

INDEX

1.- MARKET OVERVIEW	
1.1 Market Size	3
1.2 Consumers and trends	5
1.3 Competition	6
1.3 Prospects	8
2.- IMPORTS AND EXPORTS	
2.1 Imports	
2.1.1 Imports by type of motorcycle	10
2.1.2 Imports by country	11
2.1.3 Imports by company	12
2.2 Exports	12
3.- DISTRIBUTION CHANNELS	
3.1 Representatives	13
3.2 Foreign brand subsidiaries	14
3.3 Distributors	15
4.- IMPORT AND COMMERCIALIZATION FORMALITIES	
4.1 Import procedures	15
4.2 Import restrictions	16
4.3 Duty fees and taxes	16
4.4 Commercialization requirements	18
4.5 Trademark protection	19
5.- MARKET OPPORTUNITIES AND CONCLUSIONS	
6.1 SWOT analysis	20
6.2 Main conclusions	21

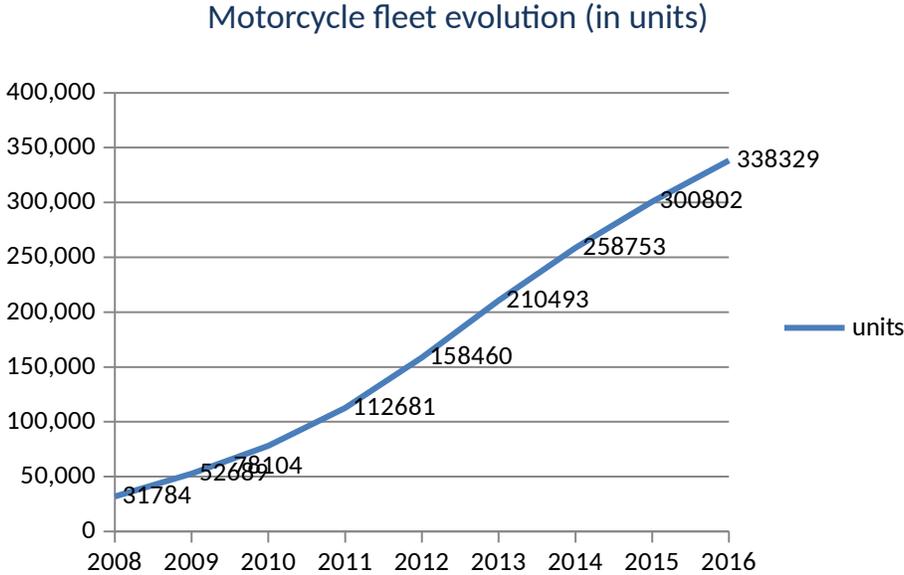
This market survey aims to provide relevant information on the motorcycle sector in Chile so that Indian exporters may get a deep understanding of it and may also develop and execute a successful market entry into Chile.

The survey includes information about two, three and four wheel motorcycles. It shows quantitative information, such as market size, import and export statistics, distribution channels, among other data. It also contains qualitative information about companies, products, consumer trends, entry requirements, etc.

1. Market Overview

1.1 Market Size

According to the National Association of Motorcycle Importers (ANIM), in 2016 the total motorcycle fleet accounted for 338 M units, more than doubling the fleet existing 5 years before. See chart below.

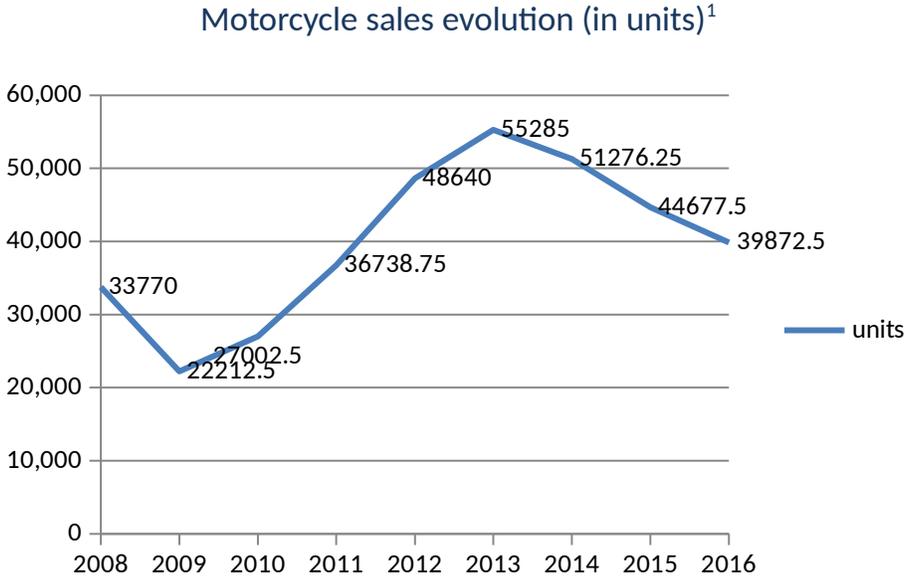


Source: ANIM

Civil Registry and Identification Service of Chile (“Servicio de Registro Civil e Identificación de Chile”) statistics show that two decades ago, the registration of new motorcycles was around 11 M units per year, while in 2016 it accounted for 30.8 M units, representing an almost 180% increase.

