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Report Name: Distilled Spirits in Chile

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Report Highlights:

Chile has a growing and dynamic distilled spirits industry, with a particular focus on pisco production. Chile imports and consumes a wide range of distilled spirits from all over the world, but pisco is the most consumed spirit in the country. The distilled spirits industry in Chile continues to evolve and adapt to modern consumption trends and preferences. In 2022, Chile witnessed an increase of 7.98 percent in its imports of distilled spirits from various countries worldwide, amounting to a total of \$199 million. The U.K. emerged as the leading supplier, contributing \$62 million to Chile's imports. U.S. whisky and bourbon have opportunities in the Chilean market.

Market Overview

Distilled spirits have a long-standing history in Chile that can be traced back to its winemaking traditions and the influence of Spanish colonization. The art of distillation was introduced to Chile during the Spanish colonial period, which led to grape brandy production. Initially, distillation was carried out using rudimentary distilleries, mainly for medicinal purposes. In the 19th century, grape brandy production continued to be prevalent. As the Chilean wine industry began to thrive, distillation became a way to utilize the byproducts of viticulture. The wine industry has also played a significant role in the development of distilled spirits in the country. Wineries often distill byproducts of winemaking to produce pisco, brandy, and other grape-related spirits.

Chile has developed a thriving industry of locally distilled spirits that includes pisco, brandy, and other liqueurs such as "*guindado*", a cherry-infused brandy. In addition to pisco, grape brandy is also used in the production of liqueurs. Pisco is one of Chile's most iconic distilled spirits, primarily produced in the Coquimbo and Atacama regions. It is distilled from specific grape varieties and is subject to strict regulations regarding its production. Chile and Peru are the only producers of pisco.

In addition to locally produced liquors, Chile also imports a diverse range of spirits from around the world. Whisky, rum, gin, and other spirits have gained popularity in the Chilean market. The import of these products has played a significant role in the expansion of consumer preferences.

Chile's distilled spirits industry may be smaller than its wine production counterpart, but it has been growing and developing significantly over the years. The country is renowned for its wine production but has also gained recognition for producing high-quality spirits, particularly pisco. The craft distillery movement adds a dynamic element to the industry, and the regulatory environment controls the production, processing, and marketing of Chilean spirits.

In 2022, the distilled spirits market in Chile experienced a three percent decrease in total volume of sales, amounting to 65 million liters. However, there was exceptional growth in the sales of liqueurs, which emerged as the top performer with a remarkable 13 percent increase in total volume sales, reaching 11 million liters. [*Compañía Pisquera de Chile*](#) maintained its position as the market leader, holding a significant market share of 23 percent for 2022.

Table 1: U.S. distilled spirits exporters targeting Chile should consider these factors when formulating their market entry and growth strategies to successfully tap into the opportunities in this market:

Advantages	Challenges
Growth Potential - The Chilean market has shown a growing interest in premium and imported spirits, creating opportunities for U.S. brands to expand their presence.	Competition - Chile produces its own high-quality wines and pisco, creating strong domestic competition for imported spirits.
Free Trade Agreement - The U.S.-Chile Free Trade Agreement has reduced tariffs and trade barriers, making it easier for American spirits to enter the Chilean market.	Costs – Excise taxes and distribution costs can affect the pricing and competitiveness of U.S. spirits in the Chilean market.
Cocktail Culture - The emerging cocktail culture in Chile presents an ideal environment for U.S. spirits to find their place in cocktail bars and mixology.	Consumer Preferences - Understanding and adapting to the preferences of Chilean consumers can be a challenge, as they may have different taste profiles compared to U.S. consumers.
Consumers consider U.S. product to be high quality.	Distribution Networks - Building and maintaining effective distribution networks in Chile is crucial.

Regulatory Environment

The Chilean government has regulations in place to ensure the quality and authenticity of pisco, protecting it as a uniquely Chilean spirit. These regulations specify the grape varieties that can be used and the production methods that must be followed.

Regulatory compliance for imported distilled spirits in Chile is essential to ensure the products meet all legal and labeling requirements. The Chilean government has specific regulations governing the import and sale of alcoholic beverages, and non-compliance can result in fines, delays, or even the rejection of products at the border.

