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AGRICULTURE STUDY

PREPARED AT THE REQUEST OF THE
CANADIAN EMBASSY
SANTIAGO - CHILE, MAY 1994

CONSULTING FIRM: FULL CONSULTING S.A.

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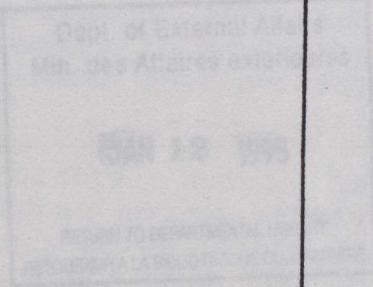
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The Importance of the Agricultural Sector in the Development of the Country

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GENERAL OVERVIEW

The Importance of the Agricultural Sector in the Development of the Country

As far as added value is concerned, the agricultural sector is currently the fifth most important productive sector in the domestic economy, producing a total of a little under 7.0% of the Gross Domestic Product (Table 1). Nevertheless, its share in the productive structure of the country has fluctuated as a result of the effects on the sector of the various shocks (both external and internal) that have affected the Chilean economy, as well as also of the effects of the thrust of both general and sectorial policies subsequent to the shocks.

Since 1961, the gross domestic agricultural product has suffered less swings than the overall GDP of the country, and, furthermore, it has experienced greater growth than the aggregate product in the five year period from 1986 to 1990 (8.0% versus 6.5% yearly average); notwithstanding the above, its share of the domestic economy fell from 8.8% in the first half of the decade of the sixties to 6.6% in 1993. Its importance on average in the period between 1961 and 1992 was 21% of the total GDP.

Its most flourishing period - the five year period from 1986 to 1990 referred to above - was characterized by a phase of expansion in the sector supported by a high real exchange rate, in which the largest growth was experienced by items destined for export, but where traditional agricultural products destined for the domestic market also experienced significant growth. During the course of the decade of the nineties, the growth rate of the agricultural sector has fallen sharply due to a significant reduction in the real exchange rate (16% between January, 1990, and July, 1993), to increased competition abroad, and due to marketing problems that have had a negative effect on products destined for export.

As far as the importance of the agricultural sector in generating employment is concerned, it contributes approximately 16% of all jobs in the country (Table 2); in other words, close to 760 thousand jobs, which is less than the 866 thousand jobs that it contributed in 1991. Over the last 25 years, employment in the sector has generally fluctuated between 16% and 31% of the total employment in the country.

Make Up of the Agricultural Sector

According to the "Input-Output Table for the Chilean Economy, 1986" (which appeared only recently), this sector is divided into five large groups of activities, which contribute 7.8% of the country's gross production (Table 3), and which contribute the following percentages of the total value of production in their own sector:

(i)	Agricultural production, except fruit.	39.5%
(ii)	Fruit production.	24.4%
(iii)	Livestock production.	27.4%
(iv)	Agricultural services.	03.7%
(v)	Forestry.	05.0%

This study will focus on the first three items mentioned.

Another aspect which helps to classify the comparative size of the various items within their own sector is the use given to the soil. According to official figures, in 1992 between Region III and Region X, 7.41 million hectares were destined for agricultural use; of these, 4.14 million hectares consisted of pasture land (both improved and natural), 2.82 million consisted of other types of soil (mostly suitable for forestry), and 1.78 million consisted of farmland. The latter was broken down as follows:

- annual crops	793.9 thousand hectares
- fruit trees and vineyards	265.5 thousand hectares
- vegetables and flowers	88.4 thousand hectares
- artificial grasslands	449.0 thousand hectares
- cultivated fallow	186.4 thousand hectares

The National Institute of Statistics (INE) informed that in 1992 crops had been sown in 861.9 thousand hectares. Of these, 630.8 thousand hectares were sown with grains, 142.5 with field crops, and 88.6 thousand with industry crops. The most important grains in terms of extent sown were wheat (395.1 thousand hectares) and corn (106.0 thousand hectares). As far as field crops were concerned, potatoes (63.5 thousand hectares) and beans (46.7 thousand hectares) stood out. Finally, as far as industry crops were concerned, the largest by far was beets with 51.1 thousand hectares.

Investments in the Agricultural Sector

There is no decent information on the amount of investments in this sector, but by gathering sundry fragments of information one can make a fairly good estimate.

According to the Input-Output Table one gathers that in 1986 3.2% of domestic investments were made in the forestry, agriculture, and livestock sector. Of these, 65% were made in the fruit-farming sub-sector and 20% in the agricultural production sub-sector.

If one uses these parameters and considers them to have remained fairly constant, one can show the significance in terms of magnitude of the sector's investment values for 1992:

- the investment in the country for that year was about 11,000 million US dollars; thus, investments in the area under study would have been close to US\$ 350 million;
- the latter figure is consistent with the size of foreign investments made in the sector in that same year via Decree-law 600, which totalled somewhere between US\$ 12.7 million and 18.9 million (depending on how one deals with the fishing factor contemplated in the total); in other words, between 1.3% and 1.9% of the total;
- finally, imports of capital assets made by the sector in 1992 would have been at least US\$ 65.4 million - animals destined for reproduction (US\$ 1.0 million), machines for agricultural use (US\$ 28.4 million), and farm tractors (US\$ 36.0 million).

Recent Evolution of the Agricultural Sector

If one compares the levels of production of the last three years (agricultural year 1988/89 versus 1991/1992), one can observe that the evolution has been quite uneven.

a. Agricultural production, except fruit

Grains fell 8.0%. This is explained particularly by the 12% reduction in wheat production (with increased foreign competition despite the price pegging system known as "price bands"), and partially by the fall in rice production (28%) and the decrease in corn production (2%). Barley, however, driven up by the boom in the beer industry, experienced a growth of 28%.

On the whole, pulses (and potatoes) increased their production (19%). Potatoes, in first place, followed by beans in second place, are prevalent in this group.

Industry crops only experienced a growth of 4%. On the one hand, beets increased production by 6%, while, on the other hand, oil-seeds (raps and sunflower) decreased by 39% on average.

As far as the 1993 harvest is concerned, some preliminary information has been made available. According to this information, crop production will have experienced the following variables in relation to 1992: wheat (down 15%, with internal supply also at around 70%), and beets also unchanged. Additionally, sowing projections for 1993 are 13.2% down on the figures for 1992.

b. Fruit Production

As far as tons produced are concerned, the main types of fruit produced during 1992 were apples and table grapes with 780 thousand tons and 660 thousand tons respectively. These fruits increased production by about 20% in relation to that of 1992. All main fruit species increased production except for apricots (down 6%). The growth in the production of pears was outstanding (51%), and pears became the third largest - in terms of volume - fruit destined for export.

c. Livestock Production

There has been a moderate increase in overall production of these items, associated with the increase in private consumption (21.7% in the three year period, according to the Central Bank's Domestic Accounts).

On the one hand, meat production increased very slightly by 0.5%, exclusively as a result of the greater production of pork (up 21.6%). Beef production, however, was down 9.7%, and the production of other meats - mutton, horse-meat, goat-meat - also decreased.

On the other hand, other key products in this sub-sector experienced significant increases: poultry (24%), eggs (11%), and milk (18%).

The Agricultural Sector and Foreign Trade

There is absolutely no doubt that one of the most outstanding characteristics of the forestry, agriculture, and livestock sector during the last few years has been its input of foreign exchange into the Chilean economy. On the whole, however, when the Agricultural Planning Board (ODEPA) delivers the "Forestry, Agriculture, and Livestock Trade Balance", it exaggerates the figure that it gives, including not only forest farming exports but also all exports originating from the forestry sector, adding exports from the forestry industry (lumber, cellulose, paper, printed matter) to those of the forest farming sector itself. The correct definition of forest farming exports should be understood to refer - as is being done now - to unprocessed forest products, such as round logs, barks, and others of similar nature.

In 1992, the trade balance of this sector totaled close to US\$ 1,000 million - US\$ 997.7 million made up of US\$ 1,216.2 million in exports (FOB) and US\$ 218.5 million in imports (CIF). The total trade balance of the country for the same period was US\$ 455.3 million, which indicates that this sector is a net contributor of foreign exchange, showing figures that more than double the country's trade surplus (in 1993, the agricultural trade balance - though reduced - will continue to show a deficit of about US\$ 700 to US\$ 900 million).

Over the last three years, forestry, agriculture and livestock exports have increased by 45.2%. Nevertheless, this figure does not reveal the uneven evolution of the various sub-sectors. In fact, the value of exports of agricultural products - except fruit -, livestock, and forestry has decreased between 1989 and 1992. This decrease has varied between 4.8% in the case of agriculture and 62.5% in the case of cattle. These changes must, however, be understood in light of their real perspective, since they are low quantity export items. Furthermore, there are products in these sub-sectors that have been the exception to the rule, such as the exports of vegetable seeds which increased by 84.7%.

Exports of fresh fruit grew dynamically between 1989 and 1992 - slowing down considerably in 1993 -, and this dynamism has made this sub-sector a leading area in the development of the country, with its export values increasing by 78%. The item which brings in most dollars is the table grape with US\$ 425 million (1992), while those items that are expanding most rapidly are the avocado pear, kiwi, pear, apple, and plum - in descending order.

In 1992, forestry, agriculture, and livestock exports represented 12.0% of the value exported by the country.

As far as imports are concerned (Table 4), these are very low and in 1992 were only US\$ 218.5 million; in other words, a little more than 2% of everything that Chile buys abroad. These include tropical species - that cannot be reproduced in the country for reasons of climate - such as bananas and coffee; some species of pedigree animals for reproduction (capital assets), and certain basic crops such as wheat and corn, where other countries enjoy comparative advantages.

