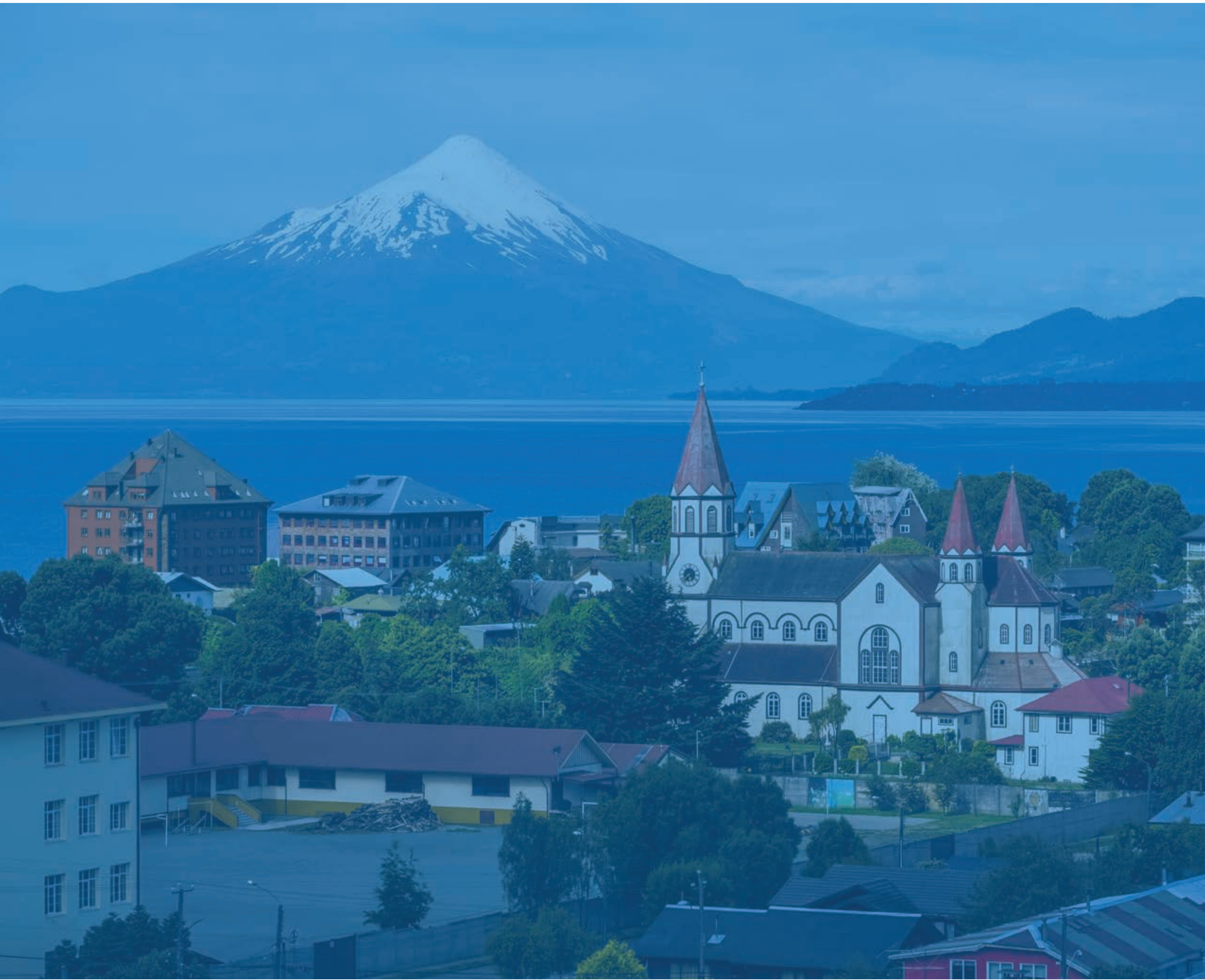
CÁMARA
CHILENO BRITÁNICA
DE COMERCIO

Chilean Economic Report
First Quarter 2025

1st Edition 2025 — Produced since 1922




Somos
Anglo American:
Somos Minería,
Cobre
e Innovación
AngloAmerican
Con innovación y colaboración #LoCambiamosTodo
Conoce más en chile.angloamerican.com

Our Investors

Platinum Investors

Gold Investors

Index

Dear reader

Foreword

As we enter the second quarter of 2025, the global economic outlook remains increasingly complex and uncertain. On April 2nd, President Donald Trump announced a sweeping set of "Liberation Day" tariffs, disrupting global trade dynamics and ushering in what appears to be a new chapter in international economic relations. In light of these developments we have included an analysis of their potential implications for Chile's economy in this report (3.0 Insight.).

The new tariffs, as outlined in the announcement, could have significant ramifications for industries central to Chile's export-driven economy—most notably copper. As one of the world's leading producers, these trade measures are expected to be a key topic of conversation during this year's EXPOMIN feria in Santiago, 22-25 April. Experts and stakeholders from across the mining sector will be closely watching how these developments could impact global demand, pricing, and future investment. We look forward to hosting the UK Pavilion at the event, showcasing nine innovative British businesses. If you're attending, we invite you to visit our UK GREAT stand (Hall 1-B30) and explore the opportunities for collaboration.

It has been a busy few months for the Chamber, a highlight being the recent launch of our "Vision CEO" programme, aimed at enhancing dialogue in the finance and capital markets sectors. This programme, led by our Finance and Capital Markets committee, kicked-off with an insightful session featuring Renzo Vercelli, CEO of AFP Capital, who shed light on the evolution of Chile's pension system and its future outlook.

Looking ahead, we are excited to announce that our next Vision CEO session will feature Patricio Hidalgo, CEO of Anglo American Chile, who plans to discuss the recently

Elle Denton

Executive Director

British Chilean Chamber of Commerce

Santiago, Chile

signed Memorandum of Understanding (MOU) between Anglo American and Codelco. You can read more about this significant development on page 38 of this report.

In a further highlight, we were delighted to welcome a full house to our recent event organised by our Technology, Innovation, and Science Committee. The keynote speech was provided by the director of the newly established National Cybersecurity Agency, who shared his valuable insights on the growing importance of cybersecurity in today's increasingly digital world.

As we move forward, the Chamber remains committed to supporting our members by providing timely updates, facilitating connections, and fostering an environment where cross-sector dialogue can thrive. We hope this report offers valuable insights as we navigate a rapidly changing global economic environment.

Thank you for your continued support and engagement.

Elle Denton

Editorial Group: Peter Lynch, President of the Group and Director, Past President's Forum, BritCham. Leslie Hemery, Director, Past President's Forum, BritCham. Catalina de la Huerta, Market Access and Trade Policy Officer, British Embassy in Chile. Tom Azzopardi, External Journalist. Greg Holland, Director of the Board, BritCham. Elle Denton, Executive Director, British Chilean Chamber of Commerce (BritCham).

Chamber of Commerce.

• Production coordinator: María Isabel Juppet C. • Electronic version of the report: www.britcham.cl • Design: Forma •Layout: María Eugenia Gilabert.

Key points

• The trade war between the US and the rest of the world has rattled financial markets and threatens to slow the economic activity.

• In April, President Trump imposed a 10% reciprocal tariff on imports from Chile. Copper, timber and other key products are currently exempt.

• Driven by exports, Chile is expanding at its fastest rate since the pandemic, with growth reaching 2.6% in 2024, including 4.0% in the fourth quarter.

• In March, the Central Bank raised its growth forecast for 2025 to 1.75-2.75% but has since warned that the trade war could deliver a major shock to the economy.

• Inflation remains high, reaching 4.9% in March, driven by the hike in power tariffs and rising food and fuel prices.

• Inflation expectations have risen with analysts forecasting inflation to end the year at 4.1% and not return to the Bank's 3.0% target rate until early 2027.

• In response, the Central Bank has stopped loosening monetary policy, holding its benchmark interest rate at 5.0% since December.

• The Chilean Peso has slumped against the US dollar in the wake of the trade shock, approaching CLP1,000/dollar by mid-April.

• After rallying in early 2025, copper prices fell to their lowest level in almost a year on fears that the trade dispute will cool demand.

• The government will have to cut spending to stabilise public finances after the fiscal deficit ballooned to 2.9% of GDP in 2024.

• Congress approved legislation requiring employers to contribute to workers' pensions while preserving the role of the private pension fund administrators.

• The race to become Chile's next president has narrowed with candidates from across the political spectrum gaining on centre-right veteran Evelyn Matthei.

