

EXHIBIT 2

PROCEDURES FOR THE EXPORTS OF CHILEAN FRESH FRUIT AND VEGETABLES TO THE US MARKET

**CHILEAN EXPORTERS ASSOCIATION
MARCH 2003**

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1. THE CHILEAN FRUIT AND VEGETABLE EXPORT INDUSTRY

In the Chilean economy, the fruit and vegetable export industry is one of the most important activities. The sector has consolidated after decades of growth and modernization, reaching, according to the last census in 1997, 210.917 planted hectares in industrial groves and exporting more than \$1.5 billion in the 2000/2001 season. The fruit and vegetable export industry is made up of approximately 7,800 producers and 470 export companies. In addition, it has an infrastructure made up of 385 high technology cold chambers, 100 very large fruit distribution centers and over 1,000 packing facilities on the field level. The Chilean fruit industry is one of the most technologically advanced in the world. The value of the infrastructure investment is estimated at more than two billion dollars.

The export industry of Chilean fruits and vegetables has evolved rapidly. In the beginning of the seventies, Chile worldwide exported approximately 15 million dollars FOB. Over time, the industry, through the incorporation of technology, personnel training and much effort was able to dramatically increase exports. In the beginning of the nineties it passed one million tons. In the 2001/02 seasons, exports reached 1.75 million tons.

YR	MILLIONS US\$ FOB	TONS (000)
1970	15	S/I
1975	39	S/I
1980	168	261
1985	356	533
1990	747	1,040
1995	1,162	1,310
1996	1,346	1,439
1997	1,292	1,321
1998	1,363	1,469
1999	1,391	1,549
2000	1,350	1,400
2001	1,600	1,600
2002	N/A	1,752

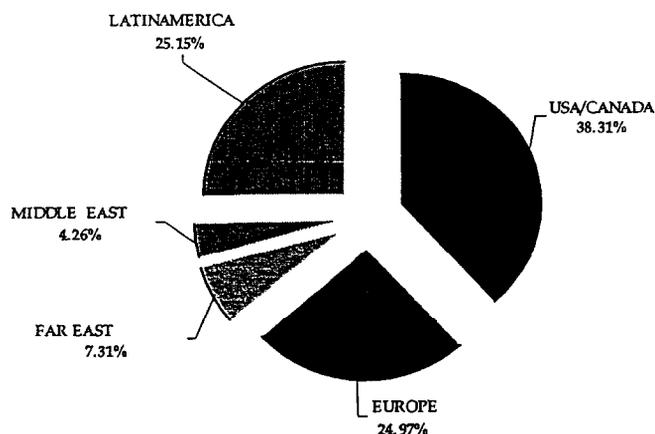
The fruit and vegetable sector is a major generator of jobs, employing 450,000 workers of which 180,000 are permanent and 270,000 are seasonal. The sector accounts for 9% of national total employment and 65% of the jobs in the agricultural sector. The sector contributes in an important way to the income and wellbeing of families in the rural areas of the country.

The fruit and vegetable sector is directly linked to the national economy. The sector places a high demand on materials, machines and technical irrigation equipment; industrial sector providers of harvest materials, packing materials, fruit sorting and selection equipment and truckers and shipping lines. In addition, very substantial

capital expenditures have been made to build the infrastructure of cold storage facilities and packing facilities. Further employment is generated in related services for quality control supervision, laboratory analysis, insurance and financing.

WORLD EXPORTS

In the 2001/02 seasons, Chile attained an historic record of fruit exports, 1,752,714 tons, an increase of 9.54% compared to the previous season. The North American market, in the 2001/02 seasons received 649,370 tons, 38.03% of the total world exports, followed by Latin America and Europe with 440,880 and 437,592 tons, 25.15% and 24.97% respectively. The Far East and Middle East, positioned in fourth and fifth place, received close to 7% and 4.5% of total world exports in the last season.

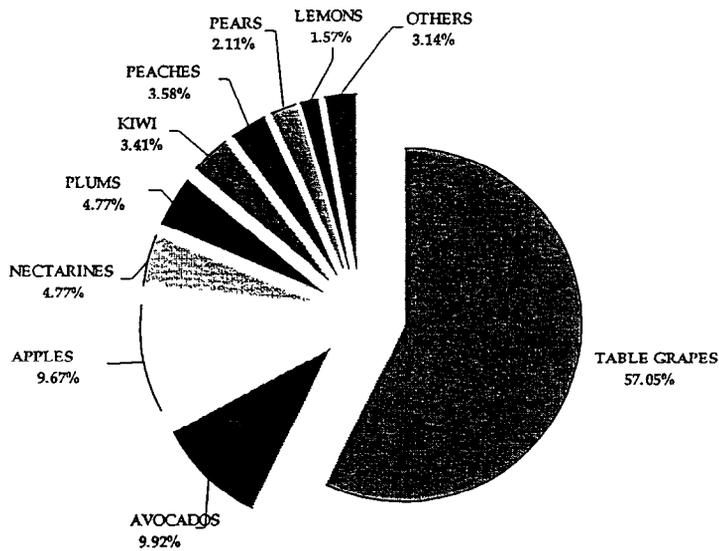


2. FRUIT EXPORTS TO THE UNITED STATES OF AMERICA

In the 2001/02 seasons, 649,370 tons were exported to the USA, an increase of 11.62% compared to the previous season. In the last 5 seasons, exports to the USA grew 47%, with an approximate annual growth rate of 8.3%.

