

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Chile

### Tree Nuts Annual

#### Chile's Tree Nuts Annual report 2015

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**Report Highlights:**

Due to the presence of the El Niño current this year, rains were close to normal levels throughout Chile. The increase in rain provides necessary irrigation of Chile's tree nut sector, which positively contributes to its increasing production. If the climatic conditions are maintained during the spring, walnut production is expected to increase by as much as ten percent and almonds are expected to reach historical levels.

**Executive Summary:**

Due to the presence of the El Niño current this year, rains were close to normal levels throughout Chile. The increase in rain provides necessary irrigation of Chile's tree nut sector, which positively contributes to its increasing production. If the climatic conditions are maintained during the spring, walnut production is expected to increase by as much as ten percent and almonds are expected to reach historical levels.

**Commodities:**

Walnuts, Inshell Basis

**Production:**

Walnuts are planted from the Third Region (Copiapo) down to the Ninth Region (Temuco), with over 90 percent of the crop planted in the central areas, specifically Region Five (San Felipe-Los Andes), the Metropolitan Region (Santiago) and Region Six (Rancagua). Region IV (Ovalle area) has seen the biggest expansions in area planted during the last few years. Overall, the total planted area has doubled over the last 6 years, reaching a total of 37,579 hectares (ha).

Walnut production continues to expand as a result of an increase in the planted area, estimated in an average of 2800 ha each year, with new developed varieties that are replacing old, low production orchards. Additionally, an increasing number of producers have adopted improved technologies like pruning and drip irrigation, which also contribute to production growth. As a result, we can expect that walnut production will continue to increase steadily. Exports in 2014 were 25 percent higher than the previous year, reaching 57,432 metric tons (MT) and from January to June of this year they are 21 percent higher than 2014 for the same period. Although it is a bit too early for a good walnut output prediction, for 2015/16 the industry expects total exports to be over 63,000 MT.

All commercial walnut orchards are planted on irrigated land, with only 60 percent of the planted area with modern irrigation systems. As a result, when there is not enough water supplied from wells, rivers and streams flowing from the Andes Mountains, water availability becomes an important factor limiting production, especially in Regions V and VI. The average orchard size is 10 to 15 hectares, which is double the size of orchards in France and half the size of orchards in the United States.

Although a large percentage of Chilean walnut trees in production originate from seeds, budding and grafting of new and improved varieties like Serr and Chandler has increased in recent years. Industry sources report that there is still an estimated 30 percent of the total planted area that originated from seeds, but declining fast as producers have been replacing these orchards during the last few years.

**Consumption:**

As with most other Chilean fruits, domestic walnut consumption is a residual of the export market. It is estimated that Chileans consume around 200 grams of walnuts a year per capita far from the 2 kg consumed in the United States.

**Trade:**

Walnut exports will reach another record volume in MY 2013/2014. European Union countries led by Italy, Spain and Germany together with Turkey are Chile's main export market for walnuts. They

account for more than 60 percent of total exports. In the coming years, as production continues to expand, total exports will expand as well.

Varying amounts of mostly shelled walnuts are being imported by the confectionary industry.

**Stocks:**

There are no official statistics available on Chile’s average stocks. However, exporters normally try not to carry over stocks.

**Policy:**

There are no specific government policies regulating or benefiting tree nut production in Chile. The general import duty on walnuts is 6 percent except for countries with which Chile has signed trade agreements. As a result of the 2004 US-Chile Free Trade Agreement, trade of walnuts between both countries faces a zero duty.

**Marketing:**

Even if walnut production seems to be a very long term profitable business, the industry faces some challenges due to the high production in the world which can affect the price. The biggest challenges for Chile are the opening of new markets, especially in Asia and the modernization of the processes that can add value to the end product, increasing exports of shelled walnuts and switch from manual to mechanical shelling

Walnuts, Inshell Basis Chile	2013/2014			2014/2015			2015/2016		
	Market Year Begin: Jan 2013			Market Year Begin: Jan 2014			Market Year Begin: Jan 2015		
	USDA Offici al	Old Post	New Post	USDA Offici al	Old Post	New Post	USDA Offici al	Old Pos t	New Post
Area Planted	0	34,00 0	29,00 0	0	35,00 0	35,00 0			37,57 9
Area Harvested	0	23,00 0	22,30 0	0	25,00 0	23,00 0			25,00 0
Bearing Trees	0	4,232	4,103	0	4,600	4,232			4,600
Non-Bearing Trees	0	2,024	1,233	0	1,840	2,024			1,840
Total Trees	0	6,256	5,336	0	6,440	6,256			6,440
Beginning Stocks	1,200	769	1,100	700	669	769			669

Production	62,000	53,000	50,000	65,000	65,000	62,432			68,600
Imports	100	400	357	700	200	400			200
Total Supply	63,300	54,169	51,457	66,400	65,869	63,601			69,469
Exports	60,000	48,000	45,688	62,500	60,000	57,432			63,600
Domestic Consumption	3,600	5,500	5,000	3,400	5,000	5,500			5,500
Ending Stocks	700	669	769	500	369	669			369
Total Distribution	64,300	54,169	51,457	66,400	65,369	63,601			69,469
TS=TD			0			0			0