According to ANIM, in 2000 there were around 1.7 motorcycles per each 1.000 inhabitants, while in 2014 this figure increased dramatically to 9.3. Despite this fact, Chile is quite far from other countries of the region, as Argentina and Brazil, which have around 100 motorcycles per each 1.000 inhabitants.

About 41 M new motorcycles were sold in Chile in 2017, representing an increase of around +3% compared to 2016, but a -26% and -20% decrease compared to 2013 and 2014, respectively. Sales were impacted by the economy slowdown. This latest affected mainly the sale of smaller motorcycles, which represent most of sales. At this regard, it is noteworthy that about 63% of motorcycle sales correspond to units of retail price under US\$ 4M. See chart below.

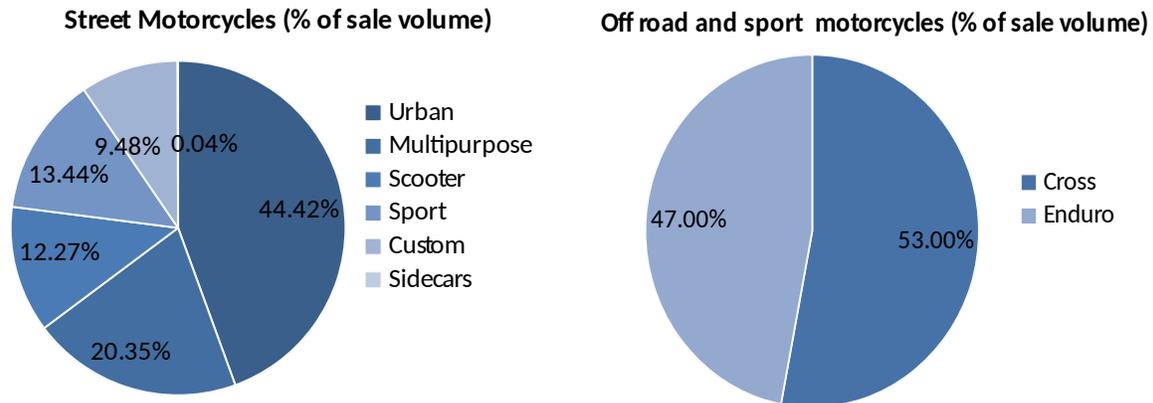


Source: ANIM

Around 80% of sales correspond to street motorcycle, while the remaining 20% to off-road units. The following chart shows the composition of sales by type of motorcycle in 2016.

¹ Total market sales correspond to estimation, based on ANIM member's actual sales. AMIN members represent almost 80% of the total market sales.

Sales by type of motorcycle - 2016



Source: ANIM

1.2 Consumers and trends

During the last decade and in line with the increase of the disposable income per capita, Chilean consumers have had access to buy motorcycles. The easier access to loans, as well as the entry of low-cost brands (mainly from China), has enabled a raising number of persons to buy a new or previously-owned motorcycle, situation that a decade ago was reserved mainly for high-income consumers.

A decade ago, motorcycles were used mainly for leisure, rather as transportation mean. Users, mainly of high-income level, drove them on weekends and holidays or for practicing sports like motocross or trial.

The poor public transportation system and frequent traffic congestions in most Chilean cities have encouraged Chileans to see motorcycles as a cost-efficient and fast mean of transportation. This has been the main factor explaining the increase in motorcycle sales in the last 10 years (despite the slowdown in the last 2, as seen above). With the exception of Santiago metro, public transport vehicles are usually crowded in rush hours and most buses lack of comfort and safety.

For many, to buy a car is not the best option to get around faster in cities, due to traffic jams, which make journeys slow. Motorcycles (as well as bicycles) allow them to move

faster and to avoid waiting time when streets are crowded. MEMT survey of the UOCT² has shown considerable time savings (in some cases by an half) in motorcycle journeys, compared to cars and public transportation.

In addition, inasmuch as cities are growing, inhabitants are trending to live farthest from their working or studying places (sometimes where public transportation is limited or even inexistent), making necessary to have their own mean of transportation.

