



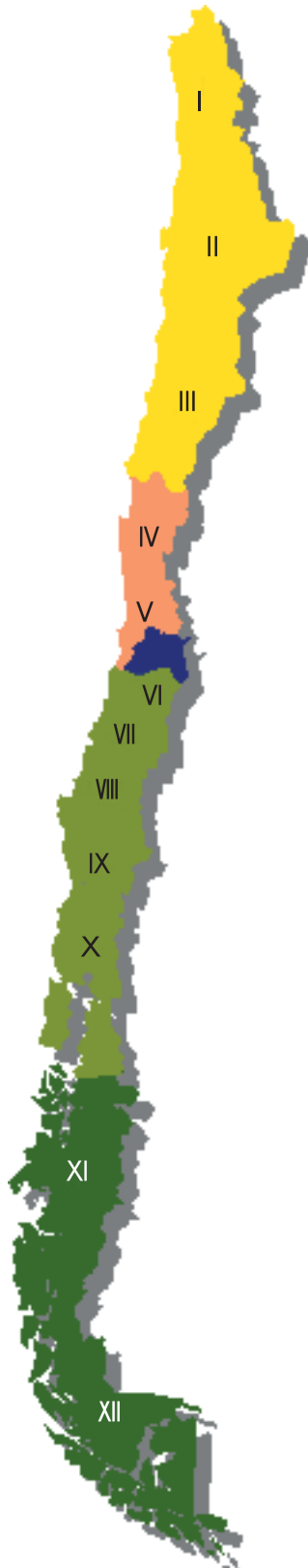
MINISTRY OF ECONOMY,
DEVELOPMENT AND
RECONSTRUCITON



JAPAN INTERNATIONAL
COOPERATION AGENCY
(JICA)



CHILEAN ECONOMIC
DEVELOPMENT AGENCY
(CORFO)



EPIE

FINAL REPORT

Volume 2 Strategy and Action Plans

THE STUDY FOR PROMOTION
OF INVESTMENTS AND EXPORTS
FOR THE BALANCED
ECONOMIC DEVELOPMENT
IN THE REPUBLIC OF CHILE

October 2001

INTERNATIONAL DEVELOPMENT CENTER OF JAPAN
UNICO INTERNATIONAL CORPORATION

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**JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)
MINISTRY OF ECONOMY, DEVELOPMENT AND RECONSTRUCTION
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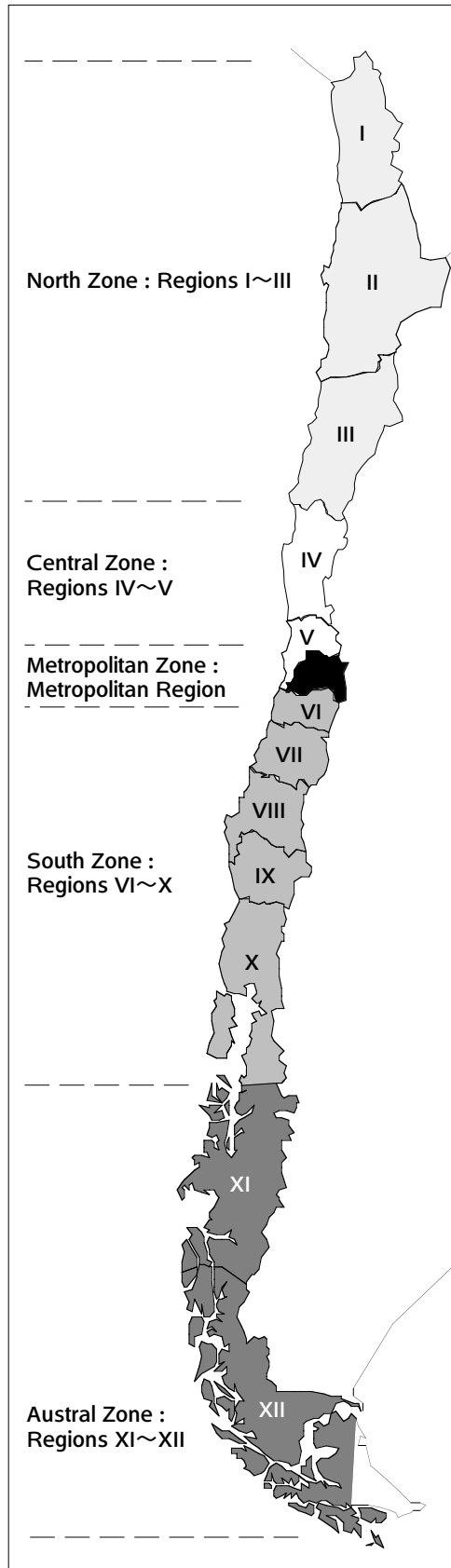
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Map 1 Chile and Five Zones

