



CHILE

Chile at a glance



Key Metrics

20 million	Population in 2024
USD 328.7 billion	Nominal GDP in 2024
2.4%	Forecasted real GDP growth for 2025
22.4%	Total investment as percent of GDP in 2024
USD 16,365	GDP per capita in 2024
8.4%	Unemployment rate in 2024
4.5%	Inflation in 2024
59/190	Ease of doing business rank in 2020



Note: (a) GDP figures for 2024 are estimates. Official numbers will be released later this year; (b) Ease of Doing Business ranking is no longer published, data is used for reference purposes only.

Source: International Monetary Fund (IMF); PwC; The Economist Intelligence Unit; The World Bank Group.



Political Overview



Chile's Constitutional Setbacks

Chile's attempts to draft a new constitution have failed twice, with proposals rejected in September 2022 and December 2023. The first draft was progressive, and the second leaned conservative, yet both failed to earn public trust. These failures have deepened social disillusionment with the political system and weakened executive-legislative relations.

Pension and Permitting Reforms

President Boric is focusing on pension reform, a longstanding issue that, if passed, could solidify his legislative legacy and restore public confidence in Chile's fragmented congress. Additionally, two bills aimed at improving project permitting processes are set to advance. These measures are designed to streamline approvals for critical investments in mining and electric power, boosting economic efficiency and attracting foreign investors.

2025 General Election

As Chile prepares for its November general elections, the political scenario is beginning to take shape. Conservative candidates are leading in the polls, reflecting public appetite for themes such as crime and economic challenges. Evelyn Matthei, a former presidential candidate and ex-mayor, leads the race, followed closely by right-wing politician José Antonio Kast.

The current president's approval rating has remained steadily low over the last year, oscillating between 28% and 35%, according to pollster Cadem. With Boric constitutionally barred from seeking reelection and no standout candidates emerging from his coalition, speculation surrounds the potential return of Michelle Bachelet, a two-time president, or a presidential bid by Claudio Orrego, the recently reelected governor of Santiago's metropolitan region. Both figures bring substantial experience.

Challenges and Opportunities for the Next Administration

Chile's next government, set to take office in early 2026, may inherit a fragmented congress unless electoral reforms are implemented. This could hinder efforts to enact significant policies and reforms, perpetuating the current legislative gridlock. Moreover, crime and economic concerns dominate voter priorities, creating pressure on both current and future administrations to deliver tangible results in these areas.

Sector Outlook



Mining

Copper Investments and Production Recovery in 2025

In 2025, mining investments in Chile are expected to reach USD 9.58 billion, with over 90% allocated to copper projects, mostly brownfield developments, and the rest to other minerals. Copper production is projected to recover from recent declines caused by technical and geological challenges, aging deposits, and supply chain disruptions related to COVID-19 and geopolitical conflicts. The Chilean Copper Commission (Cochilco) estimates copper production could increase to 6 Mt in 2025, up from 5.63 Mt in 2024.

Lithium Investments

Cochilco projects USD 2.14 billion in lithium investments from 2023 to 2026, with 50% concentrated in 2024 and decreasing in subsequent years. Key projects include SQM's Carmen expansion (2024), Minera Salar Blanco's Proyecto Blanco (2025), and SIMCO's Maricunga Salt Production (2026). Additionally, the government plans to auction special lithium operation contracts (CEOLs) in 2025, potentially expanding the project portfolio.

