

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 10/14/2016

GAIN Report Number: CI1620

Chile

Dairy and Products Annual

United States Becomes Top Supplier of Dairy Products

Approved By:

Anita Katial, Agricultural Attaché

Prepared By:

Sergio Gonzalez, Agricultural Specialist

Report Highlights:

The United States has become the main supplier of dairy products to Chile. In January – July 2016 the U.S. exported \$32,860,530 of dairy products and has increased its exports in 11.6% in volume over January-July 2015. After cheese, non-fat dry milk (NFD) is the second main dairy product that the U.S. exports to Chile, valued at \$9.7million in January- July 2016. Whole dry milk imports are expected to reach 8,000 MT in MY 2016 to cover local consumption as domestic production decreases. Chilean whole dry milk imports in MY2017 are projected to decrease to 7,000 MT, as local production is expected to recover.

In MY2016 non-fat dry milk imports are estimated to reach 12,000 MT as local production has shown a

15.8% decrease in Jan-July 2016 over 2015. In MY2017 imports are anticipated to drop back to 10,000 MT as local production recovers.

Executive Summary:

The United States has become the main supplier of dairy products to Chile. In January – July 2016 the U.S. exported \$32,860,530 of dairy products and has increased its exports in 11.6% in volume over January-July 2015. After cheese, non-fat dry milk (NFD) is the second main dairy product that the U.S. exports to Chile, valued at \$9.7million in January- July 2016. Whole dry milk imports are expected to reach 8,000 MT in MY 2016 to cover local consumption as domestic production decreases. Chilean whole dry milk imports in MY2017 are projected to decrease to 7,000 MT, as local production is expected to recover.

In MY2016 non-fat dry milk imports are estimated to reach 12,000 MT as local production has shown a 15.8% decrease in Jan-July 2016 over 2015. In MY2017 imports are anticipated to drop back to 10,000 MT as local production recovers.

Production General:

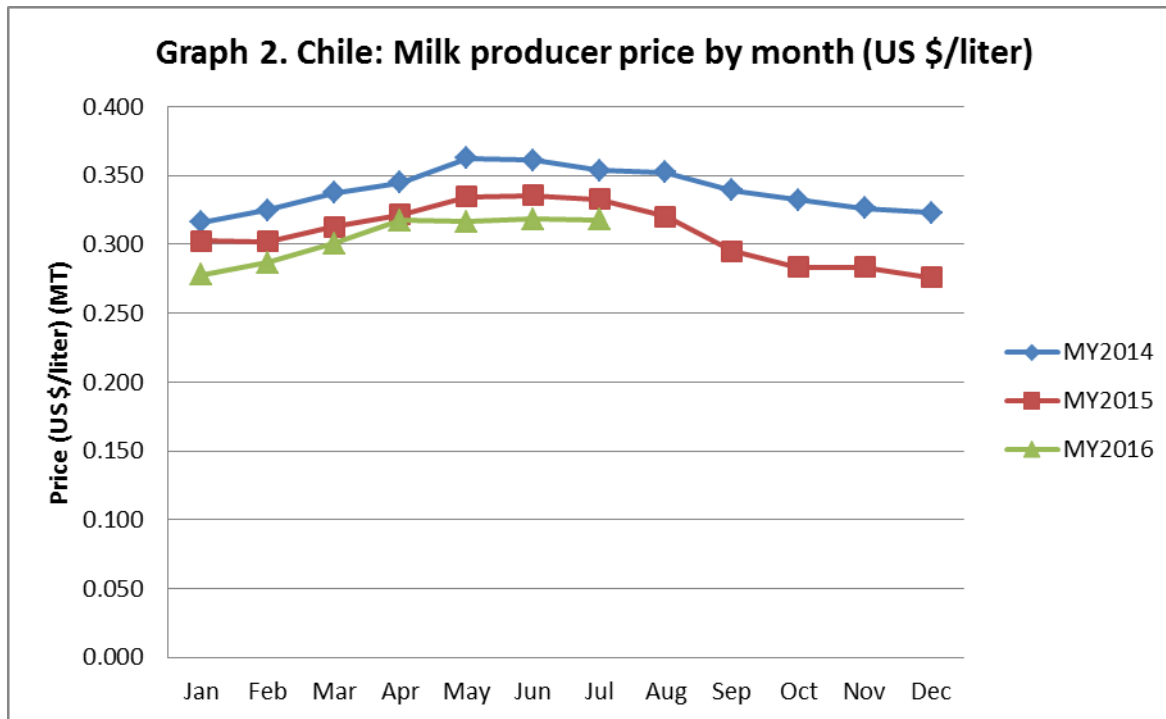
Milk production in Chile is concentrated in the southern regions of Los Lagos and Los Rios, which account for 76% of Chile's total milk production. Milk production also takes place in Bio Bio, Araucaria and in the Metropolitana region in the center of the country. Dairy processors in Los Rios had a 3.2% reduction in milk reception (the amount of milk received from producers) and 1.4% decline in Los Lagos between January-July 2016 over the same period in 2015. Larger decreases in milk produces have been realized in Araucania (15.2% decrease) and Metropolitana region (10.5% decrease). In contrast, Bio Bio region has shown an increase of 9.1% in milk reception (See graph 1).

