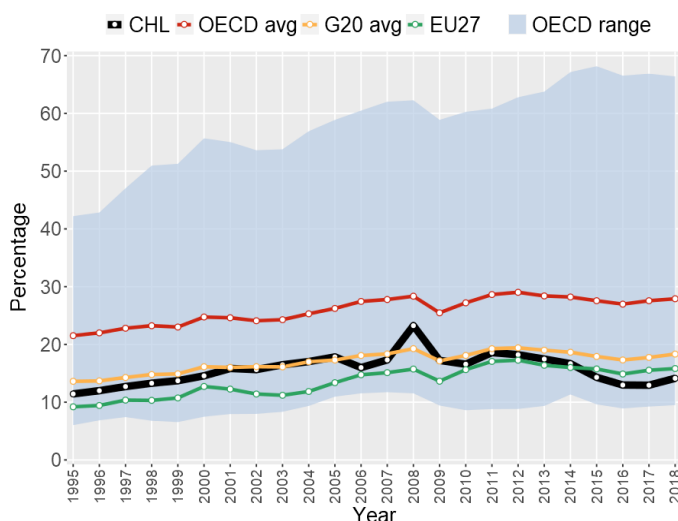


Trade in Value Added (TiVA) indicators offer new insights into the commercial relations among economies and provide a broad view of where value is created along each stage of global value chains (GVCs). Painting a more complete picture than gross trade measures alone, the TiVA approach better reflects the significantly higher contribution made by services in GVCs, the role of imports in export performance, and the true nature of economic interdependencies. The 2021 version of the TiVA database covers 66 economies and 45 industrial sectors, for the years 1995 to 2018, and brings together indicators based on the value-added origins (both country and industry) of exports, imports and final demand. This note highlights the trade patterns in value-added terms for Chile, with a view to informing policy making for a range of areas including trade, innovation and investment.

## Key findings

- ▶ The foreign content of Chile’s exports peaked in 2008 at 23.3% and has decreased since, reaching 14.1% in 2018, which is significantly below the OECD and G20 averages of 27.9% and 18.3% respectively (Figure 1). Industries with relatively high foreign content in their exports included *Coke and refined petroleum products* (78.7%) and *Electrical equipment* (31.5%) (Figure 3a).
- ▶ In 2018, Chile’s domestic share of value added meeting foreign final demand was highest in the sectors of *Mining and quarrying* (89.9%) and *Basic metals* (88.3%). The share for total Chilean manufacturing was 51.4%, down from 60.1% in 2008 (Figure 2).
- ▶ Both in gross and value-added terms, China was Chile’s largest trade partner in 2018. While Japan was Chile’s second largest export market, the second most important final destination for Chile’s value added was the United States. This is the result of Chilean value-added content arriving in the United States indirectly, via exports to a third country (e.g. Japan). Chile’s three largest import partners (China, the United States and the European Union) account for over 55% of its imports in value-added terms (Figure 5).
- ▶ The services content of Chile’s gross exports stood at 39.6% in 2018, above 2008 levels (36.9%) and below the OECD average of 55.7%. The services content of gross exports rose for nearly all manufacturing industries, particularly for *Textiles and apparel*, increasing by 12 percentage points (Figure 7).

