



Ministerio de
Hacienda

Gobierno de Chile

Chilean economy: from macro stabilization to long-term inclusive growth

Chile Day

New York, May 2024

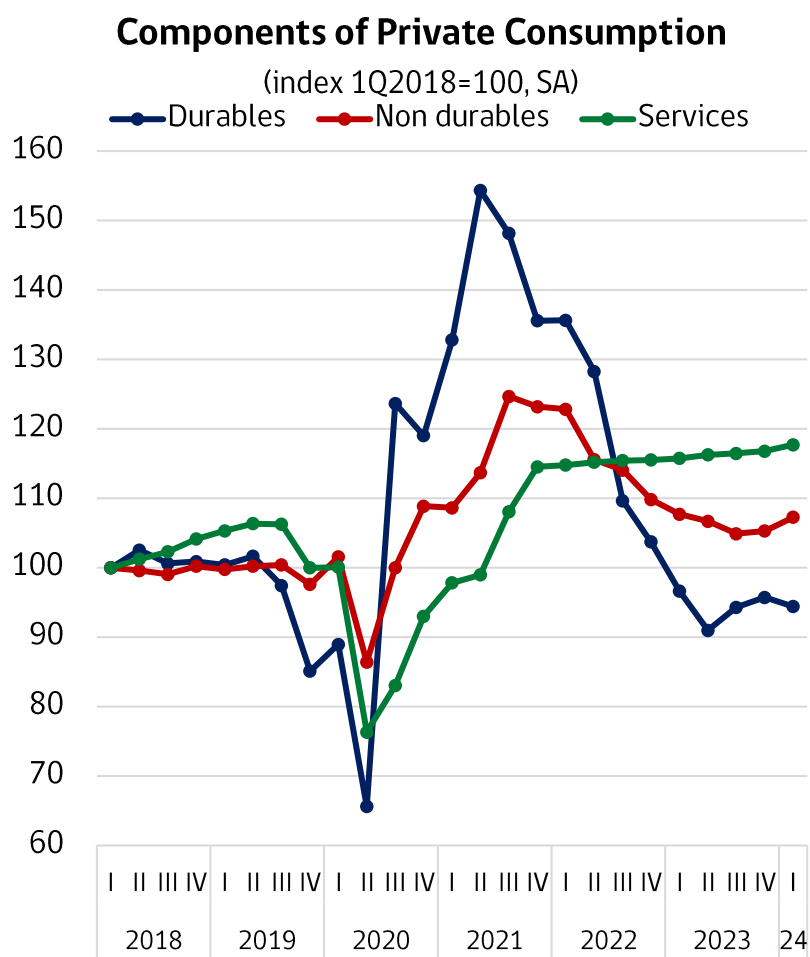
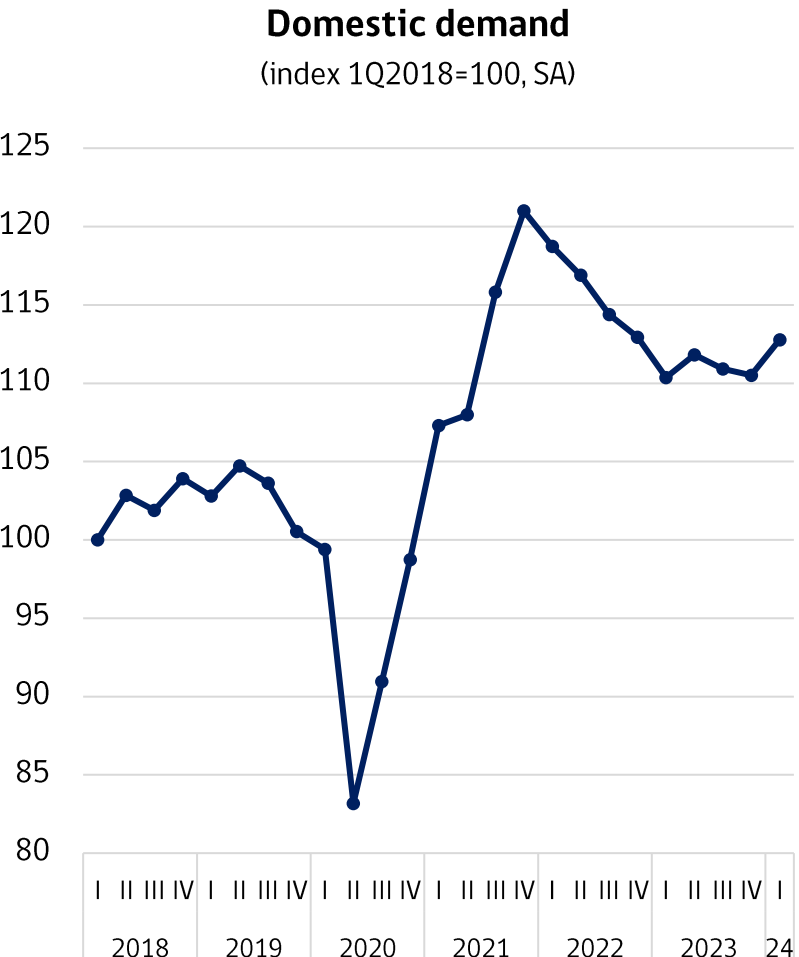
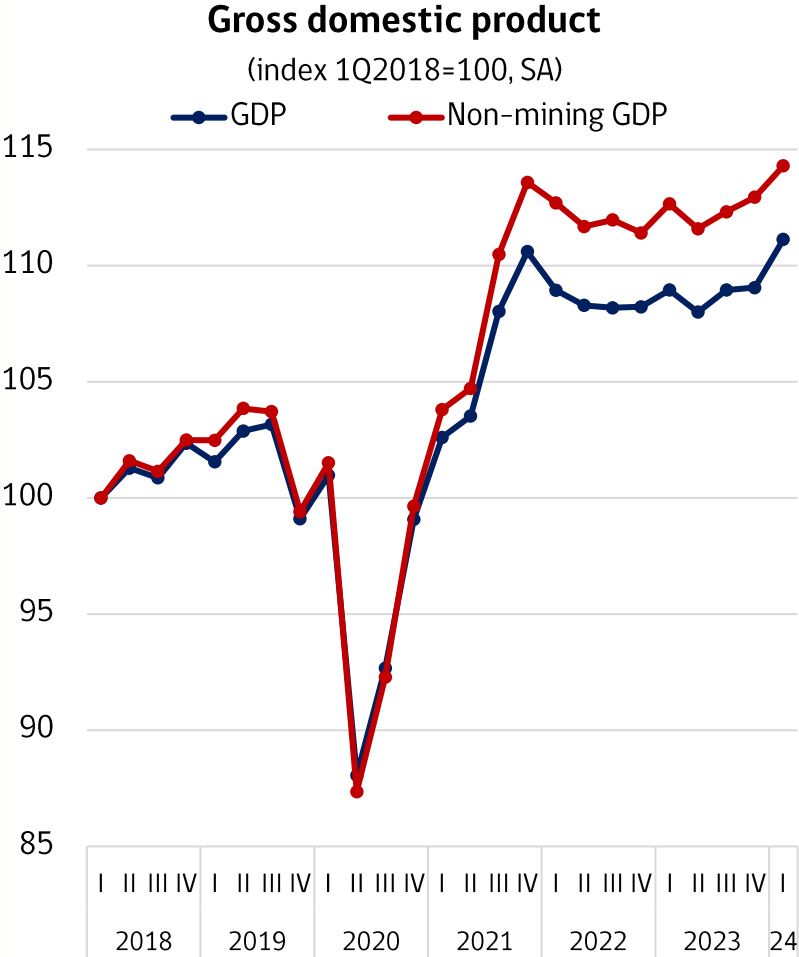
TORONTO - NEW YORK

Mario Marcel | Minister of Finance



» Resolving economic imbalances

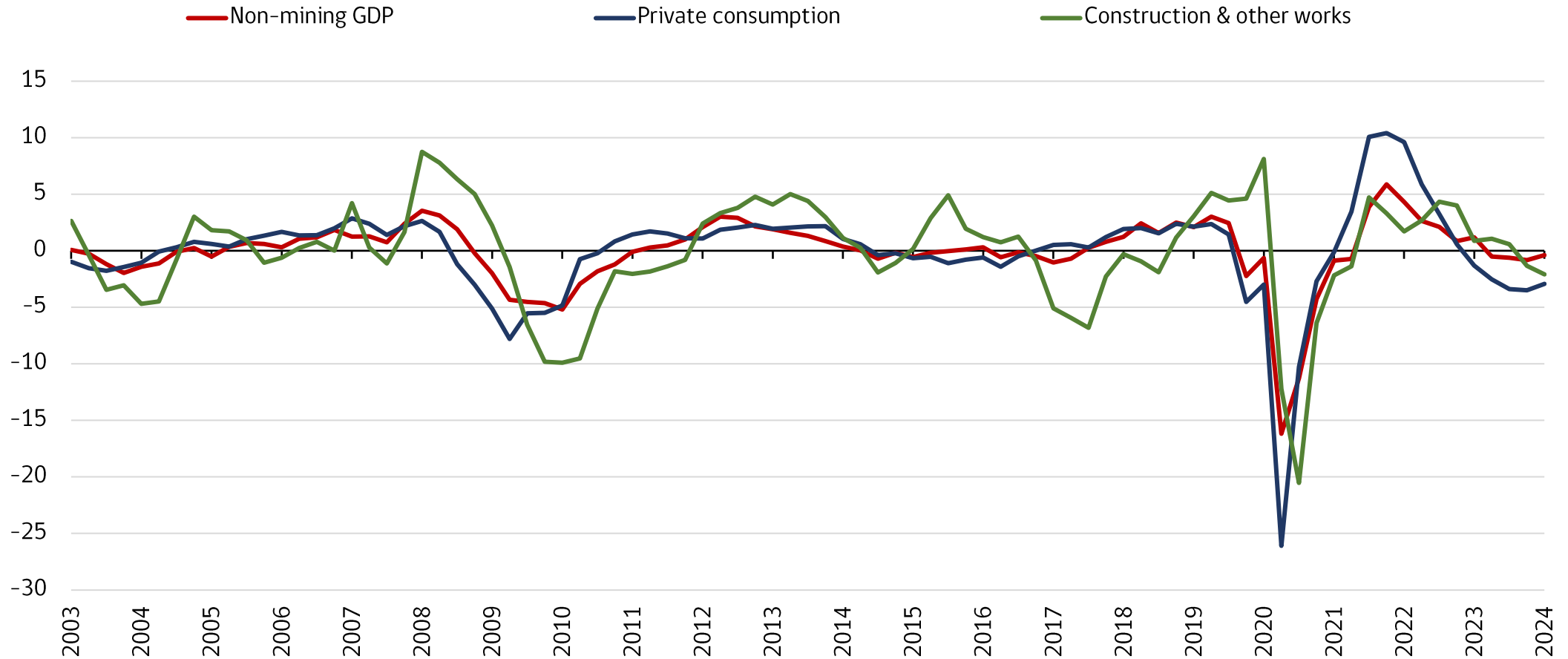
The Chilean economy has overcome the imbalances left by the social unrest, the pandemic and the oversized policy responses. Total and non-mining activity levels are at their historical peak. The adjustment was efficient because it focused where those imbalances originated



Source: Central Bank of Chile.

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

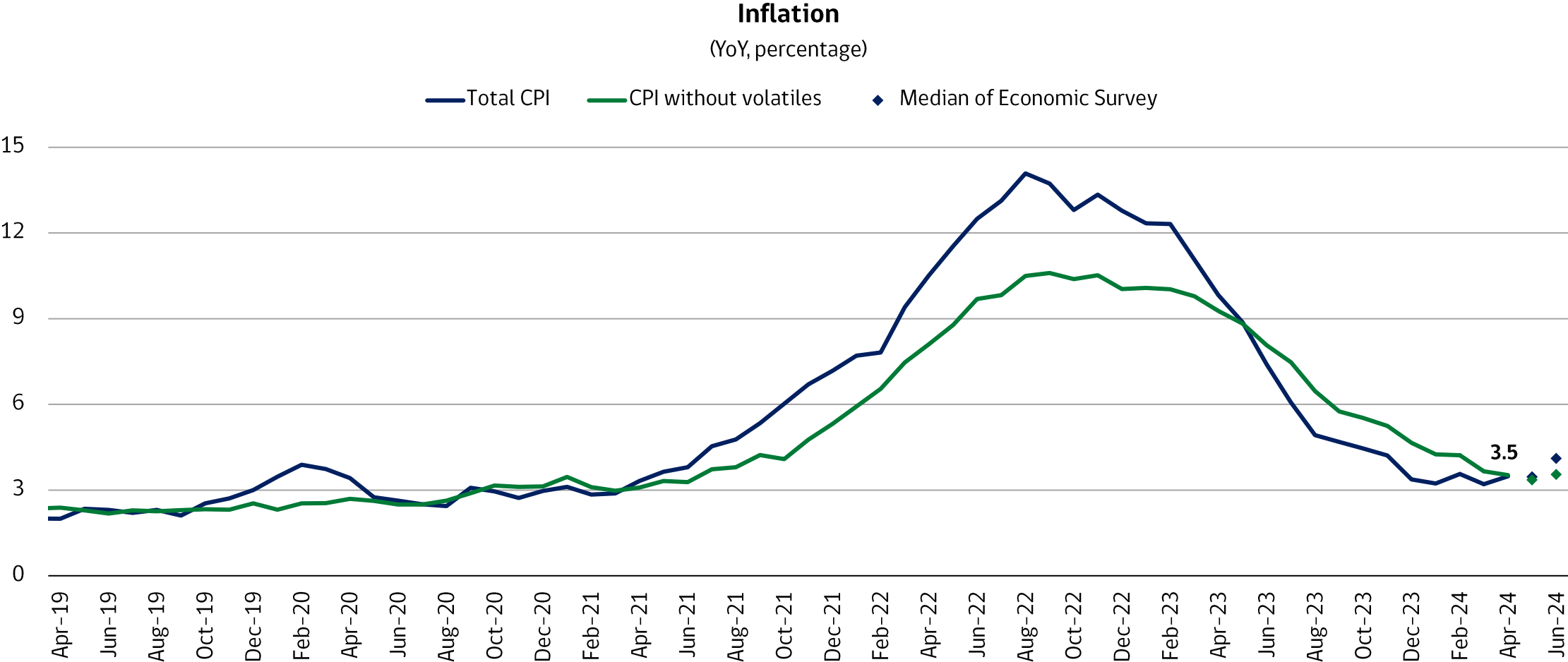
Activity cycle, private consumption and construction & other works
(deviation from trend, percentage)



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 close to 3%

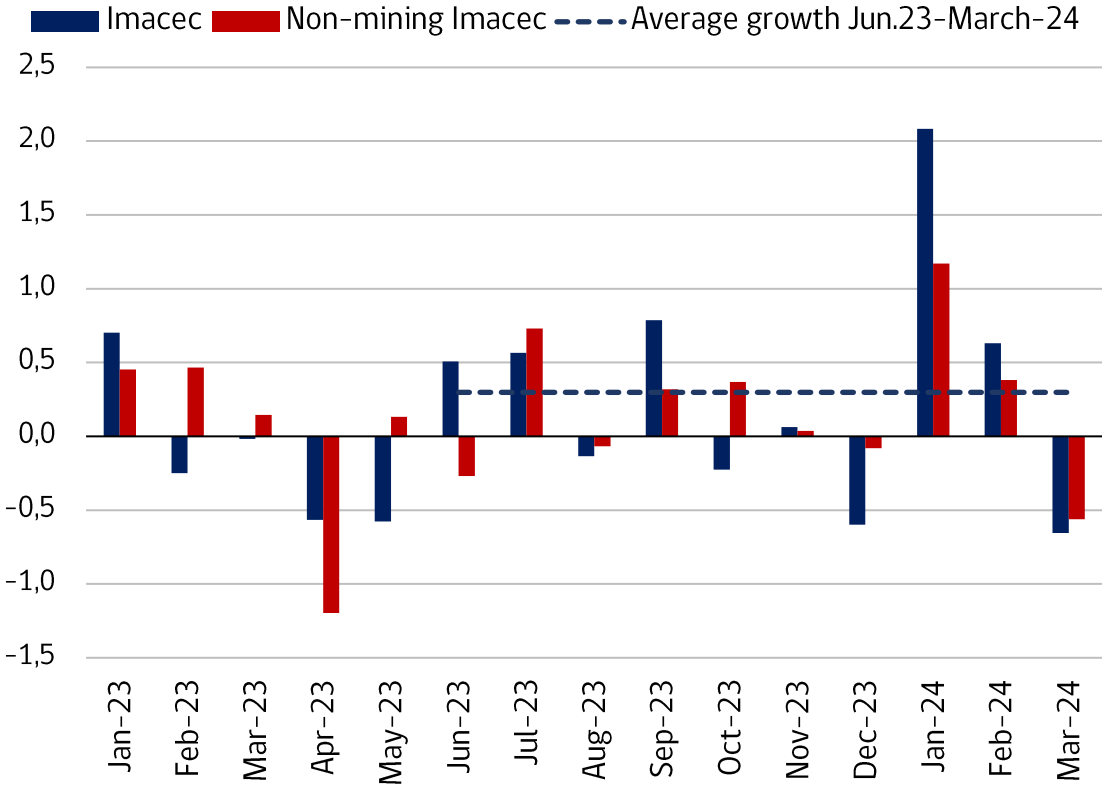


Note: The annual variation of CPI for 2024 is constructed from the 2023 reference series and spliced for 2022 with effective monthly variations (2018 Index). Forecasts are based on the Economic Survey of May 2024.
Source: National Statistics Institute and Central Bank of Chile.

