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Report Name: Livestock Outlook

Country: Chile

Post: Santiago

Report Category: Livestock and Products, Agricultural Situation

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Report Highlights:

In 2021, the Chilean economy grew by 11.7 percent. Government support programs increased disposable income for many consumers, putting upward pressure on consumption of beef, pork, and chicken. In 2022, inflation and economic slowdown pushed down the demand for beef, pork, and chicken, which decreased production, consumption, and trade. For 2023, Post expects lower inflation, which will increase beef, pork, and chicken production, consumption and trade, but at levels below 2021.

Commodities: Beef

Table 1: Beef Production, Supply and Distribution

	2021		2022		2023		Unit Description
Attribute	USDA Official	Post	USDA Official	Post	USDA Official	Post	
Beginning Stocks	0	0	0	0	0	0	(1000 MT CWE)
Production	210	210	205	192	210	200	(1000 MT CWE)
Imports	464	464	410	345	410	370	(1000 MT CWE)
Total Supply	674	674	615	537	620	570	(1000 MT CWE)
Exports	21	21	25	29	25	31	(1000 MT CWE)
Domestic Consumption	653	653	590	508	595	539	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	(1000 MT CWE)
Total Distribution	674	674	615	537	620	570	(1000 MT CWE)

Source: Post Estimates

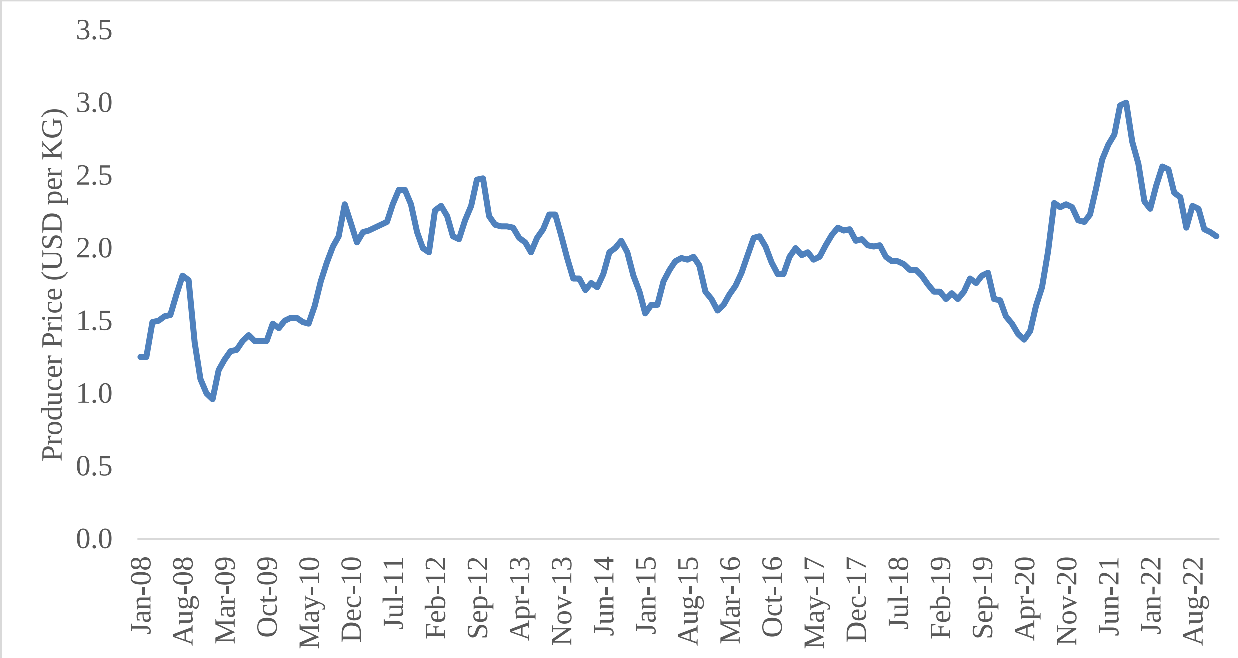
Production

In response to the economic contraction associated with the COVID-19 pandemic, the Chilean government provided additional access to capital through direct supports and early pension withdrawals. The influx of cash in the economy increased demand for many products, including beef, driving up prices. Beef cattle price increased significantly and peaked in mid-2021 (Figure 1). In 2021, the Chilean economy grew by 11.7 percent.

