

GOBIERNO DE CHILE  
MINISTERIO DE ECONOMIA,  
FOMENTO Y RECONSTRUCCION

# Building on Trade and Investment

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Washington, April 24<sup>th</sup>.

# Chile's Main Indicators



## Small Nation

- Population : 16,5 million
- GDP (2006): US\$ 145 billion

## Strong Economy

- GDP Growth (2006) : 4.,0%
- GDP per capita (2006): US\$ 8.875
- Inflation (2006): 3,4%
- Unemployment (Dic -Feb 2007): 6,4%

## Dynamism in the World Economy

- Exports Growth (2006): 40,7%
- Free Trade Agreements with many nations (including Japan)

## Fiscal Responsibility

- Government Surplus (2005): 7,6% GDP

## Exchange and Interest Rate

- Exchange Rate (April, 2007) US\$ 1 = Ch\$535
- Interest Rate: 5,0%

## Good Expectations

- Forecast GDP Growth 2007: 5,2%

# Major Policy Guidelines

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1. Efficiency on macroeconomic policies
2. Fiscal discipline
3. Prudential Regulation
4. Market economy: open market rules and fair competition

*Our Achievements...*

# Chile's Business Environment Stands out in Latin America and Beyond

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## **The most stable and competitive economy in Latin America**

- Ranked 1<sup>st</sup> in the region by WEF in World Competitiveness Index 2005
- Ranked as Best Place to do Business in the region by EIU in 2005
  - 4<sup>th</sup> among emerging countries and 19<sup>th</sup> in global ranking
- Lowest country risk in the region

## **Strong, transparent institutions and regulatory framework are an example for the region**

- Ranked best in the region by Transparency International in its Corruption Index
  - tied with U.S. in 20<sup>th</sup> place in global rankings
  - followed by Uruguay (28<sup>th</sup>) and Costa Rica (55<sup>th</sup>)
- Ranked 1<sup>st</sup> in the region by World Bank in terms of "Ease of Doing Business"
  - and 28<sup>th</sup> worldwide

## **Political and social stability**

- Strong Consensus on the economic model

# Chile's Business Environment

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## Positioned as a gateway to the world

