

# DOING BUSINESS WITH CHILE

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TRADE COMMISSIONER OF CHILE IN MIAMI



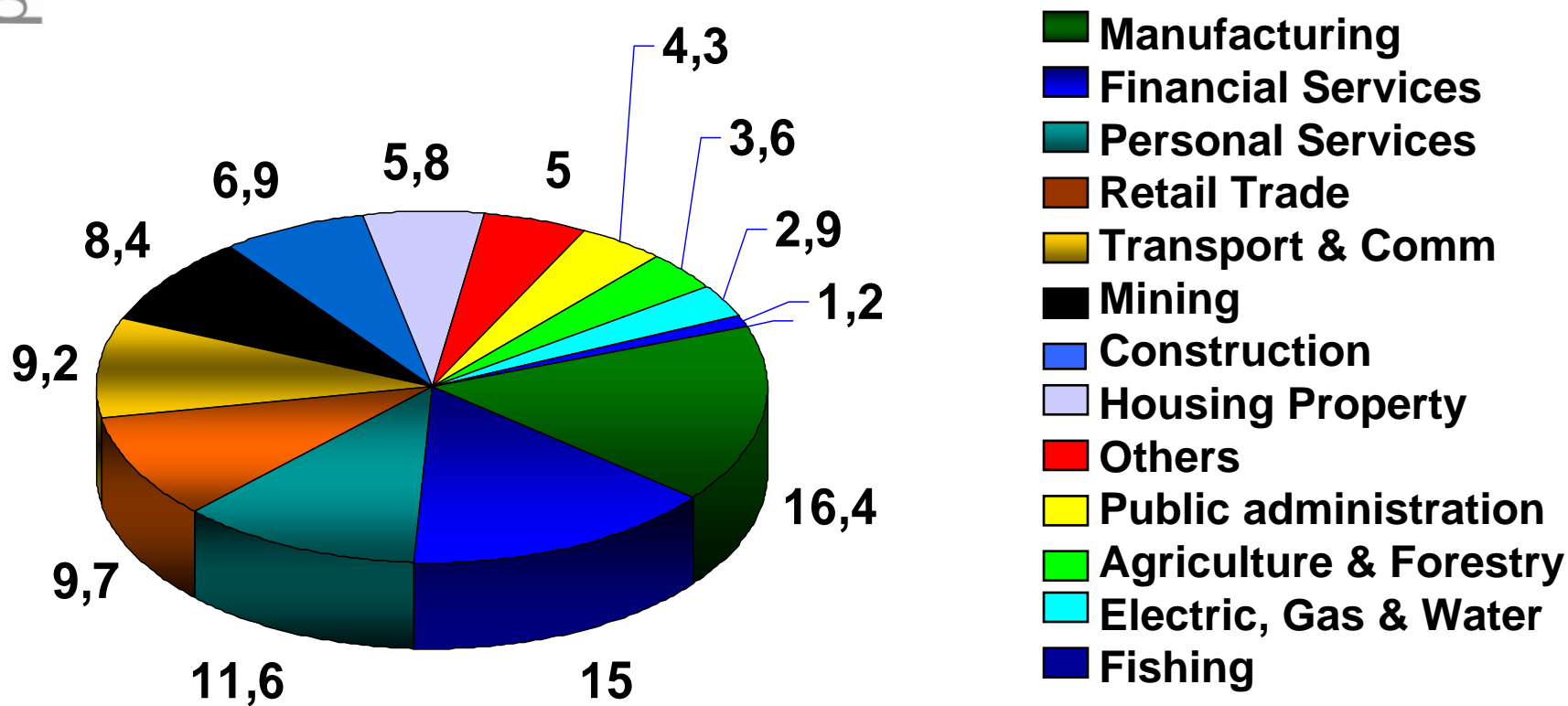


# CHILE AT A GLANCE (2007)

<b>Area</b>	290,000 sq. miles
<b>Population (2008)</b>	16.7 million
Urban population	85.6 %
Annual rate of growth	1.2 %
Literacy rate	96.3 %
<b>GDP</b>	\$ 146 billion
GDP Growth	5.1 %
GDP Growth forecast (2008)	5%
<b>Inflation (avg)</b>	4.4 %
<b>Unemp. rate (Dec 07-Feb 08)</b>	7.3 %
<b>Fiscal Surplus 2007 as % of GDP</b>	8 %
<b>Income per capita</b>	
At current exchange rate	\$ 10,125
At PPP	\$ 14,673
<b>Risk classification</b>	A+ (S&P)



# GDP BY ECONOMIC SECTORS (%)



Source: Central Bank of Chile

# ECONOMIC POLICY

- Liberalization of prices and markets
- Privatization of public companies
- Consensus on key role of private sector in the productive process
- Openness to foreign Investments
- Low external tariffs
- Rule of Law
- Stable, clear and non discriminatory rules
- Reduction of poverty
- Macroeconomic stability
- Independent Central Bank
- Floating exchange rate
- Strict fiscal discipline: rule of structural fiscal surplus of 1% of GDP since 2000 and 0.5% since 2008



