

Export promotion policies and programs in Chile

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Outlook



Chile in figures



The agricultural export situation



Current export support policies



Final remarks

Chile

A long (4,329 km) and narrow (90-468 km) country

Population: 17 million

Per capita income: 23,556 US\$ (2015)

Climate:

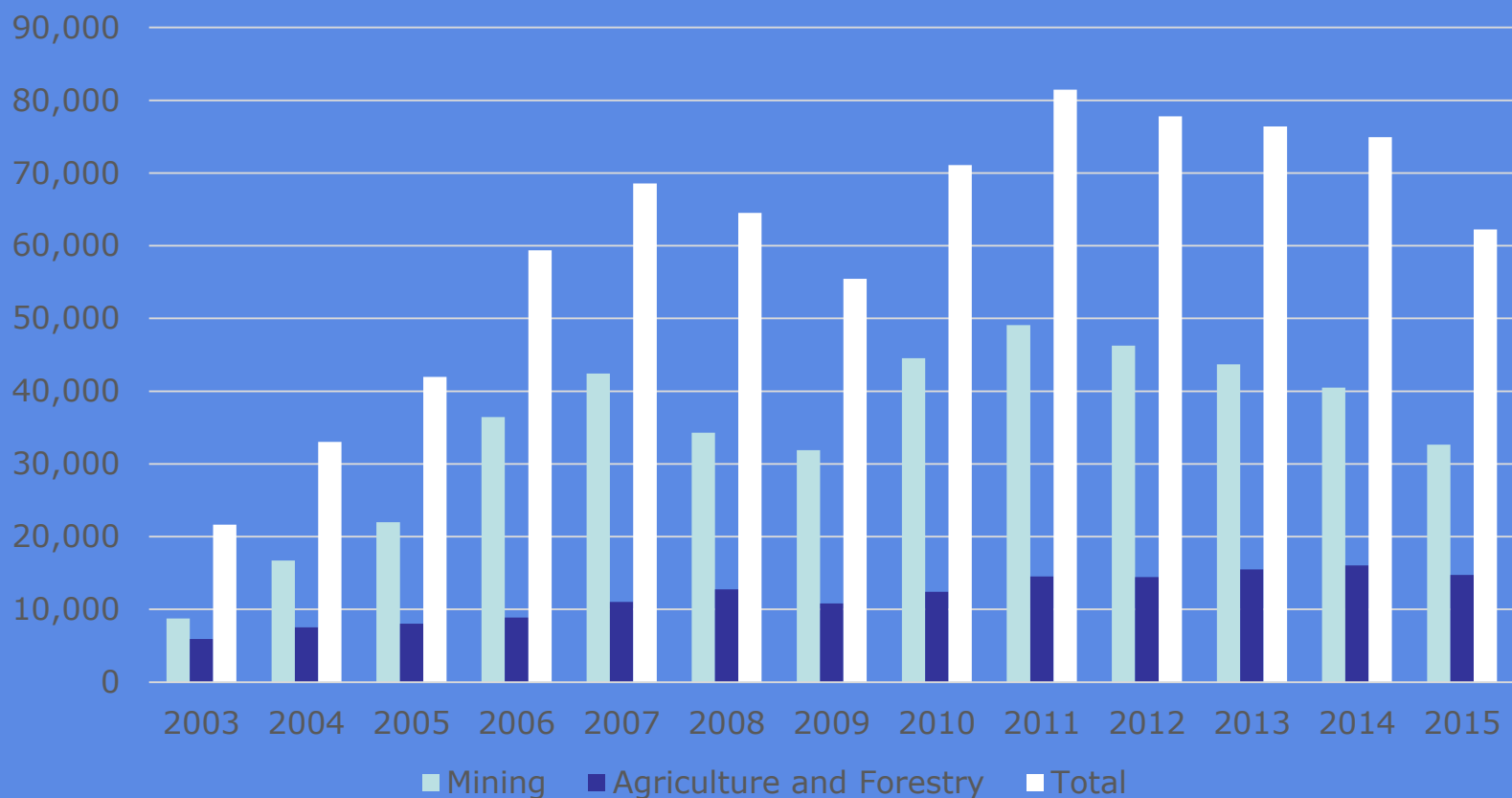
- North: Arid and dry conditions. Atacama desert
- Central region: Mediterranean climate with mild wet winters and long dry summers
- South: Cold and wet, with rainfall during almost the entire year, mainly in fall and winter.



