



**Asia-Pacific
Economic Cooperation**

2020/DESG/005

Agenda Item: 4

COVID-19 and the Digital Economy

Purpose: Information
Submitted by: Chile



**Digital Economy Steering Group Special
Virtual Meeting on COVID-19
26 June 2020**

We invite member economies to share information on digital-economy related policy interventions, initiatives, lessons learned, and/or solutions in response to COVID-19 ahead of the 26 June 2020 APEC Digital Economy Steering Group Special Virtual Meeting using the template below. The descriptions of the issues below are **only suggested points** to help members with the exercise, and members need not regard them as mandatory points to follow in generating their information sharing in the template. Members are advised to submit the completed template below through the APEC Collaboration System (ACS) no later than 23 June. Members are able to view and download completed templates submitted by other members on ACS ahead of the Special Virtual Meeting, and this will help DESG optimize the limited meeting time on 26 June.

- a) **Business continuity and resilience** – As COVID-19 has caused significant disruptions to economic activities and business operations, members may wish to share how they support business continuity and resilience in terms of:
 - i. Ensure access to reliable connectivity and relevant digital technologies, in particular among MSMEs, women, and young entrepreneurs, to help overcome digital divides;
 - ii. Encourage businesses, including MSMEs, to leverage digital technologies and solutions in carrying out production, business activities, and international trade, so as to maintain the stability of global supply chains;
 - iii. Encourage the digital transformation, including through digitalized production systems, e-commerce, digital supply of services, e-invoicing, and e-payments, and other services, as well as smart working solutions, including remote working, and innovative new business models.
- b) **Exchange and use of data in a secure manner** – Members may wish to share how they:
 - i. Encourage collaboration to collect, pool, process, and share reliable and accurate non-personal information that can contribute to the monitoring, understanding, and prevention of the further spread of COVID-19 as well as other infectious diseases;
 - ii. Ensure the collection and processing of COVID-19-related data is being done in an ethical, transparent, safe, interoperable, and secure manner that protects the privacy and data security of individuals, in line with prevailing international measures and domestic laws and regulations.
- c) **Use of digital technologies and solutions including for tracing purpose** – Given the importance and urgency of slowing down the spread of COVID-19, members may wish to share how they:
 - i. Use digital technologies and solutions to enable individuals and firms to continue to participate in the economy;
 - ii. Use digital technologies to help contact tracing efforts;
 - iii. Promote digital work and the development of basic digital skills in companies, public institutions, schools, and universities;
 - iv. Encourage and collaborate with the research community, private sector, and business entities to promote the use of digital technologies and solutions for the development and manufacturing of critical medical equipment and supplies (including disinfectants, Personal Protective Equipment, and ventilators) to fight COVID-19 and other infectious diseases.
- d) **Secure and trusted online environment** – Given the increased digital vulnerability in the context of a pandemic, members may wish to share how they:

- i. Enable timely domestic and international responses to counteract malicious cyber activities that present risks to the security of the digital economy;
- ii. Work collaboratively with businesses and organizations to leverage online platforms to continue sharing trustworthy information and prevent disinformation, hoaxes, and online scams;
- iii. Ensure that reliable crisis communication over digital channels is available.

e) **Preparations for economic recovery post-COVID** – Members may wish to share other policy interventions and initiatives as part of the preparations for economic recovery, given the reinforced significance of the digital economy as a result of COVID-19.

[Chile]

[Piero Guasta pguasta@subrei.gob.cl]

ISSUE	POLICY INTERVENTIONS, INITIATIVES, LESSONS LEARNED, AND SOLUTIONS IN RELATION TO THE ISSUE	ACTUAL/EXPECTED OUTCOME
<p>Business continuity and resilience</p>	<p>Ministry of Economy:</p> <p>Relief treatment for tax debt</p> <p>Measure that makes flexible the agreements of payment of tax debt of companies with annual sales of up to UF 350.000 and people with the General Treasury of the Republic, without fines or interests and temporarily suspending actions of judicial collection and auctions for tax debts.</p> <p>Insolvency advisory</p> <p>The Superintendency of Insolvency and Re-entrepreneurship enabled an online form so that affected SMEs can provide information on the situation of the company, which will for this body to provide legal and financial assistance free of charge.</p> <p>Suspension of Provisional Monthly Income Tax Payments (PPM)</p>	<p>Chilean government is aiming at generating economic relief for workers and micro, small and medium-sized companies in the light of the Covid-19 health crisis and the economic effects it has generated. A large part of the measures announced correspond to those contained in the Emergency Economic Plan I and II, announced on March 19 and April 8, respectively, which aim to support the liquidity and working capital of companies and workers</p>

