

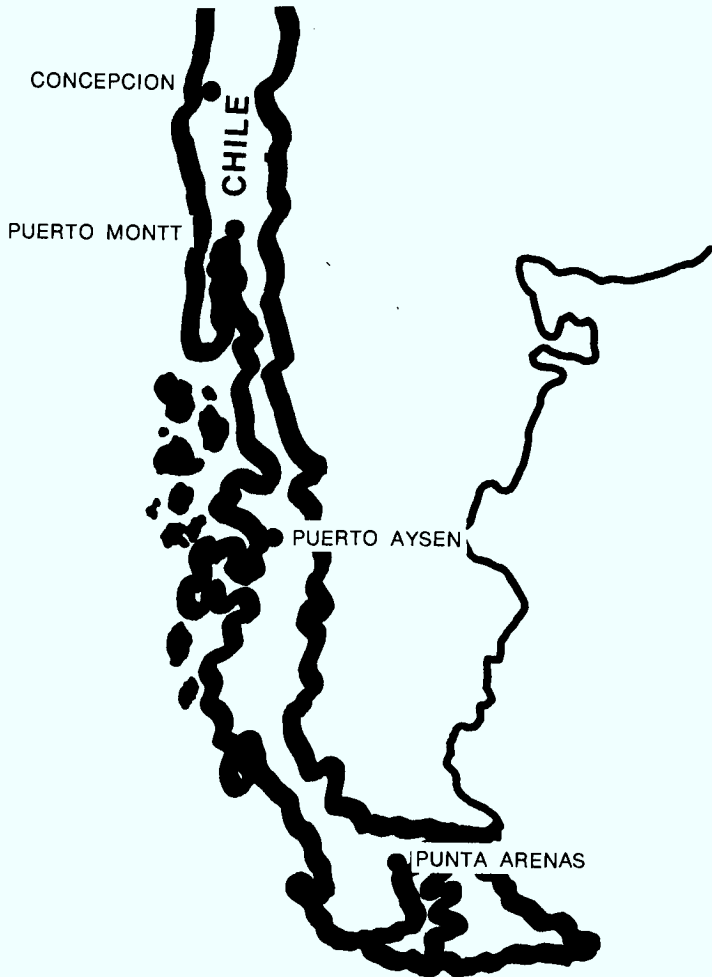
markets
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exporters

CHILE

INDUSTRY CANADA / INDUSTRIE CANADA
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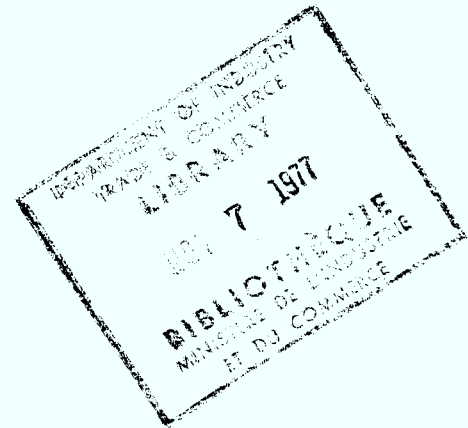
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ARGENTINA



MARKETS FOR CANADIAN EXPORTERS

CHILE



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I. GENERAL

Area and Geography

Chile is a long, narrow ribbon of land stretching almost 4,320 km (2,700 miles) along the southern west coast of South America. Although one of the longest countries in the world, its width only varies between 96 and 400 km (60 and 250 miles). Chile is wedged between the Andes on the east and the Pacific on the west, borders Peru on the north, and Bolivia and Argentina on the east. Southern Chile is an archipelago with Cape Horn at its tip. Here the Atlantic and Pacific meet.

There are four distinct and well-defined geographic regions: the northern desert (one-fourth the country's land area); the high Andean sector; the central valley; and the southern lake district and archipelago. In order to decentralize the administration of the existing and potential natural resources, the country has been divided into 12 regions and a metropolitan area which includes the capital, Santiago, and its vicinities. The northern part of the country (Regions I, II, III and IV), which has some of the most barren desert in the world, is rich in mineral deposits such as copper and nitrates. The fishing industry is also important in the north. The central valley (Regions V to X) has the largest population and is mostly industrial and agricultural. Due to the climatic conditions, forestry is of considerable importance in this area. The far south (Regions XI and XII) is mostly dedicated to cattle and sheep raising. Tierra del Fuego, the largest island in the southern archipelago, is in the latter region. It produces natural gas and supplies about 30 per cent of national oil consumption.

Climate

The climate is generally mild. In the far north, summers are warm and winters extremely mild; in the lake region, it is colder and more wet; in the far south (Tierra del Fuego) summers are short and cool, winters are long, cold and wet. The influence of the cold Humboldt Current off the coast and the relatively short distance between the coast and the snow-covered Andean peaks to the east moderate what might otherwise be a very warm climate. Summer (December-March) in Santiago is long and dry with temperatures averaging 28°C. The rainy season is from May to August with temperatures averaging 12°C.

Local Time

Chile is four hours behind Greenwich Mean Time during mid-March to September inclusive, and three hours behind during the remainder of the year.

