

CHILE

Overview

Chile is an outstanding example of how free trade policies and promotion of foreign investment can generate economic growth in Latin America. This country has experienced ten consecutive years of economic growth, and remains committed to an open domestic market and continued trade expansion. Since 1985, annual gross domestic product growth has averaged 6.1 percent, the highest in the region, reaching a record 10.3 percent in 1992. Unemployment during 1993 was 4.5 percent, the lowest in 30 years. Steady but somewhat slower growth in 1994 resulted from high domestic interest rates and 1993 declines in world commodity prices for Chile's major exports: copper, fishmeal and cellulose.

Continued success on the economic front has been bolstered by Chile's smooth return to democratic rule in 1990. On March 11, 1994, Eduardo Frei Jr. took office as Chile's new President in the country's first transition in 24 years from one democratically elected president to another. President Frei is committed to expanding trade through diversification of exports, encouraging foreign investment and further privatization, and developing strong domestic programs to further raise living standards for all of Chile's 13.4 million people.

Because of its liberal import policies and expanding economy, Chile is an attractive market for a wide range of U.S. products and services. In the last eight years, U.S. exports to Chile have almost tripled, and this dynamism is now stronger than ever. Between 1991 and 1992, the value of U.S. exports to Chile rose by 25 percent. The United States is Chile's most important supplier of imported goods. Its share of Chile's total imports rose from 20.5 percent in 1992 to 23.5 percent in 1993. Main U.S. competitors are Brazil and Japan, with capturing about 10 percent of the market in 1993. Corn, fertilizers, computer parts and accessories, communications equipment, and construction vehicles topped the list of U.S. exports to Chile. Should a U.S./Chile Free Trade Agreement come to pass, zero-tariff bilateral trade would enable the U.S. to strengthen its competitive posture and expand its market share.

Defense Industry Environment

The Chilean Armed Services are funded from two sources: the annual Ministry of Defense budget appropriated by the Congress; and the ten percent of the annual gross export revenues of the National Copper Corporation (CODELCO) assigned by law to them. The former goes to operating expenses, while the latter is devoted to systems procurement.

Prior to the transition to democracy in 1990, the Chilean Armed Services apparently made procurement decisions committing their anticipated revenues from copper money for several years into the future. Therefore, while the Services receive healthy funding from copper revenues each year, it appears that they will have only limited funds available for new purchases until at least the mid-1990's.

Given the ease of executive branch reprogramming in Chile, and the complexity of the Ministry of Defense budget -- which includes spending on a number of areas not related to national defense, such as police, civil aviation and public recreation -- figures for the Armed Services budget are inexact.

It appears that the overall Armed Service budget has stayed roughly level in real terms in recent years. Since the return to democracy, the Government of Chile (GOC) insists that it has not increased spending on the Armed Services in real terms. At the same time, under a law passed by the prior military government, the Armed Services budget cannot be cut in real terms below its 1989 level.

For calendar year 1993, the Armed Services budget (excluding CODELCO revenues) totaled almost US \$722 million (8.4 percent of the total national budget and 1.7 percent of GDP). Copper revenues in 1993 were US \$201 million, bringing total revenues for the Armed Services to nearly US \$1 billion (roughly 2.1 percent of GDP). In 1995, the defense budget was reported at approximately \$1.1 billion or 2.4% of GDP. It has been indicated that defense budgets will remain essentially level for the next several years.

Traditional suppliers of the Chilean Armed Forces include the U.S., France, the U.K. and Israel. Every branch of the Chilean Armed Services has purchased U.S. excess equipment. The Chilean Air Force, for example, has U.S. excessed C-130, A-37 and F-5 aircraft. The high priced tag for new equipment and the limited Chilean budget often become a decisive factor in favor of used equipment options. Cost effective, advanced technologies that can be built or assembled in collaboration with the domestic industry will be the most attractive alternatives.

Chile's defense industry is quite limited and focused primarily on the needs of the national Armed Services. Given its size, it is best described by identifying major defense firms and reviewing the scope of their productive activities.

