



CÁMARA CHILENO BELGO
LUXEMBURGUESA DE COMERCIO
BELGOLUX

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INTRODUCTION



The Belgian-Luxembourgish Chamber of Commerce in Chile (BELGOLUX) aims to offer to its members, future members and public institutions, a summary of the status of Foreign Direct Investment (FDI) in Chile during 2022 and analysis of the economic projections and future investments for the year 2023.

Our objective with this report is to give the interested parties an idea of what the economy and investment represent in Chile. We also intend to offer the opportunity for foreign entrepreneurs to consider establishing their business in Chile. The mission of BELGOLUX in this case would be to support the future development of Belgian and Luxembourgish companies in Chile, or to give them a solid foundation to do so.

This report is based exclusively on objective data coming directly from official sources such as the Central Bank of Chile, the CNC Chile, the Ministry of Foreign Affairs of Chile, the World Bank or InvestChile, among others. These sources are all compiled in the "Bibliography" section (page 19) of this report (all quotes have been translated from Spanish into English).

SUMMARY

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2. FDI STATUS SUMMARY 2022

First of all, let us remind what Foreign Direct Investment is and what it implies.

According to the Central Bank of Chile, FDI is:

"the Balance of Payments (BoP) and International Investment Position (IIP) category, which records the investments of a resident entity of one economy (direct investor), in another economy or country, with the purpose of significantly influencing or controlling the management of its investment, which implies a long-term relationship"[1].

In other words, and according to ECLAC, the FDI is:

"[...] a transaction involving a long-term relationship in which a natural or legal person resident in one economy (direct investor) has the objective of obtaining a lasting interest in an enterprise or entity resident in another economy"[2].

In our case, we will focus exclusively on FDI to Chile.



[1]<https://www.bcentral.cl/web/banco-central/areas/estadisticas/inversion-extranjera-directa-ied>

[2]<https://www.cepal.org/es/eventos/desafios-la-medicion-la-inversion-extranjera-directa-principales-tendencias-america-latina>

According to data from the Central Bank of Chile, during 2022, FDI reached US\$ 17,105 million.

According to InvestChile's analysis, this amount is:

- 12% higher than the one accumulated in 2021,
- 36% higher than the average for the last five years (US\$ 12,617 million), and
- 23% higher than the average of the historical series from 2003 to 2022 (US\$ 13,921 million).

InvestChile added that the most important component of the flow was the capital participation, which reached US\$ 9,084 million during 2022.

*"DURING 2022, FDI
REACHED US\$ 17,105
MILLION"*

Karla Flores, director of InvestChile, also highlighted that, according to the data analysed in 2022, it could be observed that investors wanted to maintain their positions and increase existing operations in Chile. She also pointed out that 92% of the capital inflow that entered the country in 2022 corresponded to new projects or expansions of existing projects.

3. FDI BY COUNTRY, SECTOR AND REGION (2012-2021)

The Central Bank of Chile made available tables compiling the data (in millions of dollars) of the flows and stocks related to Foreign Direct Investment from abroad by country from 2012 to 2021[1].

What is important in these two tables is to highlight the figures for the last three years. Indeed, it can be seen that the overall flow figures for 2019 were generally high, but that in 2020, because of the Covid-19 crisis (among others), there was a significant drop in foreign investment in Chile.

As for the stock totals, we can see that over the years they remain more or less at the same level. However, although the 2021 figures were not as high as in 2019, Chile benefited from a rapid recovery of the real terms of trade of raw materials, as recalled by BNP Paribas, which can be seen in the results of the tables below.