Source: ODEPA

### **Commodities:**

Almonds, Shelled Basis

### **Production:**

Although almond trees are planted from Region IV (Ovalle) down to Region VIII (Chillan), over 80 percent of total planted area is in the central regions, specifically the Metropolitan Region (Santiago) and Region VI (Rancagua). The largest increases during recent years of new planted groves are in Region IV (Ovalle) area, increasing from 364.8 ha to 1292.8 ha in ten years, representing now the 15 percent of the total area planted in the country. Almonds are planted on irrigated land and according to the information given by the last census informed by the Center of Information of Natural Resources (Ciren) of the Ministry of Agriculture, the average yields in the Metropolitan Region are estimated to be of 4.3 MT per ha. The area planted of almonds in Chile is 8,594 ha.

Nonpareil is the main variety planted, accounting for 55 percent of the total planted area followed by the variety Carmel which account for 19 percent. Other varieties like Merced, Solano and Price are used mainly for pollination. Industry sources have indicated that an increasing number of producers are planting new varieties developed from varieties coming from Spain like Madera and Allinone. Post sources indicate that favorable weather conditions of this year (2015), will favor the increase in the production of almonds which could reach historical levels in MY 2015/2016. Almond as the first tree nut to bloom, were the most affected crop during to the September 2013 frost, thus production took a huge hit dropping to 2000 MT in MY 2014/2015.

### **Trade:**

Most almonds exported are shelled and sent to markets where Chile has tariff preferences. In 2014 the main destinations were Brazil, Argentina, Venezuela, Italy and Turkey. A new destination that has grown in the past two years is Russia increasing its imports from 35 MT in 2013 to 107 MT in 2014, a 205 percent increase. In 2015, from January to July, Russia has become the main destination for Chilean almonds, reaching 845 MT.

Chile also imports almonds, mainly from the United States. Industry sources indicated that imports are mainly used by the confectionery industry as they are of a smaller size than the ones produced in Chile. In 2014, Chile imported 4,346 MT of U.S. almonds, a 29 percent increase over 2013.

Almonds, Shelled Basis	2013/2014			2014/2015			2015/2016		
	Market Year Begin: Jan 2013			Market Year Begin: Jan 2014			Market Year Begin: Jan 2015		
Chile	U S D A O f f i c i a l	Old Post	N e w P o s t	U S D A O f f i c i a l	Old Post	N e w P o s t	U S D A O f f i c i a l	O l d P o s t	N e w P o s t
Area Planted	0	9,700	9,600	0	9,700	8,594			9,000
Area Harvested	0	7,100	7,000	0	7,100	7,100			7,300
Bearing Trees	0	2,526	2,526	0	2,526	2,526			2,526

			4 9 0			5 2 6			6 5 0
Non-Bearing Trees	0	824	8 2	0	824	8 2 4			8 2 4
Total Trees	0	3,350	3 , 3 5 0	0	3,350	3 , 3 5 0			3 , 4 7 4
Beginning Stocks	5 0 0	792	8 0 0	5 0 0	792	7 9 2			7 9 2
Production	3, 9 0 0	2,000	7 , 5 0 0	6, 0 0	7,000	2 , 0 0 0			7 , 5 0 0
Imports	4, 6 0 0	4,000	3 , 3 4 8	4, 0 0	3,000	4 , 0 0 0			3 , 0 0 0
Total Supply	9, 0 0 0	6,792	1 1 , 6 4 8	1 0, 5 0 0	10,792	6 , 7 9 2			1 1 , 2 9 2
Exports	4, 0 0 0	3,100	7 , 3 5 6	5, 0 0	6,500	3 , 1 0 0			7 , 0 0 0
Domestic Consumption	4, 5 0 0	2,900	3 , 5 0 0	5, 0 0	3,500	2 , 9 0 0			3 , 5 0 0
Ending Stocks	5 0 0	792	7 9 2	5 0 0	792	7 9 2			7 9 2
Total	9, 0 0 0	6,792	1 1 , 6 4 8	1 0, 5 0 0	10,792	6 , 7 9 2			1 1 , 2 9 2

Distribution	0 0 0		1 , 6 4 8	0, 5 0 0		, 7 9 2			1 , 2 9 2
TS=TD			0			0			0
Comments									
AGR Number									

Source: ODEPA

**Stocks:**

**Policy:**

There are no specific Government policies regulating or benefiting almond production in Chile. The general import duty on almonds is 6 percent. However, as a result of the 2004 US-Chile Free Trade Agreement, US almonds enter Chile duty free.

Chilean sanitary regulations requires that almonds exported to Chile be fumigated with phosphine to avoid the introduction of *amyelois transitella* into the country, the doses required, 2.5 mg/m<sup>3</sup> is higher than what is used in the United States, 1.41 mg/m<sup>3</sup>.