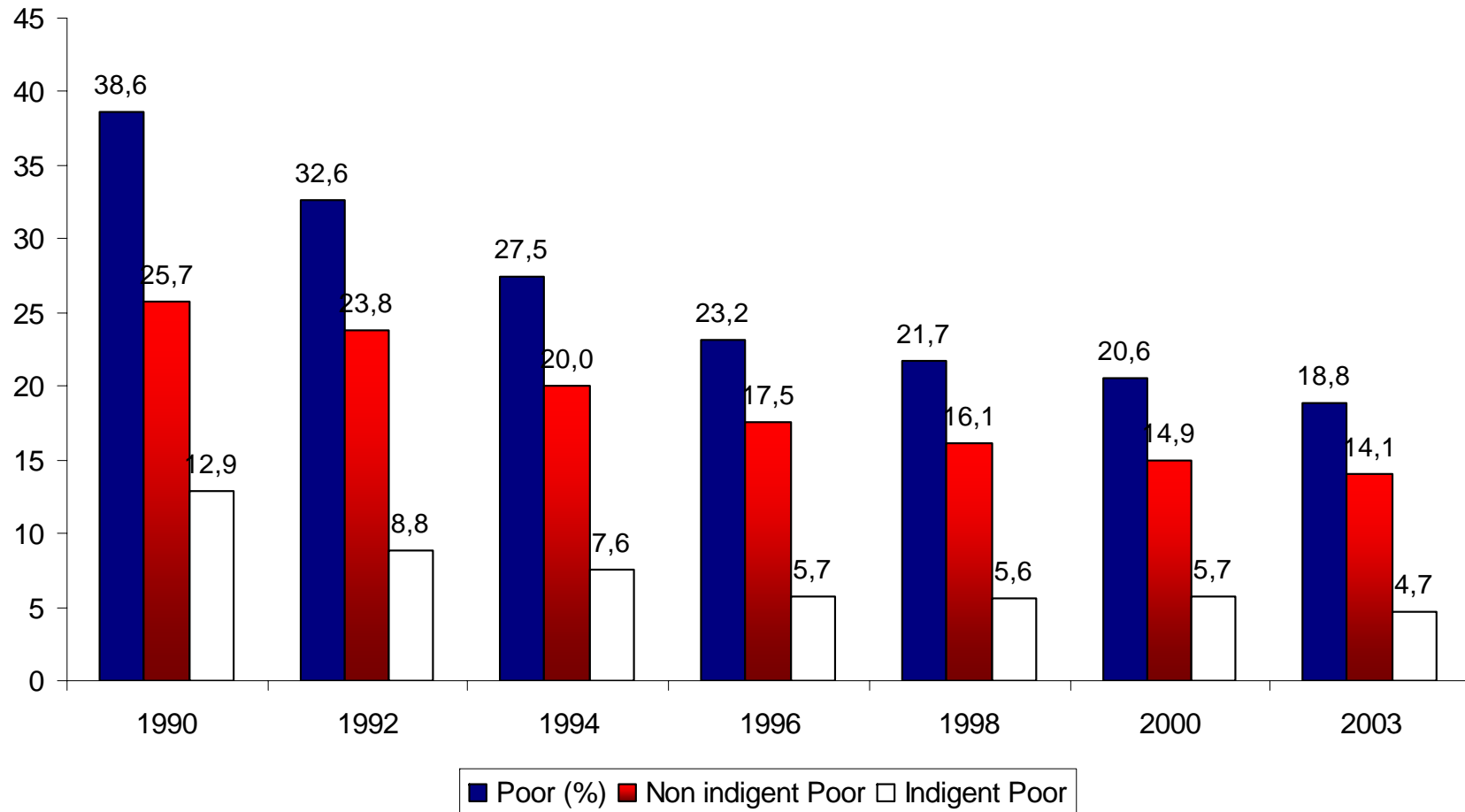
- Free trade agreements
- Low tax burden and extensive network of double taxation treaties
- Favorable foreign investment regime (DL 600) in force since 1974

*Some Indicators ...*

# Poverty Levels



(% total population)

