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Chile

Tree Nuts Annual

Walnut Export Volume to recover and U.S. Almond exports expected to remain at 2,000 MT

Approved By:

Anita Katial, Agricultural Attaché

Prepared By:

Sergio González, Agricultural Specialist

Report Highlights:

In MY2015/16 an increase in walnut exports was expected, but mid-April rainfall turned these expected volumes downward as they could not be achieved. As a result, final volumes will be similar to those of MY2014/15 at 75,000MT. In MY2016/17 100,000 MT of walnut exports are estimated, since the planted area is increasing, new orchards come into production and El Nino fades away.

Although new almond varieties are being introduced, planted area has been stable and has not shown a

big increase such as other tree-nuts like walnuts and hazelnuts. Almond exports in MY2016/17 are expected to remain flat at 7,000 MT. Almond Import volume from the U.S. is expected to remain at 2,000 MT in MY2015/16 and 2016/17.

Executive Summary:

In MY2015/16 an increase in walnut exports was expected, but mid-April rainfall turned these expected volumes downward as they could not be achieved. As a result, final volumes will be similar to those of MY2014/15 at 75,000MT. In MY2016/17 100,000 MT of walnut exports are estimated, since the planted area is increasing, new orchards come into production and El Nino fades away.

Although new almond varieties are being introduced, planted area has been stable and has not shown a big increase such as other tree-nuts like walnuts and hazelnuts. Almond exports in MY2016/17 are expected to remain flat at 7,000 MT. Almond Import volume from the U.S. is expected to remain at 2,000 MT in MY2015/16 and 2016/17.

Commodities:

Walnuts, Inshell Basis

Production:

There are currently 27,941 hectares (ha) of walnuts planted in Chile according to official government data (Ministry of Agriculture's ODEPA/CIREN). The planted area has been growing steadily at an 11% annual rate in the last 10 years due to high international prices. The production area is concentrated between the Valparaiso region and O'Higgins region covering 79% of the total planted area. According to a study from ODEPA ([Study](#)) planted area is expected to increase 2,700 ha per year in the next two marketing years.

Chile: Walnut area planted 2015

Region	Area planted (ha)	Share (%)
Atacama	5	0.02
Coquimbo	2,466	8.83
Valparaíso	5,644	20.20
Metropolitana	10,949	39.19
O'Higgins	5,527	19.78
Maule	2,436	8.72
Bío Bío	808	2.89
La Araucanía	95	0.34
Los Ríos	11	0.04
Total	27,941	100

Source: Odepa/Ciren

The main problem walnut trees face in Chile is *Phytophthora* spp. Which is a fungus disease commonly known as water molds that affects the root of the walnut plant in flooded or water saturated soils. The

disease can cause huge damage to the plant reducing the canopy volume in 6% to 18% of and thus reducing overall production.

New rootstock varieties are being used to fight *Phytophthora*. The most common rootstock has been the common walnut *Juglans regia* which is highly susceptible to *Phytophthora*. New rootstocks like Paradox, which is resistant to *Phytophthora* have shown good results giving high vigor and production. Another problem that walnut production faces is low accumulation of chill hours, but this problem can be resolved using an application of plant growth regulators like hydrogen cyanimide.

100,000 MT of in-shell walnut production was expected in MY2015/16, however damage caused by the rainfall during the harvests in mid-April caused losses estimated in 20,000 MT. The harvest for the Serr variety was almost over but it still had a drop in production estimated in 15-20%. The rainfall damaged the Chandler variety the most, since it was being harvested at the time, causing it to have a yellowish color that made it unfit for export.

Losses in quality caused by rainfall made prices fall for the impacted walnuts, and in some cases were not enough to cover the costs of the production. European countries such as Germany demand high quality, thus most of the exported walnuts were bought by Turkey, which remains the main destination for Chilean Walnuts, importing 67% of total Chilean walnut exports.

The rainfall that took place in April made it clear that there is still room for improvement in the drying process and capacity for walnuts, which can save some of the losses when facing rainfall during the harvest season.

Consumption:

The majority of walnut production is exported, but around 5% of production is destined for domestic consumption. The walnuts are consumed in-shell or shelled and the industry uses walnuts to produce oil, beverages, dairy products, bakery products, snacks, cereals and cosmetic products.

