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Chile

Tree Nuts Annual

Chile's Tree Nuts Annual report 2014

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Report Highlights:

Walnut production and exports are expected to increase this year due to favorable weather conditions and new planted areas coming into production. Almond production fell dramatically due to a heavy frost during last spring (September 2013).

Executive Summary:

Chile's walnut production and exports in MY2014/15 are expected to increase over the previous year as planted area keeps expanding and new orchards are coming into production. Almond production should recuperate as weather is expected to be normal this spring. For the out years, output should continue to expand as a result of improved technologies, replacement of uprooted orchards with improved varieties and a significant increase in planted area.

Commodities:

Walnuts, Inshell Basis

Production:

Walnut production continues to expand as a result of a significant expansion in planted area with new developed varieties, together with the replacement of old, low production orchards. Additionally, an increasing number of producers have adopted improved technologies like pruning and drip irrigation. An increasing use of a chemical called "Retain" which prevents the blooms from aborting due to an excess of pollen, has eliminated the alternate bearing effect in walnut production. As a result, we can expect that walnut output will continue to increase steadily with few ups and downs due to an expansion of the new planted area which is coming into production. Although it is a bit too early for a good walnut output prediction, for 2014/15 the industry expects total production to be at the level of over 60,000 metric tons.

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. Total planted area has doubled during the last 6 years, reaching a total of 35,000 hectares.

Inputs:

All commercial walnut orchards are planted on irrigated land. However, until now, only 60 percent of the planted area has 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. If international prices are low, exports fall off and domestic consumption increases as the larger supply

drives domestic prices down. However, domestic demand does not drive consumption or determine market prices.

Trade:

Walnut exports will reach another record volume in 2013/2014. The EU 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 is no trade or 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 US-Chile Free Trade Agreement, trade of walnuts between both countries face a zero duty.

Production, Supply and Demand Data Statistics:

Commodities:

Almonds, Shelled Basis

Production:

Heavy frost during September 2013 decreased almond production. Total output for MY2013/2014 fell over 70 percent per an industry contact. For 2013/2014 the industry expects almond production to come back to normal levels if normal climatic conditions prevail during the coming spring weather. For the out years total almond production is expected to grow as producers continue to expand their groves, but at a smaller rate than other tree nuts like walnuts and hazelnuts.

Crop Area

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 Region VI (Rancagua) and the Metropolitan Region (Santiago). The largest increases during recent years of new planted groves are in Region IV (Ovalle) area, as was indicated by industry officials. Almonds are planted on irrigated land and average yields are estimated to be between 800 kg to slightly over one metric ton per hectare. These crops have the same constraints: soil and weather (rainfall and frost).

Inputs

Nonpareil is the main variety planted, accounting for 48 percent of the total planted area. Other varieties like Carmel, 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.

Trade:

Most almonds exported are shelled and sent to markets where Chile has tariff preferences like Mexico, Argentina, Brazil, Colombia, Venezuela and the European Union (Spain, Italy and the Netherlands). Chile also imports almonds, mainly from the United States. Industry sources indicated that imports are mainly used by the confectionery industry and are of a smaller size than the ones produced in Chile.

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 US-Chile Free Trade Agreement, US almonds enter Chile duty free.

Author Defined:

Almonds, Shelled Basis Chile	2012/2013	2013/2014	2014/2015
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	Market Year Begin: Dec 2012		Market Year Begin: Dec 2013		Market Year Begin: Dec 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	9,600	0	9,700		9,700
Area Harvested	0	7,000	0	7,100		7,100
Bearing Trees	0	2,490	0	2,526		2,526
Non-Bearing Trees	0	825	0	824		824
Total Trees	0	3,315	0	3,350		3,350
Beginning Stocks	800	800	500	792		792
Production	8,300	7,500	9,300	2,000		7,000
Imports	3,200	3,348	3,500	4,000		3,000
Total Supply	12,300	11,648	13,300	6,792		10,792
Exports	7,900	7,356	8,500	3,100		6,500
Domestic Consumption	3,900	3,500	4,300	2,900		3,500
Ending Stocks	500	792	500	792		792
Total Distribution	12,300	11,648	13,300	6,792		10,792
HA, 1000 TREES, MT						