

COUNTRY PROFILE



Chile

GLOBAL RANK: 27th of 104



Chile performs strongly, particularly for a Latin American state, at 27th place in the Index, with a higher Economic Competitiveness rank (25th) and a lower Comparative Liveability rank (33rd). The secret of Chile's success is relatively strong scores across the board and very good governance.

● BACKGROUND

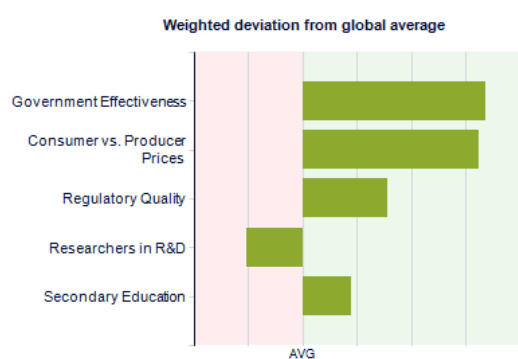
This Latin American country, which occupies a narrow coastal strip that runs for 4,600 kilometres along the Pacific Ocean, is considered one of the most stable and democratic states in the region. It is a major exporter of copper and agricultural products, and its leaders have pursued investor-friendly reform and free-trade agreements with other countries, including the USA and China. Advances have been made in reducing poverty, which has fallen faster than anywhere else in the region. Although the dictatorship of Augusto Pinochet ended in 1990, the prosecution of human rights abuses committed during his rule remains a major political issue.

FAST FACTS

Population:	16.45 million (2008 est.)	FDI (net inflow):	5.54% (2006 est.)
Life Today	5.9 (2007 est.)	Exports	39.85% (2006 est.)
GDP (PPP)	\$231.1 billion (2007 est.)	Imports	26.33% (2006 est.)
GDP (Growth)	5% (2007 est.)	Unemployment:	7% (2007 est.)
GDP (per Capita)	\$13,900 (2007 est.)	Life Expectancy	77.15 years (2008 est.)
Political System:	Republic		
Foreign Aid:	0.05% (2006 est.)		

● KEY SCORE DRIVERS

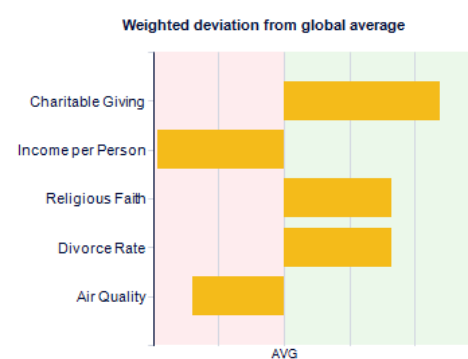
ECONOMIC COMPETITIVENESS



Many of Chile's economic indicators rank on a par with Italy, South Korea and Spain, boosted by high levels of openness. In the last 30 years, Chile has built a favourable environment for business and investment, and the country is well known for its consolidated economic freedoms. Overall, Chile ranks at the top of the Latin American economies.

The quality of the business environment, and the accumulation of capital that has resulted, are similar to that of Europe or developed Asia. Chile has signed onto more than a dozen regional trade agreements: amongst other Latin American countries, only Mexico equals this achievement. Foreign trade and investment represents

COMPARATIVE LIVEABILITY



While growth has been rapid, it is from a low base: with average earnings of around \$11,000, Chile could still be classified as a lower middle-income country. Unemployment is fairly low (7%), and poverty is also low by Latin American standards. Chileans declare themselves satisfied with their health, perhaps unsurprisingly given long health-adjusted life expectancy of a little over 67 years. Both indicators exceed the Latin American average. Chile boasts a consolidated democracy with high levels of political rights and civil liberties, and Chileans report high levels of satisfaction with freedom of choice.

These high levels of freedom sit alongside low levels of gender

almost 72% of GDP.

