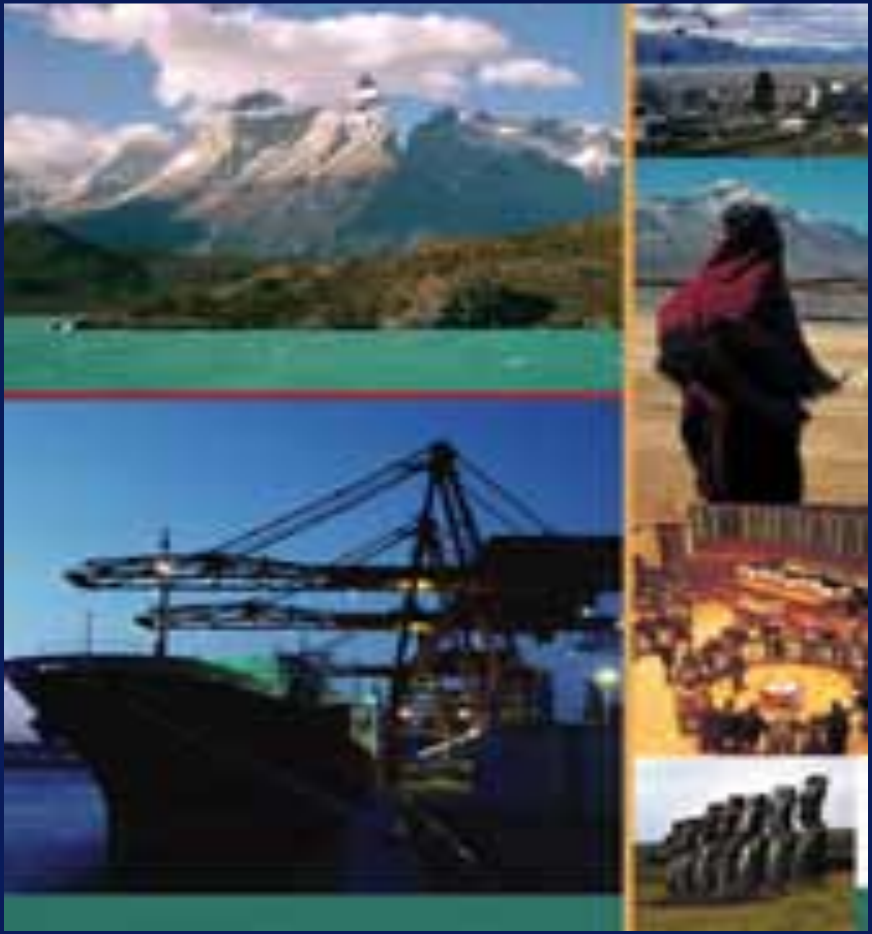
U.S. Commercial Service Chile



Export Opportunities to Chile

June, 2012

Isabel Margarita Valenzuela
Commercial Specialist
U.S. Embassy Santiago

U.S. Embassy Santiago

- 124 U.S. Employees
- 181 Chilean Employees
- 7 Federal Agencies
- Total Annual Budget: $12 million
- Built in 1993

Key Facts

- Nearly 2,800 miles long
- Just 100 miles wide (average)
- Diverse climate and geography
- Opposite seasons from the U.S.
- Isolated by mountains, desert & sea
- 17.2 million population
- Principal city and capital - Santiago

Brief History

- Spanish Colony 1541 – 1810
- Allende/Marxists take power – 1970
- Military coup in 1973
- Open economy begins to grow--1974
- Structural changes – 1981
- Return to Democracy -- 1989

Economic Transformation

- "Chicago Boys" take charge in 1974
- Huge budget deficit eliminated
- State-owned firms privatized
- Tariffs slashed
- Foreign investment restrictions ended
- Economy begins to grow rapidly