In the 2001/02 seasons, the USA received 380,298 tons of table, 56.7% of the total fruit exported to the USA. Stone fruit (cherries, apricots, peaches, plums)

represented 14.18% of shipments, followed by orchard fruit (apples and pears) 12.45% of the exports and kiwis, with 3.41% of the total fruit exported.



Chile exports its products to the USA mainly by sea, with most shipments embarking from the ports of Valparaíso, Coquimbo and Caldera, accounting for 91.8 % of the total fruit exported during the 2001/02 seasons.

CHILEAN FRESH FRUIT EXPORTS TO THE U.S.A. BY PORT OF SHIPMENT

PORT OF SHIPMENT	1999-2000		2000-2001		2001-2002	
	METRICTONS	%	METRICTONS	%	METRICTONS	%
VALPARAISO	366,281	68,24	410,649	70,57	460,306	70,89
SANANTONIO	39,007	7,27	30,752	5,28	33,570	5,17
COQUIMBO	86,775	16,17	96,866	16,66	102,977	15,66
CALDERA	44,557	8,30	43,600	7,49	52,516	8,09
LIRQUEN	168	0,03	0	0,00	0	0,00
TALCAHUANO	0	0,00	21	0,00	0	0,00
TOTAL	536,788	100	581,908	100	649,370	100

The Chilean fruit shipments to the USA are concentrated in the trimester of January, February, and March (45.6% of the total volume exported by sea during the 2001/02 season).

**MONTHLY SEABORNE EXPORTS OF CHILEAN FRESH FRUIT TO THE U.S.A.
FIGURES IN METRIC TONS 2001-2002 SEASON**

SEAPORTS	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
VALPARAISO METRIC TONS.	9.772,10	11.873,82	11.774,43	28.803,76	43.148,42	106.017,4	129.974,58	55.302,37	18.875,82	16.803,28	3.915,59	9.437,87
SAN ANTONIO METRIC TONS.	1.773,53	1.745,51	685,78	559,18	100,05	151,48	157,57	2.357,20	2.484,01	3.169,37	8.295,77	5.761,01
COQUIMBO METRIC TONS	0	0	0	18.019,73	5.480,47	21.215,32	7.457,55	645,18	0	0	0	0
CALDERA METRIC TONS.	0	0	5607,39	29.734,38	17.743,79	0	0	0	0	0	0	0
TOTAL	11.545,63	13.619,34	18.067,61	77.117,05	136.832,53	29.768,96	35.551,04	58.324,75	21.559,84	19.972,65	12.211,36	15.198,88

Chilean fruit exports enter the North American market through the ports of Philadelphia (48.2%), Los Angeles (23.4%) and Wilmington (18.8%). These three ports receive 90.3% of the Chilean fruit exports destined for the United States.

**SEABORNE CHILEAN FRESH FRUIT EXPORTS TO THE U.S.A.
BY PORT OF DESTINATION**

DESTINATION PORTS	1999-2000		2000-2001		2001-2002		
	TONS.	BOXES	TONS.	BOXES	TONS.	BOXES	%
PHILADELPHIA	201,172	23,459,089	252,553	28,631,705	306,760	35,385,515	48.2%
LOS ANGELES	132,951	15,948,699	141,518	16,321,265	146,502	17,168,025	23.4%
WILMINGTON D.	154,779	18,158,472	126,179	14,583,065	118,695	13,827,710	18.8%
SAN DIEGO	20,371	1,822,134	33,022	2,972,095	39,228	3,522,748	4.8%
LONG BEACH	9,239	890,660	7,968	854,769	15,232	1,420,539	1.9%
SEATTLE	7,454	434,656	11,863	699,329	9,845	557,205	0.8%
NEW YORK	4,911	356,444	3,843	302,721	6,539	465,806	0.6%
MIAMI	2,388	452,496	2,178	484,111	4,178	817,537	1.1%
NEW JERSEY	1,754	140,491	1,308	130,984	1,241	218,526	0.3%
PORT HUENEME	0	0	0	0	1,119	99,840	0.1%
OAKLAND	0	0	0	0	33	4,448	0.0%
BALTIMORE	235	12,936	0	0	0	0	0.0%
CHARLESTON	0	0	401	35,800	0	0	0.0%
ELIZABETH	87	5,040	0	0	0	0	0.0%
EVERGLADES	149	14,560	0	0	0	0	0.0%
HOUSTON	20	1,790	0	0	0	0	0.0%
PORTLAND	44	4,400	0	0	0	0	0.0%
WILMINGTON C.	1,233	129,658	1,076	133,744	0	0	0.0%
TOTAL	536,788	61,831,525	581,909	65,149,608	649,370	73,487,906	100.0%

3. HAACP ANALYSIS OF THE EXPORT PROCESS

3.1 ELEMENTS OF SUPPORT TO THE EXPORT PROCESS

3.1.1 SAG/USDA-APHIS/ASOEX COOPERATIVE PROGRAM OF PRE-SHIPMENT

A Cooperative Agreement, signed in 1982, by the Agriculture and Cattle Service (SAG), The Department of Agriculture of the United States of America (USDA/APHIS) and the Chilean Exporters Association, A.G. establishes a series of phytosanitary and security controls on fruit exported to the USA. The Cooperative Agreement is updated every year.

