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Chile

Dairy and Products Annual

Whole and Non Fat Dry Milk Annual

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Report Highlights:

Chile's dairy production this year is expected to increase after a small decrease last year, as weather has been favorable for grass, the basic feed input for milk production.

Executive Summary:

Chile's milk production is expected to increase in 2010 (Jan-Dec) after a small decrease in 2009. Good weather conditions led to optimal pasture production for grass, Chile's basic dairy feed. Although the industry is projecting additional expansion, the outlook for the next years' milk production will depend on international dairy prices, government policies, and continued improvements in technology and animal genetics.

Commodities:

Dairy, Milk, Fluid

Production:

Chile's total milk output fell 7.8 percent from 2.55 billion in 2008 to 2.35 billion liters in 2009. Although production had been expanding for the last 5 years, in 2009 output fell approximately 7.8 percent, mainly due to adverse climatic condition in the primary dairy producing regions of the country, negatively affecting total production. A severe drought in the main milk production areas reduced feed availability and contributed to the fall in output. Another factor that affected total output was significant fall of international milk prices which reduced domestic milk earnings. Over 80 percent of the milk production herd is fed in grazing fields, supplemental feed is used only by large producers and during the winter months.

International prices of milk, cheese and powdered milk imports increased significantly while domestic milk prices paid to producers fell over 25 percent in real terms from August 2008 to the same month in 2009. As a result a significant number of producers decided to either reduce or close their milking operations. Industry sources report that the number of milking cows send to the slaughter houses has increased 50 percent during the first 8 months of 2009.

Despite this contraction in the national dairy herd, the industry reports an increase of 7.2 percent in total milk received the first eight months of 2010, when compared to the same period of last year. Exceptional meteorological conditions during the summer of 2010 (January through March) with enough rain and sun during spring and summer favored grass production for direct grazing and feed conservation (mainly silage) for the winter months explain this increase.

	Total	Fluid	Dry	Butter	Cheese	Farmers	Yogurt	Conden.		
	Rec'd by	Milk	Milk	Datte.	Cricese	Cheese	rogure	Milk		
	Industry					0.10000				
Year	Million Liters		Thousand Kilograms							
1980	592	127	32,566	4,016	13,902	3,868	15,054	7,835		
L990	890	138	45,126	6,448	24,513	5,422	0,939	8,325		
1995	1,358	225	61,418	6,651	40,816	5,873	67,663	8,674		
L997	1,497	271	65,726	9,582	43,712	7,106	79,423	10,219		
1998	1,530	269	70,877	11,159	46,528	7,631	82,243	13,244		
1999	1,470	279	60,597	11,007	44,777	7,034	100,203	15,742		
2000	1,447	275	59,669	9,855	44,718	7,167	106,624	24,400		
2001	1,637	291	71,464	11,836	50,417	7,150	95,249	25,418		
2002	1,605	296	67,710	11,551	53,075	7,480	127,057	24,190		
2003	1,563	293	61,867	10,849	53,037	7,555	139,344	30,558		
2004	1,676	289	63,633	13,084	58,849	8,296	159,828	38,698		
2005	1,723	298	62,792	14,655	67,176	10,507	189,436	39,645		
2006	1,818	319	69,491	17,157	62,072	9,088	157,980	43,426		
2007	1,871	330	74,204	18,229	61,745	8,579	162,505	45,287		
2008	1,972	323	102,955	16,765	57,369	7,960	178,215	41,501		
2009	1,773	341	73,431	17,102	56,526	8,139	191,933	33,255		
2009*	1,062	223	38,269	11,441	35,866	5,231	126,243	19,058		
2010**	1,139	244	46,272	13,283	39,914	5,307	129,205	22,308		
lote: Yea	r 2009* January	through A	ugust							
Yea	r 2010** January	through A	August							

During the first semester of 2009, milk producers requested the GOC to impose a surcharge of 31.5 percent on imports of Gouda cheese and whole powdered milk, as imports of these milk products increased significantly during the first 8 months of 2009 when compared to the same period of 2008. Gouda cheese imports increased 72 percent and powdered milk expanded 344 percent from 2008 to 2009, coming mainly from Uruguay and Argentina and at a lower than at that time prevailing international prices. Finally, during the first week of October the GOC announced the application of a safeguard of 15 percent on imports of whole powdered milk and Gouda cheese. The temporary safeguard was extended until January, when the Commission of Distortion decided not to apply a final figure and the safeguard was not extended.

