

2014 REPORT

ASPROCER
PORK PRODUCERS TRADE ASSOCIATION OF CHILE

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A Sustainable and Committed Industry



Environmental Innovation

Due to its clear commitment to environmental innovation and its contribution to the reduction of CO2 emissions, optimization of combustion processes and reduction of GHG emissions, the company Maxagro was given an award in the first edition of the Recyclápolis-El Mercurio Awards (Air Category) which acknowledges the best initiatives or projects that encourage and promote new energy trends.

A few years ago, Maxagro inaugurated its first two biogas plants which transform manure into energy: Las Pampas and Santa Irene, in the O'Higgins Region. The plants generate electricity from pork manure deriving from company farms, producing roughly about 1MW of power, which is directly injected into the Interconnected Central System (SIC, for its acronym in Spanish). In this way, more than 2,500 families in the surrounding areas are benefited.

This technology reduces odor emissions by 75% as its airtight treatment system only allows waste to be exposed to the air after having been processed by the plant. The work developed by the company has shown that, with adequate handling, pig manure represents an opportunity to generate clean energy and contribute to the country.



Associativity and Integration

With the purpose of advancing towards the integration of the global production cycle and to encourage the sustainability of its processes, some of the smaller associated companies decided to create partnerships.

An interesting example is Coexca, a pork producing, slaughtering and exporting company. It was created in 2002 thanks to the long-term vision of its seven founding members, which had over 30 years of experience in the sector: Agrícola Soler Cortina, Agrícola Santa Francisca, Agrícola Mansel, Agrícola La Islita, Carlos Sabbagh, Sucesión Salvador Yanine and Ricardo Yanine. All founding members are to date still part of the company.

These pork producers, all associated with Asprocer, decided to join together as a means to enter the next stage in the production chain and in this way slaughter, process, and trade their pork: they went from being pig producers to becoming pork producers.

This is how Coexca, one of the most modern slaughterhouses in the country, was born and is currently authorized to export to the main world markets. Today, it has its own annual production of 12,000 sows, with sales reaching 300,000 pigs per year.

A Sustainable and Committed Industry



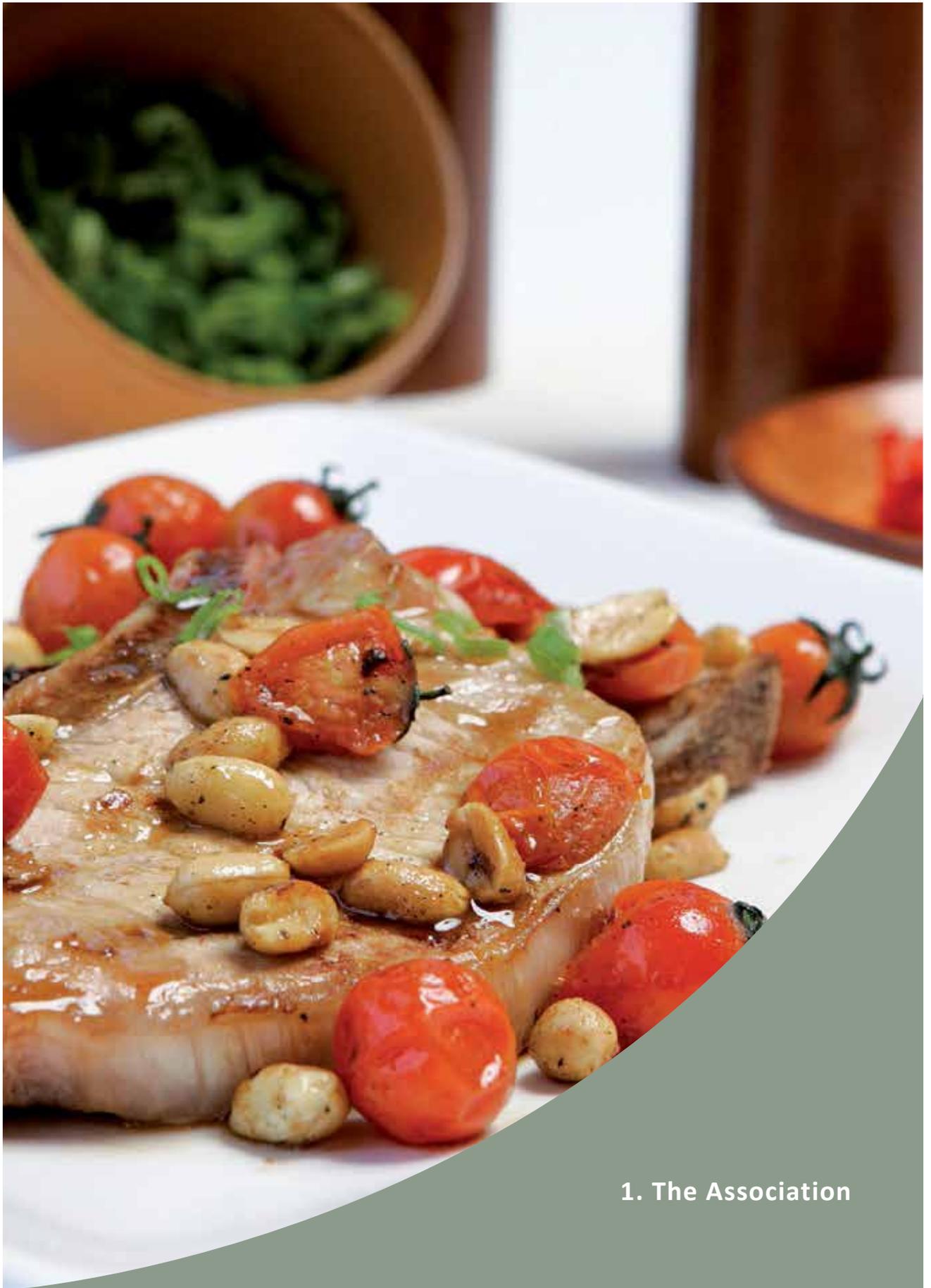
Training, Growth and New Opportunities

One of the pillars of the innovation and development of the Chilean pork industry is the people and work teams, who contribute to the prestige of the sector and its products through their different fields and specializations.

Pork production has been marked by evolution and learning. An example of this is José Poblete, who chose this sector to develop his career 29 years ago. In September of 1986 he began working in Agrosuper as a fattening operator. One year later he was named head supervisor of pig fattening, and gradually carried out different tasks and collected many experiences. Today, he is in charge of the company's four livestock farm schools and whose mission is to impart knowledge and build the skills of new employees.

“Training is at the heart of everything. Without the transfer of experience we could not have reached the results we enjoy today”, emphasizes Poblete, and adds that, “today, learning and specializing in an area is a vital work tool as it provides specific concepts according to the area where each worker carries out his duties, like safety, self-care, biosecurity, and animal health, among others”.

Poblete highlights the Labor Competence Project, which ended in late 2014, as an example of added value, as on one hand it supports the workers that are just starting out, and on the other, it certifies those who have been working in the company for years, recognizing their role and experience.



1. The Association

Letter from the President

Dear Associates,

As you know, 2014 was not an easy year. Although many producers obtained good economic results, the country experienced a contraction in domestic pork consumption. Additionally, there were important challenges in the animal health area, related to Porcine Respiratory and Reproductive Syndrome (PRRS), and Porcine Epidemic Diarrhea (PED), as well as an increase in environmental requirements as a result of regulatory changes and an increase in the expectations by neighboring communities, which led to the closure of four livestock production farms.

During 2014, as a result of the serious health effects derived from PED, the United States decreased its production, and especially its exports. This led to a rise in international pork prices, which transferred to the domestic market through a lower flow of imports and a relative increase in the price of pork with respect to other meats. The above, together with a lower GDP growth in Chile, translated into a reduction of domestic consumption of 8.89%. The sector had to adjust to this new scenario by basically decreasing the volume of exports by 2.25%. However, Chile was able to take advantage of the closure the European market by Russia, which generated a window of opportunity during the second semester of 2014, which allowed to end the year with an increase in the value of pork exports of 6.90%.

With reference to health issues, the sector has maintained its efforts to eradicate PRRS and an important milestone was the implementation of the PRRS Eradication Plan in May 2014. This plan was developed within the framework of a public-private partnership, which has allowed the implementation of control of the disease at both the industrial level as well as backyard systems. The work carried out by SAG was fundamental in the latter case.

At the same time, PED spread quickly throughout the world during 2014, first in Europe, then Asia, and from there the United States, Canada, and Mexico. During 2014, there were positive cases in Central America, Colombia and Peru. Fortunately in Chile we are free of this disease to date, as a result of the combined efforts of SAG, the producers and Asprocer. Significant efforts have been carried out and large investments have been made in order to maintain this disease outside our borders, and we must continue to do so.

Regarding the environment, the demands of the neighboring communities are higher every day, mainly due to the growth of urban areas into agricultural areas. Many of our associates' facilities were located in agricultural areas in the past, and today, due to urban growth and the absence of territorial management, they are adjacent to public housing. Some of the larger producers have been able to move part of their facilities, but for the small producers moving to new locations is not economically feasible and in many cases, given the pressure, have had to close. This unfortunately favors the concentration of pork production into the hands of a few companies.