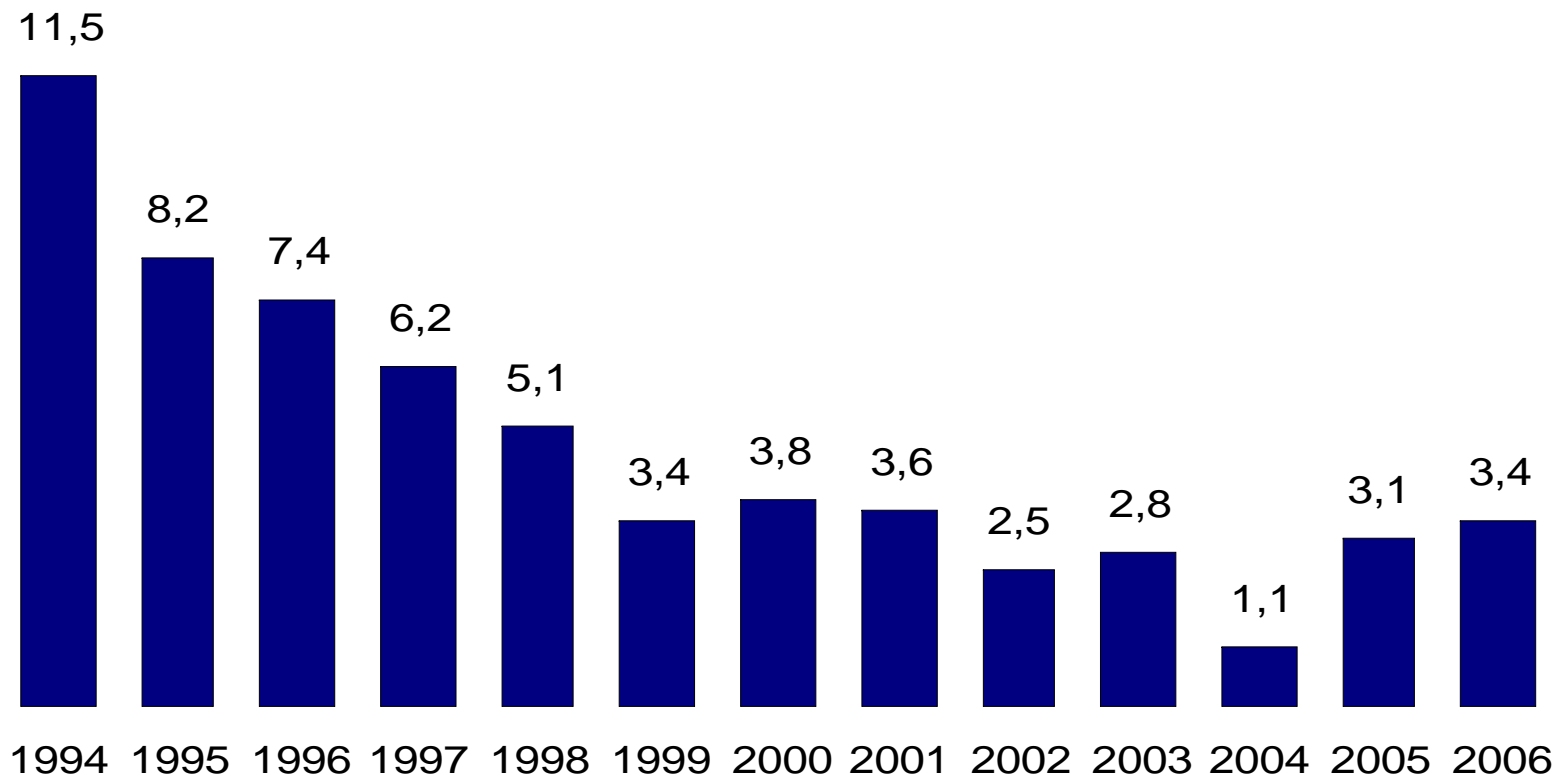


Source: MIDEPLAN, CASEN.

