



**-Chile-**

*last updated on 2002-07-16*

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## GENERAL FEATURES OF TRADE POLICY

Chile, after its early trade liberalisation and extensive privatisation program, could be considered the most liberal country in Latin America

Its liberal economic approach, together with an extensive and diversified network of trade agreements, has favoured Chile trade exchanges. Even if these ones are traditionally concentrated in copper export, as the country is the biggest copper producer, Chile made remarkable efforts in increasing the range of exportable products to escape from the rise and fall of the international copper price. One of the best examples is the agricultural sector where Chile was able to develop a high quality export oriented production, such as fresh grape and wines.

As a result, the main country export to the EU is still copper but fruits immediately follows. On the other side EU export to Chile is essentially made by machinery and equipment and transport material.

The EU is the second foreign investor after the USA and before Canada; However the EU presents a more diversified approach while the other two origins invest mainly in mining activities.

Contrary to the other LA neighbours ,Chile is not only member of the Latin America Integration Association and an associated member of Mercosur, but is also a member of the Asia-Pacific Economic Cooperation (APEC), This permits Chile to play a certain regional role with its northern ports as "door to the Pacific Market ". This market starts to be seen as a new strategic alternative to develop by, for example, the Mercosur.

An EU/Chile Cooperation Agreement signed in 1996 paved the way to the negotiation for an Association Agreement currently intensively pursued. Its conclusion will favour a better access of EU products, finding an appropriate solution to both side sensitive products, and ameliorate treatment on services, investments and Government procurement.

Further information about the framework for trade between the EU and Chile is available at the European Commission's Directorate General for Trade (DG Trade) website, specifically in the pages on Bilateral Trade Relations with Chile.

*The following table is an overview of the tradeflow between the European Union and Chile*

Section	Year	Import(Euro)	Export(Euro)
	1996	114,751,300	26,895,720

<b>Animals &amp; animal products</b>	1997	140,203,180	19,982,880
	1998	171,627,840	28,942,220
	1999	184,858,550	21,547,500
	2000	221,540,240	19,017,190
	2001	297,393,010	8,954,640
	2002	282,191,870	9,450,340
	2003	285,037,020	14,993,140
<b>Vegetable products</b>	1996	499,619,400	13,942,570
	1997	445,212,490	17,757,160
	1998	510,199,590	13,212,750
	1999	500,713,300	20,527,350
	2000	444,793,170	27,604,030
	2001	536,898,820	20,227,440
	2002	567,774,250	33,049,860
2003	620,495,010	33,456,340	
<b>Animal or vegetable fats</b>	1996	14,289,400	4,902,290
	1997	4,044,480	4,466,750
	1998	504,710	8,125,040
	1999	3,034,290	3,975,240
	2000	779,280	6,705,740
	2001	2,889,400	5,945,340
	2002	3,622,560	5,846,820
2003	1,482,870	3,801,900	
<b>Prepared foodstuffs</b>	1996	197,215,720	24,875,930
	1997	276,083,710	37,482,170
	1998	295,139,290	44,896,620
	1999	326,717,880	37,022,890
	2000	410,333,820	38,815,100
	2001	527,220,970	50,780,650
	2002	486,962,110	41,765,240
2003	476,297,510	37,966,410	
<b>Mineral products</b>	1996	324,413,470	25,706,420
	1997	392,694,940	37,833,450
	1998	253,613,030	19,092,770
	1999	288,746,570	17,416,090
	2000	399,497,560	30,655,400
	2001	421,390,850	12,691,260
	2002	438,907,530	15,274,670
2003	461,350,710	17,332,600	
<b>Chemical products</b>	1996	92,048,500	293,879,620
	1997	172,921,050	338,130,450
	1998	131,614,160	321,359,280
	1999	138,071,680	307,825,940
	2000	232,527,420	385,704,420
	2001	293,789,040	426,178,820
	2002	247,939,250	366,867,010
2003	314,136,890	391,869,430	
<b>Plastics &amp; rubber</b>	1996	656,440	106,028,280
	1997	2,123,030	152,971,240
	1998	2,608,630	147,287,310
	1999	1,998,820	128,421,550
	2000	2,867,120	153,384,540
	2001	3,633,750	167,465,670
	2002	4,607,650	141,120,850
2003	6,587,230	136,837,740	
<b>Hides &amp; skins</b>	1996	4,267,000	4,614,550
	1997	11,523,350	4,997,000
	1998	8,721,870	5,662,420
	1999	12,587,520	3,230,260
	2000	16,667,530	5,028,860
2001	10,870,100	4,144,180	