Chile currently has an estimated 16,000 dairy farmers with approximately 650,000 cows in production, of which 80 percent are considered small producers and the whole dairy industry employs directly and indirectly an estimated 35,000 persons.

Trade

Latin American countries are the main destination for Chile's dairy exports, headed by Mexico with a 36 percent and Venezuela with a 16 percent of total dairy exports. Close to 40 percents of these exports correspond to whole and non fat dry milk.

Milk Product Export by Country of Destination
January - August

Countries	Value (Thousa	nd US\$ FOB)	Participation
	2009	2010	%
México	25,825	37,216	36.3
Venezuela	43,584	16,705	16.3
EE.UU.	3,546	9,065	8.8
Peru	6,619	8,439	8.2
Brazil	0	8,415	8.2
Costa Rica	3,822	5,100	5.0
China	0	3,265	3.2
Cuba	932	2,088	2.0
Dominican Rep.	149	1,782	1.7
Turkey	0	1,694	1.7
Others	2,018	6,720	6.6
Total	88,504	102,501	100.0

Source: Ministry of Agriculture

Once again Argentina was the main supplier of dairy products for 2009. The U.S. has become Chile's second most important dairy products supplier.

Milk Product	Imports by C	ountry of Orig	gin
	January - Augi	ust	
Countries	Value (Thousar	nd US\$ FOB)	Part.
	2009	2010	%
Argentina	26,193	23,161	9.3
USA	3,553	9,844	4.0
Uruguay	7,654	2,433	1.0
Brazil	2,739	2,390	1.0
New Zealand	464	2,121	0.9
Peru	1,153	1,228	0.5
France	422	716	0.3
Denmark	166	347	0.1
Australia	306	267	0.1
Netherlands	200	264	0.1
Others	132,148	160,221	64.7
Total	174,999	202,992	81.9

Source: Ministry of Agriculture

Chile dairy exports exceed imports in both volume and value. In CY2009 the trade balance in fluid milk equivalent fell when compared to the previous year, mainly as a result of the fall of international dairy prices, which reduced domestic production and availability, increasing imports of dairy products.

	TA	BLE- Tra	de Balanc	e, Januar	y - August 2	2010		
	Volume	(M.T. The	ous, or Ltr	s)	Expresse	d in fluid mi	lk equiv. (Tl	hous.Ltrs)
Item	2007	2008	2009	2010	2007	2008	2009	2010
IMPORTS								
UHT Products	1,345	205	0	26	1,345	205	0	26
NFDM	2,298	5,739	3,749	1,678	26,404	65.941	43.076	19,280
Whole Dry Milk	299	311	1,382	356	2,512	2,612	11,609	2,990
Cream	24	0	1	1	24	0	1	_,
Evaporated milk	1,319	700	945	986	6,595	3,500	4,725	4,930
Condensed milk	192	465	327	274	518	1,256	883	740
Yogurt	1,035	4,522	2,077	1,540	1,035	4,522	2,077	1,540
Butter	440	165	696	1,064	440	165	696	1,064
Cheese	4,840	5,129	6,441	4,778	48,400	51,290	64,410	47,780
Caramel milk & others	2,367	2,215	2,018	2,158	5,207	4,873	4,440	4,748
Dairy drinks	0	3	1	13	0	3	, 1	13
Total					92,480	134,367	131,917	83,112
EXPORTS								
UHT Products	772	366	1,434	766	772	366	1,434	766
NFDM	334	1,507	62	1,812	3,838	17,315	712	20,820
Whole Dry Milk	7,754	9,690	10,216	6,808	65,134	81,396	85,814	57,187
Cream	138	143	193	169	138	143	193	169
Evaporated milk	1	2	17	13	5	10	85	65
Condensed milk	24,938	24,361	15,601	17,673	67,333	65,775	42,123	47,717
Yogurt	20	21	25	26	20	[^] 21	25	26
Butter	1,235	1,035	559	1,670	1,235	1,035	559	1,670
Cheese	11,308	8,924	5,904	7,203	113,080	89,240	59,040	72,030
Caramel milk & others	1,881	2,491	2,549	2,373	4,138	5,480	5,608	5,221
Dairy drinks	61	60	97	41	61	60	97	41
Total					255,753	260,841	195,690	205,712
Balance					163,273	126,474	63,773	122,600
Source: ODEPA.					1			