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 the first quarter of 2024

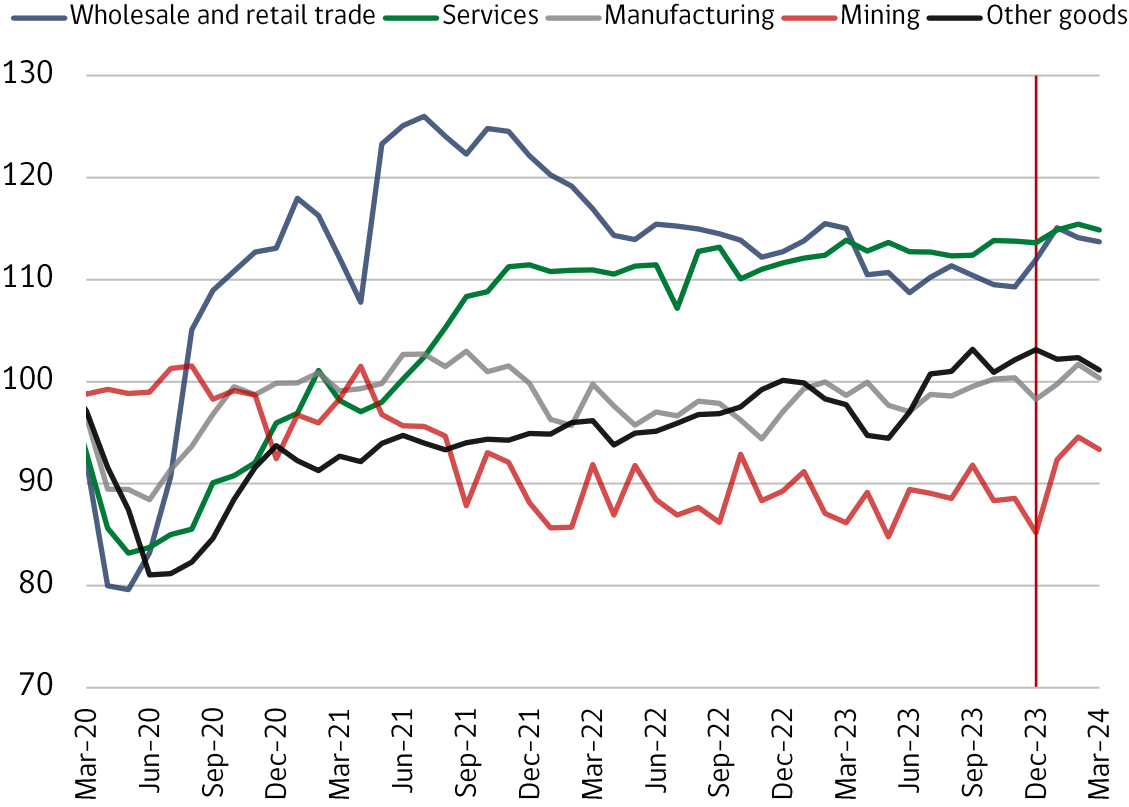
Monthly index of economic activity and non-mining activity growth

(MoM, percentage, SA)



Monthly index of economic activity by sector

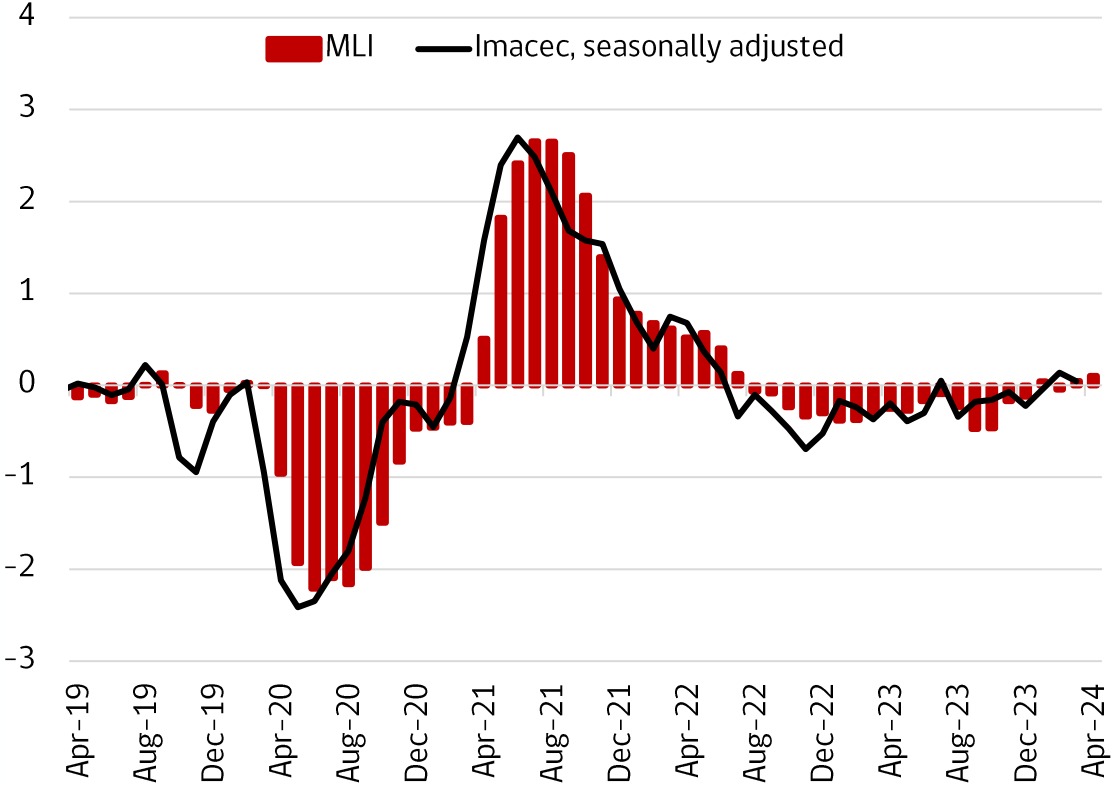
(index Feb-20=100, SA)



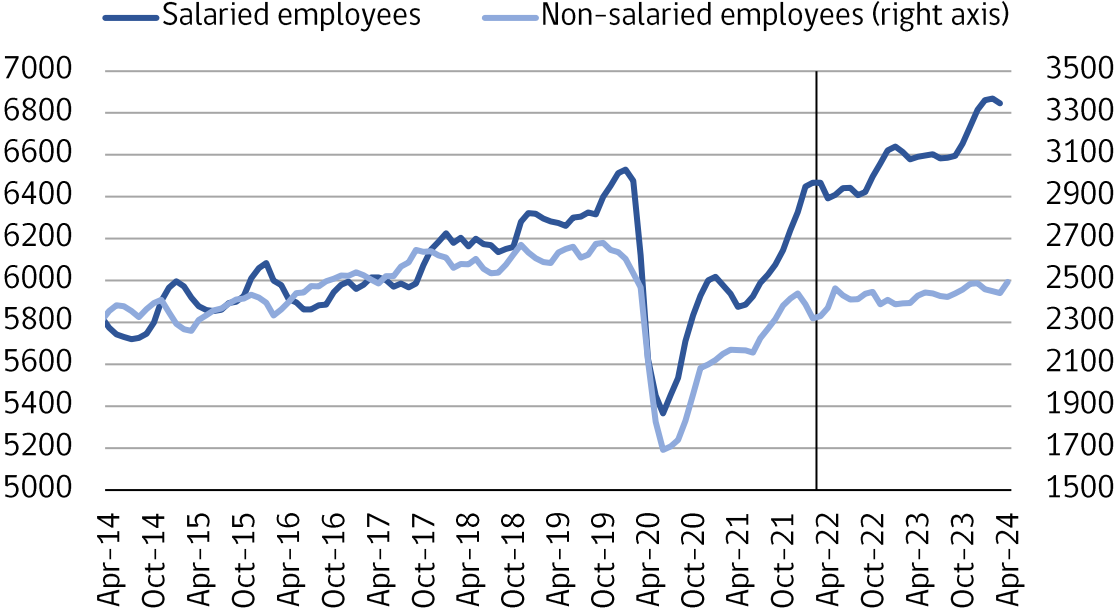
Source: Central Bank of Chile.

The labor market edged up in October 2023 and is exceeding expectations in 2024. Salaried employment surpassed pre-pandemic levels and returned to historical occupation rates, with smaller gaps remain only for self-employed workers.

Monthly Labor Index (MLI) vs Monthly index of economic activity (Imacec) (2)
(YoY, percentage, seasonally adjusted)



Employment (1)
(thousands)

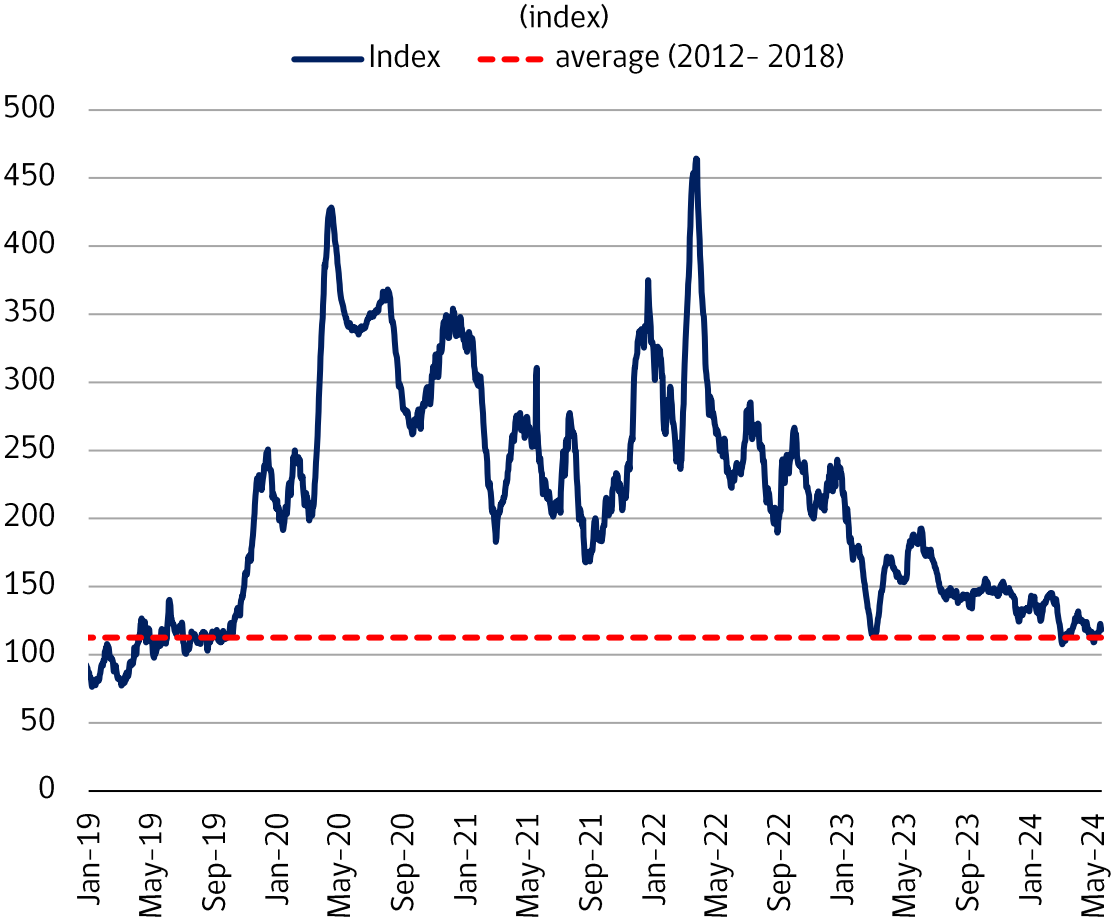


In the first four months of 2024 the economy has created more than 100,000 salaried jobs (SA), close to the initial estimates for the whole year

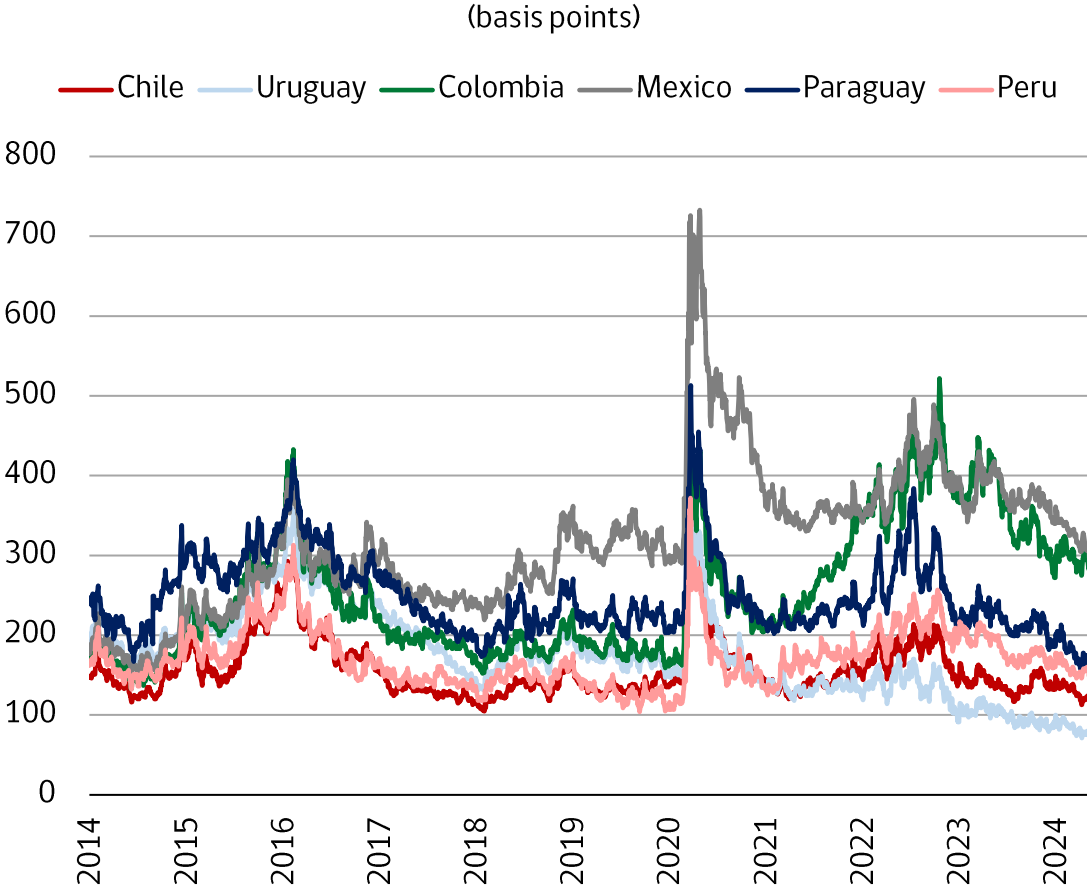
Note: (1) Non-salaried: Employers, Self-employed workers, Unpaid family members, Domestic service personnel. (2) The Monthly Labor Index is constructed from a principal components analysis using data from the quarter ended in September 2018 of 23 related variables to the labor market in annual percentage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



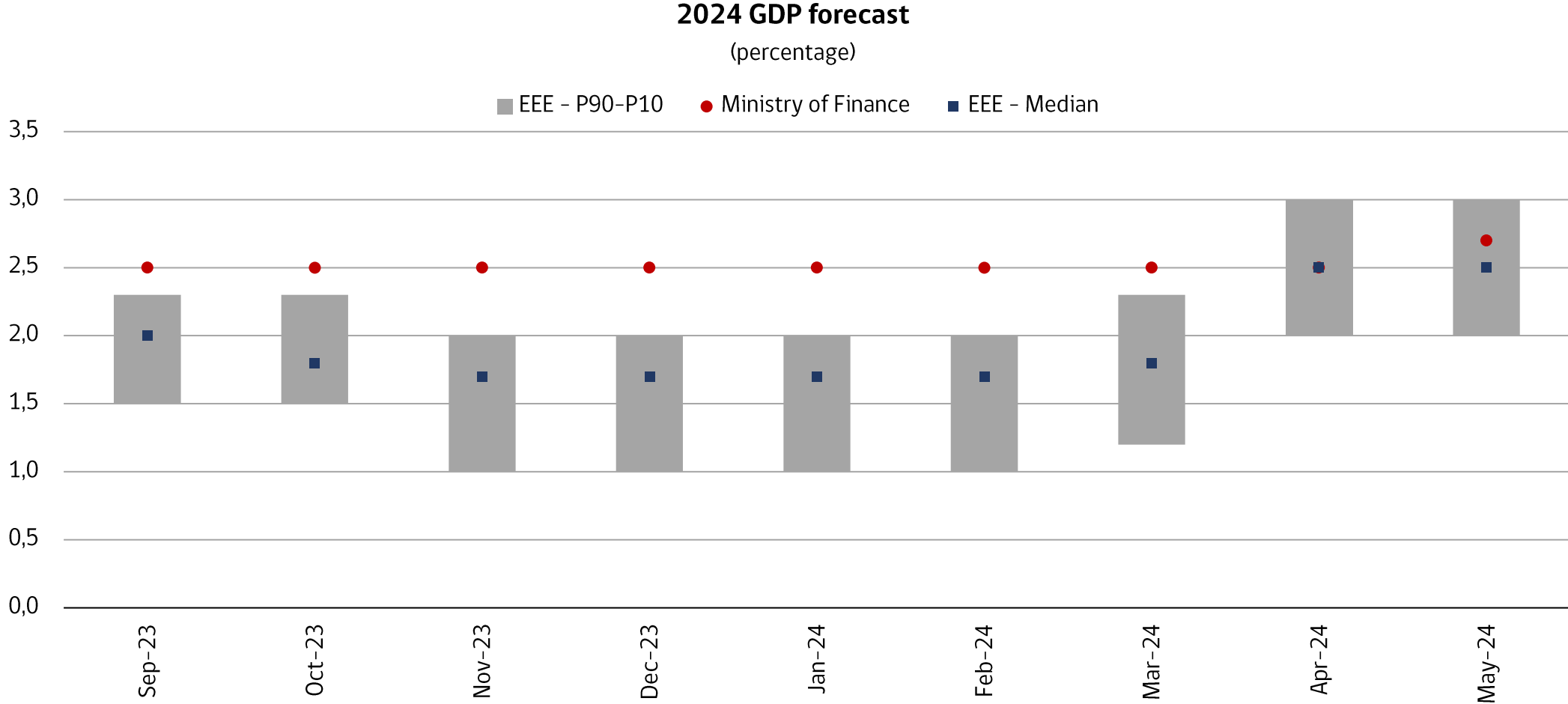
Note: (1) Index based on Becerra and Sagner (2020).

Source: Central Bank of Chile and Bloomberg.