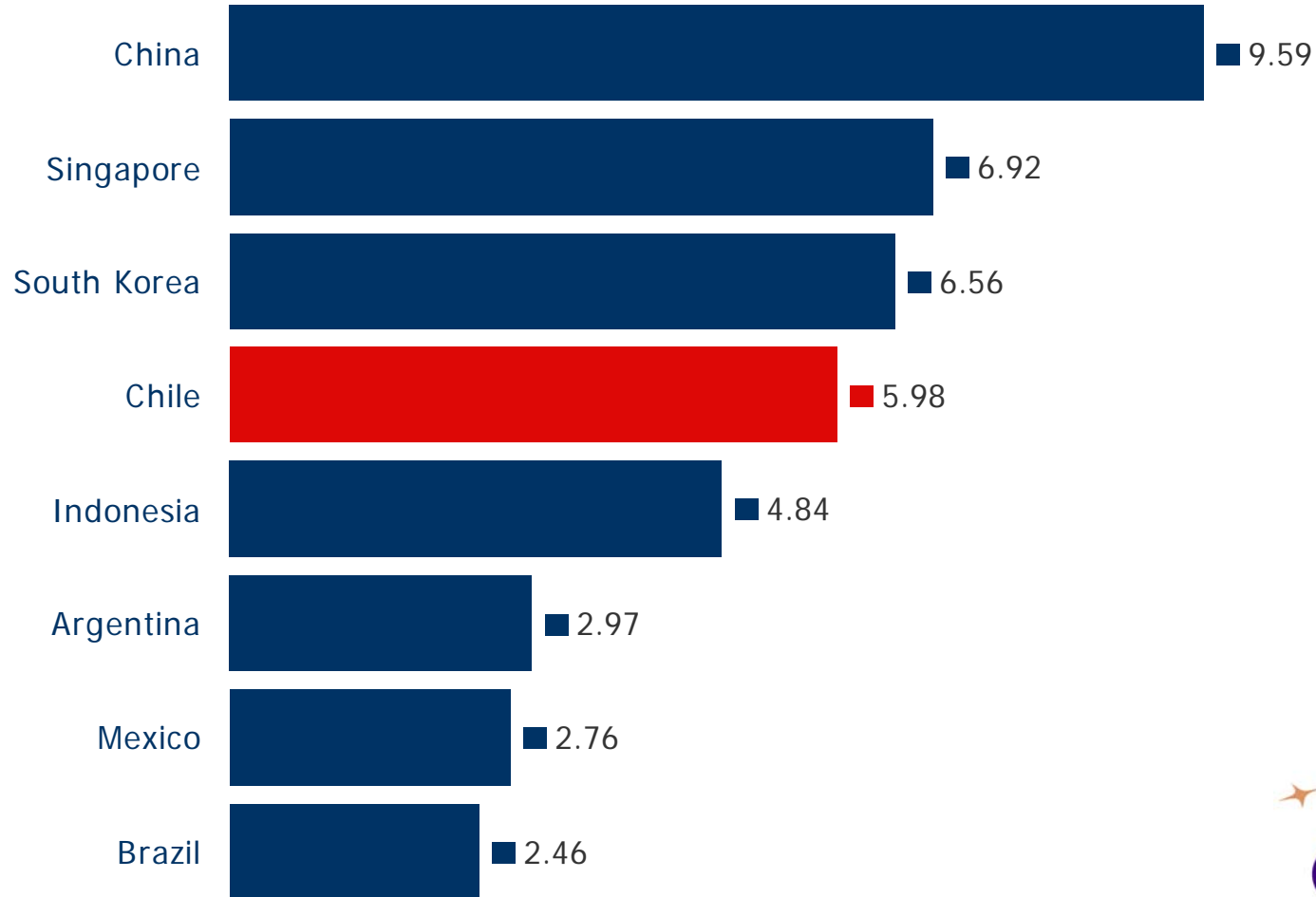
# DEVELOPMENT STRATEGY: TRADE & MACROECONOMIC POLICY CONSISTENCY

**Structural linkage between trade liberalization, macroeconomic stability, economic growth and