

GOVERNANCE AND OWNERSHIP STRUCTURE IN CHILEAN ECONOMIC GROUPS*

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ABSTRACT

The purpose of this paper is to present a descriptive analysis of economic groups in Chile. It classifies the economic groups operating in the country, according to their ownership and governance patterns, describing typical ownership structures and concentration. From a governance perspective, groups in Chile are multi-layered structures. Some additional characteristics of groups are provided: i.e. diversification, size, ownership control and dispersion within the group, boards interlocking, and foreign participation in joint ventures with local groups. The Chilean structuring of groups is partly compared with the solutions implemented in Japan, Germany, England and the United States.

RESUMEN

El propósito de este trabajo es presentar un análisis descriptivo de los grupos económicos en Chile. Se clasifican aquellos grupos económicos que operan en el país, de acuerdo a sus patrones de propiedad y autoridada, describiendo las típicas estructuras de propiedad y concentración. Desde la perspectiva de su autoridad, los grupos en Chile poseen estructuras con múltiples capas. Se presentan algunas características adicionales de los grupos, p. ej., diversificación, tamaño, control de sus autoridades y dispersión dentro del grupo, consejos de administración que se entrelazan y participación foránea en joint ventures con grupos

* This paper is based on Luis Arturo Fuentes, "Los Principales Grupos Económicos en Chile: Comparación con las Estructuras de Propiedad en Otros Países", Memoria para optar al título de Ingeniero Civil de Industrias con Mención en Química, Pontificia Universidad Católica de Chile, Escuela de Ingeniería, Santiago, Chile, 1995. This thesis work is part of a research project on the management practices in Chile, partly financed by FONDECYT, a Chilean Government fund for supporting research in the sciences and technology. The project was conducted by professors Majluf, Abarca and Rodríguez.

The authors acknowledge the valuable comments and suggestions of Matko Koljatic.

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locales. La estructura de los grupos chilenos se compara en parte con las soluciones puestas en prácticas en Japón, Alemania, Inglaterra y los Estados Unidos.

Most economic groups operating in Chile in the 90's, either emerged or were greatly transformed by one of the two major waves of privatization; the first one from 1974 to 1979 and the second one from 1984 to 1989¹. Groups are usually formed by a variety of business units, whose majority ownership and management are frequently in the hands of a family, though more recently some new groups have emerged, controlled by owners-managers (Dahse, 1983; Lagos, 1965; Lüders, 1992).

The legal definition of an Economic Group in the Chilean Law states that²: "An economic group is a set of companies which present such a sort of relationships and linkages in their property, management, administration or credit responsibilities, that there is ground to believe that the economic and financial decisions of those companies are guided by or subordinated to the shared interest of the group, or that there are common financial risks in the credits obtained or in the financial instruments they issue". For more definitions of economic groups, see Leff (1978), Sanfuentes (1984), Dahse (1979).

In an official document of the Chilean SEC³, 58 significant economic groups are identified, as defined in the legal codes. This work posits that Chilean groups may be classified into three categories:

a) Family-owned groups.

As its name indicates, these groups are owned and managed by one family. The most important among them and their flagship companies (in parenthesis) are:

- Angelini (Copec, a diversified conglomerate in wood and pulp, fishing, fuel distribution, electric generation and distribution, coal and services);
- Luksic (Madeco, a copper manufacturer; CCU, beers and soft drinks; Banco Santiago, in the financial sector; Lucchetti, in food products, and many others in the copper mining and telecommunications industries);
- Matte (CMPC, wood, pulp and paper; and Bicecorp, in the banking sector).

Other important groups are: *Corp Group* (Bancosorno⁴, banking); *Claro* (CSAV, sea freight); *Elecmetal*, (foundry); *Cristalchile*, (in glass, wine and broadcasting); *Cruzat* (Cruz Blanca, a conglomerate based on a health insurance company), *Errázuriz* (mainly in supermarkets and car dealership), *Larraín* (mainly in food, wine and furniture); and *Said* (Coca-Cola bottler, banking, and real estate).

¹ Hachette, D.; Lüders, R. Privatization in Chile, An Economic Appraisal. ICS Press, San Francisco, California.

² Artículo 96, Título XV, Ley 18045 Mercado de Valores (Free Translation).

³ Superintendencia de Valores y Seguros (SVS), Circular No. 1162, June 27, 1994.

⁴ They have recently sold Bancosorno to Banco Santander, and acquired a controlling interest in Banco Concepción.

In terms of their evolution, most family groups have roots in entrepreneurs (or their descendants) who have been active in the Chilean business scene for several decades. The dominant family groups present today have grown rapidly since the 80's, thanks to the fast economic development of the country in the past decade and also via fusion, mergers and the acquisition of bankrupt companies which were in the hands of Banks after the economic crisis of 1982.

b) Management Buy Outs (MBOs)

These are groups of companies which were state owned, and later privatized and at present are currently controlled and run by their former executives, who hold the dual role of shareholders and managers. Most important among them are:

- *Naviera* (CCNI, the second largest sea freight company in the country),
- *Pathfinder* (Masisa, in wood panels; and Iansa, in agribusiness)
- *Sigdo Koppers* (originally an engineering and construction company, whose owners hold now a broad portfolio of different businesses in home appliances, car dealership, explosives and electricity distribution).
- *CAP* (formerly the government-owned steel company).

These groups have a shorter history than family groups, most originating in the first wave of privatizations of the late 70's. A key element in the formation of these groups was the privatization of state-owned companies (by the conversion of severance payment rights of executives and employees into equity shares) and the "capitalismo popular"⁵ mechanism whereby employees and executives received financial support (from the government) to purchase shares of their companies being privatized. In order to give these companies governance, the government gave control of the companies to their executives, which they retain today.

c) MBOs, with significant pension fund (AFP) shareholding.

These are groups run and controlled by their former managers, in which AFP's have significant but minority shareholding positions. Among these groups, the following conglomerates must be singled out:

- *Energis*, which holds a portfolio of companies that includes Endesa, the largest power and electricity generator in Chile, Chilectra, the largest electricity distribution company, and Manso de Velasco, a large real estate developer.
- *Chilgener* (mainly concentrated in power and electricity generation in Chile and abroad).
- *Soquimich* (in the nitrate industry).

The origin and evolution of these groups is similar to the MBO groups, except for the fact that pension funds have taken important ownership positions as new equity was required for these groups to grow.

⁵ "Popular capitalism" was one of several incentive mechanisms devised by the Chilean government to inject capital in to financial institutions in 1986. Please refer to Hachette and Lüders (1992) for further reference.

I. Ownership Concentration in Chile

Ownership concentration of companies traded in the Chilean Stock Exchanges appears unusually high, when compared with companies traded in the Stock Exchanges of the developed world. This concentration is twofold: a few shareholders hold a significant portion of stocks in these companies and also control a significant number of companies. A first indication of this phenomenon is shown in Table I, which compares the percentage share of property owned by the largest shareholder in a sample of the largest companies in five countries. In Chile, the largest shareholders control 40% of shares, almost twice the level in Germany (22%), and significantly above the levels in Japan (7%), the USA and the UK (5%). Although the figures might be questionable because of the small sample size, the differences are striking.

TABLE I
PERCENTAGE OF PROPERTY HELD BY LARGEST SHAREHOLDER
IN SELECTED COUNTRIES

	Percentage of Property	Sample size (1)
Chile	40	10
Japan	7	13
Germany	22	9
USA-UK	5	9

Sources: Own elaboration. Sources used are:

Chile: *Annual Reports* of the ten largest privately-held companies.

Japan: *Diamond's Japan Business Directory*, Diamond Lead Co., Ltd., June 1993.

Germany: *Deutsche Börsen Annual Report 1993*; *Rund um die Börse, Commerzbank, 1994*.

USA-UK: Information provided by Technimetrics, Inc., New York; and *London Stock Exchange Yearbook*, 1993-1994.

(1) Sample of largest firms in each country.

The high concentration of control in Chilean firms is also evident in Table II, which indicates the percentage share of property in the hands of different categories of shareholders, when considering all the companies in the stock market in each country. The largest shareholders in Chile control over 60% of the total shares of companies traded in the Stock Exchange. This level of concentration does not appear in the USA nor in the UK. In Japan and Germany, the controlling group is included under the headings "Companies" and "Banks", but even adding together all shares in those categories, the resulting figure is below the 60% found in Chile.

