

Sector Reports

Life Sciences

Doing Business in Chile Guide 2022





Chile's life sciences industries are emerging, underpinned by a rich academic base, ample funding, and a wealth of low-cost laboratory space.

It also has a connected and collaborative global research environment offering investment opportunities in different sectors. With nearly 17,000 specialists working in the industry, and a reputation for rigorous legislation on matters of property and intellectual rights, Chile has become a leading FDI recipient for this sector in Latin America ([InvestChile](#)).





Market Overview

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An estimated 93.7 % of the population in Chile is covered by health insurance. Chile spends 9.14% of GDP on health spending, one of the highest rates in Latin America. For comparison, the U.K spends 12% of GDP on healthcare.

The OECD average number of doctors and nurses is 3.6 per 1,000 population and 8.8 per 1,000 population, respectively. Chile lags behind this with 2.6 physicians and 2.9 nurses per 1,000 population (OECD, 2019).

As of January 2021, Chile was home to 21 start-up companies operating in the health sector, out of which more than half (57 percent) belonged to the healthcare category (Governmental health insurance coverage in Chile 2019, Statista) .

The Latin American med tech market is evolving rapidly. The growth rate of robotic surgeries conducted in Chile between 2010 and 2018 increased by 674%. One reason for that change is the fact that purchasing large capital equipment is becoming easier.

Chile ranks 53rd among the 132 economies featured in the Global Innovation Index 2021. And 1st among the 18 economies in Latin America and the Caribbean.

R&D Spending by Sector

Universities 45.8%

Business 34.2%

Government 13.1%

Private non profit 6.8%



Gender Distribution: researchers (OECD data)

Male 65 %

Female 35 %

R&D Statistics

0.4% R&D spending as % GDP

US \$1.6 billion R&D spending adjusted by purchasing power parity \$ (2018)

Background

Public policy advocating research & innovation, coupled with funding injections from CORFO (the Production Development Corporation) and the National Research and Development agency (ANID) have paved the way for life sciences to make a positive contribution to the diversification of Chile's production matrix.

Over time Chile has developed a highly qualified scientific community. The country boasts several prestigious universities around which research centre clusters have emerged which now act as keystones to the industry.

Tech companies are expecting to pay out more than US\$4,500 million on FDI in Chile in the next five years (InvestChile). These investments are driven by the potential of health care and foodtech, with a targeted focus on diagnostics and the development of alternative proteins for human and animal consumption.

