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Bumpy road ahead for Chilean grapes

Chile is being pushed out of the US, its main market, by Peru and the increased availability of domestic production



Chile's table grape and nut exporters face a challenging outlook this season as the impact of President Trump's trade war with China limits opportunities in the US market, according to the head of one of the company's leading agribusiness groups.

In an interview with *El Mercurio*, Juan Sutil, CEO of *Empresas Sutil* and also director of the National Society of Agriculture, warned that both products – but grapes especially – are losing competitiveness in the international market.

"There is a crisis, because the varieties that Chile produces are old and need to be replaced, and the US – our main market – does not want them," he said.

Sutil noted that the US-Sino trade war was exacerbating the loss of competitiveness of grapes grown from northern and central regions to Peru, whose varieties were more in tune with market demand.

"Late Northern Hemisphere varieties were not exported to China this season, so the US is full of fruit. Add to this the early fruit from Chile and Peru, a country that 10 years ago didn't exist as a supplier, and you get an increasingly challenging situation for our country, which has lost its window and seen the market collapse," he continued.

Sutil added that replacing the US market with China was "not so easy for Chile because it's not the same reaching a market with a transit of 10 days as it is reaching one with a 40-day transit".

In nuts, meanwhile, Sutil noted that India's decision to apply a 100 per cent tariff on imports, had all but wiped out demand in that market and sent international prices plummeting due to a build up of supply in other markets.

In spite of this difficult scenario, *Empresas Sutil* is pressing ahead with a major investment programme. In 2017 the group launched a US\$100m, five-year

project to vertically integrate its export operation and expand its production, while continuing to develop its financial operation.