

U.S. Country Commercial Guides



Chile
2019

Contents

<i>Doing Business in Chile</i> _____	5
Market Overview _____	5
Market Challenges _____	6
Market Opportunities _____	6
Market Entry Strategy _____	7
<i>Political Environment</i> _____	8
<i>Selling US Products & Services</i> _____	9
Using an Agent to Sell US Products and Services _____	9
Establishing an Office _____	9
Franchising _____	10
Direct Marketing _____	10
Joint Ventures/Licensing _____	11
Selling to the Government _____	11
Distribution & Sales Channels _____	11
Express Delivery _____	12
Selling Factors & Techniques _____	12
eCommerce _____	13
Trade Promotion & Advertising _____	14
Pricing _____	16
Sales Service/Customer Support _____	17
Protecting Intellectual Property _____	17
Due Diligence _____	18
Local Professional Services _____	18
Principal Business Associations _____	18
Limitations on Selling US Products and Services _____	19
Web Resources _____	19
<i>Leading Sectors for US Exports & Investments</i> _____	20
Mining _____	20
Energy - Including Renewables _____	22
Construction _____	25
Energy Efficiency _____	28
Agricultural Machinery and Equipment _____	29
Agricultural Sector _____	32

Safety & Security _____	36
Healthcare _____	38
Auto Parts _____	40
Telecommunications _____	42
Travel and Tourism Services _____	44
Customs, Regulations & Standards _____	46
Trade Barriers _____	46
Import Tariff _____	46
Import Requirements & Documentation _____	46
Labeling/Marking Requirements _____	47
U.S. Export Controls _____	49
Temporary Entry _____	50
Prohibited & Restricted Imports _____	51
Customs Regulations _____	51
Standards for Trade _____	51
Trade Agreements _____	53
Licensing Requirements _____	53
Web Resources _____	53
Investment Climate Statement _____	55
Executive Summary _____	55
Legal Regime _____	57
Protection of Property Rights _____	62
Intellectual Property Rights _____	62
Responsible Business Conduct _____	66
Corruption _____	67
Political and Security Environment _____	67
Labor Policies and Practices _____	68
OPIC and Other Investment Insurance Programs _____	69
Foreign Direct Investment and Foreign Portfolio Investment Statistics _____	69
Contact for More Information on the Investment Climate Statement _____	69
Trade & Project Financing _____	70
Methods of Payment _____	70
Banking Systems _____	70
Foreign Exchange Controls _____	70
US Banks & Local Correspondent Banks _____	71

Project Financing _____	71
Financing Web Resources _____	71
<i>Business Travel</i> _____	72
Business Customs _____	72
Travel Advisory _____	72
Visa Requirements _____	72
Currency _____	73
Telecommunications/Electronics _____	73
Transportation _____	74
Language _____	74
Health _____	74
Temporary Entry of Materials or Personal Belongings _____	75
Travel Related Web Resources _____	76

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Doing Business in Chile

Market Overview

Chile continues to be a strong trading partner and export market for U.S. companies, largely due to its open market policies, zero tariffs, democratic government, solid business practices, and low corruption. While GDP growth over the last 30 years has averaged approximately 5% per year, growth in recent years has slowed to about 2.5-3.0%.

As the United States - Chile Free Trade Agreement (FTA) concludes its fifteenth year, trade of products and services between the two countries continues to be a resounding success. As of January 1, 2004, duties were reduced to zero on 90% of U.S. exports to Chile, and in January 2015, all remaining tariffs were phased out, such that all U.S.-origin products enter Chile tariff free.

In 2018, U.S. exports of goods reached \$15.3 billion, or more than four times the pre-FTA figures. Bilateral trade in goods between the United States and Chile totaled US\$26.7 billion. Overall, the U.S. enjoyed a US\$3.9 billion trade surplus with Chile in 2018, a trend that has continued into 2019. In addition to the US\$12.9 billion in goods, the U.S. exports US\$4 billion in services to Chile. Chile is the 29th largest goods trading partner for the U.S., and the U.S. is Chile's #2 trading partner after China, which overtook the U.S. as the #1 trading partner three years ago. Chinese-Chilean bilateral trade has increased significantly in recent years; however, the United States maintains a broader and more dynamic and diverse trading relationship with Chile.

According to the United Nations Conference on Trade and Development (UNCTAD), global foreign direct investment (FDI) inflows to Chile in 2018 (the most recent year with data available) reached US\$7.1 billion – a slight uptick from US\$6.8 billion in 2017. FDI stock inflows to Chile from the U.S. amounted to US\$730 million in 2014. Total FDI stock from the U.S. in Chile stood at US\$27.6 billion at the end of 2014 (last year of information available), representing the largest source of FDI in the country. Chile has generally held a reputation of general macroeconomic stability, earning “A” ratings or the equivalent from Moody's, Fitch, and other rating agencies. The effect of civil unrest (in October 2019) remains to be seen in terms of any changes in these ratings.

The Chilean peso floats freely on international markets. As Chile's economy is based largely on the mining industry, the economy – and therefore, the value of the peso – depends largely on the trends in the price of copper and lithium, its main exports in this sector. Over the last year, the peso has fluctuated between 650-750 Chilean pesos (CLP) to the U.S. Dollar.

Chile also performs well in terms of government efficiency, low levels of corruption, and openness to foreign trade. Chile is consistently the highest-ranked country in Latin America in terms of economic competitiveness. According to the World Economic Forum's (WEF) Global Competitiveness Report 2019, Chile maintained its ranking of 33rd in the world for competitiveness, the highest for any Latin American country. WEF estimates Chile's GDP per capita (PPP) to be about \$16,078. Transparency International ranks Chile 27th out of 180 countries in its Corruption Perceptions 2018 Index.

Chile continues to pursue market-oriented strategies, expand global commercial ties, and actively participate in international issues and hemispheric free trade. Chile is a member of the Pacific Alliance, the Rio Group, an associate member of Mercosur, a full member of APEC, and a founding member of the Comprehensive and Progressive Trans-Pacific Partnership (CP-TPP) and UNASUR. Chile became the 31st member of the OECD in 2010, only the second Latin American country to join after Mexico.

Chile has successfully negotiated Free Trade Agreements with 62 countries around the world, notably with Europe, China, India, and North America, among many others. As such, competition is fierce, and Chile's nearly 19 million citizens have excellent access to the world's products and services. This offers a unique opportunity

for U.S. exporters interested in expanding their businesses in arguably the most open and stable market in Latin America.

In 2010, the United States and Chile concluded the negotiations of a bilateral tax treaty, which was ratified by the Chilean Congress in September 2015. It has not yet been ratified by the U.S. Senate.

Market Challenges

While U.S. companies have not been the target of protests and demonstrations, recent civil unrest (starting in October 2019) has forced the Chilean Government to shift its focus to addressing citizen demands related to the pension system, high price of pharmaceuticals and higher education, health care, and utilities costs.

In terms of market entry, perhaps the greatest challenge to a U.S. firm seeking to export to Chile is the high degree of competition and the relatively small market size. Even though Chile is a market with a population of just fewer than 19 million, its open trade and investment policy has attracted the attention of many foreign firms and it ranks as the 23rd largest U.S. goods export market in the world. At the same time, the small market size has led some companies to overlook Chile, leaving interesting niche markets and solid opportunities for U.S. exports.

Despite Chile's openness to new products and technology, Chilean businesspeople tend to be far more conservative and cautious than the average U.S. businessperson. U.S. companies should take this into consideration when entering the market and adjust sales expectations accordingly.

While the Chilean Government is committed to trying to streamline certain processes, U.S. companies will find that operating in Chile requires patience and a tolerance for delays associated with doing government-mandated paperwork and obtaining various approvals and permits.

A key to competing successfully is finding the right in-country partner. It is extremely difficult for a foreign entity to successfully do business in Chile without having either a direct presence in the market or a local partner. A good agent or distributor can use their business and/or social connections to open doors and overcome regulatory, as well as cultural and language barriers.

U.S. companies doing business in Chile should be aware that a relatively small number of economic groups and families control a large percentage of Chilean businesses. The limited competition in select industries has brought to light increasing concerns about transparency and allegations of potential collusion or corruption in recent years.

Market Opportunities

U.S. companies are generally respected for the high quality of their products and services and known for their innovation. Energy costs in Chile are among the highest in South America and Chile needs to expand its installed capacity to meet demand over the next decade. As such, Chile is searching for technology and capital to increase supply through new energy generation (all renewable) and energy efficiency.

Chile looks to leverage private sector involvement in public works projects and infrastructure via concessions and will continue to use this strategy going forward. Chile has privatized much of its infrastructure and basic services, such as ports, highways, transportation, and water supply. There is also significant private sector involvement in education, retirement/pensions, health care, and prisons.

While Chile is a small market relative to its neighbors, many U.S. companies consider Chile to be an excellent platform for doing business in the Southern Cone. Peru, for example, has received significant attention from Chile-based retail companies, mining companies, and agriculture interests.

Leading opportunities for U.S. exports of equipment and services include energy (particularly renewables), healthcare, safety and security, environmental technologies (including waste management, recycling, and air

quality monitoring), agricultural equipment, high-value food products, telecommunications, mining, oil and gas, automotive parts, and construction.

Market Entry Strategy

Establishing a local subsidiary or branch office in Chile is recommended for a U.S. exporter expecting a large sales volume and/or requiring local service support or localized inventory. Any corporation legally constituted abroad may form, under its own name, an authorized branch (“agencia”) in Chile.

Another practical and more common market entry strategy, especially for new-to-market exporters and companies that are testing and growing in the market, is to appoint an in-country agent or representative with good access to relevant buyers and solid technical expertise.

Political Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State [Bilateral Relations Factsheet](#).

Selling US Products & Services

Using an Agent to Sell US Products and Services

In general, foreign suppliers enter the Chilean market by appointing an agent, distributor, or wholesaler. Most are small-to-medium size firms. Several large firms handle different product lines and operate as wholesalers. Almost all the firms have their main offices in Santiago. The larger ones have branch offices throughout the country, including the free-trade zones of Iquique and Punta Arenas. Agent/representative commissions normally range from 5 to 10 percent, depending on the product. For contract requirements, see Local Professional Services.

Chile is a relatively small market where relationships in the business community are a key to success. The selection of a Chilean agent or representative is an extremely important decision for U.S. exporters and merits a thorough review of possible candidates, their qualifications, and capabilities. U.S. companies are invited to make full use of the wide range of market entry and partner search services offered by the Commerce Department's [U.S. Commercial Service](#), and for agricultural exports, the Department of Agriculture's [Foreign Agricultural Service](#).

Establishing an Office

Within the framework of Chilean law, business entities can choose among a variety of different corporate forms, each with different legal and tax implications. Since tax treatment of the various forms of businesses is similar in Chile as in the U.S., the choice of entity type is often guided by U.S. tax considerations. Currently there is no bilateral tax treaty between Chile and the United States; however, the treaty has been negotiated and ratified by the Chilean Congress, and is awaiting consideration by the U.S. Congress. (For more information, please see Investment.)

There are two ways to incorporate a business in Chile: via traditional means with a Chilean attorney (for all corporations), or via self-service online. The process of working with an attorney to form a corporation is relatively inexpensive and takes about three weeks. The direct costs are approximately US\$1,500 for legal fees (depending on business sector) and US\$550 for expenses such as notary public, commercial registry, and the official gazette publication. Chile has no minimum local participation requirement, and the inclusion of local partners is guided only by commercial considerations.

The Chilean Government created an online portal to help individuals create their business in 24 hours from the comfort of their own desk. The portal, under the Ministry of Economy [Tu Empresa En Un Dia](#), provides information, facilitates the procedures, obtains the certificates and the benefits of the state, and will allow users to create and grow their businesses. There is no charge to create a business via this portal. The only expenses are associated with the use of the Advanced Electronic Signature (FEA). Those who do not have FEA can sign electronically through a notary. The price for this service is around US\$12.

Currently, there are three types of companies that can be registered: limited liability corporations, individual limited liability corporations and joint stock companies. As of December 2018, public limited corporations and reciprocal guaranty corporations can be registered as well.

Regardless of whether you work through an attorney or online, the first step for any U.S. citizen, corporation or entity wishing to establish a business in Chile is to present a declaration of intent to invest at a Chilean Consulate. This intent form should state the nature of the business and the capital to be invested, while simultaneously requesting a Chilean Permanent Residence Visa. This visa confers official residence status on the company, which is necessary in order to conduct commercial activity in Chile.

Franchising

There are 270 franchises in the country, with stores located primarily in the Santiago Metropolitan Region, with representation also in Chile's 5th and 8th Regions (i.e. Valparaíso and Bio-Bio, respectively). The vast majority of franchises in Chile (82%) are sourced from five countries: Chile, the United States, Spain, Peru, and Argentina. These franchises are distributed among a variety of sectors, including the food industry (39%), including restaurants, coffee shops, and ice cream shops; services (23%), including healthcare providers, fitness centers, real estate, financial services, hotels, and car rental; apparel (17%), including clothing and footwear; commerce (14%), including shops that sell sweets, tea, coffee, pharmacies, cosmetics, and other goods; and education (7%), including technical institutes, test-prep institutes, and others.

Franchise companies operating in Chile are subject to general Chilean trade laws, but there is no legislation specifically governing the franchise industry. In general, royalties and fees are subject to a withholding tax ranging from 15% to 35%. U.S. companies are encouraged to register their trademarks prior to entering the Chilean market.

A major challenge in Chile for franchises is identifying local investors interested in obtaining a master franchise. A group of established local companies own the master franchises in the principal sectors, but it can be very challenging for new concepts to enter the market and reach new investors. For those franchises committed to entering the market, it is recommendable to utilize newspaper advertisements and/or reach out to the 2-3 franchising consultants in the market. Other challenges include securing financing, finding affordable locations, and identifying employees.

Franchises with low initial investments (in the range of US\$100,000-200,000) continue to encounter stronger market potential than those requiring larger investments (US\$500,000+). Non-traditional Chilean franchise investors, however, may be seeking opportunities in the market, including young people and those with business experience who became unemployed during the recent economic slowdown.

It is important to keep in mind that the typical U.S. franchise model continues to face some obstacles in the country. Given a very conservative and risk averse Chilean business culture, U.S. franchisors will find Chileans less willing to make large, upfront investments until the concept has first been proven successful in one or two locations in the market. For further information, please contact the U.S. Commercial Service in Santiago, Macarena Marin macarena.marin@trade.gov

Direct Marketing

Direct marketing is well-established in the services sector, especially in banking/finance and telecommunications services. Catalog sales are not common marketing methods used to reach the average Chilean consumer, with the exception of the cosmetics sector, where brands such as Natura are quite popular.

Although Internet and catalog sales are increasing with time, the more traditional Chilean consumer generally prefers to browse in shops rather than to purchase through catalogs. Customers do want to know there is a store that can provide after sales service or address any problem that might arise.

The exchange of products in Chile is made more complicated due to value added tax (VAT) considerations. Most store policies will provide store credit, rather than cash refunds, with exchanges within a certain time period. The larger department and grocery store chains do provide cash refunds. Credit card penetration is lower in Chile than in the United States, but growing.

Joint Ventures/Licensing

In Chile, joint ventures and licensing arrangements require the participation of a legally established local partner who can be responsible for Chilean legal and tax obligations. The various administrative, commercial, profit distribution, and other issues involved in the association are established in contracts drawn up between the partners in accordance with Chilean law and tax regulations.

Selling to the Government

The U.S.-Chile FTA calls for open tendering, including the name of the supplier and the value of the contract. The FTA provisions cover all non-construction procurements by over twenty Chilean central government entities, as well as local government agencies. The agreement also calls for non-discriminatory “national treatment” for either country’s suppliers. Tender opportunities should be published at least thirty (30) days in advance and technical specifications or requirements should be performance-based. The agreement further establishes an impartial authority to review any challenges filed against specific procurement awards. Many governments finance public works projects through borrowing from the Multilateral Development Banks.

The Government of Chile procurement website was established in March 2000 to increase transparency, enhance opportunities, and reduce government procurement costs. The site serves as a central source for all Chilean government procurement, including the armed forces. Bidders must also post a bank and/or guarantee bond, usually equivalent to ten percent of the total bid, to ensure compliance with specifications and delivery dates. Bidding is best done through a local agent who is registered, well connected, and familiar with Chilean government bidding procedures.

Advocacy

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department’s International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Click [here](#) for more information.

Multilateral Development Banks and Financing Government Sales

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). Please refer to the Project Financing Section in Trade and Project Financing for more information. A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#).

The U.S. Department of Commerce’s (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Distribution & Sales Channels

Establishing a local subsidiary or branch office in Chile offers would-be exporters the best guarantee of efficient service and appropriate product promotion. Corporations legally constituted abroad may form, under their own name, an authorized branch (agencia) in Chile. This method of market penetration involves an additional

investment, but is justified if sales are large in volume or when local service support and/or inventory are keys to success.

Another practical and more common market entry strategy, especially for new-to-market exporters, is appointing an agent or representative with solid technical expertise and good access to relevant buyers. Most manufacturing, trade and service activities in Chile are managed from Santiago. However, the country's geographical length means that larger representatives often have branch offices in different regions, as well.

Seaports are the most important points of entry for merchandise entering Chile. Approximately 97% of exports and 59% of imports go through seaports, the most important of which are San Antonio and Valparaíso, which cover the Regional Metropolitan region of Santiago. All other trade exits/enters the country via airports and by surface transportation, mainly to/from Argentina, Brazil, and Bolivia. From the point of entry, merchandise is distributed to final destinations mostly by surface transportation (primarily trucks). Chile's rail network is limited, although there are plans to modernize and expand the system. Logistics operations have been modernized, and many new distribution centers and warehouses have been built, especially by large retailers such as department stores, supermarket chains, and distribution companies. Courier and transportation companies operate efficiently throughout the country.

Express Delivery

U.S. and international delivery companies are represented in Chile, including FedEx Express, UPS, and DHL. All of these companies provide a guide to understand the shipping restrictions and customs procedures for Chile. They also provide international customs support, making for an easier tracking and retrieving experience for the customer.

Chile uses the Harmonized System (HS) and requires a complete description for all shipments entering the country. The description must include the value of each commodity and the HS# if possible. Customs entries are generally submitted by a customs broker, either electronically or by submitting copies of the required documents. However, those who import non-commercial goods valued at less than US\$1,000 can handle customs entry without a customs broker. Commercial forms issued to both local importers and exporters are as followed: commercial invoice, certificate of origin, bill of lading, freight insurance and packing list. All imports require a license. This is important; however, most goods receive an import license without an issue.

Imports are subject to duties and taxes which must be paid in order for customs to release the goods. An "ad valorem" customs is imposed on most goods and "specific" duties (based on the quantity) are imposed on certain goods. The uniform "ad valorem" tariff of 6% applies to most goods. However, alcoholic beverages, pyrotechnics, and tobacco products are subjected to different tariffs. Imported automobiles are also subject to a luxury tax. In regards to import taxes, a value added tax of 19% is assessed on the value of the imported goods plus the customs duty.

The following goods are prohibited to import into Chile: Used passenger and cargo vehicles for tourism, used tires, used motorcycles, asbestos in any form or incorporated into other products, narcotics, knives (except for cutlery), and dangerous Goods as defined by IATA (Intl. Air Transport Association).

Further details of these limits and restrictions for customs can be found on each delivery firm's websites.

Selling Factors & Techniques

Depending on the product or service, price can be the key sales factor in Chile. Price-competitive products from places such as Taiwan, China, India or South Korea often outsell more expensive European or North American products, especially in consumer product categories such as electronics, appliances and automobiles.

However, a product's dependability is especially important to consumers with goods such as advanced electronics or heavy machinery; for this reason, Chilean customers often prefer more expensive U.S. or European products. While price remains a factor in purchasing decisions, considerations of quality, durability, technology, customer support and availability of service will also influence the purchasing decision. The order of importance depends on the industry, the customer and the application.