Another important factor that has encouraged Chileans to buy motorcycles is their low fuel consumption (around a third of a car), given the high cost of gasoline. Chile should import all the petrol it consumes and gasoline is charged with a high tax load. In addition, motorcycle maintenance costs are much lower (around -43%) compared to cars, as well as lower registration certificate costs, which must be paid yearly.

Moreover, the temperate climate of the Central Zone of the country (where almost 75% of the population lives) allows owners to drive them even throughout much of the winter.

The significant growth of e-commerce in Chile (at rates of around 20% per year) has increased the demand for fast delivery services. This has contributed to the growth of motorcycle sales, which are for many enterprises (i.e. fast food, pharmacies, etc.) a fast, reliable and cheap way to deliver a wide variety of products and services to their clients.

Chilean motorcycle users are mainly men; nevertheless in recent years the number of female motorcycle drivers has increased from 1 to 6%. Nevertheless, in most cases motorcycles are used by women for recreational purposes rather than as transportation mean. There is still the perception that motorcycles are dangerous when driven in cities and women are generally more aware and sensitive at this regard.

The entry of low-cost brands (mainly Chinese) has had a significant impact in the Chilean motorcycle market. These low-cost brands have focused their efforts in less affluent buyers. Nevertheless, the parallel entry of low-cost cars (also mainly from China) has generated a strong competition between cars and motorcycles. Currently, it is possible to buy low-cost car at a similar prices than many motorcycle models.

1.3 Competition

The following chart shows some of the main companies importing and selling motorcycles and the brands they represent, with their countries of origin (which could be different from the country of manufacturing).

² The MEMT survey is conducted yearly by the UOCT (Traffic Control Operation Unit) and measures time and efficiency of different transportation means in journeys from and to different places in Santiago.

COMPANY	BRANDS
Honda Motor de Chile S.A.	Honda (Japan)
Yamaimport S.A.	Yamaha (Japan)
Williamson Balfour Motors S.A.	BMW (Germany)
Derco S.A.	Suzuki (Japan) Zongshen (China) Kymco (Taiwan) Royal Enfield (UK)
Roland Spaarwater Ltda.	Polaris (USA) KTM Motorcycles (Austria) Husqvarna (Sweden)
Automotores Gildemeister	Benelli (Italy) Keeway (China) Linhai (China)
Distribuidora Chilena de Motocicletas	Harley Davidson (USA)
Importadora Imoto	Takasaki (private label) TM (Italy) Loncin (China) Kinlon (china)
Comercial Iron Ltda.	Euromot (private label)
Scheib y Cia.	Motorrad (private label)
Motorsports Ltda	Indian (USA) Triumph (UK) Hyosung (South Korea) Regal Raptor (China) Kawasaki (Japan)
American Motors SPA	UM (USA)

Some of the above companies (such as Honda Motor de Chile) are subsidiaries of well-known international brands.

Others are local representatives of one or more international brands.

It is worth mentioning that some local companies have created their own brands, under which they import motorcycles mainly from China. This is the case of Importadora Imoto (Takasaki) and Scheib y Cia (Motorrad) and Comercial Iron (Euromot).

Also, some representatives have created different legal entities under which they import different brands. This is the case of Yamaimport, Comercial Iron and American Motors SPA, which belong to the same owner.

In the case of India, main companies importing motorcycles manufactured in this country are Derco S.A. (Suzuki) and Yamaimport S.A. (Yamaha). Even if these brands are Japanese, some of the imported models are manufactured in the plants they have in India. This is also the case of some models commercialized in Chile of Honda (Honda Motor de Chile S.A.), Harley Davidson (Distribuidora Chilena de Motocicletas), Vespa (Comercial Dascanio), KTM (Roland Spaarwater Ltda.) and BMW (Williamson Balfour Motors S.A.).

Bajaj is currently the only Indian brand sold in Chile. Its representative is Comercializadora Motochile Ltda. In 2017, this company imported 392 units, accounting for US\$ 619 M.

1.4 Prospects

According to motorcycle market actors, sales will increase steadily within next years, achieving 2013-2014 figures of around 50 M units per year by 2020.

Motorcycle market will be boosted by a higher consumer confidence vis-à-vis the new government (elected in December 2017) and the appreciation of the peso currency versus the U.S. dollar expected for next year, which will drive down the cost of imported goods.

In addition, the probable materialization of some new initiatives - which are currently discussed by associations and government - would improve the image of potential users toward motorcycles and, therefore boost sales. Some of these initiatives are the implementation of more motorcycle parking spaces; more motorcycle waiting zones at traffic lights, additional requirements for safety devices and accessories, more driving schools, etc.

