



*Agenda de*  
**PRODUCTIVIDAD**  
**INNOVACIÓN**  
*y* **CRECIMIENTO**

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Ministerio de  
Economía,  
Fomento y  
Turismo

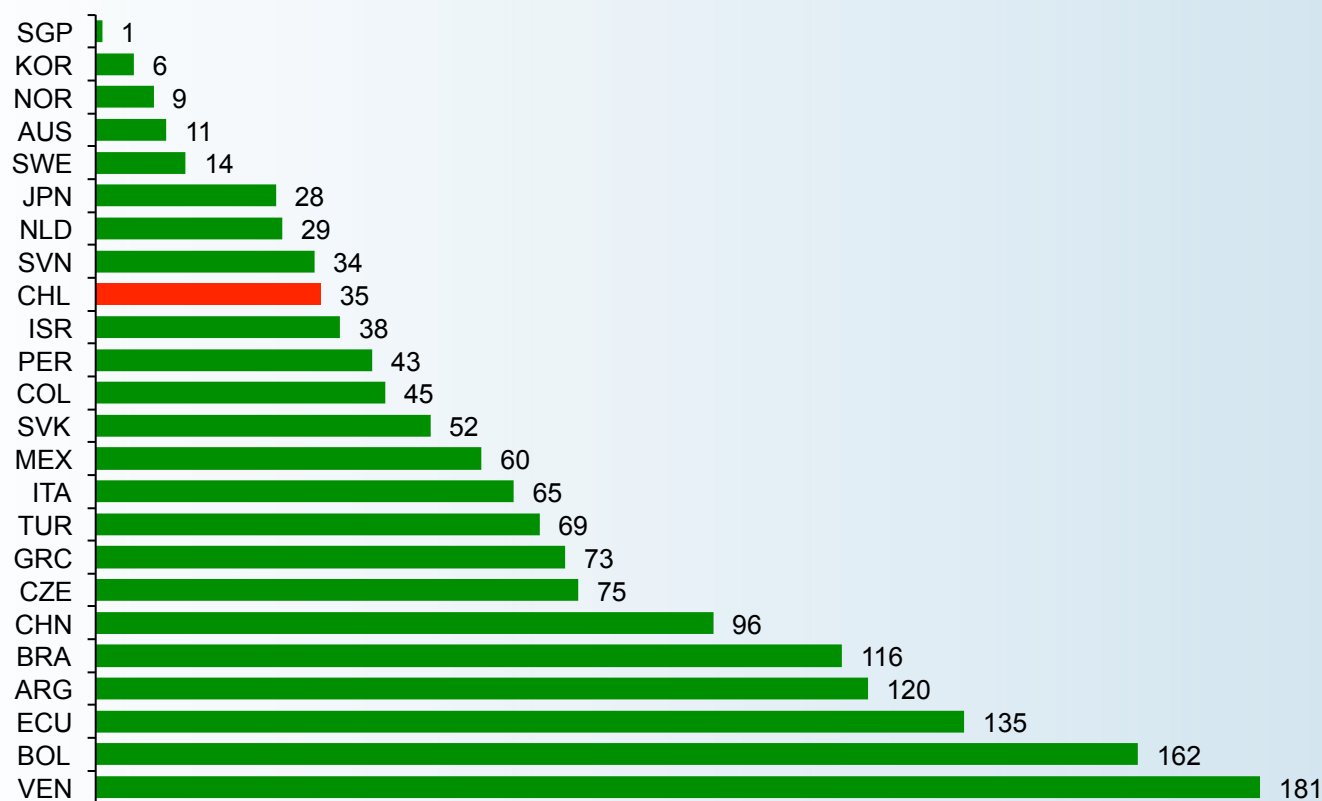
Gobierno de Chile

# Economic growth in Chile

- Since the return to democracy Chile has experienced solid economic growth.
- Based on a strategy that relies heavily on exploiting and exporting natural resources.
- Along with a favorable economic and political environment for attracting investment:
  - Trade liberalization
  - Strengthening its institutional framework
  - Macroeconomic stability: fiscal and monetary
  - Deepening the financial market
  - Increasing school enrollment

As a result Chile has become one of the most stable and competitive nations among developing countries