All sales materials should be in Spanish.

eCommerce

Overview

According to the Santiago Chamber of Commerce, B2C eCommerce sales are expected to reach \$7 billion in 2019, representing a 35% increase compared to 2018. Estimates for 2018 exceed \$5 billion, a dramatic increase from \$1.2 billion in 2012. This increase is a result of the country's rapid technological infrastructure development. Companies of all sizes are adopting eCommerce, with online sales distributed rather evenly among micro-size businesses (13%), small businesses (19%), medium firms (22%), and large companies (22%). The remaining 24% of companies have yet to implement the necessary technology for online sales.

Chile's digital economy currently accounts for 3% of GDP, and is expected to increase to around 4.5% in 2020. So, although Chile's eCommerce sector has grown quickly in recent years, it still lags behind developed countries such as the United States, Japan, and the Eurozone, where the current GDP figure is between 7% and 8%, and is expected to reach 12% by 2020.

Current Market Trends

Over 15 million Chileans have access to an internet connection, mainly through mobile phones, of which 30% are online shoppers. Currently, mobile phone technology investments are concentrated in the development of 5G, which the Chilean Government aims to roll out by 2020. According to a recent study by Fundación País Digital, Transbank, and the Santiago Chamber of Commerce, online shopping in Latin America has an annual growth rate of 37%, generating new businesses, higher productivity, and opportunities. Delivery and logistics for returns are still a challenge.

Digital Agenda 2020 is a Chilean Government program to foster the country's digital transformation by taking advantage of advanced technologies in all aspects of the social and economic activities of the country. Some steps include public-private alliances, investments in quality and robust infrastructure in all regions of Chile, and widespread IT use as a means to reduce inequalities. Currently, there are free internet zones in fifteen regions of the country, providing accessibility and connectivity for local working class residents. Users can connect for thirty minutes with the option to re-connect.

Domestic eCommerce (B2C)

CyberDay is an annual three-day event in Chile to promote online shopping. The results in recent years have far exceeded business expectations, transforming it into the premier online sales event in the country, with over 260 vendors of products and services. CyberDay 2019 generated \$260 million in sales from over two million transactions, a 55% increase compared to 2018.

Cross-Border eCommerce

ECommerce is seen as an important tool for local exporters to enter international markets with attractive bi-lingual websites and strategic alliances with logistics companies. For international online purchases, local customers use Alibaba for cheaper prices, although delivery time may be long and the goods may not turn out to be what expected. Amazon represents an excellent option for local customers and now includes products sourced from Chilean companies; however, there are brands that do not ship internationally. Still, local

consumers are willing to take advantage of international online purchases looking for wider variety of products and prices.

eCommerce Intellectual Property Rights

The U.S.-Chile FTA, in place since 2004, contains a [chapter on electronic commerce](#). This chapter (Chapter 15 highlights the importance of eCommerce between the United States and Chile and the need to work together to overcome impediments. The chapter notes the importance of sharing information related to regulations on data privacy, cyber security, and intellectual property rights.

The National Enterprise for Electronic Certification was created in 2002 by the Santiago Chamber of Commerce with the support of CORFO, the Chilean Economic Development Agency (housed within the Ministry of Economy). EcertChile, incorporates on a regular basis products and services to provide higher levels of security and confidence to safeguard the integrity of eCommerce transactions.

Chilean domain names (".cl") are assigned and registered by [Nic-Chile](#). Registration fees vary depending on the length of registration. The fee for the shortest period, one year, is approximately \$15 in 2019. Foreign companies can register a domain name in Chile, but must have a local presence to do so. The Internet Assigned Numbers Authority (IANA) regulates the recording of domain names. When a conflict arises over a domain name, arbitration is required. Registration at the trademark department, INAPI, is the main criteria for determining who has a claim to a given domain name.

Popular eCommerce Sites

Retail and supermarket stores like [Falabella](#), [Ripley](#), [Paris](#), [Jumbo](#), [Lider](#), along with the airline, [Latam](#), and many others.

Online Payment

Online payments on sites in Chile are made in the local currency (Chilean peso, CLP) via local bank transfers and credit cards from local banks. For online purchases made in Chile from sites outside Chile, credit cards can also be used but the transactions are generally processed in U.S. dollars.

Credit cards issued outside Chile are generally not accepted on Chilean eCommerce sites.

Mobile eCommerce

In February 2019, there were 27 million mobile phones in Chile, of which 15 million had an internet connection. Approximately 30% of smartphone owners use their devices for online purchases. Mobile companies such as Entel, Claro Chile, Movistar, and WOM plan investments to improve network connectivity to expand their local business.

For more information, please contact the U.S. Commercial Service in Santiago, Commercial Specialist Juan Catril juan.catril@trade.gov

Trade Promotion & Advertising

Overview

Chile has a highly developed media market, but with a high concentration of ownership in just a few companies. According to the 2015 World Press Freedom Index, two commercial holdings, El Mercurio SAP and Grupo Copesa, own approximately 95% of the print media, and Spanish company Prisa about 60 percent of radio stations.

Broadcast media includes free-to-air broadcast television networks, cable and satellite TV, radios, newspapers and magazines. Private agencies handle most advertising and most belong to the Chilean Association of Advertisement Agencies (ACHAP).

ACHAP estimates total investment in advertisement in Chile was about US\$800 million in 2017, equal to 0.45% of the GDP. In terms of market share, free-to-air television has the largest spending (35.4 percent), followed by newspapers (20.2 percent), online media (13.7 percent), radio (8.5 percent), billboards (7.4 percent), magazines (1.9 percent), and films (0.4 percent). Investment in billboards and radio has remained constant over the past years. Cable TV receives 6.4 percent of the total investment.

Without taking into account “online” investment, there was a 4.6% decrease in advertisement spending in 2017. This is explained by a decrease in investment in free-to-air television (-2,6%), newspapers (-9,9%), magazines (-15,2%) and cable television (-7,0%). For more information, please visit www.achap.cl

Print Media

Chile has approximately fifty newspapers ranging from nationally distributed dailies to small-town tabloids; Santiago has nine major dailies, with distribution that ranges from as many as 500,000 copies of a Sunday edition of El Mercurio to 3,000 copies of a regional paper. El Mercurio and La Tercera are the leading newspapers. Publimetro, the leading free morning daily, has a circulation of almost 400,000, the highest in the country. Chile’s consistently best investigative reporting is undertaken by the non-profit organization CIPER – the Centro de Investigación Periodística. CIPER only publishes online and is partially subsidized by Grupo Copesa.

Broadcast Media

Chile has six free-to-air broadcast television networks, all of which are self-supporting through advertising. They are top rated TV station Mega, owned by local Bethia Group and by U.S. company Discovery Communications and Chilevision, owned by U.S. company Turner Broadcasting which also owns CNN Chile. TVN (Televisión Nacional de Chile) is the largest TV broadcaster. This station is a state-owned but not publicly funded. Other networks are Canal 13 (Corporación de la Pontificia Universidad Católica de Chile), owned by the Luksic Group; UCV TV (Corporación de Televisión de la Pontificia Universidad Católica de Valparaíso), owned by GCO Television, an affiliate of Disney Media Distribution, and La Red (Canal 4), a private station owned by Mexican holding Albavision.

Paid television (cable and satellite) reach 58.4 percent of households, according to the Chile’s Under Secretary for Telecommunications regulatory agency SUBTEL. The four major cable and satellite providers are VTR, DirectTV, Movistar, and Claro. Combined, these operate in approximately 95 percent of the territory. All rebroadcast to local stations and carry a host of international channels. Free-to-air broadcast TV stations such as TVN and Channel 13 each have a cable (paid) TV news channel.

Radio

Radio is the most extensive and most trusted news medium in the country, especially in rural areas. There are approximately 2,030 radio stations nationwide. Ownership is concentrated in primarily three holdings - Grupo Bethia, Grupo Dial, and Iberoamericana Radio Chile (Spanish-owned Prisa), which holds the largest market share.

Readership for major publications

Average Readership (July – December 2017)	Monday-Friday	Saturday	Sunday
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El Mercurio	289,667	396,051	422,271
La Cuarta	267,678	260,223	267.219
La Tercera	237,740	362,028	331,438
Las Ultimas Noticias	278,367	273,342	245,296
La Segunda	33.116	--	--
Publimetro	386,920	--	--
La Hora	306,946	--	--
Hoyxhoy	254,041	--	--
Capital Magazine	40,187	--	--
The Clinic	77,138	--	--
Diario Financiero	34,771	--	--
El Sur	57,543	14,600	97,000
El Mercurio de Valparaíso	41,913	32,000	82,493
El Mercurio de Antofagasta	17,378	--	--

Sources

- IPSOS Circulation and Readership Verification System for January -December 2016
- Chilean Association of Advertisement Agencies, ACHAP
- Undersecretary of Telecommunications (SUBTEL)

Pricing

Pricing in Chile starts with a straightforward formula based on CIF value: costs plus generally constant ship-to-warehouse expenses. Gross margins for consumer goods are generally 30-50% or more for direct sales to consumers, or 20-30% each for the importer/distributor and the retailer when a distribution chain is in place. The final price for mass-market items should be competitive with imports from Asia and/or Brazil. Higher-priced items must identify niche market segments to prosper. More specialized products are sold by stocking distributors or by commissioned agents who generally earn margins of 5-10% on their sales.

Under the U.S.-Chile FTA, tariffs were eliminated on most goods imported from the United States. However, all goods, both foreign and domestic, are subject to Chile's value-added tax (called "IVA" in Spanish), which has been 19% since October 1, 2003. Any tariff and value-added tax is usually paid by the importer and not by the supplier. There are some exceptions: government entities do not pay these taxes, and some luxury goods have higher tariffs.

Prices in most locations, including retail stores and restaurants, are quoted to the consumer with the IVA included.

Sales Service/Customer Support

Customer service and support are fundamental to successfully penetrating and retaining market segments for most products and services. Any product that requires operator training or needs after-sales technical service must have, in effect, a qualified local company ready and able to assist the customer. Due to Chile's relatively close-knit society, company reputations can be made or lost in a fairly short period of time.

Protecting Intellectual Property

Chile remains on the Priority Watch List in 2019.

Ongoing Challenges and Concerns

Although there was positive movement this year by Chile with regard to the implementation of certain intellectual property (IP) obligations under the United States-Chile Free Trade Agreement (Chile FTA), the United States continues to have serious concerns regarding long-standing implementation issues with a number of other IP provisions of the Chile FTA. Chile took a step forward in passing legislation establishing criminal penalties for the importation, commercialization, and distribution of decoding devices used for the theft of encrypted program carrying satellite signals, however Chile needs to clarify the full scope of activities criminalized in the implementation of the law. The United States also urges Chile to provide remedies or penalties for willfully receiving or further distributing illegally-decoded encrypted program-carrying satellite signals, as well as the ability for parties with an interest in stolen satellite signals to initiate a civil action. Concerns remain regarding the availability of effective administrative and judicial procedures, as well as deterrent-level remedies, to right holders and satellite service providers. Chile also must establish protections against the unlawful circumvention of technological protection measures (TPMs).

The United States continues to urge Chile to ratify and implement the 1991 Act of the International Union for the Protection of New Varieties of Plants Convention (UPOV 91) and improve protection for plant varieties. The United States also urges Chile to make effective its system for resolving patent issues expeditiously in connection with applications to market pharmaceutical products and to provide adequate protection against unfair commercial use, as well as unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products. The United States urges Chile to improve its internet service provider liability framework to permit effective and expeditious action against online piracy.

In addition, in 2018, Chile's Ministry of Health issued Resolution 399, which declared that there are public health reasons that justify issuing compulsory licenses on certain patent-protected drugs used to treat hepatitis C. While Chile has not issued a compulsory license, the resolution satisfies an initial legal requirement after which a third party may then make the request. The United States urges Chile to ensure transparency and due process in any actions related to compulsory licenses. To maintain the integrity and predictability of IP systems, Chile should use compulsory licenses only in extremely limited circumstances and after making every effort to obtain authorization from the patent owner on reasonable commercial terms and conditions.

Developments, Including Progress and Actions Taken

In the past year, Chile carried out strong enforcement efforts to combat counterfeits. The National Customs Service reported that it had seized more than 7 million counterfeit products in 2018, worth a total of nearly \$103 million. Chile's specialized IP crime unit, the Investigative Brigade of IP Crimes, reported strong enforcement actions, with seizures totaling 379,429 counterfeit products. The National Institute of Industrial Property continued to make improvements to strengthen the climate for IP protection, reducing the average time of patent application processing to 3.8 years 66 in 2018. With respect to the outstanding FTA

implementation concerns noted above, the United States is closely monitoring potential legislation on TPMs, an effective mechanism for the early resolution of potential patent disputes, and the implementation of UPOV 91.

The United States will continue to work closely with Chile to address IP issues. This year marks the fifteenth anniversary since the Chile FTA entered into force, and the United States expects to see additional tangible progress in these areas in 2019.

For additional IP information, please check [Protecting Intellectual Property](#) and also [Corruption](#).

IP Attaché Contact Chile

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Due Diligence

Due diligence is an important part of any decision to enter into business with a foreign company. U.S. exporters who would like to request a background on a prospective business partner should consider the International Company Profile (ICP) service offered by the U.S. Commercial Service. For more information on this and other U.S. Commercial Service assistance to identify and qualify your business partner, please see [Export.gov](#).

Local Professional Services

Chile's business environment and infrastructure are well-developed. There are many local companies that can provide professional services to U.S. firms. The U.S. Commercial Service maintains a list of service providers that offer legal, financial, administrative/HR, transportation, hotel, consulting and market research services. These firms provide support to companies initiating or expanding business in Chile. See [BSP](#).

Principal Business Associations

An additional method vital to the success of conducting business in Chile is to contact the multitude of principle business associations. With information and expertise in the various business sectors, their insight can provide key assistance in launching an expansion into the Chilean market. Although their keen knowledge is an easily accessible resource, their ability to provide contacts in Chile can be equally as rewarding. Below, several principle business associations are listed along with their website addresses. Some of them are as follows:

[SOFOFA](#) - Chilean Manufacturer's Association

[Asexma](#) - Chilean Exporters Association

[Sonami](#) - National Mining Association

[ACTI](#) - Chilean Association of Information Technology Companies

[Cif Chile](#) - Chilean Chamber of Pharmaceutical Innovation

[Asilfa](#) - Industrial Association of Pharmaceutical Labs

[Clinicas de Chile](#) - Association of Private Clinics

[Anac](#) - Chilean Automotive Association

[Carep](#) - Chilean Chamber of Auto Parts

[CChC](#) - Chilean Construction Chamber of Commerce

[Achiga](#) - Chilean Association of Gastronomy

[Asipla](#) - Association of Chilean Plastic Industry

[SNA](#) - National Society of Agriculture

[CDT](#) - Technological Development Corporation

[Asoex](#) - Fruit Exporters Association

[Asimpres](#) - Graphic Industry Association

[Camara Cosmetica](#) - Chilean Chamber of Cosmetics Industry

Limitations on Selling US Products and Services

There are no major limitations for U.S. products or services. However, when bidding through the government procurement agency, Chilecompra, U.S. companies must have a RUT (Chilean tax identification number) in order to get a RUT companies must contact the Chilean IRS equivalent, Servicio de Impuestos Internos (SII). In other words, U.S. companies must have a direct presence or a local representative in Chile in order to sell to the government.

Web Resources

[Chilecompra](#) – Chilean government purchases system

[Servicio de Impuestos Internos](#) - RUT and Start of Activities

[Servicio de Impuestos Internos](#) - Getting a RUT for foreigners

Leading Sectors for US Exports & Investments

Mining

Overview

Chile is the number one producer of copper in the world. In 2018, the sector produced 5.8 million tons of copper. Its current world production market share is 30%. The mining sector's contribution to the country's GDP is approximately 10% (GDP 2018: ~USD \$300 billion). The industry represents about 50% of the country's total exports.

Chile's mining project pipeline remains large but less certain than in previous years. Projects are under development at a more moderate pace relative to previous years, by both state owned and private sector companies. The underlying reasons for the change of pace is the socio-environmental opposition to large infrastructure projects and the prevalent uncertainty brought by the tax, labor and energy sector reforms introduced by the current administration.

	2016	2017	2018	2019 estimated
Total Local Production	1,209	1,327	1,779	1,651
Total Exports	256	258	322	310
Total Imports	203	222	155	208
Imports from the US	1,156	1,291	1,612	1,549
Total Market Size	264	307	363	349
Exchange Rates: 1 USD	680	649	641	676

In 2018, the average price of copper was US\$ 2.93/lb. Copper prices for 2019 are expected to fall within the range of US\$2.57 - US\$2.98/lb. Industry capital outlay projections in the sector for the period 2017-2024 are in the range of USD\$25 – USD\$30 billion.

In addition to copper, Chile is also a major world supplier of lithium, molybdenum, gold, and silver. Chile currently holds the largest proven reserves of lithium under exploitation. Current world market share is 57.5%. This combined with the demand coming from the electric vehicle industry will make this resource the focus of international investors and developers. Currently there are only two companies active in the industry: Soquimich S.A. (SQM) and Albemarle Chile Ltda. Chile is also a relevant supplier of non-metallic minerals such as iodine, sodium and potassium nitrate.

Over recent years, the mining industry has been investing not only in mining development and expansions, but in developing their own sources of energy. Mining companies are looking for renewable sources of energy in an effort to reduce their carbon foot print. The mechanisms used for the latest solar and wind-powered plants have been via private tenders.

The U.S remains the single largest mining parts and equipment supplier, with a market share around 30%. Important export opportunities in this industry will continue for those companies offering technologies and products that bring substantial operational cost reductions, improved productivity and more efficient use of water and cleaner processes.

Freeport McMoran Copper & Gold Inc. of Phoenix, Arizona, and Albemarle Corporation of Charlotte, North Carolina are the two major U.S. mining companies present in the market. The major local players continue to be Canadian, Australian and European mining companies. Tianqui Lithium of China owns 24 percent of SQM.

Leading Sub-Sectors

- The following is a list of mining parts, equipment and technologies in demand:
- Equipment that requires regular replacement
- Crushers Grinders
- Off-road trucks (240-440 tons)
- Cabbed truck chassis (+ 50 tons)
- Parts for rock cutters
- 360-degree revolving excavators
- Cranes and screening machines

Environmental system solutions

- Water treatment
- Water desalination
- Air pollution abatement
- Mine closure technology
- Carbon footprint reduction
- Dust control technology
- Arsenic management in smelters
- Underground mining technology services
- Wear-resistant materials

Opportunities

Industry projections indicate that, between 2019 and 2024, investments by the private and public sector will be in the range of US\$20 – US\$25 billion, and U.S. exporters will remain an important supplier of quality products to Chilean importers.

Trade Events

In Chile, there are two mining trade shows in alternate years, EXPOMIN and EXPONOR.

[EXPOMIN](#) is the world's largest mining trade show outside of the U.S. Its global attendance gathered over 1,350 exhibitors in 2018. The official U.S. Pavilion features well over 100 exhibitors. Expomin takes place on even years in Santiago, with the next taking place April 20-24, 2020. The 2020 version will feature the U.S. as the "country of honor."

[EXPONOR](#) is Chile's second largest mining trade show after EXPOMIN. The show will take place in May, 2021, in the northern city of Antafogasta. The U.S. Pavilion features about 70 exhibitors.

In the past, both trade shows have received certification from the U.S. Department of Commerce.

For additional information, contact Mr. Marcelo Orellana marcelo.orellana@trade.gov

Energy - Including Renewables

Overview

Chile's electricity sector, which includes generation, transmission, and distribution, is privately owned and operated by both foreign and local companies. As of December 2018, total installed capacity was 23,315 Mw, with 3,487 Mw under construction and 76,175 GWh of gross energy generation. The marginal cost of energy for the period was between 63.6 and 52.9 USD/MWh.

