

#### a) Slaughterhouses and Meat Processing:

The Chilean cattle slaughtering and meat processing industry has changed significantly during the past decade. Technological improvements, better animal breeding technics and more professional management have resulted in a much more efficient industry as well as changes in consumers habits.

Value added by this sub-sector was 18% of total output in 1986 and near 98% of intermediate consumption was locally produced. Imported inputs are mainly chemicals.

With respect to beef cattle, in 1989 there were near 3,5 million head, a 9% increase from 1986. Total output of red meats was 358 ktons in 1989, of which 62% were beef cattle. Imports of beef meat were less than 2% of total supply.

Beef slaughtering is concentrated in few large facilities located in Santiago (Lo Valledor, Frigorifico O'Higgins y San Miguel) and in southern Chile (Ganasur, Feria de Osorno). These latter companies have modern facilities and are located near the breeding farms. However, near 80% of beef meat is processed in Santiago. The slaughterhouses have had limited technological improvements in the last 15 years. Main improvements have occurred in freezing facilities (freeze and deep freeze) and hygienic conditions.

It is expected that the larger bovine slaughterhouses will need to invest significantly in new and more efficient slaughtering facilities, Post-mortem technologies and waste management equipment (water treatment) and technics.

Main investments and technological improvements in recent years have occurred within the poultry industry. Although the number of hogs has increased to 1,5 million head, productivity has increased significantly more due to better technology in nutrition, genetics and processing equipment. In 1980, 50,000 tons of pork meat was produced. In 1989, with only 22% more hogs head, 110,000 tons of significantly better quality pork meat (less fat), were produced.

Although it is estimated that there are more than 100 industries processing pork meat as sausages, ham and other products, the five largest companies represent more than 80% of the market. Last year, the largest breeder of hogs, integrated forwardly, investing US\$ 7 M in a highly automated plant (Cecinas Super). Large competitors, like Winter, San Jorge, PF, Frigorifico O'Higgins, and La Preferida will surely follow with improvements in equipment in order to keep competitive.