

WORLD RANK: REGIONAL RANK:

22

2

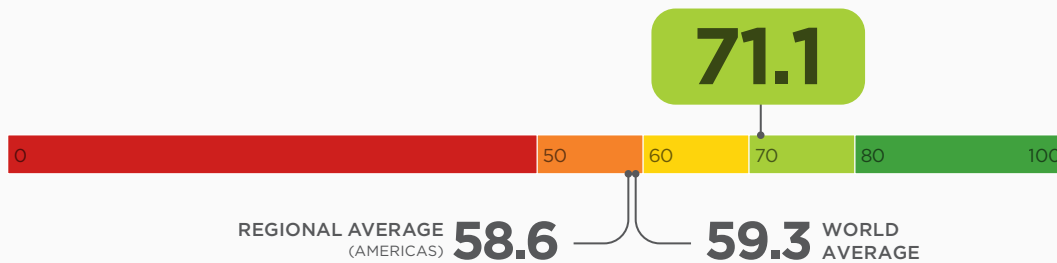
ECONOMIC FREEDOM STATUS:
MOSTLY FREE

CHILE

Chile's economic freedom score is 71.1, making its economy the 22nd freest in the 2023 *Index*. Its score is 3.3 points lower than last year. Chile is ranked 2nd among 32 countries in the Americas region, and its overall score is above the regional and world averages.

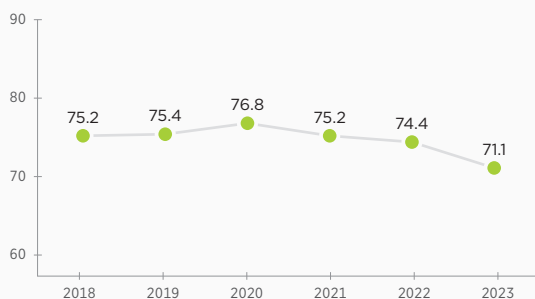
All of the pillars of economic freedom remain relatively well maintained in Chile, whose economy is still considered “mostly free.” With a transparent business climate, the country has created a dynamic environment for entrepreneurs. Barriers to free trade are quite low, and commercial operations are aided by efficient regulations that support open-market policies.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -0.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
19.2 million

GDP (PPP):
\$526.7 billion
11.7% growth in 2021
5-year compound annual growth 2.4%
\$26,713 per capita