Policy:

Although Chile bound its dairy product import duties (HS 04.02, 04.05, 04.06) at 31.5 percent in the Uruguay Round, a flat import tariff of 6 percent is applied on nearly all imported dairy products. Additionally, a value-added tax of 19 percent is charged at the consumer level on all goods, domestic or imported. Chile has reduced import duties only for Colombia and the United States for whole and non-fat dry milk as a result of the Free Trade Agreements with these countries. Non-fat dry milk entered duty free in 2007 and whole dry milk will be tariff free in 2011. Colombia will have duty free access for both whole and non-fat dry milk by 2012. For all other countries that have signed agreements with Chile, dairy products are excluded from the tariff reduction schedule.

As a result of Chile's trade agreements, the dairy industry expects to keep increasing its export market share. The U.S. – Chile FTA provides for a 3,500 metric ton duty free quota for Chilean dairy products. This volume increases 10 percent each year until Chile gains duty free access in 2016. The agreement with the EU offers a duty free quota of 1,500 Tons, with a yearly increment of 5 percent. The agreement reached with South Korea gives only a 1,000 Metric Ton duty free quota for whey powder, but there is an agreed upon reduction in the high duties for dairy products like yogurt and cheese in 10 years.

Duties applied to these products are 40 and 38 percent respectively. No preferences were agreed for dairy products in the Chile-Japan trade agreement.

In an effort to increase domestic consumption of milk and milk products the GOC, industry and producers continue with a promotional campaign, which is evenly financed by all. These three players have agreed to form and finance an association (Promolac) that manages the contributed funds in milk consumption promotional campaigns, mainly through TV and printed media.

U.S		as Tariff-free da (metric tons)	iry prod	ucts
Year	Milk powder	Condensed milk	Butter	Cheese
1	828	489	300	1,432
2	866	523	321	1,532
3	948	560	343	1,639
4	1,014	599	368	1,754
5	1,085	641	393	1,877
6	1,161	686	421	2,008
7	1,243	734	450	2,149
8	1,330	785	482	2,229
9	1,423	840	515	2,460
10	1,522	899	552	2,633
11	1,629	962	590	2,817
12		Unlimited		
Quotas	allocated in or	der of arrival.		

Dairy: Chile's tariff reduction schedule in trade agreements $^{\left(1\right) }$

