

Chile

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OVERVIEW OF THE CONSTRUCTION AND PROJECTS SECTOR

1. What are the main trends in the local construction and projects market? What are the most significant deals?

The 8.8 magnitude earthquake of 27 February 2010 and the rescue of 33 miners from the San José mine in October 2010 marked the beginning of current trends in the construction and projects markets in Chile. These events triggered an extensive review and update of anti-seismic building standards as well as the legal regulations regarding safety in construction. Although engineering and construction standards and protocols are already very high in Chile, particularly in relation to mining projects, this is not always the case for medium and small companies (as there is a lack of supervision of smaller companies by the authorities), which has prompted the authorities to promote and update the relevant regulations associated with those sectors.

Another emerging trend in Chile is the re-launching of the public concessions system (public private partnership (PPP) transactions), particularly for the construction of hospitals, prisons and schools (see *Question 31*). Not long after the current government took office in March 2010, it announced that during its four-year term, new projects would be subject to public tender through the PPP system, and improvements to existing projects would be introduced, up to a total value of US\$8,000 billion (as at 1 April 2011, US\$1 was about EURO.71). This represents almost a doubling of what has been invested in the area since the public works concessions system was first introduced in the early 1990s to improve infrastructure in the country.

Legislation on PPPs has recently been modernised to improve the quality of projects (in the past, serious difficulties have arisen in relation to some iconic projects because of poor preliminary engineering studies undertaken by successful tendering companies). This legislation has introduced significant changes in relation to the approval and modification of projects, and has given the public body that calls for tenders more powers to deal with any problems that arise.

Given their complexity, PPP projects have required the participation of international consortia with experience in these areas. An example of a current PPP relates to the construction of two new public hospitals in Maipú and La Florida, involving an investment of US\$300 million.

MAIN PARTIES

2. Who are the main parties involved in a project?

The main parties involved in a project are:

- The owner or client.
- The architect.
- The engineering firm that develops the detailed construction plans for the project.
- The technical inspectors of the works.
- The contracting construction company and all of its suppliers and subcontractors.

In addition, government agencies are involved in the project, including those that grant the relevant works and environmental permits, as well as those that monitor the safety and environmental aspects of the project during its construction and subsequent operation.

PROCUREMENT ARRANGEMENTS

3. Which are the most common procurement arrangements if the main parties are local? Are these arrangements different if some or all of the main parties are international contractors or consultants?

In local projects, the contractor normally tenders for the project with its suppliers and subcontractors in place (subject to the tender being awarded). Once the tender is awarded to it, the contractor then executes relevant contracts with those suppliers and subcontractors. Alternatively, two or more companies may tender for the contract together, as a consortium. If the tender is awarded to this consortium it then becomes a special purpose vehicle (SPV).

In more complex projects, other types of procurement arrangements tend to be used. These are known as “closed box” arrangements, such as BOT (build, operate, transfer), EPC (engineering, procurement, construction) and EPCM (engineering, procurement, construction, management) arrangements. Such projects usually require the participation of international builders and engineers, who contribute their expertise and technical and economic abilities.

It is not unusual for international and local parties to submit joint tenders for construction projects.

TRANSACTION STRUCTURES

4. What transaction structures and corporate vehicles are most commonly used in local projects (when the main parties are based in your jurisdiction)?

In local projects, the construction company normally contributes its expertise and sufficient funding to undertake the project. Sometimes it does this with other companies by way of a joint venture, strategic alliance or other similar agreement, which regulates each of the participants, either as co-contractors or as a contractor and subcontractors.

If local companies tender together, they tend to do so as a contractual consortium (as Chile does not have anything like the Spanish *Unión Temporal de Empresas* (Temporary Contractual Consortium or UTE)).