Population

Chile is one of the least populated countries of Latin America (about 79 inhabitants per square mile). The population is estimated at about 10 million of which in excess of 3 million live in the Santiago metropolitan area.

Language

The official language is Spanish, a knowledge of which is most helpful even though most businessmen speak or understand English. Interpreter and translator services are available at a fee of U.S. \$20-\$25 a day.

Religion

Roman Catholicism predominates and is influential at all levels of society. However, religious freedom is guaranteed by the constitution.

Principal Cities

Santiago, the capital, is the commercial centre of the country.

Other major cities include:

	<u>Main Activity</u>	<u>Population</u>
Valparaiso-Vina del Mar	Agriculture	739,000
Concepcion	Mining (coal) Forestry	313,000
Coquimbo-La Serena	Mining Agriculture	129,300
Antofagasta (mines in this area produce about 50 per cent of Chilean copper)	Mining (copper)	126,500
	Fisheries	
Punta Arenas	Cattle/sheep raising Oil production Fisheries	
Iquique	Mining Fisheries	

Seaports

Principal seaports from north to south include Arica, Iquique, Antofagasta, Valparaiso, San Antonio, Talcahuano/San Vicente (Concepcion), Puerto Montt and Punta Arenas.

Weights, Measures and Electricity

The metric system is used in Chile. Electricity is supplied at 220 volts, 50 Hz for domestic use and 380 volts, 50 Hz 3 phase four wire for industry. Plug fittings are generally the two-pin type for domestic use.

Holidays

The following are observed:

New Year's Day	January 1
Holy Thursday	Variable
Good Friday	Variable
Labour Day	May 1
Navy Day	May 21
Assumption	August 15
Independence Day	September 18
Army Day	September 19
Columbus Day	October 12
All Saints Day	November 1
Immaculate Conception	December 8
Christmas Day	December 25

Business Hours (Average, except for Embassy)

Government	--	0900 to 1800 hrs. (Some of these offices receive visitors only at certain hours of the day) Monday to Friday
Banks	--	0900 to 1400 hrs. Monday to Friday
Offices	--	0830 or 0930 hrs. to 1800 hrs. Monday to Friday (Closed up to two hours during lunch)
Stores	--	1000 to 1900 hrs. Monday to Friday 0900 to 1300 hrs. Saturdays
Embassy	--	0830 to 1230 hrs. and 1330 to 1700 hrs. (Hours may be modified during summer, December-March)

Government

Chile is a federal republic. The representative democracy has been suspended and a military government is now in power. A commission of Chilean citizens is preparing a new constitution which will be the basis for an eventual return to democracy.

Telephone Rates

Person-to-person

Weekdays and nights: \$12.00 first three minutes, \$3.00 each additional minute

Sundays: \$9.00 first three minutes, \$2.25 each additional minute

Station-to-station

Weekdays and nights: \$9.00 first three minutes, \$3.00 each additional minute

Sundays: \$6.75 first three minutes, \$2.25 each additional minute

Cable Rates

Day rate: \$0.36 per word; each word counts

Night rate: \$3.96 for 21 words, \$0.18 each additional word, tax; each word counts

Postal Rates

The following is an abbreviated list of postal rates from Canada to Chile. When using postal service, consult the postal guide for complete information.

Air Letter and Surface Letter — As shown in the table below

All-up Service — Up to 8 Ounces *

<u>Over</u>	<u>Up to</u>	<u>Charge</u>
0 oz.	1 oz.	\$.25
1 oz.	2 oz.	.45
2 oz.	4 oz.	.60
4 oz.	8 oz.	1.20
8 oz.	1 lb.	2.35

*(All letter mail weighing up to 8 ounces will be automatically conveyed by air to all countries except the United States. An airmail sticker must be affixed or the word "airmail" marked on the envelope.)

Printed Papers (Air and Surface) Up to 4 Pounds (Maximum)

<u>Over</u>	<u>Up to</u>	<u>Priority (Airmail)</u>	<u>Non-priority* (Surface/Airlift)</u>
0 oz.	1 oz.	\$.18	\$.12
1 oz.	2 oz.	.32	.20
2 oz.	4 oz.	.48	.28
4 oz.	8 oz.	.90	.50
8 oz.	1 lb.	1.62	.90
1 lb.	2 lb.	8.90	2.00
2 lb.	3 lb.	11.75	2.70
3 lb.	4 lb.	14.60	3.25

*(This mail may travel by surface but will be airlifted part way or through to destination wherever possible.)

More Than 4 Pounds (Maximum 10 Pounds) — Books Only

<u>Weight Steps</u>	<u>Priority (Airmail)</u>	<u>Non-priority* (Surface/Airlift)</u>
10 lbs.	\$29.20	\$6.85

*(This mail may travel by surface but will be airlifted part way or through to destination wherever possible.)

Air Parcel: For postal rates, enquire at post office.

Parcel Post (Maximum 22 pounds)

<u>Weight Steps</u>	<u>Priority (Airmail)</u>	<u>Non-priority (Surface/Airlift)</u>
Maximum 22 pounds	\$64.15	\$14.45

Additional information can be obtained from your local post office.

