



Chile: Book Publishing Industry

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02/2009
Voluntary Report

Summary

- In Chile there are approximately 4,300 printing companies, 60 percent of which are located in the Santiago Metropolitan Region.
- The Chilean Book Chamber (“Cámara Chilena del Libro”) is a local not-for-profit business federation that represents publishing companies, book distributors and book stores. It has over 100 members.
- According to the Chilean Book Chamber, US\$ 120 million of books are sold annually. The majority of these sales are to the Chilean government for educational purposes. For example, the current Administration created the “Maletín Literario” (Literature Briefcase), a project which sponsors the donation of 26 different book titles to low-income families in order to promote reading. Approximately 267,000 families benefit from this scheme. This Literature Briefcase constituted an additional US\$ 10 million of government expenditure on books, aside from the annual government budget for public school books.
- Publishers now offer different types of media products. In addition to books, publishers now produce a range of interactive CDs, as well as incorporating the Internet into their sales and distribution strategy through methods such as on-line books. Additionally, the largest distributors have their own bookstore(s).
- Most publishers use two modes of production: off-set and digital. Off-set production yields superior quality. However, its variable unit cost makes it unattractive in many cases. For editions of 10,000 copies or more, the unit cost is less than that of digital production, while for editions of fewer than 10,000 copies, digital production (the unit cost of which does not vary according to volume) is cheaper. For this reason, the majority of small editions are produced digitally.
- The largest segment in the Chilean book industry is education. Its biggest customer is the government’s Ministry of Education (“Ministerio de Educación”, or “MINEDUC”). The government purchases at least 8,000,000 to 12,000,000 books a year for the public elementary education system. This represents an average of four to six books for each of the 2,000,000 students. Consequently, publishers separate their business into two divisions: educational products and all other products. In selecting texts, MINEDUC considers the bid price and the quality of the content. These factors are evaluated and then the book is rated on a scale of one to seven (with seven being the best). Almost all school books are published in Chile. The second-largest segment is best-selling fiction; almost all books in this sector are imported. All other segments account for approximately 10 percent of the market.
- The publishing industry in Chile uses the International Standard Book Number (ISBN) system. In Chile, as well as in most of Latin America, every book that is printed receives this registration number which is generally associated with a bar code. It is used to identify the title, edition, binding, author, publisher, city, and country of origin. This system makes it easier for a library or private individual anywhere in the world to acquire a book published in Chile.

Market Demand

- According to the Chilean Book Chamber, over 3,000 titles were printed during 2006, representing a 10 percent increase compared to 2005. In 2007, 3,700 titles were printed, and in 2008 the total reached 3,900.
- Ninety percent of publishers publish less than 100 titles per year, with 25 percent of the titles having less than 500 copies printed and most of the remainder with no more than 1,500 copies.
- The book printing industry is concentrated in the Santiago Metropolitan Region; 84 percent of all books in Chile are printed in this Region.
- Ninety-two percent of all printed books are paperback, the majority of which are of a rudimentary quality, while 3.6 percent are hardcover and 2.3 percent are considered “luxurious” (with a very ornate cover and/or leather binding).
- According to a global study of intellectual property issues commissioned by the European Union, out of 63 countries, Chile was fourth in piracy and intellectual property rights violations in such industries as music, books, movies, software, clothing design, etc. According to CONAPI (The Chilean Anti-Piracy Commission), book piracy (photocopies) results in annual losses of US\$ 25 million for the local publishing industry. Even though Chile has an anti-piracy law, and the Chilean Book Chamber and CONAPI have focused their efforts on fighting piracy, the problem is still prevalent.
- The black market constitutes 25 percent of the total book industry. Piracy is both a product of and a reason for the high prices of books in Chile, driven also by the low number of copies per edition, transport expenses, bookstore monopolies, VAT tax (19 percent) and the expense of the paper.
- Books are distributed by the publishers to the bookstores on consignment, and the prices in the large chains can vary on a daily basis. Bookstores cannot charge more than the publisher’s suggested retail price nor less than the bookstore’s wholesale cost, which is fixed at 60 percent of the suggested retail price.
- The Internet booksellers that have appeared in recent years, such as Amazon.com and small local variants, pose no significant threat to traditional bookstores and their own Internet outlets. Chilean book consumers are traditional in their shopping, and for the most part prefer to shop in a store more than on a computer. In addition, they are very sensitive to shipping times and costs. In the world of Spanish-language books, specialized bookstores in several areas still have a clear advantage when it comes to carrying and having in stock non-general interest books.