Exchange Rates

US\$ 1 = 550 Peso
(as of August 2000)

US\$ 1 = 660 Peso
(as of July 2001)

GLOSSARY ENGLISH/SPANISH

El presente miniglosario adjunto al Informe Final del Estudio para la Promoción de Inversiones y Exportaciones y un Desarrollo Económico Equilibrado de las Regiones de Chile (EPIE) sólo intenta constituir una pequeña ayuda lingüística bilingüe y conceptual, en algunos casos. No se trata en ningún caso de una recopilación completa o de una guía, sino simplemente de una contribución en el marco del estudio que el equipo de JICA llevó a cabo con el fin de uniformar terminología y, por ende, evitar confusiones.

La lista terminológica que se presenta se basa en los temas tratados a lo largo de estos meses de estudio, especialmente en los viajes y entrevistas en las regiones de Chile. Así, gran parte de los términos fueron incluidos porque en algún momento ofrecieron alguna dificultad de traducción o se prestaron para confusión, o bien porque el significado del concepto en cuestión no era evidente para todos los participantes. Cabe mencionar que las diferencias culturales entre las partes pudieron ser una de las barreras de comunicación, de modo que se han definido términos que algunos consideran obvios, sin embargo, no lo eran para todos.

Con todas las limitaciones que el glosario que se presenta a continuación pueda tener, espero que preste ayuda a los lectores del Informe.

* * * * *

The current mini-glossary enclosed to the Final Report of the Study for Promotion of Investment and Exports for the Balanced Economic Development in the Republic of Chile just intends to be a small linguistic bilingual contribution as well as a conceptual contribution, in some cases. This is not a comprehensive guide, but rather a simple help in the framework of the Study this JICA's team has carried out, in order to standardize the terminology and avoid confusions.

The terminological list presented is based on the issues we have been dealing with all along these months, especially during the trips and the interviews to the regions of Chile. Thus, most of the terms were included since they offered some difficulties when they had to be translated or because they were somehow confusing, or even because the concept we were discussing was not clear to all the parties involved. We must say that some cultural differences may have caused some communication troubles, so that some terms may seem obvious to some people, but not to everybody.

Notwithstanding the limitations this work certainly has, we hope that it will help the readers of this report as well as the development of the Study.

A - **artisanal fisherman** pescador artesanal
- **artisanal fishing** pesca artesanal: Actividad pesquera extractiva realizada por personas naturales que en forma personal, directa y habitual trabajan como pescadores artesanales (...). [Decreto 430/91 MINECOM, D.O. 92. ene. 21]

B - **business** negocio, transacción, operación; la actividad económica, la economía, comercio e industria
- **business environment** (see also investment environment) ambiente de negocios

C - **capital intensive** con gran intensidad de capital, con uso intensivo de capital: se aplica , en general, a una industria que exige mucho capital, en contraposición a las necesidades de otro factor de producción, a saber, el trabajo, o mano de obra. [Diccionario de dificultades del inglés, segunda edición, corregida y aumentada, Barcelona, Editorial Juventud, Alfonso Torrents del Prats, 1989.]

- **cluster** complejo productivo integrado; conglomerado industrial [Cabe señalar que el término “cluster” es de uso cada vez más frecuente en contextos de lengua española.]

- **company** (see also firm, enterprise, business) empresa, negocio [Cabe señalar que la palabra “compañía” es igualmente válida, en rigor, para referirse a una empresa, sin embargo, su uso mucho menos frecuente y más impreciso la hace poco recomendable en español.]

- **concession (≠ privatization)** concesión (de obras públicas)/ también Sistema de concesiones o Programa de concesiones : sistema de explotación de obras y servicios públicos o fiscales en los que el Estado invita a participar al sector privado nacional o internacional en los procesos de inversión, mantención y uso; así, éste financia obras económicamente rentables y luego recupera su inversión a través del cobro directo de una tarifa a los usuarios. De esta manera el Estado libera recursos públicos para destinarlos a proyectos con mayor valor estratégico o de gran rentabilidad social. [Definición basada en la publicación *Infraestructura Pública y Programa General de Concesiones*, de la Coordinación General de Concesiones del Ministerio de Obras Públicas, 1998]

- **corporate strategy** estrategia empresarial

- **corporation** sociedad anónima, sociedad de capital, sociedad por acciones

- **customer (≠ client)** cliente, usuario, consumidor

D - **differentiation** diferenciación: se aplica dentro de un sector industrial para señalar que cada productor vende un producto cuyas características son tan particulares que éste se distingue de los de la competencia. [The MIT Dictionary of Modern Economics, Third Edition, Cambridge Massachusetts]

- **distribution** (see also logistics) distribución, conductos de distribución: transporte de mercancías a través de los canales de comercialización hasta su destino final.
- **diversification** diversificación: acción o práctica de fabricar variados productos, invertir en variados títulos mobiliarios, vender variadas mercancías, etc. de manera que un fracaso o una depresión en alguno de los rubros no resulte desastrosa para todos. [Websters Encyclopedic Unabridged Dictionary of the English Language, New York, Random House, 1989.]

