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ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OVERVIEW

Chile, recognized as a high-income economy by the World Bank, has traditionally relied on export-oriented sectors such as mining, agriculture, and forestry, complemented by a stable financial framework. In 2023, the GDP growth rate experienced a modest decline of 0.5% compared to the preceding year, attributed to weakened domestic demand and constrained credit conditions, as reported by the IMF. However, Chile's economy is poised for a resurgence in 2024 and 2025, with growth rates projected at 1.6% and 2.3%, respectively. This anticipated recovery is underpinned by expectations of rising real wages, reduced interest rates, and sustained global demand for mineral exports. However, inherent risks such as a potential slowdown in China and climate-related adversities could impede growth dynamics, warranting vigilance and proactive economic management strategies.

On the fiscal side, after a robust consolidation in 2022 post the phase-out of COVID-related stimuli, the budgetary deficit reemerged in 2023 due to the economic slowdown and lower average mineral commodity prices, prompting reduced tax collection and higher financing costs. Expenditure surged due to increased pension payments and capital expenditures. The approval of a new mining royalty bill in May 2023, expected to collect annually roughly 0.45% of GDP when fully phased in, reflects efforts to shore up revenues amidst economic challenges. General Government Balance, a critical indicator of fiscal health, deteriorated in 2023, with the deficit widening to 3.4% of GDP, exceeding the IMF's projection of -2.3% for the year. Although the deficit is expected to marginally improve in 2024 and 2025, reaching -2.3% and -1.8% respectively, fiscal pressures persist. General Government Gross Debt also witnessed an upward trend, rising to 38.4% of GDP in 2023 and is projected to further increase to 41.2% and 42.4% in 2024 and 2025, highlighting challenges in debt management despite efforts to contain expenditures. Inflation has been a notable concern, with the rate reaching 7.8% in 2023, significantly above the target range. However, measures to address inflationary pressures are projected to bring it down to 3.6% in 2024 and stabilize at 3% in 2025. Monetary policy measures, though minimal, are expected to support these efforts, with cautious adjustments to policy rates anticipated to mitigate inflationary risks while sustaining economic growth.

Unemployment trends persist as a challenge, with the unemployment rate rising to 8.8% in 2023, reflecting labour market strains amidst economic uncertainties. Despite efforts to stimulate job creation, the unemployment rate is expected to persist above pre-pandemic levels, hovering around 9.0% in 2024 and gradually declining to 8.0% by 2026. Labour market conditions are further compounded by persistent levels of inequality. Although poverty rates have seen a decline, with the poverty rate dropping from 8% in 2020 to 4.8% in 2022, income inequality remains a concern. The Gini coefficient, a measure of income inequality, stood at 0.43 in 2022 according to World Bank data. These indicators underscore the need for sustained policy efforts to address income disparities and promote inclusive economic growth. Additionally, with GDP per capita (PPP) at USD 29,935 in 2023 according to IMF data (the highest in Latin America), ensuring equitable distribution of economic benefits remains paramount for achieving sustainable development and social cohesion.

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
GDP <i>(billions USD)</i>	300.73	344.40	354.47	372.49	390.40

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
GDP <i>(Constant Prices, Annual % Change)</i>	2.4	-0.5	1.6	2.3	2.4
GDP per Capita <i>(USD)</i>	15,166	17,254	17,647	18,434	19,210
General Government Balance <i>(in % of GDP)</i>	-1.9	-3.4	-2.3	-1.8	-1.2
General Government Gross Debt <i>(in % of GDP)</i>	38.0	38.4	41.2	42.4	42.6
Inflation Rate <i>(%)</i>	n/a	7.8	3.6	3.0	3.0
Unemployment Rate <i>(% of the Labour Force)</i>	7.9	8.8	9.0	8.6	8.0
Current Account <i>(billions USD)</i>	-27.10	-12.00	-12.91	-13.03	-12.73
Current Account <i>(in % of GDP)</i>	-9.0	-3.5	-3.6	-3.5	-3.3