UNEMPLOYMENT:
11.2%

INFLATION (CPI):
4.5%

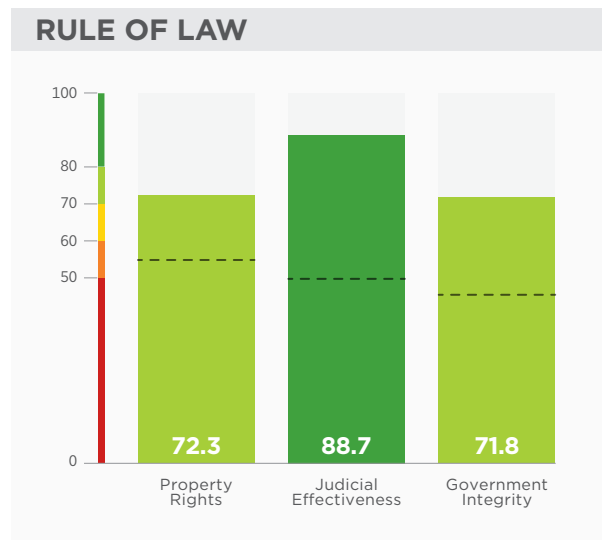
FDI INFLOW:
\$12.7 billion

PUBLIC DEBT:
36.3% of GDP

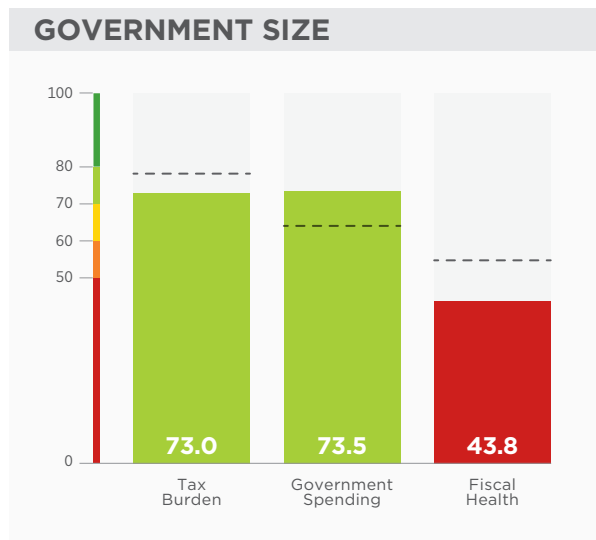
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Chile is the world's leading producer of copper, and GDP growth has been driven by exports of minerals, wood, fruit, seafood, and wine. With Bolivia and Argentina, it has the world's highest quantity of commercially viable lithium. In 2021, Chile elected a new Constitutional Assembly to replace the Pinochet-era pro-market constitution and a new president, 35-year-old left-wing activist Gabriel Boric. The new constitution takes a radical left turn on identity issues, the rise of the plurinational state, the independence of the central bank, and the growing welfare state, and it could jeopardize the future of Chile's successful orthodox economic model.

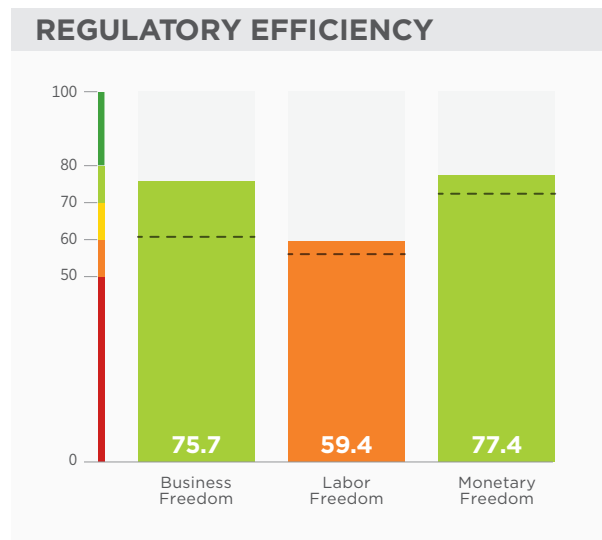
12 ECONOMIC FREEDOMS | CHILE



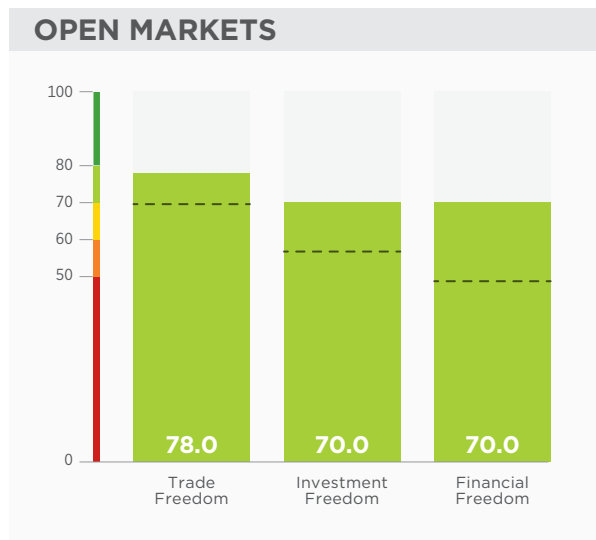
The overall rule of law is well respected in Chile. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 40 percent and 27 percent. The tax burden equals 19.3 percent of GDP. Three-year government spending and budget balance averages are, respectively, 29.7 percent and -5.8 percent of GDP. Public debt equals 36.3 percent of GDP.



The overall regulatory framework facilitates entrepreneurial activity and productivity growth. Minimum wage increases have exceeded overall productivity growth in recent years, but labor laws generally facilitate efficient hiring and dismissal procedures. The most recent available inflation rate is 4.5 percent.



The trade-weighted average tariff rate is 6.0 percent, and more than 100 nontariff measures are in force. Market-oriented policies, facilitated by a sound and transparent investment framework, attract significant foreign investment. The open, resilient, and relatively competitive financial sector offers a wide range of services.