Market Data

- In 2001, publishers specialized in publishing national authors founded the Chilean Publishers Association (“Asociación de Editores de Chile”), in order to have a representative body. In 2005, these publishers were prohibited from belonging to the Chilean Book Chamber.
- There are issues between the “independent” publishers and the Chilean Book Chamber, which is dominated by Spanish multinational companies such as Grupo Planeta, Santillana and Random House Mondadori, among others.
- Local production of printing and graphic arts equipment in Chile represents less than 10 percent of the market and is primarily comprised of cutting machines, gluing machines, sealing envelope machines and a few flexography printing machines manufactured by Inflexco and Cafsa.
- Seventy-five percent of the books in Chile are imported.

Books Imports per Year US\$ Million	
2008	69
2007	56
2006	54

Books Imports 2008	US\$ Cif
Books	586,984
Others *	806,826
Encyclopedias	2,062,330
Others **	1,622,525
School books	10,593,811
Technical-professional books	971,379
Academic books, Scientific and Technical	9,154,339
Children's Books	4,314,570
Others ***	27,362,029
Technical Manuals	2,388,551
Others ****	9,080,394

Source: Chilean Custom's statistics

Notes:

*) Posters, catalog, advertising poster, technical documentation, brochure, pocket manuals, printed matter, sheets, books, licenses, manuals, cooking books, among others.

**) Books, dictionaries, licenses and manuals

***) Literature books, educational books, religious books, medical books, bind books, cooking books and touristic guides etc.

****) Technical documentation and books, magazines, annual reports, cooking books, manuals, licenses, religious books, medical books, touristic guides, telephone books, brochures, fascicules, catalogs, bible and posters.

Magazine and Newspaper Imports

Year	US\$ Cif
2008	7,156,315
2007	7,109,076
2006	6,422,166

Source: Chilean Custom's statistics

Note: Newspapers represent less than one percent of these imports.

Best Prospects

- New ways of producing and commercializing books such as:
 - Printing per demand, i.e. express book machines ("EBMs"): a type of digital printing machine that allows the consumer to print the book that he/she wants to buy in a store
 - Sales through virtual media
 - Digital format publishing
- All paper is imported, with the exception of newspaper
- Main raw materials and parts imported by the sector
 - Inks
 - Paper, plastic, tissues and metals

- Gravure cylinders
- Picture films
- Chemicals for printing plate processing
- Printing plates

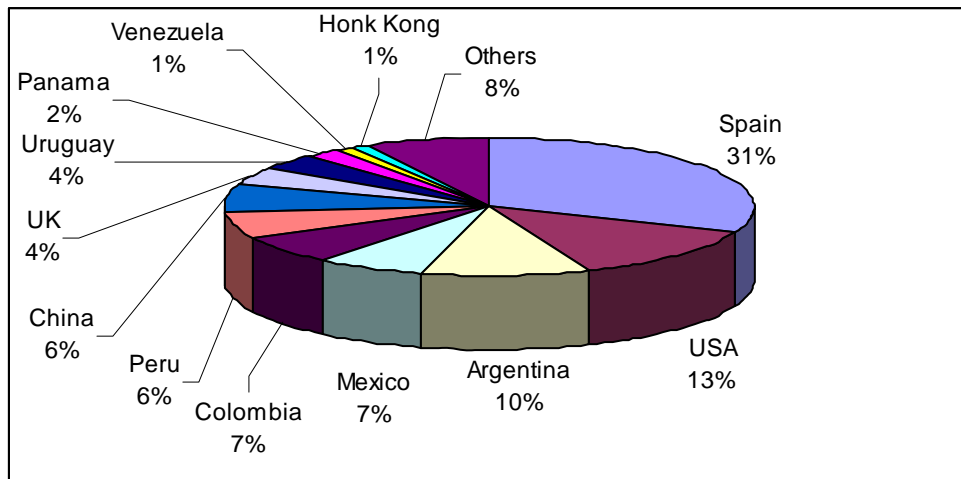
- Environmental friendly or recycling equipment and materials

Key Suppliers

In 2008, the companies presented with the “Best Suppliers 2008” award were: Suministros Gráficos S.A., Man Ferrostaal Chile S.A.C. and GMS Productos Gráficos Ltda.