Source: IMF – World Economic Outlook Database , October 2021

Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

MAIN SECTORS OF INDUSTRY

According to the latest data from the World Bank, the agricultural sector contributes 3.5% of Chilean GDP and employs 7% of the active population. Agriculture and livestock farming are the main activities in the central and southern parts of the country. Fruit and vegetable exports have reached historic records due to a deliberate strategy implemented in the 1990s targeting the European, North American and Asian markets. Chile is one of the biggest wine producers in the world and its location in the Southern Hemisphere allows the country to offer out-of-season fruits to countries of the Northern Hemisphere. In 2022, agriculture and related sectors represented 26.9% of total Chilean exports. Moreover, Chile has a developed food processing industry that generates USD 23.3 billion annually and is forecast to grow by 35% by 2030 (data U.S. Trade Administration).

Chile is among the most industrialised countries in Latin America and some of its key industries include mining (copper, coal and nitrate), manufactured products (food processing, chemicals, wood) and agriculture (fishing, viticulture and fruit). The industrial sector in Chile contributes 32% of GDP and employs 23% of the working population. The mining sector is one of the pillars of the Chilean economy, mainly due to large amounts of copper reserves, which make Chile the world's largest copper producer, responsible for over 1/3 of the global copper output. After five consecutive months of growth, industrial production in Chile declined by 2.7 % in December 2023 (data from the National Statistics Institute).

The services sector contributes 54.3% of GDP and employs around 70% of the population. The Chilean economy faces three main challenges: overcoming its traditional dependence on the price of copper, as copper production represents around half of the country's exports; developing a self-sufficient food supply, as agriculture currently produces less than half of domestic needs; and increasing its productivity, especially in the mining sector. The sector has been consistently growing in recent decades, reinforced by the rapid development of communication and information technology, access to education and an increase in specialist skills and knowledge among the workforce. Among the highest-growing sectors in recent years are tourism, retail and telecommunications.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector <i>(in % of Total Employment)</i>	6.6	23.0	70.4
Value Added <i>(in % of GDP)</i>	3.5	32.0	54.3

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Value Added <i>(Annual % Change)</i>	0.1	-1.7	5.2

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
Chilean Peso (CLP) - Average Annual Exchange Rate For 1 USD	676.96	648.83	641.28	702.90	792.73

Source: World Bank - Latest available data.

FOREIGN TRADE

Chile has a very open economy, highly dependent on international trade, which represents around 75% of its GDP (latest data available). In 2022, the country mainly exported copper (which accounted for 45% of exports), carbonates (mostly lithium, 8%), fish fillets and other fish meat (4%), chemical wood pulp (2.7%), and apricots, cherries, and peaches (2.5%). Imports involved petroleum oils (16.6%), motor cars and other vehicles (5%), motor vehicles for the transport of goods (3.5%), and petroleum gas (3.3% - data Comtrade). In the same year, the number of exporting companies increased to 7,781, representing a 7% increase compared to 2021. The manufacturing sector saw the highest number of new exporters in 2022 (+456), followed by services (+33), mining (+23), fishing and aquaculture (+9), and wines (+7).

Chile's 2022 top exporting partners were China (39.4%), the United States (13.9%), Japan (7.6%), South Korea (6.2%), and Brazil (4.6%); whereas imports came chiefly from China (25.3%), the United States (20.9%), Brazil (9.7%), Argentina (5.8%), and Germany (2.7% - data Comtrade). In 2022, the country's exports were directed to a total of 194 destinations, with increases in the value of shipments recorded in 126 of these. The largest increases in terms of exported value were seen in China (USD 4.437 billion), South Korea (USD 1.333 billion), Japan (USD 748 million), Mexico (USD 447 million), Belgium (USD 304 million), Peru (USD 299 million), Costa Rica (USD 286 million), Colombia (USD 271 million), and India (USD 190 million - data National Bank). Chile has signed Free Trade Agreements (FTAs) with several important economies, notably the European Union, the United States, China, and South Korea and is a member of the Pacific Alliance since 2012 with Mexico, Colombia and Peru. Its comparative economic advantages (revenue from mining, competitive and counter-seasonal agriculture sector) have given it access to the large markets of North America, Europe and the Asia-Pacific (and recently to other South American countries, especially Brazil). Chile also signed a trade continuity agreement with the UK, ensuring continued trade relations.