# Evolution of Inflation (%)

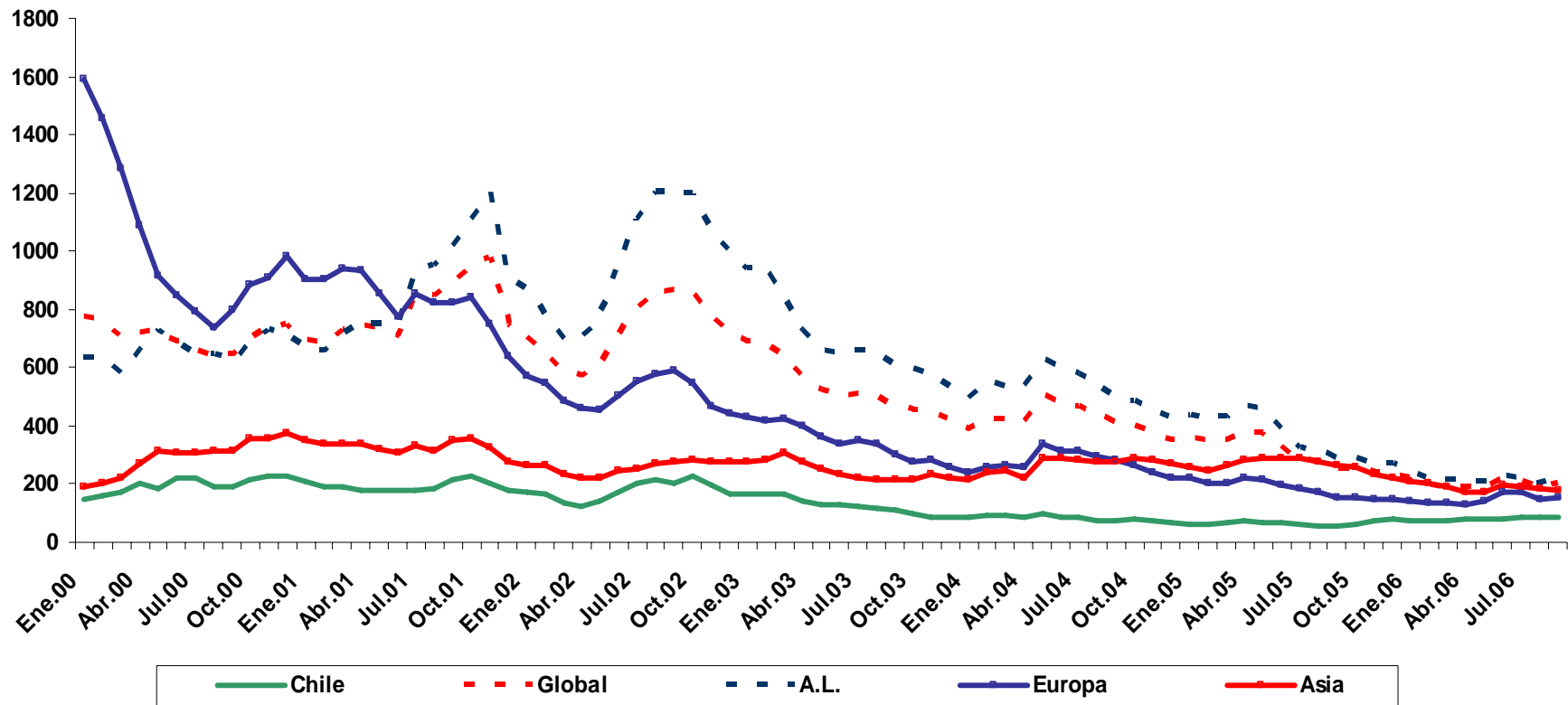


(annual average inflation rate )



Source: Central Bank of Chile.

# Sovereign Spread



Source: J.P. Morgan, "Emerging Markets Bond Index Global (EMBI Global)".

