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CHILENO BRITÁNICA
DE COMERCIO

Sector Reports

Agriculture

Doing Business in Chile Guide 2022





Chile is a leading producer and exporter of a wide range of high-value crops. Its Southern Hemisphere location, with five distinct climate zones, allows for the production of seasonal produce all year round when few regions of the world provide fresh supplies.

Thanks to its geographical composition, the country boasts one of the largest varieties of agricultural produce in the world. At the same time, these geographic characteristics (the Andes Mountain range to the east, the Pacific Ocean to the west, Patagonia to the south and the Atacama desert to the north) are the country's ally as, together with strict controls, they have effectively protected the country's agriculture from foreign diseases.





Within the last 50 years, the sector has evolved from traditional, extensive agriculture to intensive production with a heavy focus on fruit and vegetable produce. It is an extremely large industry and has an expected growth of 35% by 2030.

The fruit-growing sector accounts for the largest proportion of agribusiness, a massive 75% of its total value in 2018. The Agriculture sector comprises 3% of Chilean GDP, and 24% of exports, making it the country's second largest source of exports after copper with over two-thirds of Chilean fruit production being exported. When combined with food & beverage processing, agriculture accounts for 8% of the economy.

Fruits comprise 38% of farm production, followed by livestock at 21%. Production agriculture, excluding other portions of the value chain, employed 774,000 in 2019, 9% of Chilean employment. Including agribusiness, the employment total is closer to 20%, and agribusiness accounts for 57% of Chile's manufacturing output.

Compared with other Latin American countries Chile lags behind in the development of key crop and livestock segments, such as cereals and beef cattle breeding but it is mainly due to the distribution of weather and soil conditions. Chile, therefore, continues to rely on imports to satisfy domestic demand for wheat, maize and beef.

Market Overview

Chile is an attractive destination for companies that require high-quality agricultural produce or can offer efficiency and technological solutions to make the most of expected growth. The sector's competitiveness benefits from three key factors: the natural composition of the Chilean territory; production technologies that have been adopted; and the tariff agreements that Chile has with its export destinations.

Fresh fruit and tree nut exports account for the largest category of exports, followed by wine, and processed fruits. Chile is the world's largest exporter of table grapes and cherries, and is a top 5 exporter of apples, walnuts and almonds.

The country's economy has been shaped by the open economic policies that have been a hallmark of the country since the 1980s – it has 30 international trade agreements with 65 economies that represent 87% of global GDP and 63% of the Earth's population; more agreements with other markets than any other country and is the only South American country in the OECD. For the agricultural sector, this has led to a drastic reduction in tariffs and resulted in a specialisation in fruit and vegetable production in order to remain competitive; a successful strategy given that Chile is either the Number 1 or within the Top 5 exporters globally for 31 different products within this category.

As a cause of the Chilean climate and oceanographic conditions, aquatic productions and exports have been extremely successful, seeing a production of 1.3 billion tonnes in 2019, up by 5.7% in 2018 (Invest Chile, 2021). Sector incentives such as technological investment and financing promote aquaculture as an innovative market in which to invest. Similarly, agrifood technology, also known as agtech, has witnessed several years of unprecedented growth of venture investment, growing by 250% in the last 5 years (Invest Chile, 2021). Many products replace traditional meat proteins for plant-based proteins. A number of start-ups have gone on to achieve great success, the most high profile being NotCo which achieved unicorn status in 2021.



Chilean agriculture has adopted increased soil conservation practices and increasingly certified cropland as organic, in a bid to meet increased demand for sustainably produced products. The country's Ministry of Agriculture administers a soil conservation and restoration financial incentive programme known as SIRDS-S.

Recent social trends have sparked major opportunities within certain sectors of agribusiness e.g. more health-conscious choices including non-GMO, lactose-free, and plant-based products. The sector presents both new and exciting opportunities to accommodate a shifting population.

Market Profile

The sector is highly fragmented, dominated by micro, small and medium-sized companies, and it is increasingly competitive. The principal entry modes are brownfield investments, acquisitions and strategic partnerships with local companies, given the relatively high costs of land and machinery. Since early 2018, foreign investor interest in Chilean agriculture has been increasing, encouraged by growth in economic activity and strong foreign demand for key export products.

