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Chilean Demand for Healthy Food Products Continues to Grow

Report Categories:
Product Brief
SP1 - Expand International Marketing Opportunities

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Report Highlights:
Chile is the top market for U.S. “consumer oriented products” in South America. This category of products represented 68 percent of all U.S. agricultural and related exports to Chile in Calendar Year 2017 reaching a value of $ 676 million and a 38.7 percent increase over 2016, the highest level of exports recorded so far. Despite a slowdown in economic growth between 2011 and 2016 Chile is expected to return to a three percent growth in 2018.

Chilean demand for healthy food products continues to grow with increasing health awareness and disposable incomes. U.S. products are perceived to be of high quality, safe, unique, and reliable and consumers are increasingly searching for gourmet and differentiated products, providing excellent opportunities for U.S. exporters.

Executive Summary:

- Chilean demand for healthy food products continues to grow as people increase health awareness and income rises.
- U.S. products are perceived to be of high quality, safe, unique and reliable and consumers are increasingly searching for gourmet and differentiated products, providing opportunities for U.S. exporters.
- Best product prospects are :
    - Dairy products
    - Juices
    - Cereal
    - Integral cereals, oats, and chía
    - Quinoa
    - Legumes
    - Antioxidants (berries, blueberry, maqui or Chilean wineberrie and cranberries)
    - Fruit snacks for children
    - Organic Coffee
    - Organic Tea
    - Organic Sugar

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A. Market Overview

Chilean demand for healthy food products continues to grow along with nutritious packaged foods and healthy beverages.

Despite a slowdown in economic growth between 2011 and 2016 (from an annual real GDP growth of 5.8 percent in 2011 to 1.6 percent in 2016), Chile is expected to return to a 3 percent growth in 2018.

Consumers have an increasing interest for premium products which contain natural ingredients such as processed foods with natural ingredients, low cholesterol foods, fat free foods and low salt/sodium and low/no sugar.

Higher-income Chileans are willing to pay for healthy foods in their strong pursuit of healthy lifestyles.

A nutritional labeling law (Law 20.606) for food products was implemented on June 27, 2016. All packaged foods that have high levels of sugar, calories, sodium or saturated fats must contain a stop sign label that warns consumers. Additionally, products with this warning are banned from schools and prohibited from advertisements aimed at children under the age of 14.

Picture 1. Food Labeling Formats

The nutritional labeling law aims to:

- Improve labeling by simplifying nutritional information regarding ingredients related to obesity and diseases
- Protect children and adolescents from advertising "high energy" nutrients related to obesity and diseases
- Improve the supply and availability of healthier food in educational establishments

With these requirements, the healthy food and beverage market received an important boost, as these labeling initiatives increased consumer awareness in decision-making about what they are eating, and encouraged the purchase of healthier foods.

Many companies changed product formulas due to the nutritional labelling law to avoid having stop signs in their products.

Another effect was the entrance of new products with healthier products with reduced sugar variants and other health-oriented product types.

Before the nutritional labeling law, sales in the healthy food and beverage market in Chile reached $ 3.0 billion per year, with an average annual growth of 12.5 percent in recent years, representing 19 percent of all retail food sales.

Chile is the top market for U.S. "consumer oriented products" in South America. This category of products represented 68 percent of all U.S. agricultural and related exports to Chile in Calendar Year 2017 reaching a value of $ 676 million and a 38.7 percent increase over 2016, the highest level of exports recorded so far.

Top processed food exports to Chile are beer, beef, pork , poultry, dairy products (cheese and skim dry milk), food preparations, condiments and sauces, non-alcoholic beverages, prepared/preserved meats, chocolate and confectionery, and snack foods.

U.S. products are perceived to be of high quality, safe, unique and with special characteristics such as reliability, service and delivery.

Challenges for U.S. exporters include higher freight costs, competing suppliers or the challenge of localizing the product or packaging to Chile's standards and culture.

Table 1. Chile's Advantages and Challenges for U.S. Exporters

Advantages	**Challenges**
Chile's Southern Hemisphere location provides counter-season advantages in the food sector.	The United States faces strong European and other Northern Hemisphere competition.
Clear rules and transparent regulations offered by the government allow for fair competition.	There are stricter regulations surrounding fresh products to avoid the spread of diseases that may affect local production.
The U.S.-Chile free trade agreement resulted in 0 percent duties for all U.S. agricultural products as of January 1, 2015.	Chile is a competitive market, which has free trade agreements that cover 66 countries including the European Union, China, Central America and South American countries.
U.S. products and brands are well regarded and identified as high quality with many well-known brands already present in the market.	Chile's nutritional labeling law requires labeling products if thresholds of sodium, saturated fat, sugar and calories exceed certain levels set by the Ministry of Health.
Chile's largest retailers have operations in other Latin American countries, making it a gateway to other markets in Latin America.	Chile is an open economy so there is strong competition from domestic and international companies.
Equal playing field for imported and local products.	