History

The central portion of the territory that forms part of modern Chile originally was the possession of the Araucanian Indians and was not permanently settled by the Spaniards until 1540 under Pedro de Valdivia. (An initial attempt in 1535 was repulsed by the Indians.) On February 12, 1541, Valdivia established a settlement which he called Santiago on the spot where he had defeated an Araucanian force. Indians of this same tribe captured and tortured him to death 14 years later. In spite of repeated attempts, the settlers couldn't conquer the Araucanians until 1877 when, by treaty, Chile incorporated them along with their land into the Republic.

In 1810, led by General Bernardo O'Higgins, the son of a Spanish Viceroy to Peru, and aided by General San Martin of Argentina, Chile revolted against Spanish rule and proclaimed its independence. Spain battled intermittently against the revolutionaries until 1818, when Chile was declared an independent republic under O'Higgins. It was not officially recognized by Spain until 1844.

Between 1838 and 1886, Chile fought and won three wars: those of 1838-39 and 1879-83 against the Peruvian-Bolivian Confederation (in the latter, Chile acquired its northern nitrate and copper-rich provinces), and that of 1886 when it joined Peru in a naval war against the Spanish fleet.

Since World War I, Chile's political and economic fortunes have varied. Its economy was adversely affected by the discovery of synthetic nitrates after World War I but has been bolstered since World War II by a demand for copper and iron. Mining and agriculture are major elements of the economy, with copper alone accounting for more than 70 per cent of export earnings. An extensive, if fragile, secondary manufacturing sector has developed. However, current economic policy is to permit importation of an increasing number of consumer products with a minimum of tariffs.

II. ECONOMY AND FOREIGN TRADE

Traditionally, the Chilean economy has depended mainly upon copper (Chile is the world's leading copper exporter) and to a lesser extent upon other products of mining and forestry operations. Fishing, light manufacturing and agriculture are also important. The government and private industry, in an effort to diversify the economic base, have been making great strides in increasing the volume of non-traditional exports. The industrial potential of Chile's mining, forestry and fisheries resources as well as its agricultural industries is virtually untapped. The government, realizing this, is receptive to foreign investment to supplement the small capital base in Chile.

Chileans generally look toward the United States and northern Europe, especially the Federal Republic of Germany and Britain, for their capital equipment and consumer goods. Chilean engineering expertise is, in general, well-developed so when outside assistance is sought it is usually supplementary.

Chilean economic policy is based upon the principle of a free market, or international comparative advantage, in effect making Chile an experiment among developing countries. During the past three years, price controls have been virtually eliminated and foreign exchange, export and import restrictions drastically reduced -- the number of prohibited imports is now negligible. By January 1, 1978, import duties will have been reduced from a September 1973 high of more than 500 per cent to 35 per cent (with the exception of automotive products).

Mining

This sector has been, and will continue to be for decades, the major influence on Chile's GNP. In addition to copper, other metals and minerals are abundant in Chile. These include iron, nitrates, molybdenum, lead and zinc.

Significant deposits of natural gas have been found in the Magallanes area in the extreme south. Preliminary indications are that petroleum deposits there will also be large. Empresa Nacional del Petroleo (ENAP) has plans to exploit this sector.

Abundant deposits of young, soft coal have been found under the seabed in Arauco Bay, south of Concepcion. Studies are underway to determine the extent and quality of deposits in Magallanes. Empresa Nacional del Carbon (ENACAR) is the state agency responsible.

CODELCO is the largest mining company in the world engaged in copper production. It operates four divisions (five mines in total): Chuquicamata (the largest open pit copper producer in the world), El Teniente (the largest underground copper mine in the world), El Salvador, Andina and Exotica (part of the Chuquicamata Division). CODELCO is responsible for approximately 80 per cent of the copper produced in Chile. As such, it is by far the most important potential mining customer for Canadian suppliers. During 1976, it had total purchases of U.S. \$260 million (in excess of \$100 million offshore).

There are a number of smaller firms in the small and medium-sized copper mining industry as well as in other metals and minerals.

Since little investment was made in the Chilean mining industry in the early and mid-1970s, production technology has fallen behind. There is much equipment in need of repairs and production facilities must be expanded if Chile is to take advantage of its high grade ore deposits with their inherent cost competitiveness in international markets.

To take advantage of these opportunities, a personal on-site visit to the mining operations should be made as virtually all purchase specifications/recommendations are made there. CODELCO, where possible, prefers to rely upon two sources of supply. Only exporters who are willing to commit personnel and significant financial resources can expect to establish a lucrative, long-term market position.

Fisheries

Chile has extended its territorial limit to 320 km (200 miles) out into the Pacific. Its fleet and fish processing industry need to be renovated and are looking for technology, equipment and capital/financing. Co-operatives play an important role in the development of this sector.

Forest Industries

With a maturity rate of 15 to 18 years for coniferous forests, the expansive lands of the south (Santiago to Puerto Montt in particular) present a virtually untapped exploitable potential. Exports of pulp, newsprint, cardboard and finished lumber are limited only by the lack of capital resources available to exploit the forests. While at least two large projects are being planned many smaller sawmill operations will undoubtedly spring up during the coming years.