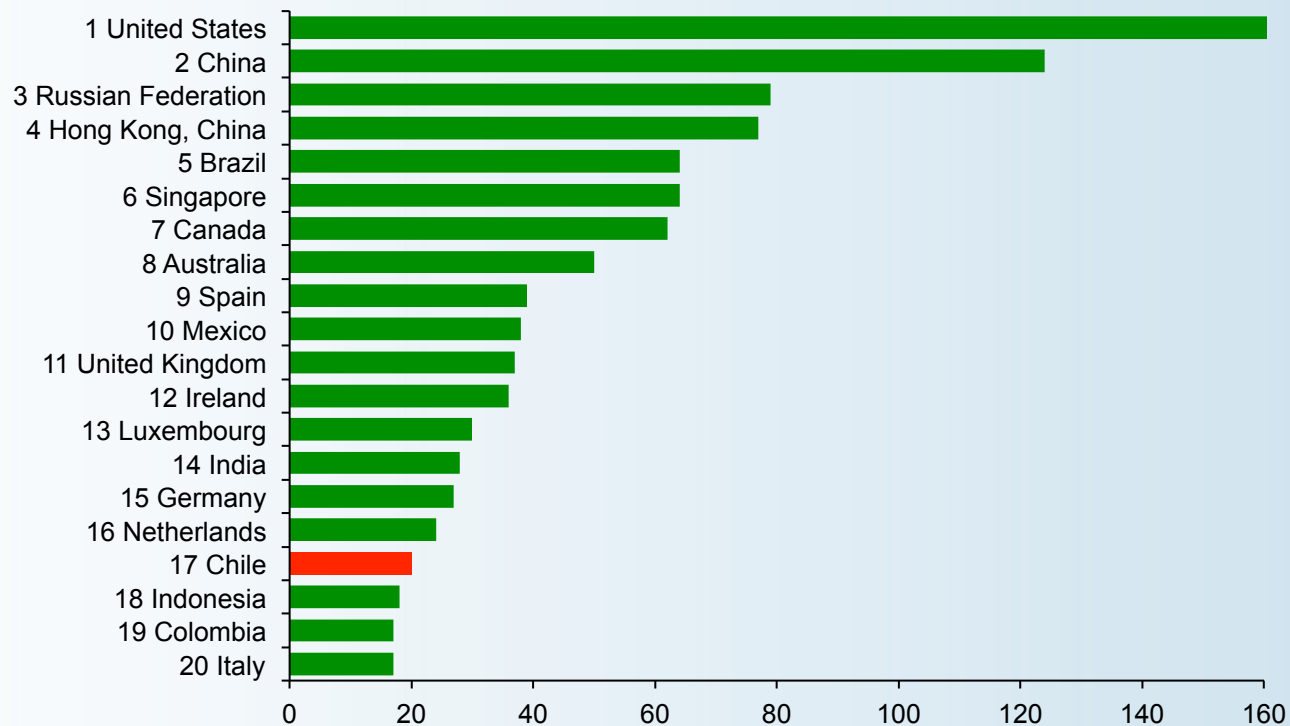
### Easy of Doing Business Rank



Source: Own elaboration based on Doing Business 2014.

