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# STABILITY BUILT ON PARTNERSHIPS WITH JAPAN AND THE WORLD

Chile has come a very long way since the restoration of democratic rule in the 1990s. And over the past two decades, the country has focused on building a secure political system and stable economy, one that can withstand temporary disruptions, domestic and overseas.

What is indisputable is the country, which has seen seven presidential elections since the end of military rule, has achieved that objective. In the process, Chile has remained one of the largest and strongest economies in Latin America and the preferred gateway for trade between South America and the Asia-Pacific region.

Chile achieved its leading status in the region through its strong commitment to innovation and global integration. This has attracted even more investment and interest from the world's third-largest economy, Japan, which has had sizeable presence in the country for more than 50 years.

"Our way of doing business is much more internationally driven and that has helped us. Several companies have used Chile as a testing ground. Because Chile has a smaller market, it is very easy and fast to implement things here. That's probably what we can offer the rest of the world: Come here before any other country in the region," **Santiago Chamber of Commerce General Manager Carlos Soubllette** said.

For more than a century, mining has dominated the partnership between Chile and Japan. But the two sides have taken clear steps to diversify their economic ties.

"There is an opportunity for the Chilean economy to develop the mining cluster through service companies that work for the industry and eventually make that an important part of economic

activity," **National Mining Society President Diego Hernandez** said. **Minister of Mining Baldo Prokurica** agrees that while the industry will remain an important pillar of the country's economy, there are new opportunities for partnerships between the two sides.

"Our doors are always open for Japanese investors, especially those engaged in electric mobility. Deeper collaboration with Japan and advanced technology are important for the future of mining in the country. If Chile wants to keep on advancing and climbing the value chain, we should partner with Japanese firms to provide us with the technology we need and move forward together," Prokurica said.

Regarding the goal to diversify its economy, Chile hopes Japan can play a larger role in technology transfers, logistics, intellectual property, energy (specifically hydrogen), agriculture, aquaculture, education and tourism.

"We have many similarities with Japan in terms of approaching business. Japan is always present in many of our key industries and we need to have an intelligent approach in collaborating with them," **Fundacion Chile General Manager Marcos Kulka** said.

And positioning itself as Latin America's leader in competitiveness and innovation, Chile is proud of how it has applied the latest technologies to make products that meet the exacting standards of most foreign markets.

With its highly skilled farmers and growers, the country has become one of the world's top food producers. Chile annually exports \$17.9 billion worth of agricultural products, including livestock and forestry products around the world.

Its food exports to Japan in 2018 climbed 6 percent to \$1.7 billion, marking 24 percent of

total exports to the Asian market, while its forestry exports grew 15 percent to \$447 million.

**Minister of Agriculture Antonio Walker** is very pleased with the reception that Chile's agricultural products have gained around the world, particularly in Japan, which is famous for its quality standards.

"Japan is one of the three most important markets to Chile, mainly for our trout, pork, salmon, sea urchin, mussels, lemons, grapes, poultry and frozen fruits and vegetables. All of these Chilean foods have met Japan's health, environmental, phytosanitary and zoosanitary legal requirements and standards," Walker said.

Not neglecting its trade relationship with the rest of the world, Chile values the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a free trade agreement signed by 11 countries in the Asia-Pacific region.

"The CPTPP is expected to provide important benefits for our export sector as it will create 3,000 new opportunities in our agricultural and agro-industrial sectors in markets such as Japan, Vietnam, Canada and Mexico once the treaty enters into force. This will undoubtedly diversify our export matrix and help the economic growth of our country," said **Jorge O'Ryan**, general director of ProChile, the country's export promotion bureau.

When the treaty goes into effect, Chile will be able to export 1,065 products, including mollusks, crabs, frozen chicken, powdered milk, animal hides, salt, fruit jams, apple juice and tomato puree, to Japan.

"Chile is a reliable partner where institutions work. Our economy is open to the world with 29 different trade agreements. We are dedicated to foreign trade and have mature

industries and entrepreneurs that have made our country an exporting power. We are the world's leading exporter of 29 products," O'Ryan also said.

Japan remains Chile's main source of investment from Asia, accounting for an inflow of \$5.7 billion between 2009 and 2015, or around 4 percent of total foreign direct investment.

