



# Chile: Consumer Electronics 2006

Author: Macarena Marin  
Date: August 2006  
ID: 136910

## Summary

The Chilean consumer electronics sector is comprised almost entirely of imported products, mainly coming from Asia (primarily China) and the United States, followed closely by Mexico and Brazil. Local production is minimal and consists predominantly of metallic and plastic covers for certain devices.

In 2006, total imports in this sector are estimated at a CIF value of US\$ 2.26 billion. Mobile phones and mobile phone accessories are the most imported product category representing 31% of the market in US dollars CIF terms.

## Market Demand

Large international brands lead the competition in Chile, having a consolidated position in all product categories where demand is driven by innovation and product development. To maintain their leadership positions, these suppliers take advantage of their ability to get new products to market more quickly than their smaller counterparts.

The cellular phone market is the largest in this sector, growing 10% per year and achieving 11 million users in 2006. Approximately 31% of all imports to Chile of household consumer electronics fall in this category, with 25% corresponding to mobile phones and the remaining 6% to mobile phone accessories.

## Market Data

In Chile, with a total population of 16 million people, there are approximately 11 million mobile phones in use, or close to 75% penetration, and over 500,000 computers.

- Mobile phones and accessories represent 31% of all consumer electronic device imports in Chile.
- Computers represent 7% of all of the imports to Chile in this sector.
- Other general telecommunication apparatus for telephony represent 6% of all electronic products imported to Chile.
- Flat panel screens, video recording, or reproducing apparatus, represent 5% of all electronic articles imported to Chile.

### *Market Data (US\$ millions)*

	2004	2005	2006 (estimated)
Total Market	1,515	1,912	2,266
Total Imports	1,515	1,912	2,266
Total Imports from U.S.A.	289	325	283
Total Exports	25	37	38

Notes: Incomex

Notes to table: total market equals imports plus local production minus exports.

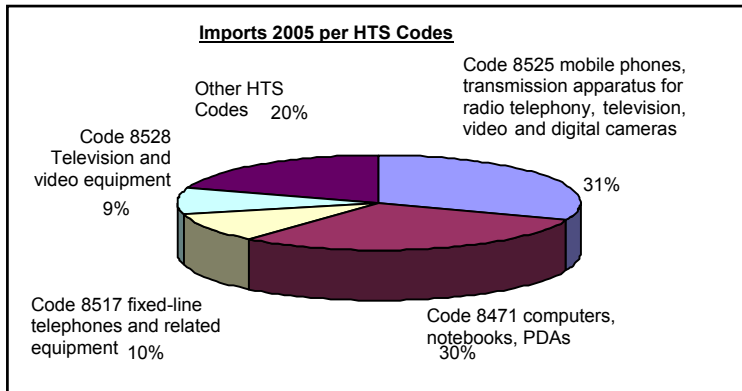
Estimate average dollar exchange rate for 2006: CH\$ 550

Estimated 2006 GDP: 6%

Estimated Consumer Price Index inflation for 2006: 3.4%

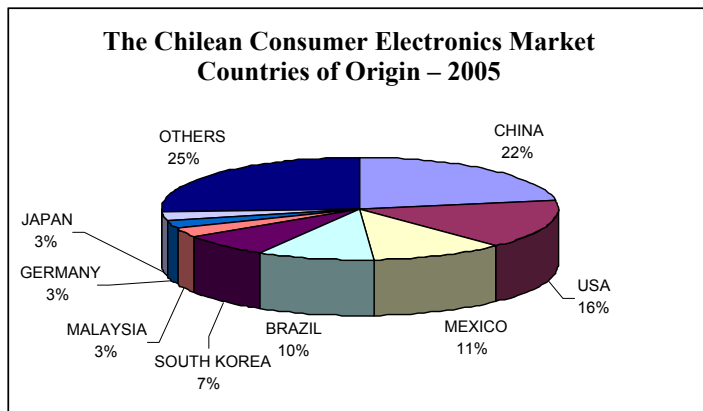
According to Chilean Custom’s statistics, of all consumer electronics imports during 2005, approximately 84% were divided into four HTS codes:

- 8525 (mobile phones, transmission apparatus for radio telephony, television, video and digital cameras)
- 8471 (computers, notebooks, PDAs)
- 8517 (fixed-line telephones and related equipment)
- 8528 (television and video equipment)
  
- Of HTS code 8525, 79% were mobile phones with some kind of additional feature included (camera, voice recorder, MP3 player, radio, or a similar technology).
- In Code 8471, portable digital automatic data processing machines represent close to 24%.
- Sub headings 85175090 and 85179090 from the 8517 HTS code refer to other telecommunication apparatus for telephony, and represent 63% of this category.
- 51% of Code 8528 is represented by flat panel screens, including video recording or reproducing apparatus.



Source: Chilean Custom’s Statistics

Under “Other HTS Codes” are included 8518, 8519, 8520, 8521, 8470, 8523, 8527, 9006, 9008 and 9101; and each one of these represent less than 2% of the total imports of household consumer electronics to Chile.



Source: Chilean Custom’s data

There is no local production of mobile phones in Chile, so these products are completely imported, mostly from Asia and the United States.

There are some small Chilean companies that design and manufacture electronic product accessories, primarily metal and plastic covers for electronic products. In most cases these products do not comply with international standards so exports are a very small business with little growth potential, unless these companies improve their production quality.

Other exports from Chile are comprised of imported products that are re-exported to other markets. This is done to a limited extent with multinational brands to fill demand gaps elsewhere in Latin America.

