

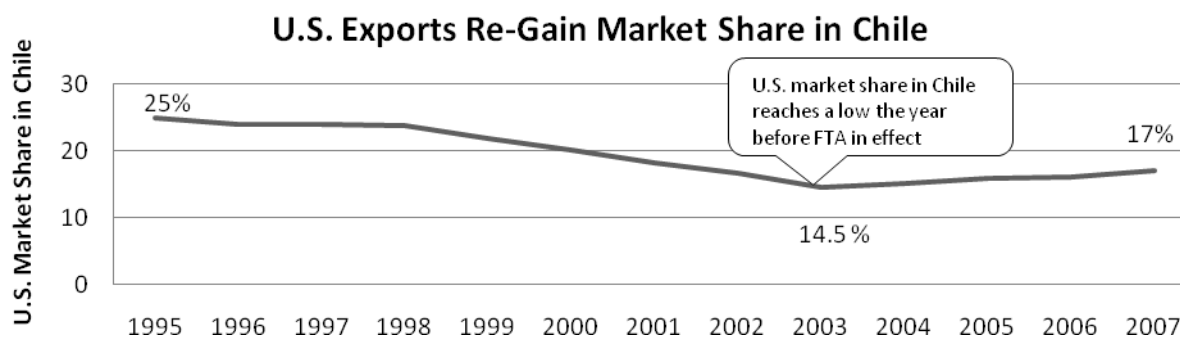


## U.S.-Chile Trade Flourishes – 4-Year FTA Anniversary Bilateral Trade Analysis: January-December 2007

In 2007, bilateral trade between the United States and Chile reached \$17.3 billion, a 170 percent increase over bilateral trade levels before the U.S.-Chile Free Trade Agreement (FTA) took effect on January 1, 2004. Even more impressively, U.S. exports to Chile grew 206 percent! Trade in 2007 represented a six percent increase over the \$16.4 billion in bilateral trade in 2006, a 46 percent increase over the \$11.9 billion in bilateral trade in 2005, and a 108 percent increase over the \$8.3 billion in bilateral trade in 2004. Reflecting the growing trade relationship, Chile's ranking as a top U.S. export market rose to 28 in 2007, from 35<sup>th</sup> place in 2003. The United States was the number two destination for Chilean exports and remained Chile's top source of imports in 2007.

### U.S. Exporters Succeeding in Chile

The FTA is helping U.S. exporters win back market share that was lost to the European Union, Mexico, and Canada, all of which negotiated free trade agreements with Chile before the United States. U.S. exporters gained market share in Chile for a fourth year in a row in 2007. While U.S. exports to Chile made up 25 percent of Chilean imports in 1995, that share dropped in the following years, reaching a low of 14.5 percent in 2003. By 2007, U.S. exports to Chile rebounded and claimed a 17 percent share of the Chilean market.



### Trade Before and After the FTA

While U.S. exports to the world increased 60 percent between 2003 and 2007, U.S. exports to Chile increased by 206 percent (\$5.6 billion), growing from \$2.72 billion in 2003 to \$8.31 billion in 2007. The 22 percent increase in U.S. exports to Chile between 2006 and 2007 also compares favorably to the 12 percent increase in U.S. exports to the world during the same time period. Likewise, Chile has also benefited tremendously from the FTA; U.S. imports from Chile grew from \$3.71 billion in 2003 to \$9.0 billion in 2007, an increase of 143 percent.

