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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, stable democratic government, solid business practices, and low corruption. While GDP growth over the last 30 years has averaged approximately 5% per year, the Chilean economy has slowed in recent years, with just 1.9% growth in 2014, 2.1% in 2015, and 1.6% in 2016. Forecasted 2017 GDP growth is still weak, at 1-2%.

As the United States – Chile Free Trade Agreement (FTA) concludes its thirteenth year, trade of products and services 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 now enter Chile tariff free. U.S. exports reached \$17.5 billion at their highest post-FTA year in 2013, representing a 545% increase in exports when compared to pre-FTA figures. While bilateral trade has decreased in recent years, bilateral trade is still 2-3 times 2004 levels.

In 2015, bilateral trade in goods between the United States and Chile totaled US\$24.0 billion, down slightly from previous years. The decline is largely attributable to a slowing Chilean economy and the sharp decline in global copper prices. Overall, the U.S. enjoys a US\$6.7 billion trade surplus with Chile, exporting US\$12.9 billion in goods to Chile, while imports to the U.S. from Chile totaled US\$8.7 billion in 2016. In addition to the US\$12.9 billion in goods, the U.S. exports US\$4 billion in services to Chile. Overall, the U.S. is Chile's #2 trading partner after China, which overtook the U.S. at the #1 trading partner three years ago. Chinese-Chilean bilateral trade has increased significantly in recent years; however, the United States maintains a broader, more dynamic and diverse trading relationship with Chile.

Per the United Nations Conference on Trade and Development (UNCTAD), global foreign direct investment (FDI) inflows to Chile in 2015 (most recent year with data available) reached US\$20.2 billion – a slight decline from US\$21.2 billion in 2014. 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 Chile.

Both macroeconomic stability and growing integration with international capital markets have earned Chile an A+ credit rating from Fitch. Although Fitch modified Chile's outlook from stable to negative in December 2016, Chile continues to have the highest credit rating in Latin America.

Chile is stable, prosperous, and consistently ranks high on international indices relating to economic freedom, transparency, and competitiveness. The Chilean peso floats freely on international markets. Chile also performs well in terms of government efficiency, low levels of corruption, and openness to foreign trade and is consistently the highest ranked country in Latin America in terms of economic competitiveness. Per the World Economic Forum's Global Competitiveness Report 2016-2017, Chile moved up two slots from the previous year to rank 33rd in the world for competitiveness. Chile's GDP per capita (PPP) remains historically high at over \$23,000 in 2015 and 2016.

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 Trans-Pacific Partnership and UNASUR. In 2010, Chile became the 31st member of the OECD, 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 has given its nearly 18 million citizens unprecedented 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.

On September 10, 2014, the Chilean congress passed a major tax reform, aimed to collect additional revenue equal to 3% of Chile's current GDP. The main changes affect income taxes, and were phased in over four years, entering force completely at the beginning of 2017. The maximum marginal rate for personal income tax decreased from 40% to 35%, and corporate tax rate rose from 20% to 27%. Most companies now pay taxes on a partially integrated basis, under which shareholders can use 65% of corporate tax payments against their personal income. Taxes on alcoholic beverages also rose from 15% to 20.5% for beers and wines, and from 27% to 31.5% for distilled beverages. Other new taxes that were also introduced include a "green tax" on sales of new diesel vehicles and a capital gains tax on real estate sales. New provisions on tax compliance aim to limit evasion and strengthen the capabilities of the Chilean Internal Tax Service, or Servicio de Impuestos Internos (SII). A value-added tax (VAT) of 19%, which remained unchanged under the tax reform, is applied to all goods and services, imported and domestic. The mining royalties and fuel tax, which together account for more than half of the country's tax revenue, were also unchanged.

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

Perhaps the greatest challenges to a U.S. firm seeking to export to Chile are the high degree of competition and the relatively small market size. Even though Chile is a market with a population of just fewer than 18 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 business people tend to be far more conservative and cautious than the average U.S. business person. 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 paperwork and obtaining approvals.

A key to competing 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 concern and allegations of potential collusion in recent years.

High pessimism among the Chilean business community due to slowed economic growth is another challenge in the market right now, and U.S. companies should bear this in mind when dealing with Chilean firms.

Market Opportunities

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 power plants (traditional and renewable) and energy efficiency.

Chile is adept at leveraging 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.

Many U.S. companies consider Chile an excellent platform for doing business in the Southern Cone. Peru has received significant attention from Chile-based retail companies, mining companies, and agriculture interests. Chile is also South America's largest investor in Brazil.

Leading sectors for U.S. exports include energy, healthcare, safety and security, environmental technologies (including waste management), agricultural equipment, high-value food products, telecommunications, mining & minerals, oil & 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 agent or representative with good access to relevant buyers and solid technical expertise.

Political and Economic Environment

Political Environment

For background information on the political environment in Chile, please click on the link below to the [U.S. Department of State's Background Notes webpage](#). Bilateral Relations Fact Sheet.

Selling U.S. Products & Services

Using an Agent to Sell U.S. 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. Nearly 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, including 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 [U.S. Commercial Service Chile](#) and the [United States Department of Agriculture's \(USDA\) Foreign Agricultural Service](#).

Establishing an Office

Within the framework of Chilean law, business entities can choose from 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 and 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. Senate.

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\$1,600 for legal fees and US\$300 for expenses such as notary public, commercial registry, and the official gazette publication. Chile has no minimum local participation requirement, meaning the inclusion of local partners is guided only by commercial benefit and not by law.

As an alternative to working with an attorney, the Chilean Government maintains [Escritorio Empresa](#), a website to allow individuals create a business in 24 hours. The portal provides information and allows users to create at no charge. The only expenses are associated to the use of the Advanced Electronic Signature (FEA). Those who do not have FEA can sign electronically through a notary, which costs around US\$10.

Currently, there are five types of companies that can be registered: limited liability corporations, individual limited liability corporations, joint stock companies, and, since June 2016, closed corporations and reciprocal guarantee corporations.

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 to conduct commercial activity in Chile.

Franchising

Per the fourth franchise study of the Department of Economics and Business of the University of Chile, there are 208 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). Most franchises in Chile (82%) are based in five countries: Chile, the United States, Spain, Peru, and Argentina. These franchises are distributed among the a variety of sectors, including: 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+). Slowed GDP growth over the last three years and the

related business pessimism has made potential Chilean investors very hesitant to invest large sums of money. 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.

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Direct Marketing

Direct marketing is well-established in the services sector, especially in banking/finance and telecommunications services. Catalog and online sales are not common marketing methods used to reach the average Chilean consumer, but are growing rapidly among the middle and upper classes, young teens, and Internet-savvy professionals.

In recent years, eCommerce and internet sales have increased significantly. Please refer to the “eCommerce” section for more information. Nonetheless, the more traditional Chilean consumer does still browse in shops rather than to purchase online, and the malls in Chile generally have excellent foot traffic. Customers do want to know there is a store that can provide after sales service or address any problem that might arise.

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. It is recommendable that all agreements be reviewed by a reputable Chilean attorney before signing.

Selling to the Government

The U.S.–Chile FTA calls for open tendering in public procurement. Tenders must be made in written Spanish and winning bids are published, 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 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. Some government agencies finance public works projects through borrowing from the Multilateral Development Banks. Please refer to “Project *Financing*” Section in “*Trade and Project Financing*” for more information.

[ChileCompra](#), 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. Foreign and local bidders on government tenders must register with the Chilean “Dirección de Aprovevisionamiento del Estado” (Bureau of Government Procurement Supplies). They 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.

Distribution & Sales Channels

Establishing a local subsidiary or branch office in Chile offers would–be U.S. 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, both located in the 5th region (Valparaíso). All other trade exits and enters the country via airports and by surface transportation, mainly to/from Argentina, Brazil, and Bolivia. From the point of entry into Chile, products are distributed to final destinations primarily by surface transportation (primarily trucks). Chile's rail network is limited, although there are plans under discussion to modernize and expand it. 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

The United States has several reliable express delivery firms, including [FedEx](#), [UPS](#), and [DHL](#). Each of these companies provides a guide to understand all the shipping restrictions and customs procedures for Chile. They also provide international customs support to make it easier to ship internationally. To use express delivery service, the customer must complete a Commercial Invoice and request pick-up of the package. The product may be tracked online, as in the United States.

Further details of these limits and restrictions through customs can be found on the delivery companies' websites.

Selling Factors and Techniques

For some products and services, price can be the key sales factor in Chile. Low-price products, primarily from some parts of Asia, often outsell more expensive European or North American products, especially in consumer product categories such as apparel, electronics, and appliances.

However, for high-cost items like advanced electronics or heavy machinery, Chilean customers often prefer more expensive U.S. or European products. While price remains a factor in purchasing decisions, quality-related considerations of durability, technology, customer support, and availability of service, 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, since very few Chileans understand or speak English.

eCommerce

In the last five years, eCommerce has more than doubled in Chile. Specifically, the Santiago Chamber of Commerce estimates that online B2C sales in Chile in 2017 will reach US\$3.3 billion, up dramatically from US\$1.2 billion in 2012. This increase is a result of the country's rapid technological infrastructure development. However, small and medium companies in Chile lag well behind large companies in terms of e-commerce, with 37.6% usage – nearly half the presence of large companies, of which 72.8% sell online. Chile's digital economy currently accounts for 3% of GDP, and by 2020, it is expected to increase to around 4.5%. While Chile's eCommerce has grown quickly in recent years, it still lags behind developed countries such as the United States, Japan, and the Eurozone, where the current digital is between 7% and 8% of the GDP, and is expected to reach 12% by 2020.

Each year in May, CyberDay is marked in Chile to promote online shopping. CyberDay 2017 experienced a 24% increase in sales over CyberDay 2016, with total 2017 CyberDay sales at US\$145 million and 900,000 transactions, with the highest demand in travel and tourism, IT, and clothing/apparel.

Chilean law No. 19,628 on Protection of Private Life governs the protection and processing of personal data. In March 2017, the Bachelet administration sent a bill to Congress that significantly amends this law. Among other things, this bill seeks to increase protection of privacy to fulfill international standards in matters of personal data processing, adapt and modernize national legislation to meet the challenges that a digital economy entails, and balance the safeguarding of people's privacy with free circulation of information.

The U.S.-Chile FTA, signed in 2003, contains a chapter on electronic commerce. This chapter highlights the importance of electronic commerce between the United States and Chile and the need to work together to overcome impediments to it. 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 (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 e-commerce 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 US\$15 in 2017. 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. If there is a conflict over

a domain name, arbitration is required. Registration at the trademark department is the main criteria for determining who has a claim to a given domain name.

In addition to B2C online sales from large Chilean retailers, such as Falabella, Cencosud (Almacenes Paris, Jumbo, Easy), and Ripley, Chilean online consumers also regularly use Alibaba, Groupon, and other international eCommerce only retailers present in the Chilean market.

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Trade Promotion and Advertising Overview

Broadcast media in Chile includes free-to-air broadcast television networks, cable and satellite TV, radios, newspapers, and magazines. Most advertising is handled by private agencies, most of which belong to the Chilean Association of Advertisement Agencies (ACHAP).

ACHAP estimates total investment in advertisement in Chile was about US\$1.1 million in 2015 (the most recent year with information available). Despite a slight increase due to the growth of online media, cable TV, billboards, and films, investment in traditional media such as free-to-air TV, newspapers, radio, and magazines decreased in 2015.

Free-to-air television accounted for 37.4 percent of all spending, followed by newspapers (23.8 percent), online media (13.7 percent), radio (8.2 percent), billboards (7.4 percent), magazines (2.5 percent), and films (0.4 percent). While advertisement in radios is not as high, investment in this media has remained constant over the last ten years. Cable TV receives 6.6 percent of the total investment, but experienced a 17.7 percent increase in 2015.

Investment in on-line media showed a 23.9 percent increase in 2015, and accounts for 13.7% of total investment. For more information, please see the [Chilean Association of Advertising Agencies' \(AHCHAP\) website](#).

Broadcast Television

Chile has six national free-to-air broadcast television networks, all of which are self-supporting through advertising. They are TVN (Televisión Nacional de Chile, Channel 7); Mega (Channel 9); Chilevisión (Channel 11); Canal 13; La Red (Channel 4); UCVTV (Universidad Católica de Valparaíso, Channel 5).

Top-rated Mega is owned by the Bethia group and by the U.S. company Discovery Communications. The U.S. company Turner Broadcasting owns CNNChile, as well as Chilevisión, the second most popular TV station. TVN is state-owned, but not publicly funded, and is the largest TV broadcaster in the country. It also airs a 24/7 news station on cable (24Horas).

Locally produced news, variety shows, reality shows, and soap operas draw large primetime audiences on all networks. Dubbed U.S. content is widely found; Mexican, Colombian, Venezuelan, Brazilian, Argentine, and Japanese programs are also common.

Paid television (cable and satellite) service reaches 54 percent of households nationwide. The four-major cable and satellite providers are VTR, Movistar, Claro, and DIRECTV, serving approximately 95 percent of the country's territory. All providers 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 a highly-trusted news source in Chile, especially in rural areas. There are approximately 2,030 radio stations nationwide. Ownership is concentrated in primarily four media holdings, with Iberoamerican Radio Chile (Spanish-owned Prisa) controlling the largest portion of the market.

Newspapers

Chile has approximately forty newspapers, ranging from nationally distributed dailies to small-town publications. Distribution ranges from as many as 470,000 copies of a Sunday edition of El Mercurio to 3,000 copies of a regional newspaper. In Santiago, El Mercurio, La Tercera, Las Últimas Noticias, and La Cuarta are considered the leading dailies. Publimetro is the leading free daily, while La Hora and Hoyxhoy are also popular free dailies. The two major financial dailies are Diario Financiero and Pulso. Que Pasa is a weekly current affairs magazine.

Chile has two major media holdings: El Mercurio SAP and Consorcio Periodístico de Chile (COPESA), which control about 95% of the print media. El Mercurio has several

newspapers in Santiago and in most major cities. Its flagship publication is El Mercurio de Santiago. El Mercurio also owns afternoon daily La Segunda and Las Ultimas Noticias and a digital network of regional radio stations. The COPESA holding nationally distributes La Tercera, Pulso, La Cuarta, and Qué Pasa, and it publishes the mining monthly, Qué Pasa Minería. COPESA also owns the radio network Grupo Dial that airs in Santiago and other major cities.

Table: Chile Major Publications Readership

Publication Name	Day of the Week		
	Monday-Friday	Saturday	Sunday
	Average Daily Readership		
El Mercurio	261,813	423,341	469,490
La Cuarta	296,067	318,769	355,875
La Tercera	218,671	359,689	375,213
Las Ultimas Noticias	223,489	249,913	267,642
La Segunda	47,305	N/A	N/A
Publimetro	328,189	N/A	N/A
La Hora	292,850	N/A	N/A
Hoyxhoy	259,468	N/A	N/A
Capital Magazine	48,237	N/A	N/A
Caras Magazine	125,325	N/A	N/A
Cosas Magazine	126,518	N/A	N/A
Que Pasa	46,000	N/A	N/A
The Clinic	162,000	N/A	N/A
Pulso	33,106	N/A	N/A

Diario Financiero	34,771	N/A	N/A
El Sur	10,300	12,600	97,000
El Mercurio de Valparaíso	24,377	32,000	82,493
El Mercurio de Antofagasta	21,800	N/A	49,000

Sources: IPSOS Circulation and Readership Verification System for January December 2016; Chilean Association of Advertisement Agencies (ACHAP), Undersecretary of Telecommunications (SUBTEL) 2016 report, Latin American Multichannel Advertising Council (LAMAC), & CERC-Mori December 2016 Political Barometer.

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 to 50% or more for direct sales to consumers, or 20 to 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 succeed. More specialized products are sold by stocking distributors or commissioned agents, who generally earn margins of 5 to 10% on their sales.

