



## The top 20 multinationals from Chile in 2010: Retail, forestry and transport lead international expansion

Report dated October 6, 2011

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### Santiago and New York, October 6, 2011:

This report presents the results of a survey of multinational enterprises (MNEs) from Chile, carried out by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) and the Vale Columbia Center on Sustainable International Investment (VCC), a joint undertaking of Columbia Law School and The Earth Institute at Columbia University in New York.<sup>1</sup> The survey, conducted in 2011, covers the period 2009-2010 and was undertaken in the framework of the Emerging Markets Global Players (EMGP) project, an initiative of the VCC that brings together researchers from leading institutions in emerging markets to generate annual reports on the leading MNEs in each participating country. The survey is also part of ECLAC's ongoing monitoring of foreign direct investment (FDI) in Latin America and the Caribbean, including the rise of the translatin corporations, with the results regularly published in its report *Foreign Direct Investment in Latin American and the Caribbean*.<sup>2</sup>

### Highlights

The 20 largest MNEs from Chile (hereafter 'the top 20') collectively had USD 25 billion in assets abroad at the end of 2010.<sup>3</sup> The list (see table 1 below) is headed by the retail company Cencosud,

<sup>1</sup> The research and writing resulting in this report was done by Miguel Pérez Ludeña, with the assistance of Álex Rodríguez Toscano.

<sup>2</sup> See ECLAC, <http://www.eclac.org/publicaciones/default.asp?idioma=IN>.

<sup>3</sup> Note that financial firms are excluded from the ranking by the methodology of the EMGP project.

and retail, forestry and transport are the most important sectors in the list as measured by their foreign assets. Other industries represented on the list include food and beverages, mining, manufacturing, software, medical services, energy and construction. There is only one state-owned company in the list: ENAP. The other 19 are listed companies with no state stake in them.

**Table 1. Chile: The top 20 non-financial outward investors, 2010 (USD million)<sup>a</sup>**

Rank	Company	Main industry	Status (% of state ownership)	Foreign assets
1	Cencosud	Retail	Listed	6,072
2	COPEC Group	Forestry <sup>b</sup>	Listed	3,400
3	CMPC	Forestry	Listed	3,338
4	LAN	Air transport	Listed	2,858
5	Sudamericana de Vapores	Shipping	Listed	2,237
6	Falabella	Retail	Listed	1,850
7	Embotelladora Andina	Food and beverages	Listed	800
8	Ripley	Retail	Listed	715
9	Sonda	Software	Listed	616
10	ENAP	Energy	Unlisted (100%)	586
11	SQM	Mining	Listed	494
12	Cervecerías Unidas (CCU)	Food and beverages	Listed	305
13	Madeco	Metals	Listed	301
14	Sigdo Koppers	Manufacturing	Listed	263
15	Carozzi	Food and beverages	Listed	250
16	Banmédica	Health services	Listed	242
17	CGE	Energy	Listed	221
18	Molymet	Metals	Listed	149
19	Salfacorp	Construction	Listed	90
20	Concha y Toro	Food and beverages	Listed	87
<b>Total</b>				<b>24,873</b>

*Source:* ECLAC-VCC survey of Chilean MNEs, 2011.

<sup>a</sup> The exchange rate is the one used by all Chilean firms, i.e. the official rate of the Banco Central de Chile as of December 31, 2010: USD 1 = CLP 468.01.

<sup>b</sup> Forestry is the main industry of COPEC's international activities, carried out by its subsidiary Arauco. Energy is the main activity of the group as a whole, which is carried out mostly in Chile, with only USD 280 million in foreign assets. Fisheries are the group's third activity.

The combined foreign sales (excluding exports) of the top 20 in 2010 were USD 26 billion (annex table 1) and they employed 159,238 workers abroad, most of them in the retail sector. They had a total of 100 foreign affiliates in 18 different countries, although the large majority of these firms have all their assets in Latin America and only two could be considered to have a truly global

presence. During 2010, their assets abroad grew by 21%, a growth rate likely to be maintained in 2011, given the investment announcements made during the first half of the year.

## Profile of the top 20

### Major drivers

Chilean companies have enjoyed a consistently good business climate at home, helped by a stable macroeconomic environment and the country's abundant endowment of natural resources. These factors are the key to their domestic growth, which has allowed them over time to accumulate the capabilities required for investing in other countries.

The majority of the top 20 have expanded abroad in search of larger markets, after reaching a saturation point in Chile. This has notably been the case for retail, food and beverages, and transport companies. These companies have entered neighboring countries taking advantage of their physical proximity, the shared language and the similar levels of development. Another important group of companies in the list has benefited from the country's natural resources to build their competitive advantage. The wood product companies (CMPC and Arauco, a part of the conglomerate COPEC) have replicated the business model used in Chile in Argentina, Uruguay and Brazil: they have a vertically integrated structure that includes managing the forests and processing the wood into products, which are sold either within the host countries or exported to third countries. SQM and Molymet, on the other hand, extract natural resources only in Chile and have distribution, marketing and processing facilities in other countries.

### Concentration

Over half of the total foreign assets in table 1 belong to the top three companies: the largest retailer Cencosud, the wood product company CMCP and the COPEC Group. The last is a conglomerate with subsidiaries in energy, forestry and fisheries. Most of its international investment is in forestry, through its subsidiary Arauco. The energy business is the largest overall, but with limited overseas investment, while fisheries are a more limited activity with no foreign assets of any significance. COPEC Group is presented as one in the ranking, but the analysis by industry considers its forestry and energy subsidiaries separately.<sup>4</sup>

Forestry companies CMPC and Arauco (the COPEC subsidiary) hold 30% of the foreign assets of the top 20. But the retail companies Cencosud, Falabella and, to a smaller extent, Ripley have higher sales abroad, since retail is a less capital-intensive industry. Retail companies also dominate the figures on employment abroad, since their operations are very labor-intensive: over 100,000 people work for Cencosud, Falabella and Ripley outside Chile, representing 67% of foreign employment by the companies in the list. Considering the size of the country, table 1 does not show an unusual concentration of foreign assets in a small group of companies.

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<sup>4</sup> If the two main subsidiaries of the group were considered as independent companies, Arauco (forestry) would have USD 12.5 billion in total assets, of which USD 3.1 billion are abroad, and it would be the third largest company in the ranking. The energy subsidiary, also called COPEC, would have USD 4 billion in total assets, with only USD 285 million of them abroad, and would rank 14<sup>th</sup> in the list. It would, however, be the second largest company in the list by total sales - USD 9.9 billion.

