

Your World First

C/M/S/ Carey & Allende

Relation between China and Chile

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China and Chile

- In 1970, Chile was the first country of Latin America to establish diplomatic relationship with China.
- In 2006, both countries signed a Free Trade Agreement (“**FTA**”).
- In 2017, both countries upgraded the FTA, by signing an agreement which improved bilateral trade and investment liberalization and facilitation. The FTA Upgrading Agreement is the first one signed by China with a Latin American country and covers a wide variety of areas including, but not limited to, e-commerce, environment, economic and technological cooperation, trade in goods and services.
- Since 2012, China is Chile’s top export destination and largest source of imports.
- In 2017, the total trade value between both countries reached USD 34.305 billion, from which Chile exported to China USD 18.752 billion and imported USD15.552. Below we find the details per sector:

Total Exportations	USD 18.752 billion
Mining	USD 15.112 billion
Agriculture, forestry and fishing	USD 923 billion
Industry	USD 2.717 billion

Total Imports	USD 15.552 billion
Intermediate Goods	USD 4.822 billion
Consumer Goods	USD 8.064 billion
Capital Goods (machinery, equipments, vehicles)	USD 2.666 billion

Relevant Institutions:

- **Chilean-Chinese Chamber of Commerce, Industry and Tourism (“CHICIT”):** CHICIT has Chilean, Chinese and multinational companies as partners. They come from a wide variety of industrial and service sectors, such as: mining, transport and logistics, fertilizers, construction materials, telecommunications, pulp and wood, among others.

Some of the CHICIT services are: deliver to the partners’ information about China; inform them about fairs, seminars and other commercial, scientific and

touristic events in China, contact Chilean companies with Chinese delegations which are visiting Chile.

- **ProChile:** is an institution of the Chilean Ministry of Foreign Affairs, which promotes the exportation of products and services from Chile. ProChile has a wide variety of tools, such as high level information systems, participation in important exhibits and fairs, and programs designed for developing export business skills to Chilean entrepreneurs and companies.

Recent Investments between Chinese and Chilean companies:

- **Energy:** China Southern Power Grid purchased a 27.7% stake in the Chilean electricity company Transelec S.A., which operates more than 10,000 kilometers of electricity transmission lines, for USD 1.3 billion.¹ (2018).
- **Mining (Lithium):** Tianqi Lithium Corp. has struck a deal to purchase a 24% stake in SQM (second largest lithium producer in the world), for USD 4.1 billion.² (2018).
- **Agribusiness:** Yanghe (subsidiary of Jiangsu Yanghe Distillery Co. Ltd) acquired 12.5% of Viña San Pedro Tarapacá, for USD 66 million (2018).
- **Agribusiness:** Yantai Changyu Pioneer Wine Co. Ltd, acquired 85% of Chilean wine group Bethwines (in total, three vineyards), for USD 50 million (2017).
- **Agribusiness:** Cofco W&W International Co. Ltd (China's top wine importer) and Santa Rita (Chilean leading winery) entered into a partnership to distribute Santa Rita brand throughout China (2017).

¹ During the last four years, Chinese companies have invested more than \$US 20 billion on electricity assets in Brazil. According to press releases, this will increase over the years. Also, Argentina has become of interest by Chinese companies.

² Case still under review by Chilean antitrust authority.



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