May 11th

Chile's Path Back to Growth: The Economic Agenda and the Bill

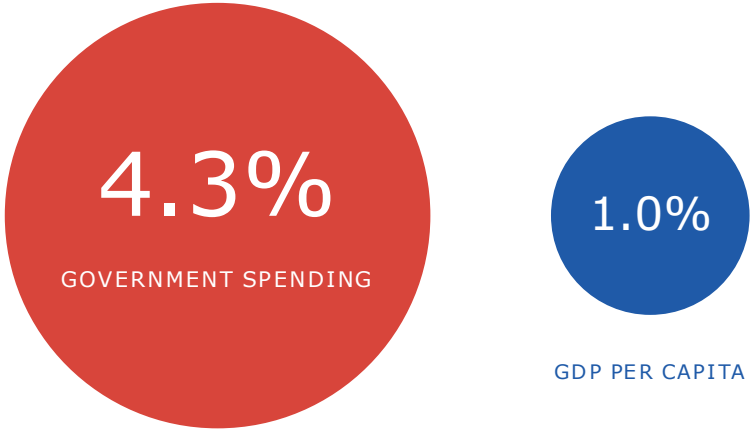
Ministry of Finance

TRABAJANDO
PARA USTED

Beliefs that have collided with reality.

1. The state as the engine of wealth creation.

ANNUAL GROWTH · PAST DECADE



Beliefs that have collided with reality.

2. The supposedly vast revenue potential of corporate taxes.

The 2014 corporate tax reform

TAX RATE

Before	After
20%	27%

+7 percentage points

REVENUE, % OF GDP

Before	After
3.7%	4.0%

+0.3 percentage points

A big hike on paper, barely any new revenue

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Beliefs that have collided with reality.

3. The harmlessness of red tape.

Months to get an environmental approval

12 years ago

~18

months

Today

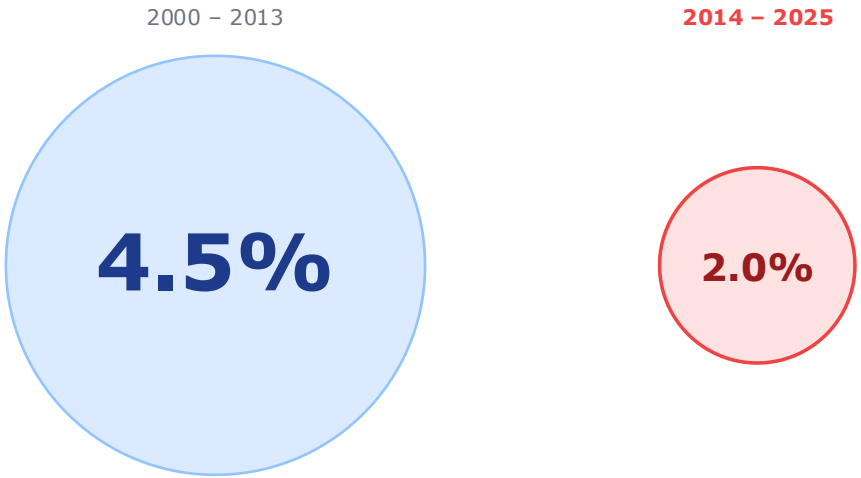
37

months or more

Today the wait has more than doubled

Between 2000 and 2013, GDP grew at 4.5% per year. Since 2014, growth has fallen to less than half that pace.