To this effect, ASPROCER is working on a strategic territorial management plan in order to advance, together with the authorities and other sectors and associations, in the implementation of a mechanism that allows the continuity and growth of agricultural activity in our country, finding a balance between environmental, economic, and social interests.

However, not everything that happened during 2014 have been difficulties, there have also been important advances. The sector was finally able to implement the Electronic Certification System for Export Certificates

to China, which will progressively translate into an increase of the competitiveness of our country due to the reduction of errors, as well as the reduction of import and storage fees. SAG and Asprocer are working together to implement this system into other markets, which we hope to incorporate gradually.

It is equally important to note that the industry has continued its progress towards sustainability with important electricity production projects through biogas plants that allow the conversion of slurry into energy. I would like to highlight the work carried out by the company Agrícola Santa Lucía (Maxagro) in this area, which has earned them the Recycapolis Sustainability Award for its revolutionary biogas plants located in the facilities at Santa Irene and Las Pampas in the Sixth Region.

This is definitely an example that demonstrates that with innovation and perseverance, the industry is developing a sustainable production system and making an important contribution to the country, so I invite you all to continue along this path, with the full support of ASPROCER.

To conclude, I would like to make a heartfelt tribute to our associate and Director, Mr. Ronald Bethancourt Meinhard, recently deceased, who always made important contributions to the Board of Directors and was an enthusiastic participant in all of Asprocer's projects and initiatives.

Sincerely,
Juan Miguel Ovalle Garcés

Who We Are

The Chilean Pork Producers Trade Association of Chile, (Asprocer, for its acronym in Spanish) was created in 1985.

Its mission is to promote the existence of a sustainable, profitable, socially responsible, and competitive porcine industry on a global level.

In order to accomplish these goals, Asprocer is based on values shared by all of its associates, which include:

- Encourage best practices in the production of safe food;
- Act on the basis of scientific knowledge;
- Promote a safe work environment;
- Encourage the efficient use of natural resources and care for the environment.

Asprocer provides support to the companies in issues regarding health, foreign trade, international promotion, the environment, and industry representation with a sectoral objective. Furthermore, it plays a vital role in the relationship with government authorities.

Asprocer is comprised of 26 small, medium, and industrial production companies with more than 190,000 breeding sows, which represent 94% of the total pig production in the country.

A highlight of the actions developed by the Association includes:

- Study and promote technical, scientific, and legal initiatives that contribute to the development of porcine production.
- Promote and improve pig production by encouraging cooperation among those dedicated to this activity and coordinating them with the public and private organizations that deal with these matters.
- Represent all of the industry's needs before the competent authorities and organizations which favor the development of the national pork industry.
- Encourage relationships with other national and international organizations dedicated to livestock activities.
- Promote the study, research, communication, and information of the methods, systems, techniques, and other information that seeks to improve the sector's activities.
- Provide historical information and statistics regarding production or other areas of interest to the sector.
- Protect, promote, and maintain an optimum health level for swine in the country.
- Develop projects in order to have an active role in export promotion.

Asprocer is working to strengthen all actions related to maintaining and improving the sanitary status and quality of Chilean pigs, according to both domestic and foreign regulations.

Administrative Organization



President

Juan Miguel Ovalle Garcés

Executive Director

Rodrigo Castañón Garbarino

Animal Health and Food Safety Manager

Pedro Guerrero Cañete

Research and Marketing Manager

María Soledad Valenzuela Molina

Comptroller

María Angélica Fernández Cáceres

Board of Directors

President

Juan Miguel Ovalle Garcés

Vice President

Carlos Seemann Santos

Secretary and Treasurer

Ramón Covarrubias Matte

Directors

Eduardo Aguirre Cavallieri

Felipe Ortíz García

Francisco Achurra Larraín

Guillermo Díaz del Río

Riesco Jaime Bascuñán

Noguera Juan Lyon Lyon

Ronald Betancourt Mainhard

Alternate Director

Manuel Castro Cuevas



The Board of Directors would like to make a special recognition to Ronald Betancourt Mainhard, who passed away in 2014, for his valuable contribution to the Association and the national pork sector.

Associates

Agrícola AASA Ltda.
Agrícola Chorombo S.A.
Agrícola El Monte S.A.
Agrícola Genético Porcina Ltda.
Agrícola Jacques y Lorenzini Ltda.
Agrícola Mansel S.A.
Agrícola PIC Andina Ltda.
Agrícola Santa Francisca Ltda.
Agrícola Santa Inés de la Morera Ltda.
Agrícola Santa Lucia Ltda.
Agrícola Soler Cortina S.A.
Agrícola Super Ltda.
Agrícola y Ganadera Chillán Viejo Ltda.
Carlos Tapia Azócar
Cerdos Dag Ltda.
Comercial e Industrial El Monte S.A.
Emilio Fernández Ferrera
Orlando Barra Castañeda
Progranja S.A.
Ramón Achurra y Cía. Ltda.
Ricardo Yanine Mihad
Sociedad Agrícola Angostura Ltda.
Sociedad Agrícola La Islita Ltda.
Sociedad Agrícola Los Tilos Ltda.
Sociedad Agrícola y Ganadera Pehuén Ltda.
Sucesión Salvador Yanine

Collaborating Member

Friofort S.A.



2. Work Areas

Work Areas

With the objective of ensuring top quality food, and taking in consideration the entire production chain, Asprocer supports the industry in all domestic as well as international matters related to pork production.

In order to do so, it takes all the necessary steps and efforts to achieve the guidelines proposed by the sector, the authorities, and the destination markets.

In this Report, the most relevant aspects of 2014 will be analyzed in the following areas:

Health and Animal Welfare



Food Safety



Foreign Trade



Environment



International Promotion



Industry Representation



Health and Animal Welfare



Objectives

Contribute to preserve the sanitary heritage and animal welfare.

Functions

- Animal Health.
- Production.
- Nutrition.
- Animal Welfare.
- Updating National and International Legislation.
- Contingency Management.

Porcine Epidemic Diarrhea (PED): International Situation and Evolution

Porcine Epidemic Diarrhea (PED) is caused by a virus that causes high mortality in piglets and has a significant economic impact. It was reported for the first time by the United Kingdom in 1971. For many years there were isolated outbreaks, until 2010 when it reached China, and the virus mutated, increasing its aggressiveness. In 2013, the disease was detected in the United States and from there in Canada, Mexico, the Dominican Republic, Colombia, Ecuador and Peru.

Since 2011 there has been an increase in the prevalence of this disease in countries that have been infected for only a short amount of time. During 2013 and 2014 an increase was registered in the United States and Canada. According to the OIE, in the areas affected during 2013 and 2014, the mortality in suckling piglets at farms varied between 50% and 100%.

To date, there are 9,000 infected farms only in the United States. By mid-2014 it was estimated that 5 million piglets had died, with a mortality rate of 50% to 100%.

The year 2014 will be remembered as the year of the PED virus, since it altered the dynamics of the world markets, reducing the supply in the affected countries and resulting in an increase in prices, which have reached record values. In this manner, exporting countries affected by PED such as the United States, Canada, and Mexico, saw its shipments abroad diminished.

PED does not present a risk to human health or to the sanitary safety of foods, but it is, without a doubt, a disease that has a high impact on the industry.

Biosecurity, prevention, and control within our borders.

Chile, a country free of PED

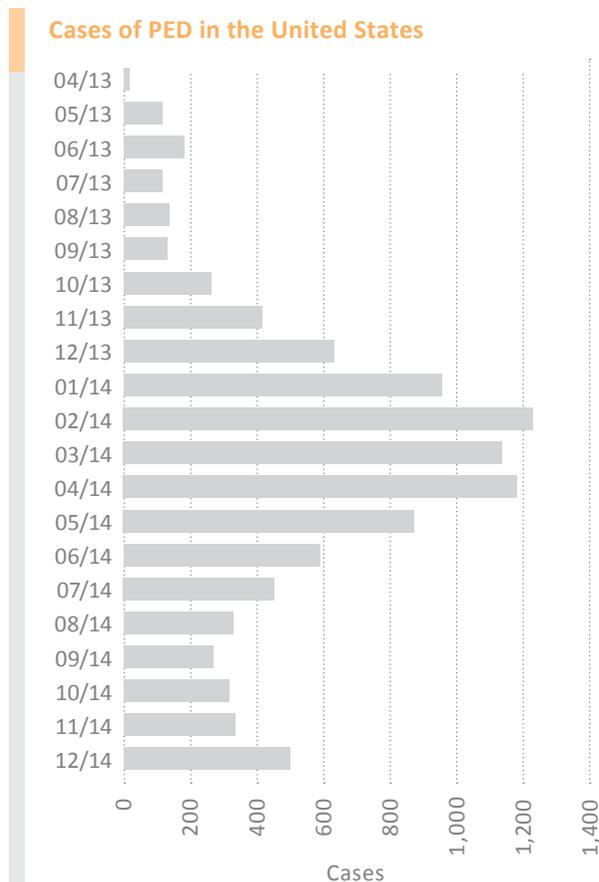
Chile has the status of a country free of the PED virus. As a result, the Agriculture and Livestock Service (SAG, for its acronym in Spanish), informed in 2014 that due to the spread of the virus in several countries, live pig imports were suspended from affected countries as a prevention and control measure in order to avoid the entry of this virus into our country.

