

A PARTNER  
FOR YOUR  
INVESTMENT

**Chile**

THE LATIN AMERICAN  
BUSINESS PLATFORM

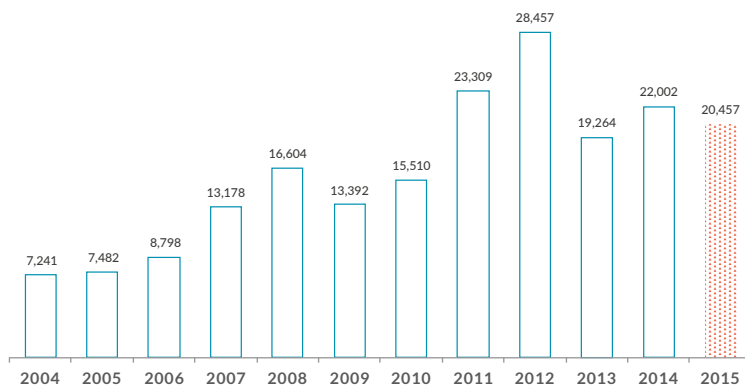
# A **PARTNER** FOR YOUR INVESTMENT

**Chile** is the best evaluated economy in Latin America and, indeed, one of the best evaluated emerging economies worldwide. Its hallmark stability, transparency and competitiveness and excellent business prospects position it not only as the best destination for foreign investment in this region but also as one of the most outstanding in the world.

In its World Investment Report 2016, UNCTAD ranked Chile as the world's 19th largest recipient of foreign direct investment (FDI) (7th among developing and transition economies). Last year, US\$20,457 million entered the country by this means.

***Chile is one of the world's most open economies.***

## ► FDI in Chile, 2004-2015 (US\$ million)



\*Source: Central Bank of Chile



PHOTOGRAPH COURTESY OF MAX DONOSO - CORFO



## FROM CHILE

- ▶ *Overseas companies have reduced-tariff access to markets that account for 85% of global GDP.*



# WHY *INVEST* IN CHILE?

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LEADER

LOW RISK

OPEN ECONOMY

## BECAUSE IT LEADS LATIN AMERICA

**Foreign investment regime** (3rd in world, 1st in Latin America – Economist Intelligence Unit, 2015-2019).

**Business Environment** (13st worldwide, 1st in Latin America – Economist Intelligence Unit, Business Environment Rankings 2014-2018)

**Competitiveness** (33st worldwide, 1st in Latin America – World Economic Forum, Global Competitiveness Index, 2016)

**Best countries for business** (30st worldwide, 1st in Latin America – Forbes Magazine, 2015)

**Economic freedom** (7st worldwide, 1st in Latin America – Heritage Foundation, 2016)

**GDP per capita** (PPP) (US\$23,563, 1st in Latin America – International Monetary Fund, 2015)

## BECAUSE IT IS A LOW-RISK COUNTRY

Chile's Sovereign Ratings	
Fitch Ratings	A+
Standard & Poor's	AA-
Moody's	Aa
DBRS	AA-

## BECAUSE IT IS ONE OF THE WORLD'S MOST OPEN ECONOMIES

Trade agreements with over 60 countries expand Chile's domestic market of 17 million inhabitants to one of over 4,300 million potential consumers around the world (63% of the world population).



# INVESTMENT OPPORTUNITIES

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MINING

ENERGY

FOOD INDUSTRY

INFRASTRUCTURE

TOURISM

GLOBAL SERVICES

## MINING EQUIPMENT, TECHNOLOGY AND SERVICES (METS)

Chile is a leading player in the international mining industry. One-third of large copper mining projects that will come into operation in the next five years will be in Chile. Mining companies spend over US\$15 billion a year on support services and plan to invest US\$50 billion in the country by 2024. Chile has over 4,600 mining suppliers.

Chile is home to 28% of the world's copper reserves and is its leading copper producer. It is also the sixth largest silver producer and accounts for an important share of the international market for natural nitrates (100%), iodine (58%) and lithium (45%). country's goal is to be not only the principal exporter of copper, but also an exporter of world-class mining services and technology.