When the project is awarded, the consortium normally creates an SPV with the exclusive purpose of developing the project. The SPV contracts with the various partners in the project to undertake different parts of the work. The SPV normally has various management and decision-making committees to deal with technical and commercial matters. These committees are made up of representatives from all the parties in proportion to their participation and the degree of risk they have taken on. A manager is appointed to make day-to-day decisions and to represent the SPV in its dealings with the client and the consortium partners.

The client normally requires that the partners guarantee the undertakings of the SPV as joint and several guarantors or debtors. Before this is done, the partners usually agree among themselves that, notwithstanding their joint and several responsibility to the client, the partners will contribute to the payment of any liabilities in proportion to their participation in the consortium.

5. Are the common transaction structures and corporate vehicles different when the main parties are international contractors or consultants?

In terms of transaction structures and corporate vehicles, there are no real differences when the main parties are international contractors or consultants.

International companies usually participate in the tender process where the project is complex or of a high value, often in conjunction with local companies by way of a contractual consortium. International companies tendering for public works do not need to register with the Ministry of Public Works (MOP). Once a project is awarded to an international company, it usually establishes an SPV or incorporates a local branch or agency.

FINANCE

6. How are projects financed? How do arrangements differ for major international projects?

Financing of a project depends largely on its payment structure. In PPPs which are arranged as BOTs (see *Question 3*), in which

payments and income flows are postponed until the operation stage, the contractor must finance all of the works without receiving any income. Such projects are usually financed by 80% debt and 20% equity, with the participation of a syndicate of local banks, and sometimes international ones.

Bonds are also typically issued for BOT projects, and are more commonly used than other investment products. Such issuances require registration of the issuer and the investment project, in addition to the other steps required to place the bonds on the market.

Although bond issuances have been successfully used for public works concessions projects, the financing for such projects is usually provided by direct credits from a syndicate of commercial banks, lead by an agent bank that negotiates and co-ordinates the transaction. The Chilean financial market is highly developed, and allows many kinds of structures, including derivatives and rate swaps, to be used to finance projects.

Local projects often use advance payment structures for the purchase and/or contracting of supplies. If no advance payment structure is in place, the contractor is usually paid an initial amount to cover costs during construction, with the balance of payment made on completion.

SECURITY AND CONTRACTUAL PROTECTIONS

7. What forms of security and contractual protections do funders typically require to protect their investments?

Security

The guarantees required for projects of a high value and technical complexity can include:

- Pledges over the project's cash flows or future payments.
- A pledge over the shares of the contractor's SPV.
- A pledge over the rights of the construction or concession agreement.
- Corporate guarantees by the sponsors of the project if they are necessary.

In addition, income paid to the debtor company usually goes into a series of bank accounts, and money can normally only be withdrawn with the prior approval of the financing entities. Funders may also take security over the debtor company's assets by way of a subordinated debit instrument.

In general, types of security required on foreign and local projects do not differ, although foreign construction companies normally require a guarantee from their parent company.

Contractual

Contractual protections usually give the financing entities rights to supervise and undertake technical inspections of the work. These are usually done by engineering firms that act for the funders, which normally approve in advance technical and financial plans for the works, and check the quality of work as it is executed, as well as additional or extraordinary works.

Funders also often take part in the selection of suppliers and subcontractors, and approve their appointment in advance.

If the project encounters extreme difficulties, the funders can usually then “step-in” and take over the contract. If this occurs they can terminate the construction agreement and hire third parties to complete the works at the expense of the original contractor. In practice this occurs rarely, given the technical guarantees, particularly for the equipment supplied, that are granted by the contractor.

STANDARD FORMS OF CONTRACTS

8. What standard forms of contracts are used for local projects (when the main parties are based in your jurisdiction)? Which organisations publish them?

Unlike other European or American jurisdictions, in Chile there is no institute or entity that publishes standard forms of contracts for use by the construction and infrastructure industries. In practice, however, contracts are highly standardised in relation to matters of content and essential clauses, and suppliers and subcontractors are accustomed to contracting on the basis of certain types of provisions. The industry tends to resist any substantive changes to contractual custom.