Astilleros y Maestranzas de la Armada (ASMAR)

A state owned ship builder, ASMAR was founded in 1895 and originally named Arsenal Naval de Talcahuano. In 1960, the firm was restructured into its present institutional form. ASMAR'S main facilities are located in Talcahuano, near Concepcion. ASMAR'S Talcahuano facilities include ship building capabilities and dry docks to repair and maintain the Chilean Navy fleet and much of the nation's merchant marine. ASMAR, in association with local firms BAZAN and SOCIBER, also operates maintenance and repair facilities for the Chilean Navy and Merchant Marine in Valparaiso and Punta Arenas. ASMAR and its associates have produced mainly light vessels like patrol boats, destroyers, and armed frigates. However, ASMAR has also built Chile's submarine fleet. ASMAR is marketing its TAITAO class patrol boat worldwide.

Astilleros y Servicios Navales S.A. (ASENAV)

A private enterprise founded in 1974, its facilities are located on the Valdivia River in

Southern Chile. ASENNAV has built about 80 vessels, mainly light patrol boats for a crew of five. ASENNAV has developed several prototypes for the Chilean Navy, one of them in a joint venture with VOSPER of Israel.

Baselli Hermanos, Ltda. (BHL)

Founded in 1981 as a manufacturer of sports helmets, BHL moved in 1984 into the defense sector by producing fiber-based helmets for the Army. Since the first contract with the Army, BHL has diversified into producing flight helmets for the Chilean Air Force, has repaired a shipment of U.S. M-1 helmets, and produced its own M-2 helmet similar to the U.S. FRITZ helmet. BHL also manufactures helmets for the Chilean Commandos, paratroopers, and police forces.

CK Equipamento Aeronautico (CKEA)

Manufacturers parachutes for personnel and for the deceleration of aircraft. CKEA manufactures the MC1-1B CK-4292 parachute used by the Chilean paratroopers. CKEA also manufactures the CK-HH parachute used for deceleration of the Hawker Hunter and Northrop F-5 aircraft. In 1990, CKEA formalized a licensing agreement with AEROZUR of France to produce a "Cross Form" parachute for the Mirage 50 aircraft.

Complejo Quimico Industrial del Ejercito (CQIE)

Part of the Chilean Army's Corps of Engineers, this firm is located in Talagante, close to the capital city of Santiago. CQIE was created to serve the needs of the Chilean Armed Services in the areas of powders, propellants, explosives and chemicals. The quality of its products has achieved international recognition.

Empresa Nacional de Aeronautica (ENAER)

Chile's only aircraft manufacturer, this state owned enterprise was founded in 1984. ENAER is currently working on the upgrading and modernization of the Chilean Air Force's Northrop F-5 and Mirage 50 aircraft. ENAER also builds the PILLAN trainer using piston and turbo-prop engines. PILLAN models T-35 A, B, and C have been sold to the Chilean Air Force and internationally to Panama, Spain and Paraguay. Under license from Spanish manufacturer, CASA, ENAER is building the light cargo aircraft, C-101.

DTS Ltda.

A 50-50 joint venture between ENAER and ELTA/IAI, DTS manufactures defense electronics and is a regional leader in this field. DTS sells 30 percent of its production to the Chilean Armed Forces and exports the remaining 70 percent. DTS' electronic components are purchased by buyers in the U.S., Europe, and Israel.

Fabricaciones Militares (FABMIL)

An independent division of ASMAR founded in 1982, this firm focused on defense electronics. FABMIL inherited the responsibility of modernizing' aging radars in Chile's Armed Services. Among the initial tasks, FABMIL worked with a Western Electric MK34 radar installed in Brooklyn class cruisers and Bendix SPS-6 radars on board Fletcher class destroyers. In collaboration with the Chilean Air Force, FABMIL designed and marketed its own radar known as the "Aguila". FABMIL also developed the DI-600 Doppler/Intruder detector and the TELL-BACK feedback system for the Exocet missile.

Fabrica y Maestranzas del Ejercito (FAMAE)

Founded in 1811, FAMAE is one of the oldest defense industries in South America. In 1954, FAMAE became an autonomous state-owned enterprise. While FAMAE is not a part of the Chilean Army, top corporate management comes from the Army as retired and former officers. FAMAE is the Chilean Armed Services supplier of light weapons, munitions, armored vehicles, and some electronics. Most recently, FAMAE has been producing Swiss design rifles like the SIG SG 540, the SG-542-1 (standard issue for the Chilean Army) and the SG-543-1. FAMAE'S Missile Division is working on a 160mm missile system known as the "Rayo". The Rayo has a 36 km. range, a 12-tube launcher, and a 155mm warhead.

