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Report Highlights:

Chile is an open economy with a developed and competitive food industry. Just over half of Chilean food production lands in the domestic market, while 46 percent is exported. Food manufacturers leverage the country's multiple trade agreements to export Chilean-manufactured processed products to the world. Imported ingredients represent about half of inputs used in the Chilean food manufacturing sector. Some U.S. ingredients are competitive, though competition from regional suppliers is intense.

MARKET FACT SHEET: CHILE

Executive Summary

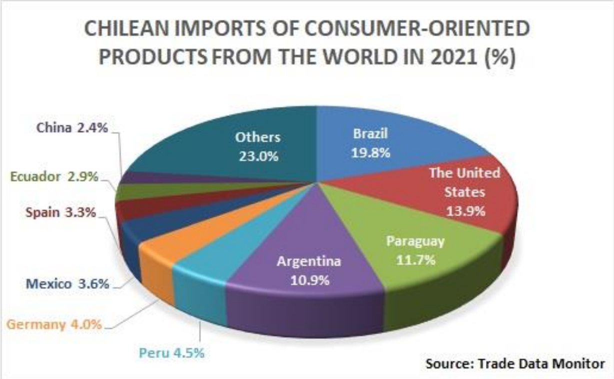
Chile is a South American country that borders the Pacific Ocean, Argentina, Bolivia, and Peru. In 2022, Chile has a population of 19.8 million, with 8.3 million living in the densely populated Santiago Metropolitan region.

In 2021, after a successful COVID-19 vaccination program and relaxation of associated pandemic restrictions, the Chilean economy bounced back, Chile's Gross Domestic Product (GDP) in current prices totaled $301 billion, a 11.8 percent increase over 2020. For 2022, the Chilean Central Bank estimates a slow-down in the economy and projects a 2.0 percent GDP growth. GDP per capita reached $25,110 PPP in 2020 (World Bank), giving Chile the highest per capita GDP in Latin America.

Chile's economy is driven by exports, concentrated primarily in the copper and agricultural sectors - fresh fruit, forestry, and fishery products. In 2021, the agriculture and related sector represented 24.4 percent of total Chilean exports ($21.9 billion), 9.0 percent of total GDP ($24.2 billion), and employed around 10 percent of Chile's labor force.

Imports of Consumer-Oriented Products

Chile is the largest market in South America for U.S. consumer-oriented agricultural products. U.S. Consumer-oriented exports to Chile reached $886 million in 2021. The top U.S. consumer-oriented products exports to Chile are beer, pork, dairy products, beef, condiments and sauces, poultry, food preparations, poultry, distilled spirits, and pet food



Food Retail Industry

Chile was one of Latin America's fastest-growing economies during the last decade, enabling the country to have a modern and dynamic food retail industry. Chile's retail food sales reached $25.9 billion in 2021, a 7.6 percent increase over 2020. Grocery retail represented 51.7 percent of total retail sales. In 2021, supermarket sales totaled $17.8 billion a 17.6 percent growth over 2020.

HRI Industry

Since November 2021, the HRI sector has gradually reopened under new COVID-19 protocols. The sector was badly hit in 2020-2021 as health restrictions shuttered hotels, restaurants, and many institutions. The sector is now rebounding as the Government of Chile relaxes restriction.

Quick Facts CY 2021

Imports of Consumer-Oriented Products: $886 million

List of Top 10 Growth Products in Host Country

1) Beef, and products	2) Beer
3) Dairy products	4) Pork and products
5) Condiments and sauce	6) Distilled spirits
7) Dog and cat food	8) Confections
9) Wheat	10) Feeds and fodders

Food Industry (U.S. billion) 2021:

Food and Ag Products Exports	$21.9
Food and Ag Products Imports	$11.4
Food and Ag Products Imports from the United Sates	$1.3

Top Food Processing Companies in Chile:
1) *Agrosuper S.A.*
2) *Embotelladora Andina S.A.*
3) *Empresas Carozzi S.A.*
4) *Nestlé Chile S.A*
5) *Soprole S.A.*
6) *Watt's Alimentos S.A.*

GDP/Population:
2021 Population: 19.1 million
2020 GDP: $253 billion
2020 GDP per capita: $25,068

Strengths/Weaknesses/Opportunities/Threats:

Strengths	Weaknesses
[The U.S.-Chile Free Trade Agreement] resulted in zero percent duties for all U.S. agricultural products.	Relatively small-size market compared to neighboring countries.
Opportunities	**Threats**
Chile has the highest income per capita in Latin America.	Regional competition is intense in some product categories. Chileans remain somewhat price sensitive, following the economic slowdown.