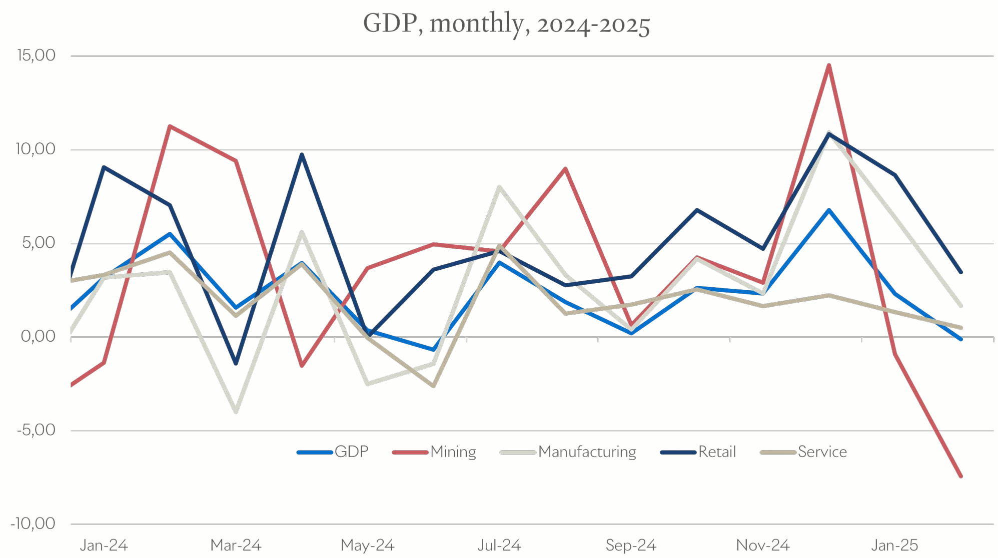
CÁMARA
CHILENO BRITÁNICA
DE COMERCIO

Domestic
Economic Performance

1

Source: Central Bank of Chile

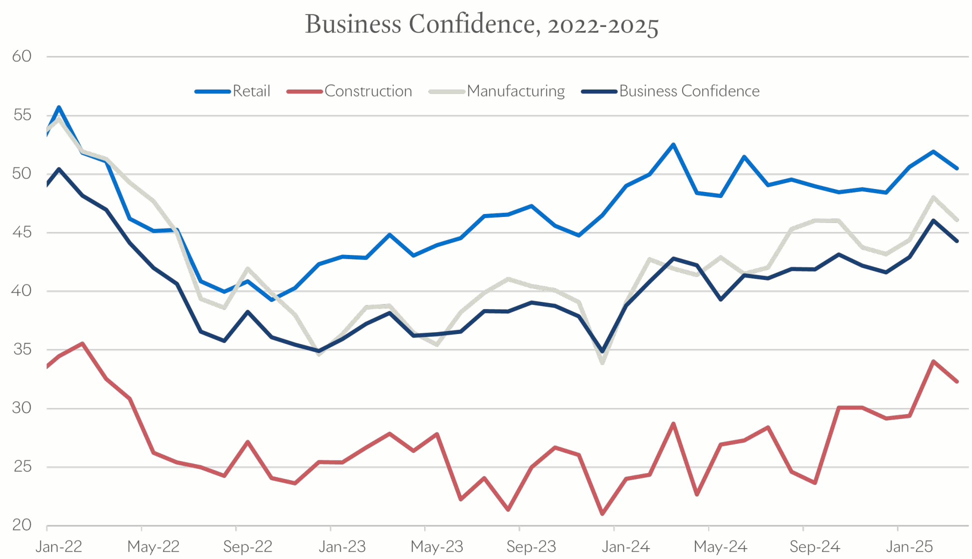
The Chilean economy is growing at its fastest rate since the pandemic with activity expanding by 4.0% in the final three months of last year, driven by strong exports and recoveries in manufacturing, mining and retail activity. The rise helped Chile to grow by 2.6% last year (ahead of market and government forecasts) as demand strengthened.



The spurt appears to be petering out. After growing by 2.3% in January, reflecting sharp rises in both manufacturing (6.4%) and retail (8.7%), preliminary data showed that activity contracted by 0.1% in February. The decline was the result of a major power cut and a shorter month as well as a 6.8% drop in mining production.

In March, the Central Bank lifted its growth forecast for 2025 to 1.75-2.75% (up from 1.5-2.5% predicted in December), but warned in April that the shocks delivered by US tariffs could have an unquantifiable impact on the economy over the coming quarters. Private analysts surveyed in early April, after the announcement of the reciprocal tariffs, slightly reduced their forecast for 2025 to 2.0% (from 2.2% in March).

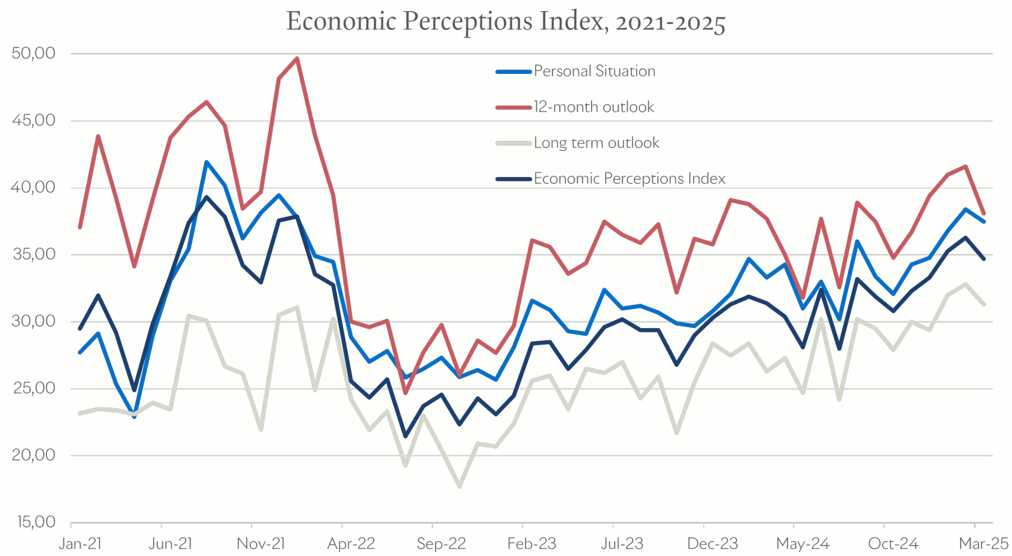
Confidence



Source: Adolfo Ibáñez University, ICARE

Business confidence has strengthened in recent months although remains pessimistic overall. The Monthly Business Confidence Indicator, produced by the Adolfo Ibáñez University and business organization ICARE, reached 44.30 points in March (discarding volatile data from the mining sector), a 10-point improvement from December 2023 with significant rises in construction and manufacturing. However, the monthly figure marked a fall from the previous month of February, suggesting that the looming trade war was beginning to affect confidence.


MarshMcLennan
VEMOS LAS POSIBILIDADES DESDE TODO ÁNGULO.
ESE ES EL PODER DE LA PERSPECTIVA.
Marsh McLennan es la firma global de gestión de riesgos, estrategia y personas.
Junto con nuestros cuatro negocios: Marsh, Mercer, Guy Carpenter y Oliver Wyman, ayudamos a las organizaciones a prosperar en el tiempo.
www.marsh.com/cl
Marsh GuyCarpenter Mercer OliverWyman



Source: GfK

Although still at historically low levels, consumer confidence has risen since mid-2024, reflecting consumers' increased confidence in their personal situation, the short-term outlook for the economy and the country's long-term prospects. By February, GfK's Economic Perceptions Index had reached 36.3 points, up 4.4 points from twelve months earlier and its highest level since January 2022. However, in March, it dropped to 34.7 points as the outlook darkened.

A major power cut

On February 25th, a systems fault on a major power line connecting northern Chile with Santiago caused widespread electricity outages across much of the country, which lasted several hours.

Although the initial issues were resolved within minutes, challenges in reconnecting power generation capacity meant that many homes in Santiago remained without electricity until nightfall. Several major copper mines in the north experienced outages for more than a day.

The blackout caused chaos in Santiago and other cities as businesses and schools were forced to close early. Millions of Chileans were left scrambling to get home without train services and with telecommunications services on the blink.

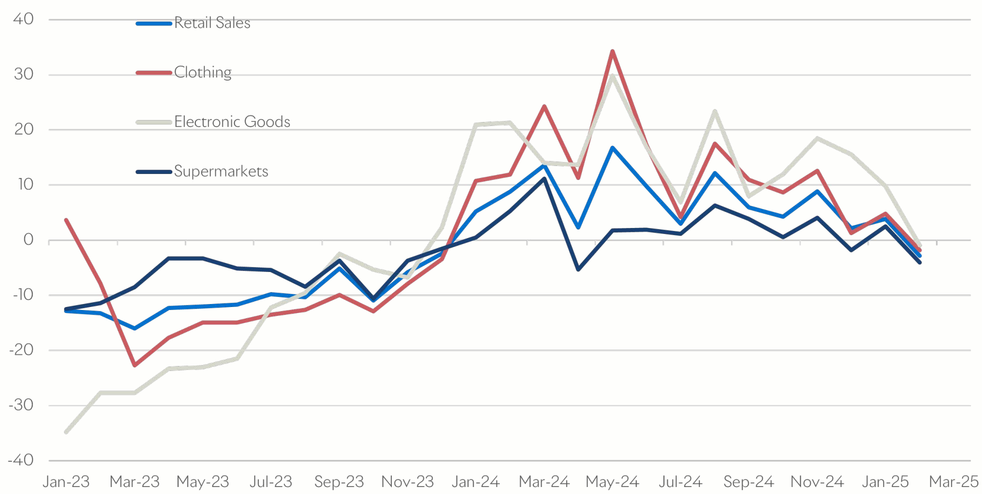
The Central Bank estimated that the power cut may have reduced economic activity in the month by 0.5–0.8%. Combined with seasonal factors such as the summer holidays and the absence of an extra day compared to last year's Leap Year, preliminary data shows that economic activity contracted by 0.1% in February.

