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Report Highlights:

Chile is the largest market in South America for U.S. consumer-oriented agricultural products. The United States is the second largest supplier of agricultural and related products to Chile, after Argentina. Top U.S. products exported to Chile are pork, beer, wheat, feeds, dairy products, and condiments and sauces. Best prospects for U.S. exporters to Chile include pork products, beef, beer, distilled spirits, sauces, cheeses, candy and confections, and pulses.

MARKET FACT SHEET: CHILE

Executive Summary

Chile is a South American country that borders the Pacific Ocean, Argentina, Bolivia, and Peru. Chile has a population of 19.1 million, with 8.2 million living in the densely populated Santiago metropolitan region.

Chile's Gross Domestic Product (GDP) in current prices totaled $253 billion, a 5.8 percent decrease over 2019 (constant prices), due to the COVID-19 pandemic. GDP per capita reached $25,068 PPP in 2020 (World Bank). This is the highest per capita GDP in Latin America and an important driver of consumer spending. Chile's Central Bank projects a 11.5-12.0 percent GDP growth in 2021 and 2.0 percent in 2022.

Chile's economy is driven by exports, concentrated primarily in the copper and agricultural sectors - fresh fruit, forestry, and fishery products. The agriculture industry represents 29 percent of total Chilean exports ($21.3 billion), 10.6 percent of total GDP ($26.8 billion), and employs 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. Consumer-oriented product sales reached $663 million in 2020. The top U.S. consumer-oriented products exports to Chile are pork, beer, dairy products, condiments and sauces, beef, food preparations, tree nuts, and pet food.

Source: Chile National Customs Agency

Food Processing Industry

Chile has a developed food processing industry that represents 8.2 percent of Chile's exports, generating $5.52 billion in 2020. Chilean food processors sell their products nationally or internationally and import around half of food ingredients. Some large international companies use their production plants in Chile to service other markets in Latin America.

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

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 $27.9 billion in 2020, a 2.9 percent decrease over 2019. Supermarket sales totaled $15.1 billion and represented 54.2 percent of total retail sales.

HRI Industry

Since October 2020, the HRI sector has gradually reopened under new COVID-19 protocols. The sector was badly hit in 2019-2020 as health restrictions shuttered hotels, restaurants, and many institutions. The sector is now rebounding as the GoC relaxes restrictions.

Quick Facts CY 2020

Imports of Consumer-Oriented Products: $663 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 by Channels (U.S. billion) 2020:

Retail (food sales)	$27.9
Ag & related Exports	$19.7
Ag & related Imports	$7.9
Supermarket Sales	$15.1
Retail (food sales)	$27.9
Retail (total retail sales)	$52
Food Service	$3.26

Top Retailers in Chile:
1) Walmart Chile (*Líder, Express de Líder, Super Bodega, aCuenta*, and *Central Mayorista*)
2) *Cencosud* (*Jumbo and Santa Isabel*)
3) SMU (*Unimarc, Mayorista 10, Alvi, OK Market* and *Telemercado*)
4) *Falabella* (*Tottus*)

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

Strengths/Weaknesses/Opportunities/Threats:

Strengths	Weaknesses
The U.S.-Chile Free Trade Agreement (FTA) 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.

Section I: Overview

Chile is a relatively small country of 19.1 million people, but it has an open market and the highest *per capita* income levels in the region at $25,068 (PPP) per person. The country is an agriculture producer and exporter, with agriculture accounting for 29 percent of total trade, 10.6 percent of GDP, and 10 percent of the labor force. Chile produces and exports mostly horticulture products, which are shipped to counter seasonal northern hemisphere markets. The Chilean food processing sector is highly developed; imports account for around half of all ingredients used domestically. The United States is a close trading partner and is considered by Chileans as a reliable supplier of high-quality food and agricultural products.