# Internationally Integrated Economy

## Chilean Trade with Main Countries, 2005



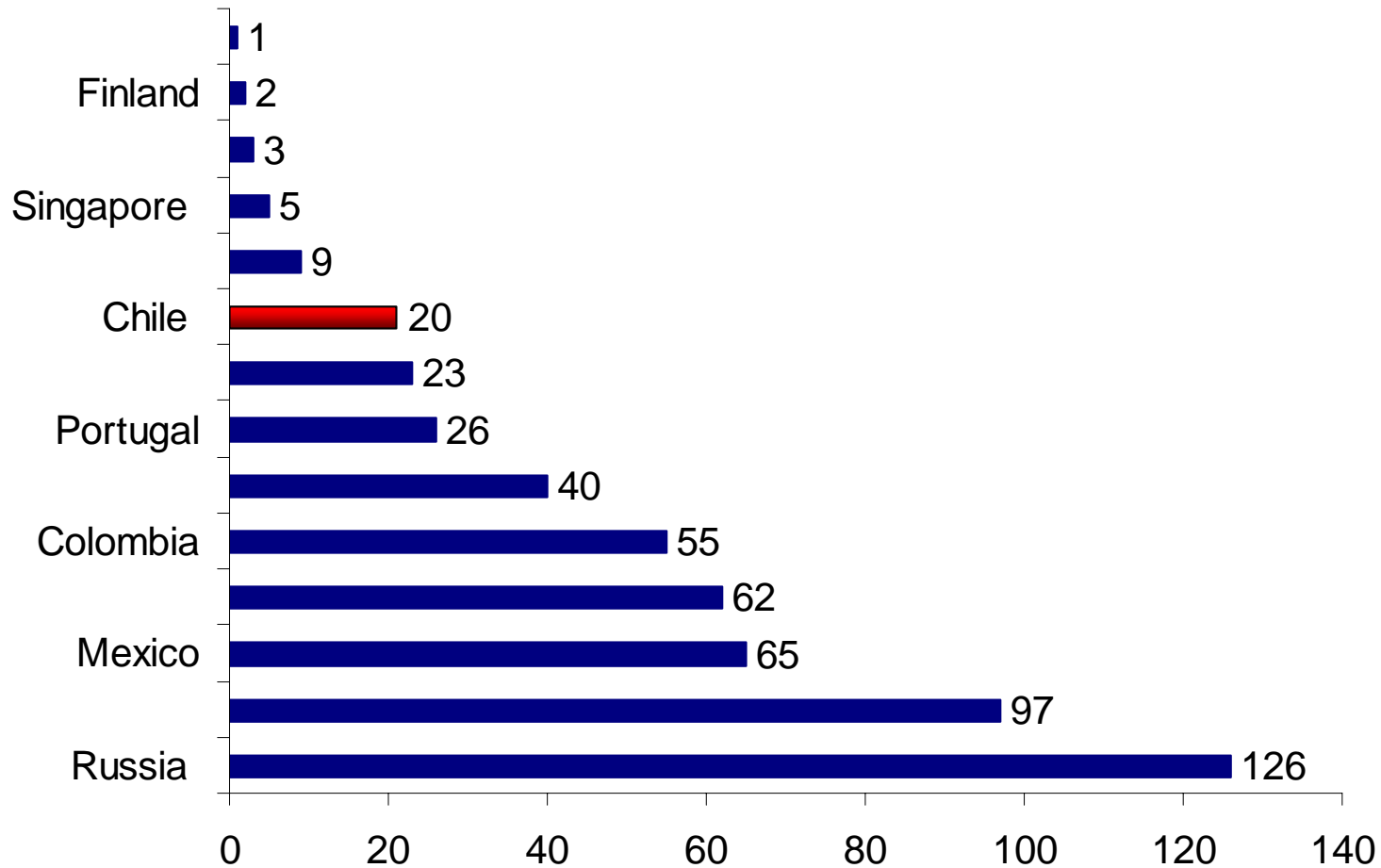
	Imports % (US\$ 32.5 bn)	Exports % (US\$ 39.5 bn)
United States	14,5	16,7
Japan	3,1	11,5
China	7,8	11,1
South Korea	3,3	5,6
Netherlands	0,5	5,9
Brazil	11,6	4,4
Italy	1,6	4,2
Mexico	2,4	3,9
France	2,1	3,5
Germany	3,6	2,3
Spain	1,9	2,4
Others	47,6	28,5
Total	100	100

