Chile

* With a population of 17.2 million, and a GDP of $257.9 billion, Chile’s economy is ranked 43rd out of 227 by the CIA World Factbook. The per capita income of $15,002 is high for Central America. Chile has a market-oriented economy characterized by a high level of foreign trade, an annual growth rate in 2011 of 5.3% and a reputation for strong financial institutions.
* Exports account for more than one-third of GDP, with commodities making up some three-quarters of total exports. Copper alone provides one-third of government revenue.
* Transparency International ranks Chile 31 out of 227, on their Global Competitive Index due to a low trade weighted tariff of 4%, and low non-tariff barriers.
* Chile has actively pursued free trade agreements with many countries. Due to a transparent and efficient investment regime, both foreign and domestic investors receive equal treatment in access to markets, resulting in ranks of 14th and 17th in the world in investment freedom and financial freedom and increasing Chile’s overall Heritage Foundation Economic Freedom score 1 point since 2010 to 78.3 out of 100.
* Labor laws facilitate efficient hiring and dismissal procedures, resulting in a 2012 Heritage Foundation labor freedom score of 75.1 out of 100.
* The overall regulatory framework facilitates entrepreneurial activity and productivity growth. The time needed to start business has been reduced from 22 to 7 days, with a total of 7 procedures, resulting in an increase in both labor freedom to 75.1 and overall business freedom to 68.6 out of 100, which are 47th and 79th in the world, respectively, according to Heritage Foundation.
* Contractual agreements in Chili are the most secure in Latin America and expropriation is rare.
* Concerns remain over the ability to protect intellectual property and in response the Chilean Congress has ratified the Trademark Law Treaty. A new intellectual property law was also passed in 2010 designed to strengthen protection. Consequently, Chile’s Freedom Index property rights score of 90 out of 100 is second highest in the world.
* Ranking 24 out of 227 in Judicial Independence by Transparency International, Chile’s courts are transparent and efficient, although the bankruptcy procedures are cumbersome.
* With the increase of anti-corruption efforts, Chile currently ranks 22nd in the world for lack of corruption, with a score of 7.2 of 10 by Transparency International.

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**Want More Startups? Learn From Chile**

By [Vivek Wadhwa](http://www.businessweek.com/authors/2532-vivek-wadhwa) on April 11, 2012, Bloomberg *Businessweek*

The foreigners will take our jobs away! Only the Nicaraguans will come! You can’t build a Silicon Valley without venture capital.

These were just a few of the arguments from opponents of a government program I helped create in 2010 to boost local entrepreneurship in Chile. The program, called Start-Up Chile, [seemed crazy at the time](http://techcrunch.com/2010/08/21/chop-shop-workers-and-bootstrappers-chile-really-wants-you). Give $40,000 to startups led by foreign entrepreneurs to move and set up shop in one of the most magnificent countries on this planet for six months—no strings attached. The government would also provide free office space, help them settle in, and connect them to investors and mentors.

The bet? That foreigners would create a mini-Silicon Valley by bringing fresh ideas and providing locals with connections and encouragement to take risks. No experiment like this had ever been tried before. The common recipe for building a regional innovation hub is to construct a science park next to a research university and provide lavish tax breaks to industry and investors to locate there. The trouble is, none of the hundreds of these top-down efforts anywhere in the world—including the handful in Chile—have produced the promised results.

But Start-Up Chile has exceeded expectations. The biggest concern about the program was that no entrepreneurs, other than those from poorer Latin American countries, would want to move their startups to a remote place like Chile. To date, Start-Up Chile has received more than 1,600 applications from 70 countries, with the most coming from the U.S. Nearly 500 entrepreneurs have participated in the program and there are now 220 foreign startups in Chile that employ 180 locals and 143 abroad. The first batches of foreign startups have raised $8 million in venture capital financing from firms in Argentina, Brazil, France, the U.S., and Uruguay.

Most important, Silicon Valley-style entrepreneurship has been spreading in and around the South American country. The events I saw during my last two trips to Chile were at least as dynamic as those that happen in the Valley every night. The entrepreneurs had organized themselves into tribes to share their knowledge with locals on diverse topics, from biotech to social media. Participants were sharing product ideas and business plans and building networks. Many told me that they had never imagined they could get this type of assistance and were considering starting companies.

Kauffman Foundation Vice President of Innovation Lesa Mitchell, who is researching the program, recently told me it’s a unique model other regions of the world should emulate. She has been advising leaders from more than two dozen countries, from Australia to Venezuela, on how to replicate the model.

Of course, locals did complain loudly—not because the program had fulfilled their fears, but because they weren’t part of it. Chilean entrepreneurs saw tremendous value in having access to global networks and in the knowledge they could gain. They demanded to be part of the action. So in July 2011, the government opened the program to them, waded through a flood of 600 applications, and selected 80 to participate. Now, with an annual budget of about $15 million per year, Start-Up Chile has convinced me it will keep replicating the magic that happens when you focus on nurturing people rather than industry.

<http://www.businessweek.com/articles/2012-04-11/want-more-startups-learn-from-chile>