



# MUFG Focus Latin America

## Chile: Export Profile



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# Chilean Exports – Profile Structure

- Four areas of focus to assess Chile's export structure.

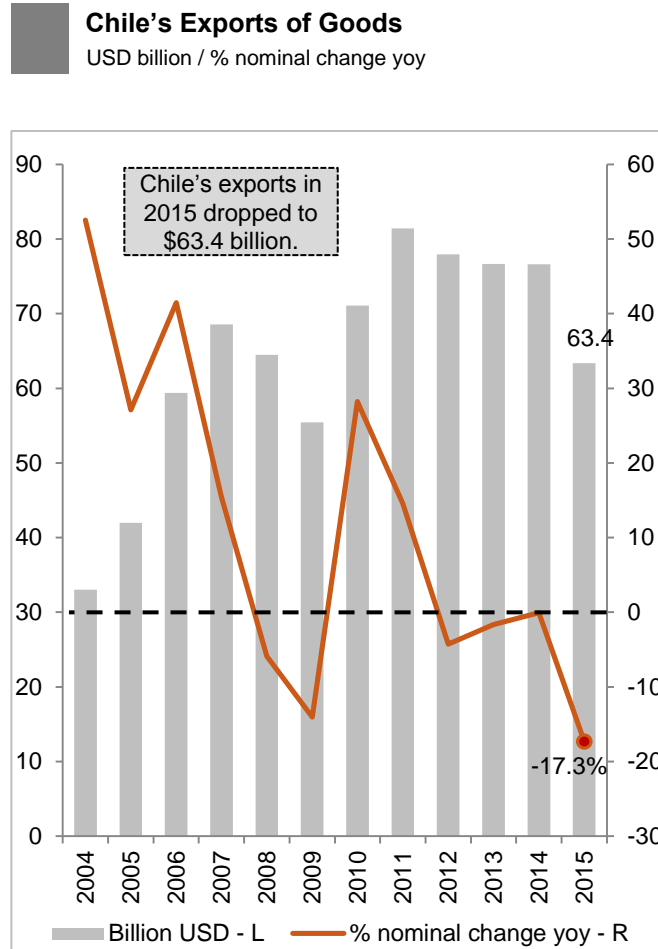


# Chilean Exports – Growth Momentum (1)

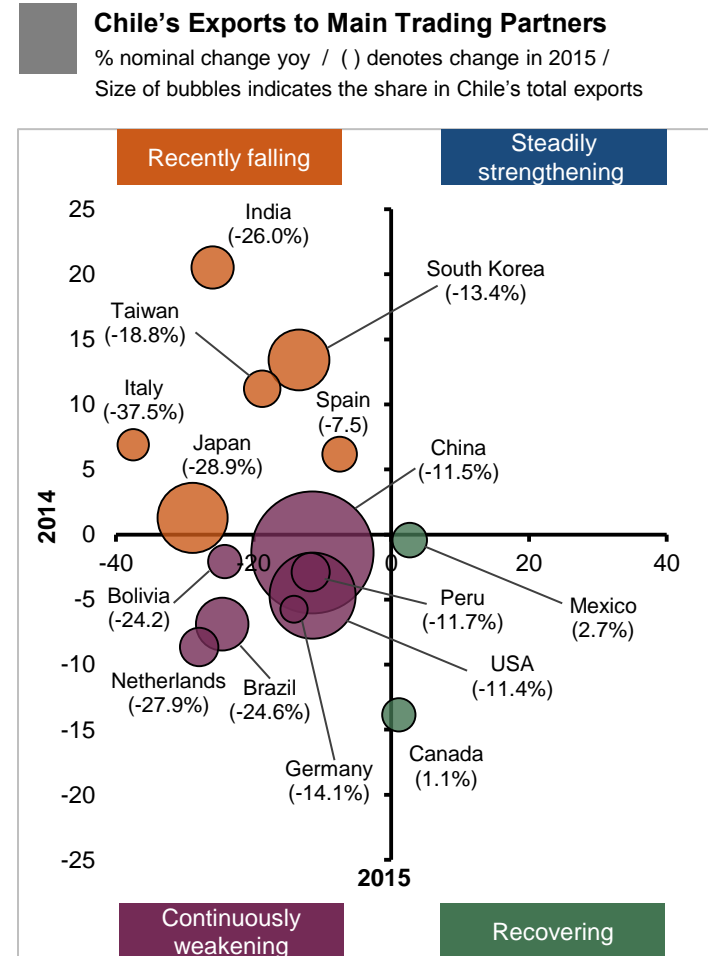
Chile's exports slumped by 17% in 2015, dragged down by low copper prices and weak external demand.

