MEETING TRADE CHALLENGES: The Case of ProChile

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1. Trade in the Latin American Region

2. Trade and Trade Policy in Chile

3. The Role of ProChile
1. Trade in the Latin American Region
Latin America 2006: Basic Facts

- Population: 569 million (8.7% global)
- GDP growth rates over 4% since 2004
- Lower inflation: 6.5% , 2005 to 4.8% , 2006
- Foreign Trade: US$1.2 billion, 45% of GDP, +20%
-Exports: +21% (13% price, 9% volume increase)
-Imports: +20%
-Trade Balance: +US$103 billion, 3.7% regional GDP

Source: Cepal
Foreign Trade Growth
2006: +20%

Source: ECLAC
Subregional Integration: Exports

Average extra-regional exports share in total shipments, between 2003-2005: 82.8%

Source: DIB
Preferential Tariffs in Latin America and the Caribbean (% of total exports)

Source: ECLAC
Trade Performance

✓ Fourth consecutive year of sustained growth of regional exports.

✓ 25% growth of intra-regional exports, and 21% growth of extra-regional exports.

Good performance due to:

- Favorable behavior of the US economy
- Increase in demand for natural resources by China and India.
Future Challenges

✓ Lower prices of natural resources
✓ Economic slowdown in North America
✓ Intensified competition by Asia
✓ Currency appraisal
2. Trade and Trade Policy in Chile
Trade and Development

- Open, increasingly competitive, economy
- International trade policy is centerpiece of economic development
- Growth directly dependent on successful application of export oriented model
- Trade policy consistent with rigorous and prudent macroeconomic policy
- Strong economic institutions
- Strong democratic institutions
- Competitiveness and social cohesion
Trade and Welfare
1990-2000

Evolution of Product, Commercial Exchange, and Poverty

Source: Central Bank of Chile; Casen Poll
Chilean Foreign Trade

Source: Central Bank of Chile
Trade Partners

Source: PROCHILE, Customs Office of Chile
Growth of Non Traditional Exports
2006: + 20.5%
Free Trade Agreements

- 16 Trade Agreements, 74% of trade
- 57 countries, 80% of global GDP
- 3.5 billion potential consumers.
Chile: Export Diversification

Products / Companies Number

Markets Number
3. The Role of ProChile
Access to Foreign Markets

- The main role of ProChile is to assist SME’s to successfully penetrate foreign markets

- Facilitate small businesses to share in the benefits of the export-oriented development model
What is ProChile?

• ProChile is the Export Promotion Bureau, a government agency, within the Ministry of Foreign Affairs, with the mission of promoting and increasing Chilean exports to world markets.

• Main focus:
  • 1974: export promotion
  • 2007, business promotion (trade in goods, investment, technology, business alliances)
ProChile Today

• 58 Trade Offices in 40 countries:
  – 40 Trade Offices & 18 “Outposts”
    • First-hand market intelligence providers: seeking market opportunities, detecting threats and visualizing trade trends.
    • Trade assistance
    • Export and investment promotion

• 13 regional offices in Chile to support regional exporters.
Mission

• To promote and increase exports:
  – Increase the number of exported products and services
  – Increase the number of exporters, and
  – Diversify the markets for Chilean products and services
Strategy

1. Client targeting: SMEs
2. Prioritization: non traditional exports of products and services demanded by foreign markets
3. Innovation, new trade promotion instruments and methods
4. Country branding campaign to enhance competitiveness
5. Information and market intelligence
6. Facilitate business alliances
1. Client Targeting: SMEs

- SME’s: companies with total annual sales US$ 50 thousand-US$ 7.5 million.
- 4,000 exporting SME’s, 58.8% of total exporting companies (6,800).
- 7.2% of the total value of exports.
- 91.2% of SME exports are Non Traditional exports (NTE)
- Special programs for small farmers
2. Prioritization: NTEs demanded by foreign markets

• Prioritization through:
  – A set of products and services defined for each market.
  – Focus on market potential and preferences gained through FTAs