Under the U.S.-Chile FTA, tariffs were eliminated on all U.S. manufactured goods. However, all goods, both foreign and domestic, are subject to Chile's value added tax (called "IVA" in Spanish – a sales tax), which has been 19% since October 1, 2003. Value added tax is usually paid by the importer and not by the supplier. Government entities do not pay these taxes, and some goods are subject to luxury taxes.

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 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 short period.

Protecting Intellectual Property

In any foreign market, companies should consider several general principles for effective management of their intellectual property. For background on these principles, please refer to the U.S. Department of Commerce's articles on [Protecting Intellectual Property](#) and also [Corruption](#).

IP Attaché Contact Information

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Due Diligence

Due diligence is an important part of any decision to enter business with a foreign company. U.S. exporters who would like to request 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 visit the [U.S. Commercial Service Chile's webpage](#).

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. Please visit the [U.S. Commercial Service Chile's "Business Service Providers" webpage](#).

Principle Business Associations

An additional tool that can be vital to successfully doing business in Chile is contact with the multitude of 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. The associations are also valuable sources of networking to make and expand industry-specific contacts in Chile. The following is a non-exhaustive list of several business associations in Chile and their websites:

[Association of Exporters and Manufacturers \(Asexma\)](#)

[Association of Fruit Exporters of Chile](#)

[Chilean Association of Biotechnology Companies \(ASEMBIO\)](#)

[Chilean Association of Gastronomy \(ACHIGA\)](#)

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

[Chilean Association of Private Clinics](#)

[Chilean Chamber of Commerce of Automotive Parts and Accessories \(CAREP\)](#)

[Chilean Chamber of Construction \(CCHC\)](#)

[Chilean Chamber of Cosmetics Industry](#)

[Chilean Chamber of Pharmaceutical Innovation](#)

[Chilean Industrial Association of Pharmaceutical Labs \(ASILFA\)](#)

[Federation of Chilean Industry \(SOFOFA\)](#)

[Graphic Industrialists Association \(ASIMPRES\)](#)

[National Automotive Association of Chile \(ANAC\)](#)

[National Mining Society \(SONAMI\)](#)

[National Society of Agriculture \(SNA\)](#)

[Plastic Industries Association \(ASIPLA\)](#)

[Technology Development Corporation \(CDT\)](#)

Limitations on Selling U.S. 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). U.S. companies must have a direct presence or a local representative in Chile to sell to the government.

Web Resources

[Chilean-American Chamber of Commerce \(AmCham\)](#)

[ChileCompra \(Government Procurement website\)](#)

[Embassy of Chile in the United States](#)

[InvestChile](#)

[National Chamber of Commerce Services and Tourism \(CNC\)](#)

[Santiago Chamber of Commerce](#)

[U.S. Commercial Service Chile](#)

[U.S. Embassy Santiago](#)

[United States Department of Agriculture \(USDA\) – Foreign Agricultural Service \(FAS\)](#)

Leading Sectors for US Exports & Investments

The Commercial Section of the U.S. Embassy in Santiago has identified several best prospects sectors for U.S. companies in the Chilean market, based on historically strong sectors and current trends and opportunities.

Agricultural Equipment and Technology

Overview

Table: Chile Agricultural Equipment and Technology Production Data (USD Millions)

Year	2015	2016	2017 (estimated)	2018 (estimated)
Total Market Size	493.7	445.8	443.2	454.0
Total Local Production	20.0	12.0	12.0	13.0
Total Exports	9.6	8.8	8.8	9.0
Total Imports	483.3	442.6	440.0	450.0
Imports from the U.S.	89.2	76.8	75.0	80.0
Exchange Rate: 1 USD	654	677	670	n/a

The agricultural sector is projected to grow by approximately 3.1% in 2017, nearly double the rate of the country's overall projected GDP growth of 1.6%, per SNA, Chile's National Agriculture Society. The country's agriculture sector has faced difficulties due to high labor and energy costs, a drop in international prices, and adverse climate conditions such as droughts, freezes, and untimely strong rain in short periods of time in historically dry areas, causing floods, landslides, and significant damage to plants and crops. Under these conditions, farmers and agriculture-related companies and operations have opted more often to repair and maintain existing equipment rather than investing in new projects. Nevertheless, agricultural equipment and technologies remain a best prospect, given Chile's enormous agricultural export industry, which places is in the top 10 producers worldwide – remarkable, for a country of just 17 million.

The importation of agriculture machinery and equipment decreased by 8.4% between 2015 and 2016, and is not expected to grow significantly in 2017. The U.S. market share decreased by 1.1% in 2015-16; nonetheless, the U.S. leads market share with 17.4% of total imports in 2016, and it is still the single largest supplier of agricultural machinery and equipment in the Chilean market, followed by Italy, Germany, and Brazil. While not in the top 4 suppliers, China is an increasingly strong competitor. Agriculture machinery from the U.S. has a strong reputation, but U.S. companies must be aware that the market is very competitive.

Exchange rate fluctuation heavily impacts this export-oriented sector in Chile, since a strong peso negatively affects Chilean agricultural exporters and production but makes U.S. products more affordable. In turn, a weak peso (vis-à-vis the U.S. dollar) allows better returns and enhanced competitiveness for Chilean exporters, while making U.S. equipment more expensive.

Per the World Bank, the world's population will reach approximately 10 billion by 2050, requiring an increase of 60-70% of agriculture production on the same surface area, with less water and increased climate instability. Additionally, in the Chilean market, there is a scarcity of labor for agriculture processes, which per the International Labor Organization (ILO), has decreased from 81% in 1950, to 48% in 2010 in Chile. In response to the above-mentioned challenges, developed countries are developing and using robotics applied to agriculture and food. While still on the horizon and not in use, robotic equipment such as unmanned tractors (for planting, harvesting, fumigating, and weed removal) and increased worker mechanization is likely in the mid-long term. Drones have already been introduced to collect data on soil conditions, water 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 more, creating demand for 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 machinery and equipment to minimize high-cost labor. Chile must continue to reduce production costs to remain competitive in the international market, of which it is an important food supplier.

One trend in Chile's agricultural production sector is sustainability and natural products. Organic production has increased and there is a need for natural fertilizers and pesticides. USDA has worked with the Chilean authorities to open the market to U.S. organics and familiarize those in the Chilean agricultural sector with U.S. organic standards.

Leading Sub-Sectors

- 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.

- Precision agriculture equipment: To effectively monitor production conditions, propose improvement processes, and increase crop yield
- Fresh fruit harvesting equipment
- Energy efficient machinery and equipment (decrease energy consumption).
- Environmentally friendly machinery and equipment (reduce impact on environment and provide higher sustainability)

Opportunities

[International Fair of Agricultural Technologies \(IFT-Agro\)](#)

May 9–11, 2018

Talca, Chile

Web Resources

[Agricultural and Livestock Service \(SAG\)](#)

[Federation of Chilean Industry \(SOFOFA\)](#)

[Institute of Agricultural Development \(INDAP\)](#)

[Ministry of Agriculture](#)

[National Society of Agriculture \(SNA\)](#)

[Office of Agricultural Studies and Policies \(ODEPA\)](#)

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Agricultural Sector

Overview

Chileans spend 23.4% of their annual income on food. With a relatively low birth rate and more disposable income, this percentage is expected to grow. Chileans generally prefer a diet with bread, meat, fish, seafood, milk, confectionery, fruit and vegetables. In addition, imported food products have grown in popularity over the last five years.

Consumer demand for organic food, especially in urban areas such as Santiago, has been steadily increasing over the past five years. Despite consumer price-sensitivity, Chileans are increasingly searching for more organic, gourmet, and differentiated products, providing opportunities for U.S. exporters. In addition, consumers are increasingly seeking for greener packaging made from recycled products. Shifting demographics and increased women's integration in the workforce (49%) have resulted in increased demand for processed and ready-made food products. Finally, in recent years, the Chilean Government has led a campaign to foster healthy diets and combat obesity, thus increasing consumer awareness and public dialogue about healthy and nutritionally balanced foods.

Chilean Processed Food Industry

Currently, the food industry represents 25% of Chile's economy, and is forecast to grow to more than 35% by 2030. The food and beverage industry is expected to grow by 6.6% annually until 2019.

Chile's Southern Hemisphere location provides counter-cyclical advantages in the food sector. Since crops are harvested during counter-seasons, and most of the world's consumers are in the Northern Hemisphere, Chilean agricultural producers export to other countries in their local off seasons. Chile is amongst the top ten agricultural exporters in the world, with US\$17.5 billion in agricultural exports in 2014. Their main exports commodities are fish, seafood, wine, fresh fruit, dairy and meat products.

Chile's processed food industry is made up of different sectors that constitute it such as chilled processed food, frozen processed food, dried processed food and the beverage industry.

In turn, Chile imports agricultural and food products from the Northern Hemisphere during their winter, to the tune of US\$78 million of food ingredients/products, of which US\$13 million is imported from the United States.

Nutritional Labelling Law

As referenced in more detail in the Labeling and Marking Requirements section of this report, on June 26, 2015, Chile’s Ministry of Health published in their National Gazette the final Decree to implement Law 20,606 on the nutritional labeling of foods, and implementation began on June 26, 2016. The law specifically targets products intended for children under 14 years of age and requires a black octagonal sign(s) on the front of pre-packaged food and beverages if the item exceeds thresholds for saturated fat, calories, sugar, and sodium established by the Ministry of Health (for sample, please refer to Chart 1 on this page). One label is required for each nutrient threshold exceeded; thus, one product could bear up to four labels covering anywhere from 18 to 42 percent of the package cover/face. Imported products can use a sticker to avoid the modification of the package.

Photo: Chile Black Octagonal “Excess Of” (Alto En) Nutrition Labels



Table: Chile “Excess Of” (Alto En) Nutritional Label Dimensions

Labeled area of the main face of the label	Required dimensions for each “EXCESS OF” sign (height and width)
Less than 30 cm ²	Label in the bigger container
Between 30 and 60 cm ²	1.5 x 1.5 cm
Between 60 and 100 cm ²	2.0 x 2.0 cm
Between 100 and 200 cm ²	2.5 x 2.5 cm
Between 200 and 300 cm ²	3.0 x 3.0 cm
Greater than 300 cm ²	3.5 x 3.5 cm

Food Retail Market

The Chilean market for retail food is composed of a mix of large supermarkets, mid-sized grocery stores, convenience stores, gas station markets and an array of smaller independent neighborhoods “mom-and-pop” shops. To give the reader a sense of the size of the retail food market, the sub-sectors composed of supermarket, grocery stores, convenience stores and gas-marts had sales of \$14.3 billion in 2015 and \$9.8

billion from January to August 2016. This number includes other items sold in larger supermarkets and hypermarkets such as clothing and kitchen appliances. When looking only at food products, sales were around \$9.5 billion USD in 2015.

Note: Exchange rate 1 USD = 670 CLP

Where the customers are spending their money to buy food has been changing over the years. In 2006, supermarkets accounted for 62.4% of all food sold to consumers. By 2014, this number declined to 48.2%, due to diversification of the places where people buy their food products.

Table: Chile Market Share by Store Type, 2006

Store Type	Market Share (%)
Big Supermarkets	51.6%
Medium Supermarkets	5.6%
Mom and Pop	31.3%
Liquor Store	3.5%
Butcher and Deli	4.6%
Fruits and Vegetables	N/A
Seafood Store	N/A
Bakery and Pastry	N/A
Pet Food	N/A

Source: Servicio de Impuestos Internos (SII), 2016.

Table: Chile Market Share by Store Type, 2008

Store Type	Market Share (%)
Big Supermarkets	67.6%
Medium Supermarkets	8.3%
Mom and Pop	13.1%
Liquor Store	3.5%

Butcher and Deli	3.3%
Fruits and Vegetables	N/A
Seafood Store	N/A
Bakery and Pastry	N/A
Pet Food	N/A

Source: Servicio de Impuestos Internos (SII), 2016.

Table: Chile Market Share by Store Type, 2010

Store Type	Market Share (%)
Big Supermarkets	65.2%
Medium Supermarkets	10.4%
Mom and Pop	12.6%
Liquor Store	3.6%
Butcher and Deli	3.7%
Fruits and Vegetables	N/A
Seafood Store	N/A
Bakery and Pastry	N/A
Pet Food	N/A

Source: Servicio de Impuestos Internos (SII), 2016.

Table: Chile Market Share by Store Type, 2012

Store Type	Market Share (%)
Big Supermarkets	48.4%
Medium Supermarkets	12.0%
Mom and Pop	21.6%
Liquor Store	6.1%
Butcher and Deli	4.5%

Fruits and Vegetables	N/A
Seafood Store	N/A
Bakery and Pastry	N/A
Pet Food	N/A

Source: Servicio de Impuestos Internos (SII), 2016.

Table: Chile Market Share by Store Type, 2014

Store Type	Market Share (%)
Big Supermarkets	48.2%
Medium Supermarkets	12.1%
Mom and Pop	21.2%
Liquor Store	6.1%
Butcher and Deli	4.6%
Fruits and Vegetables	N/A
Seafood Store	N/A
Bakery and Pastry	N/A
Pet Food	N/A

Source: Servicio de Impuestos Internos (SII), 2016.

Supermarket Chains

There are eight major supermarket chains operating in Chile with varying presence in different cities and targeting different customer profiles. Although they all compete among each other, they follow different strategies based on locations and depth and scope of the product mix.

Unimarc, a medium-sized grocery store, has the largest number of stores across the country operating in 294 locations. Wal-Mart operates two brands: LIDER / LIDER EXPRESS and EKONO. LIDER, with 82 locations, represents the very large hypermarkets and supermarkets, while EKONO, with 127 locations, may be on a category of its own as a small discount grocery store. CENCOSUD also operates two distinct lines of supermarkets. SANTA ISABEL, a medium to large grocery store with

128 locations and JUMBO, the flagship hypermarket with 50 stores nationwide. Falabella, another large retailer, operates a supermarket chain, TOTTUS, with 58 locations. MONSERRAT and ERBI are the last two important chains with 34 and 33 locations, respectively.

Gas Marts or “Mini-Markets”

Gas Marts or “mini-markets” are primarily operated by three fuel companies. PETROBRAS, from Brazil, operates 89 marts called ESPACIO1. COPEC, from Chile, operates 79 PRONTO locations. Lastly, SHELL operates two lines of stores: SELECT, with 46 locations and UPA, with 49 locations.

Wholesale markets

Wholesale markets have been on the rise totaling 146 locations: MAYORISTA 10 operates in eight regions with 64 locations; ALVI operates in nine regions with 29 locations; LA OFERTA has 12 locations, and Wal-Mart operates two different store brands; CENTRAL MAYORISTA has 4 locations; ACUENTA has 37 locations.

Convenience Stores

There are three big convenience store chains: OK MARKET (Chile), BIG JOHN (Mexico), CASTAÑO (Chile). These types of convenience stores are driven by location. They cater to the upper-middle class by offering good service, convenient locations and a variety of foods and snacks. There are 257 convenience stores, but only OK MARKET operates outside Santiago. In other Chilean cities, independent stores service the markets. BIG JOHN was acquired by the Mexican company FEMSA in June 2016. Industry experts believe that FEMSA will enter the Chilean market with OXXO the giant convenience store chain with more than 14.000 outlets in Latin America.

Mom and Pop Stores

Mom and Pop stores, supermarkets, fruit and vegetables shops, and liquors stores are the most abundant types of retail stores in Chile (graph 3). The most frequently found type of retail store is this type of independent small neighborhood store with a total of 69,223 locations.

Table: Chile Retail Store Types, 2016

Store Type	Number of Stores
Mom and Pop	69,223
Supermarket	16,821

Liquor Store	10,486
Fruits and Vegetables	9,742
Butcher and Deli	2,831
Pet Food	2,545
Bakery and Pastry	1,998
Seafood Store	1,793

Source: Servicio de Impuestos Internos (SII), 2016.