Overall milk reception by the industry has decreased by 2.8% in January-July 2016 over 2015 totaling 1.022 billion liters (See table 1). Fluid milk production has increased 2.8% totaling 253 million liters in January-July 2016, but the biggest decrease in dairy production has been attributed to dried milk, which has decreased 11.1% for whole dry milk and 15.8% for non-fat dried milk during January-July 2016 over 2015. Cheese production has also decreased by 4.2%. The product that has grown the most is condensed milk production, which has increased by 18.7% totaling 23,919 MT.

According to post contacts the main reason for the decrease in milk reception and in dried milk production has to do with the low prices that the milk producers receive and the low international price of dried milk. The prices have shown a decrease from MY2014 through MY2016 (see graph 2) in particular, which have caused many producers to sell their animals and dairy farms or shift to other businesses, since they are not able to cover their operating costs for dried milk. Another factor that has lowered production is an intense drought that took place ending 2014-beginning of 2015. Cow and heifer slaughter increased because milk prices were low and beef prices were higher, thus producers slaughtered their milk cows because it was more profitable to do so, which in turn lowered Chile's milk production capacity.

| | liters) | | | | | | | | | |
|--------------------------------|---------|------|--------|--------|--------|--------|--------|--------|------|--------|
| 2002 | 1.605 | 296 | 58,524 | 9,186 | 10,041 | 11,551 | 53,075 | 7,480 | 127 | 24,190 |
| 2003 | 1.563 | 293 | 52,929 | 8,938 | 15,240 | 10,849 | 53,037 | 7,555 | 139 | 30,558 |
| 2004 | 1.676 | 289 | 53,459 | 10,175 | 17,037 | 13,084 | 58,849 | 8,296 | 160 | 38,698 |
| 2005 | 1.723 | 298 | 50,887 | 11,906 | 23,850 | 14,655 | 67,176 | 10,507 | 189 | 39,645 |
| 2006 | 1.818 | 319 | 53,725 | 15,766 | 24,303 | 17,157 | 62,072 | 9,088 | 158 | 43,426 |
| 2007 | 1.871 | 330 | 57,448 | 16,756 | 27,791 | 18,229 | 61,745 | 8,579 | 163 | 45,287 |
| 2008 | 1.972 | 323 | 85,370 | 17,585 | 24,849 | 16,765 | 57,369 | 7,960 | 178 | 41,501 |
| 2009 | 1.773 | 341 | 58,410 | 15,021 | 23,973 | 17,102 | 56,526 | 8,139 | 192 | 33,255 |
| 2010 | 1.896 | 367 | 63,154 | 19,168 | 29,232 | 21,086 | 64,558 | 8,349 | 199 | 36,829 |
| 2011 | 2.104 | 369 | 73,980 | 18,833 | 26,790 | 21,041 | 80,620 | 9,135 | 222 | 34,579 |
| 2012 | 2.119 | 389 | 73,944 | 19,252 | 26,721 | 22,205 | 82,307 | 9,049 | 230 | 39,828 |
| 2013 | 2.149 | 398 | 82,059 | 13,934 | 23,365 | 21,566 | 89,046 | 9,104 | 229 | 36,302 |
| 2014 | 2.149 | 423 | 75,419 | 28,091 | 21,480 | 21,874 | 81,574 | 9,133 | 227 | 36,751 |
| 2015 | 2.029 | 427 | 59,950 | 27,352 | 21,559 | 22,374 | 81,650 | 9,197 | 230 | 39,093 |
| 2015 (Jan-July) | 1.051 | 246 | 28,595 | 15,061 | 11,605 | 12,074 | 44,502 | 5,449 | 132 | 20,157 |
| 2016 (Jan-July) | 1.022 | 253 | 25,432 | 12,678 | 11,938 | 12,036 | 42,627 | 5,638 | 141 | 23,919 |
| Variation (Jan-July 2016/2015) | -2.8% | 2.8% | -11.1% | -15.8% | 2.9% | -0.3% | -4.2% | 3.5% | 6.4% | 18.7% |

Source: Odepa, 2016.



Note: Exchange rate: 1 USD = 674 Chilean pesos

Source: based in ODEPA.

Only four milk processing companies receive more than 80% of the milk produced in Chile (see table 2). Colún is the biggest processing company in Chile and increased its milk reception by 1.0% in January-July 2016 over 2015, totaling 280 million liters. Soprole, the second biggest company, has reduced reception by 5.8% in the same period, totaling 237 million liters. Nestle also increases milk reception by 2.2%, and Watt's S.A. reduced by 4.8%.

Table 2. Milk reception by processing plant

| Processing Company | (Liters) | | | | Variation % | Share % |
|--------------------|---------------|---------------|---------------|---------------|----------------|------------|
| | Years | | January-July | | | |
| | 2014 | 2015 | 2015 | 2016 | | |
| Colún | 550,930,648 | 538,381,653 | 277,789,758 | 280,433,141 | 1.0 | 27.4 |
| Soprole | 506,202,291 | 495,218,242 | 252,416,091 | 237,662,168 | -5.8 | 23.3 |
| Nestlé | 432,152,555 | 371,813,398 | 197,718,400 | 202,029,199 | 2.2 | 19.8 |
| Watt's S.A. | 263,214,133 | 250,052,206 | 124,951,829 | 118,918,644 | -4.8 | 11.6 |
| Surlat | 147,351,220 | 123,813,551 | 69,454,250 | 60,493,939 | -12.9 | 5.9 |
| Valle Verde | 62,975,177 | 70,291,527 | 33,038,520 | 32,531,757 | -1.5 | 3.2 |
| Lácteos del Sur | 54,130,844 | 52,380,247 | 27,507,967 | 23,220,008 | -15.6 | 2.3 |
| Quillayes | 51,889,333 | 48,258,571 | 27,250,645 | 24,291,430 | -10.9 | 2.4 |
| Danone Chile S.A. | 49,839,250 | 45,192,530 | 23,964,616 | 25,048,900 | 4.5 | 2.5 |
| Chilolac | 20,170,059 | 21,177,348 | 10,057,857 | 10,332,923 | 2.7 | 1.0 |
| Granarolo Chile | 9,873,510 | 12,245,779 | 7,296,991 | 6,860,028 | -6.0 | 0.7 |
| Total | 2,148,729,020 | 2,028,825,052 | 1,051,446,924 | 1,021,822,137 | -2.8 | 100.0 |