Dairy: Chile's tariff	Teduction sche	T	greements	201			T	1	1	
Country of origin	2010	2011	2012	201 3	2014	2015	2016	2017	2018	2019
Whole milk po	wder 0402 2	2118		1 3						
wildle illik po	Wdei 0402.2	<u> </u>	1	1,7	T	T		T	Τ	Т
Australia	4,284%	3,426%	2,568 %	10 %	0,852 %	0%	0%	0%	0%	0%
Bolivia	Goods relea	sed from dut	ties							
Canada	Current gen	neral tariff of	6%. Goods	excluded	d from reliet	•				
China					Free					
Colombia	2,04%	1,02%	0%							
Korea	1				Free					
Costa Rica			Current ge	neral tar	iff of 6%. G	oods exclu	ded from	relief.		
Cuba					iff of 6%. G					
Ecuador					iff of 6%. G					
El Salvador					iff of 6%. G					
U.S.	0,75%	0,00%								
Guatemala	1, 1	-,	Current de	neral tar	iff of 6%. G	oods exclu	ded from	relief	1	
Honduras	+		current ge	nerar tar	Free		aca moni	T CIICI I		
India	1		Current ge	neral tar	iff of 6%. G		ded from	relief.		
Japan	+				iff of 6%. G					
México					iff of 6%. G					
Panamá					Free					
	2.000/	1.000/	1.020/	0,0						
Peru	3,00%	1,98%	1,02%	0%						
Venezuela			Current ge	neral tar	iff of 6%. G	oods exclu	ded from	relief.		
EFTA										
Island										
Norway	7		C		:ee -e cov - C		-II - C	!: - 6		
,	7		Current ge	nerai tar	iff of 6%. G	ooas exciu	aea rrom	relier.		
Switzerland										
Mercosur					Free					
P4	6%	6%	5%	4%	3%	2%	1%	0%		
European		•	C		:ff -f C0/ C			!: - 6	•	<u> </u>
Union			Current ge	nerai tar	iff of 6%. G	ooas exciu	aea from	relier.		
NFDM 0402.	.1000									
Australia	4,284%	3,426%	2,568 %	1,7 10 %	0,852 %	0%	0%	0%	0%	0%
Bolivia										0.70
					Free					0.76
Canada			Current ge	neral tar	Free iff of 6%. G		ded from	relief.		0 %
Canada China			Current ge	neral tar		oods exclu	ded from	relief.		0 76
China	2,04%	1,02%	Current ge	neral tar	iff of 6%. G	oods exclu	ded from	relief.		076
	2,04%	1,02%	1	neral tar	iff of 6%. G	oods exclu	ded from	relief.		076
China Colombia	2,04%	1,02%	0%		iff of 6%. G Free Free	oods exclu				076
China Colombia So. Korea Costa Rica	2,04%	1,02%	0% Current ge	neral tar	iff of 6%. G Free Free iff of 6%. G	oods exclu	ded from	relief.		076
China Colombia So. Korea Costa Rica Cuba	2,04%	1,02%	0% Current ge Current ge	neral tar	iff of 6%. G Free Free iff of 6%. G iff of 6%. G	oods exclu	ded from	relief. relief.		070
China Colombia So. Korea Costa Rica Cuba Ecuador	2,04%	1,02%	0% Current ge Current ge Current ge	neral tar eneral tar neral tar	iff of 6%. G Free Free iff of 6%. G iff of 6%. G	oods excluoods excluoods excluoods excluoods excluoods exclu	ded from ded from ded from	relief. relief. relief.		070
China Colombia So. Korea Costa Rica Cuba	2,04%	1,02%	0% Current ge Current ge Current ge	neral tar eneral tar neral tar	iff of 6%. G Free Free iff of 6%. G iff of 6%. G	oods exclu oods exclu loods exclu oods exclu oods exclu	ded from ded from ded from	relief. relief. relief.		070
China Colombia So. Korea Costa Rica Cuba Ecuador El Salvador US	2,04%	1,02%	0% Current ge Current ge Current ge Current ge	neral tar eneral tar neral tar neral tar	iff of 6%. G Free Free iff of 6%. G iff of 6%. G iff of 6%. G iff of 6%. G	oods exclu oods exclu oods exclu oods exclu oods exclu	ded from ded from ded from ded from	relief. relief. relief. relief.		070
China Colombia So. Korea Costa Rica Cuba Ecuador El Salvador US Guatemala	2,04%	1,02%	0% Current ge Current ge Current ge Current ge	neral tar eneral tar neral tar neral tar	iff of 6%. G Free iff of 6%. G iff of 6%. G iff of 6%. G iff of 6%. G	oods exclu oods exclu oods exclu oods exclu oods exclu oods exclu	ded from ded from ded from ded from	relief. relief. relief. relief.		070
China Colombia So. Korea Costa Rica Cuba Ecuador El Salvador	2,04%	1,02%	O% Current ge Current ge Current ge Current ge Current ge	neral tar eneral tar neral tar neral tar neral tar	Free Free iff of 6%. G	oods exclu oods exclu oods exclu oods exclu oods exclu oods exclu	ded from ided from ded from ded from ded from	relief. relief. relief. relief. relief.		U70
China Colombia So. Korea Costa Rica Cuba Ecuador El Salvador US Guatemala Honduras	2,04%	1,02%	O% Current ge Current ge Current ge Current ge Current ge Current ge	neral tar eneral tar neral tar neral tar neral tar	Free Free iff of 6%. G iff of 6%. G iff of 6%. G iff of 6%. G Free iff of 6%. G Free	oods exclu	ded from ided from ded from ded from ded from	relief. relief. relief. relief. relief.		U70
China Colombia So. Korea Costa Rica Cuba Ecuador EI Salvador US Guatemala Honduras India	2,04%	1,02%	O% Current ge Current ge Current ge Current ge Current ge Current ge	neral tar eneral tar neral tar neral tar neral tar neral tar neral tar	Free Free iff of 6%. G iff of 6%. G iff of 6%. G iff of 6%. G Free iff of 6%. G Free iff of 6%. G	oods exclu	ded from ded from ded from ded from ded from ded from	relief. relief. relief. relief. relief. relief.		
China Colombia So. Korea Costa Rica Cuba Ecuador El Salvador US Guatemala Honduras India Japan	2,04%	1,02%	O% Current ge Current ge Current ge Current ge Current ge Current ge	neral tar eneral tar neral tar neral tar neral tar neral tar neral tar	Free Free iff of 6%. G iff of 6%. G iff of 6%. G iff of 6%. G Free iff of 6%. G Free iff of 6%. G iff of 6%. G	oods exclu oods exclu	ded from ded from ded from ded from ded from ded from	relief. relief. relief. relief. relief. relief.		
China Colombia So. Korea Costa Rica Cuba Ecuador El Salvador US Guatemala Honduras India Japan México	2,04%	1,02%	O% Current ge Current ge Current ge Current ge Current ge Current ge	neral tar eneral tar neral tar neral tar neral tar neral tar neral tar	Free Free iff of 6%. G iff of 6%. G iff of 6%. G iff of 6%. G Free iff of 6%. G Free iff of 6%. G iff of 6%. G iff of 6%. G iff of 6%. G iff of 6%. G	oods exclu oods exclu	ded from ded from ded from ded from ded from ded from	relief. relief. relief. relief. relief. relief.		