This incident has once again exposed the fragile nature of Chile's infrastructure. The country's long, narrow geography means often that only a single road, transmission line, or pipeline connects different regions, making it particularly susceptible to disruptions.

The failure occurred on a newly built transmission line intended to transport electricity from wind and solar farms in the north to cities in the Central Valley. However, this line is already operating at full capacity.

While studies for a second transmission line are underway, it is not expected to be operational until the end of the decade.

Retail Sales in Santiago, annual change %, 2023-2025



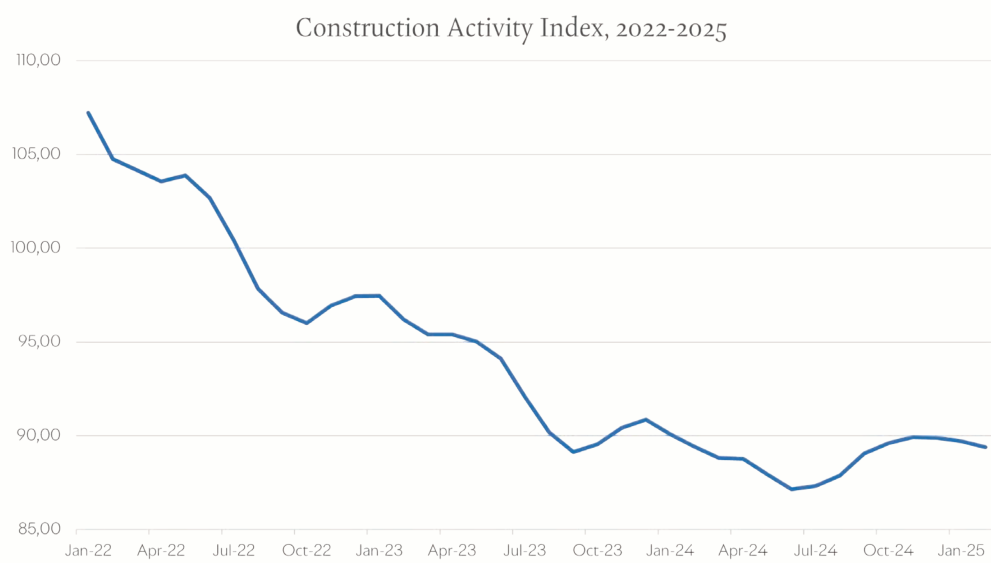
Source: Chilean Chamber of Retail

Retail activity is slowing after recovering from the post-pandemic slump. Retail sales in Santiago contracted by 2.8% in the year to February, after growing by 2.2% in 2024, influenced by the shorter month and the power cut. Declines were recorded both in supermarket sales and sales of consumer durables. Car sales reached 70,878 units in the first quarter, little changed from a year ago.

Manufacturing

Manufacturing output contracted by 1,3% in the twelve months to February 2025 (after growing by 8.8% to December 2024). The drop reflected declines in production of paper and metallic products, due to plant closures as well as the power cut and a shorter month, offset by an increase in food production, especially in the salmon industry.

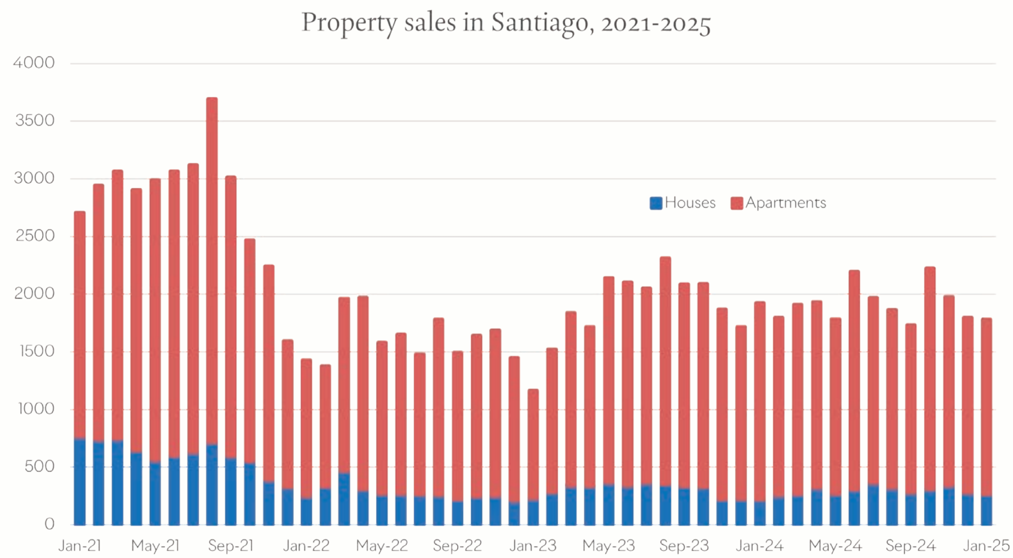
Construction



Source: Chilean Chamber of Construction

Construction activity has picked up in recent months after falling in mid-2024 to its lowest level since records began. The Chilean Chamber of Construction's Construction Activity Index reached almost 90 points in January, up three points in six months and its highest level in a year. The rise was driven by increased sales of building materials while the issue of building permits has continued to decline.

The Chamber has predicted a recovery in construction spending this year to US$7.0 billion, driven by mining and energy projects.

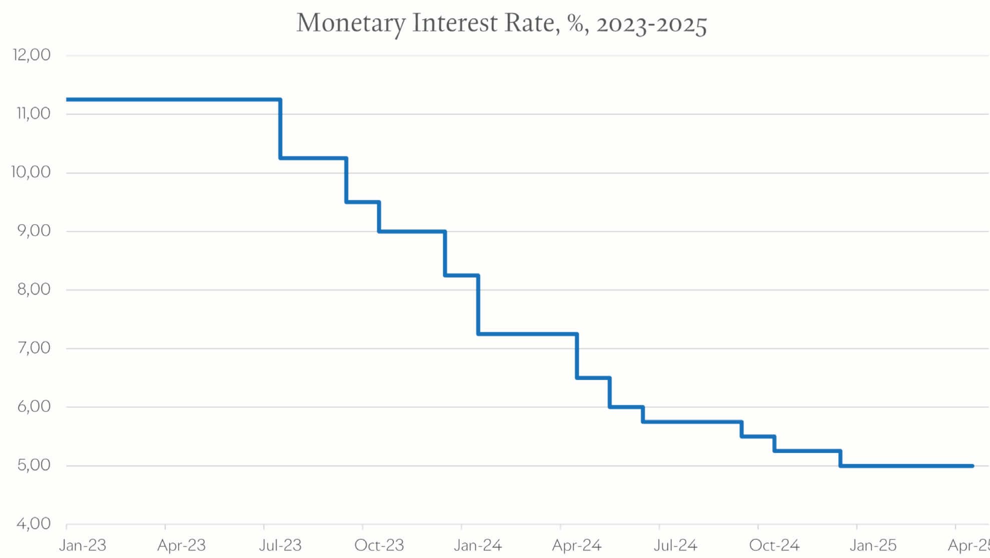


There has been no improvement in the property market in recent months. Residential property sales in Santiago during the first two months of the year reached 3,328 units, down 10.5% from twelve months earlier.

Services

The services sector, which accounts for around half of GDP, grew by 2.0% in 2024, as the growth of transport and personal services offset declines in communications and professional services. Transport expanded by 6.8%, driven by increases in air travel and road haulage.

Tourism has recovered sharply, with the number of international visitors reaching 5.2 million in 2024, up 40% from 2023 and exceeding pre-pandemic levels for the first time. The rise has been driven largely by Argentineans, followed by Brazilians and Europeans.



Source: Central Bank of Chile

The Central Bank has paused the easing of monetary policy as persistent inflation pressures medium-term price expectations. On March 21st, the board voted to keep the benchmark interest rate unchanged at 5.0% for the fourth consecutive month, reaffirming its stance from January. The decision aims to curb inflation expectations, some of which have risen above the Bank's 3.0% medium-term target over its two-year policy horizon.

As a result, interest rates are expected to remain near current levels over the coming year as the Bank works to contain inflation. In its Monetary Policy Report, released on March 24th, the Bank hinted that it could even raise rates in the short term if necessary to anchor inflation expectations.

Private analysts surveyed by the Bank in early April predicted that the rate would fall to 4.50% by December with two 25 basis point cuts over the next eight months.

The government is facing a tight fiscal situation after significantly overestimating public revenues in 2024. Government revenues reached CLP 67.3 trillion (US$72.1 billion), a 1% increase from 2023, but CLP 4.1 trillion (US$4.5 billion) below initial estimates due to lower tax intake and declining lithium royalties caused by falling prices.

In response to warnings from credit agencies, the International Monetary Fund (IMF), and lawmakers during the budget debate, Finance Minister Mario Marcel announced a US$1.5 billion (1%) cut in public expenditure (spread between late 2024 and early 2025), which reduced annual spending to CLP 76.2 trillion (US$81.7 billion). However, this measure was insufficient to fully address the fiscal shortfall, and the public deficit ended the year at CLP 8.9 trillion (US$9.5 billion) or 2.9% of GDP—exceeding the government's original target of 1.9%. Even after delaying some payments to public employees and regional governments, which caused a 10% drop in December spending, the deficit remained significant.

Following this forecasting error, the Budget Office announced plans to collaborate with the IMF to improve its processes for estimating tax revenue. However, this shortfall means the government is unlikely to meet the estimates outlined in the 2025 budget approved by Congress last November.

