



Virginia
Economic
Development
Partnership

Chile:

Government Procurement and Procedures

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1. Executive Summary

- Foreign individuals or companies can register and incorporate in Chile, before participating in the tendering process.
- Foreign companies can register to participate in the tendering process without incorporating in Chile. However, the cost is slightly higher than the cost to register as a local company. The cost itself is very low (approx US\$50).
- There are 4 procurement processes within Mercado Publico:
 - General tenders
 - Framework Agreement
 - Direct Purchases
 - Direct Bidding
- Within the Framework Agreement, there exist two subcategories:
 - Large Purchases
 - Agile Procurement
- In 2020, medical equipment and supplies are the products that are most sought after in terms of government tender. This includes medical technology such as big data, data integrators, telemedicine and medical equipments such as general medical transportation devices, X ray and CT scan machines. Medical cleaning equipment is also in demand.
- The Healthcare sector has the most tenders in value from Jan 2021 - Feb 2021, this is expected to continue as the pandemic persists.
- Total monetary amount of the tenders was the highest in 2020 with 8.9 trillion CLP (approx US\$12.5 billion).
- In terms of trends, it is expected that healthcare and public works will continue to garner interest. This is in line with the Covid-19 pandemic that requires medical supplies and equipment while the government aims to reactivate the economy with increased tenders for public works projects.
- Region Metropolitana is the region in Chile that receives the most tenders via the Framework Agreement tendering process. It receives more than 5 times its closest competitor - Valparaiso.

2. Recommendations

- It is recommended that companies keen on participating in the tendering process register on the Mercado Publico platform
- Read the tender document carefully and prepare a good economic offer for the tendering process
- Tenders require guarantees, but guarantees will be refunded should the entity not be selected. However, if the application form is submitted with various errors, the guarantee would be confiscated. This is to prevent entities from abusing the tendering system.
- Guarantees offered by US companies must be issued by a bank that has an office in Chile, such as Santander, Itau, Citibank, or many other international banks.
- By law, the payment process is listed as 30 days.
- Foreign companies can participate in the tender process, although it should be noted that **documents should be listed in Spanish**, and for any documents that are in another language, **it is recommended to have these translated to Spanish and to apostille such documents**.
- Before participating in a tender, it is important to check the following [link](#) to check which government entities had the most complaints for non-payments. It is advised to avoid such entities or to work with caution in these cases.
- Set alerts on your personal dashboard once registered with Mercado Publico and set up alerts, so as to be kept up to date with the latest tenders befitting of your industry
- It is recommended to focus on tenders for services and products, concessions are a bit more complicated.
- In the Mercado Publico website, there are various training programs to better understand specific segments of the system.
- It is recommended to include the Free Trade Agreement between Chile and the USA in the tender documents
- Every tender works differently, whether it is a military tender or one for the healthcare sector. It is recommended to work with an agent or local representative who understands or has experience with the tender process
- Participate only in the tenders for which you are prepared. Do not participate in bids that you will not be able to fulfil and focus on the ones that you will be good at.
- Build your proposal with the evaluation criteria in mind. All the criteria and their percentages are very well defined in each tender, so it is essential that you read and understand them perfectly.
- Send only the documents that are requested. All requested documents must be attached to your proposal and, if even one is missing, you will be out of the tender.
- All bidding has a stage for questions to the entity that is bidding. Take advantage of this opportunity to clarify all the doubts you have and look at the open answers that are made to other bidders. Don't forget to review the bidder's questions as well.
- Do not lose liquidity when securing the guarantees, especially if you are going to participate in several tenders at the same time. Almost all tenders ask for a guarantee of the seriousness of the offer. The most common instrument used for this is the bank guarantee slip. The problem with this is, in addition to the commission that you must pay to the bank, you must issue a voucher that retains that amount, sometimes for months.

3. Country Overview

The capital of Chile is Santiago de Chile, located in the region of Metropolitana de Santiago has a population of 6.5 million inhabitants, with Concepcion and Valparaiso being the other 2 big urban centers in the country with 949,000 and 934,000 inhabitants, respectively.

Country Overview	
Population	18.729 Million
Capital	Santiago
Area	756,950 km ²
GDP per capita	14, 650 USD (2020)
Major Language	Spanish
Major Religion	Christianity (68%)
Monetary Unit	Chilean Peso (CLP)
Main Exports	Copper Ore (\$16.6B), Refined Copper (\$14.9B), Fish Fillets (\$2.86B), Sulfate Chemical Woodpulp (\$2.67B) and Raw Copper (\$2.41B)

Main Imports	Mineral fuels including oil (US\$11.9B), Vehicles (\$9 B) Machinery including computers (\$8.4B), Electrical machinery & equipment (\$6.4B)
International Dialing Code	+56

Country Overview

Located on the Southwestern side of South America, Chile is widely considered one of the strongest economies in Latin America. Current data is proof of a solid business environment, with GDP growth and market fundamentals forecast to continue their stability in the coming years.

Economic Overview

According to the IMF, GDP grew 2.5% in 2019. According to the World Bank, the slowdown is due to a difficult external environment, adverse weather conditions, and delays in certain government reforms. In addition, according to Reuters, the protests and riots have generated billions in losses in the private sector and public infrastructure. However, Chile's economic recovery is based on high private consumption and investment, rising wages, low interest rates, private sector confidence, higher copper prices, increased mining production, and - to a lesser extent - increased wholesale trade and commercial services (World Bank). The IMF expects the economy to contract by 5.5% in 2021 and come back very strong in 2021 with 6.5% growth.

