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Chile

Tree Nuts Annual

2018

Approved By:

Marcela Rondon, Agricultural Attaché

Prepared By:

Sergio Gonzalez, Agricultural Specialist

Report Highlights:

In MY2017/18, Chilean almond import volume increased by 32.5 percent and exports increased by 5.4 percent over MY2016/17. The United States continues to be Chile's top supplier of almonds holding a 99 percent market share. Post projects Chilean almonds exports to increase by 3.4 percent and reach 6,100 MT in MY2018/19 following an increase in planted area.

Chilean walnuts exporters face difficulties in India, an export market they were expecting to place 15,000 MT of walnuts in MY2017/18, however, due to sudden tariff increases from 30 percent to 100 percent, nearly 10,000 MT will not reach that destination. Post estimates MY2017/18 exports to remain flat at 116,000 MT and MY2018/19 exports to increase by 14.7 percent over MY2017/18 and reach 133,000 MT.

Commodities:

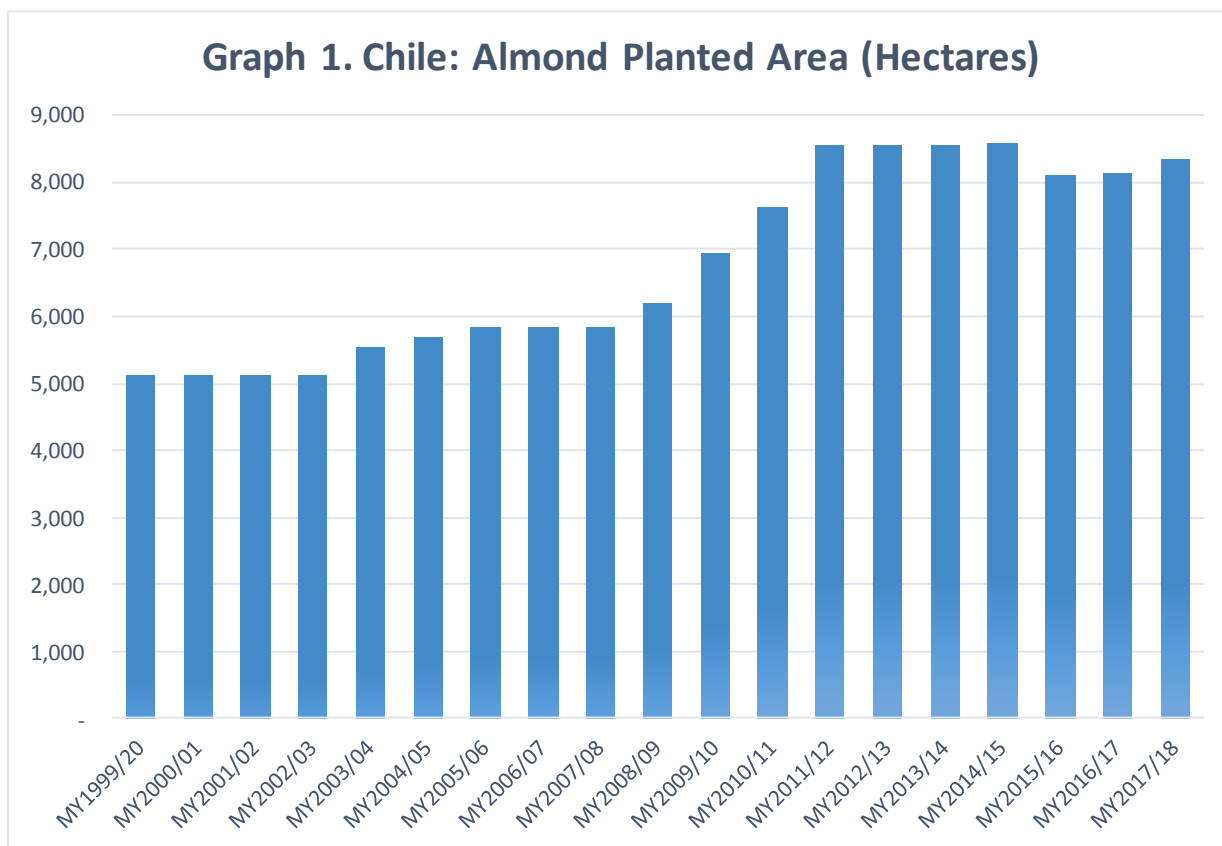
Almonds, Shelled Basis

Production:

Chile’s almond planted area reached 8,341 hectares (ha) in MY2017/18 and will remain around 8,400 ha in the following marketing years. Unlike other fruit crops, almonds require specific climatic conditions, which are present only in the central regions of Chile and not in the southern regions where fruits’ planted area is expanding with cherries, walnuts and hazelnuts. Post does not expect planted area to expand in the near future.