When bringing distilled spirits into Chile, it is important to consider several regulatory requirements. The most significant regulations include the [Standards of the Production, Processing, and Marketing of Alcoholic Beverages, Law N°18,445](#), which governs the importation of alcoholic beverages, and the [Alcohol Control Law, Law N°21,363](#), which regulates the sale of alcoholic beverages within the country. It addresses age restrictions, advertising limitations, and licensing requirements. A recent update to this law mandates that alcoholic beverages with an alcohol content equal to or greater than 0.5 percent must prominently display a warning about the harmful consequences of consumption on their packaging. Import duties and taxes, including a 31.5 percent tax for distilled spirits and a 19 percent value added tax (VAT), apply to alcoholic beverages.

Importers must obtain the necessary import licenses to import alcoholic beverages into Chile. The [Agriculture and Livestock Service \(SAG\)](#) is the issuing agency with offices at Chile's ports of entry. It is important to understand customs duties and taxes, comply with labeling requirements (including health warnings), adhere to age restrictions, distribute through licensed retailers, and ensure quality and safety standards. Compliance with excise taxes, potential sanitary registrations, and trade preferences based on the country of origin are also significant factors.

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](#), and [FAIRS Country Report](#).

Market Sector Trends and Structure

Over the past two decades, the consumption of alcoholic beverages in Chile has undergone a significant transformation. While traditional Chilean spirits such as pisco and aguardiente have been popular for many years, the country's drinking habits have diversified. Beer is the most widely consumed alcoholic drink in Chile, followed by pisco, wines, and high-proof spirits like gin, rum, whisky, and vodka.

Pisco Production

Chilean pisco, like its Peruvian counterpart, is made from fermented grape must and juice, with variations in style and character depending on the production method and grape choice. The Elqui Valley, Limarí Valley, and Choapa Valley are famous production regions, each offering unique characteristics that contribute to the high quality of Chilean pisco.

Chile's distilled spirits industry has a rich heritage in winemaking and grape-based spirit production. Distilleries in Chile have actively worked to improve quality and expand their market reach domestically and internationally. Chilean pisco has experienced a resurgence in popularity due to its distinct flavor developed from the diverse grape varieties and unique soil. Modern distillation techniques and aging processes have improved quality, increasing exports.

Pisco is Chile's most popular distilled spirit, with an average per capita consumption of over 1.9 liters annually. According to the Pisco Producers Association, pisco accounts for half of the market and can be made using 14 different grape varieties, aged in oak barrels, and distilled multiple times. Pisco has a long shelf life and remains stable if unopened, and once opened, it can be stored at room temperature without any adverse effects. According to TasteAtlas, a website that guides food experiences, Chilean pisco ranks 12th among the 50 best spirits globally, ahead of other distillates such as white tequila.

Chile's pisco industry produces an average of 36 million liters of pisco each year; each liter demands four to six kilograms of grapes. Chile has over 2,800 pisco grape producers cultivating more than 10,000 hectares of vineyards. Around 85 percent of pisco grape producers in Chile are small farmers, cultivating less than five hectares of vineyards each. The lion's share of these

producers, as many as 90 percent, sell their grapes to cooperatives who then supply distilleries. In total, the industry creates around 40,000 direct and indirect jobs. Chile has over 20 pisco distilleries, producing 53 unique brands. Much of this production is exported to the United States, Germany, the United Kingdom, and Argentina.

Major pisco companies and brands in Chile include:

1. [*Pisco Capel*](#):

Company: *Cooperativa Capel*

Description: *Capel* is one of the largest and most well-known pisco producers in Chile. They have a wide range of pisco products, including traditional pisco and flavored variations. Pisco Capel is exported to many countries and is a key player in the international pisco market.

2. [*Pisco Control*](#):

Company: *Compañía Pisquera de Chile (CPCh)*

Description: *Control* is a popular pisco brand produced by CPCh, a leading pisco producer in Chile. They are known for their high-quality pisco products and have a significant presence in both the domestic and international markets.