FAMIL, S.A.

A subsidiary of FAMAE, this firm focused on engineering projects for the defense systems of the Chilean Armed Services. FAMIL's activities range from simple modernization projects all the way to the development of computerized simulators. FAMIL modernized the anti-armor missile system known as MAMBA and developed the computerized tactical training simulator known as SETAC.

LINKTRONIC

A private enterprise founded in 1985, LINKTRONIC got started by manufacturing high tech remote control systems for the Chilean private sector. In 1987, LINKTRONIC started working for the Chilean Armed Forces. Since then, they have developed and produced low noise receivers, automatic guiding systems, and a variety of digital radar systems. LINKTRONIC was involved with the modernization of Chile's two Obregon class submarines. LINKTRONIC also participated in the development of the TVG-1 "Blow-pipe" short range missile system.

METALNOR

With five plants in Iquique and one in Santiago, METALNOR is one of the largest defense companies in Chile. Until very recently, METALNOR was known as CARDOEN. The latter was associated with transactions with Iraq, which led to losses in the vicinity of U.S. \$40.0 million and some difficulties with the U.S. and Chilean governments. Owner, Carlos Cardoen, sold all his interests in this and in other defense industries following these difficulties. METALNOR is a

supplier of hand grenades, land mines, torpedoes and demolition charges for the Chilean Armed Forces. It also produces military vehicles such as the 6X6 MOWAG Pirana, the light armor 4x4 VTP-2 Escarabajo, and the Cardoen/Hagglunds BV-206. CARDOEN's most successful product was a series of cloister bombs designed and manufactured in Chile, including the CB-500K, CB-250-K, MK-82 and MK-83 GP. Approximately 40,000 of these bombs were sold to Iraq between 1984 and 1988.

RMS Ltda.

A privately owned enterprise founded in 1968, RMS is dedicated to the production of electrical and electronic components for the region's industrial sector. During the U.S. embargo on defense sales to Chile, RMS was responsible for maintenance of the Northrop KD2-R5 drones. With this experience, RMS moved on to develop and build its own drones. The RMS drones are known as TRAUCO and TRAUCO II and were supplied to the Chilean Navy starting in 1978. RMS is currently working as a subcontractor for R & D Aero Engineering to produce under license the Northrop KD-2-R5 drone in the U.S. .

Sistemas de Defensa (SISDEF)

This Chilean firm was founded in 1983 and is owned by ASMAR (50%) and FERRANTI (50%). SISDEF participated in the modernization of the Chilean Navy's obsolete electronic equipment. SISDEF also designs and manufactures electronic equipment for the Navy. One of their better known products is a simulator for the Sea Cat missile system still in use by the Chilean Navy. SISDEF has developed command and control systems, local area networks and tactical sensors for weapons systems.

Sociedad General de Comercio, S. A. (SOGECO)

A privately owned enterprise founded in 1941, SOGECO joined the defense sector in 1974 by developing an anti-aircraft 20mm cannon known as the SOG-3 A/A. To date, SOGECO remains a key supplier of anti-aircraft artillery for the Chilean Army and Air Force.

Defense Opportunities

About four years ago, the arms sales embargo against Chile ended. This allowed the Chilean Armed Services to reestablish contacts with U.S. suppliers. During this four-year period, the Chilean Armed Services have been involved in a modernization process that has affected all branches of the defense sector and has created significant opportunities for suppliers of defense equipment and services. Specific opportunities are identified below. The Chileans are eager to upgrade their systems. Chileans in the Armed Services and in the private sector are also excellent entrepreneurs. Real opportunities to acquire better products and technologies within their financial capabilities will receive serious attention. Technologies that allow Chilean buyers to leap-frog into state-of-the-art options will become top procurement priorities.

Army

The Chilean Army wants to replace their M-101 and M-56, 105mm units. They have considered replacing the 22mm cannons in the M-101 with 30mm cannons. The Army will also be looking for a replacement for the MAMBA missile system that can be distributed to their anti-armor units. The new system replacing the MAMBA may also be expected to replace the M-40 A1 106mm artillery units.

