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Chile

Tomatoes and Products

Annual

2006

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Report Highlights:
Chile's tomato paste production is expected to fall, as planted area will fall. Production of fresh tomatoes is forecast to stay at a similar level to last year.

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 output for MY2006 as smaller than last year, as the canning industry contracted a smaller planted area of tomatoes from producers, so total output of tomatoes for processing will fall. Fresh tomato production is expected to stay at similar levels to MY2005, as planting takes place throughout the year.

Production General

Fresh Tomatoes

For Fresh Consumption

Planting of tomatoes for fresh consumption fell slightly back in 2004, as demand shifted to other horticultural products. Industry sources indicated that many marginal tomato producers went out of business or switched to other horticultural products. In spite of an increase in export demand, at least for MY2005, planted area and total output are not expected to increase in the coming years. As exports to Argentina fell due to their change in exchange policy, Chile's main greenhouse tomato producers reduced their production. In the long run, planted area is forecasted to stay unchanged. According to industry sources, domestic demand for tomatoes is not expected to increase in the near future, as other horticultural products have begun to displace tomatoes.

Although greenhouse planted area with drip-irrigation systems has increased during the last few years tomatoes planted in open fields still accounts for 80 percent of the total planted area. Although most tomatoes are produced in the irrigated central valley of Chile, tomatoes for fresh consumption are planted throughout Chile from Arica to Tierra del Fuego.

Prices Table			
Country	Chile		
Commodity	Fresh Tomatoes		
Prices in	Pesos	Per uom	Kg.
Year	2004	2005	% Change
Jan	190.1	172.4	-9%
Feb	164.2	151.8	-8%
Mar	158.8	153.1	-4%
Apr	149.1	153.2	3%
May	173.9	176.7	2%
Jun	191.7	185.6	-3%
Jul	186.2	173.3	-7%
Aug	184.8	183.1	-1%
Sep	207.5	190.9	-8%
Oct	213.7	257.7	21%
Nov	211.2	289.6	37%
Dec	185.0	225.6	22%
Exchange Rate	517	Local Currency/US $	
Date of Quote	4/30/2006	MM/DD/YYYY	

For Processing

Total planted area of tomatoes for processing has fallen significantly since MY2003, from an estimated 11,000 hectares to only 8,000 in MY2006. A slight increase is expected again in MY2007 as production in the northern hemisphere, mainly in the US was affected by adverse weather conditions resulting in a significant reduction in output. As a result, the industry in Chile expects prices for tomato paste to recuperate and thus they are increasing production again in response to an expected increasing demand. 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 - including 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

Tomato paste production in MY2006 is now estimated to be less than 80,000 MT. A significant fall from the 115,000 MT produced in MY2003. This resulted mainly due to low international prices during the previous year. The industry in Chile contracts tomato plantings and produces paste according to an expected demand for paste. Farmers plant tomatoes only by contact with the industry. For MY2007, a small increase is expected again as production in the US 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 decrease in output is expected as industry expects a weaker 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 four years. However increased competition from other horticultural products 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. However, industry sources point to a moderate expansion in the consumption of paste and sauce, in line with the spread of fast-food and pizza restaurants in Chile.

Trade

Fresh

Chile's fresh tomato exports are tied to export demand. Argentina is by far Chile's largest export market. Since Argentina is overcoming last year's economic crisis, exports of fresh tomatoes to that market are expected to return to past levels again. Producers also are increasing their effort to develop new markets

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. Venezuela is the largest market. Economic instability in most Latin American countries make exports uncertain. But the industry is optimistic, as they believe they have developed a relationship with most of their customers, demonstrating an ability to deliver similar amounts of tomato paste year after year. 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 neighboring Latin American countries, whose economies are more or less stagnant. Consequently, growth in exports is unlikely in the next few years.

Canned Tomatoes: Although the industry is making a concentrated 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)			
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2005		01/2006		01/2007	MM/YYYY
Plnt For Fresh Consump	0	7000	0	7000	0	7000	(HA)
Plnt For Processing	0	9000	0	8000	0	9000	(HA)
TOTAL Area Planted	0	16000	0	15000	0	16000	(HA)
Harv. For Fresh Cons.	0	7000	0	7000	0	7000	(HA)
Harv. For Processing	0	9000	0	8000	0	9000	(HA)
TOTAL Area Harvested	0	16000	0	15000	0	16000	(HA)
Fresh Sale Production	0	295000	0	295000	0	295000	(MT)
Processing Production	0	648000	0	608000	0	702000	(MT)
TOTAL Production	0	943000	0	903000	0	997000	(MT)
TOTAL SUPPLY	0	943000	0	903000	0	997000	(MT)