Table: Chile Advantages and Challenges for U.S. Agricultural Exporters

Advantages	Challenges
Clear rules and transparent regulations offered by the government allow for fair competition.	There are stricter regulations surrounding fresh products to avoid the spread of diseases that may affect local production.
The purchasing power of Chile’s middle class continues to rise.	Chile is a competitive market; which has free trade agreements that cover 65 countries including the European Union, China, Central America and South American countries.
The U.S.-Chile free trade agreement resulted in 0% duties for all U.S. agricultural products as of January 1, 2015.	There has been an increase in the market share of Chilean brands at the expense of global brands.
Chile’s largest retailers have operations in other Latin American countries making it a gateway to other Latin American markets.	Chile’s new nutritional labeling law requires possible stickering/labeling if thresholds of sodium, saturated fat, sugar and calories exceed certain levels set by the Ministry of Health.

American brands are well-regarded as high quality with many well-known brands already present in the market.	There is a lack of awareness about the all the different types and qualities of some U.S. products by Chilean consumers and importers; i.e. premium quality beef cuts that do not exist in Chile. Thus, more marketing and knowledge is required.
Equal playing field for imported and local products.	Strong competition from other producing countries.
	New technologies like web based grocery sales.

Opportunities

The following steps highlight the main points that need to be taken into consideration when attempting an entry into the Chilean retail food market.

Market Analysis:

- There is a wide variety of food products in Chile’s retail sector, due to the market openness. Thus, the U.S. exporter must be clear as to what role the product will have in the market and how will it be positioned in relation to other competitors.
- Supermarkets have limited shelve space and usually different brands are available.
- Supermarkets will assess if their new product margin is attractive in comparison to other brands, which is mainly a cost-benefit decision.

Market Access:

- Enter through the big supermarket chains or find a partner/distributor.
- Supermarkets chains will allow for a new product to have a countrywide presence, and these chains carry a more diverse variety of products.
- Trying to enter the Chilean retail market through smaller stores can be a bit more challenging, as it is more limited it the variety of products it holds for its customers. In addition, this sector is more focused on price than variety.
- Another possibility is to enter through a partner or distributor that will sell the product in different types of stores. The advantage is that the distributor has a variety of clients and could sell a bigger volume of the product.

Marketing Campaign:

- It is important to differentiate your product against other like products.
- U.S. produced products have a very positive image and are viewed as high-quality and safe.
- The appropriate marketing campaign would inform the consumer the origin of the brand. i.e. American meat cuts are a good example of this strategy as they have an American flag on the packaging that differentiates them from other available meats. Slogans and marketing materials should be understood in Spanish. Be mindful of using slang. The word American coupled with a flag can be favorably used in this market.

There are three main players in the importation side:

- Wholesalers and producers import large quantities to distribute to smaller independent stores. i.e. Dairy product manufacturers import dry milk to package and distribute. Most of the independent stores get their products at a discount price from wholesalers. They act as an intermediary, as the smaller stores are not able to import entire containers or do not have the logistic capacity to do so.
- Large supermarket chains import directly from foreign producers and also own most of the wholesale supermarkets which then redistribute to smaller stores as well. They operate large distribution centers that supply the entire country.
- Distributors that supply gas stations for their countrywide operations on the gas marts.

There are no regulations limiting the number of actors who can import. The import process is as cost-effective as possible, using economies of scale whenever possible. All major retailers have distribution centers where they group imports and local production to be distributed to their retail outlets.

Leading International Agricultural Product Suppliers to Chile

Four countries are the dominant suppliers of consumer oriented agricultural products for Chile's retail industry—Brazil, the United States, Argentina and Paraguay. They are all located in the Americas and each of these countries operates under the same conditions, as they all enjoy trade agreements with Chile. Aside from differences in distances from Chile, their strengths and weaknesses rest on their own competitive advantages in the manufacturing and production of food and beverage products.

Brazil is the top supplier of HVFBP with a market share of 17.3%. Beef and poultry are their main products exported to Chile. Beef and poultry exports have grown 20.1% and 20.3% per year, respectively, over the period of 2010 to 2015. In the meantime, pork exports have grown 23% making it the fourth largest export to Chile. Brazil also

exports non-perishable items, such as chocolates, pastas, coffee and canned goods. Brazilian coffee exports have not grown over the 2010–2015 period.

The U.S. is the second largest exporter of HVFBP to Chile with a market share of 16.4% market share. It has been growing at a 20.4% annual rate over the period from 2010 to 2015. The top ten U.S. HVFBP exported to Chile in 2016 were: dairy products, prepared foods, beer, beef, poultry, pork, condiments and sauces, almonds, processed vegetables and pet foods.

Argentina is the third largest exporter of HVFBP to Chile with a 15.7% market share in 2015 valued at almost US\$ 451 million. Argentina's main exports to Chile are beef, dog & cat food and dairy products.

Paraguay is the fourth largest HVFBP exporter to Chile, enjoying a 12.0% market share. Exports consist almost entirely of beef products. Paraguay's strength is its production of commodities such as beef, rice and wheat, which have very competitive prices in relation to other suppliers.

Leading Sub-Sectors

In addition to the opportunities found in the most-commonly imported food products, the best product prospects for U.S. producers are a mix of categories which fulfill the needs of Chilean consumers for healthier products and high value added specialized products.

The fastest growing segment is products targeted at consumers that seek healthier eating habits. This trend is also reinforced by Chile's recent Nutritional Labeling Law, which makes it mandatory to put special labels on products that exceed levels set by the Ministry of Health for sodium, saturated fats, sugars or calories. For more information, please see the [USDA's Foreign Agricultural Service's \(FAS\) "Chile's New Nutritional Labelling Law" Report](#).

More and more Chilean consumers are concerned about their health and wellbeing. According to a 2016 survey by Kantar, a consultancy agency who monitors household consumption, 54% of consumers stated that they are concerned with their health and physical wellness, which is higher than the 40% average for Latin America. Also, according to Kantar, the wellness product mix has grown 6.8% compared to a 1.6% growth of all other products between June 2015 and June 2016. The biggest increases in this food and beverage sector (from June 2014 to June 2016) are for products low in sodium (38%), diet juices (33%), bottled water (22%) and lactose-free milk and yogurt products (57%).

There are market opportunities in the energy drinks category where the U.S. exports to Chile grew at a 43% annual rate in value during the period 2010 to 2015. Red Bull, Monster, and like products represent 71% of energy drinks, and the U.S. may take advantage of high-quality brand perception that the Chilean consumer has of U.S. products to increase market share in this category.

Specialty ice cream is also a fast-growing category of products that are well received by the Chilean consumer. From 2010 to 2015 exports of ice cream to Chile have increased at a 65% rate per year, reaching almost US\$ 4.4 million in 2015.

Other products present in the market with good continued sales potential include:

1. **Beef:** Tip beef cut, Back ribs, short ribs beef cut, Outside Round / Top Round / Top of Bottom Round beef cut: Retail stores offer a variety of cuts suitable for the BBQ/grill or 'asado', which is a tradition amongst Chilean consumers. These cuts are characterized for having a high-fat content, which gives the beef a better flavor. Per industry experts, these cuts can be packaged at a low cost for U.S. producers, but are sold at a premium price in Chile given their U.S. origin.
2. **Dairy:** The United States is the main supplier of dairy to Chile, with a market share of 30% of all dairy imported. The main dairy product the U.S. exports to Chile is cheese; which is estimated to reach \$30 million in 2016 and is mostly made up of cream cheese and mozzarella cheese. Non-fat dry milk (NFDM) followed by cheddar cheese and ice cream make up the remainder of the dairy products imported from the United States. Per post sources, U.S. dairy products exports are attractive due to their quality, competitiveness and low prices in relation to other suppliers. Prepared foods exported to Chile are mainly cereals, pasta and infant foods.
3. **Fruits Juices:** there is increasing opportunity for all natural, no-sugar added orange, grapefruit, and grape juices. The imports of juice from the U.S. have grown 37% per year in value between 2010 and 2015.
4. **Poultry:** Chile is the largest market for U.S. poultry in South America.
5. **Pork (Chilled/Fresh):** The United States is the main supplier of pork in Chile, offering low prices and a high-quality product.
6. **Pork as ingredient** is primarily used in Chile's sausage and hotdog industry.
7. **Food Ingredients**
8. **Frozen Meals**
9. **Beer/Craft Beer and Spirits:** Chile is the largest consumer of alcohol per capita in Latin America, reaching 61.3 liters per capita a year. Alcoholic beverages consumption grew 2.1% in 2015, with beer recording the highest per capita consumption levels reaching 43.7 liters per capita.
10. **Snack Foods**

11. Cereals

12. Pet Foods

13. Natural/Organic Foods: there is a growing niche for this product segment.

Other products not widely (or at all) present in the market and with few suppliers, but with good demand:

Products consumed in Chile in small quantities that have none or few U.S. suppliers include: skirt steak/outside skirt beef cut, flank steak beef cut, subcutaneous muscle (Malaya) pork and beef cut., beef neck, frozen high quality hamburgers, specialty desserts, energy drinks, premium ice-cream, value- added supplement milk, cheddar cheese in sliced format, mozzarella cheese in sliced format, blue cheese, parmigiano and provolone cheeses.

Automotive Parts

Overview

Table: Chile Automotive Parts Production Data (USD Millions)

Year	2015	2016	2017 (estimated)	2018 (estimated)
Total Market Size	950	674	825	810
Total Local Production	452	500	525	550
Total Exports	727	982	990	1,050
Total Imports	1,225	1,156	1,290	1,310
Imports from the U.S.	337	273	341	345
Exchange Rate: 1 USD	654	677	670	N/A

Sources: National Institute of Statistics (INE), Federation of Chilean Industry (SOFOFA), and Chile Customs Data

Note: 1. Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
2. These figures do not include parts for mining machinery and vehicles, a major industry in Chile. 3. The total local production figure is 90% tire production for export.

There are approximately 4.9 million motorized vehicles in Chile and that number is expected to surpass 5 million in 2017. In 2016, the sales of new cars increased by a negligible amount per the National Chamber of Automotive Trade (CAVEM), but sales of used cars increased by 14%. The ratio of used car sales to new car sales increased from 2.97 to 3.40 between 2015 and 2016. 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, many parts and accessories are imported from trading partners around the world who have access to the Chilean market. Local manufacturing, limited to tires, filters, screws, CV joints, and gearboxes, is approximately 40% and primarily serves the local market.

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 several countries. Nevertheless, U.S. parts are still leading the market and accounted for approximately 30% of the auto parts imported by Chile in 2016, a portion grossing roughly US\$ 273 million.

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.

Leading Sub-Sectors

In the market for heavy vehicles, American brands are the top sellers. Best prospects for parts include engine kits, differential gears, clutches, rings, accessories, lights, pneumatic suspension systems, batteries, filters, and oil. Other successful parts include those that wear out, 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 sector. Non-branded or generic imports account for 70% of the aftermarket, while 30% are OEM.

Web Resources

[Association of Metal & Metallurgical Industries \(ASIMET\)](#)

[Chilean Chamber of Commerce of Automotive Parts and Accessories \(CAREP\)](#)

[National Automotive Association of Chile \(ANAC\)](#)

[National Chamber of Automotive Trade \(CAVEM\)](#)

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Construction

Overview

Table: Chile Construction Production Data (USD Millions)

Year	2015	2016	2017 (estimated)	2018 (estimated)
Total Market Size	845.6	703.3	720.0	775.0
Total Local Production	110.0	110.0	110.0	115.0
Total Exports	70.7	92.3	90.0	90.0
Total Imports	806.3	685.6	700.0	750.0
Imports from the U.S.	290.5	170.3	190.0	200.0
Exchange Rate: 1 USD	654	677	670	n/a

Per the Chilean Chamber of Construction (Cámara Chilena de la Construcción, CCHC), Chile's construction sector experienced negative growth in 2016. Industry experts project the sector will only modestly expand during 2017.

Per CCHC, Chile should invest at least 3.5% of its GDP to increase and improve its current infrastructure. Currently, investment totals approximately between 1.5 and 2.5%. Infrastructure projects are financed with direct state investment and public/private partnerships. Chile has a large portfolio of outstanding transportation infrastructure projects, with need for expansion in ports, airports and highways. Airport infrastructure projects total approximately US\$1.2 billion for the period between 2015 and 2018, and US\$1.7 billion for the period between 2015 and 2023. Highway and road capacity is extremely low in several regions throughout the country, which becomes especially evident during high tourism season. A total of 53 identified regional projects are to be constructed in the next 10 to 14 years, totaling investment of about US\$8 billion, which includes general road works, international, national, and local highways, and smaller connecting roads between cities and towns.

The country's strong international trade, of which 96% is transferred through ports, requires improvement of transfer capacity and logistic services. Projections indicate that the country's port capacity will become saturated by 2020. Chile's Ministry of Public Works projects investment in port infrastructure between 2015 and 2023 to be US\$5.3 billion. However, numerous large port infrastructure projects are well behind schedule, such as the Puerto Gran Escala for Chile's 5th region, which has been in discussion for several years yet the site of the port (San Antonio vs. Valparaíso) has not yet been announced.

The importation of construction machinery and equipment decreased by 15% between 2015 and 2016, and is expected to remain with zero growth during 2017. The U.S. has long been the leading supplier of construction equipment to the Chilean market, exporting heavy machinery, high-tech building materials, and capital equipment, among others. However, U.S. imports in the construction sector decreased by 41% from 2015 to 2016, reflecting an important drop in market share, with the next three leading suppliers being China, Germany, and Japan. 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.

In 2016, Santiago ranked #1 as the most sustainable city in South America, per the Dutch consulting firm Arcadis. Outside the U.S., Chile ranks #9 globally for LEED certification, with 321 projects, of which 182 are in process. The public demand for sustainable practices and support for investments in green infrastructure, engineering, and construction is high. The high cost of energy (among the highest in Latin America), fosters the need to use energy efficient materials incorporated in projects design. In 2012, Chile signed the Inter-Ministry Agreement for Sustainable Construction, to align several initiatives from the Ministries of Public Works, Housing & Urban Development, Energy, and the Environment. To jointly incorporate and design the local concept of sustainable construction, representatives from the involved Ministries studied the smart cities and best practices in other countries, including Australia, the Netherlands, France, Germany, and the United States.

Per the 2015 tax law, which took effect on January 1, 2016, the 19% national value-added tax is now applied to land sold for residential construction. This change created a small boom in the residential housing market in late 2015, and a corresponding dip in the market in 2016. Per industry contacts, future residential housing development projects are expected to decrease, but there is a small niche for high-end/luxury housing projects, which target a very small percentage of the population with high purchasing power. High-end housing consumers are particularly attracted to and conscious of green building and sustainability, reinforcing previously noted demand for high-tech building materials, design, and construction.

Leading Sub-Sectors

Chile manufactures very limited and basic types of construction equipment, mostly mining related. The clear majority of equipment is imported, and U.S.-made products are highly regarded by Chilean buyers. However, Chinese equipment has consistently increased its presence in Chile. The best opportunities for U.S. exports are for those products that offer high levels of efficiency and reduced operational costs. Energy efficient machinery is desirable, given high local energy costs. The most promising sub-sector prospects include: earth-moving equipment, concrete technology for

high-rise building construction (scaffolding, concrete pumps), products to accelerate the building process, green building materials, insulation products, and heating and cooling systems. Metro Santiago has already banned the use of firewood for heat, and with extreme winter air pollution in Santiago and dozens of other Chilean cities, the demand for environmentally sustainable heating systems is high. The local market is open to new and high tech products, but is a small and very competitive.