A third proxy indicator of property concentration is the trading of shares in the Chilean Stock Exchanges. Table III shows the ratio of total transactions of shares, in a given year, to total market value at the end of the same year. Chile shows a low ratio (6.2%) when compared with the USA (46%) and the UK (61%). A possible explanation for this low trading level is that controlling groups do not trade their shares, and as seen before, theirs is a large fraction of the total outstanding shares of listed companies.

TABLE II
PERCENTAGE OF PROPERTY HELD BY DIFFERENT SHAREHOLDER
CATEGORIES IN SELECTED COUNTRIES

Categories of Investors	Chile		Japan		Germany		UK		USA	
Companies (1)	64.2	60.6	26.9	28.6	39.6	46.3	0.0	0.0	0.0	0.0
Banks	0.0	0.0	18.5	15.1	6.9	9.8	0.0	0.0	0.0	0.0
Overseas	0.7	2.9	6.4	6.3	21.3	16.6	3.6	12.5	4.3	4.5
Institutional	6.4	12.5	11.7	12.3	3.1	4.7	50.8	58.1	26.2	37.2
Private (2)	28.7	24.0	27.6	21.0	29.1	22.6	28.6	21.4	69.5	53.4
Others	0.0	0.0	8.9	16.7	0.0	0.0	17.0	8.0	0.0	4.9
Years	90	93	83	93	83	92	83	93	82	92

Source: Own elaboration. Sources used are:

Chile: Bolsa de Comercio de Santiago, *Análisis y Antecedentes Financieros*, 1990, 1993, 1994; and, Bolsa de Comercio de Santiago, *Información Relevante* 1994.

Other countries: *The Economist*, "Survey on Corporate Governance: Watching the Boss", Jan. 29, 1994.

(1) In Chile "Companies" represents the 12 largest investors, published in the list of shareholders by the Santiago Stock Exchange, excluding from this group Institutional and Overseas Investors.

(2) In Chile "Private" represents all other investors not included among the 12 largest.

TABLE III
SHARE TURNOVER IN SELECTED COUNTRIES

	Chile Santiago 1993	Japan Tokyo 1991	Germany Frankfurt 1991	UK London 1992	USA New York 1992
Total Market Value (1)	45,195	3,018,565	361,675	943,192	3,789,032
# of Registered Corp.					
–National	244	1,641	405	1,848	1,969
–Overseas	0	125	359	514	120
Turnover					
–Million US\$ per year	2,799	827,096	272,546	576,548	1,741,511
–as % of Total MV	6.2	27.4	75.4	61.1	46.0

Source: Own elaboration. Sources used are:

Chile: Bolsa de Comercio de Santiago, *Información Relevante* 1994.

Other countries: *Tokyo Stock Exchange Fact Book*, 1993; *Deutsche Börsen Annual Report 1993*; and *London Stock Exchange Yearbook*, 1993-1994.

(1) Total MV in US\$ million at the end of each year

A. Research methodology and sample selection

Given the apparently high ownership concentration at corporations traded in the Chilean stock market, the selected methodology for this research is to analyze a sample of the most important economic groups in the country. Table IV ranks the Chilean economic groups, (excluding state controlled companies and those

operating exclusively in the financial sector), by size, in terms of total market value of their listed companies at the end of 1994. The seventeen groups in table IV represent a combined 62% of total market value in the Santiago Stock Exchange, although this figure does not necessarily reflect wealth concentration, since it overestimates the actual equity in the hands of the groups⁶.

The groups selected for deeper analysis are the three most important family groups, namely *Angelini*, *Luksic*, and *Matte*, together with two of the largest emerging groups formed as a result of MBOs, *Pathfinder*, and *Sigdo Koppers*. The MBOs with an important participation of pension funds are not studied in depth in this paper. Nonetheless, a comparison is provided between the groups in the sample and *Chilgener* (a firm where pension funds own the majority interest).

The listed companies conforming the five groups included in this study, account for around 30% of the total market value of firms traded in Chile. *Chilgener* contributes 2.3% to this total. The degree of representation of the five groups is appreciated in Table V, which shows that these groups control 42 out of the 150 largest companies in the country, while the other 12 groups in Table IV control 26 additional companies.

II. Results: Ownership and Governance structures of the selected groups

This section presents the main findings of this research. A summary with the basic characteristics of the ownership and control structure of the five economic groups in the sample is shown in Exhibits 1 through 5. The information included is:

- *A diagram showing the investment companies (represented by rectangles) and the holding companies (represented by a rounded figure).* These are linked by arrows, with a figure indicating the percentage of shares of holding companies owned by each one of the investment companies. Participation of foreign firms in joint ventures with local groups are also indicated in the diagram, where applicable.
- *Box A provides a description of the holding companies and their corresponding industry.* This section in the diagram shows total equity (in US\$ million, as an indicator of size) and the level of control (as measured by the ownership percentage in the hands of the group). Also, it shows the number of subsidiaries in each holding company (as an indicator of their size and complexity), and the number of investors owning shares in each holding company (which is an indicator of ownership dispersion within the group).

⁶ There are some duplications and omissions in these figures, because listed subsidiaries are also impacting the market value of the main companies, and unlisted firms are not always consolidated. This problem implies that these figures are not necessarily a reflection of wealth concentration since it overestimates the actual equity in the hands of the groups, because there is a pyramidal effect due to double accounting, such as when company A owns a proportion of company B, thus the equity of A includes the equity of B.

TABLE IV
THE MOST IMPORTANT ECONOMIC GROUPS IN CHILE IN THE INDUSTRIAL
AND UTILITY SECTORS.

Economic Group	Market Value (MV) (US\$ million) (1)	% of Total MV (2)	# of firms		Category(5)		
			(3)	(4)	1	2	3
Groups in the sample							
Angelini	8,426.8	12.4	42	86	x		
Luksic	3,844.3	5.7	51	93	x		
Matte	5,232.2	7.7	43	69	x		
Pathfinder	1,764.7	2.6	10	18			x
Sigdo Koppers	825.8	1.2	19	37			x
Sample total	20,093.8	29.6	165	301			
Other important groups							
Pizarreño	315.4	0.5	9		x		
Abumohor	576.4	0.8	16		x		
Claro	1,385.2	2.0	16		x		
Cruzat	465.9	0.7	21		x		
Errázuriz	181.7	0.3	24		x		
Larraín	347.3	0.5	10		x		
Said	1,672.5	2.5	19		x		
Cap	1,112.4	1.6	20				x
Navieras	195.1	0.3	13				x
Chilgener	1,536.2	2.3	n.a.				x
Enersis	13,496.1	19.9	37				x
Soquimich	587.8	0.9	n.a.				x
Other groups total	21,872.0	32.3					
Overall total	41,965.8	61.9					
Total Market Value	67,734.5	100.0					

(1) Total market value of group- controlled firms that are traded in the Santiago Stock Exchange, as of 12/31/94. The original values in Chilean pesos have been converted at the rate of C\$ 402.92 per US dollar.

(2) The market value of the firm as % of the total market value of firms traded in the Santiago Stock Exchange.

(3) The most important firms in the group as reported by *Estrategia*, a daily business paper, in the August 94 - May 95 period.

(4) Total number of firms included in Figures 1 through 5

(5) Categories are:

1 Family-owned groups

2 Emerging groups formed as a result of Management Buy Outs

3 Emerging groups formed as a result of Management Buy Outs, in which Pension Funds are important shareholders

TABLE V
ECONOMIC GROUP CONTROL OF THE 150 LARGEST COMPANIES IN CHILE (1)

Economic Group	Number of firms controlled
The 5 groups in the sample	42
The other 12 groups in Table 4	26
Other National	49
Other International	21
Chilean Government	12
Total	150

(1) See Appendix for a list of the 150 largest companies in Chile

- *Box B shows the size of the Board (number of board seats) and the percentage of these positions controlled by the group.* This is an indicator of the management responsibilities in the hands of the group.
- *Box C shows the interlocking of boards in terms of the total number of board seats controlled by the group and the number of members of the group who have these positions.* The indicator “board positions per group member” is a proxy for board interlocking; the higher the indicator, the stronger the interlocking of the board.

