Ministerie van Buitenlandse Zaken

Doing Business in Chile

Chile has been one of Latin America's fastest-growing economies, showing steady growth in recent decades. Chile's openness to global trade and investment, transparent regulatory environment, and strong rule of law continue to provide a solid basis for economic dynamism. The Netherlands are ranked as 9th most important trading partner of Chile, with a total trade of over 1.5 billion USD. With 90% of the goods entering and leaving Chile via maritime routes, ports play a crucial part in the country's infrastructure. Promising industries for Dutch businesses in Chile consist of port development & infrastructure (incl. logistics and renewable energy), agriculture & food, water management & technology and the mining sector, where the Chilean government increasingly focusses on sustainability and modernisation.

Chile is one of the longest countries in the world, with the driest desert in the north and the largest ice fields in the south. The country has 17 million inhabitants, with most of them living in the capital of Santiago (7 million). |It is the only South American member of the Organization for Economic Co-operation and Development (OECD) and is known for its stable and responsible macroeconomic and fiscal policies. Chile has the 33rd most competitive economy in the world, with low rates of corruption and continuous economic growth.

A substantial part of its GDP is accumulated through the mining sector, with 40% of Chile's exports consisting of copper. Chile has become the largest supplier of copper in the world, while also being a top-10 worldwide agricultural exporter. Because of its strong dependence on copper, the government is stimulating economic diversification, though attracting high knowledge investments, with focus on renewable energy, mining, global services and the tourism sector, through their agency InvestChile. Chile retains the Pacific Alliance's best investment profile and benefits from many free-trade agreements, including, amongst others, the Association Agreement with the EU and the Trans Pacific Partnership Agreement. Therefore, the country is positioning itself as a trade hub towards the rest of Latin America and Asia.

Port development, infrastructure & logistics

Chile is very dependent on its maritime industry, both in the fishing and transport sector. Over 90% of its imports and exports are transported by sea, resulting in a constant need to develop and improve different multipurpose ports and terminals for bulk, liquid and container transport.

Having a coastline of over 6.000 km long, the country counts 56 terminals and ports, which can be separated into :

- 10 Public and 14 private and ports/terminals for public use
- 32 Private ports/terminals for private use (15 mining and 17 oil ports).

Annual throughput is 4.145.047 TEUs and a total of 13.739.586 tons, with an annual growth of 3,4%. In 1997 the government started a process of privatization of port terminals, generally executed through mid/long term concessions, all under the regulatory framework of the ten different state-owned port companies (excluding private ports for private use). The largest operators are SAAM and Ultramar.

Trade mission with Mayor of Rotterdam 2014, San Antonio port

Puerto de Gran Escala

Currently, the main project for Chile's port and logistics development is the construction of the so-called "Puerto a Gran Escala" or Mega Port planned for San Antonio, 100 km from the Chilean capital Santiago. The port will require an investment of USD 3.6 billion, for two terminals with a capacity of 3 million Tues per year each. This project makes it necessary to prepare and improve the hinterland logistics, with investments and development of transfer stations, accesses, roads and railways.

Chile also has a considerable number of incoming cruise vessels each year (239 in 2016, 431.000 passengers), which demands new specialized terminals, facilities and respective logistics. Currently a new passenger terminal with an investment of USD 80 million is under construction.

Agro-food sector

The Chilean agricultural sector is the second most important sector and serves as an important source of employment. The fertile central part of the country has a temperate climate, where fruit and wine production flourishes. More to the south, potatoes, dairy, meat, grain and salmon production are important. Chile has the ambition to become a leading supplier to the Asian food market. The agricultural sector grew 4.5% in 2016. In 2017, the sector suffered a 1.27% decrease as compared to 2016, mainly because of large-scale forest fires in the country's productive agricultural regions.

The new government, under President Piñera, has put a strong emphasis on the agricultural sector. There is a need for modernization and innovation investments in the agricultural sector to increase productivity in order to meet the demand on the global export market. Threats to these ambitions in the agricultural sector are mainly a result of climate change (water scarcity), pests and diseases that are brought into the country due to large-scale immigration and a lack of trained personnel on the local labor market.

For increasing its fruit production and exports, especially to China, plant cuttings are needed that are grown in greenhouses. This includes horticultural seeds, bovine genetics, potato harvesters, horticultural greenhouses and floriculture. In addition, new packaging and processing techniques as well as control systems in an advanced network of laboratories are needed. Chile needs it all, and is willing to invest in it. The far-reaching experience and expertise of Dutch companies in agricultural technologies is of great value for Chile.

SouthernBulbs , a Dutch-Chilean tulip and lily farm in the south

Water management & technology

Chile is facing great challenges regarding water security. Climate change is causing flash floods with more frequency. La Niña and the effects of tsunamis that occur regularly, cause great damage to the coastal infrastructure, increasing the need for climate resilient solutions. The combination of climate change and the lack of integrated water management have caused water shortages, especially in the north.

Mining & Water

Mining companies, mostly located in the north, face tremendous water shortages. Some of them have their own desalinization plants (15% of water use). The mining industry is already very efficient (more than 70% reuse), but it is always looking for improvement. Desalinization is very expensive because of high energy and transportation costs (from sea level to altitudes of 2000 to 4000 meters). Groundwater pollution and water shortages have led to several conflicts with communities and farmers downstream, which has caused delays in project execution. Therefore, companies need to pay more and more attention to proper management of wastewater and mine tailings as well as stakeholder management. The last couple of years investments in new mining projects have been very limited due to the low copper price. In the coming years however, an increase in investment is foreseen. Projects that are expected to expand are: El Abra (Freeport), Quebrada Blanca (Teck), Spence (BHP), Centinela (Antofagasta Minerals).

