Scheduled Report - public distribution

Date: 10/15/1998

GAIN Report #CI8030

Chile

Seafood

Seafood Annual

1998

Prepared by: Richard J. Blabey, AgCounselor
U.S. Embassy

Drafted by: Luis Hennicke, AgSpecialist

Report Highlights:

Chile's farmed salmon industry continues growing.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Santiago [CI8030], Chile

Table of Contents

Executive Summary

The fisheries industry plays a major role in Chile's export-led economy. Exports of the fisheries complex reached U.S. $1.89 billion in 1997, accounting for approximately 11 percent of Chile's total export earnings.

Aquaculture is the major component of Chile's edible fisheries sector with almost $0.5 billion in exports. Chile's salmon output is expected to expand again in 1998. The total Chilean aquacultural output will continue to grow based on development and growth of new species, including trout and turbot.

Salmon, Whl/Eviscerated

PS&D Table

PSD Table						
Country:	Chile					
Commodity:	Salmon, Whole/Eviscerated					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Beginning Stocks	0	0	0	0	0	0
Total Production	112690	124472	118300	130600	0	134500
Intra-EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	112690	124472	118300	130600	0	134500
Intra-EC Exports	0	0	0	0	0	0
Other Exports	79500	65970	85860	65300	0	63500
TOTAL Exports	79500	65970	85860	65300	0	63500
Domestic Consumption	680	620	920	670	0	690
Other Use/Loss	32510	57882	31520	64630	0	70310
TOTAL Utilization	33190	58502	32440	65300	0	71000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	112690	124472	118300	130600	0	134500

Trade Table - Exports

Export Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:	Jan-Dec		
Exports for	1996		1997
U.S.		U.S.	12811
Others		Others	
		Japan	44171
		Brazil	4934
		Taiwan	1060
		Argentina	859
		Germany	441
		Mexico	411
		Venezuela	187
		France	130
		So.Korea	99
Total for Others	0		52292
Others not listed			867
Grand Total	0		65970

Production

Salmon production in Chile reached another record level in CY1997. For 1998 and 1999, production is expected to expand further but at a much slower rate than in the past. Chile produces and exports a variety of salmon products, including fresh and chilled, frozen, canned, dried and salted, smoked and dehydrated salmon. The most important component of the sector is fresh/chilled and frozen salmon. The total salmon production figure published by the government and the Producers Asociation makes no distinction between "whole eviscerated" salmon and "fillets and meat."

Based on Chile's natural comparative advantages in salmon production, further expansion of salmon production can be expected in the coming years. A duty of 4.5 percent which resulted from the antidumping charges brought against Chilean producers by U.S. farm salmon producers is not expected to reduce the demand by the United States. Chilean salmon producers insist that they were not dumping their production into the U.S. market and are continuing to appeal the Commerce Department’s dumping decision.

The Chilean salmon and trout industry is composed of approximately 45 companies, employing over 8,500 workers, most of which are located in Region Ten, which begins 500 miles south of Santiago. Aquaculture is conducted in 234 coastal concessions for which the companies pay the government user fees.

Exceptional natural conditions in Chile promote efficient, low cost salmon production year around. Ideal water temperatures in the fresh water lakes in the Tenth Region and the ocean south of Puerto Montt are fundamental to the industry's success. Since the lakes and fjords in the region do not freeze during the winter months, salmon grow faster and reach commercial sizes 6 to 12 months earlier than in Norway, which is a significant economic advantage. Additionally, land rents, facilities charges, and labor costs are low in the region. Ample supplies of relatively inexpensive, high quality fishmeal and fishoil (the principal feed used) further support the profitability of the sector, in that feed comprises 60 percent of the total cost of production. Most of the feed used by Chilean salmon producers is manufactured domestically, using the most advanced production and processing technology available.

TABLE: Chile - Total Salmon Production
(In Metric Tons)

	Cherry Salmon	Atlantic Salmon	Silver Salmon	King Salmon	Total Salmon
1981	0	0	1	0	1
1982	0	0	184	0	184
1983	0	0	94	0	94
1984	0	0	109	0	109
1985	0	0	500	0	500
1986	0	0	1,144	0	1,144
1987	0	41	1,780	0	1,821
1988	0	165	4,075	3	4,243
1989	0	1,860	6,974	11	8,845
1990	29	9,498	13,456	389	23,372
1991	105	14,957	17,966	1,059	34,087
1992	68	23,715	22,182	667	46,632
1993	0	29,182	25,177	859	55,218
1994	0	34,175	34,538	379	69,092
1995	0	41,739	33,131	125	74,995
1996	0	57,764	50,347	239	108,350
1997	0	67,861	56,108	503	124,472

TABLE: Chile - Fresh and Chilled Salmon Production
(In Metric Tons)

