Chile: Pacific Gateway and Trade & Investment Strategy

Executive Presentation for USC Marshall Students

FUNDACIÓN CHILENA

Chile: A Globalized and Resilient Economy

Chile's economy is among the most **integrated and trade-dependent** globally.
Exports account for nearly **34% of GDP**, a significant increase from 13% in 1960. This growth is driven by successive trade liberalization processes.

Extensive Trade Network:

- Chile boasts **35 Free Trade Agreements (FTAs)**
- Covering **65 economies**,
- Representing almost **90% of global GDP**.
- **96%** of Chile's trade is conducted with FTA partners, demonstrating a strong commitment to global integration and resilience against protectionism.

FUNDACIÓN CHILENA DEL PACÍFICO

The Chile Pacific Foundation (FCP): Mission and Strategic Role

FUNDACIÓN CHILENA DEL PACÍFICO

Public-Private Organization

The FCP is a key **public-private organization** for Chile's strategic projection towards the Pacific Basin.
Its mission is to facilitate **synergies** between the public and private sectors, acting as a crucial **bridge** between both worlds.

Strategic Focus Areas:

📈 **International Trade**
💵 **Foreign Investment Flows**
🌏 **Pacific Basin Integration**

The Foundation's board includes high-level government officials (from the Undersecretariat of International Economic Relations and the Ministry of Foreign Affairs) and high-level business leaders, ensuring a coordinated national approach.

FUNDACIÓN CHILENA DEL PACÍFICO

FCP: Connection Platform, Leadership, and Publications

Connection Platform and Leadership

The FCP maintains an active network of over **9,000 stakeholders** (CEOs, academics, investors). It facilitates the business community's participation in Chile's strategic projection towards the Asia-Pacific.

Key Secretariat Roles:

- **APEC Business Advisory Council (ABAC):** APEC's branch for high-level CEOs and chairs of boards.
- **Pacific Economic Cooperation Center (PECC):**The only official non-governmental observer of the APEC process.

The Foundation ensures active participation in APEC/ABAC activities, including summits and high-level business missions (e.g., Chilean Business Women to Japan, 2024).

Publications and Strategic Topics

The FCP produces **publications** and **ABAC Reports to APEC Leaders** on critical strategic areas, serving as a key source of analysis and policy recommendations.

Main Topics of FCP Activities:

Chile's International trade policies of goods and services, including digital goods.

Global environment for trade and investment flows and Chile's FTAs.

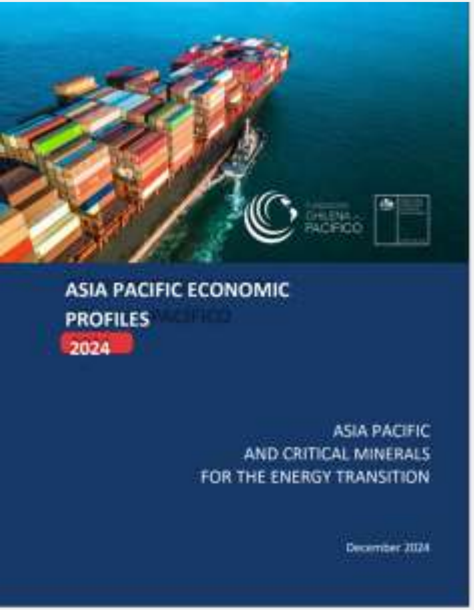
Economic trends (e.g.,**digital economy, AI, inclusive trade**).

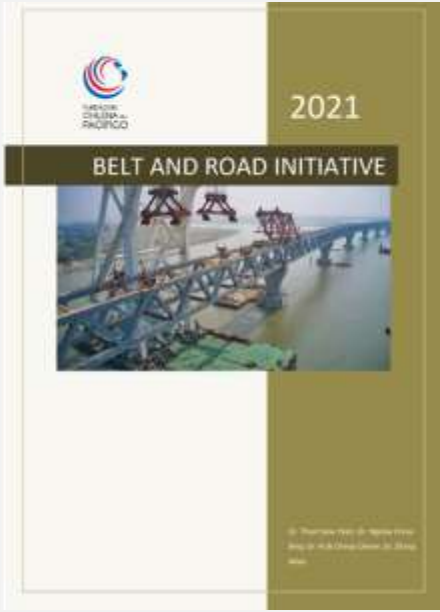
Foreign Direct Investment flows and “Geopolitics of the Pacific Basin”.