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	<p>Measure that will allow 700 thousand SMEs and large companies to suspend the payment of PPM during the months of April, May and June 2020. The measure will give USD \$2,400 MM of liquidity.</p> <p>Deferral of real estate contributions</p> <p>It postpones the first payment of contributions for real estate from April 2020 and allows its payment in up to 3 monthly periods without penalties or interest. The payment could be addressed on the following payment period in June, September, and November 2020. The measure involves liquidity for a total of USD \$670 MM for companies with sales up to UF 350,000 and individual property owners with tax assessment less than CLP \$133 MM.</p> <p>Income tax refund advance payment</p> <p>The income tax refund payment is advanced from May to April 2020 for 500 companies with annual sales up to UF 75,000, which means liquidity of up to USD \$770 million. In addition, the expenses declared to face the health crisis may be considered within the tax base of the company.</p> <p>Deferral of payment of income tax</p> <p>Deferral until July 31st 2020 of the payment of income tax for companies with annual sales up to UF 75,000, according to their declaration in “Income Operation” of April 2020. The measure will allow greater liquidity for a total amount of USD \$600 MM to 140,000 SMEs.</p> <p>Health contingency related disbursements considered tax expenses</p>	<p>and to which they add additional measures that are aimed mainly at boosting sales and job protection.</p>

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	<p>Company disbursements related to reducing the negative effects of the health contingency, such as those related to the health of workers, will be accepted as a deduction from the income tax base. The focus is on SMEs and large companies.</p> <p>Extension of deadlines to file 2020 income operation related sworn tax statements</p> <p>The IRS has extended the deadlines for filing 19 tax statements that originally came between March 23 and 30 for SMEs and large companies. Details in http://www.sii.cl/noticias/2020/230320noti01er.htm</p> <p>Extension of deadlines to join Pro SME Regime</p> <p>The deadline for taxpayers to opt for the Pro SME regime tax systems is extended until July 31. These are: 1) the system where the company pays 25% first-class tax or 2) tax transparency, in which the company frees itself from first-class tax and it is the owners who directly pay their personal tax on the company's income.</p> <p>Stamp tax reduction</p> <p>The stamp tax for credit operations (real estate, consumption, and other credit payments) is reduced to 0 until September 2020. The tax cost is up to USD \$420 million and focuses on families, SMEs and large companies.</p> <p>Deferral of payment of Value Added Tax (VAT)</p>	

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	<p>VAT deferral during the months of April, May and June 2020, which will allow liquidity of up to US \$ 1,500 MM to be injected into 240,000 companies. Focus on companies with sales up to UF 350,000. The deferral could be addressed in 12 payments, without penalties or interests.</p> <p>Capitalization of BancoEstado</p> <p>Capitalization of state bank, BancoEstado, for USD \$ 500 MM that will be used to provide financing to individuals and SMEs. This measure will increase BancoEstado's credit capacity by approx. USD \$4,400 MM.</p> <p>Local micro main street business solidarity fund</p> <p>Creation of a USD \$ 100 MM fund to support the loss in sales of main street businesses, which will be channeled through municipalities.</p> <p>"Reactivar" Program</p> <p>A Sercotec-led program that seeks to support companies with annual sales of up to UF 25,000 through a subsidy of up to CLP \$4 MM for working capital and fixed assets. The cost of the program is of USD \$6.6 MM. For details => www.sercotec.cl.</p> <p>"Reimpulsa" Program</p> <p>A Corfo-led program that will allow companies with annual sales of up to UF 100,000 to access subsidies for working capital or capacity building. The cost of the program is of USD \$3.6 MM and the amounts to be delivered per company reach up to CLP \$ 4 MM. For details => www.corfo.cl</p>	