An open economy...



Chilean exports value (US\$ million)



The food industry

It is the second largest exporter force in the country

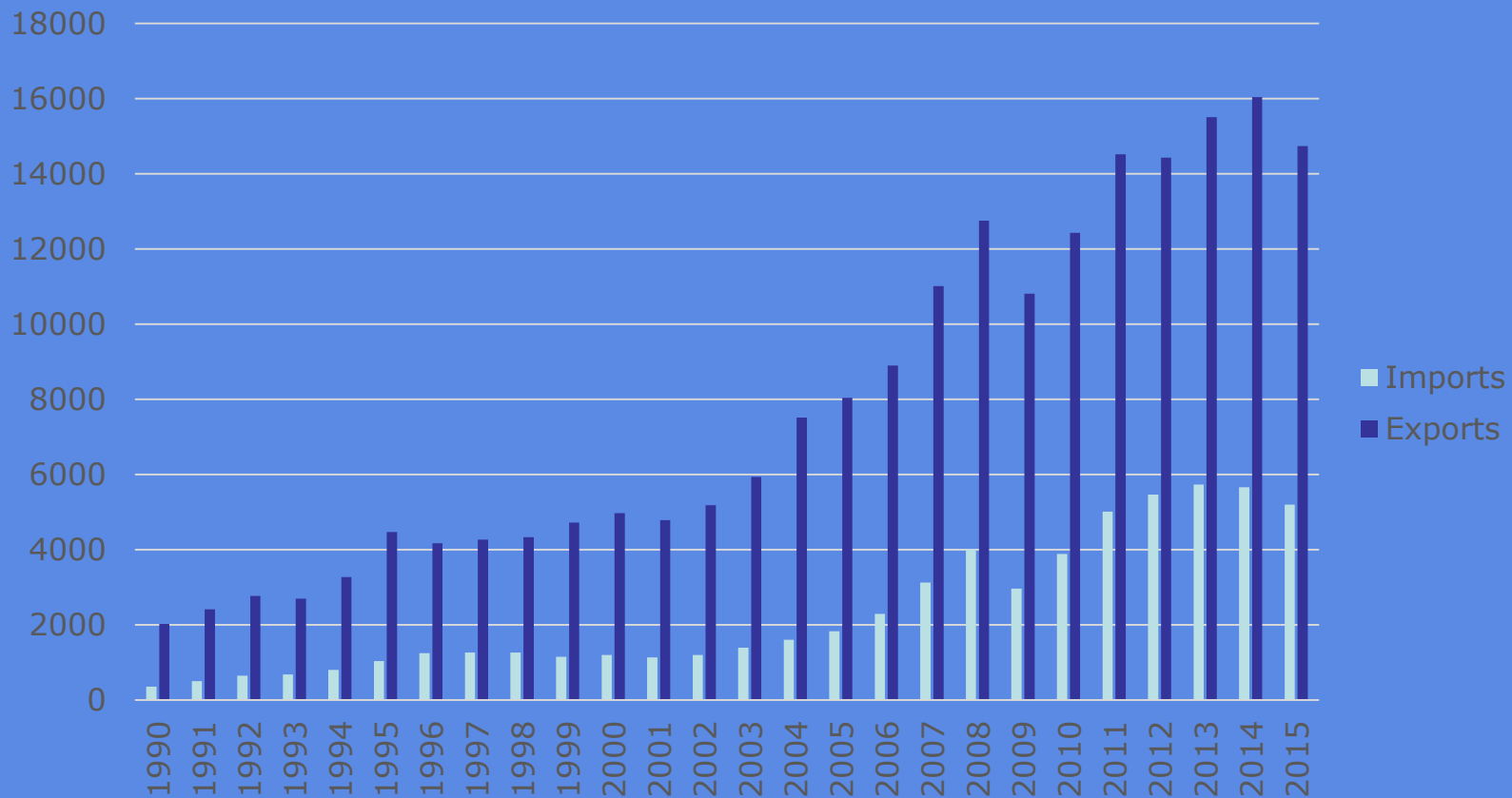
Gather fruits, salmon, wines, processed foods, meats, annual crops and seafood