Agricultural Industries

The eventual aim of Chilean agricultural policies is to achieve a net self-sufficiency. At present, there is a lack of processing facilities to handle the overabundant production of fruit and vegetables in the central region. As farming methods improve, the demand for implements and other equipment will grow. At the same time, the need for technology and capital/financing will continue unabated. The co-operative movement will play an important part in the future development of this sector.

Machinery

With the adjustments that the Chilean manufacturing industries, including the metal mechanical sector, will have to make to meet the challenges of the free market concept, many manufacturers will be looking abroad for equipment and machinery. Credits are already available from a number of sources to support these projects.

Electrical Power and Telecommunications Equipment

While good sales opportunities continue, suppliers who are already well established in the local market are often accorded some preference. However, as more foreign suppliers become interested in filling Chile's requirements, competition will become stronger. Chile has high developed engineering capabilities in these sectors.

Construction

The Chilean construction industry is highly developed and currently under employed. The industry looks abroad only on occasion to supplement its expertise.

Transport

With the exception of the Santiago Metro, little money was invested in the transport sector during the 1970s. As a result, critical shortages of equipment and spares as well as rails have developed in the Chilean State Railway system. Financing is expected to play an important role in future sales.

Purchasing Power

While still low by Canadian standards, the purchasing power of the average Chilean, because of the large, long-established middle class, is greater than other Latin Americans. However, because of the recent political and economic turmoil, the GNP per capita roughly equals the 1970 level, or approximately U.S. \$700.

Cost of Living

In spite of high inflation, which is now being reduced, the cost of living remains on balance similar to the level in Canada, although there are many wide variations in individual items. The cost of living has been to some extent insulated from inflation through an indexing system including salaries.

Foreign Trade Statistics

MAJOR CANADIAN EXPORTS TO CHILE
(Cdn. \$'000)

	<u>1974</u>	<u>1975</u>	<u>1976</u>
Sulphur	2,170	1,594	2,495
Trucks, truck tractors and chassis	149	1,989	1,525
Fertilizers and fertilizer materials	3,588	637	1,109
Asbestos, unmanufactured	2,455	1,630	1,075
Drilling, excavating, mining machinery	6,466	4,777	881
Other telecommunication and related equipment	1,393	1,542	790
Other general purpose industrial machinery	705	841	480
Other iron and steel and alloys	71	93	446
Electric lighting and distribution equipment	526	361	395
Aluminum, including alloys	<u>597</u>	<u>440</u>	<u>369</u>
Total of main items	18,120	13,904	9,565
Total of all items	30,778	29,224	13,597

MAJOR CANADIAN IMPORTS FROM CHILE
(Cdn. \$'000)

	<u>1974</u>	<u>1975</u>	<u>1976</u>
Other metals in ores, concentrates, scrap	34,600	8,117	14,016
Copper and alloys	14,771	4,091	5,990
Grapes, fresh	2,172	2,723	5,658
Other fresh fruits and berries	366	640	1,775
Wood pulp and similar pulp	-	1,324	1,740
Fertilizers and fertilizer materials	1,008	1,008	1,093
Footwear	-	51	1,027
Other fabricated materials, inedible	-	54	394
Other fresh vegetables	130	149	272
Fish and marine animals	<u>11</u>	<u>33</u>	<u>242</u>
Total of main items	53,058	18,270	32,207
Total of all items	54,589	19,091	33,390

III. DOING BUSINESS IN CHILE

Representation

It is generally difficult, if not impossible, to develop any substantial and continuing volume of business with prospective customers in Chile through the mail. Furthermore, many of the larger prospects such as utilities and state agencies require local representation of foreign suppliers as a prerequisite to their participation in public and private tenders.

Owing to the fact that business houses in Chile have been short of capital for many years, as well as to current slow-moving inventories, it is usually difficult to find stocking importer-distributors from the start. Most firms approaching this market for the first time are, therefore, willing to settle for a commission agent who can develop sales both to large users and to dealers.

Commissions and Prices

Local agents normally expect a commission that averages about 10 per cent of the FOB value of sales. On large volume items such as produce, raw materials and fertilizers, it can be lower (2 or 3 per cent), and on products of small value but high profit margin, it can be 15 to 20 per cent, or more. When considering the amount of commission to be paid to a local agent, it should be realized that his earnings are subject to heavy double taxation — first on the commission itself and later on his total income.

Due to prevailing low incomes and limited purchasing power, Chile is an extremely price competitive market. Thus efforts to sell on a high-quality, high-price prestige basis rarely succeed, even if it can be demonstrated that the originally higher cost can be offset by long-term savings. An exception is larger mines and utilities; however, the cost/performance ratio must still be clearly proved usually to engineers and technical personnel by keeping records at field operations.

Language and Sales Strategy

Most Chilean firms engaged in foreign trade will accept letters in English. Some will reply in Spanish. High quality literature, particularly technical material aimed at executive and engineering personnel, is also accepted in English. French is rarely used or accepted.

On the other hand, for some reason possibly related to personal feelings of dignity, respect and importance, it is not uncommon for local executives to react somewhat coldly to visitors who make no attempt to speak Spanish, even if they themselves are conversant in English. An effort to speak the local language or to provide a gracious apology is therefore important.

