

Analysis of Chilean Fastener Market in 2019-2023



Chile: A Brief Economic Overview

Chile has established itself as a stable and prosperous economy in Latin America. It has a market-oriented system, rich in natural resources, and a strong commitment to free trade. With a population of 19.2 million and a GDP (PPP) of US\$579.4 billion, Chile boasts a stable and growing economy. The country's GDP grew by 2.4% in 2023, with a five-year average growth rate of 2.6%. This translates to a GDP per capita of US\$29,221. However, Chile also faces some challenges, such as an unemployment rate of 9.1% and an inflation rate of 11.6%. Despite these challenges, Chile remains an attractive destination for foreign direct investment (FDI), with an inflow of US\$19.8 billion. The country's public debt is also manageable, at 38.0% of its GDP.



Overview of the Fastener Market of Chile

The Export Sector

Analyzing the export data for fasteners in Chile from 2019 to 2023 reveals trends and market shares. The world's imports of fasteners from Chile have shown fluctuations, starting at US\$12,783,000 in 2019, dropping to US\$9,282,000 in 2020, and gradually increasing to US\$13,435,000 in 2023. This indicates a recovery and growth in the market post-2020.

Chile's Fastener Exports to the World in 2019-2023

Numbers in thousand USD	2019	2020	2021	2022	2023
Exports to the World	12,783	9,282	9,889	11,745	13,435

In 2023, the major export destinations were Peru, accounting for 52% of the total exports with US\$6,967,000 and Brazil followed with US\$1,183,000, making up 9% of the exports. Panama and the USA contributed 8% (US\$1,008,000) and 7% (US\$921,000) respectively. The remaining 25%, totalling US\$3,356,000 were exported to various countries. This distribution highlights Peru's dominant position in the fastener exports of Chile, while also showing significant contributions from other Latin American countries and the USA.

Chile's Major Fastener Export Destinations in 2023

Country	2023	Shares
Peru	6,967	52%
Brazil	1,183	9%
Panama	1,008	8%
USA	921	7%
Others	3,356	25%

Note: Numbers in thousand USD

The Import Sector

Analyzing the import data for fasteners to Chile from 2019 to 2023 shows significant growth and variability over the years. The world's exports of fasteners to Chile started at US\$64,152,000 in 2019, peaked at US\$240,266,000 in 2022, and then slightly decreased to US\$188,897,000 in 2023. This overall trend reflects a notable increase in import activity with some fluctuations.

Chile's Fastener Imports from the World in 2019-2023

Numbers in thousand USD	2019	2020	2021	2022	2023
Imports from the World	64,152	138,905	203,812	240,266	188,897

In 2023, the primary import origins of Chile were the USA and China. The USA led the market with US\$65,226,000, accounting for 35% of the total imports. China closely followed with US\$61,226,000, representing 32% of the market share. Other countries collectively contributed US\$62,445,000, making up the remaining 33% of the imports. This distribution indicates a strong presence of both the USA and China in the fastener market in Chile, with other countries also playing a significant role.



Chile's Major Fastener Import Origins in 2023

Country	2023	Shares
USA	65,226	35%
China	61,226	32%
Others	62,445	33%

Note: Numbers in thousand USD



Fastener Demand in Chile

The Chilean economy's focus on infrastructure development, mining, and construction presents significant opportunities for the fastener market.

· Key Industries Driving Fastener Demand

Mining: Chile is a global leader in copper production, requiring extensive infrastructure and equipment. Fasteners are essential for mining machinery, transportation, and construction of mining facilities. There are more than 709 copper mines in operation globally, of which 67 are in Chile, according to GlobalData's mines and projects database.¹ Chile is a producer representing 24% of global copper production and, according to United States Geological Survey (USGS), the world's second largest producer of lithium with approximately 30% of world production.²