Note that public works contracts involving government agencies, and particularly the MOP, are entirely regulated by the law, and negotiation of contract clauses is not permitted.

9. How do construction contracts for international projects differ from those used for local projects? Which organisations publish them?

Contracts used for international projects differ from those used for local projects in that international contracts tend to have more extensive, detailed provisions, in keeping with the common law custom. The contract usually intensively regulates the project and provides contractual solutions to all situations that might arise. Local contracts are based on the Spanish law tradition and therefore tend to be much briefer; in the absence of express contractual regulations, the law provides solutions when problems arise.

In addition, contracts for international projects, unlike those for local projects, often include provisions that stipulate that disputes are to be resolved in foreign jurisdictions or by arbitration institutions located abroad. They often also include provisions that stipulate that the contract is to be governed by a foreign law.

Most international projects tend to use the standard forms of contract published by the International Federation of Consulting Engineers (*Fédération Internationale des Ingénieurs-Conseils*) (FIDIC).

CONTRACTUAL ISSUES

Contractors' risks

10. What risks are typically allocated to the contractor? How are these risks offset or managed?

Risks typically allocated to the contractor relate to:

- Variations in the cost of employees and labour, materials and supplies.
- The conditions of the subsoil and excavations.
- Interruptions to construction caused by actions or omissions of third parties, including those caused by government decisions.
- Labour risks like strikes rather than just the cost of labour as mentioned above.
- Risks caused by differences in legal systems.
- Exchange rate risks.

Depending on the type of contract, design risks are also allocated to the contractor or the contractor may automatically assume the design risks as it often designs the works itself.

Contractors mitigate the above risks by:

- Negotiating fixed price contracts with subcontractors. This transfers the risk to suppliers and subcontractors by the incorporation of adjustment mechanisms in relation to certain basic supplies, with corresponding guarantees that mirror the main contract.
- Agreeing the contract price in *Unidades de Fomento* (UF), which means that the contract price is adjusted by reference to the consumer price index.
- By entering into derivatives contracts or obtaining exchange rate insurance where the contract price has been set in a foreign currency.
- Supervising the activities of subcontractors and its employees to avoid labour contingencies.

Those risks related to the subsoil are typically mitigated by technical documentation reflecting the degree of knowledge and information available at the time the contract is entered into, and the recording of any later discrepancy.

In addition, some of these risks may be mitigated by obtaining relevant insurance.

There are normally no key differences concerning risks between local and international contracts.

Excluding liability

11. How can liability be excluded or restricted under local law?

The contractor's liability may be limited or restricted depending on the type of contract, and on whether the owner assumed any initial liability, for example, if the owner provided:

- The land on which construction is to occur.
- Environmental permits.
- The design of the works.
- Any basic supplies.

In these circumstances, the contractor's liability is excluded.

In addition, the contractor is usually contractually released from liability for indirect or consequential damages and loss of profits. Limitations or exclusions of liability may be agreed and are completely enforceable.

Caps on liability

12. Do the parties usually agree a cap on liability? If yes, how is this usually fixed? What liabilities, if any, are typically not capped?

Although some contracts include caps on liability, it is not usual to agree a cap on liability for any damages caused by the contractor directly. Limitations are usually only agreed regarding indirect damages.

Contracts do commonly agree to a limit on the amount of any fine that can be imposed for breach of contract. These are normally capped at 10% of the total price of the contract. If the fine is established by the contract as the only penalty that can be applied, and the contract expressly excludes the option of bringing a claim for damages, this in effect limits the contractor's liability.

There are no differences between local and international contracts or between industry sectors in relation to the way caps on liability are agreed.

Force majeure

13. Are force majeure exclusions available and enforceable?

Force majeure exclusions are available and the courts will enforce such exclusions, particularly in cases where:

- Acts by third parties affect the development of a project.
- Force majeure events prevent the timely availability of the land for construction.
- Interruptions occur as a result of acts by associations of producers who are affected by a project.
- Electrical transmissions lines cannot be moved and this causes project delays.
- Natural disasters occur, such as earthquakes and so on.

