



Ministerio de  
Hacienda

Gobierno de Chile

# Chilean economy from macro stabilization to long-term growth

Chile Day  
Toronto - New York 2024  
May

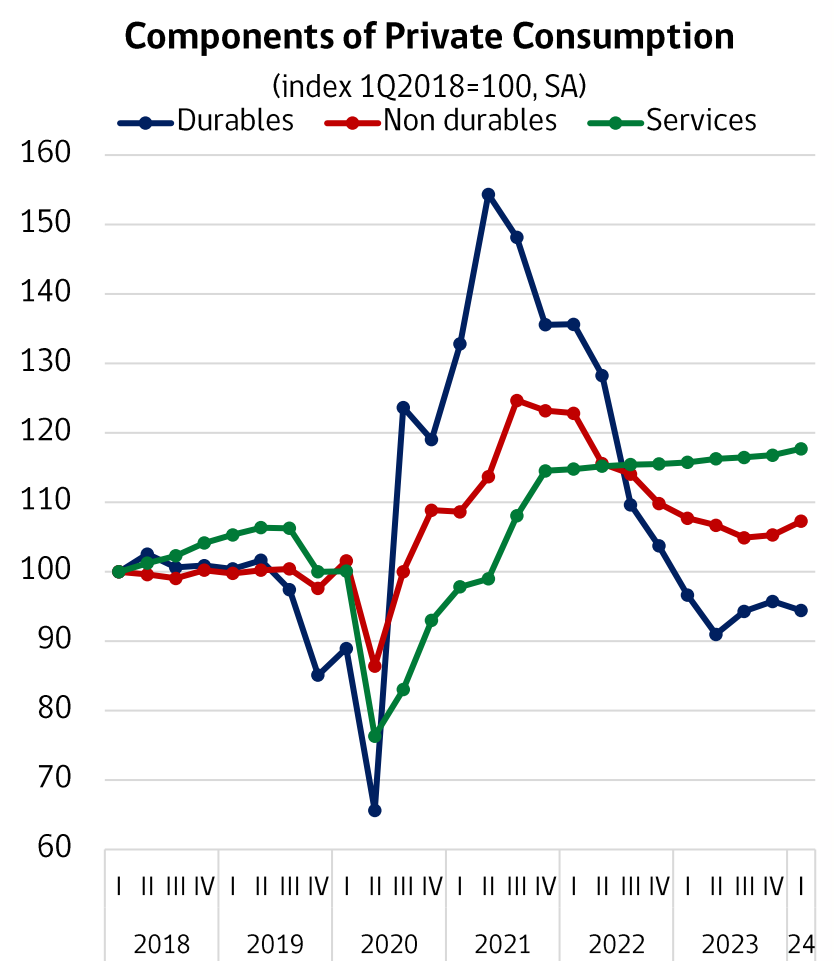
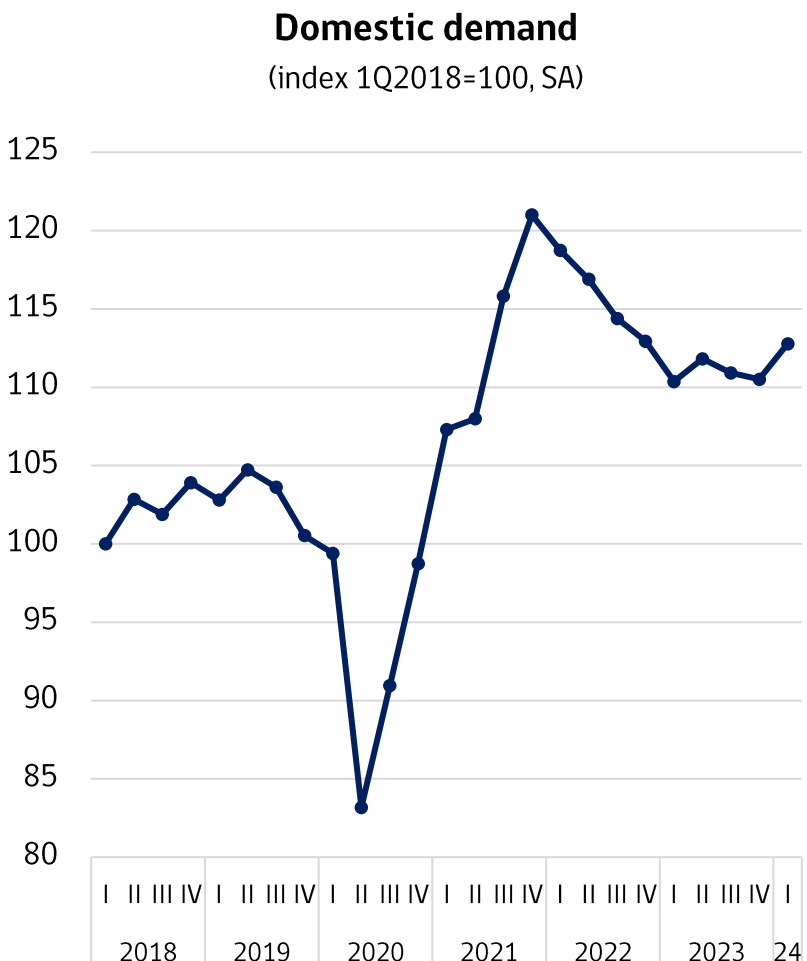
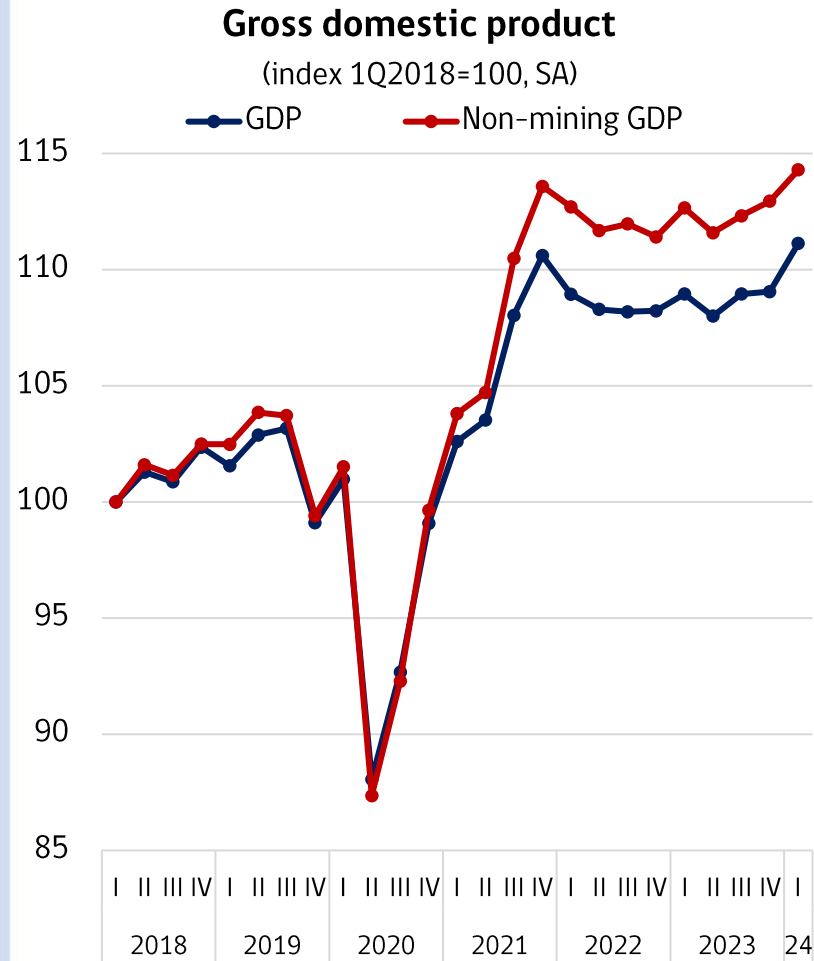
TORONTO - NEW YORK

Mario Marcel | Minister of Finance



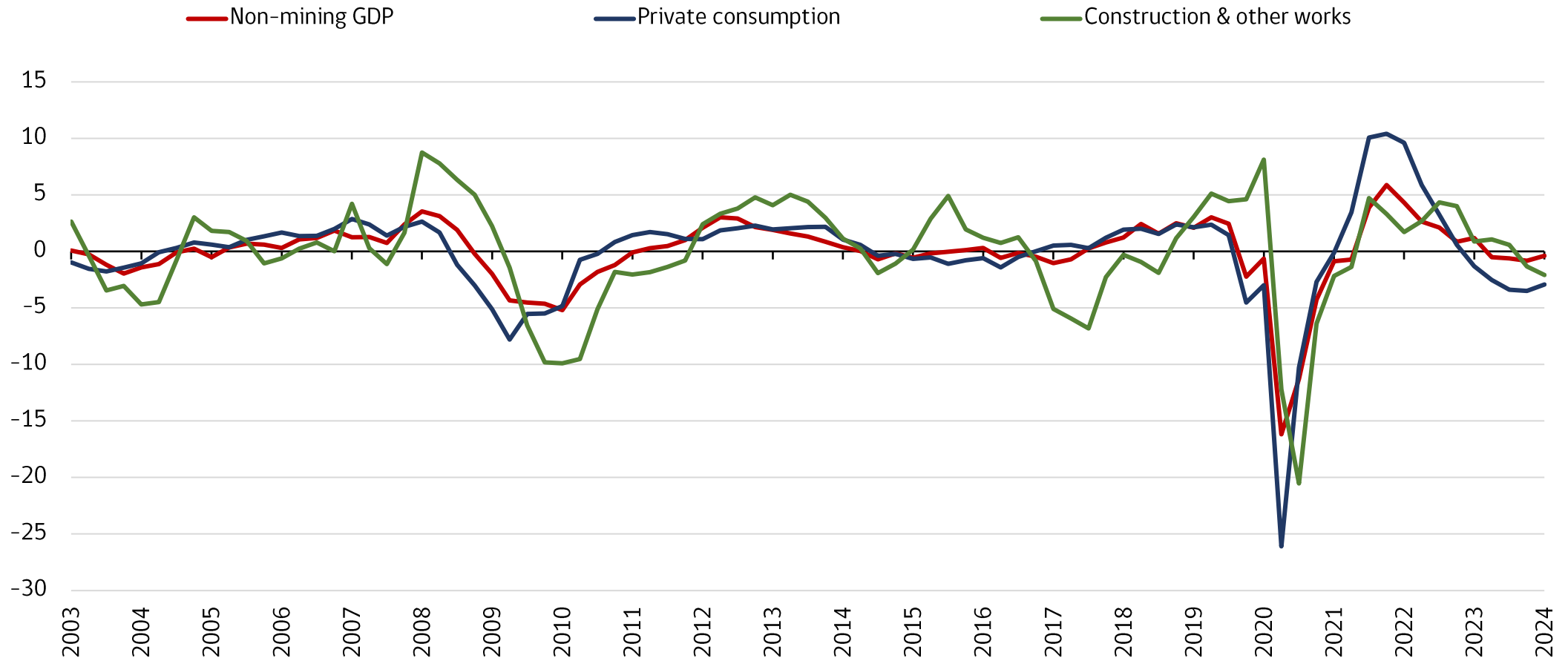
## » Resolving economic imbalances

The Chilean economy has overcome the imbalances left by the social unrest, the pandemic and the oversized policy responses. Total and non-mining activity levels are at their historical peak. The adjustment was efficient because it focused where those imbalances originated



In this cycle, private consumption showed more volatility than usual; investment, on the other hand, far from collapsing, has exhibited a more stable behavior than in past cycles

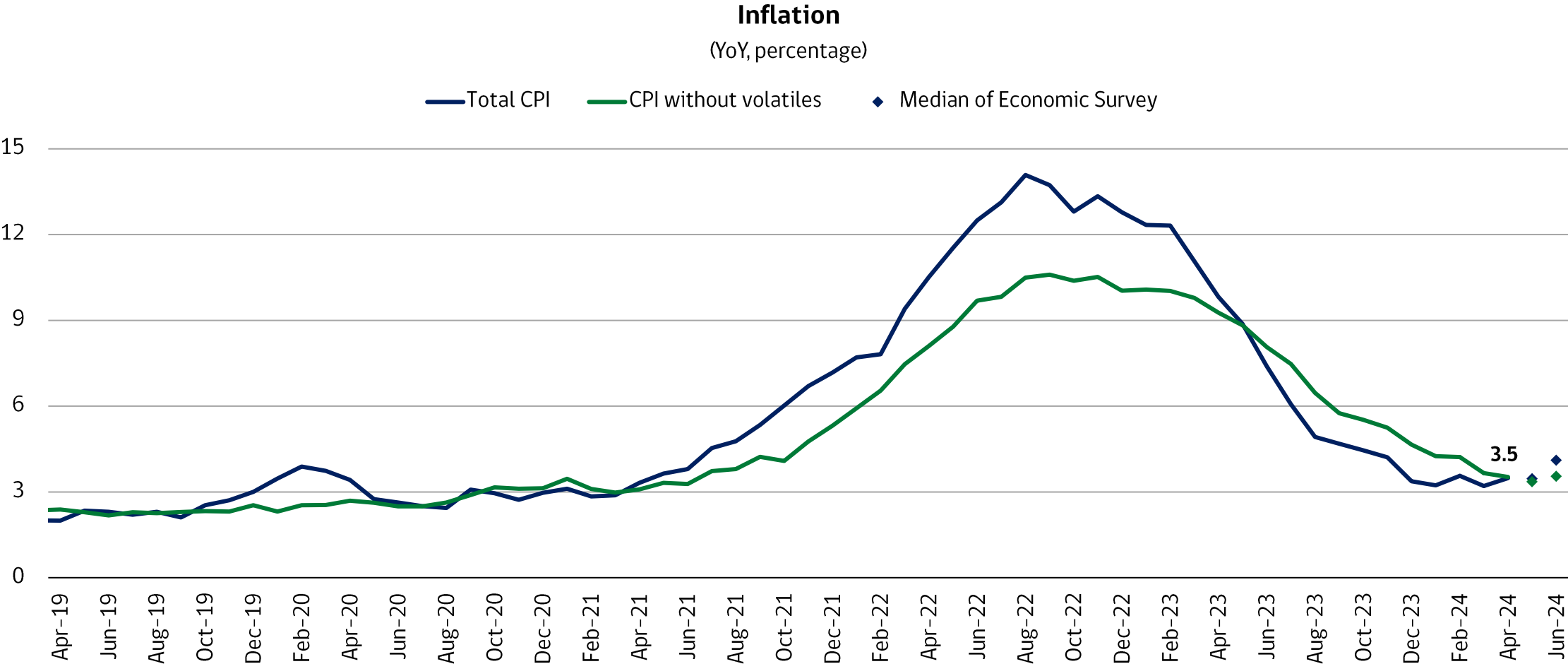
Activity cycle, private consumption and construction & other works  
(deviation from trend, percentage)



**Note:** Deviation from trend calculated as the difference between the logarithm of the level and the logarithm of a trend calculated through an HP filter.

**Source:** Central Bank of Chile and Ministry of Finance.

**Monetary and fiscal policies have contributed to stabilize the economy. This is reflected in the rapid decline of headline and core inflation, with both indicators now closer to 3%**

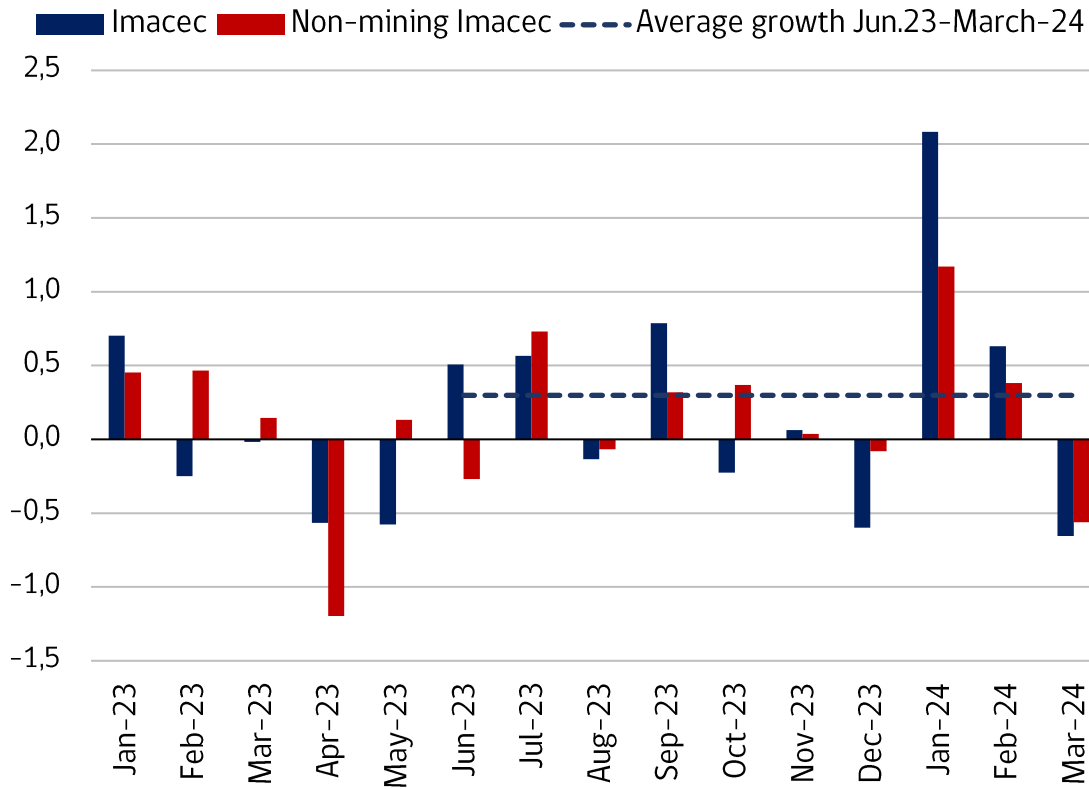


**Note:** The annual variation of CPI for 2024 is constructed from the 2023 reference series and spliced for 2022 with effective monthly variations (2018 Index). Forecasts are based on the Economic Survey of May 2024.  
**Source:** National Statistics Institute and Central Bank of Chile.

# The economy is growing again. Monthly growth from June 2023 to March 2024 averaged 0.3%, implying an annualized growth rate around 3.6%. All economic sectors were growing in 2024 Q1

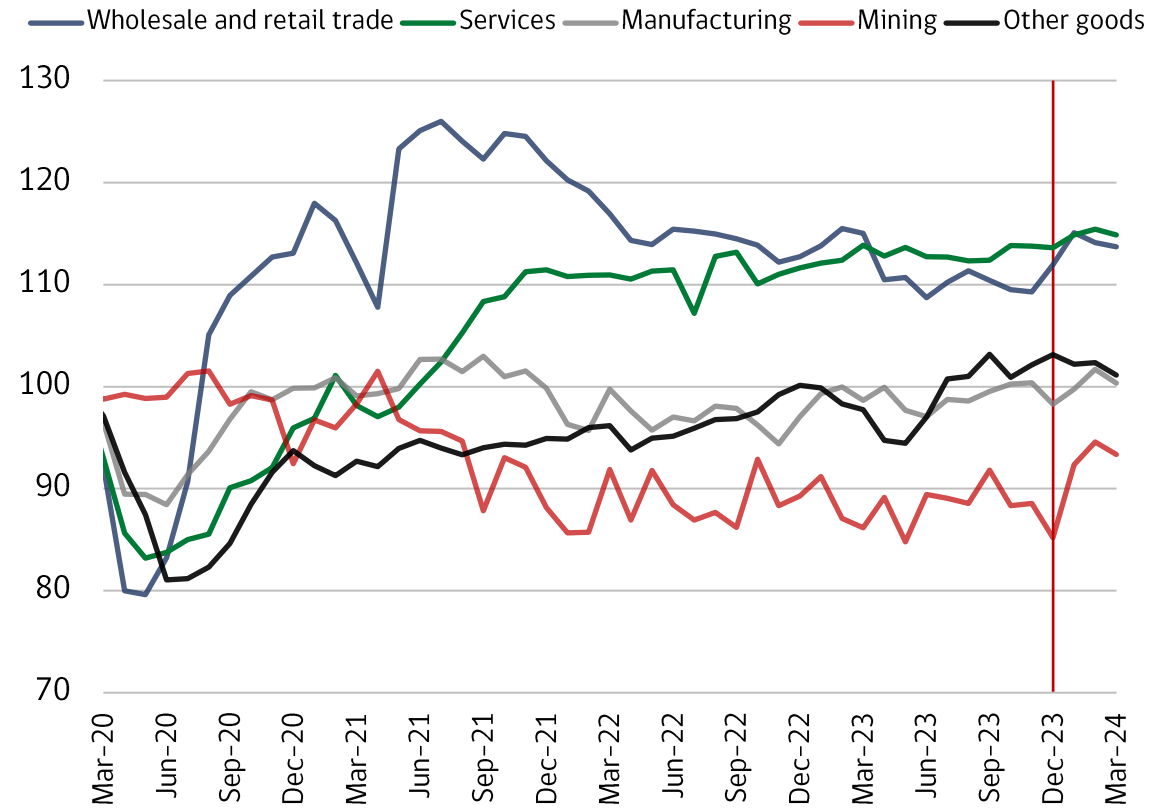
## Monthly index of economic activity and non-mining activity growth

(MoM, percentage, SA)