Local executives also expect visiting businessmen to be top calibre (many successful Canadian and American exporters use vice-president titles quite liberally) or fully qualified, knowledgeable and experienced engineers or technical personnel. A well received indirect-sales strategy is to present the visit as a medium for providing new technical data or updating previous knowledge, on an individual company or collective seminar basis.

Visits to Chile

With the assistance of the Department and the Commercial Division in Chile, adequate representation can often be established through correspondence. However, since local agents are normally understaffed and relatively overstocked with representations, it is necessary to compete for their time and attention. This can best be done by two or three trips to Chile per year to brief and encourage them as well as to accompany Commercial Division staff on a visit to prospective customers. Since almost half the Chilean market is concentrated in the Santiago area and the headquarters of virtually every important company are located there, two or three workdays are usually ample to achieve this purpose. In the case of CODELCO, periodic visits to mine sites are a must. Notice of visits should be received by the Commercial Division at least two weeks ahead (allow for an average delay of about 10 days because of the mail), to provide sufficient time for arranging appointments and making hotel reservations.

Advertising

Most large international corporations reimburse their agents or distributors for half the expenses incurred for advertising in local media, and provide free films, slides and other advertising material. Advertising novelties, which are much appreciated by many local customers, are also often provided at 50 per cent of cost. These must be clearly marked with the company name to be accepted as advertising material by Chilean customs officials.

Brochures and Samples

Packages containing literature and weighing more than two pounds are routed through customs, which results in long delays (three months is not uncommon) and often in payment of duties. Literature should, therefore, be sent airmail in manila envelopes weighing less than two pounds.

Samples sent by parcel post are also subject to long delays and frequent loss because the consignee has no document with which to claim them. Therefore, registered airmail or air cargo, depending upon the size of the sample, is preferable. Air cargo, even if the minimum rate must be paid for a relatively small sample, is fast and safe. It provides the consignee with an airway bill with which to claim a shipment, and airlines are invariably prompt to report arrivals.

Shipping Services

From Eastern Canadian Ports

Chilean Line schedules monthly sailings from Saint John, New Brunswick to Arica, Antofagasta, Valparaiso and Talcahuano. Space for general and refrigerated cargo, bulk liquids and containers is available. The line is represented in Canada by The Robert Reford Company Ltd., Montreal and Toronto.

Great Lakes Transcaribbean Line schedules monthly sailings (April to December) from Hamilton and Valleyfield to Antofagasta. Space for general cargo and containers. Heavy lift is available. The line is represented in Canada by Protos Shipping Ltd., Montreal and Toronto.

From Canadian Pacific Coast Ports

Argentine Lines (E.L.M.A.) schedules monthly sailings from Vancouver and New Westminster to Antofagasta and Valparaiso. Space for general and refrigerated cargo and containers is available. The line is represented in Canada by Transpacific Transportation Co. Ltd., Vancouver, and McLean Kennedy Ltd., Montreal and Toronto.

Compania Chilena de Navegacion Interoceanica S.A. (C.C.N.I.) schedules monthly sailings from Vancouver to Arica, Antofagasta and Valparaiso. Space for general cargo and bulk liquids is available. The line is represented in Canada by Kerr Steamship Company, Vancouver.

Prudential Lines Ltd. schedules two sailings per month from Vancouver to Valparaiso and Antofagasta. Space for general and refrigerated cargo, bulk liquids and containers is available. The line is represented in Canada by C. Gardner Johnson Ltd., Vancouver.

Westfal-Larsen Line schedules monthly sailings from Vancouver to Valparaiso. Space for general cargo, bulk liquids and containers is available. The line is represented in Canada by Empire Shipping Co. Ltd., Vancouver.

IV. IMPORT CONTROLS, CUSTOMS DUTIES AND EXCHANGE

Import Controls

Anyone (person or entity) may import up to U.S. \$1,500 FOB value without authorization from the Central Bank. Imports over that amount are subject to prior registration and approval with the aforementioned import control agency. Shipment must not be made before a copy of the respective import registration certificate is in hand or at least, providing the consignee is trustworthy, until he provides the certificate number and date, which must be noted on all shipping documents. This certificate is valid for 360 days from date of issue. Extensions may be obtained when justified.

Prohibited import items are few. They include caviar, furs, fine pearls, precious and semi-precious stones, synthetic stones, and colour television sets. In rare instances, the Central Bank may virtually prohibit importation of other items by requiring a cash prior deposit of 10,000 per cent of the CIF value. The practice was used extensively in the past during times of critical foreign exchange shortage, but is now virtually abandoned.

Custom Duties

Drastic tariff reductions with across-the-board modifications were introduced in mid-1975. Four of the six planned half-yearly adjustments have already been implemented. The objective is to reach a 35 per cent maximum level by January 1978. As of January 8, 1977, there were 1,215 items with a duty of 20 per cent; 980 with 15 per cent; 414 with 10 per cent; 38 with 5 per cent; and 10 with no duty. On the same date, only six items retained a duty rate in excess of 55 per cent, three with 115 per cent (including automobiles) and three with 80 per cent.

Other Import Restrictions

None exist.