As of 2018, authorities will introduce restrictions to motorcycles acquired before September 2010, which would be banned from operating in Santiago during pollution emergency episodes. It is expected that this restriction will accelerate the replacement of older motorcycles for new ones.

2. Imports and Exports

Import statistics contained in this survey section correspond to the following products, with the respective Harmonized System (HS) code under which they are classified in Chile:

HS Chapter/code	Description
87.11.10.00	Motorcycles (including mopeds) and cycles; fitted with an auxiliary motor, with reciprocating internal combustion piston engine not exceeding 50cc, with or without side-cars; side-cars.
87.11.20.10 87.11.20.20 87.11.20.90	Motorcycles (including mopeds) and cycles; fitted with an auxiliary motor, reciprocating internal combustion piston engine, of cylinder capacity exceeding 50cc but not exceeding 250cc, with or without side-cars; side-cars Street motorcycles ³ Sport and off-road motorcycles Others
87.11.30.00	Motorcycles (including mopeds) and cycles; fitted with an auxiliary motor, reciprocating internal combustion piston engine, of cylinder capacity exceeding 250cc but not exceeding 500cc, with or without side-cars; side-cars
87.11.40.00	Motorcycles (including mopeds) and cycles; fitted with auxiliary motor, reciprocating internal combustion piston engine of cylinder capacity exceeding 500cc but not exceeding 800cc, with or without sidecars; side-cars
87.11.50.00	Motorcycles (including mopeds) and cycles; fitted with auxiliary motor, with reciprocating internal combustion piston engine of a cylinder capacity exceeding 800cc, with or without side-cars; side-cars
87.11.90.00	Others

³ Includes standard street motorcycles and scooters

2.1 Imports

2.1.1 Imports by type of motorcycle

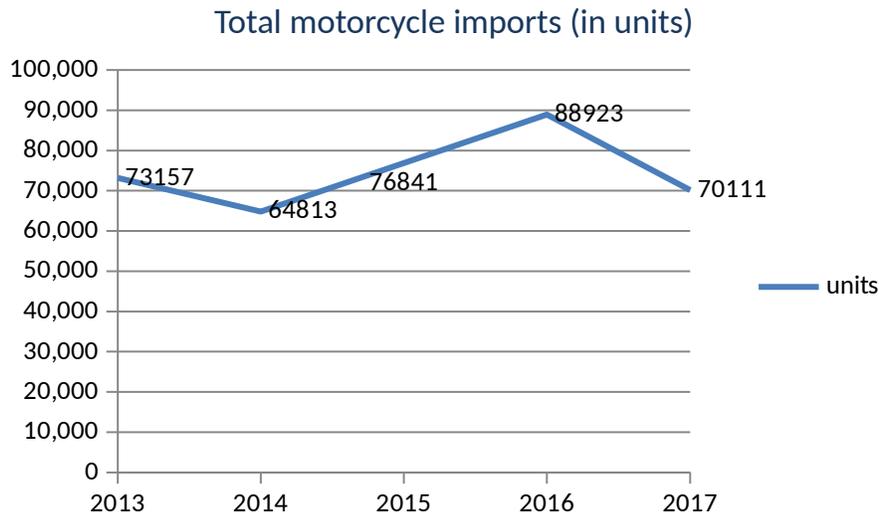
In 2017, main imports (27.6%) corresponded to street motorcycles with cylinder capacity between 50 cc and 250 cc, followed by those with cylinder capacity exceeding 800 cc (25.8%). See chart below.

Total motorcycle imports by type (in US\$ CIF)

HS chapter/code	2013	2014	2015	2016	2017
87.11.10.00	773.145	609.675	632.747	485.191	631.433
87.11.20.10	41.824.207	34.777.624	26.786.316	21.474.021	23.196.373
87.11.20.20	14.041.691	15.149.104	11.285.369	10.673.040	8.336.273
87.11.20.90	5.237.450	2.232.063	2.115.672	1.865.829	1.554.483
87.11.30.00	11.344.642	12.073.298	9.430.378	12.180.859	16.186.418
87.11.40.00	17.100.455	12.947.328	11.561.281	9.401.728	8.959.896
87.11.50.00	21.266.588	23.980.808	22.827.595	20.071.139	21.671.449
87.11.90.00	2.514.717	3.482.511	4.703.734	6.093.788	3.485.740
Total	114.102.8	105.252.4	89.343.09	82.245.59	84.022.06
	96	10	4	5	6