Regulatory Challenges and Opportunities

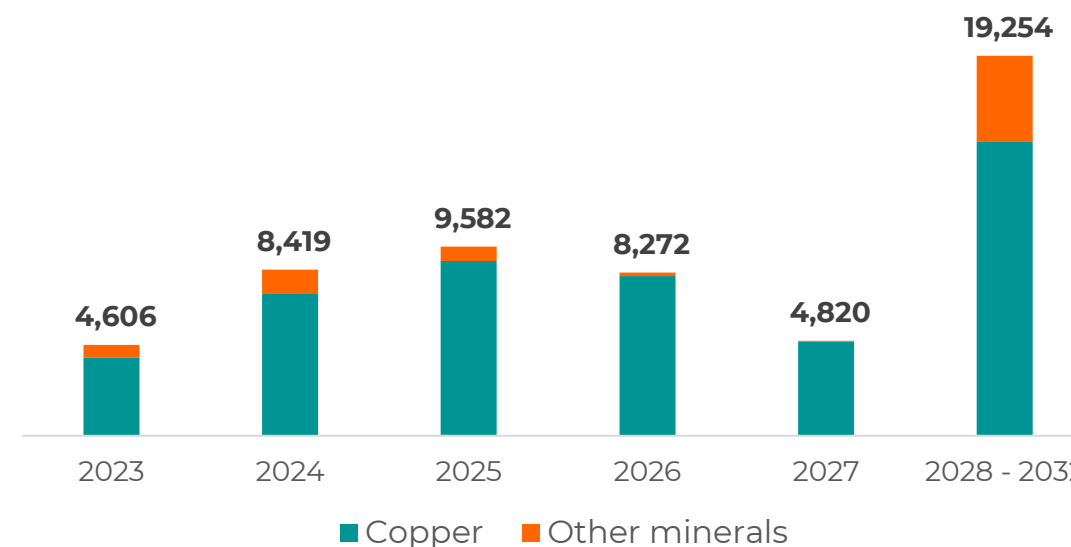
The mining sector is awaiting Congressional approval of a bill to streamline permit processing, which could reduce licensing times by 30% and boost investment certainty. Water consumption remains a pressing issue, with Cochilco projecting a 2.3% annual growth in mining water use through 2034 due to increased sulfide ore processing. A proposed law aims to regulate seawater desalination and prioritize resource allocation.

Source: Bnamericas; Servicio Nacional de Geología y Minería (SERNAGEOMIN).

Future Investments

The current Chilean mining portfolio includes 49 projects for the period 2023 to 2032, requiring a total investment of USD 65.7 billion, of which the private sector will contribute USD 6.36 billion and the state USD 3.23 billion in 2025.

Mining investment forecast in Chile (Million USD)



Source: Cochilco

Sector Outlook



Infrastructure

Chile's Experience with Concessions and PPPs

Chile was one of the first countries in the region to adopt concessions and public-private partnerships (PPPs), which significantly boosted the modernization of its infrastructure. Over the past 30 years, Chile has privatized highways, airports, ports, urban roads, prisons, and other infrastructure projects. The country has renegotiated contracts and navigated crises that helped improve and solidify the model. Currently, the concessions system, which is expanding into new services such as seawater desalination for public use, coexists with public infrastructure investments managed by ministries and state-owned companies like Santiago's metro operator and the railway company EFE. Public investments have remained steady at just over 2% of GDP.

Public investment plans include ambitious expansion projects for the Santiago metro, totaling USD 7.4 billion for new lines under construction or in engineering phases.

Concessions Portfolio

From 2024 to 2028, the concessions plan includes 43 contracts with a projected investment of USD 17.6 billion. Key projects scheduled for tendering in 2025 include the USD 3.8 billion Santiago-Valparaíso train and the USD 305 million Coquimbo desalination plant. However, despite this extensive portfolio, effective investment in infrastructure under the concessions model has weakened in recent years.

Challenges and Licensing Issues

The decline in effective investment is partly attributed to increased licensing and

authorization complexities over the last decade, which have impacted large-scale projects.

These challenges have made the execution of concessions more difficult and increased uncertainty. Previously, concessions were tendered with advanced but non-finalised projects, but this responsibility has shifted to private initiatives, creating higher risks.

Proposed Reforms

To address these issues, Congress is debating a bill to create an intelligent system to streamline and simplify licensing processes. The proposal has passed the lower house and is under review in the Senate, with the potential to reduce licensing times by 30% on average. This reform aims to restore confidence and efficiency in Chile's infrastructure investments.

Technology

IT Market Growth

The Chilean IT sector is recognized for its strong growth potential in the region. According to Statista, the IT market in Chile is projected to generate USD 2.20 billion in revenue in 2025, with an annual growth rate of 5.64% between 2025 and 2029, reaching a market size of USD 2.74 billion by 2029.

Government Initiatives

The Chilean government has taken proactive steps to support technological innovation and entrepreneurship. Through initiatives like Venture Capital Chile,

Sector Outlook



the government aims to attract foreign investors by providing detailed information on active venture funds and offering tax incentives. Programs such as Start-Up Chile and Scalex focus on scaling startups to reach international markets, enhancing their global competitiveness.