## Main industries

Three sectors concentrate 78% of assets abroad of the companies in the list: retail (Cencosud, Falabella and Ripley), forestry (CMPC and COPEC through its subsidiary Arauco) and transport (Sudamericana de Vapores and Lan). The food and beverages industry (Embotelladora Andina, CCU, Carozzi and Concha y Toro) has 6%. Energy has 4%, although companies in this industry (COPEC operations in energy, ENAP and CGE) have relatively little investment abroad relative to their overall size. Other industries included in the list are software (Sonda), mining (SQM), metals (Molimet and Madeco), manufacturing (Sigdo Koopers), health services (Banmédica), and construction (Salfacorp).<sup>5</sup>

## Geographic distribution of foreign affiliates

One of the most notable features of the international expansion of Chilean companies is the very high concentration in neighbouring countries. If we exclude affiliates that provide only marketing services, or those established in offshore financial centers, 16 companies in the list have *all* their affiliates in Latin America (annex table 2). The universal tendency for companies to focus their international expansion on neighbouring countries, especially if they also share the same language or culture, was reinforced in Chile by the Chilean MNEs' search for a similar customer base, so that they could replicate their home-country strategies. This was especially the case in retail, transport and food and beverages. Forestry firms also looked for conditions similar to those in Chile, especially forest space where they could replicate the same strategy. Very few firms went abroad looking for a different factor endowment or market conditions. The only exceptions here are the oil-exploring investments of ENAP in Egypt and the cases of Molymet and SQM, which are discussed below. In the last few years, strong growth in most countries in South America has provided additional incentives for focusing on these markets. Five companies in the list have their foreign affiliates only in Argentina and/or Peru.

There are two notable exceptions to this focus on Latin America, both of them exporting mineral resources from Chile to process them abroad. The first is Molymet, the largest producer in the world of molybdenum, a metal used in many steel alloys that is usually obtained as a by-product of copper. The second is SQM which is a world leader in the production of lithium and iodine. Molymet produces its raw materials in Chile and has processing facilities in Europe, Mexico and China. SQM also obtains its primary product in Chile and transforms it into fertilizers and other products in many countries around the world. The other Chilean MNEs with subsidiaries outside the region are ENAP, which has a drilling concession in Egypt, and Sudamericana de Vapores, which has a presence in Europe and the United States. (See annex figure 2. On the geographic distribution of foreign assets, see annex figure 3.)

## Small country, large companies

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<sup>5</sup> With respect to the relatively small role of electricity generation and distribution in the list (CGE), one might note that the most important Chilean multinational in electricity, Enersis, was acquired by Spanish Endesa in 1999. As for financial firms, they are in any case excluded from the ranking, as noted above (fn. 3). In addition, the firms that would have been the most likely candidates, pension-fund multinationals AFP Summa and Provida, were also taken over in the 1990s, by the Spanish banks Santander and BBVA respectively.

Chilean MNEs have a level of outward investment that can be compared with the top companies from Brazil or Mexico, despite coming from a much smaller economy. Considering 2009 assets, Cencosud would be the 7<sup>th</sup> company in the Mexican ranking and the 6<sup>th</sup> in the Brazilian one.<sup>6</sup> Moreover, companies in positions 10 to 20 in the Chilean ranking have a higher level of assets abroad than their Brazilian peers do. This highlights again the relative importance of Chile as an outward investor in Latin America.

### **Ownership and status**

Only one company in our list has any percentage of state ownership - ENAP, which is fully state-owned. Chile's privatization of state-owned enterprises started earlier than in other countries in the region and was very thorough. There are only two important state-owned companies in Chile: the energy company ENAP and the copper-mining company Codelco, which is the largest company in Chile and the largest copper producer in the world. Codelco has no significant assets abroad yet but has announced its intention to start a modest international expansion through joint ventures. Given the size of the company (total assets USD 20 billion), even a modest international expansion would put CODELCO among the top 20 in a few years' time.

All of the top 20, with the exception of state-owned ENAP, are listed on the Santiago stock exchange. Lan, SQM, Embotelladora Andina, Cervecerías Unidas, Madeco and Concha y Toro are also listed on the New York Stock Exchange (annex table 3). Note, however, that despite being listed, most of these companies are controlled by a family holding and float only a very small percentage of shares on the market.

### **Transnationality Index (TNI)**

The Transnationality Index (TNI) is calculated as the average of three ratios: foreign assets to total assets, foreign sales to total sales, and foreign employment to total employment. The TNI of the 20 companies in the list is 29%, meaning that, on average, somewhat less than a third of the activities of these companies is located abroad. Within this, of course, there are notable variations.

Two companies stand out for being more active abroad than in Chile. The first one is Embotelladora Andina (TNI of 61%), which has managed to consolidate an important presence in the large Brazilian beverages market. The second is Sonda (TNI of 63%), a software company with subsidiaries in most large Latin American countries. The two transport companies also have high TNI values: Sudamericana de Vapores 62% and LAN 42%. These are, however, somewhat special cases, as the nature of their business makes it hard to determine the geographical location of many of their assets and earnings.<sup>7</sup>

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<sup>6</sup> See SOBEET and VCC (2010), "Brazilian multinationals positive after the global crisis" and IIE-UNAM and VCC (2010) "Impact of global crisis on Mexican multinationals varies by Industry", at <http://www.vcc.columbia.edu/content/emerging-market-global-players-project-0>.

<sup>7</sup> Like most shipping companies, Sudamericana de Vapores registers most of its vessels with its subsidiaries in Panama, independently of the routes on which they operate. LAN's assets are primarily composed of aircraft and aeronautical equipment, which are used throughout the different countries in which it operates.

At the other end of the scale, with a TNI value below 10% are two energy companies (ENAP and CGE), the diversified company Sigdo Koopers, and the export-oriented winery Concha y Toro. See below for the most recent international expansion of Concha y Toro.

### **Location of head offices, official language and management**

Chile is a very centralized country, with almost half the population, and more than half the GDP, concentrated in the capital Santiago. With the exception of Sudamericana de Vapores, a shipping company located in the port city of Valparaíso, all Chilean companies have their headquarters in Santiago, including those that have their main production facilities in other cities in Chile. All of them have Spanish as their working language and very few of them have foreigners among their top management.

