

CHILE

1. Recent trends

Poverty in Chile was at 8.1% in 2022, remaining below the Latin America and the Caribbean (LAC) average of 24.1%. Extreme poverty was at 2.1% in 2022, below the LAC average (8.3%). The Gini index was 44.9 in 2020, almost on par with the LAC average (44.8). Regarding investment and production transformation indicators, total investment in Chile increased from 24.1% of GDP in 2016 to 24.8% in 2022, remaining above the LAC average, which increased from 20.8% to 21.3% over the same period. Private investment slightly rose in Chile, from 20.9% of GDP in 2016 to 21.1% in 2019, above the LAC average (15.8% in 2019). Chile's labour productivity, measured against output per employed person in the United States, remained almost unchanged, increasing from 41.3% in 2016 to 41.4% in 2023, substantially above the LAC average of 27.1% in 2023. The share of exports of high-tech products in total exported manufactured goods increased from 8.4% in 2016 to 12.4% in 2021, above the LAC average (7.2%). Positive perceptions of foreign direct investment (FDI), which declined across the LAC region, dropped significantly in Chile as well, from 68.1% in 2016 to 45.7% in 2020. Contrary to a declining trend in the region, Chile's fiscal revenues increased from 20.2% of GDP in 2016 to 22.2% in 2021. Similar to the LAC average, environment-related tax revenues remained almost unchanged at 1.0% of GDP in 2021.

2. Long-term policies to promote investment and production transformation

Chile has made significant efforts to **attract and mobilise high-quality investment**, focusing mainly on simplifying, facilitating and optimising investment processes. It established the *Invirtamos en Chile* plan to: establish tax incentives for private investment; improve access to finance; generate proposals to improve public investment; promote foreign investment; improve the efficiency of regulatory and permit procedures; and promote public-private partnerships for investment. Since 2016, Chile has had an FDI promotion agency called *InvestChile*, created by Law 20.848. *InvestChile* leads the active search for specific foreign companies to attract to the country. In turn, it supports them in their prospecting and installation process. The agency also promotes reinvestment of companies already established in Chile to develop new projects and deepen their ties with local producers, particularly with small firms and companies located at the sub-national level. Since 2023, *InvestChile* has been implementing its Strategy for the Promotion and Encouragement of Foreign Direct Investment, which seeks to actively contribute, through a proactive policy of attracting FDI projects, to the economic recovery and sustainable development.

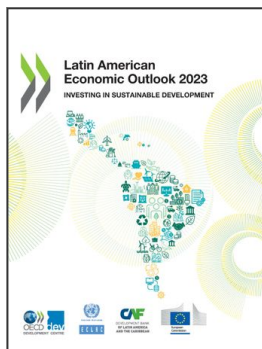
To **advance an inclusive and sustainable production model**, Chile has focused its 2030 Agenda for Sustainable Development on strategic lines of action: people; planet; prosperity; peace, justice and institutions; and partnerships. The main objective of this agenda is to provide a roadmap for sustainable and inclusive development in a context of peace, justice and partnership. It is flexible and adaptable to the specific needs of each region and locality, as it intends to generate the enabling conditions for elaborating sub-national strategies for sustainable development, based on a national roadmap and a sub-national organisation that facilitates representation of diverse local actors. Since 2020, Chile has a National Green Hydrogen Strategy, which has three main stages: the first (2020-25) seeks to activate the domestic industry and develop exports; the second (2025-30) aims to leverage local experience to enter strongly into international markets; and the third (2030 onwards) will exploit synergies and economies of scale to advance as a global supplier of clean energy.

In terms of **regional and international partnerships** to support the attraction of quality investments, Chile has established collaborative initiatives with partners both within and beyond LAC. **Within** the region, Chile has several co-operation projects with Argentina, such as the initiative "Transfer of experiences and good practices in the area of foreign trade, opportunities and barriers for the free flow of goods and services between the Province of Neuquén and the Region of La Araucanía," which aims to strengthen trade between these two regions. **Beyond** LAC, Chile and the European Union (EU), as part of the EU's Global Gateway Initiative, are co-operating to create local value chains for critical raw materials that support the clean energy and digital transitions (e.g. lithium), develop green hydrogen and produce carbon-neutral fuels using wind energy. The European Investment Bank (EIB) will finance climate action projects in Chile for more than EUR 300 million. Under the *Ecovivienda* programme, its first green mortgage loan outside Europe, the EIB will finance mortgages for new homes with improved energy efficiency standards. The EIB will also support Chile's renewable hydrogen industry, which will contribute to reaching the country's goal of 100% clean energy by 2050.