ESG standards, Global supply chains, and Sustainability

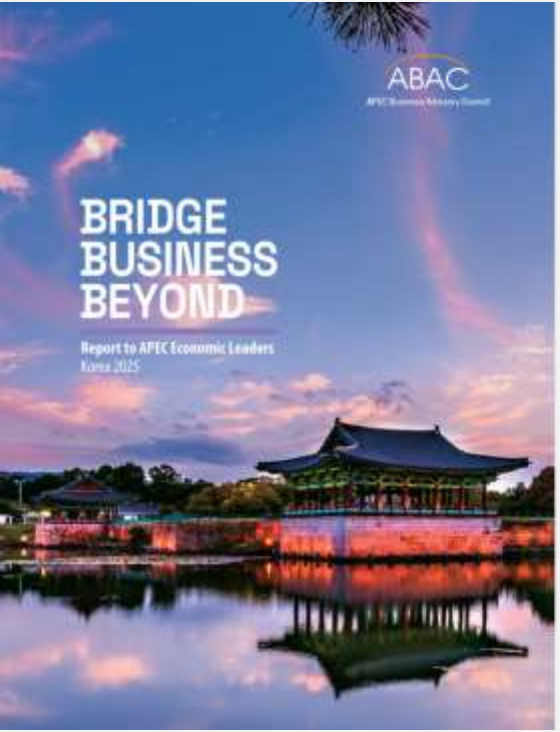
FUNDACIÓN CHILENA DEL PACÍFICO

FCP: Connection Platform, Leadership, and Publications

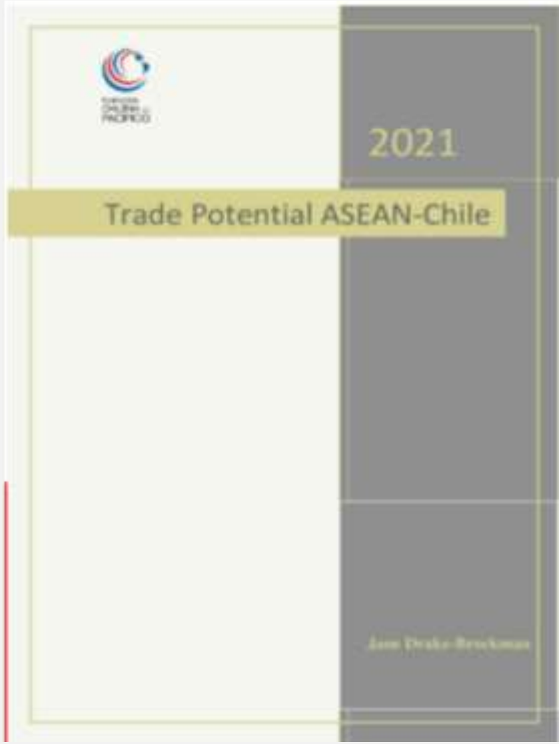




FCP: Connection Platform, Leadership, and Publications



FCP: Connection Platform, Leadership, and Publications



Chilean Trade Dynamics and Challenges

US$97.07B

Total Trade (H1 2025)
Annual Growth: +8.3%

US$52.8B

Exports (+6.7%)

US$44.2B

Imports (+10.4%)

9.5%

Non-Copper Export Growth Rate (Decades)

Chilean trade shows **resilience** despite increased protectionism and geopolitical uncertainty. The **mining and industrial sectors** are the primary drivers of export growth, with non-copper exports historically expanding at a strong rate.

Trade Composition and Partners:**
China and the US remain the **main trading partners**. China is the leading destination for mining and agricultural exports, while the US is the main market for industrial products. Imports saw the most significant expansion in **Capital Goods** (+20.2%).