INVERSIÓN DIRECTA DESDE EL EXTERIOR

FLUJOS DE INVERSIÓN DIRECTA DESDE EL EXTERIOR POR PAÍS

(Millones de dólares)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
América	15.268	2.978	11.488	-3.234	3.679	-2.891	2.837	4.008	2.585	1.110
Argentina	-927	-67	22	-101	-82	20	5	-508	-22	4
Bahamas	589	-181	-415	-36	92	296	193	3	1	-2
Bermuda	2.107	874	-491	-310	99	-540	-240	-402	-16	-451
Brasil	1.004	-342	622	29	-18	326	302	205	9	989
Canadá	2.234	3.105	3.129	-1.876	251	1.095	3.017	1.621	1.883	2.879
Colombia	981	-54	80	599	281	-136	428	803	101	-58
Estados Unidos (4)	8.485	-282	3.008	-3.903	3.172	-1.774	278	2.678	2.612	-1.436
Islas Vírgenes Británicas	129	-552	268	-360	-52	269	-572	-266	153	156
México	939	566	161	212	-143	191	-128	43	-1.186	-656
Panamá	-228	-38	1.276	76	139	-159	-537	-166	-356	57
Perú	-1.685	-1.293	2.080	1.344	33	-16	74	-592	-695	-854
Uruguay	52	25	-3	24	30	-100	28	40	30	37
Resto América	1.589	1.217	1.752	1.070	-123	-2.362	-12	549	73	445
Europa	8.715	19.190	13.886	13.138	5.783	3.953	8.184	6.622	5.246	12.207
Alemania	-38	372	-195	202	66	178	119	104	122	-2
Austria	92	78	-77	94	109	60	-21	131	79	27
Bélgica	340	373	337	-5	179	-53	-166	160	205	2.798
España	-179	2.331	9.910	2.980	1.301	839	1.298	-63	907	-2.964
Francia (5)	264	119	93	-25	-2	-69	118	156	355	227
Italia	25	-138	58	69	2.495	17	1.043	2.094	258	7.409
Luxemburgo	1.591	6.060	-1.229	32	-330	-4	564	458	198	328
Noruega	281	138	402	192	-247	394	357	89	-50	70
Países Bajos	3.592	6.541	1.982	2.009	731	383	1.216	1.779	924	2.395
Reino Unido	1.741	1.191	778	7.808	901	2.280	3.176	1.399	1.974	1.466
Suecia	149	-10	117	-41	64	220	41	-216	49	23
Suiza	417	-246	-179	-378	47	76	669	438	148	100
Resto Europa	438	2.379	1.890	200	469	-369	-227	94	78	330
África	42	80	63	-1	14	36	15	20	10	2
Asia	955	1.221	480	8.955	467	1.480	-5.983	661	-273	830
China	6	-71	2	-6	92	6	-142	141	241	-193
Japón	1.016	897	391	-31	-156	667	-167	805	98	841
Resto Asia	-67	395	88	8.993	531	806	-5.673	-285	-612	182
Oceanía	178	-16	-334	-28	16	95	3.382	211	468	-203
Australia	171	-23	-301	-19	3	65	3.375	214	463	-205
Nueva Zelanda	7	7	-33	-9	13	30	7	-3	5	2
Resto Oceanía	0	0	0	0	0	0	0	0	0	0
No asignados	1.550	2.849	-17	934	564	4.021	4.596	2.881	825	242
TOTAL	26.708	26.303	25.566	19.764	10.523	6.695	13.031	14.403	8.861	14.189

[1] <https://www.bcentral.cl/web/banco-central/areas/estadisticas/inversion-extranjera-directa-ied>

