



Santiago, February 9th,2021

The Honorable Robert Menéndez, Chairman
Senate Foreign Relations Committee
425 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Menéndez,

On behalf of the Chilean North American Chamber of Commerce, AmCham Chile, and the representatives of Chilean companies with direct or indirect investments in the US, I respectfully ask for your collaboration in ratifying the pending US-Chile Income Tax Treaty. Our Chamber of Commerce represents over 450 companies, including more than 85% of US investment in Chile, as well as many Chilean companies investing in United States. Therefore, we are closely involved in the dynamics of bilateral trade and we value this treaty's potential to avoid double taxation within the context of our countries' strong relationship.

Tax treaties provide valuable clarity and efficiency regarding income tax policy. They establish clear rules to avoid double taxation, which can reduce revenues that might otherwise be invested in new facilities, job creation, or research and development in the US or in Chile. The US- Chile Income Tax Treaty will make the US a more attractive destination for Chilean foreign investment and promote economic growth and fairness in international tax treatment.

Tax treaties benefit the US by maximizing international investments. Companies from the countries with which the United States has pending treaties have invested more than \$1.2 trillion in all 50 states. Chilean businesses have alone invested some \$8.5 billion in the US, and hundreds of thousands of American jobs depend directly and indirectly on these trade and investment ties. Ratification of the US-Chile Income Tax Treaty will foster the expansion of bilateral investments.

Furthermore, due to recent Chilean tax legislation, corporate tax rates in Chile have been raised. In the absence of a ratified treaty to avoid double taxation, taxes on US companies with Chilean operations will in many instances climb as high as 44%. Conversely, the Chilean operations of multinational companies headquartered in the two dozen European, Asian (including China), and Western Hemisphere countries with which Chile has a tax treaty in force will not face this dramatically higher tax rate and would thus secure a significant competitive advantage over their US peers in the Chilean market.

We urge you to build upon the successful US-Chile Free Trade Agreement by ratifying the US-Chile Income Tax Treaty. Failure to act will cost US companies with significant operations in Chile, and it could minimize important Chilean investments in the US. In order to promote growth and to protect our investments, we ask for your collaboration to clarify the pending tax treaty and ratify it early in the 117th Congress. Doing so can have a meaningful impact on the ability of companies to make new investments and create new jobs.



Sincerely,

Sergio Rademacher
President
Chilean North American Chamber of Commerce, AmCham Chile

Francisco Perez Mackenna
Chief Executive Officer
Quiñenco

Fernando Sanchez
President
Fondo Independencia



Eugenio Von Chrismar
Chief Executive Officer
BCI

Matías Domeyko
Executive Vice President
Arauco

About the companies:

Quiñenco Group:

Quiñenco is one of the largest and most diversified business conglomerates in Chile. It manages assets of approximately US\$86.2 billion, with investments in leading companies of the financial, beverage, manufacturing, energy, transport and port services sectors, which altogether employ more than 68,000 people in Chile and abroad. In 2019, the aggregate sales of the main operating subsidiaries and affiliates in which Quiñenco participates amounted to US\$30.9 billion.

Founded in 1957, Quiñenco S.A.'s shares are traded on the Chilean stock exchanges. With 83% of ownership interest, the company manages the Luksic Group's financial and industrial investments. The remaining percentage is in the hands of minority shareholders. As of December 31, 2019, its market capitalization amounted to US\$3.4 billion.

Quiñenco's value creation system is based on the excellent management of its investments. Maintaining management control of the companies, either directly or through strategic alliances, is one of the essential conditions for the execution of its corporate strategy.

Over the last 22 years, the holding has demonstrated its capacity to generate value, obtaining earnings of US\$1.7 billion for its shareholders resulting from divestment transactions of approximately US\$4.1 billion.

More information: <https://quinenco.cl/en/quinenco-group/quinenco-group/>

Fondo Independencia:

Founded in 2005 between Fernando Sánchez and Claudio Zichy, Independencia Asset Management LLC ("IAM LLC"), a subsidiary of Independencia S.A., was created as the entity that would carry out the investment plan of the Real Estate Revenue Fund in the US, specifically focused on properties with stabilized income. Over time, and after sizing up the depth of the United States market, IAM LLC opens up to structuring "private equity" vehicles in order to cover investment segments with higher profitability, such as "value added".

Starting in 2008 and after the real estate crisis in the United States, IAM LLC reorganized the strategy of private vehicles in order to be able to capture investment opportunities in low-risk assets at discount prices generated by the crisis. IAM LLC has specialized in finding low-risk assets in primary, secondary and tertiary cities, which have good economic fundamentals.

For this strategy, Fondo Independencia has created a network of more than 10 local partners who act as providers of opportunities as well as real estate managers of the businesses themselves. IAM LLC has USD 2,000 MM in assets under management and the business flow exceeds USD 3,500 MM per year, which is equivalent to evaluating more than 100 opportunities per year.

More information: <http://www.indafi.cl/>

BCI (Banco de Crédito e Inversiones):

BCI is a financial solutions corporation that participates in all the business areas and financial operations allowed under the General Banking Law, providing the community with efficient, high-quality products and services, continuous technological innovation, prudent risk management policies, and stringent



ethical standards that must be followed by everyone who works in our companies. The Corporation is committed to ensuring that our objectives and policies are achieved within a framework that emphasizes our four fundamental pillars: shareholders; employees and their families; customers and suppliers; and the community.

In September 2019, Bci recorded cumulative income growth of 6.4%, due to increased efficiency and the consolidation of operations acquired in 2018. At year-end, the annual growth rate was just 1.7%, due to the impact of increased provisions, following the regulatory changes implemented in July, and, more importantly, to the appreciation of the dollar against the peso in the fourth quarter of the year. The latter had a significant effect on the valuation of our investment in CNB, resulting in a tax increase of nearly Ch\$20 billion. Bci subsidiaries accounted for 58.9% of consolidated earnings. CNB contributed US\$162 million (US GAAP), with efficiency improvements equivalent to 61 basis points following the merger of Total Bank. In September, Servicios Financieros recorded average monthly earnings of over Ch\$1.3 billion, with a compound monthly growth rate of 41.7%. The impact of the events starting in October brought this rate down to 21.8% in December. Nevertheless, the subsidiary achieved 36.8% efficiency and 15.7% portfolio growth in the year.

More information: <https://www.bci.cl/investor-relations-eng/annual-report/files/annual-report-2019>

Arauco (Celulosa Arauco y Constitución):

“Celulosa Arauco y Constitución” or “Arauco” is a globalized company with presence in 5 continents, serving over 4,300 customers and millions of homes around the world.

Celulosa Arauco y Constitución is a limited company incorporated in September 1979 as a result of the merger of Celulosa Arauco S.A. (1967) and Celulosa Constitución S.A. (1969), both companies of the Corporación de Fomento de la Producción privatized in 1977 and 1979, respectively.

Arauco is a global company that embraces the challenges of participating in global markets. We serve North America with excellence in manufacturing, distribution and service to customers in construction, casework, fixture, fabrication, commercial design, and paper making.

- Revenue LTM US\$4,582.3 million.
- Adjusted ebitda LTM 902.1 million.
- Net debt /adjusted ebitda LTM 5.4x.

More information: <https://www.arauco.cl/en/inversionistas/>