

CHILE

Capital: Santiago

Population (2010 est.):

Chile: 16.75 million

Virginia: 7.78 million

Government Type: Republic

Head of Government/Chief of State:
President Sebastian Piñera Echenique

Languages (Official): Spanish

Land Size:

292,260 Square Miles

(Slightly larger than Texas)

Currency: (www.oanda.com)

Chilean Peso (CLP) 1US\$ = 523.10 CLP (June 2010)

Economy:

GDP 2009 = \$152.1 billion (-1.7%)

Inflation 2009 = 1.9%

Unemployment 2009 = 10%

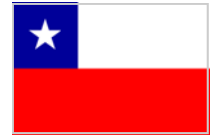
Consumption Tax (VAT) = 19% on CIF + Duty



(Chile Map. CIA)

DID YOU KNOW?

- Chile's economy is considered the most open and free market in Latin America. Chile's economic model was highly influenced by the ideas of Nobel economist Milton Friedman. Its economy is stable with steady growth and a relatively large cash reserve.
- Since the U.S.-Chile Free Trade Agreement (FTA) went into effect in 2004, U.S. exports to Chile have increased remarkably. Virginia also benefited from the FTA as the state's exports have roughly doubled.
- After stellar growth in 2008, U.S. exports to Chile fell considerably in 2009 and were valued at \$9.35 billion. The U.S. is Chile's largest source of imports, with a 19.1% share of the market.
- Chile claims to have fifty-seven bilateral trade agreements, more than any other country. Chile signed a free trade agreement with China in November 2005, and has trade agreements with the European Union, Mexico, India, South Korea, and Mercosur.
- Chile is an associate member of the Customs Union Mercosur, along with founding members Argentina, Brazil, Paraguay, and Uruguay. As an associate member, Chile enjoys reduced tariffs on most goods, but is not obligated to adopt the Common External Tariff (CET) system.
- Chile is the world's largest copper mining country, accounting for over 35% of global copper production.
- Chile has an adult literacy rate of over 95%, the highest in South America.



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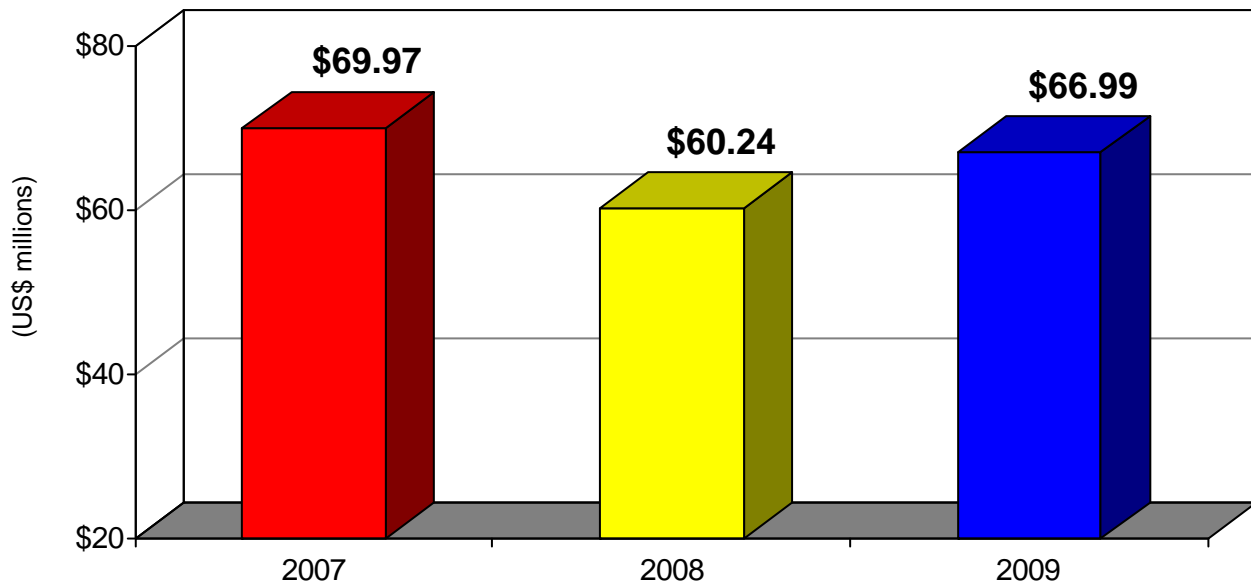
ECONOMIC OUTLOOK

Of all Latin American countries, Chile is arguably in the best financial condition to weather the current global economic crisis, thanks to a history of fiscal responsibility, strong financial institutions, and sound policies that have given Chile the strongest sovereign bond rating in South America. To counter the effects of the 2008 financial meltdown, the Chilean government unveiled a \$4 billion fiscal stimulus plan that boosted the popularity of former President Michelle Bachelet. The Chilean Central Bank also tried to stave off a recession by making the most aggressive short-term interest rate cuts in over a decade. Chile's economic output contracted sharply during fourth quarter 2008, then started to improve in late 2009. The devastating earthquake in February 2010 will inevitably have a negative impact on Chile's economy in the short term, with damages estimated at \$30 billion.

