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U.S. Agricultural Exports to Chile Reach Historical Record Levels

Report Categories:

SP1 - Expand International Marketing Opportunities

Export Accomplishments - Other

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Report Highlights:

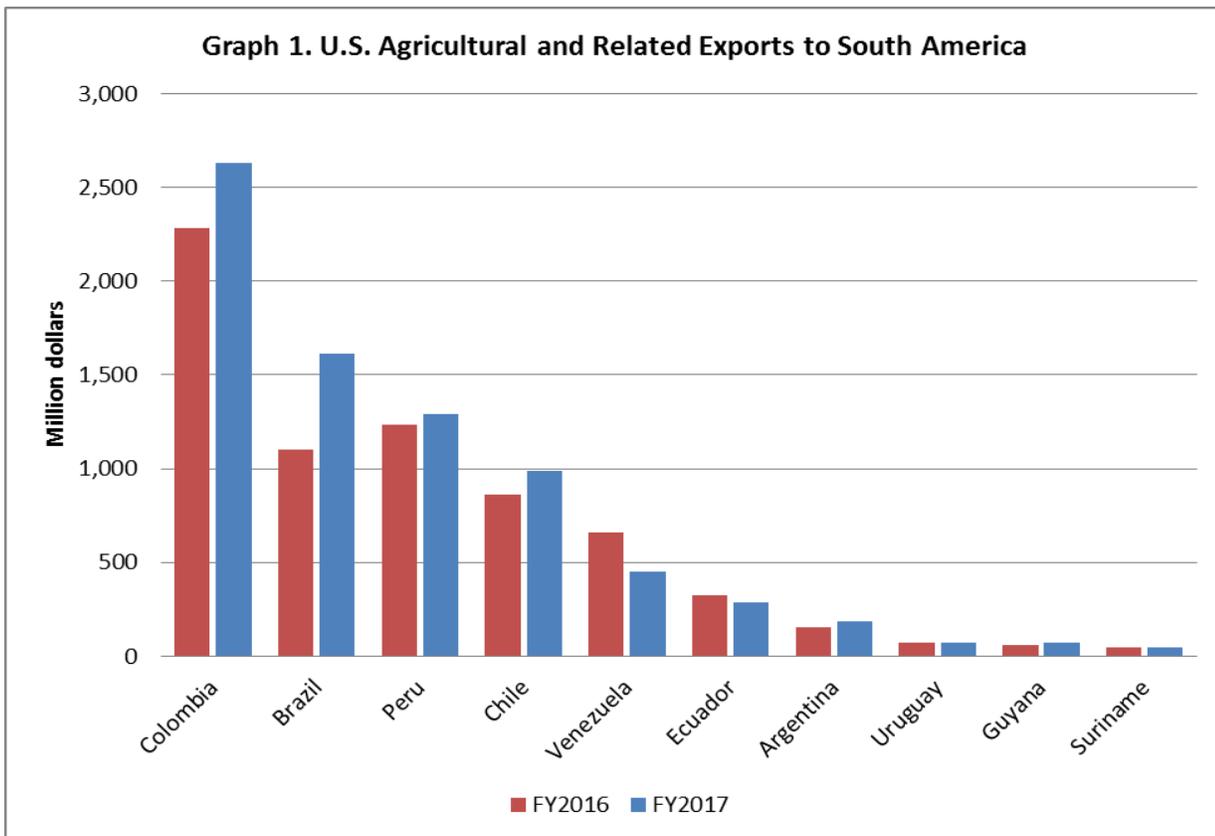
U.S. exports of agricultural and related products reached \$ 986.8 million in Fiscal Year 2017 (FY 2017), which represents a 15% increase over FY 2016 and records the highest level of exports ever.

Additionally, Chile regained its position as South America's largest market for "consumer oriented" agricultural products reaching \$ 634.6 million. The top U.S. exports of agricultural and related products to Chile are beer, poultry, feed (corn gluten meal), pork and dairy products.

