

TRADE POLICY AND MAJOR TRENDS IN CHILEAN EXPORTS UNDER DEMOCRACY, 1990-2012

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ABSTRACT

This paper deals with trade policy and the principal trends in Chilean exports after the return to democracy in 1990. During this period, both exports and imports expanded significantly in Chile. As far as exports are concerned, this boom is mainly due to an effective trade policy of additive regionalism, booming copper prices, export diversification and the economic dynamism of China, the principal beneficiary of Chilean exports. On the negative side, the country is still too dependant on copper and a few other primary products. In addition, nowadays, in relative terms Chile is exporting more copper minerals and less refined copper than it used to do in the 1990s, while Chilean exports remained highly concentrated in a few companies only, many of which belong to foreign nationals.

Keywords: Chile, International trade, Additive regionalism, Copper, Export diversification.

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POLÍTICA COMERCIAL Y PRINCIPALES TENDENCIAS DE LAS EXPORTACIONES CHILENAS EN DEMOCRACIA, 1990-2012

RESUMEN

Este artículo trata de la política comercial y las principales tendencias de las exportaciones chilenas después del retorno de la democracia en 1990. Durante este período, las exportaciones y las importaciones se expandieron significativamente en Chile. En lo que respecta a las exportaciones este boom se debe principalmente a una política comercial efectiva de regionalismo aditivo, produciendo un auge en el precio del cobre, diversificación de las exportaciones y el dinamismo económico de China, el principal beneficiario de las exportaciones chilenas. En el aspecto negativo, el país es aún demasiado dependiente del cobre y otras pocas materias primas. Además, hoy en día, en términos relativos, Chile está exportando más minerales de cobre y menos cobre refinado de lo que solía en la década de 1990 y sus exportaciones permanecen altamente concentradas en unas pocas empresas, muchas de las cuales pertenecen a extranjeros.

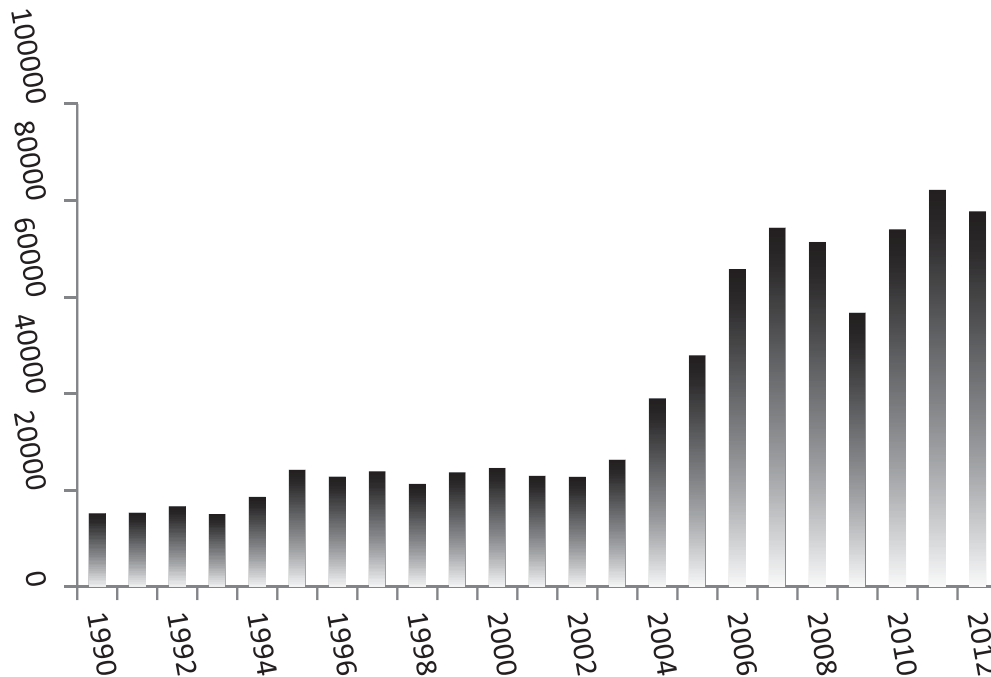
Palabras clave: Política económica, Comercio exterior, Regionalismo aditivo, Chile.

INTRODUCTION

It is well known that, as far as macroeconomic indicators are concerned, the Chilean economy has performed well from 1990 until present, that is, during the last five democratic governments after the return of democracy. Chilean per capita GDP (in 2012 dollars) has increased to nearly US\$15,400 in 2012, from US\$4,700 in 1990, that is, a real increase of nearly 3.5. This places Chile as the country with the highest per capita GDP in Latin America (excluding the Caribbean islands), whereas in 1990 Chile was not even in the top three. In fact, according to the World Bank's own classification, from 2013 Chile is deemed to fall within the OECD high-income countries category. Likewise, inflation has been under control, as well as the fiscal budget, two examples of the healthy macro stability enjoyed by this country during most of the last two and a half decades.

A driving force behind Chilean positive economic performance during this period has been its export sector, in particular from the mid-2000s. Indeed, in 2005-2009 and 2010-2012 Chilean exports of goods and services accounted for between 41% and 37% of Chilean GDP, respectively, while the average rate during the 1990s was 29% (<http://data.worldbank.org/indicator/NE.EXP.GNFS.ZS>). Chart 1 shows the important increase of Chilean exports in constant dollars (US\$ of 2012). At constant prices, the annual average value of Chilean exports in 2010-2012 was almost 5 times higher than in 1990-1994, in part due to the spectacular increase in the international price of copper (the primary Chilean export) from 2004, shown in Chart 2, but also explained by a substantial growth of non-copper exports. By any standard, this is a stunning increase, and indeed exports have grown faster than GDP. Yet, despite important contributions to the literature on both the Chilean economy and its export sector (Bosworth et al. 1994, Spilimbergo 2002, Solimano & Larraín 2002, Gallego & Loayza 2002, Ffrench-Davis 2008, Fazio & Parada 2010, Muñoz 2007, Meller 1996), we lack a comprehensive analysis covering the last 25 years of Chilean foreign trade after Pinochet, and in particular, the major trends in the export trade of a very dynamic emerging market economy. To fill this gap, this paper analyzes in detail the trade policy followed by the democratic governments, since it is crucial to understand the development of Chilean exports. Chilean foreign trade during our period of analyzes has been profoundly shaped by the commercial policies followed by the democratic governments. The paper also examines the main characteristics and structural changes of Chilean exports, but also of Chilean imports. Any analysis of the export sector must also engage with the import side of the story.

Chart 1: Value of Chilean exports in constant dollars (US\$M of 2012)



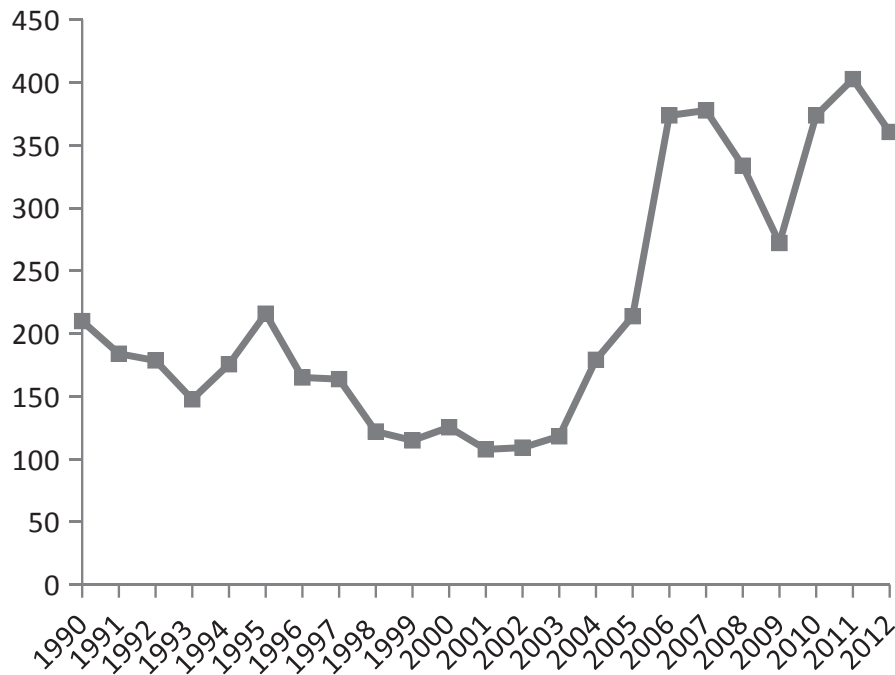
Source: Own elaboration from Chilean National Custom Service (SNA).