Source: ODEPA

Trade General:

Total Chilean imports of dairy have increased by 9.2% in volume January-July 2016 over 2015 but have decreased 9.3% in value (see table 3).

The United States is the main supplier of dairy to Chile, with a market share of 30% of all dairy imported. In January – July 2016 the U.S has sent \$32,860,530 of dairy products, an increase of 11.6% in export volume over January-July 2015. The main dairy product the U.S. exports to Chile is cheese, reaching almost \$15 million USD in Jan – July 2016, and mostly made up of cream cheese and mozzarella cheese (see table 4). After cheese, non-fat dry milk (NFDM) is the second product the U.S. exports to Chile valued at \$9.7 million in January- July 2016). Other dairy exports to Chile are cheddar cheese and ice cream. According to post sources, U.S. dairy products exports are attractive due to their quality, competitiveness and low prices in relation to other suppliers.

Dairy imports from Argentina have increased 46.5% in volume and 10.6% in value, taking away market share from New Zealand, which had a 13.8% decrease in volume and 27.8% decrease in value in January-July 2016 over 2015. Argentina's main dairy exports to Chile are cheese (cheddar) and whole dry milk. New Zealand's main dairy exports to Chile are butter and cheese (cheddar). The main product where Argentina and New Zealand compete is cheese.

| Partner Country | Marketing Year 2014 /2015 | | | Year to date (Jan - July) | | | |
|--------------------|---------------------------|-----------|---------------|----------------------------|----------------------|---------------|-----------------------|
| | 2014 (MT) | 2015 (MT) | Variation (%) | Jan - July 2015 (MT) | Jan - July 2016 (MT) | Variation (%) | Market share 2016 (%) |
| World | | | 17.6% | | | 9.2% | 100% |

| | | | | | | | |
|---------------|--------|--------|---------|--------|--------|----------|-----|
| | 52,437 | 61,652 | | 36,935 | 40,349 | | |
| United States | 15,976 | 19,877 | 24.4% | 10,991 | 12,268 | 11.6% | 30% |
| Argentina | 10,121 | 11,099 | 9.7% | 5,496 | 8,051 | 46.5% | 20% |
| New Zealand | 15,863 | 13,695 | -13.7% | 9,858 | 8,502 | -13.8% | 21% |
| Germany | 617 | 2,154 | 249.1% | 1,120 | 2,939 | 162.4% | 7% |
| France | 618 | 1,040 | 68.3% | 425 | 2,158 | 407.8% | 5% |
| Uruguay | 3,115 | 5,102 | 63.8% | 4,199 | 1,383 | -67.1% | 3% |
| Netherlands | 191 | 1,002 | 424.6% | 600 | 1,192 | 98.7% | 3% |
| Brazil | 1,061 | 1,070 | 0.8% | 593 | 542 | -8.6% | 1% |
| Peru | 2,131 | 2,567 | 20.5% | 1,551 | 1,511 | -2.6% | 4% |
| Spain | 58 | 79 | 36.2% | 38 | 466 | 1126.3% | 1% |
| Others | 2,686 | 3,967 | -866.1% | 2,064 | 1,337 | -1752.0% | 3% |

| Chile Import Statistics Value (USD) | | | | | | | |
|--|---------------------------|-------------|---------------|----------------------------|-----------------------|---------------|-----------------------|
| Commodity: Dairy Products, Ex 04, 21, 17, 35 | | | | | | | |
| Partner Country | Marketing year 2014 /2015 | | | Year to date (Jan - July) | | | |
| | 2014 (USD) | 2015 (USD) | Variation (%) | Jan - July 2015 (USD) | Jan - July 2016 (USD) | Variation (%) | Market share 2016 (%) |
| World | 217,551,807 | 198,385,108 | -8.8% | 124,083,733 | 112,486,877 | -9.3% | 100% |
| United States | 57,184,388 | 59,781,620 | 4.5% | 34,435,406 | 32,860,530 | -4.6% | 29% |
| Argentina | 45,865,315 | 38,394,033 | -16.3% | 21,277,073 | 23,531,046 | 10.6% | 21% |
| New Zealand | 70,161,777 | 42,574,035 | -39.3% | 31,816,220 | 22,981,017 | -27.8% | 20% |
| Germany | 1,761,682 | 6,838,848 | 288.2% | 3,840,948 | 7,332,570 | 90.9% | 7% |
| France | 5,076,678 | 6,039,946 | 19.0% | 2,540,940 | 7,301,839 | 187.4% | 6% |
| Uruguay | 15,017,636 | 18,201,204 | 21.2% | 15,063,982 | 4,032,390 | -73.2% | 4% |
| Netherlands | 1,583,012 | 4,169,442 | 163.4% | 2,479,725 | 3,686,174 | 48.7% | 3% |
| Brazil | 4,878,935 | 3,495,753 | -28.4% | 2,033,283 | 2,037,168 | 0.2% | 2% |
| Peru | 3,282,775 | 3,884,559 | 18.3% | 2,412,843 | 1,958,108 | -18.8% | 2% |
| Spain | 669,579 | 809,877 | 21.0% | 393,674 | 1,886,639 | 379.2% | 2% |
| Others | 12,070,030 | 14,195,791 | -460.4% | 7,789,639 | 4,879,396 | -601.9% | 4% |