Chuquicamata, the largest open pit mine in the world

Sanitation

The provision of drinking water and wastewater treatment in urban areas are in the hands of private companies through concessions, with an annual investment of around USD 345 mln (2016). The largest two cover 79%; Aguas Andinas (Suez; 2.14 mln clients) and Andescan (Ontario Teachers Pension Fund; 1.76 mln clients). These companies get a guaranteed price, therefore operations are cost driven and innovation in the sector is not stimulated. Companies have problems with losses/leakage (around 30%), water quality, availability (drying of wells) and community relations because of smells. The concept of circular economy is incipient, with Aguas Andinas already implementing some measures. The rural population depends on APR (Agua Potable Rural) with 2.2 million users, which are small community controlled systems that receive funding from the Ministry of Public Works. The Ministry has expressed interest in innovation (e.g. combinations with renewable energy) and improving the operations of the APR, now that a new law requires them to administer their waste water well.

Agro-food & Water

Agricultural production currently subtracts 73% of the water used for the productive sector. The north of Chile is facing great water stress, which pushes desertification southwards. The government is investing in an overall more efficient water use (14.000 m3/ha), as well as building new dams for water reservoirs. The Juntas de Vigilancia (organization of holders of superficial water rights) are private organizations that invest in improving water distributions through atomizing locks and making channels waterproof. Due to climate change (frost, unexpected heavy rainfall, ice rain) farmers are confronted with new challenges, which calls for innovative solutions (need for information and Big Data and analysis, robotization and Smart Agro). Environmental regulations require the processing industry to treat their waste water, especially important for the salmon farms, meat and pulp industry.

Do's and don'ts in Chile

Language

Spanish is the official language and you will meet many Chileans who prefer to speak Spanish rather than English because they do not speak it well or not at all. In case you do not speak Spanish, we recommend calling in an interpreter whenever you have an important business meeting.

Business relations

Discuss corporate strategies with the highest-ranking employees, because decisions are taken at that level. The rule of law is highly respected, which leads to low figures of corruption but more bureaucracy. Having the right contacts may help to speed up the process.

Business etiquette

Chileans are relatively conservative and formal when it comes to clothing. During a formal meeting punctuality is appreciated. However, you should not be surprised if your Chilean business partners arrive late. Chileans are known to be 'social' business partners and they will try their best to make you feel comfortable. Small talk at the start of a conversation is rule rather than the exception and often appreciated. Invest time in building and strengthening the personal relations; subjects such as family, friendship and career history are important for your Chilean counterparts .

Business lunches

Lunchtime is between 13.00 and 15.00 and dinner is usually between 20:00 and 22:00. Lunch is an important moment for business meetings and can be relatively long. It is quite common to drink wine during a business lunch.

How can we support your business?

RVO offers the following instruments to promote doing business with Chile:

Business Partner Scan (BPS)

A Business Partner Scan is an overview of possible business partners with their contact information in a target country. These business partners are personally approached by the Embassy's economic team and have indicated they want to come into contact with Dutch companies requesting this service. Dutch companies can profit from the government's extensive network of offices abroad, local market knowledge and know-how to deal with language and cultural barriers. There is also a possibility to opt for a simplified version of the BPS.

Starters International Business (SIB)

This program aims to support companies likely to be successful with their first steps in a foreign market. Companies can apply for a voucher worth € 2,400 that can be used for individual coaching support supplied by various agencies, such as the chamber of commerce, various trade associations and consulting companies.

Dutch Trade and Investment Fund (DTIF)

This fund is meant for Dutch companies wanting to invest in or export to foreign markets. DTIF offers support through loans, guarantees, and direct or indirect shares with a repayment obligation. Companies can apply for a financial support up to 15 million Euros for each project.

Subsidy scheme for Demonstration projects, Feasibility studies and Investment preparation studies (DHI)

The DHI scheme supports Dutch enterprises that want to invest in or execute a project in emerging markets and in developing countries.

Chilean investment incentives

The Chilean government aims at stimulating foreign investment in Chile through their agency Invest Chile (investchile.gob.cl) and the strategic investment incentives of Corfo (www.english.corfo.cl). For more information, you can also contact the Dutch embassy in Santiago.

Embassy of the Kingdom of the Netherlands in Santiago de Chile

The Dutch embassy is located in a central part of the business district of the capital of Santiago and can offer you a wide range of services which can be helpful to start doing business in Chile.

E-mail Economic Affairs Department: stg-ea@minbuza.nl

Official name	Republic of Chile
Government type	Presidential constitutional republic
Population	17.5 million (2017)
Area	756.096 km²
Official language	Spanish
Time difference	UTC -3 (summer) & UTC -4 (winter)
Currency	Chilean Peso (CLP)
GDP growth rate	1.6% (2016)
GDP per capita	USD 22. 272 (2016)
Trade volume	USD 124.43 bn. Total Imports USD 59.92 bn. Total Exports USD 64.51 bn. (2017)
Inflation	2.28 % (2017)
Global Competitiveness Index	33rd (2017-2018)
Ease of Doing Business	55th (2017)
Global Corruption Index	26th (2018)
Main trading partners	China, USA, Japan, South Korea, Brazil
Major exports	Copper, fruit, fish products, paper and pulp, chemicals, wine
Major imports	Fuels, aircraft (parts), petroleum products, computer accessories, telecom equipment
Netherlands FDI in Chile	USD 870 million (2016)
Dutch-Chile trade	EUR 1.51 billion (2017)

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