STOCK DE INVERSIÓN DIRECTA DESDE EL EXTERIOR POR PAÍS

(Millones de dólares)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
América	77.713	78.120	83.706	76.664	81.126	83.214	76.936	75.661	76.400	73.545
Argentina	488	616	666	627	602	648	568	16	18	-13
Bahamas	3.017	2.915	2.202	2.218	2.147	1.786	93	125	34	32
Bermuda	8.392	8.726	7.376	6.746	7.126	6.574	4.526	3.572	3.509	3.091
Brasil	6.067	5.460	4.240	3.900	4.265	5.132	4.701	3.944	3.348	3.318
Canadá	16.284	21.682	24.076	23.872	25.939	27.678	29.097	29.042	31.160	32.481
Colombia	1.633	1.753	1.661	2.288	2.307	2.459	2.688	3.305	3.772	3.316
Estados Unidos (4)	26.140	23.010	25.061	20.101	22.985	24.994	22.333	24.201	27.187	24.710
Islas Vírgenes Británicas	2.928	2.793	2.831	2.907	3.151	4.838	4.042	3.564	999	1.108
México	3.145	2.139	2.264	2.196	2.145	2.277	2.032	2.186	1.856	1.679
Panamá	1.538	1.499	2.626	2.652	2.659	1.668	922	745	544	668
Perú	-1.607	-2.814	-626	692	679	667	624	-51	-781	-1.663
Uruguay	108	158	716	740	785	710	813	850	847	869
Resto América	9.580	10.181	10.612	7.725	6.335	3.784	4.498	4.160	3.905	3.949
Europa	38.871	52.105	64.303	76.085	76.972	84.658	87.283	92.196	90.180	90.115
Alemania	807	1.338	1.163	1.286	1.209	1.360	1.325	1.313	1.066	1.019
Austria	1.470	1.101	1.091	1.167	1.229	1.396	1.086	1.146	1.014	891
Bélgica	3.038	2.566	2.676	2.590	2.620	2.685	2.452	2.425	2.493	5.471
España	10.449	10.188	19.543	24.995	18.037	20.990	21.855	21.844	21.400	16.961
Francia (5)	1.371	1.572	1.732	1.612	1.527	1.375	1.508	1.642	1.542	1.597
Italia	894	695	575	1.280	8.949	12.487	12.538	16.761	15.091	14.005
Luxemburgo	-4.747	1.307	46	220	-24	11	117	484	640	993
Noruega	1.633	1.234	1.473	1.397	1.075	1.170	1.428	1.228	1.191	1.253
Países Bajos	14.413	20.096	22.271	21.883	21.566	18.191	19.553	19.815	20.993	22.688
Reino Unido	2.614	3.085	3.827	10.943	11.337	14.318	15.777	16.999	16.413	17.239
Suecia	983	1.036	1.093	1.006	1.041	1.089	1.087	884	941	897
Suiza	1.613	1.381	1.135	748	785	786	1.403	1.769	1.571	1.468
Resto Europa	4.333	6.507	7.680	6.958	7.620	8.800	7.154	5.888	5.824	5.634
África	377	481	542	540	424	460	475	496	506	507
Asia	4.524	4.854	4.571	12.833	12.881	13.439	7.393	7.688	6.975	8.031
China	81	3	25	168	348	379	404	517	772	420
Japón	4.022	4.229	3.871	3.026	2.389	2.048	1.656	2.272	1.988	3.265
Resto Asia	421	622	675	9.640	10.143	11.012	5.333	4.899	4.216	4.346
Oceanía	1.272	1.453	1.119	968	983	1.081	4.687	4.761	4.981	3.825
Australia	1.225	1.303	996	881	885	949	4.579	4.661	4.910	3.769
Nueva Zelanda	47	150	123	88	98	132	108	100	71	56
Resto Oceanía	-	-	-	-	-	-	-	-	-	-
No asignados	56.563	53.772	50.775	40.797	50.366	62.862	64.255	64.666	67.956	60.958
TOTAL	179.320	190.785	205.015	207.888	222.752	245.716	241.029	245.468	246.998	236.981

4. Economic projections for 2023

Since the year has just begun, there is still no complete or accurate economic data on projections for 2023. However, we can base this report on the opinions and forecasts of numerous Chilean economic experts.

The Central Bank of Chile had already delivered in its Monetary Policy Report (*IPoM*) of March 2022[1] some unoptimistic economic projections and published the following table in which a significant drop in GDP can be observed in 2023.

RESUMEN PROYECCIONES (promedio anual)

	2022 (f)	2023 (f)	2024(f)
PIB (%)	1,0 – 2,0	-0,25 / +0,75	2,25 – 3,25
Cuenta Corriente (% del PIB)	-4,6	-3,5	-3,2
Inflación total (promedio anual, %)	8,2	3,4	3,0
Inflación Subyacente (promedio anual, %)	7,7	4,7	3,0
Inflación en torno a dos años (%)(*)	-	-	3,0
Crecimiento mundial (%)	3,1	3,4	3,3
Precio del cobre (US\$cent/libra)	435	390	365

-0,25/+0,75%

GDP (%) 2023

3,4%

Total inflation (%)
2023

(f) Proyección.

Fuente: Banco Central de Chile.

Rosanna Costa, an economist and President of the Central Bank of Chile, had added that “[...] the economy will expand at rates somewhat below potential in 2022 and 2023, with contractions in private consumption and investment”[2]. Also, in the same article of the Pauta website[2], it had been pointed out that the years 2022 and 2023 would be “a hard trial to unwind overheating due to high liquidity from withdrawals and universal tax breaks”.