The composition of their boards and top executives by sex shows a male dominance far beyond the average in developed economies. There are only two women sitting on the boards of these 20 companies, among 184 men. This is only 1% female representation, against 12% for European companies<sup>8</sup>. If we also include the top executives of the companies, women represent 4% of the total (annex table 6).

### **Top mergers and acquisitions**

During the last four years there have been only three foreign acquisitions by Chilean companies where the transaction value exceeded USD 100 million. The most important one, in 2009, was the acquisition by CMPC of a wood and pulp products plant in Brazil for about USD 1.4 billion. The other two were by CENCOSUD, both in 2007, and represented the entrance of this company into Brazil and Peru. Eight of the top 10 acquisitions are in Latin America. Of the other two, one is the acquisition of a Danish provider of freight-forwarding services by Navieras Ultragas, a shipping company that is one of the largest Chilean MNEs outside of the top 20. The other is Molymet's venture in China, in a 50% partnership with a local company (annex table 4).

### **Top greenfield announcements**

Of the top 10 announcements of greenfield investments from Chile (annex table 5), 8 are in the retail sector: five from the leader Cencosud, one each from Falabella and Ripley, and the last from Parque Arauco, which is a real-estate developer of shopping areas. The largest announcement is from Sigdo Koppers, to set up a petrochemical plant in Peru in partnership with a local group, to be implemented this year (although announced two-and-a-half years ago). The other non-retail project is from CMPC, to install a paper-producing plant in Colombia.

### **Changes in foreign assets, sales and employment**

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<sup>8</sup> Within Europe this percentage varies substantially, from 38% in Norway to less than 4% in Italy and Portugal, but it has increased consistently in recent years. See the European Professional Women's Network 2010 at: [http://www.europeanpwn.net/index.php?article\\_id=8](http://www.europeanpwn.net/index.php?article_id=8).

During 2010, total assets and sales of the 20 companies listed grew by 20% and 26% respectively (Table 2). Foreign assets and sales grew even faster (22% and 34%), reflecting the benefits for Chilean expansion abroad of strong economic growth both at home and in host countries. It should be noted that the figures reflect not only real growth in foreign assets and sales but also the effects of local currencies appreciating against the dollar in 2010, especially in Brazil, Argentina and Peru, where most foreign assets are located and most foreign sales are made.

**Table 2. Chile: Snapshot of the top 20 multinationals, 2009–2010 (USD million)**

Variable	2009	2010	% change 2009 - 2010
<b>Assets</b>			
Foreign	20,499	25,028	22.1%
Total	83,386	100,035	20.1%
Share of foreign in total (%)	24.6%	25.0%	
<b>Sales</b>			
Foreign	19,224	25,723	33.8%
Total	62,924	79,020	25.6%
Share of foreign in total (%)	30.6%	32.6%	
<b>Employment</b>			
Foreign	n.a. <sup>a</sup>	159,238	
Total	n.a. <sup>a</sup>	393,710	
Share of foreign in total (%)		40.4%	

*Source:* ECLAC-VCC survey of Chilean MNEs, 2011.

<sup>a</sup> The data coverage on employment available for 2009 was too poor to be included.

## The big picture

The rise and expansion of Chilean MNEs is part of the growth of outward investors from Latin America as a whole. The rise of these 'translatins' has been documented and analyzed by ECLAC in its annual reports on *Foreign Direct Investment in Latin America and the Caribbean* since 1997. In 2006, ECLAC gave an overview<sup>9</sup> of the translatins from Argentina, Brazil, Chile and Mexico, which concluded that companies from these countries tended to "move into neighboring markets, usually on the basis of natural-resource- and market-seeking strategies". It found that the main translatins were in basic industries (steel, cement, forest products), food and beverages, and certain services like telecommunication. Since then, the importance of outward investment from Latin American economies has continued to grow, reaching its largest amount ever (USD 43 billion) in 2010.

<sup>9</sup> ECLAC, *Foreign Investment in Latin America and the Caribbean 2005*, Santiago, Chile: United Nations, 2006.

Chile has been one of the top three sources of FDI outflows in the region, together with Mexico and Brazil. In fact, over the last three years, outward FDI flows from Chile were the *largest* in Latin America, even though Chile's population is *less* than one-tenth of Brazil's and its GDP *just over* one-tenth. Chile is also a major recipient of inward FDI, usually the third in the region after Brazil and Mexico, ranking above larger economies such as Argentina and Colombia.

The broad background to Chile's FDI performance is furnished by 20 years of sustained economic growth, facilitated by an attractive investment climate, with macroeconomic stability, sound institutions and stable regulatory regimes. Over these past two decades, Chilean companies have been able to build capacities that then stood them in good stead in their international expansion. FDI outflows increased notably in the 1990s, reaching USD 4 billion in 2000. They declined to a ten-year low in 2002, following the Argentinean crisis of 2001, and then rose again, very rapidly after 2006. On the other hand, the most recent global financial crisis of 2008-2009 had a limited impact on Chilean outward FDI: outflows stayed flat in 2009, compared with 2008, and rose again in 2010 to reach almost USD 9 billion (annex figure 5). One reason for this was that the main host countries of Chilean investment suffered only a mild and short economic contraction in 2009.<sup>10</sup> Although some of the companies in the list may have limited their expansion in 2009 as compared with 2008 (a year not covered by this survey), most of them operate in sectors that were relatively resilient to the economic slowdown, such as retail, forestry, and food and beverages. The list includes no company in a sector more vulnerable to such a crisis, for example, heavy industry or durable consumer goods.<sup>11</sup>

Specific factors in Chile's expanding outward investment include the following. Macroeconomic stability allowed companies to grow in the internal market and to access finance on better conditions than was the case for firms in other countries in the region. The privatization of state-owned enterprises and deregulation in key industries, started in the 1970s, created a competitive environment in industries such as energy, transport and pension-fund management. The relatively small size of the Chilean economy meant that several sectors showed a high degree of concentration from the 1980s onward, forcing some companies to look abroad for expansion. Finally, many of the largest MNEs have taken advantage of Chile's natural-resource endowment to build their competitive advantages.

It is especially significant that, apart from the horizontal policies mentioned above, improving the investment climate in the country and facilitating access to capital for all companies, there have been no specific government initiatives for supporting outward FDI. Some sectoral policies did promote outward FDI indirectly by allowing a degree of concentration in some sectors (notably retail) that facilitated the development of strong local groups that were later in a position to expand internationally. Another important Government policy that affected the level and composition of outward FDI has been the investment strategy of state-owned CODELCO, which has thus far abstained from any international expansion. Thus there are no copper-mining companies in this ranking.