Data Sources: Global Agricultural Trade System; Trade Data Monitor; Chilean Central Bank; World Bank; Chilean National Institute of Statistics; Euromonitor.

Section I: Market Summary

Chile has a modern and developed food processing and beverage industry. Food and beverage processing represents 13.5 percent of Chile's exports, at $12.8 billion in 2021. The food processing industry is the second most important economic sector after mining, contributing 4.5 percent to national GDP in 2020. According to the Chilean Export Promotion Agency (*ProChile*), the sector employs over 368,316 workers. The main export markets for Chilean food products are China, the United States, European Union, Japan, and the Southern Common Market (MERCOSUR) countries. Chilean food processors sell their products nationally or internationally. The Foreign Investment Agency of Chile (*InvestChile*) reports that 54 percent of Chile's total food production is destined for the domestic market, and 46 percent is exported to more than 190 countries worldwide.

The Chilean Nutritional Composition of Foods law was implemented in 2016. The law requires labeling of food products high in sugar, saturated fat, calories, and sodium. The Chilean food industry continues searching for new formulations and different ingredients to avoid mandatory labeling associated with the law. The Chilean food industry continued operations despite the COVID-19 pandemic, which caused some production delays due to reduced workers, port slowdowns, and logistics delays. According to National Institute of Statistics (*INE*), Chilean inflation increased to 7.2 percent in 2021, driving down consumer demand.

Table 1: Advantages and Challenges facing U.S. exporters.

Advantages	Challenges
The United States is a strong trading partner for Chile: the U.S.-Chile Free Trade Agreement (FTA) facilitates commerce.	Chilean importers do not depend on products or food ingredients from a specific region.
The United States is recognized as a reliable supplier of high-quality food products.	Chilean consumers are used to competitive prices due to the openness of the economy. Economic slowdown has increased consumer price sensitivity.
Demand for healthier ingredients has increased as food processors seek alternatives that will not exceed the nutritional thresholds set by the 2016 Nutritional Labeling and Advertising Law.	The United States competes with MERCOSUR and European countries in the food processing ingredients sector.
U.S. products and ingredients are perceived as innovative and trendy, and Chilean consumers are likely to pay higher prices for them.	Chileans are price-sensitive, especially during economic slowdowns.
Consumers' demand for premium processed foods and beverages continue to increase year after year.	

Section II: Road Map for Market Entry

Entry Strategy

Chile is a highly competitive market for food ingredients. Prospective U.S. exporters should consider Chile as a long-term market. U.S. exporters of food ingredients have two main ways of entering the Chilean market: by selling to importers/distributors or exporting directly to Chilean companies. The use of distributors, agents, or representatives depends on the type of product and the size of the food processing company. Larger food processors might prefer to buy directly to benefit from competitive prices and avoid paying commissions to intermediaries. Smaller processors are more likely to buy from Chilean importers/distributors. Importers and distributors offer various packaging, quality control, and inspection services.

Alternatively, U.S. food ingredients exporters that plan to sell large volumes of their products can establish a local subsidiary or set up a regional office. Once successfully established, these producers may expand operations and use Chile as an exporting platform for the Latin American region. Establishing domestic production guarantees customer service, product quality and helps establish a solid local presence.

Personal relationships are essential in Chile. Post recommends building connections to become a trusted business partner. These connections may rely on good customer services, personal visits, and extensive follow-up. A personal relationship can be achieved either directly or by hiring a local representative. It is worth noting that the reputation of a U.S. supplier is strongly affected by the quality of its representative. Additionally, U.S. exporters who want to enter the Chilean market should seek to use existing relationships they might have with international food processing companies.