Source: Central Bank of Chile ([www.bcentral.cl](http://www.bcentral.cl)), 2004

*Our Strengths ...*

# Corruption Perception Index 2006

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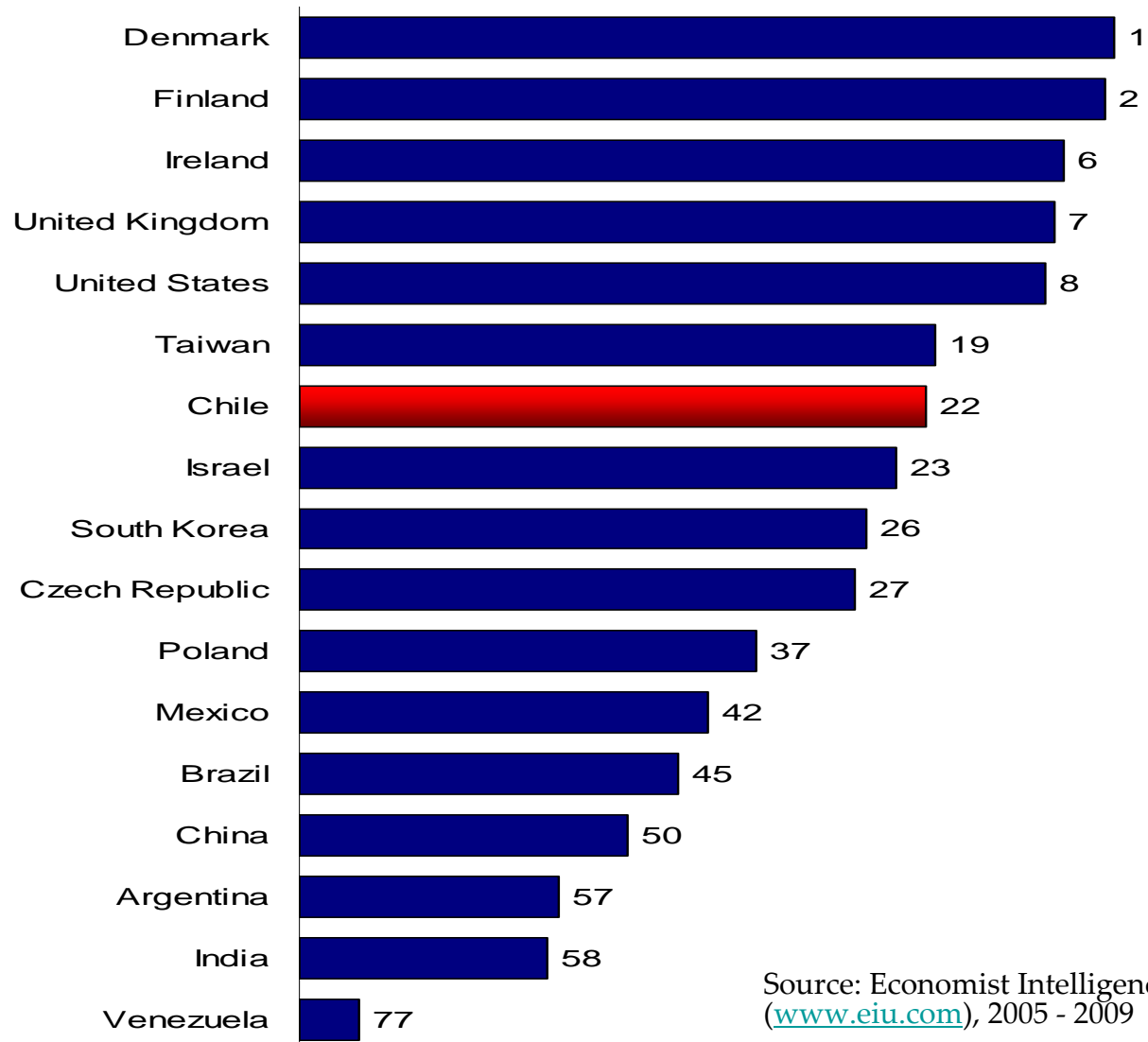