EFTA											
Island											
Norway	_			Curren	t general tariff o	6%. Goods	exclude	d from relie	f.		
Switzerland											
Mercosur						Free					
P4		6%	ϵ	5% 59	% 4%	3%	2%	1%	0%		
European				Curron	t general tariff o	E 60/ Coods	ovelude.	d from rolio	£		
Union				Curren	t general tariii o	0 70. G00us	exclude	ı iloili lelle	1.		
	Da	iry: tarif	f redu	ıction sche	dule of the part	ner countr	ies in tr	ade agreer	ments (1)		
Country of origin	2010	2011	•	2012	2013	2014	2015	2016	2017	2018	2 0 1
Whole milk	powder	0402.21	18								9
Australia	,	- · v=:=±				Free					
Bolivia						Free					
Canada					eneral tariff of 26		_	ed from reli	ef		
China	5%	4%		3%	2%	1%	0%				
Colombia	13,20 %	6,80%	, o	0%							
So. Korea		Cı	urrent	general tari	ff of 180,4%. Ta	riff reduction	า will be เ	negotiated a	after Doha		•
Costa				Current	eneral tariff of 6	5%. Goods	excluded	from relief.			
Rica Cuba	-				,	Free					
Ecuador				Current o	eneral tariff of 2		evcluded	from relief			
El											
Salvador		Curren	t gene	eral tariff of	15% y 20% depe	nding on co	ntainer.	Goods exclu	ided from	relief.	\$0
	\$0,0/ kg over	\$0,0/k over	g	\$0,0/kg over	\$0,0/kg over	\$0,0/kg over	\$0,0/ kg	\$0,0/ kg	\$0,0/ kg	\$0,0/kg	,0 /k
US	1,243 ton \$1.09 2/kg	1.330 ton \$0.873 kg		1.423 ton \$0,655/ ka	1.522 ton \$0.436/kg	1.629 ton \$0,218/ kg	-	-	-	-	-
Guatemal a	_,	,		<u>J</u>	eneral tariff of 1		excluded	from relief.		•	
Honduras		Curren	t gene	eral tariff of	15% y 20% depe	nding on co	ntainer.	Goods exclu	ided from	relief.	
India				Current o	eneral tariff of 6	0%. Goods	excluded	from relief.			
Japan	ļ				eneral tariff of 3						
México	Cu	rrent gene	eral ta			a tariff is ap	plied.		-	ai treatment	
Panamá		D .	1.100		eneral tariff of 6						
Peru	-	Pay of ac	dition		evies to the adva					of duty.	
Venezuela	+			Current o	eneral tariff of 2	u%. G000S	excluded	irom relief.			
EFTA	-										
Island				Current o	eneral tariff of 3	0%. Goods	excluded	from relief.			
Norway			С	urrent gene	al tariff of 23,99	Nok/kg. Go	ods exclu	ided from r	elief.		
Switzerla nd			Cı	ırrent gener	al tariff of 1340 F	r/100kg. Go	oods excl	uded from r	elief.		
Mercosur						Free					
P4	-					Free					
European Union			t gene	eral tariff of	130,4 eur/100kg	- 135,7 eur	/100kg.	Goods exclu	ided from	relief.	
NFDM 04	02.100	00									
Austra						ree					