Agricultural primary sector is 2.6% of GDP

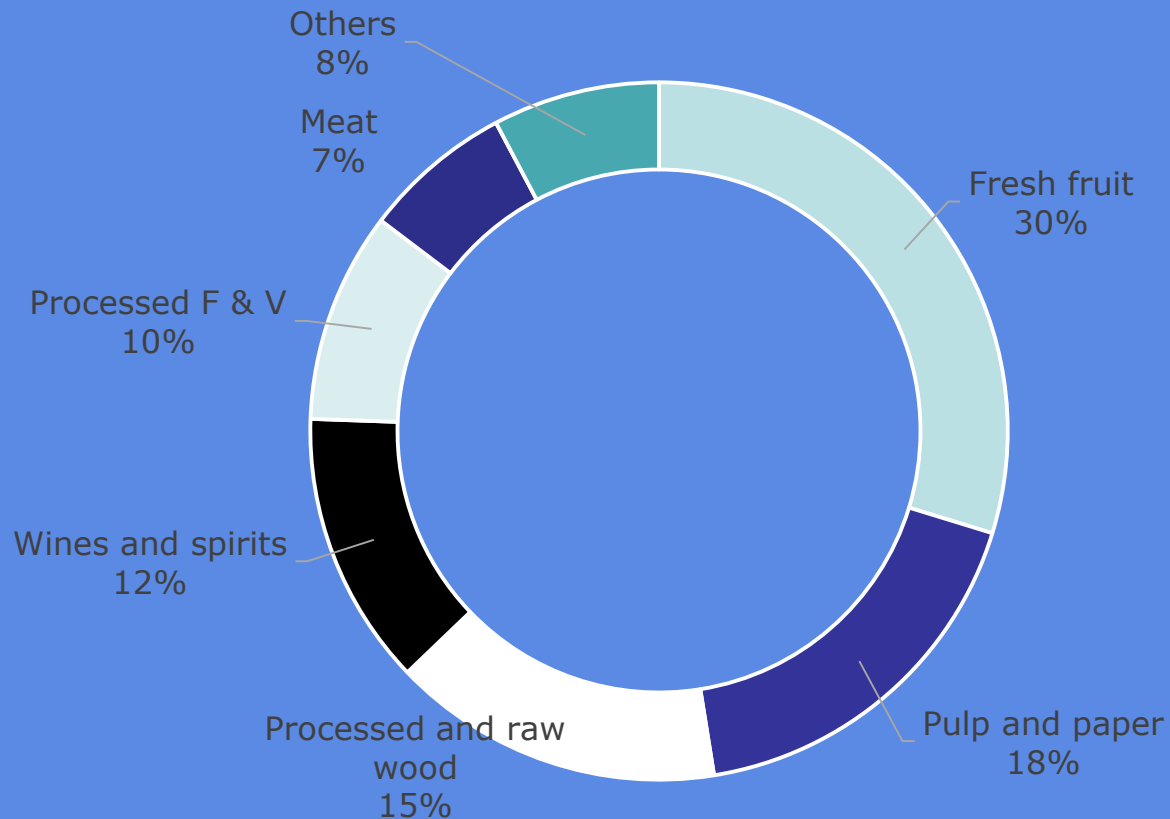
A labor intensive activity, becoming one of the sectors that generate more jobs