B. Market Sector Opportunities

I. Opportunities

Despite consumer price-sensitivity, Chileans are increasingly searching for gourmet, and differentiated products, providing opportunities for U.S. exporters.

According to a 2016 survey by Kantar Retail Predictions, a consultancy that monitors household consumption, 54 percent of Chilean consumers stated that they are concerned with their health and physical wellness, which is higher than the 40 percent average for Latin America.

Shifting demographics, an increasing number of Chileans living busy lives and increased women's integration in the workforce have resulted in increased demand for processed and ready-made food products. At the same time, processed products are leaning to be healthier to fulfill the health and wellness consumer trend.

The ready-made meals industry is focusing its efforts on the introduction of new products including traditional dishes and a "homemade" appearance. Other convenient products and meal solutions, such as frozen processed meat and seafood or fruit and vegetables, are growing as well.

In recent years, the Chilean Government has led a campaign to foster healthy diets and combat obesity, thus increasing consumer awareness and public dialogue about healthy and nutritionally balanced foods. According to the World Health Organization (WHO), Chile is the country with the highest rate of obesity in South America. In recent decades, the percentage of the obese population has grown in the country and has become a national public health issue. The Chilean government has begun to take action on the issue, and in recent years has embarked on a series of initiatives to try to reduce the percentage of the obese population in the country, or at least to curb its growth.

As a result of the public policies and the increased awareness among the population about the obesity problem, Chilean consumers have begun to choose healthier alternatives, which has positively impacted the growth of healthy food and beverages.

Another fact influencing the healthy food market is the increase of millennial consumers with higher disposable incomes. These consumers tend to buy less in terms of volume, but they are looking for high value added products such as healthy food and beverages.

Table 2. Food and Beverage Products with Higher Growth

Product	Average Growth rate 2014-2016 (percentage)
Low in Sodium	38

Diet Juices	33
Bottled Water	22
Lactose Free Dairy	57

Source: Kantar

According to the research company Mintel, from 2010 to 2016, vegetarianism has increased by 25 percent and veganism by 257 percent, resulting in a higher consumption of products based on vegetables, nuts or seeds and vegetable drinks such as milk made from legumes, almonds or nuts (Nutrition, Health & Wellness - Global Annual Review – 2017).

Opportunities are presented for the following healthy food sub-categories:

1. Healthy Foods
    a. Fortified/Functional
    b. “Free/Reduced” from
    c. Naturally Health
    d. Organic
    e. Health Beverages

1. Fortified/Functional

Functional foods, also called nutraceuticals, are those defined not only by their nutritional characteristics but also designed to fulfill a specific function such as improving health and/or reducing the risk of developing certain diseases.

Demand for these types of health foods in Chile is rising. This result is a combination of higher awareness, sophistication in demand and higher long-term disposable incomes by the Chilean middle and high income segments, which are seeking sports nutrition, weight control foods, vitamins and dietary supplements.

It is also a result of a consumer behavior shifts that come from the public fight against obesity, smoking, nutritional labelling regulations, among other initiatives to promote healthy habits.

In this context, sports nutrition and dietary supplements are expected to continue to grow in demand.

Best products prospects are food and beverages with antioxidants, proteins, omega 3, biological active components, fiber and food enriched with vegetal proteins, especially soy.

The main products consumed with these characteristics are milk, yogurt, juices and cereals.

Supermarkets and pharmacies represent the best distributions channels for these types of products.

2. Free/Reduce/Low in

According to the “Chilean Food Industry 2017-2021 report” prepared by Nielsen, during 2016, 99 percent of Chilean households bought at least one low-calorie product.

In 2016, 4.7 percent of the total sales value in the Chilean food market was made of “light” products. Low-calorie products represent 1.8 percent of the total supermarket purchases of Chilean households.

Best product prospects:

- Carbonated Beverages
- Yoghurt
- Nectar juices
- Breakfast cereals

According to post contacts in the beverage sector, companies have oriented their strategy to increase availability of “light” soft drinks options by reducing sugar in their products, generating low-in sugar and reduced in-calories beverages.

3. Naturally Healthy

Agriculture is Chile’s second largest economic activity; therefore local production of natural and healthy products is high. Nevertheless, Chile’s Southern Hemisphere location provides advantages in the food sector since crops are harvested during counter-season of the Northern Hemisphere. The main imports from the United States during counter season are oranges, lemons, grapes and apples.