democracy**

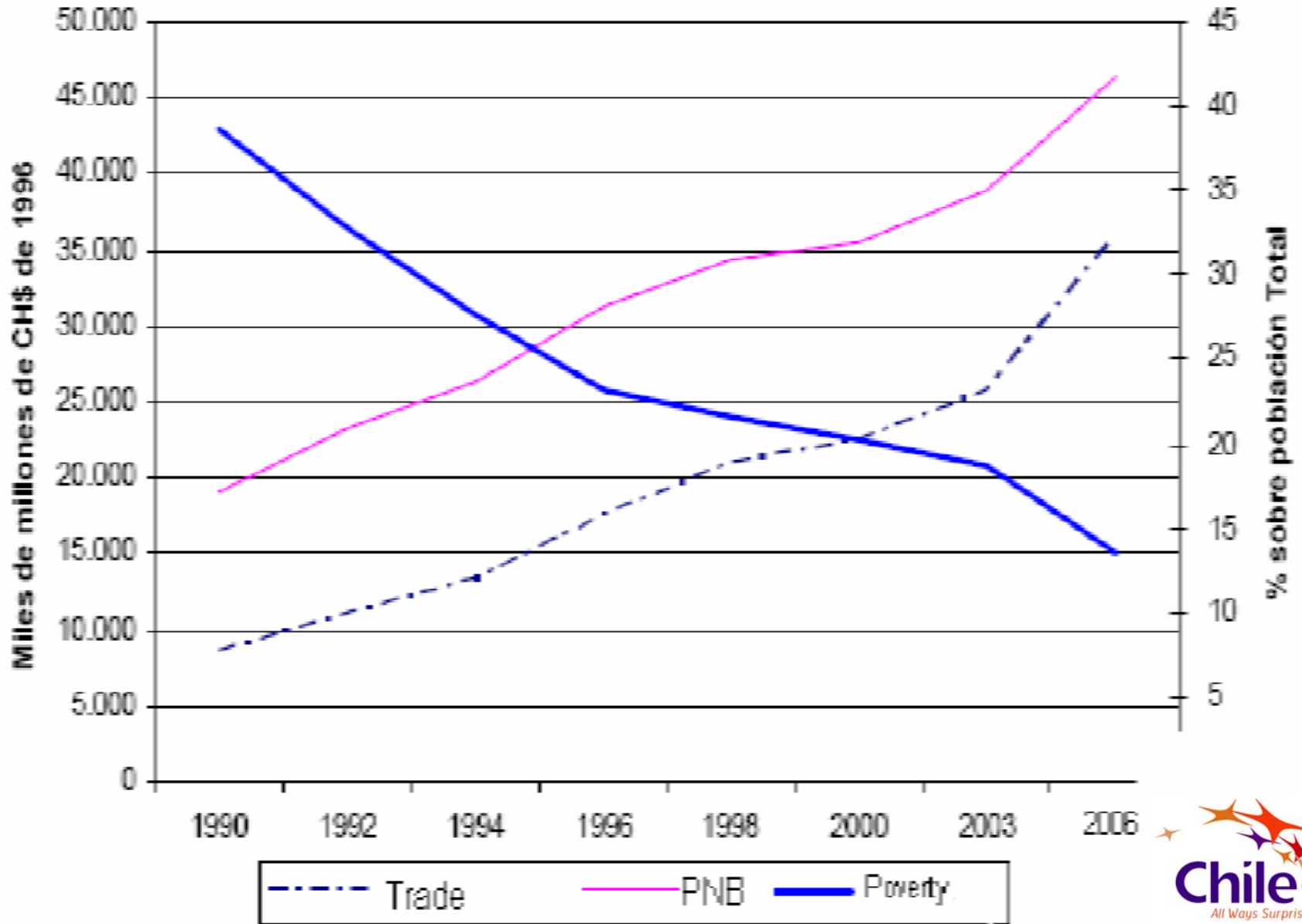


- open economy, competitive and committed to free trade
- trade liberalization
- Promotion & protection of investments (FDI)
- Consensus on export strategy

