

# Trade Policy



# Chile: Importance of Trade

- **More than three decades ago, Chile opted for a model of open economy geared towards foreign trade.**
- **Chile is highly dependent on foreign trade: exports plus imports represent approximately 78 % of GDP.**
- **Foreign trade is an important component of our strategy of economic and social development (economic growth, employment, reduction of poverty and equal opportunity).**

# Chile: Trade Policy

**Active policy of trade liberalization through three different channels:**

- **Unilateral liberalization (1975-2002):** Chile unilaterally reduced its trade tariffs and currently has a flat tariff of 6 %, but the real average tariff reaches 1.7 % on goods and services, due to the several Free Trade Agreements signed by Chile.
- **Multilateral level:** Chile participates actively in the World Trade Organization (WTO) and supports a world trade system governed by fair, transparent and non discriminatory rules.
- **Bilateral and regional agreements:** These agreements grant preferential access to markets of special interest and ensure a framework of stability. There has been a very active policy of FTA negotiations since the 1990's.

# Chile: Trade Agreements

## Complementary Agreements:

- Mexico 1991
- Venezuela 1993
- Colombia 1994
- Ecuador 1995
- Mercosur 1996
- Peru 1998

## Free Trade Agreements:

### In force:

- Canada 1997
- Mexico 1999
- Centro America 2002
- European Union 2003
- USA 2004
- South Korea 2004
- EFTA 2004
- China 2006

### Signed:

- Singapore 2005
- New Zealand 2005
- Brunei 2005
- India 2005
- Panama 2006
- Peru 2006
- Colombia 2006

### Pending:

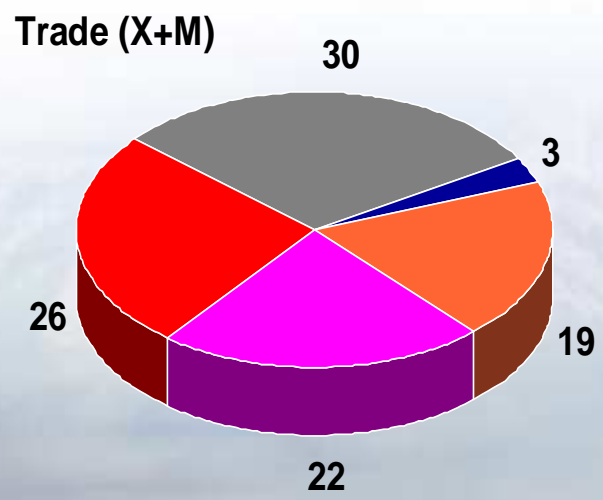
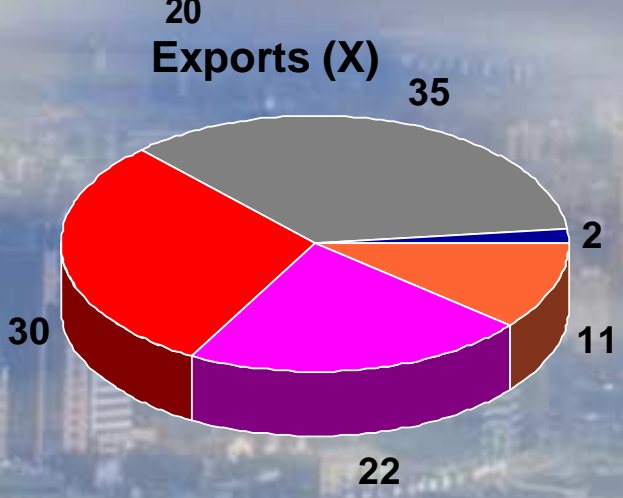
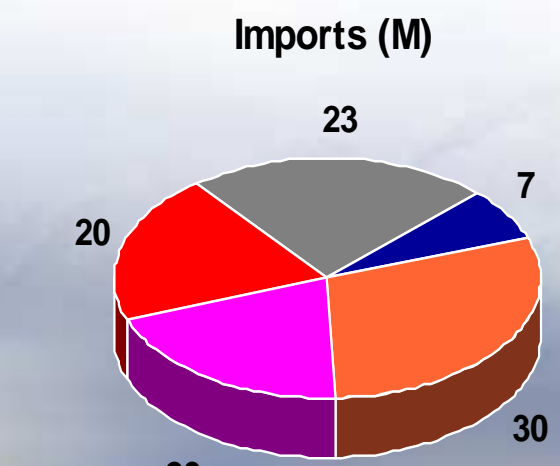
- Japan ----