General Information:

Chile is the fourth largest market in South America for U.S. agricultural and related products after Colombia, Brazil and Peru (see graph 1), accounting for 13 percent of U.S. exports to the region. In Fiscal Year 2017 (October 2016 – September 2017) U.S. agricultural & related products exports reached a record high level at \$ 986.8 million, which represents a 15% increase over FY 2016 exports (\$ 881.6 Million). In calendar year 2017, U.S. agricultural and related exports reached \$ 754.5 million from January – September 2017, which represents a 16% increase over the same period in 2016.

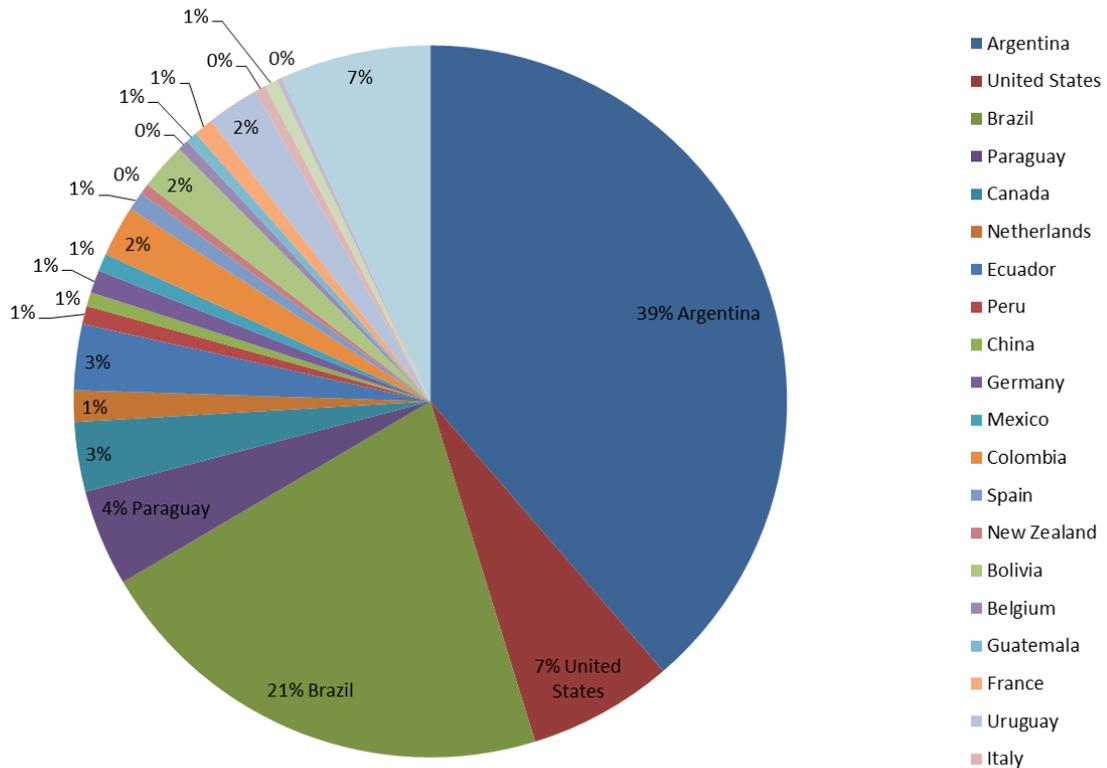
Since the implementation of the U.S. - Chile free trade agreement, in 2004, the value of U.S. exports soared increasing seven fold, and the U.S. market share more than doubled from 7% in FY 2004 to 17% in FY 2017. The success that U.S. agricultural exports have is largely explained by a 34% increase in exports of “consumer oriented” agricultural products which reached a record \$ 634.6 million in FY 2017.