Frozen pulps of fruits and vegetables are potential prospects, especially for products that are not traditionally cultivated in Chile such as tropical fruits (mangos, guavas and passion fruit)

Frutos del Maipo is one of the leading brands of processed frozen fruit and vegetables in Chile, followed by supermarket private labels.

Best product prospects

- Integral cereals, oats, and chía seeds
- Quinoa
- Legumes
- Antioxidants (berries, blueberry, maqui or Chilean wineberrie and cranberries)
- Fruit snacks for children

4. Organic

Chile’s market for organic products is small, but domestic production is growing. With a view toward developing the organic sector, the National Institute of Standards (*Instituto Nacional de Normalización*) in 2000 established *Norma Nch 2079*, with the general criteria for the accreditation of organizations certifying products as "organic." The Agriculture and Livestock Service, *Servicio Agrícola y Ganadero* or SAG regulates organic production and certification. SAG is the entity that certifies organic processed products.

According to SAG's latest statistics, the agricultural area certified as organic in Chile in 2016 reached 131,973 hectares, representing an increase of 30 percent compared to the 100,986 hectares reported in 2015.

The top organic products produced in Chile are:
- Apples
- Kiwi
- Walnuts
- Lemons
- Avocado

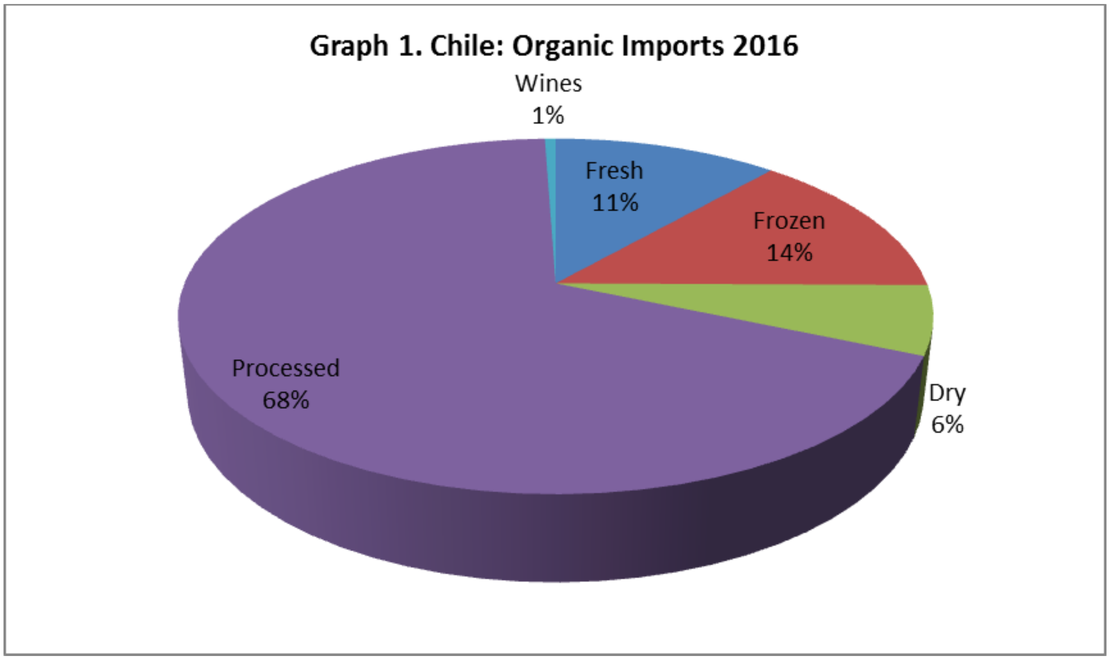
Best product prospects:
- Organic Coffee
- Organic Tea
- Organic Sugar

In 2016, organic coffee imports reached $3.2 million and organic green tea imports amounted to $1.9 million.

Table 3: Chile Organic Exports and Imports

Organic Imports and Exports ($ million)			
Category	**2014**	**2015**	**2016**
Exports	202.5	217.1	266.3
Imports	9.3	11.4	15.9

Source: Odepa (Office of Agricultural Studies and Policies) and Custom's statistics



Source: Odepa (Office of Agricultural Studies and Policies)

According to SAG's statistics, imports of organic products from the world in their fresh state reached over $2.6 million in 2016, showing a 70 percent increase over 2015. Meanwhile, considering fresh, frozen, dry, and processed organic products, including wine, all together had an increase of 60 percent from 2014 to 2016, growing from imports of under $10 million in 2014 to almost $16 million in 2016.

The main product imported in value was Hass avocados, valued at $1.5 million.