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	<p>Capitalization of the Guarantee Fund for Small Businesses (FOGAPE)</p> <p>Capitalization FOGAPE for up to USD \$3,000 MM to enable credit operations for companies and individuals with annual sales of up to UF 1 MM. The measure aims to guarantee a total amount of credit operations of around USD \$24,000 MM. In turn, the credit lines for working capital may reach a value for up to 3 months of sales of a beneficiary under normal conditions, they will have 6 months grace, they can be paid in 24 to 48 monthly periods and may have maximum real rates of 0%. The banks' commitment is to offer the line of credit in a massive, expedited and standardized way. This means that it will be available to the vast majority of those who are commercial clients of banks, that is, 1.3 million potential beneficiaries, considering legal entities and individuals.</p> <p>Support in guarantees for loans with Guarantee Fund for Investment and Working Capital (FOGAIN)</p> <p>Reduction in commission rate for the use of FOGAIN guarantees. A 0% rate is set for the rescheduling of operations that already have a FOGAIN guarantee and a 0.5% rate for new financing. In turn, coverage quotas will be made available for placements in MSMEs for CLP \$200 million under this guarantee scheme.</p> <p>Guarantee Fund for Non-Banking Institutions</p>	

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	<p>Corfo will led the creation of a fund which will guarantee credit operations for SMEs from non-banking institutions. The fund will allow credit operations for up to USD \$1.000 MM.</p> <p>Employment Protection Law</p> <p>Workers with Labor Code contracts and affiliated to the Unemployment Insurance can access benefits and supplements charged to the Unemployment Fund when the following conditions exist:</p> <ol style="list-style-type: none"> 1. Suspension of employment contract by act of authority. 2. Pact to suspend the employment contract. 3. Pact for the temporary suspension of the working day. <p>The duration of the agreements ranges from 3 to 5 months, depending on whether the worker is hired for a fixed or indefinite term. The measure will have a fiscal cost of USD \$2,000 MM.</p> <p>Bill THAT establishes an income protection social insurance for self-employed workers</p> <p>The insurance seeks to protect the income of independent workers against exceptional circumstances such as natural disasters, public calamities, economic or health crises, as long as these imply a decrease in the level of their income. The Insurance will apply to about 1.2 million people and in regime it will reach about 2 million.</p>	

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	<p>Acceleration of payment to public procurement providers</p> <p>From April, the State will pay all pending invoices to date by the central government. Additionally, any invoice issued after this process will be paid within a period of up to 30 days. The measure involves a cost of USD \$1,000.</p> <p>Compra Ágil</p> <p>A new tool developed by the National Procurement Agency, ChileCompra with a specific focus on supporting SMEs through government procurement operations of less than CLP \$1.5 M, which represent 80% of the total number of transactions, and which have an annual value of the order of USD \$800 million.</p> <p>SMEs Online</p> <p>Initiative developed by the Development Corporation (Corfo), within the framework of the Digitalize your SME program of the Ministry of Economy, Development and Tourism. It seeks for SMEs to increase their sales, lower their costs and improve their relationship with customers and providers, using available digital technologies. In addition, it makes training content available at no cost to help sell online. The initiative will allow access to exclusive content on e-Commerce, social networks, payment methods, digital marketing, among others.</p> <p>Changes to Labor Code for regulating teleworking</p>	