Source: Chilean Customs Statistics

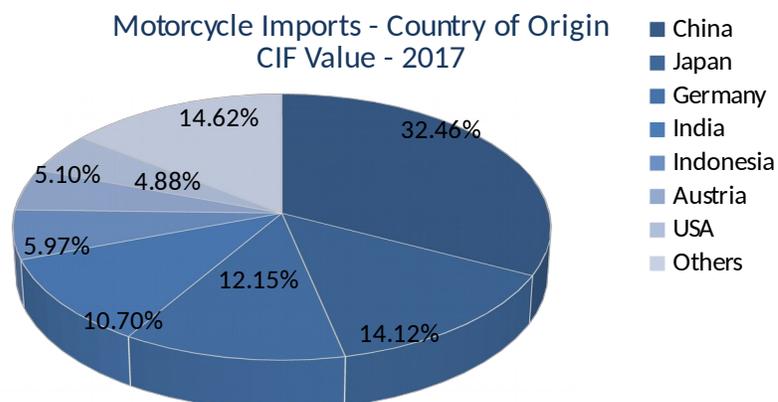
The above chart shows a significant decrease in motorcycle imports (in terms of value) within the last 5 years (-26.3%) Nevertheless, in terms of volume, the number of imported motorcycles has decreased only -4.2% in the same period. This reflects the entry into the market of several low-cost motorcycle brands, especially from China, decreasing the average import cost by unit. In 2013, this latest was US\$ 1.560, while in 2017 it accounted for US\$ 1.198. See chart below.



Source: Chilean Customs Statistics

2.1.2 Imports by country

In 2017, most imports came from China (32.5%), Japan (14.6%) and Germany (14.1%). See chart below.



Source: Chilean Customs Statistics

It is noteworthy that imports from China have decreased (-27.8%) in value in the last 5 years, but have increased in terms of volume (+7.8%). This reflects the consumer trend toward low-cost motorcycles and the entry of new Chinese brands into the market selling this type of motorcycles. In terms of value, main brand imported from China corresponded to Honda (24.9%).

In 2017, India ranked in 4th position and accounted for 5.2 M units and US\$ 9 million, representing 12.2% of total. From them, 69% corresponded to tourism motorcycles with cylinder capacity between 50 cc and 250 cc, followed by those with cylinder capacity between 250 and 500cc (19.1%). In addition, 41.4% of imports from India corresponded to Yamaha brand and 16.2% to Suzuki, both of them having manufacturing plants in this country.

It is worth mentioning that imports from India have decreased more than the total motorcycle imports within the last 5 years, accounting for -50.5% in terms of volume and -43.5% in terms of value.

In terms of volume, main country of origin of imports is by far China with 27.3 M units (81.4% of total), followed by India (7.4%) and Japan (2.7%).

2.1.3 Imports by company

In 2017, almost 123 Chilean companies and natural persons imported motorcycles. The 8 major importers gathered 73.2 % of total in terms of value and 25.5% in terms of volume. See chart below.

Motorcycle Imports by Company – 2017 (CIF Value)

Company	Volume	Value
	(units)	(US\$ CIF)
HONDA MOTOR DE CHILE S A	7.642	14.234.204
YAMAIMPORT S.A	6.188	14.191.916
WILLIAMSON BALFOUR MOTORS S A	1.114	11.198.552
DERCO S A	3.455	6.156.228
ROLAND SPAARWATER LIMITADA	1.017	5.280.581
AUTOMOTORES GILDEMEISTER S A	3.784	4.131.857
DISTRIB. CHILENA DE MOTOCICLETAS	267	3.379.352
IMPORTADORA IMOTO S A	4.137	2.957.389
OTHERS	80.807	22.491.987
Total	108.411	84.022.066

Source: Chilean Customs Statistics

In terms of value, main importers were Honda Motor de Chile S.A. (Honda) and Yamaimports S.A. (Yamaha), each one with 16.9% of total.

In third place ranks Williamson Balfour (BMW) with 13.3% and in fourth is Derco with 7.3% of total.