Within the framework of preventive measures, SAG and Asprocer defined:

- Avoid the entry of pigs and pig blood products from countries with PED
- Reinforce biosecurity measures
- Training and information for producers
- Increase border controls (people and vehicles)

Also noteworthy in this context is the work carried out by the Pork Technical Committee, together with the University of Minnesota and the national health authority, in order to develop a strategy. Leading experts on this topic travelled to Chile to contribute with their knowledge and experience. Along this same line, Asprocer collaborated with the implementation of diagnostic techniques for this disease at the Lo Aguirre Laboratory.

Another important milestone is the inclusion of PED in the National Surveillance Program for Exotic Diseases in Pigs since November 2014, which is carried out by the Agriculture and Livestock Service. In addition, according to Exempt Decree number 389 issued by SAG, it was established that PED is a notifiable disease for the purpose of application of sanitary measures.



Source: US National Animal Health Laboratory Network

Porcine Reproductive and Respiratory Syndrome (PRRS)

PRRS is a viral disease that affects pigs, it is not transmitted to humans (it is not a zoonosis), it causes significant production losses and may affect exports.

Chile is one of three countries worldwide which, thanks to successful public-private coordination, conducted a control and eradication plan between 2003 and 2007. After five years of surveillance in the country, in February of 2013 Chile made an official self-declaration as a country free of PRRS to the OIE.

However, in October 2013 an outbreak of a new strain of PRRS was detected which affected industrial and non-industrial facilities (backyards). Faced with this new onset of PRRS in the country and its important implications, Asprocer and SAG developed the Official Control and Eradication Plan for PRRS in Chile, which considers the joint work between the public and private sectors.

Asprocer has had an active role in providing the technical support required for the eradication of this disease, maintaining permanent contact with specialists in the area, such as Dr. César Corzo, Monserrat Torremorel, and Eduardo Fano.

Furthermore, the Board of Directors decided to hire the consulting services of the American company Pipestone with the purpose of giving support to companies with positive detections of the PRRS virus.

Porcine Influenza: autovaccines and biosecurity

Porcine Influenza is a highly contagious viral swine disease, which spreads rapidly through the animal rearing units and is followed by a quick recovery. It is not included in the list of OIE diseases. It manifests itself as a minor pathology in pigs and rarely have human cases been documented and therefore it does not meet the criteria of the OIE regarding disease reporting.

However, the main economic impact comes with the delay in weight gain, since in order to reach the kilos needed to end the fattening process, a greater number of days is required.

The industry acts in a preventive manner, implementing prevention and control measures to reinforce all biosecurity measures necessary to avoid this virus.

Additionally, Asprocer conducted a research study to apply a vaccine especially developed for the viral subtypes and strains existing in Chile. This vaccine has been highly efficient in preventing the disease.

Management in 2014

National Swine Health Surveillance Plan

This plan seeks to guarantee the sanitary status of the country with reference to the absence of disease and to provide the necessary information in order to make decisions regarding animal health, as well as facilitate the sanitary certification processes for the different markets.

Asprocer implements this program through sampling by sectors and frequencies determined by SAG. During 2014 the program was executed in a timely manner, and over 95 livestock farms were monitored, all of them presenting the absence of exotic diseases.

PRRS Eradication Plan

In 2014, SAG developed a PRRS Eradication Plan which, among other actions, included a Backyard Monitoring Plan in collaboration with Asprocer. All the activities contemplated in the plan have been carried out in all the regions with the help of groups formed by the University of Chile, and trained by SAG and Asprocer.

PED Prevention Plan

The PED Prevention Plan includes a series of actions designed to prevent and control the possible entry of this virus into our country, among which the following are highlighted: strengthen biosecurity measures and a training course, conducted by Asprocer and aimed at company employees, regarding the importance of the prevention of this disease in livestock farms. To date, 9 producers have been trained, representing a total of 270 people.



Food Safety



Objective

Contribute to preserve the food safety of the products produced by the associated companies.

Functions

- Implementation of food safety support programs throughout the entire production chain.
- Application of national and international legislation.
- Contingency management.

Food Safety Programs

Food safety is a fundamental aspect of the competitiveness of the pork industry, and for this reason there is no difference between the product destined for domestic consumption and the one that is exported. Thus, all the specific requirements required by the different markets are applied in the production process in a comprehensive manner, without differentiation.

To this purpose the associated companies base themselves on the Comprehensive Food Safety Management System which, through strict programs that are implemented from farm to table, has the objective of ensuring the production of healthy and safe meat products, regardless of the place where they will be consumed.

These food safety programs are based on the implementation of best practices, preventive and control measures, emergency management protocols, and the permanent updating of applicable domestic and international legislation. In this way the industry is able to provide a product of unique quality that meets all domestic and foreign standards.

Comprehensive Food Safety Management System

Official Programs

- Livestock Farms Under Official Certification (PABCO, for its acronym in Spanish)
- National Swine Health Surveillance Program (PNVSP, for its acronym in Spanish)
- National Pathogen Reduction Program
- Chemical Residue Control Program for Livestock Products
- Comprehensive Surveillance Program for Dioxins, Furans, and PCBs
- Official SAG Integrated Inspection and Certification Program

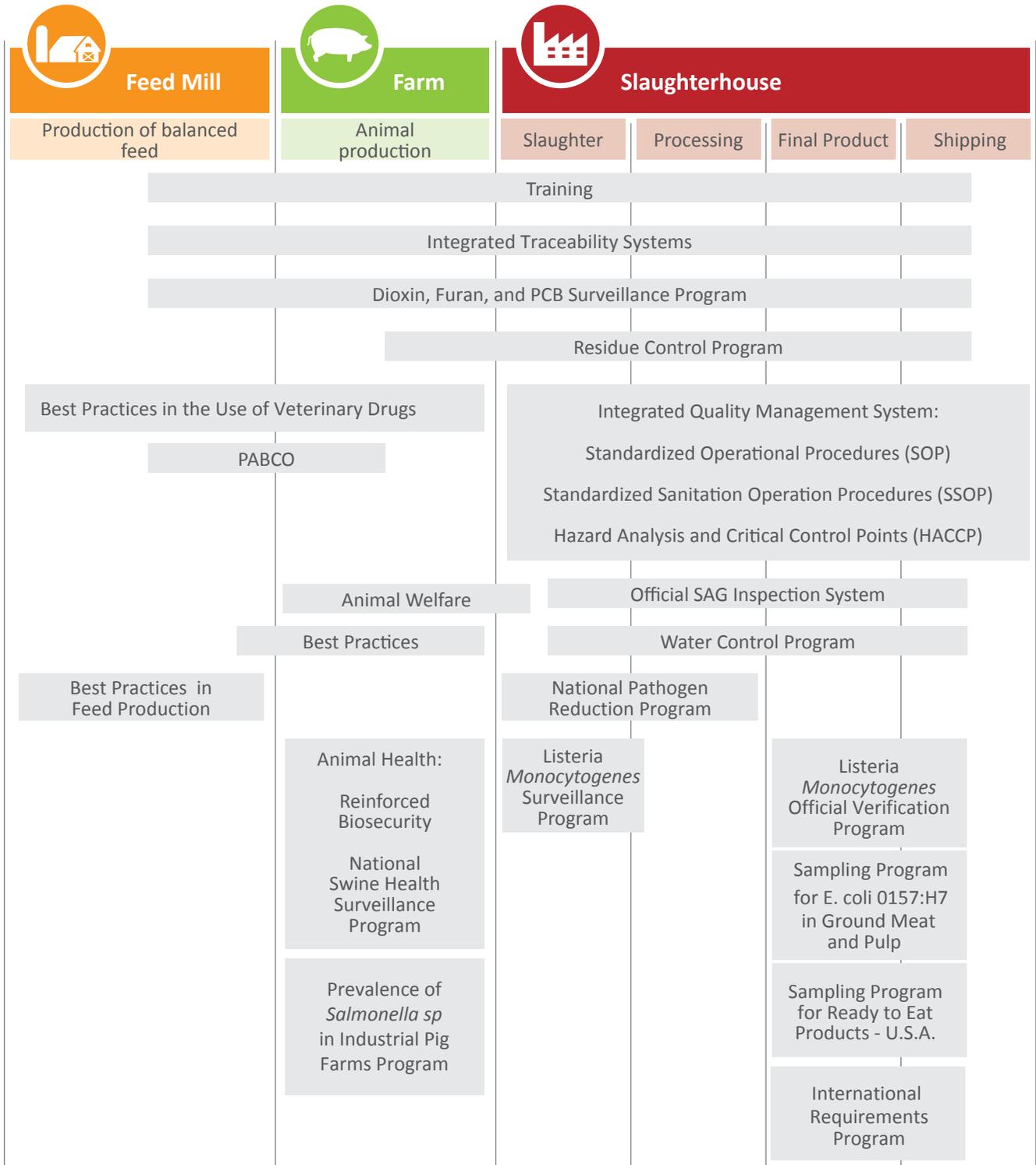
Self-control Programs

- Reinforced Biosecurity Program
- Best Practices Program
- Integrated Traceability System
- Water and Ice Sampling Program at Exportation Slaughterhouses
- Good Animal Welfare Practices in Pig Production
- Listeria Monocytogenes Surveillance Program
- Microbiological Control Program for Ready to Eat Products.