	2002	10,184,920	4,314,490
	2003	7,504,200	4,068,980
<b>Wood &amp; wood products</b>	1996	24,104,170	20,634,830
	1997	34,040,520	35,157,800
	1998	39,914,150	36,800,340
	1999	76,617,460	36,961,660
	2000	86,076,080	50,293,190
	2001	75,748,310	56,661,350
	2002	71,531,900	58,636,200
	2003	77,457,070	54,359,250
<b>Wood pulp products</b>	1996	244,011,430	94,680,940
	1997	264,280,240	134,454,490
	1998	247,259,970	121,425,560
	1999	291,778,090	102,526,800
	2000	458,700,510	142,260,000
	2001	372,339,440	132,797,720
	2002	340,030,850	120,053,490
	2003	335,558,310	116,586,650
<b>Textiles &amp; textile articles</b>	1996	13,300,960	114,148,680
	1997	14,473,720	133,362,700
	1998	9,972,310	150,170,050
	1999	10,819,960	112,195,330
	2000	13,546,500	135,932,150
	2001	11,842,910	123,702,730
	2002	14,548,900	107,141,860
	2003	14,877,280	78,265,150
<b>Footwear, headgear</b>	1996	479,680	21,586,350
	1997	324,280	27,306,390
	1998	264,980	33,886,870
	1999	188,790	22,910,960
	2000	199,500	16,935,770
	2001	1,028,820	17,104,850
	2002	198,260	12,796,110
	2003	80,500	7,860,300
<b>Articles of stone, plaster, cement, asbestos</b>	1996	1,252,180	32,392,140
	1997	1,388,110	44,075,820
	1998	1,923,660	45,309,820
	1999	1,378,410	33,953,850
	2000	1,124,080	44,464,300
	2001	1,327,290	43,337,190
	2002	2,229,130	38,158,470
	2003	2,850,630	35,352,240
<b>Pearls, (semi-)precious stones, metals</b>	1996	385,110,640	5,599,740
	1997	263,639,940	5,454,450
	1998	291,229,440	5,659,770
	1999	271,106,490	8,486,270
	2000	385,256,310	10,499,080
	2001	315,995,640	8,532,490
	2002	363,964,920	6,112,030
	2003	316,505,010	4,242,520
<b>Base metals &amp; articles thereof</b>	1996	1,104,645,010	165,237,090
	1997	1,210,952,900	230,195,480
	1998	1,351,478,050	230,091,540
	1999	1,282,968,650	136,417,830
	2000	2,111,514,840	163,481,390
	2001	1,988,160,980	169,677,820
	2002	1,790,380,360	150,332,800
	2003	1,825,801,350	179,264,430
	1996	8,217,710	978,946,140
	1997	7,198,990	1,339,490,330
	1998	7,768,660	1,246,100,070

<b>Machinery &amp; mechanical appliances</b>	1999	16,314,120	964,930,180
	2000	51,610,550	1,049,323,400
	2001	34,877,280	1,106,183,620
	2002	60,318,720	1,029,742,520
	2003	30,588,650	1,049,607,450
<b>Transportation equipment</b>	1996	2,273,880	354,234,280
	1997	2,071,450	326,701,940
	1998	3,658,880	296,803,630
	1999	2,759,330	150,108,980
	2000	2,248,760	275,212,300
	2001	1,615,970	273,958,080
	2002	2,079,920	341,363,330
	2003	3,818,290	332,596,240
<b>Instruments - measuring, musical</b>	1996	2,598,670	69,994,430
	1997	3,432,010	107,195,620
	1998	3,864,430	141,476,660
	1999	3,809,160	97,638,700
	2000	5,511,130	107,156,770
	2001	2,849,540	124,682,720
	2002	3,429,640	105,442,910
	2003	3,953,540	91,122,850
<b>Arms &amp; ammunition</b>	1996	48,750	2,111,720
	1997	15,870	5,203,430
	1998	350,810	7,581,260
	1999	469,850	2,509,520
	2000	5,100	2,695,770
	2001	21,440	2,671,300
	2002	1,359,540	3,000,440
	2003	304,220	10,595,090
<b>Miscellaneous</b>	1996	3,392,850	43,318,490
	1997	4,277,080	55,790,790
	1998	4,972,900	65,371,600
	1999	5,635,190	42,216,840
	2000	7,472,620	49,523,150
	2001	8,348,560	51,472,190
	2002	8,604,360	42,770,890
	2003	6,959,320	31,008,790
<b>Works of art</b>	1996	228,450	5,368,140
	1997	255,460	3,465,210
	1998	326,700	2,274,150
	1999	365,770	3,318,200
	2000	152,900	10,377,170
	2001	531,700	3,222,760
	2002	221,790	4,673,320
	2003	154,050	955,900
<b>Other</b>	1996	5,530,880	17,020,470
	1997	3,837,220	25,276,690
	1998	7,600,520	12,272,280
	1999	25,931,550	17,863,350
	2000	8,550,450	17,395,800
	2001	56,496,540	28,017,190
	2002	10,217,110	18,656,970
	2003	9,539,990	21,933,800