	Cherry Salmon	Atlantic Salmon	Silver Salmon	King Salmon	Total Salmon
1981	0	0	0	0	0
1982	0	0	0	0	0
1983	0	0	0	0	0
1984	0	0	0	0	0
1985	0	0	42	0	42
1986	0	0	343	0	343
1987	0	0	624	0	624
1988	0	54	884	0	938
1989	0	1,407	477	0	1,884
1990	0	5,436	528	77	6,041
1991	0	7,480	381	345	8,206
1992	0	8,340	511	102	8,953
1993	0	10,100	98	46	10,244
1994	0	14,405	69	53	14,527
1995	0	27,019	257	0	27,276
1996	0	43,479	779	0	44,258
1997	0	47,759	677	7	48,443

TABLE: Chile - Frozen Salmon Production
(In Metric Tons)

	Cherry Salmon	Atlantic Salmon	Silver Salmon	King Salmon	Total Salmon
1981	0	0	1	0	1
1982	0	0	148	0	148
1983	0	0	71	0	71
1984	0	0	70	0	70
1985	0	0	318	0	318
1986	0	0	462	0	462
1987	0	0	515	0	515
1988	0	47	1,881	0	1,928
1989	0	179	3,408	0	3,587
1990	25	2,201	8,491	64	10,781
1991	2	2,997	11,249	202	14,450
1992	24	6,287	15,359	305	21,975
1993	0	8,199	17,698	542	26,439
1994	0	12,725	25,388	245	38,358
1995	0	13,598	32,517	125	46,240
1996	0	13,500	48,994	239	62,733
1997	0	19,295	55,086	496	74,877

Consumption

As Chile has no official figures for fresh and chilled domestic consumption in Chile, figures in the PS&D were estimated as a residual of production and export data. Although domestic consumption of both farmed and "wild" salmon has been increasing during the last few years, it is not expected to be a significant percentage of the total demand. Evidence of the gaining popularity of salmon is the increasing number of restaurants and fish markets that offer fresh salmon on their menus. As yet, no wholesale marketing and distribution system for salmon exists. Supermarket chains buy directly from the producers, or in some cases, internally source the product from their own salmon farms. Because Chile's salmon producers' main target is the export market, there are no promotional campaigns to increase domestic consumption.

Prices

The average export price for whole eviscerated fresh, chilled and frozen salmon exports rose slightly from $3.66/Kg. FOB in CY1996 to $3.94/Kg. FOB in 1997. As a result the total value of exports for whole eviscerated fresh and frozen salmon rose from $257 million in CY1996 to $260 million in CY1997.

Trade

Over 98 percent of Chile's salmon production is exported. Japan and the United States are the primary markets, capturing again over 90 percent of total exports in 1997. Over 80 percent of Pacific Salmon (Coho) is frozen and exported to Japan, mostly via ocean freight. Atlantic salmon is normally marketed fresh-chilled, and transported via air freight to markets in Europe and the United States. Total exports are expected to keep growing in the coming years as production expands. Total whole eviscerated salmon exports fell in 1997 after many years of constant growth and is not expected to grow in the coming years as most producers are increasing their effort to add more value to the salmon exported. Exports of value-added salmon products are expected to grow at an increasing rate in the coming years.

TABLE: Chile - Exports of Value Added Salmon Products
(In Thousands U.S. dollars)

Type of Product	1993	1994	1995	1996	1997
Fresh filet	19,032	37,180	57,099	91,123	142,568
Frozen filet	22,624	23,613	52,751	68,374	94,785
Smoked	944	8,371	14,173	13,322	10,210
Dried and salted	2,429	4,142	11,958	23,859	40,938
Canned	2,121	2,758	3,097	2,880	2,261
Other	3,557	3,677	2,913	8,197	22,988
TOTAL	50,707	79,741	141,991	207,754	313,748
% over total export	17.4	22.9	29.0	38.6	46.9

Other Uses

Figures given under Other Use/Loss in the PS&D table correspond to the estimated "fillet and meat" production. This figure results from the residual of total salmon production (which includes "whole eviscerated" and "fillet and meat") and the export plus an estimated for the domestic consumption data.

Policy

The Chilean Government plays virtually no role in salmon production and/or exports except for limited and small promotional activities. The Chilean government, through the government export promotion agency, ProChile and the Salmon Exporters Association, has plans to carry out promotional campaigns in Europe at different food fairs. In spite of Japan being the most important market, Chilean producers have in the past taken larger efforts to expand exports to the United States. An industry spokesman has indicated that presently campaigns in the U.S. are in hold until the dumping accusation have been resolved. Some other promotional campaigns undertaken by individual producers have attempted to develop new markets in Korea, Taiwan and other countries in the Far East. It is unclear if these will continue in the coming years. In all, Chile exported fresh and chilled salmon to more than 70 countries during 1996.

Stocks

No stocks of fresh chilled and frozen salmon are kept by producers and/or exporters.