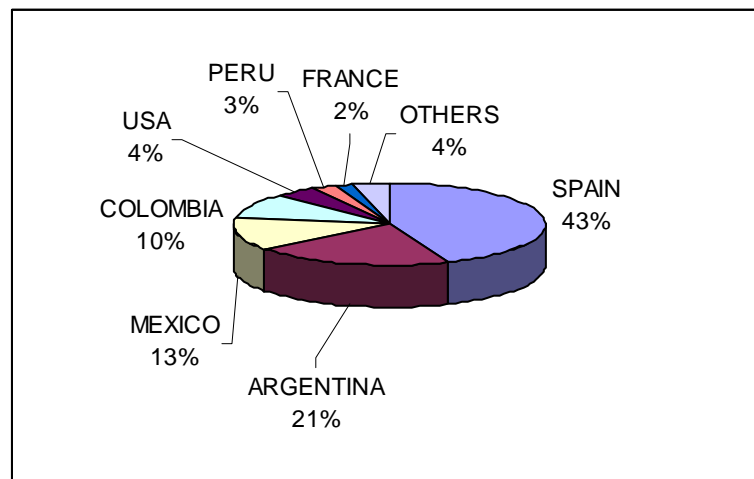
U.S. authors who have their work translated into Spanish will probably already have an international distribution agreement with a publisher; therefore they can use the information contained in this report to ensure that the Chilean market is captured.

Key Country Suppliers of Books to Chile



Source: Chilean Customs statistics 2008

Key Country Suppliers of Magazines and Newspapers



Source: Chilean Custom's statistics 2008

Main Distributors/Suppliers of Printing and Graphic Equipment

Phototypesetting Machinery

- Agfa Gevaert
- HAGRAF Maquinarias Gráficas
- Imagex
- GMS Productos Gráficos
- Davis Graphics
- Ditra
- Intergráfica Print & Pack (Ferrostaal Chile)
- GMS Productos Gráficos
- HAGRAF Maquinarias Gráficas
- Suministros Gráficos
- Xerox Chile

Papers

- Avery Dennison Chile
- CMPC Papeles
- Dibco
- Distribuidora de Papeles Industriales
- Foilsur
- GMS Productos Gráficos
- Papelera Dimar

Other Printing supplies

- Dibco

Movies

- Agfa Gevaert
- GMS Productos Gráficos

Inks

- Dibco
- Flint Ink Chile
- GMS Productos Gráficos
- Sunchemical Chile
- BASF Chile

Other Services

- Avery Dennison Chile
- Avis RotoDie
- Dibco
- Vigamil (Sobres)

Local Manufacturers (10 percent of the total market):

- **Infexco (Ingeniería de Flexografía y Conversión S.A.):** specializes in manufacturing rotary flexographic printing equipment with central impression cylinders, incorporating both European and U.S. technologies for narrow-, medium- and wide-web presses alike. The company also distributes laminating, microdot positioning, and servo motor technology for on-the-run registration; hot-melt application equipment and peripheral equipment.
- **Cafsa:** distributes and manufactures graphic machines, supplies, and equipment. They also represent Drent Goebel (U.S.A.), Kluge (Canada), TMZ (Spain), Moligraf (Argentina), Sohn (U.S.A.), Servotroquel (Spain), PlanaPlastic (Spain), and Plastic Recycling Technology PTR (Italy).

Most of the country's predominant publishers are local branches of international conglomerates. The largest is Grupo Santillana, followed by Editorial Planeta and Editorial Sudamericana. National publishers, although not as large as the multinationals, are still capable of competing in several niche markets.

- Santillana publishing houses include: Alfaguara, Aguilar, Richmond Publishing, Altea, and Taurus. The group has an estimated 90 percent share of the elementary school texts market. National publishers Dolmen and Universitaria account for most of the remaining 10 percent.
- Editorial Planeta Chile forms part of Spain's Grupo Planeta, the world's largest Spanish-language publisher. Although established as a distributor in 1968, it wasn't until 1986 that it started publishing Chilean literature. Editorial Planeta includes: Seix-Barral, Ediciones Destino, Martínez Roca, Espasa Calpe, Ariel, Temas de Hoy, Ediciones del Bronce, Crítica, Emecé, and Planeta Argentina.

- Editorial Sudamericana Chilena is the local branch of Argentina's Editorial Sudamericana, which in 2002 was acquired by the Random House division of worldwide media group Bertelsmann. As a result of the joint venture between Random House and the leading Italian book and magazine publisher Mondadori, Sudamericana's list of representations has expanded from an already considerable base - which included: Plaza y Janés, Lumen, Debate, Galaxia Gutenberg, and Beascoa. The group now also includes: Mondadori, Grijalbo, Electa, and Montena.