The United States is Chile's second-leading supplier of agricultural and related products, behind neighboring Argentina. Chilean consumers are eating increasing levels of animal protein, creating opportunities for U.S. beef, pork, and dairy. Similarly, Chile's relatively high purchasing power is an opportunity for U.S. exports of beer, distilled spirits, condiments, and confections. The Chilean economy is recovering from impacts of the COVID-19 pandemic, as vaccination numbers grow, and restrictions relax. Notably, e-commerce platforms are rapidly expanding in the Chilean market as companies such as *Uber Eats*, *Rappi* and *PedidosYa* gain popularity. In 2020, online food and drink sales reached $1.2 billion, growing 133 percent in value.

Table 1: Advantages and Challenges Facing U.S. Exporters

Advantages	Challenges
Clear rules and transparent regulations encourage fair competition.	Chile has Free Trade Agreements with 65 economies worldwide, so they do not depend on imports from a specific region. Imports that offer the best price and quality worldwide are the most attractive.
The purchasing power of Chile's middle and upper-middle-income consumers continues to rise.	Chilean customers are used to competitive prices due to the openness of the economy.
The U.S.-Chile free trade agreement of 2015 ensures 0% duties for all U.S. agricultural products.	Lack of awareness of Chilean consumers and importers on the variety and quality of U.S. products.
U.S. brands are regarded as high quality. Many well-known brands are already popular in the market.	Relatively small-size market compared to neighboring countries.
Demand for premium processed foods and beverages that provide convenience and health benefits continue to increase.	Chileans are price-sensitive, especially during economic slowdowns.

Section II: Exporter Business Tips

Higher value products are competitive in the Chilean market and Chilean consumers associate U.S. brands with quality. Additionally, Chilean consumers are loyal to some U.S. brands; a fact that could be leveraged by U.S. exporters. 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. Most are open to meeting new suppliers in person or through virtual fora.

Chilean consumers have become more health-conscious, further shifting food demand toward products considered wholesome or healthy. This opens potential for 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.

A few large retail supermarket chains dominate the Chilean market. These supermarket chains buy from local distributors and through direct import; both channels are potentially accessible to U.S. suppliers. Open markets (wet markets) still exist, but are primarily outlets for fruits and vegetables, or seafood. Chilean consumers lean heavily on online shopping, both direct from traditional retailers and via third party platforms. The lockdowns associated with the COVID-19 pandemic helped to speed the transition to digital purchases. In Santiago, 43 percent of consumers now make most retail purchases online.

Section III: Import Food Standards and Regulations and Import Procedures

The Chilean National Customs Service (*Servicio Nacional de Aduanas* – SNA) has overall responsibility for the administration of import procedures and the collection of all import duties. The Customs Service controls documentation and carries out physical inspections during customs clearance. All imported food products are also regulated by the Ministry of Health (MINSAL) and the Ministry of Agriculture's Agricultural and Livestock Service (*Servicio Agricola y Ganadero* – SAG). The process of clearance in Chile can be quite expeditious if there are no problems with documentation. Potential exporters should note that Chile requires the use of a registered customs agent for all commercial imports valued over $3,000.

Specific import certificate requirements can be found in the FAIRS Export Certificate report. All imported products must be labeled in Spanish, including nutritional labeling. More information on food product labeling can be found in the FAIRS Country report.

