

SOME NOTABLE ELEMENTS IN CHILE'S INVESTMENT REGIME

- **The investor protections afforded by treaties to *investors from the treaty countries* are also extended -- by domestic law -- to *investors from all countries*.**
- **The investor protections afforded, by treaties to *foreign individuals and enterprises* are also extended, by domestic law, to *Chilean individuals* resident and domiciled abroad.**
- **The domestic legal protection appears to be provided both by statute and by a contract between the investor and the Chilean state.**
- **Investors have an option to freeze taxes for a period of years.**
 - **All investors can freeze income tax rate for 10 years. (Art. 7)**
 - **For major mining investments, the term of protection against income tax increases can be extended in some circumstances to 20 years, or may be extended to certain other taxes and fees.**

QUESTIONS CONCERNING CHILE'S INVESTMENT REGIME

- Despite its clear commitment to free market principles, Chile still requires foreign investors to get *advance permission* to enter the market (European law tradition) rather than allowing entry to any investor under a set of public laws and regulations (English law tradition). (Decree Law No. 600)
 - *Prior approval* by Foreign Investment Commission or its Executive vice-President (Part B, Foreign Investment Application)
 - *No criteria are stated*. What governs the decision?
- *Foreign loans* to an investment entity in Chile must comply with interest rate and other terms authorized by Chile's Central Bank (Art. 2(d))
- *Remitting Capital*:
 - *Capital can be remitted abroad* only after one year. (Art. 4)
 - Currency exchange only through the Formal Exchange Market
 - "Prior Certificate" required from Exec. Vice-President of the Foreign Investment Commission
- *Responsibilities of the Foreign Investor?*
 - Decree Law No. 600 refers in title II to "Rights and Responsibilities" of foreign investors, but never specifies the responsibilities. What might be the assumption – now or in the future?
- If Investor includes technology as part of its investment, the technology cannot later be transferred to another entity. (Art. 2(c))