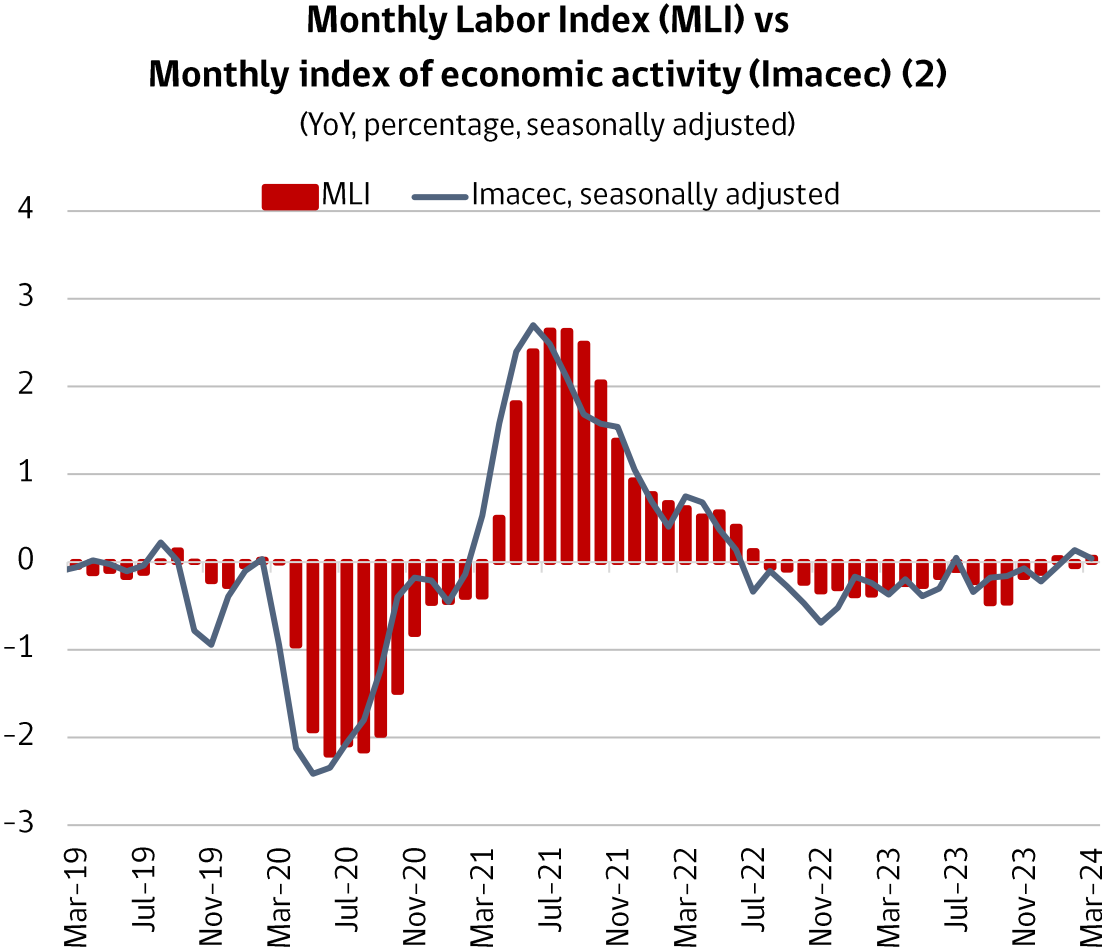
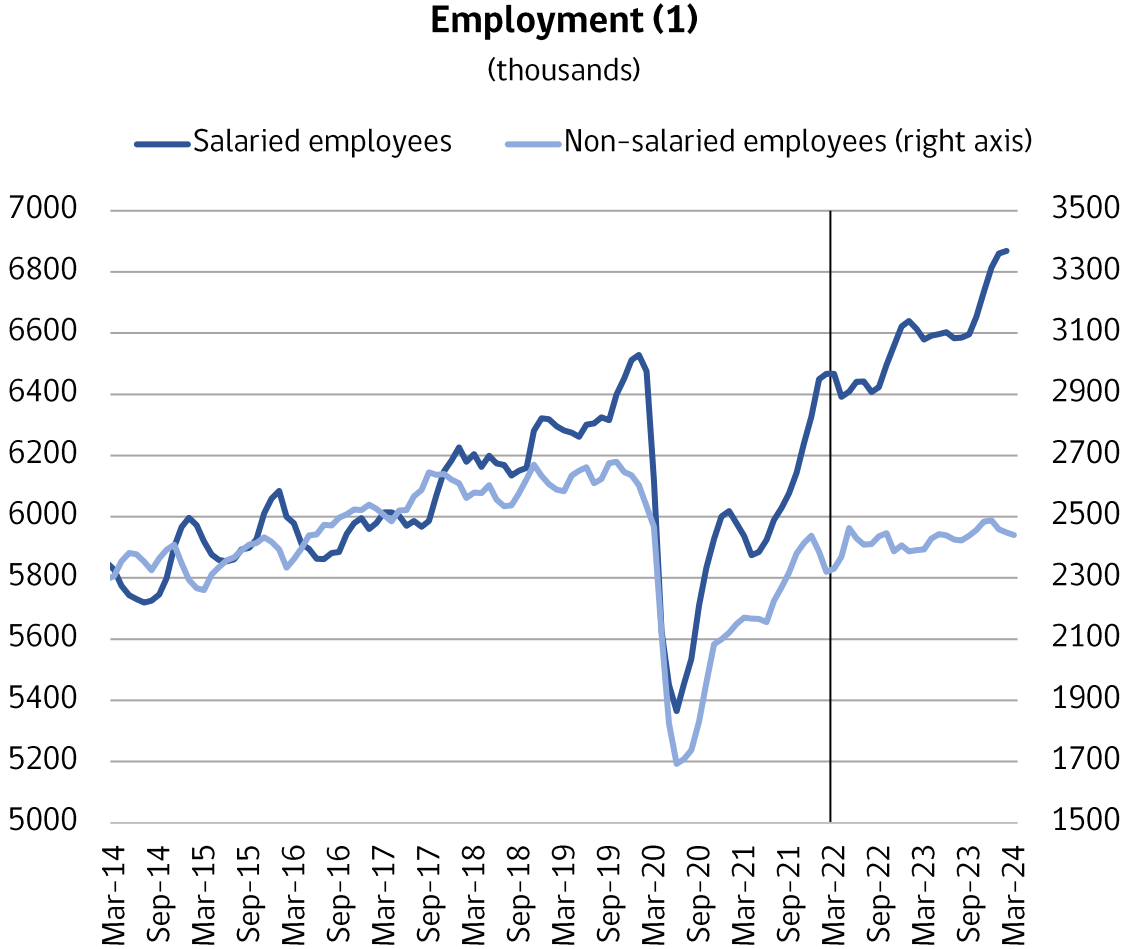


## Monthly index of economic activity by sector

(index Feb-20=100, SA)



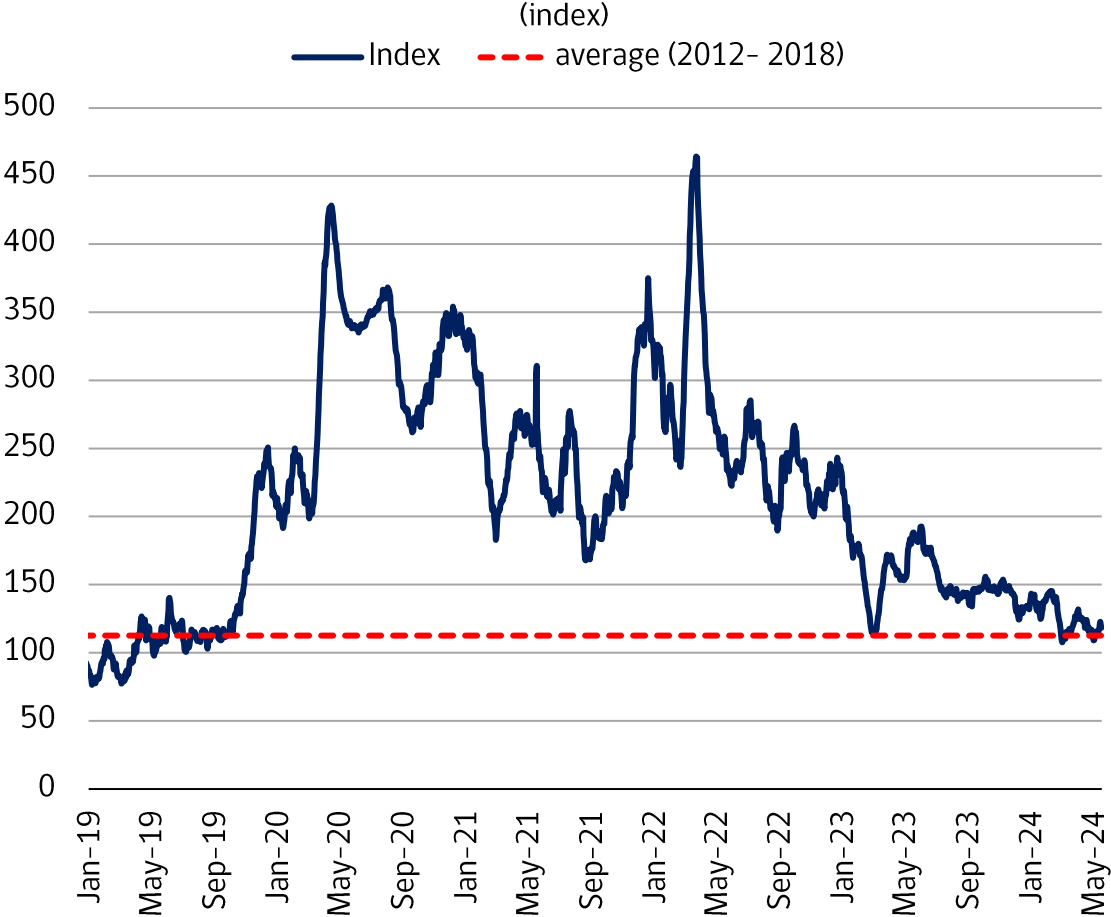
# Salaried employment surpassed pre-pandemic levels and returned to historical occupation rates. Gaps remain for non-salaried workers, in line with a lower participation rate of secondary labor force. Labor market indicators started picking up in October 2023



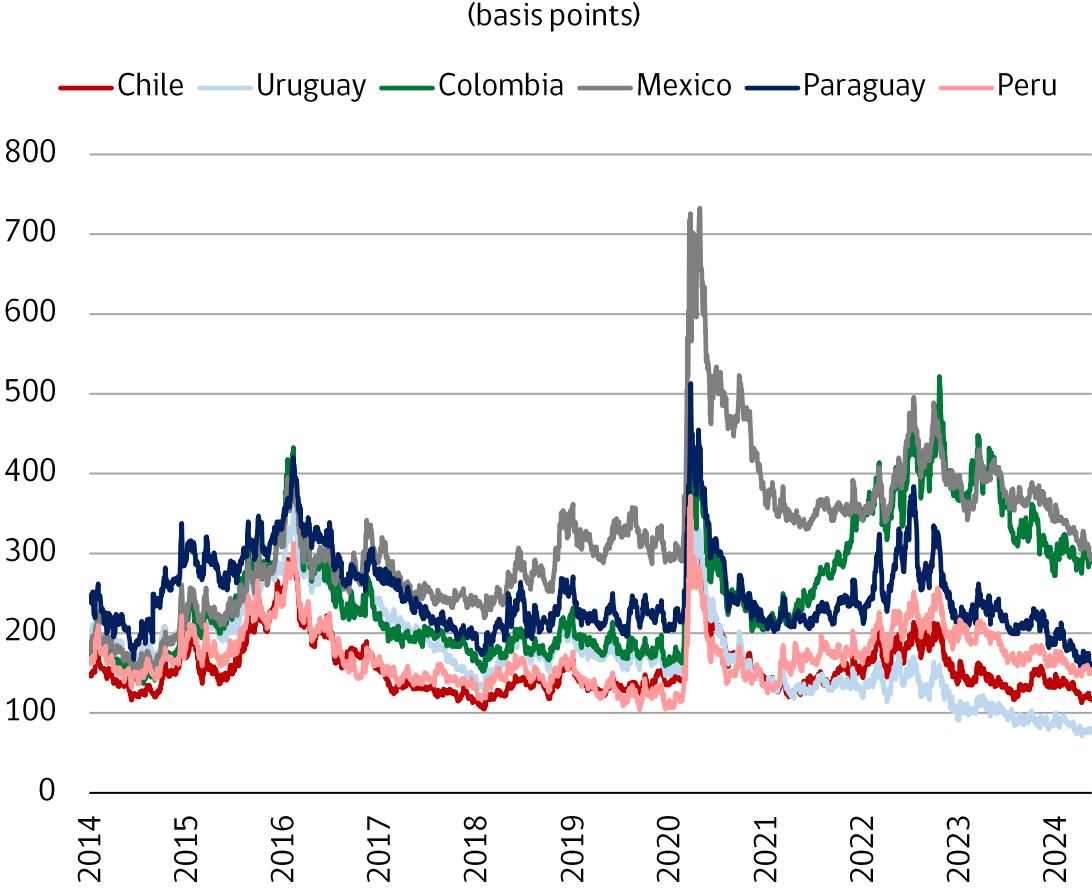
**Note:** (1) Non-salaried: Employers, Self-employed workers, Unpaid family members, Domestic service personnel. (2) The Monthly Labor Index is constructed from a principal components analysis using data from the quarter ended in September 2018 of 23 related variables to the labor market in annual percentage variation.  
**Source:** National Institute of Statistics, Central Bank of Chile and Ministry of Finance.

# Following economic stabilization and the conclusion of the constitutional process, economic uncertainty has returned to pre-social unrest levels; country risk spreads are at their lowest since 2018

**Chile: Economic uncertainty index (1)**



**EMBI Sovereign Spread**



**Note:** (1) Index based on Becerra and Sagner (2020).

**Source:** Central Bank of Chile and Bloomberg.

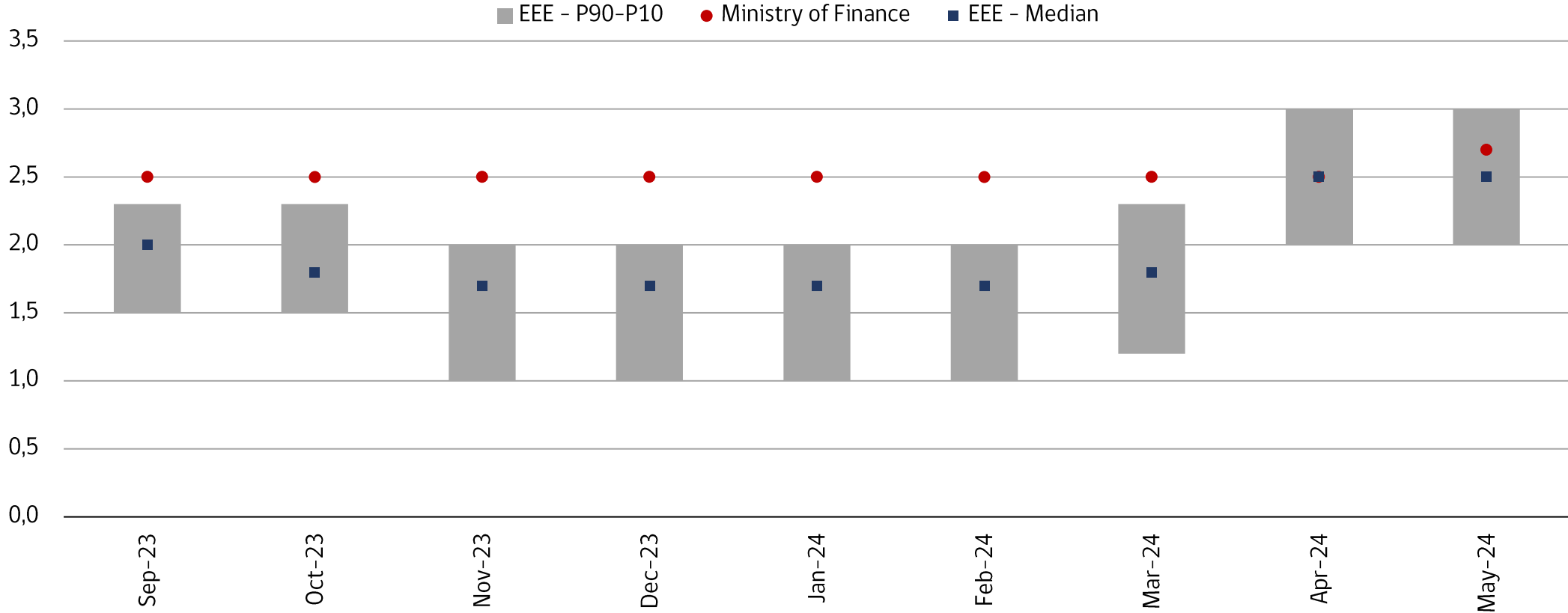




## » Economic prospects 2024-2025

**Market and Central Bank growth projections for 2024 show upward revisions, approaching those of the Ministry of Finance. The latter was adjusted slightly upward in the 1Q24 Public Financial Report, based on the better activity figure from the first quarter**

**2024 GDP forecast**  
(percentage)



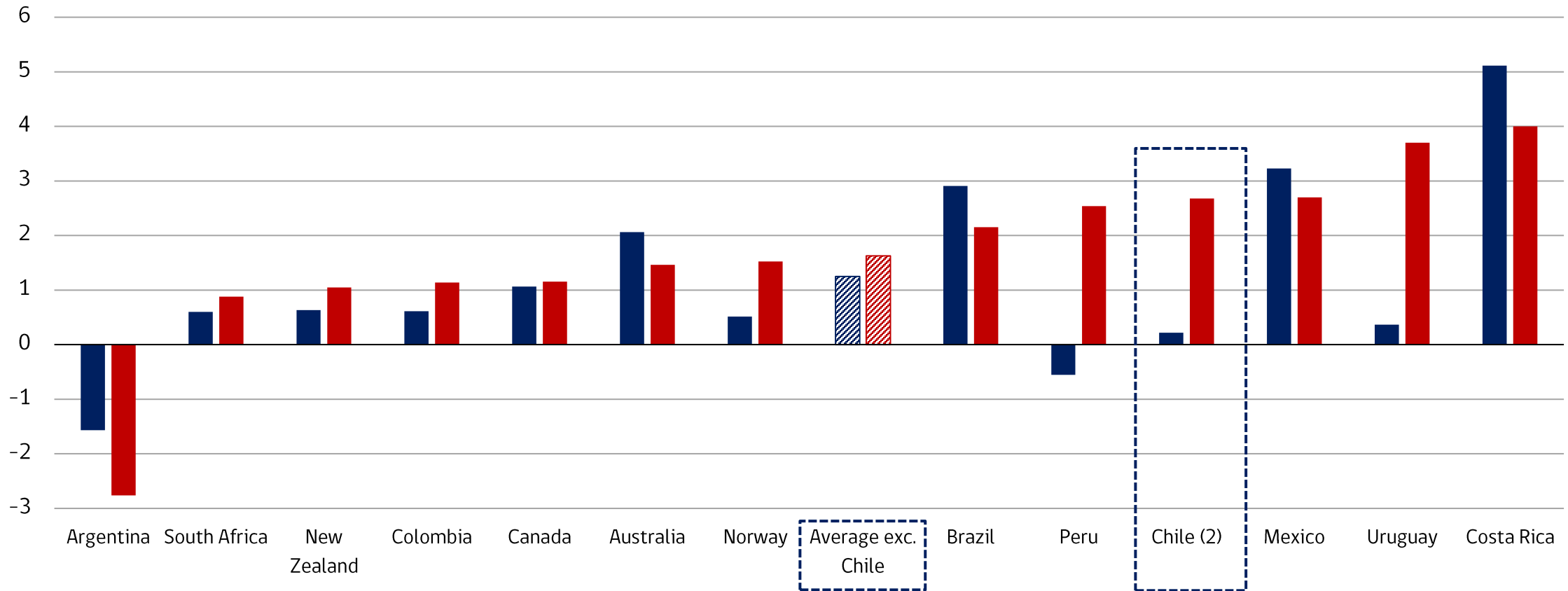
**Note:** EEE corresponds to the Economic Expectations Survey.  
**Source:** Central Bank of Chile and Ministry of Finance.

# With a growth rate of 2.7% in 2024, the Chilean economy will recover its position relative to its peers

## GDP growth 2023 - 2024

(YoY, percentage)

■ 2023 ■ 2024



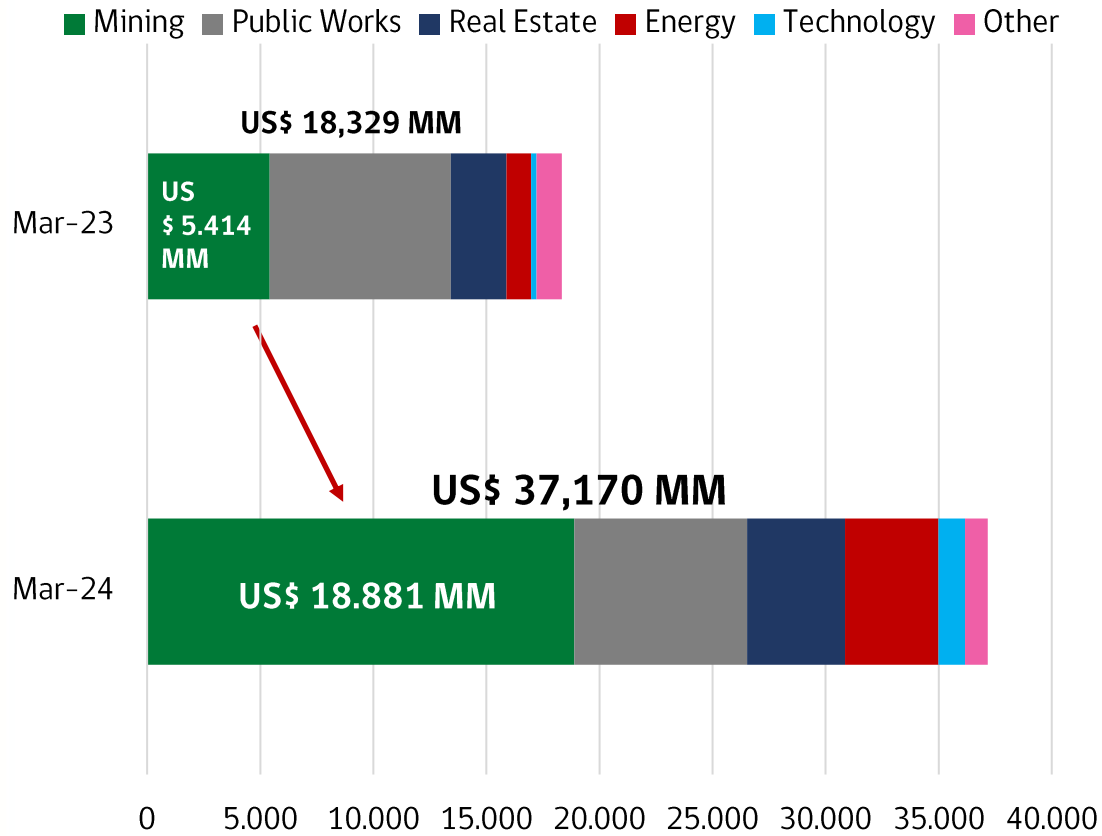
**Note:** (1) The figures for 2023 are actual data except for Argentina, South Africa and New Zealand, for which the forecasts of the International Monetary Fund of April 2024 are considered. 2024 figures correspond to forecasts of International Monetary Fund of April 2024. (2) Actual data, published by the Central Bank of Chile, is considered for 2023, while for 2024 the forecast from the Public Finance Report of 1Q24 is considered.