» Economic prospects 2024-2025

Market and Central Bank projections for 2024 show upward revisions on GDP growth, 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



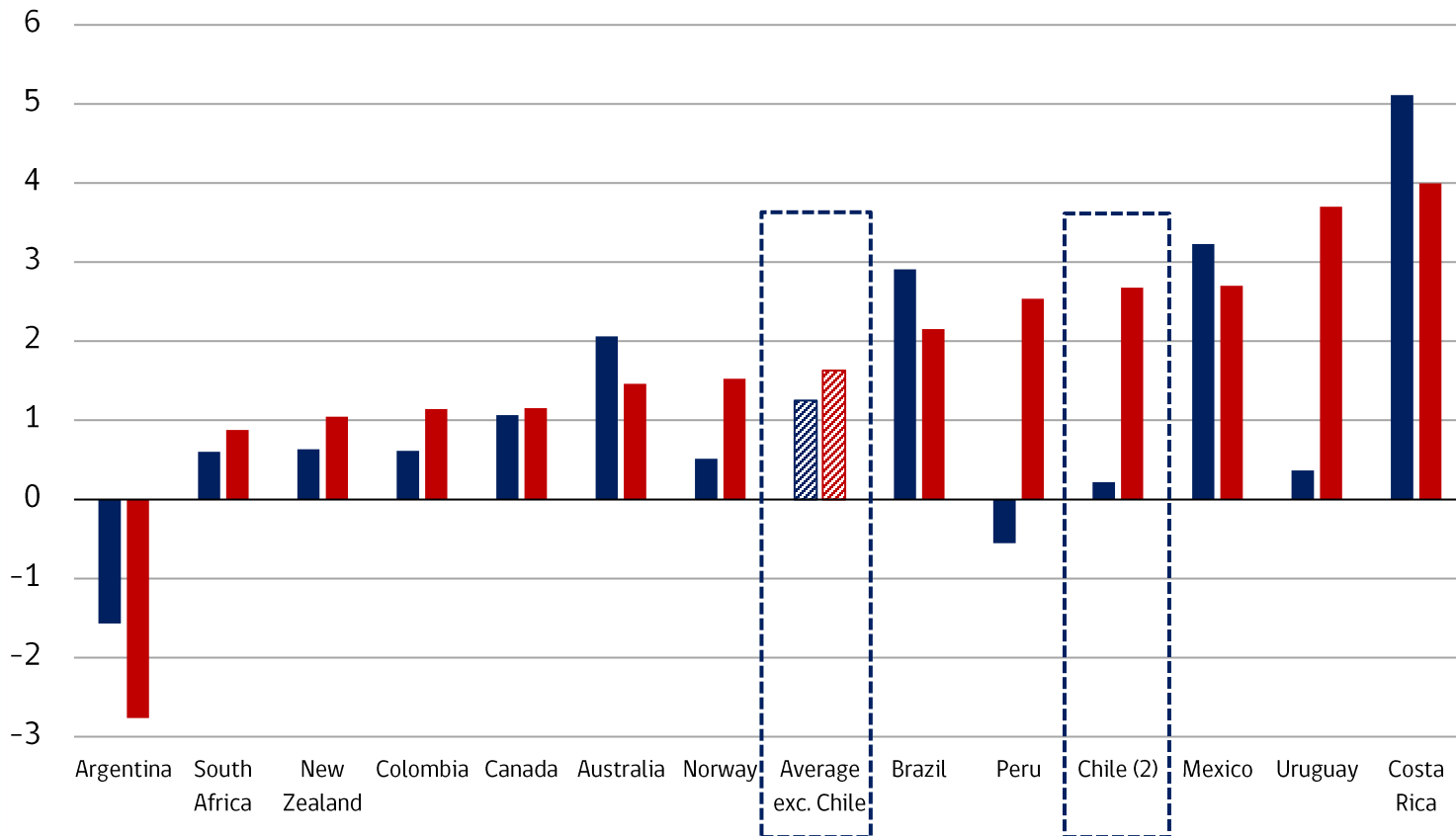
Note: EEE corresponds to the Economic Expectations Survey.
Source: Central Bank of Chile and Ministry of Finance.

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

GDP growth 2023 - 2024

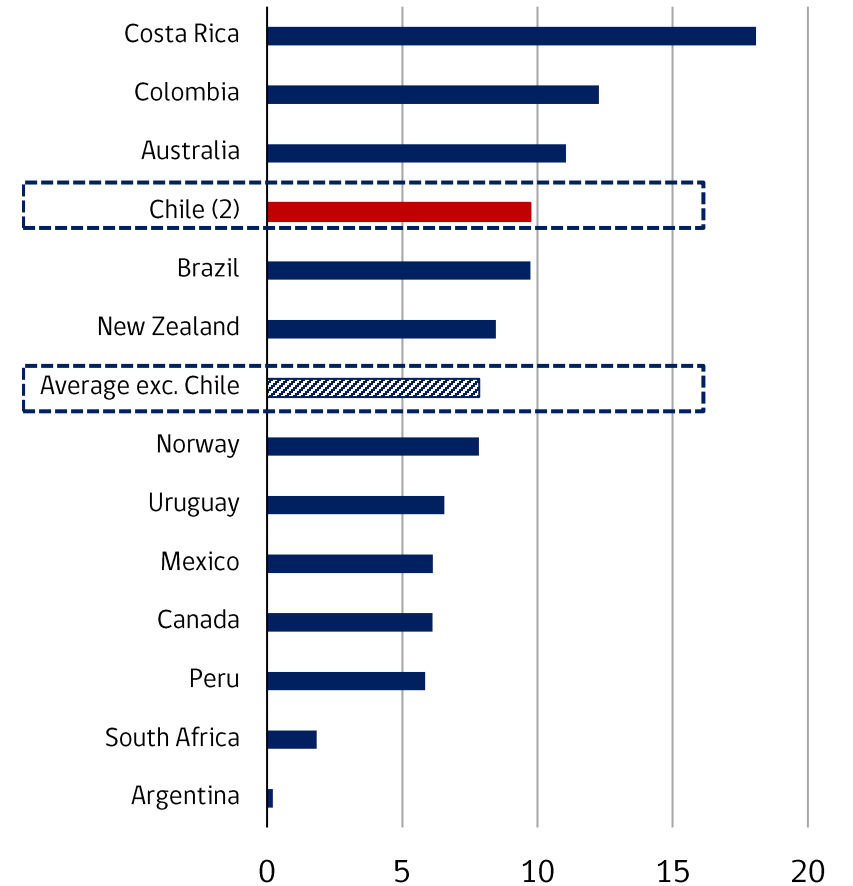
(YoY, percentage)

■ 2023 ■ 2024



Cumulative GDP growth 2019-2024

(percentage)

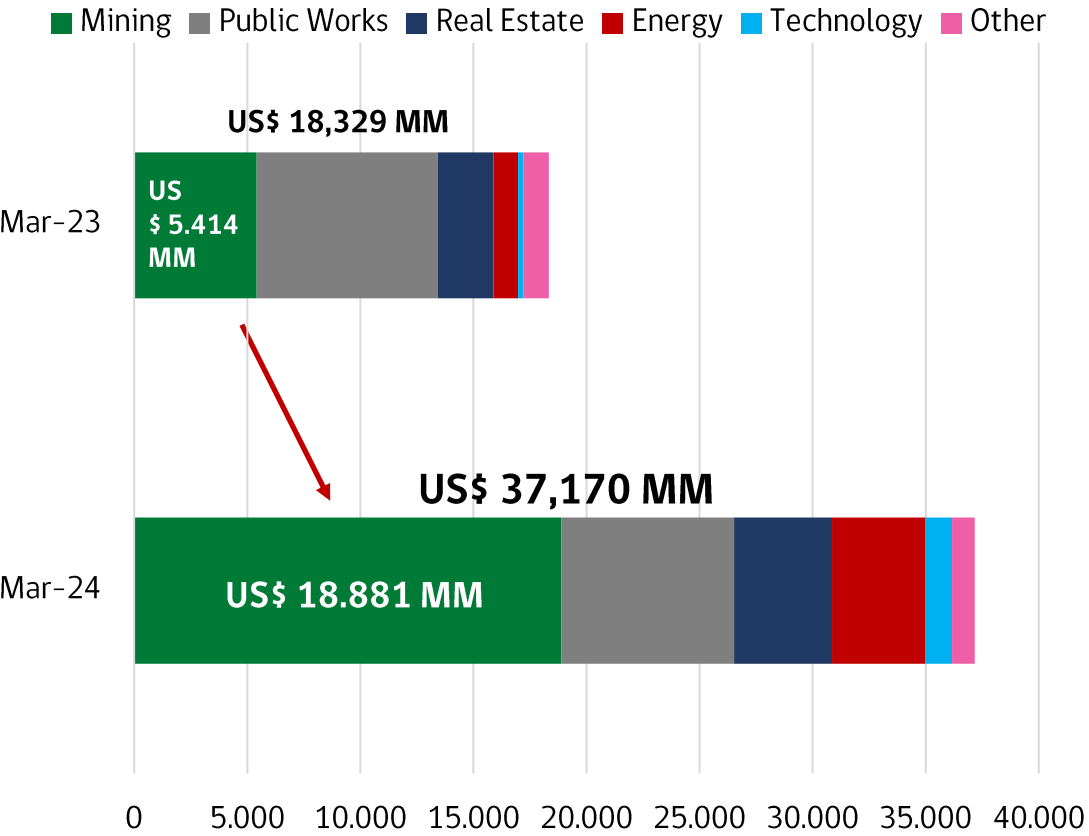


Note: (1) The figures for 2023 are actual data except for Argentina, South Africa and New Zealand, for which the forecasts of the International Monetary Fund of April 2024 are considered. 2024 figures correspond to forecasts of International Monetary Fund of April 2024. (2) Actual data, published by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

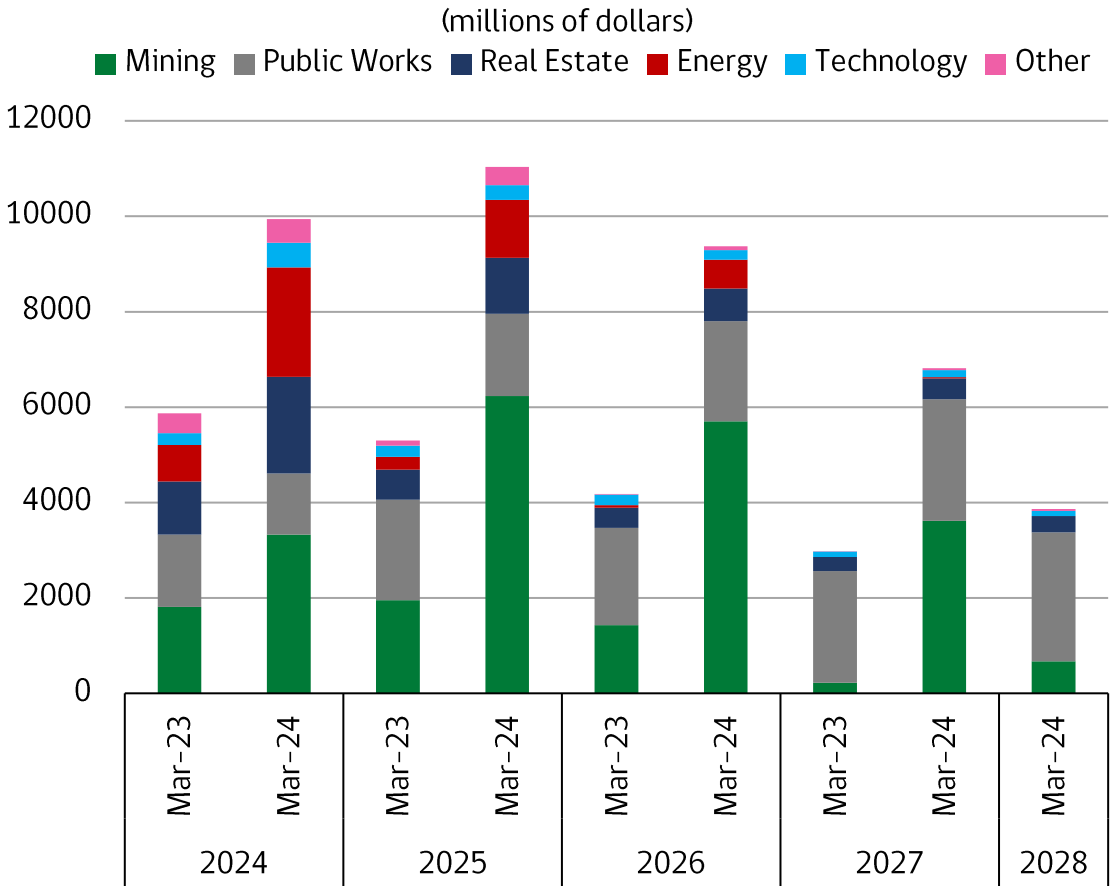
Source: World Economic Outlook, IMF, Central Bank of Chile, Bloomberg and Ministry of Finance.

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)

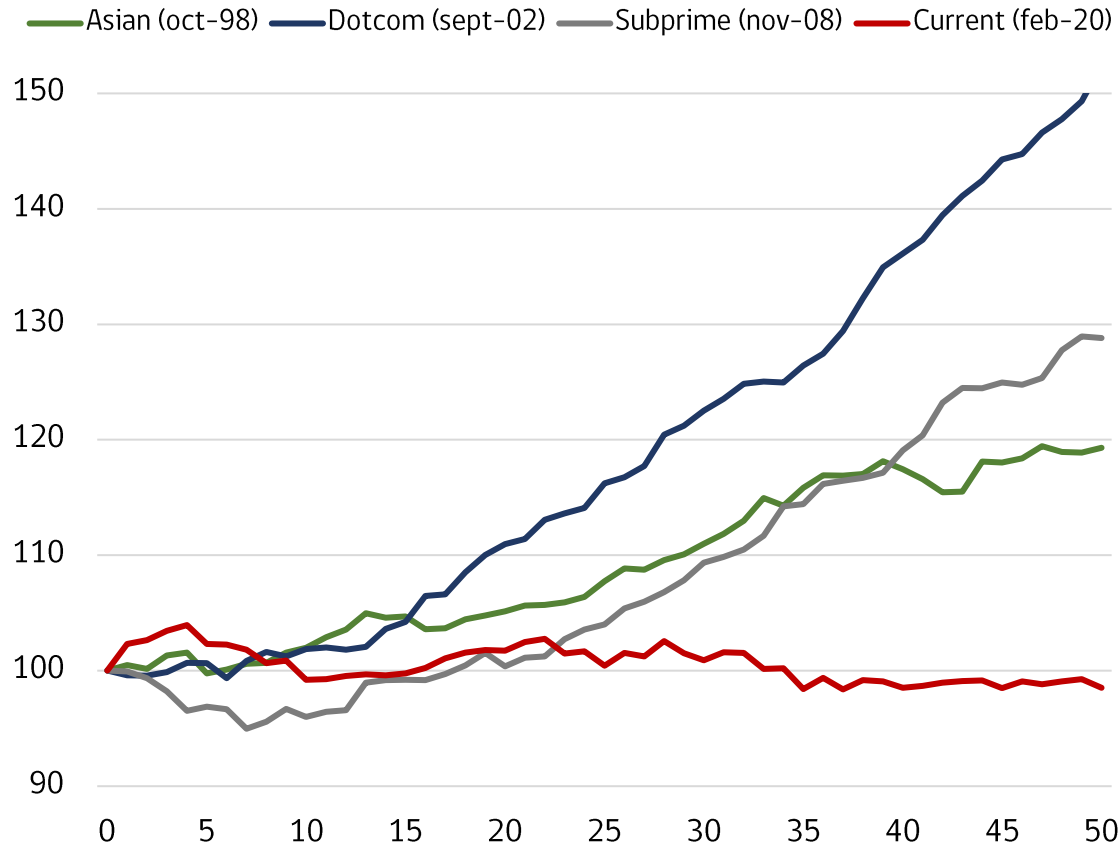


Fuente: Capital Goods' Corporation.

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

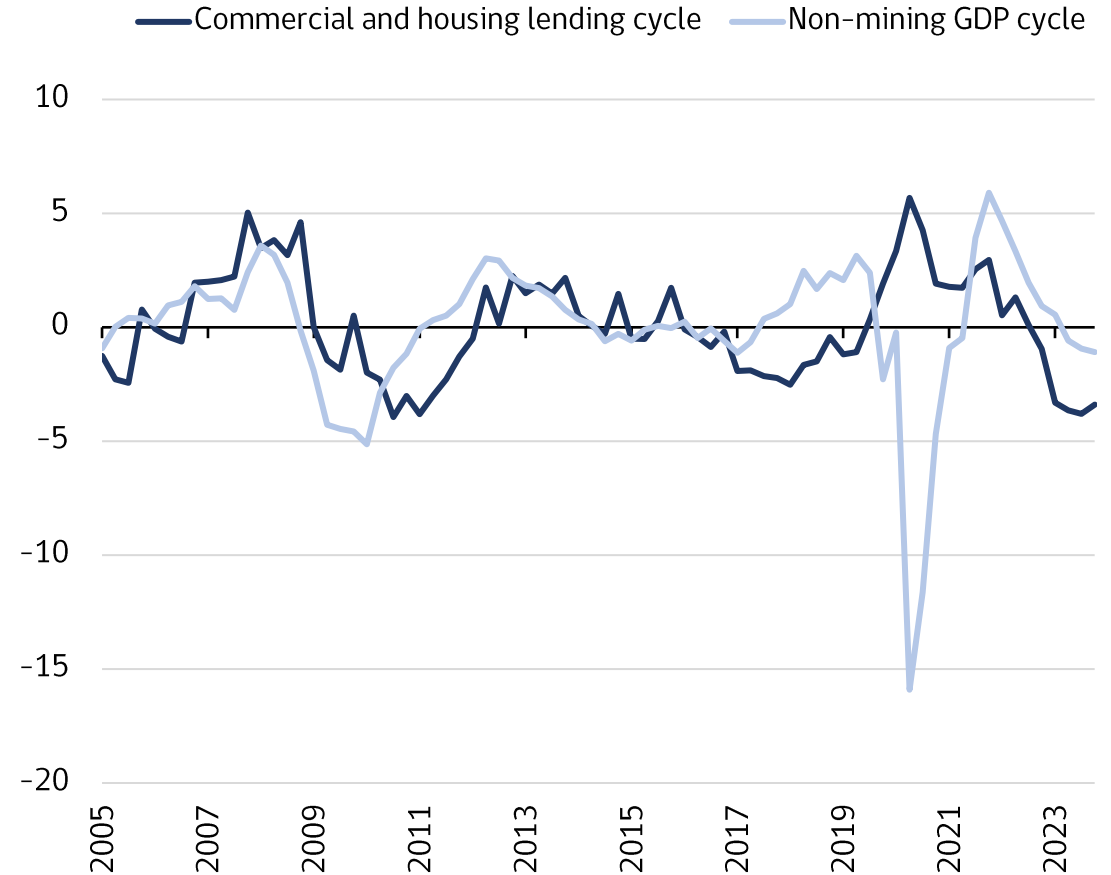
Real total lending

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



Activity and credit cycle (1)

(deviation from trend, percentage)



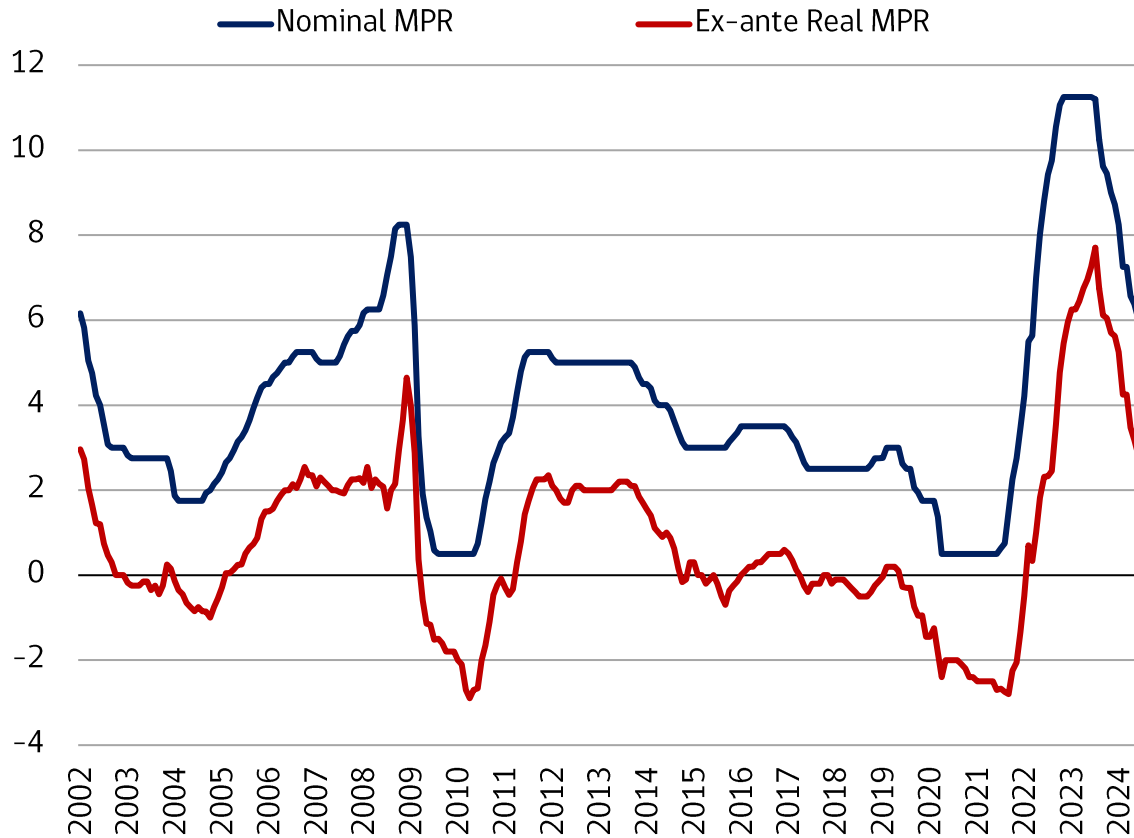
Note: (1) Calculated as the difference between the logarithm of the level and the logarithm of a trend calculated through an HP filter.

