USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

Date: 5/24/2007

GAIN Report Number: CI7013

Chile

Tomatoes and Products

Annual

2007

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Report Highlights:
Chile's tomato paste production is expected to increase, as planted area will increase. Production of fresh tomatoes is forecast to fall slightly.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Santiago [CI1]
[CI]

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Executive Summary

Our new tomato paste production estimates show an increase for MY2007 when compared to both last year and previous estimate. The canning industry contracted a larger planted area of tomatoes from producers; as a result total output of tomatoes for processing will increase. Fresh tomato production is expected to fall slightly.

Production General

Fresh Tomatoes

For Fresh Consumption

Planting of tomatoes for fresh consumption is not expected to change in the coming years, as domestic consumption and exports volumes fell during last season. Exports to Argentina, Chile's main export market fell mainly due to changes in exchange policy. Industry sources have indicated that due to changes in varieties of tomatoes that have a longer shelf life but not as tasty consumers have reduced out of season consumption of tomatoes. As a result domestic prices fell and consequently planted area and production were also reduced. Higher prices for fresh tomatoes during CY2006 are not expected to increase planted area next season as the price increase during the winter month was due to a fall of tomatoes produced in greenhouses in the north of Chile (Arica) as a larger number of producers switched to alternative crops.

In Chile most tomatoes that go to the processing industry are produced in the irrigated central valley of Chile. Tomatoes for fresh consumption are planted throughout Chile from Arica to Tierra del Fuego. Almost 1,500 hectares of tomatoes are planted in greenhouse with drip-irrigation systems, these are all for fresh consumption.

Prices Table			
Country	Chile		
Commodity	Fresh Tomatoes		
Prices in	Pesos	Per uom	Kg.
Year	2005	2006	% Change
Jan	163.8	172.4	5%
Feb	144.1	144.4	0%
Mar	146.2	163.8	12%
Apr	179.2	168.1	-6%
May	170.8	179.6	5%
Jun	180.1	219.4	22%
Jul	169.2	271.6	61%
Aug	179.3	257.1	43%
Sep	188.8	274.6	45%
Oct	256.1	268.9	5%
Nov	287.1	279.2	-3%
Dec	222.9	230.4	3%
Exchange Rate	532	Local Currency/US $	
Date of Quote	4/30/2007	MM/DD/YYYY	

For Processing

Total planted area of tomatoes for processing fell significantly since MY2003, from an estimated 11,000 hectares to only 8,500 in MY2006. In 2007, it increased again as a result a fall in production in the northern hemisphere, mainly in the US that was affected by adverse weather conditions resulting in a significant reduction in output. Industry sources indicated that in the long run planted area is not expected to vary significantly for the coming years, as the tomato processing industry is reportedly producing tomato paste for niche markets and for long-term customers. Presently there are only two processing industries in Chile that produce tomato paste and these reportedly have most of their production committed at the time they fix planting contracts with the farmers. Sources also indicate that in the long run, planted area and production figures probably will not vary significantly as the industry is presently producing at more than 85 percent of capacity. Chile's tomato production (planting and processing) represents less than 4 percent of total world production.

Tomatoes for processing are planted from mid-September through early November of each year and harvested from early-mid January through mid April. During the planting season, frosts are an important limiting factor in many growing areas. A dry summer, with significant temperature changes between day and night during the growing season, allows growers to produce tomatoes with a deep red color. Over 95 percent of tomatoes harvested for processing are destined for paste production. The tomato products industry mainly targets the export market.

Tomatoes for industrial purposes are planted in the central area (Regions V through VII and the Santiago Metropolitan Region).

Tomato Products

Canned Tomatoes

Chile produces whole peeled, crushed peeled and diced tomatoes. Trade figures and PS&D tables include all three products since statistics contain no product breakout. Most canned tomatoes are produced for export. Canned tomato production is highly dependent on export demand. Customers in the domestic or export market normally contract yearly production. Canned tomatoes are produced mainly for the Latin American market.

Tomato Paste

We revised the tomato paste production for MY2006 upwards, as a result of new information given by industry sources. Moreover, these same sources have indicated that as a result of good prices and a strong demand for paste they processed more tomatoes than previously projected. The industry in Chile contracts tomato plantings and produces paste according to an expected demand for paste. Farmers plant tomatoes only by contract with the industry. For MY2007, another increase is expected as demand and prices are strong due to lower production in the Northern Hemisphere that has been affected by adverse weather conditions.

