

## Market Overview

Chile is one of the strongest economies in Latin America. It has the lowest level of inflation in Latin America (4.4% in 2015), solid GDP growth (2.7%-3% annually between 2014 and 2016), the highest GDP per capita in Latin America, and an abundance of natural resources. Agriculture is one of the main reasons behind Chile's economic success over the last years; this sector accounts for 8% of the total GDP and 25% of total exports. As a result, Chile is a major exporter of agricultural products. For example, Chile ranks as the number one exporter of fresh table grapes, cherries, blueberries, dehydrated apples, and frozen salmon fillets. This South American country also benefits from its more than 25 Free Trade Agreements (FTAs). These FTAs provide easier access to the Chilean food market to foreign suppliers.

The U.S.-Chile FTA, which entered into force on January 1st, 2004, eliminates tariffs and barriers to trade for a wide array of goods. This agreement has made U.S food exports to Chile more price competitive; nevertheless, the U.S. competes with neighboring members of MERCOSUR, like Argentina and Brazil. Exports of food products from the SUSTA region to Chile had a value of \$296 million in 2014. The top food export categories from the SUSTA region have been meat products and cereals, as well as beverages. Following are the food products with the best sales potential in Chile: alcohol, baking mixes, candy (gummies & chewing gum among others), healthy food products, ice cream, pet food, snacks, soft drinks and tree nuts. Additionally, these are some products recently introduced to the Chilean food market and thus have great sales potential: cocoa powder, ethnic foods, organic products, processed meat products, ready-to-eat meals, sausages, and spices & sauces.

## Opportunities and Advantages

- Chile has one of the highest percentages of non-traditional store sales in Latin America, which allows suppliers to target large retail chains for larger volume sales.
- U.S. food inputs are respected for their quality and low health concerns, meeting respected FDA & USDA standards.
- Regulations are transparent and enforcement is generally free of corruption.

## Market Challenges

- Chile produces a wide range of high quality agricultural resources, so imports tend to be more expensive than domestic products. Only 15- 20% of products sold in supermarkets are imported.
- The typical Chilean consumer is not immediately attracted to foreign products, as local producers typically provide well-priced quality options.
- Retail power is concentrated in three chains and they demand considerable marketing support for branded products.

## SUSTA Sponsored Events in Chile: Chile Outbound Trade Mission

- [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide\\_Santiago\\_Chile\\_1-5-2016.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Santiago_Chile_1-5-2016.pdf)
- Euromonitor – SUSTA export data

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