# GDP AVERAGE ANNUAL GROWTH RATES % (Selected Countries, 1986-2006)



# TRADE & WELFARE: 1990-2006



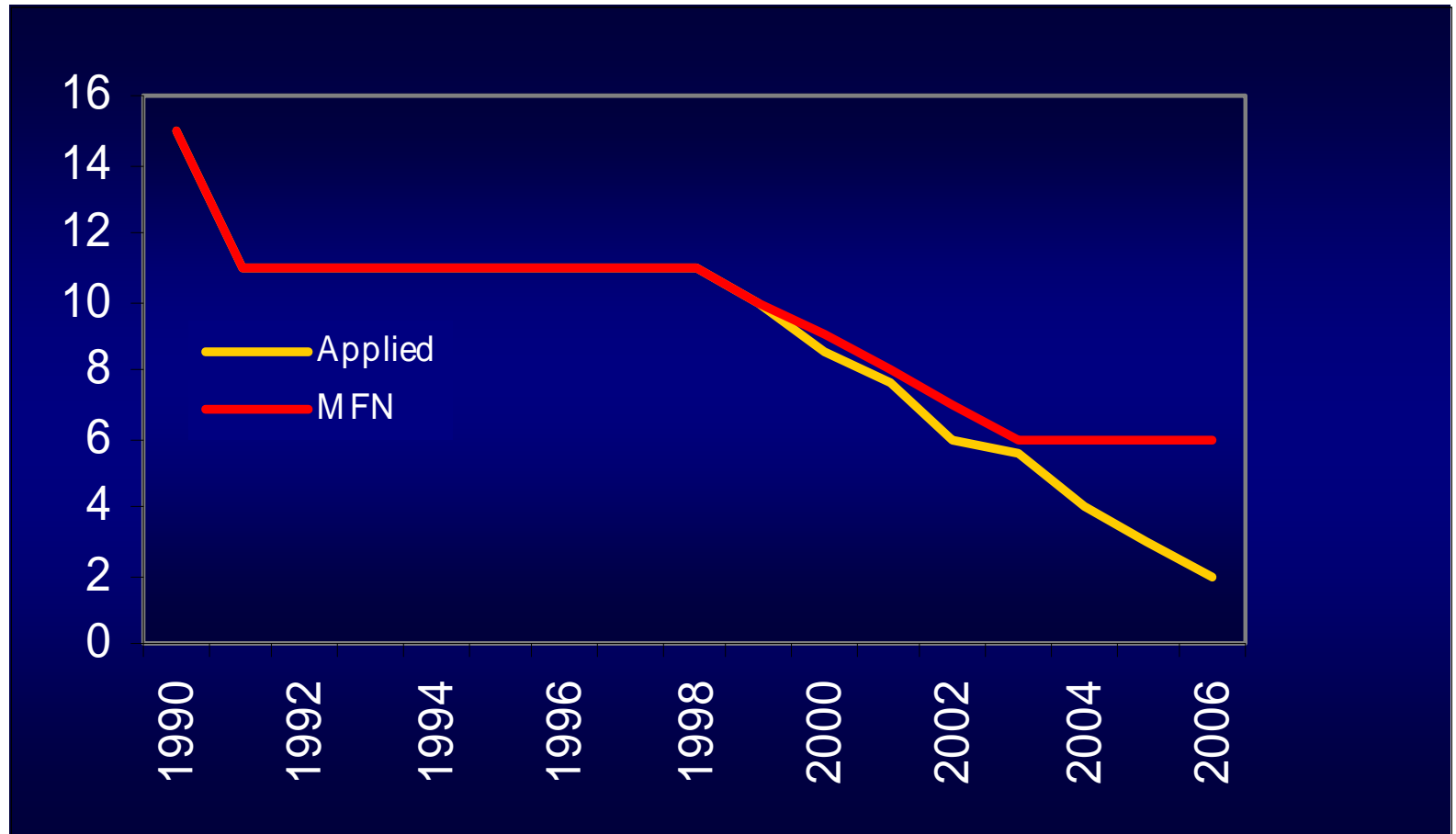
# CHILE'S TRADE POLICY

- Chile accounts for 0.2% of the world economy
- 70% of Chile's GDP comes from trade
- Opening strategy:
  - Unilateral
  - Multilateral
  - Bilateral