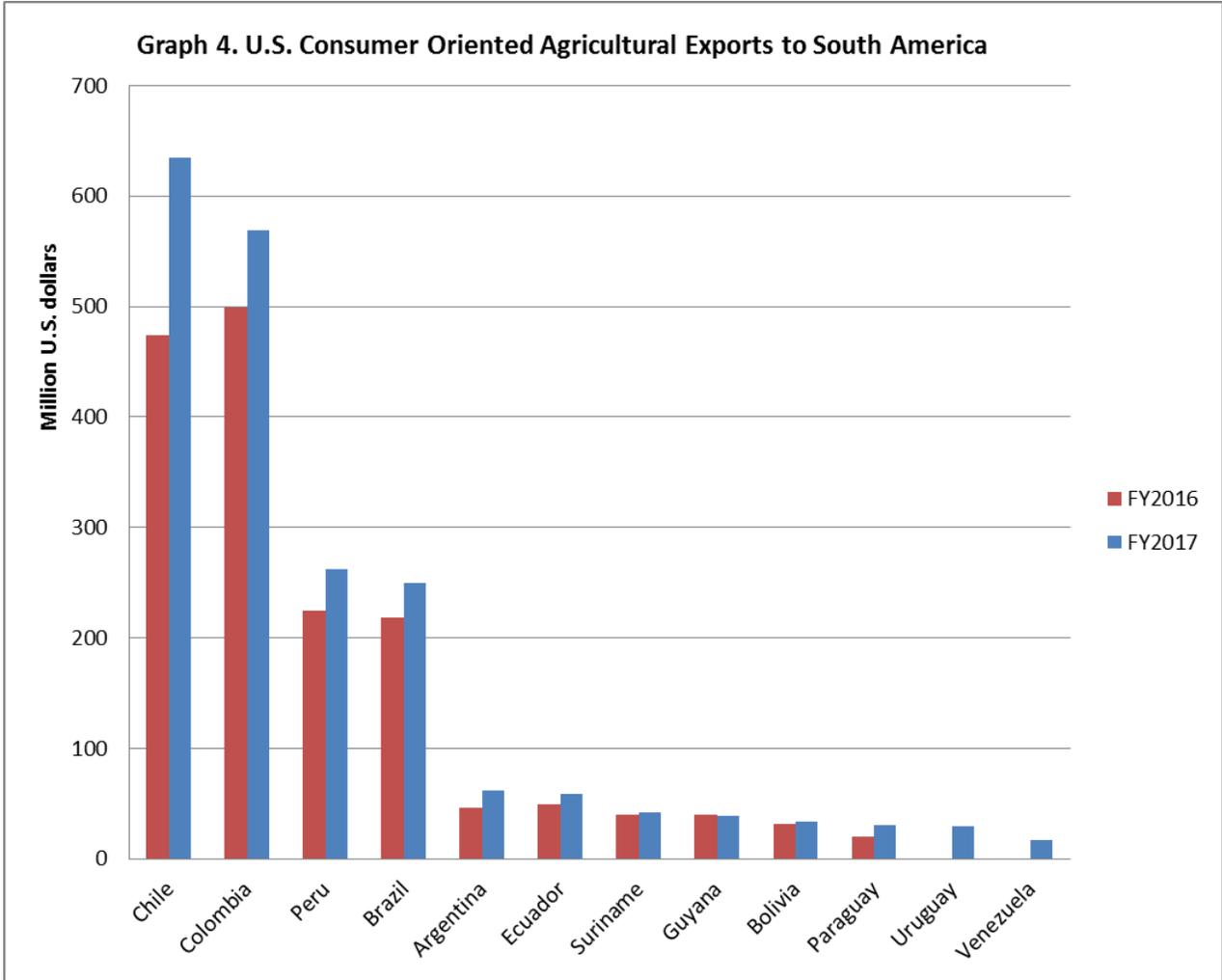
Data Source: U.S. Census Bureau Trade Data - USDA Foreign Agricultural Service's Global Agricultural Trade System (GATS)

The United States remains Chile's second largest supplier of agricultural and related products, after Argentina. U.S. agricultural and related exports to Chile have soared and market share has been steadily increasing, at the same time, Argentina and Brazil have both decreased their market share in Chile (see graph 2 and graph 3).

