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Chile

Food Processing Ingredients

Chile's Food Processing Sector

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Report Highlights:

Consumer spending on food and beverages has risen significantly over the past few years and reached US\$ 30 billion in 2012. This growth has been mainly propelled by higher living standards, falling unemployment and increased purchasing power.

Health and wellness concerns are a growing trend for the consumer, as well as easy-to-prepare foods and snack foods. The organic food market, while still small, has also been steadily growing over the past several years.

The market continues to consolidate through mergers, leaving a wide gap in size and capacity between the

leading food processors and the smaller ones.

Post:

Santiago

Author Defined:

Section I. Market Summary

A. Country Overview

Chile, with a population of 17 million, is a very centralized country with an estimated 10 million living in and around the capital city of Santiago. In 2012, Chile's GDP (purchasing power parity) reached US\$ 303.5 billion, with a per-capita GDP of US\$ 18,400. Over the past 15 years annual growth has averaged 5.4%, while per capita income has more than doubled. Nevertheless, the economic slowdown of China and Europe has affected Chile, expecting a growth of around 5.0% for 2013.

Chile has a longstanding commitment to trade liberalization and has signed international trade agreements with 85% of the world's GDP and 80% of the world's population. To name a few, they have free trade agreements with the U.S., Mexico, Canada, the European Union, South Korea, Central America, Mercosur, Japan, China, India and Turkey. The U.S.-Chile Free Trade Agreement took effect in 2004. Once signed, nearly 95% of Chilean Products and 90% of U.S. products were immediately tariff free. The remainder has tariff reductions in stages until 2016, when all products will be tariff free. Tariff Schedules can be found at www.ustr.gov/new/fta/Chile/text/, "Section 3. National Treatment and Market Access for Goods."

Consumer spending on food and beverages continues to rise significantly. This growth is mainly propelled by improved living standards as a result of falling unemployment and increased purchasing power. This makes the purchase of processed food products an option for more individuals, and offers food and drink manufacturers opportunities to launch new, value-added products. With higher personal incomes, people are shifting from locally produced staples to more expensive branded products, and are integrating processed packaged foods to their diets.

Nevertheless, a significant percentage of the population cannot afford or prefers not to make all their grocery purchases in supermarkets, with local farmer's markets and street fairs providing far less expensive alternatives especially for fruits and vegetables.

B. Overview of Food Sector

The Chilean food industry is primarily based on the country's agricultural resources and remains, to a significant degree, dependent on agro-based exports. The agricultural industry is one of the staples of the Chilean economy, generating around US\$5 billion in exports during 2012. It represents around 25% of the country's GDP and is the second most important exporting sector after copper.

The Chilean food system employs 1.2 million people, representing almost 20% of the country's economically active population. It is expected that by the year 2030 the GDP generated by the food sector will account for

more than 35% of Chile's GDP, and one out of three workers will have jobs within this industry.

Chile has excellent natural conditions to continue developing its agro-industrial and food industries. The country's southern hemisphere location means that it produces crops during the opposite seasons to the world's major consumer markets in the northern hemisphere. In addition, its elongated north-south orientation means that harvests can be staggered throughout the growing season. Furthermore, the country's relative geographical isolation (desert in the north, the Andes mountain range to the east, the Pacific Ocean to the west and south), which together with a strict government policy, maintains Chile as a country free from most pests and diseases.

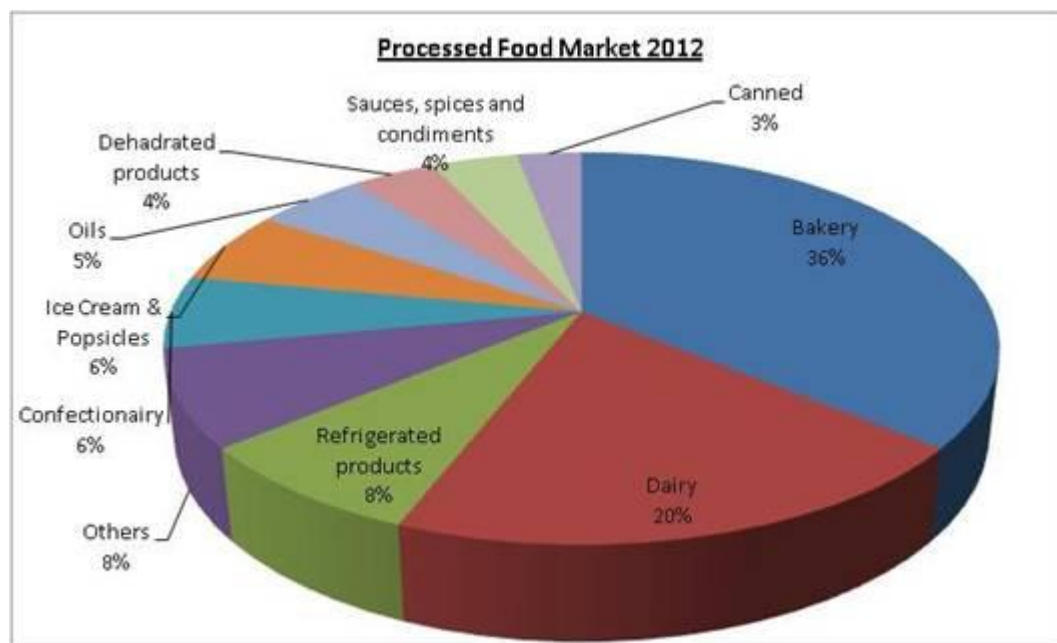
According to the Food and Agriculture Organization of the United Nations, Chile's food exports have grown at an average annual rate of 10% over the past decade. This ranks Chile as the fastest growing food exporting country, supplying more than 150 countries around the globe with fresh and processed foods and beverages.

The fruit, wine, poultry, pork, beef and fish-farming industries each offer tremendous export potential as a result of global trade liberalization, particularly between Chile and Asia. These sectors also benefit from the government's efforts to diversify its export sector away from copper to high value-added agricultural exports – most notably fruit and wine.

Multinational food manufacturers have a long history of investing in Chile and firms such as Nestlé and PepsiCo have manufacturing plants in the country. Although domestic consumption of processed food is rising steadily, most food and drink firms investing in Chile focus on how they can utilize the country's extensive natural resources and network of trade agreements to boost their sales in markets outside of Chile.

C. Size of the Chilean Food Processing Industry

Total sales of the food processing industry in Chile reached US\$ 11 billion during 2012 and it was composed by the following sectors:



Source: Euromonitor International

- Within this industry, the bakery and baked products such as cookies and cakes, together with dairy, represented 56% of total processed food sales during 2012.
- Chile leads the bread consumption per capita in Latin America with about 95 kilos annually. This product is mostly sold handmade in artisanal bakeries, though most large supermarkets also have their own bakeries.
- Dairy represents an important sector within the industry of processed food with a steady growth of approximately 9.5% per year during the past five years. This sector has a wide offering of products that promote health benefits such as lactose free, extra omega 3, fat free, etc.
- Sales of frozen food increased 5.7% over the last five years (2008-2012), while prepared food and soups grew 9.9% and 13.3% respectively in the same period.

D. Macro-Economic Factors and Key Demand Drivers in the Food Processing Industry

Pleasure and convenience are important forces shaping the food market in the world and Chile is not immune to this reality. The lack of time, the relative decline in the price of calorie-dense foods and new lifestyles, which have determined the increase in single-person households and women working outside the house, are also reflected trends in sales of certain types of foods that meet the needs of these groups of consumers.