**Source:** World Economic Outlook, IMF, Central Bank of Chile, Bloomberg and Ministry of Finance.

# Private investment plans for 2024–2027 grew by nearly US\$20 billion in the last year, with a significant rise anticipated for 2025. Investment in the mining sector has more than tripled, making it the sector with the largest increase

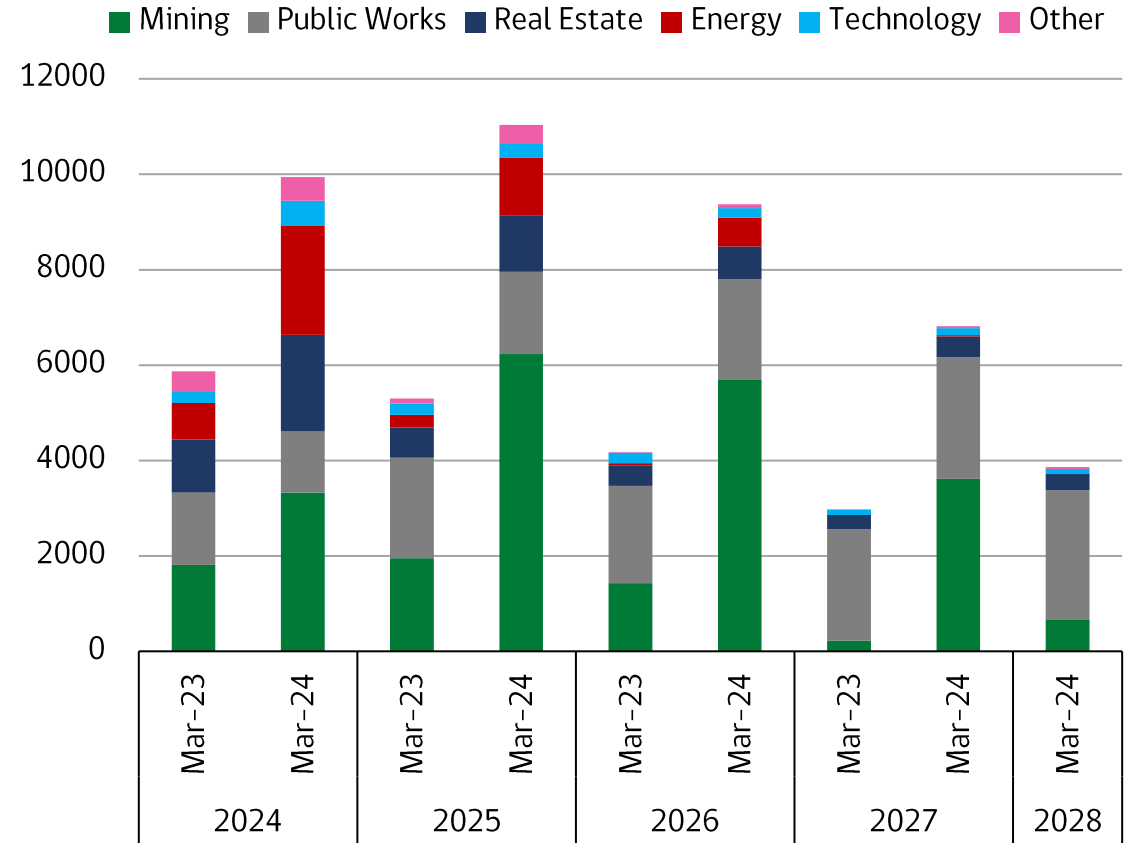
### Capital Goods Corporation survey, 2024–2027

(millions of dollars)



### Private investment forecast by year and sector, 2024–2028

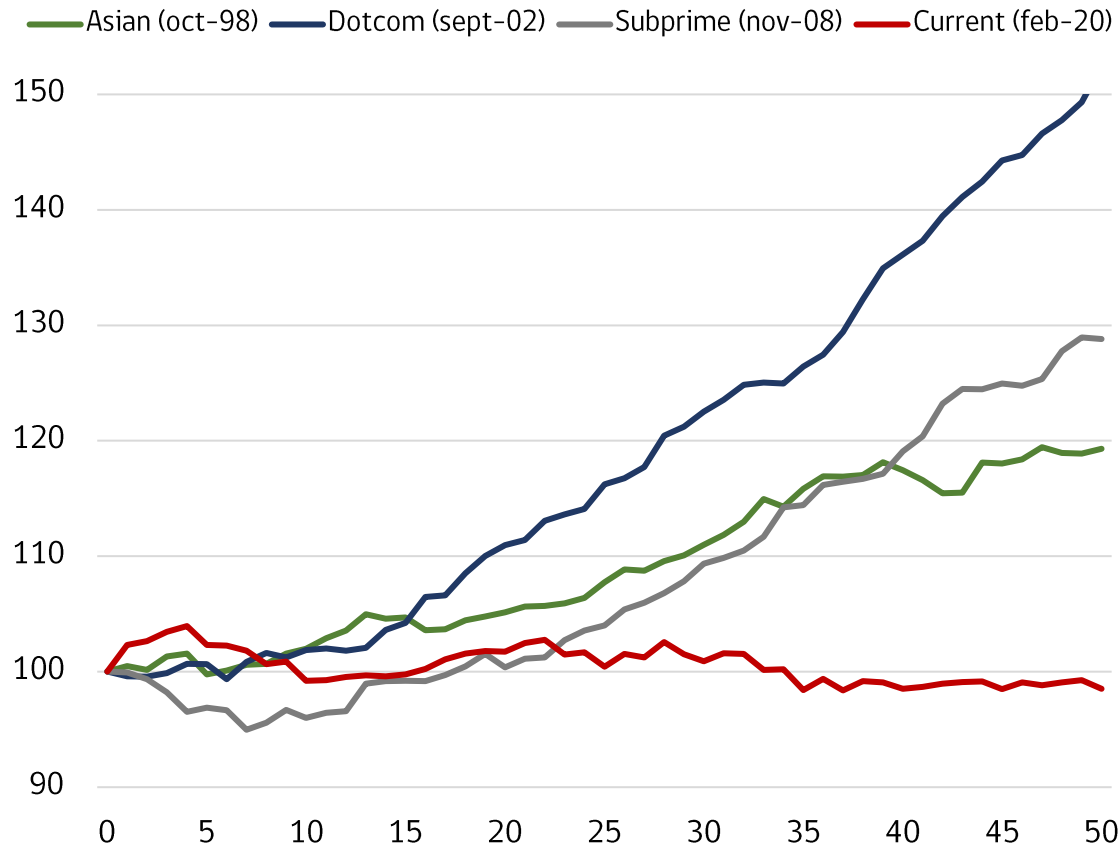
(millions of dollars)



# Improving financial conditions is essential to increase investment. Banking credit has been particularly restrictive as a result of monetary policy and capital requirements in the implementation of Basel III standards

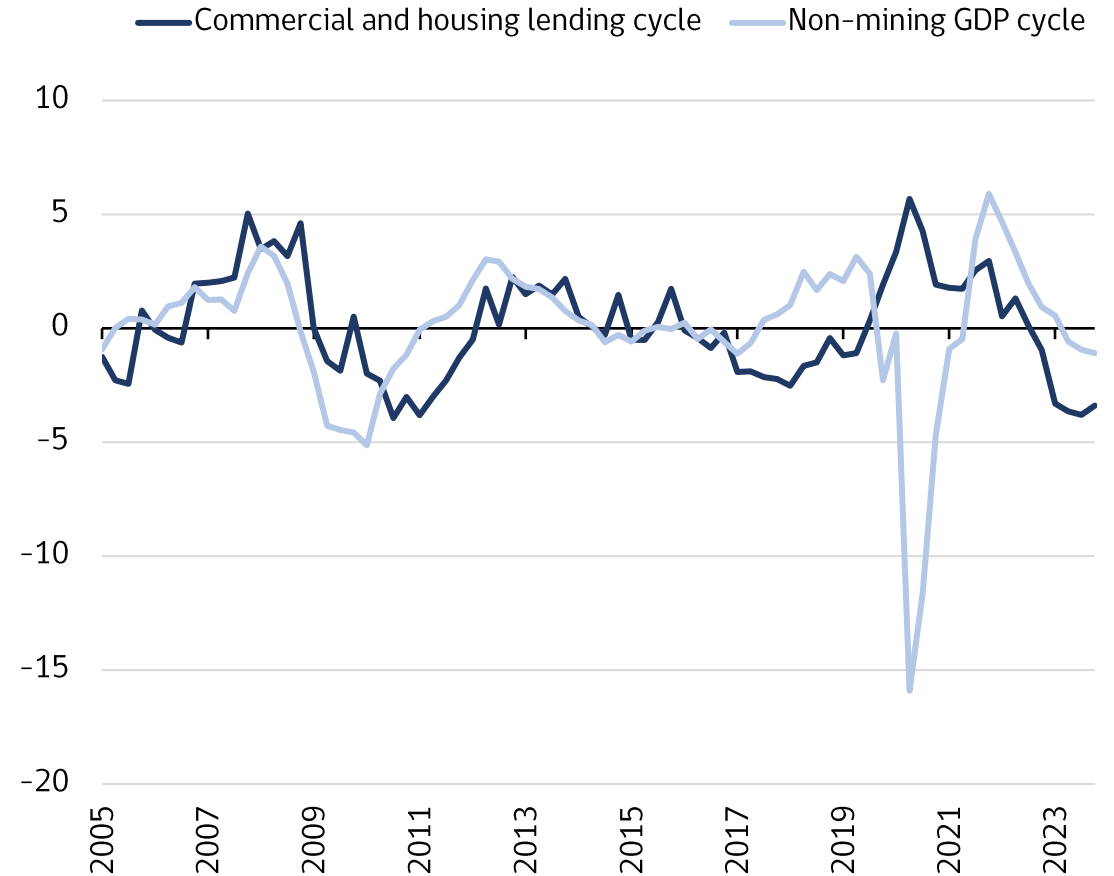
### Real total lending

(index, level in the month previous to the shock = 100)



### Activity and credit cycle (1)

(deviation from trend, percentage)



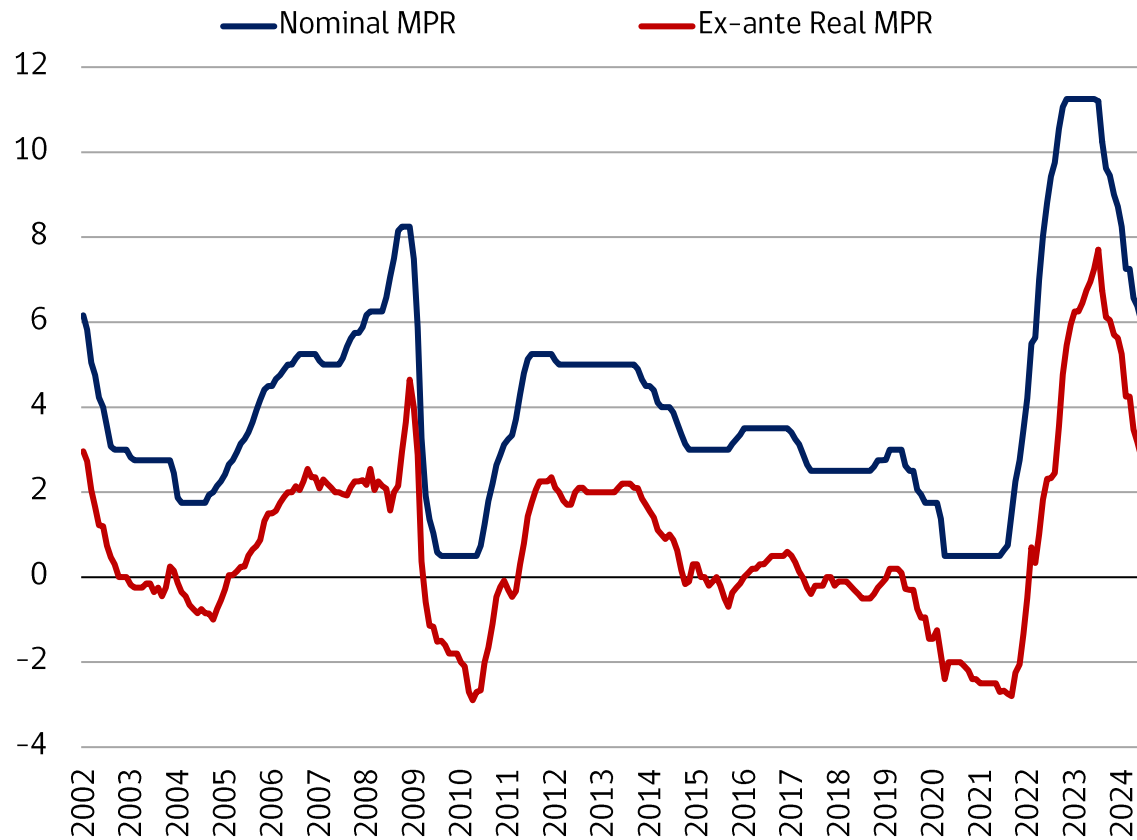
**Note:** (1) Calculated as the difference between the logarithm of the level and the logarithm of a trend calculated through an HP filter.

**Source:** Central Bank of Chile and Ministry of Finance.

# The Central Bank started normalizing monetary policy in June 2023. Market rates for consumer and commercial loans have been tracking the MPR, yet real rates are still very high for historical standards

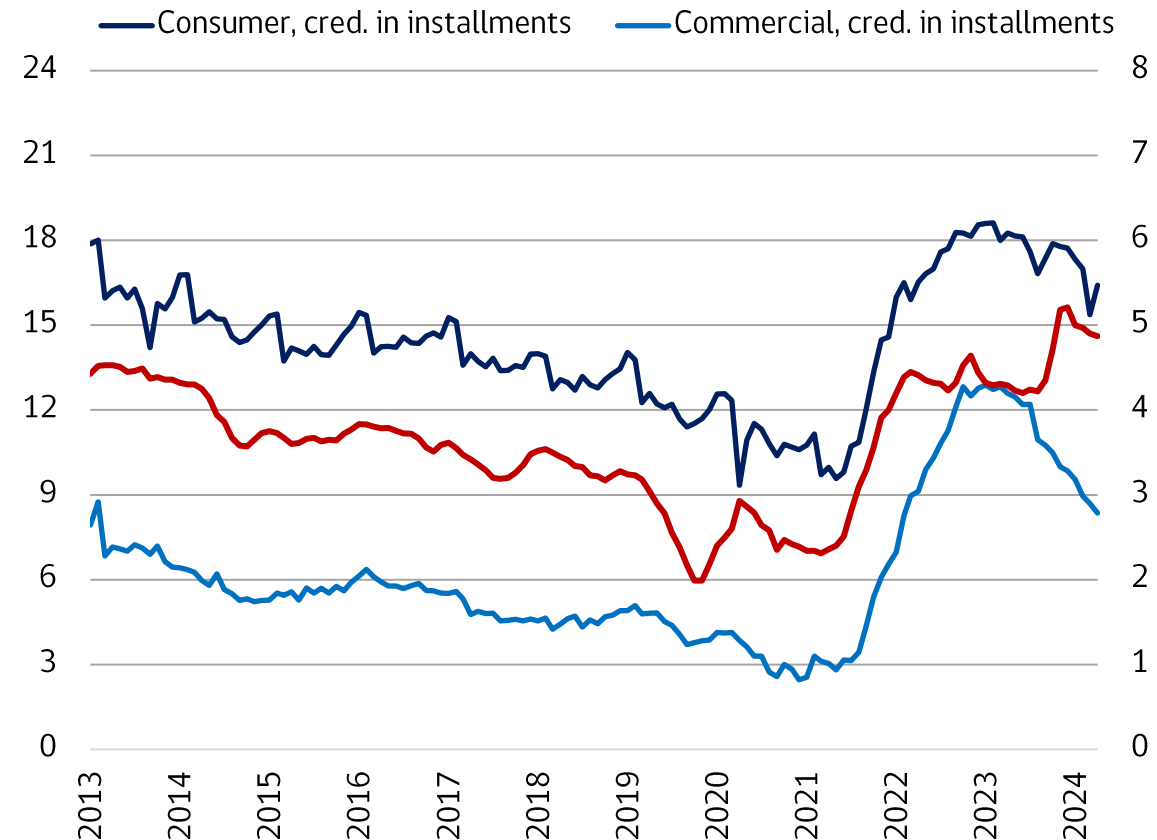
### Nominal and real monetary policy rate (1)

(percentage)



### Lending Rates

(% annual in pesos, % annual in UF, monthly average)

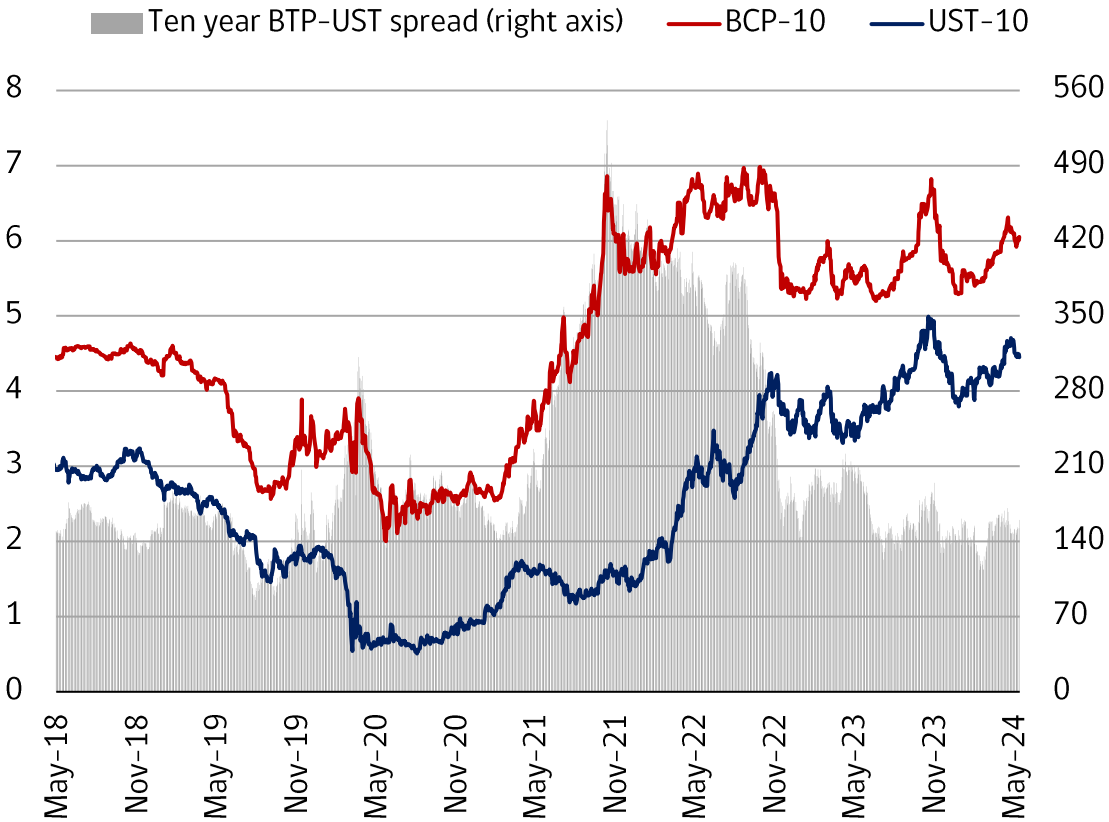


**Note:** (1) The Nominal MPR is calculated as the monthly average, while the ex-ante Real MPR considers expectations up to eleven months from the Economic Expectations Survey conducted by the Central Bank of Chile.

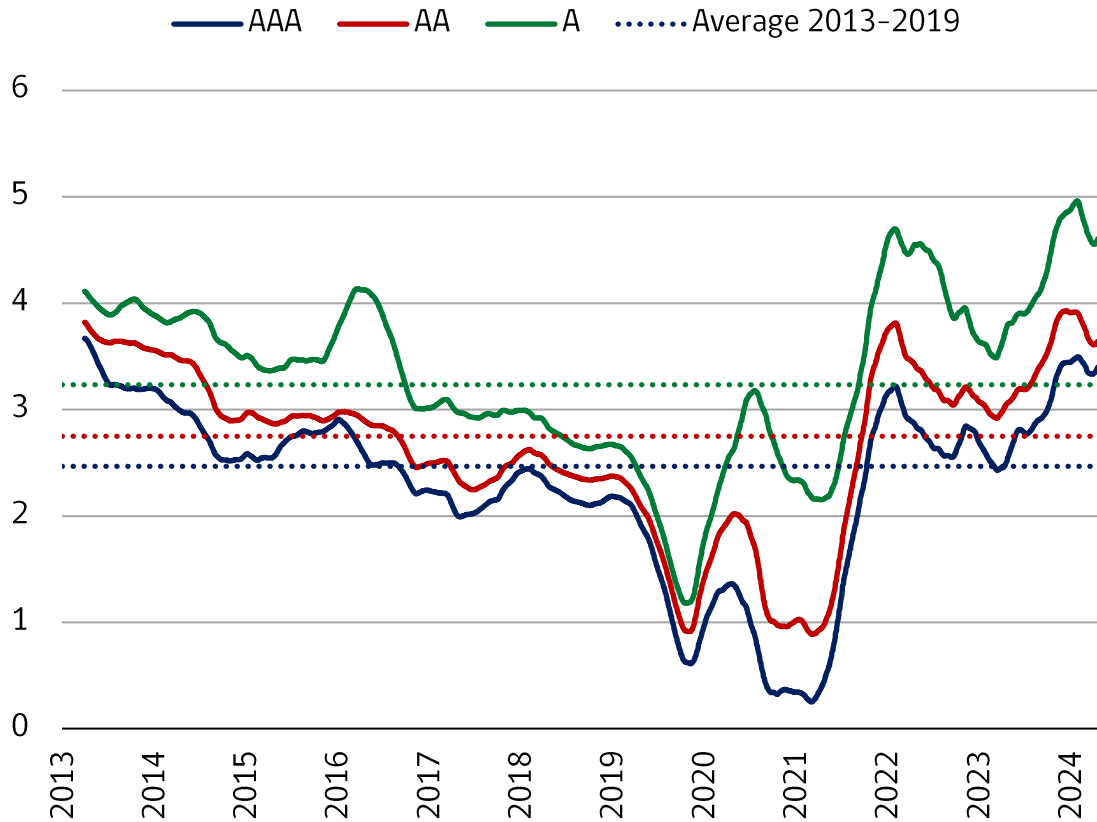
**Source:** Central Bank of Chile.