However, in many contracts the contractor expressly undertakes to bear risks related to force majeure.

Material delays

14. What contractual provisions are typically negotiated to cover material delays to the project?

Contracts usually establish fines to regulate delays to the project, as well as guarantees for performance of the contract. If there are substantive delays, the contract normally allows the owner to terminate the contract early and/or to finish the works itself or to hire a contractor to complete the works, at the cost of the contractor.

Material variations

15. How are material variations to the works usually dealt with in the contract?

Variations in the works are usually regulated in the sense that they cannot be executed without the prior authorisation of the owner, who must agree to any price changes and any effects on the length of the contract.

If variations are actually additional or extraordinary works, it is more difficult for the owner to dispute resulting price increases or a longer contract term. However, in EPC projects where the contractor has designed the works, it may be more difficult for the contractor to negotiate a higher price or longer contract term for the additional works, unless such works are a result of changes required by the owner.

Other provisions

16. What other main contractual provisions do the parties usually heavily negotiate?

Other main contractual provisions that are usually heavily negotiated are:

- Dispute resolution clauses, particularly as disputes in Chile tend to be resolved by way of arbitration rather than by litigation.
- The contributions the owner must make to the contractor, such as permits that are the responsibility of the owner to obtain, the contribution of certain supplies and so on.
- Any clauses that assign risk to the contractor where it may not have been responsible for the event occurring, such as design mistakes, force majeure and unforeseen events arising due to a variation in the quality of rock or characteristics of the subsoil.

APPOINTING CONSTRUCTION PROFESSIONALS

17. How are construction professionals usually appointed? How are their liabilities dealt with in the contract?

Professionals such as architects, builders, engineers and structural designers usually belong to consultancy firms and are appointed by contract. Their liabilities are clearly determined by law.

It is accepted market practice to limit the liability of such professionals to the value of the services they have provided. In addition, they must have professional indemnity insurance.

PAYMENT FOR CONSTRUCTION WORK

18. What are the usual methods of payment for construction work? Are there ways for the contractor and consultants to secure payment or mitigate risks of non-payment under local law?

Contractors normally issue monthly invoices for the payment of work, in accordance with the dates for payment agreed in the contract. Payment is usually made between 30 and 60 days after receipt and acceptance of the invoice. Another method of payment commonly used is the prepayment of 10% to 20% of the total contract price at intervals specified in the contract.

There is no statutory or other legal procedure that contractors can use to ensure or secure payment; they can only rely on the contract. In fact, it is usually the contractor which must provide a guarantee to the owner to ensure the performance of the contract and its solvency.

SUBCONTRACTORS

19. How do the parties typically manage their relationships with subcontractors?

The contract between the contractor and the subcontractor reflects and usually duplicates the contract between the contractor and the owner, both in its terms and technical conditions, as well as in relation to guarantees and fines. It is usual practice to include *pari passu* clauses in the contract, so that the contractor is not liable to pay the subcontractor unless it has been paid by the owner. If the contractor breaches its payment obligations to the subcontractor, the contract usually states that the owner can pay the subcontractor directly (this is also provided for by labour law). If the subcontractor breaches its contractual obligations to undertake the work required, the contractor can normally take measures such as withholding payment and banking performance bonds obtained by the subcontractor.

LICENSING

20. What licences and other consents must contractors and construction professionals have to carry out local construction work? Are there any specific licensing requirements for international contractors and construction professionals?

Construction professionals practising in Chile must have their qualifications validated by the *Universidad de Chile* by a long and cumbersome procedure. Construction firms must also be registered with the relevant government registry (such as the Ministry of Public Works or the Ministry of Housing and Urban Planning), particularly for public works contracts. The registration process takes some months, and the firm must prove that it has the requisite expertise and economic capacity to be registered in the desired category.