Opportunities

- Public Works, Infrastructure: highways, airports, ports, hospitals, etc.
- Mining, energy, and other industry-related construction
- Private buildings (offices, hotels, first & second homes, lake and beach resorts)
- Retail, especially shopping malls
- Educational and private health facilities

Upcoming Events/Trade Shows

[Expo Edifica](#)

October 4-7, 2017

Santiago Chile

Web Resources

[Association of Offices of Architects \(AOA\)](#)

[Chilean Chamber of Construction \(CCHC\)](#)

[Chile Green Building Council](#)

[Chilean Ministry of Housing and Urban Development \(MINVU\)](#)

[College of Civil Constructors and Engineers Builders of Chile](#)

[College of Engineers of Chile](#)

[Ministry of Public Works \(MOP\)](#)

Contact Information

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Energy Overview

Table: Chile Energy Production Data (USD Millions)

Year	2015	2016	2017 (Estimate)	2018 (Estimate)
Total Market Size	1,302	1,263	1,200	1,254
Total Local Production	148	150	154	158
Total Exports	68	60	54	66
Total Imports	1,232	1,173	1,100	1,162
Imports from the U.S.	156	186	200	166
Exchange Rate (*): 1 USD	654	676	670	n/a

Source: Chilean Customs Data

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

Chile's electricity sector, including generation, transmission, and distribution, is privately owned and operated by both foreign and local companies.

The consensus is that, on average, electricity demand for the next five years will grow at approximately 4% per year. This means that approximately 95,000 GWh of total electric energy will be in demand by 2020. The average projected power demand is approximately 500 Mw/year. Thus, an increase in supply of some 8,000 MW of new generation projects is needed to satisfy projected demand.

Chile has four independent electric grids: The Northern Grid, or “Sistema Interconectado del Norte Grande” (SING), with approximately 4,000 MW of installed capacity; the Central Grid, or Sistema Interconectado Central” (SIC), with approximately 16,000 MW; the Magellan grid, or “Sistema Eléctrico de Magallanes” (SEM), with approximately 100 MW; and the “Sistema Eléctrico de Aysen” with approximately 110 MW of installed capacity. A landmark project, approved in April 2015, will connect the Northern and Central Grids, thus integrating electricity distribution for the clear majority of Chile's population centers and industrial areas. The transmission lines will cover 753 kilometers with double circuit 500 kV lines.

As of March 2017, the average contract price paid for distribution companies selling to regulated clients was US\$86.2/MWh for the Central Grid and US\$83.7/MWh for the Northern Grid, down from down from US\$104 MWh in 2008.

The Chilean Chamber of Construction estimates that private investment in the overall energy sector for the period 2016–2025 is expected to reach US\$11.566 billion, with a

sector breakdown as follows: generation (US\$9.102 billion), transmission (US\$567 million), and distribution (US\$1.897 billion). The energy crisis concern of recent years appears to be over, since the growth of electricity demand has decreased relative to that of prior years.

The renewable energy generation market share passed the double-digit mark in 2015, and currently accounts for approximately 11% of Chile's total energy matrix, marking an enormous shift in the last decade. 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 photovoltaic (PV) / solar energy, with significant investments in Northern Chile's Atacama Desert, which has among the best profiles for solar energy on Earth. As of late 2016, Chile has 2,963 MW of installed renewable energy in operation and 2,614 MW under construction. Of considerable note, renewable energy projects totaling 19,724 MW have secured environmental approvals, which is arguably the most significant hurdle to energy and mining projects in Chile.

Law 20.698, also known as Law 20/25, requires that companies with more than 200 MW of installed capacity generate 20% of electricity from renewable sources by 2025. Chile's natural resources allow analysis of energy sources of power from wind, geothermal, solar, biomass, biofuels, and other sources of energy.

Law 20.571 also supports renewables, allowing power generation with installed capacity of up to 100 Kilowatts by residential owners.

Based on a review of import statistics and current conditions, the Chilean market for equipment sold in the energy sector is expected to increase slightly in 2017, particularly in the transmission sector, as compared to 2016.

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
- Clean coal technology plants
- 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 water heating
- Solar PV panels and CSP systems. In the mining sector, turn-key projects dominate.
- 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
- High efficiency transformers
- Signal conditioners

Opportunities

Export opportunities in electric power equipment are a consequence of a surge in power generation and transmission investment that will require direct investment and supplies of over US\$7 billion for 2017.

Major Events/Trade Shows

[International Fair of Technologies \(IFT-Energy\) Atacama Desert](#)

Antofagasta, Chile

2018 Dates to be determined

Web Resources

[Aduanas \(Chile National Customs Office\)](#)

[Chilean Chamber of Construction \(CCHC\)](#)

[Electricidad – Chile Electric Industry Magazine](#)

[National Electric Coordinator](#)

[National Energy Commission \(CNE\)](#)

[Systep \(Chilean Engineering and Design Consulting Firm\)](#)

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Energy Efficiency Overview

Chile plans to improve its energy generation capacity by the end of this decade to meet projected demand. Not surprisingly, energy efficiency has become an important aspect of the country's national strategy. Although presenting a draft law on energy efficiency to Congress was one of the Bachelet Administration's priorities for 2015, different complexities such as methodologies in the mining processes, diverse industry sector considerations, lack of technical capabilities, and others factors have delayed the process. A draft energy efficiency law is being prepared by an inter-ministerial committee, which includes representatives of the Ministries of Interior, Finance, Economy, Social Development, Public Works, Housing, Transportation, and Environment. The project aims to reward energy savings and create incentives for the electricity distribution companies to foster energy conservation. The first step of the action plan is a proposal for the different sectors in Chile to prioritize energy efficiency in their decision-making process to begin the development of a culture that fosters this concept.

An important player in Chile in energy efficiency is the Chilean Agency of Energy Efficiency, a private non-profit organization with the goal to promote, strengthen, and consolidate the efficient use of energy by coordinating relevant players at the national and international level and implementing public/private initiatives that will lead to a competitive and sustainable development of the country.

A huge number of green products are already present in the Chilean market; however, identifying them is a challenge, since many are imported under the HS Codes corresponding with "regular," non-energy efficient products. For example, low-energy light bulbs are imported under HS Code 85393100. The imports for this HS Code in 2015 reached US\$ 23.7 million, 90% of which were imported from China, followed by Thailand.

Opportunities

U.S. energy service companies (ESCOs) engaged in energy management have interesting opportunities in this market. Local engineering companies provide consulting services and developing projects and solutions to advance energy efficiency in Chile. These companies may have an interest in partnering with U.S. companies that have extensive design and implementation experience in integrating efficiency. Numerous opportunities will likely arise once a framework is put in place by the relevant Ministries regarding energy efficiency; however, there is no estimated completion date for the framework now.

Web Resources

[Ministry of Energy](#)

[Chilean Agency of Energy Efficiency \(AChEE\)](#)

[Chilean Ministry of Environment \(MMA\)](#)

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Environmental Technologies

Overview

With steady population growth, as well as a rising standard of living and gross domestic product (GDP) of more than US\$23,000 per capita, Chile's generation of Municipal Solid Waste (MSW) has increased significantly in the last decade. Because of this socioeconomic shift, as well as the new Extended Producer Responsibility (EPR) Law, there is an increasing social awareness and demand for new environmental solutions/technologies and recycling among the Chilean population. The EPR Law aims to reduce waste generation and encourage waste reuse, recycling, and other types of recovery. The government is playing an active role in the implementation of more modern environmental policies, including regulations that make producers liable for the waste generated by products through the end of the product life cycle.

In Chile, 17.0 million tons of waste is generated each year. Of this, 6.5 million tons are municipal, and 10.5 million tons are non-municipal waste. Nearly 100% of Chilean households have access to collection services, managed by each municipality, which is responsible for collecting and disposing of its own waste. Most award contracts to collection agencies that transport the waste to privately managed landfills. Per a study by the Chilean Environmental Ministry, 33% of Chile's waste is recyclable; however, currently only about 10% is currently recycled. Only 5% of tires, 7% of batteries, less than 2% of large and small appliances, and 17% of computer equipment are recycled. With implementation of the new EPR law, five priority products will need to be handled throughout their entire life cycles, creating demand among importers and/or producers for clean production technologies and recycling processes that comply with the new regulations. The five priority products are as follows:

- Batteries
- Containers and packaging
- Electric and Electronic devices
- Oil/Lubricants
- Tires

In the case of Environmental Technologies as a sector, it is very difficult to retrieve accurate trade data, since the sector covers a wide range of the HS codes that could have environmental applications.

Leading Sub-Sectors

Waste Management

Key technologies in demand include the following:

- Collection services, containers, and vehicles
- Composting equipment
- Crushing and grinding machines
- Landfill gas recovery
- Materials handling equipment
- Recycling process expertise
- Sanitary landfill design and associated technologies (especially liners and covers)
- Sorting machines
- Waste-to-Energy technologies

In general, technologies that improve productivity and provide more efficient and cleaner processes at lower costs are welcome.

Opportunities

The following trade shows provide a good opportunity to identify opportunities, network with local players, and enter the Chilean market:

[Fair of Technological Innovation and Environmental Management \(FITGA\)](#)

September 27-28, 2017

Santiago, Chile

[Smart City Santiago](#)

December 9-11, 2017

Santiago, Chile

Web Resources

[Association of Businesses and Professionals for the Environment \(AEPA\)](#)

[Association of Industrial Suppliers of Mining \(APRIMIN\)](#)

[Chilean Association of Municipalities \(AChM\)](#)

[Chilean Ministry of Environment \(MMA\)](#)

[Chilean-American Chamber of Commerce \(AmCham\)](#)

[Induambiente – Chile Environmental Industry Magazine](#)

[Plastic Industries Association \(ASIPLA\)](#)

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Healthcare Overview

Table: Chile Healthcare Production Data (USD Millions)

Year	2015	2016	2017 (Estimate)
Total Market Size	663	676	690
Total Local Production	6	6	7
Total Exports	16	16	17
Total Imports	673	687	700
Imports from the U.S.	235	240	245
Exchange Rate: 1 USD	654	676	670

Source: Chilean Customs Data

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

Chile's annual healthcare expenditure totals approximately 7.3% of GDP. The Chilean government has a wide range of public healthcare infrastructure projects throughout the country that have been announced; however, it is unclear whether there will be financing to complete the planned projects, so priority will likely be given to those that can secure budget. Decrease in the public sector's waiting lists and the fulfillment of guarantees in government-funded diseases, GES, continue to be issues. The public healthcare debt in 2016 amounted to US\$282.5 million. This reality is attuned with the country's slowed economic growth, which less than 2% in 2016. In turn, private sector healthcare spending has doubled in the last 10 years. Private clinics have increased their number of outpatient centers and increased their number of beds, mainly due to three factors: 1) an increase in the number of patients seeking medical attention, 2) an aging Chilean population, and 3) state-of-the-art technology available for diagnosis and treatment.

FONASA, the government-run healthcare insurance system, covers 69% of the population; of the remaining 31%, approximately 5% lacks any type of insurance, 3% has insurance under the Ministry of Defense (i.e. armed forces and police), and 23% (bordering on 2.6 million people) pay into the private sector insurance system, which is provided by entities called ISAPRES. There are 13 ISAPRES currently operating in the Chilean market.

In terms of regulation, pharmaceuticals have mandatory registration at the Institute of Public Health. Currently, medical devices that require authorization include contraceptives, gloves, needles, and syringes. However, there is a law currently being discussed in Congress that may impose registration on additional medical devices.

Leading Sub-Sectors

The following equipment/devices continue to have market potential: surgical tables, surgical lamps and flash lights, disposable and non-disposable surgical instruments, central monitors, trauma equipment, emergency equipment, and hospital furniture.

Opportunities

Public sector opportunities are published as tenders at [Mercado Público](#), Chile's government procurement website. Foreign companies may register on this site as foreign suppliers; however, it is far more effective to appoint a local representative with experience 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

[Association of Chilean Health Insurers \(ISAPRES\)](#)

[Chilean Association of Private Clinics](#)

[Ministry of Health](#)

[National Health Fund \(Fonasa\)](#)

[Public Health Institute of Chile \(ISPCH\)](#)

[Superintendence of Health](#)

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Mining Overview

Table: Chile Mining Production Data (USD Millions)

Year	2015	2016	2017 (Estimate)	2018 (Estimate)
Total Market Size	1,617	1,209	1,160	1,155
Total Local Production	304	256	230	226
Total Exports	209	203	200	202
Total Imports	1,522	1,156	1,130	1,131
Imports from the U.S.	501	264	250	252
Exchange Rate: 1 USD	654	676	670	n/a

Source: Chilean Customs Data

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

Chile is the world's #1 copper producer and has world-class mining infrastructure and operations. In 2016, Chile produced 5.55 million tons of copper, which represents 30% of current world production. Not surprisingly, the mining sector plays an enormous and important role to Chile's economy, accounting for about 10% of GDP and about 50% of Chilean exports.

Chile's mining project pipeline remains large, but less certain than in previous years. Projects are under development by both state-owned and private sector companies, but at a more moderate pace as compared to years when copper prices were historically high. Permitting is onerous and often involves more than a dozen agencies, particularly for large investment projects.

In 2016, the average price of copper was \$2.21/lb., which marked a decrease from US\$2.49/lb. in 2015. Nonetheless, copper prices for 2017 have rebounded by about 20% over 2016, and are expected to fall within the range of US\$2.55-US\$2.65/lb. throughout this year. This follows an exceptional period in 2011, when prices hovered around US\$4.00/lb.

Industry capital outlay projections in the copper mining sector for the period 2017–2024 are expected to be in the US\$25–30 billion range. In addition to copper, Chile is also a major world supplier of molybdenum, gold, and silver. Chile is also a relevant supplier of non-metallic minerals such as iodine, lithium, sodium, and potassium nitrate.

Chile is the world's #2 lithium producer, with 36% of current world market share. Chile currently holds the largest known economically extractable reserves of lithium in the world in the Salar de Atacama. Increased demand from the electronics and electric vehicle industries has made 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. However, the Chilean government recently approved a permit for Albemarle to more than triple extraction rates, and the Chileans are also looking at developing new salt flats (*salares*) in the third region of the country (Copiapó).

In recent years, the mining industry has been investing not only in mining development and expansion projects, but in seeking renewable sources of energy in an effort to reduce their carbon footprint. The mechanisms used for the latest solar and wind powered plants have been via private tenders.

The U.S. remains the single largest supplier of mining parts and equipment in Chile, with a market share of around 22%. 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 and cleaner processes.

Freeport-McMoRan Copper & Gold Inc. (Phoenix, Arizona) and Albemarle Corporation (Charlotte, North Carolina) are the two large U.S. mining extraction companies present in Chile. Other major local players continue to be Canadian, Australian, and European mining companies.

Leading Sub-Sectors

There are opportunities and demand for mining parts, equipment and technologies, as follows:

- 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 from 2017–2024, investments totaling US\$25–30 billion will be made by the private and public sectors. U.S. exporters are expected to remain an important supplier of high-quality products to Chilean importers.

Upcoming Events/Trade Shows

In Chile, there are two large mining trade shows in alternating years: EXPOMIN and EXPONOR.

EXPOMIN is the world’s largest mining trade show outside of the U.S., with over 1,600 exhibitors, over 100 of which are in the official U.S. Pavilion organized by Chicago-based Messe Düsseldorf North America. EXPOMIN is a U.S. Department of Commerce Certified Trade Show that takes place in even years at Espacio Riesco in Santiago.

EXPONOR is Chile’s second largest mining trade show after EXPOMIN. This U.S. Department of Commerce Certified Trade Show features a U.S. Pavilion with about 70 exhibitors, organized by New Jersey-based Kallman Worldwide. EXPONOR takes place in the Northern Chilean city of Antofagasta, located in the heart of mining country.

Event Information

[EXPOMIN](#)

April 23–27, 2018

Santiago, Chile

[EXPONOR](#)

May 2019 – dates to be determined

Antofagasta, Chile

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Telecommunications Sector Overview

Table: Chile Telecommunications Production Data (USD Millions)

Year	2015	2016	2017 (estimated)	2018 (estimated)
Total Market Size	798	684	750	920
Total Local Production	139	84	110	120
Total Exports	59	48	50	60
Total Imports	718	648	640	800
Imports from the U.S.	161	126	180	210
Exchange Rate: 1 USD	607	607	N/A	N/A

Source: Chilean Customs Data and Industry sector sources

Chile's telecommunications sector is fully privatized since the 1980's. It is the most modern and mature market in Latin America. Chile imports almost all telecommunications equipment. U.S. suppliers face significant international competition.