According to an assessment made by *Tecnologia Militar Magazine* in its January '94 issue, the Army is evaluating the M-113 because it needs to select an armored personnel carrier. Army evaluations rated its anti-aircraft capabilities as its weakest point. "Blowpipe" missiles and 20mm anti-aircraft cannons are likely to be replaced by a "fire and forget" missile to be selected. Several missile systems in this category are currently under review.

While FAMAE has already made some improvements to the SIG-542 rifle, the Army may also be in the market for new rifles for its infantry units. In the area of radars, the Chilean Army currently relies on the ELTA/M2106 portable unit. The Army is likely to upgrade all of these units to the 2106 H standard and may decide to supplement the ungraded units with new equipment and capabilities.

Navy

The Zenteno and Baquedano frigates of the Chilean Navy currently lack a surface to surface missile system. The Navy is likely to pursue the upgrading of these units to include effective anti-submarine capabilities. The Navy is also considering structural modernization of the command and control systems currently operational in most of its vessels. The Navy will soon be in the market to replace its "Almirante class" destroyers. They are currently considering the purchase of two "Leanders" from the U.K. The CWS-22/Sea Cat missile on board Navy ships needs replacement and the Navy seems to favor a purchase of Sea Wolf missiles. The Navy is also considering replacements and possibly additions to its submarine fleet - the Netherlands is offering the WALRUS and the U.K. is offering the UPHOLDER. The Navy purchased eight P-3A and they hope to maintain at least four of these units in flight ready condition. They may also be in the market for radar and anti-submarine warfare equipment for this aircraft.

The Navy also acknowledges that its 155mm POTEAUX coastal artillery units show are aging in addition to increasingly significant technical limitations. Thus, the Navy may be in the market for a replacement for these artillery units.

Air Force

The Mirage 50 and Northrop F-5E/F squadrons of the Chilean Air Force have been modernized with more advanced avionics and weapons systems. According to Air Force plans, 46 British Hawker Hunters have been replaced by 25 Mirage M-5M ordered from Belgium and scheduled for delivery starting in March 1995. However, in fact, 10 Hawker Hunters are still in service with the 8th Air Force Group. The age and maintenance costs of these units are of concern. Thus, the Air Force is expected to be in the market for 16 to 18 aircraft, with 2 or 3 of those ordered as two-seaters. Without a doubt, ENAER will be part of this Air Force purchasing

decision, and potential suppliers should keep this in mind.

The Air Force contracted with IAI of Israel to work on its Boeing 707 CONDOR early warning system. IAI is also working on two other 707s for in-flight refueling. ENAER is currently working on the Air Force's Cessna T-37 B/C, which have begun showing signs of stress. The Air Force currently flies four C-130Bs and two C-130Hs. These units are not enough to meet the needs of the Armed Forces, so the Air Force may be in the market for additional C-130s or the alternative CN-235.

Defense Plan

For most effective management of U.S. Government interests, the U.S. Embassy's Defense Attache's Office (DAO) and the U.S. Military Group maintain the most direct and frequent contact with the Chilean defense establishment. For the latest information and developments in this area, contact the DAO and Military Group Embassy officials listed at the end of this chapter.

Key Ministries

The following offices are regarded as the best points of contact for U.S. firms seeking business opportunities with the Chilean Armed Forces. Bidding conditions are spelled out in detail in the individual bid documents, which usually include a combination of standard conditions and case-specific requirements. Some terms and conditions vary significantly with the nature of the procurement action. Local agent/representatives and after sales service facilities are often required and are always an important element of a successful offering.