"We are very enthusiastic about our existing trade partnership and we expect to see a rise in value-added services as well. We have a very positive balance with Japan. They are our third-largest export destination for non-copper products and when it comes to diversification, its involvement in this strategy is very important," **Vice Minister of Trade Rodrigo Yanez** said.

Chile hosts more than 100 Japanese companies, such as global conglomerates Mitsubishi, Mitsui, Marubeni, Sumitomo, Itochu and Sojitz, operating in vital sectors such as mining, forestry, fisheries, water, banking, solar energy, information technology and food. Over many decades, these companies have brought high levels of knowledge, top technology, innovation and valuable research.

And as Japan and Chile mark a new chapter in their partnership, **Japanese Ambassador to Chile Yoshinobu Hiraishi** said the two countries will continue to be indispensable to each other in the foreseeable future.

"Japanese companies attach more importance to mutual trust and meaningful relationships in the long run. Those aspects have been accepted and appreciated by their Chilean counterparts. Japan, as a whole, is going to be the trustworthy partner for Chile, not just in terms of business, but also in terms of the political relationship and our people's relationships in general," Hiraishi said. ■

# ANASAC: PROTECTING LATIN AMERICA'S CROPS

Chile has always valued the geography and topography that has allowed it to build a healthy and robust agriculture sector. Because of that natural advantage, agriculture has remained one of the country's economic pillars, consistently among the top three contributors to the economy.

In the early 2000s, the country embarked on a program to become one of the world's largest exporters of agricultural products and food. Although it faces difficult challenges, such as water supply, the sector has worked collectively to raise the quality of their products and increase their share in overseas markets.

Because product quality is vital for Chile to achieve its goal, especially in markets like Japan, **Anasac** provides vital support to the country's farmers and growers through its crop protection solutions.

"Japan is the type of market that expects only the highest quality of food and our country's producers and exporters are up to that challenge. We help these agri-food players achieve that by providing the seeds and crop protection they need," **CEO Mario Lara** said.

Anasac has partnerships with at least 20 Japanese companies in its agrochemicals and seed business segments.

"Japan is a priority partner for us. We want to be part of the innovation they can provide to us as a crop protection company. The Japanese are known to continuously develop new technologies across industries, and they have also established their leadership in developing the crop protection industry," Lara said.

"As the Japanese look to Latin America for a stable supply of quality food, Chile is well positioned to be a reliable partner. And within Chile,



Anasac CEO Mario Lara

we at Anasac extend our invitation to work together," he added.

Backed by more than 70 years of experience, Anasac provides partners with healthy access to the Latin American market. The company has full operations in Argentina, Peru and Colombia and exports all of its products across the rest of the region.

"We started building this regional presence since the 1990s. Among our priorities in the coming years is to further strengthen this network," Lara said.

While Anasac has built a large market share in Chile, it is also committed to significantly increase its market position in Peru, Argentina and Colombia. ■  
→ [www.anasac.com](http://www.anasac.com)



# CHILENUT: CRACKING OPEN THE JAPANESE MARKET

With more than 47,000 hectares of planted area as of 2019, Chile is one of the largest producers of walnuts in the world with South America, Europe and the Middle East as its biggest export markets.

**CHILENUT**, the association of walnut processors and exporters, hopes to increase its share in Asia, particularly in Japan, where walnuts are viewed as a superfood that reduces heart disease, prevents diabetes and improves motor and cognitive skills.

Since it was founded in 2002, CHILENUT has brought together domestic growers and exporters to develop the industry.

**Marketing Head Juan Pablo Costabal** said through advanced research and technology, promotional efforts and strict quality control, the group ensures that the sector has managed to meet global demand and customer expectations.

"Chile is a country that can offer walnuts in the counter season from traditional California

walnuts supply. The quality is great and the suppliers know the requirements that Japan needs," Costabal said.

With the growing demand for fresh walnuts all year round, the southern hemisphere harvest period from March to April and processing (hand cracking, as well as machine cracking) taking place from March to November, provides a counter-seasonal fresh option for consumers on the other side of the world.