[1]https://www.bcentral.cl/documents/33528/133208/np30032022_ipom.pdf/3e768918-5eda-5aa6-a337-59480044dc83?t=1648638934193

[2]<https://www.pauta.cl/economia/ipom-marzo-banco-central-alta-inflacion-bajo-crecimiento-2022-2023>

Then, if we rely on the opinion of the World Bank and its latest report published in January 2023[1], the economic projections for the year do not seem optimistic either. Indeed, according to the organisation, in 2023, a slowdown is expected throughout Latin America and the Caribbean regions that will grow by only 1.3% this year, but which will recover with 2.4% in 2024. Chile will be one of the hardest-hit economies in the region with a decrease of -0.9% by 2023, although the trend will change in 2024 (cf. table below). In its report, the World Bank added that “Chile's economy is likely to contract throughout the year, as the decline in real incomes will erode consumption”.

The following table compiles these forecasts established by the World Bank for GDP per country until 2024, which are very similar to those of the Central Bank for Chile[1].

Previsiones para los países de América Latina y el Caribe
(Variación porcentual anual, salvo que se indique otra cosa)

	2020	2021	2022e	2023p	2024p
PIB a precios de mercado (USD promedio 2010-19)					
Argentina	-9.9	10.4	5.2	2.0	2.0
Bahamas	-23.8	13.7	8.0	4.1	3.0
Barbados	-13.7	0.7	10.0	4.8	3.9
Belice	-13.7	16.3	3.5	2.0	2.0
Bolivia	-8.7	6.1	3.3	3.1	2.7
Brasil	-3.3	5.0	3.0	0.8	2.0
Chile	-6.0	11.7	2.1	-0.9	2.3
Colombia	-7.0	10.7	8.0	1.3	2.8
Costa Rica	-4.1	7.8	4.1	2.9	3.1
Dominica	-16.6	6.5	5.8	4.6	4.6
República Dominicana	-6.7	12.3	5.3	4.8	5.0
Ecuador	-7.8	4.2	2.7	3.1	2.8
El Salvador	-8.1	10.2	2.4	2.0	2.0
Granada	-13.8	4.7	5.8	3.2	3.0
Guatemala	-1.8	8.0	3.4	3.1	3.5
Guyana	43.5	20.0	57.8	25.2	21.2
Haití ^a	-3.3	-1.8	-1.5	-1.1	2.0
Honduras	-9.0	12.5	3.5	3.1	3.7
Jamaica	-10.0	4.6	3.2	2.0	1.2
México	-8.0	4.7	2.6	0.9	2.3
Nicaragua	-1.8	10.3	4.1	2.0	2.5
Panamá	-18.0	15.3	7.2	4.5	4.5
Paraguay	-0.8	4.1	-0.3	5.2	4.2
Perú	-11.0	13.3	2.7	2.6	2.6
Santa Lucía	-24.4	11.9	8.9	4.4	3.2
San Vicente y las Granadinas	-5.3	0.7	5.0	6.0	4.8
Suriname	-16.0	-2.7	1.3	2.3	3.0
Uruguay	-6.1	4.4	5.0	2.7	2.5

Fuente: Banco Mundial

Nota: e = estimación; p = previsión. Las previsiones del Banco Mundial se actualizan con frecuencia sobre la base de nueva información y de los cambios en las circunstancias (mundiales). En consecuencia, las proyecciones que se presentan aquí pueden diferir de las incluidas en otros documentos del Banco, aun cuando las evaluaciones básicas de las perspectivas de los países no difieran significativamente en un determinado momento. En la actualidad, el Banco Mundial no publica información sobre producción económica, ingresos ni crecimiento de la República Bolivariana de Venezuela debido a la falta de datos confiables de calidad adecuada. La República Bolivariana de Venezuela no está incluida en los agregados macroeconómicos que abarcan múltiples países.

a. El cálculo del PIB se basa en el ejercicio económico, que va de octubre a septiembre del año siguiente.

[1]<https://thedocs.worldbank.org/en/doc/c7292ee84f0635b28721419e3b367d0e-0350012023/related/GEP-January-2023-Regional-Highlights-LAC-SP.pdf>

However, on the contrary, according to commercial engineer, financial regulation expert and former advisor to the Ministry of Finance Álvaro Gallegos (speaking of the GDP) *“this projection of negative 0.9 is better than the one we had present, which was 1.5 down. So there is a small improvement”*[1].

