

Opportunities for new investment

INTERVIEW WITH HUGO LAVADOS

MINISTER OF ECONOMY, DEVELOPMENT AND RECONSTRUCTION



HUGO LAVADOS has been Economics Minister since January. An economic graduate of the University of Chile, and a Master of Economics from Boston University, he became a full-time Professor, and an adviser to UNICEF, the IADB and the World Bank. Following the restoration of democracy, he was the government's Securities and Insurance Superintendent. Subsequently, as CEO of Banco Bchif, he led its merger with BBVA. He later became a partner in Ernst & Young. Prior to becoming Minister, he was Head of Pro-Chile, the government's exports promotion organisation.

How does the Chilean government perceive foreign investment, and what incentives does it offer?

Chile considers foreign investment to be a pillar for economic and social development and the country has achieved widespread recognition for its strong track record in attracting foreign direct investment (FDI). According to the 2007 World Investment Report, published by the United Nations Conference on Trade and Development (UNCTAD), the stock of FDI in Chile reached 55.4 per cent of GDP in 2006, up from just 30.0 per cent in 1990. By comparison, in 2006, the average world figure reached 24.8 per cent and that for developing countries was running at 26.7 per cent. Additionally, Chile has a portfolio of investors from 64 different countries, covering widespread economic activities.

In line with its commitment to free-market economic policies and free trade, Chile does not use subsidies to support productive activities or to attract new investment. However, it does provide incentives for investment in some specific areas of the country – remote regions and those that have suffered the decline of a key industry – as well as in new sectors, particularly in high-technology fields.

In addition, investors can tap into government programs to promote workplace training and to increase industrial productivity. All these incentives are available on an equal basis to both local and foreign investors.

Which sectors, diversifying from mining, is the Chilean government most keen to develop?

In 2007, an in depth study was undertaken by a prestigious international consulting firm to identify the sectors of the Chilean economy with the highest development potential in the medium and long term.

From over a 100 sectors with a high potential of growth in the world, a list with the 33 most promising sectors for Chile was arrived at, considering the effort required to capture that potential. All of them have high potential, but as the resources are limited, it was necessary to identify and prioritise the top 11 sectors, considering their direct impact on growth as well as their potential for the generation of clusters that could have a wider effect on the economy. The prioritised sectors were: Aquiculture, Off-shoring, Tourism, Porcine-Poultry farming, Fruit farming, Copper Mining, Processed foods, Financial services, Logistics and Transport, and Communications and Construction.

Tourism: hidden treasures abound in Chile, along the Andes from Atacama to Antarctica: Torres del Paine