The Key Challenge:
To continue **diversifying exports** towards **higher value-added** and sophisticated products, leveraging trade agreements to access new markets and segments, and further advancing the strategy by combining trade openness, sustainable development, and greater sophistication of the production matrix.

FUNDACIÓN CHILENA DEL PACÍFICO

Strategic Pillar I: Inclusive Trade

Objective and Social Legitimacy

Chile's objective is to ensure trade benefits are **shared more broadly**, positively impacting economic growth and reducing inequality. This strategy is consistent with the **UN Sustainable Development Goals (SDGs)** and helps to socially legitimize the country's overall international trade strategy.

Chile's Leadership: Gender and MSMEs

Chile promotes the inclusion of **Gender and MSMEs** provisions in Free Trade Agreements (FTAs).

A key initiative is the ****La Serena Roadmap for Women and Inclusive Growth (2019-2030)**** in APEC, which focuses on economic empowerment for under-represented sectors.

53.4%

of all exporting companies are **MSMEs** (2025)

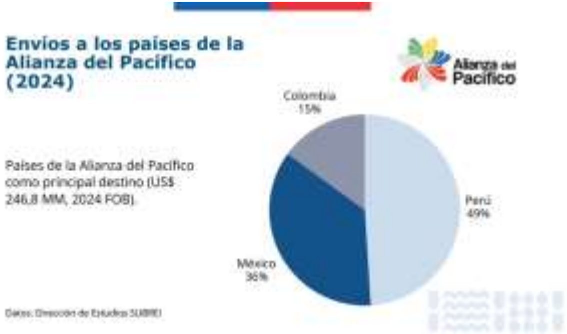
Strategic Pillar I: Inclusive Trade

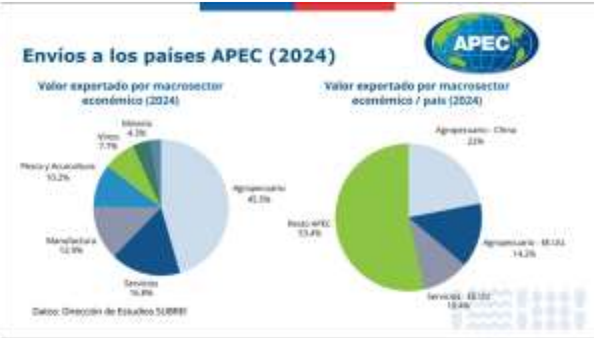
53.4%

of all exporting companies are **MSMEs** (2025)

The Importance of inclusive Trade: MSMEs in Chile

- MSMEs account for 53,4% of total exporting companies (2025)
- Exporting MSMEs grew by 8,3% compared to 2020
- Total number of goods and services being exported by MSMEs is 3,138 (2025), which accounts for a growth of 11,5% compared to 2021





Strategic Pillar II: The Digital Economy

The Digital Economy is vital for **inclusion** and **democratization of opportunities**, serving as a primary tool for entrepreneurship and service exports (ICT industries). Chile's trade agreements set high standards in key digital areas:

Key Component	Description	Reference Standard
Free Flow of Data	Prohibition of barriers to cross-border data flow, fundamental for innovation.	**DEPA** (Digital Economy Partnership Agreement)
Personal Data	Commitment to high-standard data protection laws.	**CPTPP** Model and **OECD** Principles
Prohibition of Forced Server Localization	Restriction on requiring servers to be located in the target market, with exceptions limited to legitimate public policy objectives.	**DEPA** and **CPTPP**

FUNDACIÓN CHILENA DEL PACÍFICO

Foreign Direct Investment (FDI): Attractiveness and Policy

Core Policy Strengths

Chile's economic policies are based on the principle of ****Capital Transparency**** and ****Non-Discrimination**** against foreign investors, making it one of the strongest investment destinations in Latin America.