Currently, there are many

companies in Chile that export walnuts around the world. The largest of those exporters, all members of CHILENUT, have successfully penetrated new markets, particularly Japan, because they invested in new technology and implement the highest standards for sanitary processes. ■

→ [www.chilenut.cl](http://www.chilenut.cl)  
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CHILENUT

# VIÑA LUIS FELIPE EDWARDS: BETTER AND STRONGER WITH AGE

Selling to more than 90 countries and looking after 2,000 hectares of vineyards, **Luis Felipe Edwards Jr.** made his father's company into Chile's third-largest exporter of wine both in terms of value and volume.

Luis Felipe Edwards, who started the family-run business 19 years ago, has seen the company grow by 50 percent because of wise investments in how their grapes are grown and how their soil is tended.

"We believe that quality comes from the fruit, not necessarily from wine making. Even if you were a fantastic chef and had a bad piece of meat, you might be able to improve it through cooking, but not by much," Edwards explained.

He stressed that good viticulture is about controlling cultivation, harvest quality and eventually, cost.

This approach has yielded positive results and has attracted business from some of the

# NISSAN CHILE: DRIVEN TOWARDS EXCELLENCE

In a clear step to increase its influence over Latin American operations, Japanese automaker **Nissan** converted its Chilean distributor into a full subsidiary in 2015. Present in the country for more than 50 years, the decision was a right one because it sold a record number of units last fiscal year.

**Nissan Chile President Diego Vignati**, who was appointed to the top post earlier this year and also oversees Peru operations, believes that the carmaker faces positive prospects because of the economic stability in both the Chilean and Peruvian markets, among other factors.

"The idea is for us to take advantage of all possible synergies between both markets," he said.

Vignati is optimistic that with Chile's determination to adopt new technology and open its

market further will encourage other Japanese companies to introduce new products in the country.

Nissan Chile is also expanding its network and improving its business processes. With excellent service quality indices in sales and after-sales, it hopes to increase its current market share of 7.3 percent with the arrival of new products, including the Versa, which was recently launched in the market.

In June, Nissan Chile introduced the second generation of its Leaf electric powered car to complement the country's drive to promote more environment friendly technology. And for promoting electromobility in the country, the company received an award by Chile's Recyclapolis Foundation.

"This kind of technology will help improve the quality of life



Nissan Chile President Diego Vignati

in Chile. Japanese companies are very well perceived here and are welcome because they provide

good products, service and quality," Vignati said. ■  
→ [www.nissan.cl](http://www.nissan.cl)



# MAKING HEAVY MOVEMENTS TOWARD SOCIAL CHANGE

Starting off in 1921, Takeuchi Mining Industry has grown into the Japanese multinational giant Komatsu, known around the world for high-quality construction, mining, forestry and military equipment. Based in Tokyo, the company has operations in Europe, Asia and the Americas.

Operating in Chile since 1999, **Komatsu Cummins Chile Ltda.** has more than 7,400 employees and accounts for 70 percent of consolidated sales in Latin America. In 2010, the company set up Komatsu Holdings South America in Santiago to act as the regional headquarters and increase efficiency through sales of heavy machinery.

Today, it is still undergoing a

corporate restructuring since the acquisition of Komatsu Mining Corp. and Komatsu Mining Global in 2017. Overseeing these expansive operations is **Yasushi Sakano**, president of Komatsu Holdings South America and Komatsu Cummins Chile, which services mainly the mining industry through distribution, services and spare parts.

"We already have 20 years of history in the country. Every day, we are supporting customers. I believe that we are growing together. Without Komatsu, mining operations would be difficult. We would like to be an indispensable partner to our suppliers and customers," Sakano said.

With sustained success, the company recognizes its responsibility of giving back to the local community. Unique to Komatsu Chile is its initiative and commitment to help in solving social problems, which includes the development of a program to train juvenile offenders.

"This is our commitment to the country: to have good relationships with communities and directly give them opportunities for employment," Sakano said. ■  
[www.komatsulatinamerica.com/chile/en/](http://www.komatsulatinamerica.com/chile/en/)



Komatsu Holdings South America and Komatsu Cummins Chile President Yasushi Sakano

# MINING NEW SOLUTIONS FOR SUCCESS

Although backed by very strong companies, size hasn't assured smooth operations for **Sierra Gorda SCM**, which has remained one of the largest copper mining operations in the Antofagasta region of Chile. In fact, the company got off to a precarious start.

"When we were ready to begin operations in 2014, the prices of metals went down sharply. So for us, the first years were very tough," **Miguel Baeza**, **Sierra Gorda's vice president and general counsel for corporate affairs and sustainability** recalled.