In 2022 the economy slowed, and inflation reduced disposable income driving back down demand for beef. In 2022 beef production decreased to 192,000 metric tons (MT) due to the decrease in price and lower domestic demand for beef. For 2023, Post estimates production at 200,000 MT, a 4.16 percent increase over 2022, as the Chilean economy slowly normalizes, edging up demand for beef.

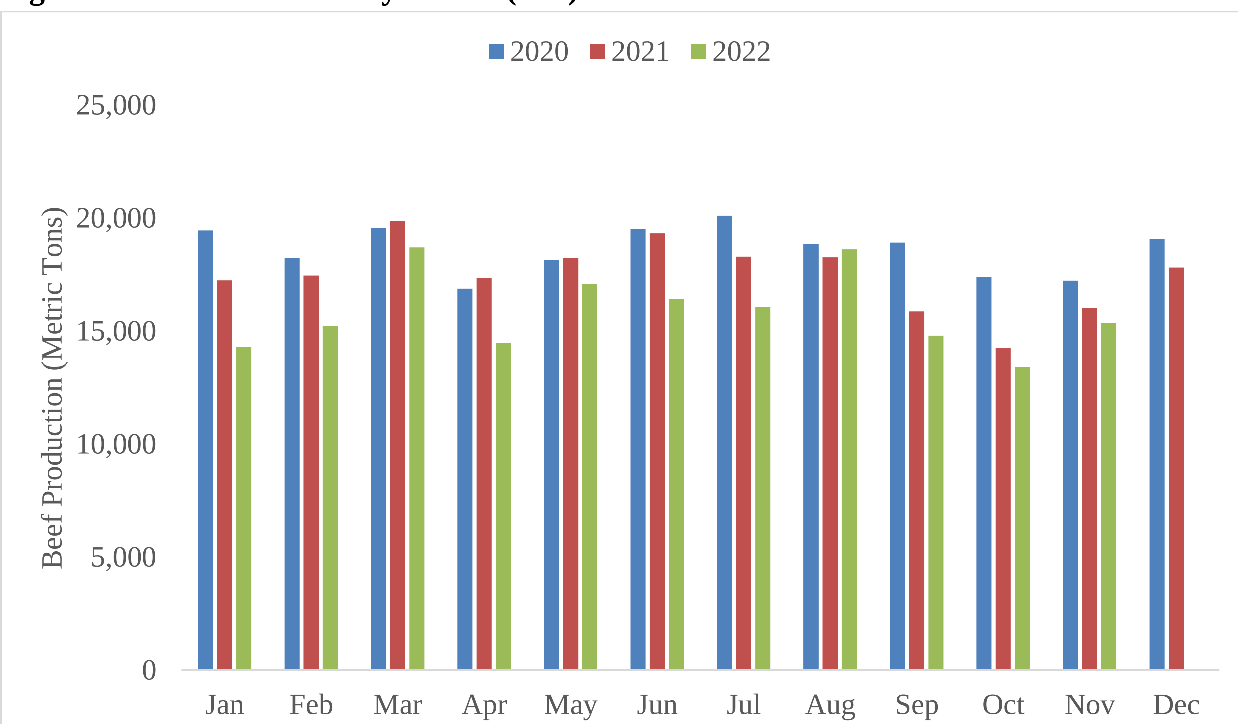
Beef production is steady throughout the year at around 15,000 – 20,000 tons per month (Figure 2). Monthly beef production in 2022 was lower in all months compared to 2021, except in August. August is normally a high demand month as Chileans prepare for the national holidays in mid-September.

Figure 1: Finished Cattle Price by Month (Live Weight, MT)



Source: ODEPA, 2023

Figure 2: Beef Production by Month (MT)



Source: INE, 2023

Consumption

Chilean beef production covers around 37 percent of domestic consumption, and the remaining 63 percent is supplied by imports. Primary beef suppliers to Chile are Brazil, Paraguay, Argentina, and the United States. Chilean beef is regarded locally as high quality and domestic prices are higher than imported beef from Brazil and Paraguay. Due to competition from imported product, producers often claim that current prices make it difficult to remain profitable. Moreover, cattle stocks decreased from 3.7 million head in 2007 to 2.5 million head in 2021, suggesting tight margins.