The Cooperative Agreement governs a Pre-Shipment Program in Chile to assure compliance with the phytosanitary regulations established by the USA, for the import of fresh fruits and vegetables. For this reason, USDA/APHIS maintains a permanent office in Chile. The technical standards of the Program are contained in a document titled "Operational Manual of the USDA-APHIS/ASOEX Pre-Shipment Program" (**Appendix**).

All factors involved in the export process of fresh fruits and vegetables to the USA are required to sign an Operational Agreement before starting their operations for export to the United States. The Operational Agreement is signed by each one of the following participants: Export Companies; packing facilities, cold storage service providers, maritime and air shippers, inland transportation companies, freight forwarders, etc. All of the fresh fruit and vegetable products authorized to enter the USA, without exception, are controlled by this Program and must meet the phytosanitary conditions for entry, whether it be inspection or quarantine treatment in Chile or at destination.

All phytosanitary inspections are conducted in one of four authorized Inspection Sites, all of which are under the permanent supervision of officials from USDA-APHIS.

PARTICIPATING INSTITUTIONS

AGRICULTURE AND CATTLE SERVICE

As part of its mission, the Agriculture and Cattle Service (SAG), Official Sanitary Institution of Chile, a sub-agency of the Ministry of Agriculture, is responsible for the protection and improvement of productive resources. In this connection, SAG assures the sanitary, genetic and environmental quality of all agricultural products, including especially agricultural products intended for human consumption.

The SAG, in conjunction with USDA/APHIS is responsible for the supervision and execution of the SAG Pre-Shipment Program, through a team of entomologists and inspectors.

The SAG has 13 Regional Directories and 62 Sectoral Offices, for the execution of its technical programs and projects.

CHILEAN EXPORTERS' ASSOCIATION A.G.

The Chilean Exporters Association A.G. (ASOEX), is a private corporation consisting of the major exporters (80% of total exports) of fresh fruits and vegetables from Chile.

Founded in 1935, it has as its main role the defense of the interests of the sector, the administration of International Phytosanitary Agreements, the implementation of activities to facilitate the process of export, the promotion of Chilean fruit in the various markets in the world, support for research and development and the education and training of the workers in the fruit industry, among other activities. All exporters, whether or not they are members, must subscribe to the phytosanitary programs administered by ASOEX, and supervised and executed by USDA/APHIS in conjunction with SAG.

3.1.2 GOOD AGRICULTURAL PRACTICES PROGRAM

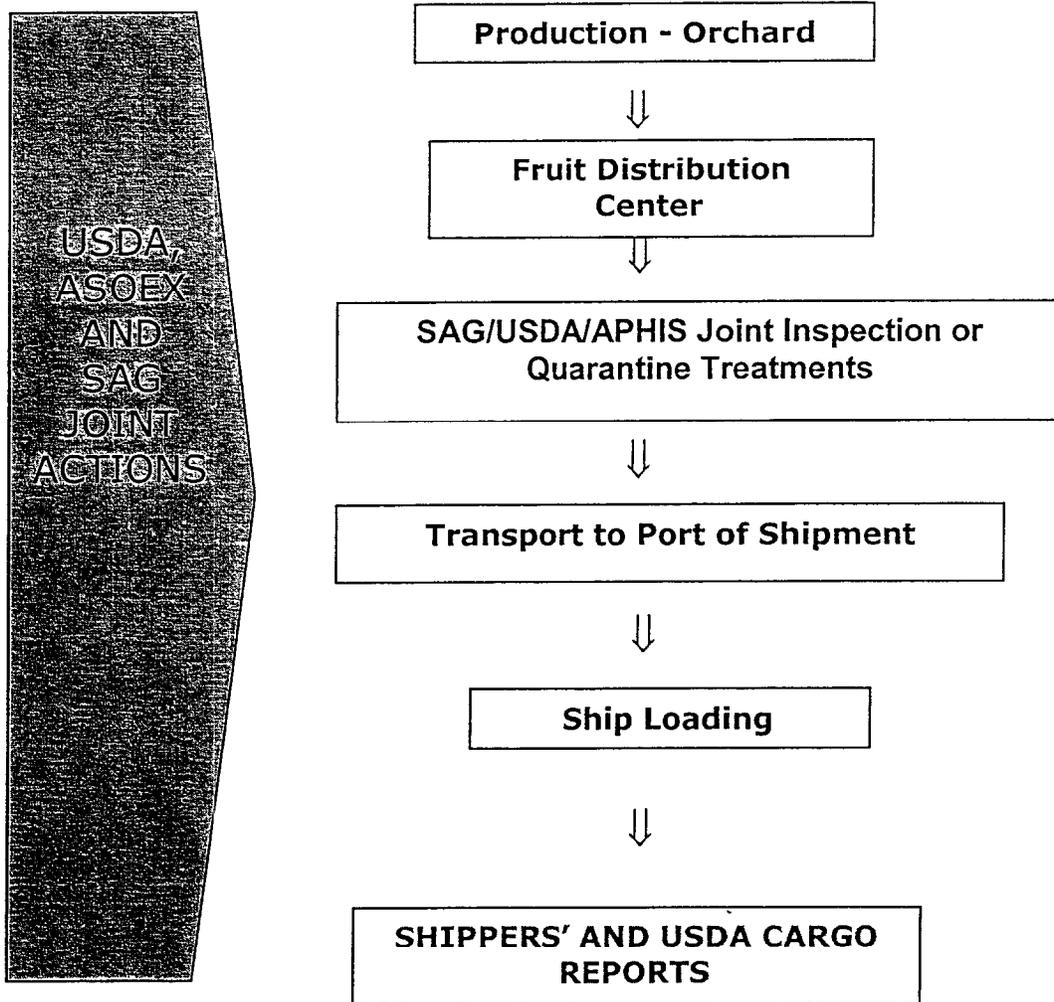
To meet new market and government demands, the Chilean fruit and vegetable industry has developed a program of Good Agricultural Practices (GAP). The GAP Programs are administered by the private sector, with the government support. It establishes standards for producers and exporters throughout the country for hygiene, prevention of food contamination, cultivation practices, labor, security and health of the workers. The standards are contained in the Good Agricultural Practices Manual of the Chilean Fruit and Vegetable Industry (**Appendix 2**).

