



FOREIGN INVESTMENT IN CHILE



**EXECUTIVE VICE-PRESIDENCY
FOREIGN INVESTMENT COMMITTEE**

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Foreign Investment in Chile

Chile has very important advantages that make it an ideal location for foreign companies seeking to develop new business and to expand their operations and sales.

One of its key advantages is a clear and stable legal framework for foreign investment, characterized by transparent and non-discriminatory rules and by the non-discretionary nature of official procedures.



Regulation of Investment in Chile

Legal Framework

- **Decree Law N° 600 (DL 600)**
Originally introduced in August 1974
Ratified by Congress in March 1993 with minor modifications
Demonstrates the importance of a stable foreign investment policy that remains in place over the long term.
- **Chilean Central Bank's Compendium of Foreign Exchange Regulations (Chapter XIV)**



Foreign Investment Statute

Decree Law N° 600

Since DL 600 came into force in 1974, most foreign investors have used this mechanism. By 2006, foreign direct investment worth US\$63,500 million had been materialized through DL 600, representing 75.4% of total FDI in Chile during that period.



Main Characteristics of DL 600

- Contract with State of Chile
- Non-discrimination
- Non-discretionary procedures
- Free access to economic sectors
- Access to Formal Exchange Market
- Capital and profit remittances
- Choice of tax regime



DL 600 Forms of Investment

1. Freely-convertible foreign currency
2. Tangible assets
3. Technology
4. Loans related to the foreign investment
5. Capitalization of loans and foreign debt
6. Capitalization of profits



Integrated to International Markets

Chile has signed 17 agreements with 56 countries

- **Free Trade Agreements (FTAs):** Canada, South Korea, Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama), China, Ecuador, United States, European Free Trade Association (EFTA), Mexico, Peru.
- **Bilateral Trade Agreements:** Bolivia, Colombia, MERCOSUR (formed by Argentina, Brazil, Paraguay and Uruguay), Venezuela
- **Association Agreements:** European Union (27 countries), P-4 (Brunei, New Zealand, Singapore)
- **Others:** Japan (negotiation), Thailand and Malaysia (feasibility study), Indonesia, South Africa, Turkey (in agenda)





Legal Certainty

In a globalized world, with enormous competition to attract foreign investment, the legal certainty provided by the signing of a contract with the State is a key consideration for investors, particularly in the case of projects involving innovation and research and that require stability and a long timeframe.



Global economy - world of networks

The network of treaties allows Chile to be a platform country to penetrate large and integrated markets.

The economy is organized around global networks of capital, management and information.

A network is a set of interconnected nodes.

Networks are open structures that can expand endlessly.

Characteristics of a network: connection capacity that facilitates unimpeded communication between its components, and alignment of its objectives with those of its components.



COMPLIANCE WITH RULE OF ORIGIN FOR CHILEAN-MADE
PRODUCTS TO U.S. IN ORDER TO ACCESS BENEFITS OF
TRADE AGREEMENTS SIGNED BY CHILE



INVEST IN CHILE AND BENEFIT FROM OUR ADVANTAGES FTA – TRADE AGREEMENTS – DOUBLE TAXATION

SIMPLE QUESTIONNAIRE

Step 1. In what sector or product is your future investment in Chile?

Step 2. Select your target market and view the advantages your investment will enjoy.

Step 3. Display of information by classification codes of 8 or more digits.

CREATING AN FTA BASKET FOR A PRODUCT

Step 4. Select the product's 8-digit code.

Step 5. Choose another market for the same product and compare the advantages for your investment in the two markets.

CONSULTING CHILE'S IMPORT LIST

Step 6. Select the product indicated in the rule of origin.

Step 7. Select a country of origin for the input needed to add value to your investment in Chile.

Step 8. Display of information by classification codes of 8 or more digits.

Step 1. In what sector or product is your future investment in Chile?

Find the sector or product

1. Write the name of the product
2. Find it in the Harmonized System
3. Write the product's Harmonized System code



02.01.20:
Bovine meat cuts w/bone in, fresh or chilled

Step 2. View the advantages for your investment in the selected product.



