480	27.3%	758,202	901,095	18.8%

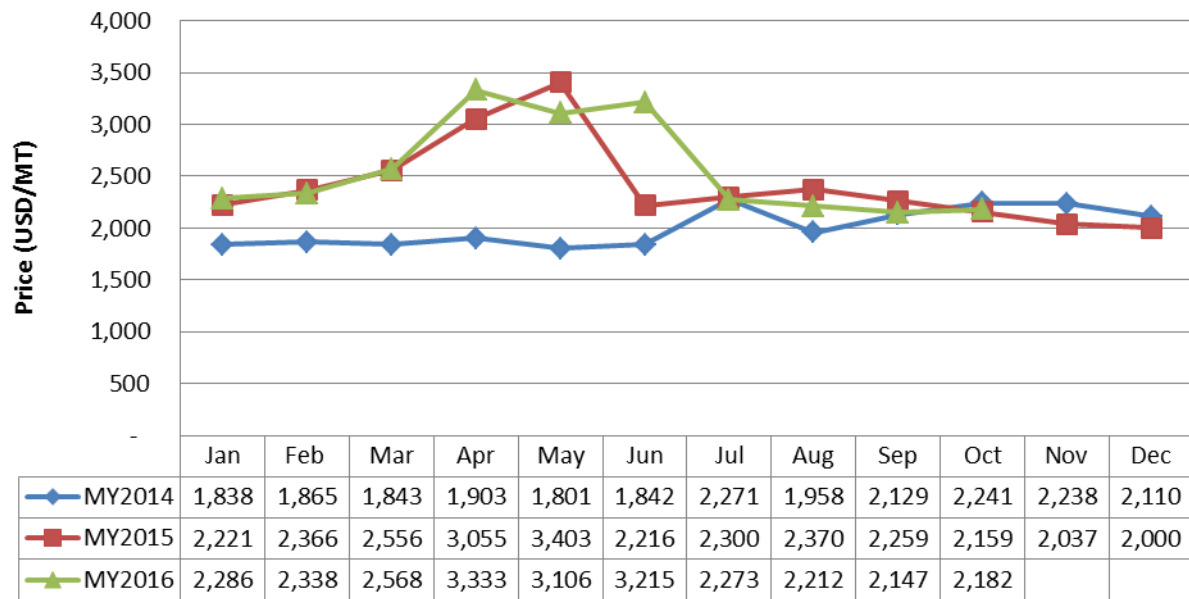
Source: Servicio Nacional de Aduanas- Global Trade Atlas 2016.

Chile: Avocado Export Volume by Month (MT)



Source: ODEPA, 2016.

Chile: Avocado Export Price by Month (USD/MT)



Source: ODEPA, 2016.

Chile imports avocados during the counter season (April- August) from Peru, Mexico and the United States. Imports were 251.8% higher in MY2015 over MY2014, as a result for the lower overall production in that year

(see table "Chile import statistics"). In MY2016, from January – July imports have increased in 21.9%, mainly because there is no domestic fruit available during this period and the demand for avocados is strong throughout the year. Imports are expected to be minimal in August-December 2016 when domestic production is available.

Chile Import Statistics						
Commodity: 080440, Avocados, Fresh Or Dried						
Marketing Year						
Partner Country	Volume (MT)			Value (USD)		
	2014	2015	Variation	2014	2015	Variation
World	2,659	9,354	251.8%	3,578,410	16,187,318	352.4%
Peru	2,659	8,261	210.7%	3,578,410	14,134,794	295.0%
Mexico	0	1,093		0	2,052,524	
United States	0	0		0	0	

Chile Import Statistics						
Commodity: 080440, Avocados, Fresh Or Dried						
Year To Date: January - July						
Partner Country	Volume (MT)			Value (USD)		
	2015	2016	Variation	2015	2016	Variation
World	8,922	10,879	21.9%	15,526,693	17,468,308	12.5%
Peru	7,829	7,688	-1.8%	13,474,169	12,756,271	-5.3%
Mexico	1,093	2,392	118.8%	2,052,524	3,587,050	74.8%
United States	0	775		0	1,059,606	
Others	0	24		0	65,380	

Source: Servicio Nacional de Aduana – Global Trade Atlas 2016.

Policy:

Chile has a Free Trade Agreement with China and enjoys a 0% export tariff since MY2015. Its Free Trade Agreement with the European Union also reduced tariffs for Chilean avocados to 0% since 2003. The U.S. – Chile Free Trade Agreement provides for a 0% tariff for Chilean avocado since 2004. Additionally, tariffs for avocado imports from Peru, Mexico and U.S. are 0%.