In its latest forecast published in February, the Budget Office forecast that public revenues in 2025 would rise to CLP 76.7 trillion (US$82.2 billion), a 10.4% real term increase from 2024. This growth is expected to be driven by higher mining taxes, stronger copper prices, and the appreciation of the US dollar since last year. However, the forecast revenue remains 2.7% lower than the figure provided in the budget legislation approved by Congress last November due to weaker tax contributions from other taxpayers and continued declines in lithium royalties.

Government spending in 2025 is forecast to rise by 2.7% in real terms to CLP 81.9 trillion (US$87.8 billion), reducing the public deficit to CLP 5.5 trillion (US$5.9 billion) or 1.7% of GDP.

To meet these targets, the government plans to cut spending by approximately US$600 million throughout the year. However, the Autonomous Fiscal Council has indicated that a reduction twice that size is necessary to achieve the deficit target.

Chile's strained public finances are expected to limit the fiscal flexibility of the new administration taking office in March 2026. According to the council, spending will need to be reduced by nearly US$6.0 billion over the next four years to balance the books.

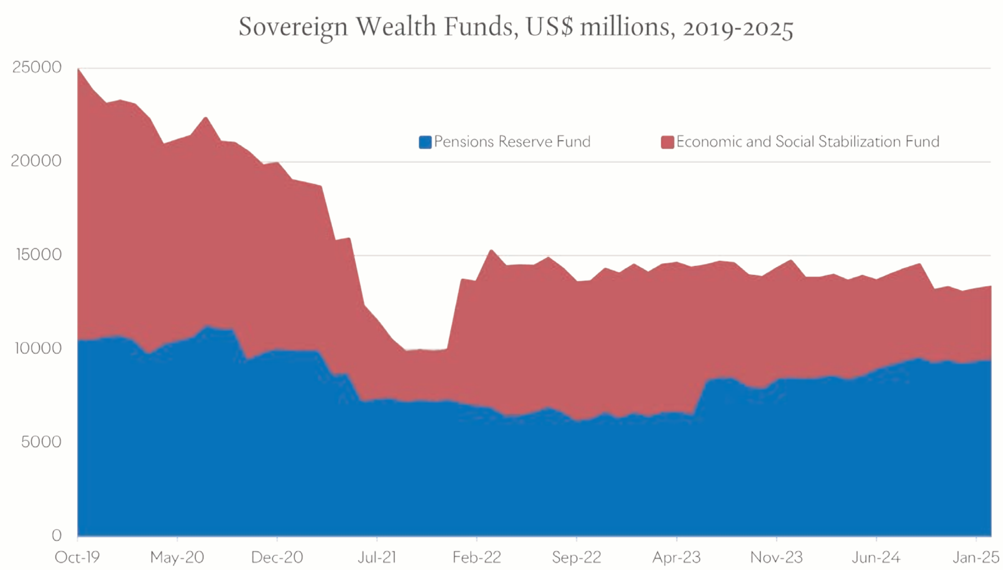
A major tax reform, which the government had hoped would alleviate the fiscal situation, has been shelved due to a lack of political support. Finance Minister Marcel had proposed higher taxes on company dividends and high-income earners to balance a cut in the corporate tax rate from 27% to 24–25% However, opposition lawmakers—whose support is required in Congress—vowed to block any attempts to increase taxes on individuals or businesses.

Credit Ratings

Fitch Ratings	A- (stable)
S&P Global Ratings	A (stable)
Moody's	A2 (stable)
JCR	AA- (stable)

Despite the concern over the government's fiscal situation, Fitch Ratings reiterated its A- credit rating for Chile's sovereign debt in January with a stable outlook. The agency highlighted its relatively solid sovereign debt, together with public debt-GDP ratio which is lower than its neighbouring countries as well as the agreement over the pensions reform which could contribute to a deepening of the national capital market.

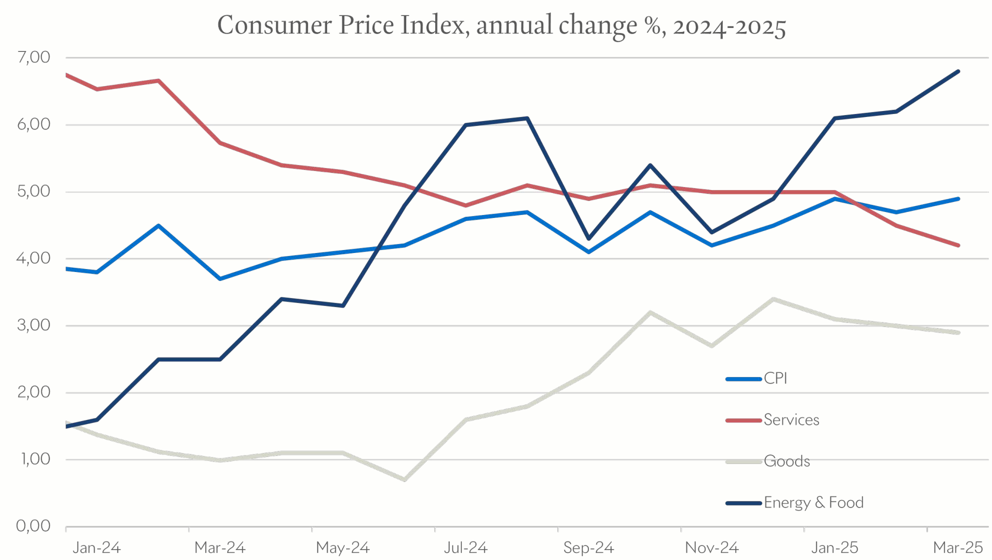
Sovereign Funds



Source: Ministry of Finance

By the end of February, Chile's two sovereign wealth funds held assets valued at US$13.3 billion, down 3.5% from twelve months earlier, reflecting the withdrawal of US$2.1 billion from the funds by the government during 2024.

JOHNNIE
Ministerio de Salud
Gobierno de Chile
ADVERTENCIA
El consumo nocivo de alcohol daña tu salud.
JOHNNIE WALKER
BLACK LABEL
BLENDED SCOTCH WHISKY
John Walker & Sons
AGED 12 YEARS
CADA PASO ES UN MOTIVO PARA CELEBRAR
KEEP WALKING
WALKER



Source: National Statistics Institute

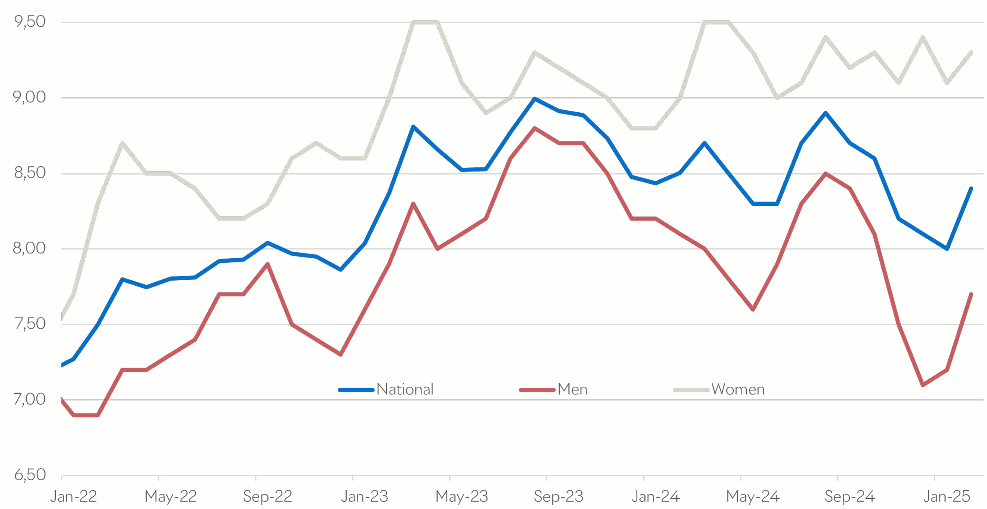
Inflation has remained high after climbing during the first half of 2024. In March, the government's Consumer Price Index (CPI) rose 0.5% to bring annual inflation to 4.9%, up from 3.2% twelve months earlier.

The rise in inflation over the last twelve months has been driven by volatile energy and food prices which rose by 6.8% in the year to March (up from 2.5% in March 2024) and an acceleration in goods inflation (to 2.9%, up from 1.0% over the same period). In contrast, services inflation slowed to 4.2%, down from 5.7% twelve months earlier).

Recent increases have driven by higher petrol prices and annual rent increases as well as a sudden hike in electricity tariffs, which were frozen during the pandemic.

The persistence of inflation has pushed up private inflation expectations. Analysts surveyed by the Central Bank in early April forecast that the index would end the year at 4.1%, up from 3.5% predicted in December, and not return to the Bank's 3.0% medium target rate until early 2027. In March, the Central Bank warned of high inflation in the short term, but predicted convergence with 3.0% by early 2026.