The analysis of these exhibits suggest several propositions about ownership and governance, listed below:

a) Groups have a multi-layered structure.— The “family owned” and “MBOs” groups under analysis show a three tiered structure: “investment companies” which control “holding companies”, which in turn control “subsidiaries”.

The first tier is composed of privately held corporations which we have labeled the “investment companies”. These “investment companies” are the legal owners of the group’s shares of the “holding companies”. Each group has its own particular arrangement of relationships among the “investment companies”, and between these and the “holding companies”. For example, the *Angelini* and the *Matte* groups have a rather intricate knitting of their “investment companies”; while the *Luksic* group has an almost one to one relationship between the “investment” and the “holding” companies. The other interesting case is the *Sigdo Koppers* group, where the seven principal owners have formed seven independent “investment companies”, sharing the ownership of “holding companies”. Table VI summarizes the average number of “investment companies” which own shares of the “holding companies” of each group.

TABLE VI.
AVERAGE NUMBER OF “INVESTMENT COMPANIES”
OWNING SHARES OF “HOLDING COMPANIES”

Group	Average number of “investment companies”
Angelini	4.8
Luksic	1.3
Matte	6.5
Pathfinder	1.5
Sigdo Koppers	7.0

Source: Exhibits 1 through 5; column “investors” in Box A.

The second tier is formed by the “holding companies” in each group. More often than not these are focused on a rather narrow industrial sector as shown in Exhibits 1 through 5. For example, CMPC of the *Matte* group is concentrated in wood, pulp and paper. The only exception is Copeco, in the *Angelini* group, which is a diversified conglomerate, in the fuel, electricity, forestry, mining, fishing, and services industries. The majority of these “holding companies” are “open corporations”, traded in the Chilean Stock Exchange.

The third tier corresponds to the “subsidiaries”, equivalent in concept to Strategic Business Units (SBU’s), which depend from the “holding companies”. As examples of what happens in this tier, Exhibits 6 and 7 display the total array of “subsidiaries” of the two largest “holding companies”: Copec (*Angelini* group), with 54 subsidiaries and CMPC (*Matte* group), with 34 subsidiaries. The general norm is that “subsidiaries” are fully owned by the holding companies. Table VII shows the maximum number of subsidiaries in a holding company for each group, as an indication of their size and complexity.

TABLE VII
MAXIMUM NUMBER OF SUBSIDIARIES IN A HOLDING COMPANY

Group	Maximum number of subsidiaries
Angelini	54
Luksic	31
Matte	34
Pathfinder	8
Sigdo Koppers	7

Source: Exhibits 1 through 5; column “subsidiaries” in Box A.

b) Groups show a varied diversification pattern.- Although the holding companies generally focus on a single industry and groups are a rather diversified aggregation of companies in several industries, the levels of diversification are quite different from one group to another. An indicator of relative diversification was built with the information provided about the total equity in Box A of Exhibits 1 through 5, in terms of a “specialization ratio”. This indicator is defined as the ratio of the largest investment in one industry to the total equity of the companies in the group. Table VIII shows this indicator for the five groups. It can be seen that out of the three major family-owned groups, the *Matte* group is heavily concentrated (92.2%) in the wood, pulp and paper industry; *Angelini* has a high, but lower, level of concentration in the same industry (61.7%); whereas the *Luksic* group is broadly diversified in a variety of industries(22.3%). With regard to the other two groups in the sample, both are rather diversified, with “specialization ratios” slightly below 50%.

TABLE VIII
SPECIALIZATION RATIO OF THE GROUPS IN THE SAMPLE
(largest investment in one industry / total equity of the companies in the group)

Group	Specialization ratio (%)
Angelini	61.7
Luksic	22.3
Matte	92.2
Pathfinder	47.5
Sigdo Koppers	45.9

Source: Exhibits 1 through 5, column “equity” in Box A.

c) *“Holding companies” are tightly controlled.*- Groups maintain a controlling interest in “holding companies”. As shown in Table IX, the percentage of shares held by the groups is over 50% in all cases, except the *Pathfinder* group.

TABLE IX
AVERAGE PERCENTAGE OF SHARES CONTROLLED BY THE GROUPS

Group	Percentage (%)
Angelini	60.4
Luksic	60.3
Matte	53.1
Pathfinder	48.9
Sigdo Koppers	52.9

Source: Exhibits 1 through 5, column “%” in Box A.

A possible explanation for this finding relates to voting rights at shareholders meetings; since normally there are no “preferred” shares, ownership of 50% of shares is required to establish control.

d) *High group control of the Boards in “holding companies”.*- As a direct consequence of the ownership concentration reported in the previous paragraph, from a “governance” perspective the five groups exert significant power in appointing Board members. Table X summarizes the total number of positions controlled by each group, in the Boards of holding companies. It may be seen that groups have very high representation, controlling 121 out of 141 seats (86%) in the Boards of “holding companies”. The other members represent “strategic partners” incorporated in “joint ventures”.

TABLE X
BOARD POSITIONS CONTROLLED BY THE GROUP

Group	Board positions	Positions controlled by the group
Angelini (1)	29	27
Luksic (2)	40	38
Matte (3)	16	13
Pathfinder (4)	17	13
Sigdo Koppers (5)	39	30
Total	141	121

Source: Exhibits 1 through 5; Box B.

The board positions not controlled by the groups are in the hands of strategic partners:

- (1) Carter Holt Harvey (New Zealand) and Matte family.
- (2) Paulaner (Germany)
- (3) Rothschild (United Kingdom)
- (4) Pilkington (United Kingdom); other information is not available.
- (5) Austin Power (USA); other information is not available.

e) High repetition of Board membership.- A second interesting perspective on governance relates to “interlocking of Boards”, that refers to the fact that the same individuals act in more than one Board in representation of the owners. The indicator “board positions per group member” is used in this work to indicate the “concentration of membership at the Board level” of individuals working for the groups. Table XI summarizes this information for the five groups in the sample.

Family-owned groups show a low parameter for this indicator, ranging between 1.2 and 1.3, meaning that, on average, five different individuals are appointed in six boards. The situation is different in the two emerging groups included in the sample: in the Pathfinder group, each individual is a member of two Boards and in the Sigdo Koppers group, each individual is a member of three Boards. We believe this indicator shows that emerging groups are more closely controlled by the owners, who participate much more actively in the day-to-day affairs of firms. The lower level of repetition of the same individuals in Boards in the family-owned groups may be reflecting the large number of companies owned.

TABLE XI
REPETITION OF BOARD MEMBERS

Group	Board positions per group member
Angelini	1.2
Luksic	1.2
Matte	1.3
Pathfinder	1.9
Sigdo Koppers	3.3

Source: Exhibits 1 through 5; Box C.

The above indicator could also be the result of the intention to promote relationships among companies owned, via “interlocking” of Boards. However, this conclusion requires additional research on the purpose of this governance issue by the group owners.

f) Groups have established “strategic alliances” and “joint ventures” with foreign firms.- The participation of foreign firms may be observed in any one of the three tiers previously described (i.e. “investments companies, holding companies, and subsidiaries”). We did not find a general rule regarding the association of Chilean and foreign firms. Each joint venture represents a peculiar solution, agreed upon by the partners, depending on the particular competitive setting.

- The *Angelini* group is associated with Carter Holt Harvey (New Zealand) in its most important investment company (Inversiones y Desarrollo Los Andes, which controls Copec) and directly in a holding company in the fishing industry (Pesquera I-G Mar). CHH participates in the board of this last company, but it is not present in the Copec Board, as a result of a shareholders agreement (which is being impeached in court by International Paper, since the acquisition of CHH by this American company).

- The *Luksic* group is associated with Paulaner (Germany) in the investment company that holds CCU (a company in the beverage industry, mainly beer and soft drinks), and they have representatives in the board. In the banking sector, the Luksic group is associated with Banco Centro-Hispano (from Spain), at the level of “investment companies”, and with the Hong Kong & Shanghai Banking Corporation at the level of one of the “holding companies” in this industry (Banco O’Higgins).
- The *Matte* group is associated with Rothschild (from the UK) in Bicecorp, their holding company in the banking sector, which controls 2 or 3 out of the 9 positions in the board. Also, this is the only group in the sample which is associated with a foreign company at the level of a subsidiary. CMPC partners with P&G (from the USA) in PROSAN, a company manufacturing sanitary products.
- The *Pathfinder* group is associated with Pilkington (from the UK.) in Vidrios Lirquén, its holding company in the glass industry. This is the only case in the sample in which the foreign company is the main shareholder, although it is managed by the Chilean partner.
- The *Sigdo Koppers* group is associated with Austin Power (USA) in Enaex, its holding corporation in mining explosives and with several automobile manufacturers, in car dealerships.

g) Cross holdings among groups in the sample are not significant.- Generally speaking, groups do not share ownership of companies. The exceptions to this finding are:

- The *Angelini* group owns through Copec an 8.25% of CCU, one of the holding companies of the Luksic group.
- The *Matte* group participates, through different investment companies, with 6.77% in Copec, the main holding company of the Angelini group. It controls one position in the Board of Directors.