Other organic product imports are:
- Garlic
- Apples
- Plumbs
- Asparagus
- Mushrooms
- Grapes

Imports of organic frozen products in 2016 were valued at $2.6 million, showing a growth of 66 percent over the previous year. The top imported product in 2016 was raspberries, showing a 328 percent growth compared to 2015.

Other frozen organic imports are:
- Blueberries
- Blackberries
- Other vegetables

Imports of dry organic products were $ 971,000 in 2016. The top imported products were:
- Red paprika
- Plums

- Blueberries
- Strawberries
- Apples
- Raspberries

Processed organic product imports reached a value of $9.5 million in 2016, showing a 34 percent increase in value compared to the previous year. Imports of roasted coffee and organic green tea stand at $3.2 million and $1.9 million, respectively. Other imported products in this category include:

- Dried cherries
- Organic olive oil
- Jams and jellies
- Mashed potatoes and fruit pastes
- Organic plants, seeds and fruits, for perfumery, medicine, fresh or dried, whether or not cut, crushed or powdered
- Preparations of organic apple pulp
- Organic quinoa
- Organic apple juice, unfermented and not containing added spirit
- Preparations of organic mango pulp
- Organic rosehip oil

Imports of organic wines from the world in 2016 reached 25,300 liters and $ 126,400. Out of total organic wine imports 45 percent corresponded to white wine.

5. Healthy Beverages

According to an article published by the "Food and Beverages Trade Association" (AB Chile) between January 2015 and March 2016 the formulas of 1,550 products were altered because of the nutritional labeling law. In the soft drinks sector, some companies took the new labeling laws as an opportunity to expand their offer and improve distribution of reduced sugar variants and other health-oriented product types.

"Light" beverages represent 22 percent of the total beverages market.

Table 4: Sales of Healthy Beverages by Category

Sales of Healthy Beverages by Category 2011-2016 ($ million)							Growth Percentage
Category	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2011-2016**
Hot Drinks	103.6	109.9	116.3	124.9	134.3	145.6	40.5
Soft Drinks	695.6	795.4	914.4	1,055	1,214	1,387	99.4
Total Beverages	**799.3**	**905.3**	**1,030**	**1,180**	**1,348**	**1,532**	**91.8**

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews and trade sources.

According to post contacts there has been a strong increase in water consumption and a decrease in the consumption of carbonated beverages. In fact, bottled water is at its best, registering a 138 percent increase in 10 years in sales volume of total liters in the country. Annual consumption of healthy beverages in Chile went from 13 liters per capita in 2006 to 29 liters per capita in 2016.

In contrast, carbonated beverages have been experiencing a steady decline. According to estimates by Euromonitor International by 2020, an average Chilean will buy 117 liters of soft drink per year, which will mean a 2 percent decrease per year.

Post sources have indicated that people spend much more money on bottled water than before and the challenge from now on is to invest in new technologies, product formulas and flavor innovations that will ensure a healthier product while maintaining the taste and quality.

Regular cola carbonates will also likely lose ground to flavored bottled water, with many Chileans viewing these products as offering a good balance between health and refreshment at an affordable price.

II. Entry Strategy

Modern retailing is the main distribution channel for healthy food and beverage sales. Supermarkets and hypermarkets represent the most popular shopping channels among Chilean consumers. These stores are located throughout Chile and often represent the nearest and most convenient option for consumers due to the large mix of products offered and better prices, as a result of their supply in large volumes.

Table 5: Health Food and Beverages by Type of Store (percentage)

Retail Sector	2011	2012	2013	2014	2015	2016
Modern Grocery Retailers	84.7	84.8	84.2	83.8	83.2	83.0
Convenience Stores	4.0	4.1	4.0	3.9	3.3	3.1
Discounters	6.1	6.1	6.1	6.2	6.7	6.7
Forecourt Retailers	2.3	2.3	2.4	2.4	2.6	2.7
Hypermarkets	33.3	35.2	34.3	34.5	33.9	33.9
Supermarkets	38.9	37.0	37.4	36.9	36.8	36.4
Traditional Grocery Retailers	14.5	14.4	14.8	15.5	15.5	15.6
Food/Drink/Tobacco Specialists	0.8	0.8	0.8	0.8	0.7	0.8
Independent Small Grocers	13.1	12.9	3.4	13.7	14.1	14.2
Other Grocery Retailers	0.6	0.6	0.6	0.5	0.5	0.5
Non-Grocery Specialists (Drugstores)	0.0	0.0	0.0	0.1	0.2	0.3
Non-Store Retailing	0.8	0.8	1.0	1.1	1.2	1.4
Vending	0.7	0.6	0.6	0.6	0.6	0.7
Home-shopping	0.0	0.0	0.0	0.0	0.0	0.0
Internet Retailing	0.1	0.2	0.3	0.4	0.6	0.7
Direct Selling	0.0	0.0	0.0	0.0	0.0	0.0
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews and trade sources.