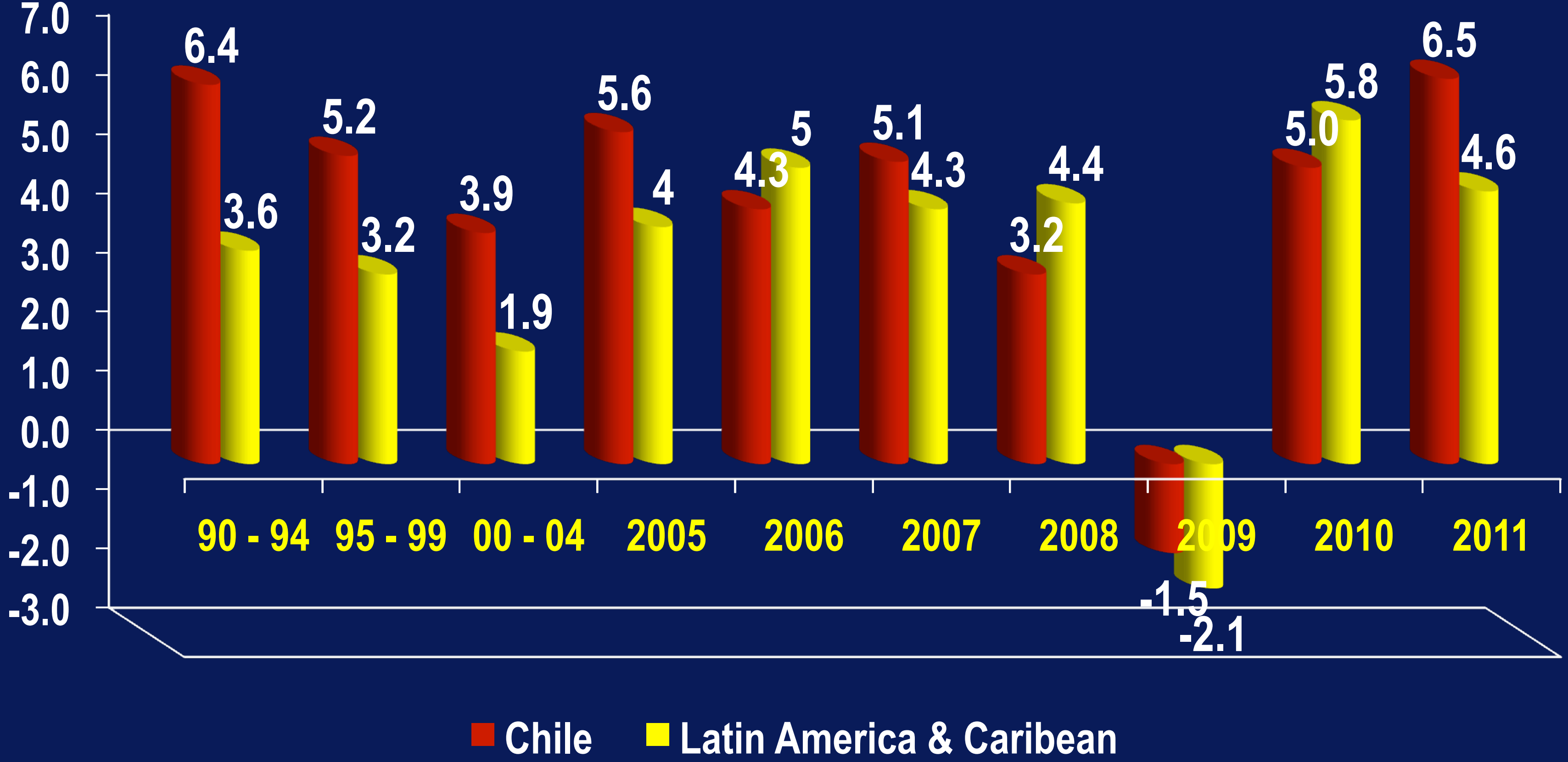
Chile Today

- President *Sebastian Piñera took* office on March 11, 2010. Term runs from 2010-2014.

- Transition from Center-Left "Concertación" Coalition to Center-Right "Alianza" of the President