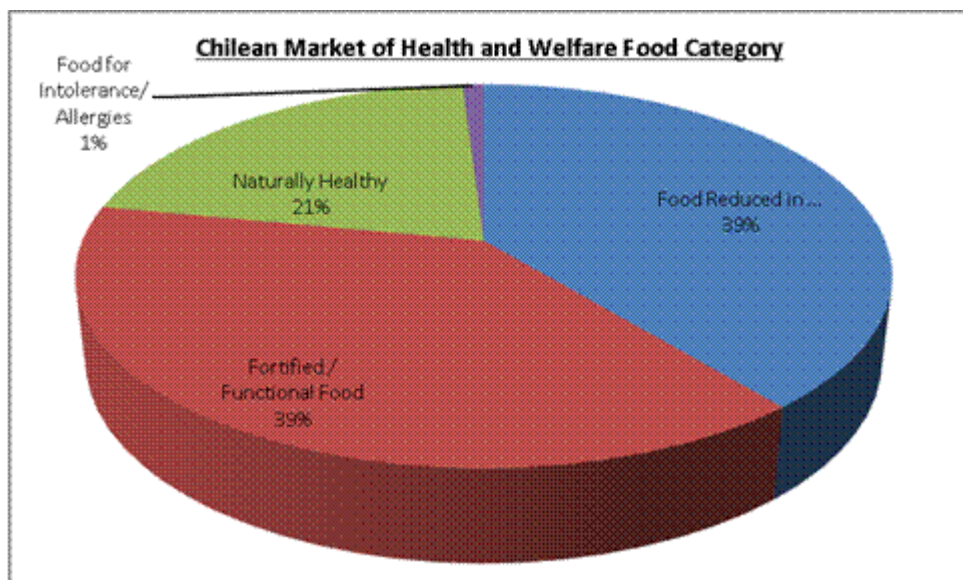
Consumption trends influencing the type and quality of inputs being used include:

- Easy-to-prepare food as more people, including women, join the workforce and spend less time at home
- Out-of-home meals become more frequent as young people continue adopting new fast foods and snack foods as part of their diet
- Light foods and beverages continue capturing market share

The World Health Organization estimates for the coming decades a global increase in chronic diseases related to unbalanced diets, such as cardiovascular disease, hypertension, and diabetes mellitus, among others. In this context, there has been an increased awareness on the part of Chilean consumers about the importance and effects of eating properly to diminish diet-related diseases.

Currently, health is considered one of the main forces of innovation to the food industry, which has led to the development of a new category of foods called Health and Welfare, which can meet the demand of those consumers increasingly aware of what they eat and also in response to regulatory changes.

In Chile, sales in the health and wellness market reached US\$ 3 billion a year, equivalent to 19% of sales in the overall processed food and beverage industry.



Source: www.eligevivirsano.cl

- During 2012, Health and Welfare product sales grew 14.6%, while sales of the rest of the processed food products grew 7.9%.
- The market continues to consolidate through mergers, leaving a wide gap in size and capacity between the leading food producers and the small ones.
- Consumers declare that the most valued benefit from specific items is health, quality, convenience and security. Functional foods are part of the usual shopping list of many Chileans, especially among women and the medium and upper classes.
- The small organic food market has been steadily growing over the past eight years. The market, which had sales of only US\$ 200,000 in 2003, is expected to reach US\$ 53 million in sales by the end of 2013. The high price of organic goods is the main obstacle preventing some from consuming these alternative food products. Organic production in Chile is an export-driven activity, exporting US\$ 20 million per year. Wine, apples, kiwis, honey, cereals, olive oil and berries are the products with biggest growth trends, which are exported mainly to the U.S. and Europe.

E. Advantages and Challenges facing U.S. Food Ingredients in Chile

Advantages	Challenges
The U.S. is a strong trading partner through the U.S.-Chile FTA and its products are welcome.	Quality of food ingredients from around the world has become very similar, abiding by U.S. and European standards.
U.S. food inputs are known for their quality. They meet respected FDA & USDA standards. Health concerns are low.	Chile has FTAs with many countries, allowing them to be price conscious and highly competitive; therefore removing dependency from any particular region.
Certain companies, such as Nestlé, have corporate requirements to purchase U.S. inputs for products intended for export to	Prices for U.S. products may still be higher than local products or imports from nearby countries. Even after the FTA, FOB prices for U.S. inputs tend to be at least 10% higher than local

the U.S.	prices for equivalent quality.
Rising disposable incomes have generated interest in foreign and higher quality foods.	Price sensitivity is strong; people tend to buy cheaper products even when they are lower quality.

Section II. Road Map for Market Entry

A. Entry Strategy

- U.S. food ingredient producers that want to enter the Chilean market can deal with local food processors directly or with representatives/agents/distributors depending on the product and on the application. Large corporations increasingly prefer to import directly from foreign suppliers, while smaller processors are often not able to purchase whole containers or prefer that a distributor manage logistics and their inventory. Eventually, large sales volumes would justify establishing a local subsidiary to guarantee customer service and quality levels.
- All edible products must be approved by the Chilean health authorities and receive a registration number and open sales permit before being put on the market.
- Distribution trade is very receptive to U.S. products as they are a guarantee of quality and good packaging. When possible, buyers try to avoid local middlemen and buy direct in order to keep profit margins and remain competitive.
- U.S. exporters are considered to be less flexible in their ability and willingness to meet market requirements. Prices and minimum order quantities are key in this aspect, as is a more active marketing style than U.S. producers are used to domestically.

Keys for Market Entry

The large U.S. market share in Chile's food processing industry is linked mainly to a product's uniqueness or special characteristics (i.e. above-average quality with respect to human health, service and delivery capabilities). Low U.S. market share is generally due to the high impact of freight costs on commodity products, the high quality of products offered at much more attractive prices by other regional competitors, or the inability to adapt product and packaging to local standards.

Export Success is a Result of a Proactive Attitude and Long-Term Commitment: U.S. suppliers are often less aggressive and persistent than European or Asian counterparts. The Chilean market is not large but it is sophisticated, innovative and competitive. It should not be considered as a spot market; instead, it must be systematically developed with strong marketing and promotion campaigns in order to gain and maintain market share.

Establish Personal Relationships and Maintain Customer Service: Make an effort to develop strong relationships with distributors and clients so that the U.S. supplier becomes a trusted business partner. Personal visits and having trustful, open communication will help solidify and expand your business opportunities in Chile. In addition, follow-up, provide good support and respond to technical inquiries in order to keep the client satisfied.

Try to Match Local Quality, Prices and Margins: U.S. producers must either offer top quality products at a competitive price or compensate with special characteristics, better service, support, warranties, etc. For U.S.

suppliers to compete successfully in Chile they must be willing to lower their U.S.-based profitability expectations and work with the lower pricing and profit margins common in the Chilean market.

Take Advantage of the Window of Opportunity due to Low Dollar Exchange Rate: The trend in the weak U.S. dollar has made U.S. products more competitive. A strong effort to take market share away from competitors in the Chilean market will be more productive while the dollar is low. The average exchange rate in the past years has been about US\$ 1 = 500 Chilean Pesos (CHP).

Consider Terms of Payment: European suppliers very commonly grant open accounts and long terms of payment (up to 90 to 120 days). U.S. suppliers should try to move away from letters of credit towards open accounts as soon as the client's credit worthiness and payment performance are established. This change will lower costs.

Taking advantage of U.S. Government-sponsored export financing or risk insurance programs will also strengthen the exporter's financial and competitive position.

Tap into Centralized Purchasing by International Corporations: When dealing with international food processing companies in Chile, any existing relationship with other international divisions or with headquarters of that company should be fully exploited to gain an edge with the Chilean subsidiary. Even without a previous business relationship, approaching headquarters or subsidiaries in the U.S. is a good way to explore the company's product and technical requirements. Thus, potential business opportunities can be developed within that corporation and with its Chilean subsidiary.

Find a Good Distributor: Unless a sales program in Chile can be sustained by direct sales to a few large clients, a local importer/distributor will be a crucial business partner. Chilean clients expect to deal with a local representative for placing orders, voicing complaints and obtaining technical support. The selection of a qualified distributor is important since the reputation of the U.S. supplier will rest on the ability of the distributor to provide reliable ordering, stocking and delivery services to clients. Also, only one distributor with a wide regional distribution network should be selected if possible in order to avoid price wars that minimize profit margins.

B. Market Structure

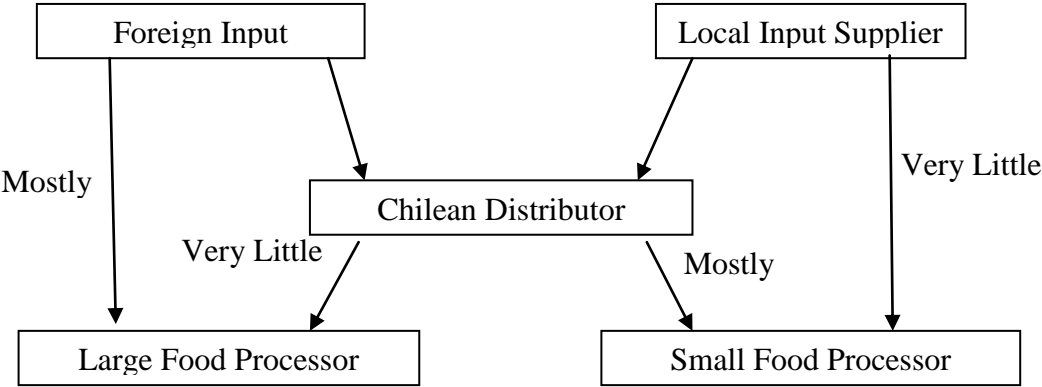
Food ingredient distribution patterns are different for local and imported products, and are changing with time.