Agricultural and forestry trade (US\$ million)



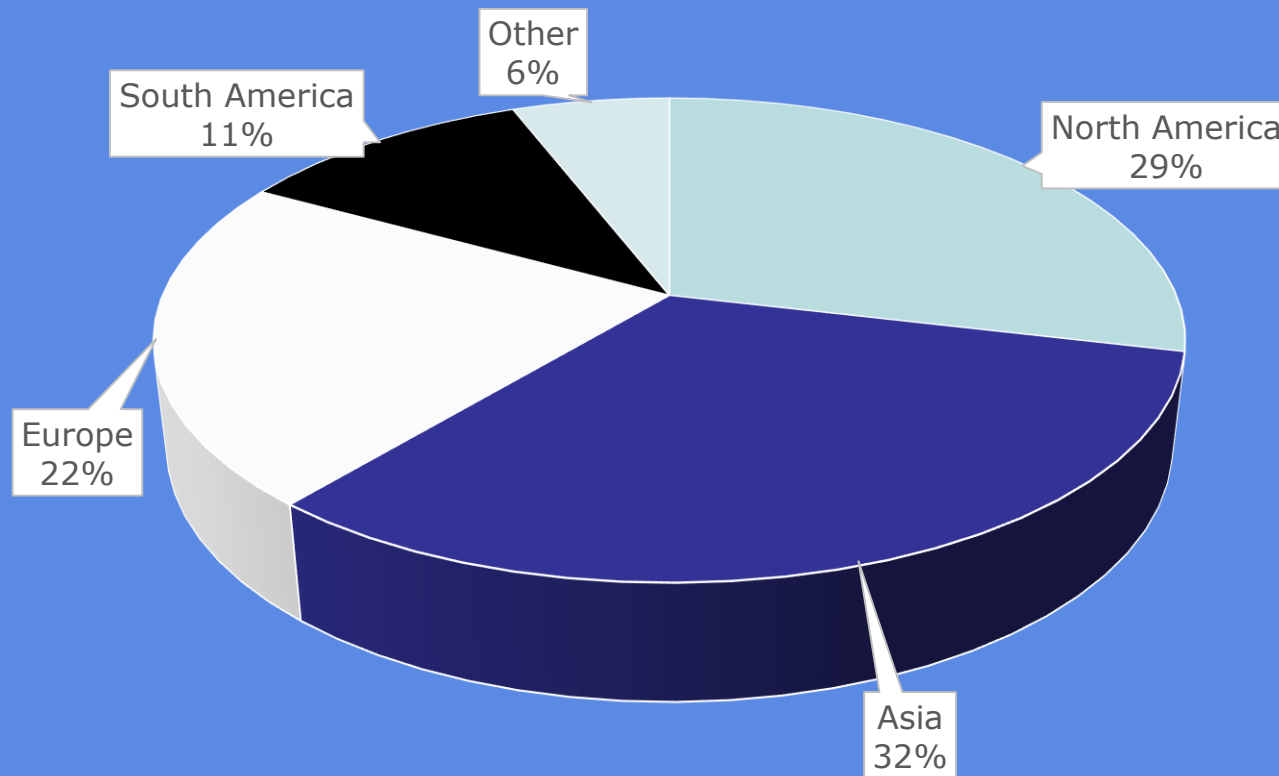
Food and forestry exports (2015: 14,739 US\$ million FOB)



Export destinations are diversified



Agricultural and forestry exports value (2015)



Current export support policies



ProChile is the country's export promotion agency. It is part of the Ministry of Foreign Affairs

It's mission is to support Chilean business interests in the global marketplace by assisting in the development of the export process. The agency is responsible for establishing international business relationships and for providing market research, international trade data and sales leads for the export industry. It emphasizes promotion of non-traditional products.

The agricultural and forestry export promotion fund (FPESA)



It originates in 1995 under the dependence of the Ministry of Agriculture (MINAGRI). This program is managed by ProChile with funds transferred from MINAGRI.