However, the company managed to turn things around in 2017 as it focused on streamlining costs while increasing output, two factors that lay within their control.

"There were other factors that influenced our bottom line: Metal prices and cost of main supplies. So,

controlling costs and producing as much concentrate as possible gave us great results. Our new general manager, who brings great operational experience from Poland, surely contributed to this," Baeza said.

Overseeing the focus on production efficiency, **General Manager Miroslaw Kidon** pointed out that Sierra Gorda reported record results this year.

According to Baeza, unwavering support from its main shareholders, particularly during the toughest periods, contributed to the success of Sierra Gorda SCM. Sumitomo Metal Mining and Sumitomo Corp. have a 45 percent stake in the mining operations, while the remaining 55 percent is held by KGHM from Poland. ■  
→ [www.sgscm.cl/en/](http://www.sgscm.cl/en/)



Sierra Gorda SCM VP General Counsel Corporate Affairs Sustainability Miguel Baeza



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CHILENUT



Luis Felipe Edwards and his sons

wine world's most important markets, including Japan.

Edwards is very grateful for the long-standing partnership with Mitsubishi Shokuhin, part of Japanese conglomerate Mitsubishi group, and believes that his company will grow stronger because of it. ■  
→ [www.lfewines.com/about](http://www.lfewines.com/about)



LUIS FELIPE EDWARDS  
WINE OF CHILE

■ **MÁS DE UNA DÉCADA LIDERANDO LA TECNOLOGÍA AUTÓNOMA EN EL MUNDO**

MORE THAN A DECADE LEADING AUTONOMOUS TECHNOLOGY IN THE WORLD

10年以上にわたり世界をリードするAHS技術無人ダンプトラックシステム

**KOMATSU**





Viña San Esteban CEO Horacio Vicente

## FROM THE GROUND UP: THE STORY OF VIÑA SAN ESTEBAN

As wine grows increasingly more popular in Japan, the competition has become tighter across the board. For **Viña San Esteban CEO Horacio Vicente**, the 45-year-old family business is ready to take on the challenge.

“Competition is only natural in the industry because people treat it like traveling. When people go to the store, they like sampling and experiencing new varieties, allowing small wineries to compete with larger, established names,” Vicente said.

To distinguish itself, Viña San Esteban must focus on the quality of its wines, an objective that Vicente can achieve given his long experience in the business.

“Our family business was created by my father, who was a grape seller to different wine producers 45 years ago, and I started picking grapes when I was 15,” he recalled.

It was in the 1990s when the family decided to begin

producing wine in bulk, and in 1997, it started bottling and exporting all their production.

Given its strategy, Vicente sees Japan as the perfect fit, “We initially saw Asia as a growing market with huge growth potential.” Viña San Esteban has adopted the quality standards in Japan as the company’s own.

“We also deeply appreciate the partnerships that we’ve formed in the country, including that with Japanese distributor Overseas Inc. We learn a lot from them and want to grow together in the market,” he said. ■

→ [www.vse.cl/en/](http://www.vse.cl/en/)



## MITSUBISHI REMAINS COMMITTED TO GROWING TOGETHER WITH CHILE

**Mitsubishi Corp.** has grown with Chile since the 1950s and seen its remarkable growth, as well as the country’s strength to overcome tough times.

Despite the current unrest in the country, the company is unwavering in its dedication to work with Chile through and through.

Mitsubishi’s activities in Chile began with trading. Several years passed since the Japanese giant ventured into mining through investments in three copper projects and an iron ore project in the country, which is now the company’s second-largest recipient of investment next to Australia.

**Mitsubishi Chile Ltda. President Tadashi Omatoi** has shared his plans to shift the company’s growth model because of the promising prospects presented by the Chilean economy.

“Our traditional model has been to export low-cost natural resources from Chile to Japan. Now, we are looking at Chile as a market as well,” he said.

With the development plans ready, Omatoi believes that Mitsubishi will continue to innovate because of its commitment to grow with the region and adapt accordingly.