Almond planted area is concentrated in the central part of the country, specifically in the Metropolitan region, O’Higgins region, Valparaiso region, and Coquimbo region, which hold 42 percent, 29 percent, 14 percent and 14 percent planted area respectively (see graph 2).

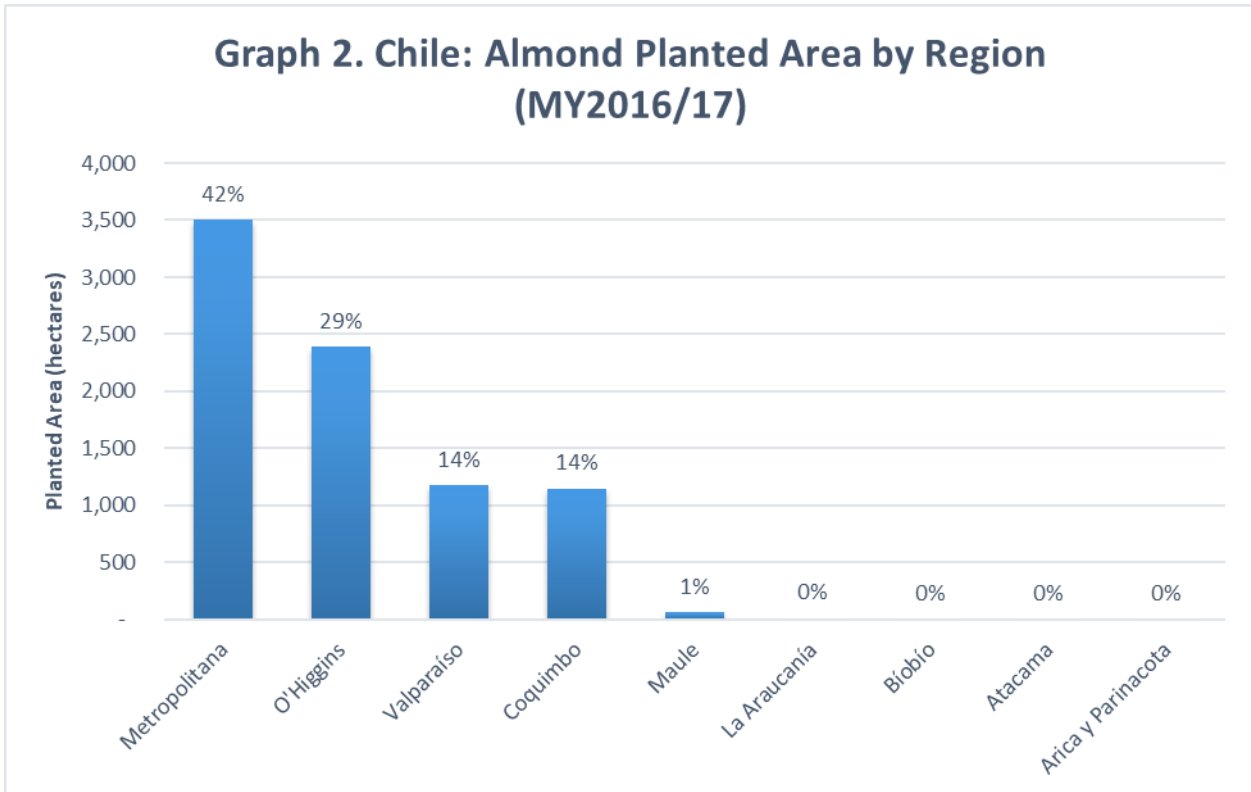
Post projects almond production to reach 7,300 MT in MY2018/19 following the increase in planted area.



