

Opportunities in Chile for Irish companies

Overview:

Chile is currently one of the most solid and stable countries in Latin America, with one of the world's most open economies, a pro-market vision, and solid institutions. As evidence, these are some indicators that show that Chile is – by far – the most consolidated country in the Southern Cone, in terms of commercial development:

- Best business environment of the region and 13th worldwide - The Economist Intelligence Unit
- Best country for business in Latin America and 30th worldwide – Forbes, 2015
- Most competitive country in the region and 33th worldwide – Global Competitiveness Index 2016, World Economic Forum

Chile received USD 20,457 million in foreign direct investment making it the world's 19th largest recipient, according to the World Investment Report 2016. It is also important to note that Chile is highly interconnected with the rest of the world, with over 60 bilateral Trade Agreements, as member of multilateral organizations such as the OECD and participating of regional integration blocs such as the Pacific Alliance.

Other important indicators of Chile's stability, development and opportunities are:

- Estimated GDP growth, according to the IMF: between 1% and 2% for 2017, and between 1.5% and 2.5% for 2018.
- US\$15,995 is the GDP per capita
- Strong banking system that made the country support better than most the last global economic downturn.

Currently, Chile has a Free Trade Agreement in place with the European Union which is very broad and comprehensive and includes, beside the trade-related provision, political and cooperation provisions as well. The Agreement is currently under consideration as to update it and further reducing barriers to trade and investment.

Furthermore, Ireland and Chile have a Double Taxation Agreement (DTA) in place since 2005, which provides basic predictability and security in relation to the cost of transactions to tax payers.

Opportunities for Ireland:

The government has identified the largest investment opportunities in the following sectors, considering them a priority for the country:

- Agrifood
- Power & renewable energies
- Infrastructure, construction and engineering

- Mining equipment, technology and services (METS)
- Global Services
- Tourism

Of specific interest to Irish companies might be the following:

Agrifood

Chile is the 15th largest exporter of food products worldwide and they are focusing on finding ways to continue and improve their leadership on this sector, especially by optimizing production processes. Exports of food and beverages represented 23% of the total amount in 2015 so this is one of Chile's most important sectors.

In order to do so, there are opportunities on the following sub-sectors:

- Biotechnology:

Incorporation of technology in the following areas:

- a) Monitoring for intelligent agriculture
- b) Sustainable aquaculture
- c) High-tech greenhouses

- Value-added foods:

Sophistication and diversification of products, especially on the production of:

- a) Functional goods and ingredients
- b) Natural colorants

- Packaging:

Chile is looking to implement high-tech and environmentally-friendly glass, cardboard and plastics containers for their products.

- Research, Development and Innovation:

Chile is looking to create RD&I centres focused on the food industry.

Power & renewable energies

According to policy approved in 2015 and called "Energía 2050", Chile committed to a series of actions to make its energy greener. Of special interest are:

- 60% of its energy to be generated from renewable sources by 2035
- 70% of its energy to be generated from renewable sources by 2050.

- 100% of new infrastructure to follow OECD's standards of intelligent construction, including systems to monitor and manage energy, by 2050.
- 100% of appliances in the market are energy efficient, by 2050.

In 2015, 41% of the energy in Chile came from renewable sources so there are many opportunities in this area.

Of special interest to Chilean government are solar solutions, which includes a strategic program aiming to use Atacama Desert's conditions to generate energy, an area in Chile that has one of the highest solar irradiance of the planet, and a public-private partnership to develop photovoltaic systems created specifically for desert conditions.

Global Services

Because Chile is the main RD&I destination in South America, there is a need for services such as data centres and cloud-based solutions for multiple enterprises.

Mining equipment, technology and services (METS)

Chile's top economic sector is mining, with over 4,600 suppliers and 28% of the world's copper reserves. As such, there are many opportunities for Irish enterprises in terms of technological solutions to implement on this sector, such as:

- Scale-up of technology in continuous-operation consumables
- Integrated autonomous operations
- Technologies to control impurities in concentrate
- Technologies for efficient treatment of tailings

ICT

There is a strategy called "Chile Transforma", which aims to modernize the country's economy in every sector, by incorporating technology and innovation into productive processes, making them sustainable and competitive. They have identified 11 priority sectors to do so:

- Mining
- Tourism
- Agrifood
- Creative economy
- Construction
- Fishery and aquaculture
- Solar industry
- Export logistics
- Smart industries
- Advanced manufacturing

- Smart Industries

A specific effort will be made on the particular challenges of each of the following productive sectors as to move forward in the digitalization of the industries: Mining, Agrifood, Smart Cities, Health and Astronomy.

In this sub-sector, technologies such as Big Data, Cloud Computing, Cyber-security, Storage, Sensors and Robotics are of utmost interest.