# And one of the world leaders in attracting foreign direct investment

## FDI Inflows: Top 20 Host Economies, 2013 (Billions of US\$) (\*)

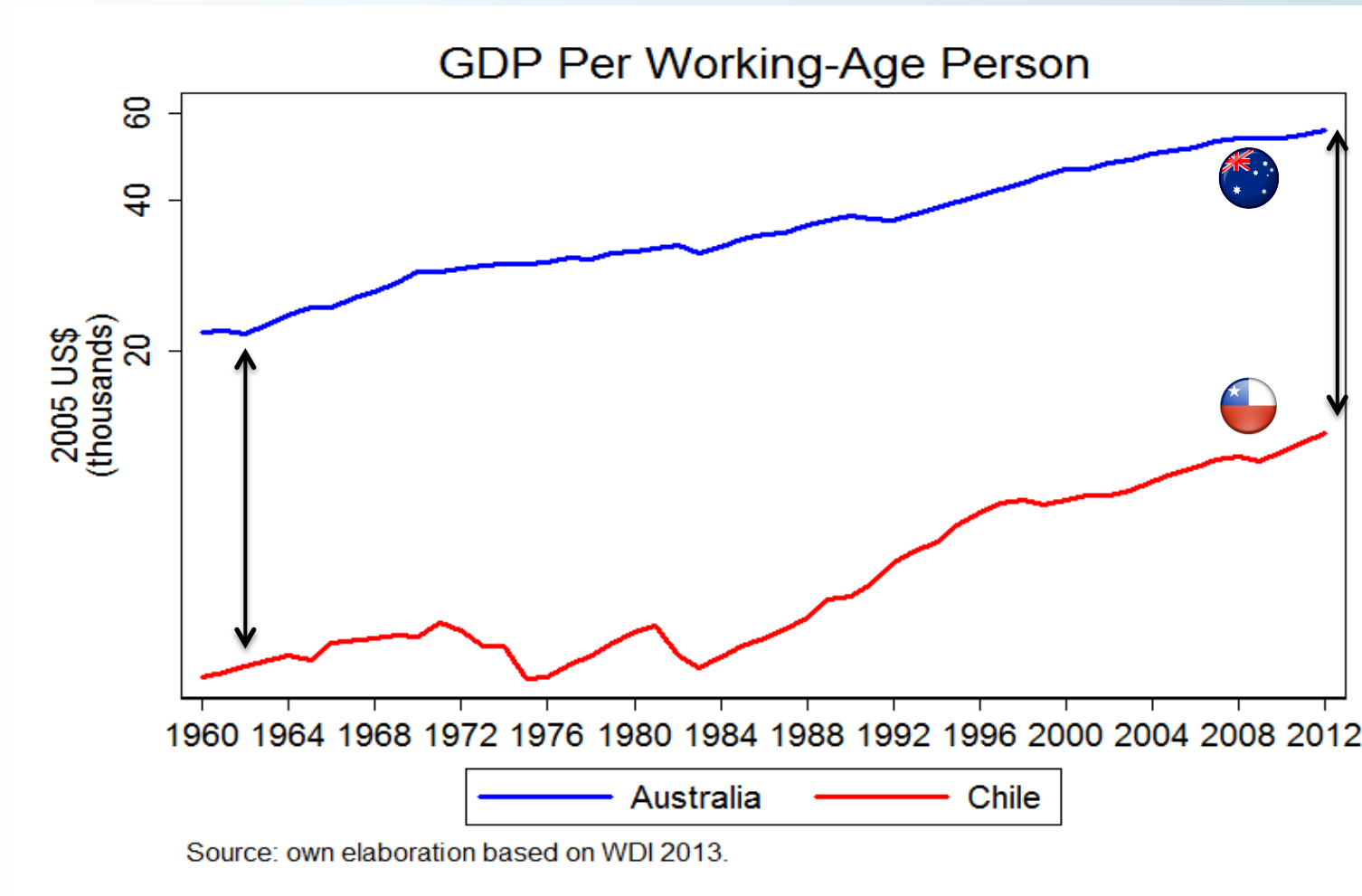


Source: UNCTAD.

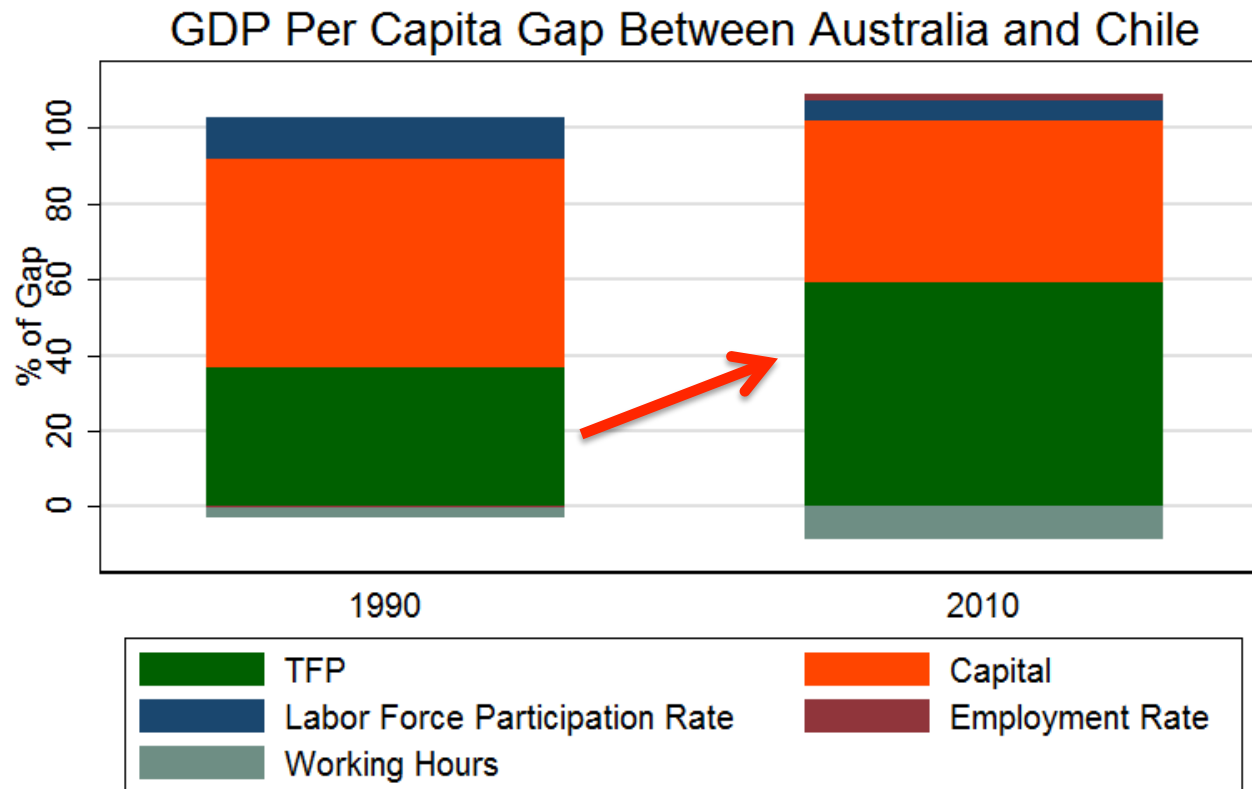
**But is clear that this strategy is not sufficient to sustain high economic growth and guarantee opportunities for all**

# Our income is still far below the income of developed countries

Today, just as in the 60's, we produce only 60% of what an average Australian produces.