*"[...] THERE IS A SMALL
IMPROVEMENT"*

Furthermore, the Central Bank, in its March 2022 *IPoM* which had recorded an increase in inflation reaching 8% per year (cf. Tabla Banco Central – "Resumen proyecciones"), highlighted in its December 2022 *IPoM*[2] that the Government of President Gabriel Boric will manage to reduce inflation during his term of office with 3% per year by 2024, which would be a great achievement for the Chilean economy.

According to the opinion of economist Perez Trujillo in an article in La Razon[1], this high level of inflation is due to several factors such as the conflict in Ukraine, and also to the liquidity that was inserted in the market to maintain the level of household consumption during the pandemic or to the implementation of the Emergency Family Income (IFE) in 2021.

[1]<https://www.larazon.cl/2023/01/16/decrecimiento-e-inflacion-las-proyecciones-para-la-economia-chilena-en-el-2023/#:~:text=Decreimiento%20e%20inflaci%C3%B3n%3A%20las%20proyecciones%20para%20la%20econom%C3%ADa,chilena%20tendr%C3%A1%20un%20decreimiento%20del%20-0%2C9%25%20en%202023.>

[2]https://www.bcentral.cl/documents/33528/3909352/IPoM_Diciembre_2022.pdf/6b587a23-6c5c-b0a2-2510-5ae1cbf8e117?t=1670375418407

5. FOREIGN INVESTMENT IN 2023

Although the economic projections for 2023 appear tepid, foreign investment projections, on the contrary, appear more positive for Chile.

Chile's Minister of Economy, Nicolás Grau, stated that the figures compiled at the end of 2022 were *"a good sign for the Chilean economy"*, given that *"a higher level of foreign investment, in addition to injecting liquidity into the economy, contributes to the country's development through the installation of sustainable projects, the arrival of new technologies and the generation of quality jobs for Chilean"*[1].

The secretary of state added that data for the month of December 2022 showed that the economy was resilient and that *"when choosing where to install their projects, global companies focus on long-term results, and that is why it is a good sign that foreign investment continues to grow in our country, because it speaks of confidence in our economy and its future development. As a government, we will continue working to attract sustainable and quality investment to the country, since its contribution to the recovery of the economy is fundamental"*[1].



[1]<https://www.df.cl/economia-y-politica/macro/inversion-extranjera-supera-los-us-17-mil-millones-en-2022-y-alcanza-el>

Foreign investment projections also seem positive according to an article written by the U.S. financial platform Bloomberg^[1], which warns that Chile is regaining its status as the “*safest country to invest in Latin America*”. Indeed, after a steady decline in the risk index during the last few months of 2022 until February 2023, Bloomberg stated that “*Chile once again looks like a good house in a bad neighbourhood*” as conflicts in the continent's other countries “*make its relative stability more striking*”. In addition, the recent rejection of the new Chilean Constitution also influenced the situation.

In its report, Bloomberg also noted that the Chilean peso is at its strongest level since April 2022 and is the best-performing national currency among other emerging economies, with an appreciation of 7.5%.

"[THE] SAFEST COUNTRY
TO INVEST IN LATIN
AMERICA"

As for InvestChile, in 2023, the agency that promotes foreign investment said it would focus its work on “*the attraction of quality investment in strategic markets*” with new investment attachés in countries such as the United States, Germany, Italy, France and Canada, among others. Its director Karla Flores emphasized that despite the challenge of foreign investment, the country could be optimistic for the coming year, since “*he has consolidated its position as an investment pole in Latin America, especially in terms of technological infrastructure and clean energy, sectors that we believe will continue to develop this year*”, she declared. She also concluded by assuring that foreign companies that wanted to contribute to sustainable development in Chile were welcome.

[1]<https://www.emol.com/noticias/Economia/2023/02/20/1087206/chile-seguro-para-invertir-latinoamerica.html>

6. CHILEAN ECONOMY IN LATAM AND THE WORLD

Chile is one of the Latin American countries that had the fastest economic growth in recent years, according to the World Bank.