**Figure 1. Foreign value-added content of gross exports**  
As a percent of total gross exports, 1995 to 2018



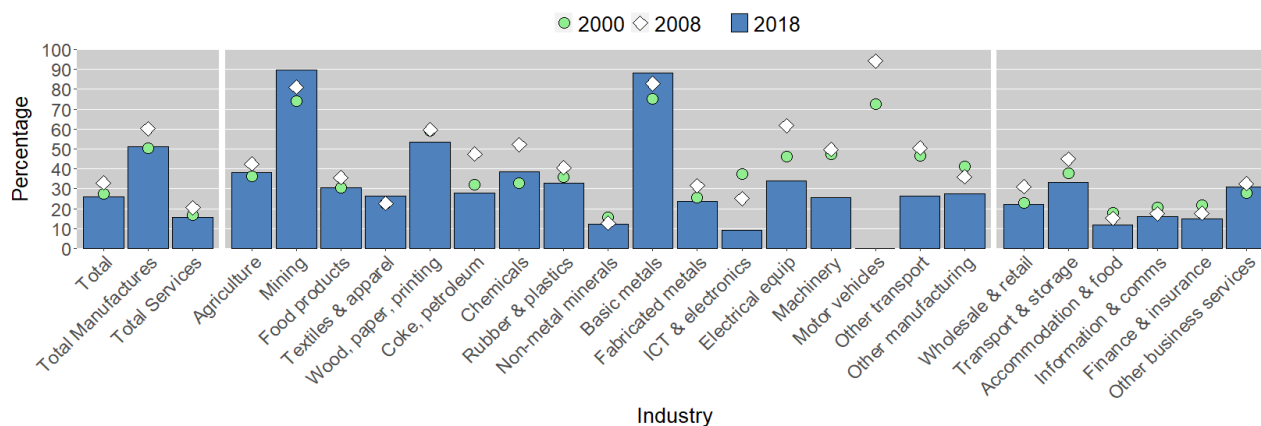
At the global level, the new TiVA indicators confirm that there has been a slowdown in GVC integration since the Financial Crisis in 2008-2009 (Figure 1). However, in general, foreign value added in trade increased between 2016 and 2018.

Between 2008 and 2018, the foreign content of Chile’s exports is estimated to have decreased from 23.3% to 14.1% - significantly below the OECD average of 27.9%. Compared to 2008, the foreign content of exports in 2018 was 9.1 percentage points lower.

## The role of foreign final demand in domestic production

Overall, in 2018, 25.8% of Chile's domestic value added was driven by foreign final demand, down from 32.9% in 2008. By industry, the shares ranged from *Mining and quarrying* (89.9%) and *Basic metals* (88.3%) at the higher end to *ICT and electronics* (9%) at the lower end.

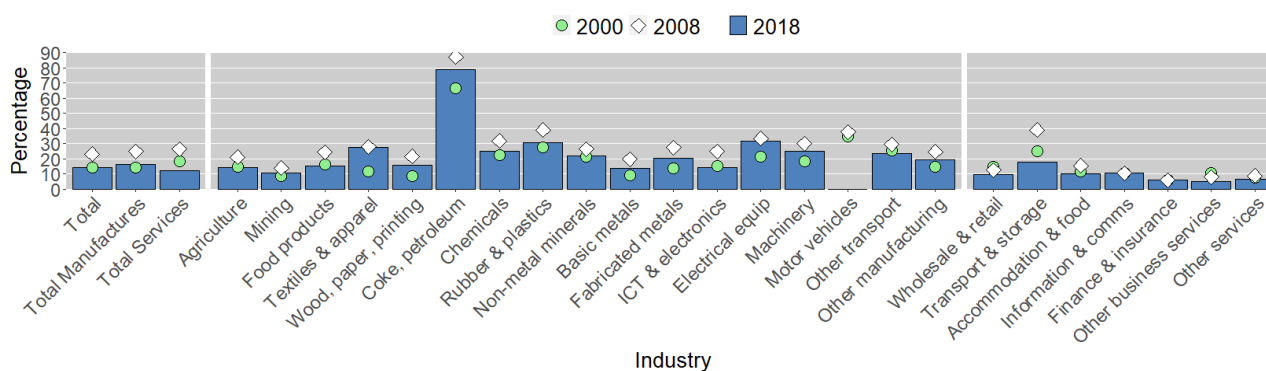
**Figure 2. Chile - domestic value added in foreign final demand**  
As a percent of value added, by industry, 2000, 2008 and 2018