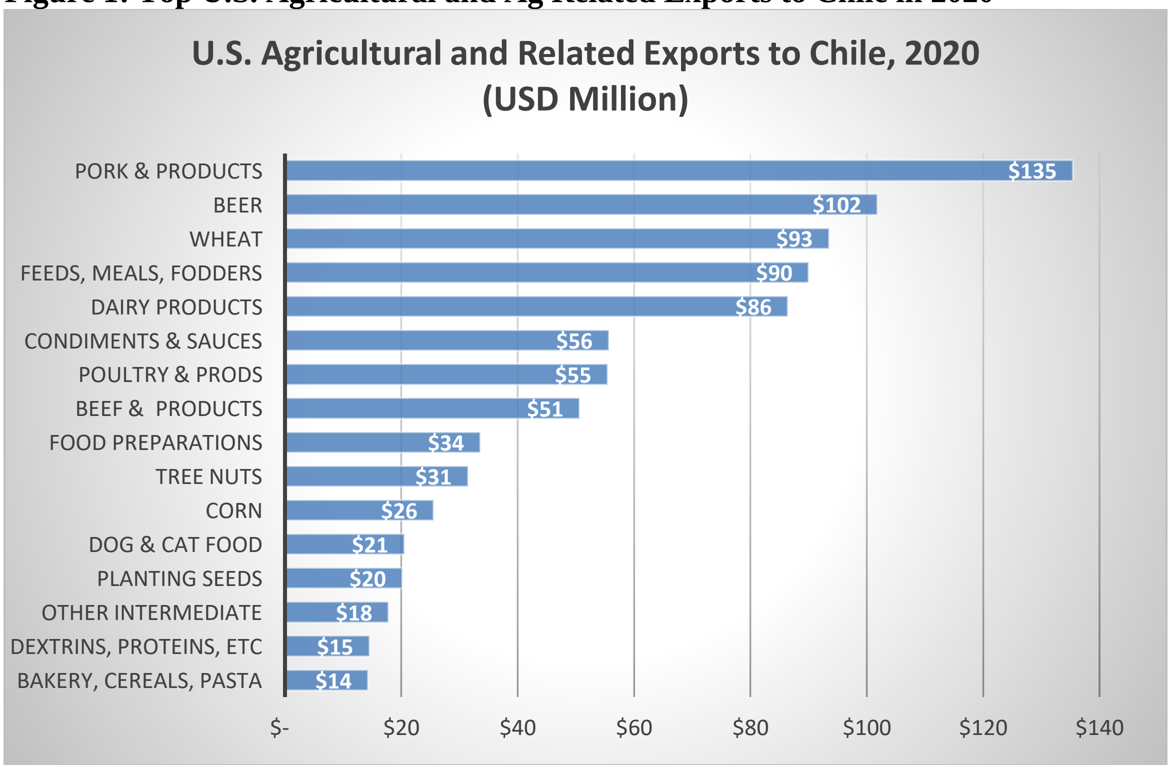
Chile is a member of the World Trade Organization (WTO) and an associate member of the Southern Common Market (MERCOSUR). Currently, Chile has 30 trade agreements covering 65 economies. Patents, trademarks, industrial designs, models, and copyrights are protected in Chile by the provisions of the International Convention for the Protection of Industrial Property (the Paris Convention). For more information, see the FAIRS Country report.

Section IV: Market Sector Structure and Trends

Market Developments

In 2020, U.S agricultural and related exports to Chile reached $1.0 billion, a modest decline from $1.03 billion in calendar year 2019. The COVID-19 pandemic and associated economic slowdown drove the decline in Chilean imports in 2020. Trade forecasts for 2021 suggest a full recovery and continuation of the increase in Chilean purchases from the United States. The United States is the second largest supplier of agricultural and related products to Chile, after Argentina. Pork, beer, wheat, feeds (mostly corn gluten meal) and dairy dominate U.S. shipments to Chile.

Figure 1: Top U.S. Agricultural and Ag Related Exports to Chile in 2020



Source: US Census Bureau Trade Data

In recent years, Chilean imports of beer, cheese and milk powder, and corn gluten meal, have steadily increased from the United States. Pork shipments, which had also trended upward in recent years, dropped off marginally in 2021 on increased exports from the European Union. Similarly, U.S. wheat exports to Chile dropped in 2021, offset by lower prices and increased export volumes from Canada and Argentina.

As with the broader trends in bilateral trade, consumer-oriented product exports from the United States increased in recent years. From 2016 to 2019 US-origin consumer-oriented product shipments grew 38 percent, reaching $694.4 million in 2019. Shipments in 2020 declined 4.5 percent because of COVID restrictions but are on track to reach a new record in 2021. As of October 2021, U.S. year-to-date consumer-oriented exports were up 46.5 percent as compared to the same period in 2020. Beef, dairy, beer, and distilled spirits lead the recovery.