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<sup>10</sup> In 2009, Chile's own GDP contracted by 1.6% and Brazil's by 0.6%, while Argentina, Peru and Colombia all experienced positive growth. All of them returned to high growth rates in 2010. (See ECLAC, *Economic Survey of Latin America and the Caribbean 2011*, Santiago: United Nations, 2011.)

<sup>11</sup> CAP, the steel maker not included in the ranking, reduced its investment plans substantially in 2009, both in Chile and abroad.

Deregulation and liberalization in other countries in the region from the 1990s onward also played a role as an important pull factor in Chile's expansion abroad. As noted earlier, Chile's foreign investment is heavily concentrated in neighboring countries. This regional focus explains some of the ups and downs of Chilean outward investment: retreating after the 2001 crisis in Argentina and expanding rapidly after 2006. It also limits the diversification of FDI and leaves most Chilean firms highly vulnerable to a potential downturn in Argentina, Brazil and Peru.

### **Recent developments**

The trend in recent years has clearly been towards an acceleration of investment abroad, driven by good returns in the home market and good opportunities in neighboring countries. This trend has continued in the first months of 2011 with some important announcements, including the acquisition by Concha y Toro of Fetzer Vineyards in the US for USD 238 million. This acquisition alone will triple the firm's assets abroad and represent an important diversification out of South America. Sigdo Koopers is also expanding its activities in Peru, notably with the construction of a large petrochemical complex to be started in 2011. And in January 2011, Arauco (COPEC group) signed a contract for the construction of a wood and pulp plant in Uruguay with an estimated investment of USD 2 billion, the largest single FDI project ever in that country. Finally, LAN Airlines is now pursuing an important merger that will substantially increase its international scale (see box 1 below).

#### **Box 1: LAN's merger with TAM**

The airline industry worldwide is in a slow process of consolidation, as exemplified by the recent merger between Air France and KLM or the one between British Airways and Iberia. Many airlines in Latin America are also considering cross-border alliances and mergers in order to increase scale and access new markets that cannot be entered through organic growth for regulatory reasons. The forthcoming fusion of Chilean LAN with Brazilian TAM, announced in 2010, is the largest such deal in the region.

LAN Airlines was privatized in 1989 and went through a series of ownership changes in the following years. In 1994, it reoriented its strategy towards international expansion. To this end, the airline established LAN Peru in 1999, LAN Ecuador in 2002 and LAN Argentina in 2005. Currently LAN is the largest passenger carrier in Chile, Ecuador and Peru, and the leading cargo operator in Latin America.

In 2010, LAN and TAM agreed to form LATAM Airlines Group in a stock swap transaction valued at USD 3.42 billion. This would represent a large step in the internationalization of the company. According to plans, LAN shareholders will control 71% of the company. However, in order to comply with Brazilian regulations that forbid foreign investors from owning more than 20% of a Brazilian airline, the new company will have an original structure in which TAM shareholders will hold 80% of the voting rights, despite holding a minority of the shares. LAN had already faced a similar situation with its subsidiary in Peru, highlighting the regulatory barriers to cross-border mergers in this industry.

As of this writing, the deal is on hold because of investigations launched in January 2011 by the Chilean competition authorities on whether the merger would have an adverse impact on the Chilean consumer. The expected date for completing the merger is March 2012.

*Source:* ECLAC-VCC, drawing on <http://www.valoronline.com.br/online/geral/87/438299/criacao-da-latam-e-prorrogada-para-marco-de-2012>.

In the near future, as long as strong economic growth continues in both Chile and its neighbors, Chilean companies are likely to continue their expansion. In the long term, these companies will have to confront the need to diversify their base beyond South America and expand into other regions of the world. Many of them will inevitably lack the necessary scale for a truly global presence, a situation likely to generate takeovers by international groups of some of the companies in the list. This was the situation faced by electricity generators and pension-fund managers in the late 1990s (see footnote 5 above).

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## Emerging Markets Global Players Project

This report on Polish multinationals was prepared in the framework of the Emerging Markets Global Players (EMGP) project, a collaborative effort led by the Vale Columbia Center. It brings together researchers on FDI from leading institutions in emerging markets to generate annual reports on leading multinationals in each participating economy. Reports on 13 economies have been published so far (several on some of them): Argentina, Brazil, Chile, China, Hungary, India, Israel, Korea, Mexico, Poland, Russia, Slovenia and Turkey. For further information, visit: <http://www.vcc.columbia.edu/content/emerging-market-global-players-project-0>.

## United Nations Economic Commission for Latin America and the Caribbean

The Economic Commission for Latin America and the Caribbean (ECLAC) was established in 1948 as one of the five regional commissions of the United Nations. Over the years, the institution's in-depth analysis of the region has taken the form of two main lines of action: economic and social research, and the provision of technical cooperation to Governments. ECLAC provides a wide range of services to the Governments of its member States, as well as to public and private bodies, regional agencies, non-governmental organizations and other institutions. These include: promoting economic and social development through cooperation and integration, providing advisory services to Governments upon request, organizing conferences and meetings, and bringing a regional perspective to the discussion of global issues held in international forums. ECLAC is headquartered in Santiago de Chile. For more information, visit: <http://www.eclac.org/default.asp?idioma=IN>.

## Vale Columbia Center on Sustainable International Investment

The Vale Columbia Center on Sustainable International Investment, headed by Karl P. Sauvant, is a joint Columbia Law School - Earth Institute venture at Columbia University. It seeks to be a leader on issues related to FDI in the global economy, paying special attention to the sustainability aspect of this investment. The Center focuses on the analysis and teaching of the implications of FDI for public policy and international investment law. Its objectives are to analyze important topical policy-oriented issues related to FDI, develop and disseminate practical approaches and solutions, and provide students with a challenging learning environment. For more information, visit: <http://www.vcc.columbia.edu>.