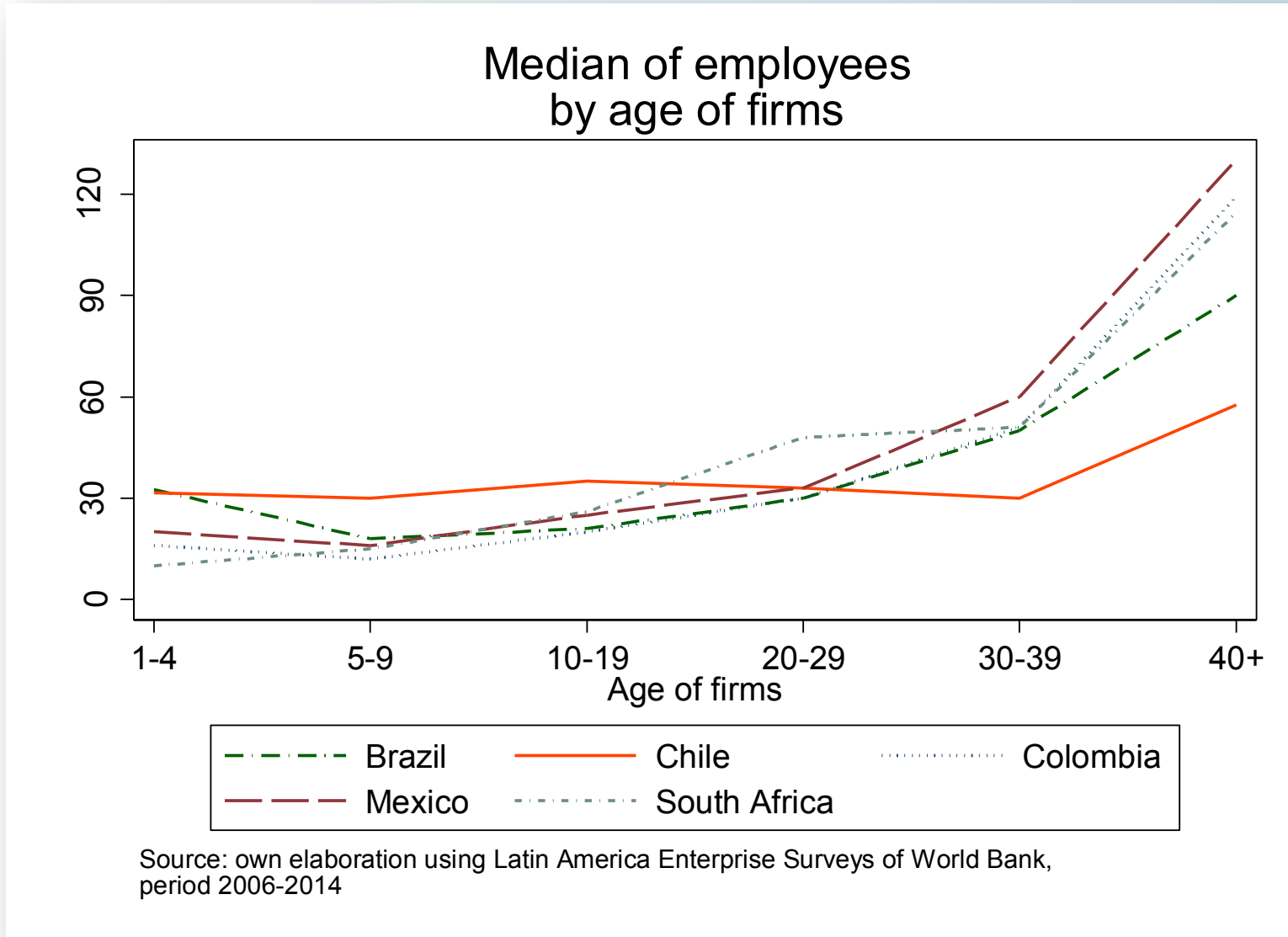


# Productivity explains much of the gap on GDP per capita between Chile and developed countries



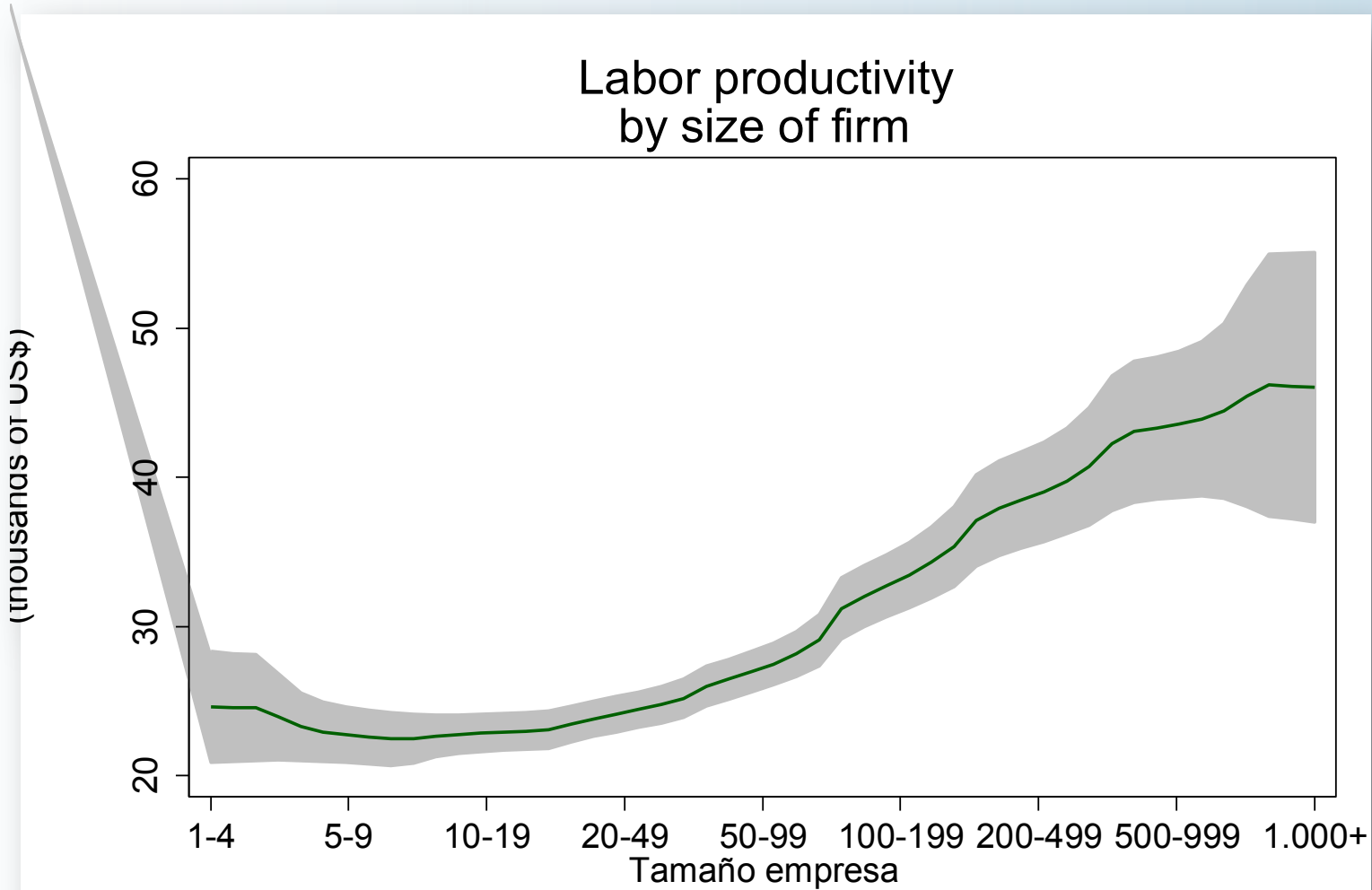
Note: GDP and capital stock series are PPP adjusted series. Capital share is assumed to be equal to 30%.  
Source: own elaboration based on PWT 8.0 and WDI 2014.