“We consider Chile, though its market alone is not significant in size, as an entry point from where we can expand to other countries. We consider that it is easier to get a new business started in this country,” he said. ■



Mitsubishi Chile President Tadashi Omatoi



## A PARTNER FOR CHILE’S ECONOMIC DIVERSIFICATION



Universidad Austral de Chile’s campus in Puerto Montt

Head down to the southern tip of Chile and there is no denying that the region occupies a vital position in the country’s economy with its expansive aquaculture industry — mainly growers of salmon, shellfish and algae.

As Chile embraces diversification as its economic development strategy, universities are keeping up with developments and working more closely with local communities. Among those that have adjusted its mission is the **Universidad Austral de Chile**.

“Our main campus is in Valdivia in the Los Rios region. We have two sedes, or independent campuses, one in Coyhaique in the Aysen region and another in Puerto Montt in Los Lagos,” **Vice Rector Renato Westermeier**, who oversees the Puerto Montt campus, said.

Westermeier acknowledges that for local communities to grow, Chile must open up more to the world, whether in education or industry.

“For us in the south, Chile has a long trajectory in aquaculture and

Japan is one of our major markets,” he said.

And as Japan is a leading technology provider and innovator across industries, Westermeier points out that between the two sides, there are several opportunities to exchange ideas, share expertise and develop projects that will benefit local communities.

“As we are rich in resources, there is definitely space for collaboration. We invite the Japanese to work with us. We, at Universidad Austral de Chile want to be the springboard for Japanese companies and universities in developing Chile’s southern region,” Westermeier said. ■

→ [www.uach.cl/](http://www.uach.cl/)



## TRANSFORMING BUSINESS CLOSELY WITH A GLOBAL JAPANESE BRAND



With operations across Chile, Rhona has grown consistently thanks to its ties with Mitsubishi.

**Rhona** was formed in 1964 following the merger of two engineering companies — Neuweiler y Reitz Ltda. and Aspillaga y Hornauer y Cia Ltda.

With sales offices and warehouses in five cities in Chile (Antofagasta, Concepcion, Santiago, Vina del Mar and Puerto Montt), as well as in Lima and Buenos Aires, it has grown to become the largest maker of transformers in the country and among the biggest in South America.

Rhona, which also manufactures heavy mining and construction equipment and sells top quality electrical components, expanded its overseas ties when it began as a distributor of Mitsubishi Electric products 35 years ago.

“Many years ago, a Japanese floating exhibition in Valparaíso had a booth from Mitsubishi Electric. It was absolutely new and

not too well known, but we initiated a partnership with them,” recalled **General Manager Pablo Neuweiler**, who attributes much of his company’s success to the partnership with the Japanese giant.

Asked about how Rhona sustained this cooperation, Neuweiler said: “We strongly believe that a stable relationship is our best marketing strategy. We are very happy working with Mitsubishi Electric and are satisfied with the support they have provided.”

Because of its experience working with the Japanese, Rhona hopes to find opportunities in Japan.

“We encourage other Japanese companies to work with us. We are very comfortable working with them and are open to further expand in Japan,” he said. ■

→ [www.rhona.cl](http://www.rhona.cl)



## BUSINESS CLIMATE ACTION: ARAUCO ANNOUNCES CARBON NEUTRALITY BY 2020

The climate emergency and its consequences have taken the entire world to a point where diagnoses are no longer enough. Moving from words to action as countries, as citizens and businesses is imperative.

**Arauco** has embraced the challenges raised by global warming by driving an ambitious plan regarding climate matters.

Its agenda takes into consideration the significant contribution in capturing carbon dioxide through the sustainable management of plantations and the restoration and conservation of native forests. There is nothing in the world today better than trees to reduce excess carbon dioxide in the atmosphere, and that is why Arauco is not leaving them out.

In addition, the company contributed to the needed diversification of the energy matrix of

the countries where it maintains operations.

But Arauco is not complacent. The magnitude of the challenge has tested the capabilities of the company. It was inspired by Ethiopia, which was able to plant millions of trees in just 12 hours.

This level of ambition has led Arauco to set its next goal: to become the world’s first certified carbon neutral forestry company. It will also join the Science Based Targets, an initiative aimed at companies wanting to adhere to science-based emissions reduction to curb the planet’s rising temperature.

Business activities are usually known for setting ambitious objectives to achieve economic success. That same ambitious drive, in service of climate action, will allow Arauco to make a concrete and long-lasting contribution to the planet. ■

→ [www.arauco.cl](http://www.arauco.cl)