Chile's exports contracted by 17% in 2015, to \$63.4 billion, extending the negative trend for four years in a row. The plummet was driven by low prices of copper (the country's top export product) and weak demand from its main trading partners such as the US and Japan.

Export earnings from its most important markets plunged in 2015. Of the top 15, exports rose only in Mexico and Canada compared with the previous year.



Source: UN Comtrade



Source: UN Comtrade

# Chilean Exports – Growth Momentum (2)















- Exports to 26 of the top 30 main markets contracted in 2015.

Chile's exports to 26 of the top 30 trading partners slipped in 2015, reflecting not only the far-reaching impact of low copper prices, but also weak demand for products other than just copper.


















Exports to China dipped by 11.5% in 2015, largely prompted by lower copper prices. In the case of the US, its weak demand for fish fillets and grapes also contributed to the plunge.

## Chile's Exports of Goods by Top Markets

% nominal change yoy / USD billion

Partners	2015 %	2014 %	2015 USD bn
Total	↓ -17.3	↓ -0.1	63.4
Top 5	↓ -15.9	↓ -0.8	37.6
Top 15	↓ -16.6	↓ -0.1	51.5
 China	↓ -11.5	↓ -1.4	16.7
 USA	↓ -11.4	↓ -4.7	8.3
 Japan	↓ -28.9	↑ 1.3	5.5
 South Korea	↓ -13.4	↑ 13.4	4.1
 Brazil	↓ -24.6	↓ -6.9	3.1
 India	↓ -26.0	↑ 20.5	2.0
 Netherlands	↓ -27.9	↓ -8.6	1.7
 Peru	↓ -11.7	↓ -2.9	1.6
 Taiwan	↓ -18.8	↑ 11.2	1.5
 Spain	↓ -7.5	↑ 6.2	1.3
 Mexico	↑ 2.7	↓ -0.4	1.3
 Canada	↑ 1.1	↓ -13.9	1.2
 Bolivia	↓ -24.2	↓ -2.1	1.2
 Italy	↓ -37.5	↑ 6.9	1.1

Source: UN Comtrade

Partners	2015 %	2014 %	2015 USD bn
 Germany	↓ -14.1	↓ -5.7	0.8
 Argentina	↓ -16.3	↓ -7.6	0.8
 France	↓ -33.4	↑ 8.2	0.8
 Colombia	↓ -13.1	↑ 4.4	0.8
 Belgium	↓ -32.2	↓ -21.1	0.7
 UK	↓ -9.2	↑ 7.4	0.7
 Paraguay	↑ 11.9	↑ 14.7	0.6
 Russia	↓ -23.6	↑ 19.9	0.6
 Switzerland	↓ -39.2	↓ -18.5	0.5
 Ecuador	↓ -11.8	↓ -1.1	0.5
 Australia	↓ -51.5	↑ 11.7	0.4
 Bulgaria	↓ -27.2	↑ 0.3	0.4
 Thailand	↑ 16.5	↑ 19.7	0.3
 Venezuela	↓ -27.6	↓ -11.3	0.3
 Turkey	↓ -11.6	↓ -3.3	0.3
 Vietnam	↓ -30.9	↑ 25.4	0.3
 Costa Rica	↓ -0.7	↓ -0.6	0.3

# Chilean Exports – Growth Momentum (3)

- Chile's exports dropped across most mining and non-mining products.

Of the top 30 export goods, only 5 recorded positive rates of growth in 2015, down from 18 in 2014. Exports of refined copper sagged by 20.6% in 2015, following a drop of 3.7% in 2014.

Non-mining exports also declined sharply in 2015. For instance, exports of chemical wood pulp and fresh fish fillets dropped by 11% and 18.8%, respectively.