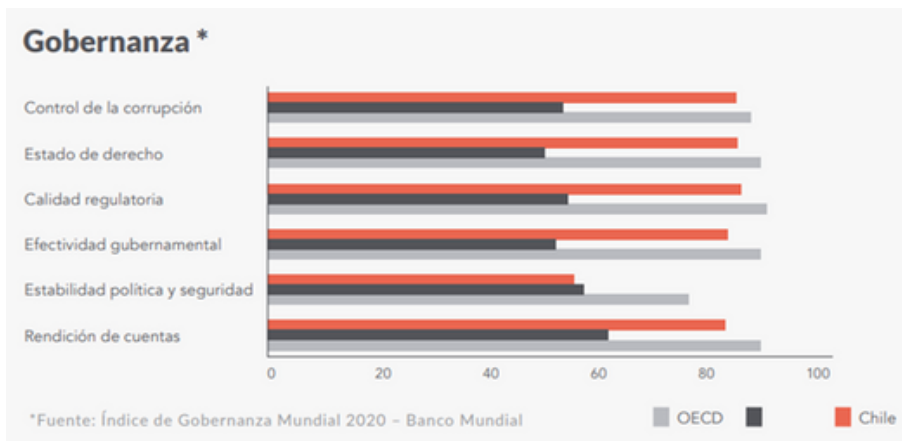
Moreover, after the Covid-19 period, Chile's GDP grew by 11.7% during 2021, which represents one of the fastest recoveries in the world, still according to the World Bank. But, it also exposes that, in 2021, the labor market recovery as a result of Covid-19 related job losses was only 60% and inflation accelerated to 7.8%.

However, according to data from the Undersecretariat of International Economic Relations (*SUBREI*) and those of the Central Bank, in 2021, trade exchange rose to US\$ 186,548 million, which was an increase of 41% compared to 2020.



Likewise, an article in Marca Chile[1] states that Chile is a country that has not only a democratic trajectory, but also a stable economy, which positions it as an attractive and reliable destination for investment and business.

This economic stability has allowed great progress in terms of trade and investment, such as reaching the highest GDP per capita (PPP) in South America, adds the Ministry of Foreign Affairs. In fact, Chile is the most attractive country in Latin America for foreign investment, according to the Milken Institute's Global Opportunity Index 2021. It is also the safest country to invest in Latin America, according to the Economist Intelligence Unit, based on three factors of political, economic and regulatory risk analysis, where Chile stands out. On the contrary, in its November 2022 brochure[2], InvestChile declares that *"we [Chile] are a country with a vibrant and globally recognised entrepreneurial ecosystem"* and adds the following table demonstrating its sustained leadership role.



Marca Chile points out that Chile was also the first economy in South America to join the Organization for Economic Cooperation and Development (OECD). Then, according to the World Bank, Chile is the first country in Latin America in the Forbes ranking of the best countries to do business, the first in the region in the economic freedom index, in talent competitiveness and in ease of doing business. For its part, InvestChile underlines that it is the country with the best data in the Americas for investing in the renewable energy sector. It is also positioned as the most competitive country since 1998 so far in the World Economic Forum ranking.

[1] <https://marcachile.cl/negocios-exportacion/un-pais-confiable-para-hacer-negocios-y-lider-en-libertad-economica/#>
 [2] <https://investchile.gob.cl/wp-content/uploads/2022/11/investchile-esp-2022-nov.pdf?hsCtaTracking=34c62b35-e8ca-4896-8e59-cea91a0519aa%7C3b0270c1-dba6-4bbd-863f-b7a788504a2a>

01 "THE HIGHEST GDP PER CAPITA (PPP) IN SOUTH AMERICA"

Ministry of Foreign Affairs

"THE MOST ATTRACTIVE COUNTRY IN LATIN AMERICA FOR FOREIGN INVESTMENT"

Global Opportunity 2021

02

03 "THE SAFEST COUNTRY TO INVEST IN LATIN AMERICA"

Economist Intelligence Unit

"A COUNTRY WITH A VIBRANT AND GLOBALLY RECOGNIZED ENTREPRENEURIAL ECOSYSTEM"

InvestChile

04

05 "THE COUNTRY WITH THE BEST DATA IN THE AMERICAS FOR INVESTING IN THE RENEWABLE ENERGY SECTOR"

InvestChile

"THE MOST COMPETITIVE COUNTRY SINCE 1998 SO FAR"

InvestChile

06

07 "THE FIRST COUNTRY IN LATIN AMERICA OF THE BEST COUNTRIES TO DO BUSINESS"

World Bank

7. AN "OPEN DOOR" FOREIGN TRADE IN CHILE

According to the Ministry of Foreign Affairs, Chile, in its trade policy, has always promoted free trade and has always been willing to strengthen its trade agreements with other countries.