4. Chile – US Free Trade Agreement

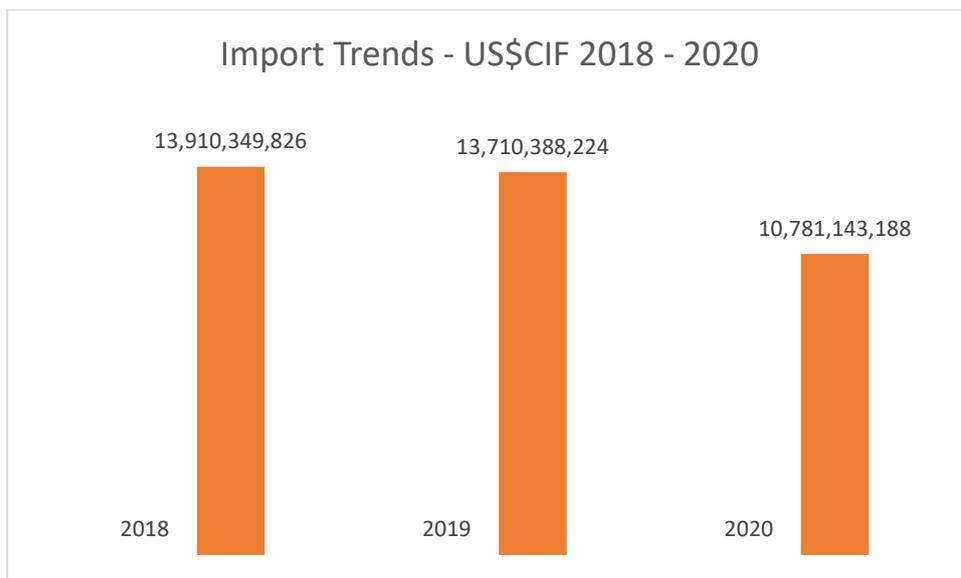
4.1 Overview

Open to global trade, Chile has signed 26 free trade agreements (FTA) that jointly cover 64 countries around the world. The US-Chile FTA officially began in 2004 and was fully implemented in 2015.

The United States-Chile Free Trade Agreement eliminates tariffs and opens the market to both countries, reduces barriers for trade in services, provides protection for intellectual property, ensures regulatory transparency, guarantees non-discrimination in the trade of digital products.

The Free Trade Agreement has since benefitted US export companies in the following sectors: agricultural and construction equipment, autos and auto parts, computers and other information technology products, medical equipment, and paper products.

4.2 Trade Numbers



From the graph above, in 2020, up to US\$ 10,781,143,188 of products from the US were imported into Chile. This was a 21.3% drop from the amount imported in 2019 whereby the total amount imported was US\$13,910,349,826 and in 2018, the total import numbers were similar to 2019 at US\$13,710,388,224.

A reason for the drop in 2020 is that this could be the Covid-19 pandemic which affected global trade worldwide.

The main products imported into the country in 2020 were mainly industrial related such as oil, LPG, and petroleum along with products for mining operations which is not a surprise given that this is one of the biggest industries in the country.

4.3 Opportunities and Challenges for US companies entering Chile

Opportunities	Challenges
US-Chile Trade Promotion Agreement grants free duty for all goods originating from the US	Chile has the most FTAs in the world which results in high competition
Perception that US products are high quality	Consumers in Chile are price sensitive
The US is a main supplier of parts for various sectors such as mining, agriculture, industrial and more	

One advantage for US exporters is that Chile has a bilateral free trade agreement with the US. This entered into force in January 2004 and eliminated tariffs and removed barriers to trade between the two countries. Total trade between the US and Chile has risen from just over USD 5 billion in 2005 to USD 15.7 billion in 2019.

Another advantage is that U.S. companies are generally respected for the high quality of their products and services and recognized for their innovation. Regarding electronic products such as connectors and cables, Chile is expanding its installed capacity to meet demand efficiently. As such, the country is reaching out for technology and capital to increase supply.

According to Export.gov, leading opportunities for U.S. exports in Chile include energy (particularly renewables), healthcare, safety and security, environmental technologies (including waste management, recycling, and air quality monitoring), agricultural equipment, high-value food products, telecommunications, mining, oil and gas, automotive parts, and construction. This coincides with our findings of companies who design and manufacture their own products in Chile, particularly environmental technologies, agricultural equipment, and construction.

Chile has limited capacity for manufacturing so relies heavily on imports, which is an advantage for companies from the United States.

4.4 Considerations for exporters

There are a few things exporters should consider before deciding to enter Chile to increase their chance of success in the market.

Firstly, to succeed in the Chilean market, US firms should offer competitive pricing. Offering competitive pricing, coupled with U.S. companies being generally respected for the high quality of

their products and services, will enable them to compete well in the market. Modern technology with strong post-sale technical and parts support is also well received.

U.S. manufacturers should maintain close contact with end-users and provide training and demonstrations so that end-users can properly familiarize themselves with the equipment and assess the potential for each product.

Chilean businesspeople tend to be far more conservative and cautious than the average US businessperson. Therefore, in Chile, having a cordial relationship with the potential importer and partner is critical. When possible, following on from the Covid-19 Pandemic, personal visits to the country are highly recommended. The US exporter should know its local partner well before signing contractual agreements. US firms are encouraged to take advantage of trade missions to Chile to test the local market or promote new products. It is suggested that US companies may find it useful to have a local legal representative to successfully navigate Chile's business practices and bureaucracy.

Exporters should also review Chile's labeling requirements, business practices, and trade-related laws and tariffs. They must ensure that all marketing materials and product information are provided in Spanish and measurements are documented in the metric system for local partners and importers.

5. General Procurement Process

5.1 Overview

ChileCompra is the government entity responsible for all government tenders. Within ChileCompra are the platforms such as the Framework Agreement (Convenio Marco), Agile Procurement, Large Purchase, Private bidding, and Direct Deal.

Through the ChileCompra's various platforms, companies could bid for the tenders that are put out by the various public organizations in the country, that includes the ministries, hospitals, municipalities, armed forces and 850 other public organizations who utilizes this platform to purchase perishable and non-perishable food, stationery, and computers, to hotel services, medical treatments, and transportation, among others.

Within ChileCompra, there are more than 114 thousand suppliers with transactions reaching up to US\$13 billion dollars a year, which is equivalent to 19% of the National Budget. In 2020, transactions reached up to US\$ 22 million. Of the total suppliers within ChileCompra, only 300 are classified as foreign entities without an office in Chile, although it should be noted that most foreign entities have a registered office in Chile (and thus, classified as local).

In general, the State purchases using four procedures:

- 1- The virtual store of [Framework Agreements](#) (Convenio Marco), an electronic catalogue that contains the products and services most demanded by the State. It is the first option that public organizations review and is the result of a tender carried out by the ChileCompra Directorate. Catered more towards products that are common and can be standardized (eg. computers, food). Agile Procurement and Large purchases fall within this category as well.
- 2- [Public Tender](#), an open call through www.mercadopublico.cl in case the product or service is not found in the Marco Agreements store.
- 3- Private Bidding in which a specific call is made to companies or individuals to participate, between at least three suppliers.
- 4- In exceptional contracting procedures, the Direct Deal has specific causes established in the Public Procurement regulations to select a supplier without a call for bids. In this case, a well-founded administrative act is required to approve its provenance and, in most cases, three contributions.