The State of Venture Capital in Chile

The venture capital market in Chile has experienced a notable decline in recent years, in line with a global slowdown in venture capital activity. In 2022, the market recorded an investment volume of approximately USD 534 million, reflecting a period of strong investor interest. However, this figure dropped by more than 50% in 2023 to around USD 237 million, mirroring the challenges faced by venture capital markets worldwide, including tighter financial conditions and cautious investor sentiment. Despite these global and regional trends, Chile maintained steady activity in 2024, with USD 118 million in investments recorded during the first three quarters.

Agriculture

International Markets and Exports

Chile is seeking to expand its agricultural exports to emerging markets like India. In 2024, the Chilean government-initiated negotiations to lower tariffs on products such as fruits, wine, and meats to enhance competitiveness. Exports of dried fruits to India grew by 700% between 2019 and 2023, highlighting significant potential for the coming years.

Agricultural Innovations

Chile has faced prolonged droughts that impact agricultural production. In response, researchers from the National Institute for Agricultural Research (INIA) have developed a rice variety adapted to adverse climatic conditions, requiring only 12,000 cubic meters of water per hectare compared to the traditional 23,000. This innovation aims to mitigate climate change effects and reduce methane emissions associated with rice cultivation.

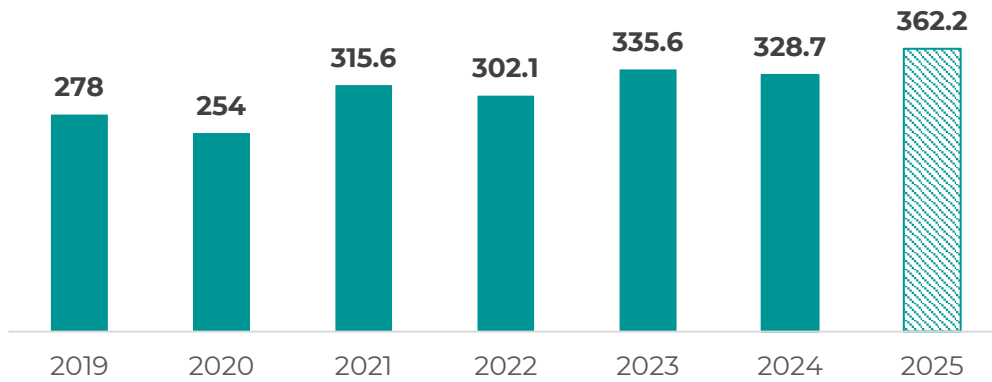
The Chilean agricultural sector is expected to continue adapting to climatic and market conditions in 2025. Innovations in agricultural practices and the diversification of export markets will be key to sustaining growth. Food inflation, which stood at 3.6% in September 2024, is projected to stabilize at around 3.5% in 2025.