3.1.3 SECURITY MANUAL

The Manual titled Security Standards of the Industry of Fruits and Vegetables for Exports, contains safety and security standards for the production and exports of fruit and vegetable products. The manual was created by the Security Committee of the Chilean Exporters' Association.

The Security Manual complements the official regulations promulgated by the Government of Chile, through various official agencies who have control over different stages of the productive process (environmental, sanitary, safety etc.). The Security Manual is also an important component of the Good Agricultural Practices Program and requires general phytosanitary, safety and security measures at each critical stage of the production, harvesting, packing and shipment process (**Appendix 3**).

3.2 FLOW OF THE EXPORT PROCESS



3.2.1 PRODUCTION

The production process starts with the establishment of an orchard where all of the growing materials sold by the greenhouses has to be registered. The registration process is controlled by the SAG.

The orchards in production, with the object of complying with international requirements, subscribe to the Good Agricultural Practices Program.

The Good Agricultural Practices Program requires the registration of the orchards and the completion of a series of measures (see Exhibit 2). The GAP program requires all of the labor, such as pruning, watering,

application of agro-chemicals, to be recorded in a log, to permit complete documentation of the activities.

The warehouses where the agro-chemicals are stored must maintain a strict material consumption record. The conditions of storage of these products are regulated by the SAG.

Only applicators authorized by the SAG may apply pesticides, and only those pesticides that are registered in the countries to which the product is exported. This information is available in the ASOEX Pesticide Agenda, a compendium of registered pesticides and established tolerances on a country-by-country basis.

The Good Agricultural Practices Program also contemplates periodic microbiological analysis, of the product, waters and personal hygiene of the workers.

The orchards must comply with the Manual's Safety and Security Standards, for the entry of persons, identification of product once harvested, handling of warehouses with agro-chemicals etc. (**Appendix 3**).

Once the product has been harvested, it is transported from the orchard to the fruit distribution center in bins or crop boxes, correctly protected and identified. The transport truck has an official document (Shipment guide) that is required by the Service of Internal Taxes (Chilean equivalent of the IRS).

3.2.2 PACKING FACILITIES

The Fruit Distribution Centers receive the trucks from the orchards, with bins or crop boxes. All cargo that arrives must be supported by the Shipment Guide required by the Service of Internal Taxes.

Upon arrival, the fruit is weighed. A verification of quality is performed, and the results registered. Each one of the bins or crop boxes is identified with a number (Tally N°), so that all of the product that arrives on the same truck is identified (producer, species, variety, day of harvest, orchard). Its origin and moment of arrival to the packing facility is recorded. This number accompanies the bins and crop boxes, throughout the intermediary stages (Pre-cooling, cold storage) until the product is processed.

Once the fruit is processed, it is packaged in boxes, which are then assembled on pallets. The boxes as well as the pallets bear labels containing information on the origin of the product.

- The boxes have the following information on the label:

Exporter company, country of origin, species, variety, caliber (if applicable), producer with identification of the province and community of origin, packing with identification of the province and community, date of packing and in some cases date of harvest (**Appendix 4**). All of this information is required and is regulated by the Operational Manual of the USDA-APHIS/ASOEX Pre-Shipment Program.

- The pallets are identified by a number, unique to the center, that identifies the origin of all of the boxes on the same pallet (producer, species, variety, size, date of harvest), besides knowing the complete history of a pallet (place of storage, re-use or any subsequent use). The pallet label also contains, the number of boxes, species, variety, size of fruit, producer and in some cases importer (**Appendix 5**).

The packing plants are also regulated by the Good Agricultural Practices Program. Records are kept of all of the stages relevant to the process, to allow traceback of each individual lot.

In general the packing plants work with ISO standards or HACCP systems.

Likewise, all of the plants comply with the safety measures established in the Security and Safety Manual for the entry of persons, warehouses with packing materials, cold storage areas and access to the places where the fruit is processed (**Appendix 3**).

Each fruit packing facility signs, before starting its operations to the United States, an Operational Agreement, through which imposes an obligation to comply with all of the requirements and procedures of the SAG/USDA-APHIS/ASOEX Pre-Shipment Program (**Appendix 6**).

All of the activities inside a fruit center are regulated by the SAG/USDA-APHIS/ASOEX Program. Among other things, the regulations require cold storage chambers for the exclusive use of the products that will be destined to the market in the USA. SAG officials participate in the execution and supervision along with the USDA/APHIS of every one of the following activities:

- Product Control.
- Movement inside the cold storage chambers and phytosanitary conditions of the stored products.
- Conformity of lots and obtaining samples to be inspected in the Inspection Sites, job done by SAG officials.
- Sending the samples to the Inspection Sites, controlled by a specific sample and shipment plan, issued by SAG officials and under strict measures and verified storage by SAG officials in coordination with USDA/APHIS.
- The rest of the lot to be exported remains in a storage chamber, awaiting the result of the phytosanitary inspection.