# Local long-term rates have followed the dynamics of their international peers, remaining at high levels in historical perspective

**Yield on 10-year bonds**  
(percentage, basis points)



**10-year corporate bond rates (1)**  
(% in UF, 90 day moving average)



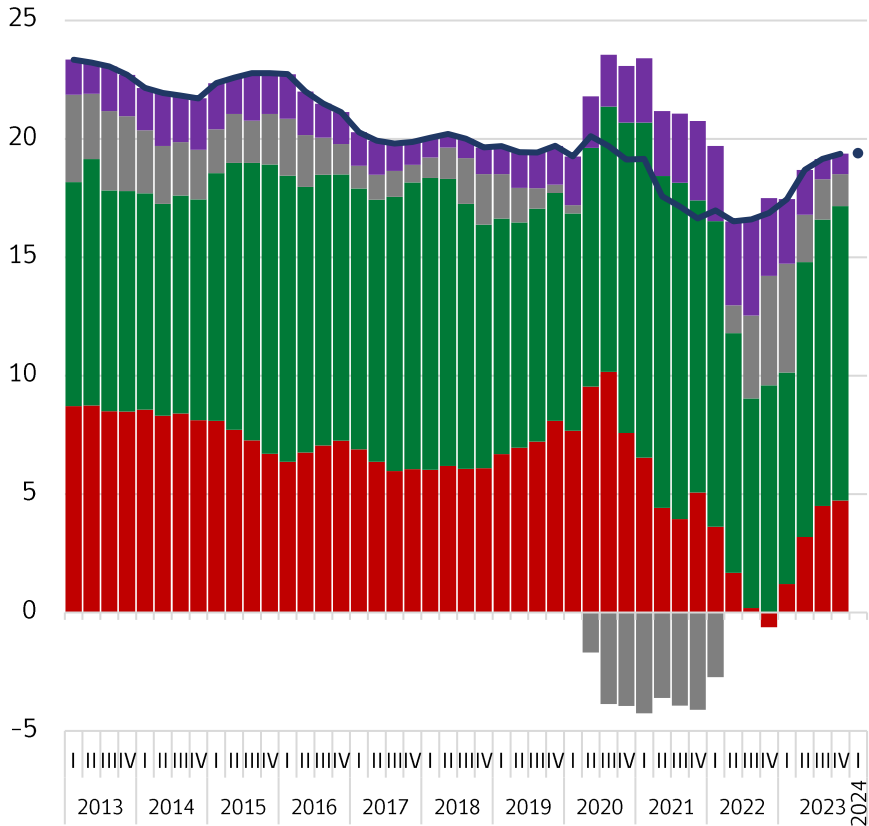
**Note:** (1) Financial Stability Report 1H 2024, Central Bank of Chile based on Riskamerica. UF (Unidad de Fomento) corresponds to an inflation index-linked unit of account.  
**Source:** Central Bank of Chile and Ministry of Finance.

# National savings are returning to 2017-2019 levels after the volatility caused by pension withdrawals. In the BoP capital account, massive local capital outflows ended in late 2022/early 2023, while foreign investment peaked up to its highest level in almost a decade

## Gross saving by institutional sector

(% of GDP, annual moving average)

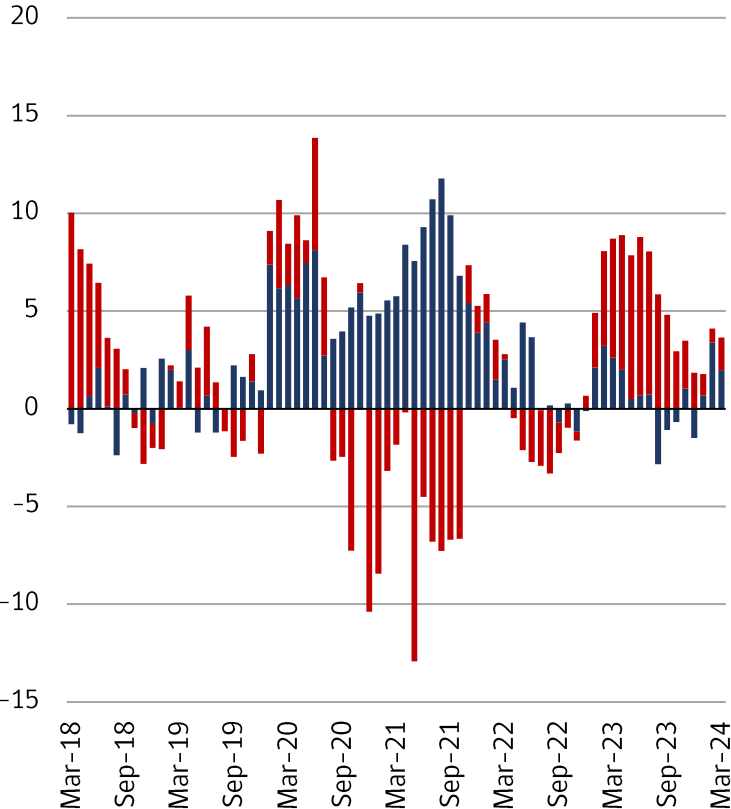
- Households
- General government
- Non-financial institutions
- Financial institutions



## External liquid assets (1)

(billions dollars, quarter moving sum)

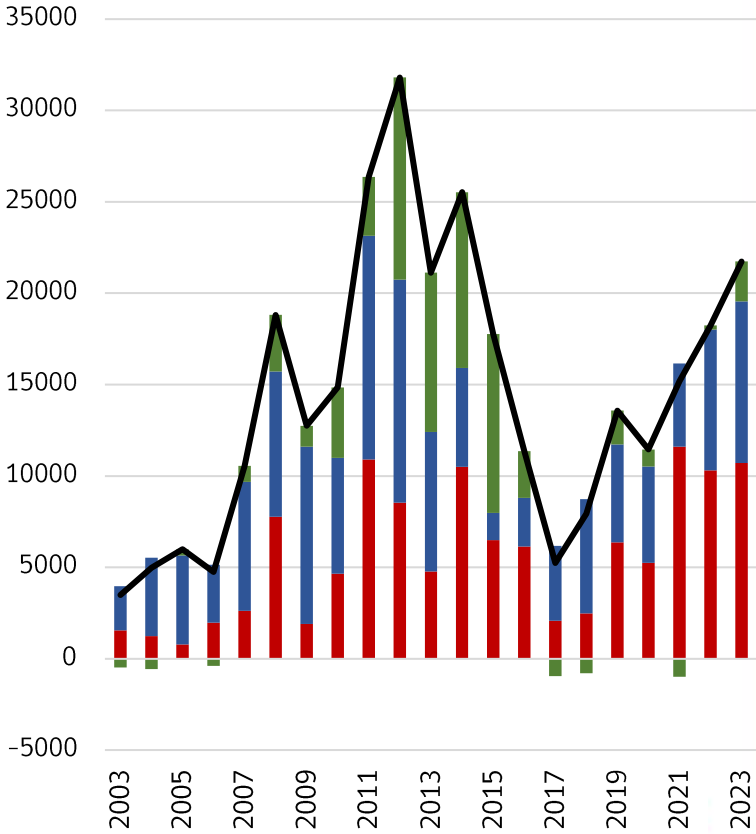
- Pension System
- Non-financial corporates and households



## Foreign Direct Investment

(millions of dollars)

- Debt instruments
- Equity
- Reinvestment of earnings
- FDI



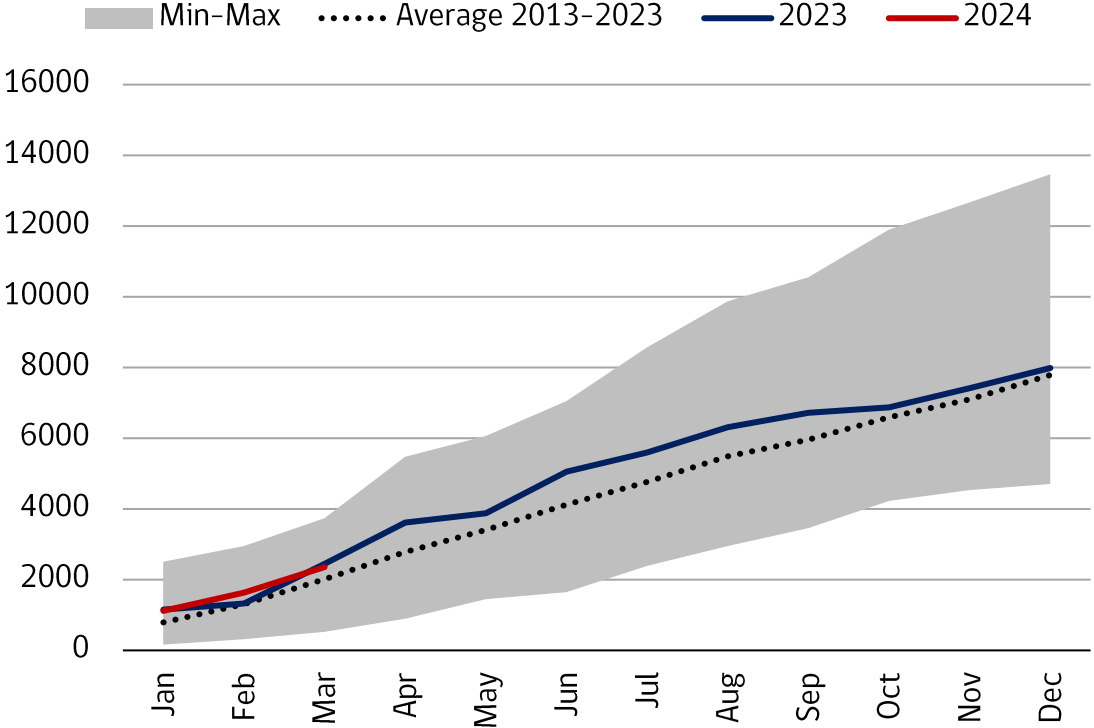
**Note:** (1) Portfolio investment and other investment flows.  
**Source:** Central Bank of Chile.



# Financial and non-financial corporates bonds issuances in the local market were around historical averages in 1Q24 but at shorter maturities

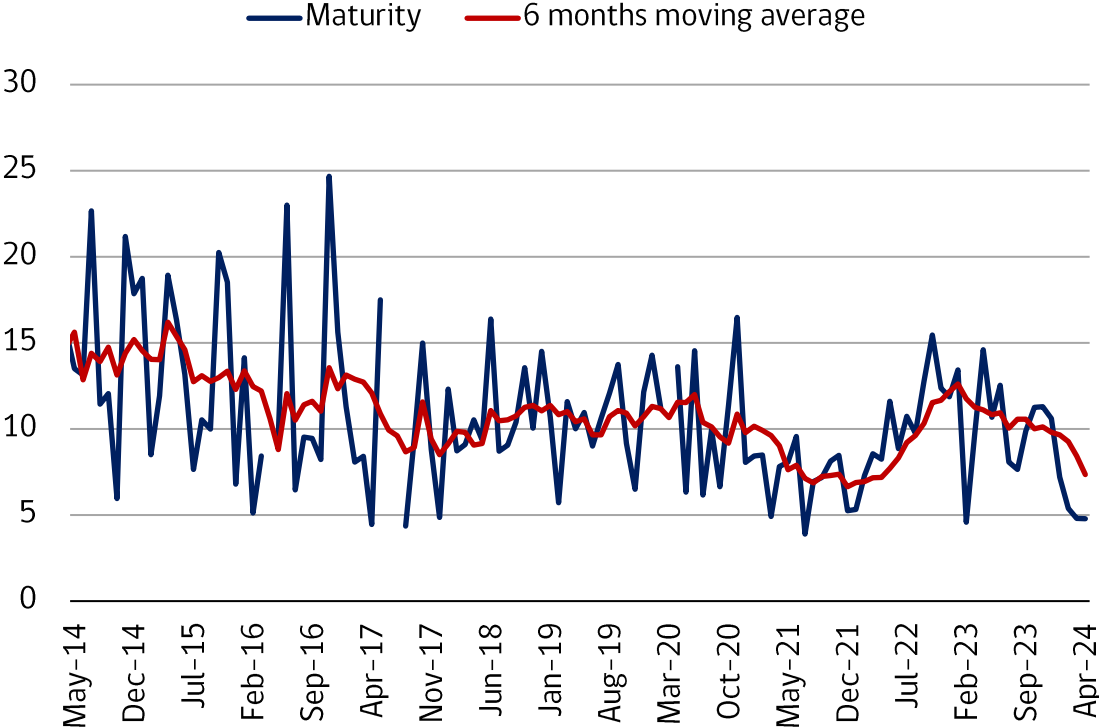
**Issuances of financial and non-financial corporates bonds in the local market**

(millions of dollars)



**Maturity of financial and non-financial corporates bonds issuances in UF local market (1)**

(years)



**Note:** (1) UF (Unidad de Fomento) corresponds to an inflation index-linked unit of account.  
**Source:** Financial Stability Report 1H 2024, Central Bank of Chile.

# The financial sector is undergoing important reforms

- **Basel III implementation continues:**

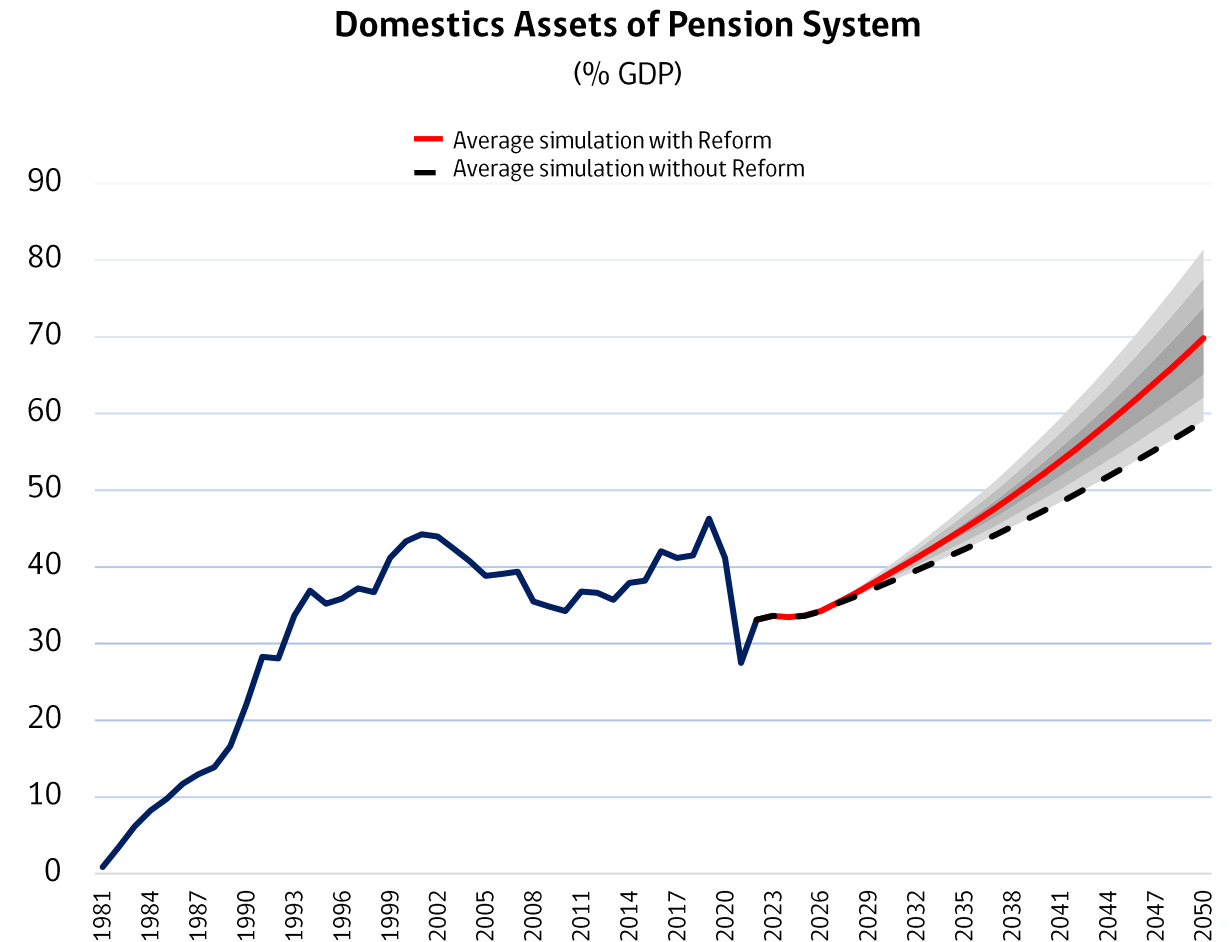
- As of December 1st of this year, the additional basic capital requirement associated with the capital conservation buffer will reach its full value of 2.5%.
- The substitution of T2 capital for AT1 will reach 1.5%.
- The additional charge for systemically important banks will reach 75% of the charge.
- The capital discount will rise to 65%.
- Additionally, the CMF (Financial Market Commission) applied additional capital requirements according to Pillar 2, which must be constituted at 25% no later than June 30 of this year.

- **Approved Laws:**

- Financial Innovation Law (Fintech)
- Resilience of the financial system and its infrastructure
- Open Finance
- Expansion and Strengthening of State Guarantee Programs (Fogape Chile Apoya, Fogaes Construcción, and Fogaes Apoyo a la Vivienda)
- Increased Prevention Against Over-Indebtedness (over-indebtedness, minimum credit card payments, Fogaes personas, debt awareness platform)
- Review of Fraud Law

# Yet the most important changes -reverting the impact of pension fund withdrawals on the long-term domestic capital market-- are pending on pension reform

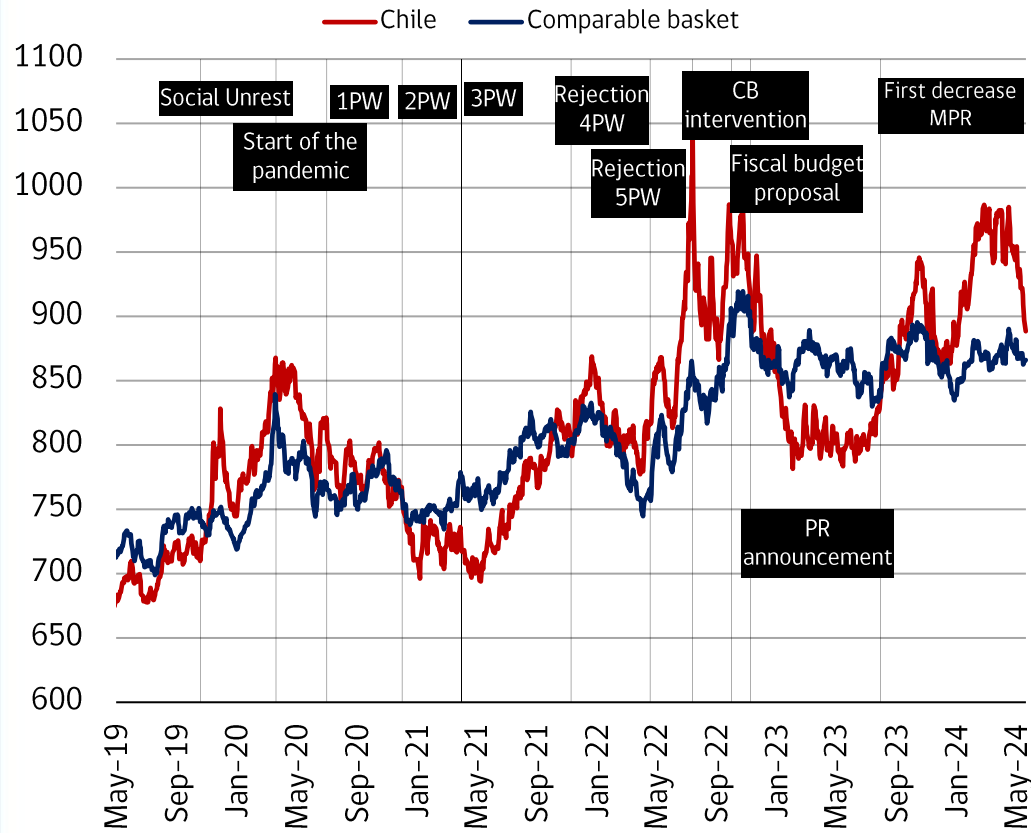
- Risk-based supervision for insurance companies
- The Financial Markets Commission and the Central Bank, in coordination with the Ministry of Finance, are refining the framework for bank resolution and deposit insurance
- Pension fund management
- Internationalization of the CLP (simplified RUT)



# The rise in copper prices has provided strong support to the CLP. There is still room for further strengthening once the FFR cuts become more likely. Non-residents' short CLP positions continue to decline

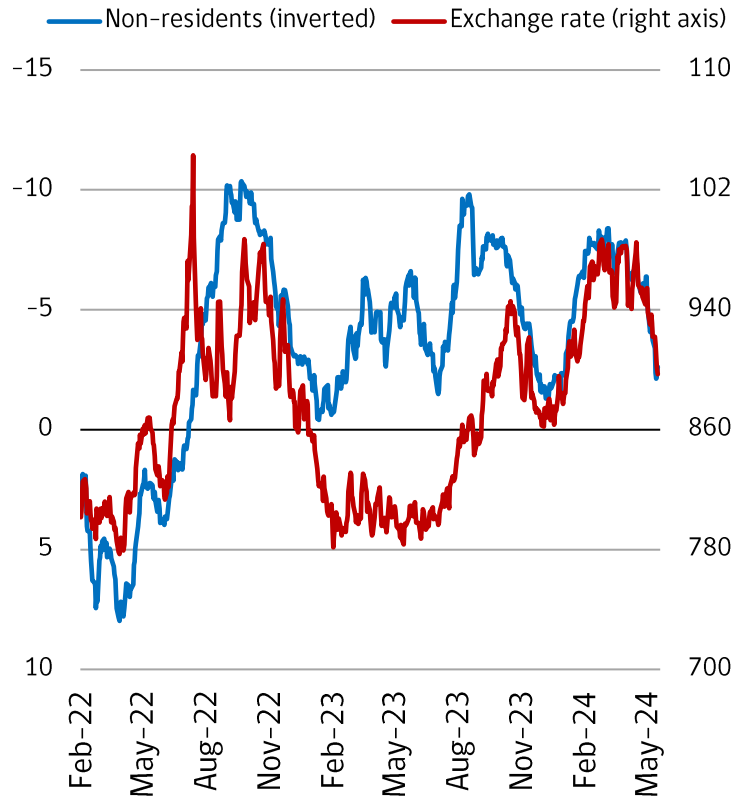
### Exchange rate (1)