### Opportunities for investors

- Scale-up of technology in continuous-operation consumables
- Transition from open-pit to underground operation
- Integrated autonomous operations
- Solutions to minimize energy consumption in milling and hydrometallurgical processes
- Technologies to control impurities in concentrate
- Technologies for efficient treatment of tailings
- Modernization of smelters and refineries
- Exploitation of rare earth elements
- Exploration projects.

## FOOD INDUSTRY

Chile is one of the world's 15 leading food exporters. The sector offers opportunities in fruit and agriculture, wine and grape by-products, olives, meat and dairy by-products, salmon, support industries, processed foods and biotechnology applied to the food industry.

In 2015, Chile's exports of food and beverages reached US\$14,526 million, accounting for 23% of total exports. The country has one of the world's only five macrozones with a Mediterranean climate, offering excellent conditions for fruit growing. In addition, the country's length and diversity of climates permit year-round production as well as supporting the different forms of animal and vegetable life that underpin the diversity of its agricultural and aquaculture industries.

Chile is protected by natural barriers, transforming the country into a phytosanitary and zoosanitary island.

### **Opportunities for investors**

#### **Intelligent primary production:**

- Optimization of primary production processes through the incorporation of technology in:
  - » *Monitoring for intelligent agriculture*
  - » *Sustainable aquaculture*
  - » *High-tech greenhouses*

#### **Sophistication and diversification through added value:**

- » *Functional foods and ingredients*
- » *Natural colorants*

#### **Packaging and containers:**

- » *High-tech and environmentally-friendly glass, cardboard and plastics solutions.*

#### **Generation of knowledge and new varieties:**

- » *Promotion and attraction of R&D&I centers for adding value in the food industry.*

PHOTOGRAPH COURTESY OF PROCHILE

*Chile has one of the world's five macrozones with a Mediterranean climate and, therefore, offers excellent conditions for fruit farming.*



## ENERGY

In order to satisfy the increase in demand for energy, Chile requires both new conventional energy projects that comply with sustainability criteria and non-conventional renewable energy (NCRE) projects. The government's Energy 2050 program states that 60% of the country's electricity should be generated from renewable sources by 2035 and, by 2050, the goal is to achieve 70%. In 2015, renewable sources accounted for 41% of the electricity produced.

### **Opportunities for investors**

#### **Generation:**

- Tenders to supply electricity for regulated clients (residential and small and medium-sized companies): 11,000 GWh over the next 2 years
- Potential for wind energy and public tenders for land (concessions) for wind farms
- 11 GW of hydroelectric potential
- Opportunities in conventional technologies

#### **Transmission:**

- Investment opportunities to increase the robustness and security of transmission lines
- Tender for US\$288 million to be awarded in May 2017.

### **High-radiation Solar Energy Program**

The Chilean government has a strategic solar program that aims to develop a national solar industry with technological capacities that will be export-oriented.

This solar program seeks to leverage the Atacama Desert's unique features, which include the highest solar irradiance on earth.

### **Opportunities for investors (main initiatives)**

- Desert Module & System Technology Program: Public-private partnership to implement a portfolio of R&D&I projects for the development of photovoltaic systems, created specifically for desert conditions. ([www.desertmodule.cl](http://www.desertmodule.cl))
- Solar Technological District: Concession of state-owned land to energy companies for the development and operation of solar plants with specific technologies. This will be a 1 GW district in the north of Chile.
- Solar Technology Center: Initiative to strengthen technology infrastructure and human capital for the development of solar industry technology programs.

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**According to EY's  
Renewable Energy  
Country Attractiveness  
Index Chile is the world's  
4th most attractive  
country for investment  
in NCRE, after USA,  
China and India.**

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## INFRASTRUCTURE

Chile has a portfolio of projects being analyzed, developed or implemented that, just in concessions to private companies, represents a total investment of US\$12,950 million by 2020. In addition, through its annual budget, the Public Works Ministry develops infrastructure throughout the country, projects that also represent important business opportunities for private companies, both local and from overseas, in construction of the infrastructure, services and consultancy.