Best Prospects

Best prospects for U.S. exporters align closely with the broader trends in trade (see Table 2). U.S. pork cuts remain competitive against regional suppliers and specific U.S. pork products, like bacon or breakfast sausage, offer an opportunity to expand sales beyond commodity pork. U.S. cheese, distilled spirits, beer, and beef muscle cuts are considered high quality and are within the purchasing power of many Chilean consumers. U.S. beans and lentils are competitive in the Chilean market and offer an opportunity as a plant-based protein source, though competition from regional producers is significant. Notably, there remains a great deal of loyalty to certain U.S. brands, as demonstrated by the steady demand for U.S. confectionary and condiments. Included in these two categories are candies/chocolates, mayonnaise, mustard, ketchup, and barbeque sauces.

Table 2: Best Prospects Products in Chile

Pork and products (bacon)	High quality beef
Beer and ingredients	Distilled spirits (bourbon)
Sauces (BBQ, ketchup, etc.)	Cheeses
Candy and confections	Beans and lentils

Retail, HRI, and Food Processing

The Chilean retail sector is composed of over 1,300 supermarkets, mid-sized grocery stores, convenience stores, gas station markets, and small independent neighborhood stores. Around 34 percent of all retail transactions take place in the Santiago Metropolitan Region. In 2020, Chilean supermarket sales increased 18.9 percent, from $14.3 billion to $17 billion, primarily due to the increased use of e-commerce platforms. Chile's largest supermarkets Walmart, Cencosud, Tottus and Unimarc, represent 62 percent of retail revenues. For detailed information, please see FAS Santiago's Retail Food report.

Chile has a thriving hotel, restaurant, and institutional (HRI) sector. While much of the HRI sector caters to domestic consumers, there is also a well-developed tourism industry. Prior to the COVID-19 pandemic, Chile was ranked as the number one destination for adventure tourism. Chile has both domestic and international hotels and restaurants, many of which offer a wide variety of imported food products. The HRI sector suffered in 2020, sales were down nearly 40 percent, but is expected to rebound in 2022. There exist many opportunities for U.S. exporters targeting the HRI sector. For detailed information, please see FAS Santiago's Hotel, Restaurant and Institutional Food Service report.

Chile has a developed food processing industry that represents 8.2 percent of Chilean exports, generating $5.52 billion in exports revenues in 2020. Chilean food processors sell their products domestically or internationally and import about half of food ingredients. Some large international companies use their production plants in Chile to serve other markets in Latin America. Chilean consumers have an increasing concern for health-related issues, and the food processing industry continues to adapt to shifting demand. There continue to be opportunities for U.S. ingredients in Chile, specifically additives, preservatives, thickeners, and sweeteners. For detailed information, please see the Food Processing and Ingredients report.

Table 3: Overall Competitive Situation for Consumer-Oriented Products:

Product Category/Total Chilean Import	**Largest Suppliers**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Pork & Products Total imports: $286 million From U.S.: $136 million	**1. U.S. – 48%** 2. Brazil – 37% 3. Spain – 4%	Brazilian and U.S. pork compete in Chile based on price.	Chile traditionally produces and consumes pork, but also exports to Asia when prices are high.
Beer Total imports: $162 million From U.S.: $64 million	**1. U.S. – 40%** 2. Mexico – 34% 3. Belgium – 6%	Consumer preference for U.S., Mexico, and Belgium beers.	Craft beer production is growing in Chile and quality is improving.
Dairy Products Total imports: $411 million From U.S.: $88 million	**1. U.S. – 22%** 2. Argentina – 20% 3. New Zealand – 15%	Argentina benefits from low costs and proximity. New Zealand is a low-cost producer.	Chile has a limited production of dairy products, especially cheeses.
Condiments & Sauces Total imports: $ 94 million From U.S.: $55 million	**1. U.S. – 59%** 2. China -11% 3. Argentina – 8%	Argentina benefits from low costs and proximity. China primarily supplies soy sauce.	Chile has a limited production of condiments and sauces.
Pulses Total imports: $98 million From U.S.: $5.7 million	1. Argentina – 49% 2. Canada – 39% **3. U.S. – 6%**	Argentina benefits from low costs and proximity. Canada is a low-cost producer.	Chile has a limited production and variety of pulses.
Beef & Products Total imports: $1 billion From U.S.: $44 million	1. Paraguay – 41% 2. Brazil – 36% 3. Argentina – 18% **4. U.S. – 4%**	(1 and 2) Proximity and availability. Brazil and Paraguay sell lower quality and price competitive beef.	Chilean beef production is insufficient to meet domestic demand.
Confectionary Total imports: $50.6 million From U.S.: $4.5 million	1. Argentina – 25% 2. Colombia – 18% 3. Uruguay – 13% **4. U.S. – 9%**	Regional suppliers benefit from low costs, proximity, and well-known brands in Chile.	Chile has a very limited production of confectionary products.
Distilled Spirits Total imports: $81 million From U.S.: $15 million	1. U.K. – 33% 2. **U.S. – 19%** 3. Mexico – 7%	Lack of consumer knowledge on U.S. brands vis-à-vis competing suppliers.	Chile has limited variety of domestic distilled spirits.

Section V: Agricultural and Food Imports

Table 4: Total U.S. Exports of Agricultural Related Products to Chile, 2016-2020 (USD)

U.S. Agricultural and Ag Related Exports to Chile Calendar Year: 2016 - 2020						
Description	Calendar Year(Value: USD)					
	2016	2017	2018	2019	2020	% Change (Value) 2019-2020
Agricultural & Related Products	$886,639	$975,520	$994,613	$1,029,350	$1,005,400	-2
Consumer Oriented Total	$503,483	$655,098	$656,141	$694,379	$663,112	-5
Intermediate Total	$152,461	$194,708	$211,254	$211,928	$190,614	-10
Bulk Total	$206,136	$101,370	$88,346	$93,350	$128,361	38
Agricultural Related Products	$24,559	$24,344	$38,871	$29,693	$23,312	-21
Grand Total:	$886,639	$975,520	$994,613	$1,029,350	$1,005,400	-2
Source: U.S. Census Bureau Trade Data						

Table 5: Top U.S. Agricultural Exports to Chile, by Category

Product	Exports Value 2020 (USD Mil.)	Average growth 2016 – 2020 (%)	Absolute Change 2016 - 2020 (USD Mil.)
Pork & Products	135.4	28%	81,764
Beer	101.8	19%	44,157
Other Feeds, Meals & Fodders	90.0	18%	33,491
Dairy Products	86.4	10%	26,498
Condiments & Sauces	55.7	15%	23,093
Wheat	93.5	6%	14,997
Food Preparations	33.6	13%	13,004
Tree Nuts	31.4	12%	10,763
Other Intermediate Products	17.8	25%	7,544
Dog & Cat Food	20.5	11%	6,881
Vegetable Oils	7.1	98%	5,253
Soybean Meal	8.3	2922%	3,539
Seafood Products	10.4	26%	3,070
Live Animals	7.8	17%	2,902
Eggs & Products	2.5	132%	2,336
Milled Grains & Products	3.8	44%	2,235
Pulses	2.9	36%	1,459
Animal Fats	2.0	106%	1,281
Processed Fruit	4.8	15%	1,275
Fresh Fruit	11.0	5%	994

Source: U.S. Census Bureau Trade Data

Best prospects categories as defined here are consumer-oriented products with high average export growth and strong export values (Figure 2). Grains and bulk products are intentionally excluded from the of best prospects list because of price sensitivity and overall fungibility with competitors' product. Less weight was given to trade performance in 2020, because of the impacts of COVID restrictions. Pork, beer, dairy, condiments and sauces, beef, and distilled spirits have relatively high trade volume and recent growth (see also Figure 3).