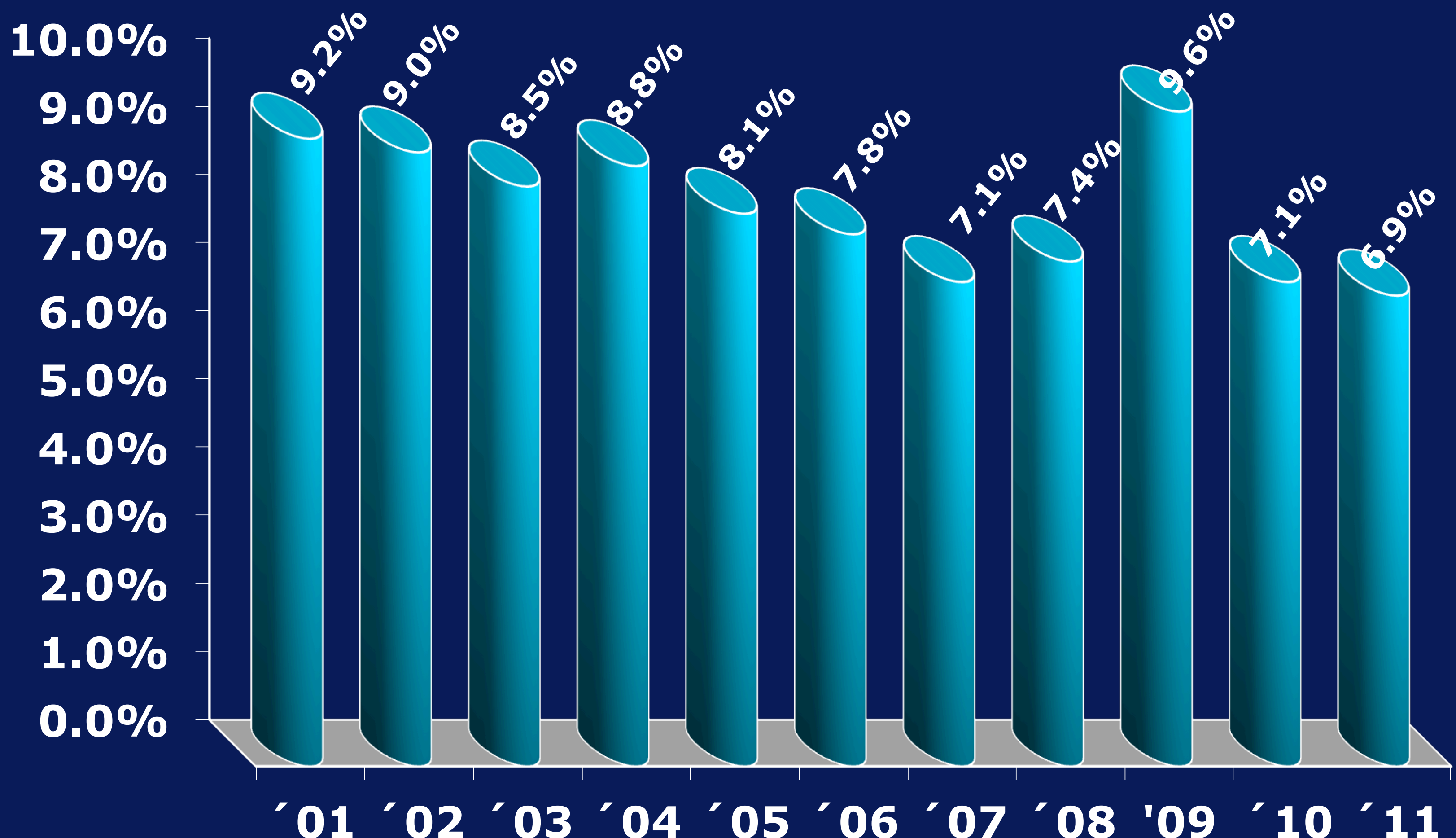
- Broad Consensus
- Open Economy – Free Market
- Democratic Institutions