During the period from 1989 to 1992, imports of these two crops increased ostensibly - wheat from zero to US\$ 86 million and corn from US\$ 12.5 million to US\$ 49.5 million. This explains the concern felt by Chilean producers in these sub-sectors and the significant increase in terms of percentage (though not absolute) of the total of forestry, agriculture, and livestock imports by 116%.

Perspectives for the Forestry, Agriculture, and Livestock Sector

Medium term evolution of this sector will depend on several variables related to the competitiveness of this activity, which is eminently "tradable"; in other words, it is totally immersed in international markets and affected by the values of these markets.

Some macro-economic factors that will influence the development of the sector are the real exchange rate (now close to its bottom value, given the projections for the balance of payments of the country), real wages (supported by the high economic growth which showed a mean growth rate of 6.0% during the period from 1986 to 1992), and the proliferation of bilateral trade agreements which, in general, will be to the detriment of this sector.

In some branches of agriculture there is talk of a "crisis" in the sector. It is hard to assess objectively whether this statement is indeed true; however, one must not disregard the fact that - as has been mentioned already - there has been a significant reduction in the returns of several of this sector's products.

In items destined for export, the challenges will once again involve the search for new markets, the adaptation of the products to the requirements of these markets, the organization of a marketing effort for the exportable supply, and the particular care to be taken with regard to the standards of quality (technical, ecological, etc.) of these shipments. Nevertheless, there are factors that fall outside the sphere of influence of the exporter within the country, such as the conditions of demand associated with the recession currently being experienced by industrialized economies.

As far as traditional, import substituting, items are concerned, the School of Agronomy of the Catholic University ("An Economic Overview of Agriculture") a few weeks ago pointed out the challenges faced by these activities: "(a) the introduction of new, more competitive, items that are more profitable for the producer; (b) greater economic efficiency in the production of current items (competitiveness); and (c) greater integration into the production-marketing chain."

PROTOCOLS

The sanitary protocols or agreements drawn up between Canada and Chile will be divided into two groups:

Protocols in the Vegetable Sector

a. Grains, Canary grass, and Oil-seeds

Canadian grains such as wheat and canary grass, oil-seeds (beans, lentils, peas) only need a phytosanitary certificate to enter Chile and are not subject to fumigations nor any other additional requirements; the customs duty for these agricultural products is 11% on the CIF value plus 18% Value Added Tax (IVA).

Canada and Chile signed in 1992 an **OFFICIAL BILATERAL PROTOCOL** for grains and pulses from Canada and fruits/ vegetables from Chile.

b. Fruit and Vegetables

In this case, the agreement expedites the exportation of Chilean fruit and vegetables to Canada without major inspection, due to the high standards of the fruit that is currently being exported.

Protocols in the Animal Sector

a. Semen, Embryos, Bovines, and Cattle on the Hoof

There is no bilateral protocol in this area. Nevertheless there is a sanitary agreement whereby Canada meets the requirements that Chile sets for these products. The customs duty is 11% on the CIF value plus 18% Value Added Tax (IVA).

b. Hog Semen and Live Animals

Canada meets the sanitary requirements that Chile sets for these products. The customs duty is the same as for the bovines.

c. Goat Semen and Live Animals

Since there has been very little interchange of animals in this sector, at this moment an agreement is being studied for genetic interchange in this animal sector.

KEY CONTACTS

For more information on sanitary requirements, contact the following people:

Vegetable Sector:

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LIVESTOCK

Cattle

The main cattle raising areas in the country are in the south where close to 56% of the total stock in the country can be found; Region X with 36% of the country's herds, and the southern central zone, with approximately 35% of the country's cattle, stand out.

To date the country has about 410 thousand head of beef cattle, which represents about 35% of the total head of cattle in the country, which, in turn, is estimated to be around 1,700,000. Of these, about 55% are Herefords and the rest crossbred heifers with significant contributions of the Hereford bloodline, as well as of the Cuero Colorado, Cuero Negro, and Aberdeen Angus breeds. Small nuclei of pure bloodlines (Aberdeen Angus, Simmental, Charolais) have also been developed as a result of private enterprises that operate as stock breeding farms.

In Chile, most of the supply of meat has its origin in dairy activities, which is the main generator of steers, heifers, culled cows, and bulls for beef. Nevertheless, this is not a static situation, since the stock of beef cattle is growing and its contribution to the supply will no doubt increase.

Consequently, the role to be played by new beef producing breeds of cattle must be analyzed in light of the above scenario; in other words, bearing in mind how they can form part of both the beef herds as well as the dairy herds.

Over the last 15 years, Chile has been importing Dairy and Beef Cattle Semen in order to substantially improve the cattle breeds in the country.

Semen originating from the United States, Canada, and New Zealand are those most in demand by Chilean cattle breeders.

In 1992, semen to a value of US\$ 1,619,000, mainly from the USA and Canada, was imported.

The major demand for dairy cattle semen is focused in the central area of the country, while the demand for beef cattle semen is focused in the south.

As far as embryos are concerned, there is tremendous potential demand in the country, both for beef as well as dairy cattle.

Even though the first experimental implants of embryos with Canadian material in Chilean breeding cows has only produced average results, currently there is daily improvement in the ratio of conception, and this has motivated breeders to continue experimenting with embryos.

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- **ASOCIACION DE CRIADEROS DE GANADO HOLANDES DE CHILE**

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Contact: Mr. Ernesto Valdés (President)

- **INSECABIO LTDA.**

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Contact: Mr. Daniel Undurraga (General Manager)

- **ATEL**

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To these two products there have also been added significant increases in the imports of cheeses, curd cheese, and butter, each one of which during 1992 represented an expenditure of US\$ 1.3 and 2.7 million respectively.

KEY CONTACTS

- **SNA (Sociedad Nacional de Agricultura)** Private entity which groups all Chilean agricultural producers
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Milk

The domestic dairy sector is being characterized by its great dynamism, derived particularly from the excellent perspectives that the sector is offering the producers, which encourages them to make investments and improve the technology applied in their dairy industries.

Production figures have been growing year after year; from 1984 to date, the most representative indicator of the level of activity of the sector, in other words the volume of milk received in the processing plants, has more than doubled, increasing in this period from 491.5 to 1,121.1 million liters per year. This has meant an average yearly rate of growth of 9.5% over the last eight years.

There is no doubt that one of the determining factors of this noteworthy rise in the domestic dairy sector has been the rapid growth in the consumption of dairy products over the last few years. Apparent consumption per capita of all dairy products in the country, expressed as the equivalent of liquid milk, has grown from 91.6 liters per year in 1988 to 125 liters per year in 1992. For 1993 a figure of 132 liters per capita per year is being projected.

The growth in the demand has not only provided an outlet for the greater supply originating from within the country, but has also made it necessary to increase the volume of imports of dairy products, which over the last year have come close to US\$ 50 million - an increase of 90% in relation to the previous year.

With regard to this matter, it is worth mentioning that imports of skimmed powdered milk have increased from 7,633 tons in 1990 to 10,252 in 1992, with additionally a significant increase in the mean import price.

During 1992, imports will be made for a sum of US\$ 18 million, while during the first months of 1993 there have been new increases in these imports in relation to the same period in the previous year, which were 13.9% in terms of volume and 18.7% in terms of value.

A similar situation has occurred with unskimmed milk, with 12,921 tons being imported in 1992 - the equivalent to US\$ 22.3 million. Likewise, during the first few months of 1993, the volume of this product that was imported increased by 14.1% and its value by 22.5% in relation to the previous year.

To these two products there have also been added significant increases in the imports of cheeses, curd cheese, and butter, each one of which during 1992 represented an expenditure of US\$ 1.3 and 2.7 million respectively.

In the specific case of curd cheese, production during 1993 grew to 5,500 tons, which represents 11% more than the production of the previous year; furthermore, there were imports of around 800 tons mainly from France, Holland, and Canada.

Projections for this product seem promising since it is an essential element for the domestic baking and biscuit making industries, as well as also for the cured meats industry. Interest in future imports of curd cheese will be closely tied to the prices of the product placed in the country, since due to the tremendous development of the domestic dairy industry, the technological capacity and infrastructure of the industry are large enough to meet growing demands for this product in the event that imports have too high a cost.

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Beef and Veal

For the second consecutive year, slaughtering and production of carcass beef and veal went strongly off course, and in that two year period experienced reductions of 21.3% and 77.5% respectively. Statistical data indicate that after having surpassed a thousand slaughtered head of cattle in 1990, this fell by 6.8% in the following year and then fell again by 15.6% in 1992. The evolution of the production of carcass meat, in turn, increased to 242,500 tons in 1990, and then fell back to 200 thousand tons in 1992.

With regard to the data mentioned above, it is important to note that the greatest reduction in this regard has been in the culled cows, probably due to the situation of the meat market itself or to the favorable evolution in the price of milk.

One of the consequences of this reduction in the slaughtering of cattle was that the consumption per capita of beef and veal fell for the second consecutive year, but the fall was less than 5% during the two year period, which means that a significant part of the reduced domestic supply was replaced by imported supplies.

After having reached a figure of 18.5 Kg per inhabitant in 1990, in 1993 only 17.6 Kg per inhabitant were consumed, but probably more than 10% of this consumption was of imported supplies from abroad.

The figures for imports in 1992 indicate that 27,917 tons were imported, three times more than in 1991, which represents a value of US\$ 62.6 million.

