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# Chile Market Overview: Doing Business and Best Prospects



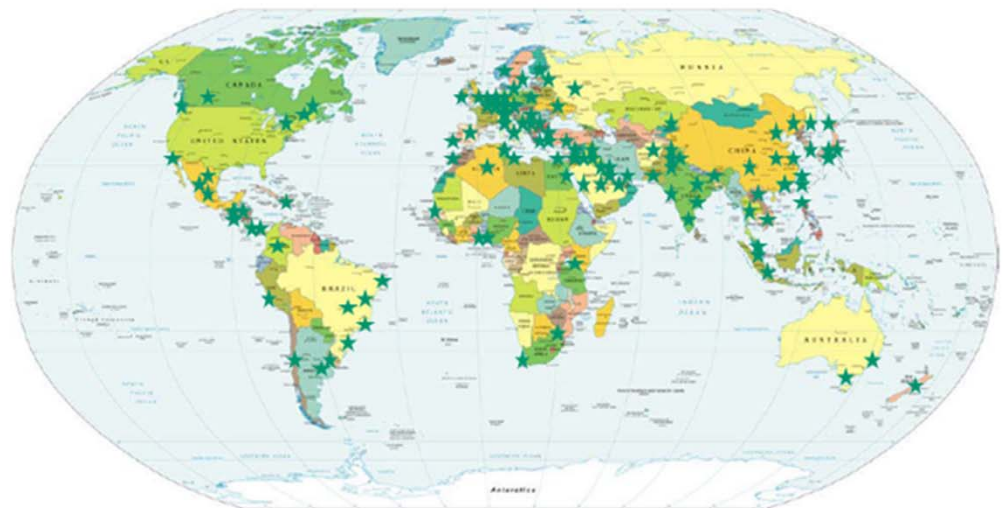
*Laura Ebert  
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U.S. Department of Commerce*



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# Intro to Global Markets: How We Help

- Country, region, and industry experts in 110 local offices across the United States and 108 commercial offices in 71 countries world wide
- We advocate for U.S. businesses in international markets to foster U.S. economic competitiveness and prosperity.





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# Our Services

- Trade counseling
  - Planning and strategy
  - Legal and regulatory issues
  - Documentation and Product Requirements
- Market intelligence
- Business Matchmaking and due diligence
- Commercial diplomacy and advocacy
- Identification and resolution of trade barriers





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# The HQ Perspective

- Engage on Market Access Barriers
  - Institutional barriers
  - Government engagement
  - Non-compliance with trade agreements
- Liaise with other USG agencies, foreign embassies, and private sector
- Brief Senior Officials
- Manage Commercial Dialogues
- Commercial Advocacy
- Provide Technical Assistance to Trade Partners







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# The Look South Campaign

- Coordinated effort led by DOC to promote export opportunities with FTA partners Latin America and the tools offered to help U.S. businesses
- Why Look South?
  - Stable and growing economies
  - Untapped markets
  - Favorable trade policies
- [www.export.gov/looksouth](http://www.export.gov/looksouth)





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# Welcome to Chile!







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# Chile: Economic Overview

- Population: 17 million
- GDP: \$282 Billion (2013)
- Per capita GDP: \$16,000
- Growth: 4.5% (projected 2014)
- Inflation: 1.7%
- Unemployment: 6.2%
- OECD Member since 2010





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# Chile: A bigger export opportunity than meets the eye

- Mining and agricultural export industries generate large demand for imports
- 7<sup>th</sup> largest population in Latin America, but 4<sup>th</sup> largest export destination for U.S. exports
- Chilean companies are regional companies, including top 2 retailers in Latin America
- Chile is the largest Latin American investor in Brazil and 18th largest in 2013 worldwide



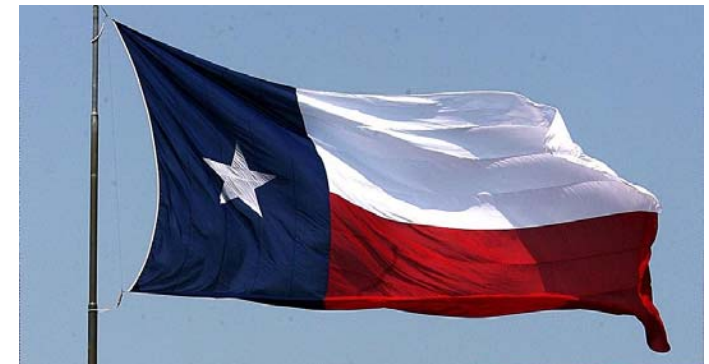




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# Why Chile?

- Macroeconomic, fiscal, political stability
- 15 years of average 5% GDP growth
- Ranked 34 out of 189 on ease of doing business (World Bank)
- Rule of law, low corruption
- Trade Agreements- 61 countries
- Growing integration with international capital markets
- A+ Credit Rating (Fitch)





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# U.S. – Chile Free Trade Agreement



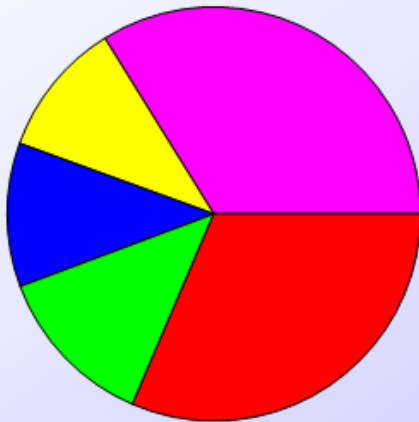
- 10<sup>th</sup> year of the agreement
- Duties eliminated on 99% of U.S. products
- Bilateral trade between U.S. and Chile reached \$28 billion in 2013, a 335% increase from before the FTA
- U.S. exports to Chile reached \$17.6 Billion in 2013, a 548% increase!



