Government procurement in Chile is divided into two systems: 1) an Internet portal created in 2003 that publishes tenders of goods and services (http://www.chilecompra.cl); and 2) the regulatory framework that establishes operating principles based on transparency, efficiency, universality, accessibility, and non-discrimination, and is also based on an electronic platform. The EU-Chile Association Agreement was one of the key factors in the design and development of Chile’s government procurement structure.2

Public works and purchases of other state companies fall outside the scope of these systems and are thus governed by specific regulations. Public works contracts are mostly granted by the Ministry of Public Works and the Ministry of Health or by other ministries such as the Ministry of Housing.

In 2014, Chilean government procurement – excluding state enterprises and public works – made up 3% of GDP (US$10,000 million) and 90% of the supplying companies were SMEs, equivalent to some 40% the value of contracts.3

Chile is an observer to the Committee on Government Procurement of the WTO and for now has no plans to negotiate its accession to the Agreement on Government Procurement (GPA). Nevertheless, Chile has accepted commitments on government procurement under some of the FTAs it has signed. For example, an agreement on

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1 The information provided in this fact sheet is of general nature. For more specific information on events, regulations, and contacts, please turn to the commercial offices of the Member States of the EU in Chile, European commercial organisations and bilateral Chambers of Commerce.

2 See EU-Chile Association Agreement, Title IV: http://eur-lex.europa.eu/resource.html?uri=cellar:f83a503c-fa20-4b3a-9535-f1074175eaf0.0004.02/DOC_2&format=PDF

government procurement with Uruguay in the ALADI\(^4\) framework entered into force in 2012. The thresholds vary by agreement.\(^5\)

**What is the legal framework applicable in Chile?**

The regulatory framework for public procurement in Chile is governed by Law 19,866\(^6\) of July 2003 that regulates the contracts of public procurement of goods and services. Modifications to the Law are stipulated in the Decree Law N°250 of the Ministry of Finance of September 2004.\(^7\) This framework applies to public procurement of goods and services from all public entities at the levels of Central Government, Regional and Provincial Governments, Municipalities, Armed Forces, and General Comptroller.

The regulatory framework does not apply to state offices, public jobs, or other entities such as Congress, the Central Bank of Chile, and the judiciary system, governed by specific regulations. However, many of these voluntarily participate in the electronic information platform as a criterion of transparency.

In general, the legal framework does not allow discrimination between products, services, and suppliers according to their origin.

The legislation establishes four procurement instruments: framework agreements, public bidding, private bidding, and direct contracting. Contracting in the first two options is done via the electronic platform - ChileCompra (also known as Mercado Público in Spanish - Public Market). The latter two processes are carried out privately and results are reported in the electronic platform. In the case of public tendering, the call may also be published in other means of calling for competition at international, national or regional level.

In framework agreements awarded via public tendering, the prices of the goods and services are agreed with the suppliers. Government agencies get these prices through purchase orders under the conditions specified in the agreements. Beyond a certain amount, purchases made in a framework agreement are done via inverse auctions in which government entities communicate the intent of purchasing from the suppliers that are members of the agreement.

\(^4\) Association for Latin American Integration (ALADI)

\(^5\) Further Information is available on the platform’s Webpage: [http://www.chilecompra.cl/](http://www.chilecompra.cl/)

\(^6\) Ley de Base sobre Contratos Administrativos de Suministro y Prestación de Servicios (N° 19.886)

Where to obtain information?

General information on public tenders in Chile is available on the public procurement portal ChileCompra (http://www.chilecompra.cl) which in turn manages four electronic platforms:

- **MercadoPúblico.cl**: procurement platform for government agencies and suppliers.
- **ChileProveedores.cl**: Registry of State suppliers, where companies can keep their information accredited and digitised.
- **Analiza.cl**: Business intelligence platform for natural and legal persons.
- **Compras Sustentables.cl**: Website informing about the State’s sustainable public procurement policies.

For specific information on public procurement in Chile, it is recommended to consult the directory “EU trade services organisation” included in the ELANbiz platform. Here you can access the contact details of the representative offices of EU Member States, including some bilateral Chambers of Commerce or Trade Promotion Offices.

It is also recommended to contact your national organisations, or if unavailable, other relevant bodies of the EU Member States present in Chile to access specialised information and advice on the matter of public procurement.

Can European companies bid for contracts to supply goods and services in Chile?