E - **economies of scale** economías de escala: reducción en el costo promedio de un producto, a largo plazo, como resultado de un rendimiento creciente (...). [The MIT Dictionary of Modern Economics, Third Edition, Cambridge Massachusetts]

- **enterprise** (see also company, firm, business) empresa

- **environmental impact** impacto ambiental: alteración positiva o negativa de la calidad ambiental, provocada o inducida por cualquier acción del hombre. Es un juicio de valor sobre un efecto ambiental. [CONICYT, 1988. Principios para una política ambiental]

la modificación de la condición y características originales de un área silvestre causada directa o indirectamente por la acción humana. [Ley 18. 362. Crea un sistema nacional de áreas silvestres protegidas del Estado. D.O. 84. dic. 27]

la alteración del medio ambiente provocada directa o indirectamente por un proyecto o actividad en un área determinada. [Ley 19.300. Bases medio ambiente. D.O. 9 marzo 94]

- **externalities** externalidades: se suele entender por externalidades los efectos externos de las economías y las deseconomías externas, los efectos indirectos o derivados. Las externalidades conllevan una interdependencia de las funciones productivas y de los servicios. [The MIT Dictionary of Modern Economics, Third Edition, Cambridge, Massachusetts]

F - **farm worker** campesino

- **firm** (see also company, enterprise, business) empresa [Cabe señalar que la palabra “firma” es válida para referirse a una empresa, aunque, a menudo, este término apunta más bien a la razón social de una institución commercial; con todo, es de mucho mayor profusión en inglés, de modo que se recomienda emplear otra terminología en español. Comentario basado en el Diccionario de dificultades del inglés, segunda edición, corregida y aumentada, Barcelona, Editorial Juventud, Alfonso Torrents del Prats]

- **fringe benefits** beneficios sociales, beneficios extrasalariales; prestaciones suplementarias

G - **gateway** puerta/puerto de entrada/salida, paso, vía: para los efectos del presente estudio se quiere destacar la función de Chile como puerto de salida hacia Asia desde diversos países del Cono Sur y también como puerto de entrada a Sudamérica, no sólo a Chile, desde el continente asiático. No obstante el papel de puerto internacional que se le presenta a Chile no se limita al transporte y la infraestructura que pueda proporcionar, sino que va más allá; se trata de convertir al país en un centro de actividades múltiples que cuente con servicios e instituciones públicas adecuadas, a saber, servicios financieros, sistemas de información, servicios legales, políticas públicas transparentes, seguridad nacional y ciudadana, un alto nivel de educación, eventos sociales y culturales atractivos, así como un turismo de alto nivel.

I - **import-substitution** (industrialization) sustitución de importaciones: se trata de una de las principales estrategias de desarrollo escogidas por los países en desarrollo en los años de la postguerra. Se pensaba que una política de industrialización era la mejor estrategia para alcanzar el progreso económico. La sustitución de las importaciones mediante el establecimiento de una industria nacional amparada en aranceles y cuotas sería lo más apropiado. La fabricación de bienes industriales sería el comienzo de este camino para luego continuar con los bienes de capital. Se esperaba reemplazar las importaciones, lo cual fomentaría el crecimiento interno; el costo de tal estrategia estaría cubierto por los países más avanzados, los que proporcionarían bienes de consumo manufacturados.[The MIT Dictionary of Modern Economics, Third Edition, Cambridge, Massachusetts]

- **integrated pest management (IPM)** manejo integrado: término empleado en la producción agrícola; en la conversión desde un sistema convencional, éste es el paso previo a la producción orgánica, pues consiste en la producción agrícola con un uso reducido de fertilizantes, pesticidas y sustancias químicas sintéticas.

