



A PARTNER OF JAPAN FOR MORE THAN A CENTURY

Ever since its democratic transition more than 25 years ago, Chile has made huge strides toward improving its political climate and strengthening its economic structure. As part of those ongoing efforts, the government has expanded its trade ties with several partners around the world.

Having established a strong rule of law and nurtured a business-friendly climate, Chile has looked to Japan, the world's third-largest economy, for more investment and technological expertise. The South American country, undeterred by geographical challenges, has outperformed the growth of its neighbors over the past few years.

It has been very clear to the government that the country's future is in its close connectivity to the global economy. In fact, the country has finalized free trade agreements with more than 60 countries around the world, many more than any of its neighbors.

In 2017, Chile and Japan mark the 10th anniversary of their economic partnership agreement after having commemorated 120 years of diplomatic ties this year.

"Japan can offer a lot in various ways. Because Chile places a high importance on innovation, Japan can contribute a great deal in this area. Japan has made many contributions to the social and economic development of Chile and we wish to strengthen this relationship for many more years to come," said **Japanese Ambassador Naoto Nikai**.

While the majority of foreign companies are in Santiago, many Japanese companies have found opportunities beyond the country's capital. The Atacama Desert in the north has one of the world's largest supplies of copper. The area accounts for an estimated 40 percent of global reserves of the metal, one of Chile's most valuable exports.

Japan considers Chilean minerals strategically important because a large volume of these metals ends up in factories that power the Japanese economy. Raw copper is transformed into wires and parts that make up the

Japanese electronic goods found around the world.

As of 2016, Japanese investments in Chile stood at around \$3.7 billion, most of which is in mining.

Mitsui, one of the Japan's oldest *sogo shosha* (large trading companies) is heavily invested in Chile's mining sector. It has stakes in the Collahuasi, Caserones and Los Pelambres mines through various local partners, such as CODELCO, the state-run mining enterprise.

"Through CODELCO and ENAMI (National Mining Company), Chile's lithium deposits present good opportunities for the Japanese to develop at a very low cost. Right now, we are starting the process to invite investors to operate and develop this mineral, and we see the Japanese as good long-term partners," said **Chilean Copper Commission Vice President Sergio Hernandez**.

While Chile has traditionally been known for its mining industry, the slump in mineral prices has forced the country to diversify its sources of revenue. And with the growing popularity of "green technology," the government nurtured its energy sector as a new source of foreign investment.

"Chile's energy sector holds many opportunities for international investors, especially in the areas of power generation and transmission. I would especially like to highlight that we are privileged to have an extraordinary renewable energy potential. In fact, energy is currently the sector with the highest amount of investment in Chile," said **Minister of Energy Maximo Pacheco**.



Japanese Ambassador to Chile Naoto Nikai



Chilean Copper Commission Vice President Sergio Hernandez

TENOVA-TAKRAF SEEKS NEW GROUND FOR MINING INNOVATION

Chile's Chuquibambilla mine, located in the mineral-rich Antofagasta region, supplies much of the copper that goes to smelters all over the world. More than 110 years old and one-km deep, the mine is also one of the country's oldest and largest.

Tenova-TAKRAF, an Italian-Argentinian company, has built a reputation for developing technology that has modernized the mining industry. In 2018, it is set to unveil the world's largest conveyor belt for the mine. Measuring 13 kilometers in length, the conveyor belt will be able to transport more than 11,000 tons of ore per hour.

"With the new system, we will install conveyors from the bottom of the mine and move the ore to the surface. This means greater productivity for our clients, a safer workplace for the workers and less environmental impact," explained **CEO Christian Cavagnaro**.

Currently, around 120 earth-moving trucks traverse Chuquibambilla's open pit mine to transport ore and the task grows more difficult as the mine gets deeper.

Being a highly cyclical industry, the mining sector needs long-term investments that can withstand market shocks. Tenova-TAKRAF minimizes those risks and uncertainties through its research and innovative products.



Tenova-TAKRAF CEO Christian Cavagnaro

"We are developing a large R&D group to develop new technologies and new equipment. We are responding to clients' demand for the lowest operating cost. Our value is to constantly develop technology for our clients' maximum benefit," Cavagnaro said.

As Japan is among the largest investors in Chile's mining sector, Tenova-TAKRAF is seeking partnership with Japanese companies on how to further improve the industry through innovation and technology.