III. Market Size, Structure, Trends

Food Sub Categories

Table 6: Sales of Food Products by Sub-category

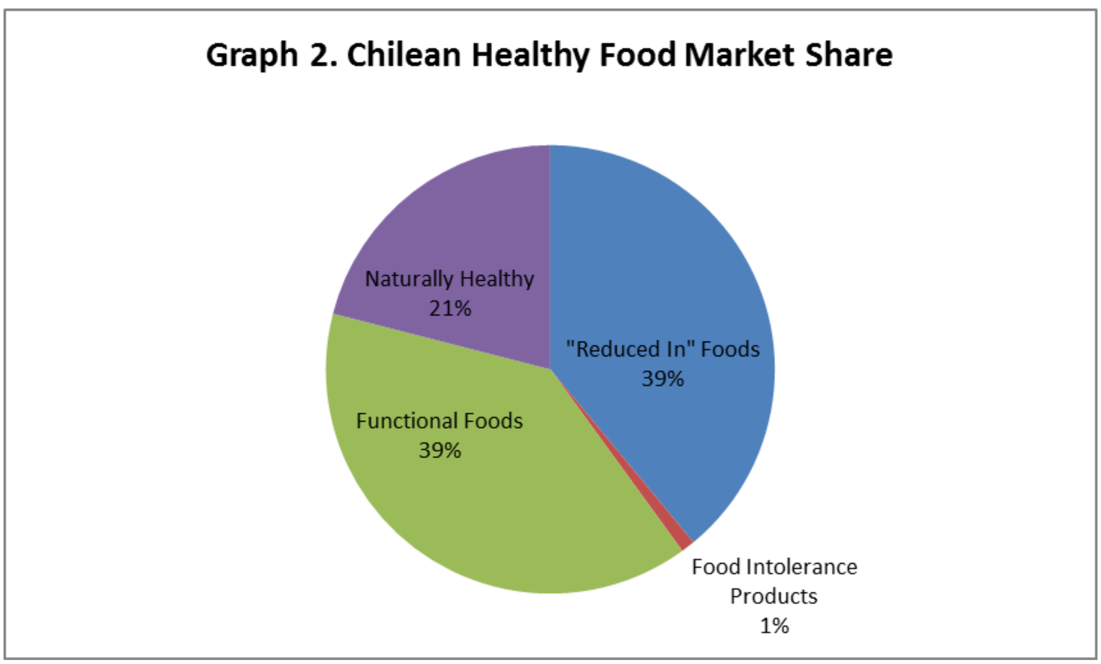
Sales of Health Food Products by Sub-category 2011-2016 ($ millions)							Growth (percentage)
Food Sub-category	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2011-2016**
Fortified/Functional	774.3	890.4	1,025	1,184	1,331	1,485	91.8
Free From	12.1	16.6	20.9	23.6	25.1	30.0	145.5
Naturally Healthy	555.1	611.8	612.3	654.0	723.3	797.0	43.6

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews and trade sources

Table 7: Forecast Sales of Food Products by Sub-category

Forecast Sales of Healthy Foods by Category 2016-2021 ($ million)							Growth (percentage)
Food Sub-category	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2016-2021**
Fortified/Functional	1,485	1,586	1,701	1,800	1,895	2,019	36.0
Free From	30.0	34.3	39.1	44.2	50.0	55.4	85.3
Naturally Healthy	797.0	843.0	886.4	937.2	989.0	1,047	31.3