Annex table 1. Chile: The top 20 multinationals: Key variables, 2010 (USD million<sup>a</sup> and number of employees)

Rank by foreign assets	Company	Assets		Sales		Employment		TNI <sup>c</sup> (%)	No. of foreign affiliates	No. of host countries
		Foreign	Total	Foreign	Total	Foreign	Total			
1	Cencosud	6,072	13,573	7,153	13,236	69,925	126,530	51%	4	4
2	COPEC Group	3,400	16,828	2,776	13,743	5,645	19,182	23%	4	3
3	CMPC	3,338	12,876	1,431	4,219	6,435	15,068	34%	6	6
4	LAN	2,858	6,786	3,527	4,832	7,989	18,967	42%	6	6
5	Sudamericana de Vapores	2,237	3,218	2,506	5,452	7,078	9,944	62%	8	4
6	Falabella	1,850	14,067	2,600	8,930	32,901	81,354	28%	3	3
7	Embotelladora Andina	800	1,502	1,167	1,742	4,324	6,855	61%	5	2
8	Ripley	715	3,167	442	2,107	4,381	20,863	22%	1	1
9	Sonda	616	1,122	526	952	8,651	10,882	63%	8	8
10	ENAP	586	5,733	319	8,180	333	2,950	8%	8	4
11	SQM	494	3,373	1,061	1,830	254	4,327	26%	12	9
12	Cervecerías Unidas (CCU)	305	2,461	352	1,791	1,070	5,490	17%	1	1
13	Madeco	301	712	131	418	1,286	2,416	42%	4	2
14	Sigdo Koppers	263	2,204	278	1,834	826	13,793	11%	5	2
15	Carozzi	250	805	340	990	2,404	8,601	31%	1	1
16	Banmédica	242	1,175	443	1,510	2,640	13,611	23%	3	2
17	CGE	221	8,038	119	4,298	345	7,168	3%	7	2
18	Molymet	149	1,550	344	1,298	300	1,432	19%	4	4
19	Salfacorp	90	1,064	129	1,514	2,452	24,277	9%	9	3
20	Concha y Toro	87	1,263	50	808	392	3,216	7%	1	1
<b>Total (average for TNI)</b>		<b>24,873</b>	<b>100,254</b>	<b>25,645</b>	<b>78,877</b>	<b>159,238</b>	<b>393,710</b>	<b>29%</b>	<b>100</b>	<b>18</b>

Source: ECLAC-VCC survey of Chilean MNEs, 2011.

<sup>a</sup> The exchange rate used is the Banco Central de Chile rate of December 31, 2010: USD 1 = CLP 468.01.

<sup>c</sup> The Transnationality Index (TNI) is calculated as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales, and foreign employment to total employment. It is expressed as a percentage.

Annex table 2. Chile: The top 20 multinationals: Regionality Index<sup>a</sup>, 2010

Rank	Company	Latin America & the Caribbean	North America	Other Europe <sup>b</sup>	East Asia & the Pacific	Middle East & North Africa	No. of foreign affiliates
1	Cencosud	100%	0%	0%	0%	0%	4
3	COPEC	100%	0%	0%	0%	0%	4
2	CMPC	100%	0%	0%	0%	0%	6
4	Lan	100%	0%	0%	0%	0%	6
5	C. Sudamericana de Vapores	50%	13%	13%	25%	0%	8
6	Falabella	100%	0%	0%	0%	0%	3
8	Embotelladora Andina	100%	0%	0%	0%	0%	5
9	Ripley	100%	0%	0%	0%	0%	1
10	Sonda	100%	0%	0%	0%	0%	8
11	ENAP	88%	0%	0%	0%	13%	8
7	SQM	8%	17%	25%	25%	25%	12
13	Cervecerías Unidas (CCU)	100%	0%	0%	0%	0%	1
14	Madeco	100%	0%	0%	0%	0%	4
17	Sigdo Koppers	100%	0%	0%	0%	0%	5
15	Carozzi	100%	0%	0%	0%	0%	1
16	Banmédica	100%	0%	0%	0%	0%	3
12	CGE	100%	0%	0%	0%	0%	7
18	Molymet	25%	0%	50%	25%	0%	4
19	Salfacorp	100%	0%	0%	0%	0%	9
20	Concha y Toro	100%	0%	0%	0%	0%	1
<b>Average (total for last column)</b>		89%	1%	4%	4%	2%	100

Source: ECLAC-VCC survey of Chilean MNEs, 2011.

<sup>a</sup> The Regionality Index is calculated by dividing the number of a firm's foreign affiliates in a particular region of the world by its total number of foreign affiliates and multiplying the result by 100. There are no foreign affiliates of Chilean transnational corporations in Sub-Saharan Africa, Eastern Europe and Central Asia, South Asia, or Developed Asia Pacific. <sup>b</sup> 'Other Europe' is mainly Central and Western Europe.

**Annex table 3. Chile: The top 20 multinationals: Stock exchange listings, 2010**

Rank	Company	Domestic	Foreign
1	Cencosud	Santiago	<i>None</i>
2	COPEC	Santiago	<i>None</i>
3	CMPC	Santiago	<i>None</i>
4	LAN	Santiago	NYSE
5	Sudamericana de Vapores	Santiago	<i>None</i>
6	Falabella	Santiago	<i>None</i>
7	Embotelladora Andina	Santiago	NYSE
8	Ripley	Santiago	<i>None</i>
9	Sonda	Santiago	<i>None</i>
10	ENAP	<i>None</i>	<i>None</i>
11	SQM	Santiago	NYSE
12	Cervecerías Unidas (CCU)	Santiago	NYSE
13	Madeco	Santiago	NYSE
14	Sigdo Koppers	Santiago	<i>None</i>
15	Carozzi	Santiago	<i>None</i>
16	Banmédica	Santiago	<i>None</i>
17	CGE	Santiago	<i>None</i>
18	Molymet	Santiago	<i>None</i>
19	Salfacorp	Santiago	<i>None</i>
20	Concha y Toro	Santiago	NYSE

*Source:* ECLAC-VCC survey of Chilean MNEs, 2011.

**Annex table 4. Chile: Top 10 outward M&A transactions, 2007-2010 (USD million)**

No.	Date	Acquirer's name	Target firm 's name	Target industry	Target economy	% of shares acquired	Value of transaction
1	12/15/2009	CMPC	Aracruz Cellulose SA-Guaiba	Forestry	Brazil	100	1,430
2	12/16/2007	Cencosud	Grupo Wong	Retail	Peru	100	633
3	11/17/2007	Cencosud	G Barbosa	Retail	Brazil	100	430
4	06/21/2010	Navieras Ultragas	Eitzen Bulk Shipping A/S	Transport	Denmark	33	93
5	02/27/2009	Investor Group	Bavaria SA-Agua Brisa Bottled	Food and beverages	Colombia	100	92
6	07/05/2010	Cervecerías Unidas (CCU)	Inversora Cervecera SA	Food and beverages	Argentina	100	88
7	11/16/2010	Cementos Bio Bio	Cementos Portland SAC	Cement	Peru	30	61
8	01/14/2011	Investor Group	Pesquera Exalmar	Fisheries	Peru	100	60
9	04/23/2009	Cencosud	Easy Colombia	Retail	Colombia	30	60
10	05/19/2010	Molymet	Luoyang High Tech	Metals	China	50	38
<b>Total</b>							<b>2,985</b>

*Source:* Adapted from Thomson Reuters.