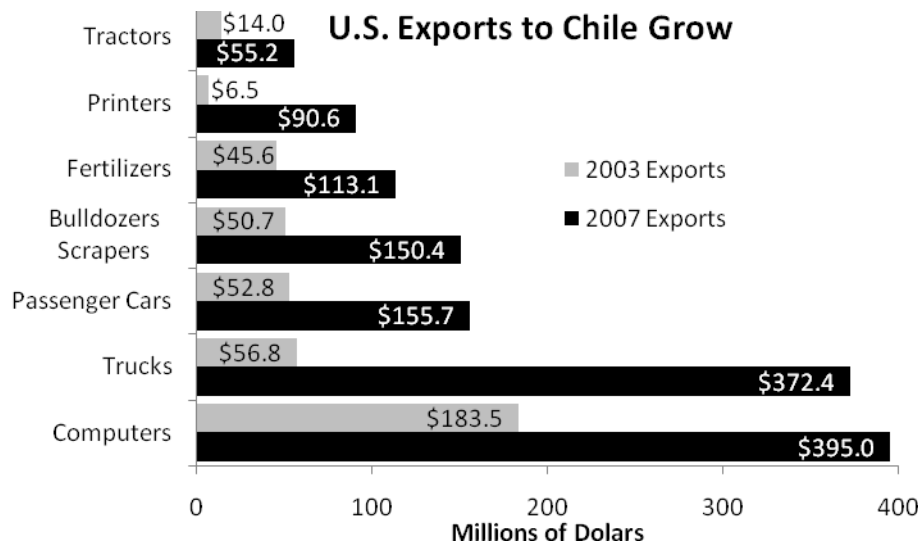


### Trade by Sector Group

U.S. construction equipment exports rose 209 percent in 2007 compared to 2003, increasing from \$234.6 million to \$725.6 million. Medical equipment exports grew from \$68.5 million to \$119.3 million (74 percent increase), agricultural equipment exports increased from \$13.3 million to \$43.1 million (225 percent increase), paper exports rose from \$48.1 million to \$171.3 million (256 percent increase), and steel exports increased from \$10 million to \$41.2 million (311 percent) when comparing January-December 2003 trade to the same period in 2007.

### U.S. Exports to Chile<sup>1</sup>

In the four years the U.S.-Chile FTA has been in effect, U.S. exports to Chile have more than tripled. The goods highlighted below were among the top U.S. exports to Chile in 2007. Not coincidentally, many of these goods became duty-free immediately under the FTA.



### U.S. Farmers are Benefiting

American farmers are also achieving increased export success thanks to tariff reductions under the FTA. Wheat and meslin became duty free immediately with the FTA and U.S. exports of wheat and meslin reached \$116 million in 2007, a 220 percent increase over pre-FTA levels. Certain corn products, such as yellow dent corn, became duty-free in 2006, and since the tariff reduction, sales of yellow dent corn have increased dramatically. Exports of yellow dent corn totaled \$48.0 million in 2006, an impressive increase of 3,100 percent over the \$1.5 million exported in 2005. This increase is especially significant considering no yellow dent corn was exported in 2004 and exports totaled only \$1.9 million in 2003, before the FTA took effect. Thanks to this remarkable increase in exports, corn made the list of the top twenty U.S. exports to Chile in 2006 – a first since the FTA took effect.

<sup>1</sup> Products represent the following Harmonized Tariff Schedule numbers: 8471 (computers), 8704 (trucks), 8703 (passenger cars), 8429 (bulldozers, scrapers), 3100 (fertilizers), 8443 (printers), 8701 (tractors)



## **U.S.-Chile FTA Success Stories<sup>2</sup>**

### **Flanders Electric**

The U.S.-Chile Free Trade Agreement (FTA) opened up the Chilean market to Flanders Electric, a small company located in Evansville, Indiana that manufactures and repairs electric motors. In 2007, Flanders Electric, was in the midst of a growth period and looking to expand markets. The fact that the United States has a free trade agreement with Chile and that Chile has a large mining industry that requires the use of heavy equipment, contributed to Flanders Electric's decision to begin exporting there. Flanders now supplies motors to mining companies throughout Chile. The company's 2007 sales to Chile exceeded \$2 million, and Flanders expects exports to Chile to expand in 2008. Flanders Electric also began exporting to Australia in 2005, another country the United States has a free trade agreement with. As a result of these two new export markets, Mr. Steven Graves, International Accounts Manager for Flanders, reports that the company has been able to add another 75 employees to their workforce.

### **Continental Manufacturing Company, Ltd. (CBMW)**

U.S. exports of construction equipment have risen each year since these products became duty-free immediately with the implementation of the U.S.-Chile Free Trade Agreement (FTA). Continental Manufacturing Company, Inc.'s (CBMW) headquarters and manufacturing facility are located in Houston, Texas. The company manufactures rear discharge concrete mixers. The Houston Export Assistance Center let CBMW know that their products would enjoy duty-free status under the FTA, and CBMW became first-time exporters to Chile in 2007, selling two mixers to their new distributor, Grupo Jemo. In early 2008, CBMW received an order for two more mixers from Grupo Jemo, and the company is hoping to increase their sales to Chile even further in 2008.

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<sup>2</sup> Additional US-Chile FTA success stories can be found at [www.export.gov/fta](http://www.export.gov/fta)