# Companies face difficulties to scale up, even in comparison with those of similar countries



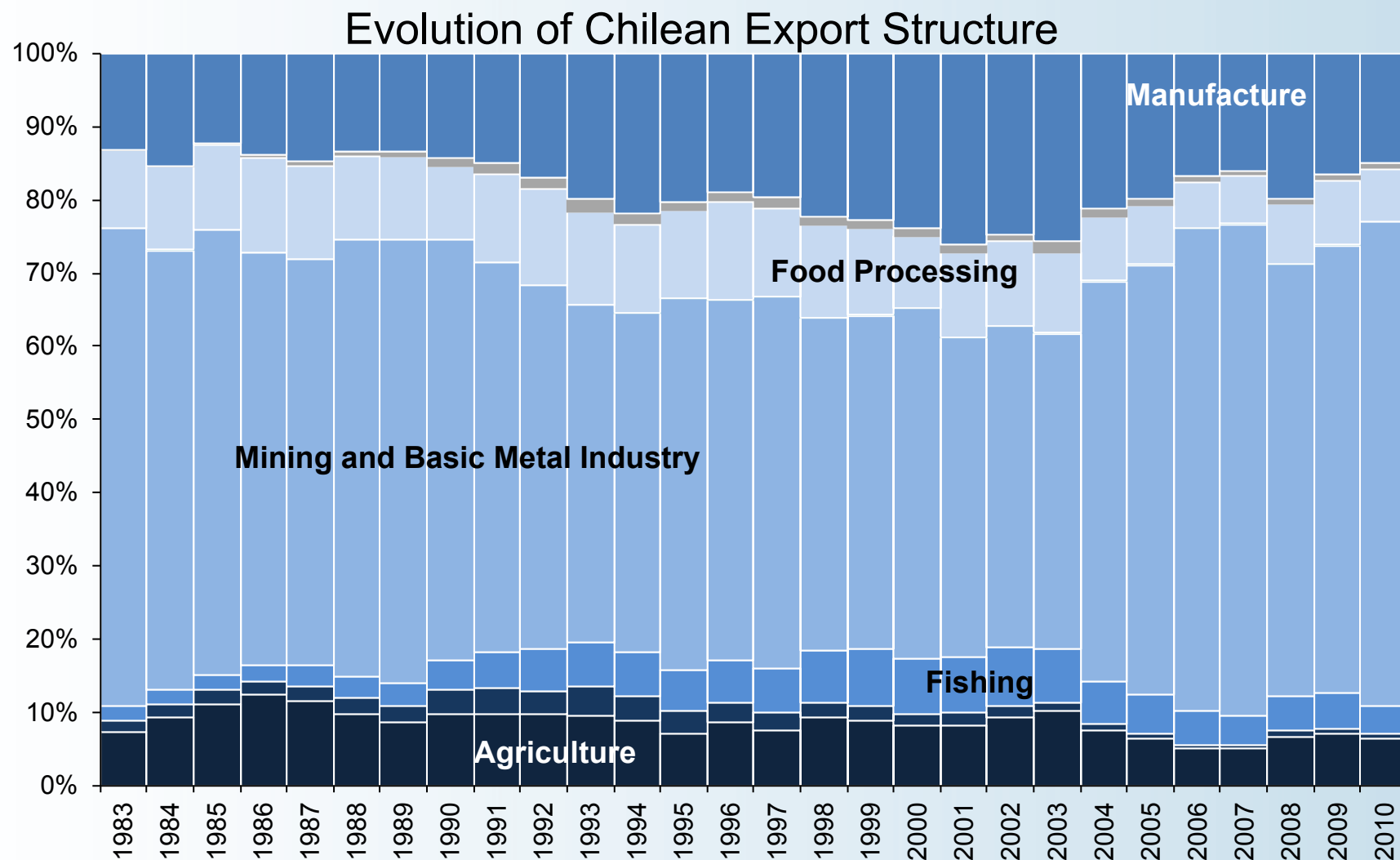


# And small companies tend to be less productive



Source: own elaboration basen on 'Encuesta Nacional Industria Anual 2011', INE.  
Currency exchange: US\$1=CLP\$550.

# Our productive basket is poorly diversified and almost unchanged over time.

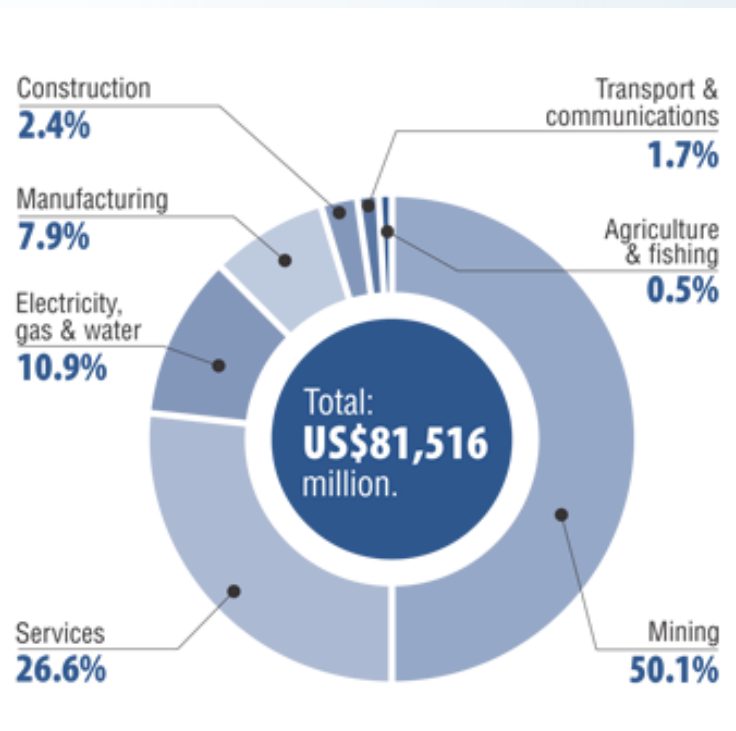


Source: Own elaboration based on COMTRADE.

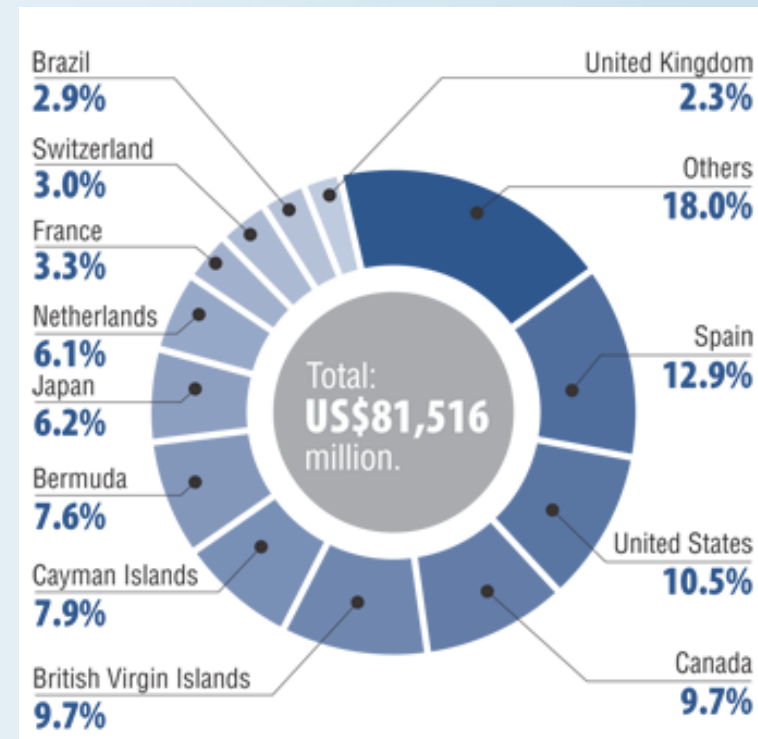
# FDI is also highly concentrated in the same economic sectors