- Certification of the lots in storage, following receipt of results from the samples analyzed in the SAG/USDA Inspection Site. The certification is done by SAG officials, issuing a USDA/APHIS certificate for each pallet inspected and approved (**Appendix 7**).
- Shipments of the certified lots to the port of shipment, under strict storage and under the supervision of SAG officials.

3.2.3 JOINT SAG/USDA/ASOEX INSPECTION

Phytosanitary inspections occur exclusively at Inspection Sites authorized by USDA-APHIS for fresh fruit and vegetables destined for the USA.

There are only four official Inspection Sites. Two are located in ports of exit and two are located in fruit growing regions. All of them have professional and technical personnel, and equipment necessary for the inspection and verification of the phytosanitary condition of the products. The Joint Inspection is conducted by SAG officials and the USDA-APHIS.

The fresh fruit and vegetable products authorized to enter the United States of America, and the condition for entry required by the USA are specified in chapter 9, of the "Operation Manual of the USDA-APHIS/ASOEX Pre-Shipment Program" (**Appendix 1**).

Each Inspection Site only receives lots or samples for phytosanitary review, supported by the official documentation of the Program, when the origin and handling of the cargo is fully documented. These documents include: SAG/USDA Plan for Sample Inspection, Request for Inspection, Plan for Inspection or Shipment of Agricultural Products for Export, etc., depending on the product, type of sample for the product and the Inspection Site where it arrives.

Also, in the Inspection Sites, SAG and USDA/APHIS verify that the labels on the boxes include everything that the Program requires.

Once the sample passes analysis, the sample is returned to the fruit distribution center to be reunited with the lot to be exported. The sample is transported in a closed, sealed and protected transport.

The Security Standards of Good Agricultural Practices are also applied in this stage.

3.2.4 QUARANTINE TREATMENTS

The quarantine treatments applied in Chile to the fresh fruit and vegetable products are required by the United States Department of Agriculture- Animal Plant and Health Inspection Service - Plant

Protection and Quarantine (USDA - APHIS - PPQ) as specified in the USDA Treatment Manual.

The products for the USA are classified according to the condition of entry:

- Products that can enter only when subjected to quarantine treatment.
- Products with an alternative condition for entry: treatment or SAG-USDA/APHIS joint inspection.

The quarantine treatments are done in installations approved by official personnel of SAG and USDA/APHIS, i.e. packing facilities, cold chambers or methyl bromide fumigation.

The methyl bromide fumigation chambers are solid structures located in a protected area within the fruit distribution center. Their function is regulated under the Agreement of Health Services of the Environment, under the Ministry of Health. At the beginning of each season, SAG officials approve the chambers for use only after certifying that they are hermetically sealed and that the computer system which controls application is functioning properly.

All products submitted to quarantine treatment, without exception, are certified by USDA/APHIS. **(Appendix 8)**.

The methyl bromide fumigation treatments can be performed in Chile or in the port of entry to the USA. When done in the USA, the products received, selected and packaged in a fruit distribution center are sent to the port of shipment accompanied by a "Plan for Shipment of Fruit to be Fumigated in the USA". Before shipment or in the port of shipment an SAG official verifies that the product complies with all of the requirements of packing for a fumigation treatment, as required in the Operational Manual.

In the port of embarkation, an SAG office issues a "Sanitary Certificate", requested by the Customs Agent, for each lot according to the recipient in the port of destination. The sanitary certificate is sent ahead to the consignee (usually by courier) so that he can arrange for fumigation upon the products arrival in the USA.

3.2.5 TRANSPORTATION TO PORT OF SHIPMENT

The certified products are transported (treated and/or inspected and approved), under strictly protected conditions to prevent subsequent contamination.

The protection is a critical element in the global export process, and is continually verified by SAG and USDA/APHIS since any mistake in this area could mean the loss of the condition of the products.

A shipment can only be transported to the port of exit if it has an approved "Record of Fumigation" and/or "SAG/USDA Plan for Sample Inspection", which will be verified by the SAG. Before the product is loaded the SAG will verify at the same time the sanitary conditions, hygiene and protections against contamination.

Products certified by the SAG and USDA-APHIS is shipped under seal applied by the SAG and the seal is registered in the "Plan of Inspection or Shipment of Agriculture Products for Export."

The certified products can be transported to port in shipping containers, which are consolidated in fruit distribution centers and sealed with a numbered USDA-APHIS seal. The SAG logs the number on the report "History of Consolidated Containers in Packing Plants."

In the ports of exit, before the trucks come beside the ship to load their cargo on board, they are inspected by the SAG, who verifies the correct cargo seal and documentation. The opening of the trucks is only authorized when they are beside the ship.

3.2.6 INSPECTION OF CARGO AND SHIPS DESTINED FOR THE USA

The ships that transport fresh fruit and vegetables to the USA and Puerto Rico, sign an "Operational Agreement for Maritime Transport " (**Appendix 9**), under which they are obligated to follow the requirements and procedures established by the Operational Manual of the Pre-Shipment Program. They also promise to meet the conditions specified relative to the transport of cargo by certified shipments (treated or inspected /approved) for entry to the United States or Puerto Rico.

