

According to Chilean Government regulations, all wastewater must be treated by 2006. Investment over the next 10 years is estimated at US\$555 million.

Market Overview

The Chilean Government has set 2006 as the target date for all wastewater to be treated and subjected to norms that regulate the discharge of industrial wastewater into the sewage systems, lakes, rivers and ocean. Current compliance estimates stand at: 77.5% for 2005, 98.8% for 2010 and 99.4% for year 2015

The Superintendence of Sanitary Services (SISS) is the primary authority for regulating and supervising the sanitary sector as well as discharges of industrial liquid waste.

On September 3rd, 2006, decree 90 comes into force, setting a number of strict environmental regulations on industrial wastewater emissions, with this in mind; SISS required a total of 760 industries to submit characterization reports by end-2005 in order to have a complete catalogue of the wastewater situation in the country

During 2004 the sector sales were US\$ 882 million. Aguas Andinas, Chile's largest sanitary company represents 34% of the market

According to the SISS, water-treatment systems used in Chile have evolved from stabilization lagoons in 1998 to aerated lagoons today, in order to increase treatment capacity and efficiency. Imported equipment accounts for approximately 20% of the total cost of water treatment plants.

The average consumption during 2004 was 20.2 m³ per client monthly or 195.8 liters/person/day.

During 2004 the sanitary sector had 3.8 million clients, of which 99.4% are attended by 19 main concessionary companies and the rest by 22 smaller companies. 94.3% are residential clients, 4.8% commercial and the rest are industrial and others.

Investment in the Sanitary Sector US\$ million

2003 -- 2015	
2003	388.8
2004 -- 2005	405.4
2006 -- 2015	555.6
Total	1,349.8

Source: SISS 2004

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U.S. Position

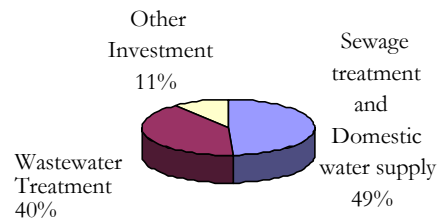
U.S. technologies for water-treatment plants are well regarded in Chile, despite the fact that European companies dominate the sanitary sector.

Some U.S. engineering and/or consultancy companies are either contracted by or associated with Chilean companies for the development of a specific project.

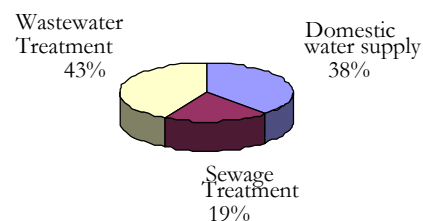
U.S. companies have made headway in the supply of specific instruments such as laboratory equipment, water escape detectors and jet trucks.

European firms dominate the private-sector investment in Chilean sanitary companies, which may result in a preference for European equipment and products if they equal U.S. products on quality and price

Investment 2004



Investment 2005 - 2015



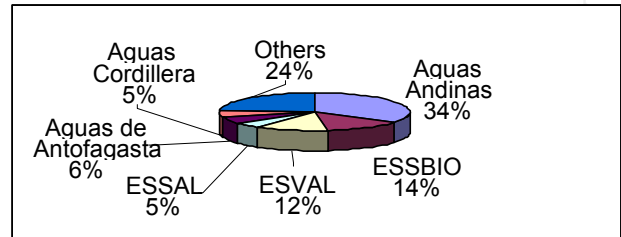
Competitors

- Local Chilean group Southern Cross investment fund bought in September 2005; German-UK group RWE Thames Water's stake which in the Chilean water utilities it controls – Essbio, Essel and Aguas Nuevo Sur Maule (ANS) - for an estimated US\$300 million. This makes Southern Cross the second largest company in the national water services market with a 19.5% stake. It is also estimated to generate some US\$149 million in annual revenues
- The Chilean Solari group, together with Spanish groups Acciona and Canal Isabel II, operate water concessions in Regions I, IX and XII through the holding Aguas Nuevas.
- Chile's largest sanitary company, Aguas Andinas, is owned by the consortium Inversiones Aguas Metropolitanas, in which the Agbar Group (Spain) and the Suez Group (France) each have a 50% share.

Principal Sub Sectors

- Wastewater treatment equipment and products
- Consulting and engineering services
- Water re-utilization systems for industrial and agricultural use
- Drinking water supply systems

Sanitary Company Market Share (Revenue).
Source: SISS 2004



Commercial Opportunities

- Due to the Chilean government's effort to regulate the industry, the Chilean market offers excellent opportunities for U.S. suppliers of water-treatment-related equipment and services
- Consulting, design and engineering services for the construction of wastewater treatment plants, which include primary and secondary treatment, bio-solids processing and advanced treatment
- 91.3% of the future investment will be done by: **Aguas Andinas** mainly in the construction of Los Nogales; **ESVAL**, in the plant San Antonio; **Aguas Araucanía**, building 16 wastewater treatment in Temuco, Algol and Villarrica among other places; and **ESSBIO** in works in San Pedro, Hualqui and Coelemu.
- Collection and irrigation systems including underground piping systems, open flume irrigation channels, and water reservoirs.
- Drinking water supply systems for municipalities, industrial and tourism developments.
- Innovative water re-utilization and recirculation systems for municipal and industrial applications (especially mining in the north of Chile).
- Pre-treatment technology for wastewater and sludge-processing equipment
- Aguas Andinas will invest approximately US\$ 300 million in the construction of 13 wastewater treatment plants that will serve 600,000 inhabitants of the Metropolitan Region (www.aguasandinas.cl).

Other Resources

- USDOC International Trade Specialist, Lana Lennberg: Lana.Lennberg@mail.doc.gov
- USDOC International Trade Specialist, Erica Chavez: Erica.Chavez@mail.doc.gov
- SISS (Chilean waterworks regulator): www.siss.cl
- CONAMA (Environmental National Commission) www.conama.cl

We hope you find this information useful. If you would like further information, please contact Isabel.Valenzuela@mail.doc.gov, the CS Santiago Environmental Specialist. Visit our website at www.buyusa.gov/chile to discover other commercial opportunities in Chile. Completed October 2005.