Source: Central Bank of Chile and Ministry of Finance.

The Central Bank started normalizing monetary policy in June 2023, cutting 525bp since then. Market rates for consumer and commercial loans have been tracking the MPR, yet real rates are still high for historical standards

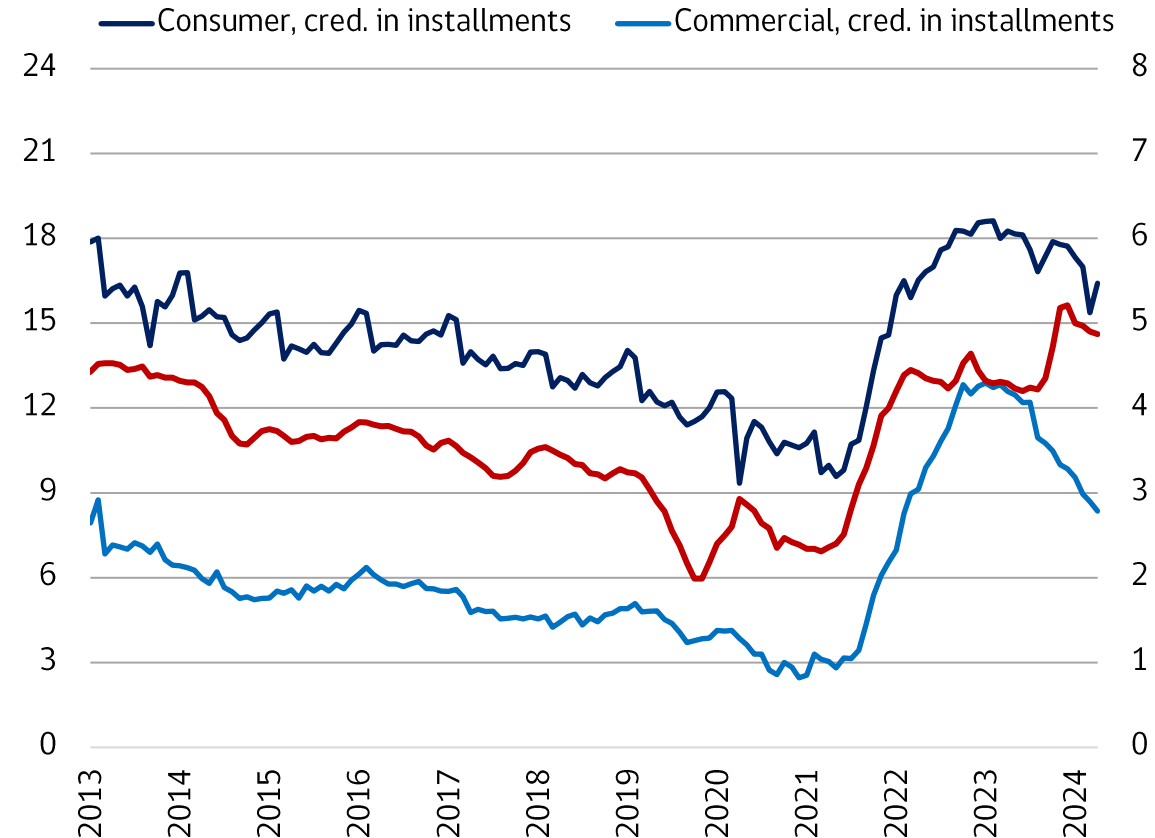
Nominal and real monetary policy rate (1)

(percentage)



Lending Rates

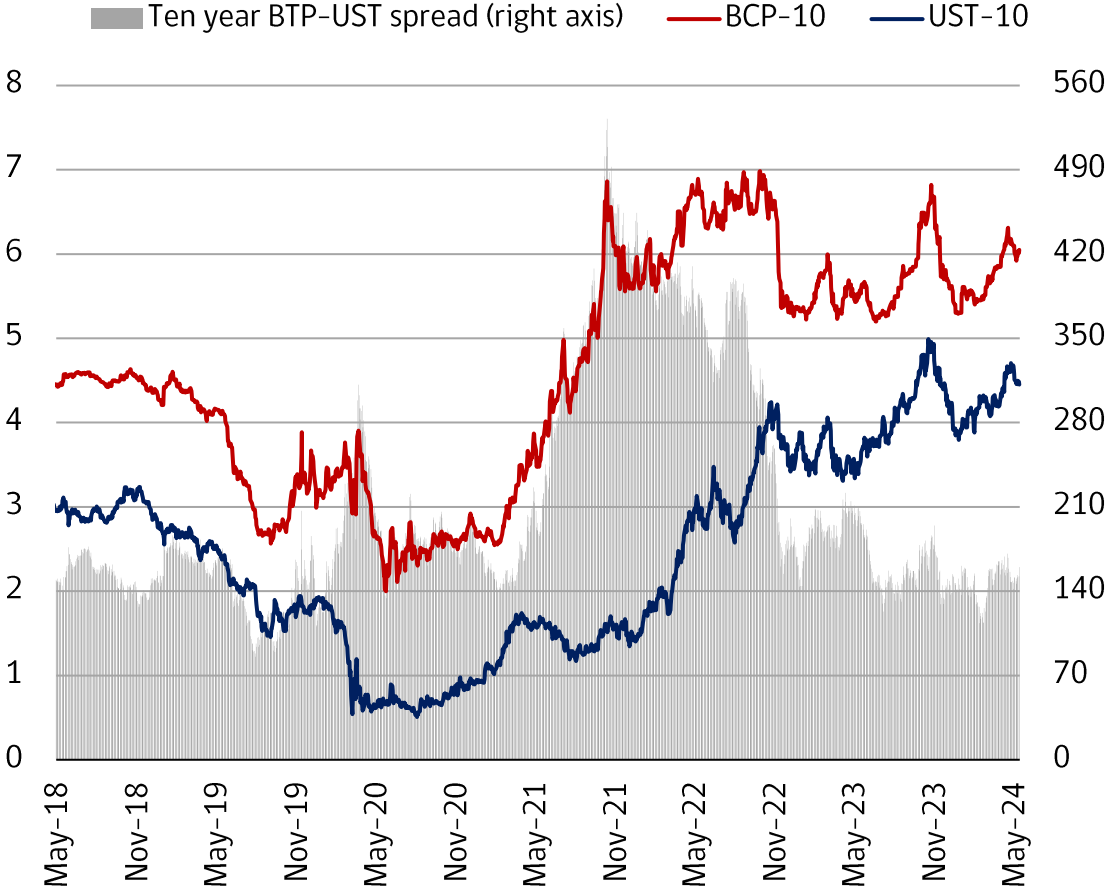
(% annual in pesos, % annual in UF, monthly average)



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 followed the dynamics of their international peers, remaining at high levels in historical perspective. Coupled with real state market developments this is delaying recovery in the mortgage market. Policy measures are aiming at resolving this issue

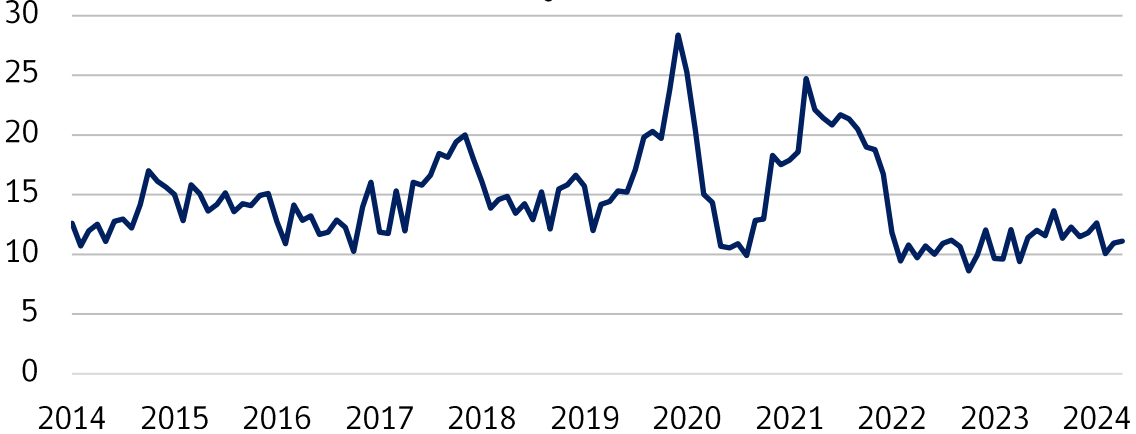
Yield on 10-year bonds
(percentage, basis points)



Mortgage interest rate (1)
(% indexes in UF, monthly average)



Mortgage flow (1)
(monthly, millions of UF)



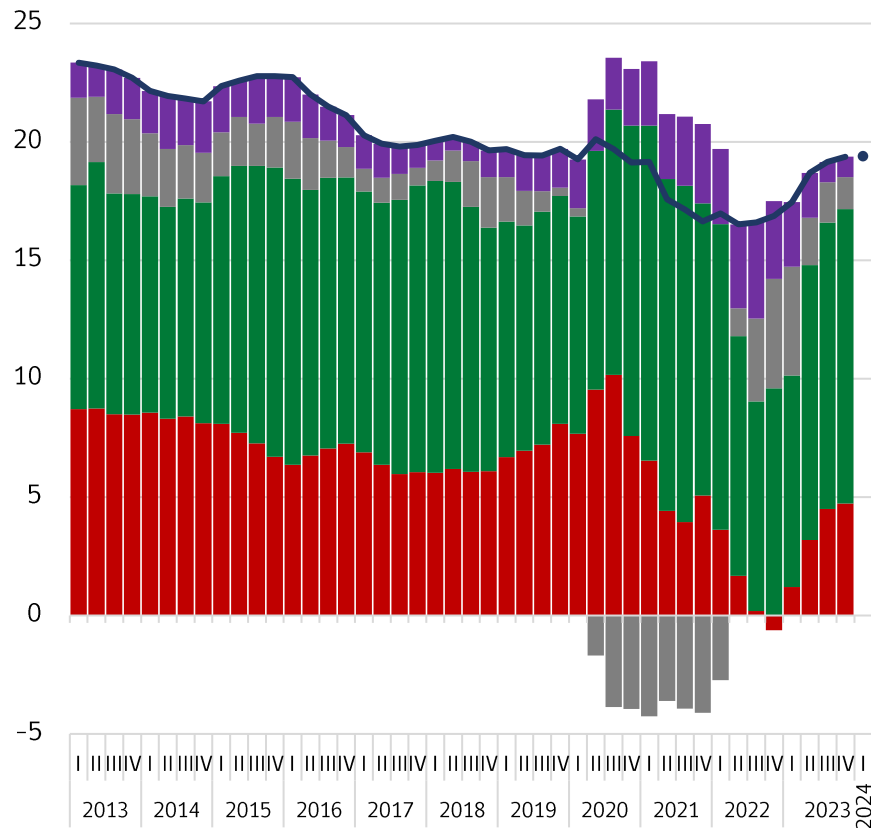
Note: (1) UF (Unidad de Fomento) corresponds to an inflation index-linked unit of account.
Source: Central Bank of Chile, Bloomberg and Ministry of Finance.

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)

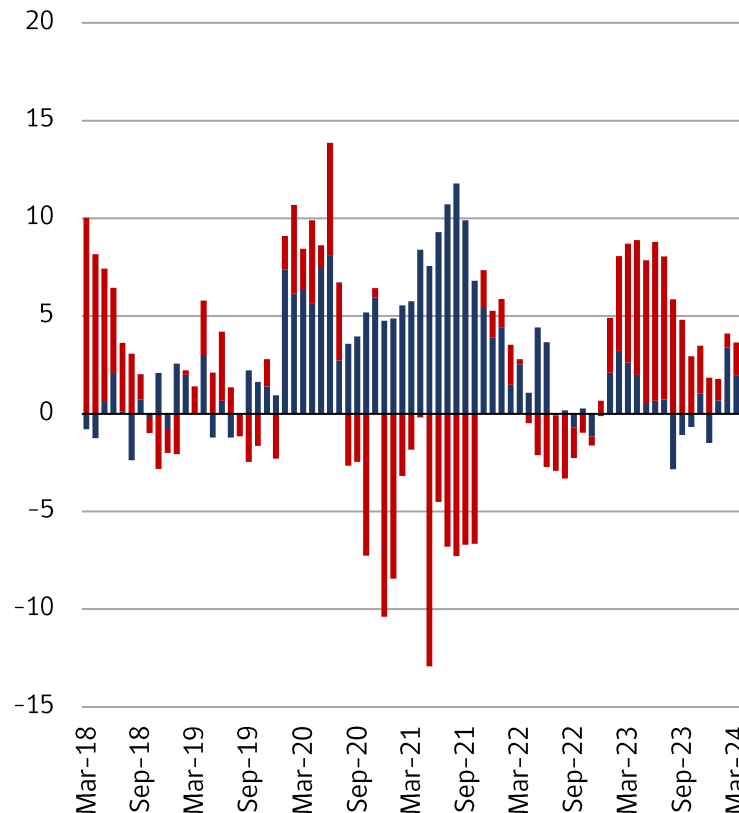
- Households
- General government
- Non-financial institutions
- Financial institutions



External liquid assets (1)

(billions dollars, quarter moving sum)

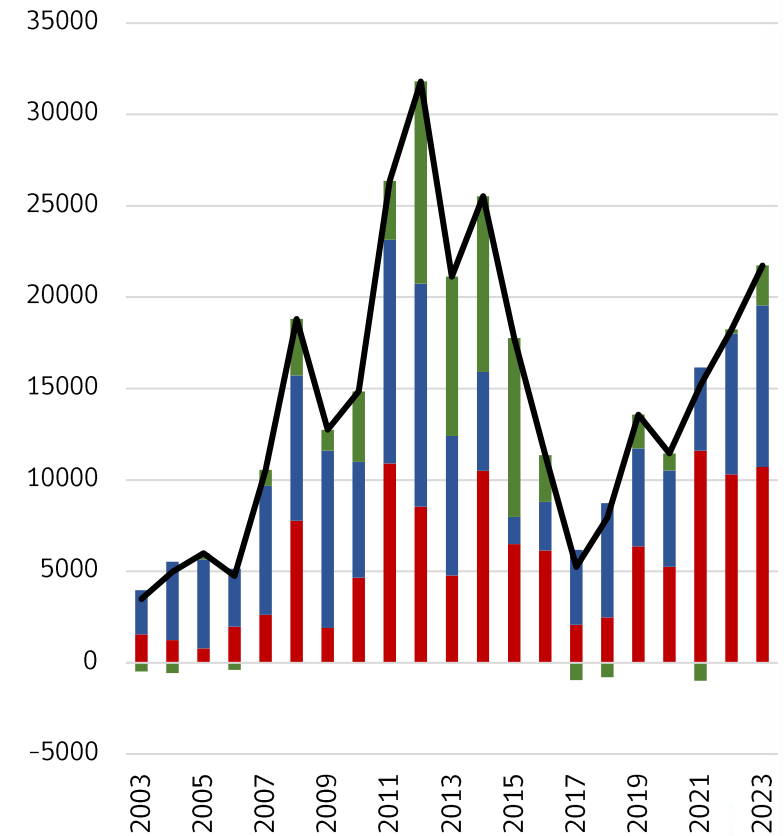
- Pension System
- Non-financial corporates and households



Foreign Direct Investment

(millions of dollars)

- Debt instruments
- Equity
- Reinvestment of earnings
- FDI

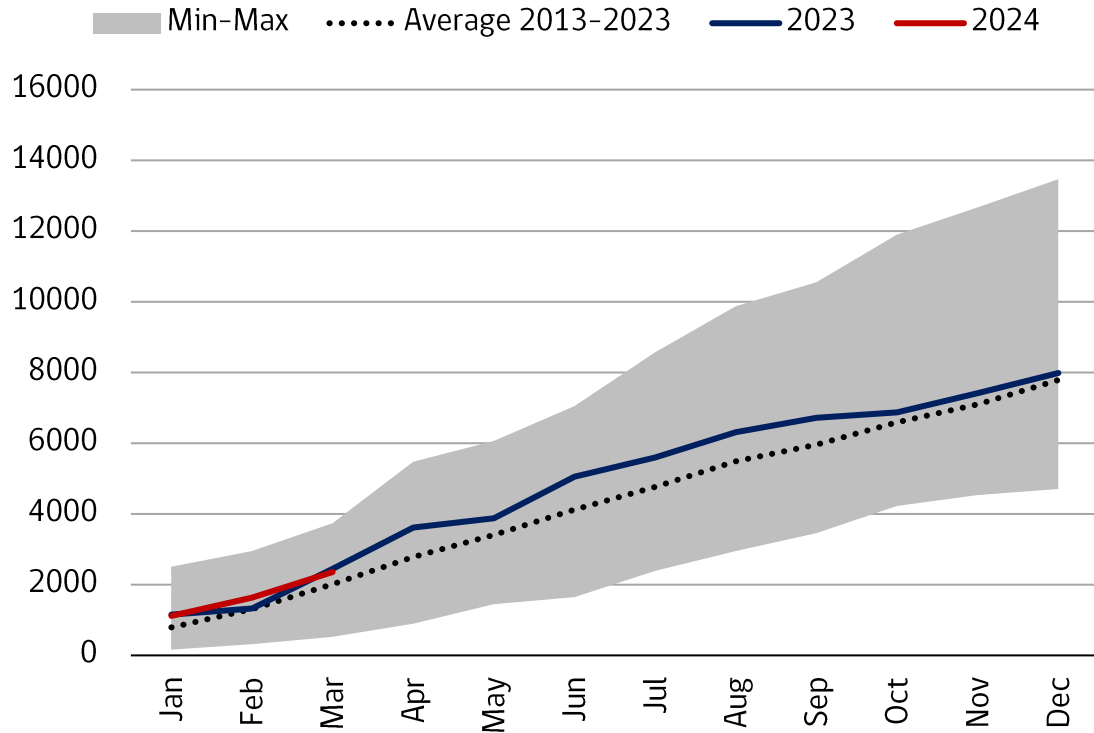


Note: (1) Portfolio investment and other investment flows.