lia										
Bolivi			Current as	eneral tariff of 10°	6 Product w	ithout pre	eference			
a Canad										
Candu <u>a</u>		Current ger	neral tariff of 2	201% but not less	than \$2,82,	/kg. Good	s excluded	from reli	ef	
China	5%	4%	3%	2%	1%	0%				
Colom bia	13,20%	6,80%	0%							
So. Korea		Current	general tariff	of 180,4%. Tariff	reduction w	ill be neg	otiated aft	er Doha.		
Costa Rica			Current ge	neral tariff of 65%	%. Goods exc	cluded fro	m relief.			
Cuba				F	ree					
Ecuad or			Current ge	neral tariff of 25%	%. Goods exc	cluded fro	m relief.			
El Salva dor			Current ge	neral tariff of 20%	%. Goods exc	cluded fro	m relief.			
US	\$0,0/kg over	\$0,0/kg over	\$0,0/kg over	\$0,0/kg over	\$0,0/kg over	\$0,0/ kg	\$0,0/ kg	\$0,0/ kg	\$0,0/kg	\$0 ,0 /k a
	734 ton 49,6cent/ kg	785 ton 39,68ce nt/kg	840 ton 29,76ce nt/kg	899 ton 19,84cent/kg	962 ton 9,82cen t/kg					3
Guate mala			Current ge	neral tariff of 15%	%. Goods exc	cluded fro	m relief.			
Hondu ras			Current ge	neral tariff of 15%	%. Goods exc	cluded fro	m relief.			
India			Current ge	neral tariff of 60%	6. Goods exc	cluded fro	m relief.			
Japan				neral tariff of 35%						
Méxic o	Current g	eneral tariff o	of 63%. Tariff	preference of 30° tariff will	% import per be applied.	rmit with	preferentia	al treatme	nt otherwise	e a
Pana 4			Current ge	neral tariff of 62%	%. Goods exc	cluded fro	m relief.			
má Peru	D:	av of addition		ies to the advalo				nter free o	f dutv	
Venez uela	1	ay or addition		neral tariff of 20%				icci iiee 0	. auty.	
ueia EFTA										
Island			Current ge	neral tariff of 30%	%. Goods exc	cluded fro	m relief.			
Norwa Y		Cı	urrent genera	l tariff of 22,87 N	ok/kg. Good	s exclude	d from reli	ef.		
Switz erland		Cı	urrent genera	l tariff of 323 Fr/1	L00kg. Good	s exclude	d from reli	ef.		
Merco				F	ree					
sur P4					ree					
Europ ean		Current gene	eral tariff of 1	18,8 eur/100kg -		00kg. Goo	ds exclude	ed from re	elief.	
Union Notes:	1									

⁽¹⁾ Based on the Harmonized Commodity Description and Coding System, 8-digit level. This code can be different in each country. (2) Whole powdered milk with fat content below 35%. For products with more than 35% fat is applied tariff of U.S. \$ 1,556

per kilo.