Sustained Economic Growth



Source: Central Bank, Chile

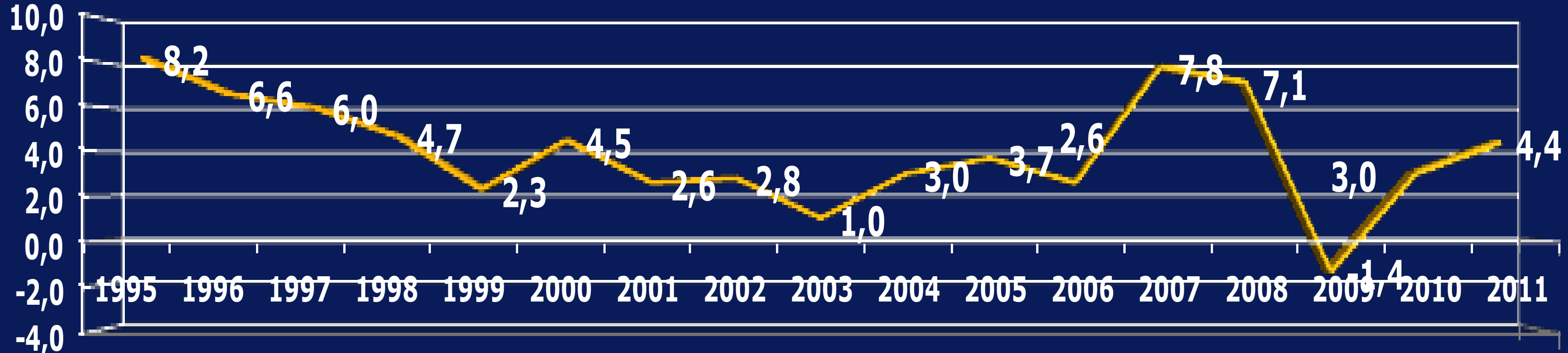
Unemployment Level



Source: Banco Central de Chile

Price Stability

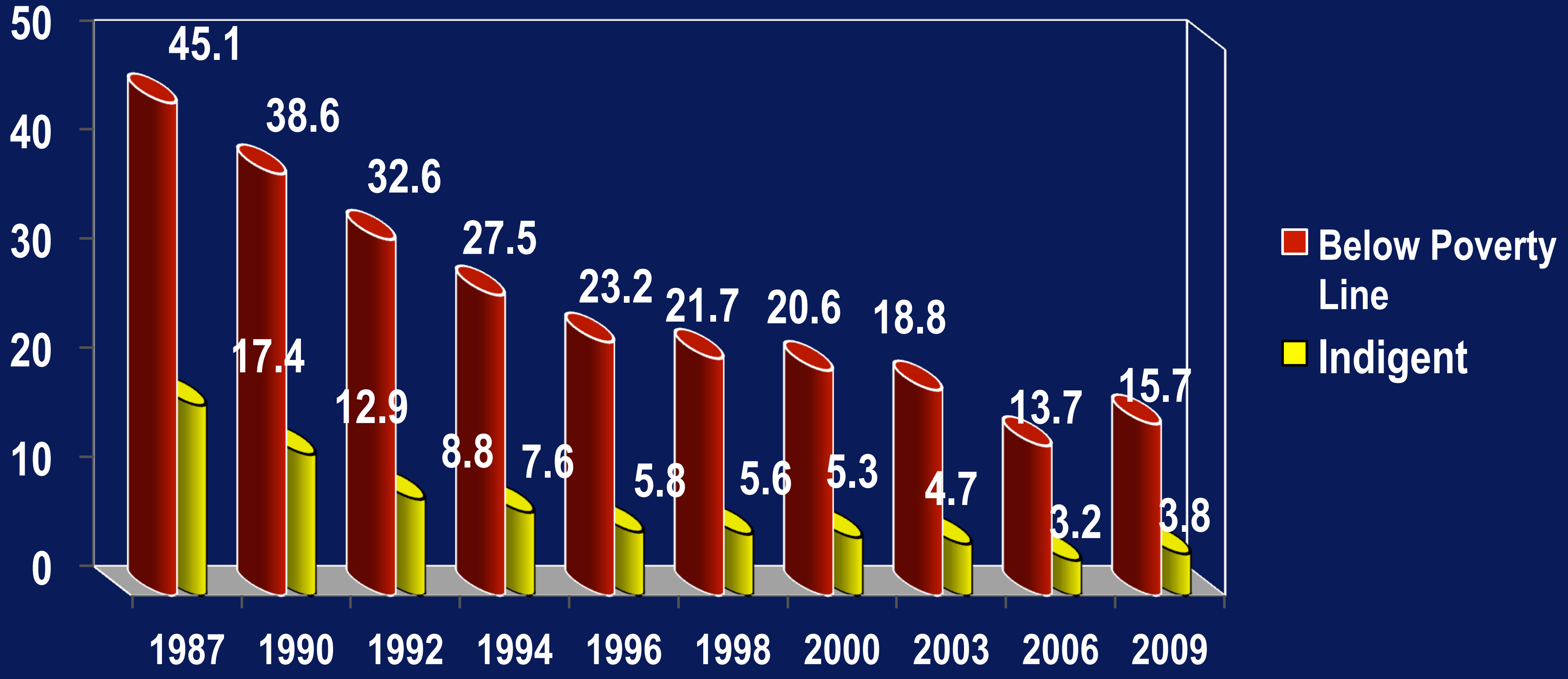
Annual Inflation (%)



Source: Asociación de Bancos e Instituciones Financieras

Declining Poverty Rates

(as a percent of population)



Source: Mideplan, CASEN Study, 2010

Note: Next Casen Study will be done on 2012

Note: Indigence is defined as having income inadequate for a basket of goods sufficient to support a family of 4. Poverty is defined as income less than 2x the value of the same basket.