Source:

ODEPA/CIREN

Graph 2. Chile: Almond Planted Area by Region (MY2016/17)



Source:

ODEPA/CIREN

Consumption:

Domestic consumption of almonds represents a large share of the total almond supply. Post estimates the domestic market consumes around 40 percent of the total supply of almonds (total supply = production + imports). In MY2017/18, consumption will reach 4,200 MT, which represents 39 percent of the total supply.

Chile’s confectionary industry consumes the majority of the domestic almonds supply. Almonds are used as an ingredient to make chocolate candy, ice cream, and pastries. The demand for almonds has increased along with the consumption for processed foods and manufacturing of high value-added products. Almonds are packaged and sold as a healthy snack in nearly all retail stores.

Almond importers are both confectionary companies that import directly from the suppliers and companies that import, process, and sell to confectionary companies or retail stores.

Trade:

Chilean almond exports in MY2016/17 decreased by 15.6 percent in volume and 11.4 percent in value over MY2015/16 (see Table 1). In MY2017/18, the situation has shifted and exports have increased by 5.4 percent in volume and 15.3 percent in value (January to June data). Russia is the top market for Chilean almond exports, followed by Argentina and Brazil.

According to post sources, revenues from almonds have been good and Chile positions their almonds as a high quality product, although no big marketing campaigns to promote Chilean almond exports are taking place. Post estimates MY2018/19 exports at 6,100 MT following the moderate increase in planted area.

The United States continues to be the top supplier of almonds, with 99 percent of market share (see Table 2). Almond imports in MY2017/18 increased by 32.3 percent in volume and 31.2 percent in value over MY2016/17 (January to June data).

Table 1. Chile Export Statistics						
Commodity: 080212, Almonds, Fresh Or Dried, Shelled						
Volume (MT)						
Partner Country	Marketing Year			Year To Date		
	MY2015/16	MY2016/17	%Change	Jan - June 2017	Jan - June 2018	%Change
World	6,607	5,577	-15.6%	2,073	2,185	5.4%
Russia	1,004	720	-28.3%	306	455	48.7%
Argentina	1,826	1,718	-5.9%	580	401	-30.9%
Brazil	1,327	1,038	-21.8%	387	364	-5.9%
Italy	393	254	-35.4%	184	301	63.6%
Ecuador	296	404	36.5%	84	172	104.8%
Peru	203	177	-12.8%	37	155	318.9%
Uruguay	149	170	14.1%	43	72	67.4%
Colombia	285	208	-27.0%	58	65	12.1%
Germany	108	56	-48.1%	39	52	33.3%
Kuwait	20	38	90.0%	38	40	5.3%
United Kingdom	16	-		-	22	
Netherlands	56	31	-44.6%	31	16	-48.4%
Paraguay	64	62	-3.1%	32	16	-50.0%
France	66	39	-40.9%	16	16	0.0%
Others	794	662	-16.6%	238	38	-84.0%
Chile Export Statistics						
Commodity: 080212, Almonds, Fresh Or Dried, Shelled						
United States Dollars (\$)						
Partner Country	Marketing Year			Year To Date		
	MY2015/16	MY2016/17	%Change	Jan - June 2017	Jan - June 2018	%Change
World	47,918,729	42,460,900	-11.4%	15,408,324	17,768,114	15.3%
Russia	6,961,909	5,724,351	-17.8%	2,401,274	3,806,105	58.5%
Argentina	13,102,861	12,935,470	-1.3%	4,335,553	3,082,512	-28.9%
Brazil	10,189,030	8,012,985	-21.4%	2,957,021	2,858,744	-3.3%
Italy	2,572,455	1,910,940	-25.7%	1,353,705	2,529,924	86.9%
Ecuador	2,355,932	3,191,321	35.5%	675,292	1,366,276	102.3%
Peru	1,393,258	1,362,381	-2.2%	282,758	1,258,938	345.2%
Uruguay	1,126,180	1,297,919	15.2%	325,100	569,899	75.3%
Colombia	2,157,168	1,550,617	-28.1%	441,655	534,480	21.0%
Germany	751,363	483,092	-35.7%	347,692	486,729	40.0%
Kuwait	197,000	334,202	69.6%	334,202	364,228	9.0%
United Kingdom	115,327	-		-	176,749	
Lithuania	878,206	381,075	-56.6%	125,450	152,530	21.6%
France	495,521	324,785	-34.5%	140,830	151,815	7.8%
Paraguay	532,840	570,435	7.1%	287,145	151,500	-47.2%
Others	5,089,679	4,381,327	-13.9%	1,400,647	277,685	-80.2%

