Current Economic Situation

As one of the most developed Latin American countries, Chile operates trade agreements with a large number of APEC members. Such diversity makes Chile independent of any one trade partner and gives it access to over half of the world’s GDP. In fact, Chile has a growing, strong economy due to high volumes of foreign trade and a rational economic policy. Chile experiences balanced trade between the Americas, Asia, Europe, and Latin America.

Chile was deeply impacted by the 2008 global financial crisis, but due to a strong, independent central bank and strict financial regulation, the economy avoided the shock that was experienced in other parts of the world. Thus, Chile took advantage of its position to become a net creditor and passed a law that isolates revenue during fiscal surpluses. In addition, the Chilean government implemented a $4 billion stimulus plan.

In May 2010, Chile became the first South American country to join the OECD. Chile’s greatest export is copper which is increasing in demand as price of copper increases globally. CODELCO, a state-owned company, is the world’s largest copper producing company. Chile currently ranks as the 49th easiest place to do business, according to the World Bank.

Free Trade Agreements

North American Free Trade Agreement
Chile-Australia
Chile-Mexico
Chile-Canada
Chile-U.S.
Chile-China
Chile-Japan
Trans-Pacific Partnership

Under Negotiation:
Chile-India

while the next leading destinations, the U.S. and Japan, fell by 28 percent and 38 percent respectively as of 2009.

Santiago, Chile served as a host to the 2004 APEC leaders summit.

Energy and Environmental Policy

Chile offers many opportunities for utilizing wind, solar, and coastal energy due to its location and geographic diversity. However, production prices are high, and Chile is still in the process of developing the legal and economic structures to be able to attract the investment needed to enact these programs.

Considering that Chile imports 72 percent of its fuel as oil, gas, and coal, the government has taken steps to become more sustainable, including recent legislation that requires all production processes to come from at least five percent renewable energy sources. The goal of these initiatives is to fund energy projects that will break the economy’s cycle of importing fossil fuels. The government is also determined to develop a biofuels industry. The Ministry of Agriculture recently devoted $1 million to study the optimal feedstock for a biofuels industry.

KEY FACTS

Population: 17.0 million
GDP: $163.7 billion
GDP per capita: $9,645
Balance of Payments: $4.2 billion
Services BOP: Commercial services deficit of $498 million
Government: Republic

Photo courtesy of State Department