Trade:

Chile is the third largest exporter of walnuts and it has been recognized for exporting high quality fruit with good color, taste and durability. Exports in MY2014/15 were 76,765 MT, which was a 33.7% increase in volume.

In MY2015/16 a big increase in exports was expected, but because of a rainfall in mid-April expected volumes could not be achieved and final volumes will be similar to those of MY2014/15. Exports in January-June 2016 reached 35,185 MT, which is a 14.1% increase over 2015, but this is partly explained because after April rainfall a lot of walnuts had to be quickly harvested and exported so export volumes really peaked in June 2016 (see graph "Chile: Walnut exported volume by month, In - Shell basis").

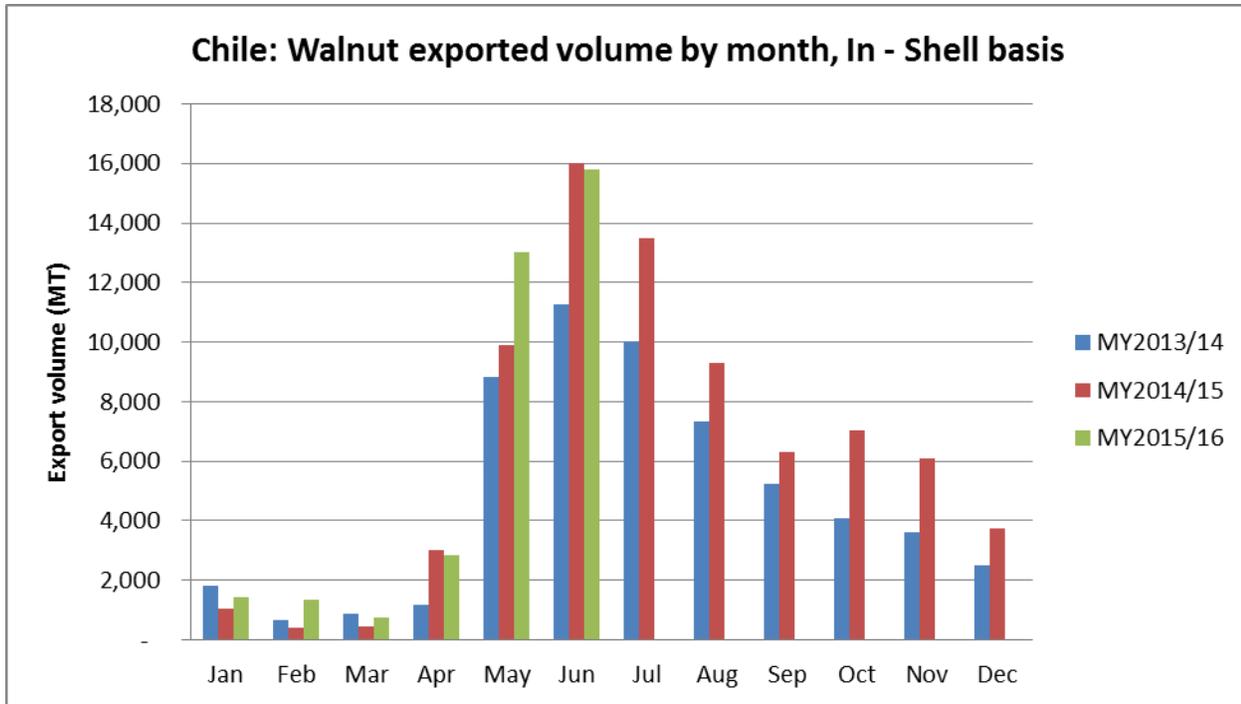
In MY2016/17 100,000 MT of walnut exports are estimated, since planted area is increasing, new orchards come into production and El Nino fades away.