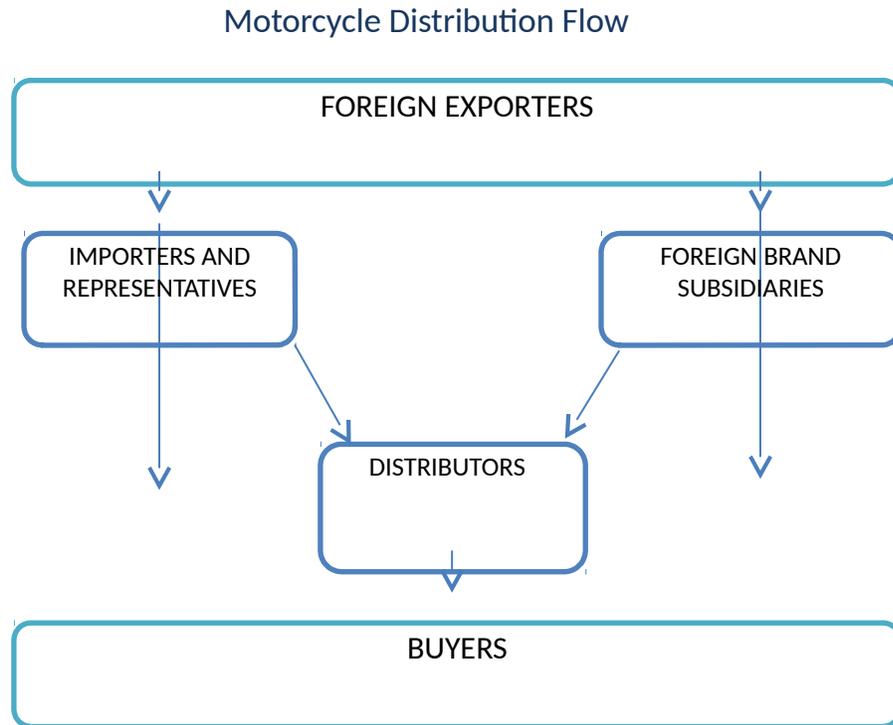
2.2 Exports

Given that Chile does not manufacture motorcycles of any kind, there are not exports. There are just a few corresponding to occasional re-exports, which are not significant for the purposes of this survey

3. Distribution channels

The distribution channel of new motorcycles is quite short and composed by a few players.

The following chart shows the flow of imported motorcycle distribution in Chile and its main players.



ANNEX 1 shows the contact data of some of the main representatives of motorcycle brands.

3.1 Representatives

This group is composed by local companies representing one or more motorcycle brands. They import and distribute motorcycles, conducting the whole product supply process. Representatives buy the products to the foreign manufacturers and are responsible of importing them and conducting custom clearance formalities. They are also in charge of the storage, internal transportation, sales and promotion, customer service and aftercare service. Accordingly, they assume almost all the risk of product operation in Chile.

In some cases, part of these activities are not directly conducted by them, but subcontracted to third parties.

Some representatives represent several foreign brands, in most case belonging to different categories (i.e. street, sport, cruise, etc.)

In most cases, foreign manufacturers can only sell their products through their local official representative. For them, representation contracts are exclusive by brand and/or vehicle category; nevertheless, the situation is not reciprocal for local representatives, which in many cases can represent more than one foreign brand per category.

Representatives sell their motorcycles directly to final clients or thru distributors (see section 3.3).

Representatives also offer maintenance and repair services for the units they sale, through their own technical service centres or through their distributor's ones. In the case of well-reputed brands, representatives also import and commercialize original spare parts; in the case of other brands, sometimes buyers should buy alternative spare part brands.

Most representatives offer direct financing to buyers, especially to those who do not have access to bank loans. Some of them accept used car in part payment.

3.2 Foreign brand subsidiaries

Some foreign motorcycle brands have created their own subsidiaries in Chile. This is generally the case when sales volumes justify operating directly in a given country or when the company prefers to have the total control of their product supply chain, until its arrival to final consumers, as well as the after care.

They usually operate in a very similar way than representatives and offer about the same services.

As well as in the case of representatives, they sell their vehicles directly to final clients or thru distributors.

3.3 Distributors

Most representatives and foreign brands subsidiaries have distributors (called “concesionarios”) all over the country, which sell motorcycles and also take care of the technical service and spare part sale.

Distributors are exclusive per brand, that is, they can only sale the brands of the representative of foreign brand they have a contract with.

4. Import and commercialization formalities

All products imported and commercialized in Chile should meet some formalities. Some of them are the usual to any import, but there are some specific to motorcycles, necessary to its commercialization. Although most of these formalities are conducted by the importer, it is advisable that the exporter be aware of the documentation and product requirements necessary to fulfil the Chilean regulation.

4.1 Import procedures

In the case of any import, Chilean Customs requires that each customs entry be supported by the following documents:

- Commercial Invoice
- Certificate of Origin, if applicable
- International Transport Document (Bill of Lading or Air Way Bill)
- Packing List, when necessary
- Value declaration
- Other Documents (i.e. safety certificates)

All imports of a total value exceeding USD 1,000 (FOB) require the participation of a Customs Broker. Minor imports (less than USD 1,000 FOB) can be cleared directly by importers, following a simplified procedure.

Prior import licenses are not requested by authorities. This is valid for any type of goods.

4.2 Import restrictions

As a general rule, the import of used motorcycles is forbidden in Chile. Some exceptions are the import of preowned motorcycles by persons returning from exile or returning after living abroad (for one complete year or more) after a determined number of years. People domiciled in free trade zones (Iquique and Punta Arenas) can also import used motorcycles without restrictions.