| Table 4. Chile: Import Statistics From United States | | | | | |
|--|-------------|--------------|-------|---------------|----------|
| Commodity: Dairy Products | | | | | |
| Year To Date: January - July 2016 | | | | | |
| HS Code | Description | Value (USD) | Value | Quantity (MT) | Quantity |

| | | | Share (%) | | Share (%) |
|-------------------|--|------------|-----------|--------|-----------|
| 04, 21, 17, 35 | Total Dairy products | 32,860,530 | 100% | 12,268 | 100% |
| 040610 | Cheese (Unripened Or Uncured) Fresh Including Whey Cheese Curd | 14,986,499 | 46% | 3,746 | 31% |
| 040210 | Milk & Cream Powder not exceeding 1.5% Fat | 9,661,617 | 29% | 4,650 | 38% |
| 040690 | Cheese, Nesoi, Including Cheddar And Colby | 1,668,826 | 5% | 351 | 3% |
| 210500 | Ice Cream And Other Edible Ice, With Cocoa Or Not | 1,627,885 | 5% | 503 | 4% |
| 170211 | Lactose & Lactose Syrup Cont 99% More Lactose By Wt | 1,514,587 | 5% | 1,603 | 13% |
| 040630 | Cheese, Processed, Not Grated Or Powdered | 1,452,668 | 4% | 416 | 3% |
| 040620 | Cheese Of All Kinds, Grated Or Powdered | 849,924 | 3% | 201 | 2% |
| 040410 | Whey & Modified Whey Whet/Nt Concentrated Cntg Add Sweetener | 529,764 | 2% | 563 | 5% |
| 170219 | Lactose In Solid Form And Lactose Syrup, Nesoi | 324,850 | 1% | 123 | 1% |
| 040221 | Milk/Cream Concentrated Not Sweeten Pwd/Other Solids Over 1.5% Fat | 89,688 | 0% | 46 | 0% |
| | Others | 154,222 | 0% | 66 | 1% |

Source: Chile Customs - Servicio Nacional de Aduana (Global Trade Atlas)

Policy General:

Chile has zero import duties on United States agricultural and food products. Argentina and Mercosur countries also have zero import duties. New Zealand currently has a 1 percent tariff for powder milk products, which will be reduced to 0 percent in 2017. The TPP agreement signed by Chile does not modify any of the old agreement on dairy products between United States and Chile.

Ministry of Agriculture and Consorcio Lechero, a group of Chile's top dairy producers, are working on the development of a Sustainability Strategy for the Dairy Sector (Estrategia de Sustentabilidad del Sector Lácteo) using the [Dairy Sustainability Framework](#) from the Global Dairy Agenda for Action (GDAA). For more info see [News Clip](#)

Commodities:

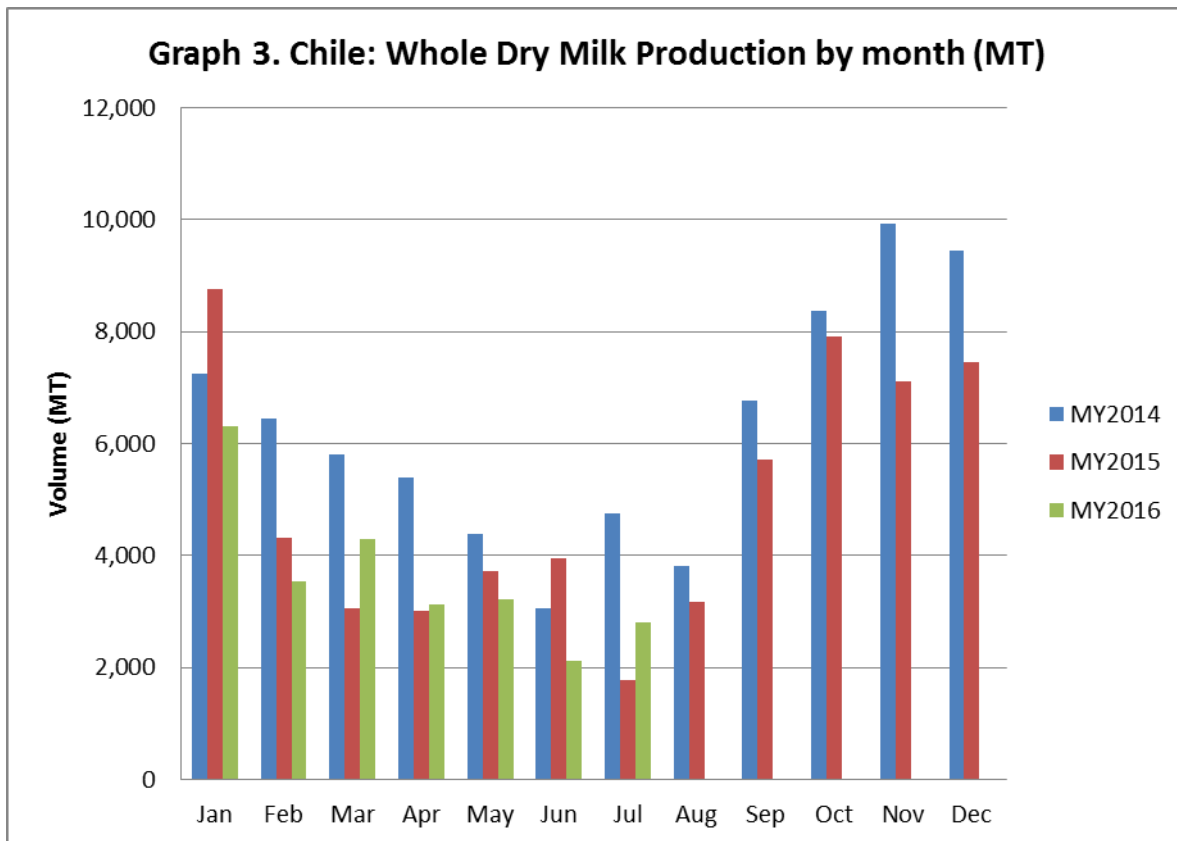
Dairy, Dry Whole Milk Powder

Production:

Whole dried milk production in MY2015 was 59,950 MT which was a 20.5% decrease in production over 2014. In MY2016 whole dry milk production decreased 11.1% from January - July 2016 over

2015. This decrease is due to low international prices for this product, which make it less attractive for Chile's domestic industry to produce.

Whole dry milk production varies through the year and it is highest between September and December (see graph 3). MY 2016 monthly production has been lower than MY2015 in almost all months except March and April. In contrast, production increases from September through December because of seasonality. The production volume depends on pasture production that is largely determined by weather conditions, especially rainfall. Normal pasture production is expected in MY 2016, thus production volumes are expected to improve. Overall levels of production are estimated to be 54,000MT in MY2016, which is a 10% decrease over MY2015. In MY2017 production is estimated to reach 60,000 MT as prices and weather conditions are expected to be more favorable.



Source: Based on ODEPA, 2016.

Consumption:

Whole dry milk is used in the food processing industry to produce desserts, ice cream, cheese and yogurt. Obesity is a concern in Chile and the current trend is to move Chilean consumers to healthier products, which is also being promoted by the Chilean Government and NGOs.

Dairy consumption in Chile was 146 liters per capita 2013. Per capita milk consumption has shown a yearly 1.6 percent increase from 2001. Cheese has grown 5.5% and is 9.1 kg/per capita. Dairy consumption has been increasing steadily as Chile increases per capita income. Population is expected to grow at a 0.97% year rate in 2015-2020 reaching a total of 18,896,684 in 2020 (INE, 2016). Milk consumption is not expected to suffer any major changes in the following year.

Trade:

Chile is a net exporter of whole dried milk and an importer of skim dried milk. This is because international prices for whole dry milk are higher than domestic prices. Chile exports whole dried milk to Venezuela, Cuba, Colombia and China. During MY2016, exports to Venezuela have been practically non-existent, and exports to Colombia and China have decreased. In contrast exports to Brazil have increased in 967% from January-July 2016 over 2015, making it the main destination market so far MY2016. The main company that exports to Brazil is Colun.

In MY 2015 Chile imported 3,182 MT of whole dried milk from New Zealand, making it the second largest supplier to Chile. This milk is usually used for the production of other dairy products. Main importer from New Zealand at this time was the company Soprole. Thus far, in MY2016 Argentina has been the main supplier of whole dry milk for Chile

Imports are expected to reach 8,000 MT in MY 2016 to cover local consumption as production decreases. Imports in MY2017 are expected to continue to decrease to 7,000 MT as local production recovers. Exports are expected to remain flat in 6,000 MT as demand from Brazil and Cuba remains constant, and Venezuela and Colombia demand decreases.

| Chile Export Statistics | | | | | | |
|---|-------------|-------|---------------|-------------|------------|---------------|
| Commodity: Dairy whole dry milk, milk powder more than 1.5% fat | | | | | | |
| Calendar Year: 2014 - 2015 | | | | | | |
| Partner Country | Volume (MT) | | | Value (USD) | | |
| | 2014 | 2015 | Variation (%) | 2014 | 2015 | Variation (%) |
| World | 20,992 | 6,332 | -70% | 95,200,595 | 20,406,780 | -79% |

| | | | | | | |
|-----------|-------|-------|------|------------|-----------|------|
| Venezuela | 4,600 | 1,312 | -71% | 23,945,371 | 6,832,888 | -71% |
| Cuba | 725 | 1,608 | 122% | 3,379,300 | 4,285,160 | 27% |
| Colombia | 2,698 | 1,151 | -57% | 10,804,820 | 3,977,030 | -63% |
| China | 4,900 | 600 | -88% | 24,385,406 | 1,497,058 | -94% |
| Peru | 295 | 352 | 19% | 1,156,276 | 1,305,729 | 13% |
| Brazil | 3,599 | 550 | | 15,231,412 | 1,277,500 | |
| Bolivia | 368 | 670 | | 202,116 | 920,541 | |
| Guatemala | 96 | 48 | -50% | 307,092 | 147,156 | -52% |
| Others | 3,711 | 41 | -99% | 15,788,802 | 163,718 | -99% |