As far as imports from abroad during the months of January through March, 1993, are concerned, there was a significant increase of 39.4% in relation to the same period in the previous year, particularly in terms of frozen meat. Refrigerated meat fell by 7.9%, which comes out to a total of 12,415 tons of imported meat, compared to 10,100 tons in the previous year.

As far as the evolution of real prices is concerned, on the whole price behavior from the second half of 1991 to mid 1992 was favorable. From that point on, and probably due to the loss of competitiveness of domestic production faced with massive, low price, meat imports, no doubt subsidized and lacking any clear classification, the performance of the market has been less auspicious.

Furthermore, in order to analyze the perspectives of this item one must consider that, starting from this year regulations governing the classification of cattle, and the grading and classification of meat cuts, which will serve to regulate the selling of this product, are in force. As these regulations are applied and the consumers become accustomed to the system, the price differences by category that occur at product level will be able to reach the consumer, who will be able to chose according to quality, making his selection based on his budget.

The above could lead to an improvement in the sector, since it is foreseen that, under these conditions, imported meat that will also have to be graded and classified could become less competitive for the domestic producer.

By-products

One can also distinguish certain interest in consuming innards, specifically beef liver and heart.

During 1993, imports of liver for a sum of US\$ 2.26 million dollars were recorded; of these, 50% came from Canada. Its competitors are New Zealand, the USA, and Australia.

Human consumption of these products is fairly seasonal, and mainly occurs in winter. In the case of liver, annual consumption shows no great variation and is quite steady; such is not the case with heart, which is quite temporary.

This item is quite stable in terms of volume of consumption and space, which enables one to forecast that there will not be any significant variations in domestic demand in relation to historical demand.

1980	38.4	2.1	57.8	1.801
1990	73.8	4.1	129.5	393.0

The hog market has shown a significant increase in the last few years in terms of slaughtering and consumption. Thus in 1980, 409,900 head were traded in all the agents that make up this particular market (open air markets, slaughterhouses, cured meat factories, traders, and others). This figure rose to 1,354,600 head in 1992. This evolution can be explained by the technological changes that have occurred in the hog industry at every level. At slaughterhouse level, the animal sold is considerably leaner than the one sold ten years ago, due to genetic advances and less feeding routines. As a result the meat is better adapted to the taste requirements of the consumers.

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As far as the evolution of real prices is concerned, on the whole price behavior from the second half of 1991 to mid 1992 was favorable. From that point on, and probably due to the loss of competitiveness of domestic production faced with massive, low price, meat imports, no doubt subsidized and lacking any clear classification, the performance of the market has been less auspicious.

Furthermore, in order to analyze the perspectives of this item one must consider that, starting from this year regulations governing the classification of cattle, and the grading and classification of raw meat, which will serve to regulate the selling of the product, are in force. As these regulations are applied and the consumers become accustomed to the system, the price differential that occurs at product level will be able to reach the consumer, who will be able to choose according to quality, making a selection based on his budget.

Hogs

Overview:

In our country hog breeders are distributed from Region six through to Region nine. Of these regions, region six stands out most since 20% of all breeders and 40% of all reproductive sows are concentrated in the Region. These figures produce an average hog breeding farm of about 513 heads. The importance of this region in hog production is based on the appearance in the pork industry of the Super Pollo company, with a large breeding farm and industrial plant in use close to the town of Rancagua.

It is interesting to note in this sector that simultaneously with the close to 140% increase in the total hog and reproductive sow population, the number of commercial breeders has diminished, which has meant a sustained growth in the size of the average herd.

EXISTENCE BY CATEGORY OF THE DOMESTIC HOG POPULATION (THOUSANDS)

BREEDING STOCK

YEAR	SOWS	HOGS	PIGLETS	RE-BREEDING	FATTENING	N°BREEDERS
1980	32.4	2.1	67.8	108.1	92.8	461
1990	72.8	4.1	129.5	301.0	276.2	310

The hog market has evolved significantly over the last few years in terms of slaughtering and consumption. Thus in 1980, 409,900 head were traded in all the agents that make up this particular market (open air markets, slaughterhouses, cured meat factories, traders, and others). This figure rose to 1,754,800 head in 1992. This evolution can be explained by the technological changes that have occurred in the hog industry at every level. At slaughterhouse level, the animal sold is considerably leaner than the one sold ten years ago, due to genetic advances and less feeding routines. As a result the meat is better adapted to the taste requirements of the consumers.

grou...
Tender...
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At an industrial level, one can appreciate that there is a demand for quality at reasonable prices, and this is achieved by selling meat cuts, frequently vacuum packed, and whole pieces of pork (leg, knuckle, fillet).

Hog breeders produce two kinds of hogs: the "Cerdo Ranero" suitable for direct consumption, and the "Cerdo Terminado", an animal which serves a dual purpose for making cured meats and meat cuts.

50% of all hog slaughtering is concentrated in the Metropolitan Region. The most important slaughtering plants which stand out are the Frigorífico O'Higgins and Lo Valledor.

It is important to note the seasonal nature of hog slaughtering and consumption. In the period between May and August, consumption is almost 26% more than the yearly average and in January and February it falls to 30% under the average.

Consumption of pork has evidenced a constant increase since 1980, and in 1993 it totaled 10 Kg per inhabitant; furthermore, it has been the most dynamic element in the overall consumption of meat, since it has not failed to keep increasing during the whole decade, even during periods where overall consumption of meat was falling.

The imports of pork and its by-products have reached was evidenced in figures of about three million dollars per year during the last decade. The country has imported frozen pork, bacon, lard, canned pork, edible offal, processed skin, and innards (liver).

These imports come from Sweden, Canada, the United States, Holland, Belgium, and Denmark. Figures, however, show that volumes of imports have tended to diminish towards the end of the decade, with no imports being recorded in 1990, and only 110 tons being imported in 1992.

As far as genetic imports are concerned, this is almost exclusively represented by the Camborough Breed from the United States, which has a representative in the country.

MAIN IMPORTERS**- SUPERPOLLO**

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Contact : Mr. Gonzalo Castro.

- CRIADERO CHILLAN VIEJO

Miguel Socías 100, Santiago.

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Contact : Mr. Rodrigo Truco.

- CRIADERO AASA

Carlos Valdovino 3460 / 2° Piso, Santiago.

Tel.: (562) 683-3227

Fax : 683-3779

Contact : Mr. Jaime Bascuñán (Business Manager)

- CRIADERO EL MONTE

Las Dalias 2252, Santiago.

Tel.: (562) 238-5207

Fax : 238-1072

Contact : Mr. Toribio Correa

KEY CONTACTS**- ASOCIACION DE CRIADEROS DE CERDOS Y POLLOS (Swine and Poultry**

Producers Association)

Providencia 187 / 4° Piso, Santiago

Tel./Fax: (562) 204-4440

Contact : Mr. Luis Andrade (Manager)

- SAG (Servicio Agrícola y Ganadero, División Pecuaria) Health

Division of the Ministry of Agriculture

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Depto. de Divulgación Técnica

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- SNA (Servicio Nacional de Agricultura) Private entity which

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Contact : Ernesto Correa

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Teatinos 40 / Piso 8°, Santiago.

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Contact: Mr. Víctor Esnaola.

Goats

Currently in the country there is a goat herd of about one million heads, of which 600 thousand are located in region four and in the Metropolitan Region.

The goat population is almost exclusively formed by native animals, descendants of those that were introduced 400 years ago by the Conquistadors. There have been some imports over the last few years of about 100 reproducers on the hoof from the USA and Australia, basically of the Sahnen and Anglonubian breeds.

Goat exploitation is almost exclusively dedicated to the production of goat's cheese, and in 1993 there were a total of 4,500 producers; among these the following stand out: Cerillos de Tamaza, Quesos Villarica, Manchego, and Lacteos Pirque.

In this regard, there is growing interest in the consumption of industrially manufactured, fresh goat's cheese. As a result of this interest, INDAP is developing a program of exploitation for small goat herd owners so that they can be instructed and organized into small businesses capable of offering this product in an industrialized manner.

Thus, medium term projections are that the domestic goat breeding outlook will change from the current extensive, small scale, non-industrial, exploitation of goats to an intensive, industrialized, system, where the introduction of new genetic material capable of producing more than the 90-100 liters of milk per lactation that is currently achieved will become important.

Sheep

Exploitation of sheep is concentrated in regions XI and XII, with a herd of more than three million head.

Of these, the predominant breeds in the domestic scene are the CORREDALE, SUFFOLKDOWN, and MERINO breeds.

These breeds are primarily wool and meat producers. Thus in 1993, the country produced 10,000 tons of wool and approximately 4,000 tons of meat. In this regard, it must be emphasized that consumption of mutton in the country is very seasonal; mutton is consumed mainly in the months of September through December and the average consumption is 0.8 Kg. per inhabitant per year.

As far as imports of genetic material are concerned, there are some imports of reproducers on the hoof, but these are sporadic and the number of rams is low, since they are used solely for maintaining the sheep population in the extreme south of the country.

KEY CONTACTS

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Contact: Mr. Ernesto Correa, President

Poultry

Turkeys

Production and consumption of turkey meat in the country has grown over the last few years, partly as a result of the large investment in marketing, promoting its comparative advantages as an alternative to red meats, such as its low level of cholesterol, its lower price, and the various ways in which it can be offered to the consumer, and partly also because it is becoming a significant component in the production of cured meats.

Thus in 1993, about 14,000 tons of meat were produced in the year, and the projections for 1994 are for a production of 20,000 tons, which will mean a consumption per inhabitant of more than 1 Kg. of turkey meat per year.