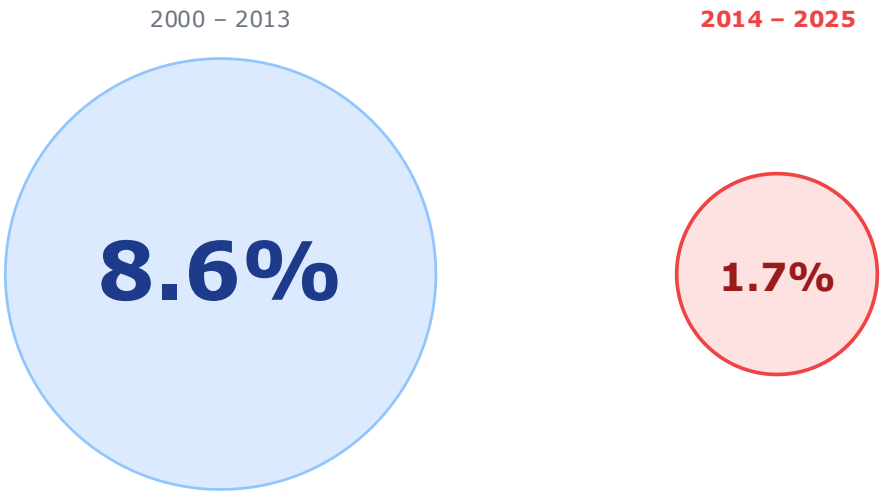
Annual GDP growth



Annual growth has more than halved — a loss of 2.5 points a year

Slower growth has gone hand in hand with weaker investment: from 8.6% per year in 2000–2013 to less than 2% today.

Annual Investment growth



– 6.9 percentage points in investment

The consequences of economic decline...

The Chilean dream was once more real than the American one...

13%

Upward social mobility in Chile (2002–2018)

In the United States it was 7.5% over the same period.

(Orihuela et al., 2023)

The Chilean dream was once more real than the American one...

13%

Today, social mobility is at risk.

Upward social mobility in Chile (2002–2018)

In the United States it was 7.5% over the same period.

The labor market bears the cost of weak growth…

39

Consecutive months with unemployment above 8%

Sluggish growth is felt above all in jobs.

850,000 Chileans are actively seeking employment without success

Consecutive months with unemployment above 8%

One in four workers in Chile is employed informally

2.5 million

Chileans

Stagnation carries a fiscal cost too.

+USD 100 billion

Increase in Central Government gross debt over the past 10 years

Our diagnosis:

Growth has stalled because Chile is carrying a heavy "tax on growth":

- Uncompetitive corporate taxes.
- Excessive red tape.
- State capture.

That is what we set out to tackle...

Our starting point is challenging…

As of March (12-month change)

GDP growth:
-0.1%

Our starting point is challenging…

TRABAJANDO PARA USTED
As of March (12-month change)
GDP growth:
-0.1%
Public spending:
+5.1%
Our starting point is challenging…
GOBIERNO DE CHILE

As of March (12-month change)

GDP growth: -0.1%

Public spending: +5.1%

Non-mining tax revenue: -7%

Our starting point is challenging…

As of March (12-month change)

GDP growth: -0.1%

Public spending: +5.1%

Non-mining tax revenue: -7%

Our starting point is challenging…

Unemployment rate: 8.9%

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As of March (12-month change)

GDP growth: -0.1%

Public spending: +5.1%

Non-mining tax revenue: -7%

Our starting point is challenging…

Unemployment rate: 8.9%

Public debt: 42.6% of GDP

As of March (12-month change)