Year To Date: January - July

| Partner Country | Volume (MT) | | | Value (USD) | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Jan-July 2015 | Jan-July 2016 | Variation (%) | Jan-July 2015 | Jan-July 2016 | Variation (%) |
| World | 5,393 | 5,164 | -4% | 18,386,508 | 11,640,182 | -37% |
| Brazil | 300 | 3,200 | 967% | 765,000 | 7,050,000 | 822% |
| Cuba | 1,533 | 1,269 | -17% | 4,052,265 | 3,327,904 | -18% |
| China | 600 | 200 | -67% | 1,497,058 | 503,329 | -66% |
| Peru | 171 | 151 | -12% | 628,318 | 440,682 | -30% |
| Panama | 22 | 32 | 45% | 133,852 | 153,252 | 14% |
| Bolivia | 404 | 298 | -26% | 670,070 | 146,957 | -78% |
| British Terr. in Central Amer. | 0 | 10 | | 289 | 10,212 | 3434% |
| Ecuador | 0 | 2 | | 929 | 4,116 | 343% |
| Others | 2,363 | 2 | -100% | 10,638,727 | 3,730 | -100% |

Source: Chile Customs - Servicio Nacional de Aduana (Global Trade Atlas)

| Chile Import Statistics | | | | | | |
|---|-------------|-------|---------------|-------------|------------|---------------|
| Commodity: Dairy whole dry milk, milk powder more than 1.5% fat | | | | | | |
| Calendar Year: 2014 - 2015 | | | | | | |
| Partner Country | Volume (MT) | | | Value (USD) | | |
| | 2014 | 2015 | Variation (%) | 2014 | 2015 | Variation (%) |
| World | 3,955 | 6,930 | 75% | 18,013,484 | 20,991,550 | 17% |

| New Zealand | 210 | 3,182 | 1415% | 698,311 | 8,770,546 | 1156% |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Uruguay | 1,500 | 2,164 | 44% | 7,117,261 | 7,831,896 | 10% |
| Argentina | 1,194 | 885 | -26% | 5,428,318 | 2,477,377 | -54% |
| United States | 99 | 469 | 374% | 306,677 | 1,206,362 | 293% |
| France | 50 | 89 | 78% | 250,531 | 320,894 | 28% |
| Ireland | 0 | 125 | | 0 | 318,766 | |
| Netherlands | 0 | 12 | | 0 | 38,646 | |
| Germany | 1 | 3 | 200% | 8,234 | 24,412 | 196% |
| Others | 901 | 1 | -100% | 4,204,152 | 2,651 | -100% |
| Year To Date: January - July | | | | | | |
| Partner Country | Volume (MT) | | | Value (USD) | | |
| | Jan-July 2015 | Jan-July 2016 | Variation (%) | Jan-July 2015 | Jan-July 2016 | Variation (%) |
| World | 4,664 | 3,948 | -15% | 14,917,758 | 9,933,212 | -33% |
| Argentina | 22 | 2,367 | 10659% | 93,906 | 6,267,684 | 6574% |
| New Zealand | 2,322 | 1,258 | -46% | 6,700,414 | 2,884,506 | -57% |
| Uruguay | 1,950 | 255 | -87% | 7,062,404 | 611,718 | -91% |
| United States | 313 | 46 | -85% | 849,589 | 89,688 | -89% |
| France | 51 | 13 | -75% | 191,748 | 48,773 | -75% |
| Netherlands | 4 | 8 | 100% | 13,464 | 24,334 | 81% |
| Germany | 0 | 1 | | 3,611 | 3,076 | -15% |
| Italy | 0 | 0 | | 1,288 | 2,319 | 80% |
| Others | 2 | 0 | -100% | 1,334 | 1,114 | -16% |

Source: Chile Customs - Servicio Nacional de Aduana (Global Trade Atlas)

Production, Supply and Demand Data Statistics:

| Dairy, Dry Whole Milk Powder Market Begin Year Chile | 2015 | | 2016 | | 2017 | |
|--|---------------|----------|---------------|----------|---------------|----------|
| | Jan 2015 | | Jan 2016 | | Jan 2017 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Beginning Stocks | 20 | 20 | 20 | 16 | 0 | 7 |
| Production | 71 | 60 | 71 | 54 | 0 | 60 |
| Other Imports | 8 | 7 | 8 | 8 | 0 | 7 |
| Total Imports | 8 | 7 | 8 | 8 | 0 | 7 |
| Total Supply | 99 | 87 | 99 | 78 | 0 | 74 |
| Other Exports | 8 | 6 | 10 | 6 | 0 | 6 |
| Total Exports | 8 | 6 | 10 | 6 | 0 | 6 |

| | | | | | | |
|-------------------------------|----|----|----|----|---|----|
| Human Dom. Consumption | 71 | 65 | 71 | 65 | 0 | 66 |
| Other Use, Losses | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Dom. Consumption | 71 | 65 | 71 | 65 | 0 | 66 |
| Total Use | 79 | 71 | 81 | 71 | 0 | 72 |
| Ending Stocks | 20 | 16 | 18 | 7 | 0 | 2 |
| Total Distribution | 99 | 87 | 99 | 78 | 0 | 74 |
| | | | | | | |
| (1000 MT) | | | | | | |

Commodities:

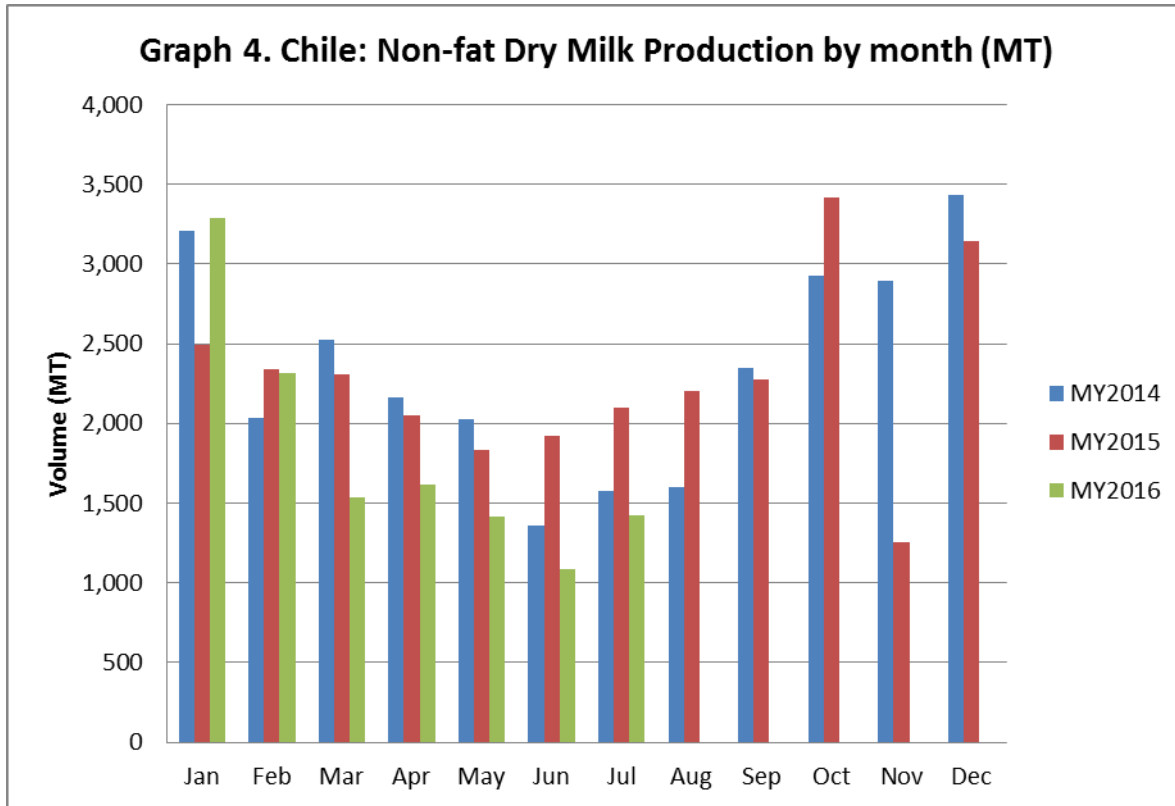
Dairy, Milk, Nonfat Dry

Production:

There is less production of non-fat dry milk than whole dried milk in Chile. In MY 2015 whole dried milk totaled 59,950 MT while non-fat dried milk was 27,352 MT. Chile imports most of its non-fat dried milk.

In MY2016 non-fat dried milk production decreased by 15.8% (January-July 2016 over 2015). Production of dry non-fat milk shows a seasonal variance that is higher at the beginning and the end of the calendar year (CY). Monthly production recuperated in January 2016, but from February to July production decreased in comparison to MY2015 (see graph 4).

Production volumes should increase in September through December, but overall levels of production are estimated to be 23,000MT in MY2016, which is a 15% decrease over MY2015. In MY2017 production is estimated to reach 25,000 MT as prices and weather conditions are expected to be more favorable.



Source: Based on ODEPA, 2016.

Consumption:

In Chile Non-fat milk consumption is preferred to whole milk. Consumption of non-fat dry milk is expected to remain steady for the following years.

Trade:

Chile is a net importer of non-fat dried milk (NFDM), with the main supplier being the United States. U.S. exports of NFDM to Chile reached 5,670 MT in MY 2015, a 78% growth over MY 2014, and 4,650MT from January-July 2016, which is a 55% growth over 2015. According to post contacts the U.S. continues to remain price competitive. Imports from France grew to 1,552 MT in January-July 2016, taking market share from Uruguay which was the second largest provider in MY2015. In MY2016, imports are expected to reach 12,000 MT as production has shown a 15.8% decrease in January-July 2016 over MY 2015. In MY2017 imports are expected to decrease back to 10,000 MT as production recovers. Although Chile is a net importer, in MY2016, 1,540 MT of NFDM was exported to Brazil. NFDM powder is exported in sacks of 25 kg and the main exporters were Prolesur and Colun.