Local inputs are purchased directly from the producer by all but the smallest food processors. Imported ingredients are more commonly handled by local distributors/representatives or wholly owned subsidiaries for the small processors. Large processors prefer to import their products directly to maximize savings and deal with the logistics themselves.

If sales volumes are not high, direct imports will generally not be of interest to Chilean buyers because the costs and effort required in order to obtain approval for the commercialization of an edible product are disproportionately high. In this case, it is more reasonable to have a local representative/distributor handle the import process, health approval, marketing, promotion, selling and stocking.

The food processors mainly sell to supermarkets, followed by traditional retailers, and then to institutions (HRI food services). Institutional sales are often handled as a separate business by the processors. Small neighborhood grocery stores have been decreasing in importance as they cannot match the efficiencies and location advantages of market-leading hypermarkets. The supermarket sector is dominated by a few chains.

Distribution Channel Diagram



C. Company Profiles

Top 15 Food Industry Companies in Chile

Rank	Company	Product Type	2012 Sales in US\$ Million	Growth % of Sales from 2010-2012	End Use Channels	Production Location
2	AGROSUPER	Meats & fish, prepared meals	2,432	35	Retail & HRI	Chile
1	EMBOTELLA DORA ANDINA	Non-alcoholic beverages	2,410	27	Retail & HRI	Chile, Argentina, Brazil
4	EMPRESAS CAROZZI	Pasta, confectionary products, chocolates, flour, salsas, tomato paste, desserts, fruit pulp	1,165	13	Retail & HRI	Chile, Peru, Argentina
3	CfA. CERVECERIAS UNIDAS (CCU)	Alcoholic & non-alcoholic beverages, confectionary products	1,075	28	Retail & HRI	Chile, Argentina
8	WATT'S	Dairy products, fruit concentrates, juices & nectars, jams, oil, condiments, pastas, hams & sausages, wines	689	10	Retail & HRI	Chile
10	EMPRESAS IANSA	Sugar, pet food, feed & fodder	593	18	Retail & HRI	Chile, Peru
11	AGRICOLA ARIZTIA	Chicken, cold meat, turkey, cheese, seafood	588	4.3	Retail & HRI	Chile
12	COLÚN	Dairy products	550	N/A	Retail & HRI	Chile
7	COCA-COLA EMBONOR	Coca-Cola products	502	12	Retail & HRI	Chile, Bolivia
9	SOPROLE	Dairy products	500	N/A	Retail & HRI	Chile
5	NESTLÉ CHILE	Confectionary products, dairy products, baked goods, beverages, prepared meals	500	N/A	Retail & HRI	Chile
14	CORPESCA	Fishmeal, fish oil, frozen fish	489	8	Retail & HRI	Chile
6	VIÑA CONCHA Y TORO	Wine	450	6.6	Retail & HRI	Chile
13	VIÑA SAN PEDRO TARAPACÁ	Wine	150	8.1	Retail & HRI	Chile

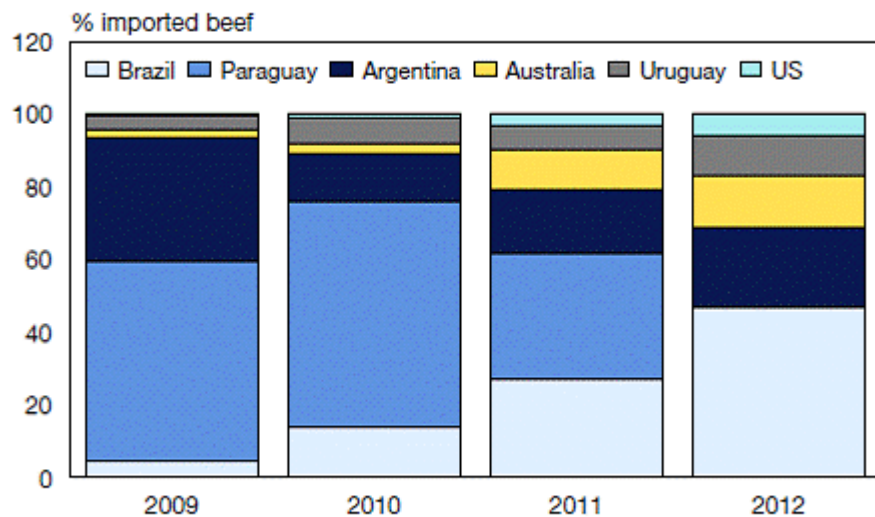
Source: Company Annual Reports

Descriptions of Chilean Processed Food Sectors and of Key Food Processing Companies by Specialization

1. Red Meat and Poultry

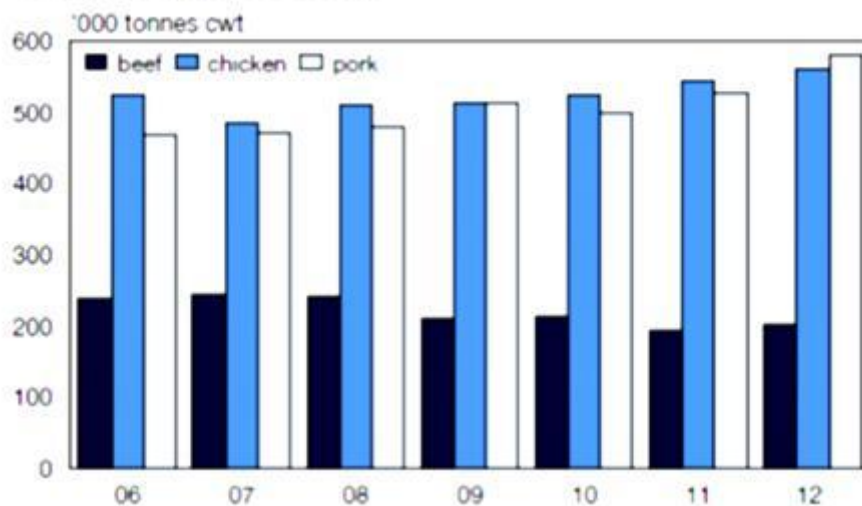
The Chilean cattle herd has contracted in the last decade, with beef production and exports at lower levels. Consequently, beef imports into Chile have been increasing, with the market becoming an important destination for some major beef export countries.

Chilean beef imports by country



On the other hand, the Chilean poultry industry grew 10% in 2012 over 2011, a faster rate than in Brazil and Argentina, the leading exporters of chicken meat in Latin America.

Total meat production

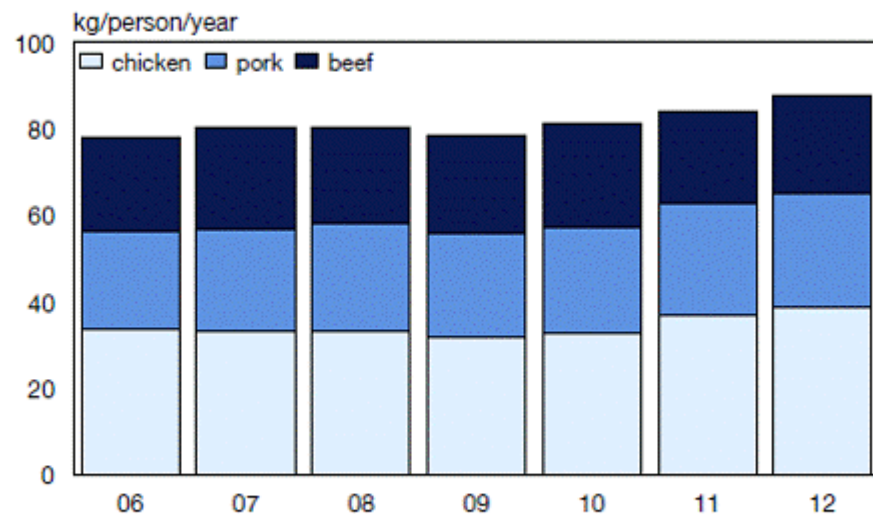


Source: ODEPA

Chilean chicken meat fulfills the requirements imposed by the world's most demanding markets and the sector exports to more than 28 countries.