The general consensus is that, on average, electricity demand for the next two years will grow at approximately 2.5% per year. Chile's National Energy Commission (CNE) projects an expected demand for energy from regulated consumers to total 36.148 GWh by 2025. On the other hand, and according to CNE by 2026, energy supply needs are expected to be 5.600 GWh. This will give rise to a new bidding process expected to be awarded in 2020. The average projected power demand is approximately 500 Mw/year.

	2016	2017	2018	2019 estimated
Total Local Production	1,263	1,488	1,378	1,455
Total Exports	150	175	153	168
Total Imports	60	57	48	50
Imports from the US	1,173	1,370	1,273	1,337
Total Market Size	186	100	105	110
Exchange Rates: 1 USD	680	649	641	676

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Chilean Customs Data used for the selected sample of HTS codes, industry experts and own elaboration

A landmark project allowed for the interconnection of the Northern and Central Grids, thus integrating electricity distribution for the vast majority of Chile's population. The transmission lines cover a distance of 753 kilometers with double circuit 500 kV lines. The new grid name is SEN Norte (National Grid Northern part) and SEN Sur (National Grid Southern part).

In 2018, Chile had 5,082 Mw of Non Conventional Renewable Energy power coming from sources such as solar, wind, mini run-of-river, biomass and geothermal plants. This represented a 21.7% share of total installed capacity.

The development of renewable energy is a high priority for Chile. The share of non-hydro renewable power is expected to exceed 50% of the power mix by 2030, according to GlobalData, a leading data and analytics company. Also with the growth of renewable energy sources in the future, the gas-based power capacity in the country will increase from 48% of the thermal power capacity in 2018 to 55% by 2030.

Therefore, projects in small hydropower, biomass, biogas, wind, and solar energy have received increased government and private-sector support. U.S. firms have done particularly well in the area of PV/solar energy,

with significant investments in Northern Chile's Atacama Desert, which has among the best profiles for solar energy on Earth.

Law 20.698, also known as Law 20/25, Chile's Non-Conventional Renewable Energy Law requires that companies with more than 200 MW of installed capacity generate 20% of electricity from renewable sources by 2025. Additionally, Law 20.571 promotes power generation by residential owners with installed capacity of up to 100 Kilowatts. Based on a review of import statistics and current conditions, the Chilean market for U.S. equipment sold in the energy sector is expected to increase in 2019 with respect to 2018, particularly in the transmission and power generation sectors.

Leading Sub-Sectors

Generation

Hydro-generation plants

< 20 MW (Those under 9 MW have become increasingly attractive)

20 MW - 70 MW

Thermal-generation plants in the range of 100 MW - 300 MW

Combined-cycle gas fired plants and support systems

Dual gas/diesel fired plants

Geothermal exploration services and plants

Wind generation plants: >0.3 MW - 10 MW, horizontal, variable speed, pitch reg., >50 mt. mast turbine

Solar panels for both electricity generation and water heating

Solar PV panels and CSP systems. For the mining sector, turn-key projects are the norm.

NOx, particle and CO2 abatement equipment

Scrubbers, fumes treatment technology and equipment.

Transmission

High efficiency transmission equipment and supplies, aimed to transfer electric energy >1,000 miles

Environmental solution services

Distribution

Electric control instruments

Smart meters

High efficiency transformers

Signal conditioners

Opportunities

During 2018, 110 energy projects obtained a favorable Environmental Qualification Resolution (RCA). Of these 110 projects, 66 projects were in power generation, 24 projects were in high power transmission, and 20 projects were in oil and gas mining development. Together they total an investment of USD 6.380 Million.

EXPO ENERGÍA 2020 - This EXPO exhibits products and solutions oriented to the Mining, Energy and General Industry sectors, as well as presentations from specialists in the energy sector. The EXPO brings together generation, transmission, distribution and NCRE, as well as the sustainable production companies and those who provide services to the industry. The Energy Expo 2020 will be held in August 4 at the Plaza El Bosque Hotel, Nueva Las Condes, located at Manquehue Norte 656, Las Condes, Santiago. The event is sponsored by Empresas Eléctricas, an electricity sector association, as well as Acera--Chile's Non Conventional Renewable Energy association www.expoenergia.cl

Web Resources

[Chilean Energy Council](#)

[National grid administrators CEN \(Coordinador Eléctrico Nacional\)](#)

[Electric Industry Magazine](#)

[Aduanas Chile](#)

[Chilean Ministry of Energy](#)

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Construction

In contrast to Chile’s economic slowdown in recent years, the construction sector grew by 4% in 2018, with imports of construction machinery and equipment reaching \$900.3 million during the same period. Sector investment is projected to grow by 4.5% during 2019 according to the Chilean Chamber of Construction, CCHC (Cámara Chilena de la Construcción), recovering after three consecutive yearly negative growth figures, a dramatical decline from 11% growth in 2012. President Sebastián Piñera’s administration is keen on boosting construction, especially related to infrastructure, and the sector should continue to grow during the next years through private and public investment, reaching a total of \$ 160 billion (2019-2027), covering three main areas:

- Base Infrastructure: Water resources; Energy; Telecommunications
- Logistics Infrastructure: Inter-urban roads; Urban roads; Airports; Ports; Railway roads; Logistics
- Social Use Infrastructure: Public Spaces; Hospitals; Jails; Education

All the above mentioned will require intense use of construction machinery & equipment.

Infrastructure projects are financed with direct state investment as well as public/private partnership resources. The country has a large portfolio of pending infrastructure projects related to transportation since there is a need in several areas such as ports, airports and highways. Among the areas with major investment requirements for the 2019-2027 period are urban roads and highways, totaling \$60 billion; telecommunication infrastructure (expansion of fiber optics, and coverage of remote areas) for \$25.3 billion; and water infrastructure (transportation and storage), for \$18.3 billion. A parallel road to the country’s main highway Ruta 5, which runs north/south, is projected to begin construction by 2022.

The importation of construction machinery and equipment decreased by 2% between 2016 and 2017, but grew by 25% between 2017-2018, and is expected to continue growing during 2019. The U.S. is the single largest supplier of machinery and equipment, mostly with heavy machinery, high-tech building materials and capital equipment, followed by Germany, China, and Italy. Building materials from the U.S. have a high reputation, and are in demand, but U.S. companies must be aware that the market is small and very competitive. Construction standards continue to be improved, especially related to regulations covering insulation, energy efficiency, doors/windows, sustainability, and ‘green’ construction. The high cost of energy (the highest in Latin America), fosters the need to use energy efficient materials incorporated in projects design.

Arcadis’ Sustainable Cities Index ranks Santiago number one as the most sustainable city in Latin America. According to Chile Green Building Council, GBC Chile, Chile has 197 LEED certified buildings, and 438 total LEED activities (including certified and ongoing projects). The public consciousness of sustainable practices and support for investment in green infrastructure, engineering and construction is high. In 2016, Chile started its “National Program for Sustainable Production and Consumption”, which includes sustainable construction. The program involves the Ministries of Public Works, Housing & Urban Development, Energy, Environment, Mining, Health, Economy, Finance, and Agriculture to jointly incorporate and design the local concept of sustainable construction, production and consumption to achieve an overall sustainable environment. A cooperation agreement between the U.S. GBC and the Chile GBC was signed in February 2018.

	2016	2017	2018	2019 (Estimated)
Total Local Production	110.0	110.0	110.0	115.0

Total Exports	92.3	72.8	58.6	83
Total Imports	685.5	671.8	900.3	920
Imports from the US	170.3	196.8	234.3	250
<u>Total Market Size</u>	703.2	709.0	951.7	952
Exchange Rates	680	649	641	676

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

Chile manufactures very limited and basic types of construction equipment, mostly mining related. Most of the equipment is imported, and U.S.-made products are highly regarded by Chilean buyers. Imports from the U.S. account for 26% of the market, followed by Germany: 11.5%, and China: 9.5%. Chinese equipment continues to increase its presence in Chile.

Energy Efficiency

The best opportunities for U.S. exports are for those products that offer high levels of efficiency and that can work on reduced operational costs, replacing expensive labor. Since the cost of energy in Chile is very high, energy efficient machinery is an excellent sales advantage. The most promising are in areas such as earth moving equipment, concrete technology for high-rise building construction (scaffolding, concrete pumps), and supplies and consumables that accelerate the building process.

Building Materials

Building materials used in green building are good prospects, especially those that add points for LEED and other certification. 'Green' and 'sustainable' are key words within the Chilean construction sector. Renewable energy equipment related to construction (commercial, industrial and housing), insulation products, heating systems and air conditioning systems are important considerations in current construction projects. The local market is open to new and high-tech products; however, it is a small and very competitive marketplace.

Opportunities

Public Works, Infrastructure: urban and inter-urban roads and highways, airports, ports, hospitals, jails, etc.

Mining, energy & general industry related construction

Private sector buildings (offices, hotels, first & second homes, mountain, country, lake and beach resorts)

Retail, especially shopping malls

Educational and private health facilities

Industrial facilities

[EXPO EDIFICA](#) / CONEXPO Latin America / Expo Hormigón will take place in Espacio Riesco, October 2021

The local trade shows Expo Edifica (main local construction show) and Expo Hormigón (Cement Construction Show), will collocate with AEM's Conexpo Latin America for the second time in Chile. This event is the most important in the construction industry sector and brings together exhibitors and visitors from Chile, Latin America, North America, Asia, and Europe.

Web Resources

[Ministry of Public Works, Ministerio de Obras Públicas, MOP](#)

[Ministry of Housing and Urbanism, Ministerio de Vivienda y Urbanismo, MINVU](#)

[Chile GreenBuild Council \(Chile Chapter\), Chile GBC](#)

[Chilean Chamber of Construction, Cámara Chilena de la Construcción, CCHC](#)

[Technology Development Corporation \(part of CCHC\), Corporación de Desarrollo Tecnológico, CDT](#)

[Institute of Cement and Concrete, Instituto del Cemento y del Hormigón, ICH](#)

[Association of Engineering Consultants, Asociación de Empresas Consultoras de Ingeniería, AIC](#)

[Association of Architecture Firms, Asociación de Oficinas de Arquitectura, AOA](#)

For additional information, please contact CS Chile Commercial Specialist, Mary L. Lathrop, Mary.Lathrop@trade.gov.

Energy Efficiency

Overview

The [Energy Management Program](#) is a Chilean Ministry of Energy initiative to encourage proper energy usage in public buildings, contributing to efficient use of resources and lower greenhouse gas emissions.

The [2018-2022 Energy Path](#) lays out the goals of the Chilean Ministry of Energy in the upcoming years. It is based off President Piñera's agenda, regional workshops, input from various agents in the sector, and the framework of the 2050 Energy Policy. It includes seven main focuses to reach its energy sustainability goals: modernization of energy, energy certification, energy development, lower energy emissions, efficient transportation, energy efficiency, and energy education/training.

The Chilean Agency of Energy Efficiency (ACEE, in Spanish), a private non-profit organization, reports that 197 electric vehicles were sold in Chile in 2018, a modest increase from the 140 sold in 2017. ACEE is a leader in Chile's adoption of energy efficiency in Chile and is working to promote, strengthen, and consolidate efficient energy usage by coordinating national and international stakeholders and implementing public and private initiatives.

Many green products are already available in the Chilean market; however, identifying their statistics is a challenge because many energy-efficient products are imported under the HS Codes for "regular," non-energy efficient products.

Opportunities

Local Chilean engineering companies provide consulting services and develop projects and solutions to advance energy efficiency in Chile. There is interest among these companies in partnering with U.S. energy service companies (ESCOs) that have extensive design and implementation experience in integrating efficiency.

Web Resources

[Chilean Ministry of Energy](#)

[Chilean Agency of Energy Efficiency](#)

[Chilean Ministry of Environment](#)

[Chilean Construction Chamber](#)

For additional information, please contact CS Santiago Commercial Specialist Mary L. Lathrop, Mary.Lathrop@trade.gov.

Agricultural Machinery and Equipment

Overview

Agriculture is one of the main economic activities in Chile, accounting for 28% of the country's total trade and 11% of its total GDP. Approximately 10% of the country's labor force is engaged in agriculture and related services. Chile's economy is driven by exports, concentrated primarily in copper and its agricultural sectors: fresh fruit, forestry and fishery products. The agriculture sector is projected to grow by approximately 5% in 2019 (above the country's economic projected growth of 3.0%) according to SNA, Chile's National Agriculture Society. After the sector's impressive growth by 9.5% in 2015, and 3.7% in 2016, the industry dropped to 2.5% in 2017, mainly due to low production of livestock and poultry, and low crop production, especially corn. However, agriculture recuperated growing by 5.8% in 2018, becoming the fastest growing sector. Chile is the world's largest exporter of fresh table grapes, blueberries, prunes, dehydrated apples, and frozen salmon fillets.

Agriculture faces a difficult scenario due to high labor and energy costs. In recent years, water resources have become more scarce due to droughts in northern and central Chile. The challenge for today's farmers and farming conglomerates is to become sustainable. As a result, farmers and agriculture-related companies have not invested in new projects, machinery and equipment, but mainly purchased replacement equipment. Chile faces an additional problem: a scarcity of labor for agricultural production, which according to ILO - UN has decreased from 81% in 1950, to 9% in 2017.

The U.S. was the main supplier of agriculture machinery and equipment in 2017, currently second (18.77%), after Italy (19.88%), followed by Germany (9.96%), and China (9.46%). The importation of agriculture machinery and equipment in 2018 increased by 21%. Nonetheless, the economic outlook for this sector is brightening. Chile's economy is projected to grow by approximately 3.0%, with the agriculture sector expected to grow 5%. Agriculture machinery from the U.S. has a high reputation, and is in demand, but U.S. companies must be aware that the market is small and very competitive.

Chile is stressing innovative technologies to address the lack of labor and water in the production of its major crops. Robotic equipment such as unmanned tractors (for planting, harvesting, fumigating, weed removal), and robot/workers will be required in some areas of the country. Drones are already being used (although not on a massive scale) to collect data on soil condition, hydro availability, harvest conditions, fertilizer presence, etc. The current market for specialized and energy efficient machinery and equipment is a best prospect since it reduces labor, saves energy, and subsequently lowers production cost. Productivity has increased in recent years, but needs to increase even further, with the use of new and higher efficiency machinery, technology, irrigation systems, natural fertilizers and soil enhancers. The industry trend is to mechanize agriculture processes such as harvesting, and to use other labor replacement machinery and equipment, which are in high demand by Chilean farmers. Chile must reduce production costs to remain competitive in the international market, of which it is an important food supplier. Chile's agriculture is focusing on sustainability and natural products with the Chile brand. Organic production has increased and natural fertilizers and pesticides are needed. Chile's agriculture production aims at being as 'green' as possible, and to remain as such, obtaining better value for its exports, and contributing to a healthy environment.

	2016	2017	2018	2019 estimated
Total Local Production	12.0	12.0	12.0	12.0
Total Exports	8.8	8.8	9.0	9.0

Total Imports	442.6	365.7	443.5	420.0
Imports from the US	76.8	76.3	83.5	85.0
Total Market Size	445.8	368.9	446.5	423
Exchange Rates: 1 USD	677	649		

(Total market size = (total local production + imports) - exports) Units: Millions of USD

Source: Chilean Customs Data

Leading Sub-Sectors

- Smart agriculture “machine learning” devices for agriculture processes such as planting, watering, fertilizing, collecting data, etc.
- Equipment/drones to effectively monitor production conditions, propose improvement processes, and increase crop yield.
- Irrigation infrastructure is required to maximize efficiency of water usage. There is an important water shortage, and investment in irrigation and other related systems represent an opportunity for U.S. agriculture machinery manufacturers.
- Water storage systems and water transportation systems (and supplies) to line canals, tunnels and underground reservoirs.
- Mechanization of agriculture processes including fresh fruit harvesting equipment. Machinery to replace labor.
- Energy efficient machinery and equipment (decrease energy consumption). Environmentally friendly machinery and equipment (reduce impact on environment and provide higher sustainability).
- Equipment, systems and supplies to obtain traceability of crops.

Opportunities

FRUITTRADE 2020, October 7-8, 2020, Santiago, Chile

FruitTrade (www.fruittrade.cl) is the trade event/seminar related to the fruit and vegetable production and exports. The event brings together producers/exporters, with international buyers of fresh fruit, dried fruit, vegetables and organic products. FruitTrade includes a business roundtable and an International Convention, featuring technical seminars on trade, technology, production, innovation and management.

SAGO-FISUR 2020, November 14-17, 2020, Osorno, Chile

Sago-Fisur (www.sagofisur.cl) trade show, whose first version took place in 1917, focuses mainly on dairy and livestock, and regional fruits/berries production. The event is attended by suppliers, distributors, and service providers related to the agriculture sector, and includes technical seminars, and the most important exhibit of pedigree cattle and equine. The Chilean Association of Slaughtering Plants organizes a special seminar on the subsector.

IFT Agro 2021, May, 2021, Talca, Chile

IFT Agro is the largest and most important agriculture trade show in the country. The International Trade Show, IFT- Agro 2021, is an industry trade event committed to bringing together leading suppliers of technologies to produce agricultural goods, products and services with decision-makers from small, medium and large producers who need access to technology to become more competitive in this industry.

Web Resources

[ODEPA](#) - Oficina de Planificación Agraria (Chilean Office for Agricultural Policy Studies)

[MINAGRI](#) - Chilean Ministry of Agriculture

[SAG](#) - Servicio Agrícola y Ganadero (Agriculture and Livestock Service)

[SNA](#) - Sociedad Nacional de Agricultura (National Association of Agriculture)

[INDAP](#) - Instituto de Desarrollo Agropecuario, (Institute of Agriculture Development)

[SOFOFA](#) - Sociedad de Fomento Fabril, (Industrial Manufacturers Association)

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Agricultural Sector

Chile is a reliable trade partner of the United States. With solid political institutions, a stable macroeconomic environment, and well-functioning financial markets.

Overview

Chile has adopted a commercial policy to open and diversify markets for its agricultural and food products, with a special focus in the Chinese market. Chile is a part of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) although Chilean Congressional approval is pending.

Chile is among the top ten agricultural exporters in the world with main agricultural exports including wine, fresh fruit, dairy, meat, and fishery products. The agriculture industry—including agricultural-related products—is responsible for 28 percent of Chile's overall trade, 11 percent of its total gross domestic product, and 10 percent of the country's national work force. Chile is the world's largest exporter of fresh table grapes, blueberries, prunes, dehydrated apples, and frozen salmon fillets.

Chile has a modern and developed food processing industry that has annual sales of \$34 billion and that grow by 6.6 percent annually. (Source: FAS-Exporter guide)

Healthy foods, gourmet foods, prepared foods, and ready-to-eat meals show huge potential for growth in the Chilean market. Chilean consumers have an increasing concern for health related issues while the food processing industry continues to adapt to a restrictive nutritional labeling law, higher labor costs, and sophisticated consumers, all of which present challenges, but also opportunities for U.S. high value-added products and ingredients such as natural additives, preservatives, thickeners, and sweeteners.

Chilean companies seek to reformulate and develop new products that do not need to carry a warning label from the nutritional labeling law. Therefore, companies seek for new ingredients, which can be healthier substitutes (for example sweeteners instead of sugar) or innovations on how to produce tasteful products within the same price range, but with healthier ingredients.

Chilean Processed Food Industry

The demand for U.S. "consumer oriented" agricultural products in Chile has increased together with income. In 2018, Chile imported \$3.7 billion worth of consumer-oriented agricultural products from the world and \$669 million from the United States, a 5.6 percent increase over 2017, and the highest level of exports recorded so far.

There are three main reasons for Chilean companies to import food ingredients: (1) If the products are not available domestically through local production (2) if it is cheaper to import rather than buy domestically; or (3) if imported products offer a higher quality than those available in the domestic market.

Food processing companies are constantly looking for innovative ingredients for production of healthier foods especially those for consumers with food intolerances such as lactose and gluten-free products. Chilean consumers have an increasing concern for health related issues while the food processing industry continues to adapt to the nutritional labeling law, higher labor costs, and sophisticated consumers, all of which present challenges, but also opportunities for U.S. high value-added products and ingredients such as natural additives, preservatives, thickeners and sweeteners.