(C) It applies duty-free quota to 11 year life of the agreement. For amounts exceeding the duty-free quota entitlements would be maintained over years 1 to 7 and will remove tariffs from year 8 in five equal steps and made those goods duty free to count from January 1, 2012

Commodities:

Dairy, Dry Whole Milk Powder

Production: Close to 75 percent of Chile's dry milk production is whole milk powder. Production of whole dry milk fell in CY2009 compared to the previous year, in-line with a smaller total milk production. For 2010 production of whole dry milk is expected to increase as a result of a predicted increase of milk output. Total milk production will expand as weather has been more favorable for grass production, the basic fodder in most milk production regions. For 2011, the industry predicts another slight increase in production.

Consumption:

Dry milk is available for sale in all Chilean supermarkets and smaller grocery stores. Families that do not consume large quantities of milk, or lack refrigerators to keep UHT fresh after opening, prefer dry rather than fluid milk. Ultra high heat treated milk (UHT milk) is very common in Chile because you can store the containers for long time without refrigeration, but once opened the containers have to be kept in refrigerators. Government food programs also account for a significant proportion of dry milk consumption. Government tenders for dry milk may be filled by either domestic or imported product. During the winter months the industry reconstitutes fluid milk from dry milk produced during the summer in order to produce dairy products that have a constant demand throughout the year.

Trade:

Due to a smaller domestic production of dry milk, imports of whole dry milk increased again in 2009 compared to the previous year.

Although Chile's milk processing industry aims to increase its export markets in the coming years as they become more competitive and the price incentive increases, industry sources indicated that this will not happen if the exchange rate with the U.S. dollar keeps deteriorating. The exchange rate has fallen from CH\$547 per dollar to CH\$494 per dollar from August 2009 to August 2010. Chile's main export markets are in Latin America, particularly Venezuela, Peru, Colombia and Mexico.

Production, Supply and Demand Data Statistics:

		2009			2010			2011		
Dairy, Dry Whole Milk Powder Chile	Market Y	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011		
Crine	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Beginning Stocks	17	17	17	11	11	10			9	
Production	58	58	55	62	62	63			68	
Other Imports	1	1	2	1	1	1			1	
Total Imports	1	1	2	1	1	1			1	
Total Supply	76	76	74	74	74	74			78	
Other Exports	15	15	14	15	15	14			14	
Total Exports	15	15	14	15	15	14			14	
Human Dom. Consumption	50	50	50	51	51	51			52	
Other Use, Losses	0	0	0	0	0	0			0	
Total Dom. Consumption	50	50	50	51	51	51			52	
Total Use	65	65	64	66	66	65			66	
Ending Stocks	11	11	10	8	8	9			12	
Total Distribution	76	76	74	74	74	74			78	

Export Trade Matr	ix						
Country	Chile						
Commodity	Dairy, Dry	Whole Milk Powde	r				
Time Period	Jan-Dec	Units:	M.T.				
Imports for:	2008		2009	2009 (Jan-A	ug)	2010 (Jan-Aug)	
U.S.	563	U.S.	582	U.S.	500	U.S.	209
Others		Others		Others		Others	
Venezuela	9975	Venezuela	8791	Venezuela	8768	Brazil	2675
Pakistan	1600	Algeria	2150	Peru	465	China	950
Cuba	1350	Peru	972	Colombia	251	Venezuela	800
Peru	715	China	400	Mexico	150	Cuba	525
Bolivia	96	Colombia	251	Senegal	25	Dominican Rep.	500
Singapore	75	Mexico	175	Guatemala	22	Algeria	450
Guatemala	50	Guatemala	113	Bolivia	21	Peru	326
El Salvador	40	Dominican Rep	50	Aruba	3	Turkey	100
Mongolia	32	Senegal	50			Guatemala	79
China	25	So. Africa	50			Senegal	50
Total for Others	13958		13002		9705		6455
Others not Listed	4		284		0		139
Grand Total	14525		13868		10205		6803