Chile will need to invest over US\$150,000 million in public and private infrastructure by 2025.

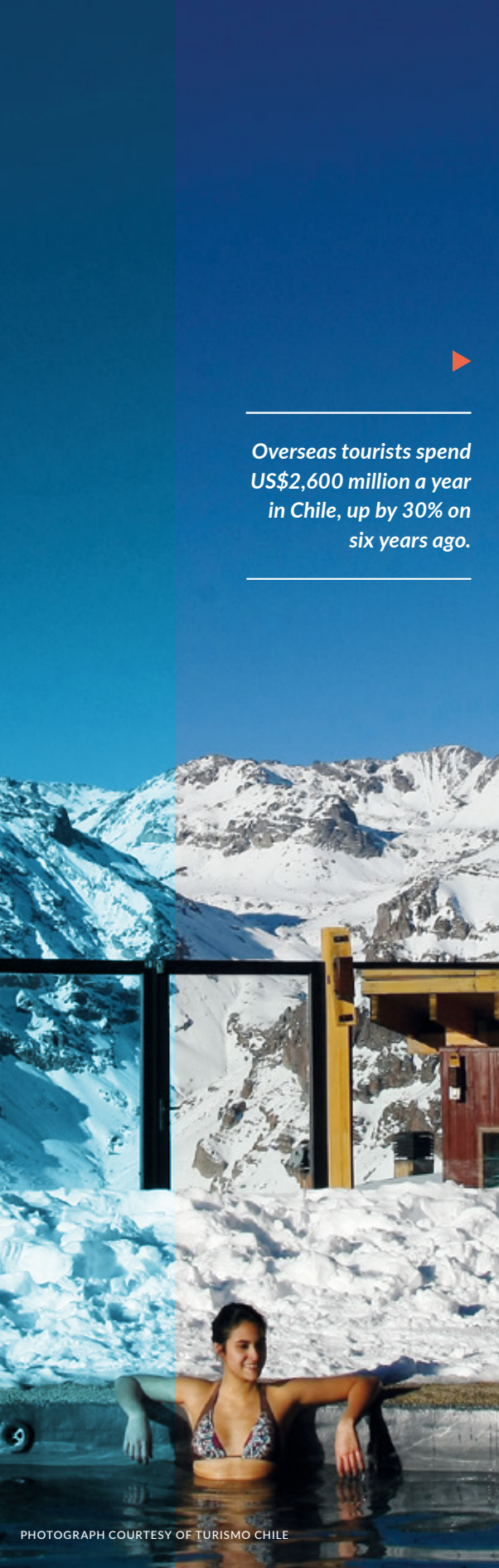
In 2014, the government presented a portfolio of public works projects that is the most ambitious in a decade. Worth a total of US\$28,000 million, it includes both direct government investment and concession projects.

Between March 2016 and March 2017, tenders will be issued for concession projects worth US\$1,643 million, including principally highways and airports, followed between March 2017 and March 2018, by tenders for projects representing a further US\$2,445 million.

### ***Opportunities for investors***

- Portfolio of concessions and public tenders.





**Overseas tourists spend  
US\$2,600 million a year  
in Chile, up by 30% on  
six years ago.**

## TOURISM

Over the past decade, tourism in Chile has shown important growth. Thanks to its geography, the country has a privileged landscape that ranges from the world's driest desert to the ice fields of Patagonia and includes the exotic attractions of Easter Island. Each year, Chile receives over 4.5 million overseas visitors, twice the number just ten years ago.