Existing breeds in the country are the American White Turkey.

The domestic market is exploited practically by only two companies: Sopraval, which handles approximately 70% of the market and Ariztia with the remaining 30%.

The O'Higgins slaughterhouse handles a significant volume of the slaughtering and dressing of the turkeys.

Chickens

The supply of poultry meat is made up broilers and culled hens. To these must be added other species such as turkeys and ducks, but there is no statistical information available on these. Nevertheless, more than 90% of controlled slaughtering in this sub-sector consists of pullets.

The broiler industry is characterized by a high degree of vertical integration where the main companies produce one day old chicks, provide concentrated feed, and also have their own slaughtering and dressing plants, wholesale sales points, and a distribution network. The most important companies in this industry are to be found in the Metropolitan Region and Region VI, where 94% of the broilers are concentrated. This situation has remained unchanged for the last ten years.

The number of broiler producers has varied considerably over the last decade, ranging from 58 in 1980, dropping to 16 in 1984, and then rising again to 32 in 1992. This is indicative of the fact that this line of business works with very low profit margins, which makes it very susceptible to economic figures.

Over the last few years, the production of broilers and laying hens has increased considerably.

MILLIONS OF HEAD

YEAR	BROILERS	LAYING HENS
1992	113.3	5.1
1993 (Jan-Jul)	50.7	2.9

100.1 million broilers were slaughtered in 1992, the highest figures reached so far in this item.

Slaughtering of broilers remains fairly stable throughout most of the year, and increases significantly in December. In contrast, slaughtering of hens fluctuates greatly and increases considerably in the spring months as a result of the end of the laying period in the poultry batteries.

Apparent unit consumption of poultry meat has experienced a gradual growth and in 1991 reached a figure of 9.9 Kg. per inhabitant; in 1992 this figure grew to 14.4 Kg. per inhabitant, and in 1993 it reached 17.8 Kg. per inhabitant.

Production of broilers is concentrated in five main companies: Súper Pollo, Ariztía, Sopraval, Pollos King, and La Cartuja.

Furthermore, these companies carry out 87% of cock hatching and 100% of hen hatching, all of which gives them a high degree of autonomy and control of the market.

Additionally, the companies have their own wholesale distribution networks. Súper Pollo and Ariztía have wholesale sales points from Arica to Punta Arenas, Sopraval mainly supplies Region V and the north of the country, while Pollos King and La Cartuja distribute their products in the central zone.

These companies have wholesale sales points with cold storage rooms which are supplied from slaughtering and dressing plants by refrigerated trucks. For some years now, the aforementioned companies not only sell whole birds but also poultry cuts.

On a national level, due to the considerable increase in production coupled with the lower sales perspectives abroad, prices for the consumer kept low during 1992 with an average of 586 pesos per kilo, which figures have been maintained during the first few months of 1993.

The main imports made by the country in poultry farming are one day old chicks and fertilized eggs. These items are the hatching hens required by the broiler companies, and laying hens and are in fact products of high genetic value for the industry.

The main producers are the United States, Holland, and Brazil, and the main breeds are Hubbara and Hover.

Egg Production

The egg industry is concentrated between Region V and Region VIII. Most of the producers are integrated companies which have their own feed plants and egg selection units.

The most important producers are also involved in wholesale distribution of the product, which they deliver under a registered trademark, and are also representatives of North American producers of laying hens.

Over the last few years, the number of breeders has increased, as has also the number of companies that breed reproducers and the number of hatcheries and stock. The breeds of laying hens that are imported and that are currently being exported to the country are Hyline, Lohman, Shaver, Dekalb, Hyn, Arbor-Acres; these come from Canada, the USA, and Brazil.

In this sector, the main companies are Avícola El Monte, Champion, and Chorombo.

As far as unit consumption of eggs is concerned, one can observe that it has been increasing year after year, and in 1993 it reached its highest historical figure - 130 units per inhabitant.

KEY CONTACTS**- CODIPRA**

Sazié 2853, Santiago.

Tel.: (562) 689-8071

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Contact: Mr. Mario Conca (General Manager)

- LA CARTUJA

Coronel Agustín López de Alcazar 238, Santiago.

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Contact: Mr. Jorge Calvo (Business Manager)

- SOPRAVAL

Coronel Agustín López de Alcazar 488, Santiago.

Tel.: (562) 735-3380

Fax : (562) 777-7385

Contact: Mr. Javier Lorca (Business Manager)

- SUPER POLLO

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Contact: Mr. Rogelio Villela (Business Manager)

- ARIZZIA

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Contact: Mr. José Tomás Urmeneta (Business Manager)

Currently, imports of DURUM wheat into the country are almost wholly from Canada, since the bilateral sanitary protocol in force between the countries makes available a fast supply of good quality grains, without the phytosanitary obstacles that are in force for the other countries from where grains are imported, and at a level price that any international competition.

Two national importing companies stand out, and these supply all the raw material for pastas (DURUM, used by the two main producers of this item in the country (Carozzi and Luchetti); these two companies are COMERCIAL S.A. and SISA S.A.

GRAINS AND OIL-SEEDS

Wheat

The main indicators of this item during the last few seasons are the following:

	1992/93	1991/92	Av. 90/91 to 86/87	
Production MT	1,322,336	1,555,588	1,736,146	(1)
Sown land Hec.	395,110	460,700	568,556	(1)
Performance MT/Hec.	3.35	3.38	3.08	(1)
Producers N°	35,900	38,400	43,700	(6)

Kinds of Wheat: There is no standardized classification.

The central, north-central zone produces Winter Hard Wheat and Spring and Winter Durum.

The central-south zone produces Spring Hard and Winter Soft wheat.

The southern zone produces Spring and Winter Soft wheat.

Price band: In order to prevent excessive fluctuations in the internal market, every year the government sets a price band that is calculated based on a selection of the last 60 monthly averages of international prices. For 1993/94 the bottom value is US\$ 183 and the ceiling is US\$ 246 per Metric Ton. A system of customs duties and rebates keeps the cost of imports within this range (7).

Import duties:

General customs duty: 11%

Specific duty: compensatory scale combined with the price band with limits of:

Between 50 US\$/MT FOB = 95.44 US\$/MT

and 132 US\$/MT FOB = 1.14 US\$/MT

Rebate, progressive scale with limits of:

Between 188 US\$/MT FOB = 0.26 US\$/MT

and 209 US\$/MT FOB = 24.41 US\$/MT

Over 209 US\$/MT FOB = 11% maximum

This specific duty and rebate will be in force from December 16, 1993 to December 15, 1994, but do not apply to Durum wheat (5).

Function of COTRISA: Comercializador de Trigo S.A. is a closed corporation, a subsidiary of the Corporación de Fomento de la Producción (Production Development Corporation), created on November 17, 1986 with the participation of another eight partners, all businessmen from the milling and agricultural sectors, whose main function is to ensure a minimum price level for producers and buyers during the whole season. It operates by offering a monthly price scale that generally starts between 10% and 15% below the bottom value of the price band, and is currently varying between US\$ 165 per metric ton in January to US\$ 187 per metric ton in October, said price for the product placed in Santiago; furthermore it varies as it moves south making its buying powers available successively as it follows the harvest as it progresses southward, always trying to favor the small producer in the main locations. In addition to the business office, these establishments also have storage warehouses, grain cleaning equipment, and in some cases drying bins and Warrants Warehouses. After the harvest, it sells to the mills until its stock is exhausted. It is financed by commissions or price differences in the bids (5 and 7).

Currently, imports of DURUM wheat into the country are almost wholly from Canada, since the bilateral sanitary protocol in force between the countries makes available a fast supply of good quality grains, without the phytosanitary obstacles that are in force for the other countries from where grains are imported, and at a lower price than any international competition.

Two national importing companies stand out, and these supply all the raw material for pastas (DURUM) used by the two main producers of this item in the country (Carozzi and Luchetti); these two companies are AGROMERCANTIL LTDA. and DIMSA S.A.

Imports by country of origin: (3 and 4)

	1992			1991		
	Volume MT	US\$ CIF Thousand	US\$.MT CIF	Volume MT	US\$ CIF Thousand	US\$/MT CIF
Common Wheat						
Argentina	277,178	40,259	145.25	39,660	5,186	130.76
Common Wheat						
Canada	153,169	22,738	148.45	64,523	8,657	134.17
Common Wheat						
USA	36,362	5,641	155.13	-----	-----	-----
Common Wheat						
Total	466,709	68,638	147.07	104,183	13,843	132.87
Durum Wheat						
Argentina	112	18	160.71	-----	-----	-----
Durum Wheat						
Canada	100,312	16,937	168.84	57,151	7,833	137.06
Durum Wheat						
Total	100,424	16.955	168.83	57,151	7,833	137.06
WHEAT TOTAL	567,133	85,593		161,334	21,676	

Tendencies in consumption and competition:

Consumption (6) MT	2,000,000	1,900,000	1,825,000	+4.69%
Production (1) MT	1,556,588	1,588,677	1,773,014	-6.21%
Imports (2) MT				
Common Wheat MT	466,710	104,185		
Durum Wheat MT	100,424	57,142		
Wheat Total MT	567,134	161,327	37,869	
+288.78%				

Market potential for Canadian goods and services in this activity (6):

Very good for Hard and Durum wheat, mainly due to its lower costs in relation to the USA, and to the national shortage.

Good for farm machinery in general, insofar as costs are maintained below those of the USA.

Poor for fertilizers and pesticides, due to excessive competition.