TRATADO DE LIBRE COMERCIO
CON ESTADOS UNIDOS



TRATADO DE LIBRE COMERCIO
CON CHINA



ACUERDO DE ASOCIACION
POLITICA Y ECONOMICA
CON UNION EUROPEA



TRATADO DE LIBRE COMERCIO
CON CANADA



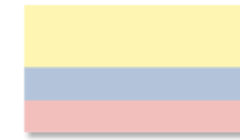
TRATADO DE LIBRE COMERCIO
CON MEXICO



ACUERDO DE
COMPLEMENTACION
ECONÓMICA CON
BOLIVIA



TRATADO DE LIBRE COMERCIO
CON COREA DEL SUR



ACUERDO DE
COMPLEMENTACION
ECONOMICA CON COLOMBIA





MEAT AND EDIBLE MEAT OFFAL

MEAT OF BOVINE ANIMALS, FRESH OR CHILLED





TRATADO DE LIBRE COMERCIO CON ESTADOS UNIDOS

Tariff Code: 02012000

Chapter: [02](#)

Item: [0201](#)

Description: BOVINE MEAT CUTS W/BONE IN, FRESH OR CHILLED

Tariff Code	Description	Original Tariff	Schedule	Explanation of Rule of Origin	Detail	Rule of Origin (sic)
<input type="checkbox"/> 02012002	High quality beef cuts w/bone in, processed, fresh or chilled	25%	A	<p>Inputs not originating in Chile or USA can be used for products on this list, providing they come from a sector other than fresh or chilled bovine meat.</p> <p>For example, to produce cow meat, cows not originating in Chile or USA can be used (cows are in Chapter 1, Item 010290) as an input since they do not belong to the same group.</p> <p>See example</p> <p>See video </p> <p></p>		
<input type="checkbox"/> 02012004	Bovine meat cuts (except high-qual. beef cuts), w/bone in, processed, fresh or c	25%	A			
<input type="checkbox"/> 02012006	Bovine meat cuts, w/bone in, not processed, fresh or chld., descr in gen. note 1	\$1.035/kg + 14.9%	A			
<input type="checkbox"/> 02012010	High-qual. beef cuts, w/bone in, processed, fresh or chld., descr in add. US not	26.4%	A			
<input type="checkbox"/> 02012030	Bovine meat cuts (except high-qual. beef cuts), w/bone in, processed, fresh or chilled	\$1.035/kg + 14.9%	A			
<input type="checkbox"/> 02012050	Bovine meat cuts, w/bone in, not processed, fresh or chld., descr in add. US not	26.4%	A			
<input type="checkbox"/> 02012080	Bovine meat cuts, w/bone in, fresh or chld., not descr in gen. note 15 or add. U	26.4%	A			

Add to comparison basket

See comparison basket

See other agreements



Rules of Origin

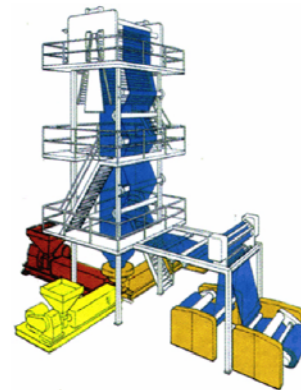
EXAMPLE 1: Plastic products

Plastic products manufactured in Chile can be exported duty-free to any of the countries with which Chile has signed a Trade Agreement.

The rule of origin requires a change of classification in the four-digit Harmonized System so products manufactured in Chile using plastic resins imported from third countries are eligible for duty-free access.



Plastic resin from the United States
Classification code 39.01



PRODUCT ORIGINATING IN CHILE



Plastic bags
Classification code 39.23



Rules of Origin

EXAMPLE 2: Rubber products

Rubber products manufactured in Chile can be exported duty-free to any of the countries with which Chile has signed a Trade Agreement.

Products, such as rubber tires (classification code 40.11), manufactured in Chile using inputs imported from third countries, are eligible for duty-free access.

INPUTS:

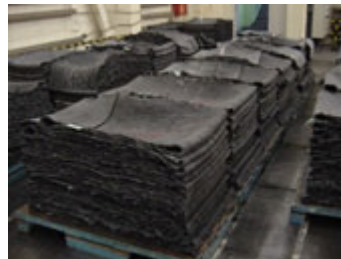
- Carbon Black (28.02)
- Styrene-butadiene (Rubber) (40.02)

...EXAMPLE 2: Rubber products

It is sufficient to use these inputs, which can be imported from any country, to manufacture tires in Chile since, for all rubber products, a change of classification in the four-digit Harmonized System is required.



28.02 Carbon
black from
Colombia



40.02
Rubber from
Guatemala



4011.1000

PRODUCT ORIGINATING IN CHILE



Rules of Origin

EXAMPLE 3: Paper products

Paper products manufactured in Chile can be exported duty-free to any of the countries with which Chile has signed a Trade Agreement.

Products, such as paper diaries (classification code 48.20), manufactured in Chile using inputs imported from third countries are eligible for duty-free access.

...EXAMPLE 3: Paper products

It is sufficient to use these inputs, which can be imported from any country, to manufacture paper diaries in Chile since, for all paper products, a change of classification in the four-digit Harmonized System is required.



48.01
Paper in rolls
from Brazil



CHANGE OF CODE



48.20
Diary

PRODUCT ORIGINATING IN CHILE



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