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews and trade sources



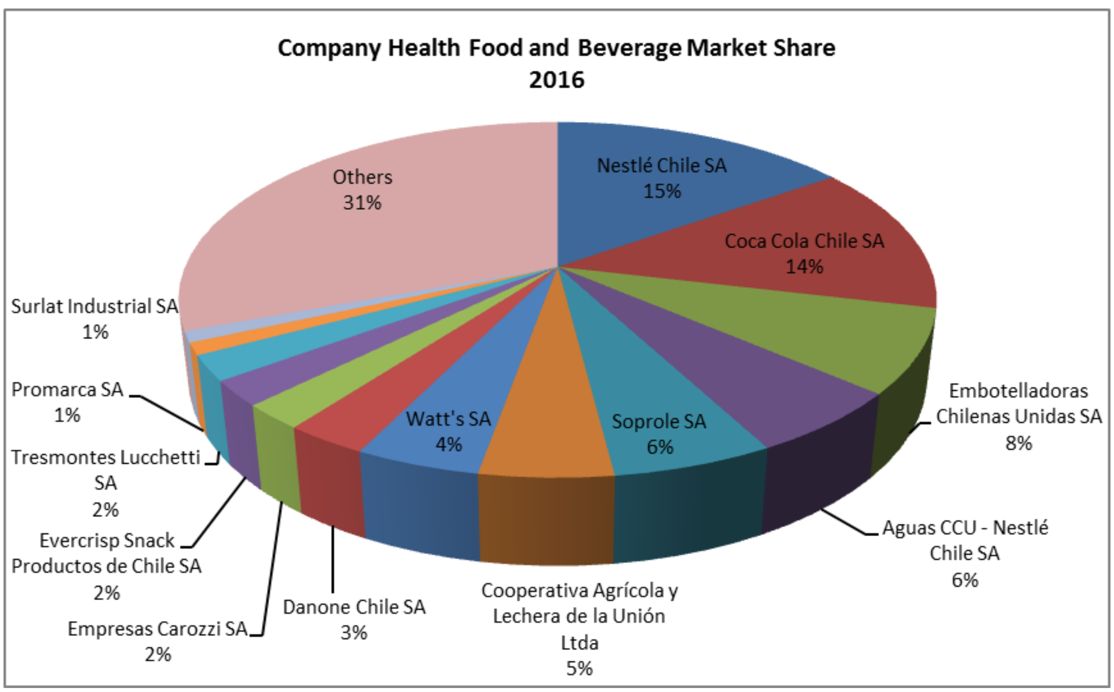
Source: Fundación Chile

Consumer demand for healthy foods, especially in urban areas such as Santiago, has been steadily increasing over the past five years. According to post sources the trend is to consume less processed, gluten-free and low-sugar products.

There are over 10 store-restaurants in Chile that offer healthy food products. Some of them are:

- La Chakra
- El Huerto
- Diprovena
- Sport Café
- Vivamas
- Anakena
- Puerto Marisko
- Dellanatura
- El Naturista
- Cafe Y Buffet Vitaly
- Mister Fish & Chips
- Apio Palta
- Plaza Perú
- Luki
- Amasandería Liliana

IV. Company Profiles



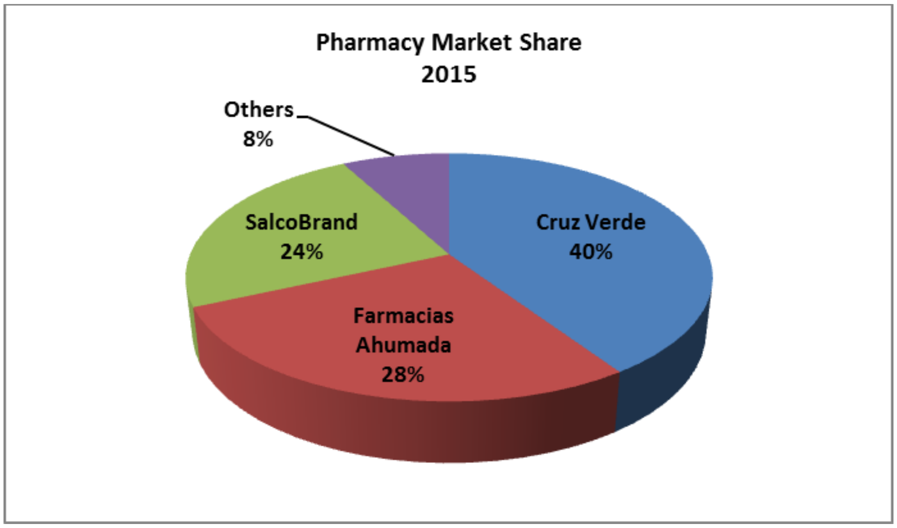
Source: Euromonitor International

Table 8: Main Brands and Companies of Healthy Food and Beverages

Brand	Company
Nido	Nestlé Chile SA
Cachantún	Aguas CCU - Nestlé Chile SA
Colún	Cooperativa Agricola y Lechera de la Unión Ltda.
Coca Cola Light	Coca Cola Chile SA
Coca Cola Zero	Coca Cola Chile SA
Vital	Coca Cola Chile SA
Activia	Danone Chile SA
Soprole (Fonterra Cooperative Group Ltda.)	Soprole SA
Loncoleche	Watt's SA
Livean (Grupo Nutresa SA)	Tresmontes Luccetti SA
Calo	Watt's
Gatorade (PepsiCo Inc)	Embotelladoras Chilenas Unidas SA
Vivo	Empresas Carozzi SA
Ula (Fonterra Cooperative Group Ltda.)	Soprole SA
Svelty	Nestlé Chile SA
Watt's	Promarca SA
Next (Fonterra Cooperative Group Ltda)	Soprole SA
Nan	Nestlé Chile SA
Milo	Nestlé Chile SA
Surlat (Iparlat SA)	Surlat Industrial SA
Chocapic (Cereal Partners Worldwide SA)	Nestlé Chile SA
Evercrisp (PepsiCo Inc.)	Evercrisp Snack Products Chile SA
Big Time (Arcor SAIC)	Alimentos Dos en Uno SA
Nestlé	Nestlé Chile SA
Nidal	Nestlé Chile SA
Sprite Zero	Coca Cola Chile SA