- **inter-firm cooperation** cooperación entre empresas

- **(to) investigate** fiscalizar, velar por el cumplimiento de las leyes o normas; supervisar

- **investment environment** (see also business environment) ambiente de inversión

K - **know-how** conocimientos, preparación, preparación técnica, técnica, método, método de fabricación, procedimiento industrial

L - **labor-intensive production** producción que exige mucha mano de obra: concepto que se contrapone al de *capital-intensive* e indica que una actividad

económica determinada exige el empleo de una proporción importante de mano de obra en comparación con las inversiones de capital necesarias. [Diccionario de dificultades del inglés, segunda edición, corregida y aumentada, Barcelona, Editorial Juventud, Alfonso Torrents del Prats, 1989]

- ***laissez faire*** liberalismo, política de no interferir: doctrina según la cual las decisiones de los individuos encausan mejor los asuntos económicos de una sociedad que la autoridad colectiva, hasta el punto de excluirla virtualmente. Esta idea se sustenta en los escritos de los fisiócratas, sin embargo sus fundamentos analíticos yacen en la obra de Adam Smith y su escuela clásica. [The MIT Dictionary of Modern Economics, Third Edition, Cambridge, Massachusetts]
- **logistics** (see also distribution) logística: término de origen militar, también empleado en el ámbito de la infraestructura pública y privada y el comercio internacional así como la planificación estratégica de la distribución de bienes para referirse al traslado de recursos o mercancías al destino requerido a través de medios óptimos y de un sistema complementario con el fin de alcanzar el objetivo propuesto.

M - **macro-region** macroregión: para los efectos del presente estudio se entenderá por macroregión un área geográfica internacional, es decir que incluye unidades territoriales* de distintos países, con intereses y proyectos económicos y geopolíticos comunes, de modo que puede ser considerada como una unidad económicamente interdependiente. El objetivo de tal agrupación es aprovechar las ventajas del intrarregionalismo como forma de integración económica y comercial.

- **management** administración, gerencia, dirección, gestión, gestión administrativa, manejo.
- **manufactured goods** bienes/productos manufacturados.

N - **natural resource-based industry** industria intensiva en recursos naturales

- **non-natural resource-based industry** industria no intensiva en recursos naturales

P - **phytosanitary** fitosanitario: perteneciente o relativo a la prevención y curación de las enfermedades de las plantas. [Cabe mencionar que el Servicio Agrícola y Ganadero (SAG) no se rige por una definición oficial de este término, de modo

* Se entiende por unidades territoriales lo siguiente: provincias, en el caso de Argentina; departamentos en los casos de Bolivia, Perú y Paraguay; regiones, en el caso de Chile y; estados en el caso de Brasil.

que nos atendremos a la que proporciona el Diccionario de la Real Academia de la Lengua Española, en su edición de 1992]

- **privatization** (\neq concession) privatización: transferencia o venta de una empresa o actividad pública o fiscal al sector privado. A diferencia de la entrega de una empresa en concesión, caso en el que el bien de uso público sigue perteneciendo al Estado, la privatización implica traspasar un porcentaje o la totalidad del bien en cuestión al sector privado para su explotación, junto con los derechos que esto implique dentro de la ley. [Definición general, redactada para los fines del presente estudio, basada en el uso del término por parte de las autoridades chilenas]
- **profitability** rentabilidad
- **prospective mission** misión prospectiva: grupo de especialistas enviados a terreno a realizar un conjunto de análisis y estudios con el fin de explorar o predecir el futuro en una determinada materia, especialmente en el ámbito de las inversiones [Definición basada en el Diccionario de la Lengua Española de la Real Academia de la Lengua]

S

- **seasonal unemployment** desempleo estacional: desempleo que resulta del modelo de trabajo estacional en ciertas industrias. Los sectores agrícola, turístico y de la construcción han sido tradicionalmente afectados por este modelo de empleo. Este es un elemento del desempleo estructural. [The MIT Dictionary of Modern Economics, Third Edition, Cambridge Massachusetts]
- **seasonal worker** trabajador de estación, temporero.
- **segmentation** segmentación: división del mercado en segmentos, es decir, en grupos de consumidores o usuarios que comparten características especiales y exigencias comunes.
- **service industry** industria de servicios
- **SME (small-and-medium-sized enterprise)** pequeña y mediana empresa (PYME): la CORFO define las pequeñas empresas como aquellas que tienen entre 5 y 49 empleados y cuyas ventas anuales están en un rango de 2401 a 25.000 Unidades de Fomento (UF); mientras que las empresas medianas son aquellas que tienen entre 50 y 199 empleados y cuyas ventas anuales van de 25.001 a 100.000 UF.
- **structural unemployment** desempleo estructural: es el resultado de la existencia y el desajuste, a la vez, del desempleo, por una parte, y la disponibilidad de plazas de trabajo, por otra. Quienes se encuentran desempleados no poseen las habilidades requeridas o no viven en el lugar correcto para llenar las vacantes. [The MIT Dictionary of Modern Economics, Third Edition, Cambridge, Massachusetts]

- **supporting industries** industrias de proveedores de insumos; industrias de proveedores de servicios; servicios subcontratados

[Cabe señalar que el término “supporting industries” comprende tanto a los proveedores de insumos como a los proveedores de servicios, en inglés, mientras que en español es necesario especificar de qué tipo de proveedor se trata, a qué tipo de servicio de apoyo nos estamos refiriendo].