New ingredients are used in the production of healthier products especially those adapted to consumers with food intolerances, such as lactose and gluten free products. Alongside there is a rising demand for organic foods.

Chilean companies seek to reformulate and develop new products that do not need to carry a warning label from the nutritional labeling law. Therefore, companies seek for ingredients and healthier substitutes (for example sweeteners instead of sugar) or innovations on how to produce tasteful products within the same price range, but with healthier ingredients.

For further information on food processing ingredients please see GAIN report.

Food Retail Market

Chile's food retail sales reached \$17.2 billion in 2018, a five percent increase over 2017. The Chilean retail sector is composed of a mix of large supermarkets, mid-sized grocery stores, convenience stores, gas station markets and thousands of smaller independent neighborhood mom-and-pop shops.

There are five main retail groups in Chile: Falabella, Cencosud, Walmart Chile, Ripley and La Polar. Falabella and Cencosud have department stores, home centers and supermarket/ hypermarkets; Chile has a modern, highly competitive supermarket sector.

According to the National Institute of Statistics (INE), in 2018, 1,371 stores, including hypermarkets, supermarkets and other small food retail stores with a minimum of three checkouts composed the Chilean food retail sector and 50 percent of them are located in the Metropolitan region. Supermarkets have the largest market share for Chile's food sales, holding 48.2% of total food sales, mid-sized supermarkets hold 12.1 percent of total sells and Grocery stores have a market share of 21.2 percent.

Chile is becoming increasingly urbanized, not only in the Metropolitan region but also in other provincial or second-tier cities. The retail industry has been adjusting to this trend especially grocery retailing that has been adopting a convenience model through chained convenience stores, forecourt retailers and smaller supermarkets.

Chilean consumers purchasing habits have changed and retailers have been adapting to that change. Traditionally, Chileans used to be loyal to brands and focused on quality, disregarding price. However, Chilean consumers have become increasingly informed, comparing and looking for promotions and variety before making a purchasing decision and searching for lower prices even if this means not purchasing all their groceries from one store. The most important factor for consumers' purchase decision is store location, followed by price, and promotional activity.

The Chilean retail industry has been adapting to the online world both with electronic and mobile commerce. The challenges in the retail industry are mainly focused on developing new platforms that respond to consumers' demands for more personalized products and services, offer a greater assortment of products for customers looking for healthy and functional food and beverage products, and improve customer service. For more information on the retail market see GAIN report.

Hotel, Restaurant and Tourist Industry

Hotels, restaurants and institutions seek to reduce operational costs by buying processed foods and ready-made meals, which minimize labor costs. Consumers' healthy lifestyle trends have changed not only restaurant and hotel operators, but also the institutional food services. Healthy foods are a category of products that show huge potential for growth in the Chilean market, there is increasing concern for health issues among consumers and food processing companies that are trying to adapt to health regulations and

consumers' demand. Another category of products with high growth potential is gourmet food and beverages.

Hotels, currently the biggest investment sector of the HRI market, will continue to thrive and this will provide export opportunities for U.S. producers.

For further information on food services please see HRI GAIN report.

Business Recommendations and Import Procedures

Conduct marketing research, not only in terms of typical market research, but also of appropriate business contacts and Chilean import regulations in order to successfully seize market opportunities and overcome market challenges.

Participate in and/or attend Chilean trade shows, particularly the USA pavilion organized at the USDA-endorsed [Espacio Food & Service show](#), Chile's major food show, and the second most important food industry fair in the region after Brazil. The show is recognized as the most important annual meeting in the Chilean food industry and will provide you the opportunity to connect with over 28,000 international buyers.

A trade show can serve to contact local distributors/sales agents, buyers, and businesspersons, and to become familiar with local competition. In the case of new-to-market companies, be prepared to provide support for in-store and media promotions to familiarize consumers with your products. Another option is state/regionally-organized trade missions.

Adjust your product to local preferences, if required prepare promotional material in Spanish and assign a specific budget to promote your product locally.

Conduct background checks before entering into contractual agreements with potential importers.

Develop an appropriate marketing campaign that informs the consumer the origin of the brand. Slogans and marketing materials should be understood in Spanish. Be mindful of using slang. The word "American" coupled with a U.S. flag can be favorably used in this market.

Work closely with U.S. Department of Agriculture Foreign Agriculture Service (FAS) Santiago Office to promote U.S. food products on Sabor USA Chile Facebook and Instagram to strengthen the U.S. food lovers' community on social media.

While regulations are relatively transparent, changes are not widely advertised. Hence, the exporter or his/her representative must monitor the official journal (Diario Oficial), where periodical changes are published. One can also visit the websites of the [Ministry of Agriculture](#) and the [Ministry of Health](#) to seek further updates. Spanish labeling is mandatory for all products.

The Ministry of Health published on June 26, 2015 the implementing regulation to Law 20,606 that regulates the labeling of the nutritional compositions of food products, Decree 13, 2015. The Decree aims at targeting food products for consumption by children under 14 years of age if they exceed specified limits of sodium, sugar, energy (calories) and saturated fats. Food products that exceed the limits will be required to use black stop signs that state "high in salt, sugar, energy or saturated fat" according to its nutritional composition. One stop sign must be used for each of the critical nutrients in excess of the prescribed limits. Therefore, some products may have up to four stop signs.

Opportunities

- Poultry / Pork / Beef
- Feeds & Fodders
- Dairy Products (especially cheeses)
- Wheat
- Food Ingredients
- Condiments & Sauces
- Prepared Food and Frozen Meals
- Craft Beer and Spirits
- Snack Foods/Cereals/Value Added Products
- Fruits Juices (Orange, Grapefruit)
- Natural/Organic Food
- Tree Nuts
- Chocolate & Cocoa Products
- Wood Panels and Products

For more information regarding the Agricultural and Food sectors contact [the U.S. Foreign Agricultural Service](#)

Safety & Security

Overview

The safety and security sector grew by approximately 3% in 2018 and is expected to maintain the same growth level in 2019. The market share for 2018, by country of origin, was China (28%), United States (22%), Germany (8%), and Brazil (3%).

The number of security related-incidents in Chile continues to be an issue of national concern. Home break-ins and street crime are reported on a regular basis. Additionally, violent incidents in farms and forestry plantations related to land claims of indigenous people in the VIII and IX Regions (Southern Chile) continue to be an unresolved security matter. As such, there is a growing market for security monitoring and detection systems, services, equipment, and technologies in this market.

In addition, as natural disasters such as earthquakes and wildfire are common in Chile, products and services are needed to address these threats. The wildfire season, November through April, is an ongoing concern, particularly over the last decade due to climate change and an ongoing 10-year drought. Preparedness for the upcoming fire season has prompted official Chilean visits to the United States to meet with key U.S. company players and view the latest fire-fighting techniques. In addition, Chile is a very seismically active country, and equipment and technologies to monitor and respond to earthquakes and tsunamis are in constant demand.

Prison overpopulation is another important aspect in this sector. The national penitentiary system includes 84 prisons for approximately 40,000 inmates, with an average occupation of 106.6%. One step to alleviate overcrowding has been the adoption of electronic bracelets for offenders.

One of the highest growth areas within the security sector is cybersecurity. The Chilean government is currently analyzing its national cybersecurity policy after a serious hack and a theft of millions of dollars from one of Chile's largest banks in June 2018.

	2016	2017	2018	2019 estimated
Total Local Production	11	12	12	12
Total Exports	17	18	18	18
Total Imports	377	384	395	395
Imports from the US	83	85	88	88
Total Market Size	371	378	389	389
Exchange Rates: 1 USD	680	649	641	676

(total market size = (total local production + imports) - exports)

Units: Millions of USD

Source: Chilean Customs Data

Leading Sub-Sectors

Leading sub-sectors within the safety and security sector include: outdoor perimeter protection, vehicle theft prevention equipment/devices, access control, biometric technology, parking systems, extrication equipment, firefighting gear, general safety gear for industrial use, and safety outfit and devices for police use.

Cybersecurity

Chile has one of the highest levels of internet penetration in South America. However, cybersecurity is an increasingly important issue following the June 2018 hack on one of Chile's largest banks that resulted in losses of \$10 million, followed by several credit card hacks and cyber-attacks in the country. Advancing cybersecurity protection measures has become a top priority for the Piñera Administration and the Chilean private sector. An agreement was signed between U.S. Defense Secretary Mattis and his Chilean counterpart for closer cooperation in combating cyber threats in August 2018. The local banking association (SBIF) issued its first regulation on cybersecurity, requiring that banks maintain a database of security breaches and carry out penetration tests to evaluate the resilience of their security systems. Cybersecurity undoubtedly represents an opportunity for U.S. business offering cyberspace security solutions.

Opportunities

Firefighters in Chile are grouped under the National Council of Firefighters (Junta Nacional de Bomberos), which coordinates annual purchases of firefighting equipment and gear. In order to participate in the Council's tenders, foreign companies need to be represented in the local market and be registered as a foreign supplier. Standards followed are those of the U.S. National Fire Protection Association (NFPA).

Security devices used in construction, industrial facilities, mining, healthcare facilities, airports, and ports are also in demand. Specifically, there are opportunities for companies in access control, perimeter control, CCTV, and worker safety gear. Security devices used by the police and armed forces are also in demand.

Chilean government and private sector leaders alike are analyzing cybersecurity needs and significant opportunities for U.S. companies are expected in this sector in the near term.

Web Resources

[Chilean Ministry of Interior](#)

[Chilean Council of Firefighters](#)

[Carabineros de Chile \(national police\)](#)

[Investigative Police \(PDI\)](#)

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Healthcare

Overview

The number of healthcare centers -public and private- in the country has reached 2,902 in the last 10 years including investments in hospitals and outpatient centers. Healthcare infrastructure projects is a priority for Chile, due to the country's aging population and needs of patients with chronic diseases.

Chile's annual healthcare expenditure totals approximately 8% of GDP. Public healthcare debt is expected to reach \$1.5 billion by the end of 2019. FONASA, the government-run healthcare insurance system, covers 77% of the population; of the remaining 23%, approximately 5% lacks any type of insurance, Three percent (3%) has insurance under the Ministry of Defense (i.e., armed forces and police), and 16% (approximately 2.6 million people) pay into the private sector insurance system, which is provided by entities called ISAPREs that are equivalent to health insurance companies in the U.S..

U.S. companies have invested heavily in the Chilean healthcare sector over the last five years. In 2013, the U.S.-based Christus Health network invested in RedSalud network of Chile's Catholic University. In 2014, Walgreens Boots Alliance bought a major pharmacy chain, Farmacias Ahumada. In 2017, Nexus acquired Masvida, one of Chile's twelve ISAPREs. In 2018, United Health Group acquired the large private health insurance and medical provider Banmedica, giving the company market entry in Chile, Peru, and Colombia.

There are two private healthcare centers in Chile with Joint Commission Accreditation: Clinica Alemana and Clinica Las Condes. Healthcare agreements exist between several important U.S. medical centers and private Chilean hospitals. Massachusetts General Hospital has an agreement with Clínica Universidad de Los Andes. Numerous renowned U.S. healthcare centers are working with Clinica Alemana, including Mayo Clinic, Cleveland Clinic Foundation, the Children's Hospital of Philadelphia, the MD Anderson Cancer Center, the Hospital for Special Surgery, the Chest Disease Center-Beth Israel Deaconess Medical Center, and the Nicklaus Children's Hospital, in addition to agreements with several hospitals in Germany, Belgium, Argentina, Italy, and Spain. Clinica Las Condes is associated with Johns Hopkins Medicine. These agreements cover diverse areas, including scientific research and exchanges, U.S. medical specialist evaluations/second opinions of Chilean patients, interaction with renowned U.S. experts, and opportunities to learn about U.S. healthcare models,

In terms of regulation, pharmaceuticals are subject to mandatory registration at the Institute of Public Health (ISP, in Spanish). Currently, medical devices that require ISP authorization include contraceptives, gloves, needles, and syringes. However, the Chilean Congress is currently considering a law that may impact the pharmaceutical and medical device industries in Chile, known as Ley Farmacos 2 (LP2).

	2016	2017	2018	2019 estimated
Total Local Production	5	6	6	6
Total Exports	11	12	11	12
Total Imports	700	695	693	699
Imports from the US	151	149	148	150
Total Market Size	694	689	688	693

Exchange Rates: 1 USD	680	649	641	676
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(total market size = (total local production + imports) - exports)

Units: Millions of USD

Source: Chilean Customs Data

Leading Sub-Sectors

Best prospect sub-sectors include:

- Telemedicine technology
- Healthcare information management systems
- Digital medical record systems
- Remote monitoring systems for chronic diseases
- Medical devices, such as central monitors and essential emergency medical equipment.

Opportunities

Since taking office in March 2018, the Piñera Administration has identified the following healthcare priorities:

- creating a unified national record of patients on waiting lists for government-funded treatment of certain diseases, GES;
- implementing a system for quality care of elderly citizens;
- improving management systems to foster capacities and efficiencies in hospitals and outpatient centers;
- strengthening and expanding the annual immunization program;
- creating a network of high-quality family outpatient centers throughout the country;
- modernizing public hospitals with the construction of thirty new hospitals, thus creating 7,000 new beds over the next six to eight years;
- modernizing management and introducing new technologies; reducing drug costs to foster competition and transparency; implementing an oral healthcare plan; among others.

Public sector opportunities are published as tenders at the government procurement website, www.mercadopublico.cl. Foreign companies may register on this site as foreign suppliers; however, as with other segments of the Chilean market, it is far more effective to appoint a local representative with experience in selling to the public sector. Local representatives generally have good contacts in the public and private sector and a network of sales people throughout the country to provide after-sale service and support, which is highly valued and demanded in this market.

Web Resources

[Chilean Ministry of Health](#)

[Fonasa, National Health Fund](#)

[Association of ISAPREs](#)

[Chilean Health Superintendency](#)

[Institute of Public Health](#)

[Association of Private Clinics](#)

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Auto Parts

Overview

Demand for auto parts in the Chilean market is related to growth in the overall automobile sector. Chile, with 17.92 million people and 5.5 million vehicles. This fact directly benefits the sales of auto parts for the maintenance of used vehicles. Since there is no significant local production of auto parts, almost all parts and accessories are imported from trading partners around the world who have access to the Chilean market. Local manufacturing is approximately 15% of total market size. Local production is mostly limited to tires, filters, screws, CV joints, and gearboxes.

The auto parts sector is divided into two main categories; the market for light vehicles, which includes passenger vehicles; and the market for heavy vehicles, which includes buses, trucks, trailers, and heavy equipment.

The Chilean market for auto parts has over 60 brands from various countries. Nevertheless, U.S. parts are still leading the market and accounted for approximately 25% of the auto parts imported by Chile in 2018, a portion grossing roughly US\$ 334 million. Top automotive selling brands are Chevrolet, Suzuki, Kia, Hyundai, Nissan, and Toyota. In the diverse market for auto parts, no single brand name has a significant market share due to strong competition and the wide variety of automobile brands available.

Keeping used cars instead of trading in for new ones maintains the demand for replacement parts. Consumers may also value quality and be willing to pay more for a replacement part that will last. An estimated 37% of cars in use are over 10 years old.

We will continue to see changes in these numbers as electric vehicles are expected to see immense growth in the next 10 years and will affect the auto part market. In 2018, electric cars represented 0.2% of new cars sales market, but are expected to reach between 25% and 40% of the market by 2040. Automotive brands are betting heavily on electric cars, Toyota predicts that by 2025 50% of its sales will be electric.

Unit: USD millions

	2016	2017	2018	2019 estimated
Total Market Size (1)	1,302	1,434	1,549	1,628
Total Local Production (2)	500	525	550	570
Total Exports	354	347	341	338
Total Imports	1,156	1,256	1,340	1,396
Imports from the U.S.	273	309	334	350
Exchange Rate: 1 USD	676	649	621	N/A

(1) Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

(2)Total Local Production: Industry experts, National Institute of Statistics (INE), Chile's Manufacturers' Association (SOFOFA) and elaboration

Total Exports: Chile Customs Data

Total Imports: Chile Customs Data

Imports from U.S.: Chile Customs Data

Notes: (1a) These figures do not include parts for mining machinery and vehicles, a major industry in Chile.
(2a) The total local production figure is 90% tire production for exports.

Leading Sub-Sectors

American brands are the top sellers of heavy vehicles. Best prospects for parts include engine kits, differential gears, clutches, rings, accessories, lights, pneumatic suspension systems, batteries, filters, and oil. Other successful parts are parts that wear, such as joints, rods, and fifth wheels.

In the market for light vehicles the best prospects include engine components, clutches, mufflers, tires, catalytic converters, lights, gearboxes, air filters, brake components, and windshields.

Opportunities

Interesting opportunities are present in the aftermarket parts and accessories market. Non-branded or generic imports account for 80% of the aftermarket and 20% are OEM.

Web Resources

[Chamber of Auto Parts- CAREP](#)

[Chilean Automotive Association - ANAC](#)

[Metal Mechanics & Metallurgic Association - ASIMET](#)

[National Chamber of Automotive Commerce - CAVEM](#)

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Telecommunications

Overview

Chile has the most modern and mature telecommunications infrastructure in Latin America. Since its privatization in 1980, the telecom sector has continued growing year after year. However, the sector needs to double the investment in infrastructure to overcome the existing digital gap. The Government of President Piñera has made clear its commitment to boosting telecommunications in Chile. Its goal is to increase investment by 30 percent per year to reach a level of US\$ 2 billion, the level reached during his first government.

Minister of Transportation and Telecommunications Gloria Hutt stated in May 2019 that the principal goal of this government is to reduce the digital gap that exists today in Chile and to promote competition and quality of services. Pamela Gidi, Under Secretary of Telecommunications, added that the government is seeking to make Chile a leader in the digital revolution and a hub in the region through the proactive implementation of technologies like 5G. Subtel is also promoting several public-private partnership (PPP) models to finance telecoms infrastructure investment over the next five years. The agency wants to work with electric power distributors to take advantage of electric power infrastructure to hang fiber and use rural schools as connectivity hubs.

Unit: USD millions

	2016	2017	2018	2019 estimated
Total Market Size (1)	84	110	122	142
Total Local Production (2)	48	50	78	83
Total Exports	648	640	705	724
Total Imports	126	180	212	302
Imports from the U.S.	732	750	827	
Exchange Rate: 1 USD	676	649	621	N/A

(total market size = (total local production + imports) - exports)

Source: Estimates based on industry sector sources and Customs data.

Opportunities

The Chilean Government has emphasized the need to increase investment in telecommunications infrastructure to carry out Chile's priority programs before the end of President Piñera's administration, the deployment of 5G, the submarine fiber optic cable between South America and Asia and eliminate the existing digital gap that currently exists.

Deployment of 5G in Chile

Subtel launched a public consultation on the use of 700MHz, AWS, 3.5GHz and 28GHz bands for 5G networks. The results of the consultation were varied, but showed that people foresee 5G benefitting principally entertainment, education, industrial production, intelligent agriculture, and internet access.

At the beginning of February 2019, Subtel said it had decided to promote pilot projects for developing and testing 5G technology in different sectors of the economy, prioritizing intelligent industries such as the development of autonomous vehicles and the application of IoT in mining and agriculture.

Subtel allowed telecom operators to test 5G technology in the 3.5 GHz band. WOM, Claro Chile and Entel carried out the first 5G demos in the country. WOM used the Chinese equipment of Huawei, Claro employed equipment from Nokia and Entel worked with Ericsson. WOM is the only operator without spectrum in the 700MHz band; the 20MHz remaining in the band was originally reserved by Subtel for public emergency services.

Submarine Fiber Optic Cable between Latin America and Asia

One of President Piñera's priorities in the telecommunications sector is the Submarine Cable Project between Latin America and Asia. The project would be the first underwater fiber optic cable to directly connect Asia with Latin America and would help drive interconnectivity, trade, investment, as well as scientific and cultural exchanges between two continents. In 2017, the Chinese government prepared a pre-feasibility study using Huawei equipment on the potential routes to be followed by the submarine cable. The route is approximately 20,000 to 24,000 kilometers and the estimated cost is US\$ 600 million.