Construction: The construction sector is a major consumer of fasteners, driven by residential, commercial, and infrastructure projects. Government initiatives to improve housing and transportation infrastructure boost demand. The Chilean construction industry was forecast to decline by 3.7% in 2023 and edge up marginally in 2024 reflecting weakened consumer and investor confidence. According to the Banco Central de Chile, the construction industry's value adds fell by 1.9% year on year (YoY) in Q2 2023, preceded by Y-o-Y decline of 0.6% in Q1 2023 and 3.4% in Q4 2022. The decline was attributed to weakness in the residential sector in which the total area of new residential construction permits issued in the country fell sharply by 22% YoY in the first eight months of 2023, preceded by annual decline of 18.1% in 2022, according to the Camara Chilena de la Construcción (CChC). This is heavily influenced by supply chain disruptions and persistence of high inflation. In light of this uncertainty, the government expected construction investments to fall by 5.9% in 2023 due to a drop in both public and private investment. The construction industry is expected to grow at a 3.2% annual average rate from 2025 to 2027, supported by investments in industrial sector, infrastructure and renewable energy projects. Chile's railway infrastructure will be supported by the government's aim of constructing 27 rail infrastructure projects by 2027 with a total investment of US\$5 billion. This involves modernization of the passenger and freight railway infrastructure operated by the Chilean Railways Company, Empresa de Ferrocarriles del Estado (EFE), and to expand to 150 million passengers by 2027 (up from 50 million in

2021) to and to double the volume of freight transported to 21 million tons per year by 2027 from 2021.³

Machinery: Fasteners are used in machinery. The machinery & equipment market is projected to achieve a value of US\$256.3 million in 2024, with a compound annual growth rate (CAGR) of 1.26% expected from 2024 to 2029.⁴

Manufacturing: While not as dominant as other sectors, manufacturing is growing. Fasteners are essential for various industrial applications. The manufacturing market is poised to generate a value of US\$18.3 billion in 2024, with a compound annual growth rate (CAGR) of 1.26% anticipated from 2024 to 2029. Per capita, the value is expected to reach US\$930.8, and the value-added margin is projected at 27%. The market's total output is forecasted to be US\$66.6 billion in 2024, growing at a CAGR of 1.06%. Each enterprise in the market is predicted to produce an average output of US\$18.3 million, with a manufacturing intensity of 21.1%. The number of enterprises is expected to be 3,640, with an enterprise density of 185 and a CAGR of 1.90%. The workforce in the market is projected to 383,400 employees, growing at a CAGR of 1.26%, with an employment rate of 1.95%. Labor efficiency is anticipated to be US\$173.7K, while labor productivity is projected to be US\$47.7K in 2024.⁵

Automotive: Revenue in the Passenger Cars market is projected to reach US\$6.9 billion in 2024, with an annual growth rate (CAGR 2024-2028) of 1.39%, leading to a projected market volume of US\$7.3 billion by 2028. The market's largest segment, SUVs, is expected to have a market volume of US\$2.6 billion in 2024. Unit sales of passenger cars are anticipated to reach 264,500 vehicles by 2028, with a volume-weighted average price of US\$27,120 in 2024. Chevrolet is expected to have one of the highest market shares in the region, with a vehicle unit sales share of 17.8% in 2024, while Nissan's value market share is projected at 18.5%. Internationally, the highest revenue in the passenger cars market is expected to be generated in the United States, amounting to US\$558 billion in 2024.



Conclusion

After a period of stagnation in 2023, Chile's economy is on track for a robust recovery, with projected growth rates of 2.3% in 2024 and 2.2% in 2025.⁶ This anticipated economic revival, fuelled by rising real wages and a decline in inflation, will foster a favourable environment for increased consumer spending. The fastener industry in Chile is expected to benefit significantly from this recovery. In 2023, the industry saw exports rise to US\$13,435,000, with Peru, Brazil, Panama, and the USA being major export destinations. Imports also reached US\$188,897,000, dominated by the USA and China. As Chile's economy strengthens, demand for fasteners is likely to grow, presenting new opportunities for both domestic and international players in the market. This growth will likely be driven by increased industrial activities and infrastructure development, supported by the country's improving economic conditions. ■

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¹<https://www.mining-technology.com/marketdata/five-largest-copper-mines-chile/#:~:text=There%20are%20more%20than%20709,GlobalData's%20mines%20and%20projects%20database.>

²<https://www.trade.gov/country-commercial-guides/chile-mining>

³<https://www.businesswire.com/news/home/20231220581329/en/Chile-Construction-Market-Size-Trend-Analysis-by-Sector-Competitive-Landscape-and-Forecast-to-2027--3.2-Annual-Average-Growth-Rate-Expected-from-2025-to-2027---ResearchAndMarkets.com>

⁴<https://www.statista.com/outlook/io/manufacturing/industrial-products-services/machinery-equipment/chile>

⁵<https://www.statista.com/outlook/io/manufacturing/chile>

⁶https://www.allianz-trade.com/en_global/economic-research/country-reports/Chile.html#:~:text=After%20a%20period%20of%20stagnation,conducive%20to%20increased%20consumer%20spending.