T - **training** (of workers) capacitación

U - **unskilled labor** mano de obra no calificada

V - **value-added** valor agregado

- **venture capital** capital de riesgo: como fuente de financiamiento de una empresa, conjunto de medios que constituyen el patrimonio neto y que, por lo tanto, están plenamente al riesgo de gestión. El capital de riesgo se compone de inversiones iniciales y sucesivas de capital (comprendidas las eventuales reservas de sobreprecio de emisión) y del autofinanciamiento generado en el curso de la gestión. El capital de riesgo, o capital propio, se contrapone al capital de préstamo. [Glosario de términos financieros. CEPAL, Sede subregional de México, 1996]

- **vocational education** formación técnica, adiestramiento profesional; instrucción práctica; capacitación: enseñanza profesional de grado inferior al universitario, destinada a preparar al alumno para ingresar en determinada profesión o mejorar la situación de trabajadores ya empleados.[Glosario internacional para el traductor inglés-castellano/castellano-inglés, tercera edición revisada y aumentada, Santiago de Chile, Editorial Universitaria, Marina Orellana]

Z - **zone** zona: para fines prácticos del presente estudio se ha dividido el país en zonas geográficas. Cada una de ellas comprende varias regiones, excepto la Zona Metropolitana que corresponde exactamente a la Región Metropolitana. Las zonas geográficas de Chile en este caso son las siguientes: Zona Norte, incluye las regiones I, II y III; la Zona Central, incluye las regiones IV y V; la Zona Sur, incluye las regiones VI, VII, VIII, IX y X; y la Zona Austral, incluye las regiones XI y XII; además de la Zona Metropolitana.

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FINAL REPORT

Volume 2: Strategy and Action Plans

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16 SELECTION OF STRATEGIES

16.1 "Strategic Plans"

Based on the "strategies" and "priority sectors/products/issues" identified in Phase I, the JICA Study Team, together with the Chilean counterpart team, further elaborated the strategies and formulated concrete action plans in Phases II and III. The purpose of this chapter is to explain the process in which the JICA team selected strategies to be studied in detail in Phases II and III since the JICA team could not focus on all the strategies identified in Phase I. What the team intended to formulate was a set of "plans" to materialize the strategies, or "plans for the strategies." For the sake of simplicity, they were termed "strategic plans." In the following sections, a detailed explanation demonstrates how the JICA team selected six "strategic" plans as the subjects for the Phase II-III study. It should be noted, however, these strategic plans were modified to a greater or lesser extent in the course of the Phase II-III study as the JICA team proceeded with the fieldwork and obtained new information and data.

16.2 Need for Strategic Plans with a Long-Term Perspective

Table 16.2.1 is a list of strategic plans proposed in Phase I for further study in Phases II and III. The entries include the strategies identified by the zonal analyses (Chapter 4 in Volume 1) and other strategic issues identified by the sectoral analyses (Chapters 5 – 15 in Volume 1). Based on the Phase I study, the JICA team came to believe that to formulate these strategic plans with a long-term perspective and to implement them immediately and steadily would serve the purpose of expanding export and investment in the regions. The strategic plans include not only "plans" in a strict sense but also the team's ideas and suggestions which would lead to export and investment expansion. In selecting these strategic plans, the JICA team took into account the following points.

- 1) Chile's economy still highly depends on natural-resource-based production, though the people have been making vigorous efforts to diversify the economic structure and to enhance the value added of these products and have succeeded in such efforts to a large extent. Thus, priority was given to strategic plans that could contribute to further economic diversification and value added enhancement.
- 2) There are substantial disparities between the Metropolitan Region and other regions and between large sized enterprises and small and medium sized enterprises (SMEs) in Chile. The ultimate goal of the strategic plans formulated by this study is to realize more balanced economic development of the country. Thus, priority was also given to strategic plans that could contribute to reducing these disparities.
- 3) Under the circumstance that there are increasing environmental concerns throughout the world, special attention was given to possible effects of the plans on the environment.

