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Chile

Planting Seeds

Annual

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Report Highlights:

Another increase in planted area, production, and exports are expected in 2007/8, as large multinational seed companies increase contracts in response to an increased demand.

Includes PSD Changes: No
Includes Trade Matrix: Yes
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General

Chile has excellent conditions for commercial seed production. Generally favorable climatic conditions, farmers with a high education level and the absence of most insects and diseases are among the important factors that have helped to expand seed production over the last decades. A Mediterranean-type climate with mostly mild winters and dry summers covers a great part of central Chile's seed growing areas. Almost all crops and plants grown in temperate climates can be found in this growing area. Chile's geographic isolation has prevented the development of major plant diseases and kept most harmful insects away. Its counter seasonal production with respect to the Northern Hemisphere has helped the country develop a successful commercial seed industry to supply those markets.

Seed exports in Chile have grown from US\$70 million in 1995 to over US\$190 million in 2007. The seed industry benefits from its southern hemisphere location which permits the harvesting and conditioning of seeds and their rapid export to the Northern Hemisphere in time for spring planting, thereby enhancing the quality of germination. Most large multinational seed companies are present in Chile, producing seeds for both the domestic and export markets. They market their products through their own channels of distribution.

Policy

General Agricultural Policy

The Ministry of Agriculture enforces strict phytosanitary regulations in order to maintain an environment relatively free of plant pests and diseases, which facilitates the multiplication of seeds. The Chilean government does not subsidize the planting seed industry.

Planting Seed Production Policy

Under a 1991 regulation, the Government of Chile permits imports of genetically modified (GM) seeds for multiplication by the seed industry. When seed companies request an import permit from the Ministry of Agriculture's Agriculture and Livestock Service (SAG), they must provide information about the type of material, the genetic modification incorporated in the material, the quantity, the type of packaging, country of origin, port of entry, commercial use, name of farm, address, botanical characteristics, type of pollination, method of propagation, natural predators, parasites, and methods for protecting bio security. SAG evaluates the risk associated with release on a case-by-case basis and may or may not authorize the import. When an import permit is issued, SAG sets the conditions for handling and safeguarding the material in order to prevent its spread outside of the zones of control. In no case does SAG permit the introduction into Chile of a new transgenic product directly from the laboratory to the field. Currently all seeds propagated from imported transgenic seeds must be re-exported. According to the Seed Producers Association an estimated 45 to 50 percent of the total seed exported is transgenic. Chile is still working to develop a framework legislation for commercializing genetically modified seeds within the country.

Plant Health

Chile follows the international phytosanitary regulations dictated by the International Plant Protection Convention (IPPC), the European Union and the International Seed Trade Association. To sell seeds to Chile, exporters must meet Chilean phytosanitary requirements.

Some species are accepted with a phytosanitary certificate, while others require a certificate and a specific treatment with fungicides and fumigants.

Seed Certification

No changes have been made to the seed certification process since our last report. Chile's system was accepted by the Organization for Economic Co-operation and Development (OECD) certification scheme in 1972 and became effective in 1977. In 1980, Chile's certification scheme was accepted as equivalent to the European Economic Community (EEC) certification regime. The seed certification process is done by SAG. SAG reports that there are a total of 110 protected varieties registered.

Plant Variety Protection

Chile is a member of U.P.O.V., which stands for Union for the Protection Of new Varieties of plants. The law, which protects varieties, was published in November 1994, allowing Chile to join the U.P.O.V.'s convention of 1978. Variety protection operates through the Registry of Protected Varieties. Varieties created abroad may be registered and enjoy the same rights as Chilean varieties, provided they also have been registered in their country of origin. Acceptance of varieties in the Registry grants the owner the exclusive right to produce and trade the seed.

Variety Approval

ANPROS (the Seed Producers Association) and SAG (Animal and Plant Health Authority) are working together to changes the varietals approval system, which is presently regulated by the Law # 19.324, published in 1994. A new law should be approved before the end of this year with the objective of increasing compliance with the U.P.O.V 91 norms, to comply with the agreement Chile took when signing the Free Trade Agreement (F. T. A.) with the US back in 2002. These changes to the varietals approval system agreed in the FTA will have to take place before January 1, 2009.