**Trade liberalization stimulates the spread of technological change; spurs innovation and creativity**

# TARIFF LIBERALIZATION





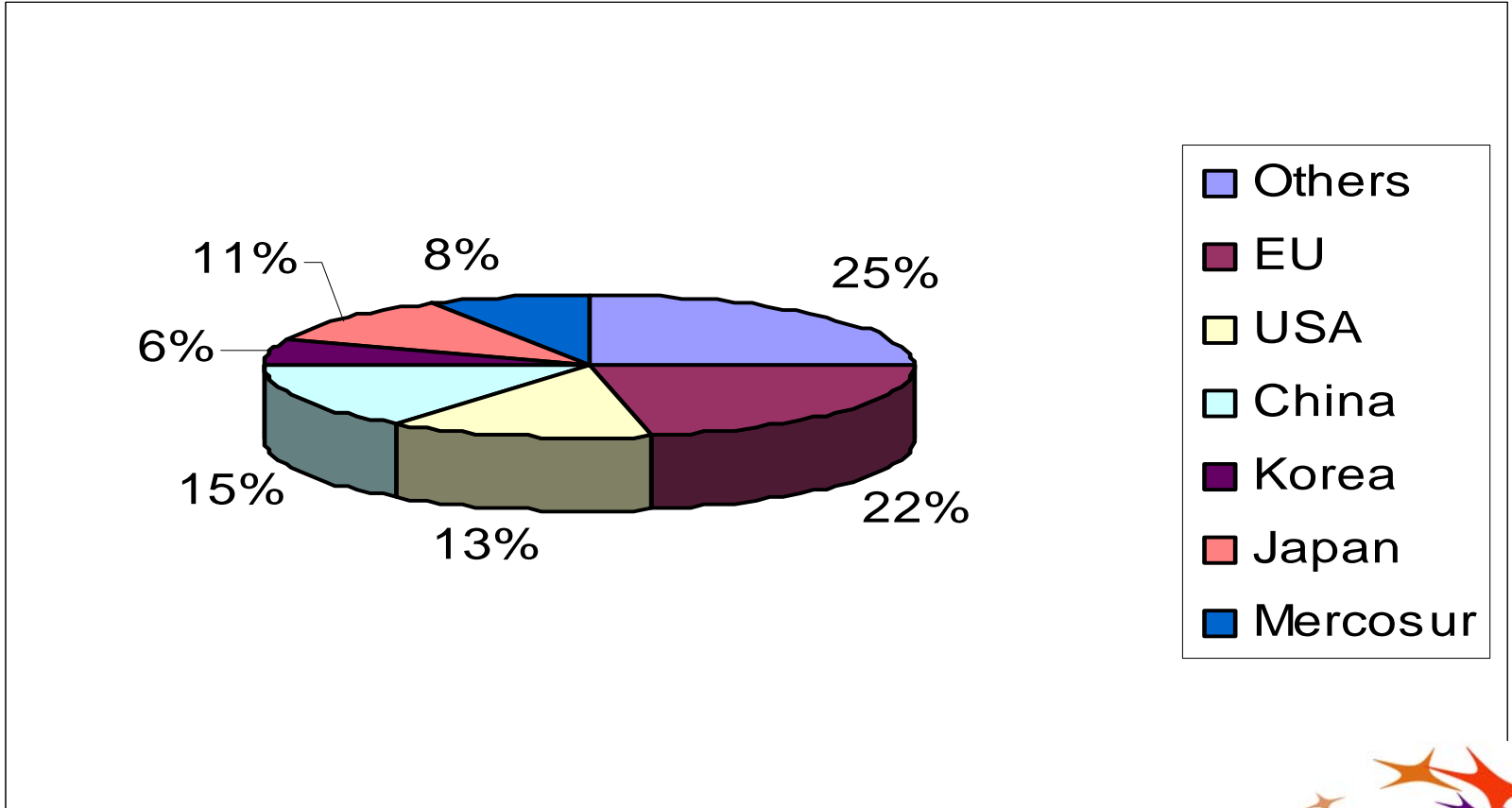
# CHILE'S PREFERENTIAL ACCESS: 86% OF WORLD GDP



# MARKET ACCESS FOR CHILEAN GOODS

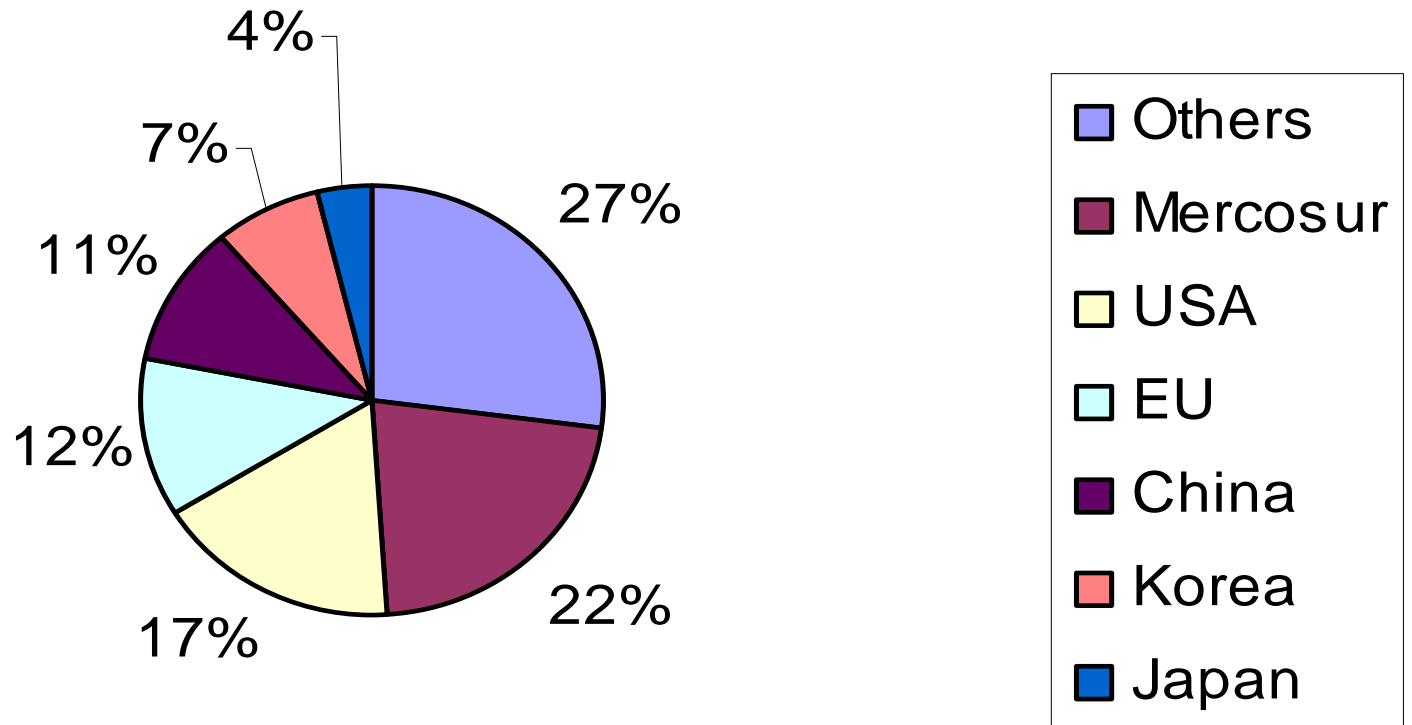
	EU	USA	EFTA	KOREA	P4	CHINA
Day 1	85.1	87	96.3	77.6	82.6 (avg.)	92
Years	10	12	---	12	10	10
Excl. (%)	0.3	---	3.7	---	---	1