Specific Programs by Market

- Pharmacological Self-Control Program (Russia)
- Microbiological Self-Control Program (Eurasian Customs Union and China)
- Species Verification Program for Raw and Cured Meats (Canada, United States and Mexico)
- Microbiological Self-Control Program (China)
- Pesticide Self-Control Program (China)
- Salmonella sp Program (Sweden and Finland)

Food Safety Management System



Management in 2014

Within the framework of the scheduled Audit Program, in 2014 9 slaughterhouse audits were conducted. The objective of the program is to maintain domestic standards regarding domestic and export requirements for pork products, based on the most demanding markets, and having a preventive approach to the compliance with market requirements.

There were 43 audits in pig fattening farms, 43 in feed mills, and 24 to suppliers of inputs that may present some risk, in order to verify compliance with the requirements established in the Comprehensive Surveillance Program for Dioxins, Furans, and PCBs implemented by the industry.

Microbiological Program update for pork exports to the Eurasian Customs Union (Russia, Belarus, and Kazakhstan).

Microbiological programs updates to comply with the requirements of regulation 2003-2005 of the European Union.

Analysis and comments regarding Law number 20,606 which refers to the nutritional facts of food and its advertising, sent to the Ministry of Health.

Foreign Trade



Objectives

- Take steps and actions to lend support to associates, in coordination with government authorities with the purpose of facilitating exports.

Functions

- Opening and maintaining markets.
 - Facilitate the export process.
- Coordinate visits from health authorities and private organizations.
 - Regulatory surveillance.
- Encourage the development of trade agreements.

China and Chile implement an electronic certification system to facilitate pork exports to the Asian giant

Chile is the first country in America and the fourth in the world (after Australia, New Zealand, and Holland) to obtain the E-cert, or Official Electronic Certification with China. This system was formalized in Beijing in a ceremony attended by: Carlos Furche, Minister of Agriculture; Sun Dawei, the Vice-Minister of the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ); and Juan Miguel Ovalle, President of Asprocer.

This system, which will strengthen Chilean pork exports to the Asian nation, is the result of almost three years of joint efforts between the private sector (represented by Asprocer) and the public sector (represented by SAG).

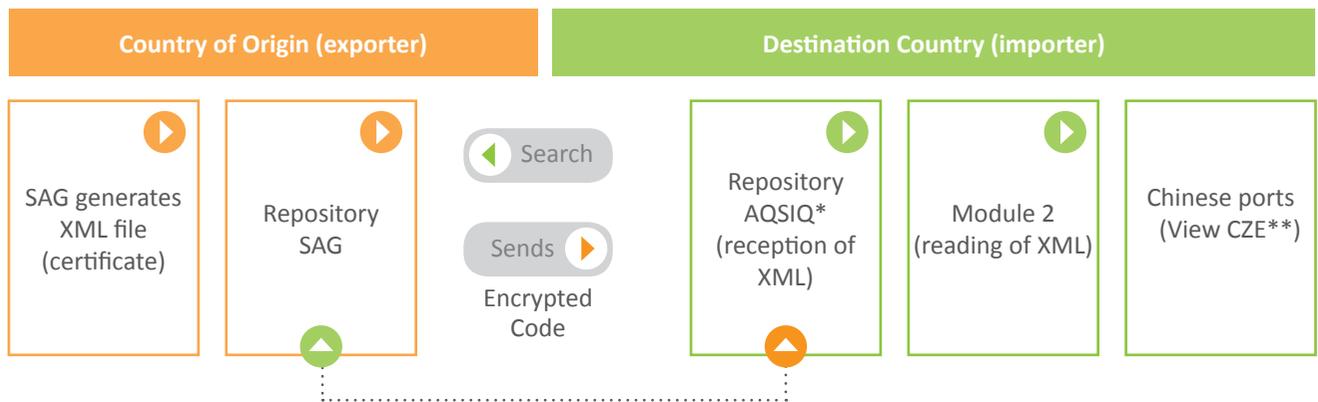
Today, Chile has a system that streamlines the import process in Chinese ports, improves management regarding information security, and avoids possible cases of fraud, alterations or loss of documents, strengthening the exchange between Chile and China.

Juan Miguel Ovalle, President of Asprocer, pointed out that, “the Chinese market attracts great interest in the pork industry due to its enormous potential, currently representing the fourth most important destination for pork exports”.

Strong demand and competition in international markets requires the insertion of the industry into the world of digital commerce. For this reason Asprocer has taken key steps in this area since 2011, when it started operating the electronic emission of animal health certificates system.

Thus, in 2014, the sector continued to advance in the digital trade area through the electronic certification system that is currently operating in China and which we hope will also be implemented in the near future in other countries such as Russia and South Korea.

Electronic Animal Health Certification Process



*AQSIQ: General Administration of Quality Supervision, Inspection, and Quarantine of China

** CZE: Zoosanitary Export Certificate

Russia: New scenario, a great opportunity

Russia is a market with great potential for the Chilean pork industry, as shown by the relevant growth in exports since 2008. Within a few years it has reached fourth place among 24 export destinations. The growth rate was 255%, which translates into Russia receiving more than 23% of our shipments in terms of value.

As of the second semester of 2014 pork exports experienced an important increase, led by Russia. This was due to the Russian ban on agricultural product imports from any country that has applied sanctions to the nation because of the crisis in Ukraine (the United States, the European Union, Canada, Norway, and Australia).

Rodrigo Castañón, Executive Director of Asprocer, represented the industry's interests during his official visit to the Russian Federation. During this opportunity he addressed the future Electronic Certification System between both countries, which is expected to be implemented in 2015.

Finally it is also important to highlight the actions taken by the Chile - Russia Business Council, in which the Chile chapter is headed by Juan Miguel Ovalle, and which seeks to generate bilateral trade flows between both countries.

Management in 2014

Renewal of Approval for the Establishments Authorized to Export

Visits

- Dominican Republic
- Mexico
- Russia

Renewal

- Ecuador
- Peru
- Dominican Republic
- Venezuela
- Mexico
- Costa Rica

Inspection of Systems to Maintain Sanitary Approval for/with

Visits

- United States
- Japan
- South Korea

Questionnaires to Maintain Approval or Delegation

- Costa Rica

Opening Process Questionnaires

- Philippines
- CARICOM

Environment



Objectives

- Collaborate in and support the sustainable development of the pork industry.

Functions

- Coördinate the Clean Production Agreements (CPA).
 - Legal and technical counsel.
- Participate in the development of relevant regulations for the industry.
 - Develop projects on environmental issues.
- Provide support to the associated companies to improve their environmental management.

Spatial Planning (SP) in Chile and the Dutch model

Today, the reality in rural areas has changed with the construction of housing in traditionally agricultural lands. It is therefore crucial to find mechanisms that ensure the coexistence between producers and their neighbors.

This challenge must be addressed in a joint manner by the authority and the industry, in order to produce a technical/legal proposal for the integration of the environmental component in the spatial planning.

Countries such as Spain, Holland, Germany and Sweden have agricultural production with a particularly dense pig population, which is why they have worked on mechanisms that incorporate the environmental variable into spatial planning and which facilitates the relationship of producers with their surroundings.

The Dutch Case

Holland is a small country compared with the amount of pork it produces, reaching a high annual consumption that borders 55 kg. per person.

Since it is aware of its high animal population, in 2007 the livestock odor law came into effect, which regulates the different levels of odor that the public will be exposed to.

The use of the results of this odor regulation translates into a minimum distance that should be kept between livestock exploitation areas and the odor-sensitive objects (housing).

Spatial planning in rural areas was achieved by virtue of an environmental quality law for odors, and a specific reduction of the emissions coming from intensive livestock farming, which not only determines infrastructure and operation conditions for intensive livestock farms, but also protects the activities and rights that have already been granted by requiring the assessment of exposure to any new housing construction that is to be built in the surrounding areas.

Asprocer's Proposal on Spatial Planning

The development of the pork sector has faced the challenge of a lack of spatial planning (SP) for over a decade, which has represented on various occasions many inconveniences for the producers and their relationship with their neighbors. Therefore, Asprocer prepared a proposal regarding spatial planning, which was presented to the authorities.