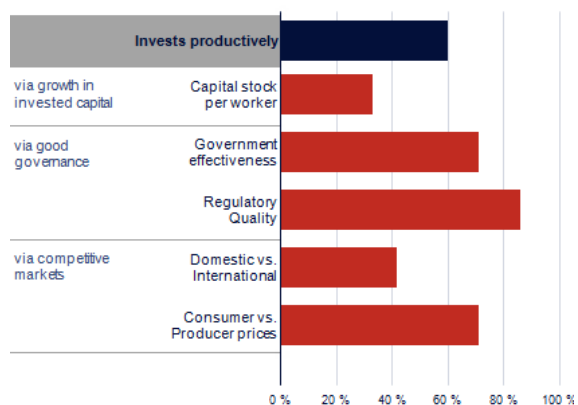
The domestic market is remarkably competitive, as measured by the changes in the ratio of consumer and wholesale prices, and the bureaucratic environment is also favourable. Chile ranks first in the Latin American region in terms of government effectiveness, corruption control, and quality of regulation.

Yet, despite its consolidated economy and quality mass education, Chile scores poorly for commercialisation of innovation, especially when compared to the fast-growing East Asian economies. The limited number of researchers working in Chile also suggests a dearth of highly trained human capital. Additionally, the Chilean economy is remarkably dependent on commodity exports, which represent nearly 11% of GDP. However, Chile's good governance and movement to higher value-added products in this area -- such as in wines -- makes this less of a concern that it otherwise would be.

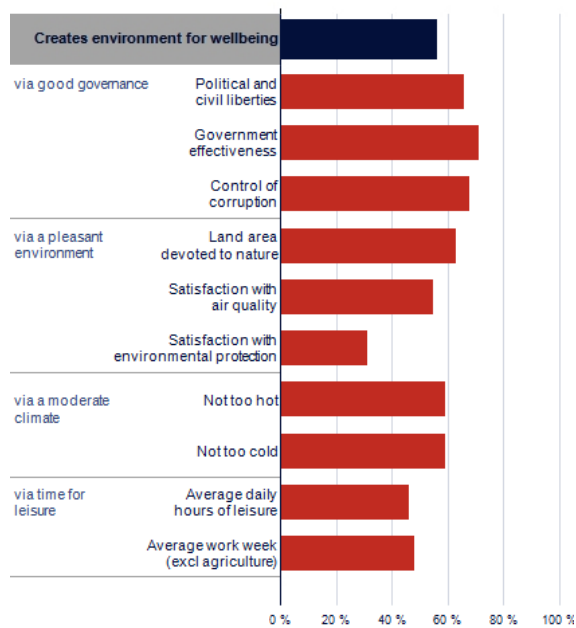
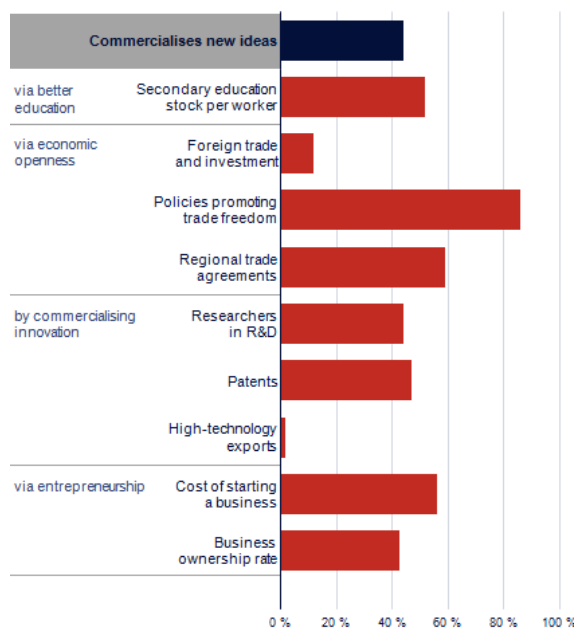
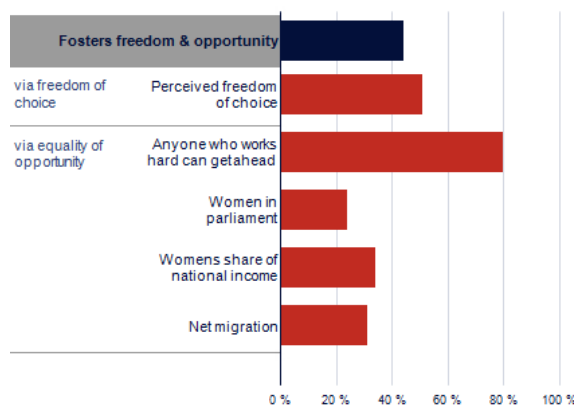
equality, where Chile ranks slightly below the average. Opportunities are being expanded -- Chile now has a female president -- but the gap between male and female incomes is still significant. Poor reported air quality, according to the Gallup World Poll, hints at the costs of rapid economic progress.