Army

Ejercito de Chile
Direccion de Logistica
Zenteno 45, Piso 8
Santiago, Chile
Tel: 011-56-2-698-1169
Fax: 011-56-2-698-4649
Contact: General Rafael Villaroel, Logistics Director

Air Force

Fuerza Aerea de Chile
Comando Logistico
Av. Pedro Aguirre Cerda 5300, Piso 4
Santiago, Chile
Tel: 011-56-2-557-0011; 557-0228
Fax: 011-56-2-557-0085
Contact: General Florencio Doble

Navy

Armada de Chile
Direccion General de los Servicios
Prat 620
Valparaiso, Chile
Tel: 011-56-32-25-2094 Ext. 6687
Contact: Contraalmirante Francisco Sanz Soto,
Navy Procurement and Accounting Director

Police

Direccion General de Carabineros
Direccion de Logistica
Departamento de Abastecimiento, Seccion Adquisiciones
Av. B. O'Higgins 1196, Piso 9
Santiago, Chile
Tel: 011-56-2-672-7535; 670-1512
Fax: 011-56-2-696-5436
Contact: General Luis Godoy, Director

Diversification/Commercial Opportunities

Business opportunities for U.S. exporters in 1994 include expanded sales of aircraft and parts, avionics, and ground support equipment. The new airport in Santiago and the upgrading of other airports and air traffic control systems will provide commercial opportunities for U.S. suppliers.

Major projects in mining continue to offer U.S. exporters opportunities to sell construction and mining equipment and services, specialty trucks, dump trucks, and loaders. A proposed new natural gas pipeline from Argentina to Chile will require engineering services, pipeline equipment, supplies, and pipeline operation services. In addition, demand for industrial chemicals, fertilizers, and computer equipment and services will continue to grow through 1994. Chilean consumers of these products tend to prefer U.S. suppliers.

The local telecommunications sector is growing rapidly. Industry specialists anticipate that sales of U.S.-made telecommunications equipment will grow by 30 percent in 1994. Following enactment of Chile's environmental law, demand for air and water pollution control equipment and supplies should rise sharply. Solid waste management products and services should also face significant demand growth.

Finally, important increases in Chilean disposable income has stimulated consumption of consumer goods and has created valuable new opportunities for franchising.

Best export prospects by industry sector include:

Energy Production Equipment

The energy sector is one of the most benefitted by Chile's economic growth. Several energy company executives and experts believe that feasibility studies underway will lead to future projects and construction totaling \$3 billion by the year 2000.

The Chilean Energy Commission reports over 24 energy projects which could be operational within 8-10 years. Fifteen of these projects are for hydroelectric power generation. U.S. producers will benefit from the current lower value of the U.S. dollar since the majority of purchases are negotiated in dollars.

Private investment projects are estimated at \$600 million in hydroelectric generating plants and \$600 million in thermoelectric plants. Demand is increasing for gas-fueled thermoelectric plants, an area where the U.S. has the leading technology. A new pipeline to supply gas from Argentina, for which a bid will awarded shortly, should also increase demand for gas-fired plants.

The Colbun-Machicura company, controlled by the Chilean Government entity Corporacion de Fomento de la Produccion (CORFO), is also planning to build a new plant near Valparaiso, with a generating capacity of 350 MW and investment of \$220 million.

Pollution Control Equipment

The new Environmental Law, passed in March 1994, established a general environmental framework. The full implementation of the law requires specific rules and regulations which are still in the process of study and evaluation. There will be tremendous demand for pollution control equipment once the specific regulations are put into effect and the environmental authorities step up enforcement. Growth of about 30 percent is forecast for the next three years.

As the Chilean economy continues to grow, new businesses will emerge that will require construction of modern plants. These new plants will incorporate state-of-the-art environmental technology in order to have clean production processes. The import demand for pollution control equipment will be generated by the industrial sector, which will have to modify production procedures to make them environmentally clean.

Chile, with a few exceptions, does not manufacture pollution control equipment. U.S. products are highly regarded because of their high technology and quality. Japan and European countries are strong competitors offering soft loans, grants, and training.

Although most investments in pollution control equipment will take place only after the Chilean government implements the specific regulations, U.S. manufacturers should be prepared to take advantage of this promising market and establish contact with potential partners and/or major end-users.

Telecommunications Equipment

The telecommunications sector has grown at an annual rate of over 14 percent for the past six years. Industry experts estimate an annual growth of 20-25 percent for the next five years, with imports growing at the same rate. Local production is small. The main competitors to U.S. suppliers are Japan and some European countries, such as France, Spain and Germany. In 1994, U.S. suppliers exported \$154 million, a market share of 38 percent compared to 25 percent in the previous year.