Source of Data: Chile Customs - Servicio Nacional de Aduana

Note: In-Shell to shelled conversion rate = 0.6

Table 2. Chile Import Statistics						
Commodity: 080212, Almonds, Fresh Or Dried, Shelled						
Volume (MT)						
Partner Country	Marketing Year			Year To Date		
	MY2015/16	MY2016/17	%Change	Jan - June 2017	Jan - June 2018	%Change
World	2,474	2,905	17.4%	1,263	1,671	32.3%
United States	2,451	2,892	18.0%	1,252	1,660	32.6%
Spain	17	10	-41.2%	10	10	0.0%
China	-	3		1	1	0.0%
Chile Import Statistics						
Commodity: 080212, Almonds, Fresh Or Dried, Shelled						
United States Dollars (\$)						
Partner Country	Marketing Year			Year To Date		
	MY2015/16	MY2016/17	%Change	Jan - June 2017	Jan - June 2018	%Change
World	17,882,415	17,413,614	-2.6%	7,616,489	9,990,885	31.2%
United States	17,703,434	17,312,632	-2.2%	7,531,593	9,901,911	31.5%
Spain	119,161	72,338	-39.3%	72,338	75,814	4.8%
China	2,605	21,160	712.3%	8,860	7,752	-12.5%

Source of Data: Chile Customs - Servicio Nacional de Aduana

Note: In-Shell to shelled conversion rate = 0.6

Table 3. Production, Supply and Demand Data Statistics:

Almonds, Shelled Basis	2016/2017		2017/2018		2018/2019	
	Jan 2017		Jan 2018		Jan 2019	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Chile						
Area Planted	0	8,144	0	8,341	0	8,450
Area Harvested	0	7,900	0	8,100	0	8,250
Bearing Trees	0	3,950	0	4,050	0	4,125
Non-Bearing Trees	0	122	0	120	0	120
Total Trees	0	4,072	0	4,170	0	4,245
Beginning Stocks	500	500	500	500	0	600
Production	7,600	6,672	7,500	7,200	0	7,300
Imports	3,300	2,905	3,000	3,000	0	3,000
Total Supply	11,400	10,077	11,000	10,700	0	10,900
Exports	6,600	5,577	7,000	5,900	0	6,100
Domestic Consumption	4,300	4,000	3,500	4,200	0	4,300
Ending Stocks	500	500	500	600	0	500
Total Distribution	11,400	10,077	11,000	10,700	0	10,900

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

Note: In-Shell to shelled conversion rate = 0.6

Source: post estimations

Commodities:

Walnuts, Inshell Basis

Production:

Post sources in the walnut exporting industry indicate that walnuts planted area has been increasing from 2,500 to 3,000 ha per year for the past five marketing years, but it is currently increasing at a more moderate rate of 1,500 ha per year. Out of the planted area, around 10,000 ha today are still in formation, but in following five marketing years, the harvested planted area will surpass 45,000 ha, reaching production volumes of 180,000 MT with an average yield of 4.0 MT per ha.