KEY CONTACTS

BANCO CENTRAL DE CHILE (Central Bank of Chile), Gerencia Comercio Exterior.

Agustinas 1180, Tel.: 670-2712/2916, Santiago.

CAMARA DE COMERCIO DE SANTIAGO (Chamber of Commerce of Santiago),

Santa Lucía 302, Tel.: (562) 632-1232, Santiago.

MINISTERIO DE AGRICULTURA (Ministry of Agriculture), Oficina de Estudios y Políticas Agrarias,

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SOCIEDAD NACIONAL DE AGRICULTURA,

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INSTITUTO DE DESARROLLO AGROPECUARIO,

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CONFEDERACION DE PRODUCTORES AGRICOLAS DE CHILE,

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MAIN IMPORTERS

1. **AGROMERCANTIL LTDA.**

General Bustamante 16 / Piso 5°C, Santiago.

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Contact: Mr. Cristian Costa, General Manager.

2. **DISTRIBUIDORA E IMPORTADORA S.A. (DIMSA)**

París 748 - Of. 54, Santiago.

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3. **ASOCIACION DE MOLINEROS DEL SUR (Southern Millers Association)**

Huérfanos 757 / Of. 502, Santiago.

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4. **ASOCIACION DE MOLINEROS DEL CENTRO (Central Millers Association)**

Mac-Iver 125 / Of. 1402, Santiago
 Telephone: (562) 633-2718 Fax No.: (562) 639-6024
 (Mr. Jorge Domingo, President)

- SOURCES OF INFORMATION:
- (1) INE (INSTITUTO NACIONAL DE ESTADISTICAS) NATIONAL STATISTICAL INSTITUTE
 - (2) ODEPA (OFICINA DE DESARROLLO PARA LA AGRICULTURA) AGENCY FOR THE DEVELOPMENT OF AGRICULTURE
 - (3) BANCO CENTRAL (CENTRAL BANK)
 - (4) CHAMBER OF COMMERCE
 - (5) DIARIO OFICIAL (OFFICIAL NEWSLETTER OF THE COUNTRY)
 - (6) OWN ESTIMATE
 - (7) "EL MERCURIO" NEWSPAPER

Sunflower

After raps, this crop was the one that showed the greatest decrease in sowing during the 1992/1993 season, expressing in both crops the clear loss in profitability shown by oil seed crops in the country.

The sunflower sowing during the 1992/1993 season decreased to only 6,510 hectares, materializing into a decline in comparison to the previous season that amounted to 45%. A deterioration process is stressed in this way in what relates to oil seed crops meaning in this case that the lowest sowing levels in twenty years have been reached. It is important to stress that regularly surfaces amounting from 15,000 to 20,000 hectares or more of planted sunflower crop were reached in the country.

The current scenario in this area starts to appear in the 1989/1990 season mainly due to the decrease of the real value of the dollar, which has introduced strong foreign competition to local production.

Despite the fact that yields have substantially improved starting the 1986/1987 season, surpassing since then 20 quintals as national average, the harvests of the three previous seasons have varied from 26,000 to 32,000 tons, allowing a production of no more than 12,500 tons of refined oil. A great part of the decrease in profitability of this crop has been the trajectory of international prices of edible oils, since the values of the last years have made prices of imports carried out permanently have values equal or similar to the band price bottom. Additionally, the weakness of the Dollar in comparison to the Chilean Peso can be added to the above.

Certain strength is expected in the future in relation to oil quotations, taking into consideration the effects that an imminent fall of soy oil production in the United States could produce in the market, as a result of the floods registered in the main producing states.

In the measure this increasing trend in international markets is confirmed in the short-term it is probable that it will have some effect on the behavior of local prices, partially improving the perspectives for these crops.

In regards to the evolution of actual prices in the national market, similarly to raps, the strong decrease experienced during the last year is detected. In accordance with ODEPA, the values per quintal of the past season had a fall amounting to 16% with respect to the previous season, i.e. 10,330 pesos per quintal. During the first semester of this year prices have been maintained at around 10,100 pesos per quintal which would indicate a new decrease amounting to 1.5% in respect to the average of 1992.

Beans

Bean sowed surface for the last season amounted to only 46.710, corresponding approximately to 68% of it to the sowing of internal consumption varieties and the remaining 32% to those crops destined to foreign markets.

The above-mentioned figure represented a decrease amounting to 33.3% in comparison to the 1991/1992 season, with which the lowest level during the last eight years was registered. This was mainly due to low expectancies, since those ones destined for such purpose were the ones that showed the greatest volume and percentage of decline.

During the 1991/1992 season the area covered with internal food beans amounted to 41,689 hectares and 31,690 hectares during the 1992/1993 season, therefore, the decrease amounted to almost 10,000 hectares or 24%.

The cultivation of beans for internal consumption is mainly carried out in the Seventh Region that represents approximately 40% of the overall amount, being followed by the Eighth Region with a little bit more than 20%, the Sixth Region with 15% and the Tenth Region with 10%.

Due to the decrease in sowing as well as to the effect of a probable decrease of yields that has been foreseen, it is estimated that harvest for the 1992/1993 season shall be lower in around 35% with respect to the 907,000 quintals harvested during the previous season. The above situation will substantially decrease availability both for export as for internal food consumption.

In regards to domestic prices, there has been a strong trend towards decline starting from 1991 to date. Starting from 1991, where the real annual average amounted to \$428 kilos, it has decreased a 65.6% in the average price until the first six months of the current year.

Future projections indicate that neither the internal market nor that of exports show to date any signs that would stimulate recuperation of the areas cultivated with those species making them reach the levels prevailing until two seasons ago. This is the reason why the bean sowing trends collected by the National Institute of Statistics (INE) for the 1993/1994 season indicate that there would be an increase in sowing amounting to just 3% equivalent to 48,100 hectares, which solely represents 60% of the surface cultivated with this species in the six previous seasons.

Lentils

After a stimulating recovery shown by the area cultivated with lentils during the 1991/1992 season, it once again experienced a fall amounting to 29.5% in the 1992/1993 season, to allocate itself in the 13,370 hectare level. This sum corresponds to the lowest surface planted with the crop registered in the recent past, inferior in 4% to that of the 1989/1990 season, that with 13,930 hectares was the lowest figure shown.

Without a doubt the main cause for the low interest shown by the farmers to sow this species derives from the deteriorated conditions of the market that have been observed in the recent accounting periods, particularly in the case of the internal market, to which during the 1992/1993 seasons the effects are added of a greater pluviometric measurements registered in the main production areas, what makes sowing tasks more difficult.

The regional distribution of lentil sowing indicates that they are mainly 60% concentrated in the Seventh Region of the country.

In regards to production levels, these have remained relatively high during the last three accounting periods, registering an average of 7 quintals per hectare, which generates a production amounting to 13,370 cultivated hectares.

The above stated would tend to keep the supply level relatively balanced in regards to the market needs, whenever the volume of future operations in foreign trade are kept within the range of the 1992/1993 season.

In what relates to the evolution of real prices in the local market, they show strong deterioration starting 1990 where the average reached \$ 370 per kilo, until descending to an approximate value amounting to \$ 230 per kilo at the start of 1994.

Despite the fact that it is true, the commercialization values are lower than those in the preceding years, a moderate but persistent recuperation has been noted. Part of the explanation of such behaviour has been attributed to the noticeable progress experienced by exports, of which volume during the first semester of 1993 would have increased in 350% in comparison to that of the previous year.

Peas

Pea production in the country is concentrated basically between Regions Five and Ten, but almost the overall production of it is produced between Regions Seven and Ten, which have 94% of the sown surface during the 1993/1994 season.

It is appreciated that the surface destined towards the development of this crop is kept rather noticeable through time with the exception of the last season where the sown surface decreased 40% with respect to that of the five previous seasons. Thus, during the last season only 3,640 hectares were planted.

The production of peas has only two target markets in the country, such as raw material for agriculture and as dry grain.

The last alternative has serious commercialization limitations due to the BRUCO damage, which in practice generates low commercial yields.

The efforts relating to conservation during storage of grain through fumigation add to the lateral cost of the crop cultivation, reason why the production destined to grain is rather less attractive than that of the Agroindustrial destiny.

There is currently a great installed Agroindustrial capacity in the country, which has infrastructure and modern technologies capable of offering the producing market different types of the processed crops. In the national market there is a great variety of frozen vegetables with the IQF system: Whole and grained corn, Beans, Green Beans, Broccoli, Peas, etc.

Pea imports carried out by the country during the 1992/1993 season includes 900 tons coming mainly from Canada, Argentina, USA and Puerto Rico. Such volume is projected to increase in the future, since it is necessary to maintain such supply so that the Agroindustrial sector is able to produce during the whole year, and not only during the national season as well as in volumes according to the technological capacity.

MAIN IMPORTERS OF PULSES

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- **MITRAX S.A.**

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 Contact : Mr. Juan Pablo Nutman

- **VELARDE HRNOS. (Valparaiso)**

Casilla 1150, San Martin 50, Valparaiso
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 Contact : Mr. Gonzalo Velarde.

- **INIA (La Platina)**

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 Contact : Mr. Juan Obrador

Canary Seed

The evolution of Canary Seed imports have experienced a variation amounting to 52.6% approximately in regards to CIF values (US\$) and to 56.5% in volume (Tons.)

Practically 100% of its origin is from Canada.