One quarter of the national production of poultry meat is destined for international markets, while 15% of Chileans consume imported chicken that enters with 0% tariffs from Argentina, USA and Brazil.

Meat consumption



Source: INE (Instituto Nacional de Estadísticas - Chile)

In the past five years the consumption of processed meat (packaged or frozen) has grown 10.4%, reaching a total market of 143,000 tons in the first semester of 2013, according to Euromonitor International. With this number, Chile is the country with the highest per capita processed meat consumption rate in Latin America, with a total of 8.1 kg per capita, surpassing Argentina, which reached 7.4 kg per capita.

According to Odepa (Agricultural Research and Policies Office, www.odepa.cl), in 2012 the Chilean per capita consumption of beef amounted to 22.4 kg, 37 kg of poultry, and 27 kg of pork.

According to INE (National Statistics Institute, www.ine.cl) beef production in 2012 grew 3.5% to 197,600 tons. Additionally, imports increased by 3.7% in volume and 3.6% in value, reaching 130,400 tons and US\$ 806.8 million. Exports reached 1,902 tons and US\$ 16.9 million, representing declines of 53.0% and 44.2%, respectively. Imports were mainly from Brazil (52%), Argentina (22%) and Uruguay (10%).

Pork is the most exported product in 2012, with US\$ 476 million, mostly sent to Japan.

The Chilean poultry sector closed 2012 with very positive trade figures. Exports reached US\$ 329 million, while imports from the US, Argentina and Brazil amounted to about US\$ 147 million.

With effect from 1 January 2013 onwards, tariffs on Chilean poultry (chicken and turkey) exports to the US came down to zero, making the sector more competitive in the US market.

Producers

Agrosuper, Ariztía, Don Pollo and Chilean Poultry Producers Association (APA), controls 90% of the national meat production market share.

Main Importers/Suppliers

Main Meat Importers	
Companies	US Cif
WALMART CHILE COMERCIAL S.A.	140,293,624
CENCOSUD RETAIL S.A	117,099,066
MARFRIG CHILE S.A.	100,762,888
RENDIC HNOS. S.A.	85,804,228
SOC.COMERCIALIZAD.DEL SUR LTDA	74,839,987
COMERCIAL CERRILLOS S.A.	68,427,145
GLOBAL PRODUCTS S.A.	51,883,013
COMERCIALIZADORA INTERANDINA S	48,303,416
COMERCIAL DISER S.A.	31,326,038
COMERCIALIZADORA EL MIRADOR S.	30,826,282

Source: Chilean Custom's statistics 2012

2. Edible Fish and Seafood Products

Chile has a highly competitive seafood industry. With 2,600 miles of coastline and 18,600 miles of canals, archipelagos and fjords, Chile boasts one of the five richest marine areas in the world.

Chile is one of the largest salmon producers in the world, sharing this leadership with Norway. Production is concentrated in the southern part of the country, where 95% of the producers are located.

This product is primarily exported to the U.S., specifically Miami, where approximately 800 tons arrive each week. Among the other regional markets is Brazil, importing approximately 150 tons per week.

Farmed salmon represents 48% of total Chilean agricultural product exports; seeds represent 32% of exports and, in the third place, fruits and other products, which represent 20%.

Chile's salmon industry recently faced the worst crisis in its history, because of the ISA virus, an infection that had its greatest impact in 2010 and drastically lowered export volumes by approximately 50% in comparison to 2009.

The impact was so severe, that predictions point to 2015 for a possible full recovery. However, new health regulations resulted in significant changes within the industry.

Chilean seafood is sold as fresh, chilled, frozen, canned, dried, salted and smoked. In comparison to meat consumption, domestic demand for fish is relatively low; most of the production goes to foreign markets.

In many sectors of the economy Chile is trying to increase the value added to its products, and this is also the case in the seafood industry. Technology and packaging to prolong the preservation of products in the industry are in demand, possibly creating opportunities for U.S. companies.

Producers

Main Edible Fish and Seafood Product Exporters 2012	
Companies	FOB
SALMONES MULTIEXPORTE S.A.	209,832,198
MARINE HARVEST CHILE S.A.	170,452,908
EXPORTADORA LOS FIORDOS LTDA.	159,097,383
SALMONES BLUMAR S.A.	149,825,751
SALMONES CAMANCHACA S.A.	132,368,738
SALMONES ANTARTICA S.A.	129,329,554
MAINSTREAM CHILE S.A.	129,074,620
AGUAS CLARAS S.A.	123,595,432
INVERMAR S.A.	119,054,950
EMPRESAS AQUACHILE S.A.	118,732,589
TRUSAL S.A.	118,720,843
AUSTRALIS MAR S.A.	108,112,530

Source: Chilean Customs

Main Importers/Suppliers

Main Edible Fish and Seafood Products Importers 2012	
Companies	Cif
FRIOSUR ALIMENTOS DEL MAR LTDA	3,771,174
COMERCIAL OCEANO LTDA.	3,438,829
EGC. S.A.	3,200,962
COMER KAMARON BAY LTDA	3,008,357
COMERCIAL SEA GARDEN SPA	2,907,684
EXP. Y COMERC. SAN DIEGO LTDA.	2,283,748
SALMONES DE CHILE S.A.	2,168,582
COM. GLOBAL PRODUCTS LTDA.	2,102,039
COMERCIAL ALCA LIMITADA	1,793,416
DON CAMARON S.A.	1,617,298
ECUADORIAN FOOD S A	1,561,596
CENCOSUD RETAIL S.A	1,519,637
WALMART CHILE ALIMENTOS Y SERV	1,462,086

Source: Chilean Customs

3. Dairy Products

Chile's dairy cattle are grass fed so high-quality and abundant grass lead to increased milk production. The industry is projecting continued expansion, with the outlook for milk production in 2014 expected to increase

further as large producers are expanding their operations and many farmers invest in new technologies and animal genetics.

Production of milk is expected to reach 3 billion liters at the end of 2013.

The production of milk in Chile has nearly doubled in quantity in the last 20 years, and large industry has gradually increased the proportion of milk received.

On a national level, the reception of milk is concentrated in four leading companies, with a combined market share of 75%, led by the cooperative Colún (Cooperación Agrícola y Lechera de la Unión) and Nestlé, both companies with significant recent investments to increase their reception capacity to produce high added-value milk powder and cheese.

Market share as follows: Colún 23.4%, Soprole 22.9%, Nestlé 22.3%, Watt's 11.8%, Surlat 6.4% and Quillayes 2.8%.

Producers

Main Dairy Exporters 2012	
Companies	FOB
NESTLE CHILE S.A.	79,942,631
COOP. AGR. Y LECH. DE LA UNION	35,826,460
PROLESUR S.A.	32,981,214
WATT S S.A.	16,392,298
SURLAT COMERCIAL S.A.	10,071,098
INVERS.E IND.VALLE VERDE S.A.	8,976,664
J.P.M. EXPORTACIONES LTDA.	8,279,586
SOC.DE INVERSIONES CARMENCITA	6,382,808
AGROINDUSTRIAL BLIGUEDER LTDA.	3,656,706
ALIMENTOS PUERTO VARAS S.A.	3,656,688

Source: Chilean Customs

Main Importers/Suppliers

Main Dairy Importers 2012	
Companies	Cif
PROLESUR S.A.	24,816,737
NESTLE CHILE S.A.	16,287,757
WATT S S.A.	10,542,308
COMINSUD LTDA.	10,146,979
MACRO FOOD S.A.	9,191,193
STA. ROSA CHILE ALIMENTOS LTDA.	8,645,668
AGROCOMERCIAL CODIGUA LTDA.	7,376,878
IMP. Y ALIM. ICB FOOD SERVICE L	5,801,094
COMERCIAL CERRILLOS S.A.	5,054,467
PROSUD S.A.	5,005,439

Source: Chilean Customs

4. Prepared Fruit, Prepared Vegetables, Oilseed Products (Sauces, Oils and Other Frozen, Canned and Dried Products)

This subsector has played a large role in the growth of Chile's exports in the last decade, primarily due to the production increase of fruits and vegetables in their different formats (canned, dehydrated, frozen and juices).