# EXPORT DESTINATIONS



Source: DIRECON

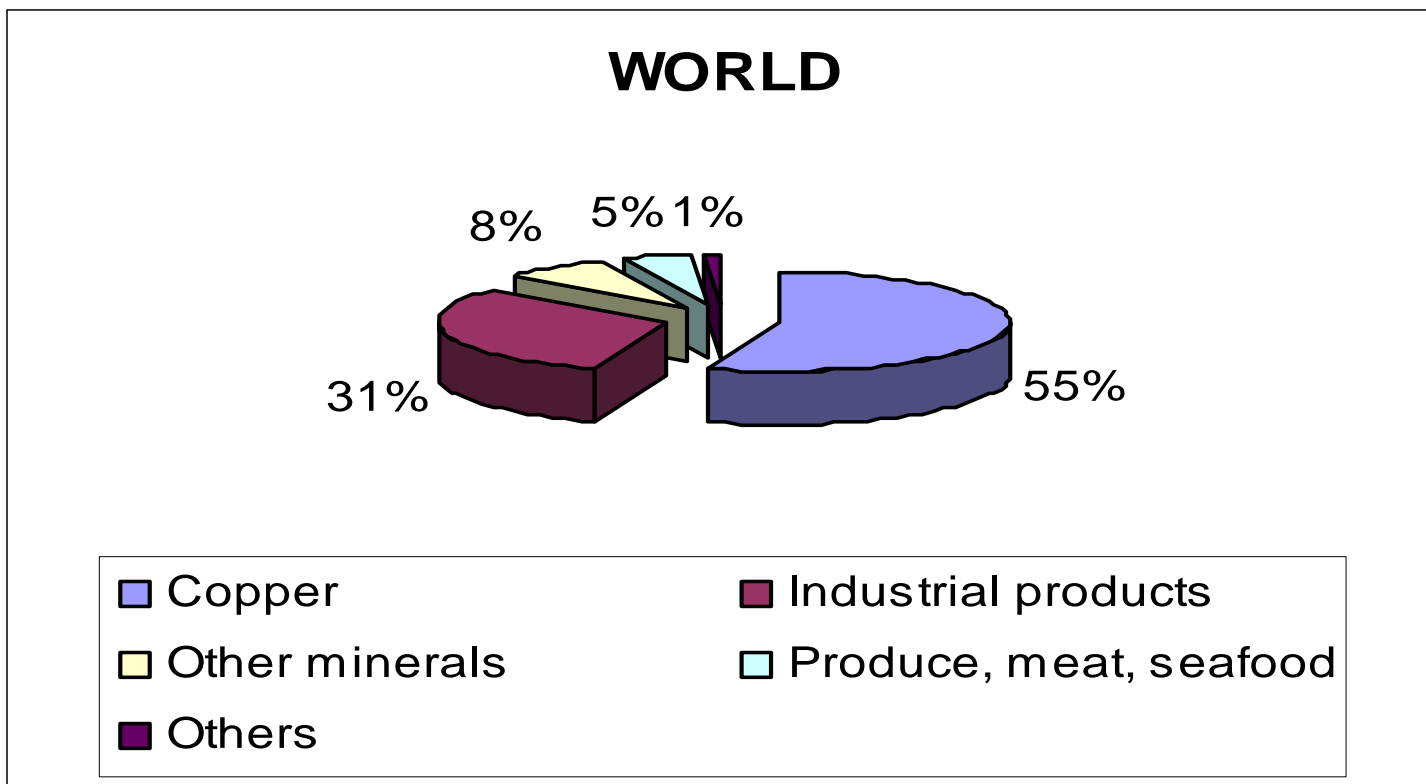
# IMPORTS ORIGIN



Source: DIRECON

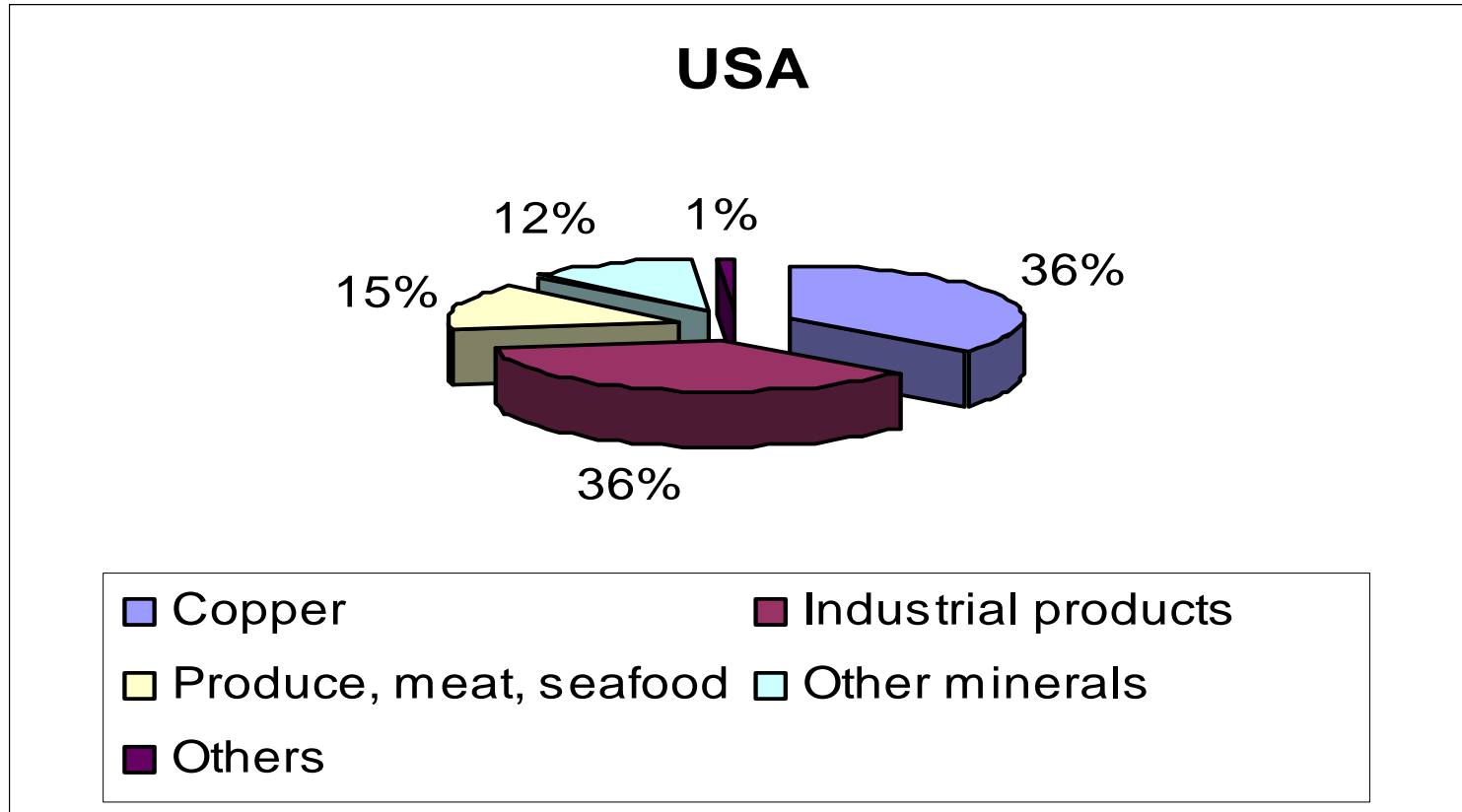


# CHILE'S EXPORTS 2007



Source: DIRECON

# CHILE'S EXPORTS 2007

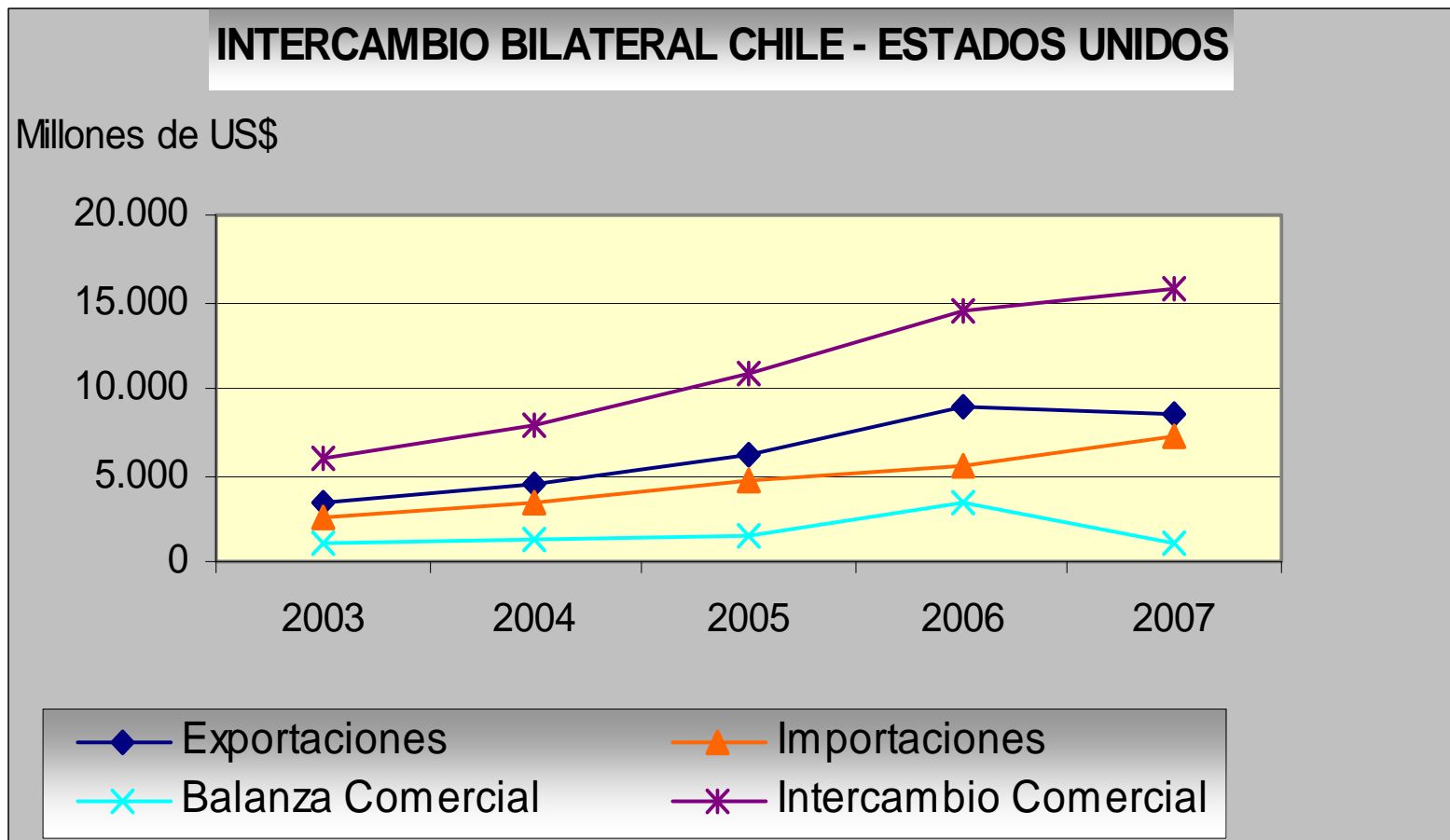


Source: DIRECON

# CHILE-US FREE TRADE AGREEMENT

- In force since January 2004
- 87% of Chilean products and 90% of US products duty free (now 97.3%)
- No exclusions
- Free trade in 2015
- 155% growth rate 2005 - 07
- Bilateral trade in 2007 is 2.5 times bigger than in 2003
- The US used to be the first destination for Chilean Exports (13%), now is China (15.2%)
- In 2007, Chile imported more US products than Argentina, Russia, Indonesia.

# BILATERAL TRADE 2003-2006



Source: PROCHILE

# TARIFF LIBERALIZATION PROGRAM (Exports Chile-US)

Years	Percentage of the total	Main products
<b>immediate</b>	<b>87.6</b>	<ul style="list-style-type: none"> <li>•Fish fillets fresh or frozen, trout fillets, salmon, canned mackerel, crab, king crab, Chilean sea bass, hake, Antarctic queen, smoked salmon</li> <li>•Pork meat, lamb meat</li> <li>•Paprika, fresh grapes, plums, flowers, onions, apricots, raspberries, garlic, olive oils, asparagus, honey</li> <li>•Tires, methanol, copper ores and concentrates, copper products, brooms, wood, wood pulp, textiles, shoes, fertilizers, distilled oil</li> </ul>
<b>2</b>	<b>7.8</b>	Copper plates
<b>4</b>	<b>0.2</b>	Bovine meat, raisins
<b>8</b>	<b>0.5</b>	Bicycles
<b>12</b>	<b>4.5</b>	Tomato paste, canned peaches



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