

BOX II.1:

Exposure of Chilean exports to the trade conflict

One channel through which the heightened trade tensions and the imposed tariffs may affect Chilean activity is trade. On the one hand, tariffs could affect the incentives of Chilean firms to export to the United States and the willingness of U.S. households and firms to purchase Chilean products. On the other hand, trade tensions and increased uncertainty would reduce global growth and with it, external demand for Chilean goods.

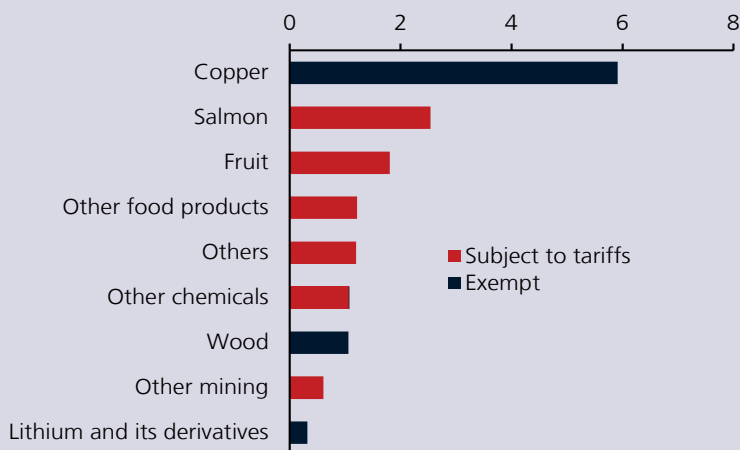
For Chile, the imposition of a 10% tariff on a fraction of the products exported to the United States was announced. This tariff is at the lower limit of the U.S. government's announcements. Regarding the growth of Chile's trading partners, the central scenario of this and the last IPoM incorporated a downward revision as a result of the trade conflict. This box analyzes the potential impact on Chilean exports derived from both effects.

Exports' recent evolution and exposure

The United States is one of Chile's largest trading partners, second only to China. In 2024, shipments to this country represented 16% of total exports and 5% of GDP. The main products exported to United States correspond to mining (41%) and foods (35%), with fruit and salmon exports standing out among the latter. The remaining 25% is divided between the timber and forestry industry, the chemical industry and other industrial branches. The 10% tariff affects slightly more than half of all shipments to this country. The announcement exempted some products, such as copper, lithium and by-products, and timber^{1/}. Thus, the tariff affects just over 8% of total exports, equivalent to 2.5% of GDP (Figure II.10).

FIGURE II.10

Exports to the United States subject to and exempt from the 10% tariff (*)
(percentage of total exports in U.S. dollars in 2024)



(*) Others includes agricultural and forestry products excluding fruit, wine, and metal products. Other chemicals includes a small exempt fraction corresponding to pharmaceutical products.

Source: Central Bank of Chile.

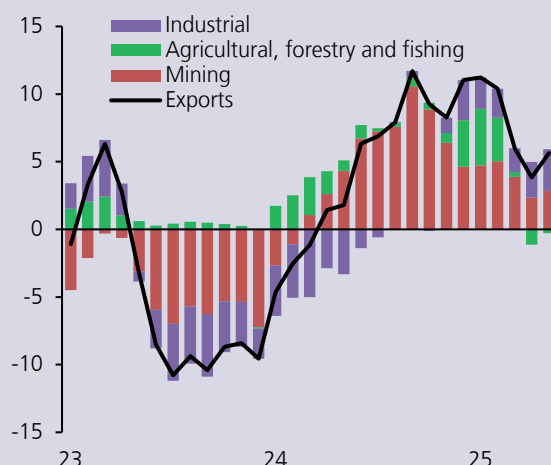
^{1/} For details on exempted products, see the Executive Order of April 2, 2025, [Appendix II](#).

The information available so far suggests that Chilean exports do not exhibit significant changes with respect to the trends prior to the outbreak of the conflict. According to National Accounts data, real exports of goods grew by around 5% per year in 2024 and rose to around 10% annually in the first quarter of 2025, with all groupings showing high growth. Customs data for April and May suggest that, in general, this dynamism would have been maintained, with nominal growth rates remaining high. The exception is agricultural and livestock exports, whose seasonality is concentrated in the summer season, with a smaller impact on the rest of the year (Figure II.11a). In industrial exports, there were no significant changes in shipments to the United States (Figure II.11b).

