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INVEST

FOREIGN DIRECT INVESTMENT

According to the [World Investment Report 2023](#) published by UNCTAD, FDI flows to Chile rose by 50% in 2022, totalling USD 19.8 billion, above the levels recorded before the pandemic and at the 19th spot worldwide. In the same year, the total stock of FDI stood at USD 256 billion, around 85.1% of the country's GDP. According to figures from the Chilean Central Bank, the main investing countries are Canada (13.2%), the U.S. (10.9%), the Netherlands (9%), the UK (7%), Spain (6.7%), and Italy (5.5%). Investment are mainly oriented towards the mining sector (36.9%), followed by electricity, gas and water (20.8%), financial services (19.3%), trade (5.6%), and manufacturing (5.1%). Preliminary figures for 2023 show that FDI inflows totalled USD 19.2 billion in the first eleven months of the year (-4.7% y-o-y – data Chilean Central Bank).

Chilean economic policies, which are founded on the principle of capital transparency and non-discrimination against foreign investors, comprise one of the country's strengths. Investors are also attracted by the richness of Chile's natural resources, the stability of its macro-economic system, its growth potential, its juridical security, its low level of risk and the high quality of its infrastructure. Chile is highly regarded as one of the strongest investment destinations in Latin America and the country has made progress in facilitating starting business procedures over the last few years by enabling online registration of closed corporations. However, the country's reliance on copper prices may negatively affect its economy and drive away some potential investors. With few exceptions, foreign investors can fully own enterprises in Chile, as the country only imposes restrictions on private ownership or establishment in what it deems as specific "strategic" sectors like nuclear energy and mining. The existing Constitution asserts the "absolute, exclusive, inalienable, and permanent domain" of the Chilean state over all mineral, hydrocarbon, and fossil fuel deposits within its territory. However, Chilean legislation permits the government to award concession rights and engage in lease agreements with individuals and corporations for exploration and exploitation activities, as well as to assign contracts to private investors, without discriminating against foreign investors. Chile has not implemented an investment screening mechanism for national security purposes and FDI is only subject to pro forma screening by InvestChile, the national investment agency. Chile has a good business environment: it ranks 22th out of 184 countries on the [2023 Index of Economic Freedom](#) and 52nd among the 132 economies on the [Global Innovation Index 2023](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	10,833	13,194	19,786
FDI Stock <i>(million USD)</i>	248,849	242,201	256,064
Number of Greenfield Investments*	80	82	98
Value of Greenfield Investments (million USD)	5,411	5,353	5,616

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Chile	Latin America & Caribbean	United States	Germany
Index of Transaction Transparency*	8.0	4.1	7.0	5.0
Index of Manager's Responsibility**	6.0	5.2	9.0	5.0
Index of Shareholders' Power***	7.0	6.7	9.0	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

WHAT TO CONSIDER IF YOU INVEST IN CHILE

Strong Points

Strong points for FDI in Chile:

- Macro-economic stability, good growth perspective
- A top Latin American importer per capita, enjoys excellent solvency
- High purchasing power (for Latin America)
- Wealth of natural resources (copper, agriculture)
- Internationalised Chilean companies
- Labour laws that tend to be favourable towards business, mainly due to the flexibility of working hours and uncomplicated procedures for the dismissal of employees
- Foreign companies can also benefit from privileged access to regional markets through different free trade agreements.

Weak Points

Weak points for FDI in Chile:

- Lack of innovation, very weak spending in research and development
- Investment in network industries is not substantial
- Vulnerability to fluctuations in commodity prices and dependence on Chinese imports
- Electric and road infrastructure is insufficient for the size of the territory
- Lack of qualified work force. The activity rate of the working population is rather low, in particular among women and young people.
- Persisting economic inequalities resulting in political and social tensions (e.g strike in mining sector), with protests regularly taking place

Government Measures to Motivate or Restrict FDI

Chile's foreign investment policy is based on simplicity, transparency and non-discrimination towards foreign investors. Over the past years, the Government has worked to simplify investment procedures. On a fiscal level, foreign investors benefit from a moderate corporate tax and they are guaranteed access to the formal foreign exchange market, including free remittance of capital and profits. A new legal type of company has been developed, the 'Simplified Limited Company' ('[empresa individual de responsabilidad limitada](#)' - EIRL) that allows a foreigner to create a business in Chile without needing a local partner. Also, joint stock companies can be formed without a local partner (but another legal entity is required).

The Government established a foreign investment promotion and attraction strategy that included the creation of a new national investment promotion agency, [InvestChile](#). InvestChile assists overseas companies with their investments in Chile. The Government has identified five priority sectors for investment: mining industry services, sophisticated food industry, exportable technological services, tourism and energy/logistics. Under Law Decree N° 600 (the so-called "Foreign Investment Statute"), a guaranteed income tax rate of 42% may be granted for ten years or, provided the capital investment project exceeds USD 50 million, 20 years for the development of industrial or extractive projects (the overall rate is comprised of the corporate tax on profits and withholding tax on dividend or branch profit distributions).

INVESTMENT OPPORTUNITIES

The Key Sectors of the National Economy

Mining sector, energy sector, agrarian sector (especially wine), road infrastructure, building.

High Potential Sectors

Renewable energies and waste treatment, electricity, biotechnology, health, tourism, telecommunication and online sale sector.

Privatization Programmes

No privatisation program in progress at the moment.

Tenders, Projects and Public Procurement

[Mercado Publico](#), Tenders and Public Procurement

[Tenders Info](#), Tenders in Chile

[Inter-American Development Bank](#), Tenders in South America

[DgMarket](#), Choose your country

Sectors Where Investment Opportunities Are Fewer

Monopolistic Sectors

For reasons of national security, Chile imposes certain restrictions on investors in the domains of nuclear energy, hydrocarbons, defence, sea transport and mining.

Permits are required in the telecommunication sector.

Sectors in Decline

Traditional manufacturing sectors such as the ceramics industry.

Finding Assistance For Further Information

Investment Aid Agency

[Invest Chile \(Chilean Investment Promotion Agency\)](#)

Other Useful Resources

[Official portal of the Government of Chile](#)

Doing Business Guides

[Doing Business in Chile \(Chile Business\)](#)

[Exporting to Chile \(export.gov\)](#)

[Doing Business in Chile \(World Bank\)](#)