Chile: Leader in Free Trade

FTAs:

Canada	1997
Mexico	1998
Central America	1999
European Union	2003
South Korea	2004
United States	2004
Trans-Pac. Partnership	2005
China	2006
Japan	2007
Colombia	2009
Australia	2009
Peru	2009

CEAs:

Bolivia	1993
Venezuela	1994
Ecuador	1995
Mercosur	1996
India	2006

TPP = New Zealand, Singapore, Brunei, U.S., Chile, Australia, Peru, Vietnam, Malaysia

Business - Why Chile?

- Free Trade Agreements – 58+
- Steady, positive growth
- Prudent fiscal policies
- Stable democratic government
- Solid business practices
- Rule of law
- Low corruption

Economic Indicators and Facts

- Overall GDP ‘11: $243.1 billion; GDP Growth: 6.5%
- 2011 Per Capita Income: US$16,172 (adj. for PPP)
- Unemployment 2011: 6.9%; 2010: 7.1%
- Import growth: 30% (2010 over 2009)
- Inflation 2011: 4.4%
- Newest Member of OECD (best growth rate in 2011)
- Mobile Phone Penetration: + 100%

AON 2011 Political Risk Map
Americas-South

Source: AON Corporation 2011

U.S. COMMERCIAL SERVICE
United States of America
Department of Commerce

Strengths

- Growth of exports
- Great management capacity

- Transparency of financial institutions
- Availability of qualified engineers & other professionals
- Good level of telecommunication technology (97% mobile penetration; decreasing fixed lines)

Source: Facultad de Economia de la Universidad de Chile

Challenges

- Unemployment / underemployment
- Low GDP per capita
- Low level of value added to exports
- High labor costs
- Low productivity rates
- Deficient educational system

Investment Welcome

- "A+" credit rating (S&P)
- $ 13.7 billion in new foreign investment in 2011 (compared with $9.0 billion in 2010)
- Top investors: U.S., Spain, Canada, U.K., Australia
- Santiago selected as "Best City for Business" in Latin America
- A springboard to other markets

U.S. Companies Invest in Chile

- Wal-Mart placed a big bet on Chile in late 2008
  - ➢The major shareholder in D&S, one of the country's largest retail chains
- AES Corporation owns AES Gener
  - ➢Largest thermal generator and second largest generator of electricity in Chile
  - ➢Constructing 4 new generation facilities in Chile
- Freeport-McMoRan Copper & Gold
  - ➢51% interest in Chile's El Abra mine
  - ➢80% interest in several other mining operations around Candelaria
- Investments like these and others tend to inspire even more confidence in the Chilean economy