Failure to comply with the requirements as specified in the Program, may subject the shipment to one or more sanctions by USDA/APHIS, as detailed in the Preshipment Program.

INSPECTION OF SHIPS

SAG inspects the deck and all of the holds and steerage of every "charter" ship that transports certified products. "Inspector SAG Ship Side " conducts inspections of the deck on subsequent trips.

Ships that stop at intermediary ports between USA and Chile, are subject to an inspection of the deck and the holds and steerage assigned to carry Certified Products. The inspection can be extended to an entire hold or to all of the steerage and holds of the ship, when, under the criteria of

the SAG and/or USDA-APHIS Inspectors, the possibility exists of phytosanitary risk for the Certified Products.

This intermediary inspection is conducted by SAG and/or USDA-APHIS Inspectors, accompanied by a representative of the Shipping Company/Agency and an Official of the ship with the purpose of solving possible problems that are detected during the inspection.

Before beginning the inspection of the ship, the representative of the Agency presents the SAG/USDA-APHIS, along with the "Request for Inspection and Protection of Ships Cargo" (**Appendix 10**), the following documents:

- A draft of the Stowage Plan, indicating thermal separations, final destination, intermediary stops, condition of the products in all of the holds and stowage of the ship, and the information on containers, and information that will help the Inspectors effect an inspection of the holds. A copy of the draft remains with the Inspector SAG Ship Side, who supervises the loading of the ship.
- A copy of the document "Inspection of the Ship" from the immediately previous trip.
- A Certificate of Fumigation of the wood in stowage that will be used in the stowage to stow the cargo of Certified Products.

Once the inspection is complete the ship is declared apparently free of contamination and is authorized to initiate loading cargo.

3.2.7 EXPORT DOCUMENTATION

Each lot shipped to the USA, is supported by an official phytosanitary certificate issued by USDA-APHIS (**Appendix 11**).

The USDA office in Chile, also sends electronically to the USDA/APHIS authorities in the destination ports, no more than four days after the ship has embarked, a USDA/APHIS report on the cargo destined to the USA (**Appendix 12**).

Report of the shipments to the USA

A report of the shipments to the USA is generated as follows:

- The shipping Agency announces the arrival of the ship to some Chilean port. The shipping Agency requests the inspection service for the ship, through a form "Request for Inspection of the Ship and Protection for Ship Cargo" (**Appendix 10**). From the work Plan, documents are

presented directly to the USDA/APHIS office in the port of Valparaíso at least 24 hours in advance of ships arrival to port.

- The inspection and/or loading of cargo take place in the presence of an "SAG Inspector Ship Side". The SAG Inspector Ship Side works during the loading of the cargo with a Work Plan issued by the Shipping Agency. Sometimes the condition of the stowage might change, from fruit certified by the program to fruit to be fumigated in the USA.
- The SAG Inspector Ship Side signs the final version of the Stowage Plan of the ship (**Appendix 13**) at the moment of embarkment. This Stowage Plan is issued by the Shipping Agency.
- The final version of the Stowage Plan is sent to the APHIS office in Valparaíso after the ship departs from each one of the Chilean ports in which it might have stopped, for example Valparaíso, Coquimbo, Caldera.
- Four calendar days after the ship embarks from the last Chilean port, the APHIS office in Valparaíso receives the electronic files from the ship's Shipping Agency generated by the AMS program (APHIS MANAGEMENT SYSTEM, issued by APHIS to the Shipping Agencies) in conjunction with the stowage plan and list of containers.
- The computer program of the Pre-Shipment Program, AMS, is installed in all of the offices of the Shipping Agencies that work with the shippers that signed the Operational Agreement with USDA-APHIS.

The electronic files contain the information of the stowage plan required by APHIS to generate the "Report of ship to the United States " (**Appendix 12**). The information is digitized and incorporated in the AMS program by personnel in charge at the Shipping Agency.

- The APHIS office in Valparaíso receives the electronic files via e-mail, incorporates them into the AMS program and compares the information contained in the files to the Work Plan, Stowage Plan, List of Containers and verifies if they are correct. The plans and list of containers are kept on file as backup for the information given.
- The information verified and corrected contained in the electronic files, is incorporated into the AMS program, where the report for the ship is generated. The APHIS office in Valparaíso sends the Ships Report by fax to the official in charge of the USDA/APHIS/PPQ office in the ports of entry in the United States with a copy to the ISOS (Internacional Services Operation Support) in Riverdale and FAS (Foreign Agricultural Service) in Washington DC.

The documentation arrives at the ports of entry 4 to 5 days before the arrival of the ship.

4. MARITIME TRANSPORTATION OF FRUIT DESTINED FOR TO THE USA

4.1 THE SHIPPING INDUSTRY AND ITS PARTICIPATION IN THE TRANSPORTATION OF FRESH FRUIT FROM CHILE TO THE USA

More than 95% of the Chilean exports of fresh fruit to the USA are shipped by ocean carrier.

The fruit is transported in refrigerated (reefer) ships designed for this purpose. Four companies with extensive experience and history in servicing the Chilean market operate the ships. These companies operate with highly qualified human resources, and meet standards of safety and quality internationally certified.

The total volume exported from Chile with destination to the USA on reefer ships is more than 64 million boxers, of the which 80% is stowed in holds and 20 % refrigerated containers. These numbers do not include avocados or citrus.