TRADE POLICY UNDER DEMOCRACY

As far as trade policy is concerned, 1990 signals not only the return to democracy but also a significant change in Chilean trade policy. During the 1970s and 1980s Chile significantly reduced its import duties, opening up her economy to the rest of the world, thus pioneering what has been called a process of unilateral (and non-selective) openness of the commercial sector (Chart 3). In addition, during the 1970s-1980s, not only were import duties reduced for all countries (i.e. the non-discrimination principle), but also a uniform duty was established for most products, rather than differentiating by products (i.e. the neutrality principle), apart for a few exceptions (Ffrench-Davis 1980, De la Cuadra & Hachette 1986, Vicuña 1994, Meller 1993, Dornbusch & Edwards 1994, Agosin 1993, Butelman & Meller 1992). Needless to say Chile's unilateralism during this period was also explained by the political isolation of the country during Pinochet's dictatorship. Regarding exports, the main aim of the policy was to promote exports to all markets, without discriminating between countries or regions. From 1990 onwards Chile

continued with this strategy, but it also pioneered a new trade policy, this time complementing this unilateral reduction of import duties, by incorporating a diversity of bilateral trade agreements (including free trade agreements) with many of her commercial partners as a new instrument of policy. This new strategy, which has been labelled additive regionalism¹ (Harrison et al. 1997, Harrison et al. 2002, Schuschny et al. 2008) or open regionalism² (in Eclac's parlance), was mainly intended to further promote Chilean exports to selected destinations and foreign direct investment in the country, and indeed in 2012 as much as 94% of all Chilean exports ended up in countries with which Chile had signed trade treaties. Thus, Chile departed from orthodox views who were calling for unilateral trade liberalization only (Bértola & Ocampo 2012: 220).

Chart 2: International price of refined copper, at constant prices (cents per pound)



Source: <http://www.cochilco.cl/estadisticas/boletin.asp>

Negotiations to conclude these bilateral trade agreements started with countries within the Americas, namely Bolivia, Mexico, Mercosur, Canada and Venezuela during the early 1990s, which were followed by

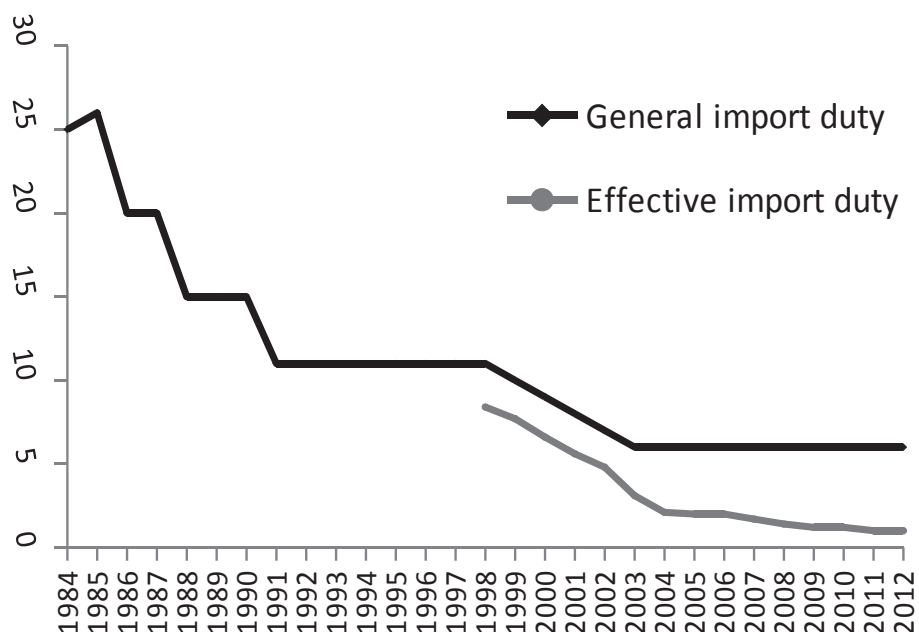
- 1 Additive regionalism consists of negotiating and signing bilateral free trade agreements, in an accumulative process, with all of the significant trading partners of a given country.
- 2 Open regionalism is exactly the same as additive regionalism, but the former is preferred by Eclac's authors.

some Central American republics, Ecuador, Peru and more importantly the United States of America (USA) and the European Union a few years later. These were mainly followed by countries in the so-called Asian Pacific Basin (e.g. Japan, China). In all, as early as 2001 Chile had reached preferential trade agreements with at least 15 countries, and by 2013 Chile had signed 22 commercial treaties with over 60 countries (Table 1), thus following “one of the most aggressive trade policies in the world over the last three decades” (Stallings 2008). A final point to mention is that by signing free-trade treaties with industrialized countries, Chile (as Mexico too) departed from neo-orthodox views regarding trade liberalization for the region, which called for unilateral trade liberalization.

Table 1: Trade treaties currently in force so far signed by Chile

Country or block signing the treaty with Chile	Sort of Treaty	Year treaty came into force
Bolivia	Economic complementation agreement	1993
Venezuela	Economic complementation agreement	1993
Mercosur	Economic complementation agreement	1996
Canada	Free Trade Agreement	1997
Mexico	Free Trade Agreement	1999
El Salvador & Costa Rica	Free Trade Agreement	2002
South Korea	Free Trade Agreement	2004
EFTA (Iceland, Liechtenstein, Norway, Switzerland)	Free Trade Agreement	2004
USA	Free Trade Agreement	2004
European Union	Association agreement	2005
P-4 (Chile, New Zealand, Singapore and Brunei)	Economic association agreement	2006
China	Free Trade Agreement	2006
Japan	Agreement of economic strategy association	2007
India	Partial Agreement	2007
Panama	Free Trade Agreement	2008
Honduras	Free Trade Agreement	2008
Australia	Free Trade Agreement	2009
Colombia	Free Trade Agreement	2009
Peru	Free Trade Agreement	2009
Ecuador	Economic association agreement	2010
Guatemala	Free Trade Agreement	2010
Turkey	Free Trade Agreement	2011
Malaysia	Free Trade Agreement	2012
Thailand	Free Trade Agreement	2013
Nicaragua	Free Trade Agreement	2013
Hong-Kong	Free Trade Agreement	2014
Vietnam	Free Trade Agreement	2014

Source: Own elaboration from <http://www.direcon.gob.cl/acuerdo/list>

Chart 3: General and effective import duties in Chile, 1984-2012

Source: For the general tariff, SNA, and for the effective import duty, Santiago's Chamber of Commerce, www.ccs.cl

These treaties were undoubtedly a response to a new world in which bilateralism emerged as a widely used trade policy, and where commercial blocks gained force, perhaps due to the perceived relative failure of the WTO to reduce significantly trade barriers. Table 1 summarizes the main trade treaties signed by Chile and currently in force for the period we are dealing with in this essay. As a direct consequence of these treaties, the overall effective Chilean tariff has been around 1% during the last five years (well below the referential general import duty, currently at 6%), with many products entering Chile without paying any import duty whatsoever (e.g. in 2012, 91% of all Chilean imports came from countries which have signed bilateral trade treaties with Chile), thus placing Chile amongst the region's leaders in the openness of its import sector (Schuschny et al. 2008). Chart 3 portrays the massive decline of both the general import duty and the overall effective import tariff for Chile.

For the rest of this paper, I have gathered and processed around 5 million records of Chilean foreign trade for 1990-2012 (on an annual basis). The main sources of information for Chilean exports are the Unique Exit Declaration, complemented with the Value Variation Report. Regarding imports, I have used the Import Declaration. All these documents are produced by the Chilean National Custom Service (SNA hereafter), and they have been complemented with data from the Central Bank's *Indicadores*

de Comercio Exterior, which also contain rich and detailed series of Chilean exports and imports. In all, my raw databases encompass 11,500 records of overall exports and imports of Chile per destinations and origins (per annum); 225,000 records of Chilean export per product at 8 digits of the Harmonized System; 237,000 records of Chilean imports per product also at 8 digits of the Harmonized System; 218,000 records of Chilean exports per exporter (i.e. companies, including the State, listed per RUT, or *Rol Unico Tributario*); and over 4 million records of Chilean imports per importer. That is, we are talking about quite a sizeable database. For reasons of space, selected outputs only are shown in this paper.

After this section this article consists of 7 other sections. First I analyze total Chilean exports per destination, followed by total Chilean imports per origin, and the commercial balance of Chile for selected partners. I then go on to analyze Chilean exports per product and the same for the import side. Finally, in sections 6 and 7 exports and imports per company are characterized, and conclusions are drawn.

MAJOR TRENDS IN CHILEAN EXPORTS PER DESTINATION

Chilean exports are diverse; the country does not have an overwhelmingly important single export market. But perhaps the most important feature to highlight in this section is the recent, increasing and substantial importance of Asia within Chilean exports, and in particular of China. This is in line with a salient characteristic of international trade in recent decades: there has been an increase in trade flows between developing countries and in particular between Latin America and China. During the 1990s and the first half of the 2000s, Asia accounted for 31-32% of all Chilean exports, but that share increased to 39% in the second half of the 2000s and it reached a staggering 48% for the triennium 2010-2012 (Table 2). This happened despite the relative decline of Japan and Taiwan, mainly driven by the spectacular increase of exports to China. Indeed, at the level of individual countries, from the second half of the 2000s China becomes the principal destination of Chilean exports (to the detriment of the USA), taking nearly a quarter of all exports during 2010-2012. This is truly spectacular considering that in the early 1990s China took less than 1.5% of all Chilean exports.