There are also a few cases of joint ventures among the Angelini and Matte groups at the level of their subsidiaries. These two groups share the property and control of three companies in the financial sector (AFP Summa, Seguros El Roble and Seguros El Raulí) and one in the electricity distribution sector (Hidroeléctrica El Melocotón).

III. Compared ownership and governance structures between Chilean Economic groups and selected countries

The pre-war structure of Japanese *Zaibatus* is very similar to the current structure of Chilean groups. Exhibit 8 shows the three tiers which include the “investment companies”, the “holding companies”, and the “subsidiaries” depending from them. After the war, the *Zaibatus* were forced to restructure to promote competition, giving way to the current Japanese *Keiretsus*. Essentially, “investment companies” at the top of the old *Zaibatus* hierarchy were eliminated, creating

instead a dense network of relationships among the main holding companies. These have cross-property and interlocking Board memberships, which, in this new arrangement, are fundamental components for achieving the required coordination among firms. Keiretsus are thus different from the model prevailing in Chilean economic groups in the 90's.

In Germany, there are also three tiers in the ownership structure of groups, but the top level is represented by banks and institutional investors, instead of by family or management owned "investment companies". This model is again different from the one prevailing in Chile. The large number of *Mittelstand*⁷ companies related with banks, do not constitute a group in the Chilean sense. These companies are family-owned businesses which partly rely on banks for their financing. Banks have obtained in exchange a certain number of shares as an escrow, which grant them economic rights and a seat in the Supervisory Board of those companies. This also explains the small size of the German Stock Exchange in relation with other developed countries, as seen in Table III, because companies rely chiefly on banks for their financing. Similar to the Japanese case, German companies have a fair amount of cross-property, though it is not as dense and intertwined as in Japan. The ownership of Chilean companies follows a very different model, because they do not have circular links (firm "A" owning shares of firm "B" and vice versa).

Although there are differences between the ownership of firms in Chile, Japan, and Germany, they have in common a few characteristics, mainly when compared with the United Kingdom and the United States: there is a strong linkage between owners and managers; ownership is rather concentrated; and there is a long-term commitment between the owners and their companies, which is made explicit in the low turnover of shares in these countries⁸. In fact, economic groups in the United Kingdom and the United States have their property broadly dispersed. Institutional and private investors are the dominant shareholders (Table II) but do not participate actively in the management of firms, at least when compared with the cases of Chile, Japan, and Germany.

This separation between ownership and management in the UK and the USA countries has been broadly studied. The "Agency Theory" refers to the set of contracts that owners must define to provide managers the proper incentives to maximize company value while seeking their own well-being (Jensen and Meckling, 1979; Fama and Jensen, 1983; Fama 1980). Financial models usually assume that managers look for the well-being of their shareholders, as a matter of fact. Naturally, this will not always be the case, because managers have their own goals,

⁷ The medium-sized companies which form the backbone of German industry

⁸ Table 3 shows the following turnover figures:

-6.2% for Chile, which is explained by the absence of transactions by the controlling group

-27.4 % for Japan, which though larger than in Chile, is partly explained by transactions inside the groups.

-75.4 % for Germany, a misleading figure for three reasons: the size of the Stock Exchange is small in relation to the size of the economy, the majority shareholders do not trade their shares, the main transactions are among foreign funds, which are very active in trading.

which not necessarily are the same as those of shareholders. In the UK and the USA, this conflict of interest is regulated by a set of contracts between owners and managers. But this is not a perfect solution, because it is difficult to design, and to enforce contracts that will align the behavior of managers with the interest of shareholders. In Chile, this problem is not apparent, because owners are almost always directly in charge of their firms, either as managers or as influential members of the Boards. Probably, the structure of economic groups in Chile is partly explained by the need to maintain close control of the entire business portfolio.

IV. The ownership and governance structures of the new emerging groups resulting from MBOs, in which pension funds (AFP's) are important shareholders: the case of Chilgener

Firms like Enersis, Chilgener and Soquimich do not seem to follow the above described patterns for the groups in the sample. These companies represent an alternative approach to ownership in Chile, that resembles more closely what is observed in the U.S. and the UK. In this work, no detailed analysis of this issue is provided. We have analyzed the ownership and governance structure of Chilgener, as a way to contrast the situation observed in the groups in the sample, with that of Chilean firms not clearly linked to a controlling group. The case of Chilgener is very particular, because it is clearly controlled by the pension funds, which have delegated the management responsibilities to a group of professional managers. The other two firms included in Table IV in which pension funds have an important equity holding (Enersis and Soquimich) do have clearly controlling groups that are not institutional investors.

Chilgener is a publicly traded corporation, mainly in the business of power and electricity generation. Table XII indicates the main characteristics of Chilgener in terms of the investment committed in different industries, the percentage ownership, and the number of subsidiaries in each one of them.

TABLE XII
DESCRIPTION OF CHILGENER

Industry	% of ownership	Chilgener's Equity	No. of subsidiaries
Power & Electricity	68.7	988.1	12
Shipping	30.1	59.1	5
Natural Gas & Fuel	15.0	4.0	2
Total	63.3	1,051.2	19

Source: Own elaboration from data in the 1995 annual report. Peruvian companies are not significant, therefore they are not included in the table. The original value in Chilean pesos have been converted at the rate of C\$406.91 per US dollar.

The above Table shows that Chilgener is a holding company highly concentrated in the power and electricity sector, with investments in Chile and abroad (mainly Argentina). The total number of subsidiaries is 19 some of them depending directly from Chilgener, while others are linked to companies in which Chilgener has some stake. Some notable differences in ownership and governance structures with other groups are evident from the analysis of this company.

a) Chilgener shows only two levels in its multi-layered structure. The first tier is missing, because there are no investment companies owning a controlling share of the corporation. This ownership and governance layer is replaced by institutional investors (mainly pension funds) and foreign shareholders (through ADRs). All the largest shareholders identified in the 1995 annual report (a total of 11) fall in the categories above and hold a combined total of 64.3% of shares. The largest of pension funds (Provida) owns an 8.46% of the company. This is a clearly different situation from the one observed in the five groups in the sample, which have a well known controlling investor. The other two tiers do not differ substantially from the groups in the sample.

b) The diversification of Chilgener is lower than in the other groups. As already indicated, Chilgener is a highly focused company. The total investment in the power and electricity sectors, in Chile and Argentina, is US\$ 988.1, which, when compared with a total investment of US\$ 1051.2, yields a 94.0% specialization ratio. Chilgener is a much more specialized group than the ones included in the sample, because it is not a collection of holding companies as is the case of the groups studied.

c) The relationship between ownership and management in Chilgener. As commented before, the ownership structure of Chilgener more closely resembles the situation in the United States and the United Kingdom, where property is more broadly dispersed and the owners delegate their management responsibilities to a professional group of managers.

It is not possible to establish, at this point, whether Chilgener is going to maintain its current structure in the future, or whether, with time, it will evolve in the direction of the other groups, as one group takes control of the company.

V. Final Remarks

The Chilean model for structuring ownership and governance of groups of companies, may not have a general validity since they could be a consequence of the legal framework, management practices, and specific historical and political events, among other factors. This is probably also the case with the German, Japanese, English, and American solutions, which have been referred to in this work. In Chile's company ownership is highly concentrated, when compared to the world's most developed capital markets. Future research may compare the Chilean situation to comparable countries in other areas of the world, such as Greece and Turkey in Europe, Malaysia and Thailand in Asia, and Colombia, Peru and Mexico in Latin America, for example.