3. [*Pisco Bauzá*](#):

Company: *Agroproductos Bauzá y Cía. Ltda.*

Description: *Pisco Bauzá* is a boutique pisco producer that focuses on crafting high-quality, artisanal pisco. They produce a limited quantity of pisco, emphasizing the traditional methods and heritage of pisco production.

4. [*Pisco Mistral*](#):

Company: *Pisquera de Chile S.A.* (member of the [CCU Consortium](#))

Description: *Pisco Mistral* is another prominent pisco brand in Chile. They produce a range of pisco products and have a strong reputation for their quality. Mistral has gained recognition both in Chile and internationally.

Other Distilled Spirits

The craft distillery movement has gained traction in Chile, mirroring trends seen in other countries. Several small, artisanal distilleries have emerged, producing spirits with a strong focus on quality and innovation. These distilleries often experiment with local ingredients and production methods, catering to a niche market of consumers looking for unique and handcrafted spirits such as gin, rum, whisky, and flavored liqueurs.

Chile has experienced a notable surge in gin production thanks to the rise of craft distilleries that challenge the traditional preparation by incorporating combinations of native herbs such as peumo, laurel, and pink pepper. The process begins with a base spirit made from Chilean grapes, which imparts a subtle fruitiness to the gin. Local botanicals, like juniper, coriander, and citrus, thrive in the diverse Chilean climate and contribute to the rich flavor profiles of the gins. Distillers use small-batch copper pot stills, giving them control over the process, and often infuse indigenous flavors, creating distinctive gins.

Chilean consumers are becoming increasingly fond of craft gins, leading to a rise in consumption of this beverage. Gin stands out for its versatility, as it can be used in different cocktails, showcasing the diverse range of flavors and aromas provided by local gin producers. In Chile, bars and specialty liquor stores offer a wide selection of Chilean gins, inviting customers to taste and explore the unique characteristics of each brand. The growth in the number of local distilleries, such as *Mistral Gin*, and boutique operations like *Kalfu* and *Moby Gin*, reflects their commitment to quality and the infusion of a distinct Chilean twist. This expansion not only gives consumers a chance to experience Chile's botanical richness but also nurtures a thriving and competitive local industry. Some of the local gin brands include *Gin Nativo*, *Destilados Quintal*, *Last Hope*, *Gin Maestro*, *Elemental* and *Provincia Patagonia*. Imported brands found in Chile include *Beefeater*, *Tanqueray*, *Henrick's*, *Bombay*, etc.

Whisky is also gaining popularity but is still considered a high-end product compared to other spirits. European brands have found a foothold in the country, offering a diverse range of flavors and experiences to consumers. This evolving taste for different spirits has diversified the Chilean drinking scene, making it more inclusive of various international choices, alongside its traditional favorites.

Chilean whisky production has gone through significant changes throughout the 20th Century, although it is still a relatively small market compared to other spirits. Initially, many Chilean distilleries imported whisky from Scotland and blended it with locally produced spirits. However, with time, some distilleries began to make their whisky from grain to bottle. Some Chilean distilleries have been experimenting with unique aging processes and locally sourced ingredients to create a distinctive flavor profile.

As a niche product, Chilean whisky has been well-received by connoisseurs and is gradually making a name for itself in the global market. Several Chilean distilleries produce single malt and blended whiskies that have received international awards and acclaim. Notable Chilean whisky brands like *Whisky Revolución* in its six varieties (Toasted Wood, Caramel Honey, *Huesillo - Canela*, *Berries*, *Papaya*, and *White*) and *Wüfko* (single malt) have made their mark in the country's whisky scene, contributing to the growing popularity of Chilean whisky.

Wine-Distilled Spirits

Chile's thriving wine industry has enabled several distilleries to diversify their offerings and produce unique spirits, including grappa and grape-based eau-de-vie (fruit brandy). These spirits showcase the country's rich viticultural heritage and offer a distinct and flavorful taste experience.