FIGURE II.11

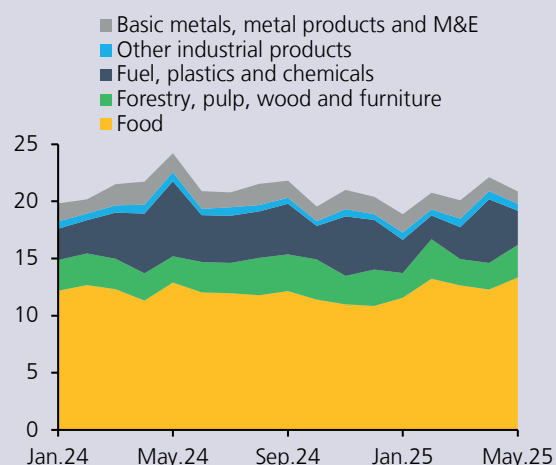
(a) Total exports in U.S. dollars (1)

(annual change and contributions, percentage, 3-month moving average)



(b) Export of industrial products to the United States (2)

(percentage of total)



(1) Data up to May. (2) Amounts in U.S. dollars. Breakdown generated from Customs microdata, identifying the applicable tariffs for each product category. The ratio considers exports of each category to the U.S. relative to total industrial shipments worldwide. Sources: National Customs Service and Central Bank of Chile.

Expected impact on exports due to tariffs and slower growth of trading partners.

It can be expected that the tariffs will affect both the incentives of Chilean companies to export to the United States and of U.S. households and companies to buy Chilean products, which would cause a drop in exports to that country. The magnitude of this fall depends on multiple factors, which can be summarized in the supply elasticity of Chilean exports—how much the quantity exported varies in response to a variation in the actual price received by companies—and the demand elasticity of U.S. imports—the variation in the quantities imported in response to a variation in the price effectively paid by consumers. In this case, tariffs imposed by the United States on other economies are also relevant. In turn, the Chilean firms could respond to the tariffs by redirecting shipments to other destinations, including the local market, which would mitigate the negative impact of the tariffs on domestic production.

To quantify this impact, [Briones et al. \(2025\)](#) perform panel regressions with micro-data from Chilean Customs at the firm-product level. The results suggest that a 10% increase in tariffs generates a 6% drop in exports (quantities) to this destination, an effect that is reached after one year. However, this effect is offset by a redirection of shipments to other destinations and an increase in local sales^{2/}. Overall, considering the percentage of products subject to tariffs and the estimated elasticities, the impact of the tariff increase on total exports would be limited, the equivalent to 0.1pp of GDP, and would be concentrated in 2026 (Table II.5).

TABLE II.5

Effect of a 10% increase in tariffs on local GDP (*)
(percentage points of GDP)

	Response to the current shock
Lower exports to the U.S.	-0.2
Higher exports to other destinations and increased sales in the local market	+0.1

(*) Effect calculated based on elasticities estimated from panel regressions using Chilean firm-product level data, the percentage of exports subject to tariffs, and the relative importance of domestic sales versus exports.

Source: [Briones et al. \(2025\)](#).

These estimates present degrees of uncertainty due to differences between tariff changes during the period considered for these estimates and the current event. First, in the sample considered, most of the tariffs are adjusted downward. If there are asymmetric effects of tariff increases and decreases, the effect on exports could be different from the one presented here. This would also be the case if the effect on exports is non-linear in the magnitude of the tariff change.

Second, the estimates are based on episodes where the tariff change applies to a single country. In the current episode, the imposition of tariffs on Chile is simultaneous with other countries. In fact, by receiving the lower bound of the tariffs imposed by the United States, the relative position with respect to other exporters of similar products could even favor Chilean firms, mitigating the estimated effects. Third, the current announcement of tariffs has taken place in a context of high uncertainty, making it difficult for exporters and importers to anticipate their persistence. In turn, the redirection of trade to new markets could be hindered by non-tariff barriers or the incentive of firms from other countries to enter these markets.

The estimates of [Briones et al. \(2025\)](#) also allow calculating the sensitivity of Chilean exports to changes in external demand. According to these estimates, a 1% drop in the growth of trading partners has an equivalent impact (-0.9%) on Chilean exports, a result similar to that of previous studies^{3/}. Given that the expected lower growth of trading partners affects a higher percentage of the export basket relative to the tariffs imposed on Chilean products by the United States, the effect on exports via lower external demand can be expected to be greater than that of the tariffs. In the central scenario of this IPoM, compared to that of December, a reduction of 0.8pp of cumulative trading partner GDP in 2025-2027 is considered due to the trade war, which would imply a cumulative drop in exports equivalent to 0.2pp of national GDP.

Conclusions

Based on the evidence presented in this box, the central scenario of this Report incorporates a limited impact of the increase in trade tensions. However, there are risks of further deterioration if the trade conflict and/or its effect on world growth intensifies, since the main transmission channel is linked to the evolution of world demand.

^{2/} A number of international papers ([Amiti et al., 2019](#); [Fajgelbaum y Khandelwal, 2020](#); [Yu et al., 2023](#); [Benquria y Saffie, 2024](#)) find similar results to [Briones et al. \(2025\)](#).

^{3/} See [Fornero et al. \(2020\)](#).