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Chile

Fishery Products

Annual

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Approved by:
Joseph Lopez, Agricultural Attaché
Office of Agricultural Affairs

Prepared by:
Luis Hennicke, Agricultural Specialist

Report Highlights:
As a result of an increase in production and exports of Chile's value added salmon and trout products, exports of whole eviscerated salmon fell slightly after many years of constant growth. In the coming years the industry will continue to expand, but exports of whole eviscerated salmon are not expected to increase significantly, as demand keeps shifting to value added products.

Includes PSD Changes: No
Includes Trade Matrix: Yes
Annual Report
Santiago [CI1]
[CI]

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Executive Summary

Salmon and trout production are the main components of Chile's edible fisheries sector. Exports were valued at $2.21 billion in calendar year 2006, representing a 3.9 percent of Chile's total export revenues for both Agricultural and Non-Agricultural products. A further expansion is expected in 2006, as prices of exported salmon and trout products continue to increase. Total Chilean aquaculture output will continue to grow based on development and growth of salmon, trout and new species like turbot. Total exports in 2007 are expected to reach US$ 2.4 billion. Exports of value- added salmon and trout products are expected to expand at a faster rate than whole eviscerated salmon.

Note: *A Fisheries Products Strategic Indicators Table will not be provided as Chile does not import salmon products and is only a marginal importer of total edible fish products.*

Production

Output of whole eviscerated salmon increased again in 2006 to a record production of almost 450,000 MT. The continuous increase in Chilean salmon and trout production is being driven by a constant increase in demand, as reflected by export rising prices for salmon and trout products. Economic returns expanded again over 28 percent for the whole salmon and trout industry to a record US$2.21 billion in 2006. For MY2007 and the coming years, the industry predicts that production of whole eviscerated salmon will continue to expand but at a slower rate than in the past, as exports of whole eviscerated salmon will be much more moderate, as demand is expected to shift to value-added salmon products such as fresh and frozen filet, smoked, dried and salted and canned salmon.

The Chilean salmon and trout industry is composed of more than 70 companies, most of which are located in Regions Ten, Eleven and Twelve employing directly and indirectly over 45,000 workers of which 60 percent are women,. Aquaculture is conducted in 234 coastal concessions for which the companies pay user fees to the government. In year 2010, yearly exports are expected to exceed US$ 2.5 billion. Based on Chile's natural comparative advantages, like long coastal line, ideal water temperature and low labor cost, Chile's salmon and trout production and exports will expand further in the coming years depending upon market conditions. Chile produces and exports a variety of salmon products, including fresh/chilled, frozen, canned, dried and salted, smoked and dehydrated salmon. Although the most important component of the sector is fresh/chilled and frozen whole/eviscerated salmon, exports of value-added salmon products such as fresh and frozen filet, smoked, dried and salted and canned salmon are increasing at a fast rate.

Consumption

There are no official statistics for fresh/chilled domestic consumption in Chile. Although domestic consumption of both farmed and "wild" salmon has been increasing during the last few years, it is not a significant portion of total demand. This is primarily due to the fact that in Chile fish in general is less popular than red meat, poultry and pork.

Supermarket chains buy directly from the producers or, in some cases, internally source the product from their own salmon farms. Up to now there have not been comprehensive promotional campaigns to increase domestic consumption, because Chile's salmon producers have been focused mainly on the export market.

Prices

The average export price for whole eviscerated fresh/chilled and frozen salmon increased in 2006, from $3.39/Kg. in 2005 to $4.14/Kg. in 2006. As a result, total export value of whole eviscerated fresh and frozen salmon rose from $403 million in 2005 to $491 million in 2006.

Trade

Exports of eviscerated salmon fell in volume for the first time after many years of constant growth, but increased a 22 percent in value during 2006. In the coming years, whole eviscerated salmon exports is not expected to grow significantly as in the past, as exports of value-added salmon and trout products will continue to expand as producers seek higher profits. Industry sources predict that since transport costs have increased significantly and Chile is comparatively farther away than other producers from the main consump tion markets, producers will move toward larger percentage of value added products, such as fresh and frozen filet, smoked, dried and salted and canned salmon, which will reduces the volume of exports but increase the total value. Exports of value-added salmon and trout products increased another 30.9 percent in value during MY2006.

Over 70 percent of Chile's whole eviscerated salmon production in volume is exported to Japan, Brazil and the United States. Slightly over 36 percent of total salmon and trout exports were destined for the U.S. (valued at US$ 792 million), whereas 32 percent were destined for Japan (valued at US$ 704 million). Almost all Pacific salmon (Coho) and trout are frozen and exported to Japan, mostly via ocean freight. Atlantic salmon is normally marketed fresh/chilled and transported via airfreight to markets in the United States, and to a lower extent to Europe and Latin America. Chile currently is the number one salmon supplier in the United States with slightly over 43 percent of total imports, of farmed and ranched salmon. Canada is the second largest supplier with 37 percent market share.

In recent years the salmon industry has invested heavily to increase the value of its products by constructing processing plants to produce more value-added products, like smoked salmon. Exports of these products represented just 5 percent of total exports in 1990, but currently represent 68.9 percent of total exports.

Table 1: CHILE - Exports of Value-Added Salmon and Trout Products					
	(US$ Thousand)				
Product	**2002**	**2003**	**2004**	**2005**	**2006**
Fresh Filet	300,336	353,347	370,629	408,812	512,873
Frozen Filet	197,407	216,596	354,411	396,794	554,143
Smoked	28,925	30,852	43,790	56,774	69,290
Dried & Salted	15,185	18,087	19,616	16,302	10,214
Canned	7,057	22,699	28,064	31,266	34,684
Other	72,017	128,734	179,766	250,792	338,787
Total	**620,927**	**770,315**	**996,276**	**1,160,740**	**1,519,991**
% of Total Salmon Exports	63.8	67.2	69.2	67.4	68.9

Source: Salmon Producers Association.

Policy

The Chilean government provides no subsidies for salmon and trout production or exports.

Marketing

Chilean, U.S. and Canadian salmon producers are members of a multilateral association called Salmon of the Americas (SOTA), based in Miami, with the main objective of promoting agreements among the main actors in the industry to increase per capita consumption in the U.S. market. This multilateral association is financed by the industries (producers) of the three participating countries. Canadian and Chilean producers supply 85 percent of the consumption in the United States.

Trade Agreements

Chile's agreement with South Korea reduced the 6 percent duty to 0. In the recently signed agreement with China duties will reduce to 0 in 10 years. Chile has a duty free access in the EU, the United States and Mercosur member countries. Chilean salmon exports to Japan presently pay a 3.5 percent duty; this duty will be revised in 5 years, according to the final negotiation in the Free Trade Agreement

Export Trade Matrix			
Country	Chile		
Commodity	Salmon, Whole/Eviscerated		
Time Period	Jan-Dec	Units:	MT
Exports for:	2005		**2006**
U.S.	3001	U.S.	2776
Others		Others	
Japan	73499	Japan	66889
Brazil	12254	Brazil	14486
Thailand	4873	So. Korea	5072
China	3948	China	4973
Taiwan	3747	Thailand	4893
Russia	2691	Russia	3324
Israel	2529	Israel	2546
So. Korea	2057	Argentina	2324
Argentina	1987	Venezuela	1383
Venezuela	1031	Hong Kong	1230
Total for Others	108616		107120
Others not Listed	7313		8834
Grand Total	118930		118730