

# Chile: Location and Basic Data



# Chile: Location

*Longitude 4,290 km.*

*Easter  
Island*

*Juan Fernandez  
Archipelago*

*Antarctic*



# Chile: Basic Data (2005)



<b>Area</b>	<b>756,950 km<sup>2</sup></b>
<b>Longitude</b>	<b>4,290 km.</b>
<b>Population</b>	<b>15.7 million</b>
➤ <b>Urban population</b>	<b>85.6 %</b>
➤ <b>Annual rate of growth</b>	<b>1.2 %</b>
➤ <b>Literacy rate</b>	<b>96.3 %</b>
<b>GDP</b>	<b>USD 115 billion</b>
<b>GDP Growth (2005)</b>	<b>6.3 %</b>
<b>GDP Growth forecast (2006)</b>	<b>4.2 %</b>
<b>Inflation (2005)</b>	<b>3.7 %</b>
<b>Unemployment rate August 2006</b>	<b>7.5 %</b>
<b>Fiscal Surplus 2005 as % of GDP</b>	<b>4.6 %</b>
<b>Income per capita</b>	
➤ <b>At current exchange rate</b>	<b>USD 7,430</b>
➤ <b>At Purchasing Power Parity (PPP)</b>	<b>USD 12,000</b>

# Economic Policy



# Development Strategy

## Economic Reforms:

- **Liberalization of prices and markets**
- **Privatization of public enterprises**
- **Consensus on key role of private sector in the productive process**
- **Openness to foreign investments**
- **Low external tariffs**

## Government Policies Focused On:

- **Strengthening the regulatory role of the State to ensure fair competition and transparency**
- **Maintaining stable, clear and non discriminatory rules**
- **Reducing poverty and promoting equal opportunity**
- **Preserving macroeconomic stability**

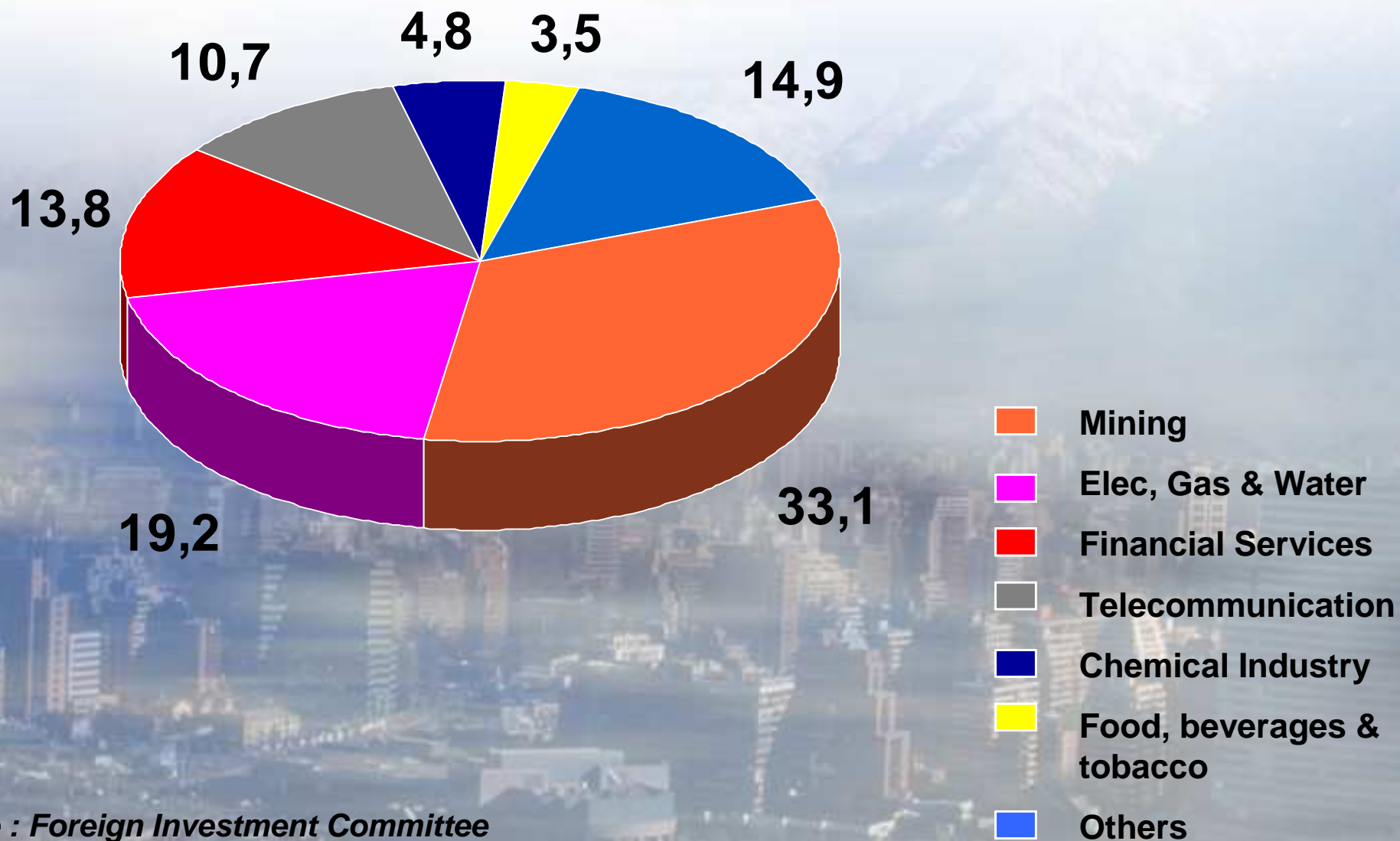
# Sound and Consistent Macroeconomic Policies