The owners of Chilean economic groups seem to be highly involved in their companies' management. Shareholders who control economic groups apparently place a high value to keeping tight control of the companies they partly own. This is clearly apparent in the low turnover of shares in the Chilean Stock Market and in the interlocking of boards. It may be posited that whenever they can take ascertained positions directly in the Boards of their companies, which is the case when a group is relatively smaller, they do so. Separation of management and ownership in Chilean economic groups (as is also the case in Japan and Germany) seems to show lower strength than in the United States and the United Kingdom, where there is a high dispersion of property and companies are more often controlled by professional managers.

The multi-layered structure of Chilean groups suggests an interesting topic for future research from the agency theory perspective. Some considerations which may be proposed relate to the possible reasons behind this structure. The first layer of "investment companies" seems to serve both as a vehicle for the financing flows and a scheme to maintain the control over the companies in the three tiers. The second tier, the "holding companies", is most likely justified by strategic reasons, but it also appears to be helpful for a better market evaluation of companies by financial analysts. Though each one of these "holding companies" may be focused, the entire portfolio held by a group is broadly diversified. We believe the third tier, formed by a highly decentralized set of "subsidiaries" depending from a holding company, may have four goals:

- a) a strengthening of the business focus, with a more clearly defined line of activity for each subsidiary.
- b) the creation and "spin off" of new businesses is facilitated by this fragmentation of markets and product lines.
- c) management control is more plainly stated, with better defined responsibilities and clearer accountability of the managers in charge.
- d) decentralization also produces a dispersion of power, which is considered advantageous to manage labor relations in general, and to deal with workers unions in particular, in view of the fact that the Chilean labor code restricts labor negotiations to the individual business level.

In all three tiers, strategic partnerships with national and foreign firms are observed. A different situation is observed in Chilgener, the only company in which institutional investors have a controlling share and have delegated management in a professional group of managers. In this case, the first tier is absent, because there are no privately held investment companies holding a controlling interest. It is hard to make a judgment on how effective is the structuring of the groups analyzed. The structuring of groups evidently works well from the perspective of their owners. They have been successful in finding a configuration that is functional to their purposes. The economy has done well in recent years, and Chilean companies have shown that they have learned how to compete in world markets. A different point of view is suggested by some Government officials, who have raised some questions on the political implications of having such a high concentration of economic power in a few hands.

It is not clear from the current state of affairs in terms of economic group ownership and governance in Chile what model is going to prevail in the future: either the high concentration and close control of companies observed in the groups in the sample, or the delegation of management, as in the case of Chilgener. However, the experience of more developed capital markets suggests that levels of concentration in ownership should decrease with time in Chile, even in family groups and MBOs.

Finally, although there are many factors that may be affecting the structure of ownership -like the legal environment⁹, tax incentives, strategic partnerships, and others- one can not ignore that the solution observed may be the result of historical patterns and cultural traits deeply ingrained in the Chilean management and entrepreneurial culture. One such example is the need for strong leadership, which is peculiar in the “paternalistic” approach to interpersonal relationships often observed in Chile¹⁰.

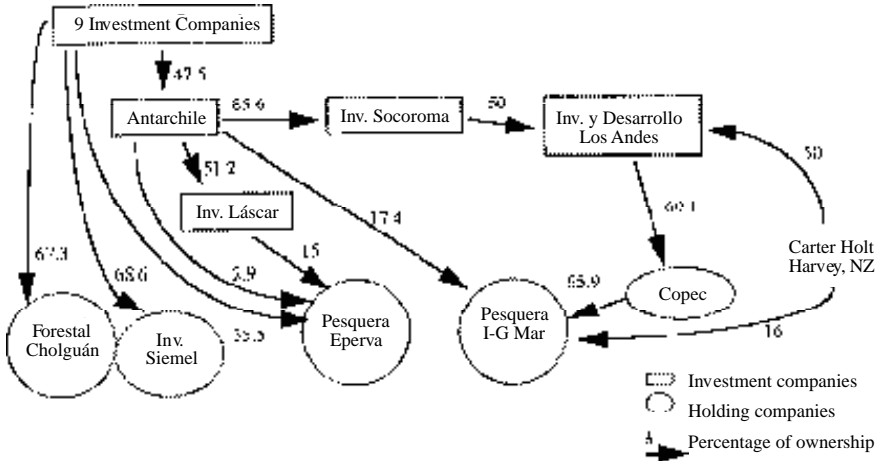
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⁹ See, for example, La Porta *et al.*

¹⁰ Nicolás Majluf, Nureya Abarca, and Darío Rodríguez, “Bases para la Formulación de un Modelo Chileno de Gestión Estratégica de Empresas”, Informe Final, Proyecto Fondecyt 1940664, Conicyt, Santiago, Chile, March 1996.

**FIGURE 1
ANGELINI GROUP**



Box A. Characterization of the Main Holding Companies

		%(1)	Equity (2)	Subsidiaries	Investors
Copec	Fuel	60.1	140.1	54	1
	Electricity		183.2		
	Forestry		1,931.9		
	Mining		45.8		
	Fishing		156.3		
	Services		169.7		
	Investments		67.4		
			<u>2,694.4</u>		
Cholguán	Forestry, wood panels	67.3	213.9	5	6
Inv. Siemel	Insurance	68.6	69.5	6	5
P. Eperva	Fishing	53.4	186.2	4	7
		<u>60.4</u>	<u>3,164.0</u>		

Box B. Size and Control of the Boards

	Nr.directors	Nrr. controlled
Copec	9	8 (89%)
Cholguán	5	5 (100%)
Inv. Siemel	5	5 (100%)
P. Eperva	5	5 (100%)
P. I-G Mar	5	4 (75%)
Total	29	27

Box C. Interlocking of Boards

Total seats in the boards	29
Total seats controlled by the group	27
Group members sitting in the board	23
Board seats per group member	1.2

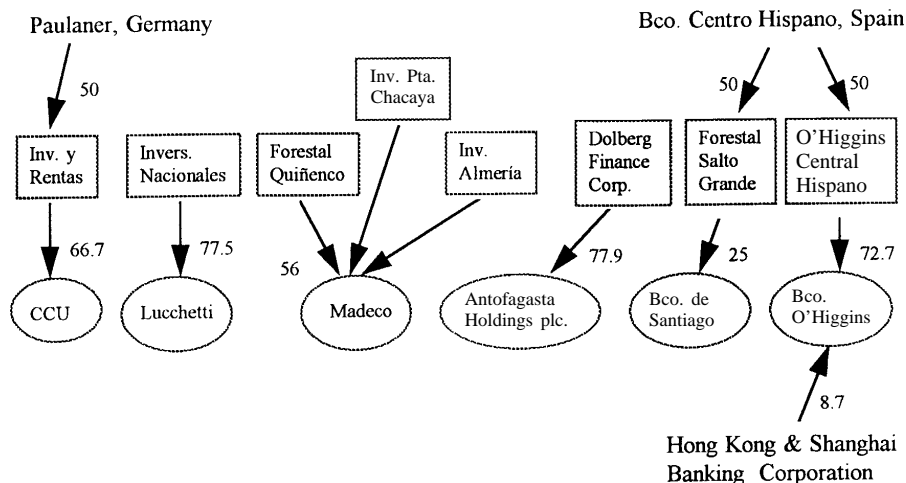
(1) Percentage of ownership

(2) in US\$ million end 1994

Director = member of the board

Source: Annual Reports 1994

**FIGURE 2
LUKSIC GROUP**



Box A. Characterization of the Main Holding Companies

		% (1)	Equity (2)	Subsidiaries	Investors
CCU	Beverages	66.7	354.7	16	1
Lucchetti	Food	77.5	53.7	12	1
Madeco	Manufact.	56.0	276.6	31	3
B. Santiago	Banking	25.0	313.3	7	1
O'Higgins	Banking	77.9	322.1	7	1
Antofagasta Holdings	Mining Railways	72.7	267.1	6	1
		60.3	1587.5		

Box B. Size and Control of the Boards

	Nr.directors	Nr. controlled
CCU	9	7 (78%)
Lucchetti	7	7 (100%)
Madeco	6	6 (100%)
B. Santiago	9	-
O'Higgins	11	11 (100%)
Antofagasta Holdings	7	7 (100%)
Total	40	38