4.3 Duty fees and taxes

The tax treatment applicable to imports into Chile includes the payment of customs duties, Value Added Tax (VAT) and other taxes (if applicable), all calculated on CIF value, which should be determined under GATT valuation standards.

4.3.1 Duty taxes

The ad-valorem customs duty rate is 6%. However, goods originating in any of the countries or regions having signed a Commercial Agreement with Chile and evidencing such condition by means of a Certificate of Origin can be benefited with a reduction or exemption of import duties.

Chile has signed 25 Commercial Agreements with 66 countries, which have granted tariff preferences which each country applies to imports.⁴

India and Chile have signed a Partial Scope Trade Agreement (PSA) giving Indian vehicle imports into Chile some tariff preferences. In the case of the vehicles (and their respective HS codes) analysed in this survey, duty taxes to pay go from 0 to 2.4%. See details in the following chart:

⁴ Find the list of countries and the complete texts of Commercial Agreements signed by Chile, by clicking on this link: www.direcon.gob.cl/acuerdos-comerciales/

HS Chapter/code	Description	% of Tariff preference	% of Duty tax to pay
87.11.10.00	Motorcycles (including mopeds) and cycles; fitted with an auxiliary motor, with reciprocating internal combustion piston engine not exceeding 50cc, with or without side-cars; side-cars.	100%	0%
87.11.20.10	Motorcycles (including mopeds) and cycles; fitted with an auxiliary motor, reciprocating internal combustion piston engine, of cylinder capacity exceeding 50cc but not exceeding 250cc, with or without side-cars; side-cars Street motorcycles	80%	1.2%
87.11.20.20	Sport and off-road motorcycles	80%	1.2%
87.11.20.90	Others	60%	2.4%
87.11.30.00	Motorcycles (including mopeds) and cycles; fitted with an auxiliary motor, reciprocating internal combustion piston engine, of cylinder capacity exceeding 250cc but not exceeding 500cc, with or without side-cars; side-cars	100%	0%
87.11.40.00	Motorcycles (including mopeds) and cycles; fitted with auxiliary motor, reciprocating internal combustion piston engine of cylinder capacity exceeding 500cc but not exceeding 800cc, with or without sidecars; side-cars	80%	1.2%
87.11.50.00	Motorcycles (including mopeds) and cycles; fitted with auxiliary motor, with reciprocating internal combustion piston engine of a cylinder capacity exceeding 800cc, with or without side-cars; side-cars	80%	1.2%
87.11.90.00	Others	80%	1.2%

Source: Direcon

It is worth mentioning that, Chile has signed Free Trade Agreement with the main countries of origin (China, Japan and Germany (EU), granting motorcycles with a 100% tariff preference, that is to say, their import into Chile do not pay duty fees.

4.3.2 Other taxes

Motorcycles are subject to the following taxes:

- a. Value added Tax (VAT), which rate in Chile is 19% and is calculated on CIF value + duty taxes.
- b. Registration Certificate (known as “Permiso de Circulación”), which should be paid yearly by motorcycle owners, based on its valuation.

Two and three-wheel motorcycles are not subject to the payment of the Carbon Tax (known as “Green Tax”). Nevertheless, four-wheel motorcycles should pay it. This tax is based on nitrogen oxide (NOx) emission, urban fuel yield (km/l) and motorcycle sale price.

4.4 Commercialization requirements

4.4.1 Homologation Certificate

Importers should get from the Transport Ministry a Homologation Certificate for each motorcycle model they intend to sell in Chile. A type of the motorcycle should pass different technical tests performed by the Vehicle Certification and Control Centre (called 3CV) located in Santiago.⁵

According to current regulation, new motorcycles should comply with EPA 2010 standards. By the second semester of 2018 on, new motorcycles will need to comply with Euro 3 standard. In addition, by the second semester of 2019 on, new restrictions will be imposed to motorcycles, fixing maximum levels of noise emissions.

The Homologation Certificate will be valid as long as the model is not subject to technical changes that could affect the emission parameters.

⁵ The updated list of motorcycle models homologated in Chile could be checked by clicking on this link: www.mtt.gob.cl/archivos/5609

4.4.2 Safety Requirements

Motorcycles intended to be sold in Chile should comply with international safety standards⁶ accepted by the Ministry of Transport and Telecommunications, related to the following devices:

- Passenger hand-holds
- Rear view mirrors
- Break systems
- Fuel tank

4.5 Trademark protection

Even if it is not mandatory, it is strongly recommended that foreign companies register their trademarks if they aim to use them in Chile. They will permit to uniquely identify a company and its products to its customers and to distinguish them from those of its competitors

It is also advisable that, before using a trademark or logo, companies should check if such signs are already registered in identical terms or in similar terms (from a visual or phonetic point of view).