Beef consumption in 2021 reached 653,000 MT, as disposable income was abundant, and the Chilean economy was recovering from COVID-19. In 2022, the Chilean economy experienced a slowdown, and consumption fell to 508,000 MT, a 22.2 percent decrease from 2021. For 2023, Post estimates consumption to recover and increase by 6.1 percent, reaching 539,000 MT as inflation decreases and the economy begins to stabilize.

Trade

From January to November 2022, beef imports decreased by 26.4 percent, following the decline in Chilean demand for beef (Table 2). Post estimates 2022 imports to total 345,000 MT and to increase to 370,000 MT in 2023, due to a recovery in consumption.

Chilean beef producers increased exports to markets such as China, Colombia, and Canada looking for high prices (Table 3). The industry is pushing exports and indeed Chilean beef exports have increased from around 10,000 MT in 2017 to over 25,000 MT in 2022. In 2023, Post estimates exports at 31,000 MT, a 6.9 percent increase over 2022. Continued growth in exports assumes continued strong Chinese demand for beef.

Table 2: Beef Imports (MT CWE)

Product Group: PSD-Meat, Beef and Veal;						
Partner Country	**Calendar Year**			**January-November**		
	2020	**2021**	**Variation (%)**	**2021**	**2022**	**Variation (%)**
The World	342,133	464,414	35.7%	430,718	316,843	-26.4%
Paraguay	133,913	238,214	77.9%	225,632	170,235	-24.6%
Brazil	123,890	149,588	20.7%	135,211	96,379	-28.7%
Argentina	74,748	47,089	-37.0%	43,193	29,418	-31.9%
Colombia	227	11,629	5022.9%	10,715	7,384	-31.1%
United States	6,846	10,120	47.8%	9,197	5,257	-42.8%
Uruguay	2,325	7,549	224.7%	6,551	8,063	23.1%
Others	184	225	22.3%	219	107	-51.1%

Source: Trade Data Monitor, LLC

Table 3: Beef Exports (MT CWE)

Product Group: PSD-Meat, Beef and Veal;						
Partner Country	**Calendar Year**			**January-November**		
	2020	**2021**	**Variation (%)**	**2021**	**2022**	**Variation (%)**
The World	28,139	20,824	-26.0%	18,554	25,823	39.2%
China	23,200	16,067	-30.7%	14,225	22,216	56.2%
Canada	1,924	1,091	-43.3%	1,060	663	-37.5%
Peru	473	854	80.5%	735	347	-52.8%
Cuba	774	660	-14.7%	591	394	-33.3%
Ecuador	329	491	49.2%	405	591	45.9%
Colombia	395	469	18.7%	420	667	58.8%
South Korea	514	459	-10.7%	412	256	-37.9%
United States	169	272	60.9%	272	0	-100.0%
Spain	118	193	63.6%	173	312	80.3%
Others	243	268	10.3%	261	377	44.4%

Source: Trade Data Monitor, LLC

Commodities: Pork

Table 4: Pork Production, Supply and Distribution

	2021		**2022**		**2023**		**Unit Description**
Attribute	**USDA Official**	**Post**	**USDA Official**	**Post**	**USDA Official**	**Post**	
Beginning Stocks	0	0	0	0	0	0	(1000 MT CWE)
Production	589	589	590	580	595	595	(1000 MT CWE)
Imports	187	187	90	117	120	120	(1000 MT CWE)
Total Supply	776	776	680	697	715	715	(1000 MT CWE)
Exports	268	268	200	228	225	235	(1000 MT CWE)
Domestic Consumption	508	508	480	469	490	480	(1000 MT CWE)
Ending Stocks	0	0	0	0	0	0	(1000 MT CWE)
Total Distribution	776	776	680	697	715	715	(1000 MT CWE)

