CHILE

What’s happening in this economy

Chile has had sustained economic growth, despite feeling the effects of a mining downturn. With the strengthening of the global copper price and the election of a pro-business president, major projects and investments are flowing once again.

GDP growth in 2018 is expected to be around 3.4 per cent. The government has recently moved to reduce red-tape and support investors in large projects. Chile is consistently ranked first or second in the region in the World Bank Ease of Doing Business report.

Australia’s trade with Chile has long been dominated by exports of goods and services for the mining industry. This trend will continue, particularly as leading technologies developed in Australia are sought by Chilean mine sites. Trade is now also growing in infrastructure services, education, functional foods and agribusiness.

The Chilean Government is taking steps to attract more foreign investment, including by creating an office of big projects and introducing new measures to reduce red tape. Foreign investment declined over the last four years, but is picking up again this year under the new administration, particularly in the mining and energy sectors.

Trade, investment, and commercial opportunities and activities

- The majority of Australian businesses in Chile are involved in mining and—to a lesser extent—infrastructure and education. There is scope to expand trade and investment in emerging areas such as renewable energy, water management, sports and event management (PanAM Games 2023), health and agribusiness.

- To fully realise these opportunities, they must be promoted to Australian business. We must also promote Australian capabilities in areas where we have not traditionally had a presence.

- Around 53,000 Australian travellers visit Chile each year and this will continue to grow. In 2018 Chile was ranked Lonely Planet’s number 1 must visit destination.

- There were 4,298 enrolments by Chilean students in Australia in 2017. The Work and Holiday arrangement (2,000 places) contributes substantially.

Key facts and figures

- Population: 18.4 million
- GDP growth: 3.4%
- GDP per capita: USD 25,667.7
- Two way trade: AUD 844 million in 2017
- Australian investment in Chile: AUD 3 billion
- Chilean investment in Australia: USD 750 million
- Australian businesses in Chile: 200
- Key agreements: Australia–Chile FTA in force; Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP–11) signed; Pacific Alliance FTA under negotiation; Work and Holiday scheme agreement in force (2000 places); air services in force; double taxation in force; social security in force
Trade policy and negotiations

Australia and Chile are like-minded in their commitment to liberalising trade for economic growth. Chile has more free trade agreements than any other nation and our bilateral FTA (signed in 2009) remains one of our most comprehensive. APEC, the Trans-Pacific Partnership, and the Pacific Alliance Free Trade Agreement will be important platforms for increasing trade.

Australia can work with Chile to advance shared interests in trade liberalisation through the WTO, APEC, our engagement with the Pacific Alliance and in the OECD.

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