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Chilean hydrogen strategy implementation: opportunities for Aotearoa

MARKET INTELLIGENCE REPORT

Summary

- Chile is now implementing its 2021 National Green Hydrogen Strategy to become a global green energy exporter by 2040. The shift to implementation has seen a dramatic increase in foreign direct investment in the industry in the last 18 months (from under USD1 billion to nearly USD30 billion), with significant attention from partners in Asia and Europe.
- Chile's long-term strategy is to become a global green hydrogen export leader, whilst its fall-back plan is the development of sufficient domestic production and supply to cover future domestic demand in the event export expectations falter. At present Chile is developing the capacity to produce green ammonium, with agreements in place for its export to Japan, Germany and South Korea. President Boric of Chile has stressed Chile's aim is to be one of the green hydrogen producers with the most competitive prices on the planet by 2030.
- As with the mining sector, Chile's rapidly growing hydrogen economy offers significant opportunities for New Zealand businesses looking to provide goods and, especially, services.

Report

The Chilean Government is implementing a National Green Hydrogen Strategy, aiming to draw USD200 billion investment and create 100,000 jobs by 2040. The Strategy is divided into three ambitious stages: developing 5GW hydrolysis production by 2025; manufacturing the most affordable green hydrogen globally by 2030; and ranking among the top three green hydrogen producers worldwide by 2040.

The strategy expects to see a significant rise in green hydrogen exports as it progresses, potentially making Chile a key fuel exporter while also reducing the environmental impact of major industries (e.g. mining and aviation), both locally and abroad. The Chilean Ministry of Energy is developing regulatory settings and conducting studies to orient and facilitate the development of green hydrogen initiatives.

Many projects are still in the early stages of planning and environmental assessment, and returns remain difficult to measure at this point. However, the shift to implementation has seen a dramatic increase in foreign direct investment in Chilean green hydrogen in the last 18 months, from under USD1 billion to nearly USD30 billion according to [Invest Chile](#), with businesses from the US, France, Germany, Spain, Japan, Austria and Norway investing in 18 production plant development initiatives in Chile.

To facilitate the commercialisation of their green hydrogen products abroad, Chile is actively establishing a network of arrangements with foreign governments and entities. It has signed MOUs with France, Korea, Japan, the European Union, Singapore, and the port authorities in Rotterdam, Antwerp, and Hamburg. The World Bank and the Interamerican Development Bank have provided financing for Green Hydrogen projects for USD150 and USD1 billion respectively.

Further international outreach will focus on advancing green hydrogen's supply networks abroad and acquiring capacity and infrastructure for the processing and shipping of green hydrogen in Chile. At present, Chile is developing the capacity to produce green hydrogen and by-products (e.g. green ammonium) as a first step, with agreements already in place for their export to Japan, Germany and South Korea.

Chile's strategy has so far proved successful in attracting interest and early investment from large corporations seeking to decarbonize their operations in mining, transportation, and chemical processes. As the EU, Japan and South Korea seek to secure future supply of a promising green fuel, they have agreed to cooperate with Chile in the early-stage implementation of its Green Hydrogen Strategy.

Chile's long-term strategy is to become a green hydrogen global export leader, President

Boric has stressed they project Chile should be one of the green hydrogen producers with the most competitive prices on the planet in 2030. However, the commercial viability of green hydrogen as a large-scale exportable product remains uncertain and will require sufficient scale of demand to justify the level of investment required to make it operational. Given the level of risk and uncertainty involved, the implementation plan's initial focus is on developing sufficient domestic green hydrogen production and supply to cover Chile's own future domestic demand.

New Zealand's experience in decarbonisation, renewable energy, and technical education represent opportunities for collaboration in the development of green hydrogen. Like-minded on climate and environmental issues and a fellow CPTPP member, Chile is a promising partner for New Zealand in this area. Green hydrogen production might benefit from manufactured goods and services from New Zealand, in areas ranging from security equipment and fuel pumps to logistics software (and everything in between).

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