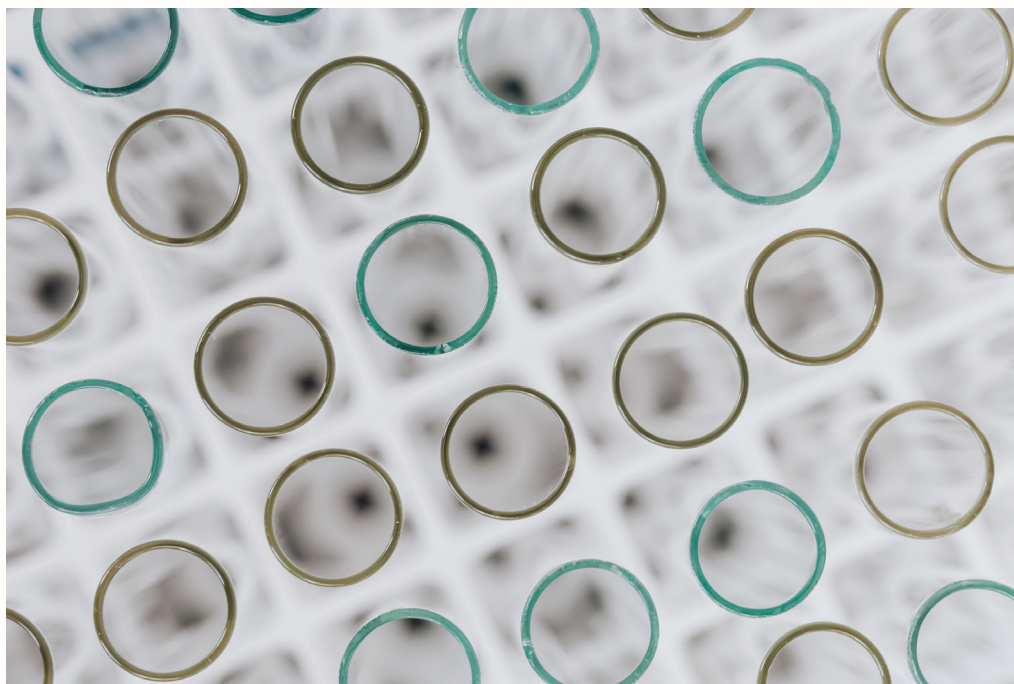
Funding

The Ministry of Science and Innovation, together with ANID, provided economic support for 63 research projects related to COVID-19. These were distributed as 46% on medicine and health science, 32% on social science and the remainder 22% along various other focuses, like engineering and agritech. In 2019 alone, patent applications by resident researchers increased over 8%, explained by the 75,6% of PhDs working at universities (World Bank, 2019).

ANID, responsible for promoting knowledge, technological development and innovation, offers R&D funding for innovative solutions with local research companies. In January 2022, the application period began for the 2023 Research Initiation Project Contest, carried out by the Agency. The maximum annual funding (for projects of two or three years) is CLP\$30 million (US\$38,000).

Those researchers who need to change region / country to develop their projects will receive a further three million pesos to cover travel expenses. This applies to UK residents moving to Chile. Further funds are available for support staff e.g. scholarships for undergraduate, bachelor's, master's and/or doctorate thesis students; Technical and support staff.

A complete list of ANID's funds, benefits and application process can be found on their [website](#).



Private Funds: Venture Capital

The VC industry has been growing systematically in Latin America. During 2019, it reached a record of US\$4,6 million in 440 deals, twice the amount of 2018 (Zentynel, 2020). Most of the life sciences industry remains mainly backed by the public sector. According to international rankings, the life sciences industry faces financing barriers in Chile e.g. the lack of specialisation, the relative small size of the Chilean market, and the lack of deal flow, among others.

Since the life sciences industry is a risky and CapEx intensive one, inability to access funding poses a threat to development. Currently, there are 21 venture capital firms in the country, although few of them are currently financing or have in the past financed biotech projects. Five initiatives that do are worth highlighting:

[Aurus Capital](#)

[Austral Capital](#)

[UDD Ventures](#)

[Endurance Investments](#) (Fondo Alerce and Fondo Zentynel)

[COPEC Foundation](#) (up to US \$160,000 in grants)

Fundación Ciencia & Vida

The foundation is a private nonprofit institution aimed at improving the social and economic development of Chile through scientific discovery, entrepreneurship and education in the biological sciences. It has raised funds for over US \$60 million to work and develop startups in life sciences. For more information visit [here](#).



Public Policy

Here are some of the most important public policies to boost the local markets:

Tax Benefits on Research and Development (R&D) Expenditure

- Up to 35% of credit tax benefits over expenses
- Up to US\$360 million on accumulated benefits

Innovation Fund for Competitiveness and Entrepreneurship

A US\$57 million budget for 2021 developed by the Ministry of Economy, in association with CORFO and Start-Up Chile.



Regulation

The Instituto de Salud Pública (ISP) is the regulatory body responsible for promoting and protecting the health of the population, and strengthening health control through surveillance, authorization, inspection, research and technology transfer.

All pharmaceutical products imported or manufactured in Chile that are destined to be distributed or used in any capacity in the country, must previously have a sanitary registration approved by the ISP.

Product registration requests can be made in person at ISPs offices in Santiago, or electronically, through their online application system.



Business Opportunities

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With the introduction of the 'new-normal', digitization is broadening the horizon of new possibilities in the life sciences sector. Redefined workplace environments, the shift in health care delivery, and innovative collaborations to create efficiencies are a few examples that are leading to this unprecedented change supported by technological advancements.

Chile Compra

Commercial opportunities exist for life sciences companies to become official suppliers of goods and services to the Chilean ministries, services and different State agencies. In order to view available opportunities businesses must first obtain a username and password to enter the Mercado Publico platform, managed by the ChileCompra Directorate. This is a free tool that provides access to the needs of 850 public entities; essentially it's a space of supply and demand with common rules and tools, and with transparency of contracts.

There also exists the option to become an accredited supplier of the State. This service does have a fee attached which is proportional to the size of the business. For more information visit the ChileCompra site.