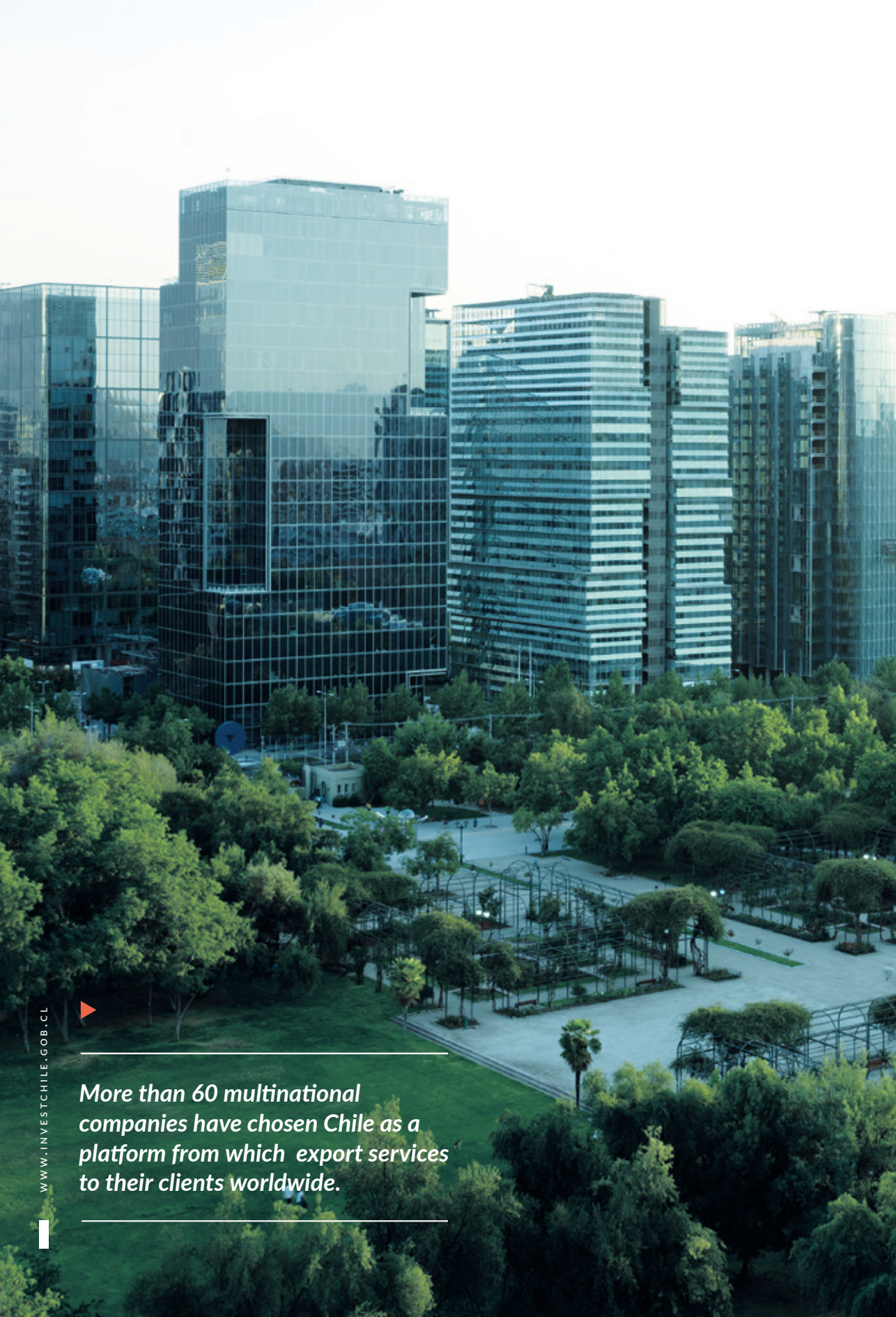
Domestic tourism has also shown sustained growth and, today, accounts for over 27 million journeys a year.

With competitive advantages that have persisted over time, Chile ranks second in South America, after Brazil, in the World Economic Forum's Travel and Tourism Competitiveness Index (2015).

### **Opportunities for investors**

- Niche hotels with a focus on areas where Chile has comparative advantages such as enotourism, nature and adventure tourism and astrotourism
- Development of tourism projects on state land through Tourism Concessions
- Resorts and timeshares
- Urban hotels targeting the corporate and MICE (Meetings Incentives, Conferencing and Exhibitions) segments and overseas visitors.





More than 60 multinational companies have chosen Chile as a platform from which export services to their clients worldwide.