Confections and pulses are arguably exceptions as both have lower trave volumes and mixed growth. Pulses were added specifically to address growing demand for non-animal protein in the Chilean market. Confections represent an opportunity to leverage existing awareness of U.S. brands

Figure 2: Export Value (Millions USD) vs Export Growth (%) of Top U.S. Ag Exports

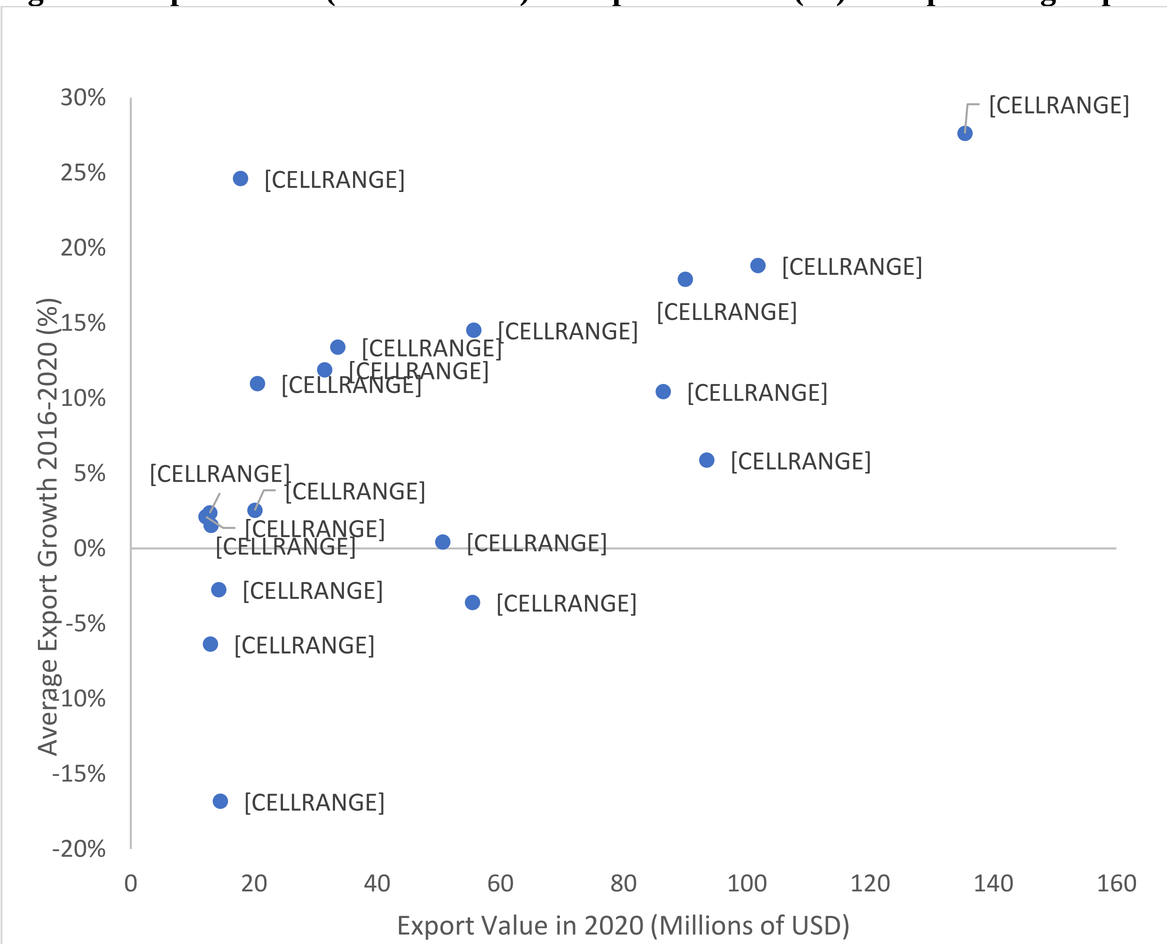
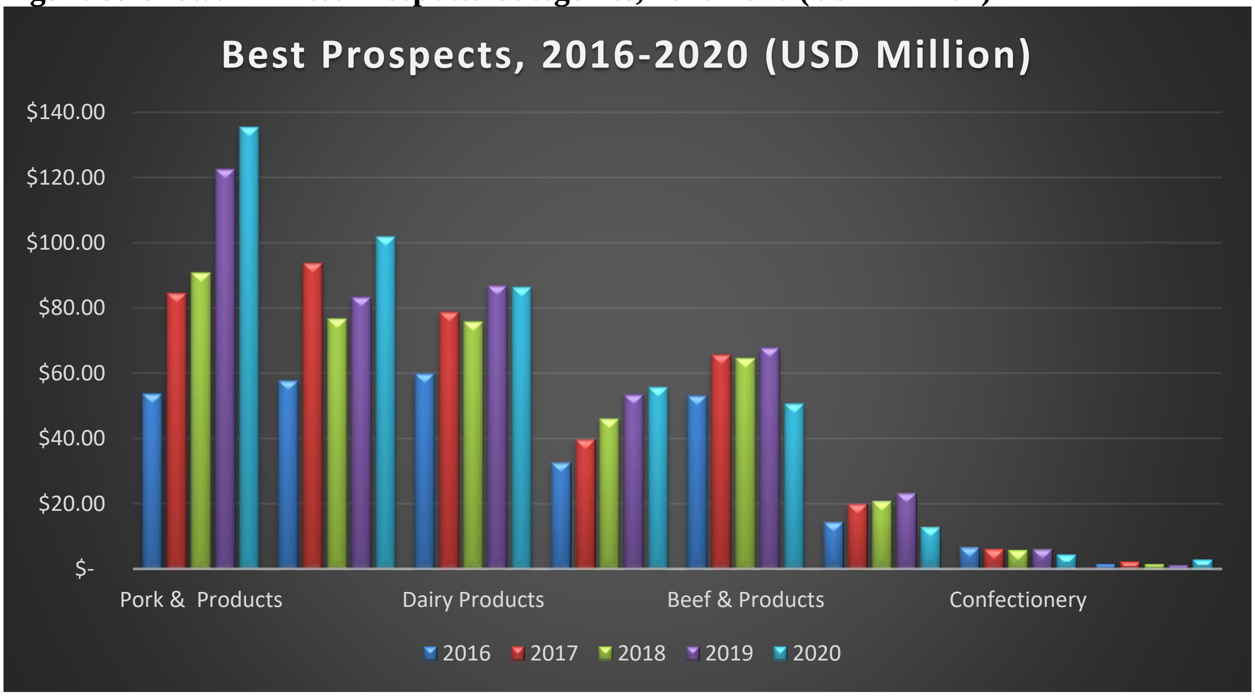