many areas with great potential have not yet been fully explored

FDI in Chile, 2009-2012  
(by sector)



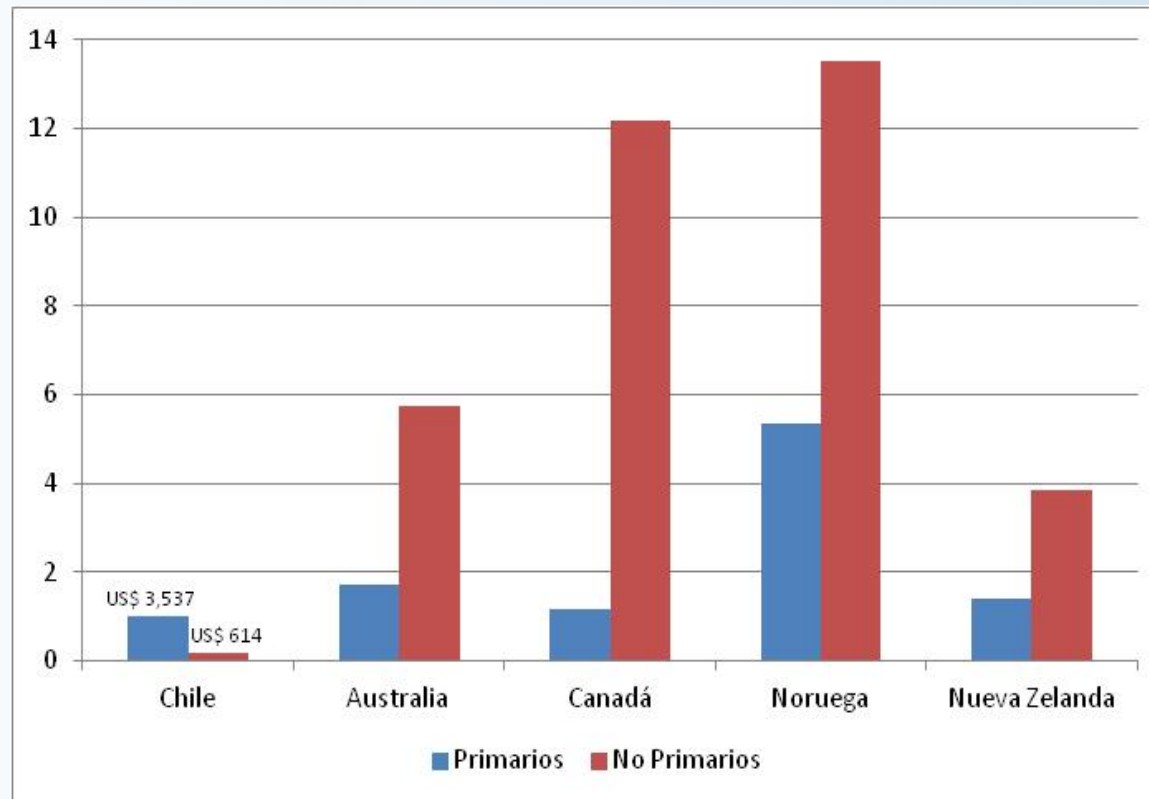
FDI in Chile, 2009-2012  
(by country of origin)



Source: Central Bank of Chile.

# Evidence show that having natural resources is not a barrier to export other products and services.

Export of primary and not primary goods per capita in 2010  
(multiples regarding Chile)