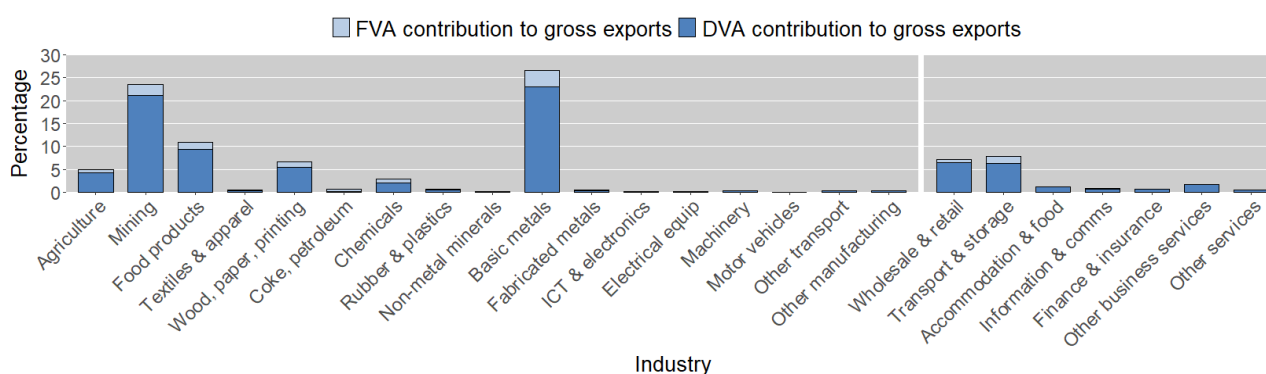
## The importance of imports for exports

The industries with the most foreign value-added contents in their exports (Figure 3a) were *Coke and refined petroleum products* (78.7%), *Electrical equipment* (31.5%) and *Rubber and plastics products* (30.5%). *Basic metals* generated the greatest source of domestic value-added content of exports in 2018, accounting for 23% of gross exports (Figure 3b), followed by *Mining and quarrying* (21.1%) and *Food and beverages* (9.3%). The most foreign content in total exports came from *Basic metals* (3.6%).

**Figure 3a. Chile - foreign value-added content of gross exports**  
As a percent of gross exports, by industry, 2000, 2008 and 2018

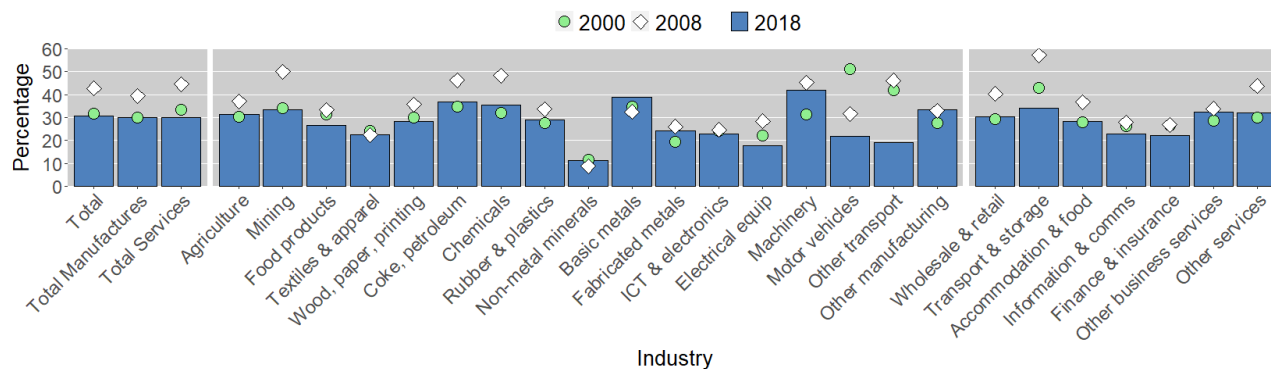


**Figure 3b. Chile - industry share of domestic and foreign value-added content of gross exports**  
As a percent of total gross exports, 2018



Of the total value of Chile's imports of intermediate goods and services in 2018, 30.5% was subsequently embodied in exports, significantly below the OECD average of 47.9%, and significantly below the share in 2008 (42.7%). The originating industries with the highest shares of intermediate imports used in Chile's exports were *Machinery and equipment, nec* (42%), *Basic metals* (39%) and *Coke and refined petroleum products* (36.8%).