To participate in these processes, you must be registered in the Mercado Publico (Public Market) platform. All of the documents in the platform are only in Spanish.

Please find below a detailed walk through on the procurement process.

5.2 Registration

Any natural and legal persons can register on the Mercado Publico platform and participate in the tenders available on www.mercadopublico.cl.

There are two methods to register which are listed below. The difference being that Option 2 has to be a company, while Option 1 could be an individual as well.

1. Local or foreign individuals and companies

Both local or foreign individuals and companies can register on the platform. Should a foreign company or individual wish to incorporate in Chile and participate in Mercado Libre, please check the steps detailed below on section 3.2.1

2. Foreign companies

If a foreign company does not wish to incorporate in Chile but wants to participate in the tendering process, they can do so. Please check the steps detailed below in Section 3.2.2. It should be noted that there is a cost involved in registering as a state provider. For foreign companies, the cost is 50,024 CLP (approx US\$ 70) per year while the cost for registering as a local entity is 20,024 CLP - 50, 024 CLP (approx US\$27 - US\$70) depending on the size of the company. For more information, please visit the website [here](#).

5.2.1 Foreign companies or individuals registering through the local process on Mercado Publico

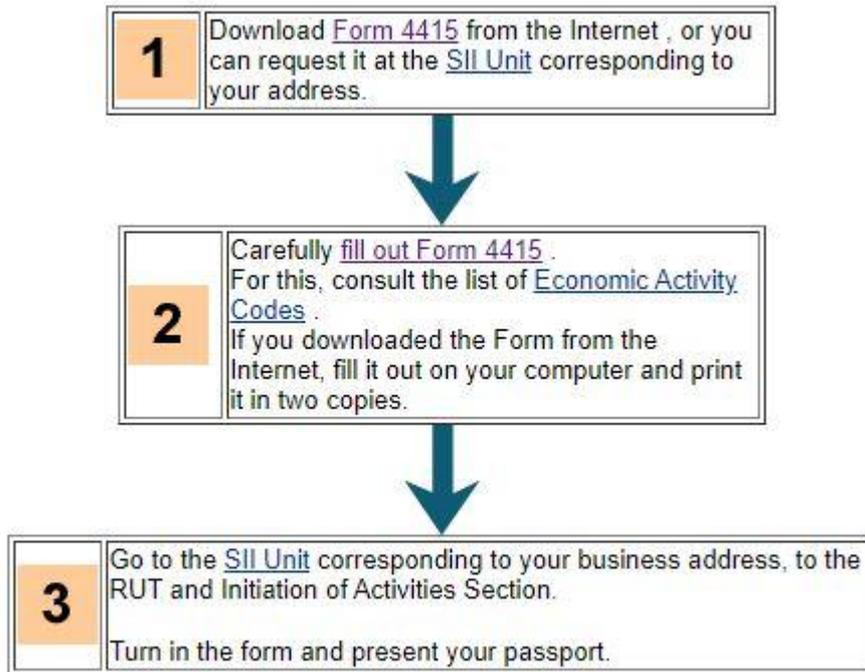
A. *Registered Tax Entity in Chile*

The company or individual has to be incorporated in Chile and registered under Servicios de Impuestos Interno (Internal Tax Service) or SII which is Chile's Tax Authority first to have access to Mercado Public. To be registered under SII, it is required to have a RUT number.

1. RUT or personal identification number: Residents in Chile all have a personal identification number.

However, foreigners can attain a temporary RUT number to open a business account. This process would have to be done on site at a SII office. Foreigners who attend the Units must identify themselves with their passport, identity card from the country of origin or identity card obtained in Chile (if they already have it).

Below is a detailed walk through on how to attain a temporary RUT number as a foreigner



Click here for the links to the various forms

- [Form 4415](#)
- [List of SII Offices to submit the form](#)
- [Economic Activity Codes](#)

2. Once you have completed the process above, you will attain a password and username (RUT number) to access SII services online. You are now registered under Chilean tax services.

B. Starting of Activities (Inicio de Actividades)

Once registered as a tax entity in Chile, you can proceed on to the following steps to register the company:

1. Click on the registration link [here](#)
2. Enter the username (RUT number) and password from the SII site
3. Include the date of when the company or your personal operations will begin, area of business that the company will be involved in, office address and other information
**SII might request for additional information such as documents that accredit the activity that your work will be involved in*
4. Once finalized, you will receive a certificate called 'certificado de inicio de actividades' or certificate for the start of activities.

5.2.2 Registering as a foreign company on Mercado Publico

1. Click on the registration link [here](#)
2. Fill in your company's location or head office
3. On the next page, you will have a search option to check if your company had previously been registered as a provider. If your company is not registered on the platform, scroll to the bottom and click 'Aqui'. Image below for guidance

Registro de Proveedores Extranjeros

1 2 3 4 5

Ingresa datos de tu empresa

Busqueda de empresa
(Company Search)

Buscar Borrar

Nombre Empresa / Company Name
1

Si no encontró su empresa por favor haga clic aquí
(If you didn't find your company please click here)

Aquí

4. You will then be guided to fill in the necessary details of your company such as Company Name, Sector, Contact Details and more.
5. Once completed, you will be asked to include your passport number and to create a password to get access to the platform
6. You are now ready to participate in the tendering processes

6. Tendering Process

To participate in the tendering process, the company can either bid for [general tenders](#) , [framework agreement store](#) (Convenio Marco), private bidding, or direct purchases. We will illustrate the difference between the categories below.

In general, general tenders are focused more on large-scale projects such as public works, military, services and such.

The framework agreement (Convenio Marco) store is focused more on household items such as food items. Private entities can list their products and public entities can purchase and bid. It should be noted that the items within Convenio Marco should be classified and standardized (eg. pens, computers and food rather than consultation services which varies)

Within the framework agreement (Convenio Marco), there are both large purchases and agile procurement with different limits on spending. Agile procurement has a limit of approx US\$2100 which has less bureaucratic hurdles (eg. without the need for a guarantee), while large purchases go from US\$ 71,000 onwards.

Private bidding and direct purchases are subjected to exceptional circumstances. Typically, companies would have to be an established provider to bid for such projects.

The details of the process and details on general tenders, framework agreements (Convenio Marco), private bidding and direct purchases can be found below while a summary of the flowchart can be found at the end of the report.

1. General Tenders

As discussed, General Tenders are focused more on large scale projects such as public works, military and more. Guarantees would need to be submitted for this. Please find below the process required for general tenders.