Chile Export Statistics						
Commodity: 080231, Walnuts, Fresh Or Dried, In- Shell						
Year To Date: January - June						
Partner Country	Quantity (MT)			Value (USD)		
	2015	2016	Variation	2015	2016	Variation
World	30,827	35,185	14.1%	143,717,593	99,187,547	-31.0%
Turkey	17,071	18,839	10.4%	74,222,841	46,714,231	-37.1%
Italy	3,609	4,344	20.4%	17,970,448	14,067,252	-21.7%
Brazil	1,245	1,547	24.2%	6,640,282	4,154,926	-37.4%
Spain	1,095	1,383	26.3%	5,718,276	4,780,473	-16.4%
United Arab Emirates	824	1,313	59.3%	3,676,035	4,366,063	18.8%
Netherlands	919	1,056	15.0%	5,089,460	3,296,821	-35.2%
Germany	1,166	1,037	-11.1%	6,643,524	3,916,967	-41.0%
Korea South	1,270	962	-24.2%	6,377,802	2,705,145	-57.6%
Morocco	-	656		-	1,505,090	
France	131	448	241.8%	758,794	1,911,620	151.9%
Switzerland	421	402	-4.4%	2,436,471	1,973,019	-19.0%
Russia	214	393	83.9%	1,255,560	1,682,429	34.0%
Others	2,863	2,804	-2.0%	12,928,100	8,113,511	-37.2%

Marketing year						
Partner Country	Quantity (MT)			Value (USD)		
	MY2013/14	MY2014/15	Variation	MY2013/14	MY2014/15	Variation
World	57,433	76,765	33.7%	320,375,739	357,203,254	11.5%
Turkey	11,255	22,974	104.1%	57,056,515	98,211,693	72.1%
Italy	6,693	8,954	33.8%	38,016,318	42,921,383	12.9%
Brazil	7,775	7,037	-9.5%	43,795,103	31,280,353	-28.6%
Germany	5,686	7,036	23.7%	34,337,493	35,758,407	4.1%
Spain	3,199	4,144	29.6%	19,023,548	20,295,527	6.7%
United Arab Emirates	2,762	2,531	-8.4%	16,239,361	12,622,486	-22.3%
Others	20,064	24,091	24.8%	111,907,401	116,113,405	88.3%

Source of Data: Chile Customs - Servicio Nacional de Aduana

Note: Shelled to in-shell conversion rate = 2.34



Source of Data: Chile Customs - Servicio Nacional de Aduana

Note: Shelled to in-shell conversion rate = 2.34

Policy:

In January 2016, an agreement between the Ministry of Agriculture’s Livestock and Agricultural Service (SAG) from Chile and General Administration of Quality Supervision from the Inspection and Quarantine Service (AQSIQ) from China was signed in order to allow Chilean in-shell walnuts entry to China. Up to that date, only shelled walnuts from Chile could be exported to China. This agreement is expected to increase Chilean walnut exports to China in the near future.

After two years of negotiations, SAG and the USDA Animal and Plant Inspection Service (APHIS) reached an agreement on the authorization of the Micro Paradox Center (walnut nursery) located in Pleasant Grove, CA to export walnut plants to Chile that will no longer be subject to two years quarantine that had been required by Resolution 2878/2004. This agreement allows Chilean walnut producers to have faster access to new walnut varieties from the United States. (See [Report](#))

Production, Supply and Demand Data Statistics:

Walnuts, Inshell Basis	2014/2015	2015/2016	2016/2017
Market Begin Year	Jan 2015	Jan 2016	Jan 2017

Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	24,404	0	27,941	0	30,600
Area Harvested	0	23,000	0	25,000	0	28,000
Bearing Trees	0	4,232	0	4,600	0	5,000
Non-Bearing Trees	0	2,024	0	1,840	0	1,900
Total Trees	0	6,256	0	6,440	0	6,900
Beginning Stocks	900	900	500	593	0	443
Production	80,000	81,634	80,000	80,000	0	100,000
Imports	400	324	1,200	350	0	350
Total Supply	81,300	82,858	81,700	80,943	0	100,793
Exports	76,800	76,765	75,000	75,000	0	95,000
Domestic Consumption	4,000	5,500	5,200	5,500	0	5,600
Ending Stocks	500	593	1,500	443	0	193
Total Distribution	81,300	82,858	81,700	80,943	0	100,793
(HA) ,(1000 TREES) ,(MT)						