According to ChileCompra’s Manual for Providers³: “All natural and legal person, Chilean or foreigner, may register as State supplier. Proof must be given of financial situation and technical suitability upon which they are enabled to participate in calls for the contracting or purchasing of a good or service required for the public administration and made through the information systems prepared by the management of ChileCompra”.

European companies not based in Chile may bid in public tenders without requiring the pre-registration in the provider’s registry. However, registration can significantly facilitate the process and it is not required to have the Chilean identification number (RUT) prior to this as is usually requested in other processes. The company must assign a representative, Chilean or foreigner with residency in Chile, for the completion of formalities and documentation. The procedure for obtaining the RUT can be done upon successful completion of the bidding process.

³ See https://www.mercadopublico.cl/Portal/MP2/secciones/manuales-y-guias.html
The following person can bid in a public tender in Chile: (i) national or foreign individuals with or without residency in Chile; (ii) national or foreign legal person with or without residency in Chile, and (iii) consortia and/or temporary groupings of suppliers, formed by natural and legal individuals of national or foreign nationality, and with or without residence in Chile.

Natural or legal person wishing to enter into a contract with the State can inscribe themselves in the Registry of Providers managed by ChileCompra (http://www.chileproveedores.cl). Registration can be made for a period of six months or a year. Being registered increases the efficiency and productivity of public procurement, in addition it facilitates participation of a company in multiple procurement processes. Moreover, registration allows a provider to disseminate information about the company and its products on the Internet and through the Business Directory service. Finally, it is worth mentioning the benefits of reduced paperwork and time required along with associated costs.

The Registry certifies the following information of the provider: (i) the legal capacity; (ii) economic activities; (iii) the financial capacity; (iv) organisational capacity, which is composed of the technical and operational organisation respectively; and (v) the experience of the proposer.

All foreign bidders not living in Chile must appoint a proxy residing in the country that is empowered to submit the bid and conclude the contract as well as to represent the individual judicially and extra-judicially. Once the foreign provider has been awarded the contract it must open a corporate structure in Chile.

**How does the Agreement with the EU improve the business opportunities for European SMEs?**

The European Union is an open market for public procurement. Therefore, with the negotiation of the EU-Chile Association Agreement it was sought to ensure better access for respective parties to the bidding processes organised in both markets.

The agreement covers the procurement process of goods and services along with public works concessions carried out by public entities covered by the Agreement. These entities are the central and sub-central governments, including the municipalities, as well as certain categories of companies under the set conditions.

One of the main guarantees of the Agreement is the non-discriminatory participation in public procurement processes.
The EU-Chile Agreement decisively contributed to the establishment of a new institutional framework of public procurement in Chile. It provided criteria for best practices that served as an important reference in the design of the country’s public procurement system. The general principles included in the Association Agreement (Title IV) regulate key aspects of public procurement, such as tendering procedures, deadlines for submission of bids, the use of electronic means, the specifications, the situations when direct contracting is permitted, and implementation of contracts. The Agreement is applicable for all bids in Chile whose values are above the set thresholds stipulated in Annex XII. For example, bids for supplies at central level in Chile need to be worth at least 130,000 Special Drawing Rights (SDR) or circa €100,200 (some CLP75 million).

Public procurement - as governed by Title IV of the EU-Chile Agreement - excludes financial services but includes public works, enabling European companies to have their rights guaranteed even in this economic activity.

Useful Links

- EU-Chile Association Agreement
  [http://www.direcon.gob.cl/detalle-de-acuerdos/?idacuerdo=6286](http://www.direcon.gob.cl/detalle-de-acuerdos/?idacuerdo=6286)
- Chile’s Public Procurement Portal
  [http://www.chilecompra.cl/](http://www.chilecompra.cl/)
- Electronic Tenders Platform
  [http://mercadopublico.cl](http://mercadopublico.cl)
- Provider’s Registry of the State
  [http://www.chileproveedores.cl](http://www.chileproveedores.cl)
- Business Intelligence Platform
  [http://www.analiza.cl](http://www.analiza.cl)
- Platform for Sustainable Procurement Policies
  [http://www.comprassutentables.cl](http://www.comprassutentables.cl)
- Procurement Court
  [http://www.tribunaldecompras.cl/](http://www.tribunaldecompras.cl/)
- Ministry of Public Works
http://www.mop.cl/

- Ministry of Health
  http://web.minsal.cl/inversiones

- Under-Secretary of Regional Development
  http://www.subdere.gov.cl/
  Regional Project during 2015
  http://www.exporegiones2015.cl/

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