GDP growth: -0.1%

Public spending: +5.1%

Non-mining tax revenue: -7%

Our starting point is challenging…

Unemployment rate: 8.9%

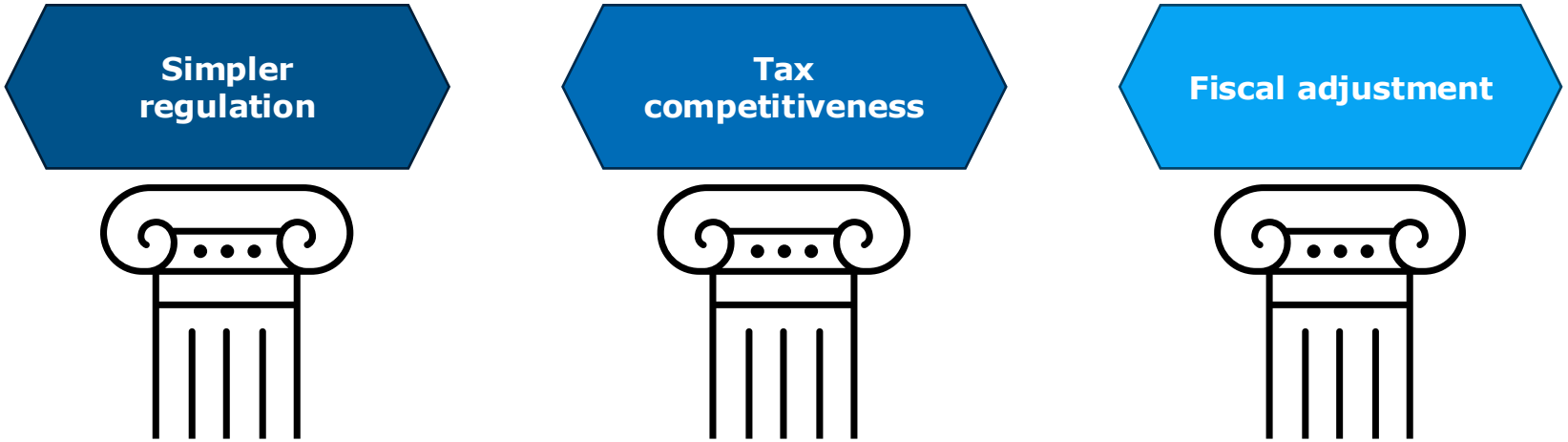
Public debt: 42.6% of GDP

Fiscal balance: -2.8% of GDP

"It is striking how we keep doing the same thing over and over, expecting different results."

We will decisively restore creative freedom to the private sector.

Our program is built around three pillars:



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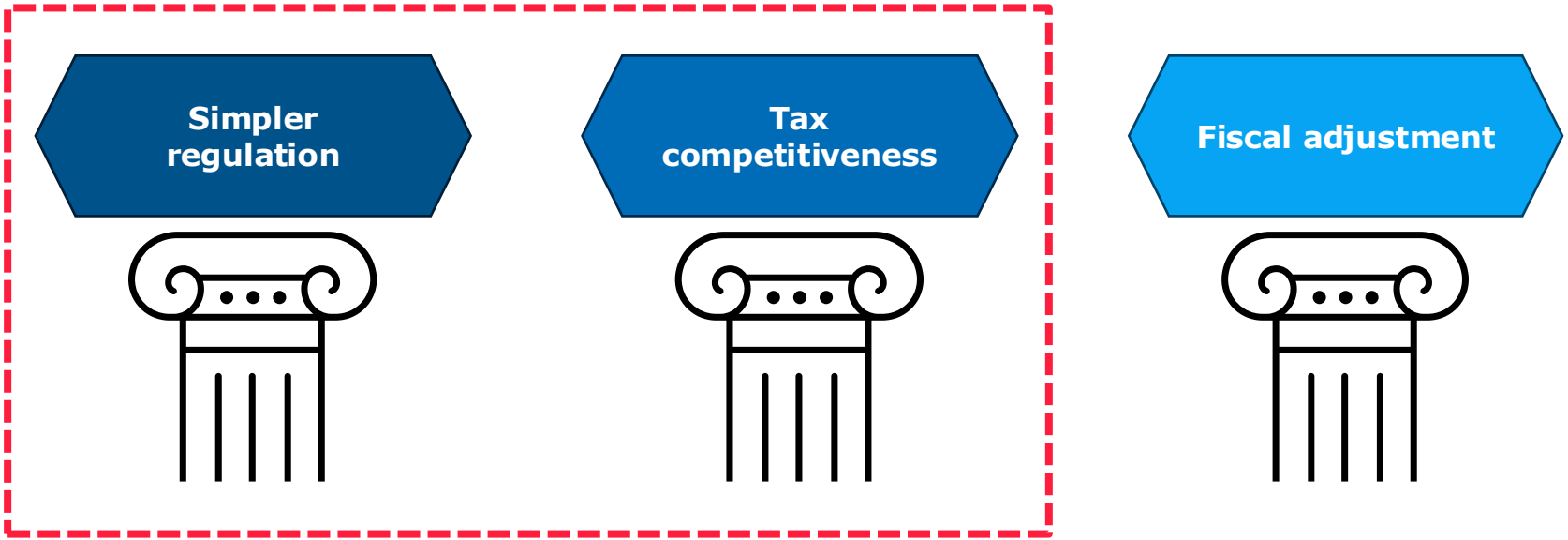


