CHILEAN INDUSTRIAL STUDY PREPARED AT THE
REQUEST OF THE CANADIAN EMBASSY

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EXECUTIVE SUMMARY

Chile's GDP for 1990 is estimated to reach 23 billion usd. The average annual growth rate for the GDP in the last 10 years has been 4%.

Industrial production should reach around 4.8 billion usd in 1990. The average annual growth rate in the last 10 years has been 3,3%.

The structure of the industrial sector has significantly changed since 1973, due to the liberalization of the domestic market, and the openness of the external trade. From highly protected industries, oriented mainly to substitute imports, the different industrial sectors have reoriented their resources to exports, for which they necessarily had to improve efficiency and productivity.

When looking only to the Chilean industrial activity, the most important sectors in terms of their size and rate of growth in recent years, are the Food & Beverage, the Chemical, the Wood & Paper and Metal industries.

Total exports in 1990 should reach 8,4 billions usd, of which 35% are industrial exports. Wood & Paper, Food Product and Chemical products have been important industrial players in the growth of exports, representing around 30% of total exports.

Total imports on the other hand, should reach in 1990, 7,8 billion usd. The largest share corresponds to intermediate goods (Chemicals and steel products are the most important) with 4 billions usd and capital goods (mainly industrial machinery and transportation equipment) with 2,6 billions usd. The remaining 1,2 billions usd corresponds to consumer imports.

The food industry production grew 30% between 1980 and 1989. Main subsectors are the Cattle slaughtering & Meat, Fish & Seafood and Fruit processing industries. Several investments in new technologies have been made in recent years oriented to increase productivity and product quality, in order to compete internationally. Imports by these sectors are mainly capital goods and chemicals. Machinery imported for the food industry reached 17 million usd in 1989.

Regarding the meat sector, it is expected that the large boning slaughterhouses will need to invest significantly in new and more efficient slaughtering facilities, post-mortem technologies and waste management equipment (water treatment) and technica- Total output of red meats was 394,000 tons in 1989, of which 82% were beef cattle. Imports of beef meat were less than 3% of total supply.