This is undoubtedly in part due to the increasing importance of China within the world economy, but it is also worth noting that Chile and China signed a bilateral trade agreement in 2005 (Table 1), which certainly further promoted the bilateral trade between both countries, Chile being the first Latin American country to sign such a treaty with the Chinese. Chilean copper exports to China in particular increased dramatically

after the signing of this treaty. Finally, within Asia, exports to India have also increased, and India is now more important for Chile than Taiwan (formerly the third most important destination in Asia), although India's share is still a modest 3%. Nonetheless, given Indian economic dynamism during the last two decades, it is expected that this share will increase, in particular considering that Chile also signed a trade treaty with India in 2007. Copper minerals have been sent to India in important quantities during the last few years (e.g. in 2012 India took 15% of Chilean exports of this product), although, so far, other products have failed to successfully penetrate the Chilean basket of exports to India.

Regarding other important destinations, it is worth noting that the share of the Americas as a whole has declined, in particular from the second half of the 2000s, reaching a 30% participation in 2010-2012, despite having achieved a peak of 40% in the early 2000s. This is mainly explained by a fall in the USA's relative importance after the 2007-2008's economic crash. Indeed, apart from the substantial decline of Japan, another important partner of Chile which has experienced a comparable decline in its share within Chilean exports is the USA. Both Japan and the USA took individually 17% of Chilean exports in 1990-1994, but only 11% during 2010-2012. The share of South America as a whole has also declined during the last 15 years, but less importantly than in the USA's case. Within this group, the shares of countries such as Peru and Brazil have remained rather stable, but exports to Argentina declined significantly in relative terms.

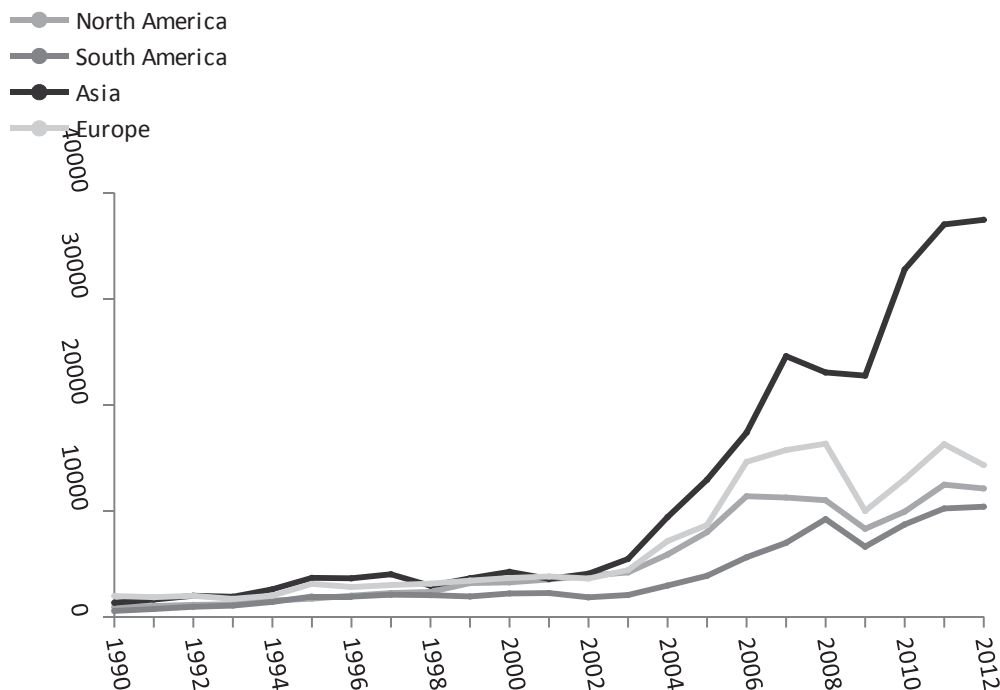
Table 2: Geographical composition of Chilean exports. Shares of main destinations within total exports

Country or Region	1990-1994	1995-1999	2000-2004	2005-2009	2010-2012
Africa	0.9%	0.6%	0.4%	0.4%	0.4%
South Africa	0.7%	0.3%	0.2%	0.2%	0.1%
Americas	35%	39%	40%	33%	30%
<i>North America</i>	<i>18.9%</i>	<i>20.2%</i>	<i>24.4%</i>	<i>19.4%</i>	<i>15.4%</i>
USA	17.2%	17.1%	18.0%	13.7%	11.3%
Mexico	1.1%	2.2%	4.5%	3.5%	2.3%
Canada	0.6%	0.9%	1.9%	2.2%	1.9%
<i>South America</i>	<i>15.2%</i>	<i>17.4%</i>	<i>13.3%</i>	<i>12.4%</i>	<i>13.1%</i>
Brazil	4.9%	5.5%	4.4%	5.2%	5.7%
Peru	1.9%	2.3%	2.2%	1.9%	2.1%
Argentina	4.2%	4.4%	2.1%	1.5%	1.6%
Colombia	0.8%	1.3%	1.3%	1.0%	1.2%
Venezuela	0.6%	1.0%	1.1%	1.3%	0.8%
<i>Rest of the Americas</i>	<i>0.8%</i>	<i>1.0%</i>	<i>1.9%</i>	<i>1.6%</i>	<i>1.0%</i>
Asia	31%	32%	31%	39%	48%
China	1.4%	2.4%	7.8%	14.5%	23.3%
Japan	16.9%	15.5%	12.0%	10.6%	10.9%
South Korea	3.6%	4.8%	4.6%	5.8%	5.7%
India	0.3%	0.5%	1.0%	2.5%	2.7%
Taiwan	4.3%	3.9%	2.9%	2.8%	2.6%
Oceania	0.5%	0.5%	0.4%	0.6%	1.3%
Australia	0.3%	0.3%	0.3%	0.5%	1.2%
Europe	31%	27%	27%	25%	19%
Netherlands	3.4%	2.7%	3.9%	5.8%	4.0%
Italy	3.7%	3.7%	4.5%	4.5%	3.1%
Spain	3.0%	2.0%	2.3%	2.4%	2.1%
Belgium	2.1%	2.0%	1.3%	1.2%	1.9%
France	4.0%	2.9%	3.7%	3.4%	1.7%
Germany	6.9%	8.4%	2.8%	2.6%	1.4%
United Kingdom	5.4%	6.6%	4.4%	1.2%	0.9%
Unspecified	1.3%	1.1%	1.6%	1.5%	1.3%

Source: Own elaboration from SNA.

Another formerly important partner of Chile was Europe. During 1990-1994 Europe took 31% of all Chilean exports, the same percentage as Asia. In contrast, in 2005-2009 and 2010-2012, 25% and less than 20% respectively of all Chilean exports ended up in Europe. This is not to say that Chilean exports to Europe have fallen in absolute terms (see Chart 4 for figures in US\$M of 2012), but the relative importance of Europe has declined significantly. At the level of individual countries, the most striking relative fall is that of Germany and the United Kingdom. Both countries together took more than 11% of all Chilean exports during the 1990s, but that share declined dramatically to slightly more than 3% during the last three years. This is in part explained by the economic downturn affecting Europe since 2007, but even before that both countries were losing significance within Chilean world exports. Many of the new members of the European Union export similar products to those sent by Chile to Europe, so that increasing competition from these new members of the biggest market within Europe also impacted negatively on Chilean exports to the old continent. Europe is no longer the strategic commercial partner it used to be.

Chart 4: Chilean exports per main regions (US\$M of 2012)



Source: as in Table 2.

Finally, it is perhaps worth mentioning that Chilean exports to Africa and Oceania have never been very important, at least during the last

quarter of a century. Indeed, Africa never took more than 1% of all Chilean exports for the sub-periods analyzed in Table 2, while Oceania passed this modest threshold only during the last triennium. All in all, there has been a substantial shift in the geographical composition of Chilean exports in a relatively short period of time.

CHILEAN IMPORTS PER ORIGIN

Perhaps the primary point to make about the evolution of Chilean imports per origin is the persistence of the importance of the Americas as a whole for the totality of the period analyzed in this paper, in particular if compared to the relative importance of this same region in Chilean exports. The Americas as a whole supplied between 50% and 58% of all Chilean imports between 1990-1994 and 2010-2012. This is not surprising given the fact that the USA, Ecuador, Argentina and Brazil rank among the top suppliers of petroleum for Chile, which is this country's main import. They also supply manufactures (e.g. USA) and vast quantities of food (e.g. Argentina). Within this continent, the USA is by far the most significant source of Chilean imports, accounting for between 17% and 24% of all imports for the sub-periods shown in Table 3, although it is worth mentioning that the USA's importance declined during the 2000s.