[SUBTEL, the Undersecretariat of Telecommunications](#) under the Ministry of Transportation and Telecommunications, is the governmental organization in charge of coordinating and supporting the telecommunications industry in Chile, and overseeing the implementation of all new technologies.

Mobile telephone and broadband services (internet, cable, and telephone) represent the areas where investment demand is highest. A third of Chile's telecommunication investments have gone into the wireless market. Two wireless telecom operators, Movistar (Telefonica, Spain) and Entel PCS (Chile) dominate the Chilean market share, followed by Claro (America Movil, Mexico) and a few other "virtual mobile operators." In 2015, Nextel Chile sold its company to Novator Partners and re-branded as WOM. In the past year, WOM has successfully positioned itself as a new low-cost carrier, making a substantial spot in the market among its top competitors.

Leading Sub-Sectors

The use of wireless broadband and the increased penetration of smartphones have driven the growth of the wireless market. Wireless broadband, mobile data, internet, and paid-TV are the fastest growing sub-sectors. Local sources estimate that Chile will invest approximately US\$3 billion dollars during the next decade in the sector.

The telecommunications industry has seen tremendous growth recently in the wireless sector. By December 2016, total wireless telephone subscribers totaled 23.3 million, which represents a penetration of 127.5 percent per 100 inhabitants. Entel has the largest market share with 7.6 million subscribers, followed closely by Movistar with 7.4 million subscribers. In July 2015, WOM (Word of Mouth) started operations in Chile, and by December 2016, this new wireless provider had 1.5 million subscribers.

With an increasing need for instant answers, education, and 24/7 communication, internet access has increased substantially in the past year, per the most recent national survey. In December 2016, total internet connections (fixed and wireless) totaled almost 14 million subscribers, a penetration of 88.2 percent per 100 inhabitants. 4G connections continue to increase; at year-end 2016, there were 6.3 million connections, an increase of 162 percent compared to the previous year.

However, the nationwide coverage, especially in southern regions, and income discrepancy in Chile continue to be principal factors in the internet access gap. Nationwide connectivity is one of the main priorities for the Chilean Government.

Opportunities

Southern Fiber Optic Project

SUBTEL has offered a subsidy of US\$100 million to encourage the completion of the Southern Fiber Optic Project, which was re-released for bid in May 2017. Since no qualified bidders resulted from the 2016 bid, which was subsequently cancelled, SUBTEL has adopted four major changes to the project's bidding rules to make the project more attractive. First, SUBTEL is encouraging the creation of consortiums to mitigate risk. Second, they have clarified conditions regarding services to state entities, which will be subsidized at a lower rate than private companies. Third, the deadline for the project has been extended to a 26-month period, allowing the company to have two-summer windows to complete the project. Lastly, the amount of credit required of the bidders has been reduced. The overall project goal of developing an open access, wholesale, nondiscriminatory high-capacity telecommunications infrastructure for rural, isolated and remote areas remains.

This project will span 3,000 kilometers, covering one-third of Chile's southernmost region in Los Lagos, Aysen, and Magallanes. Within a single tendering process, there will be four projects: one submarine fiber optic cable project, and three terrestrial fiber optic cable projects. SUBTEL will evaluate the proposals on a scale of 0-100 and then create a list of participants with the highest scores. From those rankings, the Telecommunications Development Council will award the tender to four recipients - one for each project. To receive the most competitive offers, foreign companies that have had a holding in Chile for at least 2 years are encouraged to submit a proposal.

Offers for the submarine project will be accepted until July 17, 2017, while the offers for the terrestrial projects can be submitted until July 31, 2017.

4G LTE

In May 2016, SUBTEL announced that Chile's largest three mobile operators (Entel, Movistar, and Claro) were approved for the use of the 700 MHz band. Since then, 4G technology has experienced impressive growth, with almost 4 million new subscribers. Currently, 4G is used for 47.6 percent of wireless internet connections.

Coupling this expansion, the Under Secretary of Telecommunications (in charge of SUBTEL), Rodrigo Ramirez, has called on the Chilean government to start thinking about moving forward or they will miss the curve of the "digital revolution." Chile is one of the first countries in Latin America to roll out 4G, and the only one to design a plan for mandatory national coverage. This technology is also meant to bridge the digital gap in Chile and increase access for all Chileans. Movistar plans to release 4.5G technology by the end of this year and Entel has based its competitive strategy in Chile on expanding its LTE Advanced network.

Television/Radio

Both television and radio are very important forms of communication in Chile. Radio is among the most widely used sources for local news, emergencies, and connectivity with the rest of the country and world. In addition to radio, television continues to grow in Chile, and subscriptions of paid TV increased 3.5 percent in 2016 to a level of 16.7 subscribers per 100 inhabitants - more than 3 million subscribers.

Web Resources

[Association of Mobile Telephony \(Atelmo\)](#)

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

[Santiago Chamber of Commerce](#)

[Undersecretariat of Telecommunications \(SUBTEL\)](#)

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Travel and Tourism

Overview

Table: Chile Travel and Tourism Production Data

Year	2015	2016	2017 (Estimate)	2018 (Estimate)
Total Outbound Travelers	3,820,000	3,900,000	4,100,000	4,300,000
Total Travelers to the U.S.	309,000	355,000	408,000	470,000
Average Expenditure (USD)	US\$576 million	US\$662 million	US\$761 million	US\$877million

Sources: [Trade.gov](#) – “National Travel and Tourism Office 2015 Market Profile: Chile” Report and the [National Tourism Service’s \(SERNATUR\) “Statistical Tables.”](#)

The United States is the 3rd most popular destination for Chileans, with the bordering countries of Argentina and Peru being the two most popular. Chileans primarily travel to the U.S. for vacation; however, business and educational travel are also common.

Chilean tourist arrivals to the U.S. have increased every year since 2008. Since Chile’s acceptance to the Visa Waiver Program in March 2014, Chilean travel to the United States increased by 25 percent from 2014 to 2015. According to the Chilean Under Secretariat of Tourism, the average expenditure of Chileans during their stay in the U.S. is US\$1,638 and the average stay is 13.5 nights. Final 2016 figures are not yet available, but preliminary data show a trend of consistent, double-digit growth.

Chileans travel most frequently during the South American summer vacation period (January and February). Winter break in July and spring break during the country’s two-day Independence Day celebration in September are also peak travel times.

Opportunities

The preferred U.S. destinations for Chilean family vacations are Miami and Orlando, for beaches, attractions, and shopping. There is a significant potential for other destinations, particularly within Florida or with similar destinations, if further promotion is done.

Per Chile’s last census, only 4 percent of Chileans are English-Spanish bilingual. For upper-class and upper-middle class Chileans, there is interest in educational exchange programs to learn English, thus increasing their professional marketability in Chile.

Upcoming Events/Trade Shows

The U.S. Commercial Service is hosting Destino USA Show on November 2, 2017, to promote the U.S. as a destination for Chilean travelers. This event offers a unique opportunity to promote U.S. destinations and travel and tourism products and services to Chilean tour operators, travel agencies and media representatives.

Web Resources

[Civil Aviation Board \(JAC\)](#)

[National Chamber of Commerce Services and Tourism \(CNC\)](#)

[National Tourism Service \(SERNATUR\)](#)

[Undersecretary of Tourism](#)

Contact Information

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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 pet food and other animal products, individual U.S. establishments must still be inspected by the Ministry. However, advances have been made in recent years such that there is now equivalency of the inspection systems for dairy, beef, and poultry; therefore, U.S. establishments in these sectors no longer must be individually inspected by the Chilean Ministry of Agriculture. Also, many import restrictions on fresh fruits have been resolved because of technical talks held annually and after 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, the 2015 food labeling law (detailed on the next page of this document) differs significantly from labeling requirements in the U.S. Another distinction is that all labels must be in Spanish. For more information regarding Chile's labeling requirements, please see the [USDA's Foreign Agricultural Service's \(FAS\) Chile webpage](#).

Import Tariffs

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. Starting January 1, 2015, all trade between the U.S. and Chile became duty-free (i.e. zero tariff). For 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 and 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, please see the [Agricultural and Livestock Service \(SAG\)](#).

Contact Information

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U.S. Export Controls

The U.S. does not maintain an embargo or any country-specific export controls for shipments to Chile. However, U.S. exporters should verify applicable overarching and product-specific export controls by reviewing information from the U.S. Department of Commerce and U.S. Department of State. For more information, please see the [U.S. Department of Commerce’s Bureau of Industry and Security’s \(BIS\) “Commerce Control List” webpage](#), [Export.gov’s “About Export Control Reform \(ECR\)” webpage](#), and [Export.gov’s “Consolidated Screening List” webpage](#).

The U.S. Departments of Commerce, State, and Treasury maintain a [list that consolidates eleven export screening lists](#) of the into a single search, in an effort to aid industry in conducting electronic screens of potential parties to regulated transactions.

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.

Contact Information

[U.S. Commercial Service Chile](#)

Food Samples Temporary Entry Contact Information

[Aduanas \(Chile National Customs Office\)](#)

Tratados de Libre Comercio, Chile

Estados Unidos, Oficios Circulares, Oficio Circular N° 333

Labeling/Marking Requirements

Chile has 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, please see the [USDA's Foreign Agricultural Service's \(FAS\) Chile webpage](#).

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.

Table: Chile Food Products Nutritional Labelling Regulations

	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	Sodium mg/100	Total sugar	Saturated fat g/ 100
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,” per its nutritional composition. One stop sign must be used for each of the critical nutrients more than 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:

- Dietary supplements and food for athletes.
- Food products that do not have added sugar, sodium or saturated fat.
- Foods and prepared dishes that are packaged to be sold in portions.
- Foods for special dietary uses, such as infant formula, commercial preparations for baby food, and foods for medical uses or for weight control.
- 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.

Regarding enforcement, this Decree entered 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:

Table: Chile Solid Food Products Nutritional Labelling Regulations

Nutrient or	Enforced date	24 months after enforcement	36 months after enforcement
Energy	350	300	275
Sodium	800	500	400
Total sugar	22.5	15	10
Saturated fat	6	5	4

Table: Chile Liquid Food Products Nutritional Labelling Regulations

Nutrient or	Enforced date	24 months after enforcement	36 months after enforcement
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.

Prohibited & Restricted Imports

Chile has very few prohibited or restricted imports, aside from the agricultural products previously referenced. For more information, please see the [USDA's Foreign Agricultural Service's \(FAS\) Chile webpage](#).

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 per the current new value of similar merchandise, discounting 10% per year of use, up to a 70% discount. For more information, please see [Chile's National Customs Office website](#).

Standards for Trade

Overview

In Chile, there are no industry-specific standards associations like those found in the United States. Rather, the only organization responsible for developing standards in Chile is the [National Institute of Standardization \(INN\)](#). 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.

Standards

Member countries of the World Trade Organization (WTO), including Chile, are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other member countries. Interested U.S. parties can review and comment on proposed foreign technical regulations that can affect access to international markets by signing up for [Notify U.S.](#) a free, web-based e-mail subscription service.

Conformity Assessment

The most important national testing organizations in Chile 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 the [National Standards Institute’s “Accredited Directory” webpage](#).

Table: Chile Testing Organizations

Name	Certification Type/Area
Center for Studies on Quality Measurement and Certification (CESMEC)	Calibrating and testing laboratory Construction/Food/Microbiology/Water
Department of Science and Technological Research of the Catholic University (DICTUC)	Testing laboratory Chemistry/Microbiology/Concrete
Bureau Veritas Chile S.A.	Products/Systems/Services Certification
Public Health Institute of Chile (ISPCH)	Testing laboratory Chemistry/Bio essays
Laboratory of Certification of Medical Equipment (LACEM)	Testing Laboratory Concrete/Construction/Soil Mechanics
Agricultural and Livestock Service (SAG)	Testing Laboratory Chemicals/Microbiology/Animals, Food
SGS Chile	Inspection/Verification/Testing Laboratory/Certification
Corthorn Quality (Chile)	Testing Laboratory Chemistry/Water/Environmental

Product Certification

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, automotive safety, and the gas and electricity 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 per U.S. standards.

Accreditation

A complete list of accredited testing organizations under each category can be found at the [National Standards Institute’s “Accredited Directory” webpage](#).

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 [National Institute of Standardization’s \(INN\) “List of Technical Committees” webpage](#).

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.

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For more information and help with trade barriers please contact:

[International Trade Administration – Enforcement and Compliance \(E&C\)](#)

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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. It is a member of the WTO and the Cairns Group. The U.S.–Chile Free Trade Agreement (FTA) entered force on January 1, 2004, and was fully implemented on January 1, 2015. Chile has negotiated 26 trade agreements of which 25 have entered force, covering 65 countries. These agreements include 15 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; Peru; Australia; Colombia; Turkey; Malaysia; Vietnam; Hong Kong; and Thailand); 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); and one Partial Association Agreement (India). Pending ratification by the Congress are the extension of the agreement with India and the Trans-Pacific Partnership (TPP) Agreement, to which Chile was a founding member and continues to seek with other Asia-Pacific member post-U.S. withdrawal.

This network of trade agreements has significantly improved market access for Chilean products and exports. During 2013, Chile sent roughly 45% of its exports to

Asia, 14% to the European Union, 21% to NAFTA countries, and the rest to Latin American and other markets. For more information on Chile's trade agreements, please see the [Directorate General for International Economic Relations' \(DIRECON\) website](#).

Licensing Requirements for Professional Services Stock Exchange & Securities

The [Superintendency of Securities and Insurance \(SVS\)](#), Chilea's securities regulator, requires the following to work as a stock broker:

- Must be 18 years of age and possess a high school diploma or GED.
- Must have relevant knowledge of the securities intermediary regulations in Chile.

For securities agents, this knowledge must be accredited by passing the [Accreditation of Knowledge of Securities Intermediation \(ACIV\) exam](#) and this certification is valid for four years.

Accountants / CPA

Foreign academic credentials and diplomas must be accredited in Chile in order to work as an accountant. Local companies require detailed knowledge of Chilean accounting procedures and standards. The Chilean equivalent of the U.S. Internal Revenue Service is the [Chilean Internal Revenue Service \(SII\)](#). SII's website has detailed information of procedures and requirements for tax treatment, both for individuals and corporations. As for International Financial Reporting Standards (IFRS), these are only mandatory for corporations under the supervision of the [Superintendency of Securities and Insurance \(SVS\)](#), Chile's equivalent of the U.S. Securities Exchange Commission.

Engineering

Individuals with non-Chilean engineering degrees (i.e. engineering degrees issued by universities outside of Chile) can work in Chile, but are subject to the following regulations:

- Applicants must present locally accredited, academic credentials, usually requiring a stamp from both the Education and Foreign Affairs Ministries; however, as of 2016, Chile is part of the Apostille Convention.
- Applicants' credentials must be presented in either Spanish or English.
- Applicants must prove to be legally authorized to practice the profession of engineer in their respective country(ies).

- Applicants must present a notarized copy of their employment contract, along with a declaration agreeing to abide by the Code of Ethics of the Chilean Engineering Association.
- Applicants must also pass a test to determine his/her ability to understand and communicate effectively in Spanish, and to have sufficient knowledge of Chilean law and other legal provisions that regulate the practice of engineering.

Lawyers

The Chilean Supreme Court is the only organization with the authority to grant licenses to practice law in Chile. To obtain a license, a candidate must graduate from a Chilean university with a Bachelor's degree in Law. Candidates to practice law must be twenty years of age or older, have no criminal record or pending criminal prosecutions, and can present evidence of good moral character. Prospective lawyers must be Chilean nationals or have obtained permanent residence in Chile. Additionally, applicants must have completed a 6-month internship at the Corporación de Asistencia Judicial - a pro bono legal services entity. Lawyers practicing in Chile must abide by the ethical conduct code and the criminal code of the country.