Tools for action

Management

Decrees

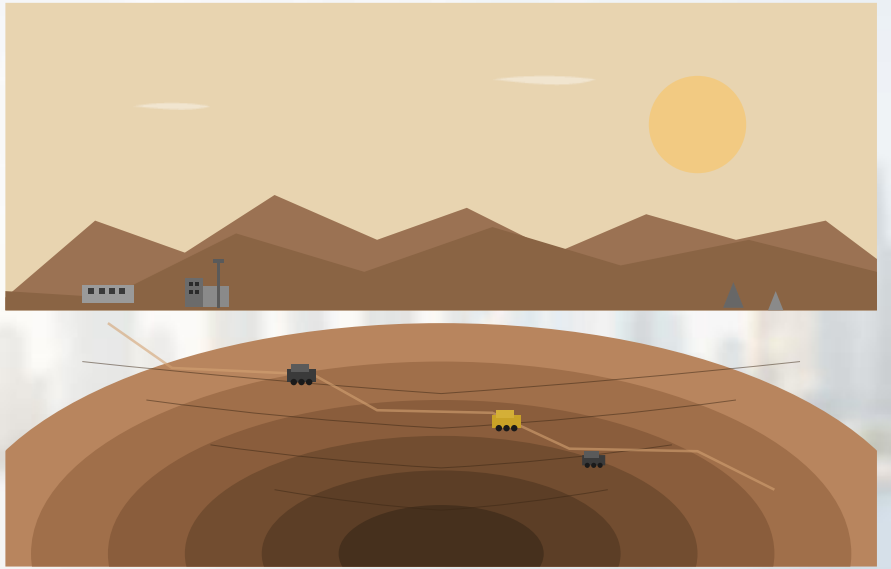
Laws

Revealed preferences are starting to validate our approach

Q1 2026 marked a record quarter for investment submitted to environmental review…

Record mining-sector investment entered the environmental review system in 1Q 2026…

- ✓ **El Abra Copper Mine**
  +8,800 jobs and USD 7.5 billion in investment.
- ✓ **BHP's New Escondida Copper Concentrator Project**
  +6,000 jobs and USD 5.1 billion in investment.
- ✓ **Caserones Copper Mine Modification Project**
  +300 jobs and USD 150 million in investment.