Table 6: Best Prospects in Chile

Product	Export Values (USD Millions)					Percent Growth
	2016	2017	2018	2019	2020	2016-20
Pork & Products	53.7	84.6	90.8	122.5	135.4	27.6%
Beer	57.7	93.8	76.7	83.3	101.8	18.8%
Dairy Products	59.9	78.6	75.7	86.9	86.4	10.4%
Condiments & Sauces	32.6	39.8	45.9	53.3	55.7	14.5%
Beef & Products	53.1	65.7	64.5	67.7	50.6	0.4%
Distilled Spirits	14.4	19.9	20.8	23.3	12.8	2.4%
Confectionery	6.6	6.1	5.7	6.2	4.5	-8.6%
Pulses	1.5	2.3	1.4	1.2	2.9	35.9%

Source: US Census Bureau Trade Data

Figure 3: Growth in Best Prospects Categories, 2016-2020 (USD Million)



Source: US Census Bureau Trade Data

Section VI: 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/
National Customs Agency Plaza Sotomayor 60 – Valparaíso Tel.: +56 2 600-570-7040 www.aduana.cl	Instituto Nacional de Normalización (INN) Chilean Standards Matías Cousiño 64, piso 6, Santiago Tel.: +56 2 2445-8800 info@inn.cl www.inn.cl/
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Attachments:

No Attachments