16.3 Classification of Strategic Plans

The strategic plans were classified by zone into the following four categories:

Category 1: Sectors or products

Category 2: Infrastructure

Category 3: Gateway between Asia and South America

Category 4: Institutional arrangements

Table 16.2.1 Strategic Plans for Export and Investment Promotion

Category	North Zone	Central Zone	South Zone	Austral Zone	Multi-zones
Sector or Product (Natural-resource-based)	<ul style="list-style-type: none"> * Pioneer export of agricultural products * Capacity expansion for fishery production * Launch a "second salmon" plan 	<ul style="list-style-type: none"> * Differentiated marketing strategies plan 	<ul style="list-style-type: none"> * Long-term value added enhancement plans for the forestry and fishery industries * Agroindustry development plan * Horticulture development plan * Improvement and consolidation of the cultivation and marketing of organic products * "Eco-region" concept for attractive products * Environmentally sustainable fish farming plan * Environmentally friendly supporting industries development 	<ul style="list-style-type: none"> * Diversification and enhancement of value added 	<ul style="list-style-type: none"> * Strengthen risk management * Design investment incentive mechanism for protection of environment * Accelerate R&D for cultivating new fish and shellfish * Solve phytosanitary problems quickly to expand fresh fruits to Asia * Strengthen clusters of natural-resource-based industries * Maintain and enhance competitiveness of fresh foodstuffs
(Non-natural-resource-based)			<ul style="list-style-type: none"> * Development of new fields of export with a long-term perspective * Long-term revitalization plan for manufacturing industries * More systematic and focused tourism promotion 	<ul style="list-style-type: none"> * Promotion of tourism as the "pulling sector" 	<ul style="list-style-type: none"> * Identify types of competitive non-natural-resource-based manufactures * Explore Asian markets by paying attention to their cultural similarities
Infrastructure			<ul style="list-style-type: none"> * Infrastructure development * "Fresh fruit port" development plan * Infrastructure development for Palena Province 	<ul style="list-style-type: none"> * Infrastructure for investment, export and sustainable development 	
Gateway between Asia and South America	<ul style="list-style-type: none"> * Strengthen the gateway functions and develop industries targeting the macro regional market 	<ul style="list-style-type: none"> * Development of an integrated gateway by effective function sharing * Year-round tourism promotion 			<ul style="list-style-type: none"> * Reinforce Chile's function as the "gateway" to South America from Asia
Institutional Arrangement	<ul style="list-style-type: none"> * Design a strategic industrial development policy * Improvement of environment for fostering venture business 	<ul style="list-style-type: none"> * Foster industrial clusters through organizing SMEs * More effective support for improving SMEs' commercialization 	<ul style="list-style-type: none"> * Supporting measures to achieve strategies * Export-oriented human resources development plan 	<ul style="list-style-type: none"> * Micro and small enterprise promotion through building associations 	<ul style="list-style-type: none"> * Improvement of SMEs finance * Follow up exporters' performance * Assist exporters in designing their marketing strategies * Support enthusiastic municipalities and associations in their efforts in human resources development * Strengthen links between schools and industries * Provide technical assistance to secondary schools * Systematically upgrade quality of human resources * Special -purpose fund for improving workforce's quality * Conduct investment survey periodically * Increase approach to Japan's SMEs * Develop investment schemes by financial engineering * Provide information on specific investment projects * Promote cross-investment between Chile and Argentina * Accelerate TodoChile's activity * Latin America database * FIC's representative offices outside Chile

Group 1: Plans that need to study the market situation of Asian countries and, therefore, the JICA team's cooperation is deemed to accelerate their formulation.

Group 2: Plans that may not need to study the market situation of Asian countries, but the JICA team's cooperation may be useful in their formulation.

Group 3: Plans which Chilean public or private organizations can formulate by themselves.

Table 16.2.2 Evaluation of Strategic Plans

Zone	Strategic Plan	Evaluation Criteria					Total Scores
		Necessity of Long Term Perspective	Impact on Zonal Economy	Depth of Industrial Linkage	Involvement of SMEs	Necessity for Building Consensus	
North Zone	* Strengthen the gateway functions and develop industries targeting the macro regional market	xxx	xxx	xxx	xxx	xxx	15
Central Zone	* Differentiated marketing strategies	xx	xx	x	xx	x	8
	* Year-round tourism promotion	xx	xx	xx	x	xx	9
	* Development of an integrated gateway by effective function sharing	xxx	xxx	xxx	xxx	xxx	15
South Zone	* Foster industrial clusters through organizing SMEs	x	xx	x	xxx	xx	9
	* Long-term value enhancement plan for the forestry industry	xxx	xxx	xx	xxx	xx	13
	* Long-term value enhancement plan for the fishery industry	xxx	xx	xx	xxx	xx	12
	* Agroindustry development plan	xx	xx	x	xxx	x	9
	* Horticulture development plan	xx	xx	x	xxx	x	9
	* Organic product development plan	xxx	x	x	x	xx	8
	* "Eco-region" promotion plan	xx	xxx	xx	xxx	xxx	13
	* Tourism promotion plan	xxx	xxx	xx	xxx	xxx	14
	* Development of new fields of export with a long-term perspective	xxx	xx	xx	xx	x	10
	* Long-term revitalization plan for manufacturing industries	xxx	xxx	xx	xx	x	11
Austral Zone	* Diversification and enhancement of value added	xxx	xxx	xx	xx	x	11
	* Promotion of tourism as a "pulling sector"	xxx	xx	xx	xx	xx	11
	* Micro and small enterprise promotion through building associations	x	xx	x	xxx	xx	9
Nation level/ Multi-zones	* Identify types of competitive non-natural-resource-based manufactures	xxx	x(*)	x(*)	xxx(*)	x	9
	* Reinforce Chile's function as the "gateway" to South America from Asia	xxx	xxx	xxx	xxx	x	13
	* Improvement of SMEs finance	xx	xxx	x	xxx	xx	11