Marca Chile also adds that it is one of the most open countries in terms of trade. Indeed, it is the country with the most powerful network of Free Trade Agreements in the world. Its 30 treaties (involving a total of 65 economies) *"equivalent to 88% of the world's GDP, providing access, on preferential terms, to 65% of the world's population"*, can be read in Marca Chile[1]. Therefore, InvestChile qualifies the country as a *"LATAM hub"*.

"ONE OF THE MOST OPEN
COUNTRIES IN TERMS OF
TRADE"



[1]<https://marcachile.cl/negocios-exportacion/un-pais-confiable-para-hacer-negocios-y-lider-en-libertad-economica/#>

Marca Chile also highlights that the country is a world leader in copper and its main exporter. Its share in this world market reaches 28% and it has more than 7,600 exporting companies throughout the country.

On top of that, due to the wide variety of products that Chile sends abroad, it is also a world leader in exports of cherries, salmon, lithium carbonate, dehydrated plums, cellulose, molybdenum, etc., adds Marca Chile.

Another very promising area currently according to InvestChile is the sustainable technologies and energy sector. Indeed, Chile has become the ideal place to develop clean energies, even being number one in investments in clean energies and solar energy generation, according to the agency. But that is not all, there are numerous sectors that present opportunities for foreign investors today and, among others, we find the sectors of mining, food, venture capital, sustainable tourism, infrastructure, etc.

Another important step in the commercial opening of Chile was the creation of the "EU-Chile Advanced Framework Agreement" in December 2022 by both parties. According to the European Commission^[1], this agreement aimed to promote trade relations and investment between the European Union and Chile, eliminating most of the remaining trade tariffs on goods and facilitating increased trade in services and small business activity. The agreement also includes new social and sustainable trade issues.

[1]https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/chile/eu-chile-agreement_en

8. CONCLUSION

01

To summarise, the Chilean economic forecasts made for the year 2023 seem tepid compared to the other years. Chile is one of the countries in Latin America that is very much affected by the GDP decrease (with -0.9% this year) and by inflation. However, the economic forecasts for 2024 are much more optimistic according to the experts' point of view and a good recovery should be expected.

02

On the contrary, a moderate economy does not necessarily imply that foreign investment will not be very favourable in 2023, both for Chile and for foreign investors. So, the stable political climate of the country and the decrease of the risk index made Chile a very safe territory for foreign investment. Moreover, Chile remains one of the countries in the world with a very wide and positive financial and commercial openness towards the outside world for foreign investors. And there are still many promising sectors to be exploited.

03

Therefore, the Belgolux Chamber ensures good prospects for both members and future members as well as for Belgian or Luxembourg companies that want to establish or invest in Chile. We hope that our mission as an intermediary between Chile, Belgium and Luxembourg will help them on their way to the Chilean business world.

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CONTACTS BELGOLUX



Alain Kaczorowski
President Chamber of Commerce
of Belgium and Luxembourg in Chile
presidencia@camarabelgolux.cl



Ann Bruggeman
General Manager Chamber of
Commerce of Belgium and
Luxembourg in Chile
gerente@camarabelgolux.cl



Loriane Raes
Assistant Chamber of
Commerce of Belgium and
Luxembourg in Chile
contacto@camarabelgolux.cl

CONTACTS EMBASSY



Christian de Lannoy
Ambassador of the Kingdom of Belgium in Chile
christian.delannoy@diplobel.fed.be



Beatrice Kirsch
Ambassador of the Grand Duchy of Luxembourg
in Brasil and Chile
brasil.amb@mae.etat.lu



Piet Morisse
Economic and Trade Counselor Flanders
Investment and Trade
piet.morisse@fitagency.com



Emmanuelle Dienga
Economic, Commercial and Investment Advisor
AWEX and BEE
e.dienga@awex-wallonia.com



Juan Manuel Fuentes
Honorary Consul Grand Duchy of Luxembourg
jmfuentes@ingelan.cl

INFORMATION

We would like to remind that this report is only intended to provide, for information purposes, data on the state of the Chilean economy.

This current situation may change over time and, therefore, will be updated accordingly yearly.

Find us on:



Contact:

Embajada de Bélgica
Avda. Providencia, 2653, Piso 11, Of. 1103

Providencia, Santiago.

+56 9 6919 7663

www.camarabelgolux.cl

contacto@camarabelgolux.cl