**Annex table 5. Chile: The top 10 outward greenfield transactions, announced<sup>a</sup>, 2007-2010 (USD million)**

No.	Date	Company	Destination	Industry	Value of transaction
1	Jan 2009	Sigdo Koppers	Peru	Manufacturing	650
2	Dec 2010	Cencosud	Brazil	Retail	525
3	Jul 2009	Falabella	Peru	Retail	350
4	Jul 2010	Cencosud	Peru	Retail	230
5	Dec 2010	Cencosud	Peru	Retail	220
6	Dec 2010	Cencosud	Argentina	Retail	210
7	Jul 2010	Cencosud	Colombia	Retail	200
8	Oct 2009	Ripley	Peru	Retail	157
9	Dec 2010	Parque Arauco	Peru	Construction	90
10	Aug 2010	CMPC	Colombia	Forestry	75
<b>Total</b>					<b>2,706</b>

*Source:* Adapted from fDi Intelligence, a service from the Financial Times Ltd.

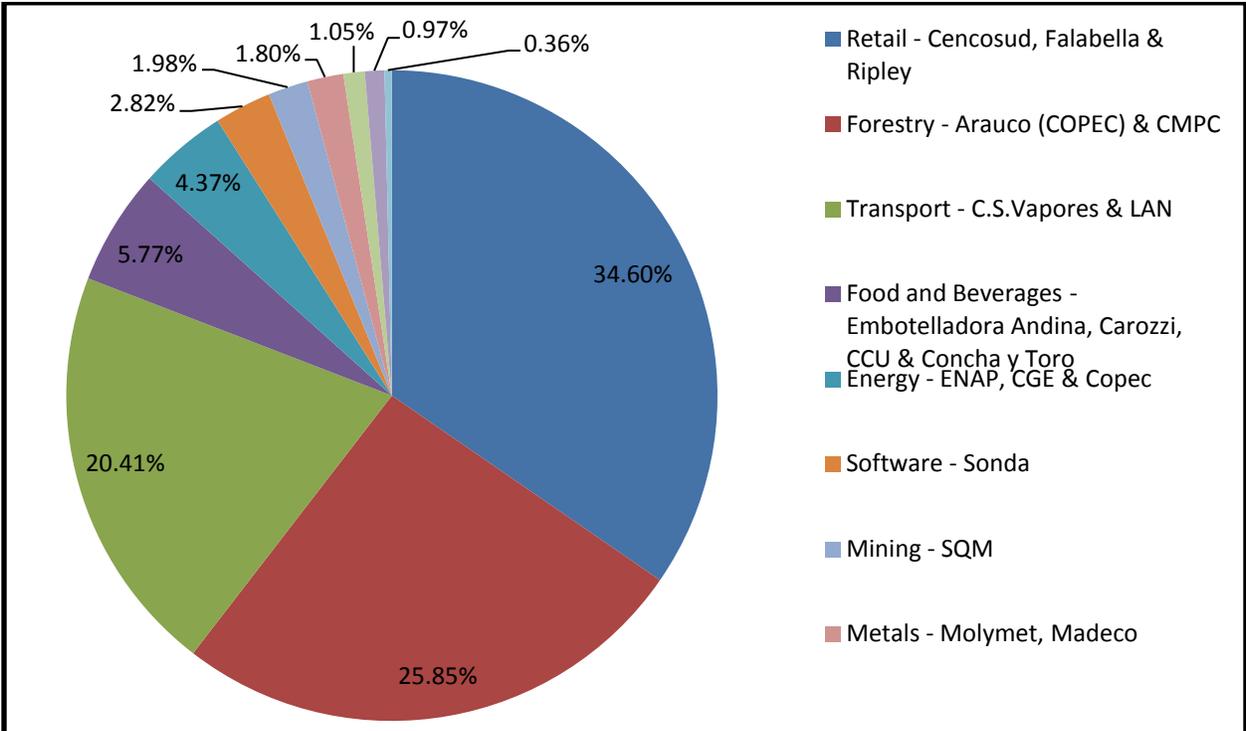
<sup>a</sup> Some of these transactions may not have materialized as announced.

**Annex table 6: Chile: The top 20 multinationals: Board members and senior executives by sex**

Rank	Company	Men	Women
1	Cencosud	21	1
2	COPEC	46	2
3	CMPC	12	0
4	Sudamericana de Vapores	26	1
5	Falabella	36	3
6	Lan	19	0
7	SQM	17	1
8	Embotelladora Andina	17	0
9	Ripley	40	1
10	ENAP	19	2
11	CGE	26	0
12	Carozzi	12	0
13	Sonda	15	0
14	Cervecerías Unidas (CCU)	20	3
15	Banmédica	16	2
16	Molymer	19	1
17	Madeco	16	0
18	Sigdo Koppers	14	0
19	Salfacorp	24	0
20	Concha y Toro	20	1
<b>Total</b>		<b>435</b>	<b>18</b>

