



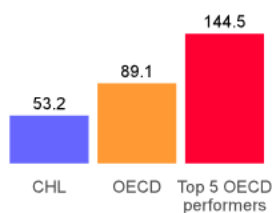
Performance gaps

Recommendations

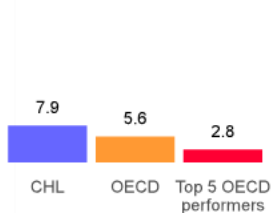
Product and labour markets functioning

- Low competitive pressures in several sectors contribute to weaken productivity. Even though Chile's regulatory requirements on product markets are slightly less restrictive than the OECD average, lengthy and complex regulations and licensing procedures, particularly at the municipal level, hamper entrepreneurship and competition.
- Streamline and unify municipal licensing procedures and foster the digitalisation of relevant procedures.
- Ensure an adequate budget for the Competition Authority for the funding of market studies.

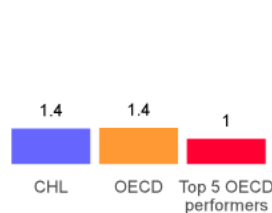
Labour productivity
GDP per employee, USD
2022



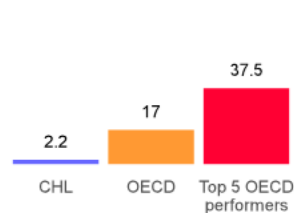
Unemployment rate
%, 2022



**Product Market Regulation
Economy-wide**
From least to most restrictive
Index of 0-6, 2018



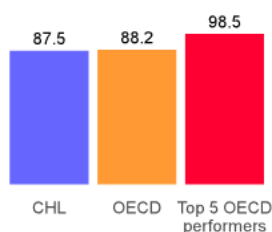
**Active labour market policies
expenditure per unemployed**
% of GDP per capita
2020 or latest available



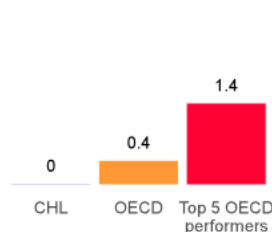
Digital transition

- High-speed fixed broadband penetration is low compared to the OECD average, with large disparities between rural and urban areas. Regulation on concessions in the communication sector is burdensome.
- SMEs lag in the adoption and use of digital tools, and in R&D and innovation expenditure.
- Lower entry barriers to the communication sector by replacing the existing regulation for concessions.
- Set provisions for passive communication infrastructure sharing and establish clear criteria regulating rights of way for deployment.
- Boost public support to SMEs through targeted programmes to facilitate the adoption of digital tools.

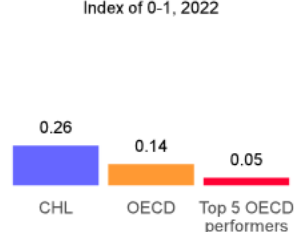
**Households with broadband
Internet access at home**
%, 2021 or latest available



**Business R&D expenditure
in information industries**
% of GDP, 2019 or latest available



**OECD Digital Services Trade
Restrictiveness Index**
From least to most restrictive
Index of 0-1, 2022

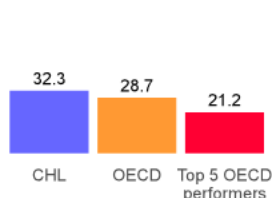


Inclusiveness, social protection, and ageing

- Many middle-income Chileans have inadequate old-age pension levels.
- Higher mandatory contributions raise the cost of formal job creation, driving many low-skilled workers into informality.
- There are gaps in social protection, particularly for informal workers, and income-support programmes are very fragmented.
- Consider raising pension levels and applying a progressive contribution rate schedule, ensuring strong incentives for formal job creation.
- Establish a comprehensive strategy to foster formalization that includes lowering non-wage labour costs, improving skills, and strengthening the tax administration.
- Merge current cash transfer programmes into a single conditional guaranteed minimum-income scheme.