**Automotive last updated on 2001-10-31**

The Chilean automotive industry counts three assembly plants, with a limited production. The industry benefits from specific incentives linked to local content. As these measures are inconsistent since the entry into force of the WTO TRIMS Agreement, Chile was forced to demand an extension in order to adequate its legislation..

Chile applies a luxury surcharge of 18% on new automobiles with engines above 1,500 cm<sup>3</sup>,

equal to 85% of the c.i.f. value which exceeds \$15.000 (amount adjusted yearly for inflation). It also applies a cylinder tax . Import of used vehicles is prohibited.

**Mining**  
last updated on  
2001-10-31

Chile is the world's largest producer and exporter of copper. Even if the EU is a significant importer , EU investment in the sector are limited.

**Services -  
Communications  
& Audiovisual**  
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Chile is not a signatory to the Information Technology Agreement (ITA).however, it has one of the most liberal telecommunications markets in the world. By 1994, both the long-distance as well as the local network had been opened to competition. All foreign ownership restrictions have been abolished. Alongside five Chilean firms, two US regional operators (BellSouth and Bell Atlantic) operate in the long-distance market. Telefonica is the major shareholder of CTC (Compania de Telefonos de Chile) the dominant operator of local networks.

There exist no domestic manufacturer of telecommunications network equipment. No restrictions exist for network operators when purchasing network equipment.

**Wood, Paper and  
Pulp**  
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Despite its liberal import policy , Chile maintains a price band system for certain agricultural products with the intention to keep domestic prices within a target range. Reference prices based on international commodity markets are used for the price band applied to wheat, wheat flour, edible vegetal oils and sugar. Safeguard and countervailing duties are also fostering protection on other products like dairy and canned peaches. Sanitary and phytosanitary requirements were also reported to create market access difficulties.

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## TARIFFS AND DUTIES

Chile has bound tariffs at 25% for all products except for some agricultural products, bound at 31.5%. However , Chile has an uniform applied ad valorem tariff now equal to 8%. This tariff will decrease by one percentage point per year up to reach 6% in year 2003. As an exception, used goods are subject to an increased 16.5 % duty and computers and books are duty free.

Current duty rates may be searched by either an HS Product Code (4 or 6 digits) or by Keywords describing the product in the [Applied Tariffs section](#) of this Database.

Customs value is assessed on a c.i.f; basis

Chile does not apply import quotas.

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## TRADE DEFENCE INSTRUMENTS

Safeguard measures apply to import of all dry milk powder and liquid UHT milk. This replaced a previous countervailing duty on dairy products only applying to EU and US origins. Chile has also imposed safeguard measures against other goods: steel products, socks, wheat and wheat flour, and sugar.

● **020077-Safeguard measures on milk [2002-07-16]**

In July 2000 Chile imposed a provisional safeguard measures on imports of powdered milk and liquid UHT milk. The EU and other exporters of these products requested for consultations with Chile under article 12.4 of the WTO Agreement on Safeguards. The consultations held in Geneva on in November did not achieve a satisfactory result and Chile imposed definitive measures in January 2001. As in the case of the provisional measures, the definitive measures consisted, for each import transaction, of an ad valorem tariff surcharge of 12%.