Foreign Exchange

In critically short supply at many times during past years, foreign exchange is now readily available for all regular commercial imports, but is sold in limited amounts to individuals for travel and other approved private purposes. By law, all foreign exchange transactions must be made through the Central Bank, the various commercial banks, authorized exchange dealers, some hotels and a few authorized entities. While there are two rates of exchange (bankers and brokers), both have been set at exactly the same level for some time. The exchange rate is fixed at the beginning of the month providing a specific rate

(invariably devalued) for each day, and reflects the variations in the cost-of-living index for the previous month. However, there is no guarantee that this policy will be maintained as modifications or changes can be expected as economic conditions change. The yearly cost-of-living index increase was 375.9 per cent in 1974; 340.7 per cent in 1975; and 174.3 per cent in 1976. The rate for 1977 will likely fall below 100 per cent.

V. YOUR BUSINESS VISIT TO CHILE

Advise and Consult the Trade Commissioner

When planning your visit to Chile, advise the Commercial Division of the Canadian embassy in Santiago well in advance of your arrival. Inform the Division of the purpose of your visit and forward several copies of product brochures. It is extremely helpful if you work out the CIF prices on your product range. You should also list any contacts you may already have in the Chilean business community. With this information at his disposal, the Trade Commissioner will be pleased to arrange a tentative itinerary, make hotel reservations if necessary and set up appointments on your behalf which can be confirmed upon your arrival.

When to Go

March through November is the best time to visit. Christmas, Easter and the National holidays of September 18 and 19 should be avoided.

How to Get There

There is a weekly flight to and from Vancouver and Toronto via CP Air, the only interim stop being at Lima. Otherwise there are flights daily by Lan-Chile and Braniff (usually overnight) to and from Miami and/or New York (depending upon the day of the week) as well as several times a week to the U.S. west coast. Most major European airlines serve Santiago's Pudahuel International Airport and, subject to quotas, provide service to many intermediate stops within South America.

Internal Transportation

Until recently almost all taxi meters registered in distance travelled. Because fares were frequently adjusted to keep up with inflation, cards were used to translate this distance into cost. With reduced inflation they are now returning to the system of showing the trip cost directly on the meter. No tip is expected.

A fixed fare is charged for the trip from Santiago to Pudahuel International Airport and is determined by the sector of the city to which or from which one is travelling.

Car Rental

Hertz, Avis and National have local licensees. Car rentals are available only in Santiago and Vina del Mar. They are expensive and, when compared with taxis, are invariably impractical.

Hotels

The two most commonly used by Canadian businessmen are the Carrera Sheraton and the Sheraton San Cristobal. The former is an older hotel in the city centre within easy walking distance of almost all appointments. The latter is a newer, much more attractive hotel, about 5 km from downtown at the edge of San Cristobal Hill. It is particularly comfortable in the warm summer months. A third hotel sometimes used is the Crillon, an old hotel with much charm, which is conveniently located in the heart of Santiago.

Passports

Any Canadian holding a valid passport may enter Chile on a temporary basis for 90 days without a Chilean visa, provided no remunerative employment is accepted. This may be extended for another 90 days.

Health Certificate

Proof of a smallpox vaccination is required, but not always requested.

Clothing

During the day in summer (December to March), light clothing is advisable but tropical or seersucker wash-and-wear suits are not worn. Women need light cotton or linen dresses with a light wrap for evening. For the rest of the year, late fall-type clothing is advisable. A warm overcoat or lined raincoat is recommended especially for the cool evenings during winter (June to mid-September).

VI. FOREIGN INVESTMENT

On March 8, 1977, Decree Law 600 which sets out the rules for investment was revised. The original law of July 1974, in addition to being in conflict with the Cartagena Agreement when Chile was a member of the Andean Pact, was much criticized for not being composed in specific terms. This had resulted in prolonged bureaucratic hangups because of the subjective decision-making authority of government officials.

The provisions of the law are summarized as follows:

ELIGIBILITY

Article I

Foreign individuals and legal entities, and Chileans resident and domiciled abroad, who transfer foreign capital to Chile and enter into a foreign investment contract, will be governed by the rules of this statute.

Article II

The aforementioned capital contributions may be brought in as:

- a) freely convertible foreign currency at the highest exchange rate ruling on the bankers market
- b) tangible assets in any form or condition without a requirement for exchange cover and will be valued under regular procedures applicable to imports
- c) technology in its various forms provided it can qualify as a capital contribution
- d) credits related to foreign investment
- e) capitalization of foreign credits and debts in freely convertible currencies
- f) capitalization of profits which qualify for remittance abroad.

MECHANISM

Article III

Foreign investment authorization must be recorded in agreements entered into under public deed by the President of the Foreign Investment Committee (the Minister of Economy), or as appropriate the Executive Secretary of the Committee, and the foreign investor.

Investors will be required to intern their capital within a period of three years, except in the case of mining investments which will not exceed eight years. The Committee may, however, by unanimous decision extend the term for the latter to 12 years when prior exploration work is required, having regard to the nature and duration thereof.

REMITTANCES OF CAPITAL AND NET INCOME

Article IV

Foreign investors may transfer abroad their capital and net income arising therefrom with no time limit for the exercise thereof except that no capital be repatriated before three years after its entry into the country.

Article V

The foreign exchange required to effect the remittance of capital may only be acquired from the sale of shares or rights pertaining to the foreign investment, or the sale or liquidation of the companies bought or created with such investments.