Chile's Economic Overview in Four Charts

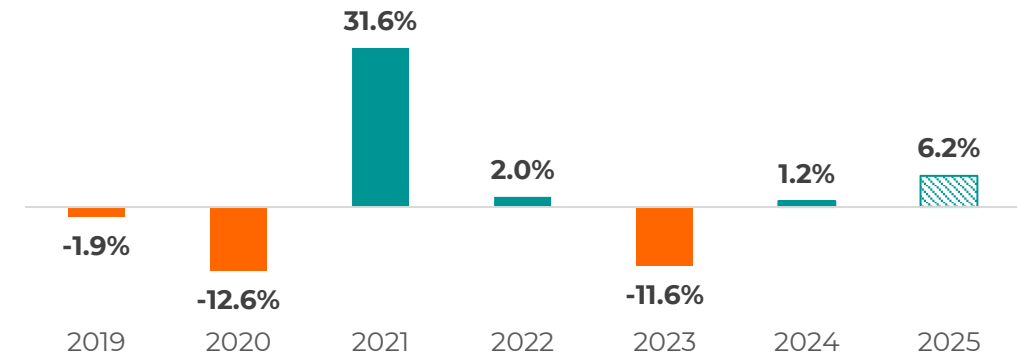


Key Themes

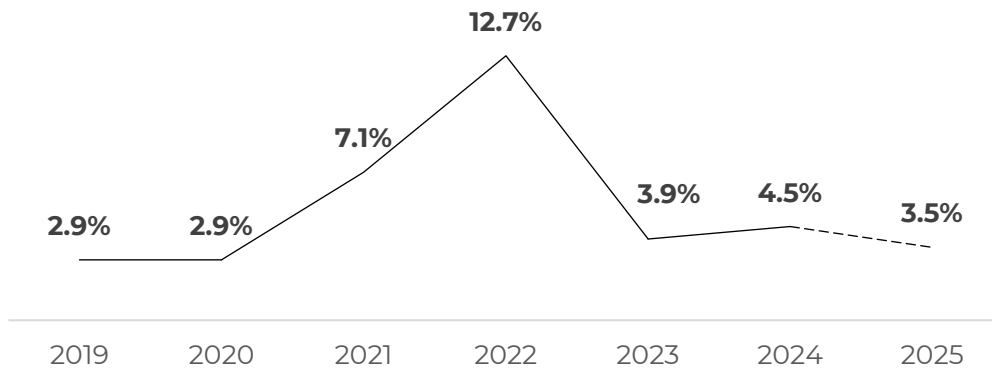
Nominal GDP (Billion USD)



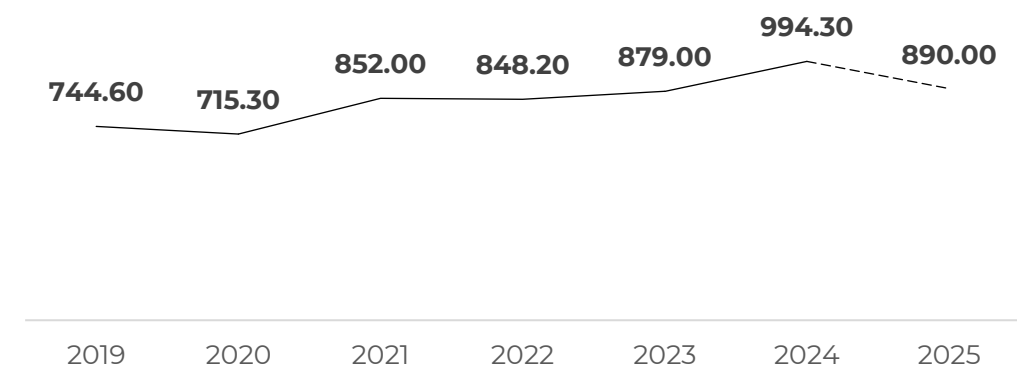
Volume of imports of goods and services (annual % change)



Inflation (annual % change)



Exchange Rate (USD/CLP)

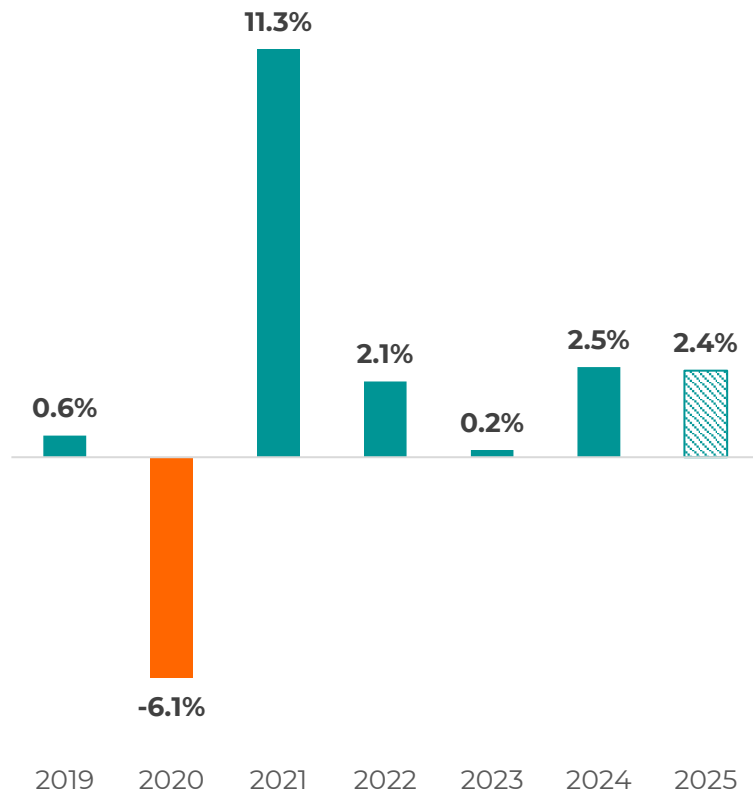


What to expect in 2025?