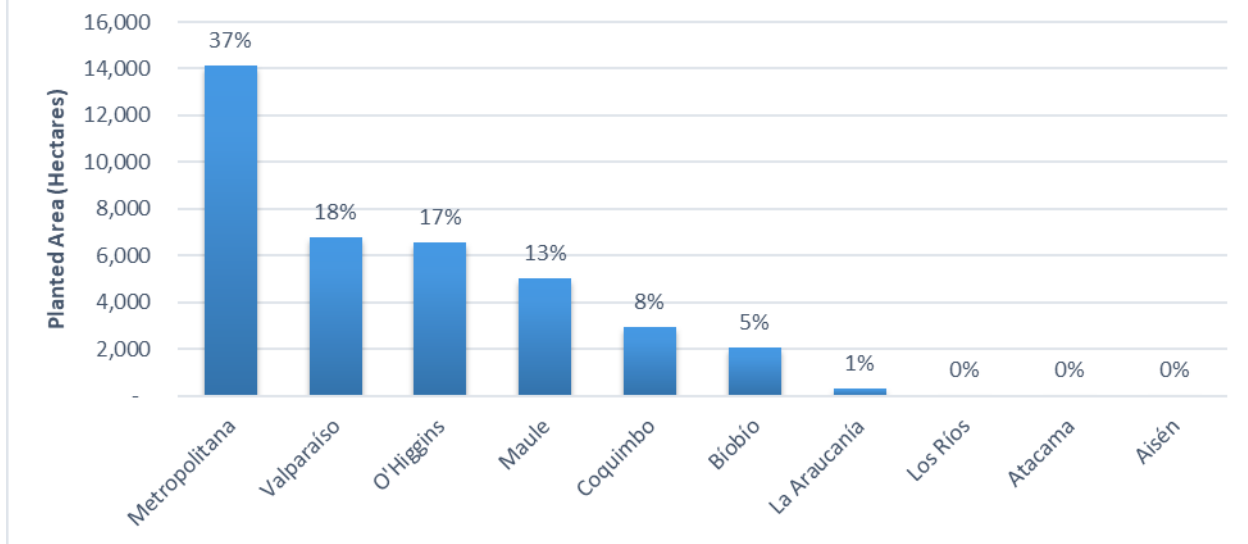
Walnuts, along with cherries and hazelnuts, are the most planted fruit crops in Chile since revenues obtained by the producers and exporters have been high in the past, and demand for Chilean walnuts continues to be strong.

Like almonds, Chile's walnut production is concentrated in the central regions: Metropolitan region has 37 percent of the total planted area in Chile (see graph 4) and Valparaiso region has 18 percent. The planted area has expanded to the southern regions of O'Higgins, which holds 17 percent of the planted area and Maule, which has 13 percent of the total planted area in Chile. Walnuts are able to adapt to a wider variety of climatic conditions using the proper production techniques and varieties, which has allowed production to expand to Coquimbo region in the northern part of the country and to Biobio region, which is in the southern part of the country where rainfall is abundant.

Walnut yield was high in MY2016/17 due to optimal climatic conditions. MY2017/18 had moderate yields, therefore, despite the increase in planted area, Post estimates MY2017/18 production to stay flat over MY2016/17 totaling 119,000 MT.

In MY2018/19 production will reach 135,000 MT considering normal climatic conditions, the increase in planted area and that newly planted orchards become productive.

Graph 3. Chile: Walnut Planted Area by Region (MY2016/17)



Source:

ODEPA/CIREN

Consumption:

Domestic consumption of walnuts represents a small share of production or 2.2 percent in MY2017/18 and will reach 2,600 MT. Chileans consume walnuts as a snack and the confectionary industry uses them as an ingredient to make chocolates and pastries.

Trade:

In MY2016/17 walnut exports reached 116,821 MT, which represented a 48.8 percent increase over the previous MY (see Table 4). Exported value increased by 90.2 percent as walnuts had better quality compared to MY2015/16 where they faced rainfall during the harvest (Table 5).

Chile exports to a wide variety of destinations because as production grows Chilean walnut exporters seek to diversify markets and reach new destinations to receive the highest possible price. The Chilean walnut exporting industry is organized and has invested in marketing campaigns to promote Chilean walnuts and to open new market destinations such as China or India. By far the top market destination for Chilean walnuts is Turkey. In MY2016/17 Chile exported 28,756 MT to that market, which represented 24.6 percent of total Chilean walnut exports. Germany is the second top market for Chilean walnuts and imported 14.9 percent of Chilean walnuts in MY2016/17, while Italy imported 10.4 percent.

In MY2017/18 (Jan-July) exports decreased by 13 percent in volume and the same amount in value over MY2016/17. MY2016/17 was a highly productive year due to optimal climatic conditions, which boosted exported volume. MY2017/18 had moderate yields and although exports are throughout the year, the projected exported volume is similar to MY2016/17. In MY2017/18, Chilean walnut exporters

have faced difficulties positioning walnuts in export markets, world supply of walnuts is high, and prices are lower than in MY 2016/17 and low caliber fruit is difficult to sell.

The fastest growing markets for Chilean walnut exports are India, Morocco, and Vietnam.