Key Attractors

- “Macroeconomic Stability” and “Legal Security”.
- Richness of natural resources (e.g., mining, energy).
- High quality of infrastructure and growth potential Simplified procedures for starting a business (online registration).
- FDI is only subject to pro-forma screening by InvestChile

International Rankings

Chile's commitment to good governance and economic freedom is reflected in its high international rankings:

- Corruption Perception Index (2024): ranked **32nd** out of 180 economies.
- Index of Economic Freedom: ranked **21st** out of 184 countries.
- Global Opportunity Index (2025, Latam): named the **most attractive country for FDI** in the region

FUNDACIÓN CHILENA DEL PACÍFICO

FDI: Recent Performance

FDI Flows (Jan-Aug 2025)

Foreign Direct Investment flows show strong performance, reflecting confidence in Chile's investment climate. The **Net FDI Inflow** for the first eight months of 2025 reached **US$11.0 billion**.

+4.4%
Increase over the same period in 2024

US$9.8B
Historical Average (Jan-Aug since 2013)

This figure is significantly above the historical average, demonstrating sustained investor interest.

InvestChile Projects (2024)

InvestChile, the government FDI promotion agency, supported a record number of projects in 2024, signaling a strong pipeline for future investment.

US$56.2B
Value of Supported Projects (Highest since creation)

+68%
Increase in Value over 2023

These projects have the potential to create around **21,000 direct jobs**, underscoring the economic impact of FDI.

Featured Cases: India and The Philippines

₹ India: Towards a Comprehensive Economic Partnership Agreement (CEPA)

Negotiating a **CEPA** covering 18 chapters, including services, critical minerals, and intellectual property.

Negotiations are in the final rounds, consolidating India as a key partner.

Chile was the first Latin American country to sign a Partial Scope Agreement (PSA) with India (2006).

The Philippines: Ongoing Trade Negotiations

Trade negotiations are underway, covering 21 chapters.

Significant progress has been made, with a final agreement expected in the **IV Round** (December 2025).

The agenda includes market access for goods and services, rules of origin, and investment.

Other Strategic Fronts

Ratification of the **CPTPP** (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) in 2023.

Initiation of the process to join **RCEP** (Regional Comprehensive Economic Partnership) in 2024.

Active participation in **APEC** and development partnership with **ASEAN**.

These agreements reinforce Chile's position as a **Pacific Gateway**.

FDI: Key Opportunities and Challenges

Opportunities for Foreign Investment

Chile remains a highly attractive destination for FDI, leveraging its robust policy framework and economic stability:

Policy Certainty:	Based on non-discrimination against foreign investors and Capital transparency
Market Access:	Extensive network of 35 FTAs that provides preferential access to global markets
Economic Stability:	Strong macroeconomics stability and legal security compared to regional peers
Natural Resources:	Access to vast natural resources. (e.g., copper, lithium, renewable energy potential)
Favorable Climate:	High rankings in corruption perception (32nd) and economic freedom (21st)

Challenges to Consider

While strong, the investment landscape presents certain challenges that require attention:

Diversification:	The economy remains heavily reliant on the higher mining sector value added, necessitating a shift towards exports and services
Global Headwinds:	The need to closely monitor the impacts of geopolitical uncertainty, fragmentation in global value chains and on trade and investments flows
Strategic Sectors:	Restrictions on private ownership in specific “strategic sectors” like nuclear energy and the State's "absolute, exclusive, inalienable, and permanent domain" over mineral deposits.

Conclusions and Future Outlook

Development Strategy

Chile's strategy combines **trade openness** with **sustainable development** and the **sophistication of the productive matrix**. The commitment to **Inclusive Trade** and the **Digital Economy** are key pillars for resilient growth. The **Chile Pacific Foundation** acts as a crucial catalyst for this strategic projection.

Key Challenges

**Diversification: Transition towards higher value-added exports.

**Innovation: Boosting innovation and strengthening domestic clusters.

**Global Monitoring: Closely monitoring the impacts of global value chain fragmentation and geopolitical uncertainty.

Central Message: **Chile is a key player in global trade, using its extensive agreement network and commitment to inclusion and the digital economy to ensure **resilient and sustainable growth**.**

Thank You!

Chile: Pacific Gateway and Trade & Investment Strategy

Questions and Answers

Fundación Chilena del Pacífico