Graph 2. Chile: Agricultural Total Imports Market Share by Country of Origin FY 2004 (%)

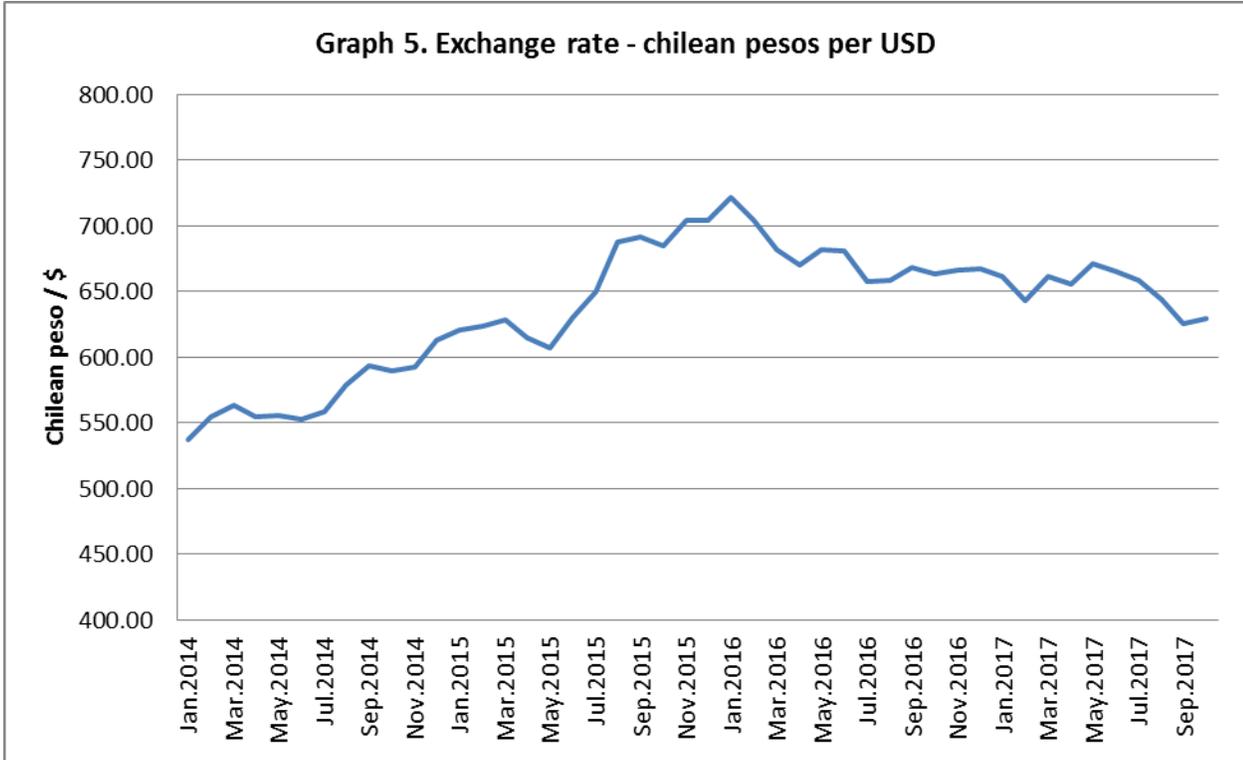


Source: Global Trade Atlas- Servicio Nacional de Aduanas



Data Source: U.S. Census Bureau Trade Data - GATS

The U.S dollar strengthened throughout 2014 and 2015 (see graph 5). In 2016 the exchange rate was relatively steady, but it decreased between May and September 2017, making U.S. imports more attractive.