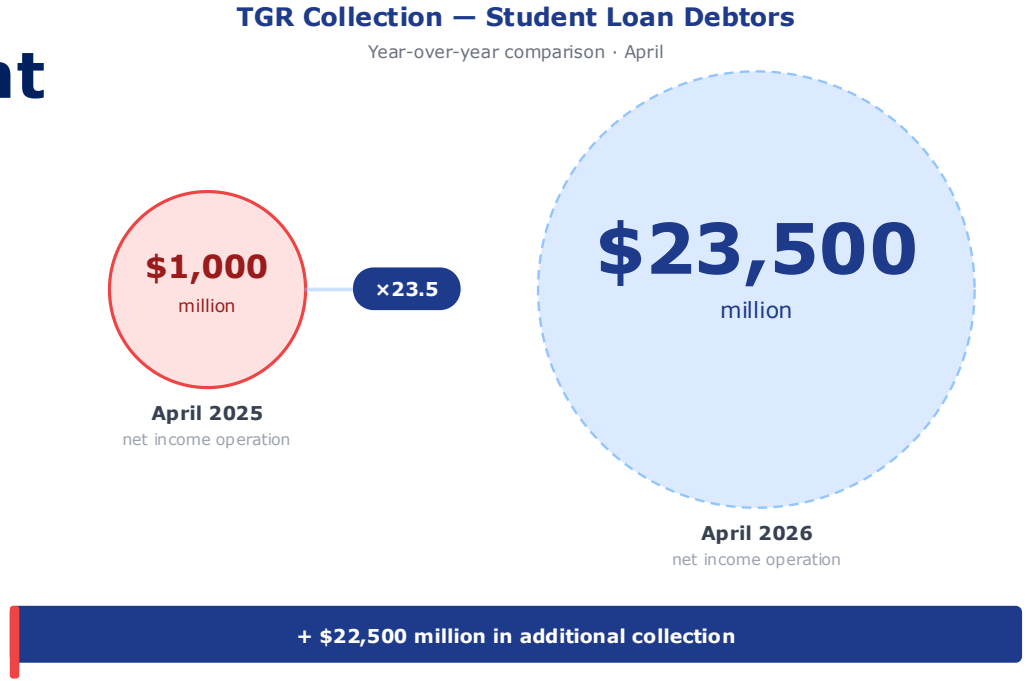


Management

Significant progress in management

Management

Active enforcement targeting higher-income debtors

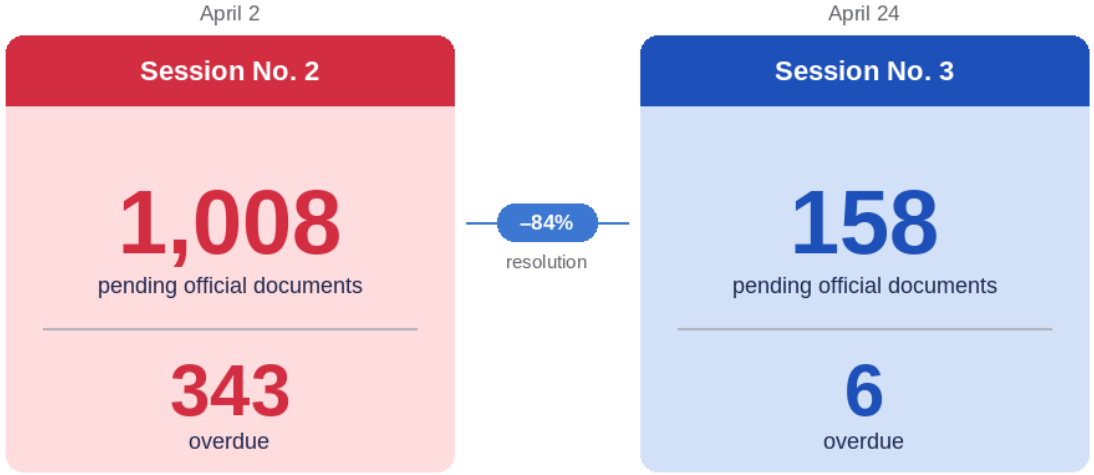


Management

A management model for faster environmental assessment

Official Document Tracking — Economic Committee

Biweekly sessions with the President of the Republic



Between both sessions, 850 pending official documents were resolved and 337 were brought up to date

Figures correspond to the tracking of official documents reviewed in the previous session

Management

Under this administration, the Ministers' Committee reviewing EIA project appeals has already met 4 times in less than 2 months.

In previous years, it did not even meet once a month...

Management

Through the third session:

7 PROJECTS

totaling a combined investment of

USD 3,300 million

Management

The Committee of Ministers' resolution timelines were unacceptable…

Significant progress has also been made through decrees…

Decrees

Modernizing Land-Use Regulation (OGUC): *Updating outdated regulations to reflect current realities (currently under Public Consultation).*

Budget Adjustment Decrees: *To date, approximately USD 2 billion in budget reductions have been enacted by decree.*

The Bill: National Reconstruction and Economic and Social Development

1. Reconstruction and revenue-raising measures.

2. Reigniting the construction sector.

3. Tax competitiveness.

4. Simpler regulation.

5. Public expenditure restraint.

1. Reconstruction and revenue-raising measures.

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Pillar 1 — Reconstruction and Revenue

Rebuilding the fire-affected areas, funded responsibly.

+Funding: an additional CLP $400 billion for Ñuble and Biobío.

Pillar 1 — Reconstruction and Revenue

Rebuilding the fire-affected areas, funded responsibly.

Funding measures:

- ✓ Capital repatriation and disclosure of foreign-held assets.
- ✓ Transitory tax reductions on donations.
- ✓ Optional one-time tax regime for retained taxable earnings.
- ✓ Relief on fines and interest.