## GLOBAL SERVICES

Chile is a destination for high-end offshore functions such as research centers for global banking clients and R&D centers, as well as more traditional back-office jobs. Exports of business and IT services reach over US\$3,000 million per year and, over the past 10 years, have grown at a rate of 11% (as compared to a global average of 9%).

According to A.T. Kearney's, 2016 Global Services Location Index, Chile is the 9th most attractive location for global services. Chile also leads Latin America in the World Economic Forum's Networked Readiness Index, ranking 38th among 139 economies.

Regarding the availability of skilled labor, there are about 340,000 higher education students in Chile of whom some 70,000 graduate each year. The country has 11 universities that are ranked among the best 50 in Latin America (Times Higher Education).

The Chilean government is launching a series of regulatory and tax reforms to foster the export of services.

Despite limitations of scale, service providers have capitalized on the technical capabilities of the labor force, enabling Chile to become a springboard for offshore operations in South America.

### ***Opportunities for investors***

- Business services (BPO, KPO, IT) and shared services centers.
- Emerging services (IoT, cloud, data centers).



“Chile’s foreign  
investment regime  
**ranks third in the  
world and first  
in Latin America**  
for the period  
2015-2019.

**ECONOMIST INTELLIGENCE UNIT.**



# TOP PLACE IN LATIN AMERICA

# PROGRAMS AND INCENTIVES FOR INVESTMENT

## ***Program of Support for Strategic Projects at the Pre-Investment Stage***

Co-financing of pre-investment studies to gather information for companies' investment decisions (studies of potential location and market and economic and technical studies).

Finances up to 70% of the cost of feasibility studies (maximum of US\$260,000) for projects worth over US\$2 million.

## ***Integrated Promotion Initiative for High-Tech Projects***

Co-financing to support the implementation of new technological investment projects or the expansion of existing projects and the implementation or expansion of centers of innovation and, in general, to facilitate the implementation of initiatives in productive and technological fields that have significant impacts on economic or geographic sectors.

Finances up to 30% of high-tech projects up to a maximum of US\$5 million.



## *New Services, Better Investment for Chile.*

### ***Business Technological Innovation Program***

Subsidy for developments related to Innovation in Products and Processes and Innovation in Packaging and Validation for amounts that range from US\$90,000 to US\$300,000.

### ***Remote areas***

Tax benefits and grants for projects in the Arica y Parinacota and Tarapacá Regions of the far north and the Aysén and Magallanes Regions and the Palena Province (Los Lagos Region) of the south.

### ***R&D Law***

Tax credit of 35% (of the investment in R&D) against corporate income tax (maximum of US\$1 million); 65% (of the investment in R&D) can be deducted from the corporate income tax base as necessary expenditure.

### ***Programs and incentives for the creation of Investment Funds***

Lines of credit for financing the development of small and mid-sized Chilean companies that meet one of three criteria: at the expansion stage with high growth potential; at an early stage with high potential for growth and innovation; at an early stage with high potential for growth and innovation in sectors related to technology.





# WHAT CAN **INVESTCHILE** DO FOR YOU?

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**InvestChile** is the Chilean government agency responsible for promoting Chile as a destination for foreign direct investment.

Our mission is to link the interests of overseas investors with the business opportunities the country offers, by providing world-class services that are in line with Chile's economic development policies.



# OUR SERVICES

## PROMOTION

- General information about the country and its business climate, opportunities in different sectors and portfolio of public projects.

## PRE-INVESTMENT

- Specialized sector-specific advisory services.
- Key information for decision-making (office rentals, cost of hiring professionals, procedures for obtaining environmental permits, etc.).
- Legal advice.
- Coordination of field visits.
- Scheduling of meetings.
- Advice on accessing a subsidy for pre-investment studies.

## LANDING

- Advice for installation of the company.
- Scheduling of meetings.
- Advice for obtaining the foreign investor certificate.
- Access to regional support networks .
- Advice on applying for sector-specific funds.

## AFTERCARE

- Management of concerns and enquiries relating to other government agencies.
- Information for reinvestment: portfolio of public projects and investment opportunities in sectors of interest.
- Scheduling of meetings.



**CONTACT OUR TEAM**

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Printed in November 2016



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