The main ports of shipment in Chile are Valparaíso, Coquimbo and Caldera.

The main ports of entry to the USA are Philadelphia, Gloucester, Wilmington Delaware, Los Angeles and San Diego.

All of the ships with destination to the East Coast of the USA are direct shipments from the last port in Chile. In other words the ships make no other stops in any other countries or intermediary port. The ships with destination to the West Coast of the USA stop over in Mexico, only for unloading operations. No new cargo is taken on board.

All of the cargo that is loaded in refrigerated ships is cargo on pallets.

4.2 SAFETY OF THE CARGO AND SHIPS FOR MARITIME TRANSPORT, WITH DESTINATION AND/OR TRANSIT THROUGH PORTS OF THE UNITED STATES OF AMERICA (USA)

4.2.1 ASPECTS OF A GENERAL CHARACTER

The shipping companies that transport cargo from Chile to the USA comply with all safety procedures required by US Customs. All shipping companies are currently, or will soon become, subscribers to the Sea Carrier Initiative Agreement (SCIA) and Customs-Trade Partnership Against Terrorism (C-TPAT). Security procedures are in place for each link of the transportation: in the operation, transport and transfer of the cargo; in the documentation procedures; in the infrastructure and functioning of the terminals, container storage and warehouses, and in the operation of the ships.

Possible "internal conspiracy" is prevented by "background checks" in the process of hiring personnel, and control of performance, according to the recommendations of USCS. The shipping companies and stevedores have prevention policies for unauthorized use of drugs and alcohol and

programs for pre-employment and employment medical exams to detect abuse in the use of these substances.

A report is made to authorities of occurrences or suspicious or unusual circumstances detected during the operations, according to the recommendations and parameters of classification as established by USCS in the programs of cooperation.

In the shipping companies and ports there are security personnel in charge of security and prevention, who have the responsibility to verify the compliance with the instructions, coordinate the necessary actions to solve the vulnerabilities that are detected and report suspicious situations or security incidents.

4.2.2 TRANSPORT/LAND REPOSITIONING OF THE CARGO

The transport companies are required to use a "Route Sheet", which states data such as the identity of the conductor; the registration of the vehicle; date and time of departure and of arrival to destination; port of shipment; parties responsible for delivery and receipt of the cargo at point of origin and destination, etc. The same document states basic instructions for security to be obeyed in route, by the conductors.

4.2.3 BREAK BULK CARGO

The fruit is shipped in special refrigerated ships. Part of this cargo is shipped in reefer containers, which, in this case, are considered to be an extension of the ship holds.

Break bulk cargo is consolidated in containers at the ports by the shipper, under supervision and special controls.

Empty containers and break bulk cargo transported in these containers, are transported according to security procedures that are applied in the port operations.

4.2.4 SECURITY OF THE INSTALLATIONS WHERE THE CARGO IS HANDLED

The installations where the cargo is handled have an infrastructure of physical security, illumination, guards, and security systems:

Barriers

- Fences or an enclosed perimeter, with projections.
- Gates and barriers.
- Checkpoint or booth (for control and vigilance).
- Controlled parking areas (separate ones for employees and special persons, and far from the areas of operation of cargo, warehouses and docks).

- Control of copies of locks and keys.
- Central illumination (operation areas and docks).
- Peripheral illumination (towards the outside perimeter).
- TV cameras.

Security System

- Watch or "Security Officer".
- Equipped with security guards.
- Procedures or operating plan for security system.
- Internal communication and with authorities (Customs and Police).
- Procedures for control of access and internal equipping (persons and vehicles).
- Control of access of temporary personnel, contractors, and providers of general services.
- Control of employee credentials, visitors cards and cards or distinctions for temporary personnel, contractors and other categories.
- Security inspections (verification of the state of the infrastructure and the compliance with procedures/instructions).
- Regulations for granting permission for access to ships.

Operation Security

Procedures for access controls – reception – exit (includes vehicles and conductors).

- Procedures for inspection of the cargo and verification of the documentation (correspondence between physical inspection and description documents).
- Surveillance of the cargo.
- Analysis of the documentation of the cargo (detect faults in the details and signs of irregularities).
- Areas of operation of the cargo and of handling/issuing the documentation have restricted access.
- Inspections of areas of cargo operations (objective detect signs of suspicious circumstances or security incidents).

4.2.5 CONTROLS IN THE RECEPTION, SHIPMENT, TRANSPORTATION, UNLOADING AND DELIVERY

In addition to the security procedures, the shipping companies comply with the controls issued in the standards for systems for quality control (ISO Standards, among others) and, in particular, with respect to the care of the refrigerated cargo destined for human consumption.

Security is present in the planning stage of the port operations prior to the arrival of the ship, according to the predetermined risks and the security conditions of operation of each dock/terminal.

The cargo can be inspected at the stages of reception, shipping, on board, during the maritime transport, at unloading and/or delivery.

The Port Agency coordinates and schedules the use of the docks for mooring, equipment, installations and a safe and appropriate work environment.

At the reception of trucks on the docks, before proceeding to unload, they verify that the seals installed on the vehicle by the sanitary authority (USDA /SAG) are intact.

During the loading operations, a representative of SAG/USDA supervises the operations on board the ship on a constant basis.