Web Resources

U.S. Web Resources

[Export.gov – About Export Control Reform \(ECR\)](#)

[U.S. Commercial Service Chile](#)

[U.S. Department of Commerce](#)

[U.S. Embassy in Chile](#)

[United States Department of Agriculture \(USDA\) Foreign Agricultural Service \(FAS\)](#)

Chile Web Resources

[Aduanas \(Chile National Customs Office\)](#)

[Agricultural and Livestock Service \(SAG\)](#)

[Directorate General for International Economic Relations \(DIRECON\)](#)

[Government of Chile](#)

[Ministry of Economy, Development, and Tourism](#)

[National Institute of Standardization \(INN\)](#)

[Public Health Institute of Chile \(ISPCH\)](#)

Investment Climate Statement

Executive Summary

Chile is an attractive destination in Latin America for investors who value its open market economy, well-developed institutions and strong rule of law. The government has a positive disposition toward foreign direct investment (FDI). Chile's legal framework for attracting and protecting FDI is solid. The Foreign Investment Promotion Agency (APIE), created in 2015, provides services for FDI in four categories: attraction, pre-investment, landing and after-care. Very few restrictions upon FDI exist. Chile's conversion and transfer policies are like those found in highly-developed countries like the United States. Chile's capital markets are well-developed and open to foreign portfolio investors, and the regulatory system in Chile is generally transparent. Resolving insolvency is easier by a new legal and institutional framework. Chile has 41 bilateral investment agreements in force, and 24 other investment agreements in force, including the investment chapter of the Free Trade Agreement (FTA) with the United States. A U.S.-Chile bilateral treaty to avoid double taxation was ratified by Chile, and is currently awaiting ratification in the U.S. Senate.

Private property rights, including foreign ownership and establishment, are generally respected in Chile. Mineral, hydrocarbon, and fossil fuel deposits within Chilean territory are restricted from foreign ownership, but may be licensed by the government. CODELCO, one of the predominant players in the copper mining industry, is one of only a few state-owned enterprises (SOEs), which generally operate on equal footing with private companies. Intellectual property (IP) rights are generally respected, but Chile is not fully compliant with the obligations concerning IP set forth in the U.S.-Chile FTA.

Corruption exists in Chile but on a much smaller scale than is the case with most Latin American countries. Chile has a favorable ranking of 24 out of 176 countries on Transparency International's 2016 Corruption Perceptions Index. A presidential committee against corruption and conflicts of interest created in 2015 issued a report recommending an anticorruption agenda of 236 new measures, laws and regulations, nearly half of which have already been implemented.

In recent years, perceptions of Chile's investment climate have deteriorated somewhat. Many large investments faced unexpected costs and delays due to permitting processes (especially environmental, but also municipal) that can be opaque, unpredictable, and subject to political pressures. Communities are increasingly hostile to large investment projects and adept at using the court system and mandatory indigenous consultation requirements to obstruct them. A shift in Chile's politics away from the neoliberal model the government has pursued since the 1980s sometimes disadvantaged firms that are invested in the existing model.

Reforms launched by the current center-left administration increased the complexity of and costs of compliance with corporate tax and labor regimes. New regulations are seldom opened to formal input from private stakeholders during the development stage.

As legal disputes can take several years to reach conclusion in the courts, arbitration and mediation are attractive alternatives for resolving business controversies. Chile is a signatory to the 1958 New York Arbitration Convention and a member state to the International Centre for Settlement of Investment Disputes (ICSID); disputes under the U.S.-Chile bilateral Free Trade Agreement (FTA) are resolved under the latter framework.

Table – Chile Investment Climate Data

Measure	Year	Index/Rank
TI Corruption Perceptions Index	2016	24 of 176
World Bank’s Doing Business Report “Ease of Doing Business”	2016	57 of 190
Global Innovation Index	2016	44 of 128
U.S. FDI in partner country (\$M USD, stock positions)	2015	27,331
World Bank GNI per capita (USD)	2015	USD 14,100

Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

For over three decades, Chile made FDI an essential part of its national development strategy. Chile's market-oriented policies created significant opportunities for foreign investors to participate in the country's economic growth. Chile's business climate is generally straightforward and transparent, though permitting processes and court proceedings are increasingly unpredictable, especially in cases with political sensitivities. Foreign investors receive treatment like Chilean nationals and laws and practices are not discriminatory against foreign investment. Under the recently reformed institutional framework for FDI, the Foreign Investment Promotion Agency (APIE), also known as [InvestChile](#), oversees implementing the national FDI attraction policy. It provides services in four categories: attraction (offer of investment opportunities and value propositions), pre-investment (specialized advisory services for decision-making), landing (advice for installation, matchmaking and

management of inquiries related to other government agencies) and after-care (assistance for exporting and linkages with domestic suppliers). The latter is aimed to retain foreign investment inflows by encouraging 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, where foreign equity ownership of companies is capped at 49 percent. Some international reciprocity restrictions exist for fishing. Chile does not restrict the right to private ownership or establishment, except for some strategic activities 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. These concessions and contracts are assigned without discrimination against foreign investors. An enterprise in Chile can be 100 percent owned by foreigners.

There are no restrictions on foreign investment in telecommunications, but investors must acquire a license, and the number of licenses available is limited in some new sectors of the industry. The requirements for obtaining certain licenses in this sector remain unclear as the industry evolves; at least one U.S.-based firm experienced significant delays in 2013 attempting to secure licenses due to opaque license granting requirements. These delays are still ongoing.

FDI is subject to pro forma screening by InvestChile. Businesses in general do not consider that such screening mechanisms constitute a barrier to investment, because approval procedures are expeditious and, except for a few sensitive sectors, all investments are approved. Investment proposals approval by InvestChile is required for investments exceeding USD five million or investments made in certain sectors, including the media and the provision of public services, and investments made by foreign governments or by foreign public entities.

Other Investment Policy Reviews

The government of Chile has conducted an investment policy review in the context of the [Trade Policy Review published by the World Trade Organization \(WTO\) on June 2015](#).

The Organization for Economic Co-operation and Development (OECD) has not conducted an Investment Policy Review for Chile since 1997, and the country has not been covered 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, and Chile is currently the country with the smoothest procedures to establish a foreign-owned company in Latin America and the Caribbean. The pace of reform has been particularly rapid since 2010.

Entrepreneurs must go through seven steps, some of them simultaneous, taking in total an average of 5.5 days:

Draft statutes of the company and obtain an authentication number: since 2011, this step can be done online at the [Ministry of Economy, Development, and Tourism's Tu Empresa en un Día website](#). The system provides the certificate of existence immediately, and it automatically assigns a tax payer ID number (called RUT) to the company (which is the same as the Company Registration ID).

Have a notary certify the statutes with a digital signature online, or subscribe the document online for which an advanced electronic signature (a token) is required.

Give notice of initiation of activities. This is a sworn statement that can be [submitted online to inform Chile's Internal Revenue Service](#) that the taxpayer will start to develop economical activities.

Print receipts/invoices in an authorized printing company. This step has been replaced by the mandatory use of electronic invoicing on August 1, 2016, for firms with annual sales over a threshold of nearly USD 100,000.

Seal accounting books, invoices and other documents at the Internal Tax Service.

Obtain a working license from the corresponding municipality for each of the enterprise's establishments, offices, warehouses, and so forth.

Register to obtain a labor-related accident insurance mandatory for employers, either with the Institute of Occupational Safety (public) or with one of three private nonprofit entities.

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. The Trade Directorate (DIRECON) conducts an analytical monitoring of trends in Chilean investment abroad. For more information, please see the [Ministry of Foreign Affairs' "Presence of Direct Investments of Chilean Capital in the World: 1990-2015" report](#).

Bilateral Investment Agreements and Taxation Treaties

Per ICSID, Chile signed 55 Bilateral Investment Treaties (BITs), 41 of which are in force to date. There are agreements in force with Argentina, Australia, Austria, Belgium and Luxembourg, Bolivia, China, Costa Rica, Croatia, Cuba, Czech Republic, Denmark, Ecuador, El Salvador, Finland, France, Germany, Greece, Guatemala, Honduras, Iceland, Italy, Malaysia, Nicaragua, Norway, Panama, Paraguay, Peru, Philippines, Poland (2 treaties), Portugal, Romania, South Korea, Spain, Sweden, Switzerland (1999 treaty), Ukraine, the United Kingdom, Uruguay (2 treaties), and Venezuela. BITs signed but not in force include those with Brazil, Colombia, Dominican Republic, Egypt, Hungary, Indonesia, Lebanon, Netherlands, New Zealand, South Africa, Switzerland (1991 treaty), Tunisia, Turkey and Vietnam. Chile has an investment chapter in the FTA in force between Chile and the U.S. since January 1, 2004.

Per [Investment Policy Hub, the United Nations Conference on Trade and Development's \(UNCTAD\) database](#), Chile has other investment treaties with 29 countries, of which 24 are in force. Apart from U.S.-Chile FTA, Chile's other FTAs with investment chapters are the agreements signed (in chronological order) with: Venezuela, Bolivia, Colombia (1993 agreement), Mercosur, Canada, Mexico, the Central American Common Market, the European Union, the European Free Trade Association, India, the P-4 parties (Brunei Darussalam, New Zealand and Singapore), China, Panama, Peru, Colombia (2006 agreement), Japan, Ecuador, Australia, Turkey, Malaysia, Viet Nam, Hong Kong, and Thailand. Other treaties through which Chile grants bilateral or plurilateral investment protection include the LAIA Treaty, the Additional Protocol of the Pacific Alliance and the Brazil-Chile Cooperation and Facilitation Investment Agreement.

Chile and the United States signed in 2010 the U.S.-Chile Treaty to Avoid Double Taxation. The Chilean Congress ratified the treaty in September 2015. In May 2012, it was submitted to the U.S. Senate for ratification, which is pending. Chile has 32 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 and the United Kingdom. Apart from the U.S.-Chile treaty, Chile has other double taxation treaty pending ratification with Uruguay.

Chile's 2014 Tax Reform increased the effective income tax rate on dividends or profits earned by taxpayer 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 will keep this tax burden at 35 percent.

Legal Regime

Transparency of the Regulatory System

Chilean regulatory systems tend to be transparent, but in recent years are more lengthy and unpredictable, especially in politically sensitive cases. Environmental permits are an increasingly complicated process due to mandatory indigenous consultation requirements arising from Chile's ratification of the International Labor Organization's Indigenous and Tribal Peoples Convention (ILO 169). That said, most legal, regulatory, and accounting systems provide clear rules for competition and a level playing field for foreigners.

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 in its institutional set up a regulatory oversight body. Most regulations are decided at the national level, but some, related to permits for land use, are decided at the local level.

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. This has also been the case for the legislation that replaced the Decree Law 600 regulating foreign investment.

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 (except as per ILO 169), conducting regulatory impact assessments of proposed regulations, requesting comments, or reporting results of consultations on proposed regulations. For lower-level regulations or norms that do not need Congressional approval, there are no formal provisions for public hearing or comment. Thus, Chilean regulators and rulemaking bodies normally consult with stakeholders but in a less regular manner. Per the World Bank's Citizen Engagement in Rulemaking report, in Chile the steps mentioned above (notice, publication, comments, report and impact assessment) are followed in practice. However, the WB report is based on a small number of agencies (mostly under the Ministry of Economy) and its results do not necessarily reflect all ministries and agencies involved in rulemaking. In addition, the report does not capture the quality of such engagement and assessment.

In practice, Chile often does not conduct open public consultation processes for draft bills before they are submitted to Congress, and private sector representatives have noted that making changes to bills once they are already in Congress is quite difficult.

Some open comment periods for new draft bills have reportedly taken place without real access to the text and did not sufficiently allow for a technical debate.

The OECD “Regulatory Policy in Chile” report issued in April 2016 finds 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. The report criticizes that most regulators in Chile prepare new norms without clear evidence that regulation is the best way to intervene. One of the main findings is Chile’s lack of a regulatory oversight body, and recommends its creation to oversee the rule-making process currently managed by different government departments. It also recommends that Chile develops mandatory standards and guidelines for the preparation of laws and regulations, including compulsory consultation practices and forward planning. Regulatory management tools such as regulatory impact assessments and ex-post evaluations are also recommended.

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

International Regulatory Considerations

Chile does not share regulatory sovereignty with any regional economic bloc. However, several international norms or standards 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

The legal system of Chile is based on civil law. The basis for its public law is the 1980 Constitution which was most recently reformed in 2005. Chile’s legal and regulatory framework provides for effective means for enforcing property and contractual rights. However, in cases where firms face complaints filed by local communities or workers, especially in cases that concern compliance with permitting requirements or procedures, courts tended to side against private firms. 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. In cases

where courts determine a firm is bankrupt, a receiver is named to distribute the debtor's remaining assets to the creditors.

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

Laws and Regulations on Foreign Direct Investment

For more information, please see the *Policies Towards Foreign Direct Investment* section.

Competition and Anti-Trust Laws

Foreign investors are not required to seek a ruling before investing on the potential competition implications of a planned investment. Chile's anti-trust law, the Chilean Free Competition Act (1973), which was amended in 2016, 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 antitrust implications. The National Economic Prosecutor (FNE) oversees investigations for competition-related cases and filing complaints before the Free Competition Tribunal (TDLC), which rules on those cases.

Four competition cases involving foreign investments had important developments over the past year. In October 2015, CMPC and Sweden's SCA subsidiary PISA, two of the biggest paper manufacturers in Chile, were accused of having colluded for at least a decade to control the Chilean tissue and toilet paper market, inflating prices. The details of a compensation plan in which the two companies will be required to reimburse Chileans will be published during 2017. In January 2016, the FNE filed a complaint accusing the supermarket chains Cencosud, SMU and Walmart Chile (U.S owned) of colluding to fix a minimum retail price for chicken meat, at least between 2008 and 2011. In November 2016, the TDLC approved a settlement agreement with G.D. Searle. In August 2016, the FNE accused two pharmaceutical companies: Laboratorio Biosano, and Fresenius Kabi Chile and Laboratorio Sanderson (local subsidiaries of Germany-based Fresenius), of forming a cartel to rig bids in public tenders for the procurement of ampoules.

Expropriation and Compensation

Chilean law grants the government authority to expropriate property, including property of foreign investors, only for public or national interests, 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 have only taken place in a transparent and justified manner, generally when the purpose is to build roads or other types of infrastructure. The law requires the payment of compensation without delay 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

Since 1958, Chile has been party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention). It is also a party to (i) the Pan-American Convention on Private International Law (Bustamante Code) since 1934; (ii) the Inter-American Convention on International Commercial Arbitration (Panama Convention) since 1976; and (iii) the Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States since 1992. Chile also has a FTA with the United States in force since 2004, which includes an Investment Chapter. This chapter provides a mechanism for investors to pursue a claim against a host government that is in breach of the FTA's investment obligations, an investment agreement, or an investment authorization. The investor pursuing a claim may by right submit a claim under the ICSID Convention or under the United Nations Commission on International Trade Law (UNCITRAL) arbitration rules, or any other mutually agreed upon arbitral institution. So far, no claims have been filed by U.S. investors under the agreement. Over the past 10 years, the only investment dispute brought by a U.S. person or other foreign investor was one case brought by a Spanish citizen against the state of Chile, which is pending resolution. Local courts respect and enforce foreign arbitral awards, and there is no history of extrajudicial action against foreign investors.

International Commercial Arbitration and Foreign Courts

The U.S.-Chile FTA chapter on investments encourages consultations or negotiations before recourse to dispute settlement mechanisms. If the parties fail to resolve the matter, a claim for arbitration can be submitted by the investor. 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 chapter on investments 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.

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 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 SOEs have been involved in investment disputes in recent decades.

Bankruptcy Regulations

Chile implemented a new Insolvency Law in October 2014, replacing a 1982 law. The new framework avoids punishing entrepreneurs for bankruptcy, allowing them instead to use resources and restart economic activities. Among other outcomes, it reportedly clarified and simplified liquidation and reorganization of businesses, introduced provisions to facilitate the continuation of the debtor's business during insolvency, established a public office responsible for the general administration of insolvency proceedings (the new Superintendence of Insolvency and Re-entrepreneurship) and created specialized insolvency courts. Per the World Bank's Doing Business Report, Chile made significant progress under this new insolvency framework in making resolving insolvency easier, which resulted on Chile escalating from 72nd place in 2014 to 55th place in 2017 in the respective section of the ranking.