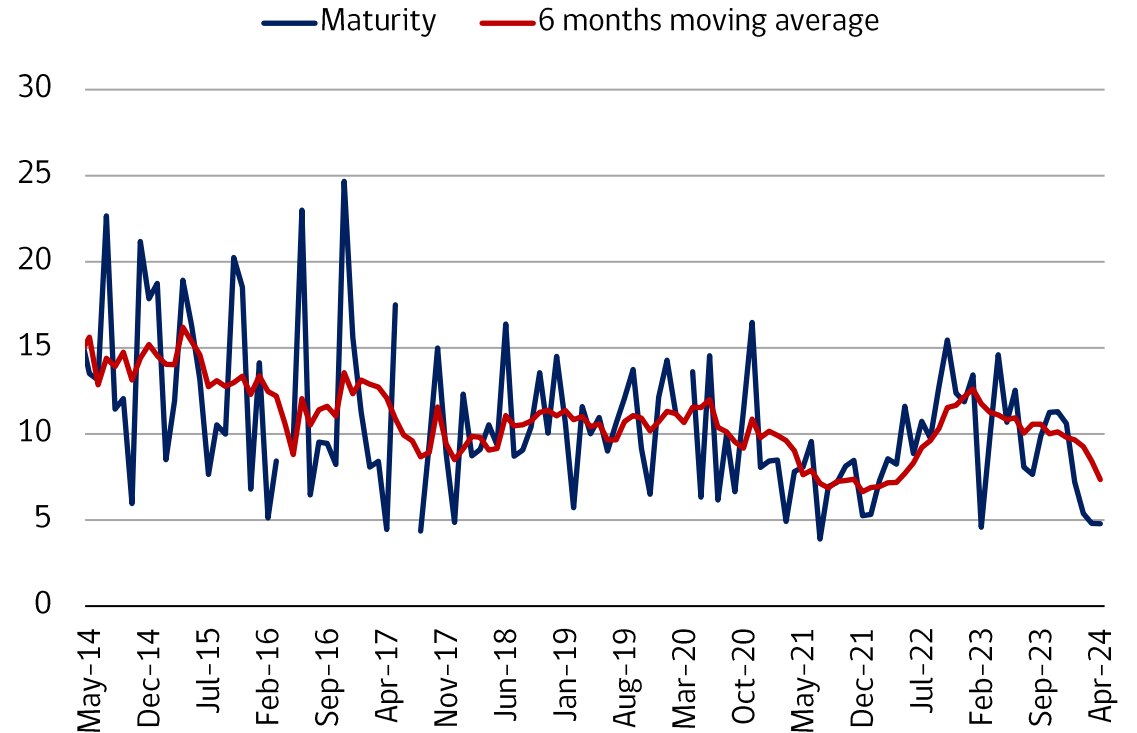
Source: Central Bank of Chile.

The fixed income market is still recovering from pension fund withdrawals. Financial and non-financial corporates bonds issuances in the local market were around historical averages in 2024 Q1 but maturities have shortened

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:**

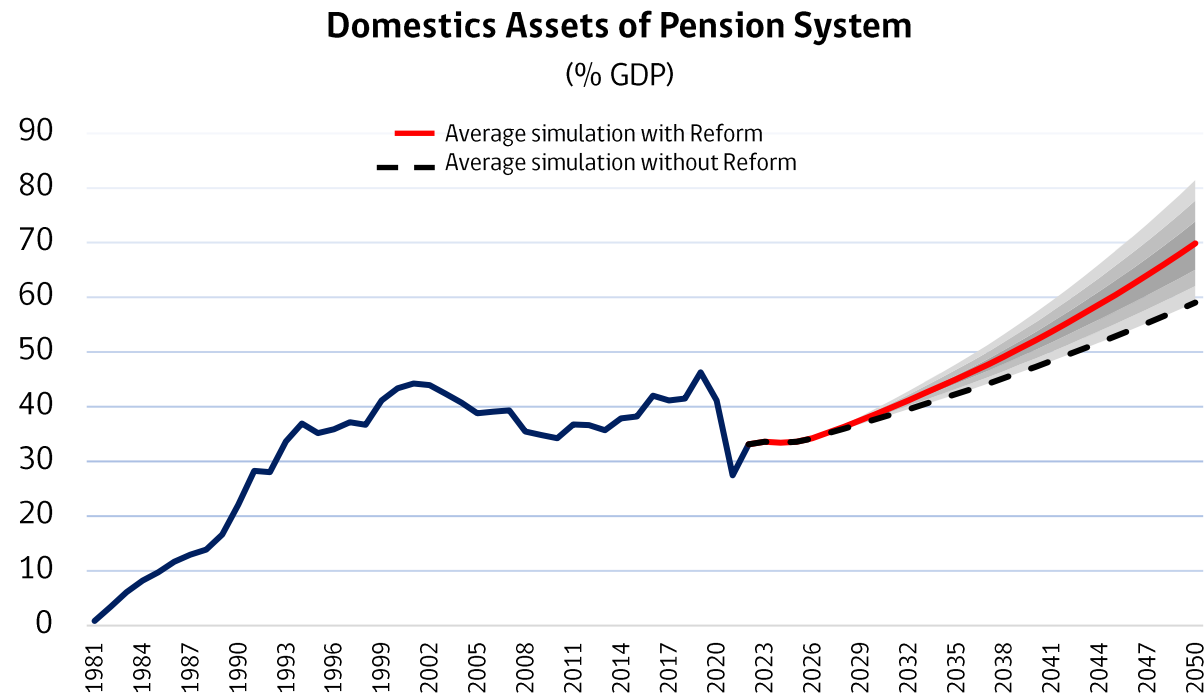
- As of December 1st of this year, the additional basic capital requirement associated with the capital conservation buffer will reach its full value of 2.5%.
- The substitution of T2 capital for AT1 will reach 1.5%.
- The additional charge for systemically important banks will reach 75% of the charge.
- 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.

- **Other legislation approved:**

- 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)
- 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

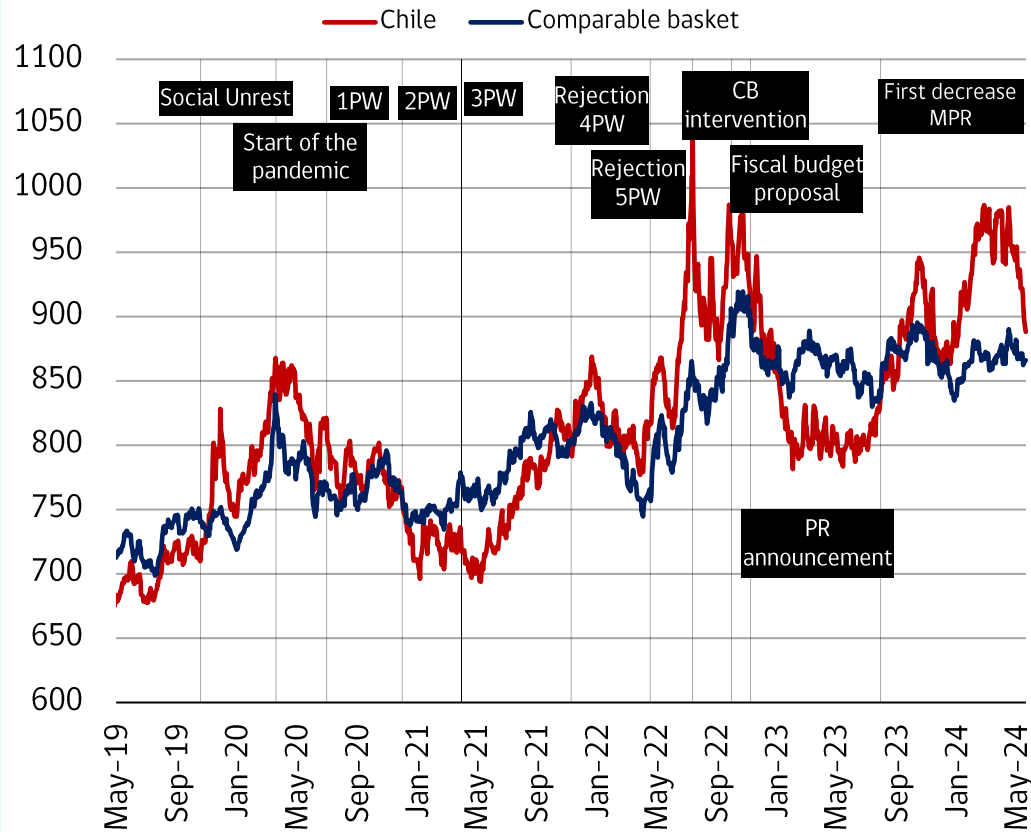
- Risk-based supervision for insurance companies
- The Financial Markets Commission and the Central Bank, in coordination with the Ministry of Finance, are refining the framework for bank resolution and deposit insurance
- Pension fund management
- Internationalization of the CLP (simplified RUT)



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

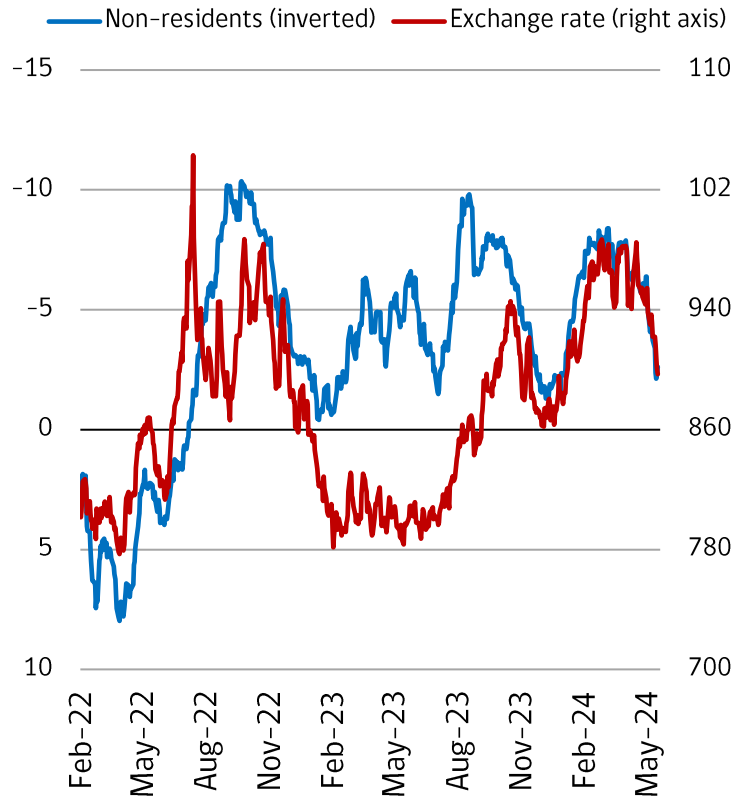
Exchange rate (1)

(pesos per dollar)



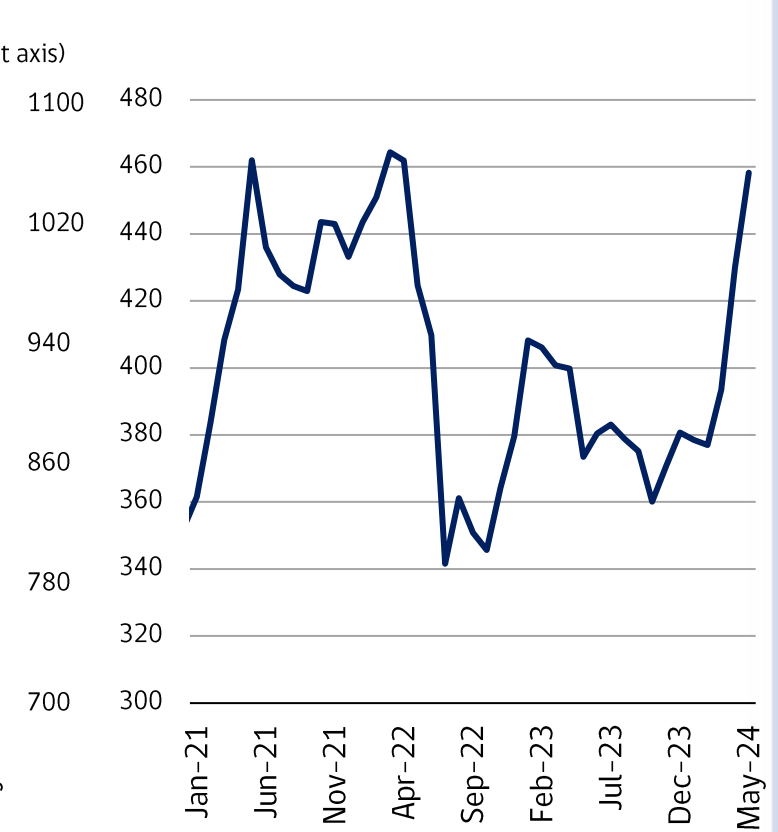
Non-resident NDF position and exchange rate

(billions dollars, pesos per dollar)



Copper price (2)

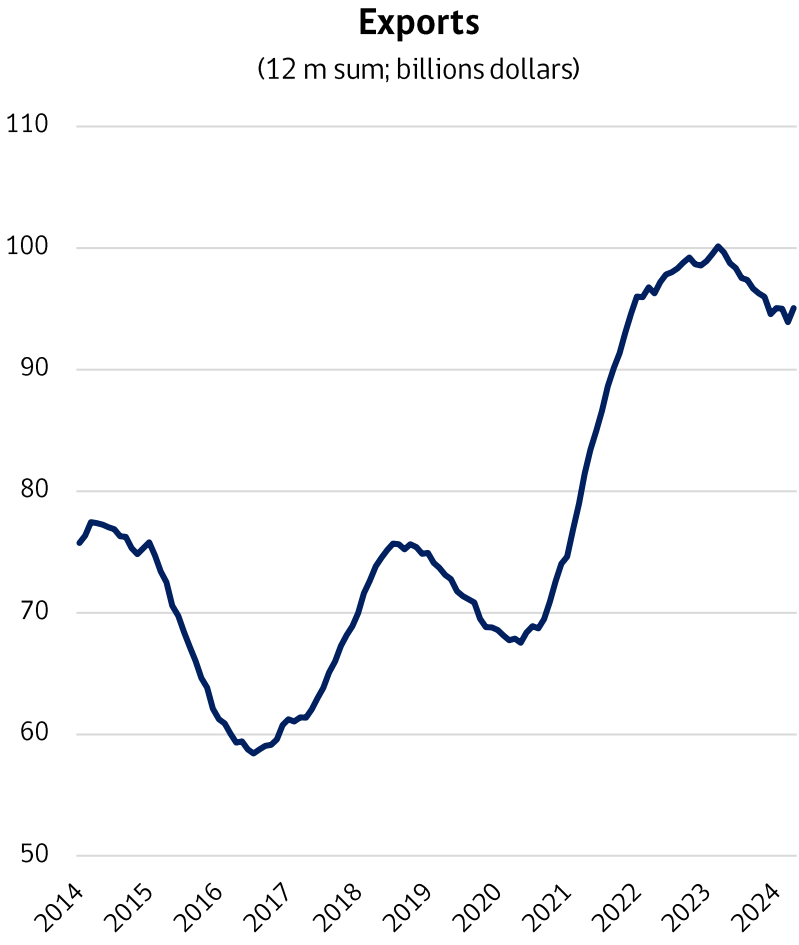
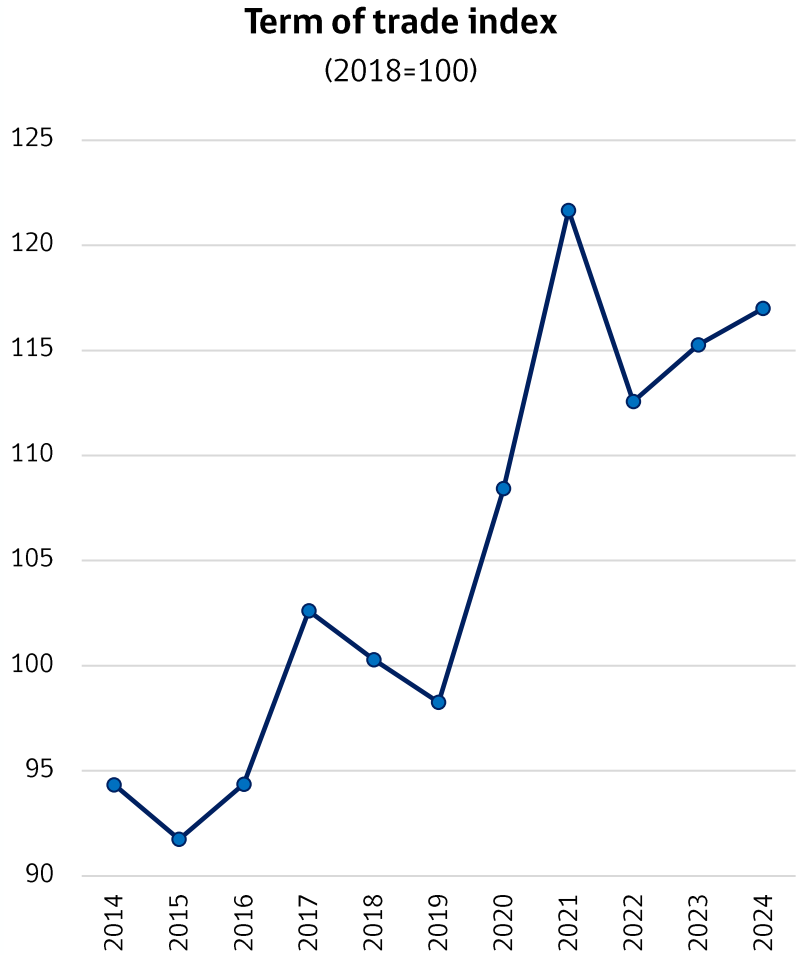
(USc/lb, monthly average)



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 20th. (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