"We welcome them as technology partners in developing the mining industry and in contributing to society," Cavagnaro added. ■
→ www.takraf.tenova.com



FDA Ingenieros Founder and CEO Alejandro Figueroa

CLIENT-FOCUSED ENGINEERING FIRM WELCOMES JAPAN

Despite the protracted slump in copper prices in the last few years, mining remains the backbone of Chile's economy. And in order to improve and thrive, mining requires the support of several other industries, one of which is engineering.

Established by **Alejandro Figueroa** in 2000, **FDA Ingenieros**, grew quickly between 2005 and 2012. While it struggled during the downturn a few years ago like many mining companies, FDA Ingenieros has since recovered, having secured contracts from Antofagasta Minerals and other companies.

"We responded and acted quickly. When a client needs changes, we make those changes happen. We are fully focused on our clients," said the company founder and CEO.

This focus on the customer has earned FDA Ingenieros the reputation as a cost-effective and high-quality solutions provider. Looking to the future, Figueroa hopes to work with more Japanese companies in the mining sector, particularly in the field of automation.

Backed by 16 years of success in the industry and its founder's more than 25 years of experience, FDA Ingenieros is prepared to assist Japanese companies enter the Latin America market through Chile.

"We can take their hand and we can walk together," Figueroa said. ■
→ www.fda.cl



Larrain Rencoret Urzua Abogados Founding Partner Jose Manuel Larrain



YOUR EXPERT GUIDE TO LATIN AMERICA

When foreign businesses look to Latin America, they face many questions on how best to negotiate this vast and varied market. With a population of just over 18 million, Chile may not be the first market that comes to mind, but it should be.

"At the end of the day, Chile is a country that is widely seen as a secure place to invest in or to start your investment when you come to Latin America" said **Founding Partner Jose Manuel Larrain of Larrain Rencoret Urzua Abogados**.

Because of its political and economic stability, as well as its reputation for low corruption, Chile has seen a lot of growth, particularly in mergers and acquisitions and infrastructure development.

With its proven expertise in the project finance and infrastructure sectors, Larrain Rencoret Urzua was selected as adviser for the country's first-ever interconnected electronic toll road project.

As more foreign firms enter Chile, the legal scene has grown quickly and is more competitive. But with partnership opportunities, Larrain remains very optimistic about the Chilean economy.

"My view is that it is a good opportunity to be part of that growth, rather than compete with our peers. I see this as a win-win situation," Larrain explained. ■
→ www.lyrabogados.cl/en

CAREY BANKS ON EXTENSIVE EXPERTISE

While Chile's economy may have slowed down in the past few years, there has been no shortage of work for the country's law firms. Despite the slowdown, foreign investors remain interested in doing business in the country.

Jaime Carey, managing partner of Chile's largest law firm, explained that **Carey** has more than 230 legal professionals to keep up with the continuing interest from international companies and businesses.

"We have the opportunity to employ lawyers who are involved in every area of the field and keep on growing," he said.

Carey was instrumental in many significant deals involving local and foreign companies. It advised Banco de Crédito e Inversiones (BCI) on its acquisition of a Miami-based bank, to date the largest buyout of an American company by a Chilean company. It also participated in foreign partnership negotiations with Chile's national oil company, ENAP.

Because of its long history of working with Japanese compa-



Carey Managing Partner Jaime Carey

nies, the firm has developed a deep understanding of how the Japanese do business and how best to meet their needs. Its reputation led to contracts to represent its clients in their domestic and regional expansion plans.

As Japanese companies realize the advantages of making Chile a starting point for their Latin American expansion, Carey offers valuable advice: "Chile is a stable country in the sense that the rule of law will continue. It's a good long-term country to invest in because we've established a tradition of a strong legal system and legal institutions and I think we'll continue this tradition." ■
→ www.carey.cl



With the expansion of the Panama Canal earlier this year, Gasmar managed to shorten the delivery time and reduce the prices of imported liquefied natural gas (LPG) intended for Chilean businesses and homes.

Gasmar, an importer and wholesale distributor of LPG established in 1992, took its first delivery of LPG from the Texas city of Houston in the U.S. around two weeks earlier than previous orders.

"The logistics advantage brought about by the Panama Canal expansion allowed Gasmar to pass on savings to consumers. And we've had conversations with the Japanese mainly on the logistics side. Japanese companies have strong positions in the U.S., especially in Houston," explained **CEO Jaime Ugarte**.