Import Trade Matr	ix						
Country	Chile						
Commodity	Dairy, Dry	Whole Milk F	Powder				
Time Period	Jan-Dec	Units:	M.T.				
Imports for:	2008		2009	2009 (Jan-Aug))	2010 (Jan-Aug)	
U.S.	0	U.S.	0	U.S.	0	U.S.	0
Others		Others		Others		Others	
Argentina	219	Uruguay	1400	Uruguay	1200	Argentina	304
Brazil	100	Argentina	232	Argentina	166	France	50
New Zealand	49	France	25	France	13	Germany	1
Uruguay	25			New Zealand	3		
France	23						
Total for Others	416		1657		1382		355
Others not Listed	0		5		0		1
Grand Total	416		1662		1382		356

Commodities:

Dairy, Milk, Nonfat Dry (NFDM)

Production:

Chile's NFDM production fell slightly in 2009, as total milk production fell. Production in 2010 is expected to increase again as total output, including NFDM will increase.

Consumption: Chile's food industry determines to a great degree the consumption level of NFDM in Chile. Leading products made from NFDM are chocolate, ice cream and yogurt. The consumption rate of these products is in-line with Chile's economic growth. For 2010 and beyond, utilization is expected to continue to increase, but at a slower rate.

Trade: The U.S. has become an important supplier of NFDM for Chile. Competitive U.S. prices for NFDM are the main reasons for increased U.S. milk imports, according to industry sources.

Production, Supply and Demand Data Statistics:

Dairy, Milk, Nonfat Dry Chile	2009 Market Year Begin: Jan 2009			2010			2011		
				Market Year Begin: Jan 2010		Market Year Begin: Jan 2011			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Beginning Stocks	3	3	3	3	3	2			1
Production	14	14	15	16	16	16			17
Other Imports	7	7	5	7	7	5			5
Total Imports	7	7	5	7	7	5			5
Total Supply	24	24	23	26	26	23			23
Other Exports	0	0	0	2	2	2			0
Total Exports	0	0	0	2	2	2			0
Human Dom. Consumption	21	21	21	21	21	20			21
Other Use, Losses	0	0	0	0	0	0			0
Total Dom. Consumption	21	21	21	21	21	20			21
Total Use	21	21	21	23	23	22			21
Ending Stocks	3	3	2	3	3	1			2
Total Distribution	24	24	23	26	26	23			23

Export Trade Matr	ix						
Country	Chile						
Commodity	Dairy, Milk	, Nonfat Dry					
Time Period	Jan-Dec	Units:	M.T.				
Imports for:	2008		2009	2009 (Jan-Aug)		2010 (Jan-Aug)	
U.S.	0	U.S.	0	U.S.	0	U.S.	0
Others		Others		Others		Others	
Cuba	2900	Peru	100	Venezuela	25	Mexico	875
Singapore	765	Venezuela	75	Aruba	4	Peru	439
Mexico	340	Aruba	8			Brazil	250
Brazil	200					Venezuela	200
Venezuela	200					Japan	18
Peru	175					Haiti	1
Guatemala	48						
Taiwan	41						
Aruba	7						
Total for Others	4676		183		29		1783
Others not Listed	0		0		0		0
Grand Total	4676		183		29		1783

Import Trade Matr	ix								
Country	Chile								
Commodity	Dairy, Milk, Nonfat Dry								
Time Period	Jan-Dec	Units:	M.T.						
Imports for:	2008		2009	2009 (Jan-Aug)		2010 (Jan-Aug)			
U.S.	3903	U.S.	674	U.S.	374	U.S.	1109		
Others		Others		Others		Others			
New Zealand	2193	Argentina	2464	Argentina	2411	Argentina	345		
Argentina	822	Uruguay	1366	Uruguay	866	Uruguay	125		
Canada	75					France	23		
Brazil	63								
Total for Others	3153		3830		3277		493		
Others not Listed	0		24		0		76		
Grand Total	7056		4528		3651		1678		