(pesos per dollar)



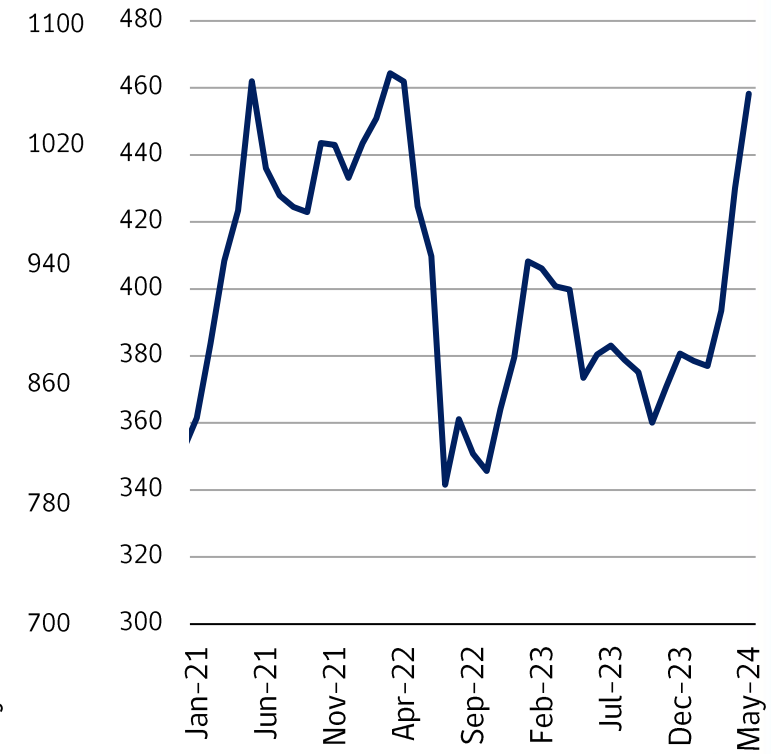
### Non-resident NDF position and exchange rate

(billions dollars, pesos per dollar)



### Copper price (2)

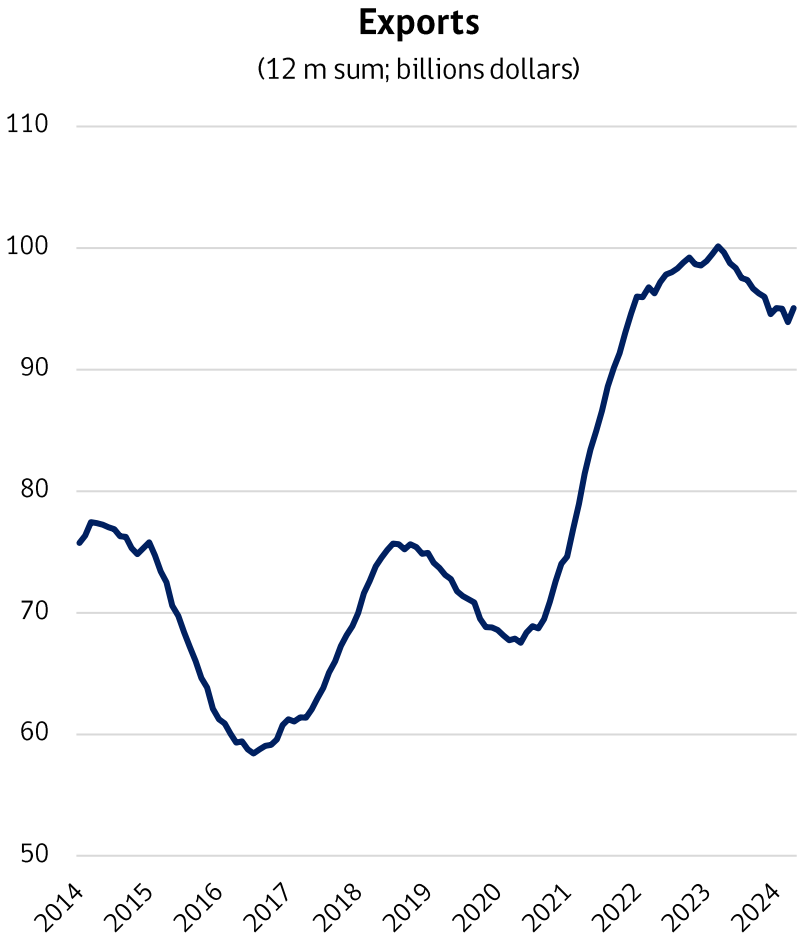
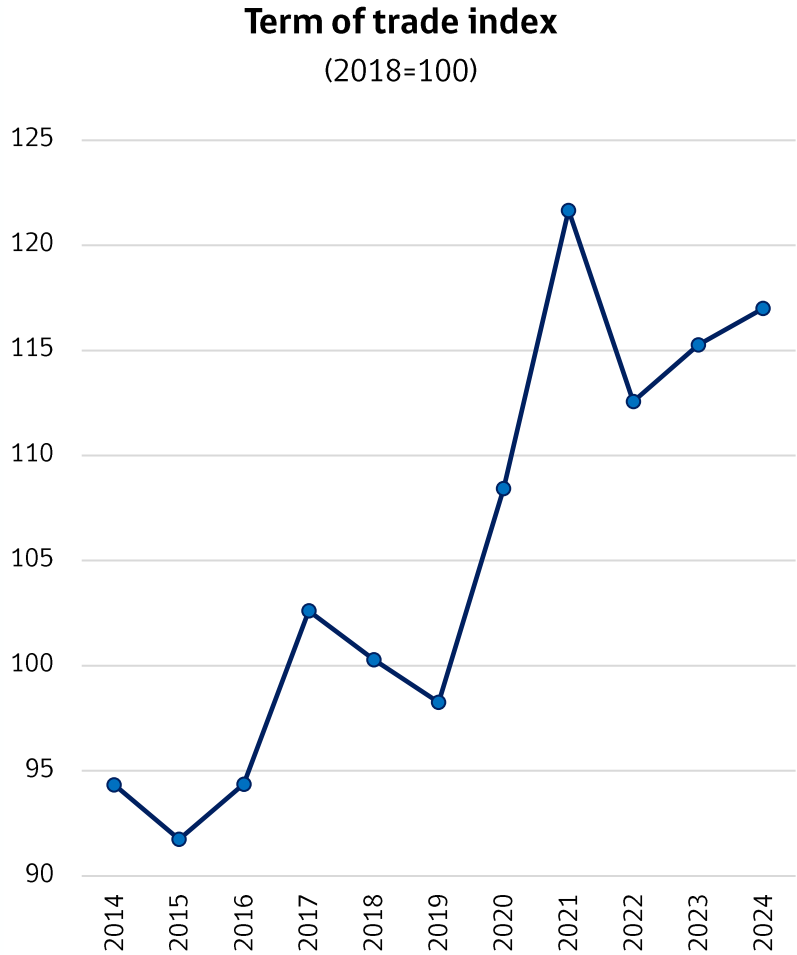
(US\$/lb, monthly average)



**Note:** (1) The basket of comparable economies considers Latin American and commodity exporters countries (Brazil, Colombia, Mexico, New Zealand, and Peru). Weights are the coefficients of a cointegrating relationship with Chile's variables. Data up to May 20<sup>th</sup>. (2) Spot price of copper informed by Chilean Copper Corporation (Cochilco).

**Source:** Bloomberg, Cochilco, Central Bank of Chile and Ministry of Finance.

# Foreign trade is adding dynamism to the Chilean economy despite global tensions. Free trade negotiations continue evolving, contributing to trade diversification



## Recent trade agreements

**Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CTPP)**

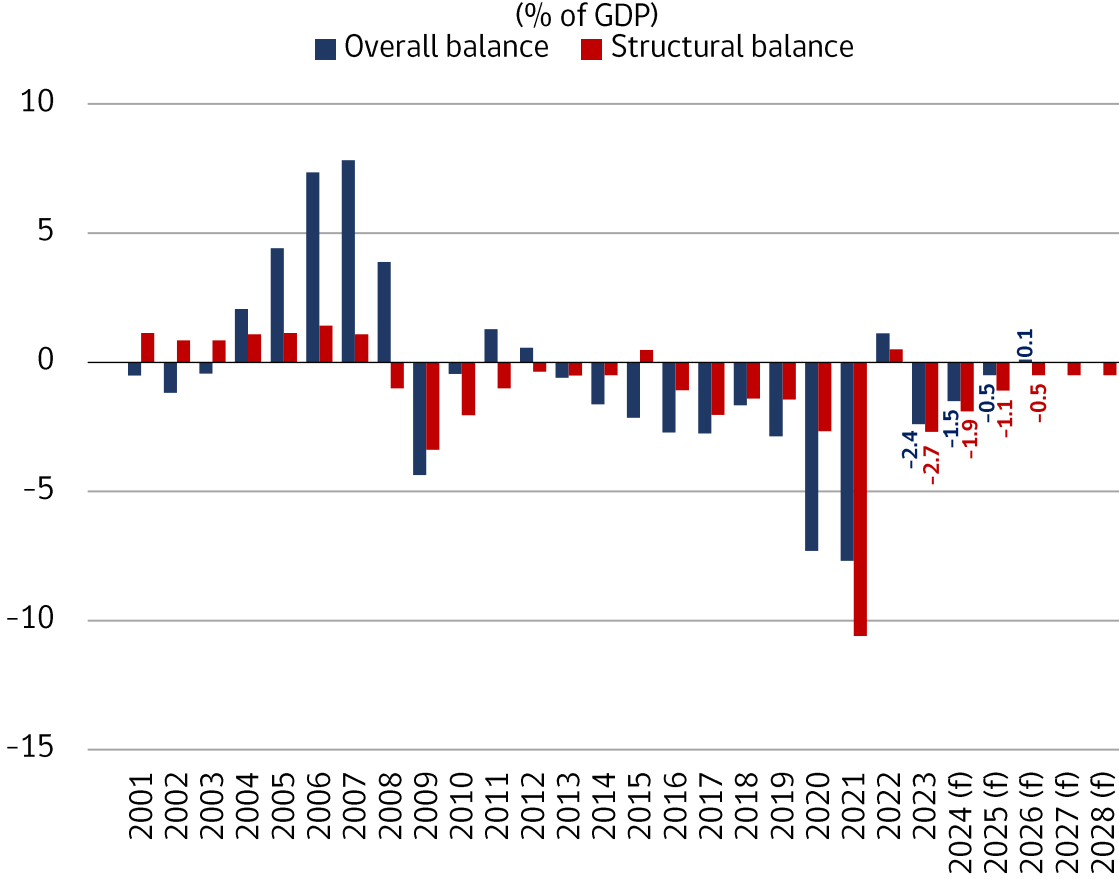
**EU treaty modernization agreement**

**In process: India, United Arab Emirates**

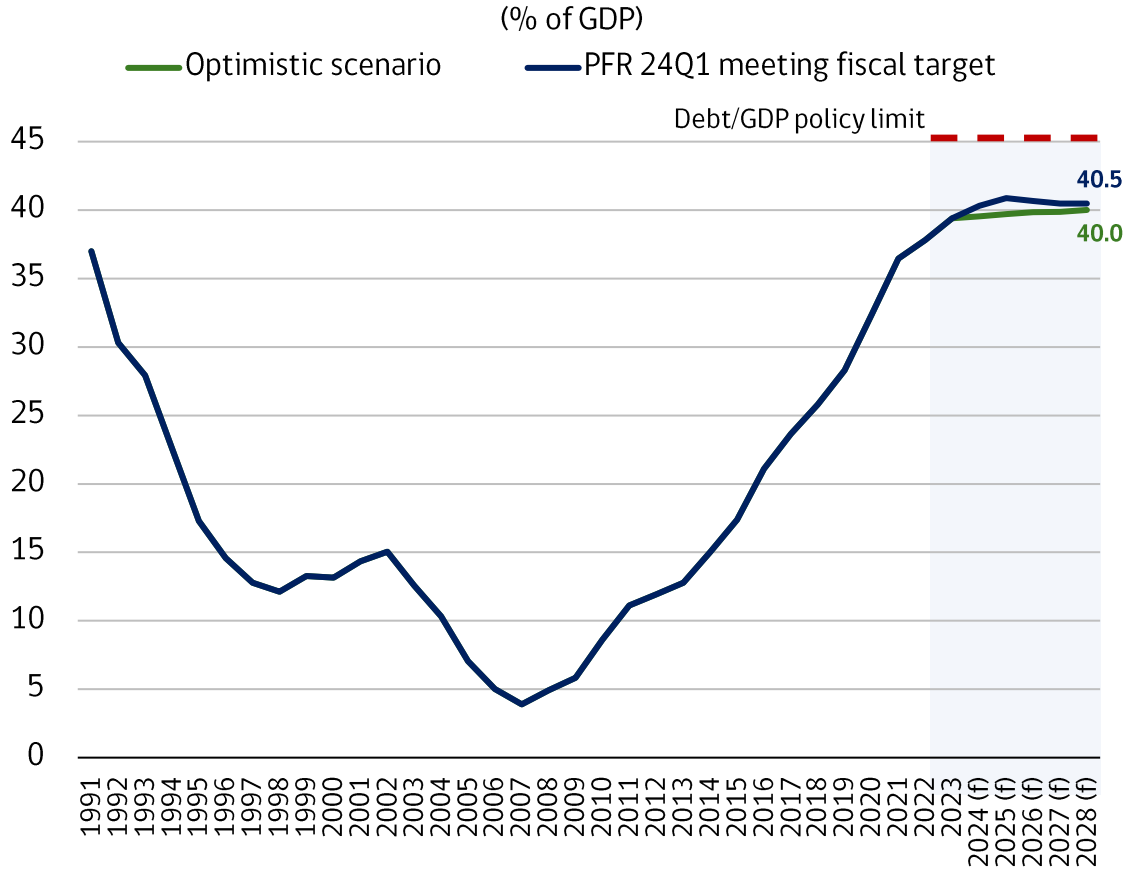
Source: Central Bank of Chile and Ministry of Finance.

# Public finances reversed the significant imbalances of 2021 and continued the consolidation process even after the temporary factors that favored revenues in 2022 ended. Current macro trends and fiscal policy targets would stabilize debt/GDP below previous estimates

**Central Government Fiscal Balance (1)**



**Central Government Gross Debt (2)**

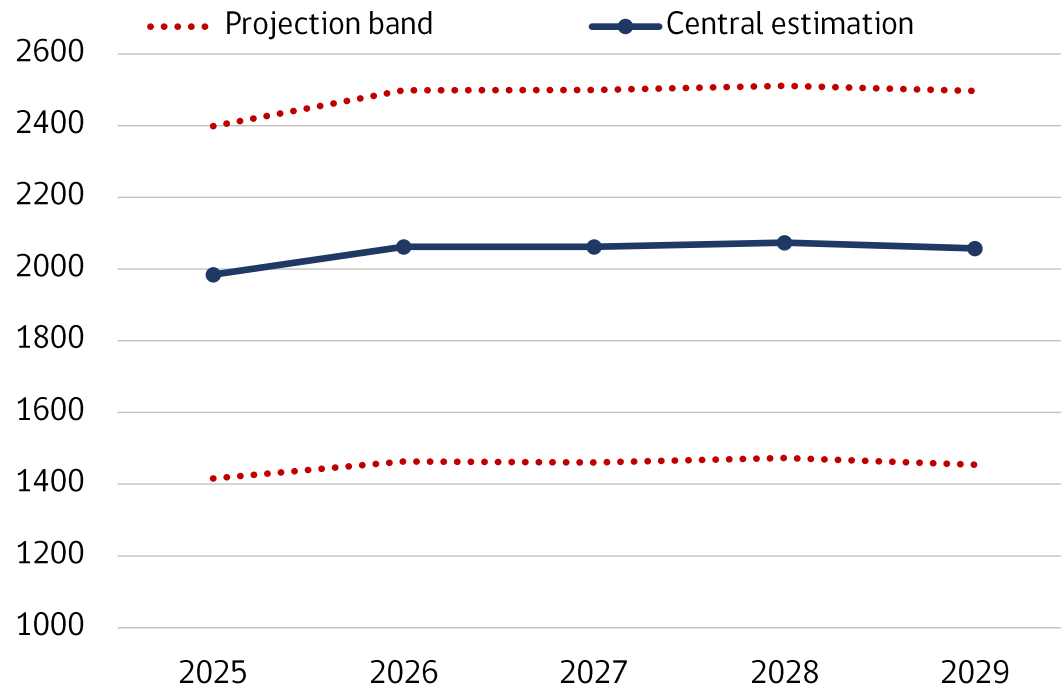


**Note:** (f): forecast. (1) 2024, 2025 and 2026 structural balance targets correspond to those determined in the Fiscal Policy Decree No. 1.387 of January 2024. (2) Debt trajectory consistent with meeting the fiscal targets included in the Fiscal Policy Decree No. 1.387 of January 2024. Optimistic scenario considers higher copper prices and short term growth.

**Source:** Budget Office.

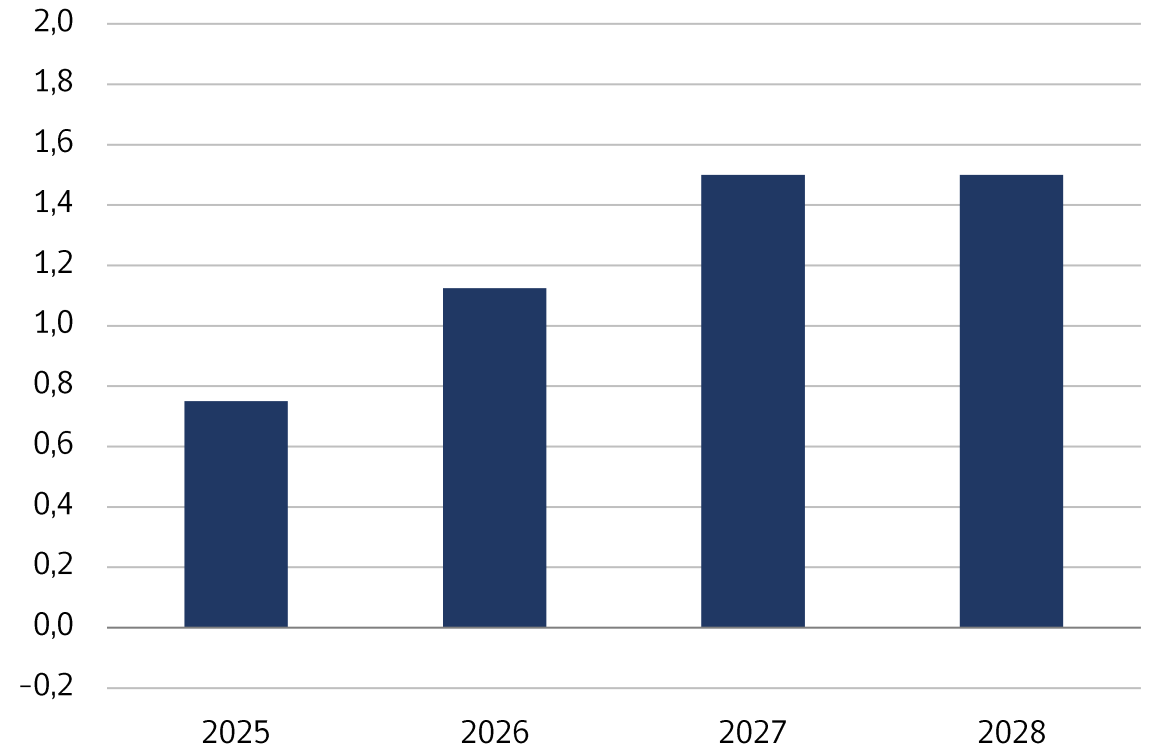
# While the fiscal situation is tight, fiscal space will broaden as a result of measures under way

**Additional fiscal revenue as a result of the application of CODELCO-SQM 2025-2029 MoU**  
(millions of dollars)



To determine the additional fiscal space that these incomes would generate, the application of the lithium income adjustment in the calculation of the Structural Balance should be considered

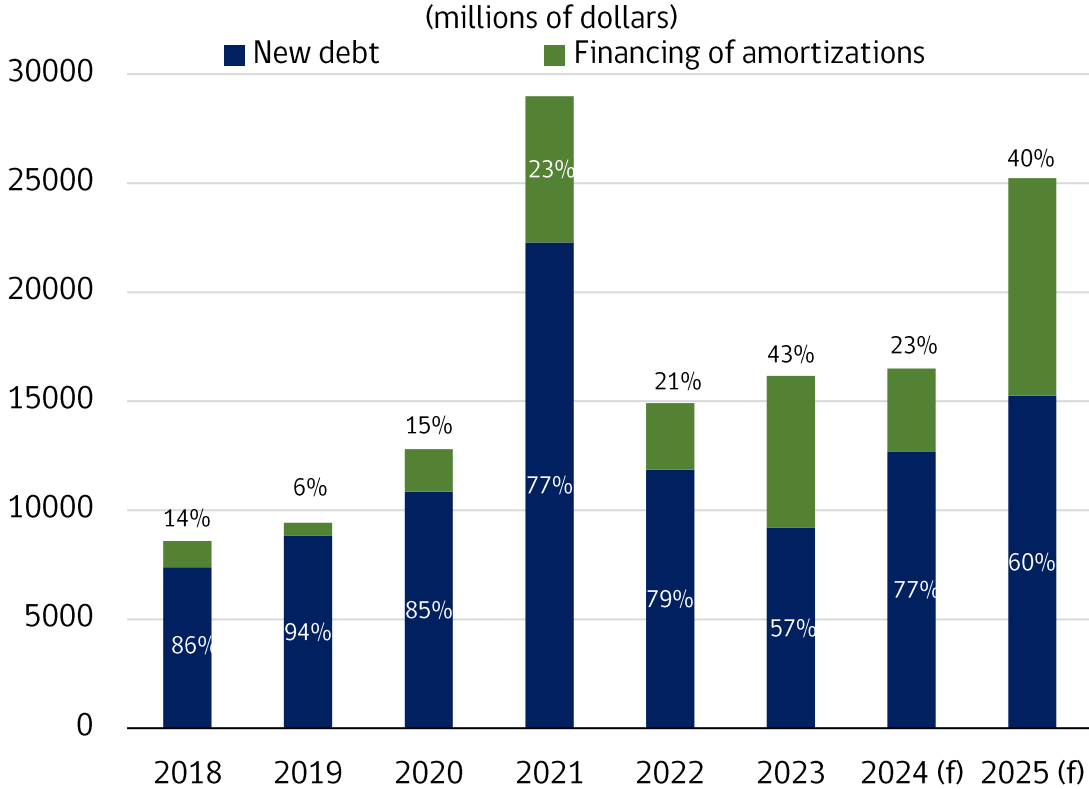
**Tax compliance**  
(% of GDP)