Chile's trade balance has been fluctuating in recent years. According to WTO data, in 2022, Chile exported USD 98.5 million worth of goods, while its imports stood at USD 104.5 million. Exports and imports of services in the same year amounted to USD 8.5 million and USD 22.9 million, respectively. In the same year, the World Bank estimated the country's trade balance to be negative by 3.7% of GDP (from -0.8% one year earlier). According to the latest figures from the National Bank, Chile's trade exchange recorded during January to August of 2023 reached a total amount of USD 117.517 billion (FOB), a figure that showed a negative variation of 8.5% compared to the same period in 2022. Total exports amounted to USD 66.8 billion (of which 58.7% was from the mining sector), against USD 68.2 billion in imports.

Foreign Trade Values	2018	2019	2020	2021	2022
Imports of Goods <i>(million USD)</i>	74,612	69,855	59,207	92,397	104,529
Exports of Goods <i>(million USD)</i>	74,839	68,794	74,023	94,775	98,549
Imports of Services <i>(million USD)</i>	16,567	16,547	13,008	17,937	22,889
Exports of Services <i>(million USD)</i>	9,226	8,462	5,648	5,958	8,509

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
Foreign Trade <i>(in % of GDP)</i>	58.2	57.5	58.1	64.7	75.0
Trade Balance <i>(million USD)</i>	4,409	3,016	18,917	10,470	3,807
Trade Balance (Including Service) <i>(million USD)</i>	-2,933	-5,069	11,444	-1,848	-11,017
Imports of Goods and Services <i>(Annual % Change)</i>	8.6	-1.7	-12.3	31.8	0.9
Exports of Goods and Services <i>(Annual % Change)</i>	4.9	-2.5	-0.9	-1.4	1.4
Imports of Goods and Services <i>(in % of GDP)</i>	29.6	29.7	26.8	32.7	39.3
Exports of Goods and Services <i>(in % of GDP)</i>	28.5	27.8	31.3	32.0	35.7

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
Volume of exports of goods and services (Annual % change)	1.2	7.4	4.3	1.9	0.8
Volume of imports of goods and services (Annual % change)	-5.9	5.4	3.6	4.0	2.2

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

Chile is a member of the following international economic organisations: Latin American Integration Association (ALADI), IMF, Asia-Pacific Economic Cooperation (APEC), G-15, G-77, ICC, Latin American and the Caribbean Economic System, OECD, Mercosur (associate), among others. For the full list of economic and other international organisations in which participates Chile click [here](#). International organisation membership of Chile is also outlined [here](#).

Free Trade Agreements

The complete and up-to-date list of Free Trade Agreements signed by Chile can be consulted [here](#).

Main Partner Countries

Main Customers <i>(% of Exports)</i>	2022
China	39.4%
United States	13.9%
Japan	7.6%
South Korea	6.2%
Brazil	4.6%
See More Countries	28.2%

Main Suppliers <i>(% of Imports)</i>	2022
China	25.3%
United States	20.9%
Brazil	9.7%
Argentina	5.8%
Germany	2.7%
See More Countries	35.6%

Source: Comtrade, Latest Available Data

POLITICAL OUTLINE

Current Political Leaders

President: Gabriel BORIC (since 11 March 2022). The president is both chief of state and head of government.

