

Agribusiness Industry Profile

As defined by the American Heritage Dictionary of the English language, agribusiness constitutes 'farming engaged in as a large-scale business operation embracing the production, processing and distribution of agricultural products and the manufacturing of farm machinery, equipment and supplies.' Agribusiness began in Chile in the late 19th and early 20th century with the arrival of European farms installing production facilities for canned and dried and thanks to Chile's sound economic policies, the sector has grown tremendously in the past 20 years. The domestic market for agricultural products is relatively small, forcing producers to rely heavily on exports and thus leading to worldwide recognition of Chile's agribusiness industry.



Industry Highlights

- 86% of agribusiness production over the past 20 years has been intended for exports
- Total agribusiness exports in 2003 equaled US\$558 million
- Today, Chile exports over 300 products in different levels of processing
- In 2006, the top agribusiness exports were dried products (US\$360 million), canned products (US\$267 million), frozen products (US\$183 million) and juices (US\$154 million)
- The agriculture industry in Chile received US\$3 million in foreign investments in 2006, all of which came from the US

Chile enjoys several competitive advantages lending to its importance in the global agribusiness industry. One is Chile's position in the Southern Hemisphere, leading to a seasonal cycle opposite to those of the principal consumer markets, which are primarily located in the Northern Hemisphere. Thus, Chile can produce fresh vegetables and fruits at a time those markets are stagnated by the winter season. Chile's extreme north-south orientation produces 7 different macro-regions distinguished by climate and geographical features, which allows the country itself to stagger harvests and results in extended harvesting seasons. Natural barriers surrounding the country on all sides, such as the Atacama Desert to the north and the Andes to the east, lead to varied climate zones as well. However, these buffers also allow a low incidence of pests and disease, thereby bettering the quality of Chile's exports. Moreover, Chile's agro-ecological conditions are ideal for growing high quality fruits and vegetables with excellent flavor and color, which highlight them in the international market. Lastly, Chile's agribusiness industry enjoys a competitive advantage due to the excellent qualifications of its professionals, an efficient export infrastructure, stable economic policies in comparison with its South and Central American competitors and compliance with various international standards for guaranteeing food safety.

Growth in this sector is expected to excel due to Chile's strong production of much demanded products such as fruit, wine and salmon. Likewise, Chile's competitive advantages and good trade relations with the world's heaviest importers, mainly countries with which Chile has foreign trade agreements, help secure its place in the future of agribusiness. Through Chile's trade agreements, its agricultural products have gained access to a market controlling 77% of the world's GDP and by approximately 2012, 74% of Chilean agribusiness exports will be duty free.