U.S. suppliers should offer solid business proposals to potential buyers that compete in quality, prices, and payment conditions. Exporters of new-to-market products should approach buyers with a well-organized plan that outlines product specifications, shipment terms, and financial obligations. There are many reliable and efficient Chilean importers and distributors.

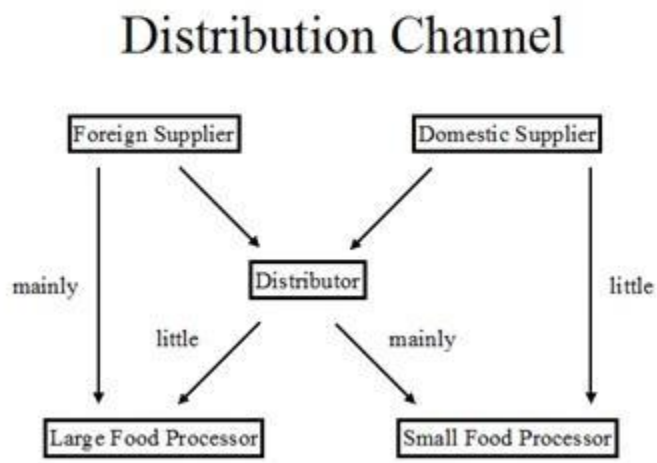
Import Procedures

For details on how to export to Chile, please refer to Chile's Global Agricultural Information Network (GAIN) reports: Exporter Guide, FAIRS Export Certificate Report, FAIRS Country Report, and 2016 Nutritional Labeling and Advertising Law.

Distribution Channels

The distribution flow varies depending on the origin of ingredients and the size of the food processor. While local inputs are mainly sourced directly from the producer, foreign products are commonly purchased from distributors and food ingredients importers. Large food processors can import directly due to volume and expertise.

Figure 1



Market Structure

The Chilean food and beverage processing industry consist of more than 98,890 food processing companies. Some large international companies use their production plants in Chile to serve other markets in Latin America. Chilean food processing companies sell 60 percent of all processed food products to supermarkets and hypermarkets. A smaller share, 38 percent, of packaged food is sold through traditional grocery retailers such as independent small grocers or food/drink specialists. Seven food processing companies sell more than one hundred products available throughout the country. *Agrosuper*, *Nestlé*, *Carozzi*, and *Coca-Cola* are among the one hundred largest Chilean companies, according to *AmericaEconomía* ranking.

According to Chilean Food Processing Companies Association (*Chilealimentos A.G.*), the Chilean food industry mainly produces processed fruit and vegetables; chocolates and confectionary products; wine, beer, and drinks; beef, pork, and poultry products; potato chips and similar snacks; dairy products; frozen meals; pasta and noodles; oils; sugar and sweeteners; pet food; breakfast cereals, and seafood.

As a result of COVID-19, Chilean consumers became more conscious about their nutrition and started preparing more food at home. With a growth in home cooking, food ingredients markets have shifted. According to Chilean food industry contacts, consumers are likely to continue these new consumption patterns.

Main Food Processing Companies (Company Profiles and Company Products)