Compliance with tax obligations has been incorporated as a central component of the Fiscal Pact and will allow fiscal resources to increase by 1.5% of GDP. The pension reform article that links higher expenses to higher collections was approved with transversal support

# In contrast with 2018–2021, more debt issuances are aimed at refinancing rather than funding new deficits

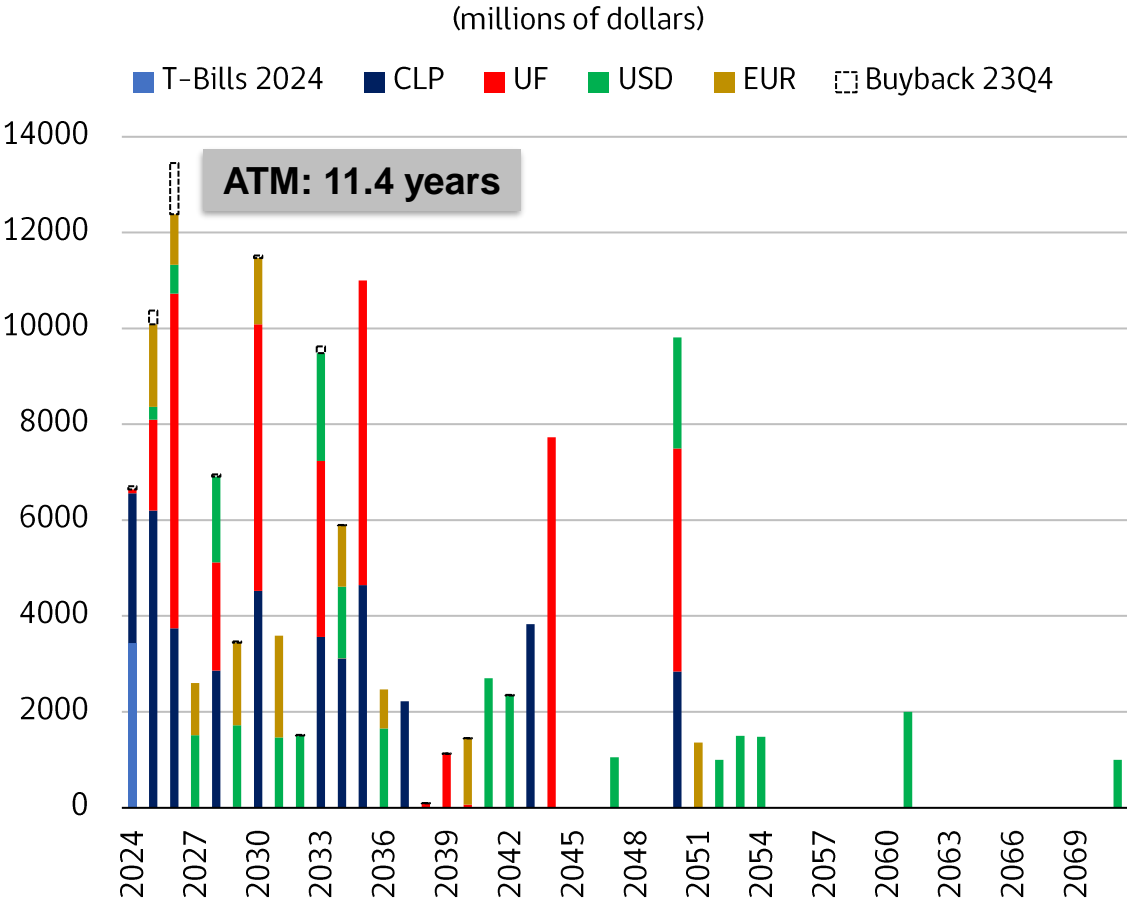
## Gross debt issuance composition



Withdrawals from the sovereign fund amounted to:

- USD 5667 millions in 2020
- USD 9157 millions in 2021

## Maturity Profile of Republic of Chile’s Sovereign Bonds

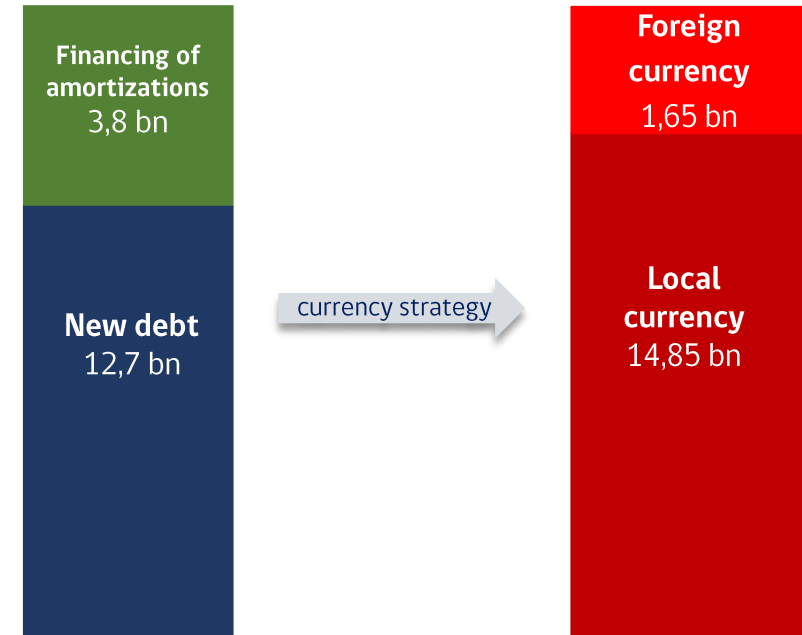


**Note:** (f): forecast.  
**Source:** Ministry of Finance.



## 2024 Bond Issuances Plan considers short-term financial needs and future commitments

- 2024 plan considers up to **US\$ 16,5bn equivalent (around 90% local – 10% external)**
  - Conclude 2024 with a composition of **66%/34% between local and external currency** (80/20 by 2026)
  - Around **US\$3 billion in short term bills**.
  - Domestic issuances includes Book-Building process. Enhance foreign participation in LC debt.
  - Local bond issuance: **52% in CLP and 48% in UFs**.
- Liability Management plan with **focus on amortizations in 2025 and 2026**.
  - Amortizations amount to 10 bn and above 12 bn in 2025 and 2026, respectively.
  - In 4Q23 transactions around 287 million and 1,065 million buyback, for 2025 and 2026, respectively.
  - Aim to maintain an **average maturity around 11 years** on the stock.

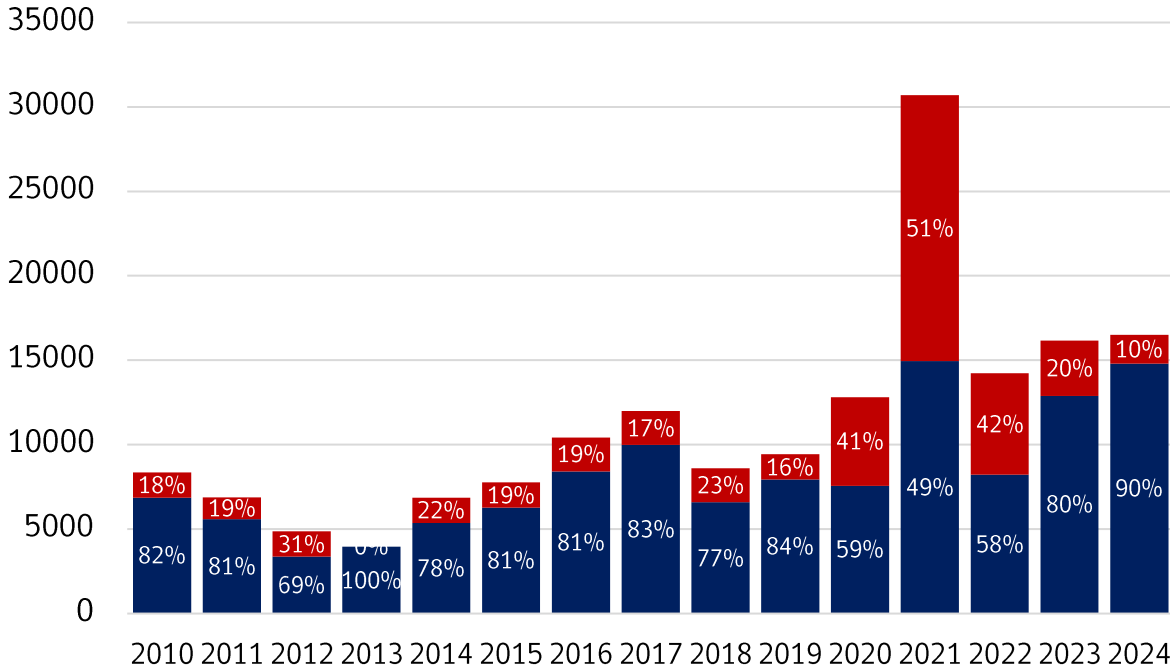


# Public debt is mainly composed of local currency denominated bonds but the recent increase in the share of foreign currency has added FX volatility risk, hence the currency strategy, complemented with synthetic redenomination

**Issuances by Currency**

(millions of dollars, % of total)

Foreign Currency Local Currency

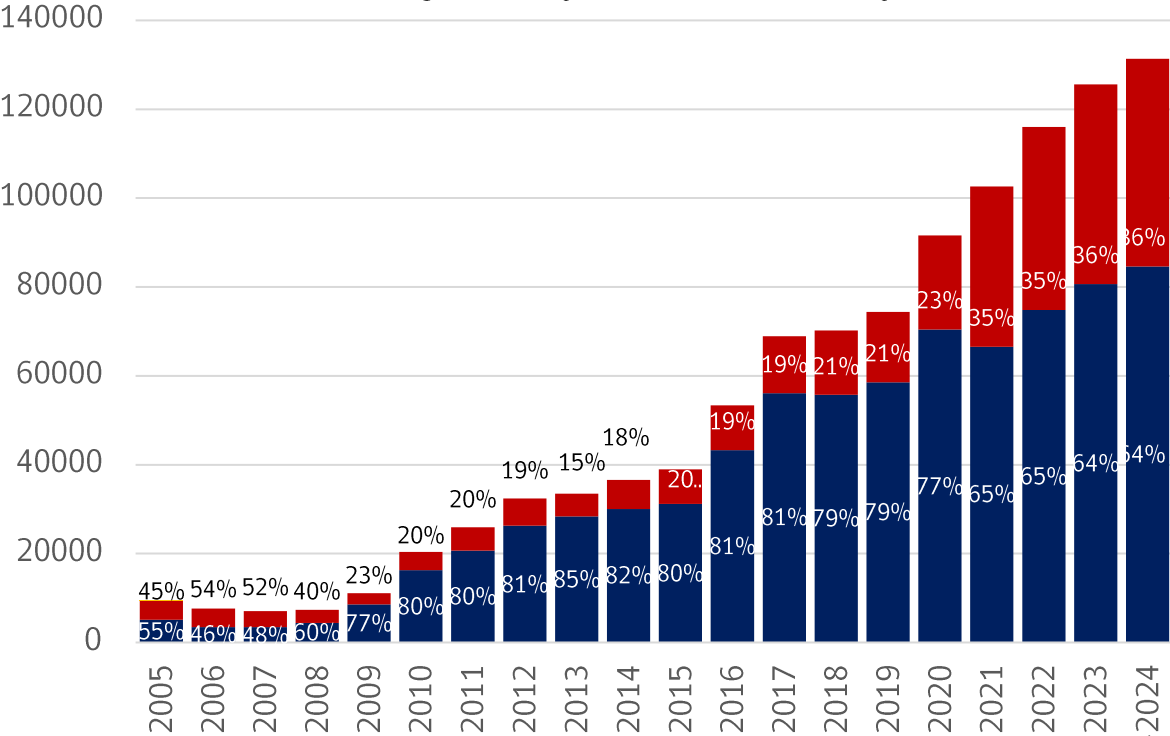


(p)

**Public Debt by Currency**

(stock in millions of dollars, % of total)

Foreign Currency Local Currency



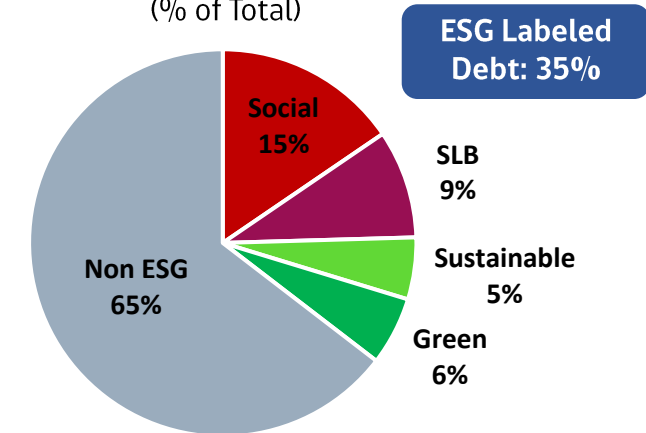
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**Note:** (p): forecast.  
**Source:** Ministry of Finance.

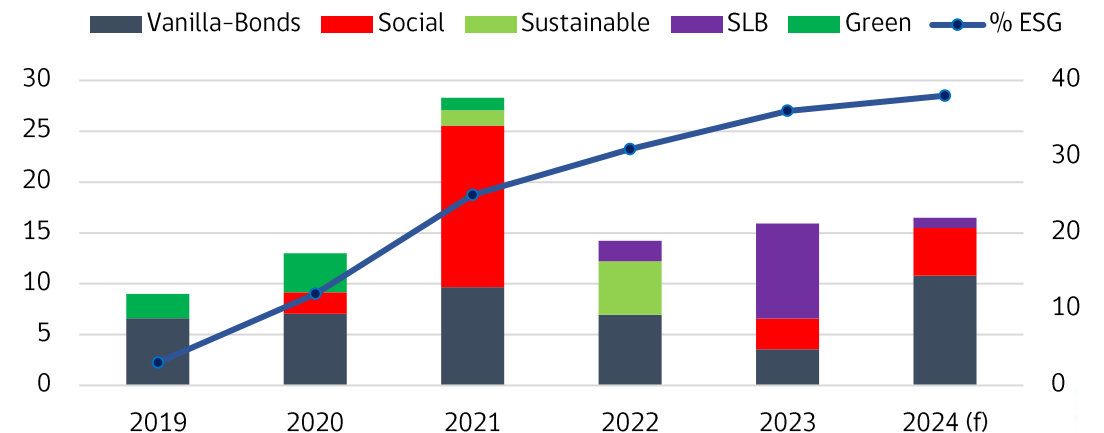
# Leveraging Government financing to address Climate Change & drive Sustainable Growth: thematic bonds at the center of the Strategy

- Total ESG bond issuance reached **around US\$46 billion** considering all its bonds, **35% of its total stock**.
- Chile is a leader in the sovereign ESG-bond market:
  - One of the countries with the **highest number of ESG bonds** considering 144A Regulation / Reg S/ SEC registered (US\$41 billion)
  - In June 2019, Chile became the first country in the Americas to issue a **Green Bond**.
  - In February 2022, became the first sovereign to issue a **Sustainability-Linked Bond (SLB)**.
  - In June 2023, became the first sovereign to add **social/gender equality target to new SLB issuance**.
  - Currently, Chile is analyzing the possibility to add **biodiversity KPIs in its SLB Framework**.

Stock as of May 22, 2024  
(% of Total)



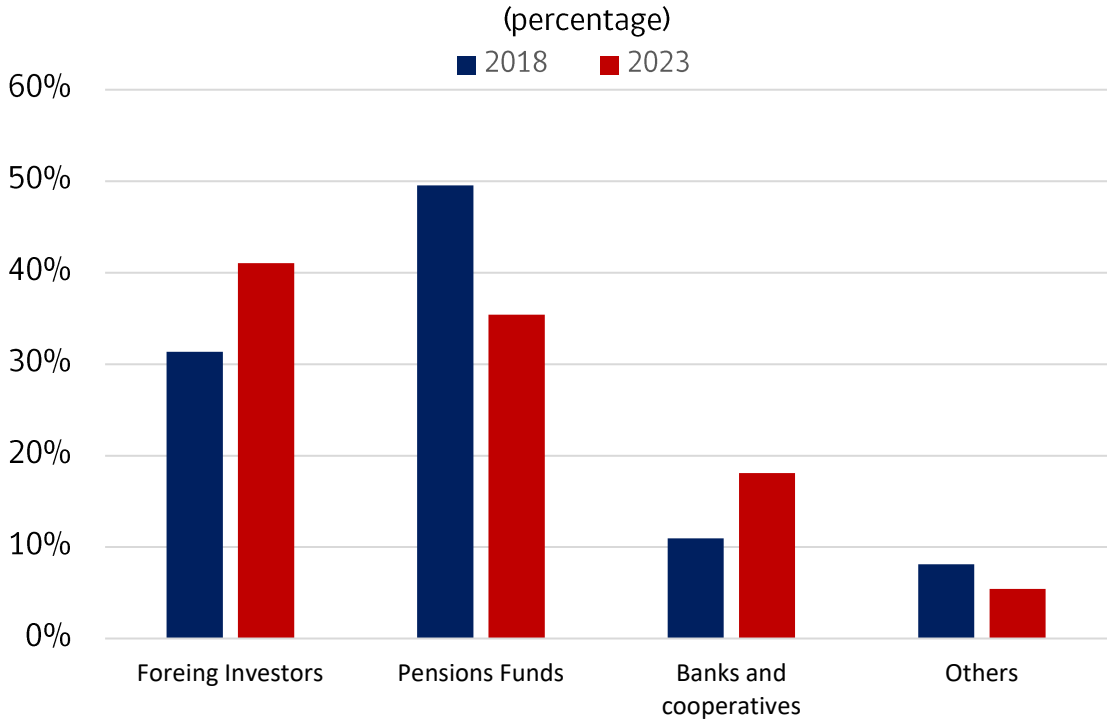
Historic issuances and ESG stock  
(millions of dollars, % of total stock)



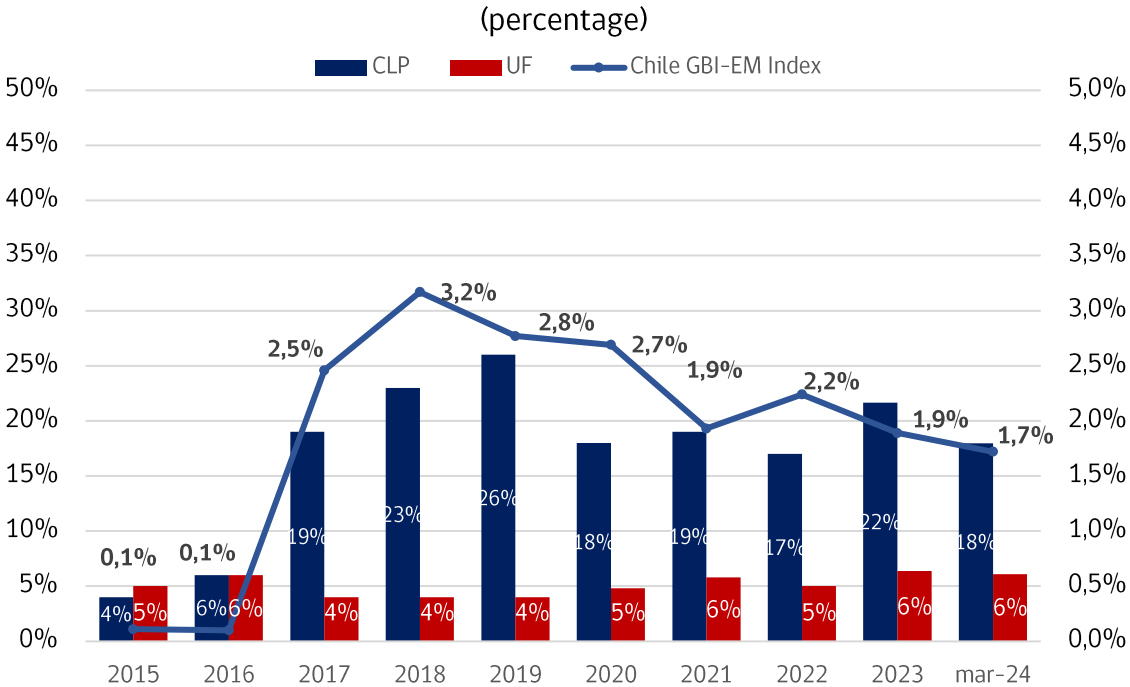
Note: (f): forecast.  
Source: Ministry of Finance.

# Benefits of the Chilean Debt Management strategy: larger and more diversified investor base, benchmark points in all currencies and greenium

Holdings of Sovereign Local and External Bonds by Type of Investor (percentage)



Holdings of Non-Residents in Local Bonds by currency (CLP/UF) and Chile's participation in the GBI-EM Index (percentage)



- The government's financing strategy has included the participation of foreigners through Book-Building issuances, with very active involvement in the transactions.
- Their allocations in the most recent transactions have averaged 40%.
- In October 2023, for the first time, a bond was issued in UF under this modality, allowing foreigners to enter this curve.

Source: Ministry of Finance.