In September 2019 Subtel awarded the Feasibility Study for the Submarine Fiber Optic Cable Project to a consortium comprised of TMG Telecom and WFN Strategies. The study will examine several components of the project including on a demand study, potential routes, traffic projection for existing and future cables. The final study will be delivered on May 26, 2020 and is being funded by the Development Bank of Latin America, CAF.

Chile's plan is to create a hub to serve demand from other Latin American countries. The Chilean Government wants to attract other countries to participate in this project, considering it a public-private partnership. The French Polynesia, Brazil and Argentina have already expressed interest in joining and sharing the cost. The Japanese company, NEC, that is also a submarine cable supplier, believes that the cable is economically feasible since demand will more than pay for it.

Web Resources

[Undersecretary of Telecommunications](#)

[Ministry of Transportation and Telecommunications](#)

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Travel and Tourism Services

Overview

The United States is the most popular overseas destination for Chileans, surpassed only by the bordering countries of Argentina and Peru. Chile is the only country in Latin America with the Visa Waiver Program (VWP). Since the implementation of VWP in 2014, the number of Chilean travelers to the United States has increased by almost 50 percent. Chileans travel to the U.S. mainly for vacation and pleasure, but education and business are also significant. The number of Chilean tourists to the U.S. grew by 10.4% from 2017-2018. According to information from the Under Secretariat of Tourism in Chile, the average Chilean spent 14.5 nights in the United States for each visit in 2017. The cost of the average trip in 2017 was around \$2,000 USD.

connectivity hubs.

	2016	2017	2018	2019 estimated
Total Outbound Travelers	5,640,700	5,750,200	5,900,000	6,500,000
Total Inbound Travelers	3,3552,861	3,850,100	4,400,000	4,700,000
Total Travelers to U.S.	299,386	348,200	364,622	400,000
Average Expenditures per person for 14-days stay	USD 1,899	USD 1,902	USD 1,905	USD 1,910
Total Average Expenditures by Year	USD 568,534,014	USD 662,276,400	USD 694,604,910	USD 764,000,000
Exchange Rate: 1 USD	676	649	621	N/A

Source: www.jac.gob.cl; www.sernatur.cl; www.travel.trade.gov

Market Challenges

Even though the United States is the preferred destination for Chilean travelers, it faces the strong competition from other destinations in the Caribbean and their all-inclusive-style resorts that are cost-effective alternatives for family vacations. Chileans also enjoy deeply discounted travel to European countries through various airlines and cruise lines that offer many itineraries at very attractive prices. International travel to neighboring countries of Argentina and Peru is less expensive than a trip to the United States, and many Chilean travelers opt for a more cost- and time-effective trip to a neighboring country. To face these challenges, the U.S. needs to promote its destinations and unique attractions. The U.S. Commercial Service has many services available for U.S. companies interested in promoting their services and products.

Opportunities

Almost seventy percent of Chileans who visit the United States travel for vacation. During vacations, most Chileans like to spend some time at the beach, visit family attractions, amusement parks and shopping, especially in outlet malls. Chileans enjoy attending sport, cultural and/or concert events, such as the US Open tennis tournament, opera, and music festivals, but only the upper-middle class and upper class of the Chilean

population can afford these events since they can be very expensive. Some tour operators and travel agencies specialize in organizing packages for this type of events. Approximately twelve percent travel to visit friends and family and vacation and fifteen percent of Chileans travel for business and educational purposes.

The preferred U.S. destination for Chilean family vacations is Florida, especially Miami for its beaches and Orlando for its attractions and outlet shopping malls. Chileans are attracted to other Florida destinations if further promotion is done in the country. There is significant potential for other destinations such as national parks, skiing areas in Colorado and Utah, and cities like New Orleans, Chicago, Boston, Washington D.C., Las Vegas, and others. Many Chileans travel in the months of January and February, when they are on summer vacation and are less likely to visit beaches in the U.S. during its winter.

Chile does not hold an event focused on traveling to the United States. However, the U.S. Commercial Service offers services to U.S. companies interested in promoting their destination, product and services, including the Single Company Promotion. For more information about our service please visit www.export.gov/Single-Company-Promotion.

Web Resources

www.sernatur.cl

www.jac.gob.cl

www.travel.trade.gov

For additional information please contact: isabel.valenzuela@trade.gov

Customs, Regulations & Standards

Trade Barriers

Chile has very few barriers to imports or investments, allowing foreign firms to enjoy the same protections and operate under the same conditions as local firms. In agriculture, some exceptions apply. In the case of dairy, beef, and poultry products, there is an equivalency between the inspections and certification systems and therefore, U.S. establishments in these sectors no longer have to be individually inspected by the Chilean Ministry of Agriculture. Many import restrictions on fresh fruits have been resolved as a result of technical talks held annually and subsequent to the FTA negotiations under the Sanitary and Phyto-Sanitary Committee. Consequently, new market access exists for a wider range of U.S. fruits and vegetables. Nonetheless, agricultural exporters should contact the Department of Agriculture/APHIS to check on any restrictions for specific products before shipping to Chile.

Chile only approves the import of processed food products on a case-by-case basis. There is no blanket approval process for permitting identical products from different companies to enter Chile after they have been tested and found in compliance with local health regulations. To bring in a product, the importer must obtain the permission of the Health Service Officer at the port of entry, which will take samples and perform the necessary tests. Chile is increasingly following international standards such as the Codex Alimentarius. However, a 2015 nutritional labeling law differs significantly from labeling requirements in the U.S (see details below under labeling and marking requirements). Another distinction is that all labels must be in Spanish. For more information regarding Chile's labeling requirements, see the Foreign Agricultural Service's Food and Agricultural Import Regulations report at [USDA Chile website](#).

Import Tariff

The U.S.-Chile Free Trade Agreement (FTA) came into force on January 1, 2004. Tariffs on 90% of U.S. exports to Chile were eliminated immediately. Since January 1, 2015, all trade between the U.S. and Chile became duty-free (i.e. zero tariff). For those products not of U.S. (or other FTA country) origin, Chile generally applies a uniform 6% tariff.

The U.S.-Chile FTA further addressed some other non-tariff import taxes that Chile applied. For example, under the FTA, Chile eliminated the 50% duty surcharge applied to used goods originating from the United States. In addition, Chile agreed to phase out its luxury tax on U.S.-made automobiles. As of January 2007, the tax was eliminated completely.

Certain other imported "luxury goods" incur a 15% tax upon entry into Chile. These include: beer, chicha, cider, wine and champagne; gold, platinum, and white ivory articles; jewelry and natural or synthetic precious stones; fine furs; mobile home trailers; caviar conserves and their derivatives; pyrotechnic articles, such as fireworks, petards, and similar items (except for industrial, mining or agricultural use); air or gas arms and their accessories (except for underwater hunting); electric vehicles; and fine carpets and similar articles. Other liquors, such as grape pisco, whisky, aguardiente face a 31.5% tax, wines, sparkling wine cider and beer face a 20.5% tax. Tobacco products, such as cigarettes, cigars and processed tobacco, are subject to additional 61%, 51% and 57.9% taxes, respectively.

Additionally, all imports are subject to the same 19% Value Added Tax (IVA) imposed on domestic goods.

Import Requirements & Documentation

The commercial forms used by both local importers and exporters are commercial invoices, certificates of origin, bills of lading, freight insurance, and packing lists. Special permission, certificates, and approval

documents, such as sanitary and phytosanitary certificates, are required for most agricultural products and in special cases for industrial products. Depending on the nature of the product, these certificates can be obtained at the USDA Food Safety Inspection Service (FSIS), USDA Animal and Plant Health Inspection Service (APHIS), USDA Agricultural Marketing Service (AMS), and the National Oceanic and Atmospheric Administration (NOAA). For documentation requirements specific to agricultural products entering Chile, see the Chilean Agricultural Inspection Service [SAG](#) or contact the U.S. Foreign Agricultural Service in Chile, phone: +56-2-2330-3704; e-mail: AgSantiago@usda.gov.

Labeling/Marking Requirements

Chile has fairly common labeling requirements for imported products. Among the most important requirements for U.S. exporters is that labeling must be in Spanish and measurements must be in the metric system. In addition, consumer products must display the country of origin before being sold in Chile. Packaged goods must be marked to show the quality, purity, ingredients or mixtures, and the net weight or measure of the contents. There are also specific requirements for canned food, shoes, foods, electric machinery, liquid and compressed natural gas equipment (LNG and CNG), plastics, wines and alcoholic beverages, textiles and apparel, wheat flour, detergents, and insecticides for agricultural use.

Canned or packaged foodstuffs imported into Chile must bear labels in Spanish for all ingredients, including additives, manufacturing and expiration dates of the products, and the name of the producer or importer. All sizes and weights of the net contents also must be converted to the metric system. Goods not complying with these requirements may be imported but not sold to consumers until conversion is made. Thus, foodstuffs labeled in English must be re-labeled in Chile before they can be sold. For information on Chile’s labeling requirements for food, see the Foreign Agricultural Service’s Food and Agricultural Import Regulations at www.usdachile.cl.

On June 26, 2015, the Ministry of Health published the implementing regulation to Law 20606 that regulates the labeling of the nutritional compositions of food products, Decree 13, 2015. The Decree aims at targeting food products that are intended for consumption by children under 14 years of age if they exceed specified limits of sodium, sugar, energy (calories) and saturated fats, as indicated in the following table below. Enforcement began on June 27, 2016.

	Energy Kcal/100 ml	Sodium mg/100 ml	Total sugar g/100 ml	Saturated fat g/ 100 ml
Limits on solid foods. Values greater than or equal to:	275	400	10	4
	Energy Kcal/100 ml	Sodium mg/100 ml	Total sugar g/100 ml	Saturated fat g/ 100 ml
Limits on liquid foods. Values greater than or equal to:	70	100	5	3

Food products that exceed the defined limits are required to be labelled with black stop signs with the words “High in salt, sugar, energy or saturated fat,” according to its nutritional composition. One stop sign must be

used for each of the critical nutrients in excess of the specified limit. Therefore, in some products, up to four stop signs may be required for a single product.

The Regulation also states that products bearing one or more stop signs must adhere to the following:

- The product shall not be sold, marketed, promoted, or advertised within establishments of preschool, primary, or secondary education.
- The product shall not be advertised on media or means of communication that target children under 14 years of age, such as posters, printed materials, point of sale or textbooks, nor in television, radio, internet, magazines, nor in advertising space during or close to the latter, when at least 20% of the target audience includes children under 14 years of age.
- The product shall not be given freely to children under 14 years of age nor can they use commercial ploys targeting that public, such as toys, accessories, stickers, or other similar incentives.

There are a few products that are exempt of this Regulation, those products are:

- a) Food products that do have added sugar, sodium or saturated fat.
- b) Foods that are sold in bulk, portioned, fractioned, or prepared at the request of the public, although these are packaged at the time of the sale.
- c) Foods for special dietary uses, such as infant formula, commercial preparations for baby food, and foods for medical uses or for weight control.
- d) Dietary supplements and food for athletes.
- e) Foods and prepared dishes that are packaged to be sold in portions.

Regarding enforcement, this Decree entered into force 12 months after the date of publication in the National Gazette, which was June 26, 2015. The objective of this phased-in reduction over 3 years was to encourage producers to reformulate their products (i.e. reduce fat, sugar, sodium content) and allow time for them to do so. The Decree is being phased in as follows, from the date of June 26, 2015:

For solid products:

Nutrient or Energy	Enforced date	24 months after enforcement	36 months after enforcement (June 27, 2019)
Energy	350	300	275
Sodium	800	500	400
Total sugar g/100 g	22.5	15	10
Saturated fat	6	5	4

For liquid products:

Nutrient or Energy	Enforced date	24 months after enforcement	36 months after enforcement (June 27, 2019)
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Energy	100	80	70
Sodium	100	100	100
Total sugar	6	5	5
Saturated fat	3	3	3

Finally, the Regulation also notes that small businesses will have 36 months to comply.

U.S. Export Controls

The U.S. government maintains a suspension of all licenses and other approvals to export/transfer defense articles or services to Myanmar under section 38 of the Arms Export Control Act (22 U.S.C. sec. 2778, as implemented by 22 C.F.R 126.1). The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce’s Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively “items”) falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS’s Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA’s Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. [OTE’s data portal](#) provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (*i.e.*, the item’s classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at www.bis.doc.gov or by contacting the Office of Exporter Services at the following numbers:

Washington, D.C. Tel: (202) 482-4811; Fax: (202) 482-3322 Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347 Further information on export controls is available at: <http://www.bis.doc.gov/licensing/exportingbasics.htm>.

BIS's Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR. BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS's Unverified List or Entity List, as applicable. BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. Also, BIS has "[Know Your Customer](#)" guidance. BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Check a [current seminar schedule](#) for a list of upcoming seminars. BIS also provides [online training](#). The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR. The [EAR](#) is available on the BIS website and on the e-CFR ([Electronic Code of Federal Regulations](#)) website.

The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The Consolidated Screening List API consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of potential parties to regulated transactions. consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The CSL is available here: <http://apps.export.gov/csl-search> or <https://developer.trade.gov/consolidated-screening-list.html>.

Temporary Entry

Under the terms of the U.S.-Chile FTA, Chile will permit duty-free temporary admission of professional equipment necessary for carrying out the business activity of a businessperson who qualifies for temporary entry under Chilean law. Temporary duty-free admission of goods intended for display or demonstration and commercial samples is allowed. For temporary entry of food samples, see [Chilean Customs](#) Acuerdos Internacionales, Tratados de Libre Comercio, Chile – Estados Unidos, Oficios Circulares, Oficio Circular N° 333. Contact the Commercial Service to add certainty to this process.

Prohibited & Restricted Imports

Chile has very few prohibited or restricted imports, aside from those agricultural products previously referenced. For more information, please contact the U.S. Department of Agriculture, Foreign Agricultural Service's Food and Agricultural [Import Regulations](#).

Customs Regulations

Chilean customs valuation uses the normal value of merchandise, without special discounts, plus freight and insurance (CIF). Used goods are valued by the customs service according to the current new value of similar merchandise, discounting 10% per year of use, up to a 70% discount. For more information, see the [Chilean Customs](#).

Standards for Trade

Overview

In Chile, there are no standards associations like those found in the United States. The only organization charged with developing standards in Chile is the National Standards Institute, or INN (in Spanish, Instituto Nacional de Normalización, www.inn.cl). Its long-term plan for the development of standards is aligned with Chile's primary export sectors, which include copper, forestry, agricultural products, and wine. Other sectors are marked by a mix of voluntary and mandatory standards regimes; mining and industrial-related sectors are most likely to be subjected to more formal, mandatory standards.

Standards

In most sectors, standards are not mandatory in Chile, but companies can voluntarily comply with them, especially in industries where such compliance constitutes a kind of "seal of approval." However, certain imported products, such as those related to industrial safety, building and construction materials, and the gas and electrical industries, must comply with the specific requirements of the supervising entity. For example, there are specific regulations pertaining to the seismic resistance of new construction. The INN is also promoting ISO 14000 and ISO 9000 standards among local manufacturers. The chemical industry is an example of one industry that has incorporated ISO 9000 standards into its industrial processes. For agricultural products, the U.S.-Chile FTA includes an agreement on red meat grading standards, which now allows U.S. boneless red meat products to be sold in the Chilean market according to U.S. standards.

Testing, Inspection and Certification

Most products can enter the Chilean market with minimal prior standards testing. However, for those products requiring testing prior to market entry, there is a data base of the most important national testing organizations in Chile. These organizations are grouped under the following categories:

- Testing laboratories
- System quality auditors
- Inspection organizations
- Product certification
- Calibration laboratories
- Quality Management Systems (QMS)
- Environmental Management Systems (EMS)

Several locally accredited organizations are listed below. A complete list of accredited testing organizations under each category can be found at <http://acreditacion.innonline.cl/> under the “DIRECTORIO DE ACREDITADOS” (available in Spanish only).

Name	Type of Certification/Area
CESMEC Ltda. (Chile) División Certificación / ISO9000 (56) 223502100 www.cesmec.cl	Calibrating and testing laboratory Construction/Food/Microbiology/Water
DICTUC S.A. (Chile) (56) 223544886 www.dictuc.cl	Testing laboratory Chemistry/Microbiology/Concrete
Bureau Veritas Chile S.A. (56) 552557890 www.bureauveritas.cl	Products/Systems/Services Certification
ISP (Instituto de Salud Pública de Chile) (56) 223547030 www.ispch.cl	Testing laboratory Chemistry/Bio essays
LACEM S.A. (56) 226038242 www2.udec.cl/~lacem/	Testing Laboratory Concrete/Construction/Soil Mechanics
SAG (Servicio Agrícola y Ganadero) (Chile) (56) 223451805 www.sag.cl	Testing Laboratory Chemicals/Microbiology/Animals, Food
SGS-Chile Ltda. (56 65) 433380 www.cl.sgs.com	Inspection/Verification/Testing Laboratory/Certification
Corthorn Quality (Chile) (56) 225808000 www.corthorn.cl	Testing Laboratory Chemistry/Water/Environmental

Publication of Technical Regulations

The name of Chile’s government bulletin is the “Diario Oficial”. Once regulations are approved by the INN, and officially accepted by Chile’s central government, they are published in the “Diario Oficial.” Only approved regulations are published; proposed regulations are never published in the “Diario Oficial.”

Regulations currently under discussion, a schedule of upcoming standards development committee meetings, and a forum for public comment are available on the INN web page at <http://www.inn.cl/comites-tecnicos>. Any institution, private or public, may request the services of the INN for the development of a standard in accordance with most procedures. Moreover, institutions and company representatives can be active participants in the committee that is created when defining a certain standard. U.S. company representatives have, in fact, participated in such study discussions. The application request is available on-line.

Contact Information

The Standards Liaison at the U.S. Embassy in Santiago is Ms. Claudia Melkonian, Phone: +56-2-2330-3312; Fax: +56-2-2330-3172; e-mail: claudia.melkonian@trade.gov; website: <http://export.gov/chile/en>
INN, Head of Standards Division is Ms. Claudia Cerda. Phone: +56-2-2445-8870; e-mail: claudia.cerda@inn.cl; website www.inn.cl.

Trade Agreements

Chile continues to be a critical partner in promoting U.S. foreign policy goals throughout the region. In January 2010, Chile became the 31st member of the OECD and the first, and only, South American member at that time. Chile is also a member of the WTO and the Cairns Group. The U.S.-Chile Free Trade Agreement (FTA) entered into force on January 1, 2004 and was fully implemented on January 1, 2015. Chile has negotiated 26 trade agreements of which 25 have entered into force, covering 65 markets, representing 88% of the world's GDP. These agreements include 17 FTAs (United States; Canada; Mexico; Central America, which includes Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua; Korea; EFTA which includes Iceland, Liechtenstein, Norway, and Switzerland; China; Panama; Australia; Colombia; Turkey; Malaysia; Vietnam; Hong Kong; Thailand, Uruguay, and Argentina); 3 Economic Association Agreements (European Union, which includes its 28 member countries; Japan; and P-4, which includes New Zealand, Singapore, and Brunei Darussalam); 6 Economic Cooperation Agreements (Bolivia, Cuba, Ecuador, Venezuela, Peru, and Mercosur, which includes Argentina, Brazil, Paraguay, Uruguay, and Venezuela); one Partial Association Agreement (India), and a Commercial Protocol with the Pacific Alliance. Pending ratification by the Congress is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CP-TPP), to which Chile was a founding member and continues to seek with other Asia-Pacific members post-U.S. withdrawal.

This network of trade agreements has significantly improved market access for Chilean products and exports. In 2018, Chile sent 30% of its exports to China, 17% to the U.S., and 14% to the European Union. For more information on Chile's trade agreements, see the [Chilean Viceministry for International Economic Relations](#)' webpage.