The document mainly emphasizes the following:

- The need for Chile to develop a spatial planning system in rural areas able to reconcile the productive interests of the community with care for the environment.
- Evaluate legislative initiatives that have chosen to privilege solving social housing issues in detriment of the agricultural development of the country (social housing communities in rural areas), without taking into consideration the incompatibilities that the non-environmentally assessed proximity between them generates.
- The creation of soil preservation measures in the rural areas destined for livestock farming activities with respect to granting a "change in land use".

Carbon Footprint Calculator

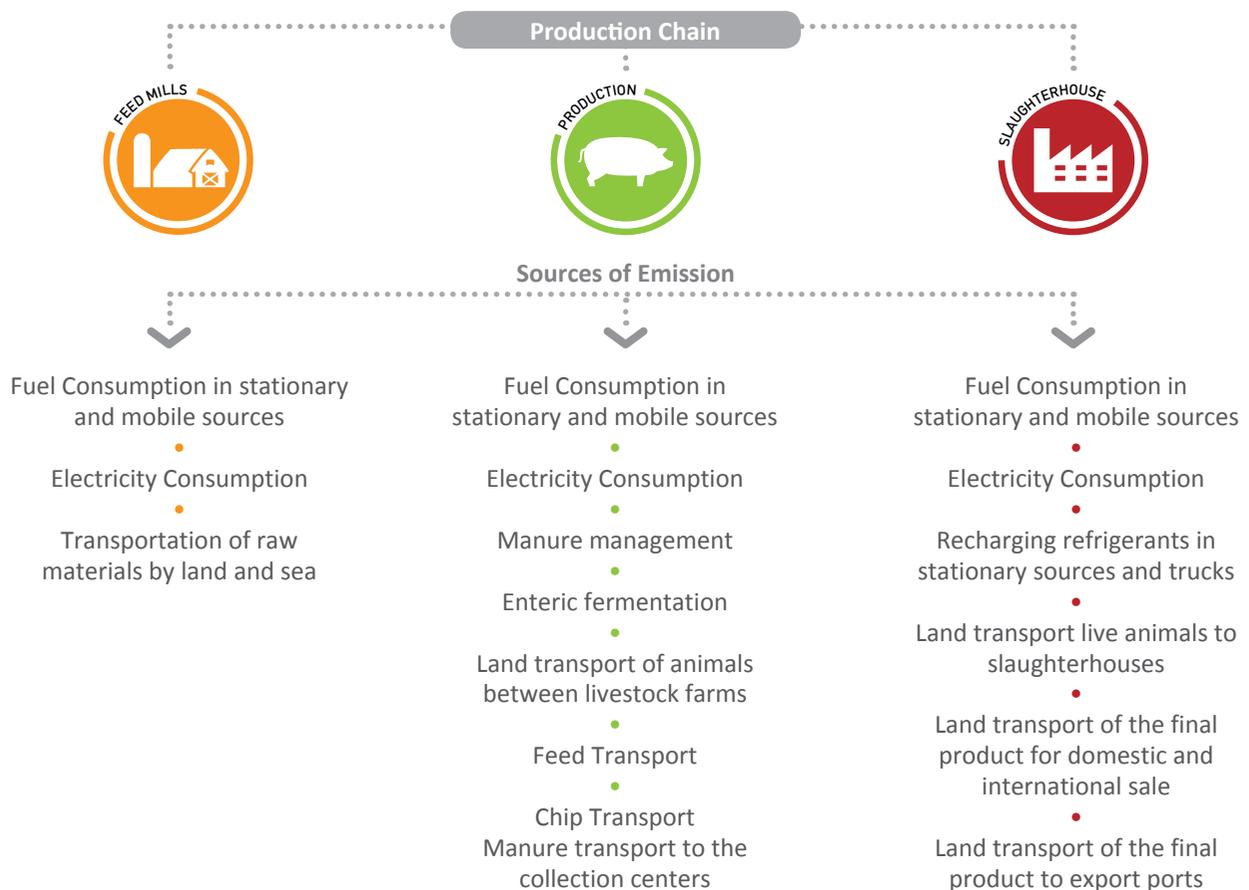
In 2011 Asprocer, together with ProChile, developed a preliminary study to determine the Carbon Footprint (impact on the environment of the greenhouse gases generated by production activities).

After obtaining the results of this study, Asprocer developed the Online Emissions Calculator, a software that has been tested since late 2014, and has been fully

operational since 2015 for several products at different stages of the production chain.

Today, one of the challenges Asprocer is working on is to reconcile energetic and economic efficiency, as well as to continue promoting instruments and programs regarding Global Warming and the Carbon Footprint, in order to have sustainable production that meets international requirements.

Carbon Footprint Calculator



Management in 2014

Odors: Three axes of action

The Association has defined three axes of action to control unpleasant odors:

- Participation in the strategy that is carried out by the Ministry of the Environment with the purpose of preparing the First Regulation for the Control and Prevention of Unpleasant Odors, and training its partners to face this challenge.
- Collaboration with the Ministry of the Environment in the Proposal of a Regulatory Strategy for the Control of Unpleasant Odors in Chile. This work will conclude in 2017, when a regulation will finally be issued.
- Design and implementation of the CPAIII.

Sustainability Strategy

Since 2013 Asprocer has been implementing a Sustainability Strategy where one of the main focal points is the management of unpleasant odors and the active participation in the development of a future regulation that will regulate the emission of odors. This regulation is expected to be fully operational in 2015.

The objective of the industry is to move forward in parallel with the actions that the Government is taking in order to be prepared for the new requirements that may arise from the State and society.

Strategic Pillars

Political Front

Give certainties
to operate

Technical Front

Improvement in
technologies, practices,
and management

Legal Front

Define actions and
correct legal
loopholes

Social Front

Create
shared value

Strategic Guidelines

Odor management | Control vectors | Community | Manure management

Short Term

Energy efficiency | Water management | GHG Emissions | Residue management

Medium - Long Term

International Promotion



Objective

- Promote the sectoral brand ChilePork.

Functions

- Execute the ChilePork Promotion Program.
 - Coordination with ProChile to develop promotional activities.
- Coordination with ProChile and other associations to promote the Country Image.

ChilePork in South Korea, Japan, and China

ChilePork was created with the aim of promoting Chilean pork meat consumption, specifically in South Korea as it was the first market in which Chile was consolidated as a pork supplier. In order to maintain this position and continue to compete with important exporters in the world such as the United States, Canada, and the European Union, it was important to develop the sectoral brand ChilePork.

This promotion program has always been supported and co-financed by ProChile.

In 2007 the ChilePork brand was launched in South Korea with activities especially designed according to their culture and specific needs. In 2009, it was extended to Japan, and in 2012 to China.

Activities are carried out that seek to strengthen the trade relations between the exporter and its clients, as well as to get to know the importers needs on a deeper level and thus better meet their demand, as a first-level supplier.

ChilePork continues to position itself in each market against competitors such as the United States, the European Union, Canada and Mexico. As a result, today ChilePork is ranked as the sixth largest pork exporter in the world.

In 2014, 64% of our country's exports were sent to the Japanese, South Korean, and Chinese markets.



South Korea



Japan



China

Management in 2014



ChilePork bids to boost added value in pork exports to Japan

More than 100 companies that today demand ChilePork products and who value Chile's unique sanitary status as well as the quality of their products participated in the 2014 ChilePork event, which consisted of an outing in the beautiful Bay of Tokyo. During the event importers and exporters continued to project their business and at the same time were able to taste different dishes prepared with Chilean pork.

"Chile started exporting pork to Japan over 15 years ago; they are the largest pork importer in the world, and today our main trading partner", stated Juan Miguel Ovalle, President of ChilePork.

"Japan is a very demanding market in terms of the quality of the products it imports. In this context, ChilePork has won a spot, emphasizing the value of the Chilean origin in their shipments", said Herman Beck, ProChile Commercial Attaché in Japan.



ChilePork in South Korea, 10 years after the FTA between both countries

In May the annual meeting of ChilePork companies and their partners was held in Seoul.

As on previous occasions, exporters and importers enjoyed a golf tournament (one of the Koreans' favorite sports) in order to continue to strengthen trade relations and celebrate that - within the framework of the Free Trade Agreement both countries signed 10 years ago - pork exports to this market have doubled, making Chile its third supplier.

The activity was attended by the Ambassador of Chile in South Korea, Hernan Brantes, who highlighted the high prestige ChilePork has among Korean pork importers, known for offering a high-quality product.



ChilePork meeting in China to build long-term and trusting relationships

In order to enhance trade relations with its Chinese clients, ChilePork companies held an event in Shanghai, which gathered over 110 clients this year and where they enjoyed Chilean pork in Chinese-style dishes.

The event, which was attended by the Minister Counselor of the Embassy of Chile in China, Ramiro Riobó, was aimed at presenting the progress the pork industry has made in terms of sustainability and the continuous improvement of all of its processes, which seek to obtain a high-quality product that is highly valued by Chinese consumers.

The Chinese market is the largest pork meat consumer in the world, and ChilePork has been exporting pork products to this market for over three years with great acceptance and success.

Industry Representation



Objective

Represent the pork sector before domestic and foreign authorities in topics regarding sectoral competence.

Functions

- Industry representation.
- Public-private work.