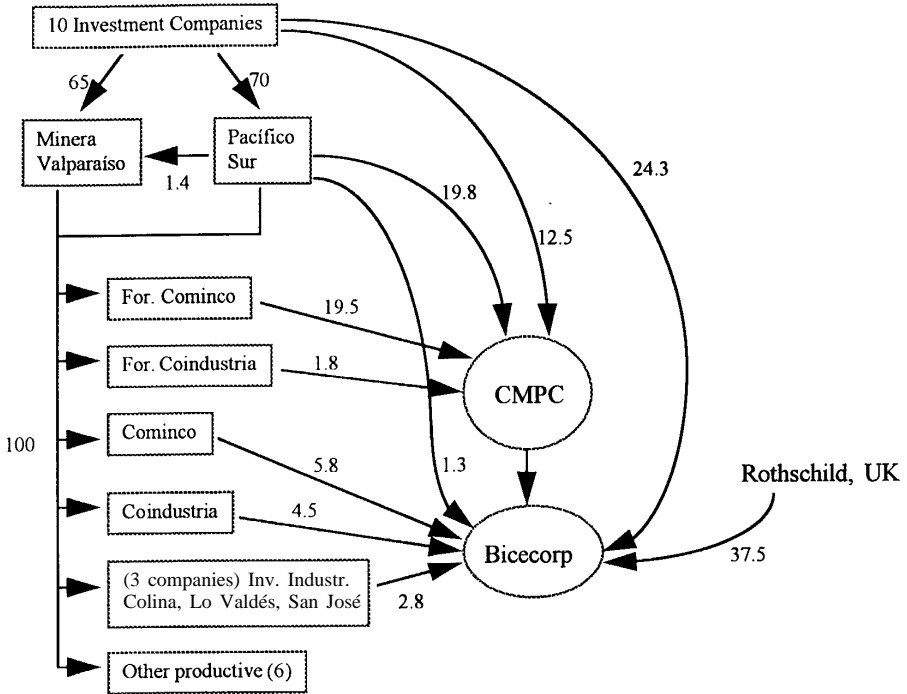
Box C. Interlocking of Boards

Total seats in the boards	40
Total seats controlled by the group	38
Group members sitting in the board	31
Board seats per group member	1.2

(1)&(2) See notes on figure 1

Source: Annual Reports 1994

**FIGURE 3
MATTE GROUP**



Box A. Characterization of the Main Holding Companies

		%(1)	Equity (2)	Subsidiaries	Investors
CMPC	Wood, pulp & paper	53.6	2,095.4	34	6
Bicecorp	Banking	47.3	177.5	8	7
		53.1	2,272.9		

Box B. Size and Control of the Boards

	Nr.directors	Nr. controlled
CMPC	7	7 (100%)
Bicecorp	9	6 (67%)
Total	16	13

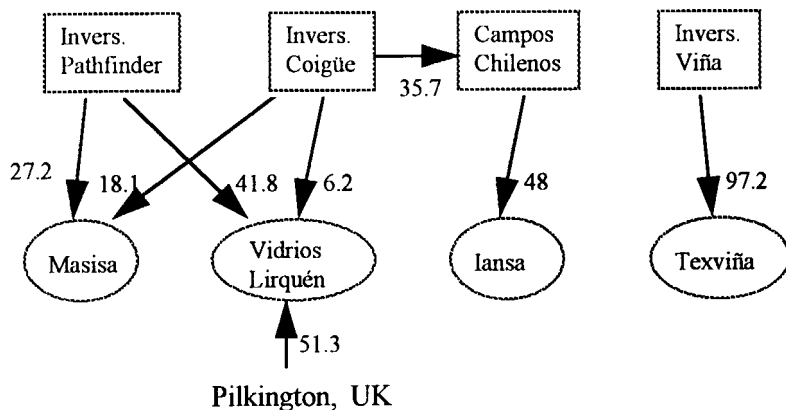
Box C. Interlocking of Boards

Total seats in the boards	16
Total seats controlled by the group	13
Group members sitting in the board	10
Board seats per group member	1.3

(1)&(2) See notes on figure 1

Source: Annual Reports 1994

**FIGURE 4
PATHFINDER GROUP**



Box A. Characterization of the Main Holding Companies

		% (1)	Equity (2)	Subsidiaries	Investors
Masisa	Wood panels	45.3	267.2	8	2
V. Lirquén	Glass	48.0	54.1	0	2
Iansa	Agroindustry	48.0	216.0	2	1
Texviña	Textiles	<u>97.2</u>	<u>24.7</u>	0	1
		48.9	562.0		

Box B. Size and Control of the Boards

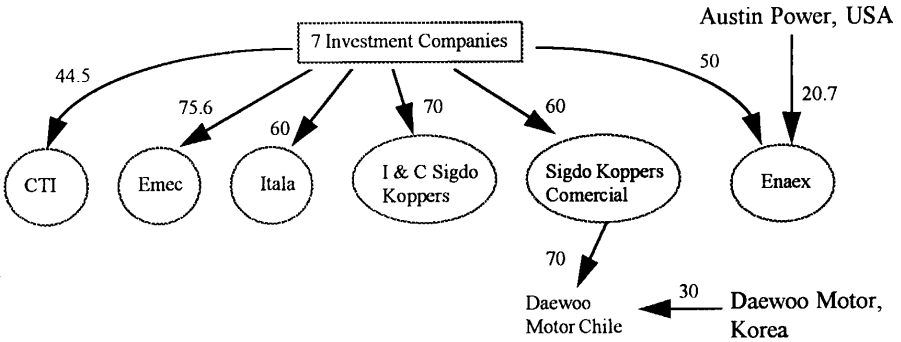
	Nr.directors	Nr. controlled
Masisa	5	3 (60%)
V. Lirquén	6	-
Iansa	7	5 (71%)
Texviña	5	5 (100%)
Total	17	13

Box C. Interlocking of Boards

Total seats in the boards	17
Total seats controlled by the group	13
Group members sitting in the board	7
Board seats per group member	1.9

(1)&(2) See notes on figure 1
Source: Annual Reports 1994

**FIGURE 5
SIGDO KOPPERS GROUP**



Box A. Characterization of the Main Holding Companies

		%(1)	Equity (2)	Subsidiaries	Investors
CTI	Home appliances	44.5	98.7	7	7
EMEC	Electricity	75.6	21.3	3	7
Itala	Vehicles distribution	60.0	6.0	2	7
I&C S.K.	Engineering	70.0	19.2	3	7
SK Com.	Machinery distrib.	60.0	16.0	5	7
Enaex	Mining explosives	<u>50.0</u>	<u>54.0</u>	4	7
		52.9	215.2		

Box B. Size and Control of the Boards

	Nr.directors	Nr. controlled
CTI	7	5 (71%)
Emec	5	5 (100%)
Itala	6	5 (83%)
I&C S.K.	6	6 (100%)
SK Com.	6	4 (67%)
Enaex	9	5 (56%)
Total	39	30

Box C. Interlocking of Boards

Total seats in the boards	39
Total seats controlled by the group	30
Group members sitting in the board	9
Board seats per group member	3.3