Tariffs

The import duty for all US seeds is zero since January 2004, as a result of the US-Chile Free Trade Agreement. A 19% value added tax applied to all products (domestic and imported) regardless of origin.

Production

Chile is a major producer of hybrid corn seeds, sunflower seeds, and vegetable seeds and to a lesser extent forage seeds for export. Production is concentrated south of Santiago in Region VI. Industry sources estimate that large multinational companies present in Chile produce over 80 percent of all seeds. There also are some smaller Chilean seed companies producing under contract for other multinationals that are not present in Chile. Most of these smaller seed companies specialize in the production of seeds of new species and/or varieties. Although seed production in Chile normally follows world demand and supply, that is, when the northern hemisphere is affected by adverse conditions and has a fall in production,

companies contract more and increase their output in Chile, a constant expansion in production and trade can be observed during the last few years.

Although there are no official figures on Chile's total area planted for seed production, the Seed Producers' Association reports that plantings totaled a little over 38,000 hectares in 2006/07. Good weather conditions during the growing season and at harvest contributed to a larger output than last year. Official export figures also reflect this increase. In the coming years seed production and exports are expected to keep expanding as demand for grain seeds is strong due to the significant expansion of the planted areas in response to a larger demand of grains for food and bio fuel inputs. Additionally, China and India are increasing their demand as a result of their significant economic growth. But industry officials think that expansion will be at a slower pace, mainly due to an increase in production costs, as was stated by industry officials. Increasing labor and input costs together with a further depreciation of the dollar against the peso will affect seed production in Chile. Additionally, some multinational seed companies are considering moving their operations to Peru, Argentina, Uruguay and/or Brazil. Additionally a severe drought which is affecting all agricultural areas will affect negatively this year's seed production expansion. Insufficient precipitation which will not allow snow accumulation in the high mountains will reduce water availability for next spring and summer irrigation in agricultural production areas. Normally over 60 percent of total Chilean seed production is exported.

Trade

Chile is the fifth largest exporter in the world, after Netherlands, United States, France, Germany and Canada. For the Southern Hemisphere Chile is by far the largest seed exporter. Although seed production in Chile, which is mainly export oriented and is of significant importance in total Chilean agricultural production, these exports do not represent more than 5 percent of total world seed trade. Corn is the most important seed produced and exported by Chile, followed by flowers and melons. Vegetable seeds as a group are also important in total exports, accounting for 32 percent of total exports. Total seed exports rose from US\$184 million in 2005/06 to US\$193 million in 2006/07. Seed imports also rose last year from US\$29 million in 2005/06 to US\$39 million in 2006/07. Most seeds are imported for further multiplication and then re-exported.

The United States and various European countries are Chile's main export markets. Exports to the United States, totaled US\$123.1 million in 2006/07, up from US\$111.1 in 2005/06. The US is by far the primary market for corn seed exports. The Netherlands is the second largest export market for Chilean seeds with a total of US\$16 million in 2006/07 season.

TABLE - CHILE: Total Seed Imports and Exports
(July 2006 through June 2007)