Table 2: Main Food Processing Companies

Company	Key Products	Websites
Agrosuper S.A.	Chicken, pork, turkey, salmon, and processed foods.	www.agrosuper.cl
Embotelladora Andina S.A.	Production and distribution of bottled fruit drinks, mineral water, energy drinks, iced tea, and carbonated beverages, including Coca-Cola beverages. The company also manufactures processed fruit.	www.koandina.com
Empresas Carozzi S.A.	Pasta, rice, noodles, chocolates and candies, snacks, marmalades, breakfast cereals, confectionary, sauces, tomato paste, desserts, fruit pulp, flour, beverages, olive oil, and pet food.	www.carozzicorp.com
Evercrisp Snack Productos de Chile S.A. (PepsiCo, Inc.)	Snacks, potato chips, cookies, breakfast cereals, oat products, soft drinks, energy drinks, iced tea, cranberry juice, and orange juice.	www.pepsico.cl/
Nestlé Chile S.A.	Coffee, dried milk, baby food and purees, breakfast cereals, chocolates, cookies, candies, dairy products, pet food, ice cream, infant formula, sauces and condiments, and senior formula.	www.nestle.cl
Tresmontes Lucchetti S.A. (Grupo Nutresa)	Pasta, snacks, canned tuna, powdered chocolate, instant coffee, tomato sauces, soups, cooking oil, tea, and powdered juices.	www.tmluc.cl
Watt's Alimentos S.A.	Fruit (including juices, nectar, jam); dairy products; oil (cooking oil and margarines); frozen fruit and vegetables; fresh pasta; canned legumes and fruits, and wine.	www.watts.cl

Source: Based on company interviews. Alphabetically sorted.

Chilean processed foods have solid and well-positioned brands (*Carozzi*, *Watt´s*, *Tresmontes Lucchetti*, etc.) with high level of consumer loyalty. While Chilean consumers have increasing concerns about health-related issues, the food processing industry still adapts to the nutritional labeling law, opening the market to products and ingredients marketed as natural. In addition to healthy products, many Chilean consumers can afford to buy high-end U.S. products like beef, pork, dairy products, and distilled spirits. There is intense competition among food importers seeking to maintain or enlarge their market share. U.S. food ingredients exporters need to consider the longer freight time and higher transport costs to Chile than regional competitors. Nearby Latin American countries operate with relatively low shipping costs.

Section III: Competition

There are significant opportunities for imported food ingredients in Chile, as the food processing industry import half of their food ingredients.

Table 3: Chilean Food Ingredients Imports from the World (by country)

Chile Food Ingredients Imports from the World Calendar Year: 2020 - 2021			
Partner Country	**Value in Thousands of U.S. dollars**		
	2020	**2021**	**Average growth (%)**
World	$7,145,943,894	$10,026,435,330	40.31
Argentina	$1,742,070,915	$2,601,636,941	49.34
Brazil	$906,522,171	$1,398,624,669	54.28
United States	$850,923,674	$1,039,653,554	22.18
Paraguay	$738,060,858	$962,075,061	30.35
Canada	$338,188,388	$334,599,750	-1.06
China	$279,789,403	$371,583,413	32.81
Peru	$244,953,211	$374,887,325	53.04
Ecuador	$201,547,965	$257,918,903	27.97
Mexico	$165,511,127	$257,873,510	55.8
Colombia	$149,115,356	$231,185,202	55.04
Spain	$143,891,877	$228,499,788	58.8
Germany	$125,139,068	$267,888,940	114.07
Belgium	$105,335,232	$183,021,915	73.75
Netherlands	$99,779,772	$136,600,561	36.9
Bolivia	$94,074,819	$146,558,379	55.79
Source: Trade Data Monitor (TDM)			

In 2021, the United States remained Chile's third-leading supplier of food ingredients, after Argentina and Brazil. The United States is followed by other competitors like Paraguay, Canada, China, and Peru. Chile's top U.S. food ingredients imports were pork products, dairy, beef products, beer, condiments and sauces, food preparations, corn, poultry products, wheat, distilled spirits, tree nuts, bakery goods, cereals and pasta, fresh fruits, and chocolate and cocoa products. U.S. ingredients mainly compete with food ingredients from MERCOSUR and other neighboring countries.

Table 4: Chilean Main Food Ingredients Imports from the U.S.

