

Annex A: Chilean society and economy

Chile has a population of 16.8 million people. Around 23% of the population is aged below 15 years. The urban population represents 87% of the total country population.

In 2008, Chile's gross national income (GNI) per capita was USD 9 400 (Atlas method) and 13 200 PPP (international dollars). Total educational expenditure represented around 7.5% of GDP (2006). In 2006, primary school participation was 98.6%, secondary 90% and tertiary 31% (MINEDUC).

In 2006, Chile's labour force comprised around 6 million workers of whom about 5.5 million were employed. Female workers made up around 34% (2 million) of the Chilean workforce. Some 60% of the workforce was employed in services, 24% in industry, 14% in agriculture, and 2% in mining. The table shows the contributions of different industry sectors to GDP.

Industry contributions to Gross Domestic Product, Chile, 2008

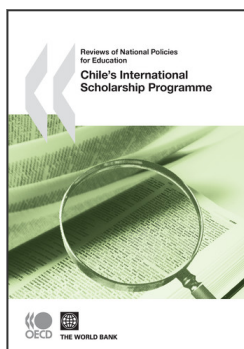
Industry sector	Share of GDP (%)
Mining	19
Financial services	16
Manufacturing	13
Personal services	10
Retail & wholesale trade & hospitality	9
Construction	8
Transport	5
Real estate	5
Public administration	4
Agriculture, livestock, forestry & fishing	3
Other	7

Source: Central Bank of Chile.

From 1990 to 2008, Chilean investment abroad reached USD 47.5 billion, distributed in more than 65 countries in the Americas, Europe, Asia and Africa. Over 900 Chilean firms have invested in more than 2 000 business projects abroad. Nine countries concentrate 91% of this investment, mostly located in Argentina, Brazil, Peru, Colombia, United States, Mexico, Panama, Australia and Venezuela. The nature of Chilean Foreign Direct Investment is a good reflection of the skills built by local capital and industry. These range from the efficient use of natural resources (gas, oil and power generation; energy, mining and forest resources) to value-added activities (metals manufacturing, ore processing, pulp and paper, chemicals and pharmaceuticals) to services, notably retail, computer systems, real estate development, air transport and marine shipping.

Penetration of international markets by the country's exports is one of the key factors of Chilean success. Trade has ballooned from USD 16.5 billion in 1995 to USD 58.9 billion in 2006. Rising copper prices have had much to do with that outcome, given Chile is the world's largest copper producer. Notwithstanding a highly concentrated export sector, Chilean exports are gradually diversifying. In 2006, some 6 969 Chilean firms shipped 5 204 different product lines to 181 markets around the world. Leading trading partners were the United States, Japan, China and The Netherlands. Between 1975 and 2008, non-traditional exports have grown as a share of total exports from 30% to 40%.

The Governor of the Central Bank of Chile has observed that "Chile is abundant in natural resources. One of the most distinctive characteristics of our economy is its large mining sector, particularly of copper, which places it as the world's main copper producer." He notes the importance of the policy adoption of the "structural fiscal balance rule" to smooth copper price fluctuations through the establishment of the Copper Stabilisation Fund. This approach has involved saving the proceeds of high copper prices in sovereign funds. The BCP is an application of this approach.



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