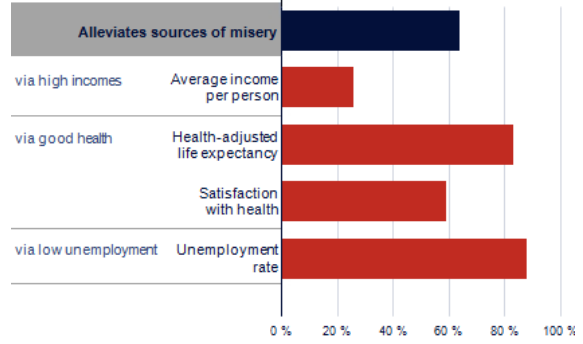
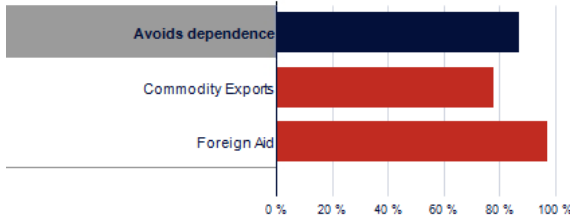
Chile is a socially conservative country in which more than 85%^w of people report that religious faith is 'very important' in their lives. This tends to correlate with higher levels of subjective wellbeing. Religious faith is a notable source of social cohesion in Chile, and impacts on social life in many ways: it contributes, for instance, to low divorce rates. However, in other areas, social capital indicators, such as social trust and involvement in community organisations, score relatively badly, suggesting that there are lingering effects from Chile's authoritarian past.

ECONOMIC COMPETITIVENESS: SCORECARD

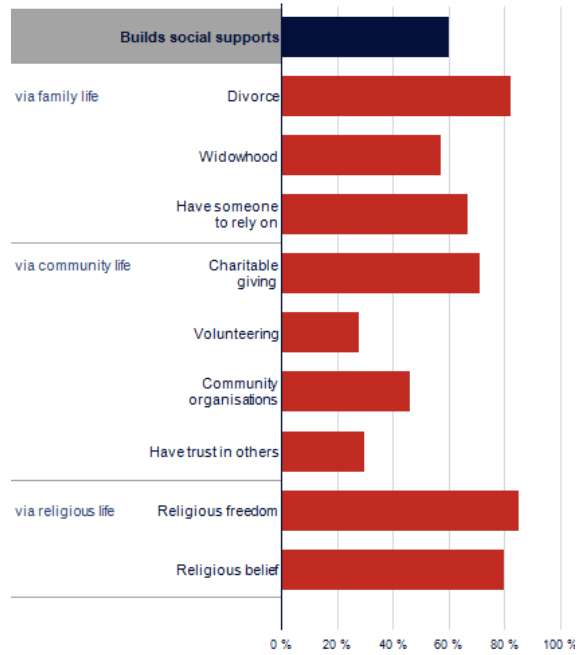


COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.