Also of interest is the fact that Asia has increased its importance from 2005 onwards, mainly driven by increasing Chinese exports to Chile, and despite the relatively poor performance of Japan. Indeed, once the free trade treaty between China and Chile was signed in 2005, Chilean imports from China (in annual averages) more than trebled between 2000-2004 and 2005-2009, and more than doubled between 2010-2012 and 2005-2009. China has, thus, become the second most important exporter to Chile in the world, close to the USA, and far ahead of Argentina and Brazil, which complete the top-four exporters of products to Chile. Indeed, it is remarkable how quickly China outplayed most suppliers of the Chilean economy.

Finally, as with Chilean exports, the relative weight of Europe within Chilean imports has declined steadily during the period covered here. In the first half of the 1990s Europe supplied a quarter of all Chilean imports, but in 2010-2012 this share declined to just 15%. Countries such as France and Germany have witnessed their shares in Chilean imports halved, in part because of the economic decline of Europe after 2007, but even before that Europe's participation in Chilean imports had started to decrease, inexorably. Likewise, Africa's importance has also declined recently, in particular after Nigeria first and then Angola stopped sending oil to Chile as they used to do before. In all, as for exports, but perhaps

in a less pronounced way, there has been an important change in the geographical composition of Chilean imports, again, in a short period of time.

Table 3: Geographical composition of Chilean imports, main origins

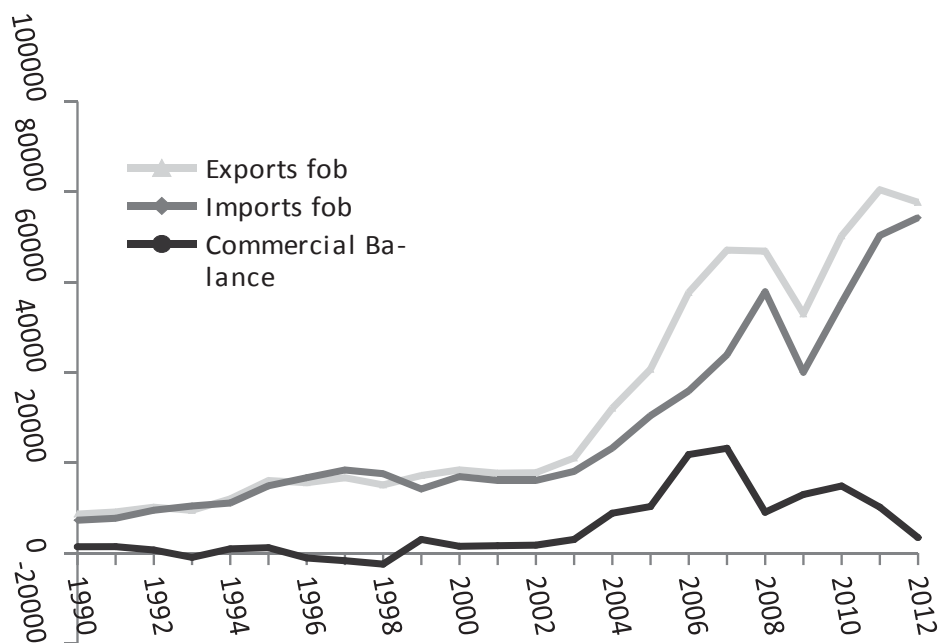
Country or Region	1990-1994	1995-1999	2000-2004	2005-2009	2010-2012
Africa	5.5%	2.0%	2.6%	3.5%	1.0%
Nigeria	2.9%	0.9%	1.3%	0.5%	0.0%
Angola	0.4%	0.4%	0.7%	2.6%	0.0%
Americas	50%	55%	58%	54%	53%
<i>North America</i>	<i>26%</i>	<i>31%</i>	<i>22%</i>	<i>22%</i>	<i>25%</i>
USA	22%	24%	17%	18%	20%
Mexico	2%	5%	3%	3%	4%
Canada	2%	3%	2%	2%	1%
<i>South America</i>	<i>23%</i>	<i>23%</i>	<i>36%</i>	<i>31%</i>	<i>26%</i>
Venezuela	1.7%	1.5%	1.0%	0.5%	0.3%
Colombia	1.4%	1.1%	1.2%	2.5%	3.1%
Ecuador	1.5%	1.3%	0.8%	2.1%	2.2%
Peru	0.8%	0.8%	2.2%	3.3%	2.8%
Brazil	9%	7%	10%	10%	8%
Argentina	7%	11%	19%	11%	8%
<i>Rest of the Americas</i>	<i>1%</i>	<i>1%</i>	<i>0%</i>	<i>0%</i>	<i>2%</i>
Asia	18%	17%	18%	24%	29%
India	0.1%	0.3%	0.5%	0.6%	0.8%
Thailand	0.2%	0.3%	0.6%	0.7%	1.0%
Taiwan	1.5%	1.2%	1.1%	0.6%	0.5%
Japan	9%	6%	4%	4%	4%
South Korea	3%	3%	3%	5%	4%
China	2%	4%	7%	11%	17%
Oceania	0.9%	1.1%	0.7%	0.7%	0.8%
Australia	0.7%	0.8%	0.6%	0.5%	0.7%
Europe	25%	23%	20%	17%	15%
Italy	2.9%	3.6%	2.3%	1.7%	1.7%
France	3.3%	3.2%	3.1%	1.8%	1.6%
United Kingdom	2.1%	1.6%	1.1%	1.2%	1.7%
Spain	2.5%	3.3%	2.6%	2.0%	1.8%
Germany	6.2%	4.6%	4.1%	3.7%	3.9%
Unspecified	1.4%	1.6%	0.9%	0.9%	0.9%

Source: Own elaboration from SNA.

COMMERCIAL BALANCE PER COUNTRIES

A significant feature of Chilean foreign trade, which I have not mentioned so far, is the outstanding behavior of its overall commercial balance, in particular from 1999 onwards (Chart 5), when the surplus became notorious. This is of interest given the correlation between sustained trade deficits and negative economic development for peripheral countries. If a developing country manages to increase its exports, it will be of little help if its trade balance remains in deficit. But luckily for Chile, since 1999 the annual fob value of exports has always been higher than that of imports.

Chart 5: Commercial balance of Chile, US\$M of each year



Source: SNA and Indicadores de Comercio Exterior.

Having established the evolution of overall exports and imports, we can now deal in further detail with the Chilean commercial balance during democracy. In 2000-2004, 2005-2009 and 2010-2012 the commercial balance of Chile was positive (the value of exports fob was higher than imports fob), and it accounted for 4.1%, 9.6% and 3.8% of Chilean GDP respectively, in part driven by the high prices of copper. Indeed, the gap between exports and imports widened clearly once the international price of copper started to increase. This has strengthened the performance of the Chilean economy. Copper continues to play a major role in both the Chilean economy and its export sector.

Table 4: Commercial balance (exports fob-imports fob) between Chile and its top-7 commercial partners, US\$M

Period	USA	Brazil	Argentina	Japan	China	Germany	France
1990-1994	-188	-326	-191	899	-6	151	109
1995-1999	-836	-150	-926	1,636	-169	644	-21
2000-2004	1,119	-777	-2,721	1,965	508	-80	269
2005-2009	1,114	-918	-3,510	4,601	4,008	73	1,245
2010-2012	-3,696	-695	-3,388	5,986	7,755	-1,333	344

Source: Own elaboration from SNA.

At the level of individual countries, Table 4 summarizes bilateral commercial balances (exports-imports) between Chile and its main commercial partners at fob level. It is clear from the table that the total trade surplus enjoyed by Chile with the world during 2005-2009 and 2010-2012 was mainly due to the bilateral trade surplus of Chile with its two main Asian commercial partners, namely China and Japan. Chile's trade surplus with both China and Japan is mainly driven by the high share of copper within Chilean exports to Asia. This is rather exceptional within Latin America, as most countries in the region have accrued a substantial trade deficit with China in recent years. This massive surplus with Asia more than compensated for bilateral trade deficits with Brazil and Argentina (the main partners in South America), and also with the USA and Germany during the last triennium. Partners such as the USA, Brazil and Argentina do consume some Chilean copper, but they are also important suppliers of petroleum and food (e.g. vegetable oils, meat, cereals) for Chile, as well as manufactures in the case of the USA and Brazil. Thus, should the price of copper decline substantially, it would not be surprising to see Chile returning to overall trade deficits with the world (or at least substantially reducing its surplus), as happened during the late 1990s. Indeed, there is a close relationship between the international price of copper and the commercial balance of Chile with the world (Charts 2 and 5).