- With the search bar, fill in the type of activities that your company is interested in (eg. Cameras, Mining etc) and the relevant search phrases would appear. An example below on surveillance equipment or personnel.

Bid ID: 2655-1-LE21

YOU Published and available for bid

SURVEILLANCE SERVICE FOR BRANCH PTE ALTO DRM.

SURVEILLANCE AND SECURITY SERVICE FOR THE BRANCH OF THE COMMUNITY OF PUENTE ALTO, LOCATED IN CALLE SANTO DOMINGO N° 481-B, OF THE INSTITUTE OF LABOR SECURITY, DRM

Amount available	Publication date	Deadline
\$12,000,000	03/31/2021	04/16/2021 (In 10 days)

INSTITUTE OF LABOR SAFETY INSTITUTE OF LABOR SAFETY	Amount of purchases made *	Number of claims for untimely payment *
	499	two

* Based on all purchases made in the last 12 months

As above, you will be able to receive a summary of the tender such as the total amount for the tender (this will be in Chilean currency), publication date, deadline for submission, the institute responsible and amount of purchases made in the last 12 months, along with complains on untimely payments towards the specific entity.

- Click on the title to attain more information on the tender which will bring you to the following. Click on the Download button on the right-hand side to attain more details on the bidding process

Bid ID: 2655-1-LE21

SURVEILLANCE SERVICE FOR BRANCH PTE ALTO DRM.

Responsible for this tender: INSTITUTO DE SEGURIDAD LABORAL, ISL Metropolitan Region

Closing Date: 04-16-2021 15:00:00

Claims received for breaching payment deadline: 2

This number indicates the claims received by this institution from the last **12 months until yesterday**. Remember to interpret this information considering the number of bids and purchase orders that this institution generates in the Public Market.

 There are **11** days left for this tender to close.



 Ofertar

Download file 

 Dejar un reclamo sobre esta licitación

- If interested, click on the 'Oferta' logo with the thumbs up sign to participate in the tendering process
- You will be asked for your login credentials (listed above on the registration process).
- You can then participate in the tendering process

2. Framework Agreement

Framework Agreement is a method of purchasing goods and services through an electronic catalog or virtual store and are the first purchase option for public bodies. It is the largest electronic catalog in Chile whereby small, medium and large suppliers can sell their products and services to the State permanently for a set period. There are more than 100,000 goods for sale and participating companies can list their products on this platform.

As mentioned above, there are two sectors within the framework agreement (Convenio Marco): large purchases and agile procurement. This will be discussed further below.

How does the framework agreement (Convenio Marco) work

Each framework agreement (Convenio Marco) is associated with one or more categories or industries and is included in the catalog through a public tender carried out by the ChileCompra Directorate. The suppliers that are awarded become part of the ChileCompra Express electronic catalog, being able to offer their products in this electronic store.

Each public entity must check if the product or service that it wishes to acquire is in the store, before calling for a public or private tender or making a direct deal.

The ChileCompra Directorate publishes calls for bids for the Framework Agreements. Companies from small to large and across all regions of the country are able to participate. Previously, companies have a 6 year commitment period but this has been reduced to 1-2 years, to allow new providers in.

Process to participate in the framework agreement bidding process

To participate, the company or individual must be registered in Mercado Publico (steps listed in the above section). After, the company or individual will need to

1. Stay informed of new calls for bids
2. Should there be a bid of interest, indicate your interest in the bid and complete a series of administrative, technical, and financial documents specific to your industry or sector. All must be completed according to the instructions described and can be found in the bid materials.
3. Send general identification and validity documentation, such as photocopies of identity cards and certificates of incorporation and validity of companies.
4. List the products that you are selling along with contact information

- Comply with the requested guarantees. It is common that the Framework Agreement bids do not ask for guarantees of the seriousness of the offer, but the guarantee of faithful fulfilment of the contract will be required. The amount they define will depend on the tender.

Once approved and the tender is awarded, the company will then be listed in the following manner, showcasing the name of the company, ability to deliver to which regions in Chile, dispatch conditions, and price for the product.

	Name	Coverage and conditions	Dispatch conditions	Price per purchase (Does not include dispatch)
<input type="checkbox"/>	ACIMA GLOBAL Until 06-04-2021	(XV, I, II, III, IV, V, RM, VI, VII, XVI, VIII, IX, XIV, X, XI, XII) See conditions	Surcharge for dispatch: 0% Business days (Maximum): two	5 % +350 \$ 139 See discounts
<input type="checkbox"/>	STK LIMITED Until 05-04-2021	(IV, V, RM, VI, VII, XVI, VIII, XIV, X) See conditions	Surcharge for dispatch: 0 to 10% Business days (Maximum): 3 to 5	two % +400 \$ 139 See discounts
<input type="checkbox"/>	SOCIETY SOLUCIONES INTEGRATES SPA Until 05-04-2021	(XV, I, II, III, IV, V, RM, VI, VII, XVI, VIII, IX, XIV, X) See conditions	Surcharge for dispatch: 0 to 10% Business days (Maximum): 3 to 5	4 % +312 \$ 139 See discounts

Within the framework agreement, there are two types of purchases - big purchases and agile purchases.

1. Large Purchases

Large purchases are goods or services whose total amount is equal to or greater than 1,000 UTM or approx 51.5 million CLP (US\$ 71,000).¹

Through the application of Large Purchases in the ChileCompra Express electronic store, buyers can make a call to all suppliers. Guarantees would need to be submitted for this.

The Large Purchase seeks to increase savings and efficiency in procurement by public agencies. To do so, the buyer must carry out 5 steps:

- Select the products or services that are required
- Add description or purchase detail to the procurement offer
- Select suppliers (only from current Framework Agreements)
- Send an invitation to participate, indicating the participation period and specific conditions that suppliers who wish to send their proposals must comply with, in accordance with the respective bidding conditions.

¹ <https://www.mercadopublico.cl/Home/Contenidos/QueEsGC>

- Finally evaluate the offers received and award the winning company or individual the project

For the suppliers, they would need to

- Review the tenders which they were invited to
- If the tender is of interest, to respond accordingly with the required documentations and information
- Wait for an answer on the result of the bid

2. Agile Procurement

The Agile Procurement is a new procurement arrangement through which public bodies can expedite the purchase of goods and / or services should the total sum be equal to or less than 30 UTM or approx 1.5 million CLP (approx US\$2100)². It should be noted that an Agile Purchase corresponds to that of the month in which the purchase order is issued (the total amount must consider all costs, such as: taxes, freight). Agile purchase does not require a guarantee, as opposed to the other methods listed above.