## Chile's Exports of Goods by Top Markets

% nominal change year-over-year / USD billion

Code*	Products	2015 %	2014 %	2015 USD bn
	Total	-17.3	-0.1	63.4
	Top 5	-19.1	-2.0	34.9
	Top 15	-18.9	-1.1	44.9
7403	Refined copper	-20.6	-3.7	14.4
2603	Copper ores	-17.4	-0.4	13.9
4703	Chemical wood pulp	-11.0	3.0	2.6
7402	Unrefined copper	-27.6	-15.4	2.2
0304	Fresh fish fillets	-18.8	17.3	1.9
2204	Wine of fresh grapes	-0.7	-5.7	1.8
0806	Grapes	-12.1	-5.8	1.5
0303	Frozen fish	-22.4	24.9	1.3
4407	Wood sawn	-16.9	21.5	0.8
7108	Gold unwrought	-25.3	-22.8	0.8
0810	Other fresh fruits	2.5	6.7	0.8
2613	Molybdenum ores	-37.0	39.4	0.8
0809	Apricot, cherry & peach	-13.3	30.0	0.8
0808	Apples, pears & quinces	-23.5	-5.3	0.7

Code*	Products	2015 %	2014 %	2015 USD bn
2601	Iron ores	-37.1	-17.3	0.7
2801	Fluorine, chlorine & bromine	-26.9	-17.3	0.5
0802	Other nuts	24.8	18.7	0.5
0302	Fresh or chilled fish	-9.6	24.2	0.5
3104	Potassic fertilizers	-11.5	-7.3	0.4
0207	Meat & edible offal	34.9	11.4	0.4
2620	Metallic ash & residues	-8.8	4.7	0.4
0811	Frozen fruit & nuts	7.2	8.8	0.4
4011	Pneumatic rubber tires	-11.6	13.4	0.4
2710	Oils (not crude)	-27.1	-8.8	0.4
0203	Meat of pork	-13.2	10.2	0.4
2301	Flour of meat and fish	-16.1	2.6	0.4
4412	Plywood & veneered panels	6.6	29.2	0.3
7408	Copper wire	-33.7	12.8	0.3
4411	Fiberboard of wood	-7.1	-0.4	0.3
2106	Other food preparations	-9.7	7.0	0.3
1605	Preserved crustaceans	1.5	2.6	0.3

\*Harmonized System codes  
Source: UN Comtrade

# Chilean Exports – Diversification and Market Share (1)

- Chile is the world's largest exporter of refined copper, and the 3<sup>rd</sup> biggest exporter in Latin America.

Chile was by far the world's largest exporter of refined copper, unrefined copper and copper ores in 2015.

Chile is also a major exporter of chemical wood pulp and fresh fish fillets. It ranked 4<sup>th</sup> and 3<sup>rd</sup> in 2015, respectively.

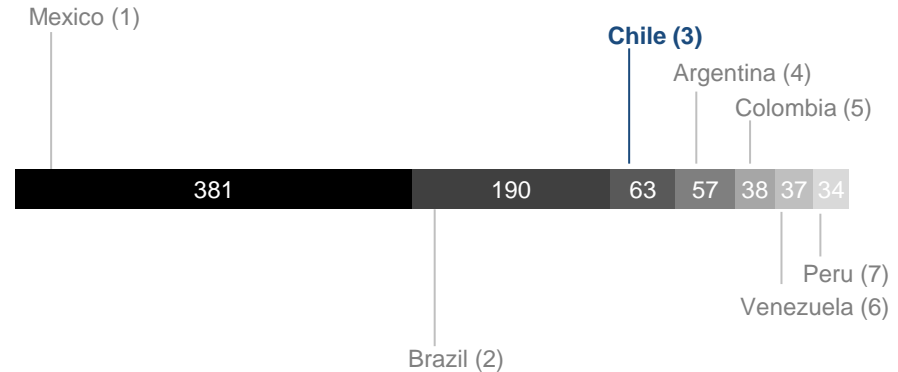
The Chilean economy has the 3<sup>rd</sup> highest exports-to-GDP ratio among major Latin American economies, at around 26% in 2015.