The new Chilean insolvency framework requests creditors' approval for selection or appointment of the insolvency representative and for sale of substantial assets of the debtor. The creditor also has the right to object to decisions accepting or rejecting creditors' claims. However, the creditor is not given the right to request information from the insolvency representative. The creditor may file for insolvency of the debtor, but for liquidation 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

Chile does not subsidize foreign investment. 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.

Chile has other special incentive programs aimed mostly at promoting investment and employment in remote regions (Arica and Parinacota, Tarapaca, Aysen, Magallanes, Chiloe and Palena provinces of the Los Lagos region), as well as other areas that suffer of productive development lags. These tax incentives and subsidies are open for local and foreign firms and benefit either a percentage of the investment on fixed assets or the labor cost for hiring workers. Other incentives for investment are oriented to the development of new businesses, support for micro-, small-, and medium-sized enterprises, and promotion of technological innovation.

In January 2011, the Ministry of Economy, through CORFO, established the StartUp Chile program, where selected entrepreneurs are given a USD 40,000 grant and a Chilean work visa to develop a “start-up” business in Chile. Upon admittance into the program, an entrepreneur is given six months to develop a project and then promote it through a series of pitches and seminars at local universities, corporate meetings and other community outreach. StartUp Chile helped 1,309 startups to date (200-250 per year) and turned into a reference for other countries and the leading accelerator in Latin America.

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 taxes (VAT) –in the product’s first sale–, 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

Neither Chile's Foreign Investment Promotion Agency nor the Central Bank applies performance requirements in its review 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.

Chile's Congress is currently considering legislation on data privacy, including provisions that could impose data localizations requirements.

Protection of Property Rights

Real Property

Secured interests in real property are recognized and generally enforced in Chile. Chile ranked 58 out of 190 economies in the World Bank's 2017 Doing Business report for property registration. There is a recognized and generally reliable system for recording mortgages and other forms of liens. There are no time limits for the property rights acquired by foreigners to remain in force, nor are there restrictions on foreign ownership of buildings and land. The only exception, based on national security grounds, is for land located in border territories, which may not be owned by nationals of border countries, or by juridical persons which have their head office in such country or are owned 20 percent by nationals of such country, or controlled by them, without prior authorization of the President of Chile.

In the 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. There are no restrictions to foreign and/or non-resident investors regarding land lease or acquisition. 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

With some exceptions, Chile has a relatively strong intellectual property regime, because of successive amendments to its legal structure. Per the World Intellectual Property Organization (WIPO) Country Profile study, Chile has modified its IP law several times during the past two decades, strengthening IP protection significantly by adapting the national legislation to the standards set forth in the TRIPS Agreement and several of its Free Trade Agreements. The last amendment to Chile's IP Law entered force in February, 2012, and incorporated certain provisions agreed by Chile through the signature of the Trademark Law Treaty (TLT) and the Patent Cooperation Treaty (PCT). Per 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, pharmaceutical and agrochemical products suffer from relatively weak patenting procedures, the absence of an effective patent enforcement and resolution mechanism, and some gaps in regulation governing data protection. The framework to promote action against online piracy, as well as trade secret protection, has been deemed insufficient by private stakeholders. Furthermore, despite obligations in the U.S.-Chile FTA dating back over 14 years, Chile still has not passed legislation to outlaw the theft of encrypted program-carrying satellite signals, which is a serious problem in the country.

Chile's IPR enforcement remains, per the report mentioned above, 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.

A pending draft bill submitted to Congress in April 2013 would replace Chile's Industrial Property Law. Its aim is to reduce time and financial costs of registering new IP rights and simplify procedures. Per the National Institute of Industrial Property (INAPI) the new IP law would reduce timeframes for patent-related procedures, eliminates unnecessary formalities and promotes online procedures. The bill has received numerous modifications in the Senate and is awaiting further passage, but no urgency has been assigned to it by the Executive Branch.

The latest estimated figure for seizures of counterfeit goods in Chile, according from reports made by the National Customs Service, the Investigations Police and the National Prosecutor's Office indicates that 946,709 pirated items were seized during 2016, equivalent to USD 21.6 million.

Chile has been included on the Special 301 Priority Watch List (PWL) since January 8, 2007, and remains on the 2017 Priority Watch List. The main challenges are related to longstanding IPR issues under the U.S.-Chile Free Trade Agreement: the implementation of measures against circumvention of technological protection measures and protections for encrypted program-carrying satellite signals; remedies for rights holders and satellite and cable service providers, including measures related to decoder boxes; pending implementation of UPOV 91; the implementation of an effective system for addressing patent issues expeditiously 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, neither as home to a physical market for counterfeit and pirated products, nor as a base for online sites that facilitate IPR infringement.

Financial Sector

Capital Markets and Portfolio Investment

Chile's authorities committed to developing capital markets and keeping them open to foreign portfolio investors. The Santiago Stock Exchange is Chile's dominant stock exchange, and the third largest in Latin America, after Sao Paulo and Mexico bourses. However, when compared to other OECD countries it does not rank high in terms of market liquidity.

Under the U.S.-Chile FTA, U.S. insurance firms have full rights to establish subsidiaries or joint ventures for all insurance sectors, with limited exceptions. Chile agreed to phase in insurance branching rights and to modify Chile's legislation to open cross-border supply of key insurance sectors such as marine, aviation, and transport insurance, and insurance brokerage of reinsurance. U.S. banks and securities firms can establish branches and subsidiaries and may invest in local firms without restriction, except under very limited circumstances. U.S. financial institutions are also able to offer financial services to citizens participating in Chile's privatized voluntary saving plans, and they have gained increased market access to Chile's mandatory social security system. U.S.-based firms can offer services in Chile in areas such as financial information, data processing, and financial advisory services, with limited exceptions. Chilean mutual funds are permitted to use foreign-based portfolio managers.

Credit is allocated on market terms and is available to foreigners, although 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 one third of Chileans have a credit card from a bank, but a lower proportion (15 percent) has a checking account. However, financial inclusion is higher than banking penetration: many lower-income Chilean residents at least 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 sound, competitive, and many Chilean banks already meet Basel III standards. Solvency remained solid over time as measured by the capital adequacy ratio (13.76 percent as of September 2016). The non-performing loan ratio is at just two percent. There are currently 23 banks operating in Chile, and five

are foreign-owned representational branches. Only one bank is completely owned by Chilean private shareholders (BCI). The rest has some level of foreign participation. There are also seven local savings and loan corporations, and one state-owned bank, Banco Estado, which is the nation's third largest. 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. Private banks manage most corporate business. The Chilean banking system's total assets, as of September 2016, amounted to USD 313.3 billion, per the Superintendence of Banks and Financial Institutions.

Foreign Exchange and Remittances

Foreign Exchange

Law N° 20.848 that regulates FDI (described in section 1) prohibits arbitrary discrimination to 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. Chile's capital markets are well developed and open to both foreign portfolio investment and FDI. Currently, Chile does not apply withholding period requirements for foreign capital entering the country, which can be repatriated immediately without penalty, nor it applies capital controls on short-term inflows. However, the Central Bank reserves the right to re-impose, if needed in the future, a mechanism known as "encaje," used in the 1990s, which required foreign investors to deposit 30 percent of foreign-sourced loans and portfolio investment with the Central Bank in a non-interest-bearing account for up to two years.

Investors, importers, and others are guaranteed access to foreign exchange in the official inter-bank currency market without restriction. The Central Bank reserves the right to deny access to the inter-bank currency market for royalty payments more than 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 under exceptional circumstances to correct significant deviations of the currency from its fundamentals, so the Chilean system is also known as "dirty float." In practice, however, this right to intervene is used sparingly (if at all).

Remittance Policies

Remittances of profits generated by investments can be made any time after tax obligations are fulfilled; remittances of the capital can be made after one year since the date of entry into the country. In practice, this one-year permanency requirement for capital has not constituted a restriction for productive investment, because normally projects need more than one year to mature. Under the Investment Chapter of the U.S.–Chile FTA, the parties must allow transfers of covered investments to be made freely and without delay 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 if 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 are not applied.

Sovereign Wealth Funds

Chile has two sovereign wealth funds built from annual contributions made by the government when there is an effective fiscal surplus. The Economic and Social Stabilization Fund (FEES) was established in 2007 and was valued at USD 14 billion as of January 2017. The FEES seek to fund public debt payments and temporary deficit spending, to keep a countercyclical fiscal policy. The Pensions Reserve Fund (FRP) was established in 2006 and was valued at USD 9 billion as of January 2017. The purpose of the FRP is to anticipate future needs of payments from the Government to those eligible to receive pensions but whose contributions to the private pension system fall behind a minimum guaranteed by the State. 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 totally abroad, into instruments denominated in different foreign currencies. As of January 2017, FEES' portfolio consisted in 88.1 percent of sovereign bonds and monetary market instruments, 3.5 percent of inflation-indexed sovereign bonds and 8.4 percent of stocks. At the same date, FRP's portfolio consisted in 46.2 percent of sovereign bonds and related instruments, 17.2 percent of inflation-indexed bonds, 20.1 percent of corporate bonds and 16.5 percent of stocks.

State-Owned Enterprises

Chile has 34 state-owned enterprises (SOEs). All of them are commercial companies. The most relevant of them are the national copper company (CODELCO); the national hydrocarbons company (ENAP); the National Postal System (Correos de Chile); the public TV station (TVN); and the state-owned bank (Banco Estado). Thirty-one of 34 Chilean SOEs are not listed in the stock exchange and fully owned by the government.

The remaining three are majority government owned. Ten Chilean SOEs operate in the port management sector; eight in the services sector, three in the defense sector, three in media, two in the water sector, two in transportation, four in the mining sector and two in R&D and services for the mining sector. The state also holds a minority stake in four water companies because of a privatization process. Total assets of SOEs, excluding Banco Estado, amounted to USD 43.8 billion in 2015. Total assets of SOEs, including Banco Estado, amounted to USD 60.9 billion in 2015. SOEs employed 50,691 people in 2015.

Most SOEs in Chile fall under the supervision of the [Public Enterprises System \(SEP\)](#), which is the main ownership entity of the government responsible for overseeing SOE governance, as well as exercising minority rights in four water companies. Still, SEP exercises this role for only 22 of the country's 34 SOEs. Two of Chile's most important SOEs fall outside of SEP jurisdiction—Codelco, the world's largest copper producer, and ENAP, an oil exploration company. The 11 exceptions have their own supervisory structures but are still responsible to a separate government agency: Codelco, ENAP and ENAMI to the Ministry of Energy and Mining, TVN to the Ministry of the Secretary-General of Government, CORFO and Banco del Estado to the Ministry of Treasury, and the three defense SOEs to the Ministry of Defense. All 34 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, with access to its financial management information, is published online by the [Budget Directorate](#).

In general, private enterprise can compete with public enterprise under the same terms and conditions (e.g., there are many private copper mines and private banks). However, there are specific areas where this does not hold and SOEs enjoy special advantages. For example, ENAP is the only company allowed to refine oil in Chile. SOEs are subject to the same taxes and the same value added tax rebate policies as their private sector competitors. They are not afforded material advantages and are subject to hard budget constraints. As an OECD member, Chile adheres to the OECD Guidelines on Corporate Governance for SOEs.

Privatization Program

There are no ongoing privatization programs currently in Chile.

Responsible Business Conduct

Awareness of the need to ensure corporate social responsibility grew over the last two decades in Chile. However, NGOs and academics who monitor this issue believe that its importance is still not sufficiently incorporated into business practices, including their risk mapping and management.

The government of Chile encourages foreign and local enterprises to follow generally accepted Responsible Business Conduct (RBC) principles and recognizes the diversity of definitions for RBC, indicating the United Nations' Rio+20 Conference statements as its principal reference. Chile adhered in 1997 to the OECD Guidelines for Multinational Enterprises, and recognized four other “soft law” instruments related to RBC: the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy; the United Nations Guiding Principles on Business and Human Rights; UN Global Compact's Ten Principles; and the ISO 26000 Guidance on Social Responsibility. The government established a National Contact Point for OECD MNE guidelines, who is currently the head of the OECD Department at the General Directorate for International Economic Relations.

Chile is in the process of developing a National Action Plan on Business and Human Rights based on the Guiding Principles. During 2016, the government hired [Universidad Diego Portales to conduct a baseline study on enterprise and human rights](#), the first independent assessment conducted in the Americas on the subject. The report opened a participative dialogue process to serve as an input for the National Action Plan. Separately, the Council on Social Responsibility for Sustainable Development, coordinated by Chile's Ministry of Economy, developed an action plan for 2015–2018 with 17 measures to help bolster RBC, and is currently developing a National Policy on Social Responsibility.

Regarding procurement decisions, in 2014, the Ministry of Environment published a Handbook for Sustainable Public Procurement. ChileCompra, the agency in charge of centralizing Chile's public procurement, which amounts to 3.5 percent of GDP, incorporates as part of its criteria for assignment of public purchases, the existence of a Clean Production Certificate and an ISO 14001–2004 certificate on environmental management, among others. No high-profile, controversial instances of corporate impact on human rights have occurred in Chile in recent years.

The Chilean government 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.

The Superintendence of Securities and Insurance (SVS), a government independent agency, is the Chilean competent authority in this matter, with a regulatory, surveillance, sanctioning and market development role. The SVS has the responsibility of regulating and supervising all listed companies. Under Chilean law, companies are generally required to have an audit committee, a director's committee, an anti-money laundering committee and an anti-terrorism finance committee. The 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](#) and the [Catholic University of Valparaiso's Center for Social Responsibility and Sustainable Development](#), [ProHumana Foundation](#) and the [Andrés 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

The extent of corruption in Chile is relatively limited: Chile ranked 24th out of 176 countries in Transparency International's 2016 Corruption Perceptions Index.

Chile implemented, in a non-discriminatory manner, various laws to combat corruption of public officials, including a 2003 law establishing a professional civil service, a 2005 law to regulate political party and candidate financing, and the 2009 Transparency Law, regarding disclosure of public information related to all areas of government, which also created an autonomous Transparency Council in charge of overseeing its application. In reaction to a series of corruption scandals related to tax fraud, influence peddling, and campaign financing during 2015, which involved major private firms and politicians, a presidential committee against corruption and conflicts of interest was created and released a report recommending 236 measures. A new NGO, [the Anticorruption Observatory](#), monitors the implementation of these measures.

The presidential committee's recommendations were translated into new laws and regulations. These include expanding the scope of the civil service system to senior positions in the public sector that were previously politically appointed and limiting other forms of political influence; establishing mandatory asset disclosure requirements for a wide range of government authorities, including municipal governments, and other high-level public officials; and establishing rules for

mandatory blind trust management, a catalog of incompatibilities between public positions, and a code on best practices for lobby firms. On transparency, Chile joined the Executive Committee of the Open Government Alliance. Anti-corruption laws do extend to family members of officials, mandatory asset disclosure, and a draft bill incorporating restrictions on appointments and incompatibilities for family members of public officials has been submitted to Congress. A new law regulating political parties in Chile was enacted in November 2016, which established public funding for them, limits campaign financing, and requires transparency in party governance and contributions to parties and campaigns. Regarding government procurement, a system established in 2015 in the website of Chilecompra (central public procurement agency) available for vendors, buyers and the public, allows for anonymously reporting irregularities in government procurement. Also, a new decree defined sanctions to public officials who do not adequately justify direct contracts.

The Corporate Criminal Liability Law provides that corporate entities can have their compliance programs certified. Chile's Securities and Insurance Superintendence (SVS) authorizes a group of local firms to review companies' compliance programs and certify them as sufficient. Certifying firms are listed on the SVS website. Private companies have increasingly incorporated internal control measures, as well as ethics committees as part of their corporate governance, and compliance management sections. Additionally, Chile Transparente (Chilean branch of Transparency International) developed a Corruption Prevention System to aid private firms to facilitate their compliance with the Corporate Criminal Liability Law.