The country's principal publishing association is the "Cámara Chilena del Libro" (The Chilean Book Chamber, www.camlibro.cl), a local not-for-profit business federation, which represents over 100 publishing companies, book distributors and book stores in Chile. This organization is responsible for the major book fairs throughout the country: Iquique, Viña del Mar, Talca, Concepción, Temuco, and the International Book Fair of Santiago. The Chamber is also part of the UNESCO program, CERLALC (Regional Center for Book Development in Latin America and the Caribbean), headquartered in Bogotá, Colombia. United States companies are recommended to contact the Chamber directly.

CERLALC maintains the largest registry of books published in Argentina, Brazil, Colombia, Chile, and Mexico. In recent years its presence has been extended to Peru, Venezuela, and Uruguay. With the addition of Spain, the database now contains about 1,200,000 titles, every one of which physically exists somewhere in Latin America and is possible to obtain. It is treated as a "living" catalogue of books that are currently part of the sales stock of the publishers involved in non-rare books or collectors' editions. CERLALC is currently working to make the registry, plus the approximately 6,000 new publications appearing every month, available on the Internet and on CD-ROM.

Prospective Buyers

Chilean consumers of books sold in bookstores, as opposed to books purchased by educational institutions, can generally be divided into one of two market segments: those looking for rare and other hard-to-find books or mass consumers looking for a low price. The former normally belong to the upper-middle class and have a university education.

The most widely sold authors in Chile are Latin American for the most part: Gabriel García Márquez, Mario Vargas Llosa, Paulo Coelho, Jorge Luis Borges, and Chile's most emblematic authors, Pablo Neruda, Gabriela Mistral, and Vicente Huidobro. The most widely sold non-Latin American authors are usually international best-sellers translated from English, such as Stephen King and Mario Puzo.

The national marketing of Chilean authors is concentrated on book fairs and complemented by occasional advertising in printed media. The opinions of local literary critics play a fundamental role in determining the success of books by authors who haven't yet established their names, so much so that first editions of such books are normally limited to 500 copies. Sales volume for a Chilean author is considered to be good if it breaks 10,000 copies a year.

Main importers of Books 2008

Importer	Total %
EDITORIAL OCEANO DE CHILE S.A.	6.00
BOOKS AND BITS S.A.	5.27
PUBLIGUIAS YELL CHILE S.A.	4.17
SANTILLANA DEL PACIFIC S.A. DE	4.11
EDITORIAL NORMA CHILE S.A.	3.77
SISTEMAS GRAFICOS QUILICURA S.	3.66
EMPRESA EL MERCURIO S.A.P.	3.09

AGUILAR CHILENA DE EDICIONES S	2.82
LEXUS EDITORES DE CHILE S.A.	2.52
PEARSON EDUCACION DE CHILE LTD	2.35
LIBERALIA EDICIONES LTDA.	2.35
DISTRIBUIDORA ALFA S.A.	2.31
RANDOM HOUSE MONDADORI S.A.	2.08
EDITORIAL CONTRAPUNTO LTDA.	1.9
OTHERS	53.6

Source: Chilean Custom's statistics

Main importers of Magazines and Newspapers 2008

Importer	Total %
DISTRIBUIDORA ALFA S.A.	51.91
EDITORIAL TELEVISA CHILE S.A.	12.15
PROMOTORA DE BELLEZA S.A.	2.92
CAFE BRITT CHILE LTDA	2.89
CORP.IGLESIA ADVENTISTA 70 DIA	2.77
XYZ EDITORA S.A.	2.17
BANCO SANTANDER CHILE	1.96
ASOC.DE MEJORAMIENTO MUTUO	1.94
INFORMATIVO AGRICOLA LIMITADA	1.79
SANOFI-AVENTIS DE CHILE S.A.	1.30
LA BIBLIOTECA S.A.	1.00
OTHERS	17.20

Source: Chilean Custom's statistics

Main Printing Companies in Chile, in order of Importance

- Morgan Impresores, with approximately US\$ 60 million in sales in 2007
- RR Donnelley Chile Ltda. (U.S.A.)
- Quebecor World Chile (50% Chilean, 50% Canadian)
- Consorcio Periodístico de Chile (La Tercera, Copesa)
- Empresa Periodística La Nación (Chilean)
- Imprenta Salesianos S.A. (Salesian Congregation in Chile)
- Salviat Impresores (Chilean)
- Empresa de Publicaciones La Prensa Austral

Market Entry

Establishing a local subsidiary or branch office in Chile is the appropriate strategy for a U.S. company that believes that sales volumes will be large, and / or local service support or localized inventory are keys to success. Any corporation legally constituted abroad may form, under its own name, an authorized branch (agency) or subsidiary in Chile.