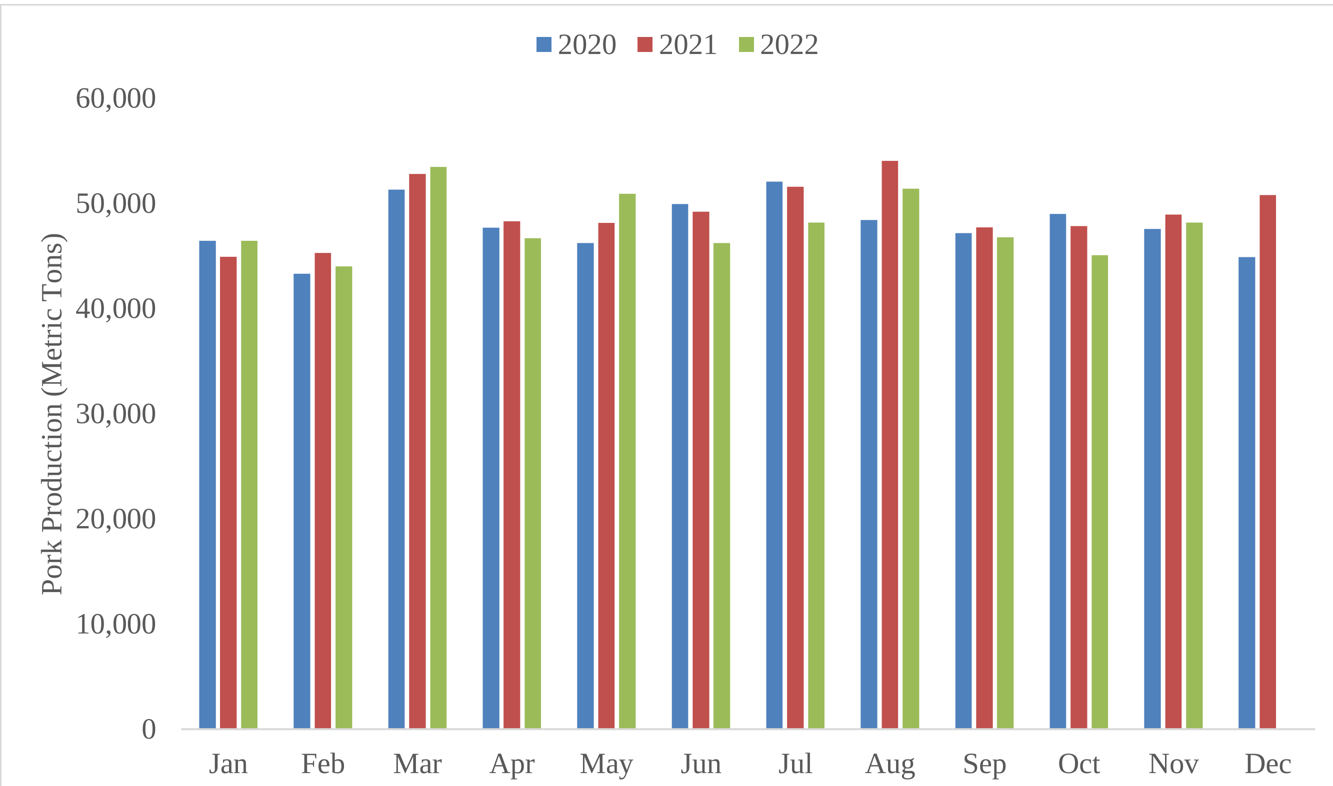
Source: Post Estimates

Production

The number of pork production facilities has not increased for at least a decade. According to the latest Chilean agricultural census data, swine stocks went from 2.9 million head in 2007 to 2.7 million head in 2021. Despite having fewer animals, pork production has remained steady throughout the years because of efficiency gains across the industry.

Feed costs represent the primary production cost in pork. As such, producers have invested heavily in making feed rations as efficient as possible, sourcing many ingredients such as grains, from imports. In 2022, Post estimates that pork production totaled 580,000 MT, which represents a 1.5 percent decrease from 2021. The main factor behind this decrease is high feed costs due to the increase in grain prices and a weakened Peso. For 2023, Post estimates production to increase by 2.6 percent and reach 595,000 MT as feed prices decrease and the exchange rate favors imports.