Our Free Trade Agreement

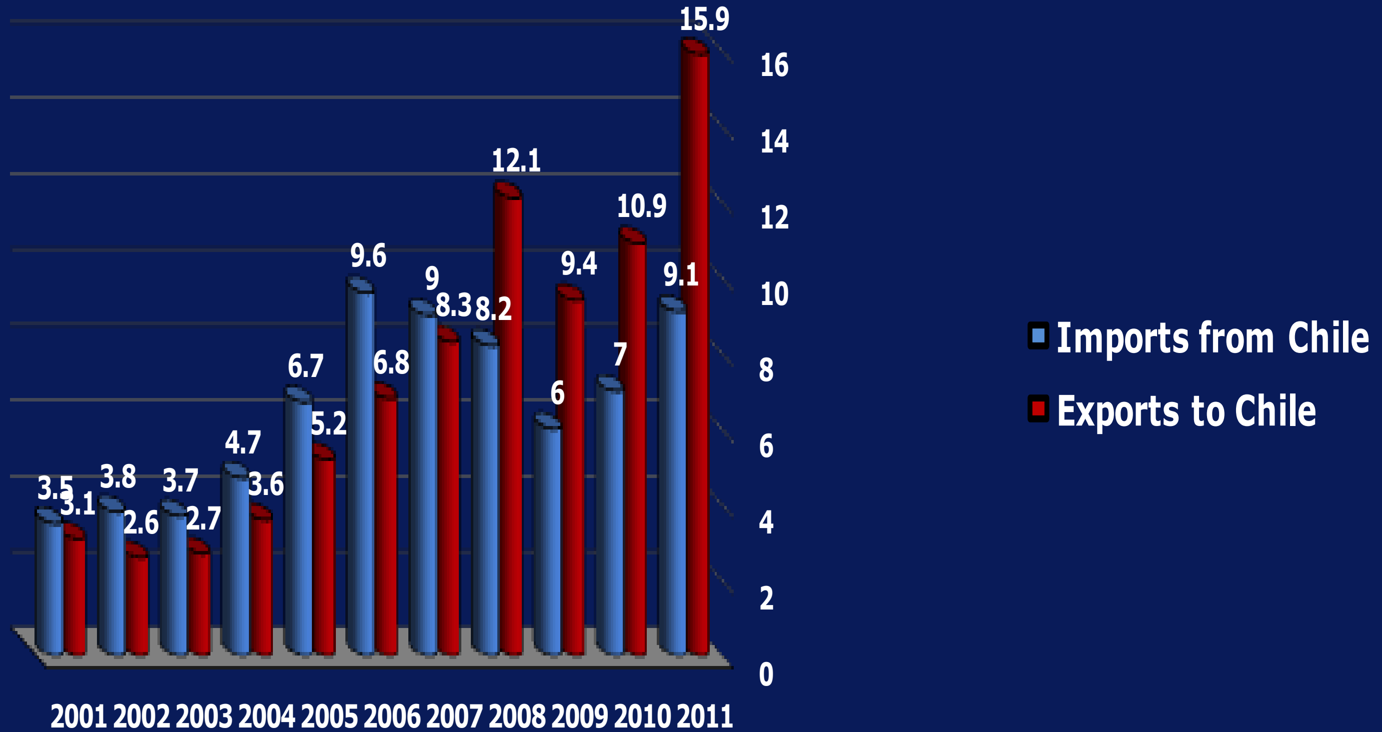
Effective January 2004

- 95% + of bilateral trade in goods duty-free
- 75% + of U.S. farm goods duty-free by 2008
- Stronger protection of intellectual property rights (IPR)
- Open and fair government procurement (www.chilecompras.cl)
- Commitments on labor rights and environmental protection
- Phases out all tariffs within 12 years (by 2016)
- U.S. market share was up to around 20% in 2010; under 15% in 2003

Visit our *U.S. Exporters Guide to the US – Chile FTA* at http://www.buyusa.gov/chile/en/ftaguide.html

U.S.-Chile Trade in Merchandise/Goods

(In US$ Billions)



U.S. Department of Commerce, Bureau of the Census (www.census.gov)