Exports 2005/06			Imports 2005/06		
<u>Field Crops</u>			<u>Field Crops</u>		
<u>Corn</u>	Vol.	Val.	<u>Corn</u>	Vol.	Val.
U.S.	58.683.740	91.168	U.S.	1.183.083	10.863
France	6.085.940	9.140	Other	1.173.222	2.207
Germany	2.378.659	4.287	Argentina	4.562.503	1.103
Netherland	490.275	719	France	19.872	1.021
Canada	313.947	528	Germany	12.952	228
Peru	188.307	329	Hungary	91.255	196
Japan	130.096	306	Austria	13.425	168
Argentina	29.781	172	Italy	2.591	18
Spain	52.185	87	Peru	8.640	5
Malaysia	15.005	71	Mexico	1.145	4
Jordan	21.000	67	Canada	81	4
Hungary	4.143	52	N. Zealand	319	3
Switzerland	14.526	51	Spain	662	2
Serbia	900	27	Switzerland	263	2
Saudi Arabia	6.000	18	Netherlands	75	2
So. Africa	3.086	12	Brazil	221	1
Uruguay	660	10	Japan	16	1
Austria	4.553	6	TOTAL	7.070.339	15.828
China	523	6			
Belgium	308	3			
Italy	595	1			
Honduras	152	1			
So. Korea	10.088	1			
Falkland	1.950	1			
N. Zealand	700	1			
Turkey	492	1			
TOTAL	68.720.579	107.489			
<u>Sunflower</u>			<u>Sunflower</u>		
Argentina	727.926	1.024	France	12.833	145
Japan	9.970	260	Argentina	35.830	38
France	54.259	151	U.S.	10.327	35
Netherlands	0	90	Australia	179	5
TOTAL	792.155	1.435	Japan	91	2
			Israel	100	1

			Hungary	2	0
			Spain	5	0
			Rumania	2	0
			TOTAL	75.338	240
<u>Sugar beet</u>			<u>Sugar beet</u>		
Germany	66.498	352	Germany	85.641	3.199
Belgium	44.059	134	Belgium	46.373	1.508
U.S.	27.475	85	France	15.148	555
TOTAL	138.032	571	Italy	7.002	283
			Netherlands	2.216	34
			Spain	175	1
			U.S.	18	1
			Sweden	10	0
			TOTAL	156.583	5.582
<u>Beans</u>			<u>Beans</u>		
Netherlands	512.623	937	U.S.	71.349	248
Italy	626.194	781	Netherlands	9.251	58
U.S.	424.431	768	France	4.579	30
Hungary	248.554	533	China	8.194	10
Spain	129.791	267	Other	1.471	4
France	107.874	199	Peru	3.000	1
Kenya	17.708	34	Germany	600	0
Jordan	12.000	25	Italy	1	0
Argentina	5.923	21	TOTAL	98.445	352
Uruguay	3.765	15			
Japan	4.097	14			
Egypt	3.375	7			
Germany	3.485	6			
Peru	7.659	4			
TOTAL	2.109.939	3.615			
<u>Alfalfa</u>			<u>Alfalfa</u>		
Peru	135.500	613	U.S.	256.010	1.034
Brazil	22.950	101	Australia	20.350	113
Ecuador	13.750	64	Canada	12.775	58
Bolivia	5.000	22	N. Zealand	140	1
Falkland	2.150	1	TOTAL	289.275	1.206
TOTAL	179.350	800			
<u>Clover</u>			<u>Clover</u>		
Argentina	392.375	901	N. Zealand	77.279	370

Uruguay	293.800	644	Australia	40.759	146
Canada	193.500	438	U.S.	21.904	106
U.S.	190.369	358	Argentina	5.000	18
Italy	66.000	154	Other	349	5
Peru	62.500	147	Belgium	320	4
Netherlands	44.000	104	U.K.	0	3
Colombia	25.000	79	TOTAL	146.811	651
Germany	21.500	49			
So. Africa	11.000	29			
Falkland	175	0			
TOTAL	1.334.219	2.987			

Fescue

Falkland	253	1
TOTAL	253	1

Fescue

U.S.	122.118	240
Denmark	39.236	57
Netherlands	14.820	56
Other	3.742	8
N. Zealand	500	1
TOTAL	180.436	363

Bluegrass, Kentucky

U.S.	19.640	43
TOTAL	25.640	56

Ryegrass

Peru	69.230	86
Uruguay	25.000	24
TOTAL	98.280	115

Ryegrass

N.Zealand	750.940	1.794
Denmark	61.800	98
Netherlands	38.650	79
Canada	7.000	5
U.S.	2.041	4
TOTAL	872.719	1.992