This tool will allow suppliers to access new business opportunities, make it easier for public bodies to manage the acquisitions of smaller amounts and provide greater transparency and competitiveness to these processes.

Given that this new tool is currently available, information and guidelines are provided by the government website - [ChileCompra](#).

Details of Agile Procurement

- Tender is put up with a value equal to or less than 30 UTM or approx 1.5 million CLP (approx US\$2100).
- The buyer will require at least 3 quotations through the Mercado Publico platform
- In Agile Procurement, given the amounts involved, the signing of a contract with the supplier whose quote has been selected will not be required. The contractual link between the purchasing entity and the supplier will be understood to be perfected through the acceptance of the respective purchase order, through the Information System.
- Payments for goods or services contracted by Agile Procurement must be made after receipt of the product, and or within 30 calendar days after receipt of the invoice. Exception - in the case of contracts concluded by electronic means, the Entities may pay in advance upon receipt, maintaining their right of withdrawal, as well as the rights and duties of the consumer
- However entities may pay in advance upon receipt, maintaining their right of withdrawal, as well as the rights and duties of the consumer

² <https://www.chilecompra.cl/compraagil/>

Process for Agile Procurement

1. Any provider registered in www.mercadopublico.cl can participate by sending your quotes through the Agile Purchase platform. As in any purchase process.
2. Review the bids and participate in a new module on the provider desk at www.mercadopublico.cl
3. Review online the quotation requests generated by public services from anywhere in the country.
4. Send your quotes in
5. From the quotes received, the agency will choose the most advantageous in price or conditions of sale, immediately generating the purchase order, without any additional procedure.
6. When a business is concluded, the supplier must comply with the basic conditions, that is: not have any legal inability to contract with the State.
7. The ability of the provider can be demonstrated by its status in the Provider Registry or by making an affidavit available on the platform.

3. Private Bidding

In private biddings, the responsible agency will issue a call to participate to specific companies or people, establishing at the invitation a minimum of three suppliers of the sector.

Once the deadline for submitting the offer is over, the process is awarded to whoever gave the best conditions.

Once the term is over, the envelopes are publicly opened and the adjudication of the process is granted to who or those who offered better conditions.

4. Direct Purchase

This occurs only for exceptional circumstances where a single supplier is contracted after a founded resolution or mayoral decree. A minimum of three quotes will be required with contracts equal to or less than 10 UTM, or 514,000 CLP (approx US\$ 720).

Such action usually occurs when the situation is considered an emergency or subjected to unforeseen circumstances. If there is only one supplier of the good or service that is available or if no bidders were presented in the public and private bidding, among others.

6.4 Government Agencies

Mercado Publico is the online platform responsible for the tendering process for all government agencies and entities.

The government agencies and entities are categorized as such:

1. Armed Forces - including the Police, Military, Navy and Airforce
2. Healthcare - public hospitals

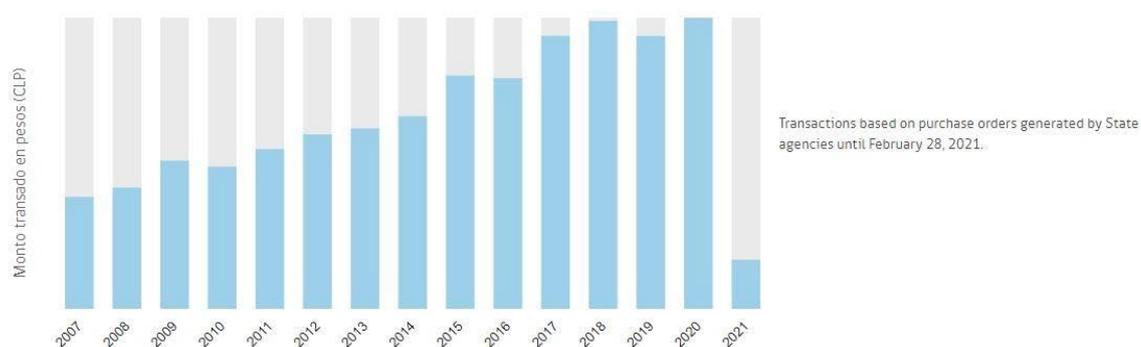
3. Municipalities - for all the different communes and regions in Chile
4. Government agencies and universities - including public universities and other government institutions
5. Legislative and Judicial - legal government entities
6. Others - any others that does not fall into any of the categories above
7. Public Works - public works and construction

Please refer to section 7 below on government spending and trends.

7. Government spending

In 2020 alone, up to 911 government organizations corresponding to 6 different sectors (Armed Forces, Healthcare, Municipalities, Universities, Public Works, Legislative and Judicial and Others) have generated approximately 1,621,658 purchases with a value of 8.9 trillion CLP (approx US\$12.5 billion).

Amounts traded per year



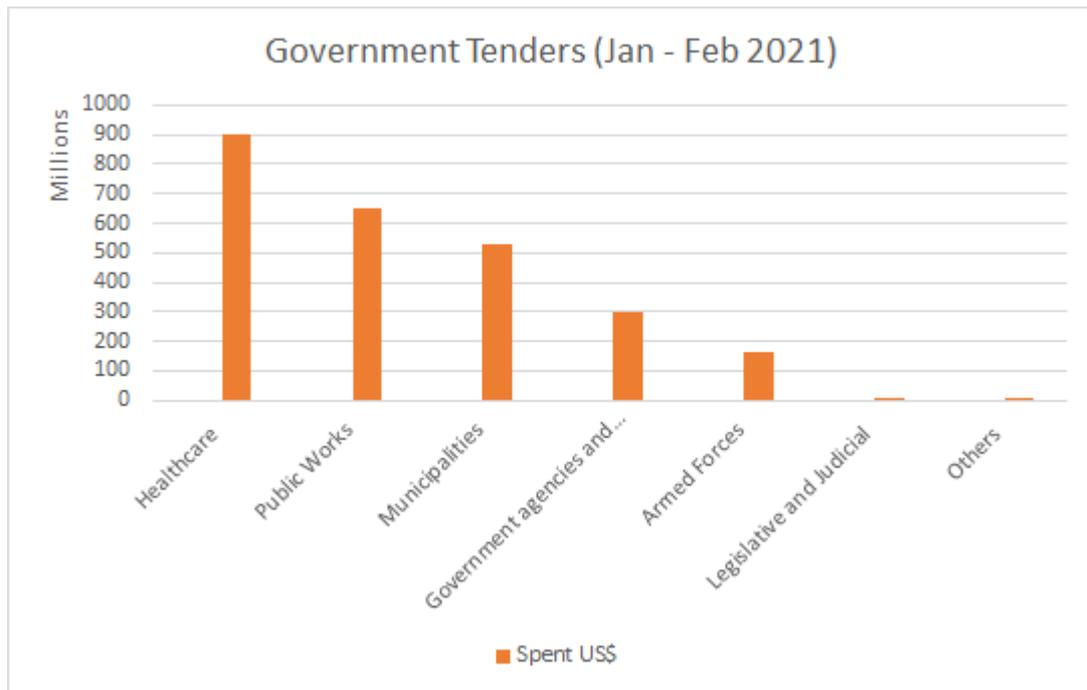
As illustrated from the table above, the amounts that have been purchased by government agencies from 2007 to 2020 has increased considerably. Tender values have been on the rise, reaching its highest value in 2020.