# Market Access to Trade-Agreement Partners

	Population (millions)	GDP (billions)
	Data for 2003	
<b><u>In Force</u></b>		
United States	297	10,881
Canada	32	834
Mexico	105	626
European Union	455	9,867
South Korea	48	605
EFTA	12	541
Mercosur	283	639
Centro America	36	76
China	1,313	1,410
<b>Sub total</b>	<b>2,581</b>	<b>25,479</b>
<b><u>Signed</u></b>		
Singapore	4	91
New Zealand	4	76
India	1,081	599
Panama	3	13
Peru	28	82
<b><u>Pending</u></b>		
Japan	128	4,326
Colombia	41	112
<b>Sub total</b>	<b>1,289</b>	<b>5,299</b>
<b>Total</b>	<b>3,870</b>	<b>30,778</b>

Sources: United Nations Population Fund and World Bank. Data for 2003

# Chile: Regional Distribution of Foreign Trade in 2006 (%)



- North America
- Europe
- Latin America
- Asia
- Others

Source : Central Bank of Chile

# Chilean Merchandise Trade (X+M) by Main Markets

USD (million)

	2006	Share 2006 (%)
USA	14,510	16.2
China	8,421	9.4
Japan	7,185	8.0
Brazil	6,995	7.0
Argentina	5,275	5.9
South Korea	5,046	5.6
Netherlands	4,115	4.6
Italy	3,442	3.8
Mexico	3,287	3.7

Source: Central Bank of Chile

# Canada-Chile FTA

- **The FTA was signed in 1996. That year, total trade amounted to CDN \$757 million.**
- **In 2006, commercial trade more than tripled, reaching CDN \$2.1 billion.**
- **Between 1997-2006 Canadian imports from Chile increased from CDN \$235 million to CDN \$ 1.65 billion.**
- **During the same period, Canadian exports have increased by 48%.**
- **Under the current framework, Canadian companies have developed strong ties with Chile. They have confidence in Chilean norms and institutions.**

# World Trade Atlas

## Canada - Import -Total- from Chile

January - December

USD (million)

Descripción Chile					% Participación			% Cambio
		2004 1,009.75	2005 1,374.33	2006 1,646.06	2004 0,37	2005 0,44	2006 0,47	- 06/05 - -19,77
1	Cobre Y Sus Manufacturas	475,91	600,38	635,40	47,13	43,69	38,6	5,83
2	Frutas Y Frutos Comestibles; Cortezas De Agrios	181,90	208,33	245,79	18,02	15,16	14,93	17,98
3	Perlas Finas (Naturales) O Cultivadas, Piedras Prec	7,23	146,20	186,45	0,72	10,64	11,33	27,53
4	Minerales Metalíferos, Escorias Y Cenizas	100,41	107,48	173,96	9,94	7,82	10,57	61,86
5	Madera, Carbón Vegetal Y Manufacturas De Madera	70,80	57,28	51,71	7,01	4,17	3,14	-9,71
6	Pescados Y Crustáceos, Moluscos Y Demás Invertebra	51,65	56,43	79,66	5,12	4,11	4,84	41,16
7	Bebidas, Líquidos Alcohólicos Y Vinagre	51,83	54,90	60,77	5,13	4	3,69	10,69
8	Barcos Y Demás Artefactos Flotantes	0,00	46,24	46,92	0	3,37	2,85	1,46
9	Productos Químicos Inorgánicos; Compuestos Inorgán	9,96	14,74	20,19	0,99	1,07	1,23	36,93
10	Preparaciones De Hortalizas, De Frutas U Otros Frutos	16,42	11,90	15,75	1,63	0,87	0,96	32,43
11	Productos Químicos Orgánicos	2,63	9,59	60,24	0,26	0,7	3,66	528,03
12	Cereales	5,43	9,26	3,07	0,54	0,67	0,19	-66,8
13	Semillas Y Frutos Oleaginosos; Semillas Y Frutos D	2,05	6,41	5,99	0,2	0,47	0,36	-6,61
14	Carne Y Despojos Comestibles	0,00	4,77	14,03	0	0,35	0,85	194,34
15	Abonos	2,02	3,95	4,33	0,2	0,29	0,26	9,72
16	Muebles; Mobiliario Medicoquirúrgico; Artículos De	1,23	3,39	1,68	0,12	0,25	0,1	-50,54
17	Manufacturas De Fundición, De Hierro O Acero	2,63	3,35	6,74	0,26	0,24	0,41	100,79
18	Prendas Y Complementos (Accesorios), De Vestir, Ex	2,09	3,12	2,56	0,21	0,23	0,16	-17,79
19	Residuos Y Desperdicios De Las Industrias Alimenta	0,80	2,79	3,37	0,08	0,2	0,21	20,51
20	Hortalizas, Plantas, Raíces Y Tubérculos Alimenticios	2,63	2,76	2,45	0,26	0,2	0,15	-10,97
21	Otros	22,11	21,07	25,02	2,21	1,52	1,50	39.139,10
	<b>Total</b>	<b>1009,75</b>	<b>1374,33</b>	<b>1646,07</b>	<b>100,03</b>	<b>100,02</b>	<b>99,99</b>	<b>40,065.94</b>