PROCESSED FRUIT AND VEGETABLE EXPORTS EN / IN ' 000 US\$ FOB													
AÑO YEAR	FRUTAS Y HORTALIZAS PROCESADAS					G.Y CONF. B. CONFECTION	PESC. Y MARIS CANVED FISH AND SHELL	MOLINERIA GRANOS CEREALES	EDULCORANTES CAFÉ, TE ESPECIAS	ACEITES GRASAS Y OTROS	PREPARADO REFRESCOS BEBIDAS	SUB TOTAL	TOTAL GENERAL
	CONSERVAS CANNED	DESHIDRATADOS DEHYDRATED	CONGELADOS FROZEN	JUGOS JUICES	SUB TOTAL								
1998	194.882	192.668	71.234	49.994	508.778	63.560	189.036	15.827	1.078	24.318	131.603	425.422	934.200
1999	215.452	189.894	75.935	83.154	563.535	63.819	200.862	11.357	1.402	32.919	116.377	426.736	990.271
2000	151.806	173.369	74.449	72.445	472.069	52.788	209.398	9.968	1.150	39.864	115.567	428.735	900.804
2001	151.281	164.082	67.495	83.870	466.728	60.158	191.588	12.843	3.557	35.183	149.843	453.172	919.900
2002	154.731	169.280	68.414	67.874	460.299	38.946	169.970	44.410	4.550	76.580	64.862	399.318	859.617
2003	171.990	196.839	101.791	93.541	564.161	37.152	206.461	59.220	4.731	75.564	62.064	447.222	1.011.383
2004	211.875	235.449	137.580	113.897	698.801	44.756	240.450	65.940	5.020	91.080	82.174	529.420	1.228.221
2005	231.414	343.855	146.619	121.860	843.748	61.098	272.580	62.239	5.191	113.704	181.228	696.040	1.539.788
2006	259.338	360.138	183.069	154.382	956.927	65.652	299.076	85.458	6.657	139.667	102.599	699.109	1.656.036
2007	334.930	403.469	215.767	154.766	1.108.932	63.595	337.670	163.839	21.075	155.346	251.912	993.437	2.102.369
2008	439.778	563.492	320.642	230.904	1.554.816	65.617	366.654	249.490	17.447	274.427	328.519	1.302.154	2.856.970
2009	333.195	452.488	274.483	181.945	1.242.111	54.727	304.717	165.070	20.493	161.332	339.283	1.045.622	2.287.733
2010	352.859	583.502	273.773	157.892	1.368.026	60.204	272.860	195.366	26.147	180.589	372.070	1.106.236	2.474.262
2011	442.997	673.487	372.640	229.689	1.718.813	67.556	371.593	278.003	26.608	245.470	438.890	1.428.129	3.146.933

Source: Chilealimentos

A comprehensive list of the main companies in the processed fruit and vegetable industry can be found in the following business directory:

- <http://www.chilealimentos.com/link.cgi/ProductosEmpresas/empresas/>

5. Confectionery Products

It is a very competitive market with important local production as well as imported products sent primarily from Colombia, Argentina, Guatemala, Brazil and the U.S.

The chocolate market is dominated by three companies: Arcor Dos en Uno, Carozzi (Costa and Ambrosoli) and Nestlé. The high-end chocolate market is dominated by Bozzo, Varsoviene, Damien Mercier, Félix Brunatto,

and Dos Castillos.

The main channels of distribution for confectionary products and chocolates are the traditional grocery stores (54.1%) and supermarkets (45%).

Top Ten Exporters of Confectionary Products (2012)

Company	Fob
ORAFTI CHILE S.A.	13,822,440
IND.ALIMENTOS DOS EN UNO S.A.	8,317,862
EMPRESAS CAROZZI S.A.	5,292,003
OSTALMAR S.A.	789,499
NESTLE CHILE S.A.	762,904
ALIMENTOS Y PROD.CONFITRES LTD	192,796
SOC.COMERCIAL FLORES Y VIVAR L	186,700
DISTR.COM.IMP.,EXP.BENI LTDA	78,478
CELIA BARRAZA SALINAS COMERCIA	61,631

Source: Chilean Customs

6. Baked Goods

According to Euromonitor International, the processed food market in Chile is estimated at US\$ 11 billion in sales volume per year. Within this industry, baked goods represented 36% of the total sales of the processed food market in 2012.

The Chilean Bakery Industry Federation (Fechipan) and the Supermarket Association (Asach), agreed in 2011 together with the Chilean Government to lower the sodium level in the bread progressively up to 2014, when it is expected to reach 400 milligrams of salt per 100 grs of bread, which is in line with the standards of the World Health Organization.

Chile is the largest per capital bread consumer in the Americas with 98 kg consumed per capita annually, followed by Argentina (82.5 kg). Globally, it is second only to Germany with 106 kg per capita.

About 3% of household income is spent on bread, compared to 1% in developed nations. Currently, the bakery market is comprised of supermarkets, representing 21% market share, and bakeries, of which 98% are small or medium size.

The main companies in the sector are Ideal (controlled by the Mexican group Bimbo), followed by Castaño and San Camilo.

Cookies and other baked goods are made by a few large companies, especially McKay (Nestlé) with 40% market share and Costa (Carozzi) with 30%. Nevertheless, the Chilean cookie market is small compared to bread.

7. Snack Foods (Savory & Sweet Snacks and Nuts)

The snacks market in Chile is estimated at around US\$ 900 million including cakes, nuts, crackers, and savory and sweet snacks. The three main players in the industry are Evercrisp (Lay's, Doritos, Cheetos) with a 70% market share, Marco Polo (15%) and Kryzpo (8%).

Chile is one of the biggest per-capita snack consumers in the region (1.4 kilos per capita), but is still far behind countries like Mexico, the U.S. or Great Britain.

Close to half of sales are made through supermarkets, and 53% of sales are made through traditional groceries and convenience stores.

Main Importers of Snack Products 2012

Company	US\$Cif
IMPORTADORA CAFE DO BRASIL S.A	16,901,660
EVERCRISP SNACK PROD.CHILE S.A	15,362,674
BAGLEY CHILE S.A.	12,380,260
NESTLE CHILE S.A.	12,046,811
LABORATORIOS WYETH LLC.	9,245,874
CENCOSUD RETAIL S.A	8,418,781
EMPRESAS CAROZZI S.A.	8,222,129
MONDELEZ CHILE S.A.	6,318,496
PROSUD S.A.	5,462,410
ABBOTT LABORAT. DE CHILE LTDA.	5,439,926
IMPORTADORA TRASANDINA S.A.	4,171,811
IMP.Y ALIM. ICB FOOD SERVICE L	2,909,488
PIBAMOUR LTDA.	2,546,362
COM. E INV. CHACABUCO LTDA.	2,502,683
WALMART CHILE COMERCIAL S.A.	2,059,109
FRANKONIA CORPORAT.IMP.Y EXP.L	1,698,887
SADIA CHILE S.A.	1,622,245
PROMERCO S.A.	1,427,244

Source: Chilean Customs

Main Exporters of Snack Products 2012

Company	US\$Fob
NESTLE CHILE S.A.	82,372,028
EMPRESAS CAROZZI S.A.	24,326,019
AVENATOP S.A.	17,577,629
AVENA DE LOS ANDES S.A.	13,950,764
PROCES. DE GRANOS AUSTRAL S.A.	11,388,250
ALIMENTOS EL GLOBO S.A.	11,319,477
MALTEXCO S.A.	8,879,940
LUCCHETTI CHILE S.A.	6,115,541
MONTEVERDE S.A.	5,948,643
IND.ALIMENTOS DOS EN UNO S.A.	4,414,812
INMOBILIARIA BRETANA LIMITADA	4,002,559
COMERC.AGROPECUARIA DEL SUR LT	2,990,287
MASEXPORT LTDA.	2,807,610
IND. COMMODITIES I. CHILE S.A	2,492,975
AGROINDUSTRIAL PEDREGAL S.A.	2,175,965