For instance, in 2018 tenders with a value of up to 8.3 trillion CLP (approx US\$11.7 billion) were offered, with over 2,382,419 tenders issued. In 2019, the number dropped to 8.12 trillion CLP (approx US\$11.3 billion) with 2,276,100 tenders issued. But from 2020, the number rose again to 8.9 trillion CLP (approx US\$12.5 billion) with 1,621,658 tenders issued.

Interestingly, the number of value amounts of tenders issued in 2020 is the highest between 2018 - 2020, but yet the amount of tenders issued was the least. As such, it can be concluded that the value amount of the tenders for 2020 were significantly higher than the previous 2 years.

7.1 Current Trends

As only the latest data from 2021 is available, the sector that has currently spent the most between Jan 2021 - Feb 2021 is the healthcare sector with up to 646 billion CLP (approx US\$901 million), followed by Public Works of 465 billion CLP (approx US\$ 649 million) and the Municipalities at 380 billion CLP (approx US\$530 million).



Sector	Spent (CLP)	Spent US\$
Healthcare	CLP 646,733,920,938.00	US\$ 901,999,889.73
Public Works	CLP 465,991,785,436.00	US\$ 649,918,808.14
Municipalities	CLP 380,221,379,893.00	US\$ 530,294,811.57
Government agencies and universities	CLP 213,694,177,361.00	US\$ 298,039,298.97
Armed Forces	CLP 118,348,266,814.00	US\$ 165,060,344.23
Legislative and Judicial	CLP 3,719,201,170.00	US\$ 5,187,170.39
Others	CLP 2,500,132,861.00	US\$ 3,486,935.65

Healthcare

It can be deduced that the focus for the government for the start of 2021 is on healthcare, public works and public spending for the municipalities. This is due to the Covid-19 pandemic which has resulted in a strong focus on the healthcare and public sector.

Since the pandemic started, tenders for the health sector have been increasing in value and focus. For instance, in 2018 there was only one big tender of 250 billion CLP (approx US\$410 million) for construction materials listed by the Servicio de Salud Metropolitana. In 2019, there was also only one significant tender by the Servicio de Salud Metropolitana for construction materials valued at 294 billion CLP (approx US\$348 million).

However from 2020 onwards, there were over 5 significant tenders by various agencies along with many others by FONASA and CENABAST specifically on medications and diagnostic equipments such as Insulin (108 billion CLP, approx US\$150 million), Ritonavir (142 billion CLP, US\$ 198 million), Enzimas (134 billion CLP, US\$ 186 million), Trastuzumab (127 billion CLP, approx US\$177 million) and diagnostic equipments (192 billion CLP, approx US\$267 million).³

As such, there has been a strong move away from construction materials to medical supplies and equipment in 2020.

Public Works

In January of 2021, the government announced one of its largest calls for tenders which will result in a grand total of US\$ 2.9 billion to re-activate the economy.

For instance, the Ministry of Public Works has listed 463 tenders in all regions of the country worth a total of US \$ 851 million. The tenders include: roads, bridges, institutional buildings, channel management works, irrigation systems, Rural Drinking Water (APR) systems, airports, coastal edges, docks, among others⁴.

One of its most notable projects is the Santiago Metro system. After a year of reconstruction works suffered by the destruction of the 2019 protest in Chile, Metro de Santiago operator is now focused on its future plans to expand the network of the Chilean capital from 2021 onwards. This will include tenders for the Lines 2, 6 and 7⁵:

- Line 2: Line 2 is currently undergoing a US \$ 409mn extension that will take it to the capital's El Bosque and San Bernardo municipalities. The works are 54% complete and the tenders are for the construction of future metro stations.

³ <https://datosabiertos.chilecompra.cl/>

⁴ <https://www.bnamericas.com/es/noticias/chile-acumula-us2900mn-en-licitaciones-en-plan-de-recuperacion>

⁵ <https://www.bnamericas.com/es/reportajes/metro-de-santiago-cierra-ano-con-licitaciones-de-expansion-en-marcha>

- Line 6: An engineering study for the extension of Line 6 that aims to add 3km to the existing 15.3km line, which opened in 2017, in order to connect the service with the upcoming Melipilla-Santiago railway line.
- Line 7: Tender for two contracts worth a value of US \$ 2.5 billion which includes the provision of geomechanical deformation monitoring services and the provision and maintenance of rolling stock and communication-based train control systems (CBTC) for the line. It was indicated that the 25.8km line would initially have 37 trains.

Municipalities

The Ministry of Housing has listed 25 tenders (9 urban and 16 residential) with an investment of \$ 290 billion. The bids include: construction of urban parks, Improvement of public spaces, Participatory pavements, Conservation of urban parks, Housing Program, Solidarity Funds and more to aid the municipalities in Chile.

One of its most notable projects for 2021 is the Condominio Madeco Mademsa housing project that will have up to 294 housing units available in the San Joaquin Commune.

8. Future trends

8.1. Sectors of interest

1. Healthcare

From the data presented in the prior section, it is expected that healthcare and public works will continue to be on the rise. This is due to the pandemic where healthcare services will be heavily dependent on. Based on the tenders issued in the healthcare sector in 2020, it is expected that medications and diagnostic equipment will continue to be in demand.