Licensing Requirements

Stock Exchange & Securities

[Chilean securities regulator](#) requires individuals that act as intermediaries, third-party securities managers, brokers, portfolio managers, and trading agents to be registered and to demonstrate relevant financial knowledge by approving an exam to be authorized to perform these duties. To pass the exam applicants must: possess a high school diploma or GED equivalent, have a Chilean tax id number (RUT), and must also provide a description of the duties to be performed once accredited. The [accreditation period](#) can vary from 2 to 5 years depending on the performed function.

Web Resources

[Comision para el Mercado Financiero](#) - Chilean securities regulator

[Servicio de Impuestos Internos](#) - RUT and Start of Activities

[Servicio de Impuestos Internos](#) - Getting a RUT for foreigners

Investment Climate Statement

Executive Summary

As the seventh largest economy in the Western Hemisphere, Chile enjoys levels of stability and prosperity that are among the highest in the region. Chile's solid macroeconomic policy framework has smoothed adjustment to economic cycles, contributing to relatively low unemployment, resilient household consumption, and a stable financial sector. Due to its attractive investment climate, trade openness, and reputation for strong financial institutions and sound policies, Chile also boasts the strongest sovereign bond rating in Latin America. The country's economy grew 4 percent in 2018, and the forecast for Chile's economic growth in 2019 is in the range of 3 percent to 4 percent.

Chile has successfully attracted Foreign Direct Investment (FDI) despite its relatively small domestic market. The country's market-oriented policies have created significant opportunities for foreign investors to participate in the country's economic growth. Chile has a sound legal framework and there is general respect for private property rights. Sectors that attract significant FDI include mining, finance/insurance, chemical manufacturing, and wholesale trade. Mineral, hydrocarbon, and fossil fuel deposits within Chilean territory are restricted from foreign ownership, but companies may enter into contracts with the government to extract these resources. Corruption exists in Chile but on a much smaller scale than in most Latin American countries, ranking of 27 out of 180 countries in Transparency International's 2018 Corruption Perceptions Index.

Although Chile is an attractive destination for foreign investment, challenges remain. Despite a general respect for intellectual property (IP) rights, Chile has not fully complied with its IP obligations set forth in the U.S.-Chile FTA. Environmental permitting processes, indigenous consultation requirements, and cumbersome court proceedings have made large project approvals increasingly time consuming and unpredictable, especially in cases with political sensitivities. The current administration has prioritized attracting foreign investment and is implementing measures to streamline the process, including the creation of an investment projects management office in the Ministry of Economy.

Openness to and Restrictions upon Foreign Investment

Policies towards Foreign Direct Investment

Chile has a successful track record of attracting foreign direct investment (FDI), despite the relatively small size of its domestic market. For nearly four decades, promoting FDI has been an essential part of the Chilean government's national development strategy. The country's market-oriented economic policies create significant opportunities for foreign investors to participate. Laws and practices are not discriminatory against foreign investors, who receive treatment similar to Chilean nationals. While Chile's business climate is generally straightforward and transparent, the permitting process of infrastructure, mining and energy projects has become increasingly contentious, especially regarding politically sensitive environmental impact assessments and indigenous consultations.

InvestChile is the government agency that implements various types of initiatives aimed to foster the entry and retention of FDI into Chile. It provides services in four categories:

attraction (information provision about Chile's business climate and specific investment opportunities in both public and private projects);

pre-investment (sector-specific legal advisory services and information for decision-making);

landing (advice for installation of the company, foreign investor certificates, access to funds and regional support networks), and

after-care (management of inquiries, assistance for exporting and information for re-investment).

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign investors have access to all productive activities, except for the internal waterways freight transportation sector, in which there is a cap on foreign equity ownership of companies of 49 percent. In 2019, Chile loosened maritime cabotage rules and began allowing large foreign cruise ships to move between Chilean ports. Some international reciprocity restrictions exist for fishing.

Most enterprises in Chile may be 100 percent owned by foreigners. Chile only restricts the right to private ownership or establishment in what it defines as certain “strategic” sectors, such as nuclear energy and mining. The Constitution establishes the “absolute, exclusive, inalienable and permanent domain” of the Chilean state over all mineral, hydrocarbon, and fossil fuel deposits within Chilean territory. However, Chilean law allows the government to grant concession rights to individuals and companies for exploration and exploitation activities, and to assign contracts to private investors, without discrimination against foreign investors.

FDI is subject to pro forma screening by InvestChile. Businesses in general do not consider these screening mechanisms as barriers to investment because approval procedures are expeditious and investments are usually approved.

Other Investment Policy Reviews

The World Trade Organization (WTO) has not conducted a Trade Policy Review for Chile since June 2015 (available here: https://www.wto.org/english/tratop_e/tp_r_e/tp415_e.htm). The Organization for Economic Cooperation and Development (OECD) has not conducted an Investment Policy Review for Chile since 1997, and the country is not part of the countries covered to date by the United Nations Conference on Trade and Development’s (UNCTAD) Investment Policy Reviews.

Business Facilitation

The Chilean government took significant steps towards business facilitation during the present decade, including introducing digital processes to start a company. According to the World Bank, Chile has one of the smoothest and shortest processes among Latin American and Caribbean countries – 11 procedures over an average of 29 days – to establish a foreign-owned limited liability company (LLC). Drafting corporate statutes and obtaining an authorization number can be done online at the platform www.tuempresaenundia.cl. Electronic signature and electronic invoicing allow one to register a company, obtain a taxpayer ID number, and get legal receipts, invoices, credit and debit notes, and accountant registries. A company typically needs to register with Chile’s Internal Revenue Service, obtain a business license from a municipality, and register either with the Institute of Occupational Safety (public) or with one of three private nonprofit entities that provide work-related accident insurance, which is mandatory for employers. In addition to the steps required of a domestic company, a foreign company establishing a subsidiary in Chile must authenticate the parent company’s documents abroad and register the incoming capital with the Central Bank. This procedure, established under Chapter XIV of the Foreign Exchange Regulations, requires a notice of conversion of foreign currency into Chilean pesos when the investment exceeds USD 10,000.00. The registration process at the Registry of Commerce of Santiago is available online.

Outward Investment

The Government of Chile does not have an active policy of promotion or incentives for outward investment, nor does it impose restrictions on it.

Bilateral Investment Agreements and Taxation Treaties

According to ICSID, Chile has signed 50 Bilateral Investment Treaties (BITs), 37 of which are in force to date. There are agreements in force with Argentina, Austria, Belgium and Luxembourg, Bolivia, Colombia, Costa Rica, Croatia, Cuba, Czech Republic, Denmark, Dominican Republic, El Salvador, Finland, France, Germany, Greece, Guatemala, Honduras, Iceland, Italy, Malaysia, Nicaragua, Norway, Panama, Paraguay, Philippines, Poland, Portugal, Romania, South Korea, Spain, Sweden, Switzerland, Ukraine, the United Kingdom and Venezuela.

Chile has 26 FTAs with 64 countries. On January 1, 2004, the United States and Chile brought into force the investment chapter in our bilateral FTA. Chile has additional investment chapters in force under FTAs with Australia, Canada, China (Supplementary Investment Agreement to the FTA), Colombia, Japan, Mexico, Republic of Korea, Peru and the Pacific Alliance (composed of four countries: Chile, Colombia, Mexico and Peru). Chile also signed a new generation bilateral investment agreement with Uruguay that entered into force in 2012. FTAs with investment chapters that are signed but have not entered into force include the Investment Agreement with Hong Kong SAR (Supplementary Investment Agreement to the FTA), the Comprehensive and Progressive Transpacific Partnership (CPTPP) –which currently awaits ratification from the Senate–, and the Chile-Argentina FTA. Chile is currently negotiating investment chapters that are part of FTA negotiations between the Pacific Alliance and Associated States (Australia, Canada, New Zealand and Singapore), and between Chile and the European Union.

Chile and the United States signed the U.S.-Chile Treaty to Avoid Double Taxation in 2010. In May 2012, it was submitted to the U.S. Senate and is still pending ratification. The Chilean Congress ratified the treaty in September 2015. Chile has 33 double taxation treaties in force with Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Colombia, Croatia, Czech Republic, Denmark, Ecuador, France, Ireland, Italy, Japan, Malaysia, Mexico, New Zealand, Norway, Paraguay, Peru, Poland, Portugal, Russia, South Africa, South Korea, Spain, Sweden, Switzerland, Thailand, the United Kingdom and Uruguay. Apart from the U.S.-Chile Treaty to Avoid Double Taxation, Chile has signed double taxation treaties with the Pacific Alliance countries (Colombia, Mexico and Peru) and with China, which have not yet entered into force.

Chile's 2014 tax reform increased the effective marginal income tax rate on dividends or profits earned by Chilean residents in other countries up to 44.45 percent. This change is only applied to residents from countries without a bilateral taxation treaty in force with Chile (such as the United States), while residents from the 32 countries with such a treaty maintain a maximum marginal tax rate of 35 percent.

Legal Regime

Transparency of the Regulatory System

Chile's legal, regulatory, and accounting systems are transparent and provide clear rules for competition and a level playing field for foreigners. They are consistent with international norms; however, environmental regulations, approvals, mandatory indigenous consultation required by the International Labor Organization's Indigenous and Tribal Peoples Convention (ILO 169), and other permitting processes have become lengthy and unpredictable, especially in politically sensitive cases.

Four institutions play key roles in the rule-making process in Chile: the Ministry General-Secretariat of the Presidency (SEGPRES), the Ministry of Finance, the Ministry of Economy, and the General Comptroller of the Republic. However, Chile does not have a regulatory oversight body in its institutional setup. Most regulations come from the national government; however, some, in particular those related to land use, are decided at the local level. Both levels get involved in environmental permits. Regulatory processes are managed by governmental entities. NGOs and private sector associations may participate in public hearings or comment periods. The OECD's April 2016 "Regulatory Policy in Chile" report asserts that Chile took steps to improve its rule-making process, but still lags behind the OECD average in assessing the impact of regulations, consulting with outside parties on their design, and evaluating them over time.

In Chile, non-listed companies follow norms issued by the Accountants Professional Association, while publicly listed companies use the International Financial Reporting Standards (IFRS). Since January 1, 2018, IFRS 9 entered into force for companies in all sectors except for banking, in which IFRS 15 will be applied. IFRS 16 entered into force in 2019.

The legislation process in Chile allows for public hearings during discussion of draft bills in both chambers of Congress. Draft bills submitted by the Executive Branch to the Congress are readily available for public comment. Ministries and regulatory agencies are required by law to give notice of proposed regulations, but there is no formal requirement in Chile for consultation with the public, conducting regulatory impact assessments of proposed regulations, requesting comments, or reporting results of consultations. For lower-level regulations or norms that do not need congressional approval, there are no formal provisions for public hearing or comment. As a result, Chilean regulators and rulemaking bodies normally consult with stakeholders, but in a less regular manner.

All decrees and laws are published in the *Diario Oficial* (National Gazette), but other types of regulations will not necessarily be found there. There are no other centralized online locations for published regulations in Chile, similar to the Federal Register in the United States.

According to the OECD, compliance rates in Chile are generally high. The approach to enforcement remains punitive rather than preventive, and regulators still prefer to inspect rather than collaborate with regulated entities on fostering compliance. Each institution with regulation enforcement responsibilities has its own sanction procedures. Law 19.880 from 2003 establishes the principles for reversal and hierarchical recourse against decisions by the administration. An administrative act can be challenged by lodging an action in the ordinary courts of justice, or by administrative means with a petition to the Comptroller General of the Republic. Affected parties may also make a formal appeal to the Constitutional Court against a specific regulation.

Chile still lacks a comprehensive, “whole of government” regulatory reform program. However, the National Productivity Commission, created in 2014, includes among its main functions the identification of regulatory constraints to increase productivity and recommendations to overcome them.

Chile’s level of fiscal transparency is excellent. Information on the budget and debt obligations, including explicit and contingent liabilities, is easily accessible online.

International Regulatory Considerations

Chile does not share regulatory sovereignty with any regional economic bloc. However, several international norms or standards from multilateral organizations (UN, WIPO, ILO, among others) are referenced or incorporated into the country’s regulatory system. As a member of the WTO, the government notifies draft technical regulations to the WTO Committee on Technical Barriers to Trade (TBT).

Legal System and Judicial Independence

Chile bases its legal system on civil law. Chile’s legal and regulatory framework provides for effective means for enforcing property and contractual rights.

Laws governing issues of interest to foreign investors are found in several statutes, including the Commercial Code of 1868, the Civil Code, the Labor Code and the General Banking Act. Chile has specialized courts for dealing with tax and labor issues.

The judicial system in Chile is generally transparent and independent. The likelihood of government intervention in court cases is low. If a state-owned firm is involved in the dispute, the Government of Chile may become directly involved through the State Defense Council.

Regulations can be challenged before the court system, the General Comptroller, or the Constitutional Court, depending on the nature of the claim.

Laws and Regulations on Foreign Direct Investment

See the section on Policies towards Foreign Direct Investment.

Competition and Anti-Trust Laws

Chile's anti-trust law prohibits mergers or acquisitions that would prevent free competition in the industry at issue. An investor may voluntarily seek a ruling by an Antitrust Court that a planned investment would not have competition implications. The National Economic Prosecutor (FNE) is a very active institution conducting investigations in competition-related cases and filing complaints before the Free Competition Tribunal (TDLC), which rules on those cases.

In February 2019, the TDLC fined supermarket chains Walmart, Cencosud, and SMU USD 4.2 million, USD 5.1 million and USD 3.1 million, respectively. The TDLC ruled in a collusion case introduced by the FNE in 2016 establishing that these retailers set up a minimum prices agreement in the market for fresh poultry meat.

In November 2018, the TDLC fined two laboratories (Biosano and Sanderson, subsidiary of Fresenius Kabi Chile) USD 25.6 million and USD 2.1 million, respectively. The TDLC ruled in a case brought by the FNE in 2012 regarding collusion by these labs in public procurement from the National Central Procurement System for Health Services (CENABAST).

In April 2019, the FNE asked the Supreme Court to overturn the TDLC's decision in October 2018 to authorize alliances between the Chilean airline Latam and British Airways, Iberia, and American Airlines. The FNE argued that such alliances would impermissibly reduce competition over the main air routes to Europe and North America.

In April 2018, Oracle agreed to an FNE-proposed plan to improve its information sharing practices. This was the result of an FNE investigation in 2015 into Oracle's potential abuse of its market dominance in database management systems (DBMS software).

In 2018, the FNE approved the merger between Linde Aktiengesellschaft and Praxair Inc., and the acquisition by Turner International Latin America, Inc (Turner) of all shares in Football Channel (CDF). On March 20, 2019, the FNE approved acquisition of all shares in Twenty- First Century Fox, Inc. by The Walt Disney Company (Disney). On May 31, 2018, the FNE approved the acquisition of Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) by Scotiabank Chile.

Expropriation and Compensation

Chilean law grants the government authority to expropriate property, including property of foreign investors, only on public interest or national interest grounds, on a non-discriminatory basis and in accordance with due process. The government has not nationalized a private firm since 1973. Expropriations of private land take place in a transparent manner, and typically only when the purpose is to build roads or other types of infrastructure. The law requires the payment of immediate compensation at fair market value, in addition to any applicable interest.

Dispute Settlement

ICSID Convention and New York Convention

Since 1991, Chile has been a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). In 1975 Chile became a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

National arbitration law in Chile includes the Civil Procedure Code (Law Num. 1552, modified by Law Num. 20.217 of 2007), and the Law Num. 19.971 on International Commercial Arbitration.

Investor-State Dispute Settlement

Apart from the New York Convention, Chile is also a party to the Pan-American Convention on Private International Law (Bustamante Code) since 1934; the Inter-American Convention on International Commercial Arbitration (Panama Convention) since 1976; and the Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States since 1992.

The U.S.-Chile FTA, in force since 2004, includes an investment chapter that provides the right for investors to submit claims under the ICSID Convention; the United Nations Commission on International Trade Law (UNCITRAL) arbitration rules; or any other mutually agreed upon arbitral institution. So far, no U.S. investors have filed claims under the agreement.

Over the past 10 years, there were only two investment dispute cases brought by foreign investors against the state of Chile before the World Bank's International Center for Settlement of Investment Disputes (ICSID) tribunal. The first relates to a Spanish-Chilean citizen regarding the expropriation of Chilean newspaper El Clarin in 1975 by Chile's military regime. On September 13, 2016, ICSID issued a final ruling in favor of the Chilean state, rejecting the claimant's request for financial compensation. However, the same person brought a new case in April 2017, related to the State's actions following a 2008 judgment of the Santiago court in relation to the confiscation of the Goss printing press, as well as the alleged lack of remedy for the deprivation of their property rights in El Clarin. The case is now pending resolution.

The second case was brought in 2017 by Colombian firm Alsacia, which holds concession contracts as operators of Transantiago, the public transportation system in Santiago de Chile. Claims are that the Government's actions in relation to Transantiago allegedly created unfavorable operating conditions for the claimants' subsidiaries and resulted in bankruptcy proceedings. The case is pending resolution.

Local courts respect and enforce foreign arbitration awards, and there is no history of extrajudicial action against foreign investors.

International Commercial Arbitration and Foreign Courts

Mediation and binding arbitration exist in Chile as alternative dispute resolution mechanisms. A suit may also be brought in court under expedited procedures involving the abrogation of constitutional rights. The U.S.-Chile FTA investment chapter encourages consultations or negotiations before recourse to dispute settlement mechanisms. If the parties fail to resolve the matter, the investor may submit a claim for arbitration. Provisions in Section C of the FTA ensure that the proceedings are transparent by requiring that all documents submitted to or issued by the tribunal be available to the public, and by stipulating that proceedings be public. The tribunal must also accept amicus curiae submissions. The FTA investment chapter establishes clear and specific terms for making proceedings more efficient and avoiding frivolous claims. Chilean law is generally to be applied to all contracts. However, arbitral tribunals decide disputes in accordance with FTA obligations and applicable international law.

In Chile, the Judiciary Code and the Code of Civil Procedure govern domestic arbitration. Local courts respect and enforce foreign arbitral awards and judgments of foreign courts. Chile has a dual arbitration system in terms of regulation, meaning that different bodies of law govern domestic and international arbitration. International commercial arbitration is governed by the International Commercial Arbitration Act that is modeled on the 1985 UNCITRAL Model Law on International Commercial Arbitration. In addition to this statute, there is also Decree Law Number 2349 that regulates International Contracts for the Public Sector and

sets forth a specific legal framework for the State and its entities to submit their disputes to international arbitration.

No Chilean state-owned enterprises (SOEs) have been involved in investment disputes in recent decades.

Bankruptcy Regulations

Chile's Insolvency Law from 1982 was updated in October 2014. The current law aims to clarify and simplify liquidation and reorganization procedures for businesses to prevent criminalizing bankruptcy. It also established the new Superintendence of Insolvency and created specialized insolvency courts. The new insolvency law requires creditors' approval to select the insolvency representative and to sell debtors' substantial assets. The creditor also has the right to object to decisions accepting or rejecting creditors' claims. However, the creditor cannot request information from the insolvency representative. The creditor may file for insolvency of the debtor, but for liquidation purposes only. The creditors are divided into classes for the purposes of voting on the reorganization plan; each class votes separately, and creditors in the same class are treated equally.

Industrial Policies

Investment Incentives

The Chilean government generally does not subsidize foreign investment, nor does it issue guarantees or joint financing for FDI projects. There are, however, some incentives directed to isolated geographical zones and to the information technology sector. These benefits relate to co-financing of feasibility studies as well as to incentives for the purchase of land in industrial zones, the hiring of local labor, and the facilitation of project financing. Other important incentives include accelerated depreciation accounting for tax purposes and legal guarantees for remitting profits and capital. Additionally, the Start-Up Chile program provides selected entrepreneurs with grants for USD 15,000 to USD 80,000, along with a Chilean work visa to develop a "startup" business in Chile over a period of 4 to 7 months. Chile has other special incentive programs aimed at promoting investment and employment in remote regions, as well as other areas that suffer development lags.