Missions co-financed by ProChile

- Chilean pork prospection mission to Southeast Asia (Thailand, Vietnam, Philippines)
- Trade mission for market penetration of pork meat into Russia

Protocol Visits

- Russia
- New Agricultural Attachés
- New Trade Attachés

Trade Visits

- Visit from the Crea Herrera Vegas Group (Argentina)
- Canadian Pork International (CPI)

Representation

- International Trade Committee - Ministry of Agriculture
- Codex (CCFICS Subcommittee)
- Authorized Economic Operator Protocol (OEA, for its acronym in Spanish)
- Foreign Trade Integrated System (SICEX, for its acronym in Spanish)

Environmental Technical Committee

This Committee is of an advisory and consulting nature for the Board of Directors at Asprocer regarding environmental issues which fall within the technical, legal, social and political actions framework. The Committee aims to promote the environmental sustainability of pork production.

AASA

Alejandro Gebauer

Agrícola Santa Francisca

Manuel González

Agrosuper

Martín Landea

Carlos Sabbagh

Carlos Sabbagh

Coexca

Carlos Montoya

Chorombo

Nicolás Hiriarte

La Islita

Guillermo Seemann

Mansel

Alberto González

Maxagro

Elizabeth Ellmen

Rodrigo Sepúlveda

Ricardo Yanine

Ricardo Yanine

Salvador Yanine

César Contreras

Soler Cortina

Ángel Soler

Legal Counsel

Carlos Cantuarias

Asprocer

Daniela Álvarez

Renzo Boccanegra

Food Safety Technical Committee for Meat Products

This committee is made up of the quality assurance managers of the associated companies' slaughterhouses, as well as veterinarians from Asprocer. Among its objectives is the identification of agents that could compromise production performance and the food safety of pork. Furthermore, it also provides technical support for the sector in case of any eventuality.

AASA

Marcela Giadach

Agrosuper

Enrique González

Marisol Manríquez

Patricia Landaida

Jorge Campos

Coexca

Gloria Gutiérrez

Maxagro

Elizabeth Ellmen

Rodrigo Díaz

Asprocer

Mauricio Fernández

Miguel Adasme

Pedro Guerrero

Porcine Technical Committee

This committee is composed of SAG representatives, company representatives, advisors for small and medium sized producers and academics. Its objective is to address domestic and international contingency issues and propose technical projects regarding animal health.

AASA

Eduardo Luchsinger

Agrosuper

Gonzalo Mena
Miljenko Atlagich

External Consultants

Alfonso Campos
Esteban Gigoux
Cesar Contreras
Joaquin Sporke
Leonardo Cuevas
Marcelo Didier

Chillán Viejo

Cristián Catalán

Chorombo

Alejandro Araya

Los Tilos

Patricio Salazar

Maxagro

Cristóbal Cano

PIC Andina

Roberto Molinari

Ricardo Yanine

Rodrigo Serey

SAG

Álvaro González

U. de Concepción

Álvaro Ruiz

Asprocer

Ignacia Apel
Pedro Guerrero

Trans-Pacific Partnership (TPP)

The Trans-Pacific Partnership (TPP) is projected to be ready by 2015. It is a multilateral agreement between 12 countries, including Chile. These 12 economies from the Pacific basin represent a GDP of almost 28 trillion USD, comprising 40% of global GDP.

Asprocer has joined the "Side Room", a public-private work instance in which the interests of the pork sector are presented within the framework of the agreements that shall be reached.

Research, Development, Health and Food Safety Network

Asprocer works closely with a network of public and private organizations with the purpose of promoting research, the sustainability of the sector, animal welfare, health, and food safety.

- Auburn University
- Autonomous University of Barcelona
- Chilean Agency for Food Safety (ACHIPIA, for its acronym in Spanish)
- Complutense University of Madrid
- Deventer Institute
- Institute of Nutrition and Food Technology (INTA, for its acronym in Spanish)
- LGC Laboratory
- Mayor University
- Pontifical Catholic University of Chile
- Rikilt Laboratory
- University of Berlin
- University of Chile
- University of Concepción
- University of Georgia
- University of Liverpool
- University of Minnesota

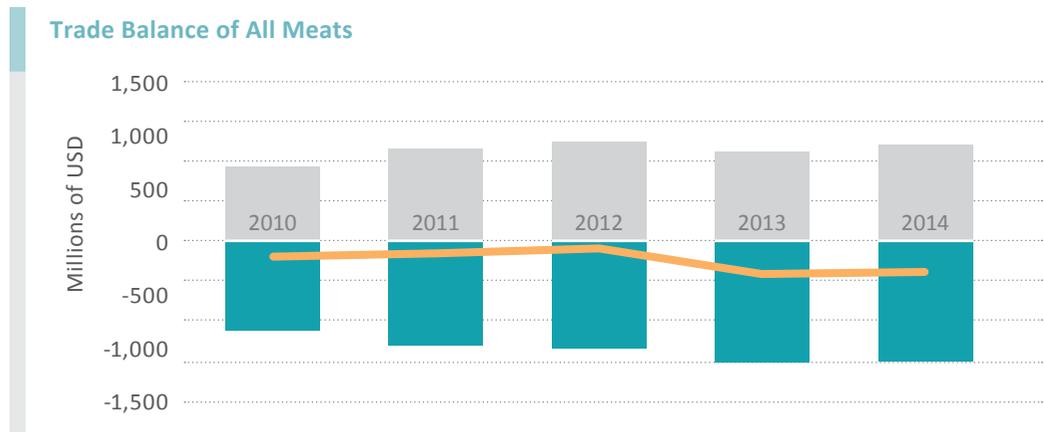
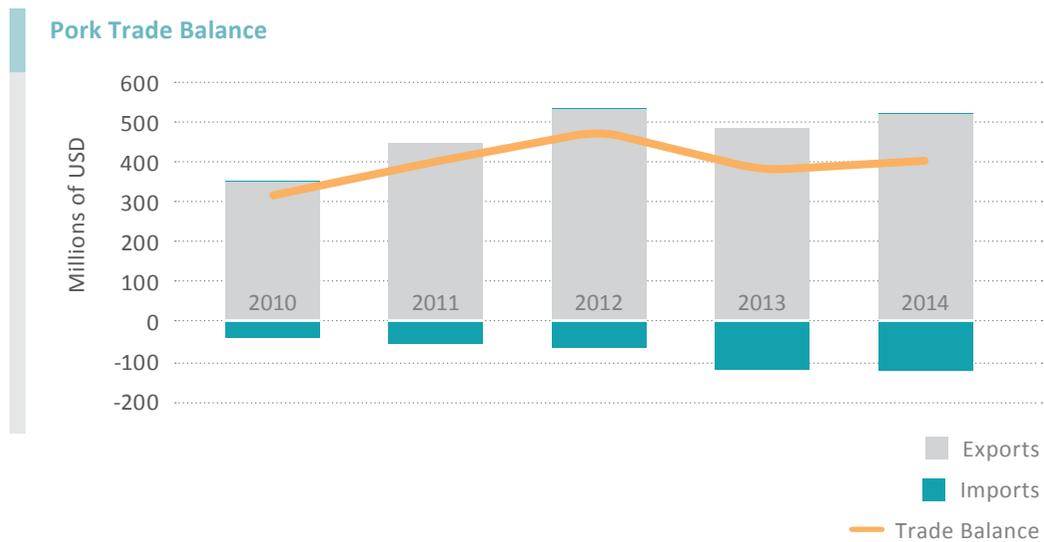


3. The Industry in Figures

2014 Summary

Year	Production		Consumption		Exports		Imports	
	CWE Ton	TUSD	CWE Ton	TUSD	CWE Ton	TUSD	CWE Ton	TUSD
Pork	520,074	1,224,885	309,977	821,933	263,740	523,538	53,643	120,585

Source: Asprocer with information from INE and Customs

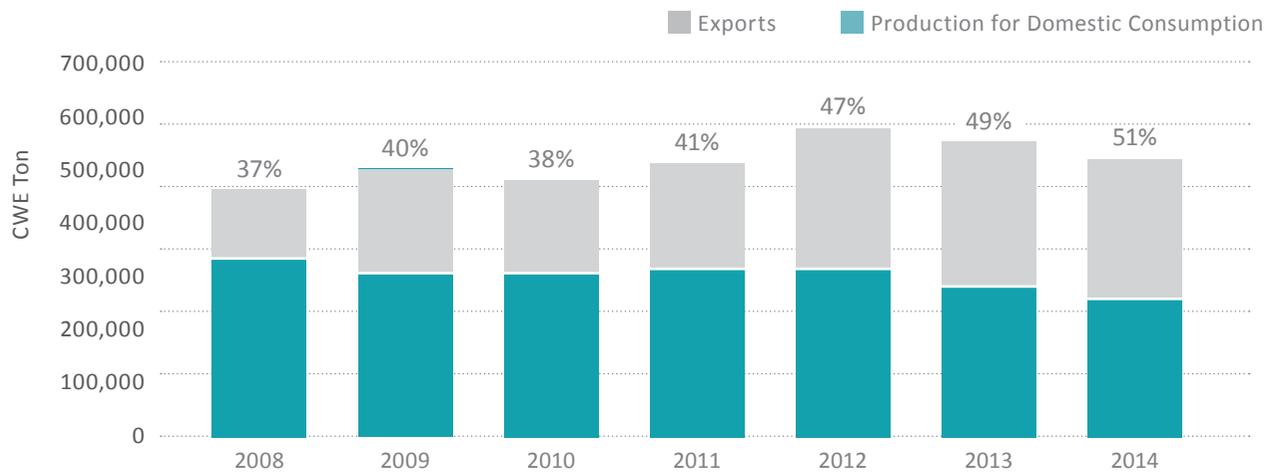


Source: Asprocer based on information from Chilean Customs

Production

In 2014 pork production represented 36% of all meat production. 520, 074 tons CWE were produced, which represents a decrease of 5% with respect to the previous year. Of the total produced, 51% was exported.