The Andean country had a share of 7.2% in Latin America and Caribbean's exports, and 0.4% in global exports in 2014.

Chilean exports are highly concentrated in terms of products. It had a HHI\* score of 0.34 in 2014.

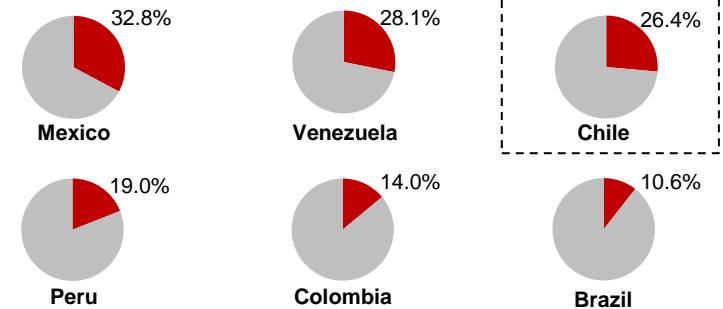
## Latin America's main exporters in 2015\*

USD billion, free on board



## Export Goods-to-GDP ratios in 2015\*

% of GDP



\*HHI refers to the Herfindahl-Hirschman normalized concentration index, which ranges from 0 to 1. Classification: <0.15 (unconcentrated); 0.15-0.25 (moderately concentrated); >0.25 (highly concentrated)

Source: INTradeBID; World Bank; UN Comtrade

\*Estimated for Colombia and Venezuela

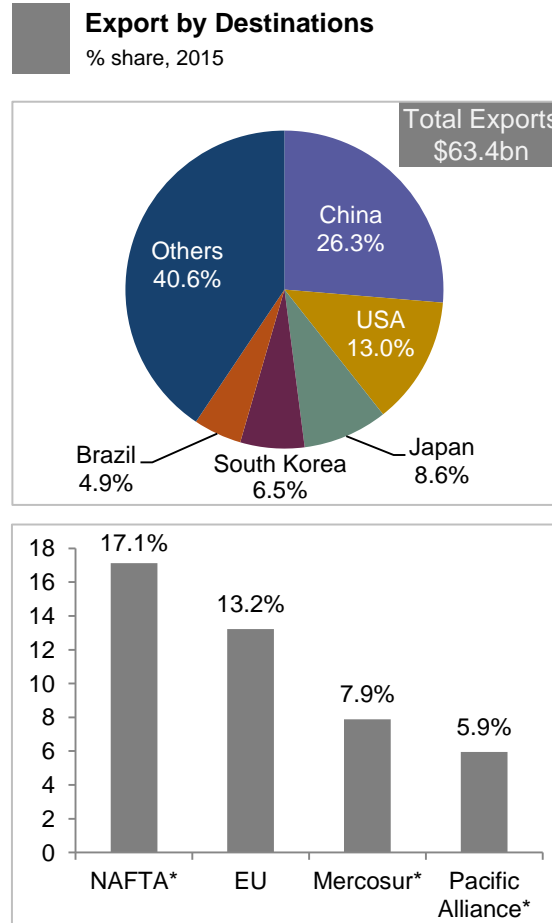
Source: UN Comtrade; WEO Database Oct. 2015; Consensus Economics