Source: TradeStats Express

Main U.S. Exports to Chile

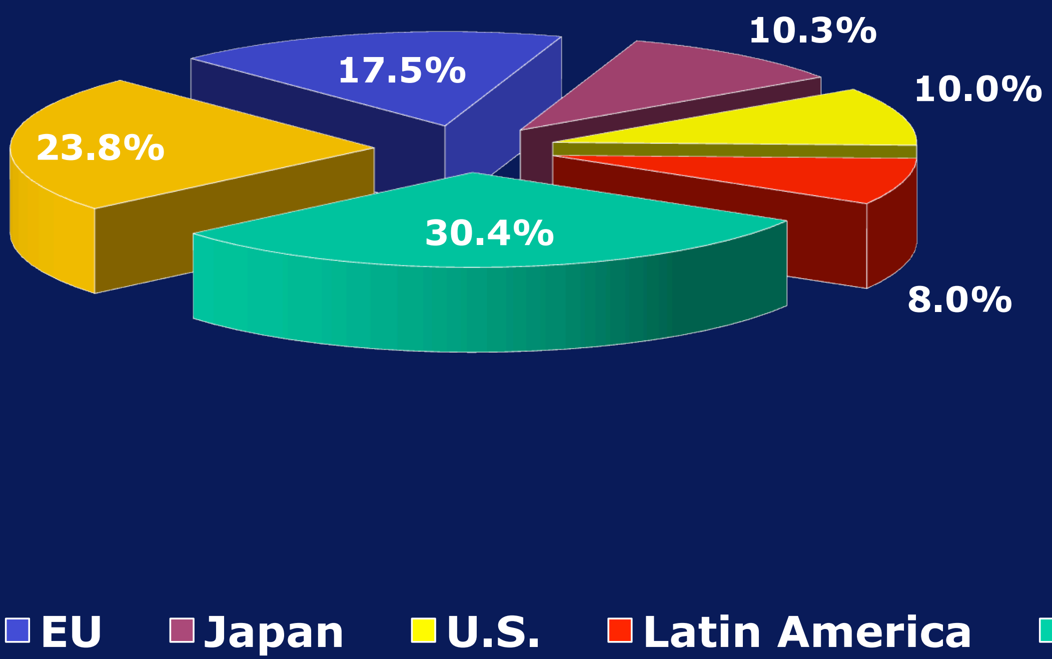
NAICS	US$ billions FAS			
	2008	2009	2010	2011
Total Exports (billions):	**11.8**	**9.3**	**10.9**	**15.9**
324- Petroleum & coal products	3.5	1.7	2.1	4.6
333- Machinery, except electrical	1.9	1.7	1.9	2.6
334- Computer & electronic products	1.2	1.1	1.4	1.7
325- Chemicals	1.5	1.0	1.3	1.6
336- Transportation equipment	1.2	1.6	1.2	1.6

Source: Bureau of Census

Main Chilean Exports to the U.S.

NAICS	US$ Billions Customs Value			
	2008	2009	2010	2011
Total Exports (billions):	**8.2**	**6.0**	**7.0**	**9.0**
331- Primary metal mfg.	3.4	1.7	2.6	3.9
111- Agricultural products	1.4	1.5	1.6	1.6
321- Wood products	.66	.50	.51	.57
311- Food manufactures	.45	.46	.44	.54
325 - Chemicals	.37	.27	.30	.47
114- Fish, fresh/chilled/frozen & others	.30	.31	.31	.40
312- Beverages & tobacco products	.22	.27	.28	.30
212- Minerals & Ores	.25	.18	.21	.26

Main Destinations for Chilean Exports (2010)



Source: www.aduana.cl

2012 Growth Sectors / Best Prospects for U.S. Exports

- Agricultural Machinery & Equipment
- Construction
- Energy / Electrical Power Equipment
- Food Processing & Packaging Equipment
- Healthcare
- Mining Equipment
- Safety & Security

2012 Growth Sectors / Best Prospects for U.S. Exports (cont.)

- Telecommunications Equipment & Services
- Travel & Tourism Services
- Water Resources Equipment

Trade Events in Chile

➢FIDAE – Santiago, Chile	March 2012 - 400 exhibitors from 30 countries
➢EXPOMIN – Santiago, Chile	April 2012 - 1,200 exhibitors from 36 countries
➢EXPO HOSPITAL – Santiago, Chile	June 2012 – 2nd time
➢EXPONOR – Antofagasta, Chile	June 2013 – 1,000 exhibitors from 30 countries
➢IFT Energy – Santiago, Chile	May 2013 – 2nd time

Int'l Buyer Program (IBP) Events

➢ CES (Consumer Electronics)	✓ January 10-13, 2012
➢ National Plastic Exhibition	✓ April 1-5, 2012
➢ Pow Wow (Travel & Tourism)	✓ April 21-25, 2012
➢ AWWA ACE (American Water Works)	✓ June 10-14, 2012
➢ InfoComm	✓ June 13-15, 2012
➢ AACC (Clinical Laboratory)	✓ July 15-19, 2012
➢ MINEXPO	✓ September 24-26, 2012
➢ WEFTEC	✓ September 29, 2012
➢ CTIA Enterprise & Applications	✓ October 8-11, 2012
➢ Pack Expo	✓ October 28-31, 2012

We Can Help!

Visit www.export.gov/chile to locate your nearest U.S. Export Assistance Center and get information on our services.

- Counseling and Advocacy
- Finding International Partners
- Customized Market Research
- Trade Events

Thank you!

U.S. Embassy / Department of Commerce

Santiago, Chile

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