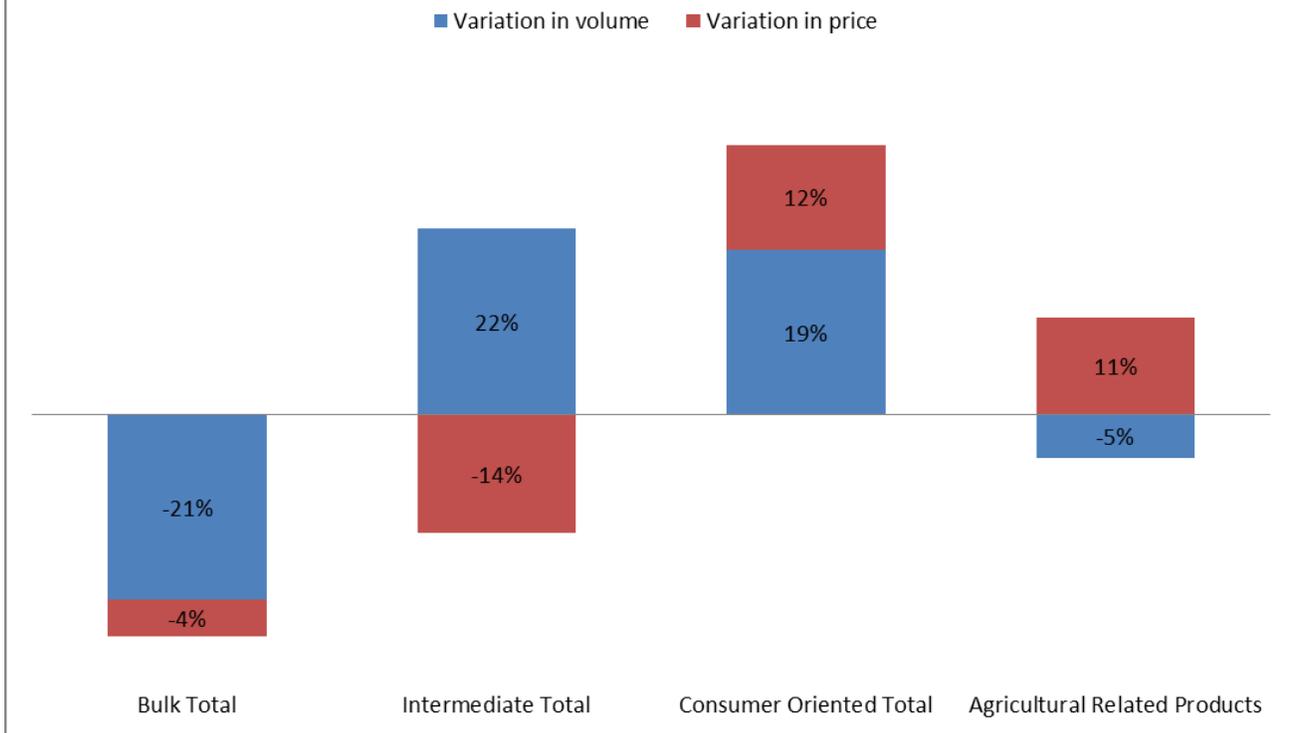


Source: Chilean Central Bank

The recent decreasing trend in the exchange rate favors Chilean imports of U.S. food and beverages products, although unit values of “consumer oriented” agricultural products have increased by 12% in FY 2017 over FY 2016 (see graph 6). Although there has been an increase in unit values (USD/MT), the volume exported to Chile increased by 19%.

The unit value of “bulk” and “intermediate” agricultural exports decreased by 4% and 14% respectively, but only intermediate products increased by 22% in export volume, while bulk export decreased by 21% in volume.