• Results:
  – Better planning of resource allocation in Chile and abroad (34 sectors and 102 Subsectors)
  – Greater impact
  – Measure the performance of ProChile.
3. Innovation, new trade promotion instruments and methods

- Combined focus on trade promotion, investment, and technology (ProChile- CORFO-INNOVA):
  Chile Business Offices abroad, Business Centers.
- Focus on Regional Export Clusters
- New export promotion fund for Services and Government Procurement.
- Inter-entrepreneurial Coaching
- Macro Business Rounds.
- PyMEXPORTA
4. Country Branding to Enhance Competitivity

- “Chile, All Ways Surprising”
- Public-private strategy to unify different communication efforts and provide a common message to the specific actions by different industries and organizations
- More efficient use of resources allocated to international promotion and marketing efforts, enhancing the impact of political, economic, and cultural initiatives.
5. Information and Market Intelligence

- 58 trade offices world-wide
- Cyberexport
- Fonoexport
- 5 Web sites:
  - www.prochile.cl
  - www.direcon.cl
  - www.chileinfo.com
  - www.chileexportaservicios.cl
  - www.pymexporta.cl
Acceda según su grado de preparación

1. Posible Exportador
2. Exportador en Preparación
3. Exportador

**Noticias**

- **Campaña de etiquetado en Catalán**
- Exitosos viñedos suecos al sur del Círculo Polar Artico
- Chile, primer país A.Latina en ingresar en sistema carnes ATA
- España: Exportaciones almendras bajan 16% hasta 34,500 t por mala cosecha

**Agenda**

- Seminario Comercializando Valor en EEUU: "La Importancia de Construir Marca y Conocer al Consumidor"
- Seminario Internacional: "Exportación de alimentos, un negocio rentable para agricultores y procesadores"
- Taller Internacional: "Exportaciones de Alimentos a EE.UU - Prepárese para Inspecciones Reglamentarias de FDA"
- Taller de Normativa para la Exportación de Productos Agropecuarios, Forestales y Pesqueros a México

**Documentos y Estudios**

- **Septiembre 2005**
  Mercado para Nueces en Alemania
- **Septiembre 2005**
  Mercado para Confites en Australia

www.prochile.cl
EU SIGNS AVIATION AGREEMENT WITH CHILE
The European Union (EU) and Chile have forged an aviation agreement in Luxembourg, the European Commission (EC), the executive arm...

THE MOST ETHICAL LATIN AMERICAN COUNTRIES FOR BUSINESS REPORT 2005
This study is limited to the eight largest countries in the region—Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and...

CHILEANS CONSUMPTION OF LUXURY PRODUCTS UP
A study has revealed that Chileans are increasingly consuming more non-essential items, such as "luxury" goods.

MORE NEWS AND EVENTS

CHILEAN EXPORTS

FISHERIES
Chile's pristine, nutrient-rich ocean waters supply a remarkable assortment of fish and shellfish products.

WINE AND SPIRITS
The quality and prestige of Chilean wines are acknowledged world-wide.

FRUIT, FLOWERS AND PRODUCE
Exceptional climate and soil conditions help Chilean growers deliver a wide range of fresh products noted for unique quality, color, and flavor.

MEAT, DAIRY AND HONEY
Following significant new investments, Chile's meat, dairy and honey producers are now shipping a wide variety of high-grade products.

PROCESSED FOODS
Solidly backed by 20 years of sustained growth, Chile's successful food industry meets or exceeds the most exacting quality standards worldwide.

INDUSTRIAL
Chile possesses bountiful natural resources that are processed into a variety of highly sought-after industrial products.

SERVICES
A strong economy, a highly qualified labor force and efficient infrastructure help account for the sustained growth enjoyed by Chile's service sector.
6. Facilitate Business Alliances

- Need for business alliances to compete on foreign markets
- Enlargen export supply
- Business alliances between Chilean SMEs
- Business alliances between firms in neighbouring countries to benefit from trade preferences.