The paste industry in Chile mainly produces a 30 to 32 Brix product. Small amounts are produced with 28 to 30 Brix for the Japanese market. As a result of industry mergers, sales of processing plants, and joint ventures with foreign companies, there are now only two players in the tomato paste industry in Chile today. The two companies are Aconcagua Foods and Agrozzi. Aconcagua Foods, which used to be Corpora bought several processing plants over the last few years and also established a joint venture with a Mexican Company named La Costena, a leading canned product producer and distribution company. Meanwhile Agrozzi, took control of Malloa, a tomato processing company that used to belong to Lever, a multinational company, and became the largest producer in Chile.

Tomato Sauce

Tomato sauce production, like canned tomato production, is closely related to export demand. For this coming season a slight increase in output is expected as industry expects a stronger foreign demand.

Production Policy

There are no government subsidies for tomatoes. Most imports are subject to a fixed general tariff of 6 percent ad valorem. All products pay an additional 19 percent value added tax.

Consumption

Fresh Tomatoes

There are no statistics on domestic consumption in Chile. Usually, we assume no significant change in domestic consumption, although high prices due to a smaller supply may reduce consumption some years. Figures are estimated as a residual of estimated production and export data.

Shelf life influences which tomato varieties are used in Chile. Improved shelf life has allowed growers to produce tomatoes in the extreme north of Chile (Arica) and transport them to major population centers 1,000 miles to the south e.g., Santiago, mainly during the winter season. This development has permitted a constant fresh tomato supply during the entire year, contributing to an increase in total fresh tomato consumption together with a fall in prices over the last few years. However increased competition from other horticultural products together with less tastier long shelf life tomatoes is expected to modestly affect domestic consumption of fresh tomatoes over the next few years. The most common varieties planted in Chile are Cal-ace, Marmande raf, Ac 55 vf, Early pack, Napoli and Roma.

Processed Tomatoes

Since Chilean processed tomato production is mainly for the export market, domestic utilization is fundamentally a residual. As previously mentioned there are no statistics on domestic consumption

Trade

Fresh

Chile's fresh tomato exports are tied to export demand. But exports of fresh tomatoes are not expected to rebound in the short term as was indicated by an industry contact, mainly due to poor profitability that is forecasted to continue in 2007, as the Chilean peso gets stronger, reducing returns to growers. Additionally, shipping costs keep increasing.

Although Chile can export fresh tomatoes to the U.S., the industry is not optimistic about that market due to fumigation requirements, which reduce the products shelf life and the need to ship the product by air in order to compete in quality with other imports. As a result of limited space in airfreight and competition for that space with more profitable commodities, like berries and salmon, fresh Chilean tomatoes generally are not price-competitive with Mexican tomatoes that are produced year round closer to the U.S. market.

Processed

Tomato Paste: Neighboring Latin American countries are Chile's main export markets. Mexico is the largest market. The two processors indicated that they normally contract planting areas with farmers to produce enough tomato paste to supply their export needs. But, when lower production is expected from the most important tomato paste producer in the northern hemisphere, the industry increases production hoping to supply an unsatisfied demand.

Tomato Sauce: The industry has been able to diversify the tomato sauce export market, which was highly concentrated. Nevertheless most exports are destined for Latin American countries, whose economies are more or less stagnant. Consequently, only small increases in exports are likely in the next few years.

Canned Tomatoes: Although the industry is making a great effort to expand markets in neighboring Latin American countries, demand for Chile's canned tomatoes has been falling over the last few years.

PSD Table									
Country	Chile								
Commodity	**Fresh Tomatoes**						(HA)(MT)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Plant For Fresh Consump	0	7000	6500	0	7000	6500	0	0	6500
Plant For Processing	0	8000	8500	0	9000	9500	0	0	9500
Total Area Planted	0	15000	15000	0	16000	16000	0	0	16000
Harv. For Fresh Cons.	0	7000	6500	0	7000	6500	0	0	6500
Harv. For Processing	0	8000	8000	0	9000	9500	0	0	10000
Total Area Harvested	0	15000	14500	0	16000	16000	0	0	16500
Fresh Sale Production	0	295000	274000	0	295000	270000	0	0	270000
Processing Production	0	608000	645000	0	702000	685000	0	0	700000
Total Production	0	903000	919000	0	997000	955000	0	0	970000
Total Supply	0	903000	919000	0	997000	955000	0	0	970000