The Chilean telecommunications sector is completely open. Any local or foreign company that wants to operate in the market can request authorization from the Undersecretariat of Telecommunications, the primary authority for supervising and regulating all telecommunications services. The Telecommunications Law, promulgated in March 1994, was designed to promote competition, encourage the incorporation of new technologies and value-added services, and provide incentives for foreign and domestic investment.

The telecommunications sector in Chile will continue to expand because of the absence of barriers, the demand for continuous upgrading of existing equipment and networks, and the interest of foreign investors in establishing alliances with local partners to provide services in other Latin American countries. Chileans wish to enjoy the advantages of state-of-the-art technologies, and multinational companies which require advanced telecommunications systems, are setting up their offices in Chile to manage the Latin American region.

Chilean telecommunications firms have announced investment plans totaling US \$3 billion for the next five years. Most of the local companies are interested in internationalizing their operations to provide global communications services, including long distance basic telephone, cellular telephone, cable television, and personal communication services. The companies' major expansion programs will be concentrated in these areas.

Computer & Peripherals

Chile is a good and growing market for U.S. suppliers of computers and related equipment. Chile, although a small market, is one of the most developed and open economies in Latin America. With Chile's booming economy, it is expected that the use of computer equipment will experience a steady growth, over 15 percent per annum, as productivity rises and industries expand. Chile has the largest per capita ownership of PC's in Latin America with 3.4 PC's for every 100 people. In the U.S., there are about 30 PC's per 100 people.

Chilean imports of information technology products and related equipment totaled approximately US \$700 million in 1994. Of this amount, approximately \$410 million represent imports of computer equipment. Computer sector growth is estimated to reach 19.8 percent through 1997. Personal computers and workstations show the highest demand, with a 23 percent growth rate, followed by mid-size equipment, which will grow by 7 percent. Industry executives have predicted that in one to two years, only four brands will remain at the top of the personal

computer market. According to these executives, during this period, the number of competitors will decrease because Chile, being a small market, is unable to acquire large quantities, resulting in low profit margins for importers.

The explosive growth in the personal computer market and the emerging home market is such that these markets now dominate 50 percent of computer sector sales. Chile presents excellent sales opportunities for U.S. products and services, which Chilean consumers value for their high quality and technology, and excellent support service. A Free Trade Agreement (FTA) between Chile and the United States promises to give U.S. suppliers a key competitive advantage - the gradual elimination of the 11 percent duty, currently added to the cost of imported goods.

Chile's major supplier of computers and peripherals is the U.S., which accounts for over 50 percent of the market. The main competitors are Japan, Taiwan and France.

Mining Industrial Equipment

It is difficult to derive total imports of mining equipment from local available statistics since the same equipment is used in several industries and is lumped in harmonized codes for equipment common to all industries. Nevertheless, reliable sources have placed imports at \$550 million and think that a growth estimate of 15 percent for 1995 through 1997 is appropriate, if conservative.

The statistics include the following equipment: heavy mining trucks, large truck tires, levelers, loaders, compressors, hoists, drilling equipment, excavators and various smaller machines. U.S. market share is 31 percent, with Brazil next at 18 percent, and Japan following with less than 15 percent. This equipment, especially U.S. produced equipment, will be much in demand as many large mining projects will begin construction through 1997. U.S.-made products are appreciated by local end-users for their quality, the high technology incorporated, and compliance with delivery dates, which in this particular sector is a critical factor.

Medical Equipment

The Chilean Government places a high priority on the improvement of the national public health system. This system provides health care for approximately 70 percent of the Chilean population, or nearly 10 million people.

Chile's total 1994 imports of medical equipment and supplies were approximately \$120 million. It is expected in 1995 that this sector's imports will reach \$130 million, with an estimated growth of 12 percent for 1996 and increased growth thereafter.

A large number of private and some public sector hospitals are expanding their present facilities or projecting the construction of new ones. Private hospitals and clinics have the most state-of-the-art equipment in Chile and the financial resources to upgrade equipment and services.

The U.S. has been for years Chile's most important supplier of medical equipment. U.S.

main competitors are Japan, Germany and France.