Chile Food Ingredients Imports from the U.S. Calendar Year: 2020-2021			
Products	Value in Thousand of U.S. dollars		
	2020	2021	Average of growth (%)
All	$850,923,674	$1,039,653,554	22.18
Pork & Pork Products	$136,224,758	$115,308,421	-15.35
Dairy Products	$88,731,767	$109,783,115	23.72
Beef & Beef Products	$44,964,075	$95,403,754	112.18
Beer	$64,327,795	$80,407,180	25
Condiments & Sauces	$55,794,013	$77,463,460	38.84
Soup & Other Food Preparations	$61,168,377	$76,367,636	24.85
Corn	$30,936,852	$63,018,212	103.7
Poultry Meat & Prods	$52,874,149	$50,149,919	-5.15
Wheat	$92,692,172	$44,843,949	-51.62
Distilled Spirits	$15,249,082	$35,298,345	131.48
Tree Nuts	$26,963,682	$33,303,215	23.51
Bakery Goods, Cereals, & Pasta	$16,317,132	$19,974,228	22.41
Fresh Fruit	$11,548,640	$17,958,697	55.5
Meat Products	$11,169,957	$17,906,990	60.31
Chocolate & Cocoa Prods	$10,534,982	$17,104,095	62.36
Source: Trade Data Monitor (TDM)			

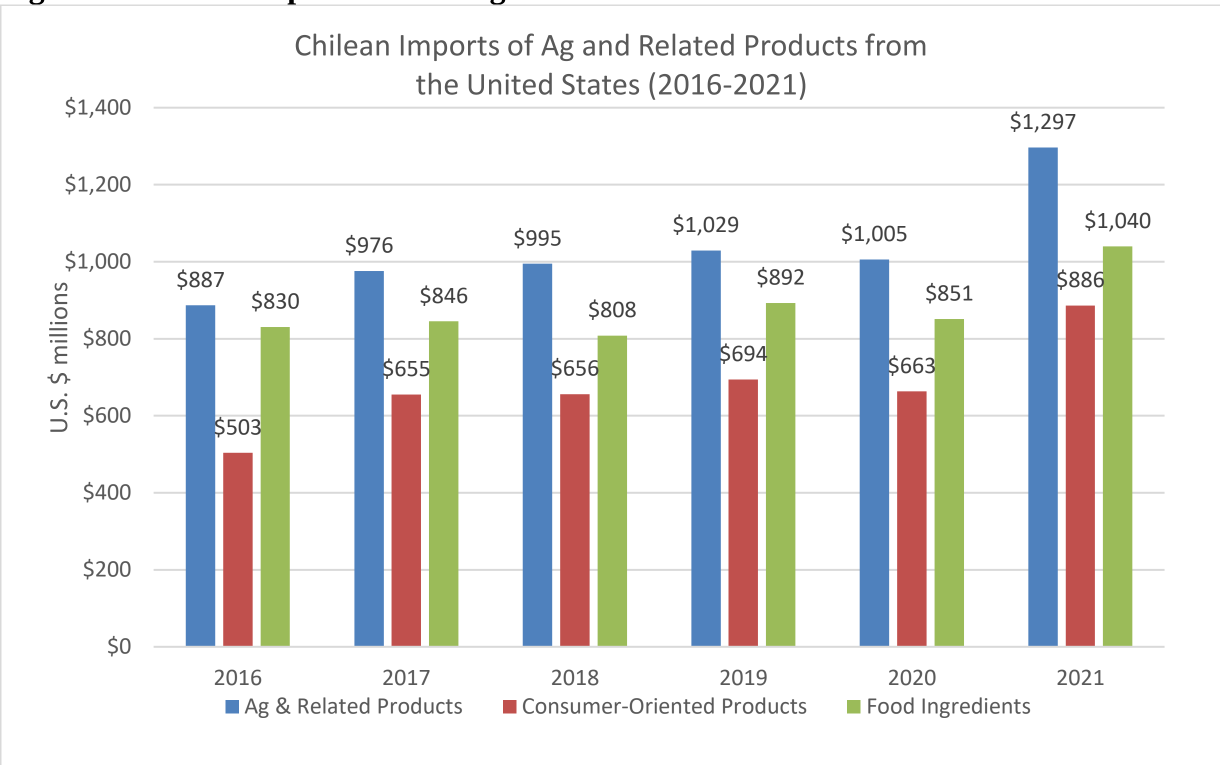
In 2021, U.S. exports of pork and products to Chile were $115 million, decreasing 15 percent from 2020. China recently stopped buying pork from EU suppliers because of African swine fever concerns, driving down EU pork prices and incentivizing Chilean buyers to switch to European pork. U.S. pork will remain less competitive in Chile with this dynamic.