The main importers and sales volumes are described herein below:

IMPORTERS	1 9 9 2		1 9 9 3		±	
	US\$/TON (CIF)	TON.	US\$/TON (CIF)	TON.	US\$/ TON	TON.
DEMARIA HRNOS.	102,576	297.3	120,781	355.6		
VELARDE HRNOS.	82,138	238.6	67,685	195.3		
IMP.CAPRILE S.A.	35,618	101.1	67,582	199,5		
JORGE GALLARDO	28,805	81.2	58,637	169.7		
CIA. MONTEVERDE	14,194	40.8	23,139	63.9		
IMP. & EXP. CAUPOL.	12,036	35.4	28,523	82.6		
OTHERS	7,208	21.2	64,963	209.7		
T O T A L	282,575	815.6	431,310	1,276.3	52.6%	56.5%

In this respect, the potato is a species that appears to be allocated a special status within the above scenario.

Starting the 1990 accounting period, the sowing surface of this field of activity has constantly increased until reaching 63,456 hectares during the 1992/1993 season, from then on has been planted in the tenth Region, which continues to be the most important zone for this species; it is followed by the Ninth and Fourth Regions.

It is important to stress that the development of this crop has great importance in the phytosanitary aspect due to the presence of the golden nematode in a vast extension of the soils in the Northern Central-South Regions. In this sense there is a strict control by the Servicio Agrícola Ganadero (Agricultural and Cattle Service) of the cultivation and transfer of this root crop to the different regions of the country in order to stop entry of potatoes cultivated in the northern zone of the country to the zones which are free of this plague (southern zone of the country), where the greatest productions of the country and the source of national seeds are found.

Seeds

In the recent past, the field relating to reproduction of seeds has taken great strength due to some comparative advantages that our country will have with respect to other countries interested in the sector pertaining to the reproduction of vegetables.

In this sense Chile's location in the Southern Hemisphere enables a continuation in production for companies in the northern hemisphere, which are able to maintain a supply during all the year on having two summer seasons. On the other hand, the country offers the great advantage of being a rather under-exploited environment, with very good soil qualities and the easy capacity of isolation that insures obtaining the purity demanded for its certification.

The characteristics of the great cost in labor required for this field of business in certain production periods, are comparatively inferior with respect to other countries, which is additionally added to the great technology present in the country in regards to agricultural machinery as well as to the level of instruction and training of the labor staff in their different levels.

In this way, it can then be observed that there is great interest by both national and foreign companies to produce high level genetic artificial seeds in the country.

In this respect, the potato is a species that appears to be allocated a special status within the above scenario.

Starting the 1990 accounting period, the sowing surface of this field of activity has constantly increased until reaching 63,450 hectares during the 1992/1993 season, from them 25% has been planted in the Tenth Region, which continues to be the most important zone for this species; it is followed by the Ninth and Fourth Regions.

It is important to stress that the development of this crop has great importance in the phytosanitary aspect due to the presence of the golden nematode in a vast extension of the soils in the Northern Central-South Regions. In this sense there is a strict control by the Servicio Agrícola Ganadero (Agricultural and Cattle Service) of the cultivation and transfer of this root crop to the different regions of the country in order to stop entry of potatoes cultivated in the northern zone of the country to the zones which are free of this plague (Tenth Region, in the south of the Country), where the greatest productions of the country and the source of national seeds are found.

In this same manner, imports of root crop seeds into the country, is rigorously supervised by the INIA (Institute for Agricultural Research), a state agency that carries-out cultivation, in quarantine conditions during the year, of the material in national territory before approving its commercial import, demanding compliance of all sanitary and quality regulations imposed by this research agency.

In this sense, productions coming from Canada are exempt from compliance of the quarantine period foreseen upon entrance into the country since there is a commercial protocol that grants guarantee of customs clearance of products representing in practice a comparative advantage for Canadian producers, which have access to a market of which greater offer is centered in the most southern regions of the country and without external competition.

MAIN IMPORTERS

- ANAGRA S.A.

Victoria Subercaseaux 381, Santiago
 Telephone : (562) 632-3676
 Fax : (562) 733-3593
 Contact : Mr. Luis Humber.

- CARGILL CHILE LTDA.

Teatinos 333 / Fifth Floor, Santiago
 Telephone : (562) 699-1044
 Fax : (562) 696-2988
 Contact : Mr. Gabriel Bravo (Commercial Manager)

- PETOSED CO. CHILE LTDA.

Los Leones 2025, Santiago.
 Telephone : (562) 204-1108
 Fax : (032) 225-2064
 Contact : Mr. Mirlos Bonczos (General Manager)

- SEMILLAS TRACY

Antonio Bellet 347, Santiago
 Telephone : (562) 235-8333
 Fax : (562) 236-1517
 Contact : Ms. Maria Isabel Ribera (Commercial Manager)

- PIONEER CHILE LTDA.

Coyancura 2241 / Third Floor, Santiago
 Telephone : (562) 234-4282
 Fax : (562) 231-3469
 Contact : Mr. Mario Sanchez (Technical Commercial Area
 Manager)

KEY CONTACTS

- ASOCIACION NACIONAL DE PRODUCTORES DE SEMILLAS

(NATIONAL ASSOCIATION OF SEED PRODUCERS)

Moneda 1040 / Of. 640, Santiago
 Telephone : (562) 672-5353
 Fax : (562) 699-4023
 Contact : Mr. Emilio Madrid (President)

Santa Rosa 335, Santiago
 Telephone : (562) 632-1571
 Fax : (562) 632-3010
 Contact : Mr. Luis Muñoz (Commercial Manager)

Pesticides

The development of national agriculture and opening towards international markets having great quality demands together with the need to obtain growing commercial yields have promoted the incorporation of a great array of chemical products in the agricultural production schemes of the country.

Within the sector, the horticultural fruit field can be highlighted as one of the most intense production schemes and has produced a growing demand both in quantity as in innovation of chemical products, of which pesticides form an important part.

In 1993 imports for insecticides were achieved for a value amounting to US\$ 19.3 million, of which 20% come from the United States, the country which clearly has the greatest participation in the sector. Its closest competitors are Belgium, Germany and France. In the case of Canada, imports amount to US\$ 220,000, representing somewhat more than 1% of the overall total.

In this aspect it is clear that there is a great market that consistently requires a great array of products that are indispensable in order to maintain the intensive production schemes that have been formulated by the Chilean Agriculture. Within these products the following can be stressed: Insecticides, Fumigating Substances, Herbicides, Acaricides, etc., which are constantly under a technical / economic-type analysis, in relation to the different alternatives that the market can offer.

Contact : Mr. Gabriel Bravo (Commercial Manager)

PETROSED CO. CHILE LTDA.

Los Leones 2025, Santiago.

Telephone : (522) 224-1108

Fax : (522) 224-2064

Contact : Mr. Carlos Bonczos (General Manager)

Fertilizers

In accordance with information from the Central Bank the import of fertilizing products has strongly increased in the recent past particularly in what refers to Urea and Triple Super-Phosphate. In 1993, imports were carried out for Urea for a dollar amount and for Triple Super-Phosphate amounting to 21.2 million dollars.

In the case of Urea the main supplier countries are Venezuela, USA, the ex-Soviet Union, which provide close to 80% of the overall imported total.

The main origin of Super-Phosphate is the United States of America.

The projections for this sector are closely linked to the development of the fruit and grain sectors which are estimated to keep a demand which means an annual average growth rate amounting to 10%.

MAIN IMPORTERS OF PESTICIDES AND FERTILIZERS

- **SOQUIMICH S.A.**

Elidoro Yañez 869, Santiago.

Telephone : (562) 251-0050

Fax : (562) 209-5271

Contact : Mr. Mario Nazal (Commercial Manager)

- **ANAGRA**

Ahumada 131 / 4to piso, Santiago

Telephone : (562) 699-2404

Fax : (562) 697-0155

Contact : Mr. Luis Humser (Commercial Manager)

- **AGROCAM**

Santa Rosa 335, Santiago

Telephone : (562) 633-1571

Fax : (562) 632-3010

Contact : Mr. Luis Muñoz (Commercial Manager)

Agricultural Machinery

The offer for agricultural machinery in the country is constituted by external suppliers and national manufacturers.

Imports totalled a considerable dimension in 1993, where transactions amounted to CIF value of US\$ 1.76 million in the case of Harvesting-Threshing Machines imported from Brazil, USA, Germany, Denmark, and the United Kingdom.

Similarly, during 1992, the national manufacturing of agricultural machinery reached a global sum of US\$ 33.2 million.

It is important to stress that within all the equipment imported, those of greatest relevance within the overall total are no doubt tractors of which imports are mainly from the United Kingdom, Brazil and Germany.

Undoubtedly, Fruitgrowing has had relevant importance in tractor imports as well as in the type of machinery that is offered today in the market. In international markets there is no marked trend relating to the manufacturing of equipment that is more adapted to the irregular topographical characteristics of the country which in practice determines, work in reduced surface pasture lands, by means of machinery rather small in size (and cost) than those used in the US, Canada and Brazil.

In this way both the incorporation of technological progress derived from imported equipment of state of the art technology, and the development of new manufacturing in the country that can be efficiently used in the area of crops and topography inherent in the country, will determine a field adequate for the technological contribution upon investment of foreign companies related with agricultural equipment.