Other Opportunities

The Frei government plans major projects in the environment, infrastructure/ transportation, and telecommunications sectors where international tenders are expected. Over the short and medium term, planned projects include:

- Electronic toll road concessions
- Privatization of the Chilean Railroad cargo system
- Monorail for Santiago
- Highway concession program
- Centralized control teletransmission system for Santiago's subway
- Fiber optic network
- Waste water treatment facilities
- Pilot project in southern Chile for an information super highway

Privatization Initiatives

As a pioneer of the privatization movement in the region, Chile has had many successes and some mixed results. The Frei administration clearly believes in a continuation of the privatization trend and minimizing state involvement in the business environment. However, the privatization of some state owned enterprises remains a politically sensitive issue. Currently, important privatization initiatives are formally and informally under way in the areas of energy generation, railroad cargo services, port expansion and highway infrastructure. New legislation now also allows private/public sector joint ventures for the exploitation of Chile's mineral resources. Most of the opportunities for dual use defense products and services can be pursued via unsolicited proposals to the appropriate authorities, formal bids, and through participation in government concession programs. Well connected Chilean representation is highly desirable for best results in privatization activities.

Doing Business in Chile

Information on doing business in Chile is given in the Country Commercial Guide (CCG). This annual U.S. Government publication is readily available through the National Trade Data Bank (NTDB) and covers all key aspects of Chile's business and regulatory environment. Additional information is available in The Chile Inc. Sourcebook, published by the South Pacific Mail. To obtain this publication, please contact South Pacific Mail directly at Tel. 011-56-2- 632-4897 or 638-0142; Fax. 011-56-2-633-0776. The publication "Investing in Chile" is another reliable source of good information. This publication can be obtained from its publisher, Langton Clarke/Coopers and Lybrand, at Tel. 011-56-2-638-1320; Fax. 011-56-2-638-2850.

U.S.& FCS/Santiago has also developed market research in the areas of aircraft sales, air traffic control equipment, medical and diagnostic equipment, and environmental equipment and services. This market research is readily available in the United States through the National Trade

Data Bank (NTDB), which is accessible through all Federal Depository Libraries and the 70 domestic offices of the U.S. Department of Commerce's International Trade Administration. Two recent documents developed by this post in cooperation with the U.S. Department of Commerce headquarters in Washington, are the 1995 Country Commercial Guide and the Strategic Action Plan for the Environmental Markets of Chile and Argentina. Both of these documents supply extensive information on business opportunities, best prospect sectors, market conditions and the mechanics of doing business in the Chilean market.

Chilean Government Contacts

Ministerio de Transportes y Comunicaciones (Ministry of Transportation and Communication)
Amunategui 139
Santiago, Chile
Tel: 011-56-2-672-6503
Fax: 011-56-2-699-5138
Contact: Narciso Irureta, Minister

Ministerio de Obras Publicas (Ministry of Public Works)
Morande 59
Santiago, Chile
Tel: 011-56-2-672-4506
Fax: 011-56-2-672-6609
Contact: Ricardo Lagos, Minister

Direccion General de Aeronautica Civil (Civil Aviation Administration)
Av. Miguel Claro 1314
Santiago, Chile
Tel: 011-56-2-204-7676
Fax: 011-56-2-209-0532
Contact: General Gonzalo Miranda, Director General

Aeropuerto Comodoro Merino Benitez (Santiago International Airport)
Direccion General de Aeronautica Civil
Aeropuerto Comodoro Arturo Merino Benitez
Santiago, Chile
Tel: 011-56-2-601-9000
Fax: 011-56-2-601-9416
Contact: General Guillermo Aird, Manager

U.S. Government Points of Contact

Listed below are useful points of contact for U.S. firms interested in the Chilean market.

U.S. Embassy:

U.S. Commercial Service
Commercial Counselor: Carlos F. Poza

Tel: 011-56-2-330-3316
Fax: 011-56-2-330-3172

Defense Attache's Office (DAO)
Defense Attache: Capt. Thomas Breitingner
Tel: 011-56-2-330-3331
Fax: 011-56-2-330-3191

Military Group
Commander: Col. Steven Caddy
Tel: 011-56-2-633-9081
Fax: 011-56-2-632-4863

U.S. Trade Association
Chilean American Chamber of Commerce (AMCHAM)
Mr. Francisco Bernales (CEO)
Canadian Advanced Technology Association
388 Albert Street
Ottawa, Ontario
K1R 5B2
Tel: (613) 236-6550
Fax: (613) 236-8189