Source: Transparency International Corruption Perception Index

# Business Environment Rankings

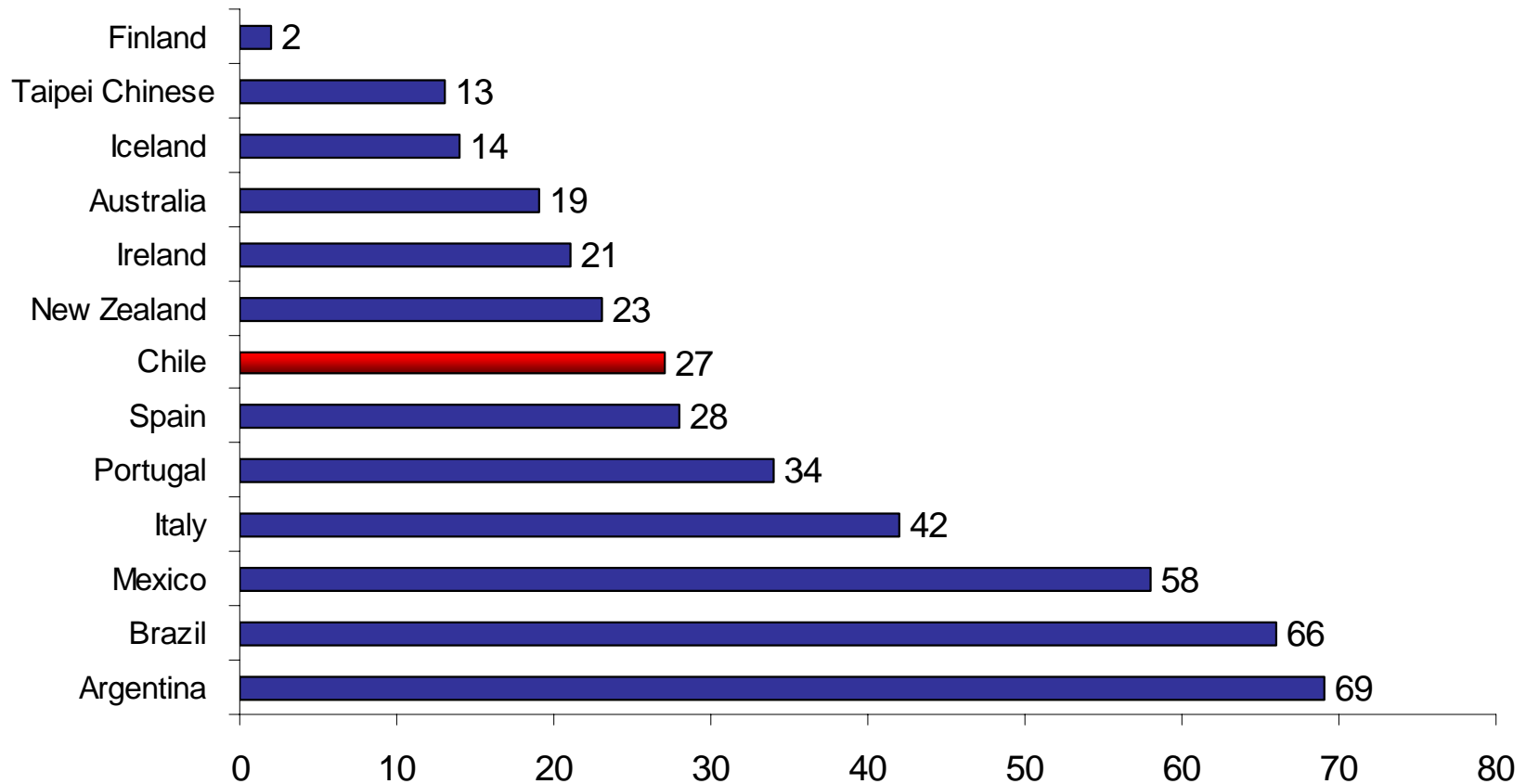


(Best places to do business in the next five years, selected economies)