**Figure 4. Chile - imported intermediate inputs used for exports, by industry-origin of imports**  
As a percent of intermediate imports, 2000, 2008 and 2018

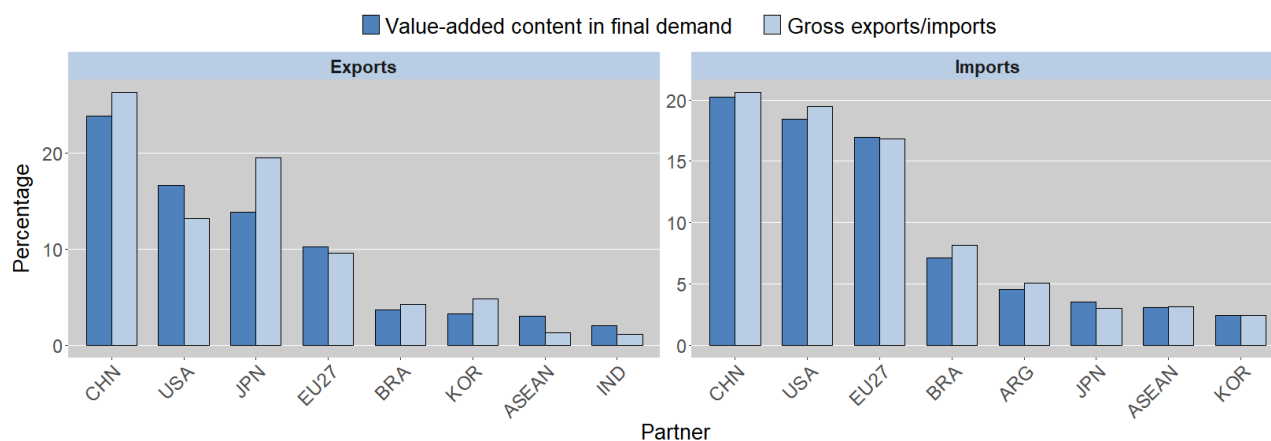


### Chile: international flows of goods and services, main players

In gross terms, China (26.3%), Japan (19.5%) and the United States (13.2%) were the three most important Chilean export market destinations in 2018. The top three final destinations for Chile's value added were China (23.9%), the United States (16.6%) and Japan (13.8%).

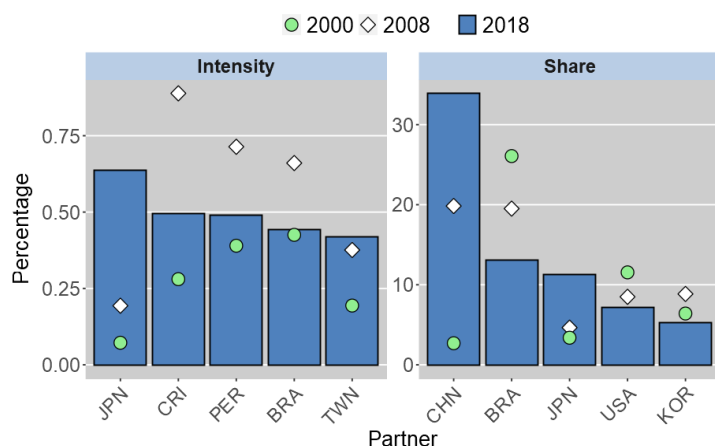
For imports in gross terms, Chile's top three partners in 2018 were China (20.6%), the United States (19.4%) and the European Union (16.8%), while in value-added terms, the top three were China (20.2%), the United States (18.5%) and the European Union (17%).