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	<p>Law that modifies the Labor Code and that allows an employer and employee to agree to the telework option at the beginning or during the term of the employment relationship without implying a decrease in workers' income, nor in the individual and collective rights recognized in the Labor Code.</p> <p>www.TodosXLasPymes.cl</p> <p>Platform led by the Development Corporation (Corfo) and the Technical Assistance Service (Sercotec), the main public development agencies, which diffuses domestic SMEs directly to consumers.</p> <p>www.ApoyameAqui.cl</p> <p>Platform that connects affected SMEs with the main Chilean e-Commerce platforms. The platform is led by the Santiago Chamber of Commerce in collaboration with the Ministry of Economy, Development and Tourism.</p>	
<p>Exchange and use of data in a secure manner</p>	<p>Council for Transparency</p> <p>As the data protection agency for governmental data, announced formally that only the Ministry of Health is responsible for the communication of personal data of COVID19 contagious statistics. Nevertheless, their official letters states that the sensible personal data must be protected, and the publication has to have the only purpose to make statistics about the rate of contagion.</p> <p>The communication is published here (in Spanish):</p> <p>https://www.consejotransparencia.cl/nuevo-oficio-del-cplt-subraya-</p>	<p>It is expected that the Ministry of Health have the flexibility to use personal data to develop models to know how the COVID19 is spreading.</p>

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	facultades-exclusivas-del-minsal-para-comunicar-datos-personales-de-enfermos-por-covid-19/	
Use of digital technologies and solutions including for tracing purpose	-	-
Secure and trusted online environment	<p>SERNAC</p> <p>Chile’s Consumer Protection agency has implemented different programs and initiatives that follow two main paths. The first one is to develop tools to help the citizens to get the best prices for basic goods that need to be used during this pandemic. The main result of this program is a platform to compare the prices of a good in different places around Chile. The link (in Spanish) for the platform is: https://www.sernac.cl/portal/619/w3-article-58435.html</p> <p>Another program that the Consumer Protection Agency of Chile implemented is a mini site that includes all the options to file a complaint against the utilities services in case they do not comply in supplying their service. This is</p>	<p>SERNAC</p> <p>The main objectives for the Consumer protection agency are to avoid abuse from companies using the pandemic situation and help the consumers to have better access to critical goods.</p> <p>SUBTEL</p> <p>The main objective is to maintain the availability of the telecommunication networks.</p>

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	<p>especially important considering that many utilities are being used in a new sale during this context, like Internet and Electricity, to support teleworking. The link to the mini site (in Spanish) is: https://www.sernac.cl/portal/604/w3-propertyvalue-66093.html</p> <p>SUBTEL</p> <p>Chile’s Telecommunications Regulator (SUBTEL) has been implementing programs to lead the telecommunication sector to have a better response to the pandemic situation.</p> <p>One of them, is to contact the Telecommunications Companies to know what programs are implementing to face the current situation. For that, SUBTEL prepared a webpage that include all the initiatives that every company has implementing, ranging from free data plans for people who lost their job, duplicate the capacity of the broadband. The link to this website (in Spanish) is the following: https://www.subtel.gob.cl/empresas-de-telecomunicaciones-se-suman-a-solicitud-de-subtel-y-establecen-medidas-a-favor-de-los-usuarios-para-abordar-contingencia-por-coronavirus/</p> <p>Another initiative implemented by Chile’s Telecommunication Regulator is the monitoring of the status of the networks. The main idea is to show to the public how the companies are managing the internet infrastructure. During this pandemic, there has been a huge demand for internet infrastructure, due to the massive use of tele-work. The results of these inquiries are posted in</p>	

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	<p>the following webpage (in Spanish): https://www.subtel.gob.cl/subtel-solicita-informe-sobre-comportamiento-de-redes-y-planes-de-trabajo-a-empresas-de-telecomunicaciones-por-contingencia-de-coronavirus/</p>	
<p>Preparations for economic recovery post-COVID</p>	<p>FOGAPE</p> <p>The Ministry of Finance of Chile started a program called “FOGAPE”, <i>Fondo de Garantía para Pequeños Empresarios</i> (Guarantee Fund for Small Companies in English). The main objective of this program is to give easy access to credit for the small companies and enterprises that are being affected by the pandemic and then have a solid ground from were to grow once the quarantine is lifted. Through its webpage, http://www.fogape.cl/ (in Spanish), the program directs to the different banks operating in Chile that offer credits in this program.</p>	<p>The main objective of this program is to give easy access to credit for the small companies and enterprises that are being affected by the pandemic and then have a solid ground from were to grow once the quarantine is lifted</p>