## » Addressing long-term challenges and fostering inclusive growth

The Pact for Economic Growth, Social Progress, and Fiscal Responsibility emerged from several months of dialogue with business organizations and representatives of political parties. It includes 36 measures to boost growth, 12 to reform the State, and 30 to improve tax compliance



Boosting growth through investment, productivity, and formalization of the economy

36 initiatives



Reform commitments to strengthen transparency, efficiency, and quality of service in the State

12 reforms



Needs and spending priorities in favor of the needs expressed by the citizens

4 sectors



Principles for a modern tax system in Chile

12 principles



Tax compliance enforcement and income tax reform

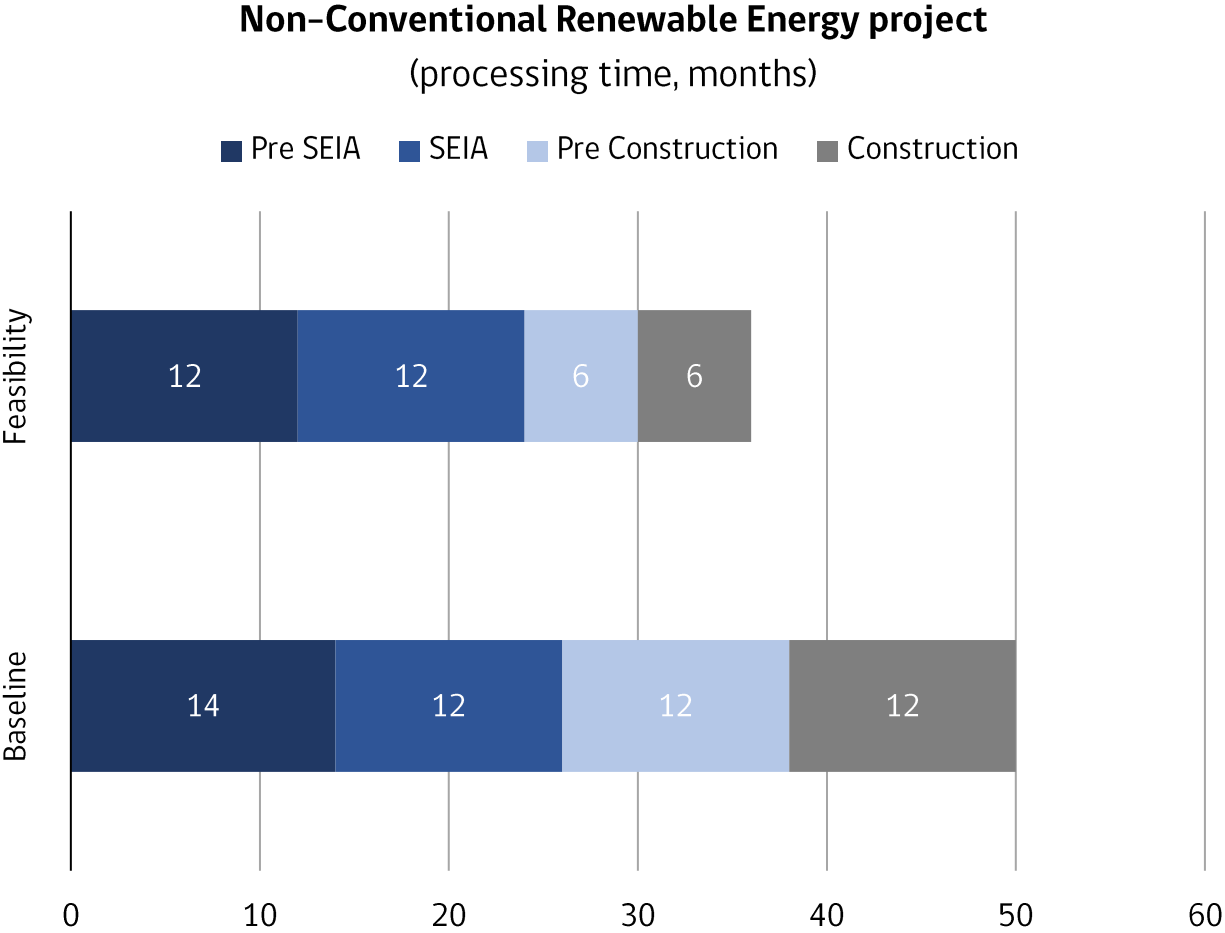
30 measures



Institutional mechanisms for monitoring, tracking, and evaluating the Fiscal Pact

10 years

The pro-growth measures include legal reforms to shorten by a third the time required to obtain investment permits. These include an Intelligent Permits System and an Environmental Assessment 2.0, plus other three initiatives



**Notes:** SEIA is an abbreviation for Environmental Impact Assessment System. The NCRE project is assumed to be submitted to the SEIA through an Environmental Impact Declaration, while the mining exploitation project is assumed to be submitted through an Environmental Impact Study. Both projects are assumed to be located in a rural area.

**Source:** National Productivity and Evaluation Commission.

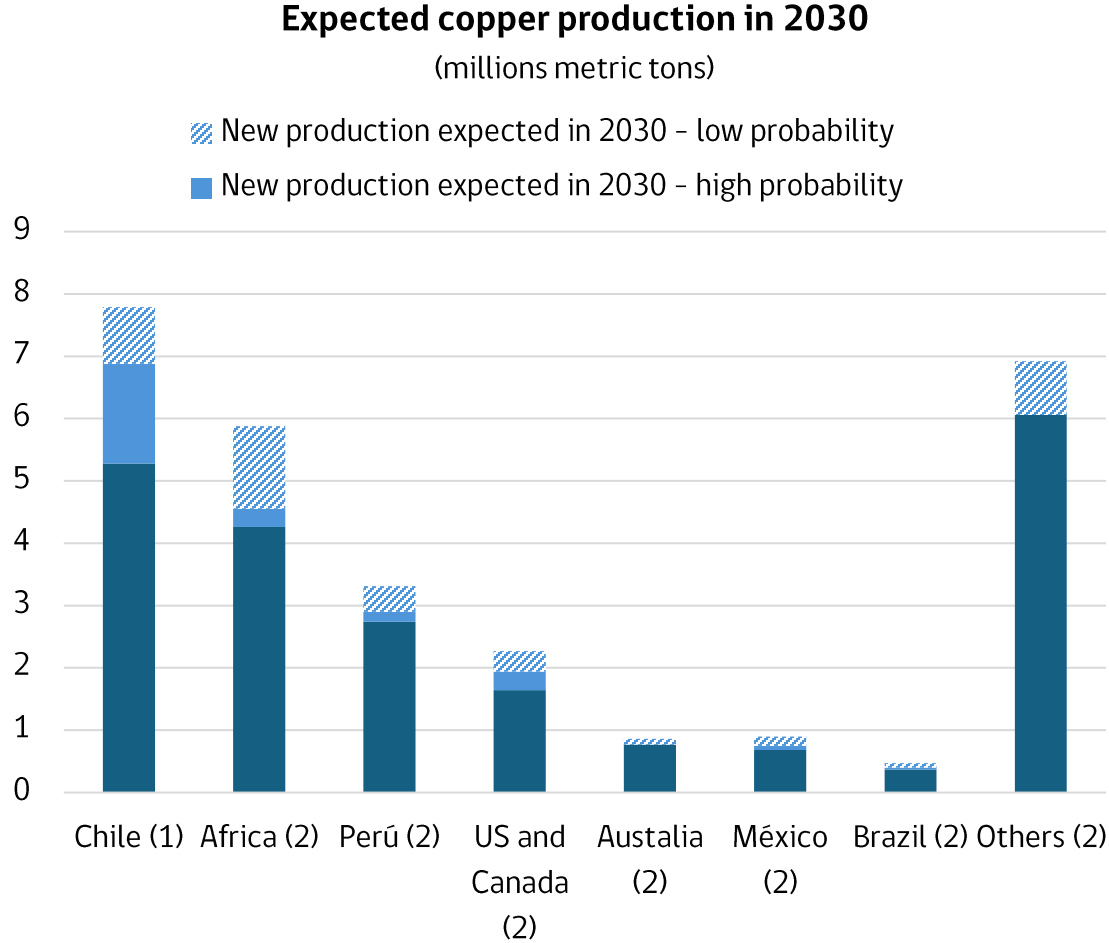
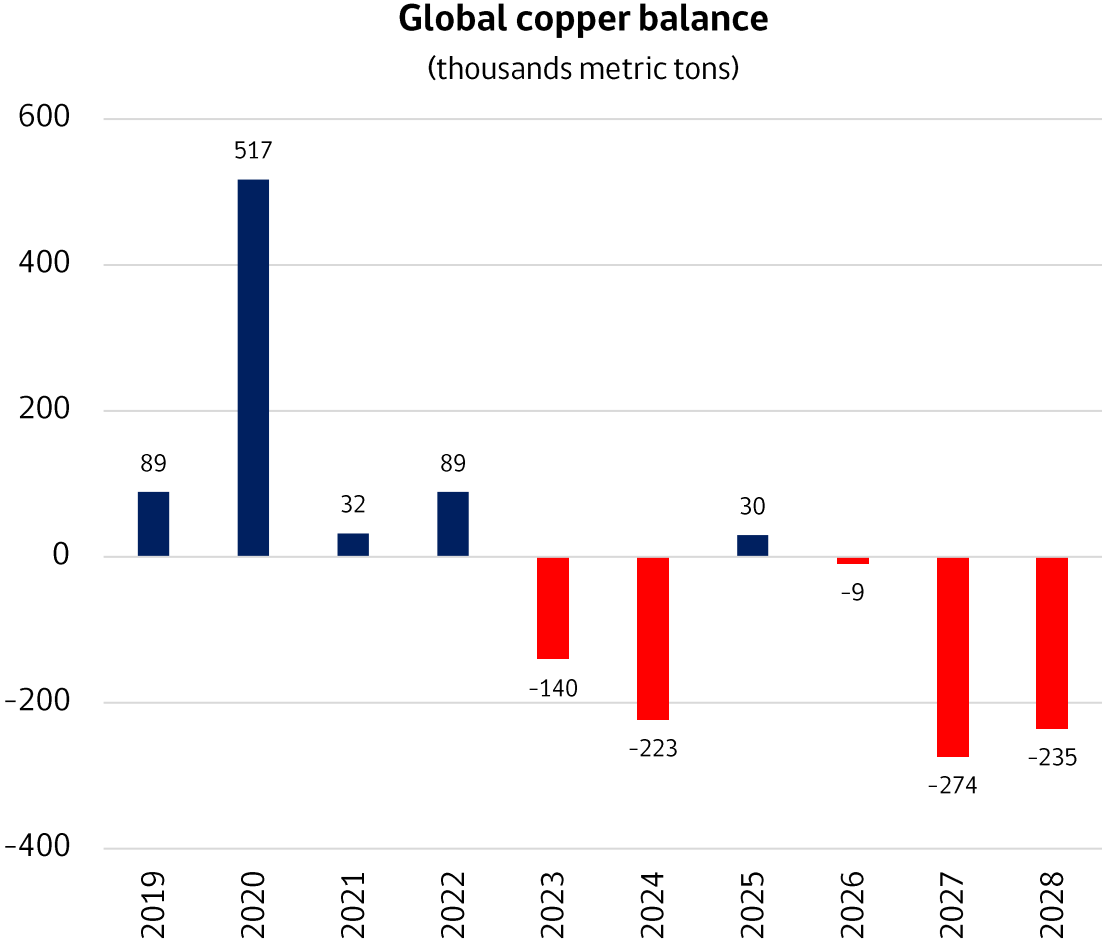
## Pro-growth also includes broadening the productive base building on emerging comparative advantages

Economic sector	Goal to 2026	Development instruments
<b>Clean and competitive mining</b>	Increase copper production by 1.04 million metric tons	<ul style="list-style-type: none"> <li>• Fiscal and tax stability</li> <li>• Reduce in 30% the time of paperwork of mining projects</li> <li>• Implementation of tax credits for emission reduction projects, hydraulic efficiency</li> </ul>
<b>Lithium</b>	3 to 4 new projects in development	<ul style="list-style-type: none"> <li>• Implementation of the National Lithium Strategy</li> <li>• Special Contract for Lithium Operations (CEOL)</li> <li>• Creation of the Public Technology and Research Institute for Lithium and Salt Flats</li> <li>• Implementation of tax credits to projects with direct extraction technologies and extension of values chains</li> </ul>
<b>Renewable energies</b>	2/3 of matrix of electricity generation from renewable sources	<ul style="list-style-type: none"> <li>• Implementation of Ministry of Energy proposal to solve problems of renewable generators in the north of Chile</li> <li>• Implementation of tax credits to new projects</li> </ul>
<b>Green hydrogen</b>	10-12 projects in development	<ul style="list-style-type: none"> <li>• Action Plan of H2V</li> <li>• Financial facility of US\$1 billion with international organizations</li> <li>• "Ventana al Futuro" Agenda, Ministry of National Assets</li> <li>• Simplification of environmental impact assessment, including assessment baselines</li> <li>• Tax credits for innovative projects with multiplier effect</li> </ul>
<b>Digital economy</b>	The growth of the digital economy triples the average growth of the economy	<ul style="list-style-type: none"> <li>• Increase investment in science and technology to 1% of GDP</li> <li>• Reinvestment of mining and lithium income</li> <li>• Public investment in connectivity in excluded areas</li> <li>• Expansion of training programs in digital skills: Increase coverage and update the design of the digital talent program with the support of the IDB, raising coverage to up to 50,000 people by 2026, in addition to other SENCE and CORFO programs.</li> <li>• Implementation of Humboldt Project: a submarine cable that links Asia-Pacific</li> </ul>
<b>Tourism</b>	Increase the number of foreign tourists entering the country by more than 1 million per year	<ul style="list-style-type: none"> <li>• Increase in public resources for international tourism promotion</li> <li>• Refund of VAT to foreign tourists for the purchase of movable goods within the national territory</li> <li>• Refund of VAT to foreign companies that carry out audiovisual projects within the national territory</li> </ul>

**The government has outlined challenging goals to meet at the end of its term and identified concrete measures to achieve them. This requires the participation of the private sector: local and foreign investors.**



# For the coming years, a deficit in world copper production is expected. By 2030 Chile will be the country with the greatest increase in copper production



**Note** (1) Based on COCHILCO, "Proyección de la producción de Cobre en Chile 2023 - 2034. (2) Based on LarrainVial, INCOMARE and Wood Mackenzie. The probability of project execution is an evaluation carried out by the authors based on the risk factors associated with the development of the projects. This considers the start date of production and the institutional political context.

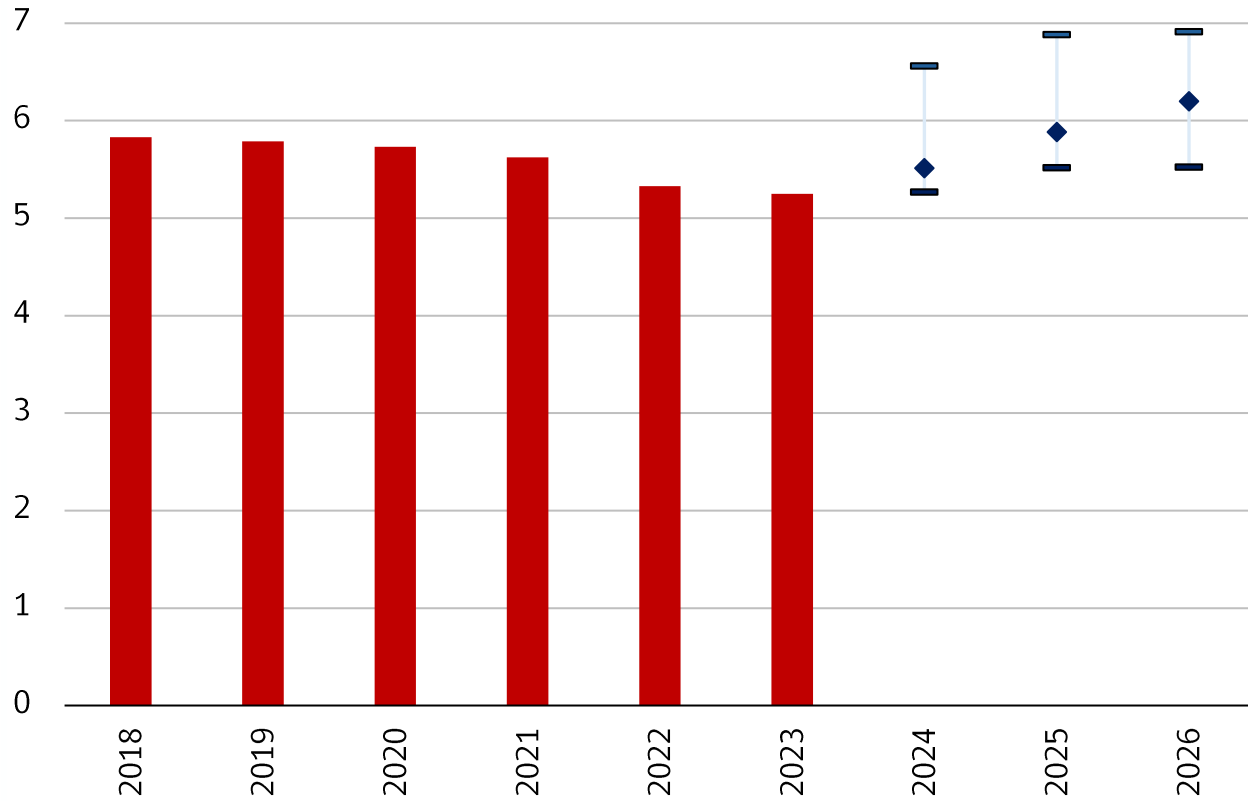
**Source:** LarrainVial, INCOMARE, Wood Mackenzie and COCHILCO.

# The entry of new private mining projects, along with the recovery of Codelco's production, will allow an increase in copper production by 1 million metric tons

**Outlook: Chilean copper production 2030 (1)**

(millions of metric tons)

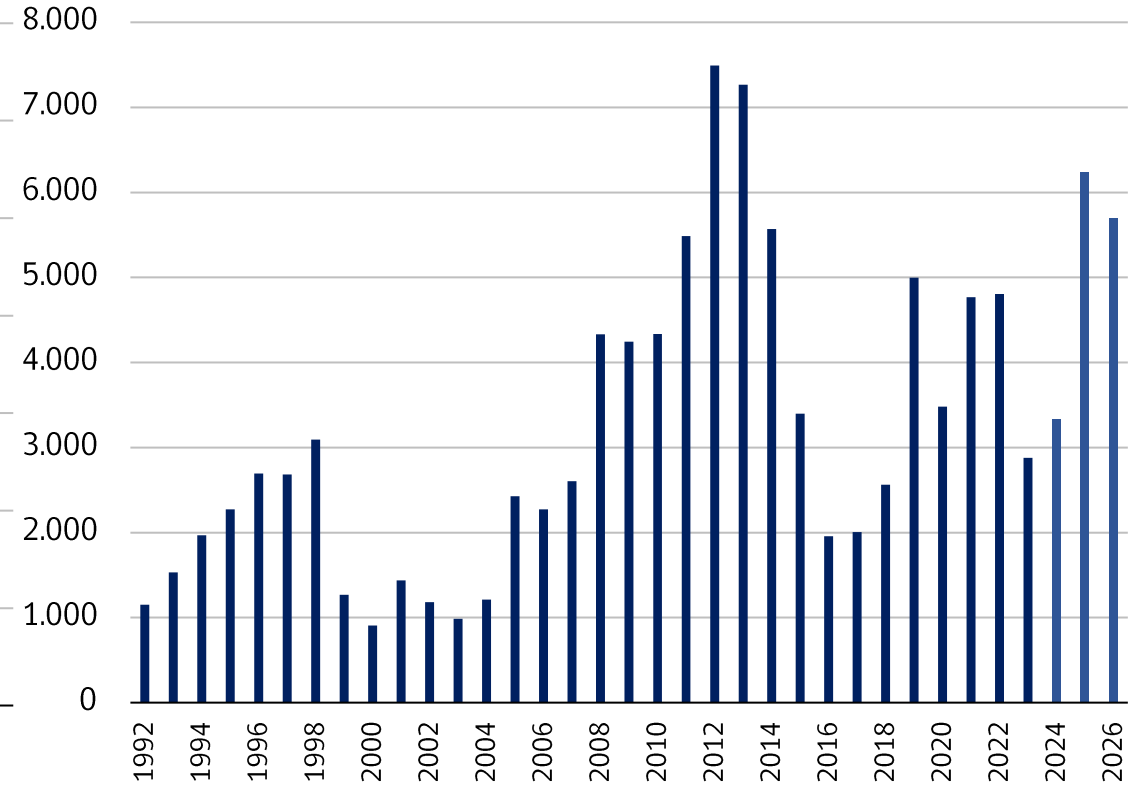
■ Actual — Max - Min ◆ Expected



**Private investment in the mining sector:**

**historical data and forecast (2)**

(millions of dollars (3))



**Note:** (1) The range of production is defined by COCHILCO based on the complex interaction of variables that influence the development of mining projects. Factors such as the level of engineering, the type of project, the status of environmental permits and the company's ability to advance initiatives are considered. This characterization provides a more accurate estimate of the likelihood that projects will materialize within the timelines set by owners and their engineering teams. However, this evaluation does not constitute a definitive indicator to determine the completion of a project. (2) Forecast based on the 1Q2024 Capital Goods Corporation survey. (3) Forecasts are expressed in nominal terms, while historical data are expressed in real dollars as of March 31<sup>st</sup>, 2024.