Foreign Trade Zones/Free Ports/Trade Facilitation

Chile has two free trade zones: one in the northern port city of Iquique (Tarapaca Region) and the other in the far south port city of Punta Arenas (Magallanes Region). Merchants and manufacturers in these zones are exempt from corporate income tax; value added tax (VAT) – on operations and services that take place inside the free trade zone – and customs duties. The same exemptions also apply to manufacturers in the Chacalluta and Las Americas Industrial Park in Arica (Arica and Parinacota Region). Mining, fishing, and financial services are not eligible for free zone concessions. Foreign-owned firms have the same investment opportunities in these zones as Chilean firms. The process for setting up a subsidiary is the same inside as outside the zones, regardless of whether the company is domestic or foreign-owned. Zofri is the main FTZ located in Iquique.

Performance and Data Localization Requirements

Chile mandates that 85 percent of workforces must be local employees. Exceptions are described in Section 11. The costs associated with migration regulations do not significantly inhibit the mobility of foreign investors and their employees.

Chile does not follow "forced localization." A draft bill that moved forward in Congress and is currently pending final approval could result in additional requirements (owner's consent) for international data transfers in cases involving jurisdictions with data protection regimes below Chile's standards. The bill also proposes the creation of an independent Chilean Data Protection Agency that would be responsible for enforcing data protection standards. Private sector legal experts believe that this draft legislation would impose fewer restrictions on the international transfer of commercial data compared to current U.S. law.

Neither Chile's Foreign Investment Promotion Agency nor the Central Bank applies performance requirements in their reviews of proposed investment projects. The investment chapter in the U.S.–Chile FTA establishes rules prohibiting performance requirements that apply to all investments, whether by a third party or domestic investors. The FTA investment chapter also regulates the use of mandatory performance requirements as a condition for receiving incentives and spells out certain exceptions. These include government procurement, qualifications for export and foreign aid programs, and non-discriminatory health, safety, and environmental requirements.

Protection of Property Rights

Real Property

Secured interests in real property are recognized and generally enforced in Chile. Chile ranked 61 out of 190 economies in the “Registering Property” category of the World Bank’s 2019 Doing Business report. There is a recognized and generally reliable system for recording mortgages and other forms of liens.

There are no restrictions on foreign ownership of buildings and land, and property rights do not expire. The only exception, based on national security grounds, is for land located in border territories, which may not be owned by nationals or firms from border countries, without prior authorization of the President of Chile. There are no restrictions to foreign and/or non-resident investors regarding land leases or acquisitions. In the Doing Business specific index for “quality of land administration” (which includes reliability of infrastructure, transparency of information, geographic coverage and land dispute resolution), Chile obtains a score of 14 out of 30.

Unoccupied properties can always be claimed by their legal owners and, as usurpation is criminalized, several kinds of eviction procedures are allowed by the law.

Intellectual Property Rights

According to the U.S. Chamber of Commerce’s International IP Index, Chile’s legal framework provides for fair and transparent use of compulsory licensing; extends necessary exclusive rights to copyright holders and voluntary notification system; and provides for civil and procedural remedies. However, intellectual property (IP) protection challenges remain. Private stakeholders have deemed Chile’s framework for trade secret protection insufficient. Pharmaceutical and agrochemical products suffer from relatively weak patenting procedures, there is an absence of an effective patent enforcement and resolution mechanism, and gaps exist in regulations governing data protection.

According to the World Intellectual Property Organization (WIPO) Country Profile study, no new IP-related laws were enacted in 2018. A draft bill submitted to Congress in October 2018 would reform Chile’s Industrial Property Law. The new IP bill aims to reduce timeframes, modernize procedures and increase legal certainty for patents and trademarks registration. On April 9, 2019, the Lower Chamber passed the bill, and it moved to the Senate for a vote.

The Chilean Senate passed a Pharmaceutical Law (Farmacos II) bill in January 2018 “to further modernize local pharmaceutical regulations and provide greater and more informed pharmaceutical access to the Chilean population.” In addition to problematic provisions related to labeling and prescriptions, the bill introduced for the first time the concept of “economic accessibility” as a criterion that could be used to justify importation of generic medicines despite the existence of a patented drug in the market.

On March 9, 2018, on the last working day of the Bachelet government, the outgoing Minister of Health issued a resolution that allows the government to issue compulsory licenses (CLs) for patent-protected hepatitis C drugs. Resolution 399 stipulates a “public interest” that justifies granting one or more CLs for the exploitation

of patents protecting the active ingredient Sofosbuvir, useful for the treatment of chronic hepatitis C. The Ministry of Health subsequently upheld Resolution 399 through Resolution 1165.

As of April 2019, the Farmacos II bill is still pending Chamber approval. Although the Piñera administration revised the bill to address several problematic trademark-related provisions in May 2018, members of the Chamber's opposition-controlled Health Committee reincorporated most of these provisions through the amendment process. The committee then took the more troubling step of introducing into Farmacos II, for the first time, amendments that stipulate the criteria and process for issuance of a compulsory license.

The Intellectual Property Brigade (BRIDEPI) of the Chilean Investigative Police (PDI) reported that in 2018 Chile seized 1,041,708 items which amounted to USD 9.4 million (a 32.6 percent increase compared to 2017), and arrested 56 individuals on charges related to IPR infringement. The National Customs Service seized more than 7 million counterfeit products in 2018, worth a total of nearly USD 103 million. These seizures included 113.5 million cigarette boxes and 3.3 million products that violated health regulations (medicines, cosmetics, toys and food).

Chile's IPR enforcement, according to the WIPO report mentioned above, remains relatively lax, particularly in relation to piracy, copyright and patent protection, while prosecution of IP infringement is hindered by gaps in the legal framework and a lack of expertise in IP law among judges. Rights holders indicate a need for greater resources devoted to customs operations and a better-defined procedure for dealing with small packages containing infringing goods. The legal basis for detaining and seizing suspected transshipments is also insufficiently clear.

Chile has been included on the Special 301 Priority Watch List (PWL) since January 8, 2007, and remains on the 2019 Priority Watch List. In October 2018, Chile's Congress successfully passed a law that criminalizes satellite piracy. However, other big challenges remain, related to longstanding IPR issues under the U.S.-Chile FTA: the implementation of measures against circumvention of technological protection; pending implementation of UPOV 91; the implementation of effective patent linkage in connection with applications to market pharmaceutical products; adequate protection for undisclosed data generated to obtain marketing approval for pharmaceutical products; and amendments to Chile's Internet Service Provider liability regime to permit effective action against internet piracy.

Chile is not listed in the USTR's Notorious Markets List. For additional information about national laws and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>

Financial Sector

Capital Markets and Portfolio Investment

Chile's authorities are committed to developing capital markets and keeping them open to foreign portfolio investors. Foreign firms offer services in Chile in areas such as financial information, data processing, financial advisory services, portfolio management, voluntary saving plans and pension funds. Under the U.S.-Chile FTA, Chile opened up its insurance sector with very limited exceptions. The Santiago Stock Exchange is Chile's dominant stock exchange, and the third largest in Latin America. However, when compared to other OECD countries, it does not rank high in terms of market liquidity.

Existing policies facilitate the free flow of financial resources into Chile's product and factor markets and adjustment to external shocks in a commodity-dependent economy. Chile accepts the obligations of Article VIII (sections 2, 3 and 4) and maintains a free-floating exchange rate system, free of restrictions on payments and transfers for current international transactions. Credit is allocated on market terms and its various instruments are available to foreigners. The Central Bank does reserve the right to restrict foreign investors' access to internal credit if a credit shortage exists. To date, this authority has not been exercised.

Money and Banking System

Nearly a quarter of Chileans have a credit card from a bank and nearly one third have a non-bank credit card, but a lower proportion (16 percent) has a checking account. However, financial inclusion is higher than banking penetration: a large number of lower-income Chilean residents have a CuentaRut, which is a commission-free card with an electronic account available for all, launched by the state-owned Banco Estado, also the largest provider of microcredit in Chile.

The Chilean banking system is healthy and competitive, and many Chilean banks already meet Basel III standards, which are part of a reform to the General Banking Law, enacted in January 2019 (Basel III standards will be introduced gradually over the next several years). Capital adequacy ratio of the system is slightly above 13 percent as of January 2019 and remains robust even when including discounts due to market and/or operational risks. Non-performing loans are below two percent when measured by the standard 90 days past due criterion.

The Chilean banking system's total assets, as of February 2019, amounted to USD 371.9 billion, according to the Superintendence of Banks and Financial Institutions. The largest four banks account for approximately 65 percent of banking assets (Banco Santander-Chile, Banco de Credito e Inversiones, Banco de Chile and Banco Estado). Chile's Central Bank conducts the country's monetary policy, is constitutionally autonomous from the government, and is not subject to regulation by the Superintendence of Banks.

Foreign banks have an important presence in Chile. Out of 18 banks currently in Chile, five are foreign-owned but legally established in Chile and four are branches of foreign banks. Both categories are subject to the requirements set out under the Chilean banking law. There are also 21 representative offices of foreign banks in Chile. There are no reports of correspondent banking relationships withdrawal in Chile.

In order to open a bank account in Chile, a foreigner must present his/her Chilean ID Card or passport, Chilean tax ID number, proof of address, proof of income/solvency, photo, and fingerprints.

Foreign Exchange and Remittances

Foreign Exchange

Law 20.848, which regulates FDI (described in section 1), prohibits arbitrary discrimination against foreign investors and guarantees access to the formal foreign exchange market, as well as the free remittance of capital and profits generated by investments. There are no other restrictions or limitations placed on foreign investors for the conversion, transfer or remittance of funds associated with an investment.

Investors, importers, and others have unrestricted access to foreign exchange in the official inter-bank currency market. The Central Bank reserves the right to deny access to the inter-bank currency market for royalty payments in excess of five percent of sales. The same restriction applies to payments for the use of patents that exceed five percent of sales. In such cases, firms would have access to the informal market. The Chilean tax service reserves the right to prevent royalties of over five percent of sales from being counted as expenses for domestic tax purposes.

Chile has a free-floating (flexible) exchange rate system. Exchange rates of foreign currencies are fully determined by the market. The Central Bank reserves the right to intervene (and seldom uses it in practice) under exceptional circumstances to correct significant deviations of the currency from its fundamentals.

Remittance Policies

Remittances of profits generated by investments are allowed at any time after tax obligations are fulfilled; remittances of capital can be made after one year since the date of entry into the country. In practice, this permanency requirement does not constitute a restriction for productive investment, because projects

normally need more than one year to mature. Under the investment chapter of the U.S.–Chile FTA, the parties must allow free and immediate transfer of covered investments into and out of its territory. These include transfers of profits, royalties, sales proceeds, and other remittances related to the investment. However, for certain types of short-term capital flows this chapter allows Chile to impose transfer restrictions for up to 12 months as long as those restrictions do not substantially impede transfers. If restrictions are found to impede transfers substantially, damages accrue from the date of the initiation of the measure. In practice, these restrictions have not been applied in the last two decades.

Sovereign Wealth Funds

Chile has two sovereign wealth funds (SWFs) where the government deposits savings from effective fiscal surpluses. The Economic and Social Stabilization Fund (FEES) was established in 2007 and was valued at USD 14.2 billion as of February 2019. The FEES seeks to fund public debt payments and temporary deficit spending, in order to keep a countercyclical fiscal policy. The Pensions Reserve Fund (FRP) was built up in 2006 and amounted to USD 10 billion as of February 2019. The purpose of the FRP is to anticipate future needs of payments to those eligible to receive pensions, but whose contributions to the private pension system fall below a minimum threshold.

Chile is a member of the International Working Group of Sovereign Wealth Funds (IWG) and adheres to the Santiago Principles.

Chile's government policy is to invest SWFs abroad into instruments denominated in foreign currencies. As of February 2019, FEES' portfolio consisted of 55.5 percent of sovereign bonds, 3.5 percent of inflation-indexed sovereign bonds, 33.8 percent of money market instruments and 7.2 percent of stocks. At the same date, FRP's portfolio consisted of 38.0 percent of sovereign bonds and related instruments, 10.8 percent of inflation-indexed sovereign bonds, 21.0 percent of corporate and high-yield bonds, 5.9 percent of mortgage backed securities from U.S. agencies and 24.3 percent of stocks.

State-Owned Enterprises

Chile had 28 state-owned enterprises (SOEs) in operation as of 2017. They are all commercial companies. Twenty-five SOEs are not listed on any stock exchange and are fully owned by the government. The remaining three are majority government owned. Ten Chilean SOEs operate in the port management sector; seven in the services sector, three in the defense sector, three in the mining sector (including CODELCO, the world's largest copper producer); two in transportation; one in the water sector; one TV station; one is an oil and gas company –ENAP–; and one state-owned bank (Banco Estado). The state also holds a minority stake in four water companies as a result of a privatization process. Total assets of SOEs amounted to USD 73.7 billion in 2017. Total net income of SOEs in 2017 was USD 2.2 billion. SOEs employed 51,564 people in 2017.

Twenty SOEs in Chile fall under the supervision of the Public Enterprises System (SEP), a state holding in charge of overseeing SOE governance, as well as exercising minority rights in four water companies. The rest – including CODELCO, ENAP and Banco Estado – have their own supervisory structures outside of SEP jurisdiction, but report to government ministries. All 28 SOEs are accountable to Congress, the President and the General Comptroller Office. Allocation of seats on the boards of Chilean SOEs is determined by the SEP, as described above, or outlined by the laws that regulate them. In CODELCO's corporate governance, there is a mix between seats appointed by recommendation from an independent high-level civil service committee, and seats allocated by political authorities in the government.

A list of SOEs made by the Budget Directorate, including their financial management information, is available at the following link: <http://www.dipres.gob.cl/599/w3-propertyvalue-20890.html>.

In general, Chilean SOEs work under hard budget constraints and compete under the same regulatory and tax frameworks than private firms. For instance, CODELCO and Banco Estado compete with many private copper mines and private banks, respectively. However, there are specific areas where SOEs enjoy special advantages. For example, ENAP is the only company allowed to refine oil in Chile. As an OECD member, Chile adheres to the OECD Guidelines on Corporate Governance for SOEs.

Privatization Program

Chile does not have a privatization program in place at this time.

Responsible Business Conduct

Awareness of the need to ensure corporate social responsibility has grown over the last two decades in Chile. However, NGOs and academics who monitor this issue believe that risk mapping and management practices still do not sufficiently incorporate its importance.

The government of Chile encourages foreign and local enterprises to follow generally accepted Responsible Business Conduct (RBC) principles and uses the United Nations' Rio+20 Conference statements as its principal reference. Chile adhered in 1997 to the OECD Guidelines for Multinational Enterprises. It also recognizes the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy; the UN Guiding Principles on Business and Human Rights; the UN Global Compact's Ten Principles and the ISO 26000 Guidance on Social Responsibility. The government established a National Contact Point (NCP) for OECD MNE guidelines located at the General Directorate for International Economic Relations, and recently created the Responsible Business Conduct Department, whose chief is also the NCP. On August 21, 2017 Chile released its National Action Plan on Business and Human Rights based on the UN Guiding Principles. Separately, the Council on Social Responsibility for Sustainable Development, coordinated by Chile's Ministry of Economy, is currently developing a National Policy on Social Responsibility.

Regarding procurement decisions, ChileCompra, the agency in charge of centralizing Chile's public procurement, incorporates the existence of a Clean Production Certificate and an ISO 14001-2004 certificate on environmental management as part of its criteria to assign public purchases.

No high profile, controversial instances of corporate impact on human rights have occurred in Chile in recent years.

The Chilean government effectively and fairly enforces domestic labor, employment, consumer, and environmental protection laws. There are no dispute settlement cases against Chile related to the Labor and Environment Chapters of the Free Trade Agreements signed by Chile.

Regarding the protection of shareholders, the Superintendence of Securities and Insurance (SVS) has the responsibility of regulating and supervising all listed companies in Chile. Companies are generally required to have an audit committee, a directors committee, an anti-money laundering committee and an anti-terrorism finance committee. Laws do not require companies to have a nominating/corporate governance committee or a compensation committee. Compensation programs are typically established by the board of directors and/or the directors committee.

Independent NGOs in Chile promote and freely monitor RBC. Examples include NGO Accion RSE: <http://www.accionrse.cl/>, the Catholic University of Valparaiso's Center for Social Responsibility and Sustainable Development VINCULAR: <http://www.vincular.cl/>, ProHumana Foundation and the Andres Bello University's Center Vitrina Ambiental.

Chile is an OECD member, but is not participating actively in the implementation of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Afflicted and High-Risk Areas.

Chile is not part of the Extractive Industries Transparency Initiative (EITI).

Corruption

Chile applies, in a non-discriminatory manner, various laws to combat corruption of public officials, including the 2009 Transparency Law that mandated disclosure of public information related to all areas of government and created an autonomous Transparency Council in charge of overseeing its application. In 2018, a new provision of law expanded the number of public trust positions required to release financial disclosure, mandated disclosure in greater detail, and allowed for stronger penalties for noncompliance.

Political and Security Environment

Since Chile's return to democracy in 1990, the incidence of political violence and civil disturbance has been generally low, and has had little impact on the Chilean economy. During the last 20 years, there have been few incidents of politically motivated attacks on investment projects or installations with the exception of the southern Araucania region and its neighboring Arauco province in the southwest of Bio-Bio region. This area, home to nearly half million indigenous inhabitants, has seen a growing trend of politically motivated violence. Land claims and conflicts with forestry companies are the main grievances underneath the radicalization of a relatively small number of indigenous Mapuche communities, which has led to the rise of organized groups that pursue their demands by violent means. Incidents include arson attacks on churches, farms, facilities at forestry plantations, and forestry contractors' machinery and vehicles, as well as occupation of private lands, resulting in over a half-dozen deaths (including some by police forces), injuries, and damage to property. In 2018, the government announced special measures and policies towards the Araucania region. However, the indigenous issue has been further politicized due to anger among landowners, forestry transport contractors and farmers affected by violence, as well as the illegal killing of a young Mapuche activist by special police forces in 2018 and the controversy over accusations of fraud by the police during the investigation of indigenous organized groups.

Since 2011, there have been occasional incidents of vandalism of storefronts and public transport during student and labor groups' protests, some of which included violent incidents. Since 2007, Chile has experienced a number of small-scale attacks with explosive and incendiary devices, targeting mostly banks, police stations and public spaces throughout Santiago, including ATM's, metro stations, universities and churches. Anarchist groups often claim responsibility for these acts, as they also have been involved in incidents during student and labor protests. In January 2017, an eco-terrorist group claimed responsibility for a parcel bomb that detonated at the home of the chairman of the board of Chilean state-owned mining giant CODELCO. The same group detonated a bomb of similar characteristics on January 4, 2019 at a bus stop in downtown Santiago, causing five injuries. The investigation of both crimes is still ongoing at the time of this report.

On occasions, illegal activity by striking workers resulted in damage to corporate property or a disruption of operations. Some firms have publically expressed concern that during a contentious strike, law enforcement has appeared to be reluctant to protect private property.

Civil disturbance is not present at levels that could put investments at risk or destabilize the government. Chilean civil society is active and demonstrations occur frequently. Although the vast majority of demonstrations are peaceful, on occasion protestors have veered off pre-approved routes. In a few instances, criminal elements have taken advantage of civil society protests to loot stores along the protest route and have clashed with the police. Demonstrations on March 29, the Day of the Young Combatant, and September 11, the anniversary of the 1973 coup against the government of President Salvador Allende, have in the past resulted in damage to property.

Labor Policies and Practices

Unemployment in Chile averaged 6.9 percent of the labor force during 2018, while the labor participation rate was 59.7 percent of the working age population. Immigrants account for nearly nine percent of the labor force. Chilean workers are adequately skilled and some sectors such as mining, agriculture, and fishing employ highly skilled workers. In general, there is an adequate availability of technicians and professionals. Data on informality are not available for Chile in the ILO databases, but recent estimations made by the National Institute of Statistics suggest informal employment in Chile constitutes 30 percent of the workforce.