As a result of the above requirements, foreign firms normally hire Chilean professionals to undertake local construction work.

21. What licences and other consents must a project obtain:

- Before construction work starts?
- During construction work?
- On completion?

Before

Before the works commence, a project must have a building permit issued by the corresponding municipality in which the project is located. The local municipality will check that the project meets all relevant local conditions and requirements before granting the permit. Depending on the type of project, it might also be necessary to request additional permits, for example from:

- The MOP for commencing works.
- Telecommunications and power companies, in relation to any movement of their networks or grids.
- Associations of water rights holders, if any modifications are required to, for instance, irrigation canals and so on.

Such permits are normally obtained by the contractor, except in public works concessions projects, in which case, the permits must be obtained by the party that has successfully tendered for the project.

During

During the execution of the works additional permits cannot be obtained, unless required by any government authorities overseeing compliance of the project with applicable regulations (particularly concerning safety and labour).

Completion

Once the works have been executed, the contractor must request that the local municipality approve the project, which it will do if it is satisfied that all requirements have been met.

PROJECTS INSURANCE

22. What types of insurance must be maintained by law? Are other non-compulsory types of insurance maintained under contract?

The only insurance that must be maintained by law is employers' liability insurance to cover accidents experienced by employees working on the project. Where the project is a public works project, the law requires that civil liability and force majeure insurance be obtained.

The contract normally requires that other types of insurance be obtained, including:

- All risks construction insurance.
- Civil liability insurance.
- Machinery and equipment insurance.
- Force majeure insurance.
- Professional liability, among others.

LABOUR LAWS

23. Are there any labour law requirements for hiring (local and foreign) employees?

Local workers

The Chilean Labour Code expressly provides that in all organisations with more than 25 workers, at least 85% of these workers must be Chilean nationals. If the company has fewer than 25 workers, there is no such limitation. There are no additional labour requirements for hiring local workers.

Foreign workers

Foreign workers must obtain a work visa or authorisation. The application procedure usually takes two to three months and is relatively straightforward. Other than the requirement in the Labour Code regarding the hiring of local workers (*see above, Local workers*), no other regulations restrict the hiring of foreign workers.

24. Which labour laws are relevant to projects?

Chilean labour regulations that are relevant to projects are quite flexible. There are minimum wage requirements but they are below the usual market rate.

The ordinary working week is 45 hours; workers can work an additional two hours per day provided overtime (50% more than the employee's normal wage) is paid. For projects in regional areas, the contractor can agree special weekly shift schedules with the local authority.

25. Must an employer pay statutory redundancy or other payments at the end of a project? Are all employees eligible?

Depending on the contract, statutory redundancy payments will be required on termination. If a contract is of an indefinite term, a redundancy payment of one month's remuneration per each year of service, with a cap of 11 years, is mandatory.

If the contract relates to particular work, the contract expires on completion of that work, and no redundancy payment is required. If the employer wants to terminate the contract before the work is completed, it must indemnify the employee for the period from termination of the contract until the time that work is expected to be completed.

HEALTH AND SAFETY

26. Which health and safety laws apply to projects?

The relevant health and safety law is Law 16744 on Labour Safety, which establishes conditions and procedures to safeguard safety in the workplace. The employer must:

- Issue hygiene and safety regulations.
- Establish a joint committee on order, hygiene and safety, comprised of employees and representatives of the employer. This committee oversees compliance with safety conditions on the work site.

Breaches of the regulations are penalised with fines, and even temporary or permanent closure of the works where there is a serious lack of safety.

If an accident occurs, civil (rather than criminal) liability usually arises.

ENVIRONMENTAL ISSUES

27. Which local laws regulate projects' effects on the environment?

Law 19300 regulates:

- The procedures involved for environmental approval of a project.
- The responsibilities of an environmental permit holder and the penalties for breach.
- The applicable jurisdiction.

The owner must submit requests for all relevant environmental authorisations from the Ministry of the Environment.