CHILEAN EXPORTS AT ISIC LEVEL AND PER PRODUCT

Having analyzed Chilean exports on a geographical level, it is now time to scrutinize them at sector and product level. I have therefore classified Chilean exports according to the International Standard Industrial Classification of All Economic Activities (ISIC), the results of which are presented in Table 5. During the period covered by this paper, mining has been the most important sector within Chilean exports, which is

not surprising given the well-known dependency of Chile on its copper exports. Yet, less predictably, mining has increased its dominance during 2005-2012 on account of the very high price of copper on the international market. Indeed, in 2005-2009 and 2010-2012 mining accounted for 62% and 64% respectively of Chilean exports. The commodity price boom that begun in 2004 has been stronger in mining (and in metals in particular) than in agricultural products (Erten & Ocampo 2012).

Industry is the second most important sector within Chilean exports, although in the Chilean case we are talking about basic manufactures such as food, beverages, chemicals, forestry products (manufactures of wood and paper) and the manufacture of basic metals, with little added value. Finally, although the agricultural, forestry and fishing sector's share is certainly smaller than that of the other two sectors, it is worth reiterating that it does not include manufactured goods based on the elaboration of products from these sectors (which fall within industry). Perhaps more important, these comparatively smaller shares of between 6% and 12% are far higher than the shares reached during the 1960s-1980s, for instance. That is, the Chilean agricultural sector has shown important gains in international productivity, further promoting all Chilean exports (Dornbusch & Edwards 1994).

Table 5: Composition of Chilean exports per ISIC categories

Period	Agriculture, forestry and fishing	Mining	Industry	Total
1990-1994	5,952	23,208	19,262	48,432
1995-1999	8,645	36,405	34,054	79,110
2000-2004	9,672	49,636	45,100	104,410
2005-2009	15,959	172,213	89,988	278,161
2010-2012	13,875	142,641	65,754	222,270

Source: Own elaboration based on data from SNA and matrix to cross Harmonized System codes with ISIC codes.

At the level of particular products, the Chilean export basket has always been remarkably concentrated on a few mining products only, since the colonial era until the present, and governments have done little to reduce this dependency. Over the last 300 years, the cycle has followed a

pattern: silver and gold first, then copper, then nitrate, and then copper again. The last 25 years have been no exception. A single product, copper, accounted for around 40% of all exports between 1990-1994 and 2000-2004, rising to about 55% for 2005-2009 and 2010-2012, again mainly due to the spectacular increase above shown in the international prices of this commodity driven by demand from China (Table 5), which in turn also led to an increase in the volumes exported. In all, the top three export products gathered 48-49% of total exports during 1990-1994, 1995-1999 and 2000-2004, but as much as 61-62% during 2005-2009 and 2010-2012.

Table 6: Share of the main Chilean exported products within overall Chilean exports, 1990-2012

Product	1990-1994	1995-1999	2000-2004	2005-2009	2010-2012
Copper	40%	39%	41%	54%	56%
Other selected mining products					
Iodine	0.5%	0.8%	0.7%	0.6%	0.9%
Molybdenum	1.0%	1.3%	2.1%	4.2%	1.8%
Silver	0.9%	0.8%	0.5%	0.5%	0.8%
Gold	2.6%	2.1%	1.3%	1.1%	1.9%
Chemicals, selected products only					
Potassium Chloride	0.0%	0.0%	0.0%	0.1%	0.5%
Methanol	1.0%	0.9%	1.9%	0.9%	0.2%
Forestry products, selected products only					
Pulp	4.8%	5.4%	4.5%	3.4%	3.5%
Timber	4.3%	3.4%	2.9%	1.7%	1.4%
Wood-based panels, etc.	0.7%	1.4%	2.2%	1.4%	1.2%
Fresh Fruit, selected products only					
Grapes	4.6%	3.9%	3.5%	1.9%	1.9%
Apples	1.8%	1.6%	1.4%	0.9%	0.9%
Pears	0.7%	0.6%	0.3%	0.2%	0.1%
Cherries	0.1%	0.1%	0.2%	0.2%	0.4%
Blueberries	0.0%	0.1%	0.2%	0.3%	0.5%
Wine	1.1%	2.5%	3.2%	2.1%	2.3%
Sea products, selected products only					
Salmon & trout	1.5%	2.2%	3.8%	3.3%	3.0%
Fishmeal	4.5%	3.1%	1.5%	0.9%	0.6%
Sub-Total	90%	81%	81%	81%	80%
Total	100%	100%	100%	100%	100%

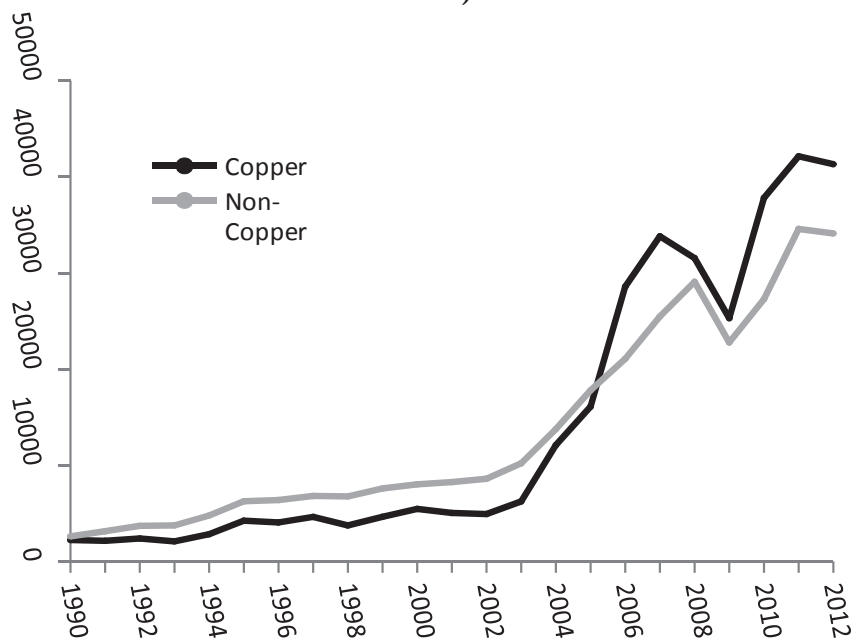
Source: Own elaboration SNA.

After copper, a restricted number of primary products account for most other exports, as can be seen in Table 5. Within the mining sector, gold, silver, iodine and molybdenum taken together accounted for 5-6% of Chilean

exports between 1990 and 2012. Another important sector is forestry. Here, only three products (pulp, timber and wood-based panels) took between 6% and 10% of Chilean exports. Likewise, only five fresh fruits (grapes, apples, pears, cherries and blueberries) represented between 4% and 7% of all Chilean exports during the period covered by this essay, while wine accounted for an extra 1-3%. Finally, salmon and trout taken together represented an additional 2-4% of all Chilean exports, although the growth in exports of these two products has not been able to compensate for the relative fall in fishmeal. In all, the few products shown in Table 5 (18 in total) represent 80-90% of all Chilean exports. But this is not exclusive of Chile, in recent years many Latin America countries have experienced what Bértola & Ocampo (2012: 226) have called a re-commoditization of the region's export structure.

However, there are several additional important points to make. On the positive side, there has been an important diversification of Chilean exports, although this has taken place mainly within the primary sector. In any case, comparing the Chilean export basket of the early 1990s with that of the 2000s and early 2010s, products such as salmon, wine, potassium chloride, molybdenum, wood-based panels, cherries and blueberries have either entered the basket for the first time or gained significance within Chilean exports (at least during several years).

Chart 6: Chilean copper exports versus non-copper exports (US\$M of 2012)



Source: Own elaboration from SNA.

This situation leads us to divide Chilean exports into copper-exports

and all other products' exports, to better assess the relative success of non-copper exports and the export diversification I have noted. Chart 6 shows the evolution of both groups at constant prices. The obvious conclusion is that the dynamism of Chilean exports is not only explained by booming copper prices, but also by the spectacular increase of a wide range of other primary products. It is true that from 2006 copper exports are greater than all other products combined together (this was the year when real copper prices increased by 75%), but it is also the case that the annual average rate of growth of non-copper exports has been massive: 16% on average between 1999 and 2008 at constant prices (i.e. during the decade before the world economic crisis).

Table 7: Composition of Chilean copper exports, shares of each copper category within total copper exports

Copper category	1990-1994	1995-1999	2000-2004	2005-2009	2010-2012
Refined	70%	65%	62%	57%	58%
Unrefined	7%	6%	5%	7%	7%
Minerals	23%	29%	33%	36%	35%

Source: Own elaboration from SNA.