Next Election Dates

General elections (National Congress and President): November 2025

Current Political Context

In November 2021, Chile held presidential elections and the left-wing candidate, Gabriel Boric, became the youngest president ever elected in Chile, at 35 years old, as well as the one elected with the highest number of votes in Chilean history. That same year, Chileans went to the ballot boxes to choose the 155 members of the convention intended to draw up the new constitution to replace the country's current military dictatorship-era constitution. The current constitution has been long criticised for contributing to inequality in the country, as it emphasises private property rights, including those over natural resources, and fails to offer social welfare guarantees. A new draft of the constitution was written in 2022, but 62% of Chileans voted against it. In January 2023, Congress reached a consensus on initiating a new constitutional process to rewrite the Constitution. This time, the process involved a Council comprised of 50 elected delegates and 24 experts. The new text of the constitution was approved by the Council on 30 October and put to a vote on 17 December through a referendum. However, the proposed constitution faced rejection by a margin of 12 points, with 56% of the electorate voting against it and 44% in favour, highlighting ongoing political polarization and social divisions. The Boric government is unlikely to restart the reform process immediately, focusing instead on other pressing issues like crime and immigration.

Main Political Parties

Chilean political forces are divided between left, centre-left, and centre-right coalitions. After the 2021 general elections, centre-right coalition "Chile Podemos Más" kept their position as the largest bloc in both chambers, followed by the new left-wing coalition "Apruebo Dignidad" (the second largest bloc in the Chamber of Deputies). However, Apruebo Dignidad is the current ruling coalition.

Apruebo Dignidad (Approve Dignity) is a left coalition currently ruling, including:

- **Communist Party of Chile** (Partido Comunista de Chile): left-wing, communist, Marxist-Leninist
- **Social Convergence** (Convergencia Social): left-wing, libertarian socialist, anti-neoliberalist
- **Democratic Revolution** (Revolución Democrática): centre-left to left-wing, democratic socialist
- **Commons** (Comunes): left-wing, autonomist, feminist
- **Humanist Action** (Partido Humanista): left-wing, libertarian socialist, environmentalist
- **Social Green Regionalist Federation** (Federación Regionalista Verde Social): centre left to left-wing, green politics, sustainability

Chile Podemos Más (Chile, we can (do) more; former Chile Vamos!) is opposition centre-right coalition, composed of the following parties:

- **National Renewal** (RN): centre-right, conservative
- Independent Democratic Union (UDI): right-wing, conservative, liberal, Catholic
- **Political Evolution** (Evópoli): centre-right, liberal, conservative
- **Republican Party** (Partido Republicano; PLR): is a right-wing populist and conservative
- **Democratic Independent Regionalist Party** (PRI): centre to centre-right, regionalist
- **Christian Social Party** (PSC): religious and social conservatism

Democratic Socialism (Socialismo Democrático, SD): centre-left political coalition, composed of the following parties:

- **Socialist Party** (Partido Socialista de Chile): centre-left, social democratic, progressist
- **Party for Democracy** (Partido por la Democracia): centre-left, traditions of democratic socialism and liberal progressiveness
- **Liberal Party of Chile** (Partido Liberal de Chile): social-liberal
- **Radical Party of Chile** (Partido Radical de Chile): radical, social-liberal

Other parties represented in the Parliament include:

- **Christian Democratic Party** (Partido Demócrata Cristiano): centre, self-declared to bridge communism and capitalism
- **Democrats** (Demócratas; D): Christian democratic
- **Party of the People** (Partido de la Gente, PDG): centre-right, populist

Executive Power

The **President** is both the Chief of State and Head of Government, and holds the executive power. The President appoints the **Cabinet** and has the authority to remove the Commanders-in-Chief of the Armed Forces. He or She is elected by popular vote for a single four-year term and is not eligible for a consecutive re-election.

Legislative Power

The legislature is bicameral. The Parliament (or National Congress) consists of a **Senate** (the upper house) with its 50 members elected by popular vote to serve eight-year terms (with half of the membership elected alternatively every four years), and the **Chamber of Deputies** (the lower house) with its 155 members elected by popular vote to serve for four years. Elections follow the Hondt method (proportional representation). The citizens of Chile enjoy considerable political rights.

COVID-19 COUNTRY RESPONSE

Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to

consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

Economic recovery plan

For the general overview of the key economic policy responses to the COVID-19 pandemic (fiscal, monetary and macroeconomic) undertaken by the government of Chili, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).