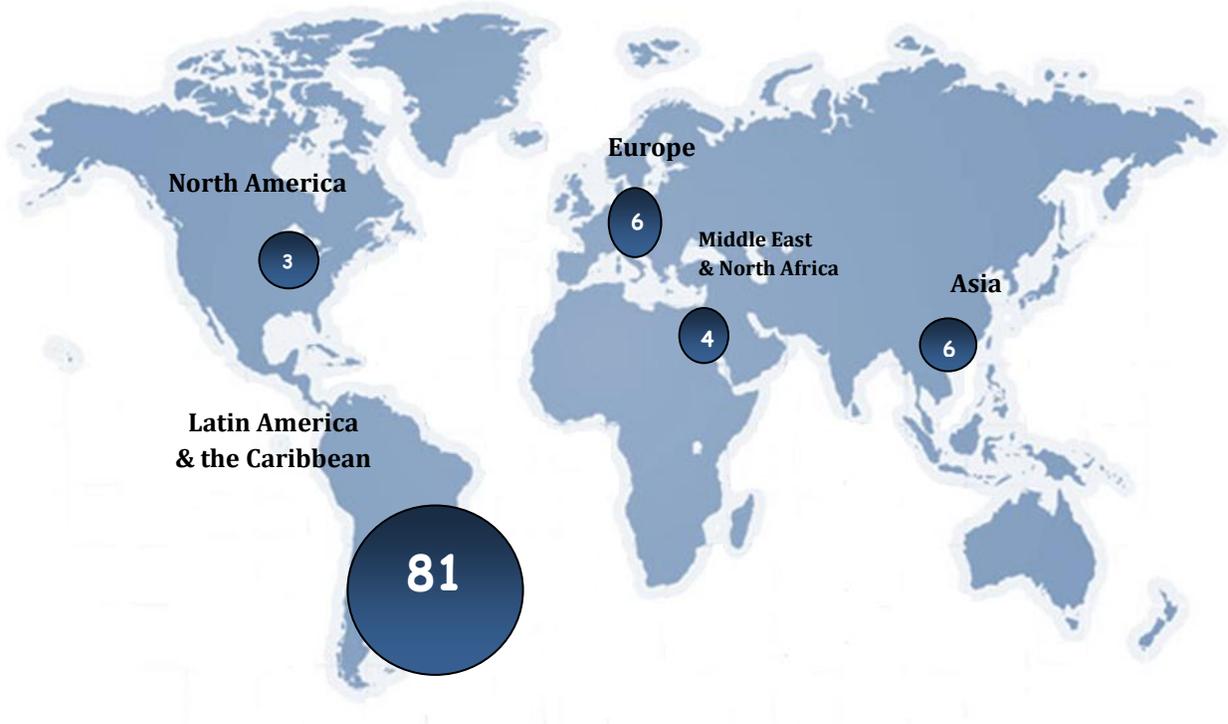
*Source:* ECLAC-VCC survey of Chilean MNEs, 2011.

**Annex figure 1. Chile: Breakdown of the foreign assets of the top 20 multinationals, by main industry, 2010**



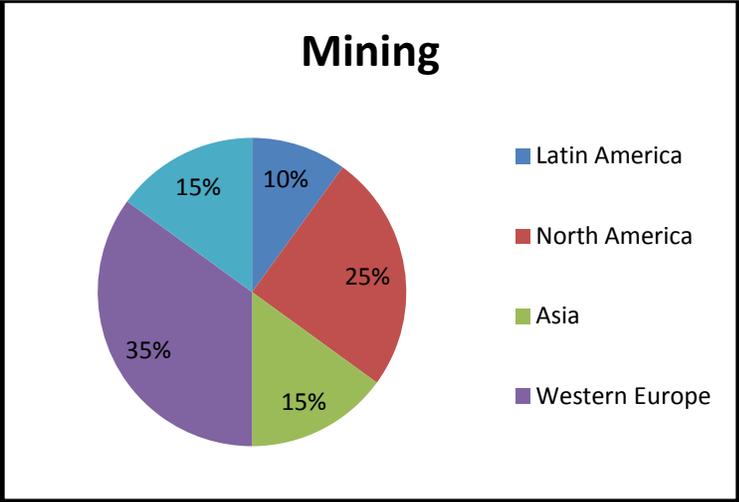
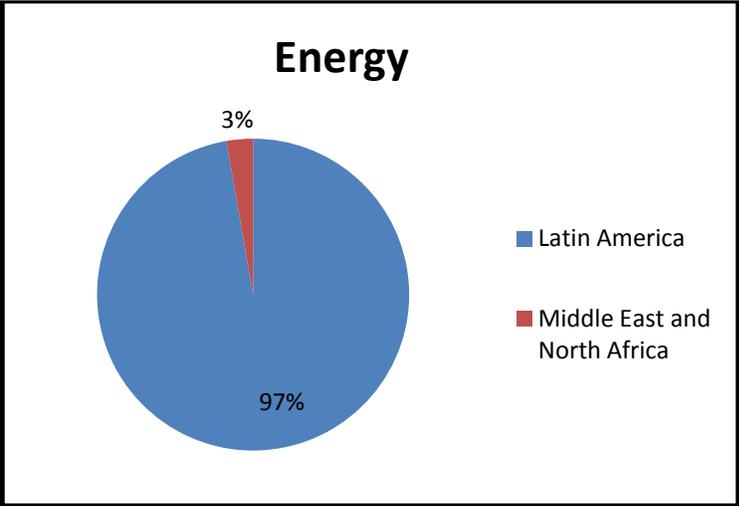
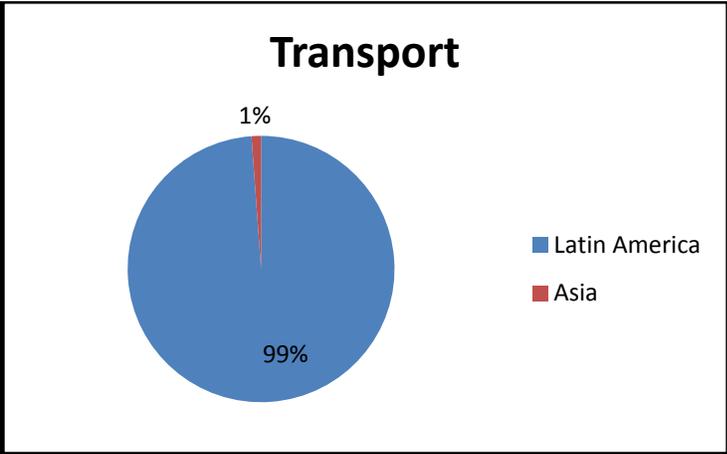
Source: ECLAC-VCC survey of Chilean MNEs, 2011.

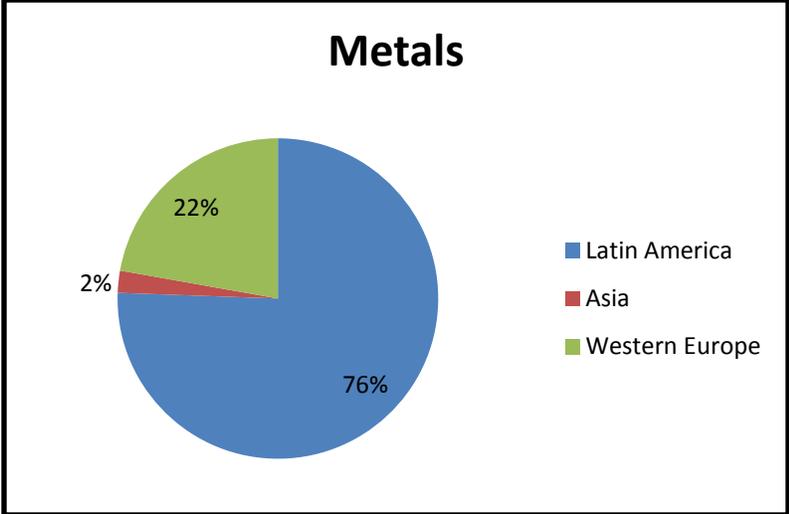
**Annex figure 2. Chile: Foreign affiliates of the top 20 multinationals by region, 2010**  
(number of affiliates)



*Source:* ECLAC-VCC survey of Chilean MNEs, 2011.