Article 19 of the Labor Code stipulates that employers must hire Chileans at least for 85 percent of their staff, except in the case of firms with less than 25 employees. However, Article 20 of the Labor Code includes several provisions under which foreign employees can exceed 25 percent, independent of the size of the company.

In general, employees who have been working for at least one year are entitled to a statutory severance pay, upon dismissal without cause, equivalent to 30 days of the last monthly remuneration earned, for each year of service. The upper limit is 330 days (11 years of service) for workers with a contract in force for one year or more. The same amount is payable to a worker whose contract is terminated for economic reasons. Upon termination, regardless of the reason, domestic workers are entitled to an unemployment insurance benefit funded by the employee and employer contributions to an individual unemployment fund equivalent to three percent of the monthly remuneration. The employer's contributions shall be paid for a maximum of 11 years by the same employer. Another fund made up of employer and government contributions is used for complementary unemployment payments when needed.

Labor and environmental laws are not waived in order to attract or retain investments.

According to the Labor Directorate, 1,139,955 workers (13.9 percent of Chilean workers) belonged to a trade union in the last quarter of 2016 (latest data available), when 11,653 unions were active. In the same period, 347,142 workers (4.2 percent of Chilean workers) were covered by collective bargaining agreements. Collective bargaining coverage rates are higher in the financial, mining, and manufacturing sectors. Unions can form nationwide labor associations and can affiliate with international labor federations. Contracts are normally negotiated at the company level. Workers in public institutions do not have collective bargaining rights, but national public workers' associations undertake annual negotiations with the government.

The Labor Directorate under the Ministry of Labor is responsible for enforcing labor laws and regulations. Both employers and workers may request labor mediation from the Labor Directorate, which is an alternate dispute resolution model aimed at facilitating communication and agreement between both parties.

According to a report from the Centre for Social Conflict and Cohesion Studies (COES), during 2017, 128 legal strikes took place in sectors where collective bargaining is permitted (a smaller number in comparison to 2017 when there were 198 strikes). 31,799 workers were involved in total in strikes during 2016 (latest data available from the Labor Directorate). As legal strikes in Chile have a restricted scope and duration, in general they do not present a risk for foreign investment.

Chile has and generally enforces laws and regulations in accordance with internationally recognized labor rights of: freedom of association and collective bargaining; the elimination of forced labor; child labor, including the minimum age for work; discrimination with respect to employment and occupation; and acceptable conditions of work related to minimum wage, occupational safety and health, and hours of work. The maximum number of labor hours allowed per week in Chile is 45. In September 2018, Congress approved a minimum wage increase, by which beginning March, 2019 the national minimum wage is CLP 301,000 – USD 444 – a month for all occupations, including domestic servants, more than twice the official poverty line. There is a special minimum wage of CLP 224,704 (USD 331) a month for workers age 65 and older and age 18 and

younger. There are no gaps in compliance with international labor standards that may pose a reputational risk to investors.

Collective bargaining is not allowed in companies or organizations dependent upon the Defense Ministry or whose employees are prohibited from striking, such as in health care, law enforcement, and public utilities. Labor courts can require workers to resume work upon a determination that a strike causes serious risk to health, national security, the supply of goods or services to the population, or to the national economy.

The United States-Chile Free Trade Agreement (FTA) entered into force on January 1, 2004. The FTA requires the United States and Chile to maintain effective labor and environmental enforcement.

OPIC and Other Investment Insurance Programs

Since 2013, Overseas Private Investment Corporation (OPIC) partnered with U.S. solar energy developers to finance five large-scale power facilities throughout the Atacama Desert in northern Chile. Other OPIC-financed projects in the country include the run-of-river hydropower project Alto Maipo, and the toll road Vespucio Norte Express.

An OPIC Bilateral Investment Agreement between Chile and the United States took effect in 1984. Chile is a party to the convention of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Foreign Direct Investment and Foreign Portfolio Investment Statistics

According to the IMF's Coordinated Direct Investment Survey (CDIS), total stock of FDI in Chile in 2017 amounted to USD 274.7 billion, compared to USD 248.6 billion in 2016. The United States remains the main source of FDI to Chile with USD 31.7 billion, representing 12 percent of the total. The following top sources (Canada, Spain and the Netherlands) accounted for 25 percent of Chile's inward FDI stock. Cayman Islands, a tax haven, is Chile's fifth source of FDI. Chile's outward direct investment stock in 2017 remains concentrated in South America, where Brazil, Peru and Argentina together represented 31 percent of total Chilean outward FDI. The United States accounted for 9 percent of the total.

According to the IMF's Coordinated Portfolio Investment Survey (CPIS), total stock of portfolio investment in Chile as of June 2018 amounted to USD 180.6 billion, of which USD 139 billion were equity and investment funds shares, and the rest were debt securities. The United States are the main source of portfolio investment to Chile with USD 55.6 billion, representing 31 percent of the total. The following top source is Luxembourg (a tax haven), which is also the main source of equity investment, with 40 percent of the total. Ireland, the United Kingdom and Germany are the following top sources of total portfolio investment to Chile, while Mexico and Japan are among the top five sources of debt securities investment.

Contact for More Information on the Investment Climate Statement

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Trade & Project Financing

Methods of Payment

In Chile, payment to foreign suppliers is often made via an irrevocable letter of credit from a Chilean commercial bank. This is relatively fast and simple, with no lengthy delays in the remittance of foreign currency. Payments are made upon receipt of notice of shipment of goods. Other methods of payment to suppliers include cash against documents and open account. The credit insurance industry is developed in the country and major private agencies such as Mapfre, Continental, HDI, Solunion, and Coface have local offices in Santiago. This is also available to U.S. exporters as part of the offer of the U.S. Export Import Bank (EXIM). For more information, visit the [EXIM Bank](#). For agricultural and food products, the U.S. Department of Agriculture's Commodity Credit Corporation offers export credit guarantees for U.S. exporters.

Banking Systems

Chile's banking system offers many of the asset and liability products available in international markets. Foreign trade financing and money exchange operations are particularly well developed and efficient compared to the rest of Latin America.

Chile's [Commission for the Financial Market](#) is the public entity that oversees and coordinate the action of other financial-related agencies. Chilean Pensions Supervisor, [Superintendencia de Pensiones](#) is the technical authority responsible for the supervision and control of the institutions involved in the Chilean Pension System. Chile's Bureau of Consumer Protection is [SERNAC](#), its mission is to protect consumers in Chile in a variety of industries, including financial services. For all credit requests in the country, Sernac mandates that quotation must include the CAE index (Carga Anual Equivalente, or Annual Equivalent Cost) to facilitate credit comparison to end users.

[Chile's Central Bank](#) is an autonomous entity, led by congress-approved counsellors that operate separated from the government in conducting monetary policy and regulating foreign capital movements, its mission is the stability of the currency, and to keep inflation low and stable over time. The bank also regulates the amount of currency and credit in circulation.

Some Chilean banks with direct presence in the United States, including Banco de Crédito e Inversiones, also known as [BCI](#), which controls City National Bank of Florida. Other banks such as [Banco Estado](#), [Banco de Chile](#), and [Itau](#) have representative offices in New York.

Foreign Exchange Controls

Chile has no restrictions on incoming and outgoing foreign capital. Reserve requirements for external capital, and the prior authorization requirement to enter funds associated with external loans, investment, working capital, bonds and ADRs have been eliminated. Limitations on capital and profit repatriation were also eliminated. Foreign trade finance operations (both import and export) are allowed to perform their foreign exchange transactions in the open market. Foreign exchange operations are relatively active and efficient in Chile. As a rule, currency may be freely traded in two markets: the informal and the interbank market (formal). Prior to receiving authorization, Chile's Central Bank requires confirmation that the trade finance transactions, foreign loans, capital flows, and profit repatriation will be executed through a commercial bank (formal market).

US Banks & Local Correspondent Banks

U.S. Bank	Phone
JP Morgan Chase Bank	+56 2 2425 5100
Wells Fargo	+56 2 2365 9733

Project Financing

Chile has a well-developed Financial Services sector, local banks have access to capital funds at competitive prices, therefore the activity of multilateral banks in the country resembles the one in more develop countries.

Multilateral Development Banks

- [Commercial Liaison Office](#) to the [African Development Bank](#)
- [Commercial Liaison Office](#) to the [Asian Development Bank](#)
- [Commercial Liaison Office](#) to the [European Bank for Reconstruction and Development](#)
- [Commercial Liaison Office](#) to the [Inter-American Development Bank](#)
- [Commercial Liaison Office](#) to the [World Bank](#)

Financing Web Resources

[Production Development Corporation \(CORFO\)](#)

[Start-Up Chile](#)

Business Travel

Business Customs

U.S. business representatives will find that business practices in Chile and the United States are very similar. The Chilean business day usually begins at 9 am and ends between 6 pm and 7 pm. Lunch breaks usually do not begin before 1 pm. If there is business to be conducted, two or even three-hour lunches are not uncommon. Although social occasions do not always begin at the indicated time, business meetings usually do.

Many Chilean businesspeople are well-educated professionals who travel internationally. However, not all speak English and foreigners will often find the ability to speak Spanish very useful, if not an absolute must. Product marketing or company promotional literature should be in Spanish.

Appearance is an important part of Chilean business. Dress codes are generally formal and conservative - suit and tie for men and discreet dress or business suit (skirt or trousers) for women. Men tend to put on their jackets when leaving the office, even if it is just for lunch. Business attire is less formal outside major cities and in certain industrial sectors.

It is useful to have business cards printed with English on one side and Spanish on the other. Generally, business cards are exchanged at the beginning of any meeting.

Travel Advisory

As of October 2019, State Department has issued a [Travel Advisory for Chile](#). Visitors are advised to refer to State Department's website for the latest information on traveling to Chile.

Visa Requirements

U.S. citizens entering Chile must have a valid passport in good condition, valid for the period of your stay. U.S. citizens traveling to Chile for recreation, tourism, business, or academic conferences do not need to obtain a visa prior to their arrival in Chile if traveling with a tourist passport. Chilean immigration will issue a Tourist Card or printed receipt valid for a stay of up to 90 days. An extension of stay for another 90 days is possible upon payment of a USD 100 extension fee at the Chilean Immigration Office located at San Antonio 580, Santiago; telephone +56-2-2486-3200. The Tourist Card must be presented and surrendered upon departure. Failure to submit this card upon departure may result in delays until a replacement is obtained. If lost or stolen, the Tourist Card must be replaced by the International Police (website is in Spanish only) at their nearest headquarters or at the international airport prior to departure.

If you have stayed in Chile for more than the allowed time, you will not be allowed to leave the country without paying a fine. This fine cannot be paid at the airport or any border crossing, so you must pay it before attempting to depart Chile. To pay the fine prior to your departure, you should go to the Departamento de Extranjería and make an autodenuncia, or complaint, against yourself in the Sanciones (sanctions) office. Upon doing this, you will be told how much the fine will be, and, once you pay it, you will be able to depart the country. If you attempt to depart Chile without paying the fine, your passport will be confiscated by the airport police, and they will give you directions on how to pay the fine. This process involves going to multiple Chilean government offices to first find out how much the fine is, to pay the fine, next to show that you have paid the fine so that you can get a document indicating your passport should be returned, and finally to retrieve your passport. The entire process may take from several days to three weeks.

U.S. citizens who intend to work, live, or study in Chile long-term must apply in advance for a Chilean visa. You can enquire with the closest Chilean Consulate for further information.

The Government of Chile requires U.S. Government travelers on official business to enter the country with a diplomatic or official passport and a valid Chilean visa. Visas must be obtained at a Chilean Embassy or Consulate before traveling to or through Chile. Official travelers attempting entry on tourist passports will be denied entry, detained, and returned to the point of origin at personal expense. U.S. Government officials should only use their tourist passports to enter Chile while here on personal tourism.

Ensure that you have appropriate documentation to enter Chile. The U.S. Embassy cannot secure entry on your behalf if you arrive without a valid U.S. passport, with a passport that is damaged or mutilated, or if you arrive without a visa when one is required.

For up-to-date information on Chilean visa requirements, visit the website of the [Embassy of Chile in Washington, D.C.](#)

U.S. companies that require travel of foreign businesspersons to the United States should visit the [State Department visa website](#) for more information.

Currency

Chile's currency is the Chilean peso (CLP). Bank notes are in denominations of 1,000 – 2,000 – 5,000 – 10,000 and 20,000; coins are in denominations of 10, 50, 100, and 500.

Foreign currency may be exchanged at the airport, banks, most hotels, and foreign exchange agencies in large Chilean cities. A passport or Chilean ID is required when exchanging travelers' checks and is often required when exchange large sums of cash. Rates vary from place to place and banks charge a commission.

Use of credit cards is very common in Santiago and they can be used almost everywhere instead of cash. If you're planning on visiting small towns however, you will probably need to use cash. If you are driving, you will need cash for tolls, some rental car companies will have some toll road coverage in Santiago but very few do elsewhere.

There are also many ATM machines available throughout the city and country. Check with your bank to see what the international withdrawal charges are and if they have any agreements with Chilean banks for lower or no fees.

If you are using ATMs in Chile and you are traveling to remote locations, it is advisable to withdraw money in the bigger cities as small towns may not have multiple ATMs and some very small towns may not have any. Additionally, if you are traveling during a long weekend or the holiday season it is advisable to withdraw cash early, as the ATMs may run out and will not be refilled until after the holiday.

Some hotels offer currency exchange at favorable rates. Hotels are also a potential source of information for the closest casa de cambio (currency exchange) with the best rates. There are many casas de cambio within the country, and one is usually located inside each shopping mall.

Telecommunications/Electronics

Chile's capital, Santiago, has a well-developed telecommunications infrastructure. Domestic and international calls work well, and rates are generally competitive. There are also several mobile operators present, including Entel, Movistar, Claro, Virgin and WOM. Visitors are advised to check with their own United States carrier to see if their phone can make international calls from Chile.

Wi-Fi "hot spots" are common in Santiago. In rural parts of Chile, the telecommunications infrastructure is less reliable, but still available in many areas. It is advisable to check with the hotel or local individuals about data and cell phone reliability and availability in the area where you plan to travel.

Chile's standard voltage is 220 V and 50Hz. You will need a voltage converter to use U.S. appliances. The power sockets are the typical Southern European (Italy) rounded two prong plugs, type C & L.

Transportation

Chile is well connected via air service to the United States and countries throughout Latin America. American Airlines has non-stop service between Santiago and both Miami and Dallas. Delta Airlines has non-stop service to Atlanta. United Airlines offers non-stop flights between Santiago and Houston. Chile's main airline and the largest in Latin America, LATAM, offers non-stop service to Miami, New York (JFK), and Orlando, and direct service to Los Angeles with a stopover in Lima, Peru. The primary point of entry is the Santiago International Airport. Copa Airlines is also very active in the Chilean market with connecting flights from Santiago via Panama City to over 10 U.S. destinations, including Orlando, Tampa, Miami, New Orleans, Las Vegas, Chicago, and others.

In September 2019, Delta Air Lines announced a deal to buy a 20% stake in Latam Airlines Group for \$1.9 billion, forming a new partnership with Latin America's largest airline. The deal with Latam Airlines is Delta's largest investment since its merger with Northwest Airlines. Shortly after announcing a major partnership with Delta Air Lines, LATAM announced it intends to leave the One World Alliance, although a timeline for its withdrawal has not been specified.

Domestic air service within Chile is well developed and offered primarily by LATAM, Sky Airlines, and JetSmart. Given the long geographic distances between cities, flights between Santiago and most cities in Chile are frequent. The rail system is less developed, but there is a good central [train line](#) that runs between Santiago and Chillan. As for public transportation, the city of Santiago has a vast [subway network](#), the fare for the subway and public buses can only be paid using a [contactless card](#) that must be recharged with funds in subway stations and other top-up outlets. Ride-share services are available in the main cities of the country, and in recent years also have proliferated shared bike and scooters.

Primary roads in Chile are good. The main highways are toll roads and are in good condition. Toll roads within the Santiago Metropolitan area are paid electronically, while toll roads outside Santiago must be paid in cash. Secondary roads, especially outside of Santiago, are sometimes in poor repair. Gravel and dirt roads are common in rural areas.

Language

Spanish is the main language of Chile. Among the business community, there exists sporadic English language capability but to operate in Chile, U.S. businesspeople need to speak Spanish or identify a local partner who can speak both English and Spanish. For more information about partner-matching assistance provided by the U.S. Commercial Service, see www.export.gov/chile.

Health

Chile has both public and private healthcare service providers. Some of the private clinics in Santiago are well equipped and operate at the level of service providers in the United States and Europe. Travelers to Chile are advised to check with their health insurance providers to ascertain coverage levels in Chile. For more information on medical issues in Chile, see the [Country Specific Information](#).

Local Time, Business Hours and Holidays

Because Chile is in the Southern Hemisphere, its seasons are opposite those in the United States. This means that when the United States enters daylight savings time, Chile remains on standard time. In turn, Chile is far enough south that it goes on daylight savings time during its summer months. Consequently, during the Northern Hemisphere winter, Chile is 2 hours ahead of Eastern Standard Time. In the northern summer, Chile is the same time as Eastern Daylight Time. For a few shoulder weeks/months in the fall/spring, Chile is 1 hour ahead of Eastern Standard (or Daylight) Time.

Business hours in Chile are roughly the same as the United States. Most offices open at 9:00 am and continue until usually 6:00 pm or later. Lunchtime is usually later (beginning at 1:00 pm or later) and longer (1-2 hours) than in the United States. There is an increasing use of a 9-hour workday from Monday to Thursday, and a 4-hour workday on Friday.

Below is a list of holidays to be observed by the U.S. Embassy in Santiago in 2020. The Embassy will be closed to the public on these holidays.

January 1 – Wednesday	New Year’s Day	U.S./Chilean
January 20 – Monday	Martin L. King’s Birthday	U.S.
February 17 – Monday	Washington’s Birthday	U.S.
April 10 – Friday	Good Friday	Chilean
May 1 – Friday	Labor Day	Chilean
May 21 – Thursday	Navy Day	Chilean
May 25 – Monday	Memorial Day	U.S.
June 29 – Monday	Saint Peter and Saint Paul	Chilean
July 3 – Friday	Independence Day	U.S.
July 16 - Thursday	Virgen del Carmen	Chilean
September 7 – Monday	Labor Day	U.S.
September 18 – Friday	Independence Day	Chilean
October 12 – Monday	Columbus Day	U.S./Chilean
November 11 – Wednesday	Veterans Day	U.S.
November 26 – Thursday	Thanksgiving Day	U.S.
December 8 – Tuesday	Immaculate Conception	Chile
December 25 – Friday	Christmas Day	U.S./Chilean

Temporary Entry of Materials or Personal Belongings

Under the terms of the U.S.-Chile FTA, Chile will permit duty-free temporary admission of professional equipment necessary for carrying out the business activity of a U.S. businessperson who qualifies for temporary entry under Chilean law.

Chile accepts [ATA carnets](#), which is an international customs document issued by 70 countries. It is presented when entering a Carnet country with merchandise or equipment that will be re-exported within 12 months.

Upon presentation, the Carnet permits the equipment or merchandise to clear customs without the payment of duties and taxes. Payment is not necessary because the Carnet guarantees that the merchandise or equipment will be re-exported within a year. The use of a Carnet is a way of temporarily importing into foreign countries without payment of duties and taxes. Carnets also serve as the U.S. registration of goods so that the goods can re-enter the U.S. without payment of duties and taxes.

Chile will accept carnets for these categories of goods:

- Exhibitions and Fairs
- Professional Equipment
- Commercial Samples

For temporary entry of food samples, see the [FAS Food and Agricultural Import Regulations report](#).

Travel Related Web Resources

[State Department Country Specific Information](#)

[Chilean Tourism Service](#)

[U.S. Embassy Santiago American Citizen Services](#)