Exports

Chilean distilled spirits are becoming increasingly popular in international markets, with some brands establishing a strong presence in countries that value premium and unique spirits. Chilean pisco has particularly seen significant growth in global markets. Key export destinations for Chilean distilled spirits include the United States, Europe, Canada, Argentina, Peru, and Uruguay. This export increase is partly attributed to strategic marketing efforts emphasizing Chilean pisco's unique qualities and use in cocktails like pisco sour. In 2022, Chile exported distilled spirits worth \$9.9 million worldwide, representing a 34.3 percent increase compared to 2021. The United States emerged as the top consumer of Chilean distilled spirits with \$2 million of exports, particularly pisco, with an average increase of 27.61 percent of increase since 2019. Other notable markets for Chilean distilled spirits include the Czech Republic and Germany.

Table 2: Chilean Exports of Distilled Spirits by Country (USD)

Partner Country	Calendar year (USD)				Change 2021/2022	
	2019	2020	2021	2022	Amount	Percent
World	\$12,448,005	\$9,225,716	\$7,420,003	\$9,964,758	\$2,544,755	34.30%
United States	\$924,897	\$585,731	\$703,247	\$2,084,198	\$1,380,951	196.37%
Czech Republic	\$1,565,337	\$1,449,215	\$1,368,391	\$1,231,337	-\$137,054	-10.02%
Germany	\$784,092	\$416,186	\$1,038,659	\$1,196,229	\$157,570	15.17%
Netherlands	\$655,688	\$1,141,555	\$904,151	\$850,744	-\$53,407	-5.91%
Peru	\$3,653,542	\$620,031	\$447,491	\$732,096	\$284,605	63.60%
Argentina	\$383,750	\$218,800	\$87,848	\$535,484	\$447,636	509.56%
Canada	\$305,204	\$252,661	\$360,743	\$528,185	\$167,442	46.42%
Uruguay	\$119,853	\$79,752	\$172,502	\$423,827	\$251,325	145.69%
Spain	\$1,583,332	\$2,237,589	\$483,493	\$372,823	-\$110,670	-22.89%
Portugal	\$434,749	\$176,251	\$172,596	\$312,533	\$139,937	81.08%
China	\$361,764	\$519,037	\$508,217	\$231,270	-\$276,947	-54.49%
Paraguay	\$104,845	\$7,293	\$61,907	\$221,191	\$159,284	257.30%
France	\$143,286	\$125,707	\$157,711	\$213,367	\$55,656	35.29%
United Kingdom	\$540,061	\$65,305	\$60,311	\$147,765	\$87,454	145.01%
Brazil	\$72,557	\$3,154	\$106,767	\$116,700	\$9,933	9.30%
Others	\$815,048	\$1,327,449	\$785,969	\$767,009	-\$18,960	-2.41%

Source: Trade Data Monitor (TDM)

Imports

In 2022, Chilean imports of distilled spirits from all sources increased by 7.98 percent totaling \$199 million (Table 3). The U.K. is the leading supplier of distilled imports with a 32.6 percent market share worth \$62.9 million. Scotch whisky, gin, and cream liqueurs were the primary imports from the U.K., with whisky being the most prominent choice with brands like *Johnnie Walker*, *Ballantine's*, and *Sandy Mac*. Despite being the main supplier in 2022, imports of distilled spirits from the U.K. decreased by 1.43 percent from 2021.

In 2022, the United States was the second largest supplier of distilled spirits, with a 22.1 percent market share worth \$44.0 million. This figure represented an impressive increase of 24.78 percent over the previous year. Chilean imports from the United States are mainly bourbon, vodka, cordials, and moonshine. Some popular U.S. whisky brands are *Jack Daniels*, *Jim Bean*, and *Wild Turkey*. Mexico is the third largest supplier with a 7.3 percent market share, primarily exporting tequila, which amounted to \$14.5 million in imports in 2022. These figures highlight Chile's growing affinity for distilled spirits, with U.S. brands significantly impacting the market.

Figure 1 shows the top Chilean distilled spirits imports in 2022 by category of product. The top category of imported products is whiskies, followed by liqueurs and cordials, and spiritous beverages (mostly tequila). These three categories of products represent 84 percent of Chilean imports of spirits.