AGROCAM
 Santa Rosa 388, Santiago
 Telephone : (562) 633-1571
 Fax : (562) 633-8010
 Contact : Mr. Luis Muñoz (Commercial Manager)

MAIN IMPORTERS

- **AGRICOLA GILDEMEISTER S.A.**
 Avda. Las Rejas 113, Santiago
 Phone : (562) 776-8102
 Fax : (562) 776-3616
 Contact : Mr. Fernando Bellolio (General Manager)

- **AGRICOSAL**
 Las Encinas 721, Santiago
 Telephone : (562) 557-2843
 Fax : (562) 557-0528
 Contact : Mr. Jose Duch (Commercial Manager)

- **AGROMAQ S.A.**
 Bascuñan Guerrero 247, Santiago
 Telephone : (562) 689-78762
 Fax : (562) 689-4450
 Contact : Mr. Adelmo Batistini (General Manager)

- **CIDEF S.A.**
 Avda. 5 de Abril, 5757, Santiago.
 Telephone : (562) 741-2561
 Fax : (562) 741-3896
 Contact : Mr. Nicanor Marambio (Commercial Manager)

- **CUNIFOR S.A.**
 Avda. Vicuña Mackenna 1742, Santiago
 Telephone : (562) 555-0340
 Fax : (562) 555-8743
 Contact : Mr. Eduardo Risso (Commercial Manager)

PERIODIC PUBLICATIONS FOR CONSULTATION

- 1.- "AGROECONOMICO" (Agricultural-Economic Newsletter) -
Fundación Chile
Telephone: (562) 218-5211 - Fax: (562) 242-6900
- 2.- "ANUARIO DE EXPORTACIONES SILVOAGROPECURIAS" (Annual
Publication of Silvo-Agricultural-Cattle Exports).
Agricultural Planning Bureau (ODEPA) - Ministry of
Agriculture.
Telephone: (562) 696-3241 - Fax: (562) 671-8809
- 3.- Boletín "AGROECONOMICO" (Agro-Economic Bulletin)
Agricultural Planning Bureau (ODEPA) - Ministry of
Agriculture.
Telephone: (562) 696-3241 - Fax: (562) 671-8809
- 4.- Boletín "AGROESTADISTICO" (Agro-Statistic Bulletin)
Agricultural Planning Bureau (ODEPA) - Ministry of
Agriculture.
- 5.- Panorama Económico de la Agricultura (Economic Agricultural
Overview) - Department of Agricultural Economy. Faculty of
Agronomy "Catholic University of Chile".
Fax: (562) 552-6005
- 6.- "Estadísticas Agropecuarias" (Agricultural and Cattle
Statistics) - Instituto Nacional de Estadísticas (INE)
(National Institute of Statistics).
Telephone: (562) 699--1441
- 7.- "Anuario del Campo" (Farming Annual Report) - S.N.A and
Consortio de Sociedades Agrícolas del Sur (C.A.S.)
(Consortium of Souther Agricultural Associations).
- 8.- "Agricultura Técnica" (Technical Agriculture) (INE)
(National Institute of Statistics), Ministry of
Agriculture.
- 9.- "Boletín Oficial de Semillas" (Official Newsletter on
Seeds) - (SAG) (National Agricultural and Cattle Service).
Ministry of Agriculture.
- 10.- "Boletín Pecuario" (Cattle Newsletter) (ODEPA).
- 11.- "El Campesino" (The Farmer) - Sociedad Nacional de
Agricultura (National Association of Agriculture).
Telephone: (562) 639-6710
- 12.- "Investigación y Progreso Agropecuario" (Agricultural and
Cattle Research and Progress), La Platina.
Instituto de Investigación Agraria (Institute of
Agricultural Research) (INIA).

TABLE ONE

CONTRIBUTION OF THE FORESTRY, AGRICULTURE, AND LIVESTOCK SECTOR
TO CHILE'S GROSS DOMESTIC PRODUCT (GDP): 1961 - 1993 (a)

	Growth of GDP (%)		Share in total GDP (%)	
	For/Ag/Lvstock	Total	For/Ag/Lvstock	Industry
Av. 1961-65	6.1	3.8	8.8	25.8
Av. 1966-70	3.2	4.7	8.3	24.9
Av. 1971-75	1.5	-2.2	7.7	25.1
Av. 1976-80	4.2	7.5	8.4	23.8
Av. 1981-85	1.9	-0.4	8.2	20.3
Av. 1986-9	2.0	3.5	7.7	17.8
1991	7.3	6.1	7.6	17.3
1992	7.3	7.1	7.1	17.7
1993 (b)	7.3	6.6	6.6	17.7
Period 1961-92	2.9	3.6	8.2	22.0

ANNEXES

(a) This corresponds to the Forestry, Agriculture, and Livestock Sector according to the definition of Chile's Central Bank.

(b) Information on the first half of the year.

Source: Chile's Central Bank

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 - 4.- Boletín "AGROESTADÍSTICO" (Agro-Statistic Bulletin)
Agricultural Planning Bureau (ODEPA) - Ministry of
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- A N N U E T O**
- 5.- Panorama Económico de la Agricultura (Economic Agricultural
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Fax: (562) 532-6005
 - 6.- "Estadísticas Agropecuarias" (Agricultural and Cattle
Statistics) - Instituto Nacional de Estadísticas (INE)
(National Institute of Statistics).
Telephone: (562) 699-1641
 - 7.- "Anuario del Campo" (Farming Annual Report) - S.F.A and
Consortio de Sociedades Agrícolas del Sur (C.A.S.)
(Consortium of Southern Agricultural Associations).
 - 8.- "Agricultura Técnica" (Technical Agriculture) (INS)
(National Institute of Statistics), Ministry of
Agriculture.
 - 9.- "Boletín Oficial de Semillas" (Official Newsletter on
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Ministry of Agriculture.
 - 10.- "Boletín Pecuário" (Cattle Newsletter) (ODEPA).
 - 11.- "El Campesino" (The Farmer) - Sociedad Nacional de
Agricultura (National Association of Agriculture).
Telephone: (562) 619-3713
 - 12.- "Investigación y Experimentación Agropecuaria" (Agricultural and
Cattle Research and Experimentation, La Higuera,
Instituto de Investigación Agraria (Institute of
Agricultural Research, 191000)

TABLE ONE

CONTRIBUTION OF THE FORESTRY, AGRICULTURE, AND LIVESTOCK SECTOR
TO CHILE'S GROSS DOMESTIC PRODUCT (GDP): 1961 - 1993 (a)

	Growth of GDP (%)		Share in total GDP (%)	
	For/Agr/Lvstock	Total	For/Agr/Lvstock	Industry
Av. 1961-65	0.1	3.8	8.8	23.8
Av. 1966-70	3.7	4.7	8.8	24.9
Av. 1971-75	1.6	-2.2	7.7	25.1
Av. 1976-80	2.2	7.5	8.4	21.8
Av. 1981-85	1.9	-0.4	8.2	20.3
Av. 1986-9	8.0	6.5	7.7	17.8
1991	2.3	6.1	7.6	17.5
1992	4.0	10.3	7.1	17.7
1993 (b)	0.0	7.4	6.6	17.7
Period 1961-92	2.9	3.6	8.2	22.0

(a) This corresponds to the Forestry, Agriculture, and Livestock Sector according to the definition of Chile's Central Bank.

(b) Information on the first half of the year.

Source: Chile's Central Bank

TABLE TWO

IMPORTANCE OF THE FORESTRY, AGRICULTURE, AND LIVESTOCK SECTOR
IN NATIONAL EMPLOYMENT: 1966 - 1993 (a) (b)

		<u>Employment in the</u> <u>For/Agr/Lvstock sector</u> <u>(thousands of people)</u>	<u>Share in total</u> <u>employment</u> <u>(%)</u>
1966		466.6	16.7
1971		408.7	14.2
1976		500.9	18.0
1981		508.2	15.5
1986		801.9	20.6
1991		866.2	19.1
1992		860.1	18.0
1993 (c)		755.6	15.7

(a) Corresponds to the consolidation of Agriculture and Fishing carried out by the National Institute of Statistics (INE).

(b) Information from the end of each year.

(c) May - July quarter.