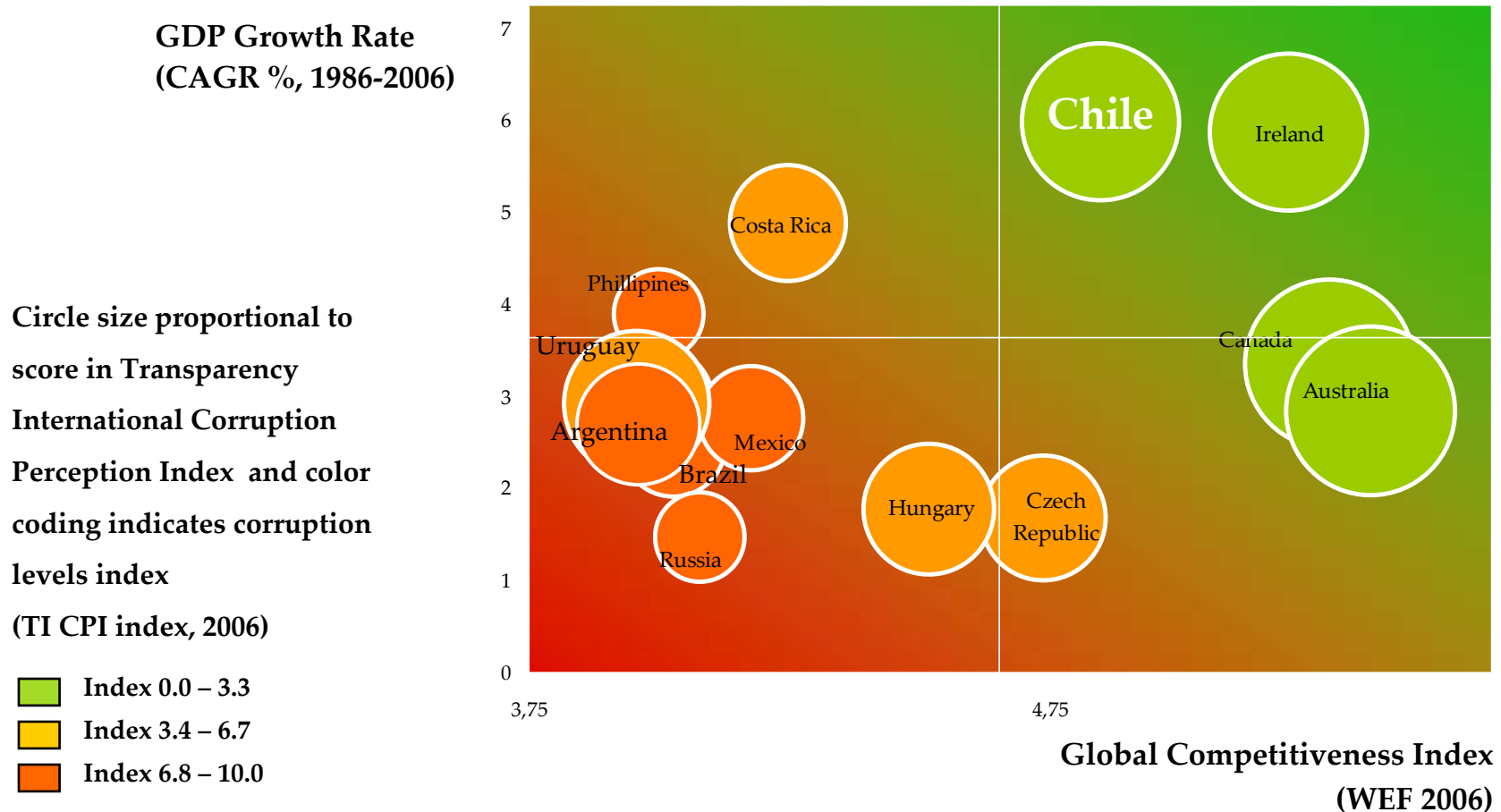
Source: Economist Intelligence Unit  
([www.eiu.com](http://www.eiu.com)), 2005 - 2009

# Competitiveness 2006



Source: WEF, 2006

# A Globally Competitive, Highly Dynamic and Transparent Business Environment



Sources: WEF, TI, World Bank

# Chile in the 2006 Offshore Location Attractiveness Index



Position	Country
1	India
2	China
3	Malaysia
5	Brazil
<b>7</b>	<b>Chile</b>
10	Singapore
11	Mexico
16	United States
21	Uruguay

Chile scores well, as compared with other countries worldwide, as an offshore location for multinational companies and is the only Spanish-speaking country included in the top ten.

*Source: A.T. Kearney 2006 Offshoring Location Attractiveness Index, A.T. Kearney analysis.*

**Our country has done a pretty good job  
over the last years.**

**We are doing our homework, but we must  
continue improving the system.**

*Our challenges ...*

# To Continue Growing...

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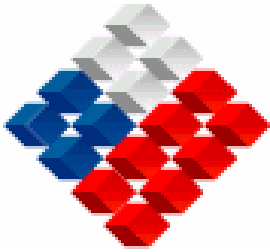


In order to continue increasing our performance we need to go for a second generation reform that should focus on growth factors in which Chile has deficits:

- **Innovation**
- **R&D**
- **Better access to financial markets**
- **Reduce educational gap**
- **Increasing SME's competitiveness**

As our country has already invested in most growth factors, we have good expectations on the returns we should look for while investing on the ones with deficit.

**We Are Engaged Building  
a Better Future and New Partnerships**



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