Specific healthcare opportunities in Chile would include the following:

- Big Data – Technology that integrates and encourages the sharing of data within the medical field. This includes telemedicine applications, software companies that integrate databases in the medical field and more. Due to the pandemic, there has been an increased focus on technology to help improve the medical infrastructure in both private and public hospitals. For instance, in Chile there has been a push to interoperability initiatives such as the development of the Shared Medical Record project, which aims to generate a unique documentary record of clinical encounters in order to configure the health history of a patient at the national level.
- Medical equipment – Due to the pandemic, there has been an increase in demand for medical equipment's such as ventilators, syringes to administer the vaccines and transport equipment to help move patients from one hospital to other.
- Medical cleaning equipment – The demand for alcohol, sanitizers and medical cleaning equipment has increased due to the pandemic.
- X Ray and CT scan machines - Over the last 3 months, there has been an increased in tenders for radiology equipment as well for CT scans, X Rays and more. For instance, the [health authorities in Iquique](#) has requested for diagnostic imaging equipment for a tender of up to 51 million CLP (Approx US\$80,000).

2. Public Works

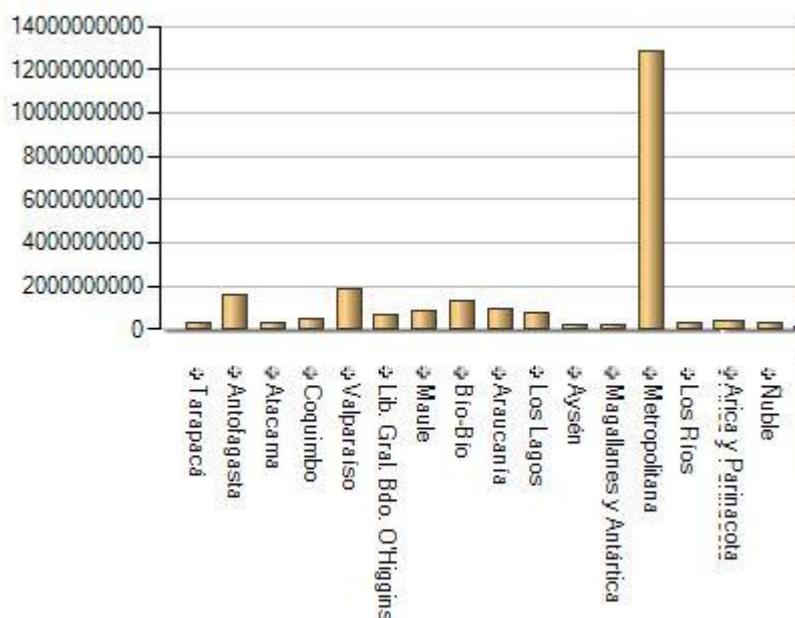
Public works is also expected to increase to help reactivate the economy. This is in line with the government's 'Plan Paso a Paso, Chile Se Recupera [Step by Step, Chile will recover plan]' that aims to invest up to US\$ 5.2 billion into public works to help generate jobs in 2021.

Since the plan was launched in 2020, up to 37,000 jobs were created with projects covering areas such as flood prevention, housing and more.⁶

For instance, in March 2021, the Chile's Ministry of Public Works (MOP) launched a tender for a public-private partnership (PPP) for the La Serena hospital, which is part of the government's US \$ 2.5 billion program to build 19 hospitals under the model. The project, valued US \$ 246mn, involves the construction of a 121,000m² complex in the capital of the Coquimbo Region, in the north-central region of the country.⁷

8.2 Regions of Interest

In terms of the regions that receives and issues the most tenders in the country, Region Metropolitana (which includes the capital Santiago de Chile) has received the most procurements under the Framework Agreement tendering process in 2020 as seen from the graph below.



This is followed by Valparaíso and Antofagasta. It should be noted that the Metropolitana region receives up to 5 times more tenders than Valparaíso and Antofagasta.

⁶ <https://www.biobiochile.cl/noticias/nacional/region-metropolitana/2021/03/09/mas-de-37-mil-empleos-directos-en-construccion-de-155-obras-publicas-anuncia-el-gobierno.shtml>

⁷ <https://www.bnamericas.com/es/noticias/panorama-de-licitaciones-y-obras-hospitalarias-en-sudamerica>

As such, it is expected that this trend will continue in the future where most of the attention will be focused on the Metropolitana region.

8.3 Providers

From data made available by ChileCompra, the top 10 providers that had the most transactions done on the Mercado Publico platform are as follows:

No	Company	Website	Company Size	Sector
1	LAN AIRLINES S.A.	http://www.latamairlines.com	Big	Aviation
2	COMERCIAL KENDALL	https://www.kendalchile.cl/	Big	Industrial
3	B.BRAUN MEDICAL SPA	https://www.bbraun.com/	Big	Medical
4	JOHNSON & JOHNSON	https://www.jnj.com/	Big	Medical
5	FRESENIUS KABI	https://www.fresenius-kabi.com/cl/	Medium	Medical
6	CENCOMEX S.A	https://www.cencomex.cl/	Big	Medical
7	PRISA S A	https://prisa.cl/home/	Big	Household Items
8	LABORATORIO SANDERSON S.A	https://www.bionity.com	Big	Medical
9	TECNICA S.A.	http://www.tecnica.cl/	Medium	Medical
1	NIPRO MEDICAL CORPORATION	https://nipro.com/	Big	Medical

From the list above, it can be deduced that the most common products sold to the Chilean government is in the medical sector. This could have been also due to the Covid-19 pandemic which has resulted in more medical supplies being required, testing equipment for PCR test and services of flights to transport the vaccines to the country.

It should also be noted that a majority of these companies are large multinationals with only two mid sized companies in the top 10.

As such, we can predict that in the future, these companies will continue to be within the top providers for the government. This also further validates the fact that the medical and healthcare sector will be a sector of interest for 2021.

9. Custom Agents and Freight Forwarders

The following is a list of Chilean freight forwarders/customs brokers. This list is for information purposes only – it is not a recommendation of or referral to any of the listed service providers.

However should it be necessary, please feel free to contact these contacts for their services.