### **Best Prospects**

Digital products drove the growth of the consumer electronics market from late 1999 onwards and are gaining share at an increasing rate. Chilean consumers demand the latest technologies available in all kinds of consumer electronic products such as cellular phones, PDA, computer laptops, game console systems and others.

Specifically, Sony and Samsung have focused their strategies on digital products, impacting both audio and visual categories. Additionally, products crossing the boundaries with multiple IT applications have sustained demand for higher-end digital units, with sales growing at an increasing pace.

Increased sales of MP3 players represent one of the main trends in audio products. Currently most audio products sold in the Chilean market have MP3 functionality. The convergence of audio and video electronics with IT currently observed in the global market is also a leading trend, and the total integration of MP3 players is just a matter of time. The rapid growth of Internet penetration, the widespread availability of broadband access, and the high penetration of 2.5G mobile services have contributed to create further momentum in sales of MP3 players.

### **Key Suppliers**

The consumer electronics market in Chile is very competitive. U.S. manufacturers such as Motorola, Qualcomm, General Electric, Tyco Electronics, IBM, Hewlett Packard, Lexmark, Xerox and others, compete with Sony, Samsung, Phillips, Nokia, Daewoo and Panasonic. They all rank among the top brands in most consumer electronics, particularly in the upper price categories. LG Electronics and Daewoo also have well-established operations in the Chilean market, and Hyundai entered the market in the mid-2003.

### **Prospective Buyers**

The main buyers of consumer electronic products are the department stores where products such as audio-visual equipment, games consoles, computer laptops, fax, wireless telephones, and many others are sold to the general public. Department stores travel to trade shows in other countries and they either buy from local companies that represent foreign brands or import directly from manufacturers or dealers.

The largest department stores in Chile are "Almacenes Paris", "Falabella" and "Ripley". In addition there are large retail chains that specialize in electronic products only, such as "ABC" and "DIN".

Large supermarkets and hypermarket chains such as “Lider” and “Jumbo” also sell several electronic products for residential use. Both department stores and supermarkets sell several brands but the trend is to sell products manufactured for them under private labeling in Asian countries. For example, “Jumbo” manufactures under the brand “Global Home” and “Lider” under “Groven” label.

The cellular service providers, Movistar, Entel and Claro (former Smartcom) dominate the list of cell phone importers. These companies’ total imports for 2005 were close to 20% of total imports for household consumer electronics.

Other important importers are: Sony, Telconsur, Brightstar, RCL, LG Electronics, Ingram Micro Chile, Intcomex, Phillips, Mellafe, and SIEMENS.

Some other U.S companies in the Chilean market are:  
Brother Chile, DELL, Eveready, IBM, Intel, Rockwell Collins Int. and Tyco Electronics Chile.

## Market Entry

Imports from any country without a free trade agreement with Chile are subject to the flat 6% customs tariff plus 19% in VAT. Nevertheless, the vast majority of imports from the United States (of U.S.-origin) are free of the 6% duty because of the Free Trade Agreement signed with Chile in 2004. In order to verify if a product is duty free, HTS codes should be confirmed by checking the following website: [www.direcon.cl](http://www.direcon.cl).

Establishing a local subsidiary or branch office in Chile is the appropriate strategy for a U.S. exporter who is convinced that sales volume will be large enough since local service support or localized inventory are keys to success. Any corporation legally constituted abroad may form, under its own name, an authorized branch (agencia) in Chile. Another practical and more common market entry strategy, especially for new-to-market exporters, is to appoint an agent or representative with good access to relevant buyers and solid technical expertise.

## Market Issues & Obstacles

Chile generally has few barriers to imports or investment allowing, in most cases, foreign firms to enjoy the same protections and operate under the same conditions as local firms. As a result of the United States – Chile Free Trade Agreement, in place since January 2004, ninety percent of U.S. imported products enter Chile duty free.

## Trade Events

### AEIEXPO 2007

III Feria Internacional de Electrónica, Electricidad, Automatización y Comunicación Industrial  
(III International Fair of Electronics, Electricity, Automation and Industrial Communication)

Bi-annual

October 24-26, 2007

Espacio Riesco, Santiago, Chile

[www.aieexpo.cl](http://www.aieexpo.cl)

## Resources & Key Contacts

Cámara de Comercio de Santiago, CCS  
(Santiago Chamber of Commerce)  
[www.ccs.cl](http://www.ccs.cl)

Asociación de la Industria Eléctrica – Electrónica, AIE  
(Electro and Electronic Industry Association)  
[www.aie.cl](http://www.aie.cl)

### For more information

The U.S. Commercial Service in Santiago, Chile can be contacted via e-mail at: [macarena.marin@mail.doc.gov](mailto:macarena.marin@mail.doc.gov); Phone: (56-2) 330-3311; Fax: (56-2) 330-3172 or visit our website: [www.buyusa.gov/chile](http://www.buyusa.gov/chile)

## The U.S. Commercial Service – Your Global Business Partner

With its network of offices across the United States and in more than 80 countries, the U.S. Commercial Service of the U.S. Department of Commerce utilizes its global presence and international marketing expertise to help U.S. companies sell their products and services worldwide. Locate the U.S. Commercial Service trade specialist in the U.S. nearest you by visiting [www.export.gov](http://www.export.gov).

*Disclaimer: The information provided in this report is intended to be of assistance to U.S. exporters. While we make every effort to ensure its accuracy, neither the United States government nor any of its employees make any representation as to the accuracy or completeness of information in this or any other United States government document. Readers are advised to independently verify any information prior to reliance thereon. The information provided in this report does not constitute legal advice.*

*International copyright, U.S. Department of Commerce, 2006. All rights reserved outside of the United States.*