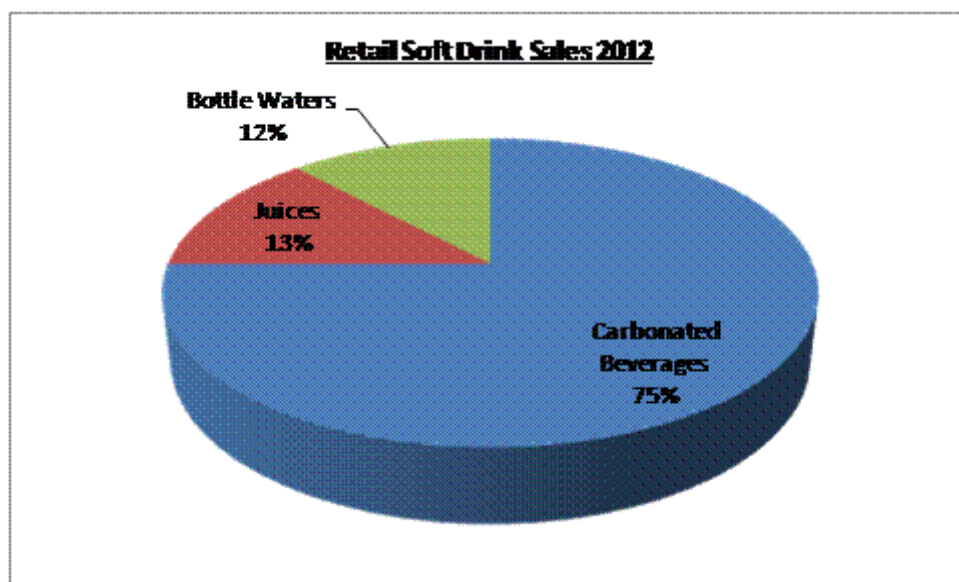
Source: Chilean Customs

8. Non-Alcoholic Beverages

The market for non-alcoholic drinks, including sodas, juices, waters, juices, sports drinks and tea-based beverages, has experienced significant growth over the past five years with a compound annual growth rate (CAGR) of 9%.

The figures show that in 2001 retail sales volume was 1.8 million liters equivalent to US\$ 2.2 billion, while in 2012 sales increased to a volume of nearly 3 million liters and US\$ 5.3 billion.

Soft drinks are definitely preferred by Chileans as they represent 75% of the sales volume of the industry and result in average per capita consumption of 127 liters per year, followed by juices and bottled waters with 23 and 20 liters respectively. However, the products that experienced the greatest growth in the period 2006-2012 were energy drinks, functional / fortified bottled waters, nectar and fruit juices.



Source: Fundación Chile

Consumption of carbonated drinks in Chile is among the highest in Latin America. Coca-Cola (U.S.) is the leading soft-drink brand with 52% market share, but growing price consciousness has led to an increasing market share of private label brand products.

Non-alcoholic beverages are the third most consumed food and beverage category by Chileans, after bread and meat. They are distributed through traditional channels (57%), supermarkets (30%) and consumption in food establishments (13%).

Company (Non Alc. Beverages)	Sales (US\$) 2012	End-Use Channels	Production Location(s)	Procurement Channels
Embotelladora KoAndina (Andina merged with Coca Cola Polar)	US\$ 2,410 million	Retail	Chile Argentina Brazil Paraguay	Direct (Local and Foreign)
Coca-Cola Embonor	US\$ 502 million	Retail and HRI	Chile Bolivia	Direct (Local and Foreign)

Source: Corporate publications

9. Alcoholic Beverages

The Chilean population drinks more than 8.5 hectoliters of alcoholic beverages every year, which represents a per capita consumption of more than 56.3 liters.

The Chilean beer market is estimated at US\$ 1 billion and the annual consumption per capita is about 35.8 liters, representing a total annual consumption of more than 609.4 million liters. Only 10% of this market is premium.

The Chilean alcoholic drinks market registered moderate volume growth in 2012. The market grew in part due to the strong economic growth seen in Chile, which meant consumers had more money to spend on alcoholic drinks.

However, Chileans increasingly preferred beer to wine while the rum category appeared to have reached a level of maturity. A new zero tolerance drunk-driving law, enacted in March 2012, negatively affected on-trade establishments and strongly impacted sales of spirits like vodka during those initial first few months. However, by year's end, vodka and whisky both saw growth as consumers adapted to the change.

The off-trade channel achieved positive growth in 2012, due largely to the zero tolerance drunk-driving law mentioned above. The channel consists of neighborhood liquor stores and also a growing number of upscale specialists which carry products like microbrews and premium spirits and wines. These establishments generally have longer opening hours than supermarkets/hypermarkets, which typically close at 22.00hrs. In addition, the popularity of neighborhood liquor stores for buying beer plays an important role. Many Chileans have a limited number of returnable bottles on hand and prefer to buy using that format as it is cheaper. It is easier for most people to go to a neighborhood store with a few bottles when they want them than to bring many bottles on a bi-weekly shopping trip. The proximity to residential areas coupled with the law clearly persuaded Chileans to continue entertaining at home rather than drive to a bar or restaurant.

Growth rates are predicted to slow over the forecast period. Rum is seen to have matured while sparkling wine will likely do so in the short term. Various spirits will continue to lead the way in terms of growth. Vodka will be one of the main growth drivers as Chileans like to experiment with mixing new drinks, especially with the new varieties of flavored vodka on the market. Rum will continue to perform well but after the heavy decline it suffered in 2012 it will start to slowly lose its former dynamism. Meanwhile, in beer, another category that should outperform the market as a whole, microbrews, imports and other premium beers will be the drivers of growth.

The beer subcategory has lately increased its share, to the contrary of wine and pisco. The trend has been to drink lighter alcoholic beverages. This tendency is observed also with the emergence of pre-mixed alcoholic beverages (with fruit juices).

Cía Cervecerías Unidas SA remains the most important player with more than a 50% volume share of the market in alcoholic drinks in 2012.

Wine production and exports have been growing at a much faster rate than consumption in the country. Chile is the smallest per-capita consumer of wine of all wine-producing countries.

Chile is the fifth largest wine-exporter behind Italy, France, Spain and Australia. Viña Concha y Toro is Chile's largest wine producer and exporter, followed by Viña San Pedro.

Top Wine Exporters (2012)

Company	US\$ FOB
VINA CONCHA Y TORO S.A. (E)	309,828,424
VINA CONO SUR S.A.	105,391,289
VINA SAN PEDRO TARAPACA S.A.	98,737,781
RR WINE LTDA	72,112,672
SOC.ANONIMA VINA SANTA RITA	54,295,835
VINA LUIS FELIPE EDWARDS LTDA.	49,864,472
SOC.EXP.Y COM.VINA MAIPO SPA.	47,290,701
(RUT ANTIGUO) VINA SANTA CAROL	47,253,328
MONTES S.A.	37,300,466
VINA SANTA HELENA S.A.	35,996,963

Source: Chilean Customs

10. Dry Goods & Condiments (Canned Soup, Dry Mixes, Pasta, Pet Food, Seasonings)

The size of the condiment market is estimated at US\$ 25 million.

The sauces, dressings and condiments category has changed in recent years. The boom in interest in ethnic and fusion-type meals has influenced this industry and the category has been characterized by the introduction of new products and innovations directed towards more sophisticated consumers and new segments with particular culinary requirements. Special condiments that are ready to mix for salads, soups and stews, among others, are aimed at making meal preparation easier. Young people are influencing the direction of the category by trying new solutions and products. This segment is also concerned about healthy and balanced food, creating new opportunities for companies to explore.

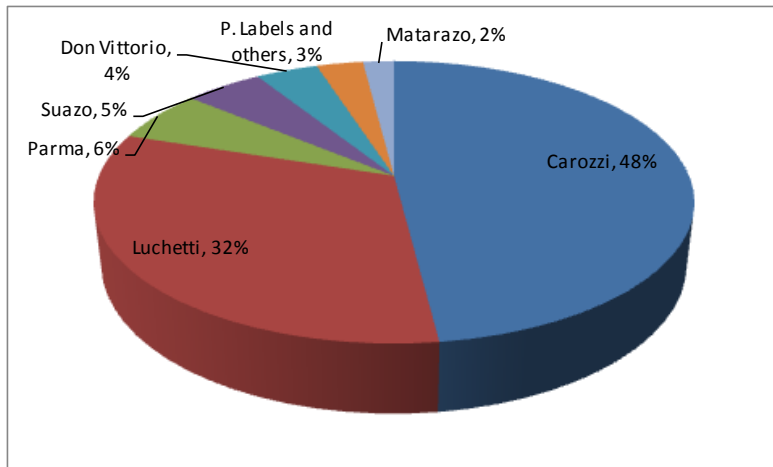
Unilever Chile Foods remained the leader of this category at the end 2012 with a 34% value share. However, it demonstrated a constant reduction over the years, taken by the entry of many new players. Unilever is highly diversified with a wide range of products at affordable prices, and competes in the larger segments.