Certain projects (large infrastructure, mining, energy and transport, among others) must be submitted for environmental assessment. If such projects may cause adverse environmental effects, they must undergo an Environmental Assessment Study, in which the local community participates. If the study finds that the project should be authorised, it will also prescribe measures that must be taken to mitigate any environmental damage. If the project does not produce adverse effects, an Environmental Impact Statement will be issued, which will not prescribe any mitigation measures.

In addition to Law 19300, there are hundreds of specific regulations covering environmental issues in Chile.

28. Must buildings meet carbon emissions or climate change targets?

Chile has ratified the Kyoto Protocol. However, projects do not have to be certified in relation to their carbon emissions. Instead, a system is in place that promotes the voluntary certification of projects.

CORRUPT PRACTICES

29. Are there any rules prohibiting corrupt business practices and bribery (particularly any rules targeting the projects sector)? What are the applicable civil or criminal penalties?

There are general regulations governing corrupt business practices and bribery. They are not specifically applicable to the projects sector, however. These regulations impose civil and criminal penalties such as fines and imprisonment.



BANKRUPTCY/INSOLVENCY

30. What rights do the client and funder typically require on the contractor's bankruptcy or insolvency?

No legal restrictions apply on terminating the contract for bankruptcy or insolvency, and the client does not have to indemnify the contractor if this occurs. In general, contractual parties can terminate early without showing cause or having to indemnify the other party for lost profits caused by the early termination, beyond any direct costs incurred as a result of the termination.

In practice, the bankruptcy or insolvency of the contractor is a very common reason for early termination of the contract by the client.

PPPs

31. Are public private partnerships (PPPs) common in local construction projects? If so, which sectors commonly use PPPs?

PPPs are common in Chile, but only for public works concessions in areas such as motorways, hospitals, prisons, reservoirs, airports and ports. The relevant regulations on PPPs allow for private initiatives to develop public works projects.

32. What local laws apply to PPPs?

The law on public works concessions (DS MOP No. 900) contains the regulations on PPP projects and on private initiatives concerning public works.

33. What is the typical procurement/tender process in a PPP transaction? Does the government or another body publish standard forms of PPP project agreement and related contracts?

The tender process in a PPP transaction normally begins with the request for tender (in the case of public works, this is issued by the MOP). In its request, the MOP sets the conditions for tender and specific technical requirements and quality standards.

After this, the interested parties (normally international consortia) submit their bids (covering price and technical specifications). The successful bidder must then incorporate an SPV exclusively for the project.

The successful bidding company (concessionaire) is in charge of carrying out the construction and operating the project on completion. Concession agreements and the bye-laws of the SPV are regulated by DS MOP No. 900 and the corresponding bidding conditions of each project.

Most bidders for public concession works are international. Foreign companies with no registered office in Chile can tender for such projects if they can show that they have the relevant expertise and economic capacity.

MAIN CONSTRUCTION ORGANISATIONS

Chilean Chamber of Construction (*Camara Chilena de la Construccion*)

Main activities. This is a professional association to which the majority of construction professionals belong.

W www.cchc.cl

Chilean Construction Institute (*Instituto de la Construccion*)

Main activities. This issues the technical rules in construction.

W www.iconstruccion.cl

College of Engineering of Chile (*Colegio de Ingenieros de Chile AG*)

Main activities. This regulates the practice of engineers in Chile.

W www.ingenieros.cl

DISPUTE RESOLUTION

34. Which are the most common formal dispute resolution methods used? Which courts and arbitration organisations deal with construction disputes?

Formal dispute resolution methods

The preferred dispute resolution method for construction projects is arbitration, especially institutional arbitration. Such arbitrations are normally governed by Chilean law and carried out in Santiago, Chile.

The preferred arbitration method normally involves making the arbitrator an *arbitrator ex aequo et bono*, that is, one who decides the matter in accordance with the equity of the case. Rights of appeal and remedies are normally waived.