Trademark protection lasts 10 years and its registration can be renewed indefinitely (for periods of 10 years at a time). According to Chilean law, trademarks cannot be revoked for non-use reasons. The owner of a trademark could authorize a third party to use it under a license contract.

The National Institute of Industrial Property INAPI (www.inapi.cl) is the Chilean agency for registering trademarks, copyrights and appellations of origin. The registration procedure can be done in person or via internet, for a fee. According to Chilean law, it is not necessary to hire a lawyer or trademark agent to file a trademark application. Nevertheless, it is highly recommended in the case of companies having foreign residence, which should appoint a local representative.

⁶ For International safety standards accepted by the Ministry of Transport, click on this link: www.anim.cl/requisitos-tecnicos-deben-cumplir-los-dispositivos-sistemas-seguridad-las-motocicletas-diario-oficial/

5. Market opportunities and conclusions

5.1 SWOT analysis

The following SWOT Analysis is intended to be a useful technique for understanding the Strengths and Weaknesses of India motorcycle exporters, and for identifying both the Opportunities open to them and the Threats they could face in the Chilean market.

SWOT ANALYSIS

Strengths <ul style="list-style-type: none">• Good quality of motorcycles.• High technological level of Indian manufacturers• Competitive prices of Indian motorcycle makers• Existence of experienced Indian producers and exporters.• General good image of Indian products.	Opportunities <ul style="list-style-type: none">• The sector is expected to continue growing.• Operation restrictions for older motorcycles (from 2018 on) during pollution emergency episodes• Appreciation of the peso currency will boost sales• More flexibility in credit conditions• Opportunities for low consumption motorcycles, given the high cost of fuel in Chile.
Weaknesses <ul style="list-style-type: none">• Highly competitive market with the presence of several brands• High competition of Chinese low cost motorcycles.• India-Chile Partial Scope Agreement versus FTA with other countries.	Threats <ul style="list-style-type: none">• Limited number of potential representatives, as most they already manage several brands.• High entry barriers for new representatives given high investment required.• Strict technical requirements for motorcycle homologation.

5.2 Main conclusions

India recently surpassed China as the world's largest manufacturer of two-wheel motorcycles, and the growth curve is continuing. India's growing domestic market, and partnerships with English and European builders, has put the country at the forefront of two-wheeled production.

In 2017, India ranked in 4th position of Chilean motorcycle imports, representing 12.2% of total. About 41.4% of imports corresponded to Yamaha and 16.2% to Suzuki brands.

Despite of motorcycle sale slowdown in the last 3 years, the market is expected to grow within the next years, achieving 2013-2014 sale levels of around 50 M units per year. This growth will be boosted by better forecasts of Chilean economy, as well as the probable implementation of measures toward a safer and easier motorcycle operation in city streets.

In addition, new operation restrictions during pollution emergency episodes for motorcycles bought before September 2010 would probably encourage the replacement of older models by new ones.

There are also opportunities for low-consumption and low-maintenance motorcycles. Buyers are becoming more conscious about vehicle's fuel efficiency, given the high price of gasoline. In this context, there are good opportunities for electric motorcycles, which are entering recently into the Chilean market and are well appreciated for short journeys.

Related to market entry, it is important to take in mind that local subsidiaries of international brands have no possibilities to decide where to import from, as most of the time this decision is imposed to them by the headquarters based on their plant location.

Therefore, Indian motorcycle manufacturers willing to entry the Chilean market could focus on current representatives willing to add new brands to their portfolio. Although this option could be attractive because of the market knowledge and well reputation of these representatives, it should be evaluated the efforts and resources they will assign to a new brand.

Besides, it should be taken into account that the motorcycle market is quite concentrated; some different representatives/distributors belong to the same owners, letting less alternatives to foreign brands among which to choose an existent local representative.

Even if they are more difficult to identify, foreign companies can also try to find as representative a company or an individual investor having some relation with or

experience in the motorcycle market, but which are currently not representing any brand. The advantage of this option would be that the representative would probably dedicate more time and efforts to the brand. However, it could take more time to generate sales, as the representative would be have to open points of sales, rent warehouses, find distributors, hire employees, etc.

Another way to entry the Chilean market is to set up a subsidiary. The steps to follow to create a new company are well defined and are, in general, quite simple. Nevertheless, it is recommended to foreign investors to get advice from a local lawyer, who can even act as legal representative and provide a commercial address (both are requirements for a company creation).