Unemployment rate, %, 2022-2025



Source: National Statistics Institute

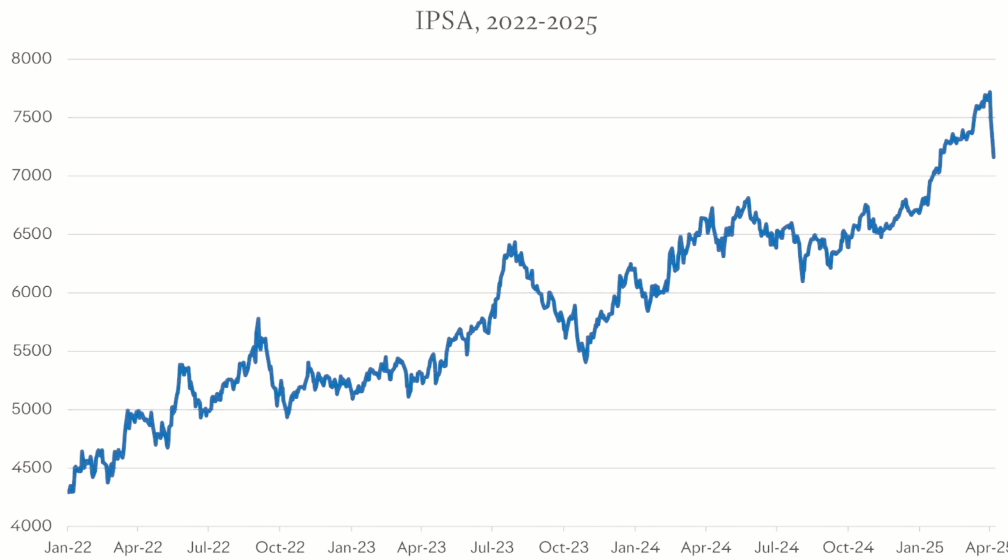
Conditions in the labour market have been improving in recent months with the unemployment rate falling to 8.0% in three months to January, its lowest level in two years. The fall reflects the creation of almost 150,000 jobs over the quarter as the seasonal employment in agriculture, retail and tourism offset losses in manufacturing. However, the rate jumped to 8.4% in February as job creation slowed.

While unemployment among men has fallen over the last year to 7.7%, unemployment among women rose to 9.3%.

The number of people formally employed rose over the period, while the number classed as self-employed fell.

Wages have continued to rise steeply. The government's remunerations index rose 8.7% in the year to February, or 3.8% when adjusted for inflation. In January, the minimum wage rose to CLP 510,636 (US$553), an increase of 10.8% from twelve months earlier

Stock Market



Source: Santiago Stock Exchange

Share prices in Chile rallied during the first quarter, continuing a run that began in 2022, driven by the appreciation of the Chilean peso, increased interest from investors seeking refuge from the impact of the trade war, and the approval of the pensions reform in January. But after reaching record levels above 7,700 points in late March, up 15.0% from the start of the year, the IPSA index (representing the largest companies listed on the Santiago Stock Exchange) plunged 7%, in line with financial markets around the world, on fears that President Trump's reciprocal tariffs could slow global trade.

Bond Market

Issues in Chile's bond market reached US$3.4 billion in 2024, up 70% from 2023 and its highest level since the pandemic. The market has been dominated by blue-chip companies, including state railway EFE, forestry firm Empresas CMPC, and industrial conglomerate Quiñenco.

After declining during 2024, short-term interest rates have risen in recent weeks, in line with conditions in global markets. Long-term interest rates have risen this year amid uncertainty caused by US trade policy and growing geopolitical tensions.

Bank Lending

- Outstanding bank loans stood at CLP 267.1 trillion (US$276 billion) by the end ofFebruary, down 1.9% from twelve months earlier. A surge in new loans in late 2024 has since fizzled out. Commercial loan values declined by 4.0% over the past year to CLP 143.8 trillion (US$149 billion).
- Mortgage lending increased by 1.3% to CLP 90.6 trillion (US$94 billion).
- Consumer lending declined 0.8% to CLP 30.5 trillion (US$32 billion).

Interest rates for commercial and consumer loans have declined due to monetary policy easing, while mortgage rates rose in line with longer-term interest rates.

The number of non-performing loans has continued to rise, reaching 2.33% of total loans by February.

Bank profits reached CLP 877.3 billion (US$907 million) in the first two months of 2025, up 20.6% from twelve months earlier, while the pre-tax return on assets remained steady at 1.7%.

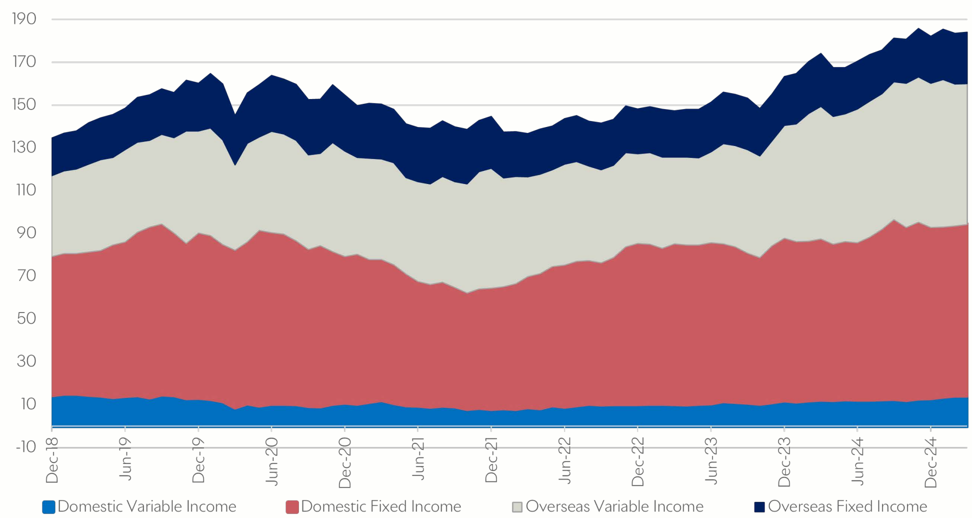
AFP Assets under Management

(March 2025)

Type of fund	Amount (billions of pesos)	Change April 2024 – March 2025 (%, real in pesos)	Return April 2024 – March 2025 (%, adjusted for inflation)	Limits on equity investments Limits on equity investments (% of fund assets) Maximum	Minimum
A Funds	30,896	6.8	-2.5	80	40
B Funds	39,381	13.4	-1.0	60	25
C Funds	63,651	4.4	0.2	40	15
D Funds	32,490	8.4	1.4	20	5
E Funds	22,557	2.4	3.0	5	0
Total	188,975	7.0			

By the end of February, Chile's private pensions fund administrators managed assets worth CLP188.9 trillion (US$195 billion), up 7.0% from twelve months earlier. AFPs have increased their exposure to foreign shares over the last year, which have grown in value by around 10% in twelve months to CLP 65.9 trillion (US$68 billion).

AFPs by assets class, CLP billions, 2018-2025



Source: Superintendence of Pensions

A pensions reform at last

Lawmakers have finally approved the most significant overhaul of Chile's pensions system in 40 years after more than a decade of debate.

Calls for reform have grown since the 2015 Bravo Commission found that the current system was condemning millions to poverty—mainly because, at 10% of wages, workers were not being required to save enough for retirement.

While the Universal Guaranteed Pension, introduced in January 2022, provides a safety net for the poorest, middle-class savers still face replacement rates far below what they were promised.

The new legislation seeks to boost current and future pensions by mandating higher contributions and increasing competition to lower management fees. The most significant change will require employers to contribute to workers' pensions, with payments gradually rising to 7% of income over nine years—bringing Chile's pension savings rate closer to the OECD average of 20%.

Most of these contributions will go into individual accounts, but 1.5 percentage points will be lent to the government to help fund current pensions, to be repaid at the end of the worker's career.

To foster competition in the pension industry, the law introduces biannual tenders in which 10% of all savings accounts will be awarded to the firm offering the lowest fees. These could include other financial institutions, including financial cooperatives and non-bank fund administrators alongside the existing pension fund administrators (AFPs).

Shifting public opinion complicated the debate. While many Chileans initially supported the No+ AFPs campaign for a state-run pay-as-you-go system, pandemic-era withdrawals of US$50 billion from private pensions appear to have strengthened support for individual capitalization.

Without a majority in Congress, President Boric had to make significant concessions, dropping plans to curb the role the AFPs play and reducing the distributive elements of the bill. Negotiations on the final shape of the reform continued to be on a knife-edge right up until the government's February deadline

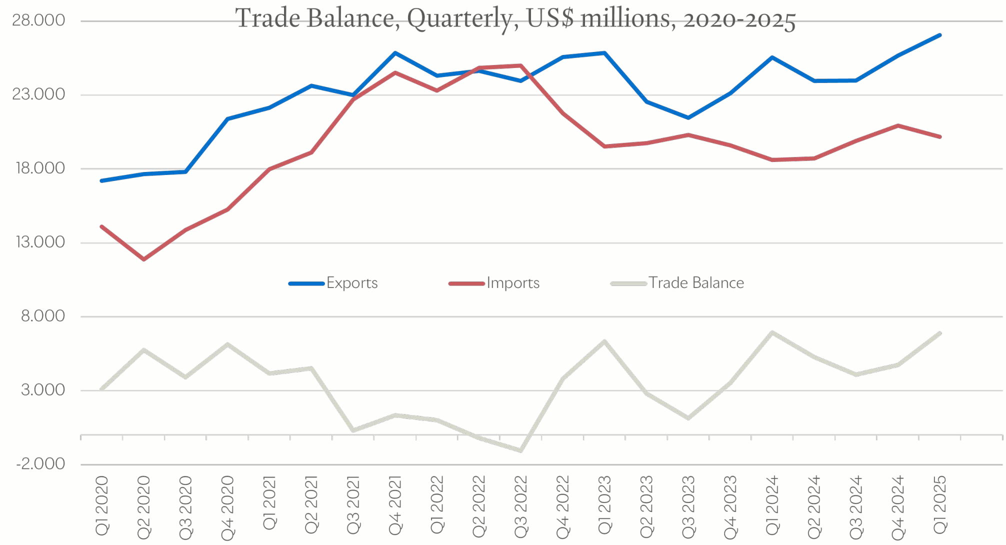
The deal not only raises Chileans' hopes for a more comfortable life after retirement but also for the ability of their polarized politicians to reach agreement on major reforms. The vote was welcomed by financial markets with the IPSA rising by almost 2% in one day.