Arbitrations of disputes between parties to public works projects are subject to special arbitration procedures.

Courts and arbitration organisations

The best known arbitration centre in Chile is the Santiago Arbitration and Mediation Centre of the Santiago Chamber of Commerce. In addition, the *Cámara de la Construcción* (Construction Association) has an institutional arbitration arm.

In international projects, the arbitration institutions commonly used include the International Chamber of Commerce and The Permanent Court of Arbitration of the Hague, but such arbitrations are normally subject to Chilean law and based in Chile.

If litigation is used to resolve disputes, ordinary courts deal with such matters.

35. What are the most common alternative dispute resolution (ADR) methods used?

Mandatory conciliation regulations apply to disputes. In practice, this type of conciliation often succeeds in resolving disputes.

Contracts also often require that the parties submit to direct conciliation (without intervention by mediators) before commencing arbitration, although this often does not work in practice.

In relation to PPP projects, mandatory conciliation may apply through what is called a Conciliation Commission, comprised of three mediators. Each party appoints a member and the third member is appointed by both parties. Such commissions have had some success in resolving disputes.

TAX

36. What are the main tax issues arising on projects?

Construction works are subject to value added tax (VAT) at a rate of 19%. It is possible to set-off this tax, on a monthly basis, against VAT paid for the purchase of materials and equipment.

Contracts themselves are not subject to stamp duty, but loans are subject to this tax.

The corporate tax rate is 17%. Foreigners must pay income tax at the rate of 35% (known as additional tax), but they can credit any corporate tax already paid against this amount.

Real estate is subject to "territorial tax", which is assessed by reference to the value of the property and any constructions on it.

37. Are any methods commonly used to mitigate tax liability on projects? Are there any tax incentives to carry out regeneration projects?

Foreign companies usually establish one or more Chilean subsidiaries, which are the SPVs that develop one or more specific

projects. A holding company is established to liaise between the SPVs and finance these subsidiaries. The holding company is also commonly an agency of the foreign company, which transfers expertise to Chile and participates in project tenders; after any tender is awarded a subsidiary construction company undertakes the project.

OTHER REQUIREMENTS FOR INTERNATIONAL CONTRACTORS

38. Are there any specific requirements that international contractors or construction professionals must comply with?

International contractors are free to contract with other private parties in Chile. They can also submit tenders for public works projects if they have the expertise and ability to complete the project. However, to execute a public works project in Chile, a contractor must register with the MOP's Contractors Registry. Such registration will only be granted if the contractor meets certain requirements (for instance, if it can prove that it has the relevant experience to undertake the project).

Foreign professionals can only work in Chile if they have a work visa authorising them to undertake paid employment (see *Question 23*). Professional qualifications are only valid in Chile if they have been validated by the *Universidad de Chile* (see *Question 20*).

REFORM

39. Are there any proposals to reform construction and projects law?

Apart from the current review of anti-seismic building standards and legal regulations concerning safety in construction (see *Question 1*), there are no current proposals to reform construction and projects law.



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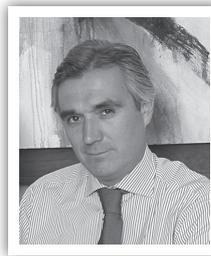
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Qualified. Chile, 1992

Areas of practice. Projects; construction; litigation; corporate law; concessions; telecommunications.

Recent transactions

- **International Road 60 CH.** Advised in relation to the construction of a road from Chile to Argentina (value of US\$300 million).
- **Maipú and La Florida Hospitales.** Advised in relation to construction and operation of a hospital given in concession (value of US\$300 million).
- **La Higuera Hydroelectric Power Station.** Advised in relation to the construction of a power station (value of US\$300 million).
- **Santiago Justice Centre (*Centro de Justicia de Santiago*).** Advised in relation to the construction and operation of the most important justice centre in Latin America (125,000 square metres) (value of US\$160 million).



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