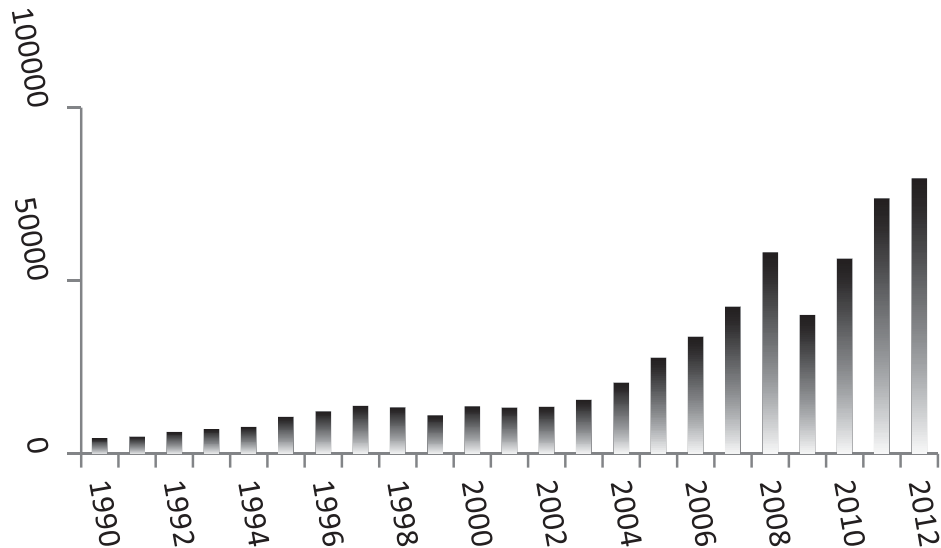
But it is not all good news for Chilean exports per product. An important negative point is that 70% of Chilean copper exports in 1990-1994 was refined copper, and less than a quarter minerals. However, in 2005-2009 and 2010-2012, the share of minerals increased to 35-36%, while that of refined copper (with higher added value) declined to 57-58% (Table 7). That is, not only has Chile continued to rely on the export of primary products (albeit more products than before), but its main export (copper) is now (proportionally) the result of a less elaborate mode of production. The Chilean copper industry (and therefore the Chilean state) has failed to cope with the increasing production of copper minerals, letting foreign countries refine a great deal of Chilean copper, thus missing an opportunity to export more elaborate goods and further promote the local economy.

PRINCIPAL PRODUCTS IMPORTED BY CHILE

As seen in Chart 7, Chilean imports have increased in the same way as Chilean exports (Chart 1), showing a spectacular growth in real terms. In 2000-2004, the average value of annual imports was nearly three times as high as during the first half of the 1990s, while during 2010-2012 the average annual value of imports more than quadrupled if compared to 2000-2004. That is, between the beginning (1990-1994) and the end

(2010-2012) of our period of study annual Chilean imports at constant prices have increased twelve fold. What is driving this growth?

Chart 7: Overall Chilean imports, in US\$M of 2012



Source: Own elaboration from SNA.

At ISIC level, most Chilean imports are highly concentrated in industry (Table 8), which is not surprising. Indeed, like most underdeveloped countries, Chile's main imports are manufactures (now supplied by China and developed countries). Within industry, the main sub-categories are machinery (electrical and non-electrical), transport-related equipment, refined oil, industrial chemicals, and processed food. Nonetheless, it is interesting to note that the share of mining has increased importantly within Chilean imports (mainly due to high imports of crude oil), which forces us to analyze in further detail Chilean imports per product. This exercise is less straightforward than it is for exports because, as in most other countries, Chilean imports are far more diversified than her exports. Indeed, the dominance of a single product within Chilean exports, such as copper, cannot be found on the import side of the story.

Table 8: Composition of Chilean imports per ISIC categories

Period	Agriculture, forestry and fishing	Mining	Industry	Others
1990-1994	2.1%	3%	95%	0.02%
1995-1999	2.2%	4%	94%	0.03%
2000-2004	2.0%	12%	86%	0.24%
2005-2009	2.0%	17%	81%	0.16%
2010-2012	1.6%	12%	86%	0.05%

Source: SNA and matrix to cross Harmonized System codes with ISIC codes.

Indeed, Table 8, which contains the main products imported by Chile, displays twice as many products as its equivalent Table 5 (which relates to the main products exported) but it gathers 39-52% only of all Chilean imports, against the 80-90% shown in Table 5 for exports. Yet, we can certainly identify the main products imported by Chile. By far the most important ones are fuels, petroleum in particular. In 2005-2009 and 2010-2012 petroleum, gas and coal accounted for 25% and 23% of all Chilean imports, respectively (Table 9). This combined share is twice as much as the one reached in the 1990s, when the annual value of total imports was far lower, a point worth highlighting. This is in part due to the increase in the international prices of oil (in particular from 2003), but it is also explained by an increase in the per capita energy consumption of Chile. Indeed, according to data provided by the World Bank, in 2010-2012 the per capita annual consumption of Chile was 67% higher than during 1990-1994. All in all, in terms of the composition of Chilean imports, the increasing importance of fuels is without doubt the most important change to note.

After fuels, the second most important product imported by Chile are vehicles. Indeed, the top-4 categories of vehicles imported by Chile accounted for between 8% and 10% of all Chilean imports, and has remained stable during the last 25 years. Vehicles for transporting people and goods are the two most important sub-categories within vehicles. Next in importance are machineries, including computers, as seen in Table 8. Indeed, computers alone accounted for 2% of all Chilean imports for the period covered by this paper. Other important consumer goods imported by Chile are mobile phones (the most important part of the sub-category electrical apparatus for line telephony, telephone sets), which in 2010-2012 accounted for as much as 2% of all Chilean imports. Televisions, too, on

their own, accounted for a stable 1% of all Chilean imports during the period here analyzed. Finally, other products whose shares within Chilean imports were equal or above 1% in any of the sub-periods here analyzed are cereals, meat, vegetable oils, sugar, pharmaceutical products, polymers, iron and steel.

Table 9: Shares of primary products imported by Chile within overall imports

Product	1990-1994	1995-1999	2000-2004	2005-2009	2010-2012
Selected meat, food and foodstuffs	3%	4%	4%	4%	4%
Boneless meat	0%	1%	1%	1%	1%
Cereals	1%	2%	1%	1%	1%
Animals and vegetables fats (oils)	1%	1%	1%	1%	1%
Sugar	0%	1%	0%	1%	1%
Selected fuels	12%	10%	18%	25%	23%
Coal	1%	1%	1%	1%	1%
Petroleum oil (crude)	9%	6%	12%	12%	9%
Oil from petrol (not crude)	2%	2%	3%	9%	9%
Petroleum gases & other gaseous hydrocarbons	1%	1%	3%	3%	3%
Pharmaceutical products	1%	1%	2%	1%	1%
Selected plastics and articles thereof	1%	1%	1%	1%	1%
Polymers of ethylene, in primary forms	1%	1%	1%	1%	1%
Polymers of vinyl chloride etc., in primary forms	0%	0%	0%	0%	0%
New pneumatic tires, of rubber	1%	1%	1%	1%	1%
Iron & Steel	2%	2%	2%	2%	2%
Selected machinery, mech. appliances and computers	7%	8%	6%	5%	6%
Lifting, handling, loading & unload machines	1%	1%	0%	0%	0%
Self-propelled bulldozers, graders, scrapers	1%	1%	1%	1%	2%
Parts for machinery of headings 8425 to 8430	0%	1%	1%	1%	1%
Mach for making pulp & making/finishing paper, pts	1%	0%	0%	0%	0%
Automatic data process machines, magn reader, etc. computer hardware	2%	2%	2%	2%	2%
Parts etc for computer, accessories	0%	1%	1%	0%	0%

Product	1990-1994	1995-1999	2000-2004	2005-2009	2010-2012
Machinery for sorting screening minerals	1%	1%	1%	0%	1%
Machines having individual functions	1%	1%	0%	0%	0%
Selected electrical mach. & equip. & parts, telecomm. equip	4%	4%	4%	4%	4%
Elect. apparatus for line telephony, telephone sets	1%	1%	1%	2%	3%
Trans apparatus for radiotelephony etc, tv cameras cordless telephones	1%	1%	2%	1%	0%
Reception apparatus for radiotelephony	1%	1%	0%	0%	0%
Television receivers	1%	1%	1%	1%	1%
Selected vehicles other than railway-tramway	9%	9%	8%	8%	10%
Tractors	1%	1%	1%	1%	1%
Public-transport type passenger motor vehicles	1%	1%	1%	1%	1%
Motor cars & vehicles for transporting persons	4%	5%	4%	4%	5%
Motor vehicles for transport of goods	4%	4%	3%	3%	4%
Sub-total	39%	41%	46%	52%	52%
Total	100%	100%	100%	100%	100%

Source: Own elaboration from SNA.