CÁMARA
CHILENO BRITÁNICA
DE COMERCIO

External Sector

2

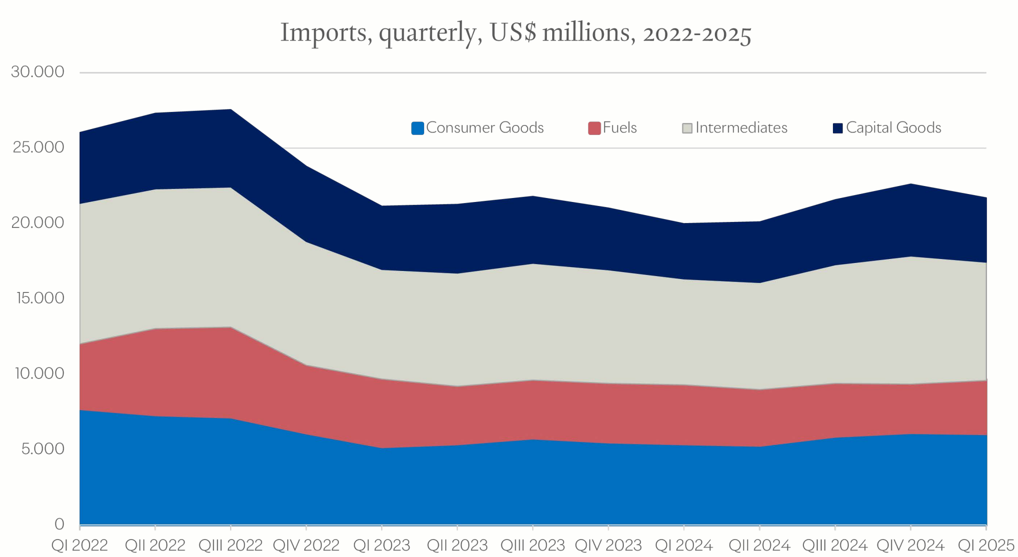

IntegraMédica
Parte de Bupa
Clínicas Bupa
Reserva un espacio para ti
Es hora de cuidarte del cáncer
Mamografía
$5.000
Valor referencial paciente Fonasa $24.380
Consulta Ginecológica + Examen PCR VPH*
*Examen PCR para la detección del virus papiloma humano
$15.000
Valor referencial pacientes Fonasa $36.440
BancoEstado
Accede a estos beneficios pagando con Tarjetas BancoEstado
Agenda tu hora en
integramedica.cl
en los sitios de Clínicas Bupa o escaneando el QR
Para hacer válida las promociones el cliente deberá pasar por caja (no tótem), mencionar el beneficio BancoEstado antes de realizar el pago con una Tarjeta BancoEstado o BE PAY. Vigencias desde 01 de octubre al 31 de octubre del 2024, ambas fechas inclusive o hasta agotar stock de 40.000 cupones.
Infórmese sobre la garantía estatal de los depósitos en su banco o en www.cmfchile.cl



Source: Central Bank of Chile

Chile accumulated a trade surplus in goods of US$6.9 billion during the first three months of the year, little changed from a year earlier, as both exports and imports grew. Exports reached a record US$27.0 billion, up 6% from a year ago, driven by strong exports of copper and fresh fruit, while imports reached US$20.2 billion, up 8% from twelve months earlier, on increased imports of consumer and capital goods.

Imports



Source: Central Bank of Chile

Imports of consumer goods reached US$6.1 billion during the first three months of the year, up 11.1% from twelve months earlier. Imports of consumer durables rose 13.3% to US$2.0 billion, driven by increased imports of cars, computers and cellphones while imports of semidurable goods rose 17.6% to US$1.8 billion, as imports of clothing and footwear surged.

Energy imports fell 11.6% to US$3.5 billion as imports of coal and oil fell. The West Texas Intermediate oil price (used by state oil firm ENAP to price fuel sales) averaged US$72 a barrel during the first three months of the year, compared with US$76 per barrel in 2024. However, the benchmark price fell to around US$60 a barrel in early April, its lowest level in almost four years, as the US tariffs lowered forecast demand.

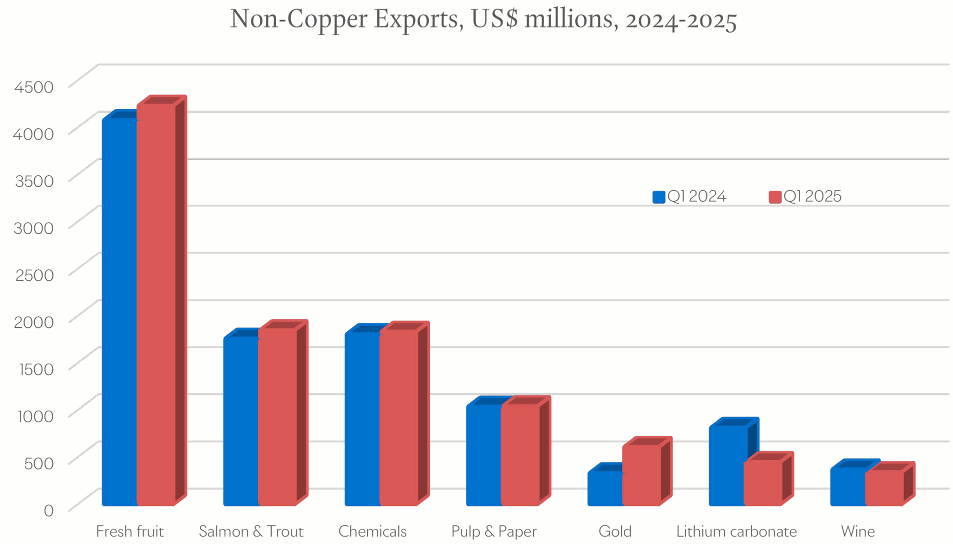
West Texas Intermediate, daily US$/barrel, 2022-2025

Source: St Louis Federal Reserve

Imports of other intermediate goods rose 10.4% to US$7.9 billion in the quarter. The rise was driven by a 30% increase in imports of metallic goods to US$1.0 billion, following the closure of CAP's Huachipato steelworks last year. Chemical imports rose 5.2% to US$1.2 billion while imports of spare parts rose 15.6% to US$932 million.

Reflecting the recovery in investment, import of capital goods rose 14.8% to US$4.3 billion, driven by increased imports of lorries and other transport vehicles and a sharp rise in imports of construction and mining equipment (up 44.3% to US$402 million).

Exports



Source: Central Bank of Chile

Chile's non-mineral exports reached US$12.9 million during the first quarter of 2025, up 5% from the same period of 2024, driven by agricultural and industrial exports.

Agricultural exports reached US$4.4 billion, up 4% from twelve months earlier, driven by increased shipments of fresh fruit. These were driven by a 9% increase in shipments of cherries to US$2.7 billion, while grape exports fell 24% to US$526 million.

Cherry exports rose 59% to a record 675,000 tonnes in the 2024-2025 season as demand in China continues to grow although this was largely offset by a slump in prices due to oversupply.

Industrial exports rose 5% to US$8.5 billion, driven by exports of food products, chemicals, and metallic goods.

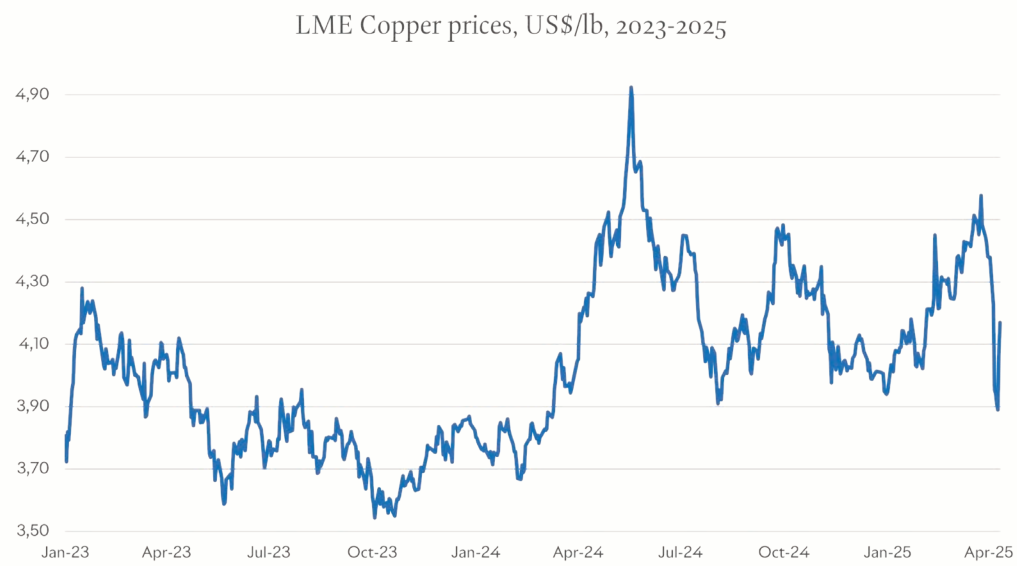
Exports of salmon and trout reached US$1.9 billion during the quarter, up 5% from twelve months earlier. In January, the U.S. Food and Drug Administration approved the labelling of Chilean salmon as "healthy" ending years of dispute about the use of antibiotics in the industry.