(1)&(2) See notes on figure 1
Source: Annual Reports 1994

FIGURE 7
CMPC's ARRAY OF SUBSIDIARIES

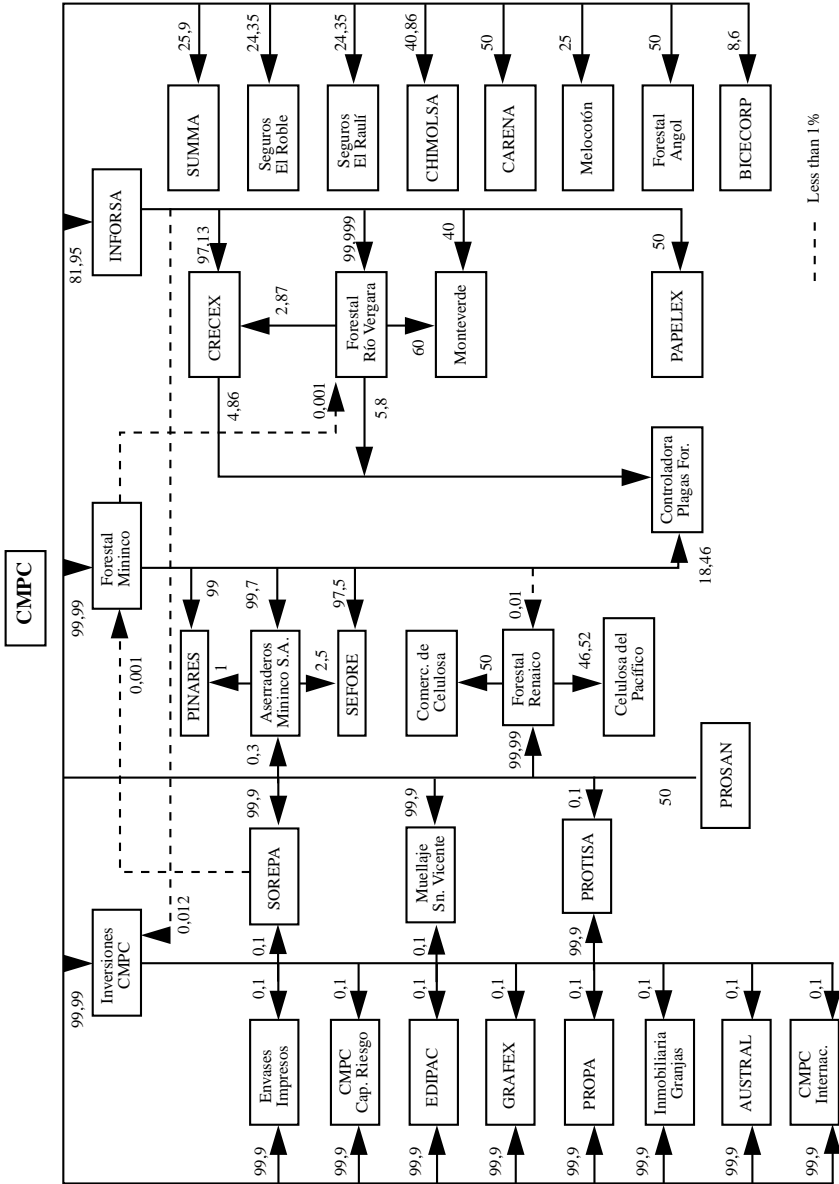
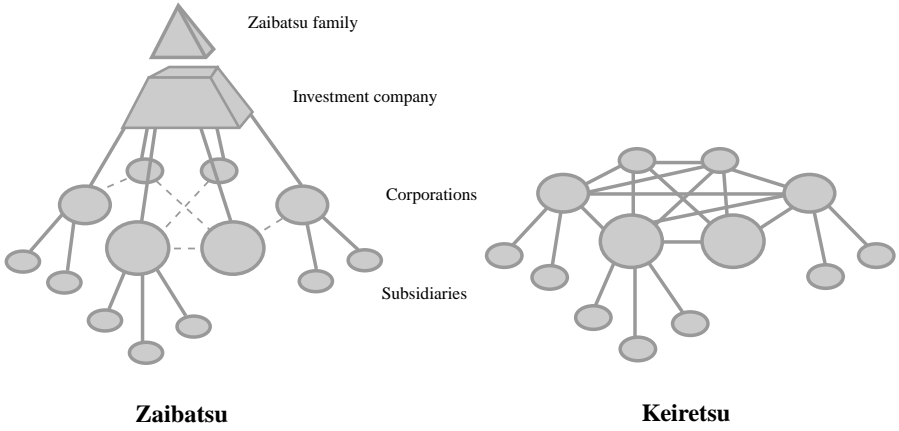


FIGURE 8
STRUCTURE OF THE JAPANESE GROUPS



APPENDIX
THE 150 LARGEST CHILEAN COMPANIES IN 1994
(Figures in US\$ million as of end 1994)

Company	Activity	Equity	Sales	Profits	Control
1 Copec	Forestry / Energy	2,694.4	2393.0	315.8	Angelini/CHH
2 Endesa	Electricity	2,562.0	735.5	374.9	Enersis
3 Codelco	Mining	2,443.6	2993.4	391.9	Chilean Government
4 CMPC	Forestry	2,095.4	964.7	90.0	Matte
5 Celulosa Arauco	Forestry	1,774.1	521.7	174.5	Copec
6 CTC	Telecommunications	1,476.2	1023.3	249.4	Telefónica de España
7 Forestal Arauco	Forestry	1,198.9	303.7	46.6	Copec
9 Minera Escondida	Mining	1,132.0	1458.0	419.0	BHP, Australia
9 Enersis	Investment/Electricity	954.5	852.4	170.9	Institutional investors Management
10 Chilgener	Electricity	931.1	263.9	74.7	Institutional Investors
11 Colbún Machicura	Electricity	859.8	123.6	54.5	Corfo
12 Minera Valparaíso	Investment/Energy	734.7	65.1	63.8	Matte
13 Enap	Petroleum	732.1	1657.7	101.2	Chilean Government
14 Bosques Arauco	Forestry	589.2	163.7	33.6	Copec
15 Inforsa	Forestry	489.8	88.6	1.7	CMPC
16 Metro	Transport	467.8	55.4	27.6	Corfo
17 Soquimich	Holding/Mining	466.2	313.9	23.3	Particular & Institutional investors
18 Chilectra	Electricity	440.3	543.9	75.9	Enersis
19 CAP	Steel/Forestry	438.2	486.3	15.2	Management
20 Emos	Sanitary services	403.4	141.3	53.2	Corfo
21 Celulosa del Pacífico	Pulp	402.3	181.3	-416.1	CMPC
22 Forestal Mininco	Forestry	379.8	207.7	5.0	CMPC
23 Emporchi	Seaport administration	367.5	80.1	13.8	Chilean Government
24 CCU	Beverages	354.7	323.1	77.5	Luksic Paulaner, Germany
25 CGE	Electricity	341.2	357.0	53.8	Claro Vial/Del Real Correa
26 Pehuenche	Electricity	336.5	129.9	87.1	Endesa
27 Vapores	Sea freight	327.6	657.8	30.7	R. Claro
28 Edelnor	Electricity	326.3	96.8	22.0	Southern Electric, USA
29 Andina	Beverages	316.7	386.8	54.0	Said
30 Entel	Telecommunications	285.9	245.3	46.8	Chilquinta
31 Madeco	Metal manufacturing	276.6	389.6	33.0	Luksic
32 Enami	Mining	268.1	841.4	17.4	Chilean Government
33 Masisa	Wood panels	267.2	110.2	18.9	Pathfinder
34 Universidad Católica	Education	263.3	45.5	2.0	Catholic Church
35 Super Pollo	Food	239.8	217.6	32.4	Vial
36 Cristales Chile	Glass/Investment	233.7	66.2	26.7	R. Claro
37 Mantos Blancos	Mining	233.5	129.0	5.4	Anglo American Corp. South Africa
38 Chilquinta	Electricity	233.0	119.1	18.0	Fernández León/Sipsa
39 Nestlé	Food	229.4	356.9	27.1	Nestlé, Switzerland
40 Pesq. Iquique- Guanaye (IGMAR)	Fishing	217.3	122.4	-9.2	Angelini
41 Iansa	Agroindustrial	216.0	439.4	47.3	Pathfinder
42 Minera del Pacífico	Mining	215.6	194.7	1.1	CAP