Chile is a very open country and has in recent years been influenced by many other cultures. Travelling, the Internet, and the open economy allow consumers to access different foods, flavors and world trends in cooking (fusion, Asian meals, for example). In addition, young people are increasingly fond of cooking and eating healthy food. All this has introduced an important movement in the industry towards more elaborate products to take advantage of these changes in consumer behavior. As the Chilean economic situation should continue improving, its exposure to international trends should grow further in coming years, and an even wider variety of international dishes should be introduced to the local market.

Chile is the third largest country in per capita pasta consumption with 9 kg per person per year. Production of pasta in Chile reaches 140,000 tons, exporting only 20,000 tons or 14%. Carozzi is the most important company in the pasta market, followed by Lucchetti (owned by Corporacion Tresmontes).

Close to 75% of pasta is sold through supermarkets, the rest through traditional retailers.

Pasta Market Share 2012

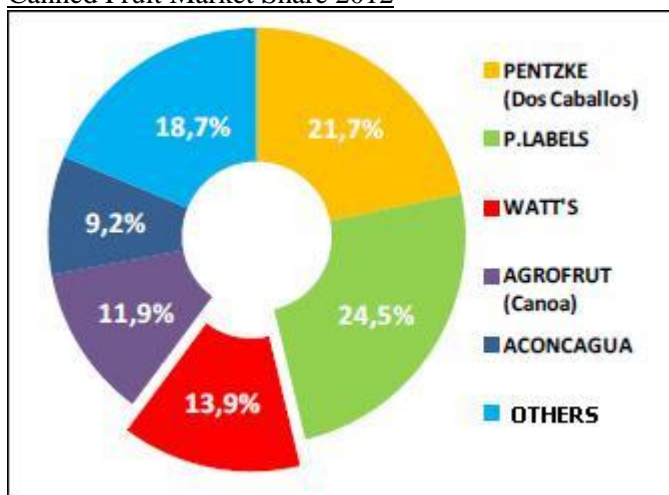


Source: Press information.

Note: P. Labels are private labels mostly developed by big supermarket chains.

The canned market is estimated in US\$ 100 million.

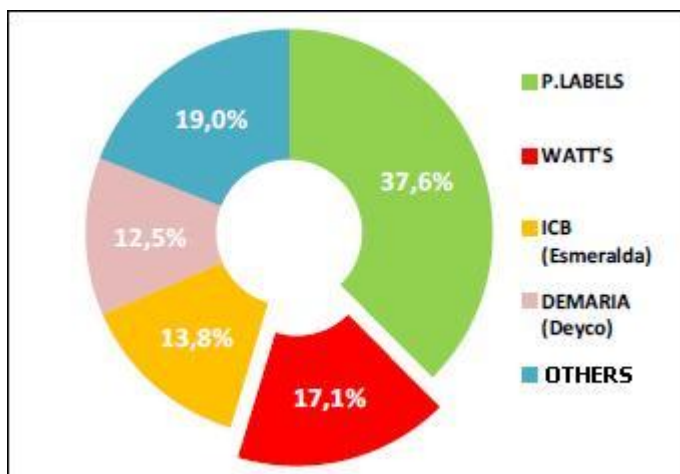
Canned Fruit Market Share 2012



Source: Watt's Annual Report

Note: P. Labels are private labels mostly developed by big supermarket chains

Canned Vegetables Market Share 2012



Source: Watt's Annual Report

Note: P. Labels are private labels mostly developed by big supermarket chains

Canned soup is not popular in Chile, but powdered and dehydrated soups in envelopes are. Maggi (Nestlé) is the traditional leader, but others like Naturezza and Knorr have gained market share through heavy advertising.

The pet food market has also been growing. It is a competitive market with little consumer loyalty. In Chile, there are approximately 155,000 tons of pet food consumed annually amounting to US\$ 137 million.

The main pet food importers that distribute to supermarkets and retail stores are Effem (Whiskas), Nestlé (Friskies, Purina Dog Chow and Alpo) and Pet Market (Bil Jac, Precept, ANF, Star Pro, Pet Time, Must and Windy Hill).

11. Specialized Food Ingredients (Additives, Preservatives, Thickeners, Sweeteners)

Large companies such as Carozzi import most of their ingredients from China because it is cheaper even than buying locally. U.S. products are not very popular because of their high cost.

Some important companies in this sector include: Duas Rodas of Brazil (coloring agents), Inducorn (Corn Products Chile), Lefersa, (Chilean yeast company), Puratos Chile (bakery, pastry and confectionery industry supplier) Iansa (sugar) and Cramer.

Nearly 380,000 tons of sugar and sweeteners was consumed in Chile during 2012.

According to Euromonitor, the average consumption of sugar and sweeteners per person in Chile during 2011 was 21.9 kg. During the past years, the consumption of sugar has dropped by close to 10% given the increase in lower calories sweetener consumption. Stevia and Sucralose are the preferred sweeteners in Chile.

The trend for additives, preservatives, thickeners and sweeteners and all food ingredients in general is towards more natural, less chemical products.

D. Sector Trends

- According to the Chilean Newspaper, La Tercera, sales of fast food increased 17% in 2012, given that Chileans have less time for going for lunch.
-
- In Chile, 12% of total non alcoholic beverages sales correspond to the Light category.
- Major international investors present in the food processing industry include Nestlé, Coca-Cola, PepsiCo and the New Zealand Dairy Board.
- Most of the industry is controlled by large Chilean companies that are growing even larger through mergers and growth into neighboring countries.
- Chile is the second largest per capita bread consumer in the world behind Germany, with 98 kgs per year per person.
- Free trade agreements with countries like China have stimulated production and incentivized companies to develop new and better products for export.
- Chilean processed food quality standards are mostly world-class and require top quality ingredients.
- The natural and healthy food trends are gaining momentum as education and health and wellness concerns grow in Chile.
- Easily prepared foods and snacks are growing rapidly in popularity as more people eat out-of-home and on the run.

III. Competition

Competition from Mercosur suppliers remains fierce for meat, grains, soybean products and pet food, while domestic production and European imports present the greatest challenge for U.S. processed foods.

Comparative Chilean Food and Agricultural Product Imports

Product	Total Imports 2011 (US\$)	U.S. Imports 2012 (US\$)	U.S. Imports % Change '12/'11	U.S. % Market Share	Main Competitors (% of market share)
Beef	\$ 759,518,007	\$ 773,569,424	1.85%	6.00%	Brazil (48%), Argentina (22%) Australia (13%)
Coarse Grains	\$ 157,764,390	\$ 117,965,761	-25.23%	9.00%	Argentina (34%), Bolivia (17%)
Dairy Products	\$ 111,243,301	\$ 165,817,494	49.06%	39.19%	U.S. (39%), Argentina (36%), New Zealand (5%)
Essential Oils	\$ 631,117,887	\$ 670,022,072	6.16%	2.00%	Argentina (61%), Peru (11%)
Fish & Seafood	\$ 45,904,414	\$ 48,935,038	6.60%	2.00%	Ecuador (46%), Vietnam (19%), China (12%)
Fresh Fruit	\$ 119,628	\$ 197,804	65.35%	85.00%	Vietnam (15%)
Fresh Vegetables	52,844,220	80,578,953	52.48%	18.00%	Canada (22%), China (20%)
Fruit & Vegetable Juices	\$ 35,753,987	\$ 32,630,489	-8.74%	5.00%	Brazil (49%), Argentina (20%), South Africa (14%)
Live Animals	\$ 9,747,699	\$ 10,645,081	9.21%	30.00%	Brazil (25%), Canada (14%)
Pet Food	\$ 367,713,987	\$ 455,428,944	23.85%	9.00%	Argentina (66%), Brazil (10%)
Pork	\$ 44,201,903	\$ 57,144,432	29.28%	72.00%	Brazil (15%), Canada (12%)
Poultry	\$ 131,561,115	\$ 125,450,430	-4.64%	26.00%	Argentina (49%), Brazil (24%),
Processed Fruits & Vegetables	\$ 148,715,754	\$ 168,970,086	13.62%	9.00%	Argentina (18%), Belgium (14%)
Rice	\$ 57,456,470	\$ 69,643,281	21.21%	1.00%	Argentina (48%), Paraguay (35%)
Sugars and sugar confectionary	\$ 461,376,231	\$ 418,046,392	-9.39%	3.00%	Colombia (34%), Argentina (22%), Guatemala (17)
Coffee, tea, mate & spices	\$ 109,662,660	\$ 108,577,539	-0.99%	2.00%	Brazil (27%), Argentina (22%), Sri Lanka (20%)
Milling products; malt; starch; inulin; gluten wheat	\$ 164,033,441	\$ 147,718,584	-9.95%	3.00%	Argentina (72%) China (7%)
Wine	\$ 5,533,977	\$ 6,826,152	23.35%	0.59%	Argentina (50%), France (22%), Spain (17%)
Beer	\$ 65,365,112	\$ 95,093,111	45.48%	40%	Mexico (38%), Argentina (9%)