In 2021 Chile imported $536 million in dairy products from the world. The United States was the leading supplier for Chile with exports of $109 million and 20.6 percent market share. The U.S. was followed by New Zealand and Argentina with 17.9 percent and a 16.6 percent share respectively. Cheese makes up a large percentage of Chilean dairy imports, with cream cheese and mozzarella cheese gaining popularity in the market.

Chile imported $95 million of U.S. beef and products in 2021, increasing 112 percent from 2020. The United States is the fourth largest beef supplier to Chile, after Paraguay, Brazil, and Argentina. While Chile imports low-cost beef from Paraguay and Brazil, Chile also imports high-end beef products from Argentina, which compete directly with high-quality U.S. beef.

Section IV: Best Product Prospects Categories

Figure 2: Chilean Imports of U.S. Ag and Related Products



Source: Trade Data Monitor

Chilean imports of food, food ingredients, and agricultural products from the United States have been steadily increasing since 2016, especially food ingredients, as they are recognized as high-quality and stable food products.

Table 5: Products with Good Sales Potential

Products present in the market which have good sales potential	Products not present in significant quantities, but which have good sales potential
• Bakery goods, cereals, and pasta • Bakery agents • Pulses • Beef and beef products • Dairy products (premium cheeses and ice creams) • Tree nuts • Pork and pork products • Sweeteners and sweeteners • Poultry and poultry products	• Craft beer • Eggs and products • Flours and starches • Plant extracts • Processed fruit and vegetables • Corn • Chocolate and cocoa products • Soup and other food preparations • Sauces, dressings, and condiments • Edible oils

Section V: Key Contacts and Further Information

Ministry of Agriculture - Office of Agricultural Policies and Studies (ODEPA) Teatinos 40 Piso 7 – Santiago Tel.: +56 2 800-360-990 www.odepa.gob.cl	Ministry of Economy, Development and Tourism National Institute of Statistics (INE) Morandé 801 Piso 22 – Santiago Tel.: +56 2 3246-1010 – 3246-1018 ine@ine.cl www.ine.cl
Ministry of Agriculture - Agriculture and Livestock Service (SAG) Av. Bulnes 140 – Santiago Tel.: +56 2 2345-1100 Office Directory: https://www.sag.gob.cl/directorio-oficinas www.sag.gob.cl	Ministry of Health Seremi de Salud (SEREMI) Padre Miguel de Olivares 1229 – Santiago Office Directory: https://www.minsal.cl/secretarias-regionales-ministeriales-de-salud/ https://seremi13.redsalud.gob.cl/
Ministry of Agriculture - Agriculture and Livestock Service (SAG) Av. Bulnes 140 – Santiago Tel.: +56 2 2345-1100 Office Directory: https://www.sag.gob.cl/directorio-oficinas www.sag.gob.cl	Ministry of Health Seremi de Salud (SEREMI) Padre Miguel de Olivares 1229 – Santiago Office Directory: https://www.minsal.cl/secretarias-regionales-ministeriales-de-salud/ https://seremi13.redsalud.gob.cl/
Chilean Institute of Public Health Av. Maratón 1000 – Ñuñoa, Santiago Tel.: +56 2 2575-5101 - 2575-5202 oirs@ispch.cl www.ispch.cl	Instituto de Nutrición y Tecnología de los Alimentos – INTA Universidad de Chile Av. El Líbano 5524 Casilla 138 Correo 11 Santiago Tel.: +56 2 2978-1411 / 2978-1400 www.inta.cl
National Customs Agency Plaza Sotomayor 60 – Valparaíso Tel.: +56 2 600-570-7040 www.aduana.cl	Chilean Food Processing Companies Association A.G. – ChileAlimentos Av. Andrés Bello 2777, Of 1-B – Las Condes Santiago Tel.: +56 2 2899-9600 chilealimentos@chilealimentos.com www.chilealimentos.com

Attachments:

No Attachments