TAXATION

Article VI

The net proceed referred to in Article V will be free of any taxes up to the amount of the investment authorized by the Committee. Any excess thereof will be subject to the normal rules.

Article VII

The holders of foreign investments shall have the right to include in their respective contracts a clause to the effect that, for a period of 10 years from start-up of operations, their overall tax burden shall remain invariably at 49.5 per cent on taxable income, which includes both Income and Housing Tax laws in effect at the time the contract is executed. However, for once only, the investor may waive this right and become subject to the tax system in effect in the country at that time with the same rights, options and obligations in effect for national investors and, consequently, forfeiting assessment at the agreed fixed rate.

Article VIII

Foreign investment and the entities in which it may participate will be subject to the indirect taxation and customs tariffs affecting national investments. However, holders of foreign investments brought in under this statute will be entitled to have included in their contract the right to the invariability of the Value Added Tax and customs tariffs applicable to the importation of machinery and equipment, during the period in which the agreed investment is being effected.

NON-DISCRIMINATION

Article IX

Likewise, foreign investments and the enterprises in which it participates will be governed by the system commonly applicable to national investment, with no discrimination toward them, either direct or indirect, with the sole exception of Article X of this statute.

Article X

Should legal regulations be enacted appearing to be discriminatory to the holders of foreign investments, the latter may request their revocation within the period of one year, and should the Foreign Investment Committee deny or fail to act upon this request investors may appeal to regular law courts in order to obtain a ruling as to whether or not discrimination exists.

ACCESS TO INTERNAL CREDIT

Article XI

Notwithstanding the provisions of Article IX justified rulings may be issued limiting access to internal credit by foreign investments covered by this statute.

FOREIGN INVESTMENT COMMITTEE

Article XII

The Foreign Investment Committee will be the only institution authorized, on behalf of the Republic of Chile, to accept the entry of foreign capital under this statute.

Articles XIII and XIV

The Committee will be formed by the Ministers of Economy (Chairman), Finance, Foreign Affairs, the Director of the National Planning Office and the minister of the appropriate portfolio in the case of investment applications concerning ministries not represented on this committee.

EXECUTIVE SECRETARIAT

Article XV

The Committee will have an Executive Secretariat attached to the Ministry of Economy.

INVESTMENT AUTHORIZATION

Article XVI

The following foreign investments will require approval of the Committee as a whole:

- a) Those with a total value exceeding U.S. \$5 million or its equivalent in other currencies;
- b) Those relating to sectors or activities normally performed by the state and those carried out by public services;
- c) Those carried out through communication media; and
- d) Those performed by a foreign state or a foreign public institution.

Article XVII

All remaining foreign investments shall be authorized by the Executive Secretary, with the Committee President's prior approval without requiring the agreement of the Committee which will be informed thereof at its next meeting.

In its transitory provisions the statute concerns itself with foreign investors who already have invested in the country and with other potential investors who had already begun negotiating under the provisions of the old statute.

Further modifications to this statute can be expected from time-to-time and it is therefore recommended that the Commercial Division, Canadian Embassy, Santiago, be consulted for up-to-date information when any investment in Chile is being contemplated.

VII. SERVICES FOR EXPORTERS

Export Development Corporation

Of vital importance to Canadian businessmen is the Export Development Corporation (EDC), a crown corporation that reports to Parliament through the Minister of Industry, Trade and Commerce. Its purpose is to encourage, facilitate and develop Canadian export trade by providing credit insurance, guarantees, loans and other financial assistance to enable exporters to meet international competition.

The main functions of EDC are:

1. to insure the Canadian exporter against nonpayment due to credit or political risks beyond the control of either the exporter or the buyer when export sales are made on normal credit terms. Almost all export transactions are insurable, not only those involving goods or technical services, but also those involving "invisible" exports such as managerial services, advertising programs, the licensing or sale of patents, trademarks, copyrights, etc.;
2. to issue appropriate guarantees to chartered banks or to any person providing nonrecourse supplier financing in respect of an export sale. Guarantees may also be issued in connection with a loan made to a foreign buyer for the purchase of Canadian goods and services;
3. to finance foreign buyers of Canadian capital goods and related services when extended credit terms are necessary and are not available from commercial lenders. Major engineering and other technical services (but not feasibility studies) may be financed, even when such sales are not related to the export of goods;
4. to insure Canadian investments abroad against noncommercial risks such as loss through confiscation, expropriation, war or revolution or the inability to repatriate capital or earnings.

EDC, which succeeded the Export Credit Insurance Corporation in October 1969, has its head office in Ottawa (mailing address: P.O. Box 655, Ottawa, Ontario K1P 5T9). Branch offices are located in Montreal, Toronto and Vancouver. EDC is also represented by regional offices of the Department of Industry, Trade and Commerce in Halifax, Fredericton, Winnipeg, Regina and Edmonton.

