



## INFOCARD ELANBiz Country Profile Chile

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**This Infocard provides a general overview of Chile and presents perspectives for EU companies**

### Basic data

Official name: Republic of Chile

Official language: Spanish

Currency: Chilean Peso

Surface area: 756.950 km<sup>2</sup>

Population: 17,9 million<sup>1</sup>

Capital: Santiago

Main cities: Concepción, Valparaíso, Antofagasta, Puerto Montt

### Economic Indicators 2016

GDP: US\$ 247.028 million<sup>2</sup>

GNI per capita: US\$ 13.540 (Atlas Method)<sup>3</sup>

Central Government Debt/GDP: 21,3%<sup>4</sup>

Foreign Direct Investment: US\$ 11.170 million

Foreign Direct Investment Stocks: US\$ 237.201 million

Imports: US\$ 67.942 million (goods and services)<sup>5</sup>

Exports: US\$ 70.097 million (goods and services)<sup>6</sup>

World Bank "Doing Business 2017" Ranking: 57 (2016)

<sup>1</sup> World Bank: World Development Indicators. <http://data.worldbank.org>

<sup>2</sup> World Bank: World Development Indicators. <http://data.worldbank.org>.

<sup>3</sup> World Bank: World Development Indicators. <http://data.worldbank.org>.

<sup>4</sup> Central Bank of Chile. [www.bcentral.cl](http://www.bcentral.cl).

<sup>5</sup> Central Bank of Chile. [www.bcentral.cl](http://www.bcentral.cl).

<sup>6</sup> Central Bank of Chile. [www.bcentral.cl](http://www.bcentral.cl).



Annual GDP Growth Rate	
2010	5,8%
2011	5,8%
2012	5.4%
2013	4,1%
2014	1,9%
2015	2,3%
2016	1,6%

Source: World Bank

Consumer Price Index	
2010	8,8%
2011	3,3%
2012	1,3%
2013	1,8%
2014	4,4%
2015	4,3%
2016	3,8%

Source: OECD

Current Account Balance (% GDP)	
2010	1,4
2011	-1,7
2012	-4,0
2013	-4,1
2014	-1,7
2015	.1,9
2016	-1,4

Source: OECD

Exchange Rate €/Peso	
2010	683.90
2011	652.33
2012	591.63
2013	681.97
2014	764.25
2015	745,75
2016	748,82

Source: Central Bank

## Economic Profile

Chile has a strong, stable and internationally integrated economy. Sustained advances in macroeconomic policies, structural reforms, external trade, foreign direct investment and regulation brought prosperity to the country.

The aforementioned coupled with a rich supply of natural resources and human capital, contributed to create an economy that is well positioned in international markets and benefits from mature and reliable institutions that promote foreign trade, foreign direct investments (FDI), innovation, and business development. In 2010, Chile became the first South American country to join the OECD.

Between 2010 and 2016 the country grew at an average rate above 3,9%. In 2014, growth slowed as a result of external factors such as the drop in copper prices (Chile's main export commodity), a weakened demand from main trading partners such as China (Chile's main copper importer), the EU and the US, and a general deceleration of domestic consumption and investment due to uncertainties in the global economic scenario.

These characteristics of moderation, economic and political stability, and a good business climate have contributed to transform the country into an attractive FDI destination. In 2014, foreign direct investment flows reached US\$ 23,302 million and in 2016 it fell to US\$ 11.170 million due to the factors indicated.



Chile is the world's largest copper exporter, second exporter of salmon, and fourth of wine. More specifically, considering Chile's rich reserves of metallic and non-metallic mineral reserves it is one of the world's main exporters of copper, molybdenum and sodium nitrate. Other important export products include wood, pulp, fresh fruit, wine, and other products and services, including tourism. The main imports include oil and other fuels, food, machinery and vehicles, manufactures, raw materials, and chemicals.

Currently, Chile faces major challenges in achieving a more advanced stage of economic and social development. On the one hand, the country needs to implement policies to ensure more and better education, health coverage and overall welfare for the population. On the other hand, it needs to encourage greater diversification and sophistication of its export base and foment national productivity to produce products of higher value added incorporating knowledge intensive activities and technologies.

These challenges require, among other efforts, strengthening the role of the exporter and the innovative capacity of Small and Medium Enterprises (SMEs) in order to proactively operate and incorporate themselves into clusters and global value chains.