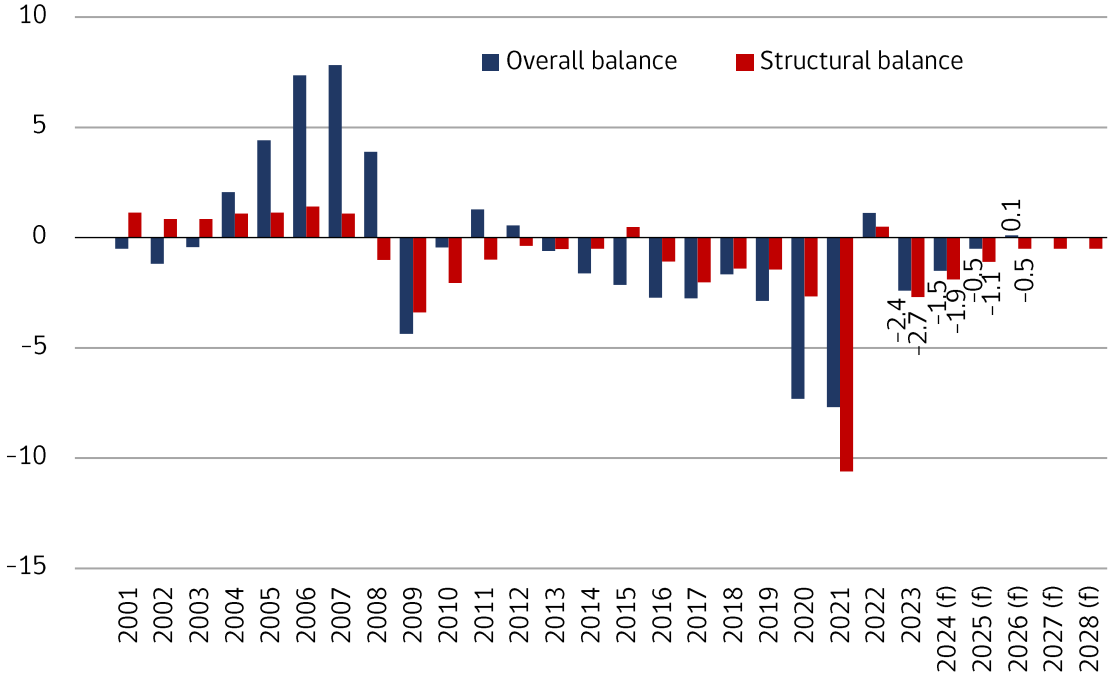
In process: India, United Arab Emirates

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

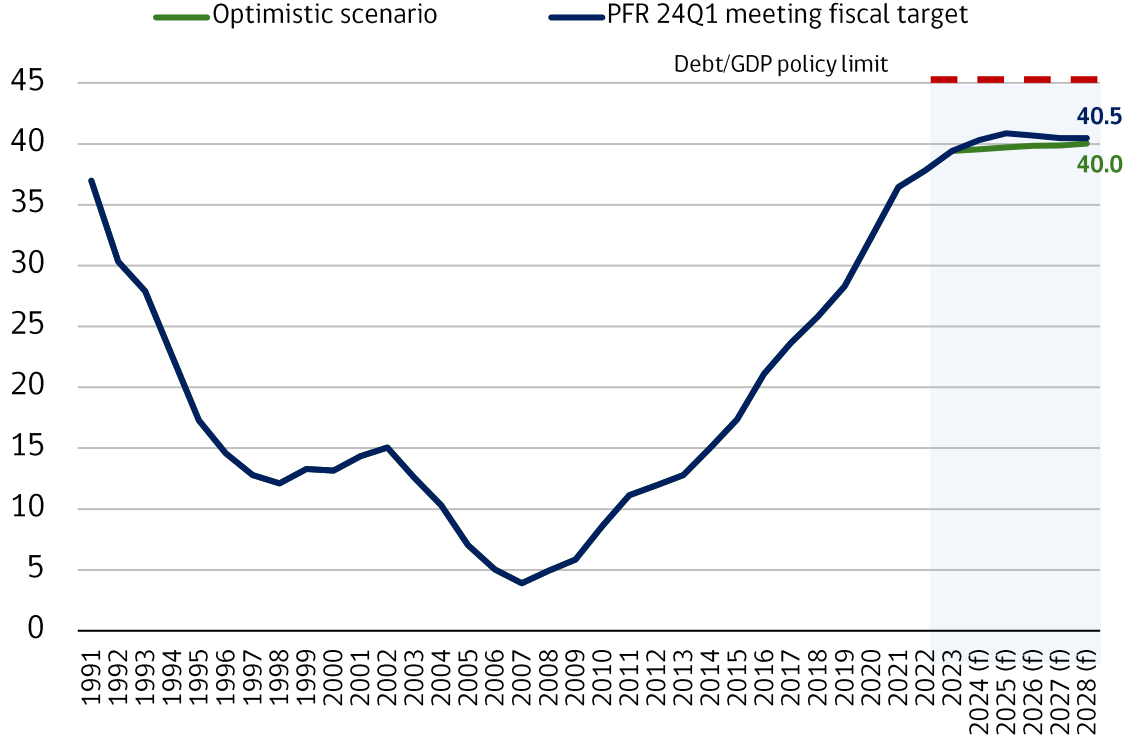
Central Government Fiscal Balance (1)

(% of GDP)



Central Government Gross Debt (2)

(% of GDP)



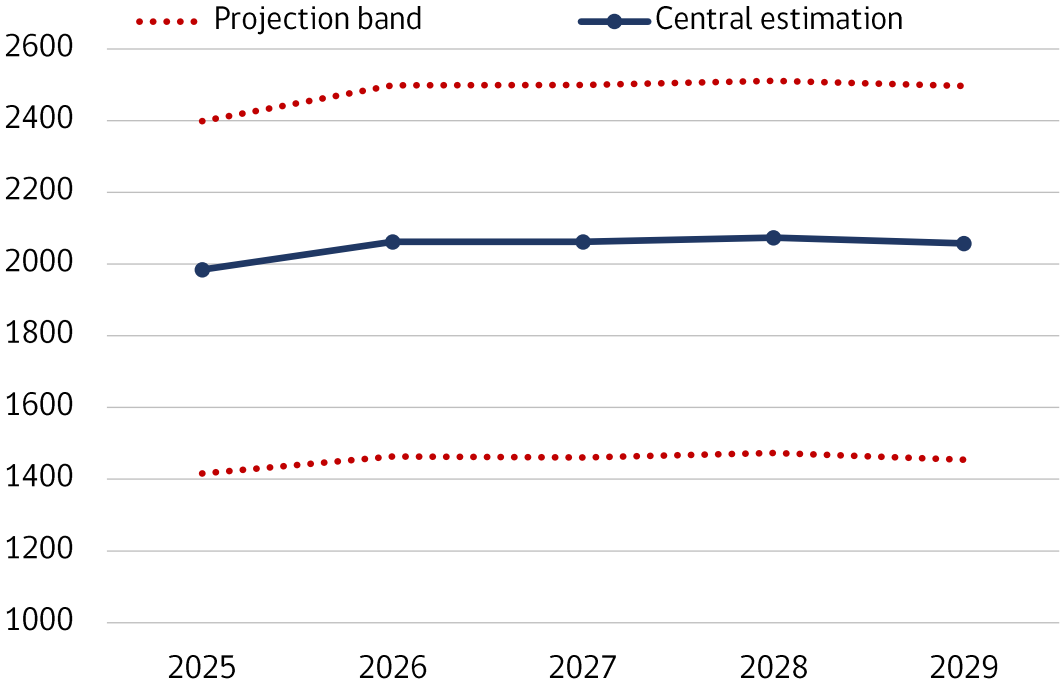
year	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24p
Primary Spending (annual growth)	4,2	1,2	6,9	7,1	7,3	10,0	10,4	16,7	6,5	2,6	4,5	4,1	6,4	7,3	3,3	4,5	3,2	4,0	10,8	34,4	-24,1	0,9	4,2

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 is likely to broaden moderately in 2025–2028 as a result of developments under way

Additional fiscal revenue as a result of the application of CODELCO–SQM 2025–2029 MoU

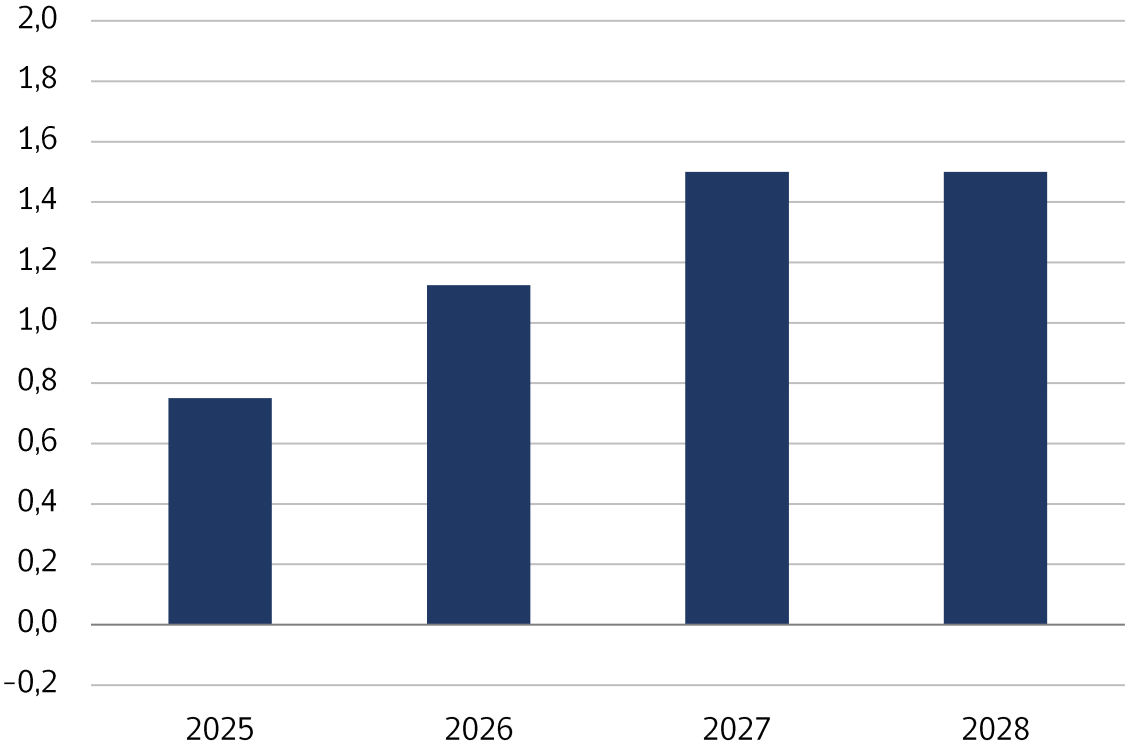
(millions of dollars)



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)

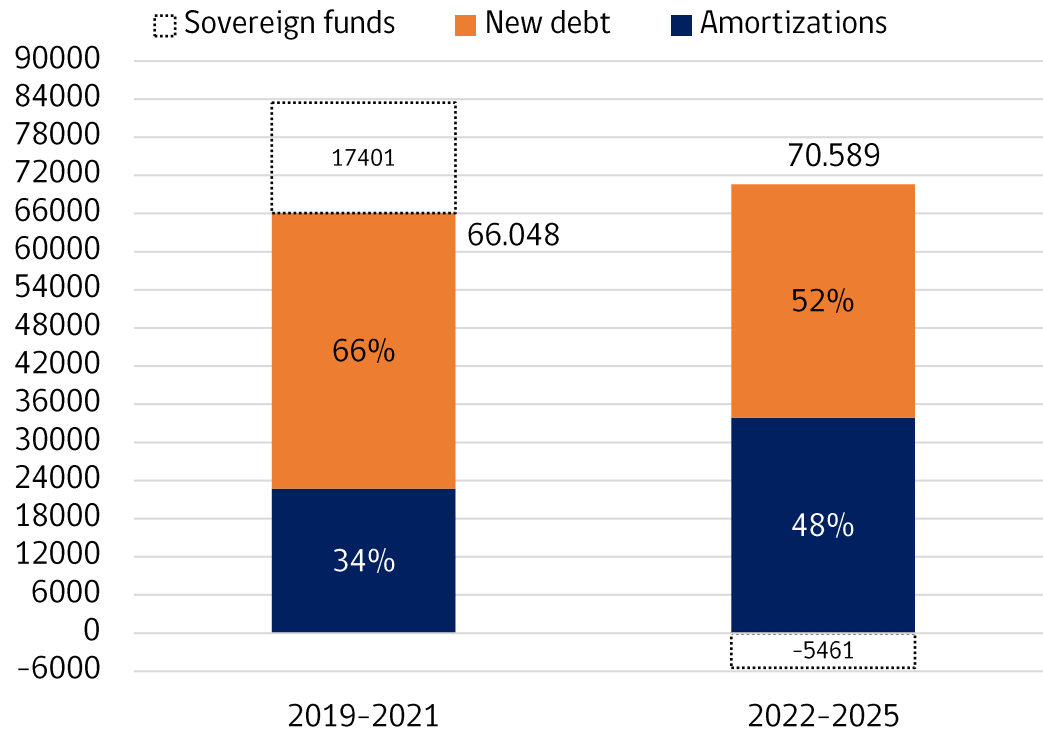


Compliance with tax obligations has been incorporated as a central component of the Fiscal Pact and will allow fiscal resources to increase by 1.5% of GDP. The pension reform article that links higher expenses to higher collections was approved with transversal support

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

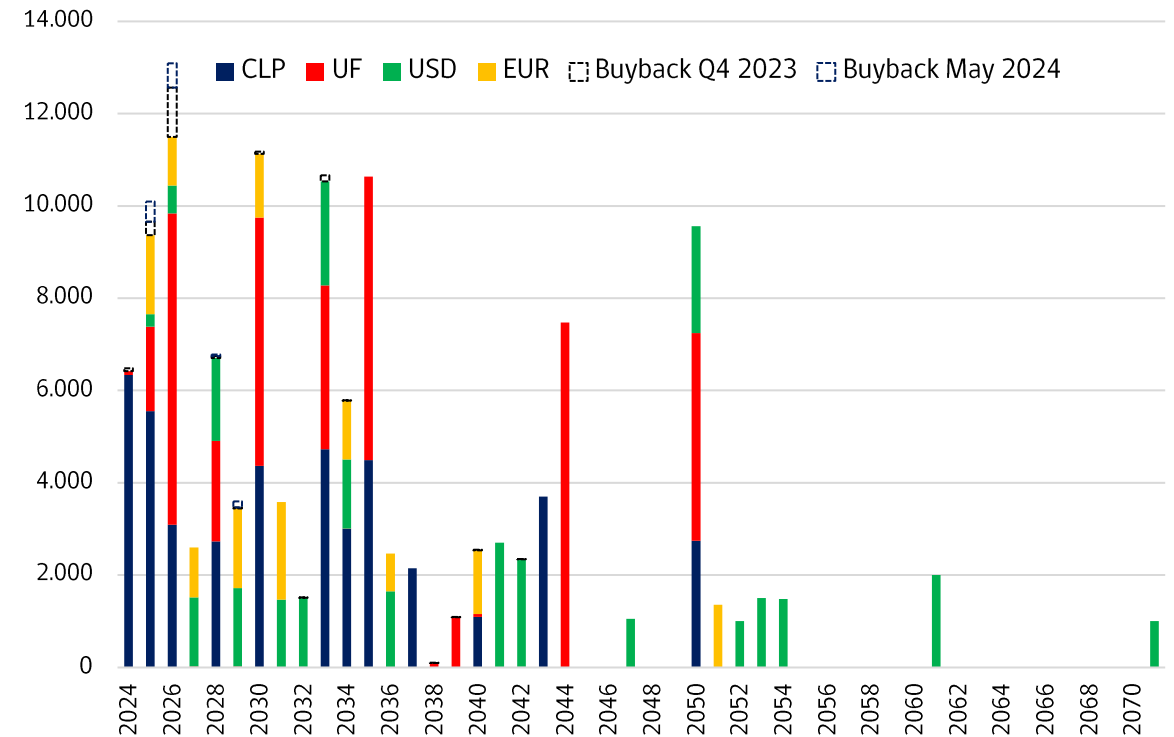
Financing sources composition(1)

(millions of dollars)



Maturity Profile of Republic of Chile's Sovereign Bonds

(millions of dollars)



Note: (1) For Sovereign funds positive means withdrawals while negative means deposit
Source: Ministry of Finance.

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

- 2024 plan considers up to **US\$ 16,5bn**
 - Conclude 2024 with a composition of **66%/34% between local and external currency** (80/20 by 2026)
 - Domestic issuances includes Book-Building process. Enhance foreign participation in LC debt.
 - Local bond issuance: **52% in CLP and 48% in UFs.**
- Liability Management **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.
 - Aimed at maintaining an **average maturity around 11 years** on the stock.

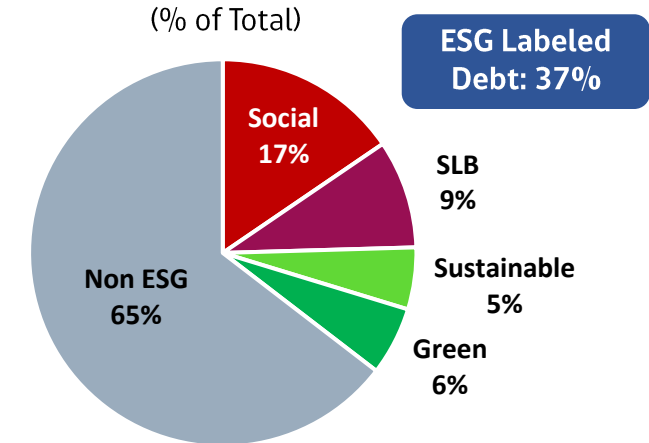
In line with this strategy, a transaction was successfully priced yesterday, with a record demand in a bookbuilding-type format for peso-denominated bonds. Stock of ESG bonds amounts to US\$48bn (37% of total public debt)

- The issuance of the 2033 and 2044 was CLP 1,300,000 million and CLP 670,000 million, respectively
- Despite the different maturities, both were priced at rates of 6.25% (10 and 20pb concession)
- Total repurchase of 2025 and 2026 bonds of US\$650 million, so new money is US\$1,500 million.