Source: Euromonitor International

Pharmacies or drugstores, also sell weight control products, sports nutrition, vitamins, supplements and reduced-in products.



Source: National Economic Prosecution Office (Fiscalía Nacional Económica)

Farmacias Cruz Verde is owned by the Mexican group Femsa. Farmacias Ahumada is controlled by the U.S. holding Walgreen Boots Alliance. Salcobrand is owned by the Chilean family Yarur.

There are also several small stores focused on healthy food and beverages. Some of them are:

- Dellanatura
- Aldea Nativa
- A Sur S.A.
- Nuevo Hogar Ltda.
- Foodies

According to post contacts in the health food and beverages sector, “foreign brands are better positioned than domestic brands, basically because they offer a wider variety in products and innovations”.

V. Threats

Chile has a growing national production of healthy processed foods and counts with the technological advances necessary to turn it into a highly competitive market. Suppliers from the United States may face hard domestic competition.

Regular products such as sugary drinks and snacks, white rice and white flours are increasingly being replaced with healthier products.

There is a strong trend towards offering new formats and cutting-edge designs of “ready-to-cook”, "ready-to-eat" or for consumption "on-the-go". As positive as this might sound, prices for these formats are high, which makes healthy products available mostly to the higher income consumers, thus leaving a big portion of the national consumer market behind.

Any products containing any of the “stop signs” labeling are forbidden to be sold in schools throughout the country. This represents an important challenge for distributors as large retail distribution is relatively easy, but reaching stores at schools is more complicated. School stores buy their products mostly from candy distributors, where health food and beverages have not been able to penetrate as much.

C. Market Access

For U.S. suppliers, Post recommends to enter the market through the big supermarket chains or to find an importing distributor.

Supermarket chains will allow for a new product to have a countrywide presence, and these chains carry a more diverse variety of products.

Entering the Chilean retail market through smaller stores can be a bit more challenging, as these are more limited in the variety of products they have space to offer. In addition, this sector is more focused on price rather than on variety.

Another possibility is to enter through an importer / distributor that will sell the product in different types of stores. The advantage is that the distributor has a variety of clients and could sell a larger overall volume of the product.

The main food distribution channels are:
- HRI food service sector (sub-sectors: hotels/resorts, restaurants, institutional)
- Gourmet markets
- Mainstream retailers

According to Euromonitor, the leading distribution channels for health food and beverage products were supermarkets and hypermarkets in 2016. These large modern retailers continue to gain sales in spite of independent small grocers, which still accounted for a significant share of sales in 2016.

Customs / Import Procedures

Chile is an open economy. Both individuals and companies are authorized to import. Despite the liberal import regime, licenses are required for goods whose value is over $ 3,500. They are granted automatically by the Central Bank of Chile. The importer must present an "Informe de Importacion" (Import Report), a document that must go through a commercial bank. This license is used mostly for statistical purposes.

The commercial forms used by both importers and exporters are commercial invoices, certificates of origin, bills of lading, freight insurance and packing lists. Special permission, certificates, and approval documents, such as sanitary and phytosanitary certificates, are required for most agricultural products and in some cases for industrial products as well.

For specific information on import procedures and requirements please refer to Chile’s FAIRS GAIN report.

Specific Import Procedures

Chile only approves the import of processed food products on a case-by-case basis. To bring in a product, the importer must obtain the permission of the Health Service Officer at the port of entry.

The procedure for obtaining permission to import food products begins in the Health Service Office at the port of entry. For example, if the port of entry is "Comodoro Arturo Merino Benitez" airport (Santiago's International Airport), clearance is handled by SESMA (Metropolitan Environmental Health Service www.asrm.cl).

The first step is to request "customs destination approval", which authorizes the retrieval of the products from customs and their transfer to bonded storage, where they must be stored intact and separate from other goods pending sampling and inspection by health authorities. Obtaining "customs destination approval" usually takes 72 hours (three working days). Forms should be obtained from the Customer Service Office of SESMA.