Federal Export Programs and Services

The Office of Export Programs and Services administers the export incentive programs of the Department under the Promotional Projects Program (PPP) and the Program for Export Market Development (PEMD). Through the PPP, Canadian trade fairs abroad, trade missions and trade visits are initiated, organized and implemented by the Department. The range of these activities includes participation in international trade fairs, solo shows and in-store promotions; the organizing of technical seminars and trade missions abroad; and the sponsoring of foreign visits to Canada to stimulate the sale of Canadian products in various export markets. The Department also provides promotional publicity and specially designed exhibits for trade fair participants. Missions and technical seminars vary in type depending on the objective but, in general, outgoing missions are used for market investigation and evaluation and identification of technical market access problems, while incoming missions are designed to invite foreign government or company representatives, who can influence buying, to inspect the industrial capacity and technical capabilities of Canadian firms and the products and services they can supply. Technical seminars are used to acquaint potential buyers with Canadian expertise and technology in specific fields as a basis for joint ventures and/or sales of Canadian products and services. The Promotional Projects Program also provides financial assistance to take advantage, at short notice, of foreign market opportunities by bringing foreign government trade representatives, buyers and export-oriented trainees to Canada.

In contrast to the PPP, project initiatives under PEMD come from Canadian industry rather than the government. The objective is to develop and sustain exports of Canadian goods and services. To this end, the Department is prepared to make repayable contributions toward a company's costs in developing export business which, because of costs and the risks involved, might discourage such initiatives. There are several sections in PEMD each of which is designed to deal most effectively with a particular market, in terms of the regions, products or services and marketing techniques concerned. In all sections, companies are encouraged to develop self-sustaining export markets for their products. Section "A" deals with Canadian participation in capital projects abroad; Section "B" with the export of Canadian products and services; Section "C" with participation in trade fairs outside Canada; Section "D" with the bringing of foreign buyers to Canada; and Section "E" with the formation of export consortia.

VIII. USEFUL ADDRESSES

In Canada

Chilean Embassy
56 Sparks Street, Suite 206
Ottawa, Ontario
K1P 5A9

Chilean Consulates

3355, ch. de la Reine Marie
Suite 719
Montréal (Québec)
H3V 1A5

1139 Lonsdale Avenue
Vancouver, British Columbia
V7M 2H4

Commercial Office

1155 ouest, boul. Dorchester
Suite 3501
Montréal, (Québec)

Latin American Division
Western Hemisphere Bureau
Department of Industry,
Trade and Commerce
Ottawa, Ontario
K1A 0H5

In Chile

Canadian Embassy
Ahumada 11, 10th floor
Santiago
Tel: 62256/62259/64189

CP Air
Hotel Sheraton Carrera
Teatinos 180
Santiago
Tel: 65171

Hotel Sheraton Carrera
Teatinos 180
Santiago
Tel: 82011

Hotel Sheraton San Cristobal
El Cerro 1755
Santiago
Tel: 745000

Crillon Hotel
Agustinas 1025
Santiago
Tel: 63201

REGIONAL OFFICES

IF YOU HAVE NOT PREVIOUSLY MARKETED ABROAD, CONTACT THE NEAREST REGIONAL OFFICE OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE IN YOUR AREA.

NEWFOUNDLAND LABRADOR	Director 210 Water Street St. John's, Newfoundland A1C 1A9	Tel: (709) 737-5511 Telex: 016-4749
NOVA SCOTIA	Director Suite 1124, Duke Tower 5251 Duke Street, Scotia Square Halifax, Nova Scotia B3J 1N9	Tel: (902) 426-7540 Telex: 019-21829
NEW BRUNSWICK	Director Suite 642, 440 King Street Fredericton, New Brunswick E3B 5H8	Tel: (506) 454-9707 Telex: 014-46140
PRINCE EDWARD ISLAND	Director P.O. Box 2289 Dominion Building 97 Queen Street Charlottetown, Prince Edward Island C1A 8C1	Tel: (902) 892-1211 Telex: 014-44129
QUEBEC	Le directeur Bureau 2124, Place Victoria C.P. 257, Tour de la Bourse Montréal (Québec) H4Z 1J5	Tél: (514) 283- 6254 Télex: 055-60768
	Le directeur Suite 620, 2, Place Québec Québec (Québec) G1R 2B5	Tél: (418) 694-4726 Télex: 051-3312

ONTARIO	Director Commerce Court West 51st Floor P.O. Box 325 Toronto, Ontario M5L 1G1	Tel: (416) 369-3711 Telex: 065-24378
	Regional Officer 9th Floor 240 Sparks Street Ottawa, Ontario K1A 0H5	Tel: (613) 996-1216 Telex: 053-4124
MANITOBA	Director Suite 1104 Royal Bank Building 220 Portage Avenue Winnipeg, Manitoba R3C 0A5	Tel: (204) 985-2381 Telex: 075-7624
SASKATCHEWAN	Director Room 980 2002 Victoria Avenue Regina, Saskatchewan S4P 0R7	Tel: (306) 569-5020 Telex: 071-2745
ALBERTA NORTHWEST TERRITORIES	Director 500 Macdonald Place 9939 Jasper Avenue Edmonton, Alberta T5J 2W8	Tel: (403) 425-6330 Telex: 037-2762
BRITISH COLUMBIA YUKON	Director P.O. Box 49178, Suite 2743 Bentall Centre, Tower III 595 Burrard Street Vancouver, British Columbia V7X 1K8	Tel: (604) 666-1434 Telex: 04-51191