Freight forwarders/customs brokers:

1. Company Name: Browne Agencia de Aduanas

Services: customs clearance, approval for FTA imported goods, non-commercial exports, freight advising, cargo insurance contracts

Website: <https://www.browne.cl/v3/en/>

Contact Person: Sergio Cabezas

Email: scabezas@browne.cl

Telephone: +56 2 2637 093 | +56 9 9918 9848

Language: English, Spanish

2. Company Name: Felipe Serrano Agentes de Aduanas

Services: customs legal advice, import documents, product/transport insurance, logistics (ex: transportation services)

Website: <https://www.fss.cl/en/index.php>

Contact Person: Pablo Urresti

Email: purresti@fss.cl

Telephone: + 56 9 9630 0091

Language: English, Spanish

3. Company Name: EuroTrans Chile

Services: cargo services, customs brokerage, import supervision, supplier verification

Website: <http://www.eurotranschile.cl/en/home/>

Email: contacto@eurotranschile.cl

Telephone: +56 2 22 2237793 || +56 2 22 2238136

Language: English, Spanish

4. Company Name: DB Group Chile

Services: supply chain management (freight forwarding), customs brokerage, customs value consulting, consignment stock

Website: <https://www.dbgroup.net/en/chile>

Contact Person: Antonio Grazioli

Email: antonio.grazioli@dbgroup.net

Telephone: +56 23 2445980

Language: English, Spanish

10. Consultants and Government Agencies

The following is a list of consultants and government agencies whom we have interviewed to attain materials for this report.

1. Company Name: Almagro Consultores

Services: Consultancy Services on Tenders

Website: <https://www.dbgroup.net/en/chile>

Contact Person: Antonio Grazioli

Email: santiagocole@gmail.com

Telephone: +59 8687 9300

Language: Spanish

2. Company Name: ChileCompra

Services: Government Entity overseeing the tendering system

Website: <https://www.chilecompra.cl/>

Contact Person: Tania Perich

Email: Communications have to be done via [Ley de Lobby](#)

Telephone: N/A

Language: Spanish

11. Considerations

In Chile, the tender process is very transparent. Individuals can approach ChileCompra to find which entities participated in a tender and various other details on the bids. Chile's procurement process is very transparent and you can request for details through the [Portal de Transparencia](#) (Transparency Portal).

Due diligence

Before applying for a tender, it is recommended to conduct prior research on the entities for the tender process.

The steps below illustrates the process

1. Go to Mercado Publico (<https://www.mercadopublico.cl/Home>)
2. Under the search box, look up the entity for the tender (eg. Municipality of Las Condes)
3. Open the first tender and look under the area highlighted below in blue

Licitación ID: 2345-49-LE21

CONTRATACION DEL SERVICIO DE CONSULTA VETERINARIA A DOMICILIO

Responsable de esta licitación: I MUNICIPALIDAD DE LAS CONDES, IMUNI_LAS CONDES
DEPTO. ADMINISTRACION

Fecha de Cierre: 26-04-2021 17:00:00

Reclamos recibidos por incumplir plazo de pago: 6

Este número indica los reclamos recibidos por esta institución desde los últimos **12 meses hasta el día de ayer**. Recuerde interpretar esta información considerando la cantidad de licitaciones y órdenes de compra que esta institución genera en el Mercado Público.



Publicada



Faltan 7 días para que cierre esta licitación.



Oferta

Descargar



api



4. Under the area highlighted in blue, it states the number of complaints that this entity has received in a year for not complying with its contractual duties. In this case, the Municipality of Las Condes has received 6 complaints over the year.

It should be noted that certain entities tend to receive more complaints as compared to others. As such, it is recommended to conduct prior checks before applying for a tender with the associated entity.

For instance 57% of complaints are concentrated in the decentralized administration of the State, that is, lawsuits against Municipalities (38%), Autonomous Services with legal personality and their own assets (19%) and Health Services (17%)

14% are concentrated in the institutions that make up the Central Government (Municipalities, Governments, Seremis and Ministries), excluding the Ministry of Health and the Ministry of Public Works for methodological reasons.

As for the remaining 12% of complaints, they are distributed between the Ministry of Public Works and its different Directorates (5%), Armed Forces and Police (5%) and Other institutions such as State Universities (2%).

Guarantees

It should be noted that a note of guarantee will be required from all providers with the exception of agile procurement. The guarantee has to be emitted from a bank in Chile, as such it is recommended to work with international banks with branches in the US and Chile, such as Citibank, HSBC and more.

Spanish

All documentations have to be submitted in Spanish. As such, any tender information in English would have to be translated and notarized before submission. It is recommended to work with a Spanish speaker or a partner/agent in Chile on this process. Should the document be translated, it is advisable to look through it again to make sure no errors are being made as this is a common issue with foreign suppliers where the wrong wording or information was included due to a translation error.

Payment and Delivery Terms

On paper, the payment and delivery terms are listed as 30 days, but this could change depending on the tender.

Others

- Depending on the tenders, some might require the company to have a registered office in Chile
- [A new law](#) is currently being discussed that might affect the tendering process. However, the law is currently in discussion - during our meeting with Tania, the Director for Chilecompra, she mentioned that this would mainly affect local companies and not foreign entities.
- For tenders with the Ministry of Public Works, entities might have to be registered with the Ministry. For more information, please check this link [here](#)
- To stay up to date on the tenders and notifications, please continue to use the personal dashboard available to you on Mercado Publico and select alerts depending on your area of interest.

Chile Tendering Process Flowchart

Register the company on SII

- Go to [SII](#) to register as a foreign entity



Register the company on Mercado Publico

- Go to [Mercado Publico](#) to register the company

1. General Tenders

- Background: Mainly catered towards large scale projects like infrastructure and more
- Companies can either sell their services or products
- Go [here](#) to access general tenders

2.1 Framework Agreement (Convenio Marco – Regular Purchases)

- Background: For companies to list their products on the Convenio Marco site
- This will allow government agencies to buy direct or reach out to the companies based on the products listed on offer
- Products have to be easily defined with a fixed price (eg. Blue pens for \$1) rather than services where the quality and prices could vary

2.2 Framework Agreement (Convenio Marco – Agile Purchases)

- Background: Agile purchases are for bids that are lower than US\$2100 for quick purchases
- Agile purchases requires less documents and paperwork for approval. For instance, buyer only needs to receive 3 bids to make a decision

2.3 Framework Agreement (Convenio Marco – Large Purchases)

- Background: Large purchases are for bids that are higher than US\$71,000 to provide cost savings for government agencies
- The buyer will reach out to the sellers to bid
- Sellers must be already registered on Mercado Publico with their products listed

3. Private Bidding

- Background: Responsible government agency will issue a call to participate to a selected no. of companies
- Companies can decide to participate or not
- Contract will be awarded to the agency with the best offer

4. Direct Purchases

- Background: Only on exceptional circumstances where a single seller is contacted where the government agency will buy directly from them
- Companies will sell directly to the government agency