Note: xxx High

xx Medium

x Low

x(*)

Only tentative because it is impossible to evaluate at this moment due to lack of information.

Scores based on which the JICA Study Team proposed to study the plans in Phases II and III.

Those plans relevant to the entire country were presented as national or multi-zonal issues. The strategic plans were further classified into the following three groups.

- Group 1: Plans that need to study the market situation of Asian countries, especially of Japan, and thus JICA team's cooperation is deemed to accelerate their formulation.
- Group 2: Plans that may not need to study the market situation of Asian countries, but the JICA team's cooperation may be useful in their formulation.
- Group 3: Plans which Chilean public or private organizations can formulate by themselves.

16.4 Strategic Plans Proposed for Further Study

Among the plans in Groups 1 and 2, several strategic plans were selected as candidates to be further elaborated in Phases II and III. Criteria for the selection were as follows.

- 1) Necessity of a long-term perspective
- 2) Impact on the zonal economy
- 3) Depth of industrial linkages
- 4) Involvement of SMEs
- 5) Necessity of building a consensus among the parties concerned

The first criterion is particularly important. This is because long-term views are necessary to formulate strategic plans that can contribute not merely to promoting export and investment but also to reducing interregional disparities. While cognizant of the county's short-term needs, the JICA team believed that Chile was interested in a plan that could be formulated only with a long-term perspective. For such a plan, it would become increasingly difficult to solve the problem in the future unless Chile takes action immediately. The last criterion is no less important. Many good ideas already exist to solve a given problem, but the problem has remained unsolved due to disagreement among various parties. The JICA team expected that it would be able to make some contribution to consensus building in this regard.

Presented below are strategic plans that the JICA team preliminarily selected in Phase I through evaluation based on the five criteria as shown in Table 16.4.1. The final selection was made through discussions with the Chilean counterpart team and other parties concerned in the regions and the JICA team worked on the selected strategic plans, one for each zone, during the period of Phases II and III.

(1) North Zone

Seven strategic plans were proposed for the North Zone. Among them, the three strategies related to the export of agriculture and fishery products can be managed by Chilean experts and thus were classified as Group 3. This classification is because they have already succeeded in and are knowledgeable about exporting agricultural and cultivated fishery products. The plan of "design a strategic industrial developing policy" can be managed by the Chilean government as well. The plan related to venture business did not seem suitable for the JICA team to handle. This is because Japan is rather behind the worldwide current of venture business development and

Japanese know-how on this theme is limited.

The plan related to regional economic integration, "strengthen the gateway function and develop industries targeting the macro-regional market," was classified as Group 2 for two reasons. First, this plan is related directly to the evolution of regional integration frameworks such as APEC and MERCOSUR. Second, the JICA team can transfer Asian experience in regional integration. In particular, the experience of Singapore as it has grown into Asia's main integrated international gateway would provide clues as to how to best develop the zone in the context of regional integration in South America. Thus, the JICA team proposed the following plan for the Phase II-III study.

Strengthen the gateway functions and develop industries targeting the macro-regional market

(2) Central Zone

Five strategies were proposed for the Central Zone. Among them, the plan of "development of an integrated gateway by effective function sharing" was classified as Group 2 for the same reasons mentioned for the North Zone. "Differentiated marketing" is a strategic plan the zone can formulate more quickly with JICA team's cooperation because Japan has ample experience in this field and thus was classified as Group 1. The plan of "foster industrial clusters through organizing SMEs" was classified as Group 2 since Japan has extensive experience in solving similar problems in the past. The plan of "more effective support for SMEs' commercialization" was classified as Group 3. The plan of "year-round tourism promotion" was classified as Group 1 since the zone has yet to formulate a policy for systematic and focused tourism promotion and thus needs some assistance from outside. In addition, it is indispensable to study the Asian market because the tourism industry expects that Asian tourists will visit the zone in the future. However, tourism promotion was to be studied as a part of the plan of "development of an integrated gateway" since tourism is one of the gateway functions and an important industry of the zone.