The main objective of FPESA is to promote the growth and diversification of nontraditional agricultural and forestry exports of Chilean companies.

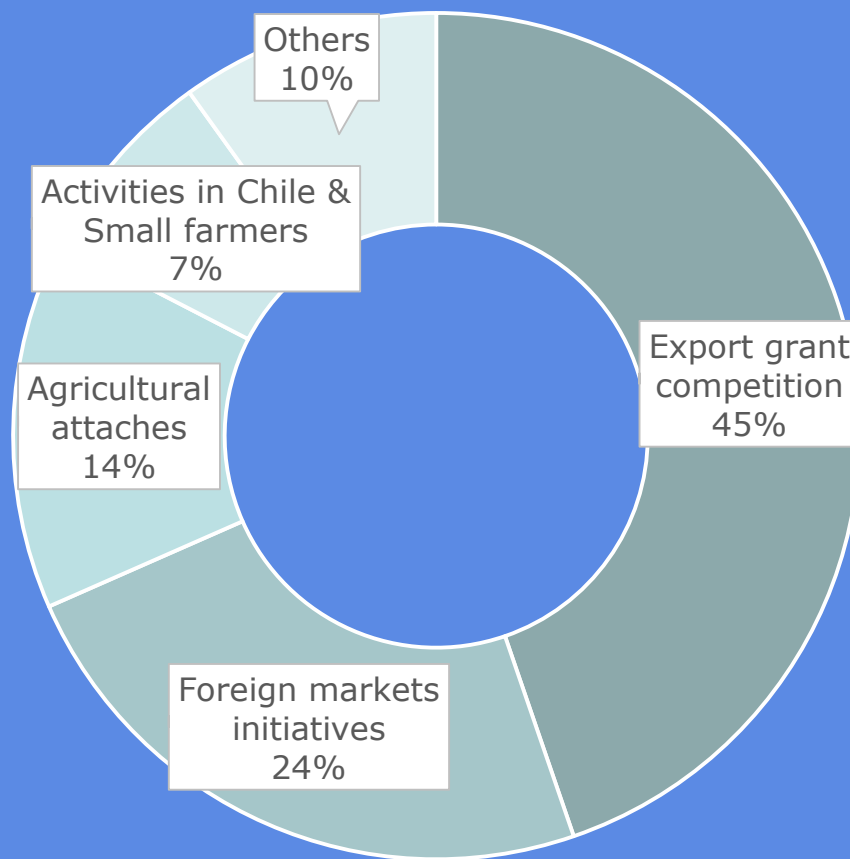
The Ministry of Agriculture establishes the FPESA priorities, focus, and participates in the selection of the initiatives that will be funded. Also it presides FPESA's Council, which considers representatives of ProChile, other State agencies and representatives of agricultural and food trade associations. The Council plays a decisive role in the analysis and approval of the programs that are supported by FPESA.

FPESA Components



1. Trade information generated and disseminated to the exporting sector
2. Export training and capacity building
3. Export promotion strategies and actions