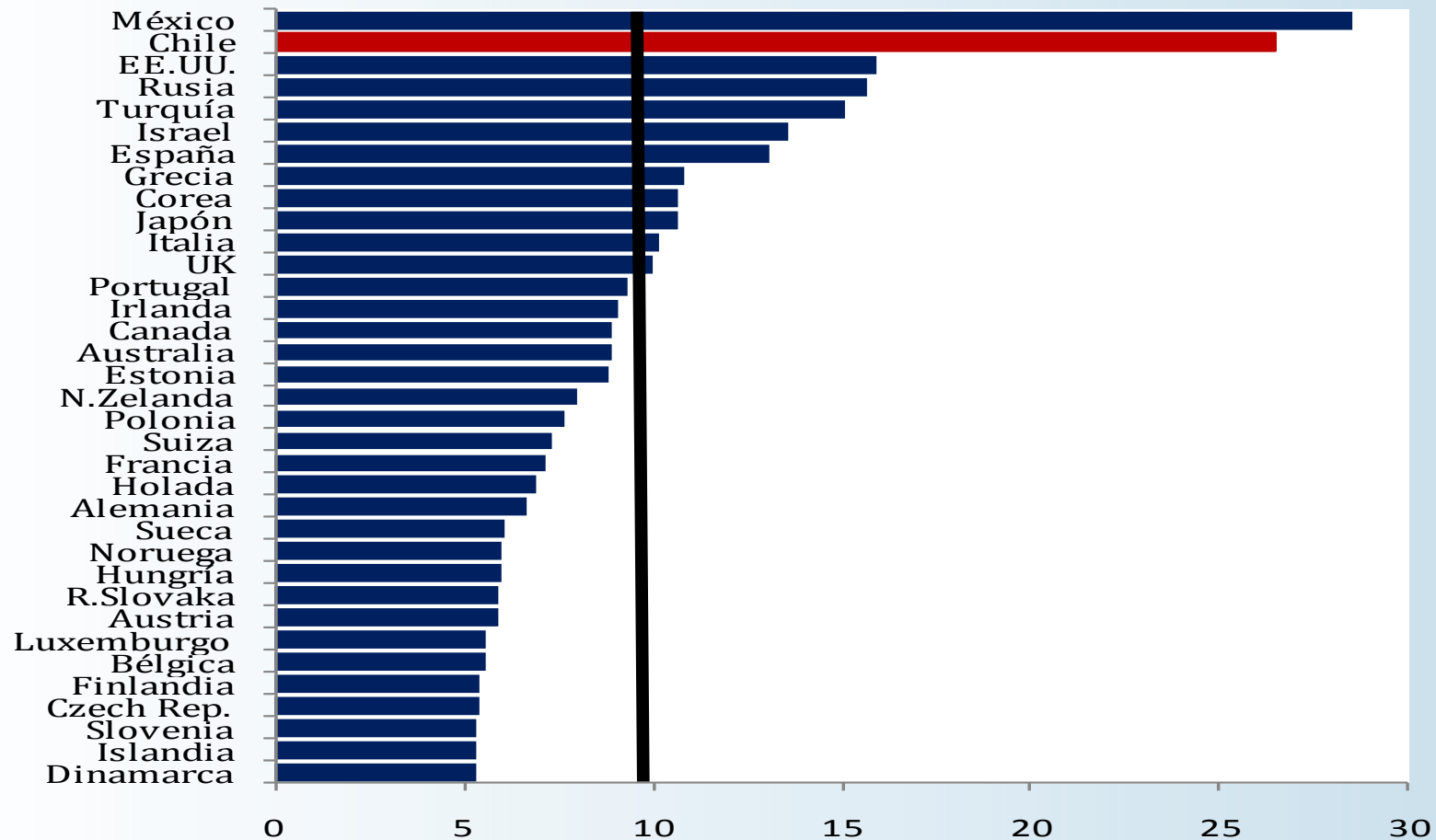


Source: Own elaboration based on WDI 2012

**And what a productive and development  
strategy can NOT ignore**

# Our growth strategy is not inclusive

**Benefits have been concentrated in just a few**



## Main objectives of our growth strategy

- Facilitate and encourage diversification and productive development
- Promote economic sectors with high growth potential
- Increase firms' productivity
- A new push for our exports



- 47 policies to promote productivity and growth
- The goal is to create quality jobs and increase salaries in a sustainable manner over time.

# Strategic investments and sector development plans



**Strategic Investment Fund:** will finance public goods that aim to promote investment in sectors of high growth potential and job creation.

**Promoting Production Chains:** to identify and finance initiatives that promote the formation of production chains around strategic investments and prioritized activities.

**Public-private joint ventures:** to develop strategic sectors of high public-private complementarities.

**Tourism Development Plan:** for international promotion, product development and enabling infrastructure that help transform us in a world class tourist destination.



## **SMEs: access to finance and business development support**



**Capitalization of BancoEstado:** to significantly expand the credits for SMEs.

**Small Business Development Centers:** a network of 50 centers to support SME's business plans and to centralize the provision of public services.

**Support for exporting SMEs:** through SME export-oriented centers in each region.

**Strengthening commercial districts:** to facilitate partnerships and finance goods and services that generate shared benefits for SMEs within the same district.

## Fostering entrepreneurship and innovation

**Innovation for SMEs:** to finance innovation projects and technology adoption for SMEs and to create a critical mass of innovative companies.

**Technology Diffusion Program:** to identify, apply and diffuse available technologies and processes from abroad among local companies, with special focus on SMEs.

**SME Desk:** a transactional online platform that centralize information and allow firms to initiate and complete transactions with all public services.

## Strengthening the institutional framework

**Productivity Commission:** to advise the Government in productivity issues and to promote public-private coordination in this field.

**Foreign investment promotion and attraction agency:** to empower the Foreign Investment Committee with better competencies and to play a more active and strategic role in the attraction of investment.

**Strengthening the antitrust system:** a preventive merger control system, improvements in the leniency, increased fines, empowerment of the National Economic Prosecutor.



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