| Chile Import Statistics | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Commodity: 040210, Milk And Cream, Concentrated, Whether Or Not Sweetened, In Powder, Granules Or Other Solid Forms, Of A Fat Content, By Weight, Not Exceeding 1.5% | | | | | | |
| Calendar Year: 2014 - 2015 | | | | | | |
| Partner Country | Volume (MT) | | | Value (USD) | | |
| | 2014 | 2015 | Variation (%) | 2014 | 2015 | Variation (%) |
| World | 5,497 | 9,649 | 76% | 23,294,620 | 24,942,494 | 7% |
| United States | 3,192 | 5,670 | 78% | 13,098,409 | 13,533,820 | 3% |
| Uruguay | 1,300 | 1,336 | 3% | 6,046,336 | 4,471,306 | -26% |
| Denmark | 0 | 844 | | 543 | 1,955,470 | 360023% |
| Australia | 144 | 473 | 228% | 406,161 | 1,266,083 | 212% |
| Canada | 38 | 418 | 1000% | 133,875 | 1,185,768 | 786% |
| Germany | 72 | 249 | 246% | 205,426 | 579,792 | 182% |
| France | 18 | 149 | 728% | 107,905 | 554,619 | 414% |
| Poland | 0 | 220 | | 0 | 518,029 | |
| Others | 733 | 290 | -60% | 3,295,965 | 877,607 | -73% |
| Year To Date: January - July | | | | | | |
| Partner Country | Volume (MT) | | | Value (USD) | | |
| | Jan-July 2015 | Jan-July 2016 | Variation (%) | Jan-July 2015 | Jan-July 2016 | Variation (%) |
| World | 5,574 | 7,222 | 30% | 15,729,096 | 15,469,915 | -2% |
| United States | 3,000 | 4,650 | 55% | 7,871,374 | 9,661,617 | 23% |
| France | 108 | 1,557 | 1342% | 377,018 | 3,346,684 | 788% |
| Uruguay | 1,125 | 470 | -58% | 3,807,957 | 1,133,585 | -70% |
| Argentina | 16 | 202 | 1163% | 88,338 | 476,458 | 439% |
| Denmark | 294 | 210 | -29% | 659,360 | 445,782 | -32% |
| New Zealand | 0 | 67 | | 171 | 144,283 | 84276% |
| Netherlands | 60 | 15 | -75% | 223,374 | 130,361 | -42% |
| Australia | 448 | 25 | -94% | 1,200,460 | 49,375 | -96% |
| Others | 523 | 26 | -95% | 1,501,044 | 81,770 | -95% |

Source: Chile Customs - Servicio Nacional de Aduana (Global Trade Atlas)

| Chile Export Statistics | |
|---|--|
| Commodity: 040210, Milk And Cream, Concentrated, Whether Or Not Sweetened, In Powder, Granules Or Other Solid | |

Forms, Of A Fat Content, By Weight, Not Exceeding 1.5%

Calendar Year: 2014 - 2015

| Partner Country | Volume (MT) | | | Value (USD) | | |
|-----------------|-------------|------|---------------|-------------|-----------|---------------|
| | 2014 | 2015 | Variation (%) | 2014 | 2015 | Variation (%) |
| World | 1,969 | 597 | -70% | 8,588,908 | 2,196,672 | -74% |
| Colombia | 411 | 544 | 32% | 1,886,423 | 2,052,800 | 9% |
| Bolivia | 0 | 50 | | 75 | 128,490 | 171220% |
| Panama | 0 | 3 | | 0 | 15,382 | |
| Saudi Arabia | 500 | 0 | -100% | 2,146,800 | 0 | -100% |
| Switzerland | 1 | 0 | -100% | 1,320 | 0 | -100% |
| United Kingdom | 0 | 0 | | 24 | 0 | -100% |
| Venezuela | 937 | 0 | -100% | 4,040,282 | 0 | -100% |
| Cuba | 0 | 0 | | 0 | 0 | |
| Others | 120 | 0 | -100% | 513,984 | 0 | -100% |

Year To Date: January - July

| Partner Country | Volume (MT) | | | Value (USD) | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Jan-July 2015 | Jan-July 2016 | Variation (%) | Jan-July 2015 | Jan-July 2016 | Variation (%) |
| World | 556 | 1,565 | 181% | 2,084,637 | 3,302,948 | 58% |
| Brazil | 0 | 1,540 | | 0 | 3,225,552 | |
| Bolivia | 25 | 20 | -20% | 62,855 | 61,600 | -2% |
| Peru | 0 | 5 | | 0 | 15,650 | |
| British Terr. in Central Amer. | 0 | 0 | | 0 | 146 | |
| Colombia | 528 | 0 | -100% | 2,006,400 | 0 | -100% |
| Japan | 0 | 0 | | 0 | 0 | |
| Panama | 3 | 0 | -100% | 15,382 | 0 | -100% |
| Saudi Arabia | 0 | 0 | | 0 | 0 | |
| Others | 0 | 0 | | 0 | 0 | |

Source: Chile Customs - Servicio Nacional de Aduana (Global Trade Atlas)

Production, Supply and Demand Data Statistics:

| Dairy, Milk, Nonfat Dry Market Begin Year Chile | 2015 | | 2016 | | 2017 | |
|---|---------------|----------|---------------|----------|---------------|----------|
| | Jan 2015 | | Jan 2016 | | Jan 2017 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Beginning Stocks | 13 | 13 | 16 | 14 | 0 | 12 |
| Production | 17 | 27 | 17 | 23 | 0 | 25 |
| Other Imports | 10 | 10 | 5 | 12 | 0 | 10 |
| Total Imports | 10 | 10 | 5 | 12 | 0 | 10 |
| Total Supply | 40 | 50 | 38 | 49 | 0 | 47 |
| Other Exports | 1 | 1 | 2 | 2 | 0 | 2 |
| Total Exports | 1 | 1 | 2 | 2 | 0 | 2 |
| Human Dom. Consumption | 23 | 35 | 22 | 35 | 0 | 35 |
| Other Use, Losses | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Dom. Consumption | 23 | 35 | 22 | 35 | 0 | 35 |
| Total Use | 24 | 36 | 24 | 37 | 0 | 37 |
| Ending Stocks | 16 | 14 | 14 | 12 | 0 | 10 |
| Total Distribution | 40 | 50 | 38 | 49 | 0 | 47 |
| | | | | | | |
| (1000 MT) | | | | | | |