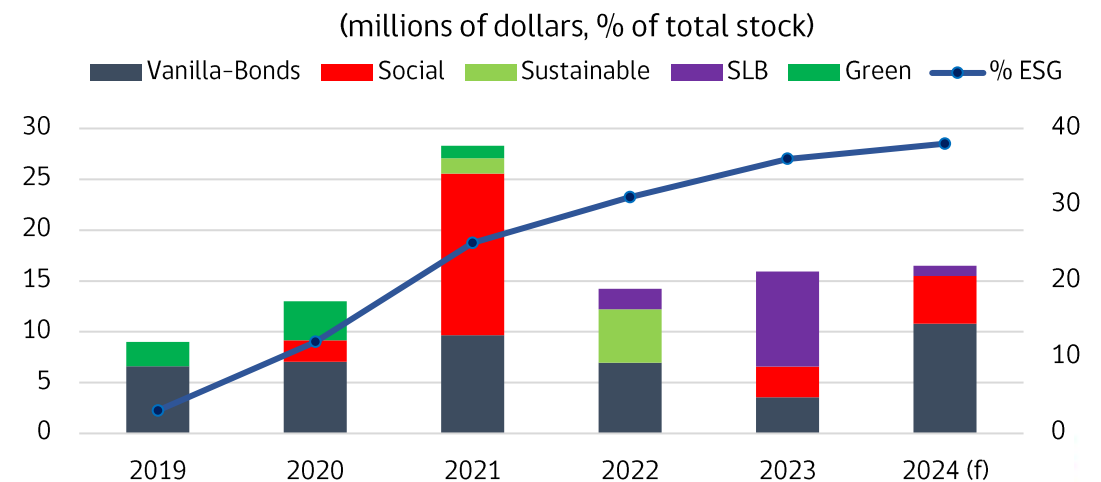
Leveraging Government financing to address Climate Change and drive Sustainable Growth: thematic bonds at the center of the Strategy

- Total ESG bond issuance reached **around US\$48 billion** considering all its bonds, **37% 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



Historic issuances and ESG stock

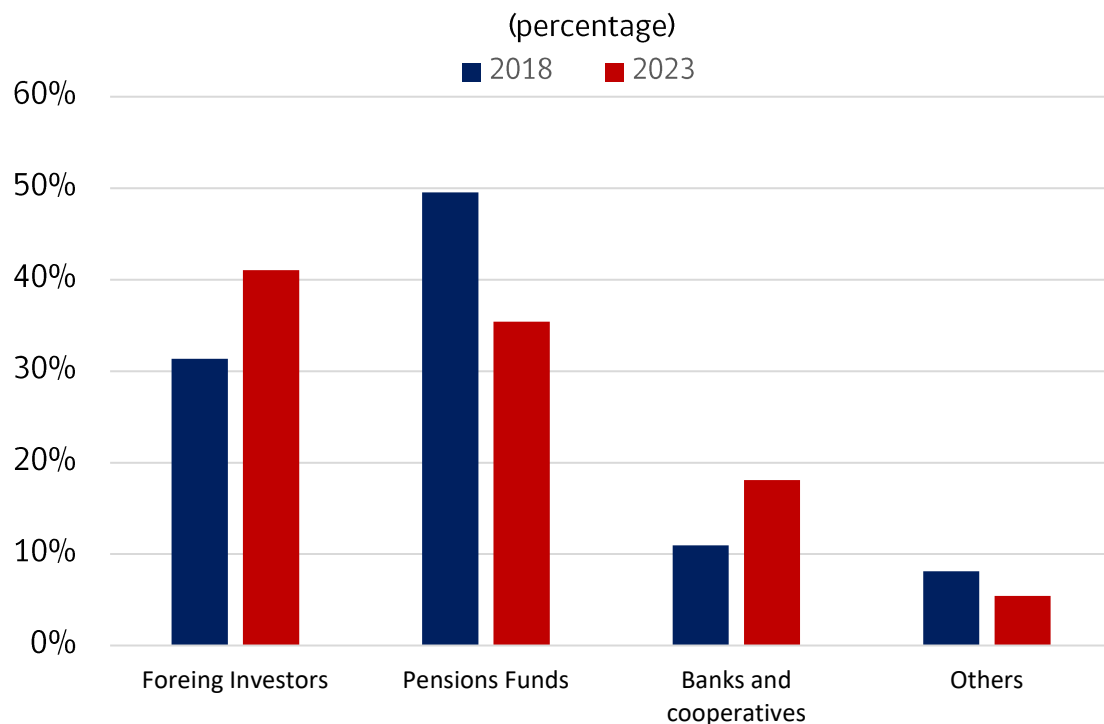


Note: (f): forecast.

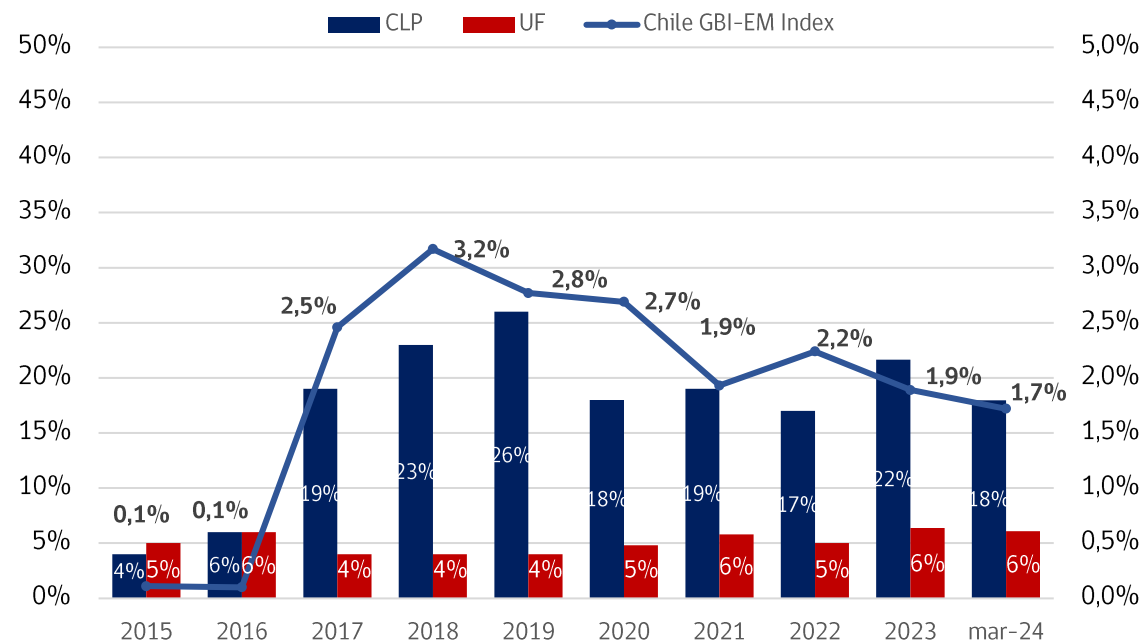
Source: Ministry of Finance.

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.



» 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

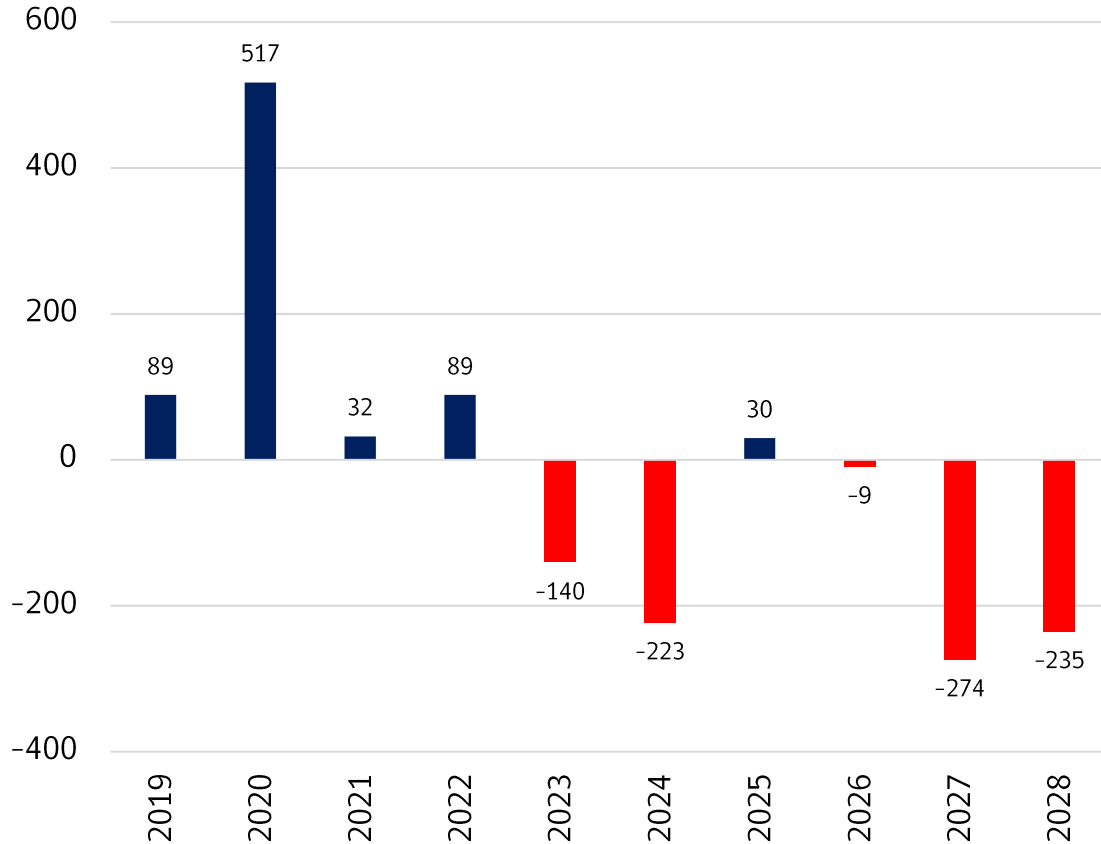
10 years

The pro-growth agenda includes broadening the productive base building on emerging comparative advantages. The government has outlined challenging goals to meet at the end of its term and identified concrete measures to achieve them, but the key actor will be the private sector, local and foreign

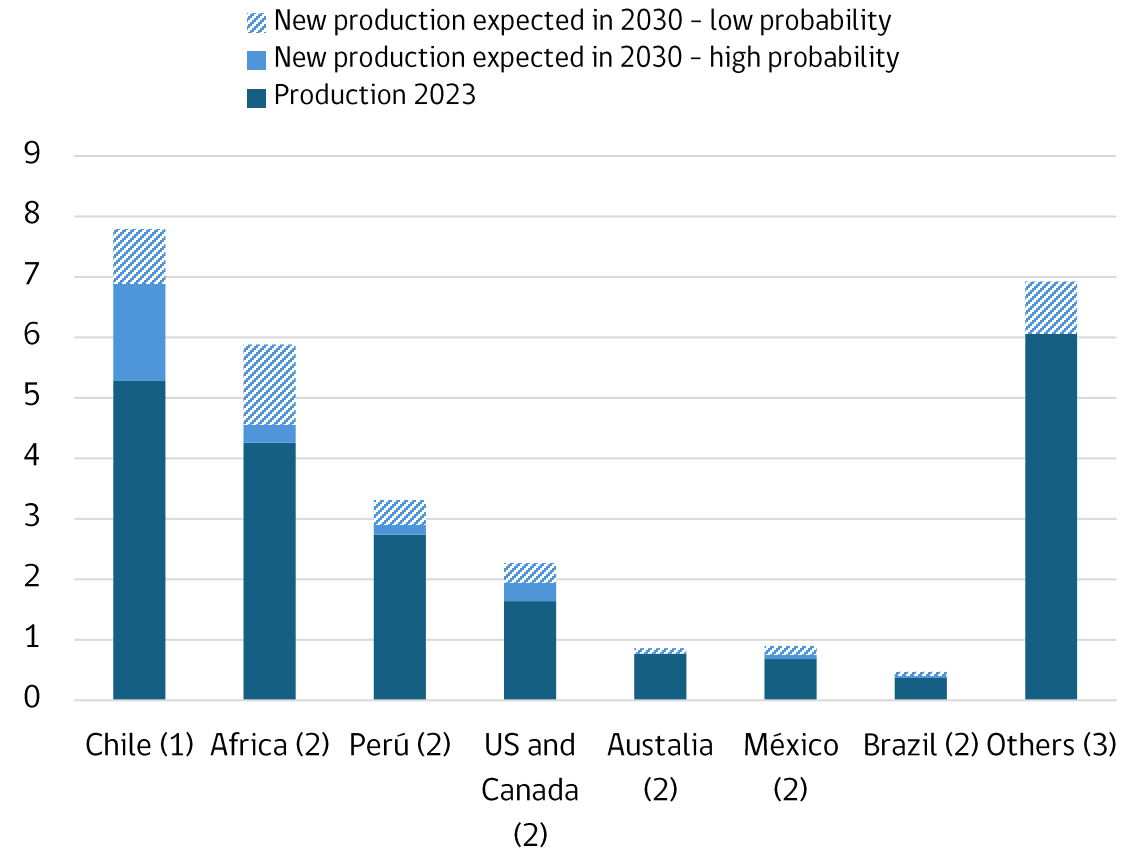
Economic sector	Goal to 2026
Clean and competitive mining	Increase copper production by 1 million metric tons
Lithium	3 to 4 new projects in development
Renewable energies	2/3 of matrix of electricity generation from renewable sources
Green hydrogen	10-12 projects in development
Digital economy	Growth of the digital economy triples the average growth of the economy
Tourism	Increase the number of foreign tourists entering the country by more than 1 million per year

For the coming years, a deficit in world copper production is expected. Chile is the country with the largest increase in production expected by 2030

Global copper balance
(thousands metric tons)



Expected copper production by 2030
(millions metric tons)



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. (3) It includes countries with lower levels of production or high level of uncertainty: Ecuador, Argentina, Zambia, Afghanistan, Philippines, Pakistan, Russia and Mongolia.

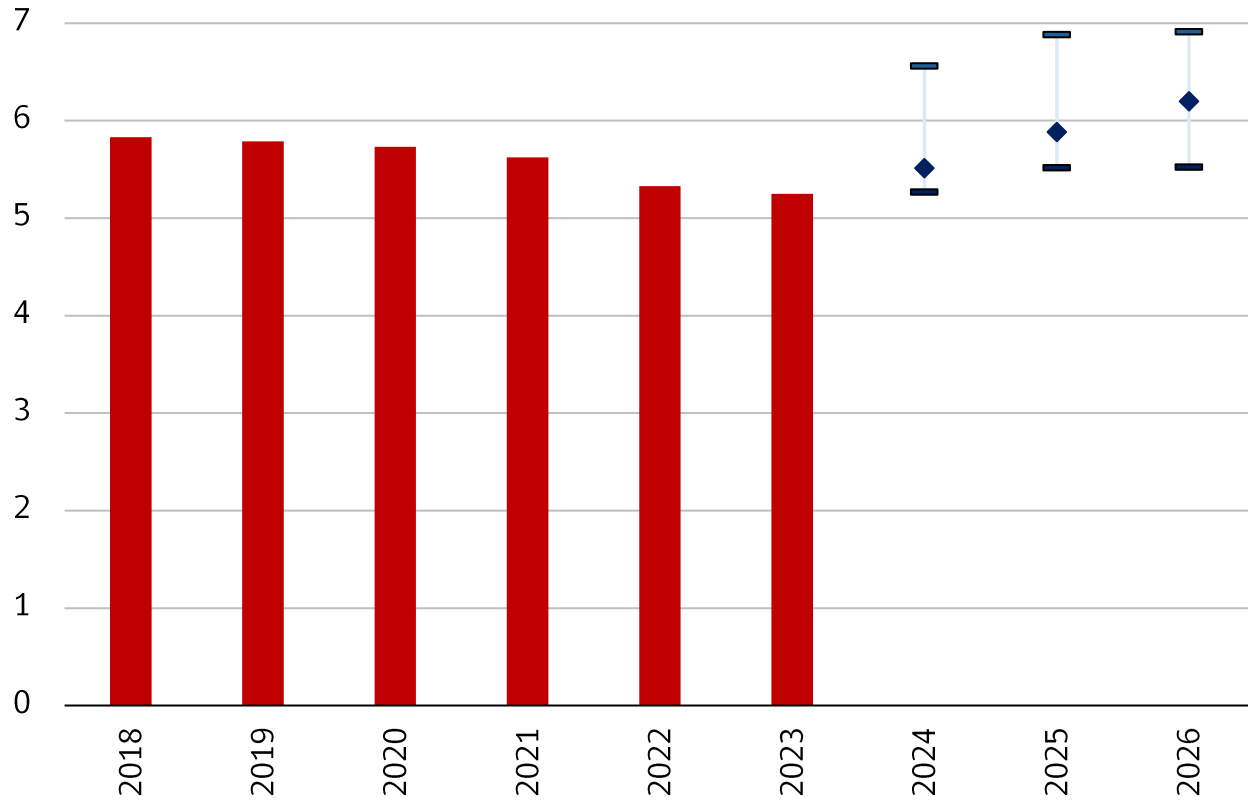
Source: LarrainVial, INCOMARE, Wood Mackenzie and COCHILCO.

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)

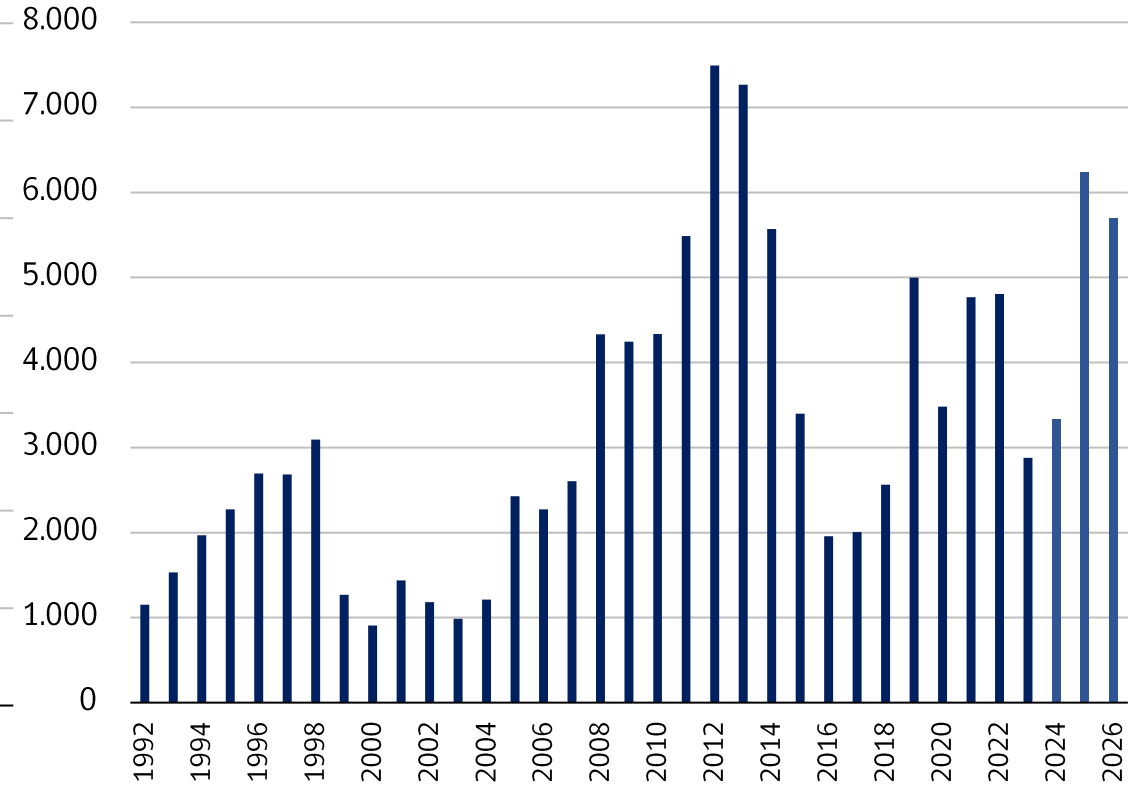
■ Actual — Max - Min ◆ Expected



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 31st, 2024.

Source: COCHILCO, Capital Goods' Corporation.