Figure 3: Pork Production by Month (MT)



Source: INE, 2023

Consumption

Post estimates 2022 pork consumption at 469,000 MT, which represents a 7.7 percent decrease from 2021. Like in beef consumption, high disposable income in 2021 pushed demand for pork upward, while economic contraction in 2022 decreased demand. In 2023, as the economy stabilizes and uncertainty decreases, Post projects that consumption will increase by 2.34 percent and reach 480,000 metric tons.

Trade

From January to November 2022, pork imports decreased by 37.8 percent as Chilean demand for pork fell, in part due to an unfavorable exchange rate for importers (Table 5). For 2023, Post estimates imports to increase to 120,000 MT as demand for pork recovers and the Chilean Peso strengthens.

From January to November 2022, Chilean pork exports decreased by 15 percent (Table 6). The top export markets for Chilean pork are China, Japan, and South Korea. In 2022, pork exports to China decreased by 47.7 percent, which explains most of the decline in 2022 Chilean pork exports. In 2023, Post estimates pork exports to recover and reach 235,000 MT, a 3.1 percent increase over 2022.

Table 5: Pork Imports (MT CWE)

Product Group: PSD-Meat, Swine;						
Partner Country	**Calendar year**			**January-November**		
	2020	**2021**	**Variation (%)**	**2021**	**2022**	**Variation (%)**
The World	134,593	187,065	39.0%	173,151	107,708	-37.8%
Brazil	55,616	78,471	41.1%	72,934	67,130	-8.0%
United States	61,162	41,269	-32.5%	39,372	10,544	-73.2%
Germany	4,484	38,943	768.5%	37,658	8,012	-78.7%
Spain	2,051	9,703	373.1%	5,833	15,376	163.6%
Canada	5,376	5,081	-5.5%	4,799	1,284	-73.2%
Poland	984	3,866	292.9%	3,738	1,460	-60.9%
Hungary	2,932	3,700	26.2%	3,700	356	-90.4%
Denmark	126	2,588	1954.0%	2,329	777	-66.6%
Netherlands	133	1,162	773.7%	785	1,641	109.0%
Belgium	856	1,017	18.8%	852	158	-81.5%
Italy	873	1,265	44.9%	1,151	970	-15.7%

Source: Trade Data Monitor, LLC

Table 6: Pork Exports (MT CWE)

Product Group: PSD-Meat, Swine;						
Partner Country	**Calendar Year**			**January-November**		
	2020	**2021**	**Variation (%)**	**2021**	**2022**	**Variation (%)**
The World	295,085	268,157	-9.1%	249,515	212,033	-15.0%
China	206,100	157,734	-23.5%	150,864	78,869	-47.7%
Japan	38,050	42,676	12.2%	38,479	46,065	19.7%
South Korea	34,351	35,885	4.5%	32,955	39,915	21.1%
Colombia	4,135	13,945	237.2%	11,521	18,421	59.9%
Costa Rica	1,801	4,483	148.9%	4,015	6,056	50.8%
Peru	1,493	2,618	75.4%	2,161	4,183	93.6%
Russia	1,474	2,370	60.8%	2,026	495	-75.6%
United States	1,894	2,181	15.2%	1,871	3,572	90.9%
Germany	1,807	1,774	-1.8%	1,507	3,625	140.5%
Hong Kong	1,373	967	-29.6%	936	280	-70.1%
Others	2,607	3,524	35.2%	3,180	10,552	231.8%

