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## *II. DOING BUSINESS WITH CHILE*

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### **The Market**

The market in Chile can be described as being open and highly competitive. Several years of market development efforts, investment or technology transfer by the exporter and a local partner are usually necessary before results can be expected. New exporters may find the market difficult to enter because of loyalty to traditional suppliers. Foreign companies have to be registered with state-owned companies such as Codelco and Enap to be invited to bid on projects.

Export Development Corporation (EDC) financing is critical to support Canadian exports and export credit insurance is highly recommended. Financing by international financing institutions (World Bank, Inter-American Development Bank) figure prominently in Chilean trade activities.

Canadian firms are normally eligible for government procurement contracts, which present significant opportunity in Chile. The government encourages foreign companies to manufacture under licence whenever possible. Although not a general or written procedure, local manufacturing may get a 5 to 10 per cent price consideration in bids.

### **Membership in Regional Trade Blocs**

Chile ratified the General Agreement on Tariffs and Trade (GATT) in 1949, participating in some government bids, multilateral duty concessions and extending and receiving most-favoured nation treatment. In 1960 Chile became a member of the Latin American Integration Association (LAIA) which includes Mexico and all the Latin American countries in South America. Duty concessions have been extended to many products shipped by other LAIA countries and Chile participates in industry complementation agreements.