1. Reconstruction and revenue-raising measures.

2. Reigniting the construction sector.

3. Tax competitiveness.

4. Simpler regulation.

5. Public expenditure restraint.

Pillar 2 — Reigniting Construction

Reigniting a sector that has been hit hard…

The picture:

- **100,000 unsold homes.**
- **200,000 jobs lost.**

Pillar 2 — Reigniting Construction

Reigniting a sector that has been hit hard…

Measures.

- ✓ Temporary 12-month removal of VAT on new housing.
- ✓ DFL2 rental benefit extended from the third home onward (5% rate).

+ Decrees: modernizing the OGUC.

1. Reconstruction and revenue-raising measures.

2. Reigniting the construction sector.

3. Tax competitiveness.

4. Simpler regulation.

5. Public expenditure restraint.

Pillar 3 — Tax Competitiveness

Lower taxes on investment and on formal employment.

Measures.

- ✓ Corporate Tax Rate: cut from 27% to 23%.
- ✓ Tax reintegration.
- ✓ Tax stability guarantee for investments above USD 50 million.
- ✓ Formal-employment credit of up to 15% of wages.

1. Reconstruction and revenue-raising measures.

2. Reigniting the construction sector.

3. Tax competitiveness.

4. Simpler regulation.

5. Public expenditure restraint.

Pillar 4 — Simpler regulation

Approvals with clear and reasonable timelines

Measures.

- ✓ Appeal deadlines now set by law: 30/60 business days.
- ✓ A temporary fast-track option for environmental approvals, with fewer review rounds.
- ✓ Reimbursement of costs when a favorable environmental approval is overturned in court.

1. Reconstruction and revenue-raising measures.

2. Reigniting the construction sector.

3. Tax competitiveness.

4. Simpler regulation.

5. Public expenditure restraint.

Pillar 5 — Public expenditure restraint.

Fiscal convergence to protect public finances

Measures.

- ✓ 2-year moratorium on new higher education institutions entering the free-tuition system.
- ✓ Elimination of the SENCE tax credit.
- ✓ Tougher penalties for misuse of medical leave.
- ✓ Effective financial penalties for cigarette smuggling.
- ✓ Legal authority for the Ministry of Finance to use administrative data to improve resource allocation.

Financial Impact Report

In millions of 2026 pesos

	2026 Year 1	2027 Year 2	2028 Year 3	2029 Year 4	2030 Year 5	2031 Year 6	2035 Year 10	2040 Year 15	2050 Year 25
Effect on Central Government	**-838,430**	**-1,671,044**	**-2,334,569**	**-2,789,888**	**-2,900,281**	**-2,907,235**	**-3,031,515**	**-2,764,394**	**-2,774,807**
Revenue effect from growth	0	462,302	727,573	1,195,700	1,663,540	2,125,485	4,239,014	**5,675,134**	**7,781,536**
Total Central Government, with growth	**-838,430**	**-1,208,742**	**-1,606,996**	**-1,594,188**	**-1,236,741**	**-781,750**	**1,207,499**	**2,910,740**	**5,006,729**
Fiscal adjustment to date	**1,762,261**	**1,762,261**	**1,762,261**	**1,762,261**	**1,762,261**	**1,762,261**	**1,762,261**	**1,762,261**	**1,762,261**

% of GDP

	2026 Year 1	2027 Year 2	2028 Year 3	2029 Year 4	2030 Year 5	2031 Year 6	2035 Year 10	2040 Year 15	2050 Year 25
Effect on Central Government	**-0,23**	**-0,45**	**-0,61**	**-0,71**	**-0,71**	**-0,70**	**-0,65**	**-0,53**	**-0,43**
Revenue effect from growth	0,00	0,12	0,19	0,30	0,41	0,51	0,91	**1,09**	**1,21**
Total Central Government, with growth	**-0,23**	**-0,33**	**-0,42**	**-0,41**	**-0,30**	**-0,19**	**0,26**	**0,56**	**0,78**
Fiscal adjustment to date	**0,49**	**0,47**	**0,46**	**0,45**	**0,43**	**0,42**	**0,38**	**0,34**	**0,27**

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