**Figure 5 Chile - exports and imports: main partners**  
As a percent of total gross and value-added exports and imports, 2018



**Figure 6. Chile's domestic value-added content of manufactured imports, top 5 partners**

As a share of total Chile's value added embodied in Chile's imports (right) and as a percent of total imports by partner (left)



In 2018, the highest shares of Chile's domestic value added embodied in Chile's manufactured imports (Figure 6, right) came from China (33.9%), Brazil (13.1%) and Japan (11.3%).

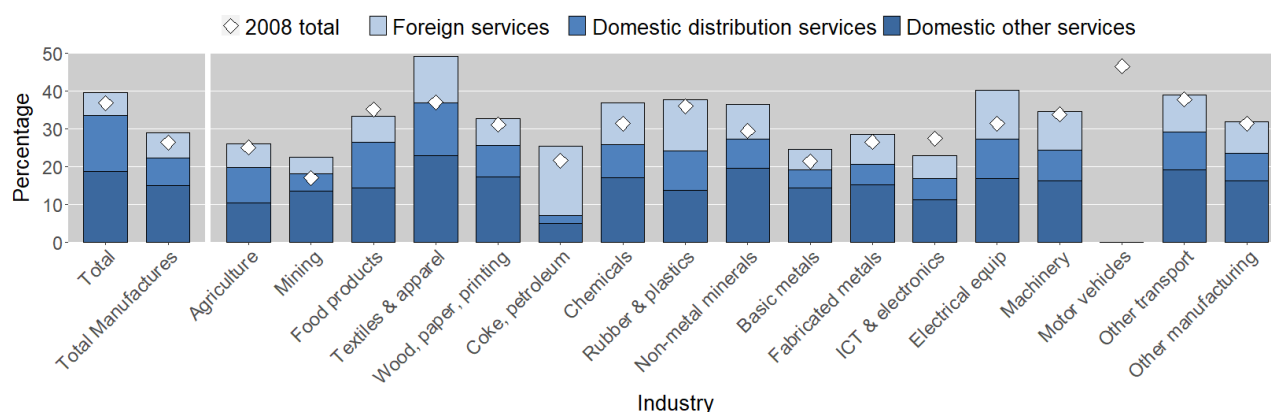
The trading partners with the highest shares of Chile's value added in their exports of manufactures to Chile (Figure 6, left) in 2018 were Japan (0.6%), Costa Rica (0.5%) and Peru (0.5%).

### The importance of services in international trade

Services are a significant contributor to Chile's economy, accounting for 39.6% of Chile's gross exports in 2018 (Figure 7) - significantly below the OECD average of 55.7%. Foreign services contributed 6% to the value of total gross exports. For manufactures, services value-added content was 29.1% of gross exports, with the highest shares in Textiles and apparel (49.1%), Electrical equipment (40.2%) and Other transport equipment (38.9%).

**Figure 7. Chile - services content of gross exports**

As a percent of gross exports by industry, 2018



### Further information is available to supplement this country note:

- ▶ Access the data at: <http://oe.cd/tiva>
- ▶ Guide to TiVA 2021 Country Notes: [www.oecd.org/sti/ind/tiva-2021-guide-to-country-notes.pdf](http://www.oecd.org/sti/ind/tiva-2021-guide-to-country-notes.pdf)
- ▶ TiVA indicators are based on the 2021 version of ICIO tables: <http://oe.cd/icio>
- ▶ Related indicators of Trade in Employment <http://oe.cd/io-emp> and Trade in Embodied CO2 <http://oe.cd/io-co2>
- ▶ Trade policy implications of global value chains: <http://www.oecd.org/trade/topics/global-value-chains-and-trade/documents/trade-in-value-added-2021.pdf>

Note: This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.