	Key indicators – Chile					
	Chile		LAC		OECD	
	2015	2022	2016	2022	2016	2022
Social						
Extreme poverty	1.8	2.1	8.1	8.3	N/A	N/A
Poverty	13.7	8.1	25.9	24.1	N/A	N/A
	2016	2021	2016	2021	2016	2021
Share of internet users (% of population)	83.6	90.2	54.5	74.2	81.8	89.6
	2015	2020	2016	2021	2016	2020
Gini index	44.4	44.9	46.3	44.8	34.1	33.6
	2009	2017	2009	2021	2009	2021
Share of total population in informal households (%)	24.5	20.2	44.2	46.8	N/A	N/A
Share of total population in informal households, upper-income quintile (%)	17.3	7.0	23.9	21.8	N/A	N/A
Share of total population in informal households, lower-income quintile (%)	39.4	46.0	20.2	7.9	N/A	N/A
	2019	2023	2019	2023	2019	2023
SIGI index	36.1	27.2	25.4	21.6	17.5	15.3
	2015	2018	2015	2018	2015	2018
PISA score in science	447	444	411	407	489	487
Productivity and innovation						
	2016	2023	2016	2023	2016	2023
Labour productivity (% of the United States)	41.3	41.4	29.3	27.1	70.0	68.5
	2016	2021	2016	2021	2016	2021
High-tech exports (% of manufactured exports)	8.4	12.4	8.4	7.2	16.5	16.0
	2016	2019	2016	2019	2016	2019
R&D expenditures (% of GDP)	0.4	0.3	0.3	0.4	1.8	2.0
Investment and production transformation						
	2016	2022	2016	2022	2016	2022
Total investment, gross fixed capital formation (% of GDP)	24.1	24.8	20.8	21.3	21.9	22.8
Foreign direct investment (FDI), net capital inflow (% of GDP)	4.6	6.9	4.4	4.6	6.8	3.5
	2016	2019	2016	2019	2016	2019
Private investment (% of GDP)	20.9	21.1	16.1	15.8	18.2	18.8
	2016	2020	2016	2021	2016	2021
Public investment in economic infrastructure (% of GDP)	2.6	2.3	2.3	1.6	N/A	N/A
Citizens' perceptions and institutions						
	2016	2020	2016	2020	2016	2020
Share of population who perceive FDI as beneficial (%)	68.1	45.7	70.9	53.9	N/A	N/A
	2018	2020	2018	2020	2018	2020
Share of population who consider that, in general, domestic products are of lower quality than imported ones (%) (agreeing or strongly agreeing)	37.7	58.2	44.6	42.7	N/A	N/A
	2016	2022	2016	2022	2016	2022
Corruption Perception Index (score on a scale of 0 [highly corrupt] to 100 [totally clean])	66.0	67.0	41.2	40.6	67.3	66.3
Security risks indicator (score from 0 [low security risks] to 10 [high security risks])	2.9	3.9	5.9	5.6	2.8	2.6
	2010-14	2017-22	2010-14	2017-22	2010-14	2017-22
Belief that science and technology will create more opportunities for the next generation (score on a scale from 1 [strongly disagree] to 10 [strongly agree])	7.5	6.8	7.3	7.2	7.6	7.2
Share of population who worry (very much or a great deal) about not being able to provide a good education for their children (%)	65.0	66.0	75.4	74.0	49.8	41.4
Fiscal position						
	2016	2021	2016	2021	2016	2021
Total tax revenues (% of GDP)	20.2	22.2	22.0	21.5	33.6	34.1
Environmentally related tax revenue (% of GDP)	1.2	1.0	1.1	0.9	2.4	2.0
Share of VAT (% GDP)	8.3	9.5	5.9	6.1	6.6	7.0
Share of PIT (% GDP)	1.8	2.4	2.0	2.0	7.8	8.3
Share of CIT (% of GDP)	4.2	3.8	3.2	3.4	2.9	3.1
Debt service (% of total tax revenue)	1.4	2.8	11.3	12.3	5.4	5.3
Social expenditure (% of GDP)	16.2	24.9	11.3	13.3	20.1	22.0
	2016	2020	2016	2020	2016	2020
Perception of tax evasion (%)	N/A	14.1	N/A	27.3	N/A	N/A

Note: See the Reader's Guide for definitions and sources.

StatLink  <https://stat.link/iw3y86>



From:

Latin American Economic Outlook 2023

Investing in Sustainable Development

Access the complete publication at:

<https://doi.org/10.1787/8c93ff6e-en>

Please cite this chapter as:

OECD, *et al.* (2023), “Chile”, in *Latin American Economic Outlook 2023: Investing in Sustainable Development*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/bcd03ed1-en>

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