Source: Trade Data Monitor, LLC

<u>Commodities: Chicken Meat</u>

Table 7: Chicken Meat Production, Supply and Distribution

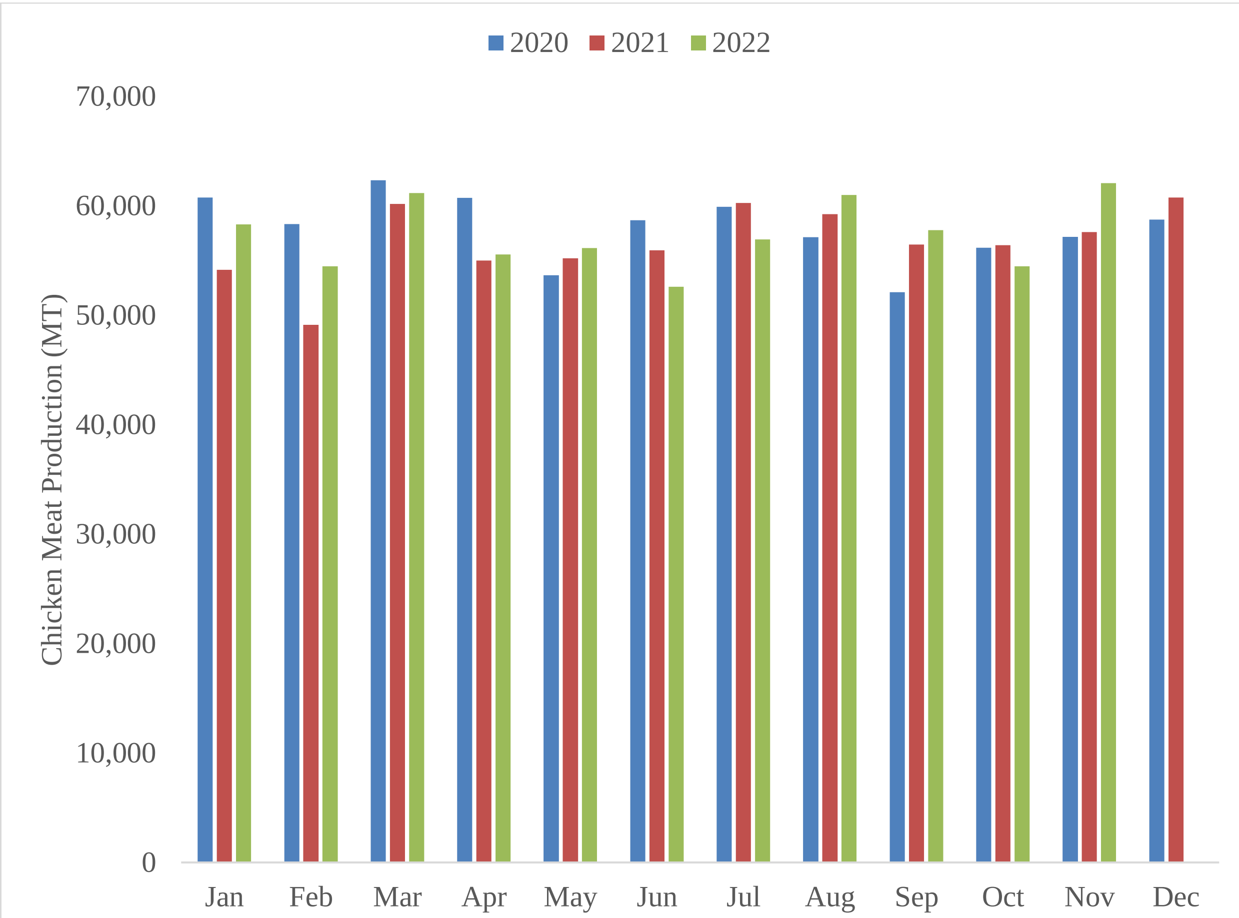
	2021		**2022**		**2023**		**Unit Description**
Attribute	**USDA Official**	**Post**	**USDA Official**	**Post**	**USDA Official**	**Post**	
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	680	680	710	673	740	690	(1000 MT)
Imports	166	166	185	161	200	170	(1000 MT)
Total Supply	846	846	895	834	940	860	(1000 MT)
Exports	133	133	160	152	175	158	(1000 MT)
Domestic Consumption	713	713	735	682	765	702	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
Total Distribution	846	846	895	834	940	860	(1000 MT)

Source: Post Estimates

Production

In 2022, due to high feed costs, Post estimates chicken meat production will total 673,000 MT, which represents a 1.0 percent decrease from 2021. Similar to the situation in pork production, a critical factor in chicken meat production is the cost of feed, which is linked directly to the import cost of grains and their subproducts. In 2023, Post estimates production to increase by 2.5 percent and total 690,000 MT due to improved conditions in the local economy and a stronger peso which will favor feed imports.