Main companies by size and origin (country):

1. Antarchile S.A. (Revenue: Thousands CLP 2018, 16,675,737,600)-Origen: Chile
2. Empresas Copec S.A. (Revenue: Thousands CLP 2018, 16,675,737,600)-Origen: Chile
3. Empresas CMPC S.A. (Revenue: Thousands CLP 2018, 4,365,087,232)-Origen: Chile
4. Agrosuper S.A. (Revenue: Thousands CLP 2018, 1,654,751,872)-Origen: Chile
5. Empresas Aquachile S.A. (Revenue: Thousands CLP 2018, 498,248,320)-Origen: Chile

Regulation

- Strict general sanitary and phytosanitary regulations
- Main sources of regulations for primary agriculture and primary food processors in Chile:
 - the Sanitary Code
 - the Food Health Regulations;
 - Decree No. 118/2015 on hazard analysis and critical control points in food establishments;
 - Pesticides for Sanitary and Domestic Use Regulation;
 - Resolution 33, which sets maximum permitted levels of pesticide residues in food;
 - Law No. 20,606, on the Nutritional Composition of Food and on Food Advertising;
 - Law No. 18,755, on the organisation and authority of the Agriculture and Livestock Service
 - Decree-law No. 3,557 on Agriculture Protection.
- Exporters require official certification to trade products of animal origin, which corresponds to an official document, entitled Export Animal Health Certificate, in which the official veterinarian attests that the product being exported meets the requirements of the importing country.
- Authorisation must be obtained from SAG (Chilean Agricultural and Livestock Service):
 - livestock production facilities;
 - Breeding;
 - slaughtering; and



- processing animals or animal products for export or import into Chile.
- All agricultural products imported into the country must meet all phytosanitary requirements set out by the law and governmental regulations for that specific product, which have to be verified by SAG (the government agency responsible for the development of agriculture, forests and livestock) to enter Chile.
- There is an online application created by the Ministry of Agriculture where you can check the phytosanitary import and export requirements established by SAG.

Primary Business Opportunities

Export Health Certificates

Since October 2020, the UK and Chile have been working on agreeing new Export Health Certificates (EHCs) for exports of animals and products of animal origin from the UK to Chile. This has been very successful with 16 EHCs approved to date. This creates a great potential opportunity for UK companies – opening up a total import market worth approximately £1.4BN (Facts and Figures for the Chile wins approved by CREST):

1. EHC for ovine/caprino semen
2. EHC for Ovine/Caprino ova/in vivo derived embryos
3. EHC for frozen bovine semen
4. EHC for milk and dairy products
5. EHC for Pet Food and dog chews
6. EHC for Equidae (definitive import)
7. EHC for bovine embryos
8. EHC for registered horses
9. EHC for Ready-made meals
10. EHC for Pig Fat or Lard
11. EHC for Bovine Meat
12. EHC for Blood Products
13. EHC for Collagen for Human Consumption
14. EHC for Chilled and Frozen Pork
15. EHC for lab rodents
16. EHC for equine semen

Following agreement of these EHC during 2021, DEFRA submitted during 2022 the following certificates for exports from the UK to Chile for SAG approval:

17. EHC for Casings from Sus Scrofa Domestica (Pig)
18. EHC for Processed Meat Products (Pork/Beef)
19. EHC for Gelatine for Human Consumption to Chile
20. EHC for Viscera meals, meat and bone meal and pure or mixed poultry, pig and equine oils or fats.



Ovine & Bovine Genetics

Following the recent approval of an export health certificate for ovine embryos, the UK is the only European country able to export such ovine genetic material to Chile. DIT/British Embassy Santiago has been working with breeders in the southern Chilean Patagonia region together with Chilean authorities and UKTAG (UK Technology for Agriculture and Genetics) to explore new opportunities for British genetics with a focus on sheep production. The UK is also keen to expand its exports to Chile to include equine and bovine genetics, apples, pork and dairy products (British cheeses, clotted cream and organic yoghurt), among others.

Milk & Dairy

Following the approval of EHC for milk and dairy products in 2021, DIT/British Embassy Santiago has provided support to DEFRA and the Animal and Plant Health Agency (APHA) to register and list on SAG's website 6 UK establishments that wish to export dairy products to Chile.

Pork

Following the approval of EHC for pork, 27 UK establishments have been authorised by the Agricultural and Livestock Service (SAG) to export pork to Chile. The doors to the Chilean market are open to UK pork for the first time. (Source: DEFRA/SAG, March 2022).

Pet Food

DIT/British Embassy Santiago is supporting DEFRA for registration of UK establishments that wish to export pet foods to Chile. Noteworthy is the reduction to 2 months of the approval time for UK pet food manufacturers for exports to Chile. In addition, manufacturing approval of veterinary/pharmacologic products that require a sanitary registry has been reduced to 5 months if products are already registered in EU (EMA) and USA (FDA).

Agribusiness Working Group

The UK-Chile Agribusiness Working Group was established at the Trade Dialogue 2020 with a view to support and promote trade and investment in agribusiness. DIT/British Embassy Santiago organised the first meeting, which took place on 8th September 2021, where novel foods, UK apple exports, Export Health Certificates, the approval of veterinary products and pet food imports, and phytosanitary certificates and their digitisation were discussed.

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