CHILEAN EXPORTS PER EXPORTER

To the best of my knowledge, there are no published studies analyzing Chilean exports classified per exporter for the period covered by this essay, at least not at the level of detail here presented, except for the periodical studies published by the Chilean Foreign Office through its Economic Directorate (Direcon 2009), but which do not identify companies. Of all the databases I have used for this paper, this database is probably the most difficult to analyze and process. This is mainly due to three facts. First, for 2008-2012 alone, there were nearly 5,000 exporters from Chile, and many thousands more if the whole period under study is considered. Second, during this 25-year period there have been many mergers and acquisitions within Chilean export companies, and in turn several parent companies control more than one exporting firm in the same sector (i.e. a copper exporter may own three mines, whose exports are classified by the SNA as three different exporters but are controlled by the same firm).

Table 10: Top-21³ exporters from Chile during 1990-2012 and their shares within overall Chilean exports

Exporter	Main Sector	Main owners	Nationality Main Owners	1990-1994	1995-1999	2000-2004	2005-2009	2010-2012
Codelco	Copper	Chilean State	Chilean	24%	17%	16%	21%	20%
BHP Billiton (Escondida, Cerro Colorado & Spence-Riochilex)	Copper	BHP Billiton	Anglo-Australian	5%	8%	7%	13%	11%
Anglo-American Chile (Disputada de las Condes, Mantos Blancos, Anglo-American Sur & Norte)	Copper	Anglo American plc	British	3,6%	3,0%	2,8%	3,4%	4,4%
Glencore-Xstrata (Noranda-Falconbridge & Lomas Bayas)	Copper	Glencore-Xstrata	Swiss	0,6%	1,1%	1,6%	2,7%	3,4%
Arauco, many companies	Forestry	Angelini Group	Chilean	3,4%	3,2%	4,3%	3,3%	3,1%
CMPC S.A. (Celulosa, Tissue, Maderas, Inforsa, Cartulinas)	Forestry	Matte Group	Chilean	2,8%	3,4%	3,1%	2,2%	2,3%
Minera Collahuasi	Copper	Anglo American plc & Glencore-Xstrata	Anglo-Swiss	0,0%	0,8%	3,0%	3,5%	2,2%
SQM (Nitratos, Químicos, Salar, Yumbes)	Chemicals & plant nutrients	Inversiones El Bordo Ltd & Soc. Inv. Pampa Calichera	Chilean	1,4%	1,5%	1,6%	1,4%	2,1%
Enami	Mining	Chilean State	Chilean	6,5%	3,0%	2,0%	1,5%	1,8%

3 Included those exporters whose share in any period contained in the table was above or equal 1% while ensuring that the totality of the exporters' share was above 50% for each period.

TRADE POLICY AND MAJOR TRENDS IN CHILEAN EXPORTS UNDER DEMOCRACY

Exporter	Main Sector	Main owners	Nationality Main Owners	1990-1994	1995-1999	2000-2004	2005-2009	2010-2012
CAP (including CMP, Siderurgica Huachipato, Andinos)	Iron & Steel	Invercap S.A. & Mitsubishi Corporation	Chilean	2,0%	1,2%	0,6%	0,2%	1,6%
Antofagasta Minerals (Michilla, Pelambres & El Tesoro)	Copper	Luksic Group	Chilean	0,7%	1,1%	1,1%	1,4%	1,5%
SCM El Abra	Copper	Freeport-McMoRan Copper & Gold and Codelco Freeport	USA-Chilean	0,0%	1,5%	1,9%	1,9%	1,5%
CCM Candelaria	Copper	McMoRan Copper & Gold.	USA	0,1%	1,7%	1,4%	1,6%	1,5%
Teck Chile (Quebrada Blanca, Carmen de Andacollo)	Copper	Teck	Canada	0,0%	0,9%	0,9%	1,1%	1,4%
CM Zaldívar	Copper	Barrick Gold Co.	Canada	0,7%	1,7%	1,4%	1,4%	1,4%
Molibdeno y Metales S.A.	Chemicals	Plansee Ltda. & Nueva Carepa S.A.	Chilean	0,5%	0,8%	1,1%	2,4%	1,1%
Minera Meridian (EL Peñón)	Gold	Yamana Gold	Canada	0,2%	0,1%	0,3%	0,5%	1,0%
ENAP (Petrox)	Oil	Chilean State	Chilean	0,1%	0,1%	0,8%	1,2%	0,3%
Methanex Chile	Methanol	Methanex Corporation	Canada	1,0%	0,9%	1,8%	1,0%	0,2%
Dole Chile	Fruits	Dole Food Co.	USA	1,1%	0,9%	0,7%	0,3%	0,2%
Corpesca (Eperva, Iquique-Guanaye & Coloso)	Fishery	Angelini Group	Chilean	1,6%	1,2%	0,5%	0,3%	0,2%
Sub-total, top 21				55%	53%	54%	65%	62%

Source: Own elaboration based on export data from SNA. Rest of information based on annual memories of the companies, and companies' websites.

I have, therefore, decided to merge all the export data under the name of the current parent company. Finally, many companies, especially Chilean economic groups, own or control many firms in a wide range of different economic sectors. They are classified by the SNA, again, as different export entities, even though they belong to a given group. I have, therefore, decided to merge all companies falling within the control of a given group but only for a given sector. For example, all Angelini's companies in the forestry sector were merged under the label Arauco, but Angelini's fishery exports are listed as Corpesca. Fortunately this is not an issue for big foreign companies operating in Chile, which in general tend to concentrate their operations on a sector which is only in Chilean exports. Thus, for example, for BHP Billiton, I merged the exports of all the copper mines they control, but could not find any record of participation in other sectors for this company, which featured in the top-45 export companies (which control between 60% and 72% of all exports from Chile).

Table 9 contains all exporters thus classified (21 in total) whose share within Chilean total exports was above 1% for any of the five sub-periods included in this study. The results are striking. There is a huge concentration of "Chilean" exports in just a few companies, in particular when the price of copper has been high. For example, in 1990-1994, 2005-2009 and 2010-2012, the top-5 exporters for each of these periods took 42%, 44% and 41% respectively of the value of all Chilean exports, and most of them are linked to the copper industry. If the whole top-21 selected exporters are considered, then they took between 53% and 65% of overall Chilean exports. Ten of them are copper exporters, while firms from other sectors such as forestry (dominated by two Chilean groups), chemicals and fishery also enter the ranking.

As far as ownership of these exports is concerned, it is worth highlighting that even though Chile has been at the forefront of an economic liberalization and privatization process which started in the 1970s, the main exporter from Chile is still the Chilean State through Codelco (National Copper Corporation of Chile). Indeed, Codelco alone took 20% of all Chilean exports in 2010-2012 (peaking at 24% in 1990-1994), while other state companies such as Enami (Chilean National Mining Corporation) and Enap (Chile's National Petroleum Company) are also present in the ranking of the top-21 exporters from Chile. At this point it is worth mentioning that the major role played by Codelco does not relate only to its substantial contribution to the export sector, but also to central government revenues. In 2005-2009 and 2010-2012, Codelco, which gives all of its profits under various forms to the Chilean treasury, contributed at least 16% and 10%, respectively, of all central government

revenues.

But foreign private companies are also dominant within Chilean exporters, or shall we say exporters from Chile? Indeed, the Anglo-Australian company BHP Billiton took 13% and 11% of all exports from Chile in 2005-2009 and 2010-2012 (respectively), thanks to the copper production of their mines Escondida, Cerro Colorado and Spence. Likewise, the British Anglo-American, also a copper exporter, and the Swiss Glencore-Xstrata complete the list of top-4 exporters from Chile. If we combine the shares of these two latter companies (and indeed they are the co-owners of Collahuasi copper mine), then their joint participation for 2010-2012 was a staggering 10% of all exports from Chile, not far behind the mighty BHP Billiton.

Chilean private companies are a step down from the Chilean state, BHP Billiton, Anglo-American and Glencore-Xstrata. Nonetheless, local economic groups such as Angelini, Matte and Luksic are also strong. And indeed the above table does slightly underestimate the real importance of these Chilean groups within total exports for the reasons advanced before. Chilean economic groups have always diversified their activities and, therefore, they export a wider range of products than foreign exporters from Chile. For example, to Angelini's share in the forestry sector, we should add their shares in the fishery sector, which would increase their participation (although never so much as to challenge either Codelco or BHP Billiton). Indeed, Chilean economic groups are perhaps more important in non-tradable sectors such as banking and retail. For example, the dominant Paulmann (current top-1 of Chile's economic groups) does not even appear in Table 9. In any case, the combined share of Angelini's Group in the forestry, fishery and oil sectors was "just" 3.5% in 2010-2012.

Widening our sample to the top-45 exporters from Chile during 1990-2012, it is worth highlighting the following facts. First, the share of all foreign companies taken together has increased markedly and steadily. For example in 1990-1994, Chilean companies (including public ones) took 76% of the value exported by these top-45 exporters, but in 2010-2012 this share decreased to 54% only. Second, the proportion of Chilean companies (as main owners) included in the ranking is 48% when the top-21 only are considered, and 51% when we widen the sample to the top-45. Third, regarding the nationalities of the main foreign exporters from Chile, the British, Australian, Swiss, Canadian and USA companies are by far the strongest, which may surprise the reader given the fact that of these countries, only the USA is a leading commercial partner of Chile. In this case, investment does not appear to follow foreign trade.