Other Forages

Peru	91.750	54
Falkland	21.492	14
Colombia	7.500	7
France	393	0
TOTAL	121.135	75

Other Forages

N. Zealand	47.960	206
U.S.	50.980	180
France	4.814	16
Denmark	999	4
Germany	48	0
TOTAL	104.801	406

Flowers

U.S.	18.532	5.534
Japan	3.040	2.642

Flowers

France	2.016	185
U.S.	976	182

Netherlands	2.729	2.520	Netherlands	199	104
Germany	7.323	1.465	Japan	66	21
Denmark	116	888	Spain	174	12
U.K.	851	324	Belgium	1	7
France	1.187	35	Denmark	4	6
Italy	19	20	Brazil	90	5
Portugal	22.000	12	Italy	0	2
Brazil	4	4	Indonesia	11	1
TOTAL	55.801	13.443	Other	25	1
			U.K.	1	1
			Costa Rica	3	0
			TOTAL	3.566	527

VegetablesTomato

U.S.	1.910	2.224
Netherlands	1.901	1.989
France	320	416
Israel	259	261
Spain	259	229
Argentina	30	159
Japan	377	120
Colombia	165	51
Uruguay	7	36
Vietnam	69	31
Bolivia	11	9
Germany	994	8
Brazil	305	7
Venezuela	180	6
Ecuador	0	1
Italy	1	0
TOTAL	6.795	5.558

VegetablesTomato

Netherlands	319	1.502
China	906	762
France	245	412
Israel	57	407
Thailand	422	335
Other	31	183
Mexico	20	179
U.S.	118	125
Brazil	69	116
Peru	34	27
Spain	11	23
Philippines	13	13
Australia	5	4
Italy	7	3
Germany	1	0
Bolivia	1	0
TOTAL	2.259	4.093

Watermelons, Melons

U.S.	31.011	4.157
Netherlands	5.233	1.051
Spain	3.923	643
France	1.398	422
Argentina	537	280
Japan	2.102	278
Brazil	1.280	253
Colombia	900	219
Israel	269	189

Watermelons, Melons

Netherlands	592	266
Brazil	1.031	134
Other	141	100
U.S.	1.304	70
Taiwan	67	50
Thailand	92	37
Israel	54	18
Peru	61	13
China	21	5

Venezuela	4.216	172	France	86	4
Ecuador	536	81	Argentina	166	2
Algeria	48	27	Italy	7	0
Bolivia	267	21	TOTAL	3.666	719
Peru	24	14			
Denmark	1.276	10			
Italy	20	3			
Honduras	9	1			
Uruguay	2	1			
TOTAL	53.051	7.821			

Other Vegetables

U.S.	209.198	19.179
Netherlands	144.789	8.822
Japan	317.596	7.459
France	90.289	3.074
Brazil	140.602	1.957
Venezuela	12.849	1.812
Peru	21.685	1.370
Spain	3.364	1.127
Ecuador	8.176	1.040
Colombia	13.722	952
Italy	69.270	616
Argentina	40.114	604
Denmark	25.716	221
So. Korea	16.344	176
India	7.039	150
Hungary	16.521	94
Germany	9.055	89
Guatemala	161.000	83
Australia	136	66
Bolivia	1.212	61
Paraguay	0	35
Uruguay	1.135	33
New Zealand	1.158	29
So. Africa	505	28
Greece	674	15
Czech Rep.	125	8
Canada	762	5
Algeria	100	3
U.K.	1	2
Philippines	40	1
Vietnam	10	1

Other Vegetable

Argentina	171.199	2.151
U.S.	153.310	2.104
Brazil	62.270	697
Netherlands	8.867	520
France	3.555	376
Japan	3.692	311
Belgium	1.201	303
Denmark	24.397	262
Other	3.759	189
Mexico	92	83
Italy	1.679	77
Australia	1.720	67
N. Zealand	6.379	58
Spain	1.632	44
China	685	33
Israel	128	15
Peru	126	15
Thailand	9	10
Taiwan	45	9
U.K.	1	7
So. Africa	14	2
India	1	1
Germany	73	1
Lebanon	151	1
Hungary	24	0
TOTAL	445.009	7.337

Belgium	162	0
Thailand	5	0
Switzerland	30	0
TOTAL	1.325.372	49.338