- **Monetary policy based on inflation targeting framework aimed at keeping inflation within a 2 to 4 % range. Defined by an Independent Central Bank.**
- **Flexible exchange rate.**
- **State Policy of strict fiscal discipline. Rule of structural fiscal surplus of 1 % of GDP since the year 2000.**
- **Public Policies geared towards strengthening capacities to innovate and undertake ventures, especially in the small & medium enterprise sector.**

# Foreign Investments as Engine to Growth

- **Chile welcomes foreign investments as they are an important component of the economic model, playing a complementary role to Chile's internal effort by supporting growth.**
- **Chile needs to bring in investments in order to increase the accumulation of capital, expand economic activity, generate employment and transfer new technologies.**
- **Political and economic stability, as well as a liberal foreign investment regime, have attracted large influx of Foreign Direct Investment (FDI) since 1990.**
- **To date, Chile has received US\$ 61 billion as FDI. Nearly 87% of the total arrived as of 1990, when a democratic model emerged.**

# FDI in Chile by Economic Sectors (%)



Source : Foreign Investment Committee

# FDI in Chile by Countries of Origin

USD Million

	1974-2005	Share (%)	2004-2005	Share (%)
USA	16,050	26.5	195	2.8
Spain	13,927	23	4,211	60.8
Canada	8,413	13.9	449	6.5
UK	5,507	9.1	361	5.2
Australia	2,779	4.6	658	9.5
Japan	1,787	3.0	65	0.9
Others	12,127	20	983	14.2
Total	60,590	100	6,922	100

Source: Foreign Investment Committee

# Canadian Financial Returns: 1996 – 2006 (Sept)

(Amounts in nominal USD)

Period	Net Income	Interest	Total Income and Interest Returns
1996 – 2006 (Sept)	1,494.7	828.1	2,322.8
Period	Capital	Depreciation / Amortization	Total Income on Capital and Amortizations
1996 – 2006 (Sept)	222.8	2,513.9	2,736.7
Period			Total
<b>1996 – 2006 (Sept)</b>			<b>5,059.5</b>

Source: Foreign Investment Committee.

# Canadian Foreign Investment Materialized by Year and Sector

Sector / Period	1991-1995	1996-2000	2001-2005	January/Sept 2006	Total
Agriculture	1.7	7.3	0.0		9.0
Construction	0.0	3.5	0.0		3.5
Electricity, gas, water	3.9	515.0	4.3	1,122.6	1,645.8
Industry	151.6	743.3	406.7		1,301.6
Mining	1,938.1	2,282.6	1,248.4	61.5	5,530.6
Fisheries and Aquiculture	9.0	10.3	1.6		20.9
Services	59.5	353.1	29.7	0.4	442.7
Forestry	0.0	0.0	0.0		
Transport y communications	0.0	42.1	0.3	14.8	57.2
<b>Total</b>	<b>2,163.8</b>	<b>3,957.2</b>	<b>1,691.0</b>	<b>1,199.3</b>	<b>9,011.3</b>

Source: Foreign Investment Committee.