Post estimates MY2018/19 exports to increase by 14.7 percent over MY2017/18 and reach 133,000 MT, following the increase in planted area and assuming regular yields.

Table 4. Chile Export Statistics						
Commodity: 080231, Walnuts, Fresh Or Dried, In Shell						
Volume (MT)						
Partner Country	Marketing Year			Year To Date		
	MY2015/16	MY2016/17	%Change	Jan - July 2017	Jan - July 2018	%Change
World	78,496	116,821	49%	73,413	64,114	-13%
Turkey	23,404	28,756	23%	27,683	18,448	-33%
Italy	8,878	12,119	37%	8,736	6,250	-28%
Germany	6,301	17,636	180%	6,361	6,019	-5%
United Arab Emirates	2,650	8,462	219%	6,607	5,431	-18%
India	583.14	5,072	770%	2,514	3,962	58%
Morocco	1,046	2,631	152%	1,617	3,135	94%
Brazil	7,875	8,060	2%	2,764	3,066	11%
Spain	3,376	5,614	66%	2,917	3,061	5%
Netherlands	4,653	3,914	-16%	1699.56	1,936	14%
Vietnam	0	345		302	1058	250%
Ecuador	1,203	1,807	50%	735.02	995.48	35%
Russia	1013.48	2248.36	122%	995.58	939.32	-6%
Switzerland	1736.28	1,465	-16%	556.92	823.68	48%
Belgium	508	1,314	159%	597.74	690.9	16%
Others	15,270	17,378	14%	9,328	8,298	-11%

Source of Data: Chile Customs - Servicio Nacional de Aduana

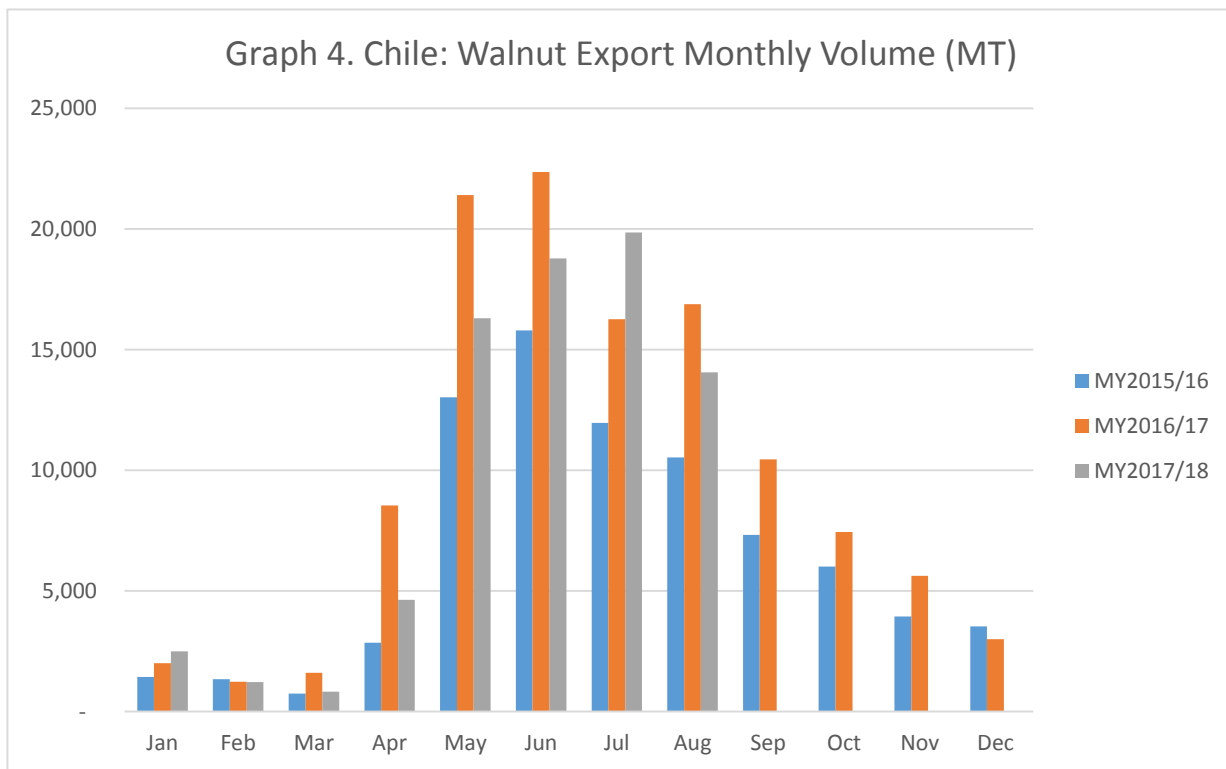
Note: Shelled to in-shell conversion rate = 2.34

