



## Market profile

Chile has an Association Agreement with the European Union (EU) that is currently under a modernization process.

### FACTS

- Merchandise exports 286 MEUR (2019)
- Service exports 66 MEUR (2018)
- Capital: Santiago de Chile
- Official language: Spanish
- Area: 2.006.626 sq km
- Population: 17,6 million

## Economy and business structure

Chile is considered an OECD high income country. Altogether, the country has an extensive network of trade agreements, which includes 25 free trade agreements, with preferential access to 64 economies. Chile's GDP was 252.94 billion in 2020.

The 2019 Global Competitive Index from the World Economic Forum ranks Chile as 1st in Latin America and the Caribbean and 33rd globally, due to a stable macroeconomic context, low inflation and low public debt, competitive and open markets, and a strong financial system.

## Key industries and their trends

For the Finnish businesses the most important customer industries in Chile are Mining, Forestry, Energy, and Digitalization. As for the key industries in the country, Chile is a mining country. Mining has historically been the country's largest economic sector and a major growth driver in recent decades. In 2019 alone it accounted for nearly 10% of the country's GDP. When considering indirect chains – transportation, energy consumption, water desalination and production and trade of inputs – the figure exceeds 20%. It also accounts for over half of exported goods (52% in 2019), according to FOB (Free On Board) values in dollars. One of the best-known mining districts in the world, Chile is always in the eyes of investors. Proof of this is the long-term presence of leading global mining companies, whose planned projects for the 2021-2029 period top US\$74 billion in investments, according to data from Chile's State Copper Commission (Cochilco). The country has 22% of the world's copper reserves, 11% of the molybdenum reserves, 5% of the silver reserves, 7% of gold and 48% of the world's lithium reserves, which will undoubtedly offer new business opportunities in the coming years.

As for the energy sector, it is moving fast in Chile. Chile ranks number 1 in the world in rankings of renewable energy and according to Bloomberg, Chile was chosen as the most attractive country in the world to developed renewable energy projects. The installed capacity of solar and wind keeps growing in Chile as there are many projects under construction. However, the growth of the generation park advances much faster than the lines

necessary to transmit the energy. Energy transmission is a great barrier to increase the penetration of renewable energy in electricity generation the country must deal with. In 2020, the government announced the National Green Hydrogen Strategy that proposes a path and establishes the goals that would help the country become one of the world's major hydrogen players.

As for agriculture, livestock and forestry plantations, the total land area used for is 18.4 million hectares, or 24.3% of the total 75.6 million hectares that constitute continental Chile. 17 million correspond to forest resources and of this, 86% corresponds to native forests (14.6 million hectares) and 14% to forest plantations (2.4 million hectares). More than 90% of the forest resource are between the regions of Maule and Magallanes.

In 2019, close to 45.3 million m<sup>3</sup> ssc (solids without bark) were produced in logs for industrial consumption. Of the total, 30.1 million m<sup>3</sup> ssc were from radiata pine; 14.7 million m<sup>3</sup> of eucalyptus and 0.5 million m<sup>3</sup> of native species. Of the total log wood produced, 36% went to the production of wood pulp for the pulp and paper industry; 34.7% to the sawmill industry; 16.1% for export chips and 10.4% to produce boards and sheets. The remaining volume was used for other uses, such as impregnated posts and poles.

In terms of crop cultivation, the most widely cultivated species is wheat and the second most prevalent crop is corn. The top five species in terms of total plantation area in 2019 were grapes, walnuts, cherries, avocados and red apples. In 2016 Chile enacted the Extended Responsibility of the Producer Act and its application is expected to lead to a reduction in overall packaging production volumes and optimization of packaging design to increase recovery rates. Sustainable packaging solutions are needed in the sector.

## Important things to consider when doing business in Chile

Chile ranks 59 in World Bank's Ease of Doing Business from 2020. To break into the Chilean market face-to-face meetings with Chilean business representatives are a must. In the country it is crucial to build your personal networks and beneficial to find right partners. Remember that a lot of business is generated and done through personal networks and business decisions are based in a large degree on trust and good relationship. Take into consideration that it takes time to develop the relationships and coming just once is not enough. Also, in Chile it is important to speak Spanish as only few people speak English.

Remember the 3 Ps, Patience, Politeness and Persistence, when doing business in Chile. Be patient as people might not be on time for meetings, but you should be and remember that decisions take time. Also, being well behaving, with good manners is important and appreciated. Additionally, be persistent as in the beginning to get things moving it may take some time and pushing and follow up is extremely important to make sales.

When doing business in Chile, it is important to identify who are the decision makers and influencers as decision making is made on the top. Take into consideration that businesses and institutions are hierarchical, and the goal is to start from the top. Listen and understand what the client needs and have a clear message and business case for the client and when it's time to present a business proposal do it face-to-face. It is also an excellent opportunity to get feedback and make possible changes to match better with the client's needs.

## Annual main trade shows and events

Check the exact dates from our office

- Exponor 13<sup>th</sup> to 16<sup>th</sup> of June 2022 in Antofagasta. International Exhibition of Technologies and Innovations for the Mining and Energy Industry, <https://www.exponor.cl/>
- H2 Latam Summit 19<sup>th</sup> to 21<sup>st</sup> of July 2022 in Santiago and virtual. First International Fair in Latin America focused on the development of the Green Hydrogen industry, <https://www.h2-latamsummit.com/>

- ExpoHospital 6<sup>th</sup> to 8<sup>th</sup> of September 2022 in Santiago. Exhibition and conferences of medical technology companies, clinical-hospital equipment and solutions for the health sector, <https://www.expohospital.cl/en/>
- Expo Energía 9<sup>th</sup> of November 2022 in Santiago. Fair to exhibit the new market proposal in energy matters, <https://www.expoenergia.cl/>
- Exponaval 29<sup>th</sup> of November to 2<sup>nd</sup> of December 2022 in Valparaíso. Exhibition and international naval and maritime congress for Latin America, <https://www.exponaval.cl/en/>
- FIDAE April 2023 in Santiago. International Air and Space Fair, <https://www.fidae.cl/en/>

## Market data sources and other useful links

InvestChile: <https://investchile.gob.cl/>

ProChile: <https://www.prochile.gob.cl/>

Central Bank: <https://www.bcentral.cl/en/web/banco-central>

Customs: <https://www.aduana.cl/aduana/site/edic/base/port/inicio.html>

## Business Finland in Chile

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