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## NON TARIFF BARRIERS

Chile has delayed the application of the WTO Customs Valuation Agreement until 2000 and has formally retained the right to apply minimum import prices for customs purposes (such minimum prices have been applied in the past on textile products). Since that it is lengthily adapting its procedures.

Furthermore Chile applies a price band system to import of wheat, wheat flour, edible vegetable oils and sugar. This system permits the levy of specific duties to keep target domestic prices. Specific duties are levied on top of the ad valorem uniform tariff.

Chile has around 2000 voluntary standards, most of them being equivalent to international standards. However, standards applying to construction, chemicals and wood products tend to differ from international practice.

● **970020- Chile- Milk powder [2004-10-01]**

Chile has introduced heating requirements on milk powder. The standards stipulated by the Chilean authorities are : 2.5 seconds at 148C, or 1 minute at 130C, or 3 minutes at 120C, or 5 minutes at 110C. It is not clear whether these requirements apply to domestic products. In addition, the milk powders concerned are not UHT products and the new heating requirements do not appear to be justified.

● **040038-Chile- ruminant meat and ruminant derivatives [2004-12-20]**

Import ban on live ruminants, products and derivatives (excluding milk and semen) because of BSE.

- General statement on BSE to all Third Countries on 17/03/2004 in reaction on the statement of the USA.  
During the XXXI SPS Committee in October 2004 the Commission has given a general statement on BSE (Bovine Spongiform Encephalopathy). Some WTO members started to lift the ban due to BSE for some EU live ruminants and ruminant derived products (e.g.: China, New Zealand, Brazil, Philippines). The EC requested other WTO members to follow the same line and to respect guidelines as set up by international organizations (OIE). For further information please contact SANCO E.3 (Mr Scannel).

● **040063-Chile- Pig Meat [2004-10-20]**

Ban on the import of pigmeat due to Classical Swine Fever. Lack of recognition of regionalisation for some EU Member States and lack of recognition of disease free-status. Products banned from Spain and France.

According to bilateral negotiations within the framework of the EU-Chile veterinary agreement, this SPS Export problem seems to be resolved (please contact DG SANCO, Unit E3).

- According to bilateral negotiations within the framework of the EU-Chile veterinary agreement, this SPS Export problem continues to exist. Chile has been asked (October 2004) for information and transparency (at present the situation is unclear) as regards the health status for all the EU MSs. For regionalisation Chile does not apply it as they should.

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## INVESTMENT RELATED BARRIERS

Investments above US\$ 5 million must be approved by the Committee on Foreign Investments (CIE).

Exceptions to national treatment occur in international land transport, local maritime transport and fisheries.

Repatriation of profits or interest abroad has no time frame limit s, but the capital of a Chilean company must remain in Chile for at least one year.

### Automotive

#### Trade Related Investment Measures

##### ● 970019- *Local content scheme* [2003-08-21]

Under Article 3 of the Chilean Automotive Statute contained in Law No 18.483 of 1985, exemption from customs duties on imports of completely-knocked down and semi-knocked down units for vehicle assembly is granted, to the extent that they are offset by exports of domestic components for an equivalent amount, within a period of 12 months, in accordance with a programme approved by the Motor Vehicle Commission. Under Article 9 of the same Law, a tax credit is granted to assemblers of completely-knocked down cars, provided certain local content requirements are met. The credit is limited to 35% of the customs value of the assembled vehicle.

However, following the entry into force of the trade pillar of the EU-Chile Association Agreement:

1). Products of tariff heading 0031.00.00 (parts, accessories or sets for motor vehicle assembly imported by final industries in accordance with Law No. 18.483)

and

2). Products of tariff heading 0032.00.00 (completely knocked-down and semi knocked-down units imported by final industries for assembly of vehicles for transport of goods with a loading capacity not exceeding 850 cm<sup>3</sup> in accordance with Law No. 18.483)

are anyway subject to a 0% tariff and therefore, fall out of the scope of the Law No. 18483 1985 framework.

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## IPR

Chile implemented an Industrial Property Law in 1991 and a Trademark Law in 1992. The year 2000 entry into force of the TRIPS Agreement shows various WTO inconsistencies in the two laws. Amendments are, consequently, under preparation.

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## OTHERS

Chile does not have an import licensing system.