Note: Shelled to in-shell conversion rate = 2.34

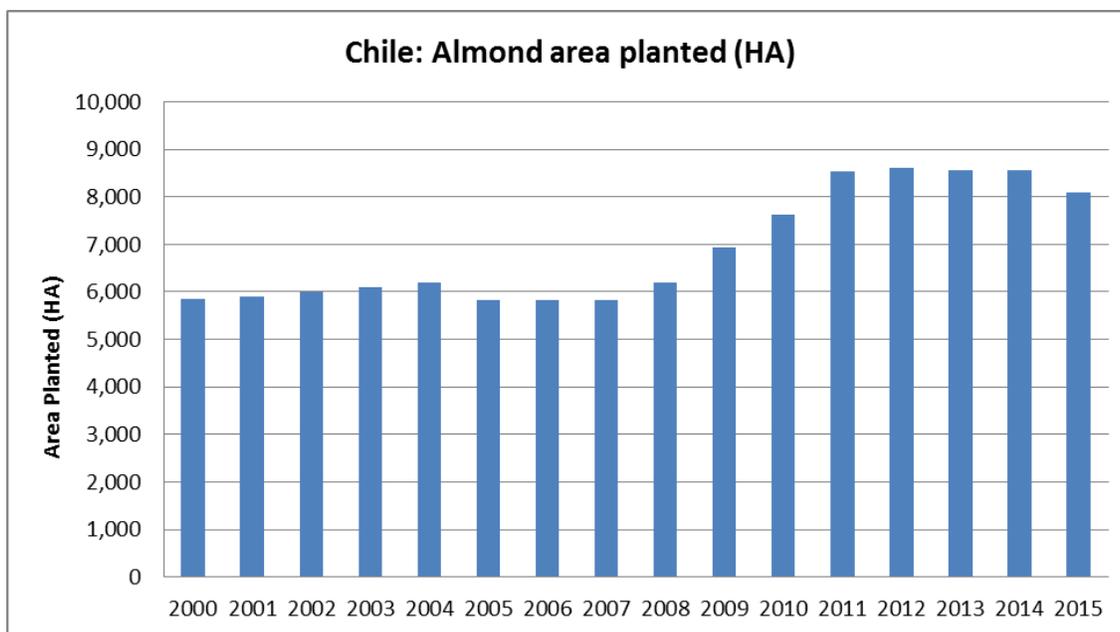
Commodities:

Almonds, Shelled Basis

Production:

The production area planted for almonds had a significant increase from 2008 to 2011 and stabilized around 8,500 ha. In 2015, the planted area dropped 5.6% and is now total of 8,089 ha. The area planted is concentrated in the Metropolitana and O'Higgins regions, which hold 72% of the total area planted. Almonds have been affected by frost and drought in some locations in the past, so varieties are being renewed and plantation is taking place in areas where there is less risks of frosts and drought (Source: ODEPA).

Currently, the majority of the planted area corresponds to Nonpareil variety which holds 56.6% of the planted area and Carmel variety which holds 19.4% of the area planted. The main rootstock used is Nemaguard. Varieties like Ruby, Fritz, Independence and Mission have been introduced in order to improve productivity.



Source: ODEPA

Chile: Almonds area planted 2015		
Region		Share (%)
Atacama	2	0.02
Coquimbo	1,178	14.56
Valparaíso	1,043	12.90
Metropolitana	3,412	42.18
O'Higgins	2,413	29.83
Maule	33	0.41
Bío Bío	8	0.10
Total	8,089	100
Source: Odepa/Ciren		

Consumption:

Around 35% of almond production is destined for domestic consumption. Almonds are consumed shelled or used in the food industry where they can be cracked or used to make crumbs, they are also used to produce alcoholic beverages, oils, milk, dairy products, snacks, cereals, bakery products or cosmetic products.

There is a constant demand for almond by Chile's food processing industry, and there are companies that import almonds from the U.S. to produce chocolate bars with almonds.

Trade:

Almonds exports reached 8,344 MT in MY2014/15, a 104% increase over MY 2013/14. The main destinations were Brazil, Russia and Argentina.