# Chilean Exports – Diversification and Market Share (2)

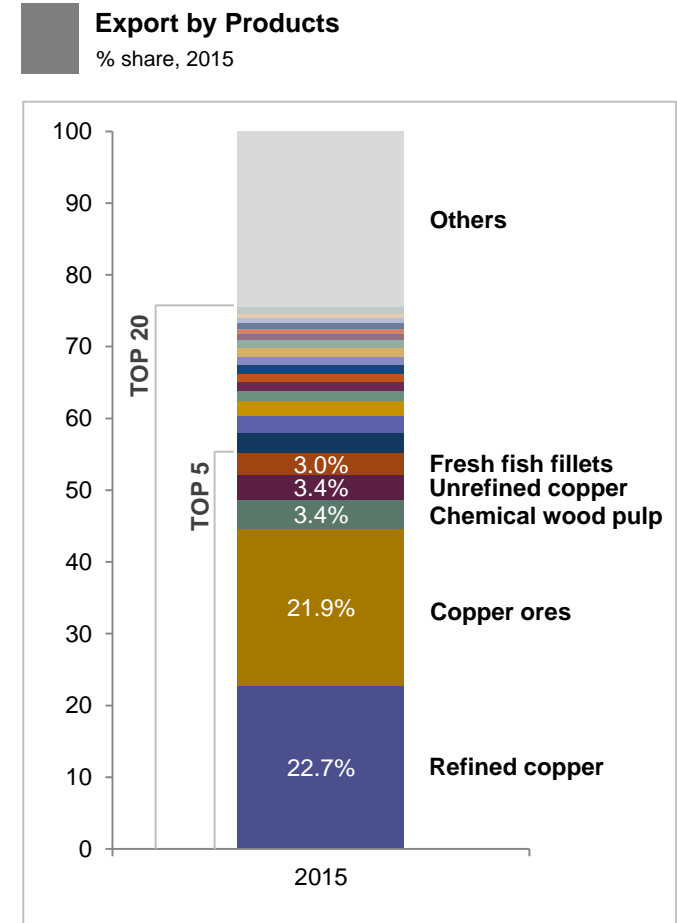
- Chilean exports are highly concentrated in mining products, with copper making up about half of the total.

Ten markets accounted for 72.2% of Chile's total exports in 2015. China is, by far, the largest export market, with a share of 26.3%, followed by the US (13%), Japan (8.6%), South Korea (6.5%) and Brazil (4.9%).

Ten products made up 65% of total exports in 2015, but copper products accounted for about 50%.



\*Mercosur: Argentina, Brazil, Paraguay, Uruguay and Venezuela; \*NAFTA: Canada, Mexico and USA; \*Pacific Alliance: Chile, Colombia, Mexico and Peru.  
Source: UN Comtrade