Production for Domestic Consumption and Export



Source: Asprocer with information from INE and Customs

Consumption

In 2014 pork consumption reached 17.5 kg. per capita, of which 17% corresponds to imported meat.

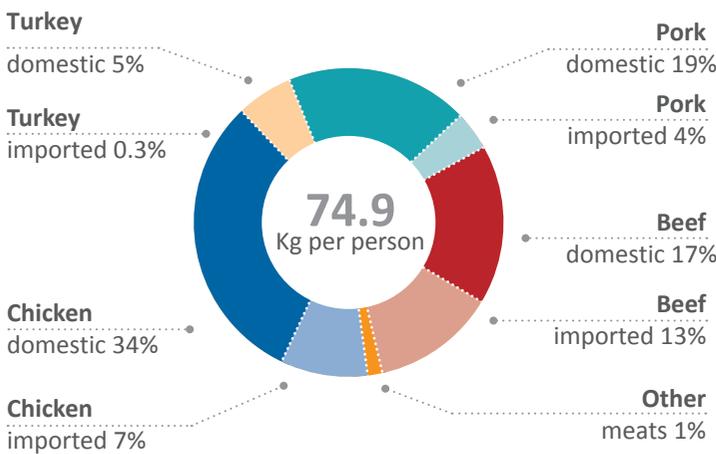
Pork ranks third among the meats most consumed on a national level, representing 23%.

Meat Consumption

	2011	2012	2013	2014
Meats	Kilograms per person			
Pork	19.4	19.7	19.4	17.5
Chicken	28.4	28.6	30.1	30.2
Turkey	4.3	4.5	4.4	4.2
Beef	19.2	19.9	21.5	22.1
Other Meats	1.1	1.1	0.9	0.9
Total	72.6	73.8	76.3	74.9

Source: Asprocer with information from INE and Customs

Meat Consumption per Capita

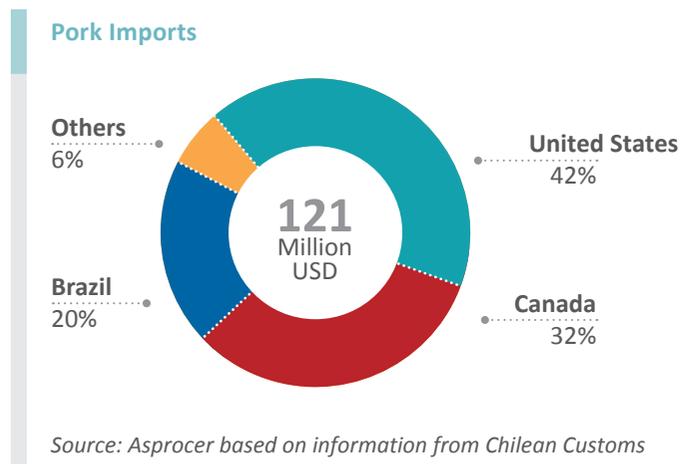


Source: Asprocer with information from INE and Customs

Imports

In 2014 imports increased by 7% in value (USD CIF) with respect to the previous year, and decreased 11% in volume. This reflects an increase in the imported value, explained by the shortage of foreign pork due to a complex international scenario.

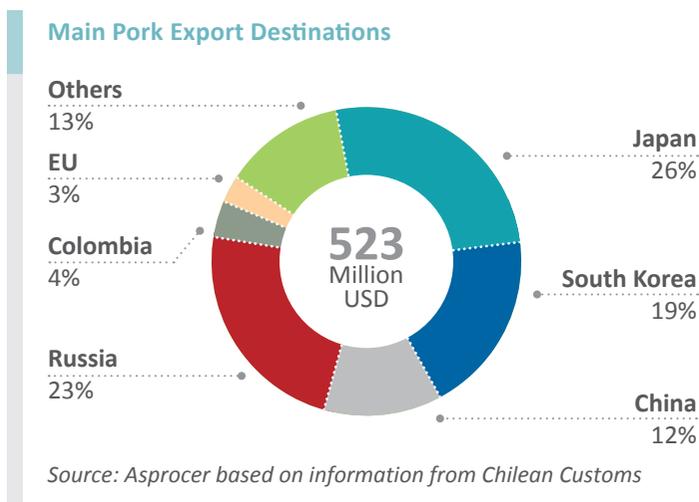
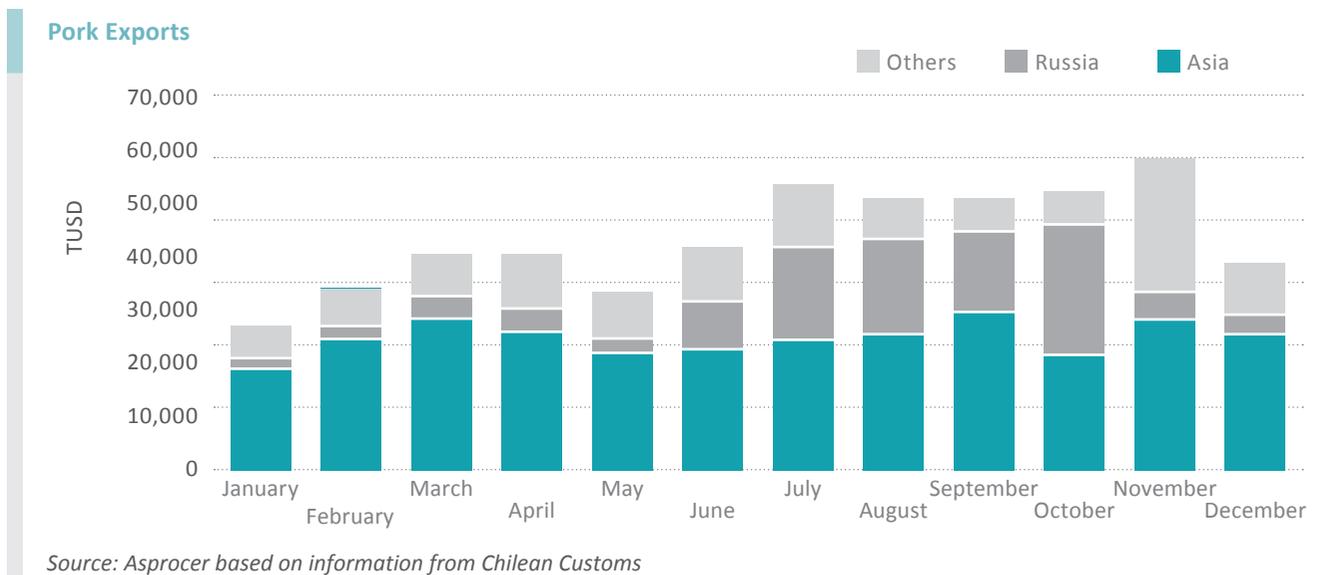
The main suppliers continue to be the United States, Canada, and Brazil. The last two increased their market share at the expense of the United States.



Exports

Pork exports in 2014 grew 7% in value (USD FOB) with respect to the previous year, despite a decrease in volume of 2%. Japan continues to be the main destination market in terms of value (26%), followed by Russia, South Korea, and China.

It is important to highlight that Russia's participation (23%) has doubled with respect to the previous period.





4. Activities



■ PRRS Eradication Program

The Agriculture and Livestock Service and Asprocer announced the Official Porcine Reproductive and Respiratory Syndrome (PRRS) Control and Eradication Program. In 2014 the plan contemplated an investment of close to 1,400 million pesos, of which 40% was provided by the private sector.



Asprocer highlights the dioxin control program

The Dioxins, Furans, and PCBs Control Program implemented in the pork production chain was the main topic addressed by the Asprocer Food Safety Manager, Miguel Adasme, at the Third Feednews International Conference. This year the conference was aimed towards reviewing progress regarding animal feed throughout the world, and the central concept was “Sustainable Animal Feed Strategy”.

Environment: National pork industry emphasizes challenges for the management of unpleasant odors

In order to meet and learn from the solutions that have been adopted regarding unpleasant odors in other countries directly from the world's leading experts, the Head of the Environmental Department at Asprocer, Daniela Alvarez, participated in the First International Seminar on Environmental Odor Management, organized by Olores.org in Chile.