Development of an integrated gateway by effective function sharing

(3) South Zone

Fourteen possible strategic plans were presented to the South Zone. Among them, the plans for infrastructure and human resources development were classified as Group 3 because they can be managed by Chilean organizations themselves.

The two plans for long-term value added enhancement were thought to be more promising and more quickly formulated with the JICA team's cooperation, that is, "eco-region promotion" and "long-term value added enhancement for the forestry industry." This is because Chile has tackled this issue in the past but had difficulties in succeeding. The JICA team's work was deemed to be particularly helpful in designing product and manufacturing concepts. Furthermore, to study the Japanese market is a key task through which Chile can obtain market information and utilize Japan's experience and knowledge.

Organic product development is a theme for which the JICA team's cooperation is useful primarily because Japan is expected to increase the consumption and import of such products in the future. Tourism promotion is also a theme for which the JICA team's cooperation is helpful because some tourism-related businesses of the zone wish to have more Japanese tourists in the future. In addition, this sector demands consensus building among the parties concerned.

By combining the themes of organic production and tourism promotion, the JICA team proposed the "eco-region" promotion plan to build effective linkages between tourism and various local products of the zone, especially those produced by SMEs. The team also proposed formulating a plan for value added enhancement for the forestry industry, specifically of Regions VIII and IX, the main forestry producers of the country.

"Eco-region" promotion

Long-term value added enhancement for the forestry industry

(4) Austral Zone

Four plans were presented as candidates for the Phase II-III study to the Austral Zone. Among them, the plan of "infrastructure development" was classified as Group 3 for the same reason as described for the South Zone. The plans of "diversification and enhancement of value added" and "tourism promotion" were both classified as Group 1 because it is necessary to study the Asian market for the formulation of these plans. However, it was expected that some implications about the Asian market would be obtained in the process of formulating the strategic plans for the South Zone. By combining "diversification" and "tourist promotion" with "SMEs promotion," the JICA team proposed to include the Austral Zone into the "eco-region" promotion plan for the South Zone, which had been originally proposed to Regions IX and X.

(5) National and multi-zonal issues

Twenty-five plans and suggestions were presented as issues to be solved, improved, or implemented at the national level or for multi-zones. The JICA team believed that the majority could be managed by Chilean organizations themselves. However, the JICA team's cooperation was deemed to be useful in formulating some of them, such as "development of non-natural-resource-based manufacturing industries," "strengthening the gateway functions," and "improvement of SMEs finance." The theme of "strengthening the gateway functions" was expected to advance as a strategic plan for the North and the Central Zones separately. The plan of "development of non-natural-resource-based manufacturing industries" was thought to be crucial for Chile's long-term economic development. Japan has experience tackling similar problems regarding improvement of finance for SMEs. Thus, the JICA team proposed the following themes for the Phase II-III study.

Development of non-natural-resource-based manufacturing industries

Improvement of SMEs finance

Through the discussions about the proposal in the regional workshops and a series of meetings held in August 2000, the JICA team and the Chilean counterpart team agreed that the five strategic plans as shown Table 16.4.2 should be studied in Phases II and III. The study for the development of information technology (IT) industry was not included in the original proposal but specially requested by CORFO, which had selected IT as a strategic area for its support and launched into the formulation of territorial development programs for the industry. Considering the relevance of the request, JICA agreed to include the theme into the Phase II-III study and added two IT specialists to the JICA Study Team.

Table 16.4.2 Strategic Plans Proposed for Study in Phases II and III

Category	Strategic Plans
Product or sector	<ul style="list-style-type: none"> • "Eco-region" promotion (South and Austral) • Information technology industry development (Multi-zonal)
Gateway between Asia and South America	<ul style="list-style-type: none"> • Strengthen the gateway functions and develop industries targeting the macro-regional market (North) • Development of an integrated gateway by effective function sharing (Central)
Institutional arrangement	<ul style="list-style-type: none"> • Development of non-natural-resource-based (solution-oriented) manufacturing (Multi-zonal)

It should be noted that the titles of some of the strategic plan were slightly changed in the course of the Phase II-III study based on the new findings, as well as on the request of the Chilean counterpart team for clarity and simplicity. The final titles of the five strategic plans are as follows.

- North Zone: Macro-region and gateway
- Central Zone: Toward a gateway city from a port city
- South and Austral Zones: "Eco-region" development
- Multi-zones: 1) Solution-oriented manufacturing
2) Information technology industry