Export Trade Matrix			
Country	Chile		
Commodity	**Fresh Tomatoes**		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2005		2006
U.S.	66	U.S.	0
Others		Others	
Argentina	148	Spain	30
Spain	23	Argentina	23
U.K.	8	U.K.	8
Falkland	2	Falkland Isl.	2
Total for Others	181		63
Others not Listed	0		0
Grand Total	247		63

PSD Table									
Country	Chile								
Commodity	**Tomato Paste,28-30% TSS Basis**						(MT)(MT, Net Weight)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Deliv. To Processors	547000	547000	645000	632000	632000	685000	0	0	700000
Beginning Stocks	14013	14013	14013	9613	9613	9613	8713	8713	7613
Production	79600	79600	107190	90500	90500	110000	0	0	112000
Imports	0	0	0	0	0	0	0	0	0
Total Supply	93613	93613	121203	100113	100113	119613	8713	8713	119613
Exports	62000	62000	89590	69400	69400	90000	0	0	91000
Domestic Consumption	22000	22000	22000	22000	22000	22000	0	0	22000
Ending Stocks	9613	9613	9613	8713	8713	7613	0	0	6613
Total Distribution	93613	93613	121203	100113	100113	119613	0	0	119613

Export Trade Matrix			
Country	Chile		
Commodity	**Tomato Paste,28-30% TSS Basis**		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2005		2006
U.S.	1728	U.S.	3266
Others		Others	
Venezuela	15422	Mexico	20699
Mexico	15323	Venezuela	13129
Costa Rica	12095	Costa Rica	9972
Japan	10395	Colombia	7983
Colombia	6215	Japan	6821
Argentina	3879	Argentina	5748
Guatemala	3792	Ecuador	3433
Ecuador	3575	Guatemala	2930
Brazil	3559	Honduras	2735
Honduras	1929	Uruguay	2500
Total for Others	76184		75950
Others not Listed	6825		10374
Grand Total	84737		89590

PSD Table									
Country	Chile								
Commodity	**Tomatoes, Canned**						(MT)(MT, Net Weight)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Deliv. To Processors	4600	4600	4200	4600	4600	3970	0	0	3800
Beginning Stocks	137	137	137	137	137	226	137	137	226
Production	4400	4400	4000	4400	4400	3800	0	0	3630
Imports	0	0	0	0	0	0	0	0	0
Total Supply	4537	4537	4137	4537	4537	4026	137	137	3856
Exports	1200	1200	711	1200	1200	600	0	0	600
Domestic Consumption	3200	3200	3200	3200	3200	3200	0	0	3100
Ending Stocks	137	137	226	137	137	226	0	0	156
Total Distribution	4537	4537	4137	4537	4537	4026	0	0	3856

Export Trade Matrix			
Country	Chile		
Commodity	**Tomatoes, Canned**		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2005		2006
U.S.	205	U.S.	162
Others		Others	
Honduras	403	Mexico	155
Venezuela	163	Honduras	118
Costa Rica	131	Japan	101
Colombia	120	Colombia	75
Japan	100	Costa Rica	50
Guatemala	33	Guatemala	34
Brazil	21	Brazil	16
Mexico	17		
Argentina	4		
Falkland	1		
Total for Others	993		549
Others not Listed	0		
Grand Total	1198		711

PSD Table									
Country	Chile								
Commodity	**Tomato Sauce**						(MT)(MT, Net Weight)		
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Deliv. To Processors	8750	8750	8850	8700	8700	8900	0	0	9000
Beginning Stocks	205	205	205	215	215	178	225	225	238
Production	4000	4000	4700	3900	3900	4750	0	0	4800
Imports	0	0	0	0	0	0	0	0	0
Total Supply	4205	4205	4905	4115	4115	4928	225	225	5038
Exports	3000	3000	3737	2900	2900	3700	0	0	3800
Domestic Consumption	990	990	990	990	990	990	0	0	990
Ending Stocks	215	215	178	225	225	238	0	0	248
Total Distribution	4205	4205	4905	4115	4115	4928	0	0	5038

Export Trade Matrix			
Country	Chile		
Commodity	**Tomato Sauce**		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2005		2006
U.S.	0	U.S.	0
Others		Others	
Argentina	665	Argentina	708
Guatemala	574	Mexico	590
Peru	435	Guatemala	488
Mexico	245	Peru	461
Colombia	201	Dominican Rep.	318
Brazil	170	Colombia	262
Dominican Rep.	168	Brazil	207
Cuba	131	Costa Rica	141
Ecuador	107	Paraguay	129
Uruguay	98	Uruguay	115
Total for Others	2794		3419
Others not Listed	263		318
Grand Total	3057		3737