**Source:** COCHILCO, Capital Goods' Corporation.

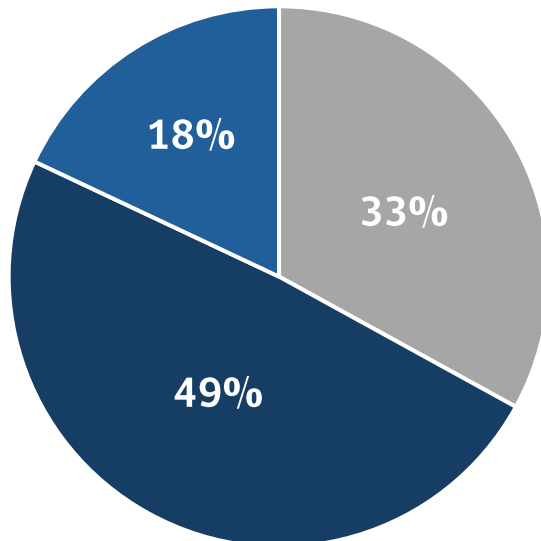
# The National Lithium Strategy, presented a year ago, is making good progress. There is room for joint ventures with Codelco and Enami in six salt flats and private projects in 26 open salt flats, where a RFI is under progress

1. Projects with majority state participation: Atacama salt flat (Codelco-SQM) and Maricunga salt flat (Codelco)
2. Projects led by State companies: Alto Andinos salt flats project (Enami) and Pedernales salt flat (Codelco)
3. Projects led by national or foreign private investors: Request for Information (RFI) process for 26 salt flats

## Territorial distribution of saline systems

(percentage)

- Network of protected salt flats
- Salt flats for participation of national and international investors
- Salt flats with public-private participation



**Note:** Alto Andinos project includes Grande, Los Infielos, La Isla and Aguilar salt flats.  
**Source:** [www.gob.cl/chileavanzaconlitio](http://www.gob.cl/chileavanzaconlitio), [www.minmineria.cl](http://www.minmineria.cl)



## High interest in the RFI process:

- ✓ **238 participants** in RFI outreach activities, from Asia, Oceania, Europe and America.
- ✓ **1,600+ visits** to the base's website.
- ✓ **474 downloads** of the RFI terms and conditions document, from 26 countries.
- ✓ **349 questions** in the consultation period, corresponding to 43 institutions,

# The National Lithium Strategy will generate an increase in production of 76% by 2030 and at least 111% by 2035, more than doubling the volume of lithium carbonate equivalent (LCE) produced per year

**National Lithium Strategy Chilean production conservative forecast**  
(LCE tons per year)

	2023	2030	2035
SQM - CODELCO	170,000	300,000	300,000
Albermarle	55,000	80,000	100,000
Salar Blanco	-	15,200	15,200
ENAMI	-	-	20,000
New CEOL (2)	-	-	40,000
CODELCO Maricunga and Pedernales	-	-	-
<b>Total</b>	<b>225,000</b>	<b>395,200</b>	<b>475,200</b>
<b>Porcentual increase</b>	<b>-</b>	<b>76%</b>	<b>111%</b>

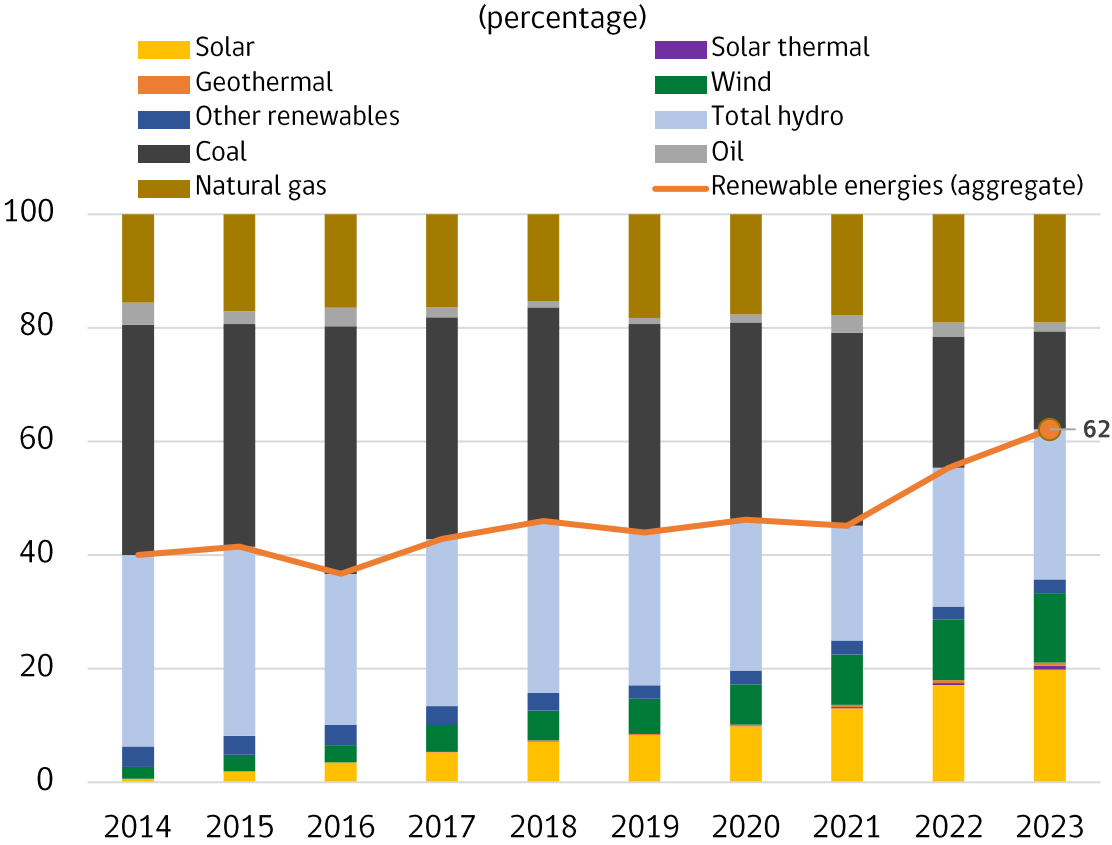
## Outlook scenario assumptions

- SQM - CODELCO (Atacama salt flat) will increase its production to 300,000 LCE tons no later than 2030.
- Albermarle (Atacama salt flat) will have a base production level of at least 80,000 tons by 2030 and 100,000 LCE tons by 2035, due to efficiency improvements.
- Blanco salt flat project (Maricunga salt flat) recently acquired by CODELCO from Lithium Power International (LPI) will produce 15,200 LCE tons according to its latest environmental approval.
- ENAMI will develop its Salares Altoandinos project in two stages, which will reach 60,000 LCE tons by 2037 (considering a first stage of 20,000 LCE tons by 2032, and a second stage of an additional 40,000 LCE tons from 2037)
- Two new CEOLs to private companies, forecasting a conservative 20,000 LCE tons for each of their projects, starting in 2034.
- For new CODELCO projects in the Maricunga and Pedernales salt flats, there are currently no data available to reliably forecast production.

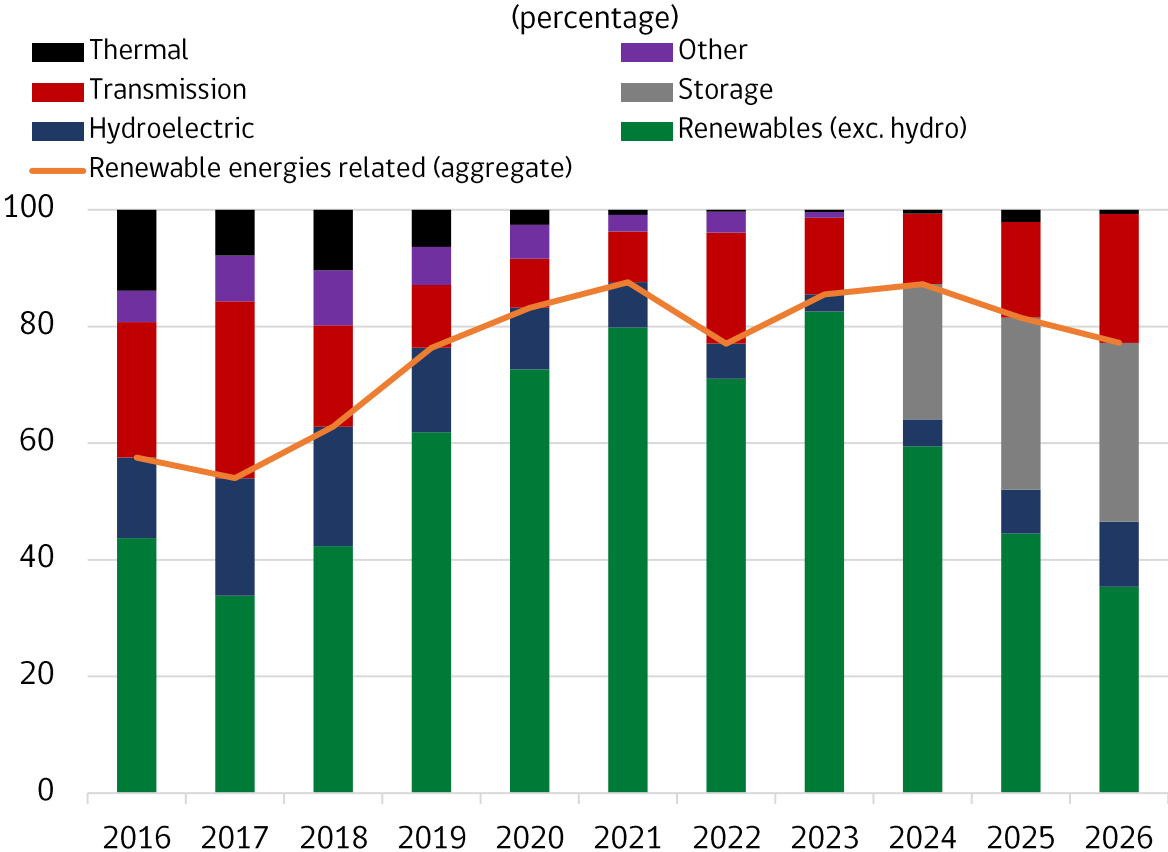
All the above subject to the approvals established in the environmental and mining regulations in Chile.

# Last year, 62% of electricity generation was based on renewable energies. Investment under way will raise this proportion over 85% by 2030

**Electricity generation by technology and NCRE participation**



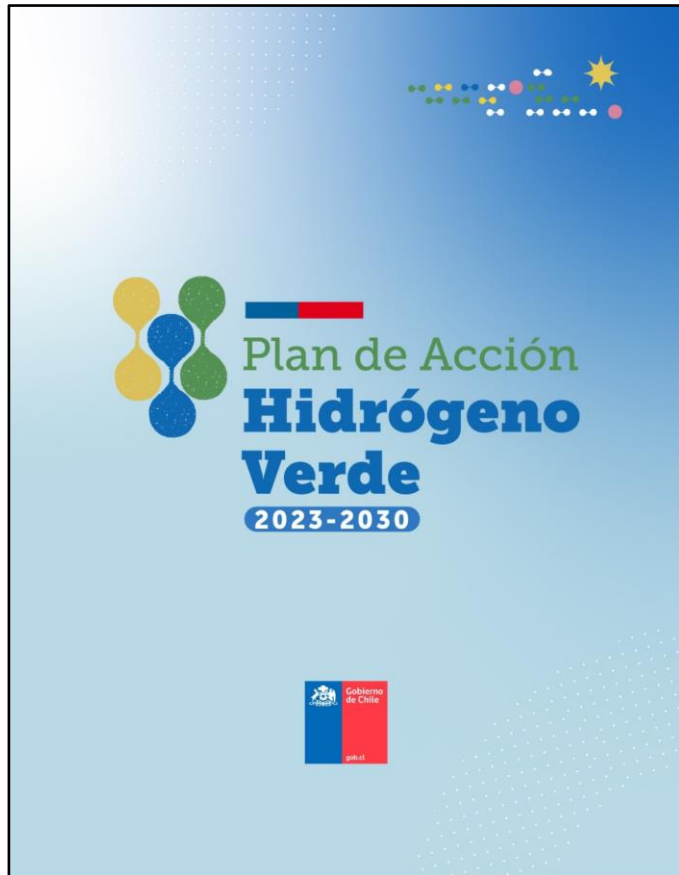
**Private investment forecast in energy projects by typology - 1Q2024 (1)**



**Note:** (1) Figures for year 2024–2026 are based on the 1Q2024 Capital Goods Corporation survey, and figures for previous years are based on the fourth quarter survey of each year.

**Source:** Capital Goods Corporation and Generadoras de Chile.

# The Green Hydrogen Action Plan 2023–2030 considers lines of work with short and medium-term milestones and clear responsible parties that will enable the deployment of the H2V industry and its derivatives in our country



## Action #18: Implement a Financing Facility for H2V projects and their value chain, with State support and assistance from multilateral banks

- The facility will **catalyze private investment** by reducing risk through State support.
- At the first stage of the facility, operations will leverage up to US\$1,000 millions, provided by **international development banks (IDB, World Bank, KfW, EIB, CAF, among others)**.
- Expected to be operational from the second half of 2024. First window (2023–2025), highly necessary to support project financing during 2025 and 2026.

### Upcoming milestones

- Third quarter 2024: work on prospecting for green credit placement will begin.
- Sept-Oct 2024: establishment of the H2V Guarantee Fund.
- Late 2024: formal opening of the H2V Facility Window with Green Credit and start of work with projects for financing beginning in 2025.



# 64 projects in different phases of development

(January 2024)



Source: H2 Chile.

Última actualización: Enero 2024  
 \*Datos obtenidos de información anunciada públicamente

# Chile offers a number of comparative advantages for digital services development. This is reflected in a large number of data centers established in the country, with a strong pipeline for the years to come

## Data Centers:

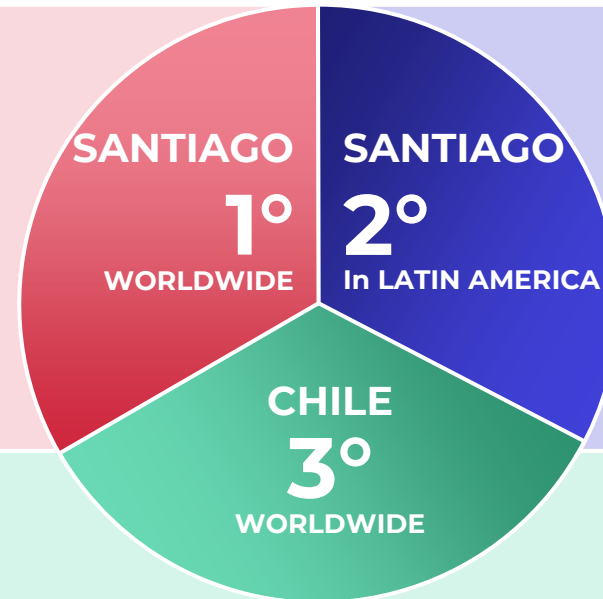
- The capacity of data centers in Chile **increased by 20%** during the last quarter of 2023.
- There are **22 operational data centers** in Chile, and the arrival of **28 new ones** is expected nationwide.
- InvestChile is currently managing Data Center projects worth **US\$4,310 millions**.

## Humboldt Project:

- First **submarine fiber optic cable** between South America and the Asia-Pacific.
- **Public-private collaboration** between Desarrollo País and Google.

### Optical fiber connectivity

The density and quality of fiber are the main drivers for locating a data center.



### Market opportunities

Well-established markets with access to key cloud services.

### Upload and download speed

Chile ranks third globally for its high-speed internet access.

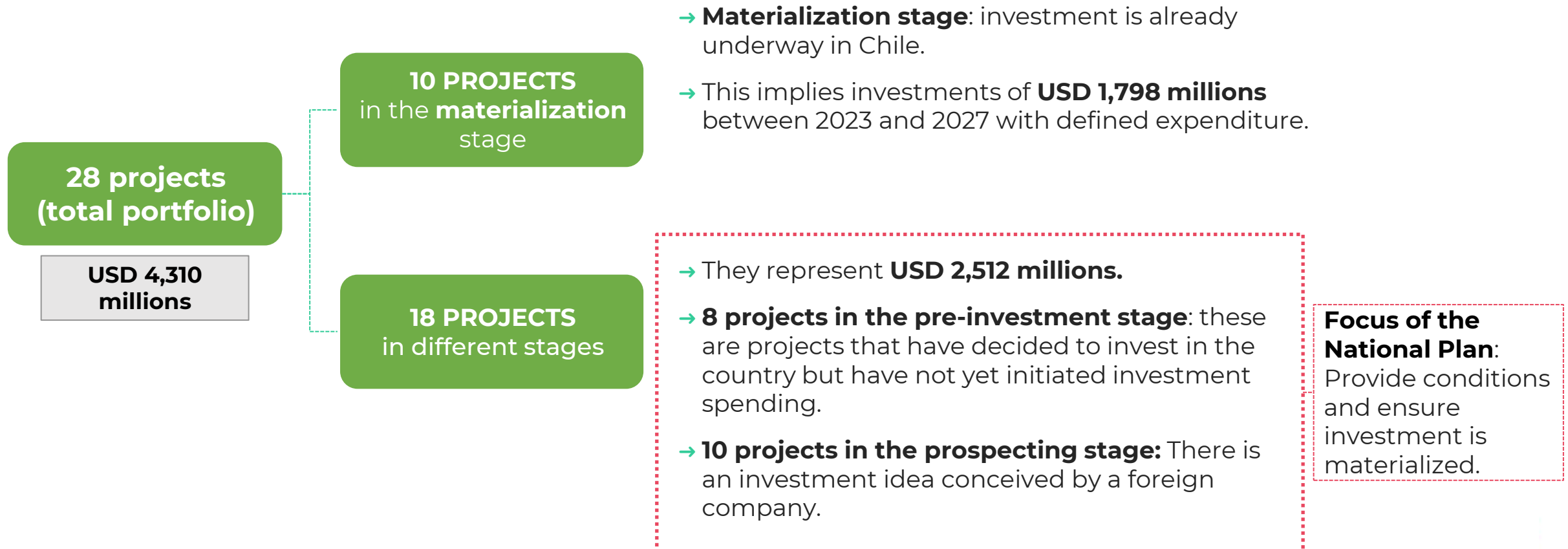
Fixed Broadband		
#	Country	Mbps
1	Singapore	284.05
2	+1 Hong Kong (SAR)	271.29
3	+1 Chile	270.19



# The National Data Centers Plan (2024 - 2030) will support the growth of the digital economy

**Objective:** To promote the growth of the data center industry in Chile through the use of unconventional renewable energies, low water consumption standards, and **agreements between the government and the private sector to drive investment** for the development of new data-based technologies.

## Expected investment 2024 - 2030



Chile is a well-rated tourism destination. Flows are recovering after the pandemic, but the government and the tourism industry are partnering to speed up this process, agreeing on a number of measures that aim at growing foreign visitors by 1 million by 2026

1

Increase in public resources for international tourism promotion

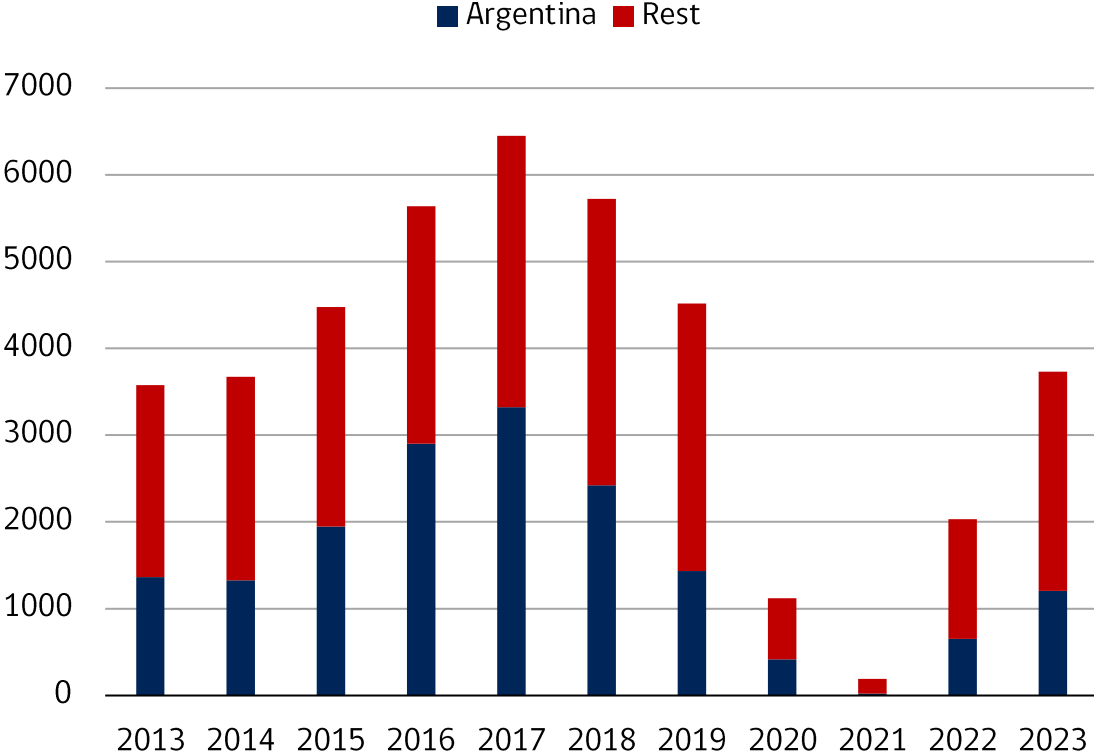
2

VAT refund to foreign tourists for the purchase of goods in the national territory

3

VAT refund to foreign companies that conduct audiovisual projects in the national territory

Arrivals of foreigners to the country (in thousands)



Source: Ministry of Finance.

## The Government and Congress have agreed on a fast track to speed up 21 bills under the Pact for Economic Growth, Social Protection and Fiscal Responsibility

### Tax compliance

Intelligent Permits System

Environmental Assessment 2.0

General Urbanization Law

Cultural Heritage Law

Maritime Concessions and Coastal Zone

Desalination Plants Regulation

Maritime Cabotage Competition

Public Infrastructure Advisory Council

Tourism Reactivation

Development Financing Agency (AFIDE)

Transfers to Individuals and Private Institutions

Transparency 2.0

Registry of Final Beneficiaries

Government Internal Audit Service

Fiscal Responsibility Strengthening

Regional Fiscal Responsibility

Integrity in Municipalities

Agency for the Quality of Public Policies

Reform of the Registry and Notarial System

Standardize Illegality Claims

## CONCLUDING REMARKS



- After four years of unprecedented events and global volatility, the Chilean economy has regained stability and is ready to face short- and longer-term challenges and opportunities.
- Challenges, opportunities and possibilities are different from thirty years ago.
- In the 1990s and early 2000s Chile grew on the back of a strong natural resource base; a network of trade, investment and tax agreements in a globalizing world; a demographic bonus, and pre-crisis innovative finance.
- Today we face stronger sustainability requirements; global trade tensions; an ageing population, and stronger financial regulations.
- Chile has reached an upper-middle income status, with lower growth potential and a more demanding middle class.
- Yet the world economy is also greening and digitalizing, opening up new comparative advantages for Chile, which can draw on being an early mover in renewable energies, sustainable mining, financial deepening, diversified trade, digitalization and macro stabilization
- Such will be the drivers of future growth in Chile. We are making good progress in this direction and will further benefit over the next few years from tailwinds from copper prices. Per capita GDP growth in 2022-2025 is likely to exceed its average of the previous eight years.

## CONCLUDING REMARKS



- Yet the sustainability and inclusiveness of growth will be crucial. Sustainability depends not only on meeting emissions commitments, but also on resolving logistic and human capital bottlenecks. Inclusiveness requires support for lagging sectors and regions, reducing inequality and improving security.
- All these needs rely upon an up-to-measure and efficient government. Creating fiscal space now for timely action is an investment on future growth and social peace. Government institutions need also to rise to the scale of the challenge.
- A lasting public-private partnership should be able to combine strong private investment with a social protection system that reduces uncertainty for people.
- Chile is not far from there. The road to the Fiscal Pact was bumpy, but initiatives to materialize it are well under way. Reforms in the fiscal and social security area are already in their second reading in the Chilean Senate.
- If we succeed in this effort, sovereign risk will drop further and the next Administration will have a solid start.
- Foreign investment is not just welcome in Chile, it is essential to speed up the pace of growth and technological development, understanding of demanding communities and connection to more dynamic markets.



Ministerio de  
Hacienda

Gobierno de Chile

# Chilean economy from macro stabilization to long-term growth

Chile Day  
Toronto - New York 2024  
May

TORONTO - NEW YORK

Mario Marcel | Minister of Finance