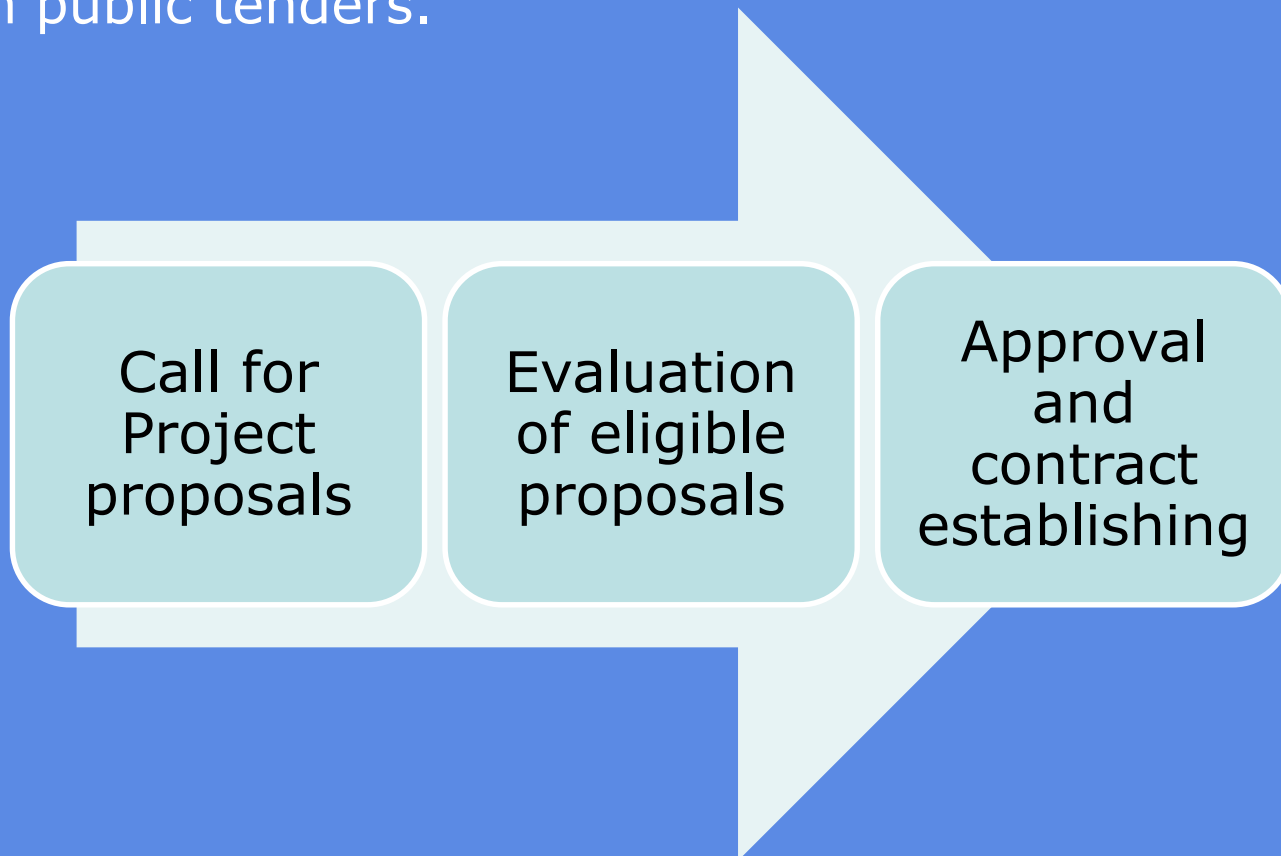
2015: 19,4 US\$ million



Export grant competition



Co-funds export promotion initiatives designed by companies or groups of **these**. This fund is allocated through public tenders.



Outcome and impact assessment



Donoso et al. (2013), using average export values for the surveyed beneficiaries who have employed instruments between 2007 and 2011, reports that beneficiary's export value and export diversification increase with their participation in export promotion initiatives.

The same author estimated the direct impact of Chile's EEP (FPESA) on the FOB value of exports between 1990 and 2011, employing a spline regression, considering the implementation of FPESA as the structural change.

The results show that FPESA has had a significant impact on the FOB value of exports, that is, as of its implementation, the rate of growth of the FOB value of exports significantly increased.

Final remarks (Donoso, 2015)



- It is positive that an export promotion policy (**EEP**) consider a Council with representatives of the public agency in charge and of the private sector (i.e. agricultural and food trade associations). This allows to establish effective and adequate objectives and strategies.
- The design of an EEP must consider periodic establishment of targets for each of the instruments. Without specific targets the program cannot evaluate its progress in its strategic plan. Also, the EEP must consider a well-designed performance and impact assessment program.
- Allocation of funds through a public tender system reduce potential selection bias. This systems requires the definition of clear operational rules to be used for the evaluation of proposals.