Another strategy would be to appoint an agent or representative with good access to relevant buyers and solid technical expertise.

It should be noted that in Chile the standard Value Added Tax (VAT) of 19 percent is applied to books, making them among the most expensive in Latin America. In contrast, other Latin American countries have no VAT on books or concessionary rates of 50-60 percent below VAT.

Market Issues & Obstacles

Before the U.S. – Chile Free Trade Agreement (FTA), U.S. printing and graphic equipment was subject to import tariffs of six percent in the Chilean market without preferential access. After the agreement, printing and graphic equipment gained preferential access as tariffs fell to zero immediately. This puts U.S. products on more even footing with other competing countries.

The U.S.-Chile FTA has led to strong growth in the printing and graphic equipment market in Chile.

The U.S.–Chile FTA:

- Eliminates tariffs on almost 90 percent of U.S. products imported into Chile and more than 95 percent of Chilean exports to U.S. Tariffs on all products will be eliminated within 12 years since its beginning in 2004.
- Elimination of Chile's six percent general tariff has made U.S. products significantly more competitive, as they had been losing ground to other countries with which Chile already had preferential trade agreements.

Chile has bilateral trade agreements with the U.S. and approximately 55 other countries.

Ocean freight can take between one and two months to arrive in Chile, so when importing, Chilean companies prefer the much faster air freight service, even if it is more expensive, especially when importing state-of-the-art technology (size and weight permitting).

The Chilean book industry faces copyright violations, primarily the photocopying of medical texts and reference books, mostly at university level. Most of these copies are translations of U.S. titles, produced by U.S. subsidiaries in Mexico and Chile. Most of the illegal copying takes place at copy shops located near universities and at university-run photocopy facilities on campuses. Commercial piracy primarily affects Spanish-language literature. Some of the most pirated authors in Chile include Isabel Allende, Marcela Serrano, Paulo Coelho, and Pablo Neruda.

Trade Events

Santiago Book Fairs

Feria del Libro Parque Forestal

January 2010

Cámara Chilena del Libro

Web: www.camaradellibro.cl/forestal

Feria del Libro Usado (Used Book Fair)

January-February 2009

Universidad Mayor

Web: www.umayor.cl/feria/feria.htm

Feria del Libro Día Mundial del Libro y del Derecho de Autor

April 2009

Cámara Chilena del Libro

Web: www.camaradellibro.cl/dia_libro/

Feria Internacional del Libro Infantil y Juvenil

May-June 2009

Municipalidad de Providencia / Cámara Chilena del Libro

Web: www.camaradellibro.cl/infantil

Feria del Libro de Ñuñoa

August-September 2009

Municipalidad de Ñuñoa / Cámara Chilena del Libro

Web: www.camaradellibro.cl/nunoa

Feria Internacional del Libro de Santiago

October - November 2009

Cámara Chilena del Libro

Web: www.camaradellibro.cl/filsa

Book Fairs in Regions

Feria del Libro de Viña del Mar

January 2010

Viña del Mar

Cámara Chilena del Libro

Web: www.camaradellibro.cl/vina

Feria Internacional del Libro de La Serena

February 2009

La Serena

Depto. de Cultura de la Ilustre Municipalidad de La Serena

Web: www.laserena.cl

XII Feria del Libro y las Artes “Héctor Pumarino Soto”, Calama

March 2009

Calama

Corporación Municipal de Cultura y Turismo de Calama

Web: www.calamacultural.cl

VI Feria del Libro Infantil y Juvenil de Puerto Varas

November 2009

Puerto Varas

Ilustre Municipalidad de Puerto Varas. (Dpto. de Turismo y Cultura)
Web: www.ptovaras.cl

IX Feria del Libro de Los Andes

November 2009

Los Andes

Gobernación Provincial de Los Andes y su Asociación de Funcionarios.
mquintanilla@interior.gov.cl

Resources & Key Contacts

Printing and Graphics Association: <http://www.asimpres.cl>

Latin-American Graphic Industry Confederation: <http://www.conlatingraf.org/index2.htm>

Chilean Book Chamber: www.camlibro.cl

For More Information

The U.S. Commercial Service in Santiago, Chile can be reached via e-mail: claudia.melkonian@mail.doc.gov
Phone: (+56 2) 330-3400; Fax: (+56 2) 330-3172 or visit our website: www.buyusa.gov/chile.

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