Chile imports whiskies mainly from the U.K. and the United States. The U.K. has a 66 percent market share and the United States a 31 percent market share of Chilean whiskey imports. The main brands from the U.K. available in the Chilean market are *Johnny Walker* and *Chivas Regal*. Many other brands such as *Glenfiddich*, *Macallan*, and *Buchanan* are present in smaller quantities. Whisky from the United States present in the Chilean market is mainly *Jack Daniels*, or brands such as *Jim Beam* and *Wild Turkey* in smaller quantities. One product that is becoming increasingly popular in the Chilean market is moonshine. Brands like *Ole Smoky* and *Midnight Moonshine* are widely available in retail and foodservice.

Imported whisky, particularly high-end varieties, has the potential to capture market share from established brands like *Johnny Walker* and *Chivas Regal*. Additionally, flavored whisky and flavored moonshine, predominantly from the U.S., show promising growth potential, appealing to younger consumers seeking unique and innovative taste experiences in spirits.

The United States, with a 31 percent market share, is the top supplier of liqueur and cordials to Chile. Italy is the second top supplier with a 20 percent market share. Products from the United States in this category include flavored whisky, pre-mixed cocktails, and flavored moonshine. Flavored whiskies and moonshines include products such as honey or apple flavored whisky, lemon and mango rum cocktails, or moonshines with a variety of fruit flavors. Products from Italy are mainly *Aperol* which is used for a variety of cocktails or other liqueurs like *Disaronno* and *Amaretto*. Germany has the third largest market share with the brand *Jägermeister*, a liqueur flavored with herbs.

Chilean imports of spiritous beverages come mainly from Spain, which holds a 42 percent market share, and from Mexico, which holds a 41 percent market share. Spiritous beverages from Spain include vodka and mojito ready-to-drink cocktails from *Spirit* and brandy from *Miguel Torres*. Imports of Mexican spirits are mainly tequila from a wide variety of brands such as *Sombrero Negro*, *Jose Cuervo*, *Espaldares*, and *Don Julio*, among others.