Annex figure 3. Chile: Geographic distribution of the foreign assets of the top 20 multinationals, by main industry, 2010 (percentages)<sup>a</sup>



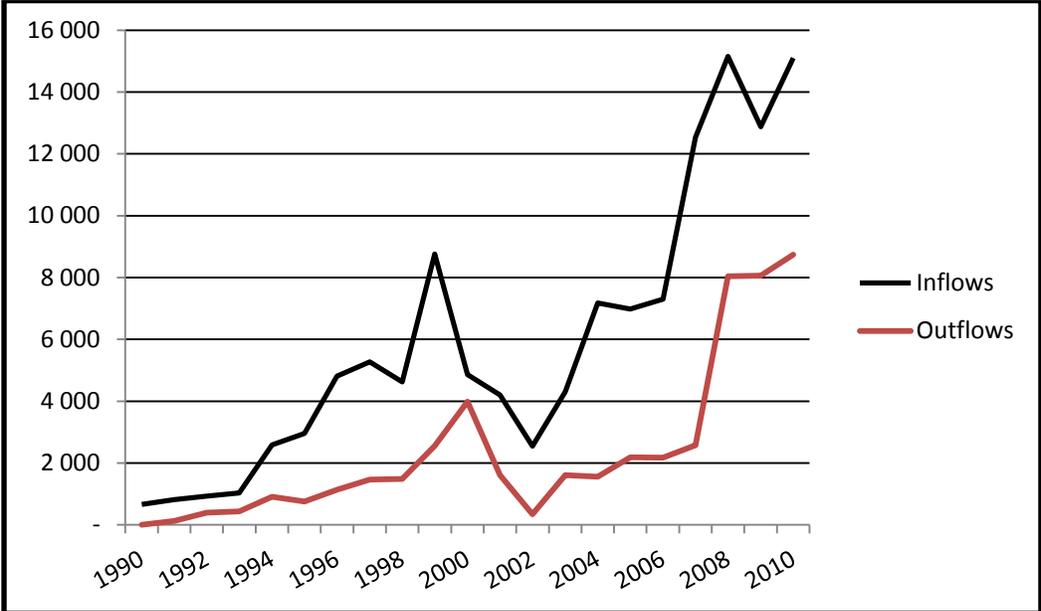


*Source:* ECLAC-VCC survey of Chilean MNEs, 2011.

<sup>a</sup> The following activities are entirely (100%) in Latin America: retail, forestry, food and beverages, health, software, construction and manufacturing.

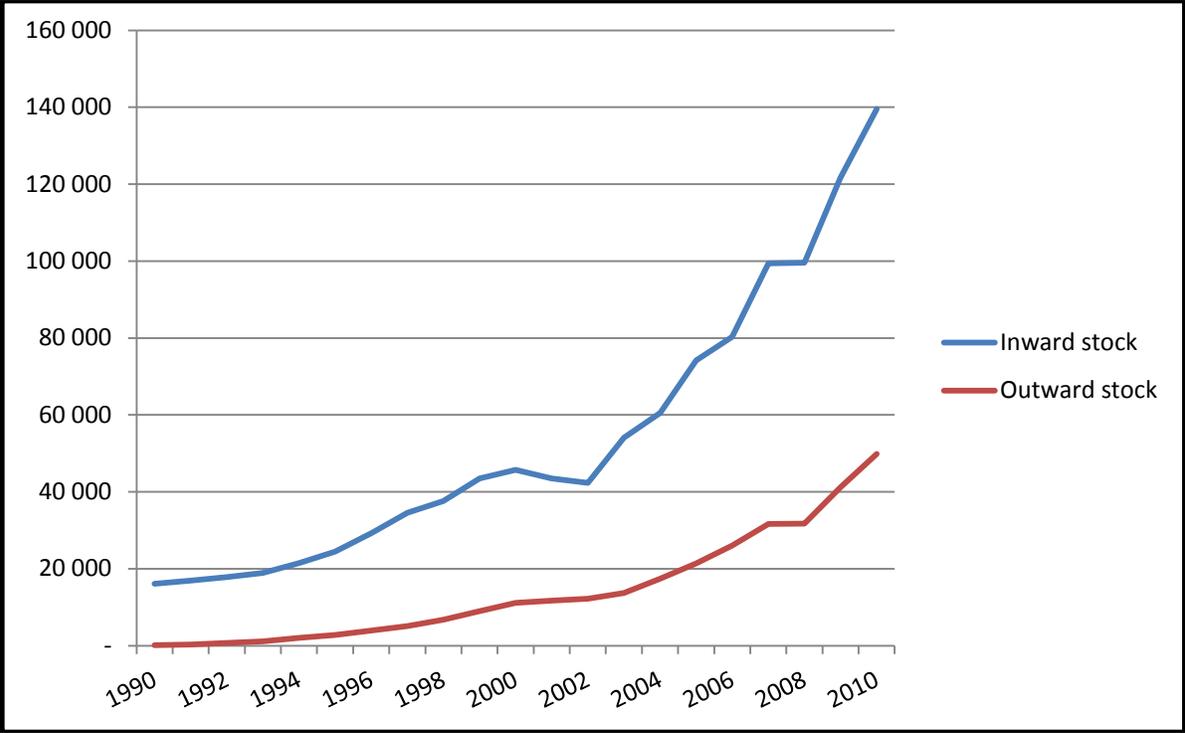


Annex figure 5. Chile: FDI inflows and outflows, 1990-2010 (USD million)



Source: ECLAC, drawing on data from the Banco Central de Chile.

Annex figure 6. Chile: Inward and outward FDI stock, 1990-2009 (USD million)



Source: UNCTAD, <http://unctadstat.unctad.org/TableViewer/tableView.aspx?ReportId=89>, accessed 14 August 2011.