Chile signed and ratified the Organization of American States (OAS) Convention against Corruption. The country also ratified the UN Anticorruption Convention on September 13, 2006. Chile is also an active member of the Open Government Partnership (OGP) and, as an OECD member, adopted the OECD Anti-Bribery Convention. NGO's that investigate corruption operate in a free and adequately protected manner. U.S. firms have not identified corruption as an obstacle to FDI.

Resources to Report Corruption

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Political and Security Environment

Since its return to democracy in 1990, the incidence of political violence and civil disturbance in Chile is generally low, and it has little impact on the Chilean economy. Crime rates are moderate throughout the country, when compared to the rest of Latin America, and the clear majority of crimes are nonviolent. During the last 10 years, there were relatively few incidents of politically motivated attacks on investment projects or installations outside of the Araucania region. Between 2011 and 2013, there were occasional incidents of vandalism of storefronts and public transport during student protests, some of which included violent incidents. Incidents of anti-American sentiment and civil disorder are rare, and there have been no attacks known to be attributable to international terrorist organizations. Since 2007, Chile has experienced several small-scale bombings targeting mostly banks and police stations, usually at night. Some explosive and incendiary devices have been placed in public spaces throughout Santiago, including ATM's, metro stations, universities and churches. Anarchist groups often claim responsibility for these acts. In 2014, a bomb placed at a busy metro station left 14 people injured. The 2014 bombings of two metro stations led to criminal prosecution of three young people, who are currently incarcerated pending trial.

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

Over the last 20 years, there were a growing trend of violence related to land claims and other grievances of indigenous communities in southern Chile who belong to the

Mapuche people, located in the Araucania region and one province in the southwest of Bio-Bio region. These incidents included arson attacks on churches, farms, facilities at forestry plantations and forestry contractors' machinery and vehicles, resulting in over half-dozen deaths (including some attributed to police forces), injuries and damage to property.

Violence in southern Chile is so far concentrated geographically and limited to roads and rural areas outside of larger towns and cities.

Civil disturbance is not present at levels that could put investments at risk or destabilize the government. There is an active civil society and demonstrations occur frequently. Although the clear majority of demonstrations are peaceful, on occasion, protestors have veered from 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 6.5 percent during 2016. The labor participation rate was 60 percent as of December 2015. Immigrants account for nearly four 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 is not available for Chile in the ILO databases, but different estimations made by academics situate informal employment in Chile, depending on the specific data and methodology utilized, between 10 percent and 20 percent of the non-agricultural workforce.

Article 19 of the Labor Code stipulates that at least 85 percent of the staff hired by one and the same employer must be Chilean, 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, independently of the size of the company. The percentage of foreign employees is calculated as a fraction of an employer's total staff throughout Chile, rather than in each branch separately. Technical staff who cannot be replaced locally are not included when calculating the percentage of foreign employees. In addition, a foreigner whose spouse or children are Chilean, or who is the widower or widow of a Chilean, is counted as Chilean.

A voluntary mechanism created by the Labor Inspection Service and the Executive Vice-Presidency of the Foreign Investment Promotion Agency (APIE) allows foreign

investors to certify the need to hire a larger number of foreign employees. This can be done by entering a national register and presenting a letter explaining the company's situation about the hiring of foreign employees. This letter should be accompanied by a sworn statement containing detailed information.

In general, upon dismissal without cause, workers who have been working for at least one year are entitled by Chilean Labor Code to a statutory severance pay equivalent to 30 days of the last monthly remuneration earned, for each year of service worked and fraction greater than six months. 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 based on business requirements (economic reasons). Upon termination of employment, regardless of the reason for termination, 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 to attract or retain investments.

Per the Labor Directorate, 985,770 workers (17.5 percent of Chilean salaried workers) belonged to a trade union in the last quarter of 2014 (latest data available), when 11,162 unions were active. In the same period, 327,412 workers (5.8 percent of Chile's salaried workers) were covered by collective bargaining agreements. Collective bargaining coverage rates are higher in the finance/banking sector (11.8 percent of workers), the mining sector (7.4 percent) and utility companies (7.3 percent). In each of these three sectors -which together account for 16.3 percent of Chile's GDP- active unions cover nearly 20 percent of workers. Multiple unions exist in many companies, and management can negotiate collective agreements with any of the unions or with ad hoc "negotiating groups" of workers. Unions can form nationwide labor associations and can affiliate with international labor federations. Contracts are normally negotiated at the company level. Police, military personnel, and civil servants belonging to the judiciary are prohibited from joining unions, while other public employees are prohibited from striking. The law also prohibits strikes by agricultural workers during the harvest season, and by employees of 101 private companies, mostly public service (water and electricity) providers, and stipulates compulsory arbitration to resolve disputes in these companies. Workers in public institutions are not granted collective bargaining rights but national public workers' associations undertake annual negotiations with the government. The law does not guarantee collective bargaining rights for temporary workers or those employed

solely for specific tasks, such as in agriculture, construction, ports, or the arts and entertainment sector.

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 conflict solving model, aimed to facilitate communication between both parties for them to peacefully seek agreements.

During 2016, 199 legal strikes took place in sectors where collective bargaining is permitted (a similar number in comparison to 2015), and 35,529 workers were involved in total (43 percent more than in 2015). The spike in the number of workers participating in legal strikes is related to the strike that took place in Sodimac, a retail chain with the largest private sector workers union, which involved 8,700 employees. Apart from retail and commerce, strikes have been concentrated in the manufacturing industry, education and transportation sectors. As legal strikes in Chile have a restricted scope and duration, they have not supposed a risk for foreign investment.

In some sectors where strikes and/or collective bargaining is prohibited by law, the public sector, illegal worker strikes occurred throughout 2016. The four-week strike by the National Association of Fiscal Employees carried out between October and November 2016 was the illegal strike with the greatest impact to the public. This strike caused multiple disruptions to the normal functioning of health and education services, garbage collection, sanitary inspections, customs and other trade-related services. The government condemned the strike publicly, in some cases temporarily replaced striking workers with workers from other government agencies, and deducted pay from the salaries of striking workers. Ultimately, Congress passed a four percent salary increase, which was close to the government's initial proposal and short of the strikers' demand for a seven percent increase.

Chile has and generally enforces laws and regulations in accordance to the 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 in 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. The national minimum wage is CLP 264,000 --USD 353-- a month for all occupations, including domestic servants, more than twice the official poverty line. There are no gaps in compliance with international labor standards that may pose a reputational risk to investors. For more information, please see the [U.S. Department of State's "Country Reports on Human Rights Practices for 2016" webpage](#).

The government passed a Labor Reform bill in April 2016, aimed to extend the scope of collective bargaining to more employees, and strengthen the negotiating position of unions. However, after a challenge by a group of opposition legislators before the Constitutional Court, some of its original provisions were invalidated. The law went into effect on April 1, 2017. In its final shape, the reform’s main aspects include:

1. the collective bargaining process can be between one or more employers with one or more unions;
2. the ability to bargain collectively is extended to some types of employees currently excluded, such as apprentices and workers under temporary project-based contracts;
3. no replacement of workers will be allowed during strikes; not even reassigning roles within the non-striking personnel; but with some “necessary adaptations” that will be allowed for the company to preserve the right to work of workers not joining the strike and to ensure delivery of “essential services” (the disruptions of which could cause damage to infrastructure, the environment, or health);
4. trade unions will have new rights to receive certain specified financial information on a periodical basis and during the bargaining process.

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

Table: Key Macroeconomic Data, U.S. FDI in Host Chile

	Host Country Statistical Source*		USG or International Statistical Source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
Host Country Gross Domestic	2016	247.1	2015	240.8	World Bank

Product (GDP) (USD billion)					
Foreign Direct Investment	Host Country Statistical Source*		USG or International Statistical Source		USG or international Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2015	31,346	2015	27,331	BEA
Host country's FDI in the United States (\$M USD, stock positions)	2015	11,452	2015	4,110	OECD
Total inbound stock of FDI as % host GDP	2015	8.4	2015	8.5	World Bank

Source: Central Bank of Chile

Table: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	208,931	100%	Total Outward	92,597	100%
Spain	26,581	12%	Brazil	13,446	15%
Netherlands	24,099	11%	Bermuda	9,303	10%
United States	24,004	11%	Colombia	6,558	7%
Canada	13,374	6%	Argentina	6,506	7%
United Kingdom	8,021	4%	Peru	5,109	6%

"0" reflects amounts rounded to +/- USD 500,000.

Per the IMF's Coordinated Direct Investment Survey (CDIS), total stock of FDI in Chile in 2015 amounted to USD 213 billion, compared to USD 209 billion in 2014. U.S. FDI stock position in Chile in 2015 amounted to USD 24 billion. Spain, the Netherlands, the United States and Canada accounted for 40% of Chile's inward FDI stock. Chile's outward direct investment stock in 2015 was concentrated in South America, where Brazil, Colombia, Argentina and Peru together represent 35% of total Chilean outward direct investment position. However, Bermuda, a tax haven, arose in 2015 as the second largest destination of Chilean FDI.

Table: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	142,865	100%	All Countries	98,216	100%	All Countries	44,649	100%
United States	61,928	43%	United States	38,972	40%	United States	22,956	51%
Luxembourg	36,592	26%	Luxembourg	36,483	37%	Japan	4,577	10%
Ireland	5,684	4%	Ireland	5,633	6%	Mexico	3,509	8%
Germany	5,116	4%	Germany	2,827	3%	Germany	2,290	5%
Japan	4,784	3%	United Kingdom	2,503	3%	United Kingdom	1,911	4%

Contact for More Information on the Investment Climate Statement

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Trade and 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, please see the [Export-Import Bank of the United States' \(Ex-Im Bank\) website](#). 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 [Superintendencia de Banks and Financial Institutions \(SBIF\)](#), an agency under the Ministry of Finance, regulates the financial sector. The [Superintendencia of Securities and Insurance \(SVS\)](#) is an autonomous institution under the Ministry of Finance, its mission is to oversight entities in the securities and insurance markets. The [Superintendencia of Pensions \(SP\)](#), an agency within the Ministry of Labor, is the technical authority responsible for the oversight and control of the institutions involved in the Chilean Pension System. [Sernac, Chile's National Consumer Service](#), is housed in the Ministry of Economy, with the mission to protect consumers in Chile in a variety of industries, including financial services. In 2014, Sernac introduced the CAE index (Carga Anual Equivalente, or Annual Equivalent Cost) to facilitate credit comparison to end users. Sernac has recently committed to increase financial education among children and general population.

In June 2017, President Bachelet submitted a proposal to Congress to modify the current banking law. This proposal aims to modernize Chile's banking system by adopting a stricter set of guidelines for bank capital requirements known as Basel III. The standards of Basel III were designed to avoid a repetition of a financial crisis like the one in 2008, and demand that banks have sufficient capital to finance their business and reduce risk. Also, the proposed bill aims to increase the profile of Chile's existing banking regulator (SBIF, Superintendencia de Bancos e Instituciones

Financieras) into a more powerful entity, which would be called the Financial Market Commission (CMF, Comisión para el Mercado Financiero).

[The Central Bank of Chile](#) is autonomous from the government in conducting monetary policy and regulating foreign capital movements. Its mission is to foster the stability of the currency and to keep inflation low and stable over time. The Central Bank also regulates the amount of currency and credit in circulation.

Some Chilean banks have a direct presence in the United States, including Banco de Crédito e Inversiones, also known as BCI, which controls the National Bank of Florida. Other banks, such as Banco Estado, Banco de Chile, and Itau/CorpBanca, have representative offices in New York.

U.S. banks operating in Chile (see section below) concentrate on corporate lending for multinationals and capital market activities (wholesale), although others such as Banco de Chile (which merged with Citibank) and Santander are active in retail banking, as well. There are a few business development offices of U.S. commercial banks in Chile offering U.S. Export Import Bank (EXIM) export insurance programs. Many representation offices are in the market as well.

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) can 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).

U.S. Banks & Local Correspondent Banks

[JP Morgan Chase Bank](#)

Phone: +56-2-2425-5100

[Wells Fargo](#)

Phone: +56-2-2365-9733

Project Financing

Major project financing is available through issue of equity, bonds in the international and local capital markets, and through syndicated loans. The [Overseas Private Investment Corporation \(OPIC\)](#) is a business development corporation of the U.S. Government that helps U.S. investors overseas, fosters economic growth in new and emerging markets, complements the private sector in managing the risks associated with foreign direct investment, and supports U.S. foreign policy. Private companies can also take advantage of different programs like the [World Bank's International Finance Corporation \(IFC\)](#), which provides financing to private sector companies involved in certain types of infrastructure projects. The IFC is particularly interested in non-traditional industries, cross-border operations and asset securitization.

Multilateral Development Banks

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the [Commercial Liaison Offices to the Inter-American Development Bank](#) and the [World Bank](#).

Financing Web Resources

[Export-Import Bank of the United States \(Ex-Im Bank\)](#)

[Overseas Private Investment Corporation \(OPIC\)](#)

[Small Business Administration \(SBA\) - Office of International Trade](#)

[United States Department of Agriculture \(USDA\) Commodity Credit Corporation](#)

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 the date of this report, there are currently no Travel Advisories, Alerts, or Warnings in effect for Chile. For updated information, please see the [U.S. Department of State's Chile webpage](#).

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 +56-2-2-4863200. 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 [Investigations Police of Chile \(PDI\)](#) at their nearest headquarters or at the international airport prior to departure.

If you have stayed in Chile for more than the allowed time period, 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 [Department of Immigration and Migration \(DEM\)](#) and make a self-declaration in the 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, please see the [Consular Section of Chile in Washington D.C.'s website](#).

U.S. companies that require travel of foreign businesspersons to the United States should visit the [U.S. Department of State's "U.S. Visa" webpage](#) 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 1, 5, 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 card 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* (exchange house) with the best rates. There are many *casas de cambio* within the country, and one is usually located inside each shopping mall.

Telecommunications/Electric

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, 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, LATAM, partners with American Airlines in the OneWorld Alliance, 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 [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.

Domestic air service within Chile is well developed and offered primarily by LATAM and Sky Airlines. 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. For more information, please see the [Company of the State Railways' website](#).

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, please see the [U.S. Commercial Service Chile's webpage](#).

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, please see the [U.S. Department of State's "Your Health Abroad" webpage](#).

Local Time, Business Hours, & 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 during 2017. The Embassy will be closed to the public on these holidays.

Table: Chile 2017 Holidays

Date	Day of the Week	Holiday
January 1	Sunday	New Year's Day (Chile)
January 2	Monday	New Year's Day
January 16	Monday	Martin Luther King Day (U.S.)
February 20	Monday	President's Day (U.S.)
April 14	Friday	Good Friday
April 15	Saturday	Holy Saturday
May 1	Monday	Labor Day (Chile)
May 21	Sunday	Navy Day
May 29	Monday	Memorial Day (U.S.)
June 26	Monday	Feast of Saints Peter and Paul
July 4	Tuesday	Independence Day (U.S.)
July 16	Sunday	Virgen del Carmen Day

August 15	Tuesday	Feast of Assumption
September 4	Monday	Labor Day (U.S.)
September 18	Monday	Independence Day (Chile)
September 19	Tuesday	Army Day
October 9	Monday	Columbus Day (U.S. & Chile)
October 27	Friday	National Day of Evangelical and Protestant Churches
November 6	Monday	All Saints' Day
November 10	Friday	Veterans Day (U.S.)
November 23	Thursday	Thanksgiving Day (U.S.)
December 8	Friday	Feast of the Immaculate Conception
December 25	Monday	Christmas Day

Temporary Entry of Materials and 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. (Information about using carnets in non-carnet countries.)

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, please see the [USDA's Foreign Agricultural Service's \(FAS\) "Global Agricultural Information Network \(GAIN\)" database](#).

Travel Related Web Resources

[National Tourism Service \(SERNATUR\)](#)

[U.S. Department of State – Chile Country Information](#)

[U.S. Embassy in Chile – U.S. Citizen Services](#)