Export Trade Matrix			
Country	Chile		
Commodity	Fresh Tomatoes		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2004		2005
U.S.	196	U.S.	66
Others		Others	
Argentina	744	Argentina	148
Brazil	23	Spain	23
U.K.	10	U.K.	8
Japan	3	Falkland	2
Falkland	1		
Total for Others	781		181
Others not Listed	0		
Grand Total	977		247

PSD Table							
Country	Chile						
Commodity	Tomato Paste,28-30% TSS Basis			(MT)(MT, Net Weight)			
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2005		01/2006		01/2007	MM/YYYY
Deliv. To Processors	757000	583200	0	547000	0	632000	(MT)
Beginning Stocks	29102	29102	29102	14013	0	9613	(MT, Net Weight)
Production	110000	91648	0	79600	0	90500	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	139102	120750	29102	93613	0	100113	(MT, Net Weight)
Exports	85000	84737	0	62000	0	69400	(MT, Net Weight)
Domestic Consumption	25000	22000	0	22000	0	22000	(MT, Net Weight)
Ending Stocks	29102	14013	0	9613	0	8713	(MT, Net Weight)
TOTAL DISTRIBUTION	139102	120750	0	93613	0	100113	(MT, Net Weight)

Export Trade Matrix			
Country	Chile		
Commodity	Tomato Paste,28-30% TSS Basis		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2004		2005
U.S.	305	U.S.	1728
Others		Others	
Venezuela	21711	Venezuela	15422
Costa Rica	9712	Mexico	15323
Japan	9202	Costa Rica	12095
Colombia	6683	Japan	10395
Ecuador	3682	Colombia	6215
Guatemala	3516	Argentina	3879
Mexico	2464	Guatemala	3792
Brazil	1523	Ecuador	3575
Argentina	1521	Brazil	3559
Honduras	1425	Honduras	1929
Total for Others	61439		76184
Others not Listed	10923		6825
Grand Total	72667		84737

PSD Table							
Country	Chile						
Commodity	Tomatoes, Canned			(MT)(MT, Net Weight)			
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		01/2005		01/2006		01/2007	MM/YYYY
Deliv. To Processors	5000	4600	0	4600	0	4600	(MT)
Beginning Stocks	135	135	135	137	0	137	(MT, Net Weight)
Production	4800	4400	0	4400	0	4400	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	4935	4535	135	4537	0	4537	(MT, Net Weight)
Exports	1600	1198	0	1200	0	1200	(MT, Net Weight)
Domestic Consumption	3200	3200	0	3200	0	3200	(MT, Net Weight)
Ending Stocks	135	137	0	137	0	137	(MT, Net Weight)
TOTAL DISTRIBUTION	4935	4535	0	4537	0	4537	(MT, Net Weight)

Export Trade Matrix			
Country	Chile		
Commodity	Tomatoes, Canned		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2004		2005
U.S.	784	U.S.	205
Others		Others	
Japan	344	Honduras	403
Honduras	299	Venezuela	163
Colombia	263	Costa Rica	131
Venezuela	252	Colombia	120
Costa Rica	125	Japan	100
Guatemala	61	Guatemala	33
Falkland	1	Brazil	21
		Mexico	17
		Argentina	4
		Falkland	1
Total for Others	1345		993
Others not Listed	0		0
Grand Total	2129		1198

PSD Table							
Country	Chile						
Commodity	Tomato Sauce			(MT)(MT, Net Weight)			
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		01/2005		01/2006		01/2007	MM/YYYY
Deliv. To Processors	9500	8700	0	8750	0	8700	(MT)
Beginning Stocks	162	162	232	205	0	215	(MT, Net Weight)
Production	4650	4080	0	4000	0	3900	(MT, Net Weight)
Imports	0	0	0	0	0	0	(MT, Net Weight)
TOTAL SUPPLY	4812	4242	232	4205	0	4115	(MT, Net Weight)
Exports	3600	3057	0	3000	0	2900	(MT, Net Weight)
Domestic Consumption	980	980	0	990	0	990	(MT, Net Weight)
Ending Stocks	232	205	0	215	0	225	(MT, Net Weight)
TOTAL DISTRIBUTION	4812	4242	0	4205	0	4115	(MT, Net Weight)

Export Trade Matrix			
Country	Chile		
Commodity	Tomato Sauce		
Time Period	Jan-Dec	Units:	M.T.
Exports for:	2004		2005
U.S.	0	U.S.	0
Others		Others	
Peru	1299	Argentina	665
Argentina	656	Guatemala	574
Guatemala	586	Peru	435
Colombia	265	Mexico	245
Cuba	187	Colombia	201
Brazil	93	Brazil	170
Ecuador	92	Dominican Rep.	168
Uruguay	89	Cuba	131
Paraguay	63	Ecuador	107
El Salvador	56	Uruguay	98
Total for Others	3386		2794
Others not Listed	193		263
Grand Total	3579		3057