Source: Chilean Customs

IV. Best Product Prospects

Premium, healthy, frozen and fast food.

- Health and wellness was one of the main growth drivers of soft drinks sales over the past years. This trend will continue to influence product development. Products associated with health and wellness, such as those with fewer calories or proven health benefits, will become increasingly visible. In view of the potential offered by the health and wellness trend, players should consider their overall product ranges and develop related products in line with this trend.
- There are already signs of maturity and saturation in certain well developed packaged food categories in Chile. As a result, packaged food is expected to see slightly slower growth in volume terms. The emergence of new packaged food categories among younger consumers and demand for international brands will, however, help bolster sales. With improved confidence and increased purchasing power, a growing number of Chilean consumers will seek higher-priced standard, innovative and premium brands across packaged food categories. However, demand for domestically and regionally produced economy and standard brands will remain strong.
- Pet care in Chile is expected to continue to expand over the coming years. There is still much room for growth, particularly within less developed categories, such as “other” pet food and pet products. The main growth drivers are predicted to be the on-going shift towards prepared food and the increasing consumer demand for value-added products. Manufacturers will focus on developing new products to attract new consumers, and invest in marketing campaigns to highlight the advantages of their products.

- Many categories in alcoholic drinks are becoming more mature. Therefore, growth rates are predicted to slow. Rum is seen to have matured while sparkling wine will likely do so in the short term. Various spirits will continue to lead the way in terms of growth. Vodka will be one of the main growth drivers. Rum will continue to perform well but after the heavy decline it suffered in 2012 it will start to slowly lose its former dynamism. Meanwhile, in beer, another category that should outperform the market as a whole, microbrews, imports and other premium beers will be the drivers of growth.
- Tea sales are expected to witness further diversification of product offerings and sophistication of demand. The growing health awareness of an ageing society will boost demand for tea offering health benefits. Consumers are expected to become more aware of quality, which will stimulate the interest in naturally healthy tea. Convenience will remain a key factor behind new product developments.
- The economic situation in Chile and the level of disposable income are expected to improve, enabling consumers to increase their spending on sports and energy drinks. As this category is still developing, new manufacturers and brands are likely to make an entrance in the local market.
- Health and wellness trends contributed also to drinking milk products which grew rapidly in 2012, leading to manufacturers continuing to improve their portfolios of health and wellness products, mostly reduced-fat offerings.
- The health and wellness trend will be beneficial for the bottled water category in Chile as well. Thanks to ongoing campaigns by health professionals and nutritionists, consumers are likely to become even more concerned about their health and more aware that sufficient water intake is an important contributor to their personal wellbeing. Furthermore, the bad publicity surrounding other soft drinks that are high in sugar, such as carbonates or fruit juices, is likely to cause a shift to more natural beverage options.
- Demand for pasta is expected to remain stable in coming years. While the Chilean economy continues to show a good performance, opportunity for growth will be derived from new premium segments and differentiated products. It also will continue to grow among consumers looking for healthier options.
- With good economic prospects and the on-going stability in consumer income levels, demand for premium chocolate confectionery is likely to build in coming years.
- Demand for vitamins and especially dietary supplements will continue to grow over the coming years due to rising consumer health awareness and increasing perception that these products help improve the health and the body's defense mechanisms in a safe way. Furthermore, with increasing stress levels induced by hectic lifestyles, Chileans will look for alternatives to boost their energy levels to enjoy all aspects of daily life.
- Fruit/vegetable juice in Chile continues to benefit from rising consumer awareness of the consequences on their health of the food and drink being consumed. This trend is particularly strong among young adults, women and middle-income to high-income urban dwellers. In common with the majority of the population, Chileans are experiencing increasingly sedentary lifestyles. This, combined with the rising consumer awareness of health and wellness, (in large part due to the strong national and local media coverage of the importance of healthy lifestyles and widening Internet usage), is boosting demand for healthy soft drinks, such as fruit/vegetable juice.
- Premium beer is expected to continue to drive category growth. A growing number of consumers have shown a willingness to pay more for higher-quality beer. Now that some Chileans have traded up, they

are unlikely to consider returning to mid-priced or economy products. With regard to craft beers, industry experts foresee Chile following the trend of developed countries like the US, where microbreweries account for around 6% of the category.

- Regarding ingredients, spices and condiments, Chile is a relatively open country and has in recent years been influenced by many other cultures. Travelling, the Internet, and the open economy allow consumers to access different foods, flavors and world trends in cooking (fusion, oriental meals, for example). In addition, young people are increasingly fond of cooking and eating healthy food. All this has introduced an important movement in the industry towards more elaborate products to take advantage of these changes in consumer behavior. As the Chilean economic situation should continue improving, its exposure to international trends should grow further in coming years, and an even wider variety of international dishes should be introduced to the local market.
- Breakfast cereals should continue to grow and the main players should focus additional resources on capturing the opportunity presented by changing demand. Taking into consideration that breakfast cereals is an important category for most players, there is expected to be more innovation and intense competition in the near term. Despite children being the main consumer segment for such products, recent years have seen a change in behavior, with adults and families increasingly incorporating cereals into their daily diet. Young adults should represent an opportunity to continue exploring demand opportunities, as well as sporting consumers.
- Workers and executives will continue choosing fast food at lunchtime based on three main variables; affordability, location and fast services. Along with these factors, healthy alternatives will develop to be more appealing to a broader segment of the population. This trend is not expected to change rapidly, although full-service restaurants and self-service cafeterias are expected to compete directly with fast food operators if prices are moderated.
- Canned/preserved food players should continue trying to take advantage of the opportunity presented by changes to positioning and reach premium segments by developing value-added gourmet-type products. Fruit, vegetables and fish/seafood can be improved in terms of positioning as snacks and enhanced meal products. This is especially the case given the trend in the Chilean market towards more sophisticated meals and cooking.
- Frozen vegetables, poultry and fish/seafood should benefit most from the healthy trend. On the other hand, frozen red meat and desserts should appeal as high-quality products. The category presents opportunities and potential to grow due to a consumer preference for these types of alternative food products, a good economic situation, and easy availability through supermarkets/hypermarkets and outlets that have appropriate equipment to store and display such products.
- The Chilean consumer is becoming more sophisticated. For companies it is important to offer high quality, original products that meet consumers' requirements, including health and wellness. Creams and soups are transversal food types, reaching all socio-economic segments. Although an improved economic situation should translate into increased demand for premium soup products, it should also generate an incentive for soup substitution. This imposes the challenge of manufacturers being more creative to introduce new products to maintain sales.

Products not present because they face significant barriers- There are very few products in this category. The U.S. and Chile are engaged in technical discussions regarding several of the products below.

- Salmon eggs (new site inspection requirements by the Chilean government)
- Honey and honey derived products (American Broth Disease)

- Genetically modified (GMO) products without registered events in Chile
- All poultry except chicken and turkey (i.e. duck)

V. Post Contact and Further Information

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Foreign Agricultural Service homepage: <http://www.fas.usda.gov>