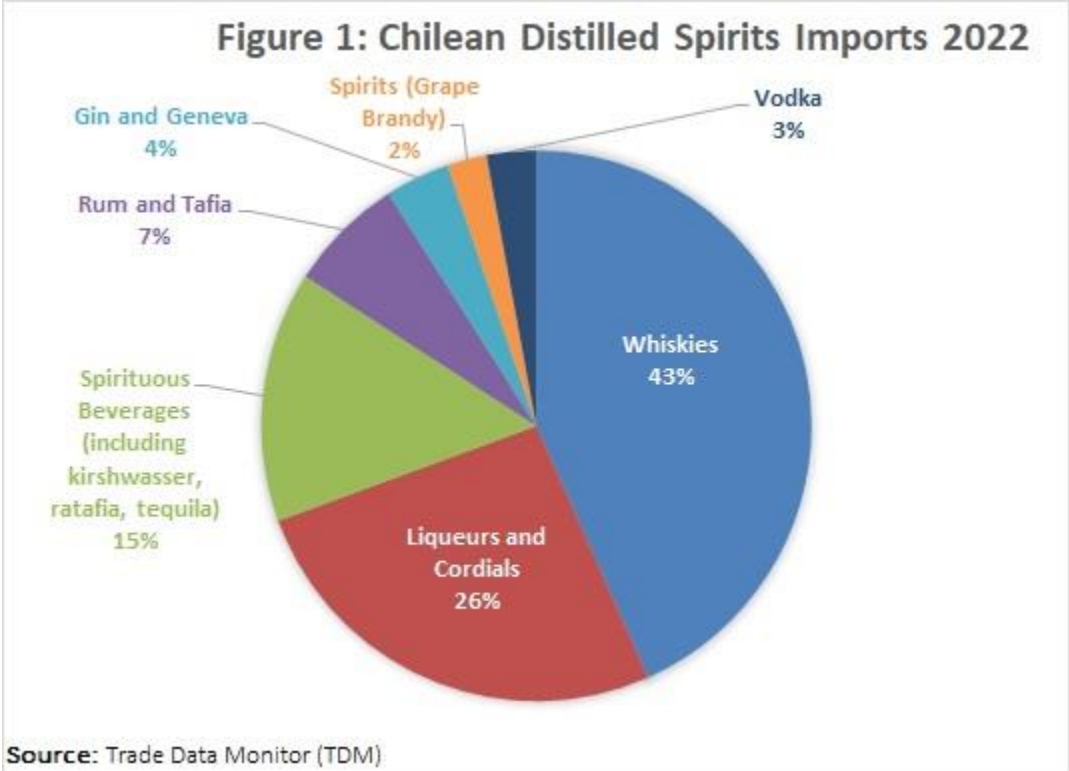


Table 3: Chilean Imports of Distilled Spirits by Country or Origin (USD)

Partner Country	Calendar year (USD)		Market Share %		Change 2021/2022	
	2021	2022	2021	2022	Amount	Percent
World	\$184,613,287	\$199,353,764	100%	100%	\$14,740,477	7.98%
United Kingdom	\$63,833,134	\$62,920,664	34.6%	31.6%	-\$912,470	-1.43%
United States	\$35,298,345	\$44,043,589	19.1%	22.1%	\$8,745,244	24.78%
Mexico	\$11,347,784	\$14,478,447	6.1%	7.3%	\$3,130,663	27.59%
Italy	\$7,114,793	\$11,843,541	3.9%	5.9%	\$4,728,748	66.46%
Spain	\$12,029,196	\$10,182,241	6.5%	5.1%	-\$1,846,955	-15.35%
Argentina	\$9,887,641	\$8,821,219	5.4%	4.4%	-\$1,066,422	-10.79%
Germany	\$8,329,821	\$7,306,582	4.5%	3.7%	-\$1,023,239	-12.28%
Peru	\$3,898,063	\$6,358,876	2.1%	3.2%	\$2,460,813	63.13%
Dominican Republic	\$3,471,180	\$4,799,629	1.9%	2.4%	\$1,328,449	38.27%
Netherlands	\$4,981,764	\$3,908,396	2.7%	2.0%	-\$1,073,368	-21.55%
Ireland	\$3,958,619	\$3,837,806	2.1%	1.9%	-\$120,813	-3.05%
France	\$3,308,664	\$3,197,996	1.8%	1.6%	-\$110,668	-3.34%
Cuba	\$2,574,126	\$2,678,806	1.4%	1.3%	\$104,680	4.07%
Latvia	\$1,606,790	\$2,191,819	0.9%	1.1%	\$585,029	36.41%
Sweden	\$1,868,628	\$1,398,739	1.0%	0.7%	-\$469,889	-25.15%
Others	\$11,104,741	\$11,385,412	6.0%	5.7%	\$280,671	2.53%

Source: Trade Data Monitor (TDM)

Figure 2:

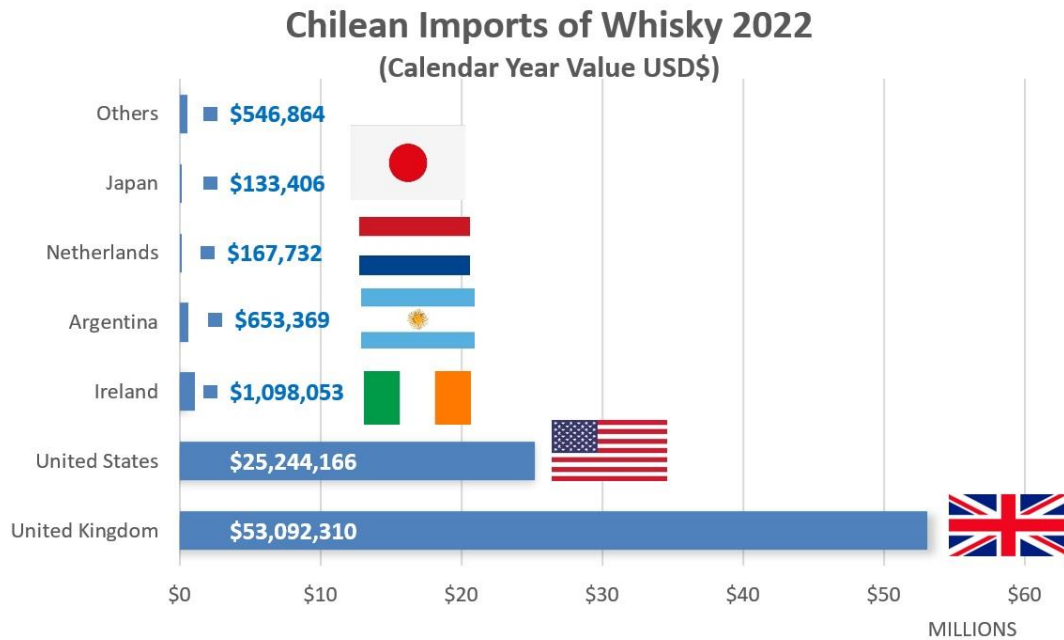


Table 4: Overall Competitive Situation for Distilled Spirits:

Product Category/Total Chilean Import	Largest Suppliers	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Whisky Total imports: \$80 million From U.S.: \$25 million	1. U.K. – 65.6% 2. U.S. – 31.1% 3. Ireland – 1.36%	Consumer preferences for United Kingdom, U.S. and Irish whiskies.	Chile has a small production of whisky, but it is growing.
Liqueurs and Cordials Total imports: \$59 million From U.S.: \$18 million	1. U.S. – 30.8% 2. Italy – 19.5% 3. Germany – 12.1%	The U.S. supplies moonshine and flavored whisky. Italy Limoncello, Amaretto, and Frangelico. Germany primarily supplies bitters.	Chile has limited production of liqueurs such as " <i>guindado</i> " - a cherry-infused brandy.
Spirituos Beverages, including kirshwasser, ratafia and tequila Total imports: \$21 million From U.S.: \$47,598	1. Spain – 41.6% 2. Mexico – 41.3% 3. Argentina – 6.6%	Spain primarily supplies ready-to-drink cocktails, and Mexico tequila.	Chile has no production of tequila, ratafia and kirshwasser (brandy).
Rum and Tafia Total imports: \$16 million From U.S.: \$226,083	1. Dominican Republic. – 30% 2. Mexico – 22.9% 3. Cuba - 17%	Dominican Republic and Cuba mainly supplies rum, and Mexico tequila.	Chile has no production of rum.
Gin & Geneva Total imports: \$10 million From U.S.: \$7,772	1. U.K. – 85% 2. Spain – 7.3% 3. Italy – 2.1%	The U.K. is the main supplier of imported gin and geneva.	Chile has a small production of gin.
Spirits (Grape Brandy) Total imports: \$6.5 million From U.S.: \$802	1. Peru – 94.3% 2. France – 2.7% 3. Spain – 1.3%	Peru is the main competitor of Chilean pisco, but also the main supplier of pisco.	Chile's main distilled spirit is pisco.
Vodka Total imports: \$5.8 million From U.S.: \$256,499	1. Latvia – 37.7% 2. Sweden – 23.9% 3. France – 10.3%	Latvia and Sweden are the main suppliers of vodka.	Chile has no production of vodka.

Key Contacts and Further Information

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<p>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</p>	<p>Instituto Nacional de Estadísticas – INE (National Institute of Statistics) Address: Av. Presidente Bulnes 418, Santiago Tel.: +56 2-2892-4000 Email: ine@ine.cl Webpage: www.ine.cl</p>
<p>Chilean Trade Association of Manufacturers and Distributors of Liqueurs and Spirits (AFLECHI) Av. Vitacura 5250 Of. 807 – Vitacura Tel.: +56 2 2605-1672 Email: contacto@aflechi.cl Webpage: www.espirituosochile.cl</p>	<p>Chilean Pisco Producers Association (APPAG or Pisco Chile) Los Carrera 380 Of. 414 La Serena Webpage: www.piscochile.cl www.piscoorgullochileno.com</p>

Attachments:

No Attachments.