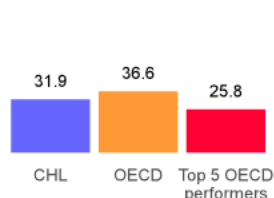
Mean poverty gap after taxes and transfers

Line at 60% of median disposable income
2021 or latest available



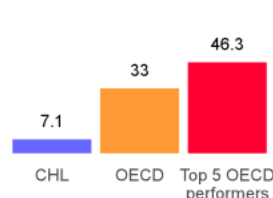
Impact of socioeconomic background in PISA reading score

%, 2018



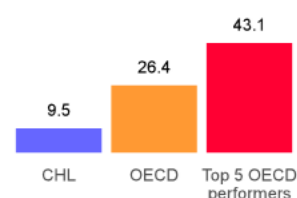
Strength of redistribution

Differences in Gini coefficients between market & disposable income relative to coef. on disposable income
%, 2021 or latest available



Income levels provided by cash minimum-income benefits

% of median disposable income, 2021 or latest available

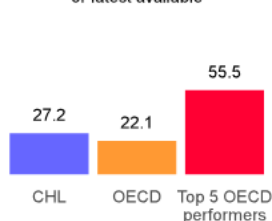


Climate transition

- Despite high potential for production of renewable energy, coal combustion is still a major source of electricity. The share of electricity generated from renewable sources is just 47%.
- The level of the carbon tax is low, does not promote renewable energy sources and hampers the development of an emission-trading scheme.
- Use carbon taxes and cap and trade systems to accelerate decarbonisation, while protecting the purchasing power of vulnerable households with policies like targeted cash transfers instead of price subsidies.
- Consider accelerating exemptions from the carbon tax for power plants that use renewable energy sources.

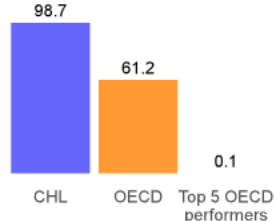
Share of renewables in the energy mix

%, Average over 2019-21 or latest available



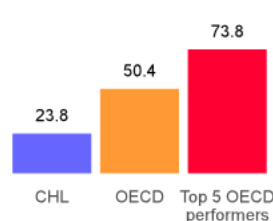
Share of population exposed to more than 10 µg/m3 of PM2.5

%, Average over 2017-19



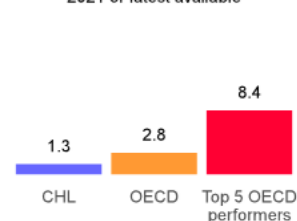
Carbon pricing score

%, at EUR 30 per tonne CO2, 2018



Environmentally-related government R&D budget

% of total government R&D 2021 or latest available

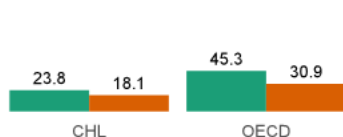


Overall performance

Economy

Thousands USD per capita
2022 or latest available

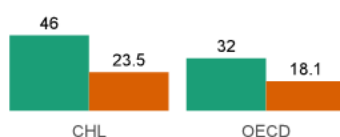
Gross Domestic Product
Household gross adjusted disposable income



Inequality and poverty

2021 or latest available

Gini coefficient after taxes and transfers (index of 0-100)
Poverty rate, line at 60% of median disposable income (%)



Environment and climate

1 unit of GDP, 2021

0.26 GHG emissions
0.24 (OECD)

Welfare cost of premature deaths due to ambient particulate matter

% GDP equivalent, 2019





From:

Economic Policy Reforms 2023

Going for Growth

Access the complete publication at:

<https://doi.org/10.1787/9953de23-en>

Please cite this chapter as:

OECD (2023), “Chile”, in *Economic Policy Reforms 2023: Going for Growth*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/0d679e7b-en>

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