## Ease of Doing Business

Chile places 57 out of 190 countries worldwide in the World Bank's Doing Business ranking for 2016. The results are tabulated below per respective category analysed:

Chile Ease of Doing Business Ranking (2016)	
Category	Ranking
Starting a Business	59
Dealing with Construction Permits	26
Getting Electricity	64
Registering Property	58
Getting Credit	82
Protecting Minority Investors	32
Paying Taxes	120
Trading Across Borders	65
Enforcing Contracts	56
Resolving Insolvency	55

Source: World Bank

## External Trade and Foreign Direct Investment

Chile is very open to external trade and foreign direct investment (FDI). The country has an impressive network of free trade agreements (FTAs) with 24 FTAs currently in force connecting



it to 64 countries, including the Association Agreement with the EU of 2003 that enables European companies to have preferential access to the Chilean market.<sup>7</sup>

Economic relations between the EU and Chile have become stronger since the signing of the 2003 Association Agreement, which represented a milestone in their international economic relations, as it was one of the most extensive, detailed and modern bilateral agreements of its time.

The flow of investments from the EU into Chile almost doubled in the first 10 years of the implementation of the agreement. The EU is also the largest foreign direct investor in Chile. Total EU FDI flows in 2015 stood at €2.3 billion, and EU FDI stocks stood at €42.8 billion. Per capita, investments from the EU into Chile are higher than in Brazil, Mexico and China combined. The main sources of EU FDI in Chile were from Spain, UK, Italy, The Netherlands, and France, gathering more than US\$26 billion<sup>8</sup>

Since the entry into force of the Agreement, bilateral trade has grown by 100 %. The EU was the third largest trading partner of Chile in 2016, its second largest destination for exports (after China) and the third largest origin of imports (after the United States and China). In 2016, the EU exported good to Chile by €8.6 billion and imported from Chile €7.4 billion. In 2015, EU exported to Chile services by €3.8 billion and imported from Chile €2.0 billion.

Exports from the EU to Chile mainly consist of industrial products such as machinery and transport equipment and other manufactured goods such as chemicals. The EU imports agriculture products such as fruit, copper and other metals and industrial products such as food, wine and cellulose from Chile.

## Main Internal Markets

Chile is a very centralized country. Its capital, Santiago, houses 41% of the population, and almost all central government institutions and major businesses. However, other regions are growing rapidly due to the importance of certain economic activities: mining (Antofagasta), agriculture and viticulture (O'Higgins and Maule), industry and wholesale/retail trade (Concepción and Valparaíso), fishing (Puerto Montt), and forestry (Temuco). Tourism is mainly concentrated in the northern and southern regions, reaching until the Strait of Magellan.

The major markets in Chile in terms of their contribution to GDP are: the Metropolitan Region (Santiago) with 44.7%, Antofagasta Region with 10%, Valparaíso with 7.3%, O'Higgins and Maule Region with 7%, and Bío Bío (Concepción) with 6.8%.

<sup>7</sup> The text of the EU-Chile Association Agreement is available at: <http://www.direcon.gob.cl/detalle-de-acuerdos/?idacuerdo=6286>

<sup>8</sup> Central Bank of Chile. [www.bcentral.cl](http://www.bcentral.cl)



## Infrastructure

Chile has more than 24 enabled ports dealing with different types of cargo, thus allowing for 95% of foreign trade to arrive via maritime transport. The most important ports are: Arica, Iquique, Antofagasta, Mejillones, Coquimbo, Valparaíso, San Antonio, Talcahuano, Puerto Montt, and Punta Arenas. Given its geographical position and its vast coastline (6,435 km), the country has a strategic position for maritime shipping.

Chile has 366 airports and airfields, spread from north to south, and of which seven of them provide all the services of the International Police, Customs and Agricultural and Livestock Service (SAG). Air transport of goods is normally done via the International Airport in Santiago - Comodoro Arturo Merino Benitez.

The Chilean road infrastructure consists of a road network of 80,505 km that extends throughout the country, of which 16,745 km are paved. The main road is Route 5, which crosses the country from north to south. Rail infrastructure has an area of 5,483 km, which is mainly used for cargo transport.

This Infocard has been prepared by the expert in Chile.

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