Key Themes

Real GDP Growth (annual % change)



Critical Minerals Driving Investment

Chile's critical role in the global energy transition continues to attract significant international investment, driven by the external demand for copper and lithium, essential for electrification and renewable energy technologies.

Chile's GDP growth for 2024 is projected at 2.5%, fueled by robust exports. For 2025, economic growth is expected to remain similar, supported by strong domestic demand and a surge in investment, particularly from large-scale mining projects and monetary policy easing. Private consumption is set to improve due to a more dynamic labour market, rising wages, and reduced credit costs.

Temporary Inflation and Declining Trends

Chile saw sharp inflation declines in 2023 due to restrictive monetary policy and fiscal consolidation. However, inflation rebounded in late 2024, driven by the normalization of electricity rates and a strong US dollar. Inflation is expected to fall to 3.5% by the end of 2025 and align with the Central Bank's 3% target by mid-2026.

Monetary Policy and Interest Rate Adjustments

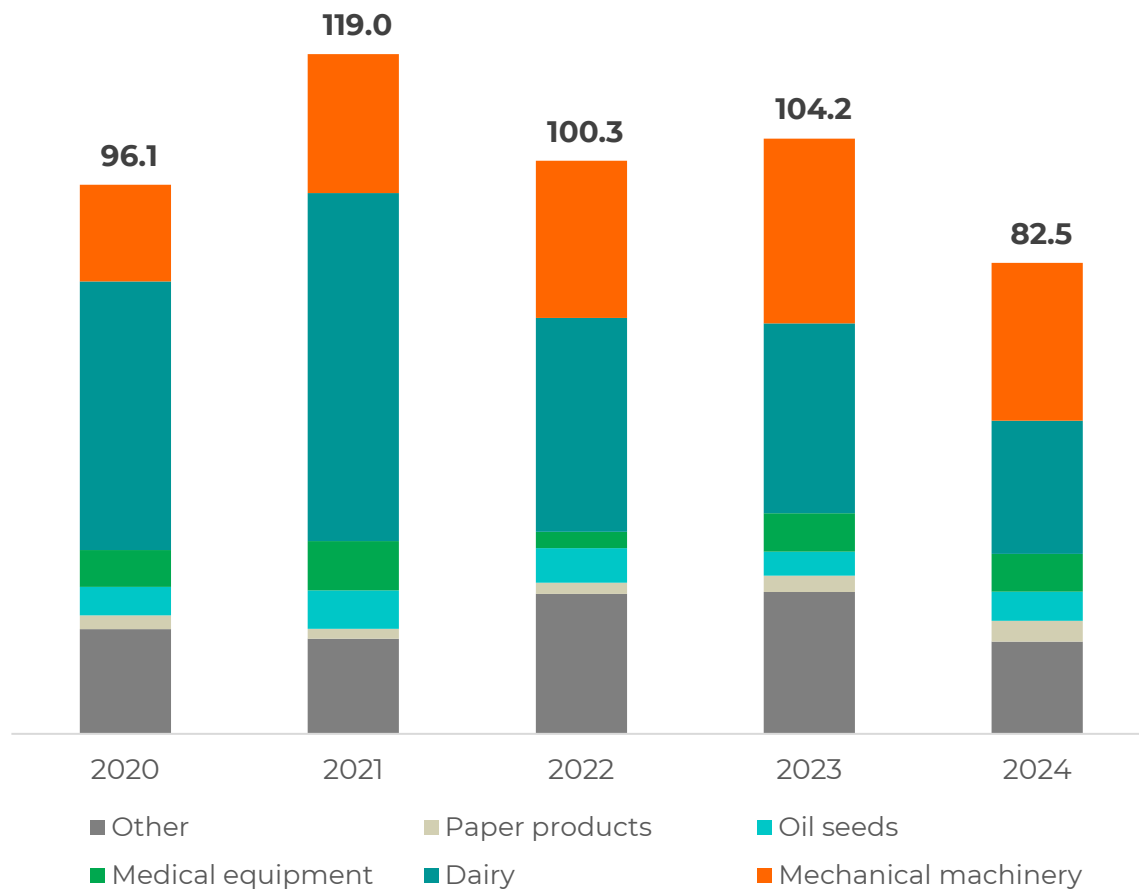
Interest rates are projected to gradually decrease, reaching a neutral level of 4.25% by late 2025, as inflation stabilizes. However, external uncertainties, including the strength of the dollar and the economic policies of major trading partners like the United States, may prompt caution in rate cuts. Private consumption growth is not expected to strain inflation, as it remains below pre-pandemic levels.