TABLE FOUR

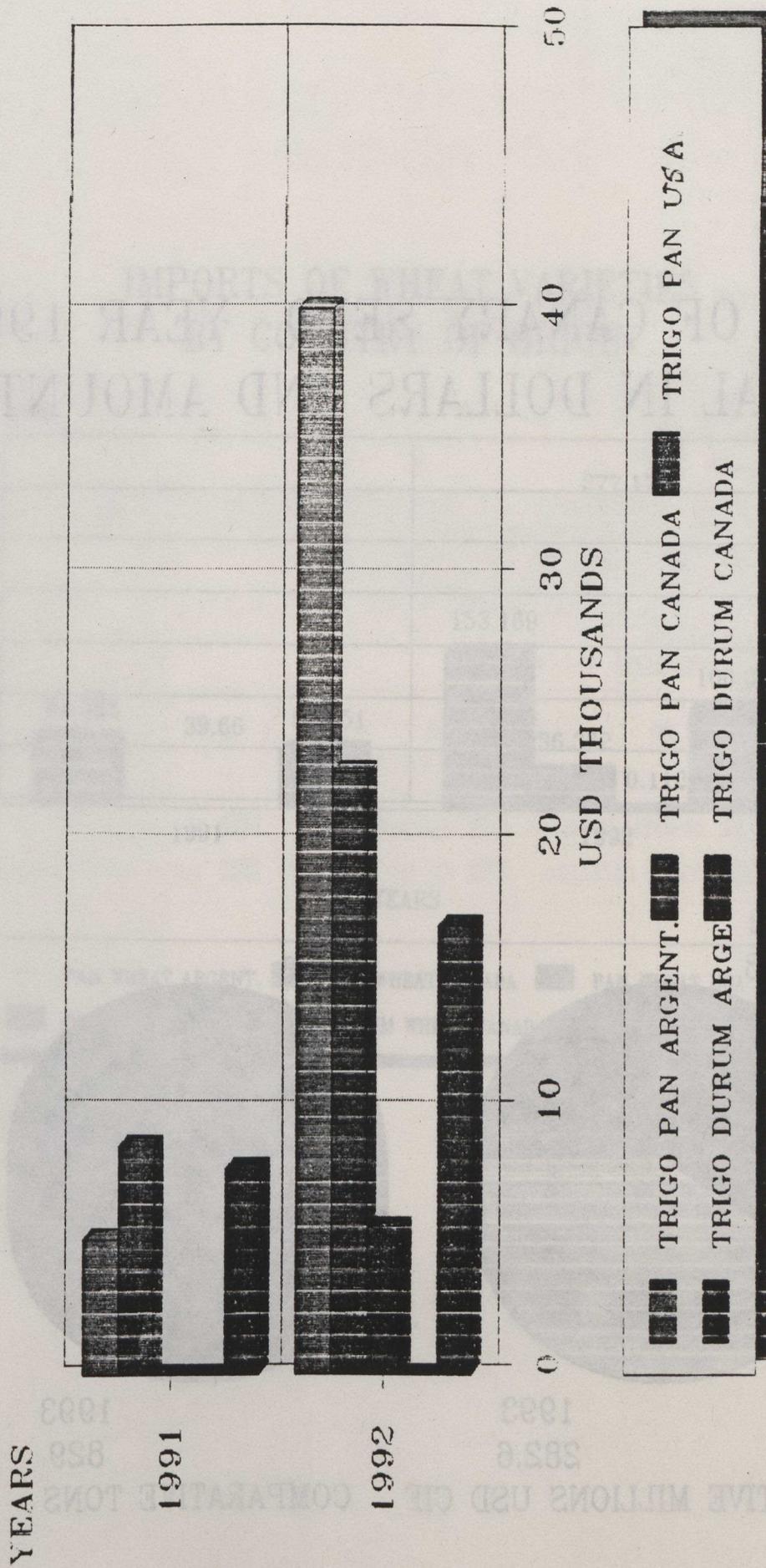
FORESTRY, AGRICULTURE, AND LIVESTOCK IMPORTS
(US\$ Millions CIF)

CONSUMER GOODS	16.5	27.2	64.8
Bananas	15.1	25.9	71.5
Others	1.4	1.3	-7.1
CAPITAL ASSETS	6.1	1.0	-83.3
INTERMEDIATE GOODS	78.6	190.3	142.1
Coffee	10.7	11.6	8.4
Wheat	0.0	85.6	ident.
Corn	12.5	49.5	296.0
Others	55.4	43.6	-21.3
TOTAL	101.2	218.5	115.9

Source: Chile's Central Bank

Source: Input-Output Table of the Chilean Economy 1986. October 1991.

IMPORTS OF WHEAT VARIETIES BY COUNTRY OF ORIGIN IN USD THOUSANDS



SOURCE: CENTRAL BANK OF CHILE

TABLE THREE

AGRICULTURAL SUPPLY AS PART OF THE TOTAL SUPPLY OF THE COUNTRY
(Thousands of millions of 1986 pesos)

	<u>Gross Produc.</u>	<u>Imports</u>	<u>Spreads and Taxes</u>	<u>Total Supply</u>
1. Agric. prod. except fruit	174.3	11.0	61.9	247.2
2. Fruit prod.	107.7	2.1	46.2	156.0
3. Livestock prod.	121.2	0.5	8.1	129.8
4. Agric. services	16.2	0.0	0.0	16.2
5. Forestry	22.3	0.1	5.1	27.5
(A) For/Agr/Lvstock Sector	441.7	13.7	121.3	576.7
(B) Total Economy	5,668.6	890.0	1,072.2	7,630.8
(A)/(B)	7.8%	1.5%	11.3%	7.6%

Source: Input-Output Table of the Chilean Economy 1986. October 1992.

IMPORTS OF CANARY SEED YEAR 1993 TOTAL IN DOLLARS AND AMOUNT

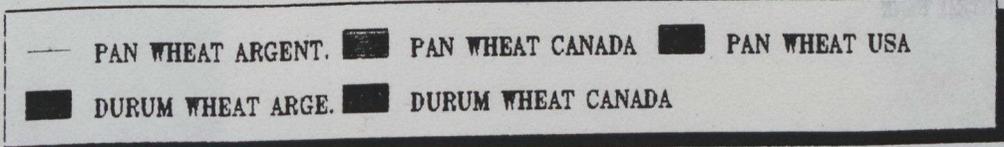
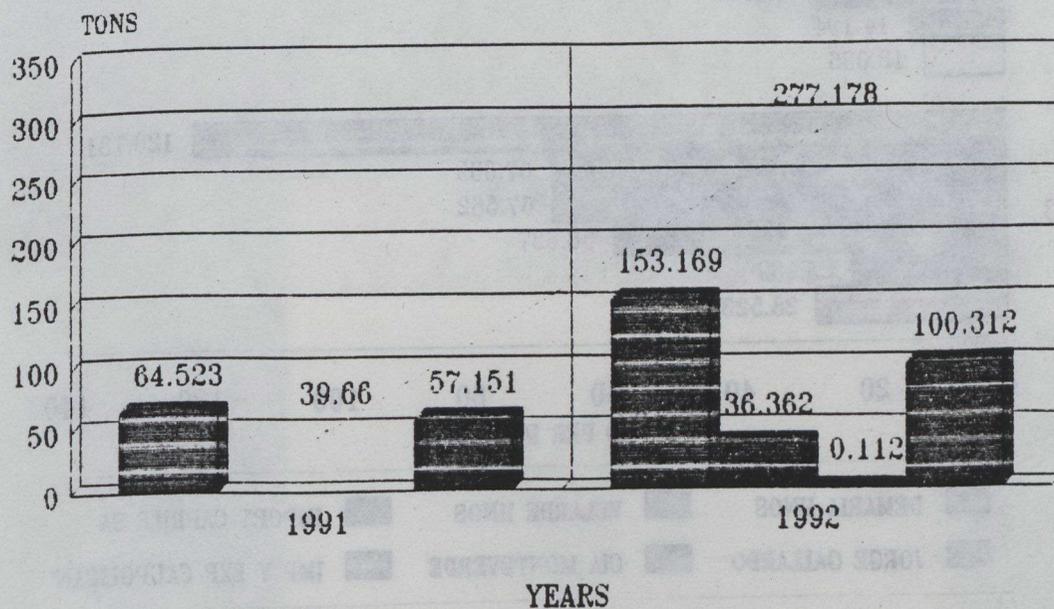


COMPARATIVE MILLIONS USD CIF



COMPARATIVE TONS

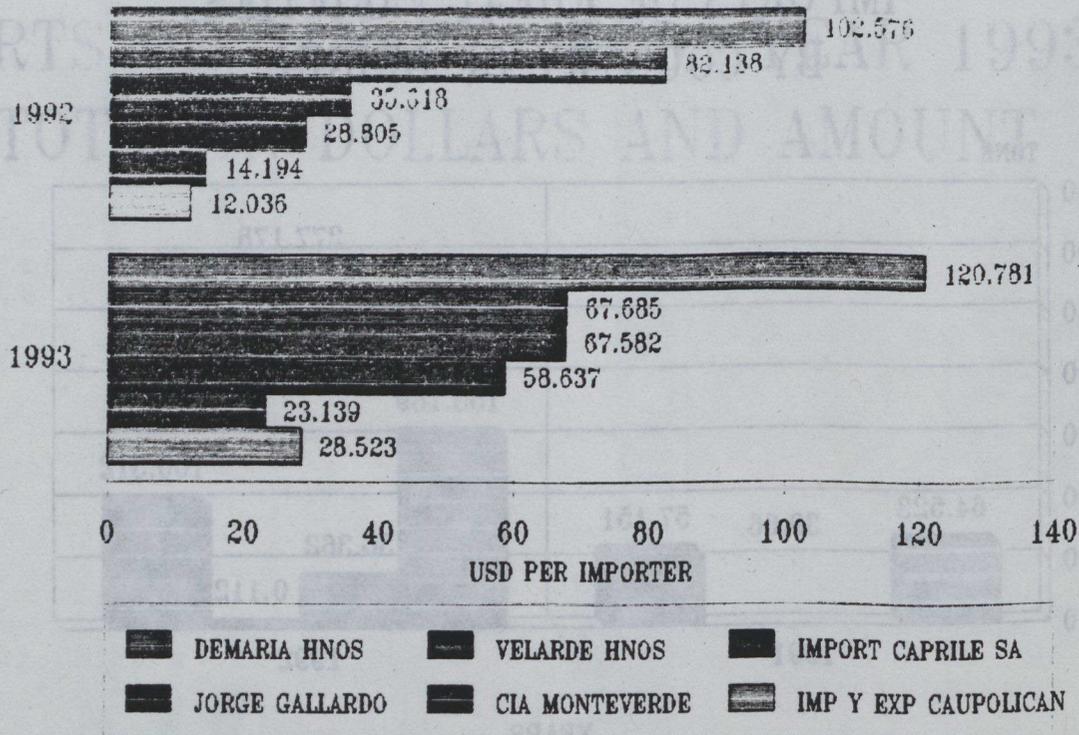
IMPORTS OF WHEAT VARIETIES BY COUNTRY OF ORIGIN



M. TONS

IMPORTS OF CANARY SEED IN USD MAIN IMPORTERS

YEARS



SOURCE: CENTRAL BANK