Importing Samples

It is possible to export temporarily to Chile according to the procedure in the ATA 12 documentation, which allows temporary admission of commercial samples, merchandise on route to markets, exhibitions and other commercial displays. The ATA documentation equally applies to postal and transit traffic; however, it is not accepted for unaccompanied merchandise.

Labeling

All products should have the nutritional label if the levels correspond, in order to be sold in the Chilean market.

Chilean food regulation defines food for special diets as food specially prepared or processed to meet particular nutrition demands owing to specific physical, physiological, or metabolic conditions. The composition should be substantially different from ordinary food of a similar nature, if any. Synthetic ingredients replacing lipids, carbohydrates, diet fiber, and other nutrients used in such food shall, for authorization purposes, adhere to technical standards issued on the subject by the Ministry of Health. Such foods are required to carry a statement of nutritional and health properties.

In addition to nutritional information and general labeling, description of essential characteristics of the product should be stated close to the name of the food. The total quantity of specific nutrients or other components that are the essential characteristic that makes such food appropriate for a special diet should be stated per 100 g, per 100 ml, or per serving.

Food for weight control should state in their nutritional information the phrase "Food for weight control". The same happens with low-fat and/or low-calorie foods, which besides the main designation of the food name and the nutritional information; it should state the category or essential characteristic of the food as “low-on” or “free-from.”

Organic products have the same labeling requirements as any other normal product. There is a mandatory certification requirement to market organic products in Chile. Law 20.089 from 2006 establishes that the labels “organic” product, “ecological” product, or “biological” product must be certified.

D. Costs and Prices

Customs Duties and Taxes on Imports

Since 2015 all U.S. agricultural products exported to Chile are duty-free because of the United States-Chile Free Trade Agreement (FTA).

Preferential Rates

Chile applies the Harmonized Customs System. The customs duties are calculated Ad valorem on the CIF value. Since 2003, the general tariff rate has been 6 percent on most products, one of the lowest in Latin America. However, Chilean customs reserve the right to apply some minimum prices for the valuation of imports (it can be the case concerning certain farm products such as wheat, edible oils and sugar, for instance).

For all additional information, you can contact the Chilean Customs Administration.

Duty Free Zones

Incentives for investment in remote and underprivileged areas (far north and far south of the country): co-financing feasibility studies, encouraging purchase of lands in industrial zones, hiring local labor force and facilitating project financing. Fiscal advantages exist in the tax-free zones of Iquique, Arica and Punta Arenas. The Arica Law of 2001 grants tax credits to companies in the provinces of Arica and Parinacota. An investment promotion plan for the province of Tierra del Fuego in Region XII (Magallanes) is available for mining, manufacturing, transport, fishing and tourism companies that produce goods or services made up of at least 25 percent of local labor and inputs.

E. Contact and Further Information

Mailing Address:
Office of Agricultural Affairs
U.S. Embassy, Santiago
3460 Santiago PL
Washington D.C. 20521/3460

Street Address:
Office of Agricultural Affairs
U.S. Embassy, Santiago
Av. Andres Bello 2800 - Las Condes
Santiago, Chile

Tel.: (56 2) 2330-3704
Fax: (56 2) 2330-3203
E-Mail: agsantiago@fas.usda.gov
Websites:
U.S. Department of Agriculture in Santiago Chile: www.usdachile.cl
Foreign Agricultural Service homepage: www.fas.usda.gov

For more information on U.S. export opportunities to Chile see Exporter Guide GAIN report, Food Processing Ingredients GAIN report and Food Service GAIN report.

Official Sources

- ACHIPIA (Chilean Agency for Food Safety and Quality) www.achipia.cl
- Chilean Customs Office www.aduana.cl
- INE, Instituto Nacional de Estadísticas (National Statistics Institute) www.ine.cl
    - ODEPA, Oficina de Estudios y Politicas Agrarias (Office of Agricultural Studies and Policies) www.odepa.cl
        - INIA, Instituto Nacional de Investigación Agraria (National Institute for Agricultural Research) www.inia.cl
        - FIA, Fondo Nacional de Innovación Agraria (National Fund for Agricultural Innovation) www.fia.cl
        - SAG, Servicio Agricola y Ganadero (Agricultural Inspection Service) www.sag.cl
        - CIE, Foreign Investment Committee www.investchile.gob.cl
    - SNA, Sociedad Nacional de Agricultura (Chilean Agriculture Association) www.sna.cl

Trade Associations

- Organic Food Association www.aaoch.cl
- Asociación de Alimentos y Bebidas de Chile www.abchile.cl
    - Asociación de Empresas de Alimentos de Chile www.chilealimentos.com
        - Asociación Nacional de Bebidas Refrescantes www.anber.cl

SESMA (Metropolitan Environmental Health Service) www.asrm.cl