

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

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Chile

Post: Santiago

Olive Oil Production -- Voluntary

Report Categories:

Agricultural Situation

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Report Highlights:

The olive oil industry has been developing fast during the last few years in Chile. Planted area and production has more than doubled during the last three years. Chile is producing some excellent quality olive oil. This opinion is supported by the participation and winning important international contests, mainly in Italy, which has helped to develop the export markets. Chile's main export markets are the United States, Italy, Canada and Spain.

Production: Chile has excellent soil and climatic conditions for olive oil production. Additionally, its geographical isolation with natural boundaries like the Pacific Ocean, the Antarctic, Andes Mountain and the desert in the north helps the country naturally isolated from pests. Freedom from agricultural pests, together with good soil for olive production allows producers to plant different varieties of olives with special organoleptic conditions which enriches blending, according to industry officials.

Planted area has grown from around 5 thousand hectares in 2005 to over 24 thousand hectares in 2010. The industry projects that over 29,000 hectares will be devoted to olive trees by 2015 and 33,000 hectares in 2020, Chile has a potential of around 200,000 hectares that can be planted with olives for oil production. Olives for oil can be planted from Region III (Copiapo) through Region VII (Maule region).

Most of the olives produced for oil are under the so called conventional system of production. According to the Ministry of agriculture, presently only 1,450 hectares qualify for organic production in Chile, but a large number of producers are in the process of reconvertng their orchards towards organic production.

Output of oil (Extra Virgin) has also been growing fast during the last few years, in hand with the increase in planted area. In CY2010 domestic production increased over 41 percent when compared to the previous year, it went from 8,500 MT to 12,000 MT. Presently Chile only represents 0.3 percent of total world production and trade.

Consumption: Domestic consumption of olive oil has also grown during the last few years in Chile, mainly due to promotions highlighting its nutritive and healthy qualities. In CY2010 per capita domestic consumption is estimated to have reached 568 grams which is a 30 percent larger than the previous year. This trend shows that consumers are replacing increasing amounts of other vegetable oils for olive oil. An industry contact indicated that in a few years domestic consumption should reach 900 grams of olive oil per capita.

Trade:

Exports: Olive oil exports have grown together with the expansion of production during the last few years. In 2010 an estimated 3,057 MT of oil were exported, a 58 percent increase when compared to the previous year. Out of the total exported volume 36 percent was bottled extra virgin olive oil, sold at an average of US\$6 per Kg. and 64 percent went to bulk extra virgin olive oil sold at an average price of US\$2.9 per Kg. Total Chilean olive oil exports corresponded to 25.4 percent of total production in CY2010. Presently there are 49 companies producing and exporting olive oil in Chile. Chile exports extra virgin olive oil to over 35 different countries. The top destinations are: the United States, Italy, Spain, Canada, Brazil, Colombia and Mexico. Exports to Italy and Spain are mainly in bulk.

Imports: In 2010 Chile imported 763 MT of olive oil, a 5 percent more than the previous year, for a total of US\$3.045 million dollars. Statistics show that imports have been falling since 2005, when production and exports started to grow significantly.

Chile imports olive oil mainly from Argentina (43%), Italy (34%), and Spain (21%). Most of the olive oil coming from Argentina is in Bulk. There are 43 different companies importing olive oil in Chile.

Export Trade Matrix**Country****Chile****Commodity****Olive Oil****Exports for:**

2010

Time Period

Jan-Dec

Units:

Volume**Value**

U.S.

1,094

5,049

Others

Italy	951	2,692
Canada	245	1,397
Spain	323	801
Brazil	146	752
Colombia	96	420
México	65	364
Taiwan	40	272
Germany	26	157
Japan	12	116
Venezuela	8	81

Total for Others

1,912

Others not Listed

51

Grand Total**3,057****12,391**Note: Volume in MT

Value in Thous. Dollars