Graph 6. Volume and unit value variation in exports to Chile FY2017/FY2016



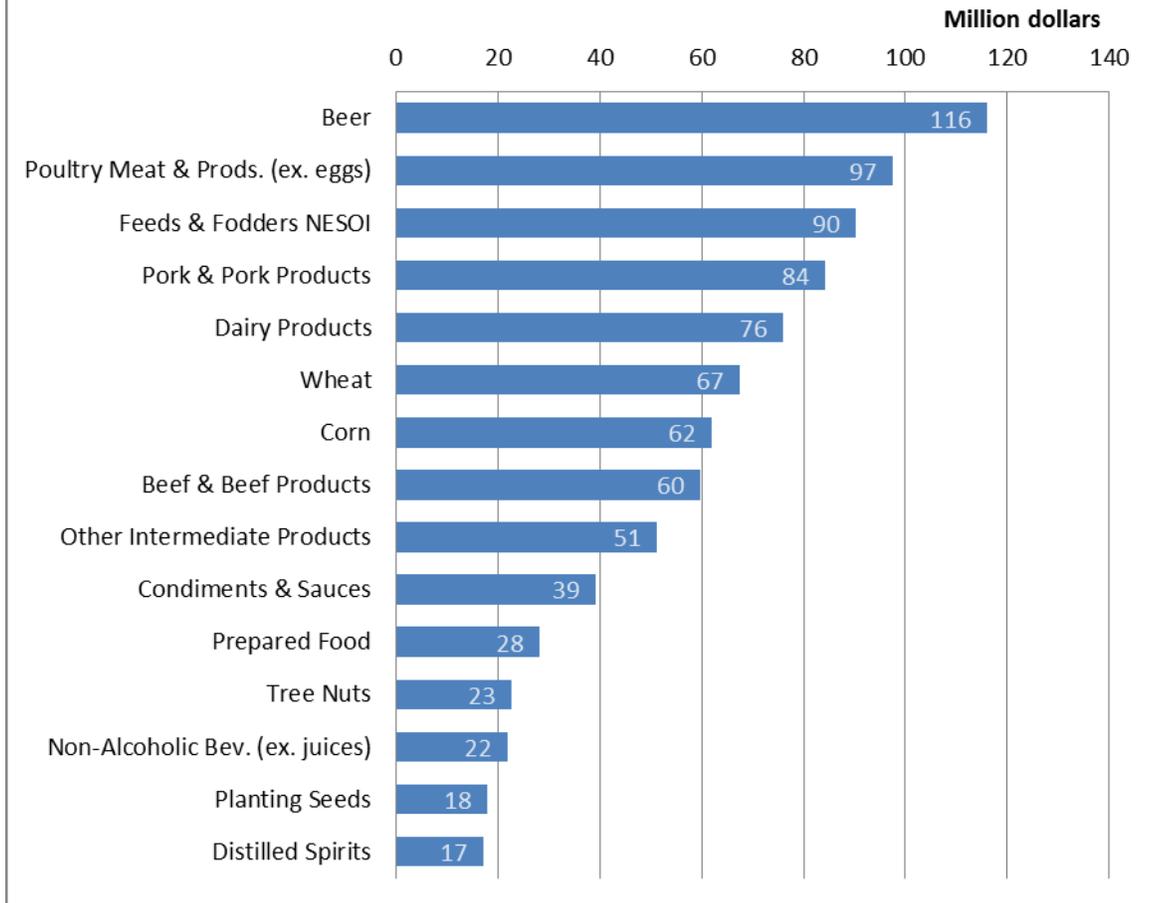
Data Source: U.S. Census Bureau Trade Data – GATS

The top U.S. exports of agricultural and related products to Chile are beer, poultry, feed (corn gluten meal), pork and dairy products (see graph 7). Beer exports grew by 111% in value and by 64% in volume in FY 2017 over FY 2016 reaching \$116.5 million making it the top export. Additionally, in FY 2017 the U.S. became the main supplier of beer to Chile holding a 46% market share and surpassing Mexico, the historically top supplier and which currently has a 30% market share and Germany which has 7% market share. 97% of the beer is exported through California, San Francisco, Los Angeles and San Diego.

U.S. poultry meat & products increased by 30% in value and by 5% in volume FY 2017 over 2016, reaching \$ 97 million while feed & fodders exports, which consist mainly of corn gluten meal, increased by 20% in value and by 26% in volume reaching \$ 84 million, making it the third top agricultural export to Chile. Pork & pork products exports increased by 99% in value and by 106% in volume reaching \$ 84 million. Exports of dairy products, which are mostly cream cheese and skim dry milk, increased by 21% in value and by 31% in volume and reached \$ 76 million in FY 2017.

In FY 2017 the following products categories reached historical high levels: pork, poultry meat, dairy products, fruit & vegetable juices, snack foods, condiments & sauces, prepared food, beer and dog and cat food, all of which are consumer oriented products. Distilled spirits and fish products, which are agricultural related products, also reached historical high levels in FY 2107.

Graph 7. \$ 986.8 Million in exports to Chile FY 2017



Data Source: U.S. Census Bureau Trade Data – GATS

Note: "Other Intermediate Products" category includes protein concentrate, feather meal, mixtures odorife, protein isolates, dextrans, bovine semen, corn flour, dextrans, yeasts, starch and rice flours, among others.