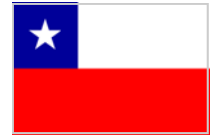
High prices for copper over the last several years had helped Chile maintain an overall trade surplus, and had bolstered Chile's currency, the peso. Because exports account for one-fourth of economic output (GDP), the recent decline in commodity prices and a depreciation of the peso adversely affected Chile's current account balances. Ultimately, Chile's recovery is going to depend largely on the recovery of its main export markets- the United States, China, Japan, and the European Union.

(Latin America Monitor)

VIRGINIA EXPORTS TO CHILE



(Source for Graph: World Trade Atlas)



CHILE

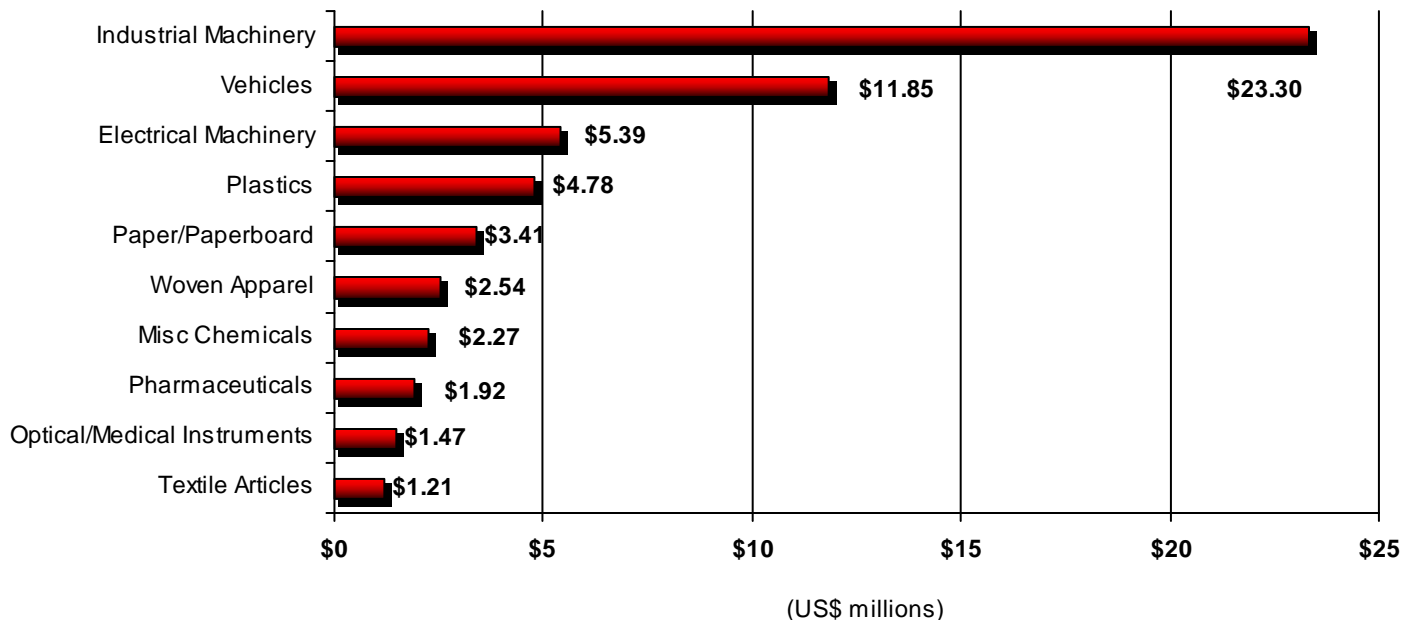
VIRGINIA EXPORTS TO CHILE

After contracting in 2008, Virginia exports to Chile were up 11% in 2009, and were valued at \$66.9 million. This trend is in contrast to most other Latin American countries, where Virginia exports decreased in 2009.

The top five commodity groups exported to Chile via Virginia last year were industrial machinery (industrial handling equipment, pneumatic hand tools, machines for preparation of food/drink), vehicles (automotive parts, passenger motors, construction trucks), electrical machinery (radio/TV parts, integrated circuits, video/audio transmission equipment), plastics, and paper/paperboard. The fastest growing commodity exports to Chile via Virginia in 2009 were woven apparel, textile floor coverings, chemicals, aluminum, wood pulp, and industrial machinery.

Chile's mining sector offers great potential to Virginia exporters. Copper prices may be low at the moment, but Chile's state-owned mining company, CODELCO, is currently carrying out a billion dollar expansion project in Chile's Andina copper mine. The new operation will significantly increase the annual copper tonnage that the country produces, and it will also increase Chile's demand for mining machinery imports. It is evident from the United States' and Virginia's Chilean export profiles that Chile's mining industry is an attractive market for U.S. manufacturers of heavy construction equipment.

VIRGINIA'S TOP EXPORTS TO CHILE- 2009



(Source for Text and Graph: World Trade Atlas, Latin America Monitor)



CHILE

VEDP TRADE EVENTS

Group Market Visit to Chile (and Brazil): November 8-12.

For more information contact Michael Howley, International Trade Manager, (703) 506-1030, MHowley@yesvirginia.org.

Other Services: The VEDP offers a number of export-related services to Virginia businesses, including independent market visits and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters. For more information, please visit our website: www.exportvirginia.org.

ADDITIONAL RESOURCES

- Embassy of Chile in Washington D.C.: <http://www.chile-usa.org>
- U.S. Embassy in Chile: <http://chile.usembassy.gov/>
- U.S. - Chile FTA information: <http://www.chileusafta.com>

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