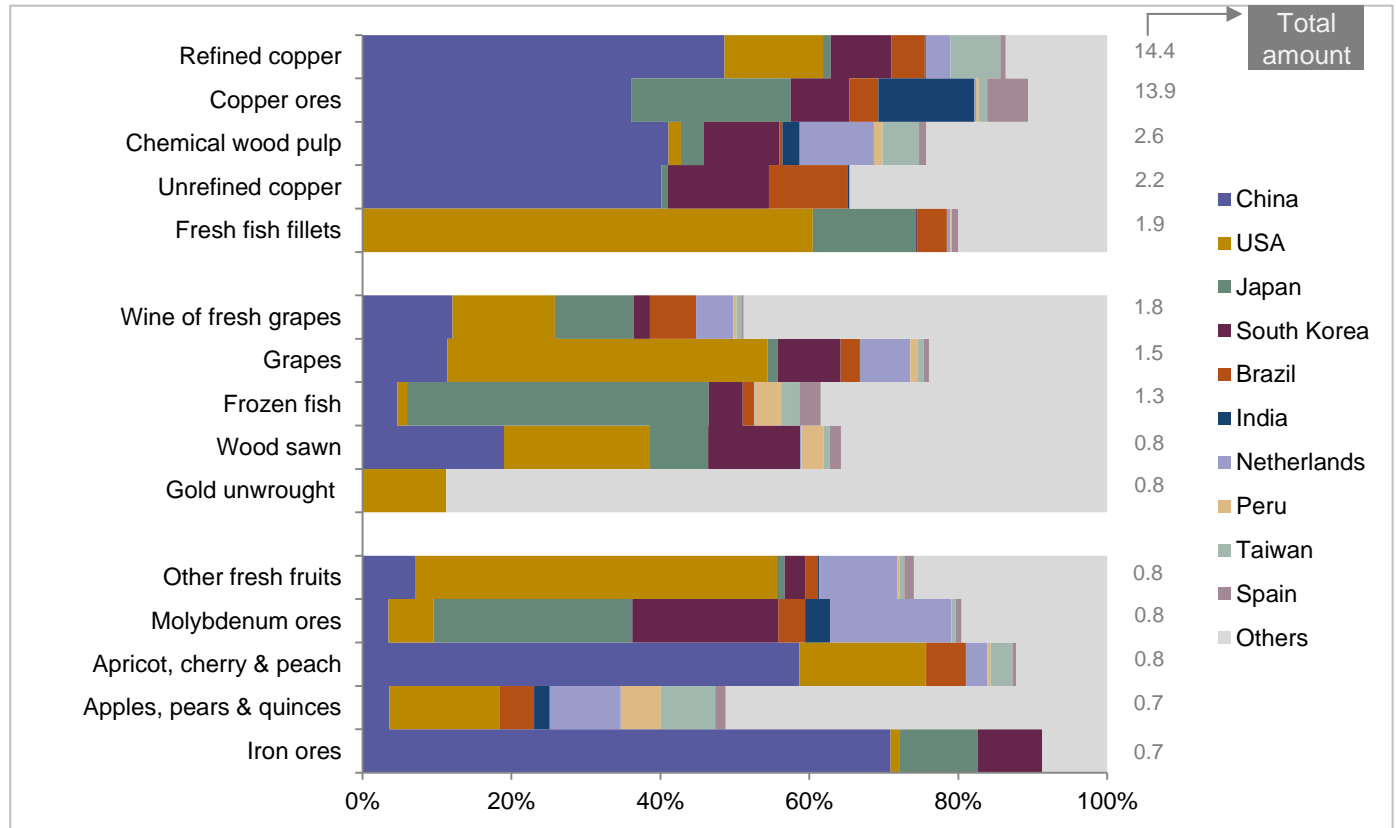


# Chilean Exports – Diversification and Market Share (3)

- China is the main market for most of Chile's mining products.

**Chile's Top Export Products by Destination in 2015**

US\$ billion, free on board



Source: UN Comtrade

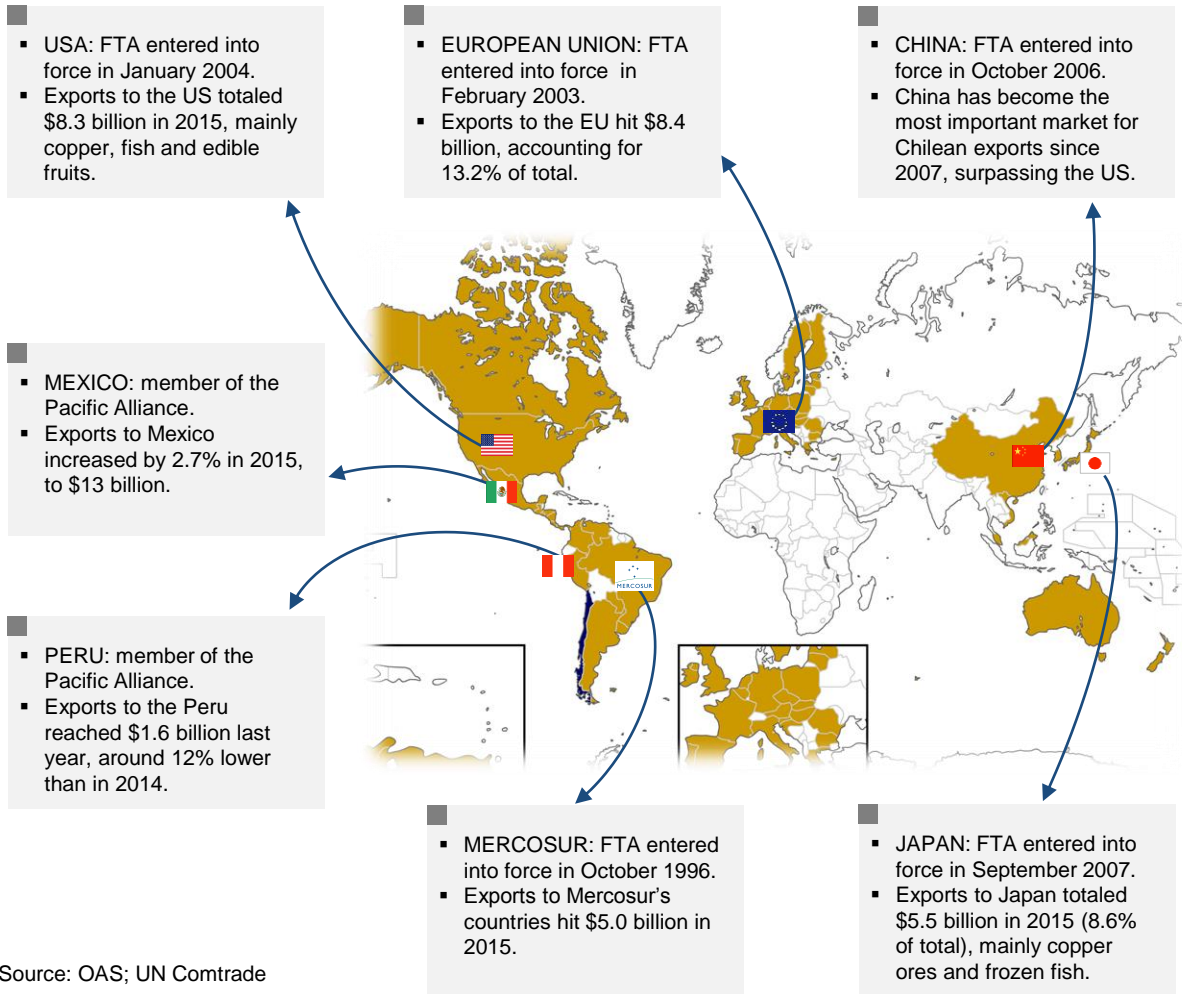
Exports to China in 2015 were concentrated in mining-related products; while exports to the US were concentrated in fish, wine, grapes and fruits.