GASMAR SECURES CHEAPER LPG SUPPLY FOR CHILE

As demand for energy in Chile grows, Gasmar expects LPG imports to also spike and is improving its supply chain to provide a stable and reliable supply of this essential product.

Additionally, the company is looking to expand beyond the local market and diversify its products.

"We have to grow and expand in other markets. The question is where. It's in the area of expansion where I think we and the Japanese can realize mutual gains," Ugarte said.

At present, Gasmar owns and operates five LPG storage tanks with a total capacity of 145,000 cubic meters in Quintero, 165 km north of the capital Santiago. ■
→ www.gasmar.cl/seccion/home

CONVERSIONES SAN JOSE EYES EXPANSION IN LATIN AMERICA

Conversiones San José (CSJ) is a pioneer in the Chilean automotive industry. With an illustrious history that spans three generations, CSJ sells non-traditional vehicles in the local and regional markets. Having reported record-breaking sales last year, the company has set its sights on expansion in Central and South America.

"Our vision is to be a leader in the industry. We know that Chile is a small market, so we need to grow and expand internationally," **CEO Enrique Allué** stressed.

With operations existing in Panama and Peru, CSJ is venturing eastwards as part of its



Conversiones San José's ambulances

growth plans.

"I am inviting Japanese companies to help us and find our way into Brazil," Allué said.

CSJ is looking to 2017 with much optimism. Having obtained the first worldwide patent for BioGel-Coat, a copper nanoparticle covering system used in the walls of their vehicles, CSJ is determined to market the product globally through partnerships with similarly minded companies.

"When looking for partners, we've found that Japanese companies share our values and regard us highly as a family owned company," said Allué. ■
→ www.csj.cl/en

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Sierra Gorda SCM



Algamar CEO Miguel Depolo



ALGAMAR: FINDING COMPETITION AND FRIENDSHIP IN JAPAN

Founded in 1960, **Algas Marinas SA (Algamar)** was a pioneer in supplying Gracilaria seaweed to Japan, where the ingredient is known as *ogonori* and goes into making *kanten* or agar.

After developing an efficient production process in the mid-1960s, Algamar was able to compete with traditional agar producers in Japan and sell it around the world. And some two decades later, the company became one of the world's largest

producers of agar.

"We owe Hiroshi Tsukakoshi, the founder and current chairman of Ina Food in Nagano Prefecture, a significant part of our success. At the start of our relationship back in the early 1970s, there was fierce competition for seaweed as a raw material. Tsukakoshi was most generous with his wise advice and constant support," said **CEO Miguel Depolo**.

Today, Algamar accounts for around 50 percent of Ja-

pan's agar imports, which are used in making traditional delicacies such as *tokoroten*, *mitsumame* and *yokan*, to name a few. Algamar allowed Ina Food, as exclusive distributor of Chilean agar in Japan, to take a 10 percent stake in the company.

"That is why when you ask me about our company's relationship and experience with Japan, I need to start always by saying that it is a story of competition, cooperation and friendship," Depolo said. ■

SIERRA GORDA RESISTS GLOBAL DOWNTURN

Sierra Gorda SCM, a joint venture between Sumitomo Metal Mining, Sumitomo Corp. and Poland-based KGHM, began operations in 2014 and currently produces an average of 500,000 pounds of payable copper a day destined both for the Japanese and the world's other markets.

Located in the northern Antofagasta region, the mine also produces molybdenum and gold for the global market. In spite of the many challenges related to the extended slump in the global mining industry, the company is working hard to surmount the obstacles and looks with hope and optimism to the future.

"Growth has been pretty rapid. We've completed our phase one construction and we've been in the process of upgrading and applying



Sierra Gorda General Manager Robert Wunder

the *kaizen* process in our operations," said **General Manager Robert Wunder**, an industry veteran with more than

40 years of experience.

"Sumitomo have been very good partners and have contributed their valuable knowledge and development expertise to the project. They have a number of people here on site who work side by side with their Chilean colleagues and understand the Chilean culture very well," Wunder added.

Whether it is copper, molybdenum or gold, Sierra Gorda understands that demand for metals goes through different cycles and adjusts its cost efficiency efforts accordingly.

"We believe that getting the Sierra Gorda operation in optimum condition will place us in excellent position to move forward and make good returns for the owners," Wunder said. ■
→ http://www.sgscm.cl/home_eng.html