CHILE

Logistics Equipment & Services

Industry experts believe that approximately US$5 billion of the country's economy is logistics-related, and that up to US$500 million of that amount could be outsourced to third-party logistics services providers. Approximately 4-6% of corporate revenues are spent on logistics, and over the past five years growth in the demand for logistics-related equipment, products and services has grown faster than GDP.

Market Overview

- Only 10% of potentially outsourced logistics services are provided by third-party providers.

Over the past five years, logistics has begun to be recognized as a critical business process - improving efficiency, lowering costs, reducing capital investment, and improving customer service. As demand increases, companies build more modern and cost-effective distribution centers or outsource to stay competitive.

The most successful companies are those that offer local technical service and delivery (versus import only), significant warranties/guarantees, cutting-edge technology incorporated in the product/service, and generous financing or staggered payment terms.

U.S. Position

- The principle U.S. products in the Chilean market are forklifts and related machinery, with 23% of the total Chilean market share.

Competitors

- Third-party logistics service providers:
  - Chilean: Decatrans, Q-Trade, Lan Courier, Trilogic, Goldenfrost, AVB/USCO, Sitrans (Ultramar), Logística SA, and COSAN (CSAV).
  - Foreign: Shenker, Panalpina, Excel/MSAS, DANZAS, and ABX (merged with Centauro three years ago).
  - Racks: The leaders in local production are Mindugar, and Wolf (Factomet), with estimated market shares of 30% and 40%, respectively, followed by Metgall (Metaltrack) with 15%.

U.S. main investors in transport & storage (1974 – 2002)

INVESTORS INVESTMENT (US$ 000)	AUTHORIZED	MATERIALIZED
CMS Gas Transmission Del Sur Co. / CMS Argentina Co. Receptor Co.: Gasoducto Atacama Compañía Limitada / Cía. De Inversiones CMS Energy Chile Ltda.	529,676	82,737
CMS Gas Transmission Del Sur Co. Receptor Co.: Inversiones Atacama Uno S.A. / Inversiones Endesa Norte S.A. / Gasoducto Cuenca Noroeste Ltda.	102,068	75,972
SSA Holdings International Chile, Inc.	32,000	17,557
Westsphere Chile, LLC / Westsphere Chile Coinvestors LLC - Receptor Co.: Tramaca Holding S.A.	24,258	24,179
Unocal Argentina Ltda. Receptor Co.: Oleoducto Trasandino (Chile) S.A.	17,401	17,401
Genesse & Wyoming - Bolivia S.R.L.	16,095	255
Sabre International, Inc.	9,100	1,283
BT International (Delware), Inc. Receptor Co.: Cordex Petroleums Chile S.A.	8,000	7,000
APL Logistics Warehouse Management Services, Inc. Receptor Co.: Gatx Logistics Holdings de Chile S.A.	7,500	2,005
E.I. Freight Holding B.V. Receptor Co.: EGL Eagle Global Logística de Chile Ltda.	5,000	1,450
Delta Air Lines, Inc.	4,000	1,130
Continental Airlines, Inc.	2,000	1,355
Crowly Maritime International Inc. Receptor Co.: Delta Steamship Lines Inc. y Cía. Ltda.	1,000	968
Additional 636 Investors (including those no longer with operations)	8,596,998	4,342,746
TOTAL 1974 - 2002	9,355,096	4,576,038

Source: CINVER (Foreign Investment Committee)

Principal Sub Sectors

- Distribution Centers:

- Large Multinationals: Nestlé, Procter and Gamble, Lever, etc. which have invested heavily in logistics technology and infrastructure.

- Pharmacies and supermarket chains tend not to outsource their distribution and have built modern in-house distribution centers. (Largest pharmacies: Farmacias Ahumada, Salco Brand and Cruz Verde. Largest supermarkets: Jumbo, Carrefour and D&S).

- Department stores and other large retail stores also invest in logistics services, technology and related equipment (Examples include: Falabella, Almacenes París, Casa e Ideas, Ripley, Sodimac Home Center, Construmart, and Home Store).

- Large third-party (outsourced) distribution centers/warehouse companies (mentioned in competitors section).

- Logistics Control \ Management software \ Technology

- Other large players include developers and solution providers, such as: JD Edwards, JDA, Computer Associates, IBM, El Corte Inglés and Mekano, which import US$ 100,000 each, per year on average, a small fraction of their annual sales.

- Material Handling Equipment & Storage

- Racks: Annual imports average 2001-2003 (US$750,000) is less than 10% of the racks estimated total market (US$10.1 million). Wooden Pallets: Annual imports average 2001-2003 is US$200,000. Most imported products are specialized pallets (i.e., agro-industrial, flowers, etc.), primarily from European and Argentine suppliers. Key players: CHEP (rental service) & Ecopallets (mfg). Plastic bins & pallets: Wenco (mfg). Forklifts & Related Machinery: Annual imports average 2001-2003 is US$50 million. Main importers are: Daewoo, Hyundai, Komatsu, and Mitsubishi with 44% of all imports. Imported brands of forklifts and related equipment include: Clark (USA), Crown (USA), Daewoo (Korea), Hyundai (Korea), Hyster (USA), Komatsu (Japan), Linde (Germany), Mitsubishi (Japan), Toyota (Japan), and Yale (USA).

Commercial Opportunities

- Storage Equipment

Technological solutions, primary products, and warehouse equipment (racks, pallets, bins, forklifts, trucks (rider and hand), and related handling equipment).

- Control/Management Systems

Products and services used to capture, organize, control and share warehouse related and critical logistics information including "off the shelf" and customized software, and hardware related to warehouse and fleet management systems, GPS and radio frequency systems.

- Transportation and Distribution Related Equipment and Accessories

Trucks, trailers and related equipment and accessories involved in the transportation and delivery of goods. (i.e.: storage and transportation equipment and services for fragile, flammable, perishable, refrigerated, heavy goods,etc.). "Distribution" is the logistics process most outsourced in Chile, both by companies that have their own "in-house" distribution centers as well as third-party logistics service providers.

- Third-Party Logistic Services

Customized solutions for: order fulfillment, inventory management & re-ordering, home delivery, special/promotional packaging and wrapping, invoicing/collections services, etc. Approximately 99% of logistics work is performed either "in-house" or by small owners of trucks and warehouses.

- Others

Material handling equipment (sorters, forklifts, pallet handling equipment, rack systems, plastic bins & both plastic and wooden pallets). Technology (goods and services related to information management, storage, and material handling equipment). Freight forwarders (who provide "full service" logistics solutions.

Other Resources

- Santiago Chamber of Commerce, www.ccs.cl
- Chilean Logistic Services Suppliers Association: www.achilog.cl
- Chilean Logistics and Freight Transport Companies Association: www.alog.cl / www.achiac.cl

CONTACT US

We hope that you find this information useful. If you would like further information, please contact mary.lou.lathrop@mail.doc.gov, the CS Santiago Logistics Specialist. Visit our website (www.buyusa.gov/chile) to discover other commercial opportunities in Chile.

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