The biggest market for Chile's fresh fish fillets in 2015 was the US; while Japan was the main importer of Chile's frozen fish.



# Chilean Exports – Market Access

## Chile has signed a vast number of Free Trade Agreements (FTA) over the last 20 years.



Chile is a relatively open economy with a vast number of FTAs that include agreements with the U.S., China and Japan. As a result, Chilean exports face favorable market access conditions compared to other Latin American economies (e.g., Brazil and Mexico), as it is reflected in the lower tariffs that its top trade partners apply. In 2011, Chile joined Colombia, Mexico and Peru to set up the Pacific Alliance, a regional integration initiative, to foster deeper economic and financial integration, especially in trade and investment.

### Duties related to Exports

Weighted average effectively applied tariffs (%), 2014

Export Country	Import Country				# of FTA
	China	India*	Japan	USA	
Chile	0.11	2.96	1.18	0.01	18
Argentina	4.23	4.49	4.91	1.76	5
Brazil	2.57	8.23	2.05	1.53	5
Mexico	5.56	0.98	4.91	0.02	10
Peru	0.23	6.13	0.30	0.13	13

\*Data available for 2013  
Source: World Bank, WITS

# Chilean Exports – Business Environment

- Chile ranks 63<sup>rd</sup> in the ease of trading across borders, slightly behind Mexico.

## Trading Across Border Ranking 2016



Source: Doing Business 2016

Chile stands at 48 in the World Bank's ranking for ease of doing business, only behind Mexico (38) and closely followed by Peru (50). Its relative advantages lie in small tax compliance burden, and low transaction cost for dealing with construction permits and registering property. On the other hand, limited access to credit is its main barrier to improve business environment.

## Time and Cost Needed to Export a Shipment of 15 Metric Ton of Top Export Product\*

Measure		Chile	Argentina	Brazil	Colombia	Mexico	Peru
<b>Time</b>	Documentary compliance (hours)	24	30	42	60	8	48
	Border compliance (hours)	60	21	49	112	20	48
	Domestic transport (hours)	9	22	11	44	27	1
<b>Cost</b>	Documentary compliance (US\$)	50	60	226	90	60	50
	Border compliance (US\$)	290	150	959	545	400	460
	Domestic transport (US\$)	345	1700	1159	1525	1217	278

\*See Doing Business 2016 report for detailed methodology.

Source: Doing Business 2016

Chile ranks 63<sup>rd</sup> of 189 countries in the ranking for ease of trading across borders. According to Doing Business, the time and cost needed to export a shipment of 15 metric ton of goods are 93 hours and US\$685, respectively.

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