Exports between January-June 2016 have decreased 13% over 2015. Argentina is the main destination of Chilean almonds and exports have increased 69% in volume thus far. On the other hand exports to both Brazil and Russia have decreased in 5% and 34% respectively. In addition, the overall export value has decreased 41% in January-June 2016 over 2015. The large decline in total value took place in both Russia and Brazil (40% and 50%, respectively), while exports to Argentina and Peru increased in total value (14% and 57% respectively).

Although new varieties are being introduced, the planted area has been stable and has not shown a big increase such as other tree-nuts like walnuts and hazelnuts which have shown a rapid increase due to good prices and high reported revenues for producers. Exports in MY2016/17 are expected to remain flat at 7,000 MT.

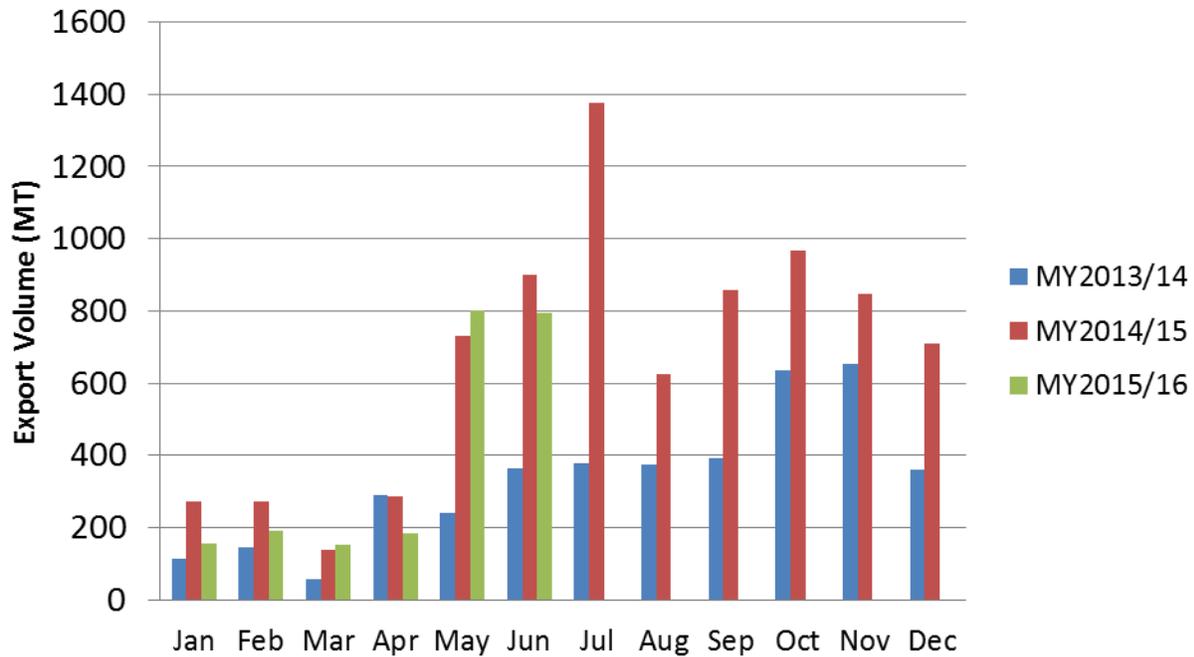
Although Chile is a producer, there is an important amount of almond imports from the United States. \$7.1 million have been imported January through June 2016. In MY 2014/15 a total of 2,700 MT or \$ 26.4 million were imported from the U.S. The main destination for imported almonds is the food industry which constantly demands almonds for chocolate production. Almond Import volume from the U.S. is expected to remain at 2,000 MT in MY2015/16 and 2016/17.