Pallets shipped are tallied on the dock, beside the ship, electronically, with a barcode reader. This records, among other data, a unique code assigned to each pallet, the exporter and the hold of the ship where each pallet is loaded, etc. The stowage plan also contains this data, which can be compared with the shipping data of each packing facility, to verify that the shipments on board correspond with those issued at the terminal before the phytosanitary inspection.

When the cargo is received, a visual inspection is done and a comparison made with all of the data recorded in the documentation. Information is recorded according to the results of the inspection.

Containers are also visually inspected, to detect damage and signs/indication of possible structural alterations made for illicit reasons.

The cargo is handled in areas previously prepared, under rules for segregation, sanitary, security, illumination conditions, and the use of independent inspectors and security guards, according to the nature of the cargo and risks of possible illicit actions.

The break bulk consolidated by the count of the transporter is done under qualified supervision. The containers are immediately sealed, and the seal number is recorded and documented.

Before shipping, USDA inspects the ship holds for phytosanitary conditions, cleanliness, and illumination, amongst others.

During the maritime transport, the cargo is inspected according to procedures/instructions of the operator to the Captain of the ship.

48 hours before the ship arrives to the USA, a manifest is sent to the US Customs.

Upon unloading, the condition of the cargo is verified again and any observations are recorded. Work places are required to meet the security and cleanliness conditions necessary to have no negative effect on the cargo.

The inspection of the cargo at destination is done once unloaded in the storage/warehouse previously assigned by the terminal operator.

The stevedore company creates a control document for the unloading, indicating its state, markings and any other relevant observations. Also, according to the nature of the cargo, they coordinate the assignment of

independent inspectors. In the case of the containers, they are verified to make sure they are closed and sealed when unloaded from the ship.

All of the documentation that is generated in the development of the operations of maritime transport is kept stored in adequate conditions of safety and preservation, for a period of five years.

4.2.6 CARGO DOCUMENTATION REPORT TO THE USCS

The shipping companies participate in the "Automated Manifest System" (AMS). Accordingly, they present cargo documentation of the cargo, as required by law and pertinent regulations.

4.2.7 SECURITY OF THE SHIPS

During the stay of the ships in port, only persons whose presence on board is essential are allowed access.

The ships have security guards for access control.

Mooring and cargo handling areas are kept adequately illuminated. No persons or vehicles not involved in the operations are permitted in areas proximate to the ship and the cargo.

On board, access is closed to the sections of the ship and holds that are not in use; at the gangway, guards control the identification, access and egress of persons, the baggage of the crew, port workers or others persons that enter the ship. Provisions/materials are also inspected. Guards report any illicit or suspicious activity.

Patrols of the Maritime Police make rounds through the ports precincts and by the ships.

The ships comply with the procedures of registration and searches for immigrants/illegal passengers and contraband. In compliance with the C-TPAT, shipping lines and terminal operators are incorporating procedures for searches for terrorist devices. These searches are done after dropping anchor and before arriving at the North American port.

5. PERSONS IN THE EXPORT BUSINESS

Producers

- All producers are clearly identifiable and registered in the SAG/USD-APHIS/ASOEX Program.
- Most producers maintain a continuing relationship with one or more exporter companies.

Exporters

- All exporters are registered in the SAG/USD-APHIS/ASOEX Program (signature of Operating Agreements).
- The installations, plants, fruit centers, specifically authorized for export to the USA (Signature of Operating Agreements).
- Continuing relationship with importers.

Importers

- Known companies.
- Regulated by Perishable Agriculture Commodity Act.
- Maintain a continuing relationship with limited exporters and supermarkets.

Buyers

- U.S. buyers are well known (Wal-Mart, Safeway, Kroger, Giant, etc.).

SEASON	NUMBER OF EXPORTERS	%TOP TEN EXPORTERS	NUMBER OF IMPORTERS	% TOP TEN IMPORTERS
1999-2000	223	54%	238	65%
2000-2001	234	52%	196	61%
2001-2002	247	49%	208	63%

The agents in the business of exported fruits and vegetables have a large market volume in the season.

6. PHYTOSANITARY SECURITY CHAIN:

- **Producers, harvestors, packing facilities, truckers, terminals and shipping lines each subscribe to procedures designed to assure compliance with US and international phytosanitary regulations.**
- **The procedures provide comprehensive documentation at each stage of the process.**
- **USDA/APHIS/PPQ and SAG supervise and administer the phytosanitary requirements.**
- **The constant surveillance and periodic inspection measures for phytosanitary purposes operate as a safeguard against unauthorized access to fruit shipments by terrorists.**

7. CONCLUSION

- Chile is the main foreign provider of fresh fruits and vegetables to the United States of America during the winter months. The perishability of the product requires maintaining a "cold chain" throughout the entire export process, with the objective of avoiding the deterioration in the quality and conditions of the products. Features of the cold chain also operate as security measures to limit access and the possibility of tampering with the product.
- The Chilean Fruit and Vegetable Industry regulates security matters for the entire process of production, export, shipment and transport of the products. Security measures are documented in the following programs:
 - SAG/USDA-APHIS/ASOEX Pre-Shipment Cooperative Program
 - Good Agricultural Practices Program
 - Security Manual
 - Standards and international agreements of the Shipping Companies, in matters of security
- Documentation is maintained under HACCP protocols for the events that occur during the process of production, packing and land and maritime transport, that also provide a system of traceability to origin.
- Long established phytosanitary and security measures subject Chilean fresh produce shipments to constant surveillance and periodic inspections which significantly minimize the risk of a terrorist attack.