Chile's economic outlook for 2025 remains cautious, with limited growth prospects due to tighter financial conditions and subdued investor confidence. Improved permitting processes and regulatory reforms could enhance investment flows, particularly in mining and energy.

Imports from New Zealand

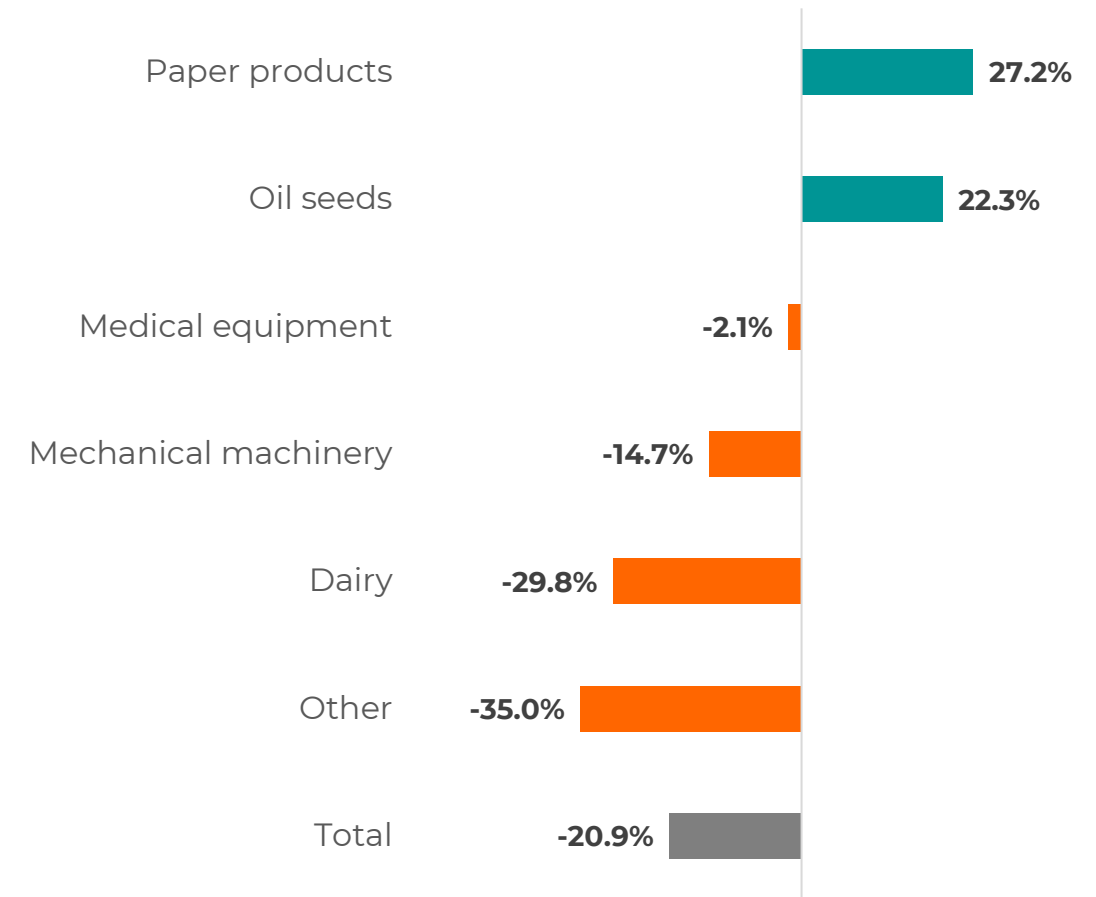


Goods (Million USD)



Contribution to Growth 2023 – 2024

How much did each product contribute to the total annual % change?



Source: Stats NZ; UN Comtrade.

Note: (a) Year-to-date: Q1-Q3; (b) Year-Over-Year growth calculated with the same period in each year.



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