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# U.S. Exports to Chile

## 2013 Exports to Chile of NAICS Total All Merchandise



Product	Value (\$)	Percent
324--PETROLEUM & COAL PRODUCTS	\$5,530,864,941	31.5 %
333--MACHINERY, EXCEPT ELECTRICAL	\$2,260,428,732	12.9 %
336--TRANSPORTATION EQUIPMENT	\$1,975,616,608	11.2 %
325--CHEMICALS	\$1,866,419,623	10.6 %
All Others	\$5,951,381,615	33.8 %
Grand Total	\$17,584,711,519	100 %





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# Wisconsin Exports to Chile

2013 NAICS Total All Merchandise Exports from Wisconsin to Chile



Product	Value (\$)	Percent
333--MACHINERY, EXCEPT ELECTRICAL	\$347,879,317	73.1 %
334--COMPUTER AND ELECTRONIC PRODUCTS	\$28,109,522	5.9 %
332--FABRICATED METAL PRODUCTS, NESOI	\$22,183,141	4.7 %
335--ELECTRICAL EQUIPMENT, APPLIANCES & COMPONENTS	\$19,034,219	4 %
All Others	\$58,931,403	12.4 %
Grand Total	\$476,137,602	100 %

- 32% growth since 2009, especially in fabricated metal products (262%), computer and electronic products (71%), and electrical equipment, appliances and components (68%)



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# Illinois Exports to Chile

2013 NAICS Total All Merchandise Exports from Illinois to Chile



Product	Value (\$)	Percent
333--MACHINERY, EXCEPT ELECTRICAL	\$534,225,780	51.4 %
336--TRANSPORTATION EQUIPMENT	\$123,868,041	11.9 %
311--FOOD MANUFACTURES	\$92,042,328	8.9 %
334--COMPUTER AND ELECTRONIC PRODUCTS	\$62,584,661	6 %
All Others	\$226,467,639	21.8 %
Grand Total	\$1,039,188,449	100 %

- 94% growth since 2009, especially in computer and electronic products (250%), food manufactures (441%), and plastics and rubber products (509%)



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# Missouri Exports to Chile

2013 NAICS Total All Merchandise Exports from Missouri to Chile



Product	Value (\$)	Percent
333--MACHINERY, EXCEPT ELECTRICAL	\$17,135,429	27.9 %
325--CHEMICALS	\$9,778,075	15.9 %
334--COMPUTER AND ELECTRONIC PRODUCTS	\$6,722,041	10.9 %
311--FOOD MANUFACTURES	\$5,550,996	9 %
All Others	\$22,262,718	36.2 %
Grand Total	\$61,449,259	100 %

- 33% growth since 2009, especially in non-electrical machinery (194%), computer and electronic products (241%), and food manufactures (1289%)





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# Business Opportunities in Chile

- Expected growth in housing, health care, and education
- High energy costs pushing investment in energy
- Concession system incorporates private sector in public work projects
- Platform for doing business in South America
- Food industry growing and modernizing
- U.S. products competitive in mining, energy & renewables, aerospace, defense
- Travel and tourism





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# U.S. Companies Invest in Chile

- Wal-Mart
- Aramark – 5,000 employees in Chile
- AES Corp/Gener – 2nd largest electricity generator
- Sempra Energy – electricity generator
- Freeport-McMoRan - Copper & Gold mining
- MetLife acquires Interamericana de Seguros
- Air Products acquires Indura
- Google – data center



**MetLife**

**Google**

**AIR  
PRODUCTS**

**Walmart**

**ARAMARK**

**FREEPORT-McMoRAN  
COPPER & GOLD**



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# Challenges in Chile



- Small market, high degree of competition
- Business culture conservative and cautious
- Small number of individuals control a large percent of business-collusion and conflicts of interest
- Bureaucratic delays, paperwork, stamps
- High energy costs and tight labor market – productivity concerns
- More rigorous permitting process and environmental enforcement have paralyzed or permanently halted energy and mining projects





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# Chile Best Prospect Sectors

- Agricultural, Construction, and Mining Machinery and Equipment
- Electric Power Equipment
- Food Processing and Packaging
- Healthcare
- Safety and Security
- Telecommunication
- Travel and Tourism
- Water Resources Equipment





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# Upcoming Events and Trade Mission in the Americas

- Trade Winds: May 18-23 in Colombia, Peru, Chile, Panama, Ecuador
- NAB (Media and Entertainment) Show: April 5-10 in Las Vegas, NV
- The National Restaurant Association, Hotel-Motel Show: May 17-20 in Chicago, IL
- Caribbean Trade Mission: June 8-12 in Dominican Republic, Jamaica, others
- Discover Global Markets Business Forum Series
  - Free Trade Agreement Markets: September in Detroit, MI
  - Western Hemisphere: October in Charlotte, NC





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# Useful Websites

- [www.export.gov/looksouth](http://www.export.gov/looksouth)
- [www.export.gov/chile/](http://www.export.gov/chile/)
- [www.export.gov/fta/ftatarifftool/](http://www.export.gov/fta/ftatarifftool/)