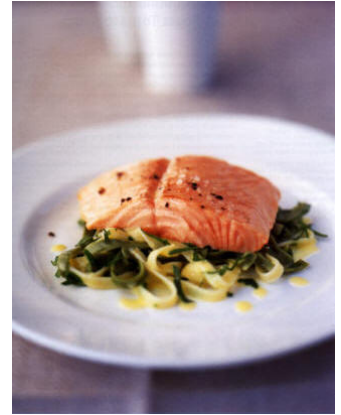


Salmon Industry Profile

Chile's salmon industry is relatively new, considering it is now one of the country's largest export sectors. Chile entered the global salmon market in 1974 after being first introduced into the country in 1921 by the non-profit Fisheries Development Institute. By 1992 Chile had already become the second largest producer of salmon in the world after Norway, a position it has held ever since. Today the Norway and Chile are almost equal, accounting for 38.7% and 37.9% of the 2006 global market, respectively¹. Thus, if production proceeds as expected, Chile will soon pass Norway to be the leader of the global salmon industry. Not only is Chile a high producer of salmon but also, due to a low per capita consumption of fish in Chile, it has always produced primarily to export. In January and February of 2007, alone, it sent almost \$497 million worth of salmon overseas, a 29% increase over the same period in 2006².



Industry Highlights

- As of August 2007, Chile's share of worldwide salmon industry sales was 38.2%, rising from just 10% in 1990. In the same period, Norway's share slipped from 51.5% to 39.7%³.
- Thanks to the salmon industry, the economies of Chile's Regions X and XI, where most salmon production takes place, have risen an average of 39% and 41%, respectively, whereas the national economy only grew an average of 28% in the past 6 years⁴.
- The average growth rate of the industry for the 20 years between 1984 and 2004 was 42% per year⁵.
- Exports of salmon reached a record amount of US\$1.7 billion dollars and 291,500 net tons in 2006, 70% of which corresponded to value added products⁶.

Chile enjoys many natural advantages leading to its success in the salmon industry. For example, its mild seasons allow for healthier produce as salmon metabolism and growth rates are brought down by seasonal extremes. The water sources are also advantageous; the coast from Puerto Montt to Cape Horn offers sheltered sites with ideal levels of salinity and water temperatures (10°-14°C) and there are plenty of freshwater sources, which are unpolluted and don't freeze in the winter. Apart from Chile's natural capacities, the salmon industry also benefits from a favorable regulatory environment, little pressure from environmental groups, minimal interference from commercial and private fishermen and cheap but skilled labor. Moreover, close collaboration between government agencies and salmon producers has led to growth in the development of industry standards, licensing regulations and investment in R&D.

Foreign investment into the sector has been extremely helpful to its success. For example, between 1989 and 2004, foreign investors poured \$300 million into the sector⁷. Moreover, the presence of large foreign firms in the salmon industry has brought what probably most contributes to Chile's burgeoning salmon production, technology. Technology transfer has allowed Chile to build its global competitiveness and innovation and has led to the expansion of production as well as to an increase in average firm size in the industry. The US in particular plays a very large part, becoming Chile's primary salmon export market in just 2006 when it accounted for 36% of the country's salmon and trout export values⁸. Moreover, as the majority of exports to that market consist of value-added products, the US helps secure Chile's future in the global salmon industry; Norway does not have the propensity that Chile does for producing value-added items. Thus, it won't take much to push Chile up to the number one position.

¹ 'Chile: Exposing the Salmon Industry.' IPS, 2006

² 'Chile's Salmon and Trout Sales Continue to Boom.' Santiago Times, SalmonChile, April 2007

³ 'Chile: Potential Largest Salmon Industry in the World.' Buyusa.gov, August 2007

⁴ 'Perfil de la Industria del Salmon.' Sofofoa, El Mercurio, July 2007

⁵ 'The World Salmon Farming Industry.' World Wildlife Fund

⁶ 'Salmon: May 2007.' Instituto de Fomento Pesquero

⁷ 'A Case Study of the Salmon Industry in Chile' UNCTAD, 2006

⁸ 'Salmon: May 2007.' Instituto de Fomento Pesquero