

Increasing Productivity

An Interview with **Mauricio Banchieri**,
Trade Commissioner, Chilean Trade Commission in the U.S.

EDITORS' NOTE *Mauricio Banchieri has held his current post since September 2014. He was also a Founder and Partner for MZZO Chile S.A.; Founder and Director for Puro Wine; and Founder and Executive Director for Pure Chile Corporation. He received his Masters of Science in Information Systems, Telecommunications/Business from American University-Kogod School of Business, and his B.B.A. in Economics from Universidad Nacional Andrés Bello.*



Mauricio Banchieri

Will you talk about where you see the Chilean economy today and the efforts to diversify?

The economy in Chile remains strong despite the end of high prices for commodities, particularly copper in the case of Chile. The challenges of our economy are still great. We could be seeing as a country and experiencing “the trap of the middle income,” for a country with \$23,500 of income per capita, which is the highest in Latin America. However, we believe that we can combine successful new pathways of growth with a certain level of better distribution of income.

However, in order to continue developing growth in a country of 17 million people, we have to increase productivity. Without that, we will continue spinning on that middle ground.

Therefore, in Chile, we're trying to build the industries involved in services, innovation, and technology – these, together with better quality and access to education and opportunity, can make a difference in further developing our economy. Small and mid-size businesses are key to our growth, so we are working to improve market conditions to incentivize entrepreneurship among our new generations.

How critical is government stability to achieving these goals?

It's critical. Chile is a successful case in Latin America with regard to government stability over the past 30 years, but it is also true that there has been some noise as a result of some reforms during our current administration. However, we are absolutely committed to maintaining and fostering our political stability and we have proven that since we came back to democracy in 1989. Proof of this is our

fiscal policy – our public spending has been funded with permanent income. Chile is still a creditor country and has been able to grow and expand its economy by exporting and opening new markets for trade. Chile has free-trade agreements with 85 percent of the world's GDP.

We are a very serious country leading foreign direct investment in the region – we know what we have, we understand what our core assets are and, in a transversal way, as a society, both civilly and politically, we will never put stability in danger.

Will you talk about the advantages that Chile has as a tourist destination?

Tourism is growing phenomenally in Chile right now. We had over four and a half million visitors last year, which represents an increase of 26 percent compared to the previous year.

better access for the public to those parks that have not been correctly explored.

We believe the private and public sectors in this regard have a lot to gain from tourism. Promotion is a key part of that. We just increased our spending fourfold on promotion of tourism, which recently brought us up to the same nominal amount that countries competing with us are spending, like Peru or Colombia.

In regard to that promotion, what is that message for you?

That Chile is very special. It's very unique; a country where one can ski during the day and have dinner on the beach that same night. Its length is the same as the width of the U.S., which covers many different climates, from the driest desert in the world to Patagonia and Antarctic, with the Andes Mountains on one side and the Pacific Ocean on the other side. We have fantastic seafood because of those cold waters.

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Chile is distant from the major tourism markets – we understand it's a long-haul trip. However, we have a great hub for transportation. Our airport is world-class and continues to be expanded; it has become a real hub for Latin America.

Currently, we have the largest number of five-star hotels in South America. There is also an entire portfolio of investments in that regard in the main cities including wine tourism.

The government is opening national parks to provide land in exchange for certain joint ventures. We are also looking for the right investment to use in certain spaces to create

This particular geography generates amazing landscapes and weather within Chile, but it also can give one an island feel.

There is a lot to discover in Chile. By 2020, it will have 70 percent of the astronomical observatories in the world; we will hold 70 percent of all the assets to observe and explore the universe, so astronomical tourism is something we haven't even tapped into yet, but it's coming.

We also have fantastic wines and a great cuisine to discover. All of these components make Chile a very special place for tourists. ●