CHILEAN IMPORTS PER MAIN IMPORTER

In this final section I analyze briefly Chilean imports per main importer. Table 10 contains a summary of the results. As could have been anticipated, Chilean imports per firm are far less concentrated than exports per company. And indeed, for the period covered by this paper there were more than 350,000 different importers from Chile, most of which were not intermediary companies but final consumers (including families), which add complexity to the analysis of the data. In any case, the top-35 importers in Chile took just 35% of total imports in 2010-2012, and never more than 38% for all periods contained in Table 10. Furthermore, just a handful of companies managed to take more than 1% of all Chilean imports in some of these sub-periods.

Only a few companies escaped this rule, the most important ones are Enap (National Petroleum Company) and Copec, both importers of oil. Other important importers were Codelco (importer of mining machinery), vehicles sellers such as Gildemeister and General Motors, as well as telephone companies such as Movistar, and finally, the main Chilean airline, Lan. In all, as could be anticipated from Table 8, the main private sector importers are companies linked to petroleum, vehicles, copper mining, electronics, telecommunications and retail.

Table 11: Top-35 importers from Chile during 1990-2012 and their shares within overall Chilean imports

Importer	1990- 1994	1995- 1999	2000- 2004	2005- 2009	2010- 2012
Petroleum companies					
Enap (National Petroleum Company)	9.8%	7.2%	13.2%	17.2%	11.6%
Copec	0.4%	0.5%	0.4%	3.4%	5.1%
Shell	0.5%	0.5%	0.3%	0.2%	0.2%
Esso	0.3%	0.3%	0.3%	0.1%	0.1%
Vehicles and tires					
Gildemeister SAC	0.4%	0.8%	1.2%	1.3%	1.7%
General Motors Chile	1.7%	1.7%	1.2%	0.8%	0.8%
Kaufmann	0.6%	0.5%	0.5%	0.6%	0.8%
Automotores Gildemeister (Hyundai)	0.2%	0.7%	0.4%	0.6%	0.8%
Toyota Chile	0.8%	0.7%	0.5%	0.6%	0.6%
Goodyear Chile	0.6%	0.5%	0.4%	0.3%	0.4%
Derco SA	0.4%	0.5%	0.4%	0.3%	0.3%

Importer	1990- 1994	1995- 1999	2000- 2004	2005- 2009	2010- 2012
Mining companies					
Codelco	2.6%	1.4%	1.3%	0.7%	0.7%
Glencore-Xstrata (Noranda)	0.0%	0.0%	0.2%	0.5%	0.6%
BHP Billiton (Escondida)	0.7%	0.8%	0.6%	0.4%	0.3%
Retail companies					
Almacenes Paris	0.3%	0.3%	0.3%	0.3%	0.7%
Sodimac	0.0%	0.0%	0.1%	0.4%	0.6%
Walmart Chile	0.1%	0.3%	0.5%	0.4%	0.6%
Falabella	0.2%	0.4%	0.6%	0.5%	0.5%
Ripley	0.2%	0.4%	0.6%	0.4%	0.3%
Johnson	0.2%	0.4%	0.3%	0.2%	0.1%
Electronics					
Sony Chile	0.4%	0.5%	0.4%	0.3%	0.4%
Philips Chile	0.5%	0.4%	0.3%	0.2%	0.1%
Telecommunication					
Movistar	1.1%	1.1%	0.8%	0.5%	0.6%
Entel	0.2%	0.7%	1.0%	0.5%	0.4%
Claro	0.0%	0.1%	0.4%	0.3%	0.4%
Other companies					
Lan Chile S A	0.0%	0.0%	0.0%	1.2%	1.8%
Komatsu Chile S.A.	0.0%	0.0%	0.2%	0.7%	0.8%
Molymet	0.2%	0.4%	0.5%	1.7%	0.7%
Vial trading SA	0.3%	0.6%	1.2%	1.3%	0.6%
Gener (AES Co.)	0.7%	0.6%	0.7%	0.7%	0.5%
CAP (Siderurgica Huachipato)	1.2%	0.6%	0.5%	0.7%	0.4%
CMPC (Matte Group)	1.4%	0.5%	0.4%	0.4%	0.4%
Unilever Chile	0.5%	0.4%	0.5%	0.2%	0.3%
Roche Ltd	0.2%	0.5%	0.3%	0.2%	0.1%
Celulosa Arauco	0.6%	0.1%	0.5%	0.3%	0.1%
Sub-total	27%	25%	31%	38%	35%

Source: Own elaboration based on import data from SNA. Rest of information based on annual memories of the companies, and companies' websites.

CONCLUSIONS

It is no secret that the Chilean economy has performed well after the return to democracy in 1990 and that the export sector has been a driving force behind Chilean economic growth. The expansion of total Chilean exports in recent years can only be described as breathtaking on its own, but also as compared to its neighbors. For example, for the period 2005-2012, according to the UNCTAD, Chilean exports were 3.5% higher than those of Argentina, Chile being a much smaller country. This is perhaps the first time in modern history that Chilean exports have been higher than those of its bigger neighbor. And indeed, if in 1990-1994 Chilean exports were 0.25% of world exports, by the end of our period (2010-2012) this share, though still very modest, nearly doubled, to reach 0.44% (<http://unctadstat.unctad.org>).

Chilean exports have gone this far thanks to several factors. Amongst the most important ones it is worth mentioning Chile's commercial strategy of additive regionalism, thanks to which Chilean exports pay fewer duties in the primary destination countries. After the return to democracy in 1990, Chile pioneered the signature of trade treaties first with neighboring countries, and later on with partners in all other continents. Second, the high prices of copper during the last ten years have made a massive impact on a country heavily dependant on the export of this commodity. Third, exports have also grown thanks to the dynamism shown by the Chinese economy (and that of Asian countries in general), as China is now the main destination market of Chilean exports, and a country that chose Chile as the first Latin American nation to sign a trade treaty with (as it had done with South Korea before). In the early 1990s China took a mere 1.5% of Chilean exports, so that its current share is the main factor behind the radical shift in the geographical composition of Chile's exports. Fourth, as far as products are concerned, Chilean exports have diversified importantly if compared to the early 1990s, with primary products such as wine, salmon and trout, potassium chloride and new fresh fruits making a huge impact. Indeed, non-copper exports have shown a rate of growth comparable to that of copper.

At this point it is also important to mention that another positive feature of Chilean foreign trade is that the commercial balance has been positive for most of the period 1990-2012, and its surplus particularly large after 2003. Likewise, it is clear that booming exports have also financed booming imports, including many consumer goods such as mobile phones, televisions and cars. The USA and China are now by far the largest suppliers of the Chilean market. Exports have also financed the increasing energy consumption of Chile, through the massive imports of

fuels (the main category of products imported by Chile).

But there have been some negative factors behind Chilean foreign trade, which ought to be mentioned. First, the country is still too dependant on the export of a few primary products (despite some diversification), and in particular on the export of a single commodity: copper. This leaves Chile, as it has been in the last 200 years, highly vulnerable to changes in the price of a single raw material (copper). The production structure of the country has not changed and, therefore, Chile could face severe difficulties in adapting to changing world economic circumstances, in particular sudden changes in demand or the price of copper. Contrary to what has happened in recent decades with the export basket of most developing countries, whose share of commodities and natural-resource-based manufactures have declined in favor of mid and high-technology manufactures (Bértola & Ocampo 2012: 225), in the Chilean case there is a persistent reliance on copper. Therefore, Chilean governments should do more to promote further export diversification by encouraging new export industries, to diminish the dependence on copper, as well as promote the exports of products with increasing added value, even if these are based on the processing of copper or other primary products.

Indeed, my second point, it is quite worrying that, in relative terms, Chile is now exporting more copper minerals and less refined copper than it used to do in the 1990s, thus missing a good chance of adding more value to the export of its main commodity. Chile is, thus, repeating the traditional export pattern of most Latin American countries whose predominant export products incorporate low levels of value added but at the same time generate good economic rents. Given that Codelco is a state company, more can be done in this respect. Third, although the Chilean State, via Codelco, is by far the largest exporter from Chile, there is a huge concentration of exports in just a handful of companies (including foreign ones), which may be a reflection of the fact that Latin America (including Chile) is the region with the highest levels of income inequality in the world. In turn an increasing proportion of exports from Chile belong to foreign nationals, whose profits flow quickly to their headquarters, thousands of miles away from Chile, paying little taxes to the Chilean state. Chilean governments should, therefore, promote less companies' concentration in the country's exports and ensure that the main foreign companies exporting from Chile pay more taxes than hitherto.

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