Exports of chemical products rose 1.5% US$1.8 billion. Shipments of methanol surged more than twofold to US$151 million, offsetting declines in exports of iodine, potash and tyres.

Exports of pulp and paper reached US$1.0 billion, up 1.0% from a year earlier, as increased volumes offset falling prices. Major pulp producer Empresas CMPC reported that prices for Bleached Eucalyptus Kraft Pulp averaged US$577 per tonne in the fourth quarter of last year, down from US$689 per tonne in the previous quarter. Timber exports fell 2% to US$281 million.

Wine exports fell 8% to US$341 million on lower prices and volumes during the first two months of the year. According to the farm statistics office ODEPA, export volumes fell to 113.2 million litres in January and February, down 10.0% from a year earlier, while prices averaged US$1.97/litre, down 2.5%.

Chile's mineral exports reached US$14.2 billion during the first three months of the year, up 6.8% from twelve months earlier, driven by higher copper and gold prices. Exports of copper rose 8.8% to US$12.4 billion, led by a 23.0% increase in shipments of concentrates to US$6.7 billion.



Source: Chilean Copper Commission

Copper prices rallied during the first quarter, driven by a weaker US dollar, which has pushed up the prices of most commodities, as well as expectations of stimulus programs in China and Europe to counter the impact of punitive US trade measures. Prices on the London Metals Exchange averaged US$4.24/lb during the quarter, up from US$3.83/lb twelve months earlier.

However, after rising to almost to US$4.60/lb by late March, up approximately 16% from December, copper prices plummeted in early April to less than US$4.00/lb for the first time in almost a year as investors reacted to the US reciprocal tariffs. Prices recovered swiftly after many tariffs were suspended.

Trading in copper has been further complicated by President Trump's decision to launch a probe into US imports of copper products, which could result in significant tariffs, like those imposed on aluminium and steel. The metal was exempted from reciprocal tariffs while the probe continues with a decision expected in the coming weeks.

The threat of tariffs caused copper futures on the New York Mercantile Exchange (COMEX) to surge to record highs above US$5.20/lb before plummeting in April. In response, trading companies rushed to ship copper to the US before the tariffs take effect. Chilean exports of refined copper to the US reached 173,000 tonnes during the first quarter, a twofold increase from a year ago.

Copper production started the year weakly, falling to 823,599 tonnes in the first two months of the year, down 3.8% from a year earlier, influenced by the nationwide power cut and a shorter month in February as well as maintenance shutdowns at some major mines. Despite this slow start, the government expects production to rise by 4.6% this year to 5.8 million tonnes as Teck ramps up production from its expanded Quebrada Blanca mine.

Following the resolution of debates over Chile's constitution and mining taxation, investment in the sector has continued to grow. In February, BHP applied for authorization for a US$2.3 billion investment to expand the concentrator at its Escondida mine—the world's largest copper operation—as part of an US$11 billion expansion program.

Anglo American and state-owned Codelco have reached an agreement to operate their adjacent Los Bronces and Andina mines as a single operation starting in 2030. This collaboration is expected to produce an additional 2.7 million tonnes of copper over 21 years without significant additional investment.

Exports of gold have nearly doubled this year to US$608 million, surpassing lithium carbonate to become Chile's second-largest mineral export. The increase reflects both higher production and a rally in gold prices, which have reached record highs above US$2,900 an ounce this year due to concerns that the trade war could fuel inflation. Gold Fields is ramping up production at its new Salares Norte mine, which is expected to yield approximately 350,000 ounces of gold equivalent this year.

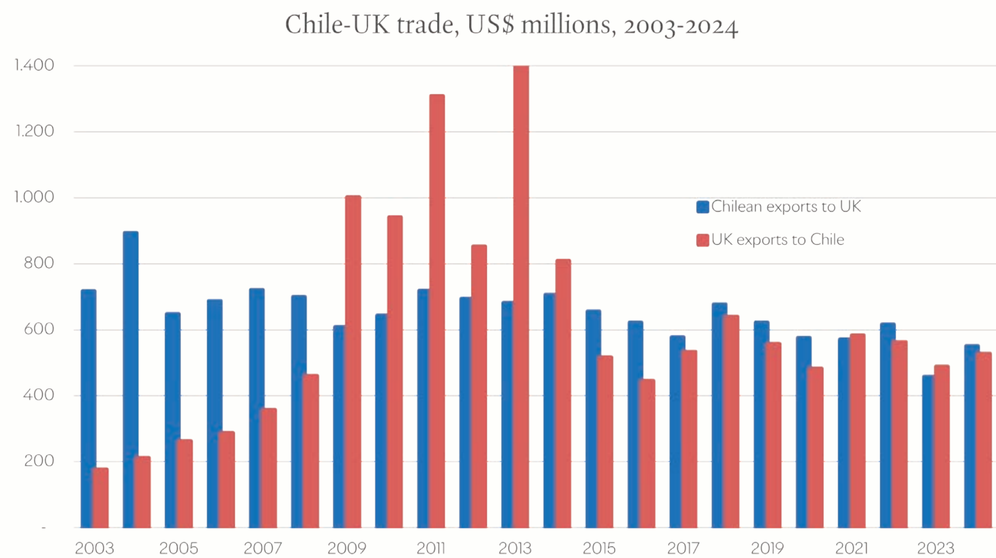
Gold price, US$/ounce, monthly, 2020-2025

Source: Central Bank of Chile

Exports of lithium carbonate fell to US$449 million, down 44.8% from twelve months earlier, as higher volumes were offset by the sharp fall in prices since 2022. In March, SQM, Chile's largest producer, said it expected prices to remain low this year before recovering in 2026.

Conditions for a deal under which state-owned Codelco will take a majority stake in SQM's lithium business in Chile are set to be fulfilled later this year. Codelco is also expected to select a partner for the development of its Maricunga lithium project.

Shipments of iron ore fell 29.0% to US$295 million, reflecting lower prices and volumes. Iron ore prices averaged US$109.5 a tonne in 2024, down 9% from 2023, while CAP, Chile's only major producer of iron ore, said its production has fallen 10% since 2023. Last year, the company closed its Huachipato steelworks, the largest in Chile.



Source: Central Bank of Chile

Trade between Chile and the UK totalled US$256 million during the first three months of the year, marking a 3.2% decrease from the same period of last year, as a decline in Chilean exports to the UK offset a rise in shipments in the opposite direction.

Chilean exports to the UK reached US$128 million, down 10.2% from a year earlier, as lower shipments of wine offset increased exports of fresh fruit.

UK exports to Chile totalled US$128 million, up 4.9% from the same quarter of 2024. Shipments of capital goods rose to US$39 million, up 50% from a year ago, offsetting a 21.3% decline in consumer goods to US$27 million.

Chile recorded a current account deficit of US$5.0 billion in 2024, equivalent to 1.5% of GDP, down from 3.2% in 2023 and against the Central Bank's previous forecast of a 2.4% deficit. The decline in the deficit reflects the expansion of Chile's trade surplus in goods, as exports reached record levels, offsetting the deficit in services and an increase in remitted profits related to foreign investment.

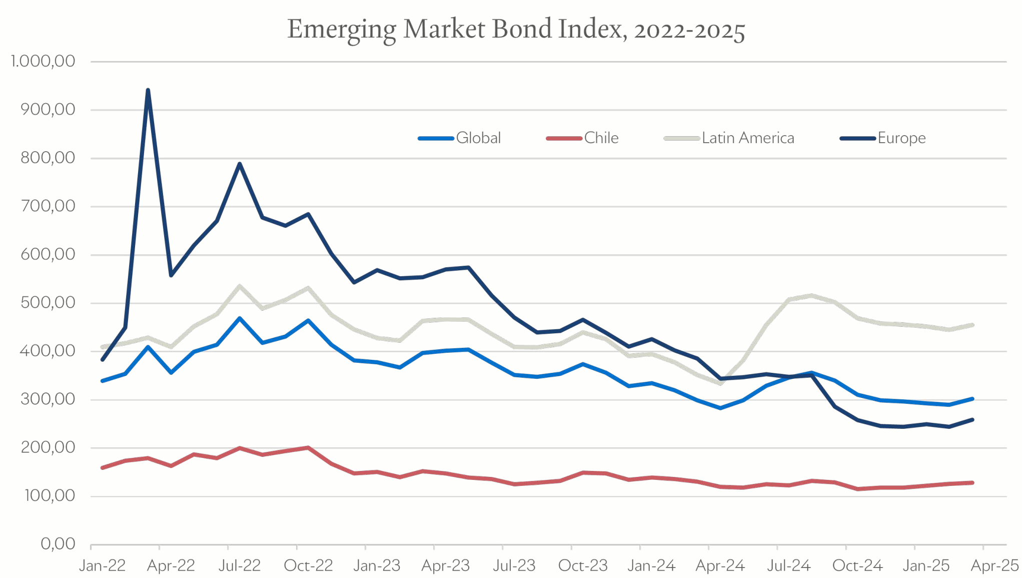
In March, the Central Bank predicted that the current account deficit would widen this year to US$6.6 billion, or 1.9% of GDP, driven by an increased deficit in services and a rise in remitted profits.