Chile Export Statistics						
Commodity: 080212, Almonds, Fresh Or Dried, Shelled						
Year To Date: January - June						
Partner Country	Quantity			Value		
	2015	2016	Variation	2015	2016	Variation
World	2,722	2,366	-13%	28,756,669	17,053,414	-41%
Argentina	298	505	69%	3,388,302	3,868,715	14%
Russia	482	456	-5%	4,884,550	2,922,619	-40%
Brazil	593	391	-34%	6,338,886	3,197,138	-50%
Italy	273	255	-7%	2,252,009	1,577,487	-30%
Germany	77	84	9%	618,918	580,236	-6%
Peru	41	82	100%	381,180	600,039	57%
Lithuania	0	76	0%	0	487,081	0%
Spain	65	71	10%	358,920	311,331	-13%
Colombia	61	59	-3%	671,620	487,280	-27%
Netherlands	40	56	40%	435,819	386,452	-11%
Ecuador	93	54	-42%	1,045,212	476,773	-54%
France	13	54	315%	109,050	398,393	265%
Others	686	223	-67%	8,272,203	1,759,870	-79%
Commodity: 080212, Almonds, Fresh Or Dried, Shelled						
Marketing year						
Partner Country	Quantity			Value		
	MY2013/14	MY2014/15	Variation	MY2013/14	MY2014/15	Variation
World	4,082	8,344	104%	43,719,074	89,446,477	105%
Brazil	874	2,037	133%	8,551,249	22,001,553	157%
Russia	162	1,654	923%	1,434,338	16,979,134	1084%
Argentina	1,268	1,194	-6%	13,304,372	13,396,504	1%
Venezuela	838	836	0%	10,757,160	11,791,618	10%
Turkey	18	384	2033%	193,262	3,102,610	1505%
Italy	6	358	5867%	67,361	3,915,210	5712%
Germany	48	294	513%	501,065	2,778,276	454%
Ecuador	312	231	-26%	3,363,090	2,459,393	-27%
Colombia	220	193	-12%	2,259,888	2,122,675	-6%
Peru	4	157	3825%	32,450	1,588,867	4796%
Mexico	0	155	0%	0	1,657,111	0%
Spain	0	136	0%	0	727,796	0%
Others	332	715	115%	3,254,839	6,925,730	113%

Source of Data: Chile Customs - Servicio Nacional de Aduana

Note: In-Shell to shelled conversion rate = 0.6

Chile: Almond export volume by month, shelled basis



Source of Data: Chile Customs - Servicio Nacional de Aduana
 Note: In-Shell to shelled conversion rate = 0.6

Chile Import Statistics							
Commodity: 080212, Almonds, Fresh Or Dried, Shelled							
Year To Date: January - June							
Partner Country	Unit	Quantity			Value		
		2015	2016	Variation	2015	2016	Variation
World	T	1,372	805	-41%	12,970,741	7,096,304	-45%
United States	T	1,372	805	-41%	12,970,741	7,094,437	-45%
Others	T	0	0		0	1,866	

Chile Import Statistics							
Commodity: 080212, Almonds, Fresh Or Dried, Shelled							
Calendar Year: 2014 - 2015							
Partner Country	Unit	Quantity			Value		
		2014	2015	Variation	2014	2015	Variation
World	T	4,321	2,700	-38%	35,298,408	26,436,621	-25%
United States	T	4,321	2,699	-38%	35,296,478	26,426,107	-25%
Others	T	0	1		1,931	10,514	444%

Source of Data: Chile Customs - Servicio Nacional de Aduana

Production, Supply and Demand Data Statistics:

Almonds, Shelled Basis Market Begin Year	2014/2015		2015/2016		2016/2017	
	Jan 2015		Jan 2016		Jan 2017	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	8,569	0	8,089	0	8,105
Area Harvested	0	7,100	0	7,000	0	7,000
Bearing Trees	0	3,600	0	3,500	0	3,462
Non-Bearing Trees	0	70	0	70	0	63
Total Trees	0	3,670	0	3,570	0	3,525
Beginning Stocks	500	500	500	492	0	500
Production	8,400	8,636	8,000	8,000	0	8,000
Imports	3,600	2,700	3,000	2,000	0	2,000
Total Supply	12,500	11,836	11,500	10,492	0	10,500
Exports	8,000	8,344	7,000	7,260	0	7,000
Domestic Consumption	4,000	3,000	4,000	2,732	0	3,000
Ending Stocks	500	492	500	500	0	500
Total Distribution	12,500	11,836	11,500	10,492	0	10,500

(HA) ,(1000 TREES) ,(MT)

Note: In-Shell to shelled conversion rate = 0.6