Government and Asprocer positively evaluate the results of the visit to Russia

Representatives from the Government and Asprocer made a very positive assessment from their trip to Russia. “This visit took the relationship between both countries to a whole new level”, said the Minister of Agriculture Carlos Furche, who considered this visit a rapprochement that will serve as a basis for increased cooperation in the future towards the following goals: the reopening of two export plants (pork and salmon); the authorization for Chilean meats to reach Russian supermarkets without intermediaries and the agreement to initiate a joint project to implement the electronic certification for meat product exports.



ChilePork participated in “Sabores de Chile” (Flavors of Chile) event in Shanghai

In Shanghai, Chile, along with a delegation of 32 agro-industrial companies, including ChilePork, presented a variety of products and flavors through ProChile’s promotional event, “Sabores de Chile”.

The activity was attended by Jorge Heine, Ambassador of Chile in China, and the International Sub-Director of ProChile, Rafael Sabat. The event culminated with the “Sabores de Chile” dinner, during which the Chinese chef Mike prepared delicious traditional dishes from Shanghai, Beijing, and other areas with Chilean pork.

“Traditional Chilean food was presented at the dinner, which attracted over 250 guests, which reaffirms the interest we continue to see from Chinese importers and distributors to know more about our exports with added value”, said César Suarez, Trade Director of Chile in Shanghai. Today, China is the third largest destination of Chilean food exports.



The Project that created new work profiles in the white meat sector concluded

About 21,000 workers from the pork and poultry industry were trained during 2014 in the human capital program that is continuously being promoted by the sector.

In 2009, Asprocer joined the “Work Competence in the Livestock Sector” project of the Ministry of Agriculture, analyzing a series of labor profiles and the standardization of tasks. This effort enabled the certification of skills and has led to a gradual increase in sectoral productivity.

During 2014 the profiles were updated by virtue of the project “Collection and Acquisition of Labor Competence Profiles” prepared by the pork and poultry industry with the support of Chile Valora. The initiative updated 13 sectoral profiles that will be included in the Labor Competences Catalogue, and which will be used in the employees’ certification of labor skills process. Furthermore, a formative translation of the profiles analyzed was carried out, which will be used by the entities in charge of training.

The closing ceremony concluded with an acknowledgement of the workers that participated in the project as validators of the labor profiles in the sector.



Asprocer in Rosselkhoznadzor in Saint Petersburg (Federal Service for Veterinary and Phytosanitary Surveillance)

Within the framework of an official visit to the Russian Federation, the Executive Director of Asprocer, Rodrigo Castañón, visited Saint Petersburg for details regarding the controls carried out by the Rosselkhoznadzor (Federal Service for Veterinary and Phytosanitary Surveillance) on Chilean pork meat imports, and to identify opportunities for improvement. In the meeting with the Russian authorities, the possibility of increasing shipments of food products from Chile was discussed.

Pork Industry continues to make improvements in food safety

Asprocer and the Agriculture and Livestock Service (SAG, for its acronym in Spanish) carried out a public-private tour of laboratories in Brazil and the United States. The trip formed part of the "Development of a National Livestock Gene Bank by using a molecular technique to ensure food safety " project, in which ACHIPIA also participates and which is co-financed by the Foundation for Agricultural Innovation (FIA, for its acronym in Spanish).



Chinese Journalists visit Asprocer

Two Chinese journalists who cover issues related to the food sector visited Asprocer, where they highlighted that today food safety is the main concern for consumers in their country. The President of Asprocer, Juan Miguel Ovalle, stated that Chilean pork is recognized for its quality and food safety throughout the world.



■ Successful Chile-Russia Business Roundtable

The Russian delegation had a successful business roundtable while visiting our country within the framework of the efforts being led by the Chilean Chapter of the Chile-Russia Business Council, headed by Juan Miguel Ovalle, which seeks to generate bilateral trade flows for both countries. “Our support for the Council is based on the current level of exports of the domestic pork industry, which surpasses 30,000 tons CWE of pork to this destination, and we hope to have significant development and growth in the next few years”, stated Mr. Ovalle.



■ Electronic Certification between Chile and China strengthens Chilean pork exports

The entry process of Chilean pork into China will improve significantly thanks to the official launch of the Electronic Certification System (eCert) between both countries, which represents an important contribution to the competitiveness of pork exporters. The system streamlines the entry process for cargo at Chinese ports, improves management regarding information security, and reduces the occurrence of possible frauds, alterations or loss of documents, strengthening the exchange between Chile and China.



ChilePork in the sixth edition of the Traditional Dead Pig Festival

The sixth edition of the Traditional Dead Pig Festival, organized by the Municipality of Talca and sponsored by Coexca, a pork exporting company, was a great success. The gastronomic event was attended by renowned national artists and chefs who captivated the audience with recipes where pork was the main ingredient. On this occasion ChilePork provided information regarding the attributes and nutritional value of this protein source.

ChilePork highlights the successful gastronomic event in Tokyo

The versatility of Chilean pork, together with the quality, flavor and food safety that characterizes it made ChilePork stand out during its participation in the latest edition of the “Chile Food and Wine” event, held in Tokyo on November 11th.

The Chilean food tasting was accompanied by a seminar where ChilePork was represented by Jun Hirama, the Trade Director for Japan at Agrosuper, who referred to the sustainability of the Chilean pork industry and the quality of its pork. “ChilePork's main concern continues to be the consumer, and the high quality and food safety of its products have allowed the Chilean pork industry to develop in a stable and sustainable manner.” He added that ChilePork’s adaptability allows it to meet the requirements of the Japanese customers, positioning itself in this market with a healthy and tasty product.

Food & Wine in South Korea

The Food and Wine event, which was held at the Westin Chosun Hotel in Seoul, was organized by the Trade Office of Chile in the Republic of Korea and was directed towards importers and food and wine buyers, as well as the specialized press.

During the event guests were able to enjoy a cooking show carried out by a Korean chef and the menu included ChilePork products, olive oil, frozen fruits, wine and seafood. The objective of this activity was to show the attendees how Chilean products can be used in various Korean food preparations.

Asprocer participated in a lunch offered to the Japanese Prime Minister, Shinzo Abe

Asprocer participated in the lunch President Bachelet offered to the Japanese Prime Minister, Shinzo Abe. “Our participation confirms the extraordinary interest the Chilean pork industry has for the Japanese market, a main destination for exports which reached 524 million USD in 2014”, said Juan Miguel Ovalle, President of Asprocer.

Asprocer at the International Symposium on Persistent Organic Pollutants

The Head of Veterinary Drugs and Chemical Residues at Asprocer, Karin Becerra, participated in the 34th International Symposium on Persistent Organic Pollutants, held in Spain. “In Chile we are at the forefront of the new trends regarding the control of these pollutants”, assured the professional after returning from one of the most important events in the world on this matter.

Pork Industry created the Sectoral Organization for Labor Competence

Within the framework of the National System of Labor Competences Certification, the Sectoral Organization for Labor Competences (OSCL, for its acronym in Spanish) was constituted in the pork industry. The organization seeks to contribute and identify the human capital needs of the sector, and it is headed by the Pork Producers Trade Association of Chile, Asprocer.



5. Statistics

Year	Production		Consumption		Exports		Imports	
	CWE Ton	TUSD	CWE Ton	TUSD	CWE Ton	TUSD	CWE Ton	TUSD
1996	184,699	268,166	183,304	264,817	2,713	5,998	1,318	2,650
1997	208,704	344,339	204,089	339,187	4,941	7,256	326	2,105
1998	235,015	341,941	215,151	304,274	21,456	40,873	1,591	3,206
1999	243,692	310,998	228,857	276,130	18,187	38,946	3,352	4,078
2000	261,477	325,411	232,391	277,358	32,771	52,390	3,685	4,337
2001	303,006	344,523	247,032	269,738	56,828	76,208	855	1,423
2002	350,721	397,103	270,275	287,632	81,528	111,313	1,081	1,842
2003	365,343	470,556	253,284	314,643	112,531	157,239	472	1,326
2004	372,845	591,790	221,090	346,080	153,265	248,696	1,510	2,987
2005	410,664	719,978	228,399	411,643	184,563	312,496	2,298	4,161
2006	471,769	790,554	286,835	466,272	187,877	329,230	2,944	4,948
2007	498,706	880,144	291,295	505,433	213,206	384,697	5,795	9,985
2008	522,423	955,706	336,159	595,246	191,378	369,821	5,114	9,361
2009	513,741	922,036	316,271	567,068	206,368	368,790	8,899	13,822
2010	498,324	1,050,395	328,091	730,772	190,144	357,368	19,911	37,745
2011	527,857	1,312,652	335,152	908,157	215,572	453,155	22,867	48,660
2012	583,673	1,375,440	342,225	899,436	271,565	538,149	30,117	62,145
2013	550,035	1,307,454	340,211	929,949	269,821	489,785	59,997	112,280
2014	520,074	1,224,885	309,977	821,933	263,740	523,538	53,643	120,585



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