# Summary of Top Ten Canadian Imports from Chile in \$ CDN Between 2001-2005

Industry	2001	2002	2003	2004	2005
Non-Ferrous Metal (except Aluminum) Smelting and Refining	23,483,435	72,244,571	201,621,026	468,497,401	594,290,821
Non-Citrus Fruit and Tree Nut Farming	95,875,182	106,182,171	129,769,159	161,403,298	179,408,090
Gold and Silver Ore Mining	0	1,007,439	9,845,298	5,744,913	145,119,046
Copper, Nickel, Lead and Zinc Ore Mining	140,340,940	70,003,996	57,053,425	97,314,799	94,631,518
Wineries	37,408,134	37,254,665	43,806,373	51,279,607	54,691,259
Seafood Product Preparation and Packaging	17,598,653	29,210,827	42,343,775	44,719,397	54,525,392
Ship and Boat Building	0	0	0	0	45,094,834
Veneer, Plywood and Engineered Wood Product Manufacturing	10,266,520	25,140,279	38,503,981	45,120,556	30,958,126
Millwork	9,495,588	13,664,476	15,574,202	22,665,605	23,314,267
Frozen Food Manufacturing	5,043,848	5,227,737	7,308,209	11,879,028	18,537,912
Other Industries	74,235,645	67,007,036	95,981,345	96,279,431	132,035,562
<b>TOTAL</b>	<b>413,747,945</b>	<b>426,943,197</b>	<b>631,971,340</b>	<b>1,004,904,035</b>	<b>1,372,606,827</b>

Source: Export Development Canada

# CANADIAN IMPORTS FROM CHILE BY PROVINCE IN USD

Years / TOTAL (ALL INDUSTRIES) Import to:	2001	2002	2003	2004	2005	Total
Newfoundland and Labrador	216,550	1,271,597	641,623	423,558	45,552,623	48,105,951
Nova Scotia	5,332,396	7,410,191	13,235,460	16,281,405	8,400,141	50,659,593
Quebec	235,804,390	217,052,209	369,676,958	687,505,825	834,298,463	2,344,337,845
Manitoba	5,822,056	5,681,574	6,652,723	5,023,097	8,000,796	31,180,246
Alberta	10,103,682	13,630,318	15,877,157	22,820,057	25,805,894	88,237,108
British Columbia	41,688,792	55,254,915	70,505,846	79,422,665	92,827,234	339,699,452
Prince Edward	22,002	31,115	39,507	63,814	34,776	191,214
New Brunswick	7,668,261	8,241,880	11,497,110	9,085,171	11,452,665	47,945,087
Ontario	107,640,959	119,586,019	145,544,970	185,749,554	343,990,940	902,512,442
Saskatchewan	1,337,593	1,474,761	2,091,946	2,291,999	3,709,960	10,906,259
Northwest Territories	0	0	0	9,292	0	9,292
<b>Total</b>	415,636,681	429,634,579	635,763,300.00	1,008,676,437.00	1,374,073,492	<b>3,863,784,489</b>

Source: Export Development Canada

# Summary of Top Ten Canadian Exports to Chile from Canada in \$ CDN between 2001-2005

Industry	2001	2002	2003	2004	2005
Coal Mining	20,112,703	12,931,643	13,079,370	14,714,570	38,787,336
Mining and Oil and Gas Field Machinery Manufacturing	6,250,751	3,602,962	8,416,121	14,064,182	19,918,466
Paperboard Mills	18,266,043	11,037,581	9,873,803	11,173,796	16,463,879
Wheat Farming	32,724,448	25,102,749	19,652,436	28,749,382	15,530,878
Construction Machinery Manufacturing	4,785,002	4,645,635	4,485,451	10,173,422	12,317,921
Electrical Equipment Manufacturing	6,577,121	6,994,427	5,522,785	6,469,269	9,735,937
Resin and Synthetic Rubber Manufacturing	3,910,547	2,571,478	3,722,919	7,004,420	8,208,531
Oil and Gas Extraction	370,428	4,196,931	4,615,914	1,637,944	7,905,231
Other Industrial Machinery Manufacturing	7,620,960	4,253,984	12,198,886	4,701,063	7,648,057
Dry Pea and Bean Farming	4,241,614	4,864,646	5,787,494	5,100,320	7,271,574
Other Industries	130,029,099	94,269,076	133,634,412	156,342,029	164,028,410
<b>TOTAL</b>	<b>234,888,716</b>	<b>174,471,112</b>	<b>220,989,591</b>	<b>260,130,397</b>	<b>307,816,220</b>

Source: Export Development Canada