Company	Activity	Equity	Sales	Profits	Control	
43	Forestal Cholguán	Forestry	214.0	49.0	16.4	Angelini
44	Gasco	Fuel distribution	206.5	147.4	29.1	CGE
45	Sipsa	Investment	205.2	62.8	9.9	Izquierdo/Menédez
46	Esso	Fuel distribution	199.1	383.7	5.1	Exxon, USA
47	Esval	Sanitary services	192.0	45.0	12.0	Corfo
48	Petrox	Petroleum refining	191.7	740.8	40.1	Enap
49	RPC	Petroleum refining	191.7	740.8	40.1	Enap
50	Forestal Chile	Forestry	188.1	39.6	0.0	Copec
51	Pesquera Eperva	Fishing	186.2	118.6	-8.6	Angelini
52	Asmar	Shipyard	185.3	80.9	0.4	Chilean Government
53	Cemento Melón	Cement	179.3	191.6	47.0	Blue Circle Cement, UK
54	Pesquera Coloso	Fishing	179.1	118.0	5.2	Sipsa
55	Santa Fe	Forestry	170.2	123.9	-560.8	Shell, UK
56	Cemento Polpaico	Cement	169.8	181.6	39.5	Holder Bank, Switzerland/Gasco
57	Elecmetal	Investment/Mining supplies	157.2	136.8	59.0	R. Claro
58	Inversiones CMPC	Investment	154.5	192.0	-22.3	CMPC
59	Forestal Celco	Forestry	154.4	62.6	0.8	Copec
60	Empresas CCT	Agroindustrial Investment	153.5	233.1	44.1	British American Tobacco, UK
61	Shell	Fuel distribution	152.6	448.9	16.2	Shell, UK
62	Cementos Bío-Bío	Cement	149.8	163.1	24.8	Briones
63	Telex Chile	Telecommunications	141.7	123.7	21.1	Ibáñez/Radic
64	Ripley	Retail	135.0	36.5	24.5	Calderón
65	Pizarreño	Building materials	133.7	198.2	15.1	Pizarreño
66	General Motors	Vehicles	131.6	304.9	27.1	GM Corp., USA
67	Unifrutti Traders	Fruit trader	125.3	91.2	2.5	Giancarlo de Nadar
68	SQM Nitratos	Mining	124.5	194.4	11.6	Soquimich
69	Viña Concha y Toro	Wines	124.1	77.3	6.0	Guillisaasti
70	Falabella	Retail	119.9	370.6	32.0	Solari/Falabella
71	Hidroeléctrica Guardia Vieja	Electricity	199.8	26.7	12.3	Matte
72	FFCC Antofagasta Bolivia	Railways	115.5	23.9	-0.2	Luksic
73	Parque Arauco	Shopping center	114.4	36.4	12.2	Said
74	Lever	Cleaning products/Cosmetics	113.0	295.9	79.9	Unilever, UK
75	Dole Chile	Fruit trader	112.3	241.7	N.D.	Dole Food, USA
76	Essbio	Sanitary services	108.2	35.2	6.7	Corfo
77	Minera Michilla	Mining	100.2	70.8	7.8	Luksic
78	CTI	Home appliances	98.7	221.5	29.8	Sigdo Koppers
79	Carozzi	Food	92.6	191.1	14.1	Carozzi
80	Chiletabacos	Agroindustrial	87.9	160.1	44.0	CCT
81	Pesquera Camanchaca	Fishing	83.7	79.3	7.4	Fernández/Cruz/Cifuentes
82	Interoceánica	Sea freight	82.7	154.5	11.2	Navieras
83	Agrícola Ariztía	Food	82.3	126.7	6.3	Ariztía
84	Santa Carolina	Investment/Wines	81.1	240.9	8.7	Larraín
85	Navieras	Sea freight	81.0	189.9	6.7	Navieras
86	Lan Chile	Airline	79.0	406.8	6.3	Cueto
87	Socar	Mining	78.8	42.3	5.8	Copec
88	Sodimac	Building materials	77.1	361.6	3.1	Del Río
89	Papeles Bío-Bío	Paper	77.0	62.1	3.7	Fletcher Challenge, NZ
90	Almacenes París	Retail	74.7	320.1	6.9	Galmez
91	El Mercurio	Newspapers	74.5	164.8	35.2	Edwards
92	Laboratorios Chile	Pharmaceutical laboratory	74.2	60.4	10.0	Andonie
93	Pampa Calichera	Investment	73.8	18.7	6.6	Particular investors
94	Pesquera San José	Fishing	70.9	73.9	-12.7	Izquierdo/Menédez

Company	Activity	Equity	Sales	Profits	Control	
95	Minera Los Pelambres	Mining	70.7	40.3	7.4	Luksic
96	Ecusa	Bottler	70.2	74.8	-32.8	CCU
97	Forestal Millalemu	Forestry	69.5	38.5	-12.1	CAP
98	Textil Pollak	Textiles	66.9	84.8	0.0	Manfred Brauchle
99	Home Center	Retail/Building materials	66.7	352.2	5.3	Sodimac
100	CNT Telefónica del Sur	Telecommunications	66.6	64.6	14.0	VTR
101	Maderas Cholguán	Wood panels	65.4	32.5	6.7	Angelini
102	Inmob. Manso de Velasco	Real estate	64.7	34.3	8.2	Enersis
103	Santa Isabel	Supermarkets	63.5	316.0	8.8	Elberg
104	Molymet	Molybdenum	63.2	95.7	15.4	Aboughazaleh
105	Calderón Confecciones	Clothes	62.9	139.2	11.3	Calderón
106	Jumbo	Supermarkets	61.9	67.9	5.9	Paulmann
107	Sintex	Chemicals	61.7	86.9	8.2	
108	Oxiquim	Chemicals	60.7	80.1	10.4	Sintex
109	Malloa	Agroindustrial	60.0	70.1	0.5	CCT
110	Sonda	Computers/Services	59.8	59.3	11.6	Navarro/Digital
111	Fósforos	Investment/Matches	59.7	45.0	8.4	Cardoen
112	Cruz Blanca	Investment/Health insurance	59.3	12.9	22.2	Cruzat
113	Alimar	Fishing	58.4	41.1	4.2	Izquierdo/Menéndez
114	Seguravita	Investment	57.8	144.4	14.7	
115	Soprole	Food	56.2	214.5	12.0	
116	CTC Transmisiones Reg	Telecommunications	56.2	22.5	-15.6	CTC
117	Leasing Andino	Leasing	54.9	72.9	10.7	Banco de Chile
118	Vidrios Lirquén	Glass	54.1	40.3	4.3	Pathfinder
119	Enaex	Explosives	54.0	79.4	12.2	Sigdo Koppers
120	Santa Rita	Wine	53.8	50.7	2.4	R. Claro
121	Comercial Kaufmann	Vehicle distribution	53.7	126.4	4.3	Kauffmann
122	Lucchetti	Investment/Food	53.7	168.3	5.4	Luksic
123	Forestal Bío-Bío	Forestry	53.0	19.1	1.4	Fletcher Challenge, NZ
124	Ind.Nacional del Cemento	Cement	52.9	50.8	9.6	Cementos Bío-Bío
125	Lord Cochrane	Magazines	52.8	87.3	1.2	RR Donneley & Sons, USA
126	Gildemeister	Vehicle distribution	52.6	106.4	-98.6	Finning Ltd.
127	UTC (United Trading)	Fruit trader	52.5	84.2	-7.7	Quintal Uruguay
128	Clínica Alemana	Health care	52.3	42.2	0.0	
129	Puerto de Lirquén	Seaport	51.0	25.5	10.2	Matte
130	Inmobiliaria Unimarc	Real estate	50.8	296.6	5.0	Errázuriz
131	Sopraval	Food	49.6	45.3	3.7	Allende
132	Trupán	Forestry	49.5	20.0	-12.6	Angelini
133	ABC	Retail	49.4	148.9	3.6	Copec
134	Pesquera Itata	Fishing	48.9	28.3	4.2	Sarquís
135	Banmédica	Investment/Health insurance	48.8	169.1	2.8	Fernández León
136	Manufacturas Sumar	Textiles	47.9	59.3	-2.3	Fdo. Sumar
137	Aserraderos Mininco	Forestry	46.2	61.0	-5.5	CMPC
138	Pacífico V	Investment	45.8	28.6	4.5	
139	Coresa	Metal cans	45.3	89.7	7.4	Abumohor/Vial
140	Cerámicas Cordillera	Building materials	45.3	25.0	1.8	Pizarreño
141	Pucobre	Mining	44.9	28.6	11.2	Pacífico V
142	Agua Lo Castillo	Sanitary services	44.7	21.0	5.9	Goycoolea
143	Chilesat	Telecommunications	43.1	72.8	17.2	Telex-Chile
144	Good Year	Tires	42.7	127.8	6.6	GM Corp., USA
145	Pisco Capel	Beverages	42.6	71.9		
146	Forestal Copihue	Forestry	42.3	50.5	3.6	Citigor Holdings
147	Emel	Electricity	42.2	81.9	10.6	Ilhareborde

Company	Activity	Equity	Sales	Profits	Control
148 Occidental	Chemicals	42.0	40.4	4.8	Occidental Petroleum, USA
149 Saesa	Electricity	41.8	34.4	8.1	Copec
150 Oro Blanco	Investment	41.7	18.7	3.5	Norte Grande SA
• Corfo	Holding	1,782.9	4.5	129.0	Chilean Government (1993 data in currency at the end of that year)

Source: Own elaboration from *The Chile Top 500*, Published by the South Pacific Mail SRL.