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GAIN Report

Global Agricultural Information Network

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Chile

Post: Santiago

Chile Exports Set Record

Report Categories:

Agriculture in the News

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Report Highlights:

Chile set a record with agricultural exports in 2011.

General Information:

Chile set a record for forestry and agricultural exports in 2011, the Chilean National Farmers Society (Sociedad Nacional de Agricultura - SNA) announced on January 9, 2012.

Despite a substantial drought, exports from the forestry and agriculture sectors earned US\$14.3 billion, a 16% increase from 2010 and 12% from 2008.

"We have achieved all of this through continuous product innovation, increased efficiency and the relentless conquest of new markets," announced Luis Mayol Bouchon, new Minister of Agriculture, in his column on the SNA website.

Among all exports, forestry products, including wood pulp and pinewood, reported the highest growth. Those products accounted for US\$5.3 billion, a 24% increase from the previous year. Post predicts that these numbers to decrease drastically in 2012 as the country's largest wood processing mill and particle board factory burned down the first week in January.

Fruits, wines and white meat also recorded significant growth. Exported fruit brought in US\$3.7 billion, while the wine industry recorded exports of US\$1.5 billion over the past year.

Reasons for the booming exports for wine include strong international promotional campaigns and relatively inexpensive prices for Chilean wine, according to the announcement.

Exports of chicken, turkey and pork brought in US\$650 million in 2011.

Meanwhile beef exports fell by 16%, due to a consistent drop in cattle production over recent years and a decrease in European demand based on restrictions through government quotas. Paraguay, Chile's main supplier of beef had to close their export market due to a foot and mouth outbreak, causing a beef shortage on Chile's domestic market so most Chilean beef was consumed domestically instead of being exported.

The record exports are surprising, considering the droughts associated with La Niña could have damaged the forestry and agricultural industries. Producers cite that technological advances and planning have helped curb La Niña's impact, and they continue to enact measures that will allow them to be profitable long into the future.

"In fruit there is a whole line of innovation to develop varieties that are resistant to drought", Ema Budinich, research director of SNA, told El Mercurio newspaper. Budinich went on to say that fruit producers have been successful in developing varieties that respond well to drought.

The wine industry is also taking steps to ensure their success in the near future. As temperatures increase due to climate change, winemakers must find methods to control that variable and are, in response, planning to move south to take advantage of the cooler temperatures.

La Niña is climatic phenomenon in the Pacific Ocean that causes water temperatures close to the equator to drop several degrees. This drop in temperature causes the drought conditions inland that are currently affecting Chile.

Budinich also told the press that the chief factor in the record-setting export year was the result of an increase in productivity, because the average value of return on exports was lower than in the past.