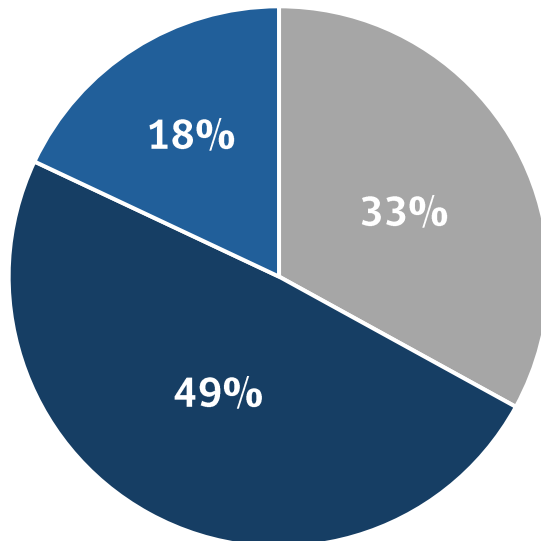
The National Lithium Strategy, presented a year ago, is making good progress. There is room for joint ventures with Codelco and Enami in six salt flats and private projects in 26 open salt flats, where a RFI is under progress

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, 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,

Negotiations between CODELCO and SQM have concluded successfully. The agreement released this morning confirms the main features of the December 2023 MoU

- **Shareholding:** CODELCO (50% plus one share) and SQM (50% less one share)
- **Contributions:**
 - SQM: (i) existing lease contracts of mining concessions (up to 2030); (ii) fixed assets and facilities; (iii) 25+ years of experience in lithium exploitation; (iv) commercialization/distribution network; (v) know-how licenses; and (vi) others.
 - CODELCO: new lease contracts to exploit the Atacama Salt Flat from 2031 through 2060, including additional exploitation quota.
- **Periods:**
 - First Period (2025-2030): SQM will control the operation.
 - Second Period (2030-2060): CODELCO will control the operation.
- **Shareholders Agreement:** A shareholders' agreement will govern the relationship of the partners, including reserved matters, deadlock solutions, shares transfer restrictions, among other regulations
- **Maricunga Assets:** SQM will transfer as part of the transaction its mining concessions in the Maricunga Salt Flat, allowing CODELCO to consolidate ownership in such salt flat, in which is already developing a lithium project.
- **Closing Conditions:** The formation of the JV Company is subject to customary closing conditions, including: (i) SQM's corporate reorganization, (ii) contribution of assets, (iii) antitrust approvals. Closing is expected during first half of 2025.
- The new lease of the mining concessions and the project are subject to indigenous consultation

The Codelco-SQM is a critical milestone of the “National Lithium Strategy” announced by President Boric in 2023

- Joint venture of two Chilean champions, one state-owned and one private company: Codelco, as the world’s largest copper producer, and SQM as one of the world leaders in the lithium, potassium nitrate, iodine and thermo-solar salts markets.
- The agreement will allow Chile to increase Lithium production much faster than any other alternative. The annual production between ‘25 and ‘30 will be approx. 270,000 ton LCE per year. Between ‘31 and ‘60 the production will be around 270,000 and 300,000 ton LCE.
- The partnership will increase the State of Chile’s income through lease payments, taxes and CODELCO’s participation in JV Company. Between ‘25 and ‘30 the State will capture approx. 70% of the operating profit and will increase to up to 85% of the operating profit (assumes a per ton LCE Price of USD20,000).
- “Salar Futuro Project”: Will decrease brine extraction and will incorporate new technologies with the highest environmental standards.

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	-	-	-
Total	225,000	395,200	475,200
Porcentual increase	-	76%	111%

Outlook scenario assumptions

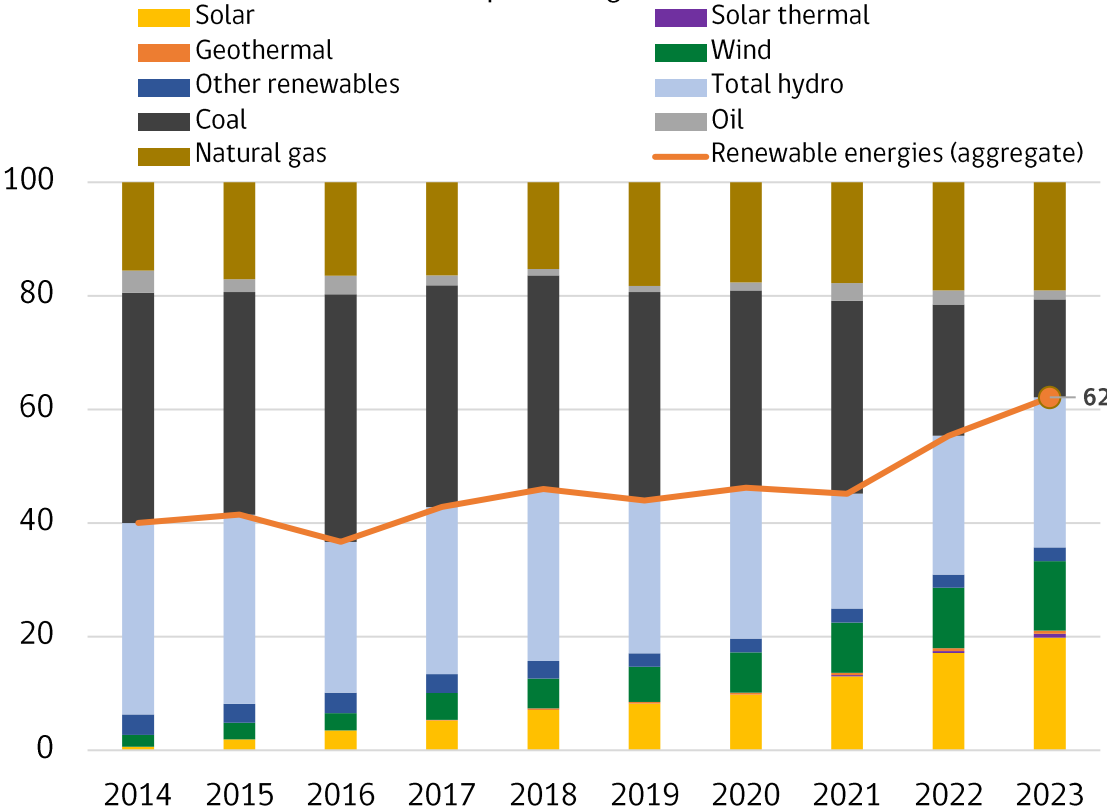
- SQM - CODELCO (Atacama salt flat) will increase its production to 300,000 LCE tons no later than 2030.
- Albermarle (Atacama salt flat) will have a base production level of at least 80,000 tons by 2030 and 100,000 LCE tons by 2035, due to efficiency improvements.
- Blanco salt flat project (Maricunga 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

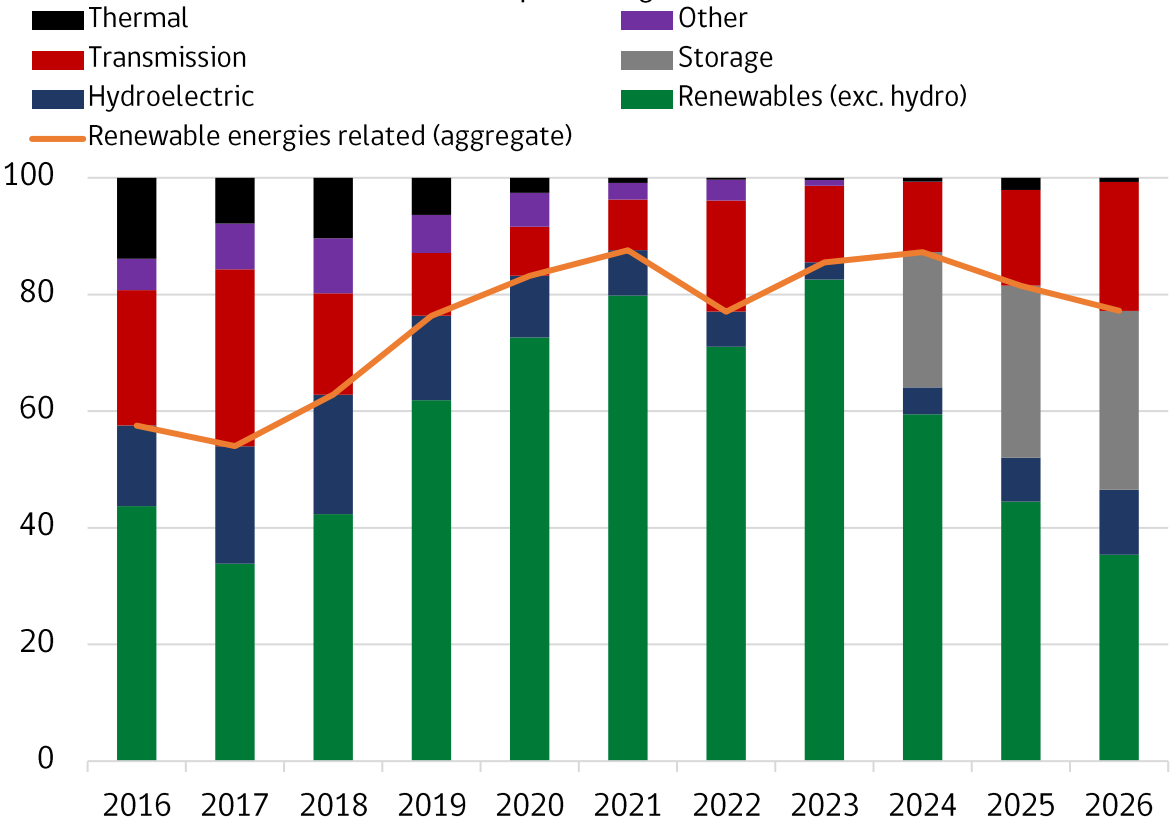
Electricity generation by technology and NCRE participation

(percentage)



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

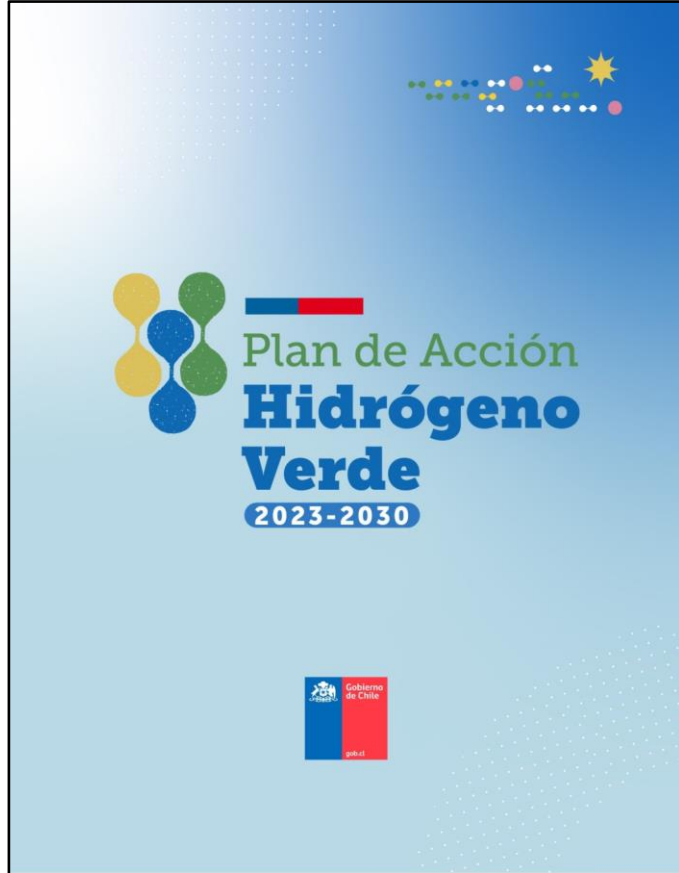
(percentage)



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)



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:

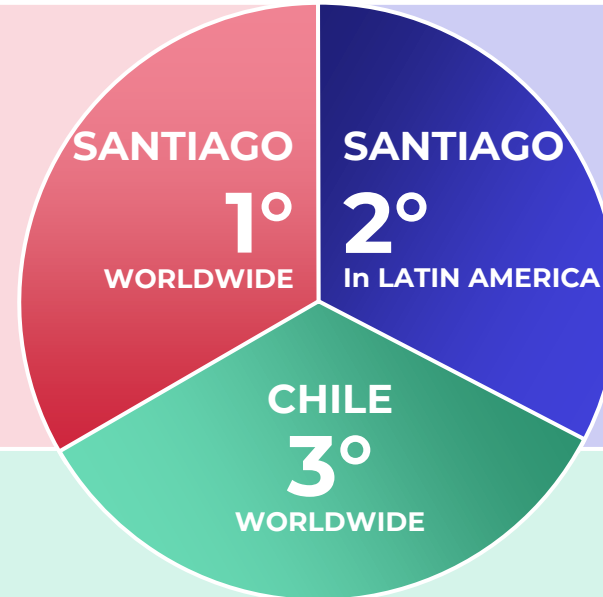
- The capacity of data centers in Chile **increased by 20%** during the last quarter of 2023.
- There are **22 operational data centers** in Chile, and the arrival of **28 new ones** is expected nationwide.
- InvestChile is currently managing Data Center projects worth **US\$4,310 millions**.

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

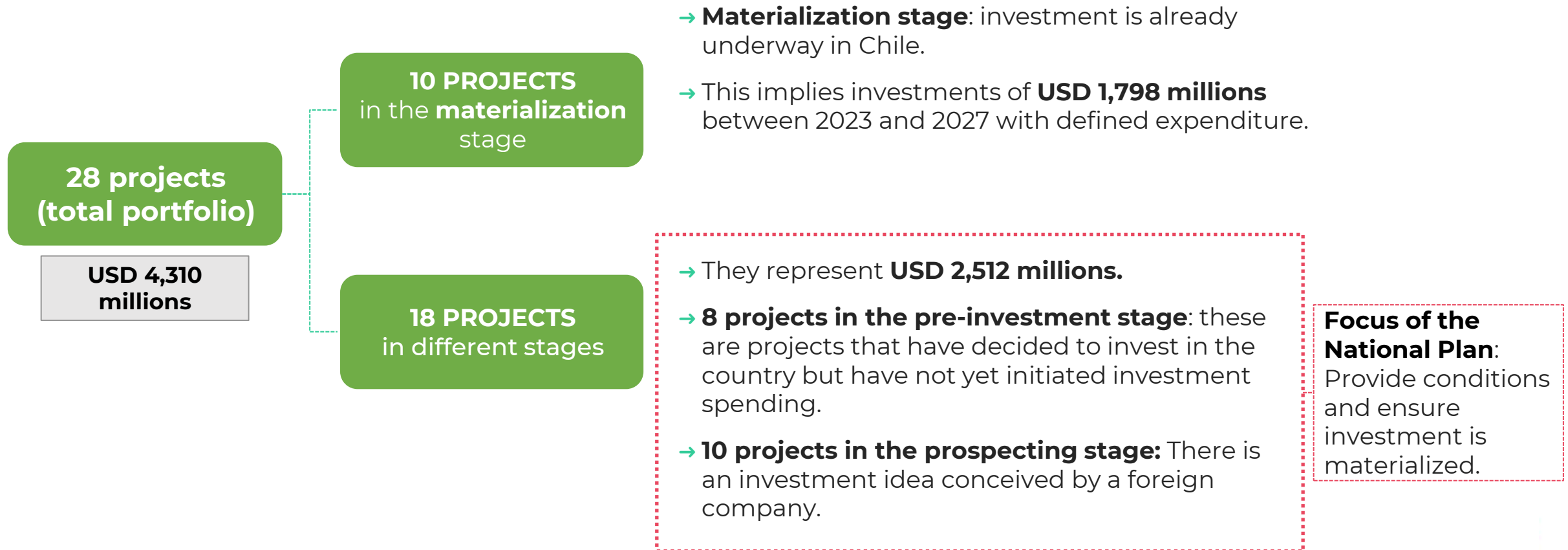
Chile ranks third globally for its high-speed internet access.

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

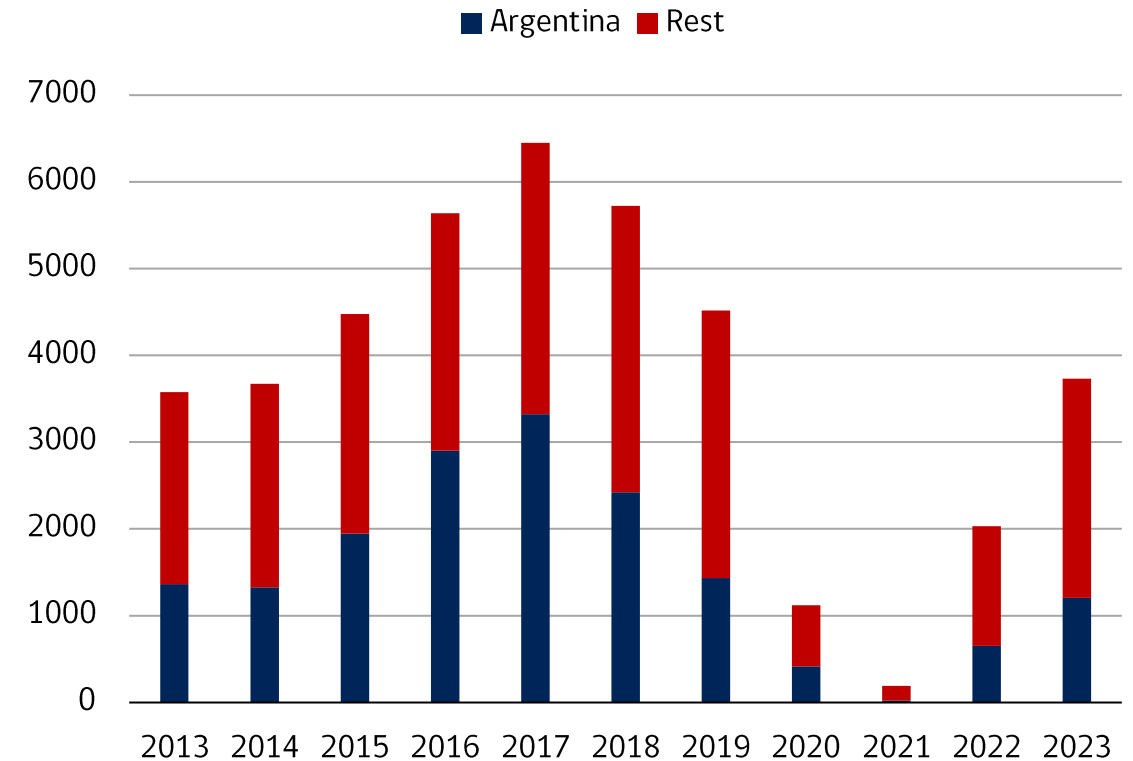
2

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)



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

Intelligent Permits System	PRO-GROWTH	FISCAL RESPONSIBILITY	Tax compliance
Environmental Assessment 2.0			Fiscal Responsibility Strengthening
Maritime Concessions and Coastal Zone			Regional Fiscal Responsibility
Reform of Registry and Notary System			Registry of Final Beneficiaries
Standardize Illegality Claims		PUBLIC SECTOR REFORM	Government transfers to non-profit institutions
Archaeological findings in building sites			Agency for the Quality of Public Policies
General Urbanization Law			Government Internal Audit Service
Public Infrastructure Advisory Council			Integrity in Municipalities
Maritime Cabotage Competition			Transparency 2.0
Desalination Plants Regulation			
Tourism Reactivation			
Development Financing Agency (AFIDE)			

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 inclusive growth

Chile Day
New York, May 2024

TORONTO - NEW YORK

Mario Marcel | Minister of Finance