Figure 4: Chicken Meat Production by Month (MT)



Source: INE, 2023

Consumption

In 2022, domestic consumption decreased by 4.3 percent totaling 682,000 metric tons. The decrease was driven by lower disposable income, high inflation, and a slowdown in the Chilean economy. In 2023, as demand for chicken meat recovers and the economy stabilizes, Post estimates consumption at 702,000 MT, a 2.9 percent increase over 2022.

Trade

From January to November 2022, chicken meat imports decreased by 3.5 percent from the same period in 2021 (Table 8). Lower demand for chicken meat, the slowdown in the economy, and un unfavorable exchange rate for imports were the main factors behind this decline. In 2023, due to a recovery in demand for chicken meat, Post estimates imports to increase by 5.6 percent and reach 170,000 metric tons.

From January to November 2022, chicken meat exports increased by 9.6 percent from the same period in 2021 (Table 9). The top markets for Chilean chicken meat are the United States, Mexico, and China; exports to all these three countries increased in 2022. For 2023, following the recovery in production, Post estimates exports to increase by 3.9 percent and total 158,000 metric tons.

Chile and the United States are important trading partners in poultry meat. Chile exports chicken wings and chicken breasts to the United States. Conversely, the United States exports frozen chicken leg quarters to Chile.

Table 8: Chicken Meat Imports (MT CWE)

Product Group: PSD-Meat, Chicken;						
Partner Country	**Calendar Year**			**January-November**		
	2020	**2021**	**Variation (%)**	**2021**	**2022**	**Variation (%)**
The World	121,252	166,033	36.9%	152,057	146,684	-3.5%
Brazil	51,268	109,646	113.9%	100,119	94,403	-5.7%
United States	55,257	36,820	-33.4%	34,447	33,071	-4.0%
Argentina	14,411	18,628	29.3%	16,667	17,693	6.2%
Uruguay	252	734	191.3%	660	1,380	109.1%
Others	64	205	220.3%	164	137	-16.5%

Source: Trade Data Monitor, LLC

Table 9: Chicken Meat Exports (MT CWE)

Product Group: PSD-Meat, Chicken;						
Partner Country	Calendar year			January-November		
	2020	2021	Variation (%)	2021	2022	Variation (%)
The World	148,322	147,467	-0.6%	134,878	147,823	9.6%
United States	33,557	46,142	37.5%	41,386	48,382	16.9%
Mexico	25,073	25,167	0.4%	23,289	26,140	12.2%
China	30,549	21,198	-30.6%	19,496	19,598	0.5%
Puerto Rico	19,343	16,869	-12.8%	15,466	16,218	4.9%
Colombia	17,869	16,619	-7.0%	15,519	10,645	-31.4%
Peru	6,138	8,290	35.1%	7,197	8,747	21.5%
Philippines	0	4,954		4,805	10,452	117.5%
Costa Rica	2,886	2,686	-6.9%	2,614	1,820	-30.4%
El Salvador	1,288	1,514	17.5%	1,446	565	-60.9%
Uruguay	1,418	1,486	4.8%	1,352	922	-31.8%
Brazil	1,143	1,111	-2.8%	1,065	697	-34.6%
United Kingdom	2,999	329	-89.0%	281	594	111.4%
Others	6,059	1,102	-81.8%	962	3,043	216.3%

Source: Trade Data Monitor, LLC

Policy

In December 2022, there were reports of avian influenza (H5N1) in pelicans found deceased in the city of *Arica*, located in the northern part of the country. By January 2023, there were detections of H5N1 in pelicans in the central part of the country, in *Pichilemu*, the *O'Higgins* region. The *O'Higgins* along with the *Ñuble* region represent around 60 percent of the poultry production in Chile. The Chilean Ministry of Agriculture is coordinating a response with production companies and associations to prevent the spread into commercial poultry facilities. To date, there have been no detections of H5N1 in Chilean poultry production facilities.

Attachments:

No Attachments.