Table 5. Chile Export Statistics
Commodity: 080231, Walnuts, Fresh Or Dried, In Shell

United States Dollars (\$)						
Partner Country	Marketing Year			Year To Date		
	MY2015/16	MY2016/17	%Change	Jan - July 2017	Jan - July 2018	%Change
World	242,356,271	460,892,845	90%	278,604,714	241,141,043	-13%
Turkey	56,760,918	93,725,686	65%	91,268,623	60,240,727	-34%
Italy	29,538,712	51,075,453	73%	36,187,625	25,096,946	-31%
Germany	23,472,119	75,634,628	222%	26,716,722	24,135,268	-10%
United Arab Emirates	9,519,079	35,229,921	270%	27,699,506	19,706,699	-29%
India	1,690,894	19,532,611	1055%	9,353,641	15,336,795	64%
Spain	13,102,112	24,609,988	88%	12,981,935	12,305,146	-5%
Brazil	25,589,058	32,756,142	28%	10,625,457	11,821,615	11%
Morocco	2,512,848	9,029,972	259%	5,604,202	11,441,889	104%
Netherlands	15,937,519	17,709,312	11%	7,593,258	8,271,213	9%
Russia	4,567,036	11,412,047	150%	5,143,485	4,656,710	-9%
Switzerland	7,248,947	7,110,704	-2%	2,718,168	4,161,006	53%
Ecuador	3,670,445	6,521,829	78%	2,608,538	3,754,929	44%
Vietnam	0	1,306,377		1,135,192	3,648,969	221%
France	7,077,709	16,446,656	132%	6,562,344	3,252,844	-50%
Others	41,668,875	58,791,519	41%	32,406,018	33,310,287	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 and ODEPA

Note: Shelled to in-shell conversion rate = 2.34

Policy:

As a retaliation measure against the United States, India increased walnut import tariffs from 30 percent to 100 percent. On May 18, 2018 the government of India (GOI) announced a tariff increase for U.S. walnuts, but on May 21, GOI announced that the retaliatory tariffs increase would apply to all origins (for more information see [GAIN Report](#)). Indian walnut importers paused imports of Chilean walnuts after the GOI made the announcement. According to the Chilean Walnut Producers Association, *Chilenut*, Chile had already shipped 2,500 MT of walnuts out of the 15,000 MT of total expected exports to India. *Chilenut* requested the Chilean government to address the sudden tariff increase with the government of India in order to resume exports to India. However, the GOI has not reverted to the 30 percent tariff at the time of writing this report. Post understands the Chilean government continues to engage with GOI on this issue.

Table 6. Production, Supply and Demand Data Statistics:

Walnuts, Inshell Basis Market Begin Year	2016/2017		2017/2018		2018/2019	
	Jan 2017		Jan 2018		Jan 2019	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	40,000	0	43,000	0	45,000
Area Harvested	0	30,000	0	33,000	0	37,777
Bearing Trees	0	5,000	0	5,500	0	6,270
Non-Bearing Trees	0	1,900	0	1,660	0	4,840
Total Trees	0	6,900	0	7,160	0	11,110
Beginning Stocks	443	443	400	400	0	1,000
Production	117,000	119,078	120,000	119,000	0	135,000
Imports	200	200	500	200	0	200
Total Supply	117,643	119,721	120,900	119,600	0	136,200
Exports	115,000	116,821	118,000	116,000	0	133,000
Domestic Consumption	2,243	2,500	2,500	2,600	0	2,700
Ending Stocks	400	400	400	1,000	0	500
Total Distribution	117,643	119,721	120,900	119,600	0	136,200

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

Source: post estimations

Note: Shelled to In-shell conversion rate = 2.34