The financial account recorded an annual deficit of US$7.1 billion, down from US$8.4 billion a year earlier, as a US$2.1 billion net increase in foreign investment in Chilean financial assets offset a rise in Chilean investment abroad.

Chile's international debt reached US$245.0 billion by the end of 2024, up US$1.4 billion from a year earlier, and equivalent to 78% of GDP. Falls in government, Central Bank, and banking sector debt offset higher corporate debt.

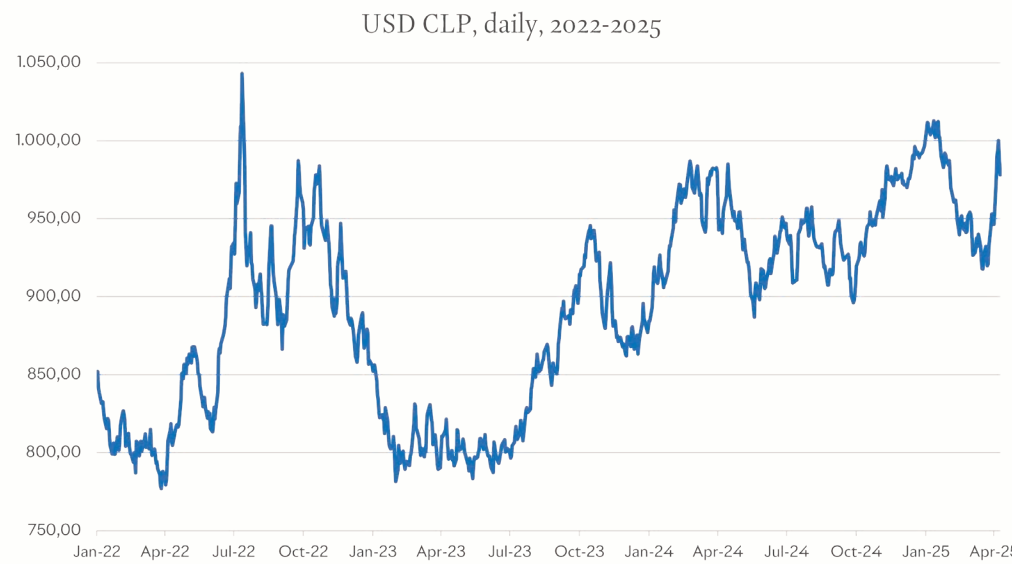
The International Investment Position recorded a net debt of US$56.6 billion, as the depreciation of the Chilean peso since last year affected the value of Foreign Direct Investment into Chile, while the strong performance of global equities boosted the value of Chileans' foreign investments.

Risk Premiums



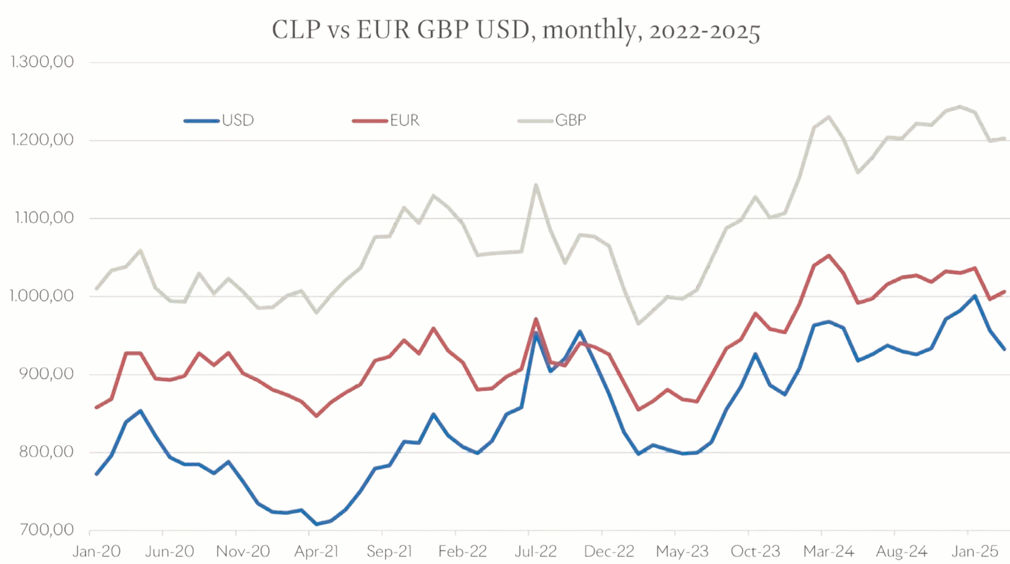
Source: JP Morgan

Risk premiums have remained steady despite the threat posed to markets by the rising trade war. By March, JP Morgan's Emerging Market Bond Index for Chile reached 128 points in March, down eight points from a year ago, while the EMBI for Latin America reached 455 points, down from 60 points from its peak last year.



Source: Central Bank of Chile

The Chilean peso appreciated by approximately 10% against the US dollar during the first three months of the year, reflecting global weakness in the US currency as well as the rise in copper prices and Chile's relative isolation from the trade war. However, these gains were largely wiped out in April as investors sought refuge from sinking financial markets after the US reciprocal tariffs were announced. By April 10th, the Chilean peso was trading close to CLP 1,000/dollar, little changed from the end of 2024, before rising again as most tariffs were suspended.



Source: Central Bank of Chile

The Chilean Peso also appreciated this year against other major currencies, including the Euro and British Sterling, before losing ground in March.

Anglo American and Codelco sign historic Memorandum of Understanding to boost Andina-Los Bronces mining district

AngloAmerican

Anglo American and Codelco announced and unprecedented agreement after signing a Memorandum of Understanding (MoU) to develop a Joint Mining Plan in the Andina-Los Bronces district. This landmark agreement, covering the period from 2030 to 2051, aims to increase copper production without requiring major investments, strengthening Chile's position as a global leader in the sector.

Under this MoU, refined copper production is predicted to increase by an average of 120 000 tonnes per year between 2030 and 2051, boosting Chilean by 2.8% compared to 2023. After this period, both companies will have the option to continue developing individual projects within one of the most important mining districts in the world.

Patricio Hidalgo, CEO of Anglo American in Chile, stated: "The industrial and economic synergies in this agreement are very strong, and both companies are committed to making this plan a reality. Guided by principles such as value equity, the flexibility to develop additional projects – such as the underground phase of Los Bronces Integrado – and a shared commitment for sustainability and innovation, we aim to create significant value for our shareholders, stakeholder groups, and for Chile."

The partnership is valued at approximately USD 5 billion before tax and does not affect each company's ownership of mining concessions, processing plants, or other assets. Los Bronces and Andina currently operate separately within a district that holds over 2% of global copper reserves. The agreement seeks to build on 47 years of work during which both operations have coordinated activities to ensure efficiency and safety.

The MoU establishes that the Joint Mining Plan will be implemented by a new entity, which will be equally controlled by both companies, with mineral extraction carried out independently but in a coordinated manner.

Costs and benefits will be shared equally, while commercialisation will remain separate.

Sustainability is a key focus of this alliance, prioritising the protection of high Andean ecosystems and reducing the use of fresh continental water. It will also prioritise dialogue with local communities, and ensure vehicle safety and control.

The companies expect to finalise binding agreements in the second half of the year, pending the completion of relevant approvals and due diligence processes. Following this, obtaining the required permits to launch the partnership is expected to take at least five additional years.


BMW
CONNECTED DRIVE
MY LIFE / MY JOURNEY / MY CAR / MY BMW APP
THE X2
Es una plataforma digital que ofrece servicios y actualizaciones para tu BMW, mejorando así tu experiencia de manejo en cada momento.
Descubre el mundo **BMW ConnectedDrive**, desde la comodidad de tu teléfono descargando **My BMW App**.
BMW Chile
www.wbm.cl/bmw
CONOCE
MÁS
AQUÍ
La marca BMW y sus logotipos son marcas registradas de BMW AG. Revisa los términos y condiciones que aplican a BMW ConnectedDirve en Chile en www.wbm.cl/bmw/terminos-y-condiciones

CÁMARA
CHILENO BRITÁNICA
DE COMERCIO

Quarterly Insight: Trump's tariffs

3

As he promised on the campaign trail, US President Donald Trump has imposed aggressive tariffs on major trade partners, shaking the global trading system, crashing financial markets, and fuelling geopolitical tensions.

Initial measures included targeted measures against Canada and Mexico, a 25% tariff on aluminium and steel imports and a 25% tariff on imported cars and car parts.

The situation escalated with the announcement on April 2nd that the US would impose "reciprocal" tariffs of 10-45% on imports from almost all countries, although the higher tariffs have been largely suspended for 90 days to allow for bilateral trade talks.

However, President Trump has maintained punitive tariffs on all imports from China, hiking them to 145% by mid-April. Beijing has countered equally high tariffs on US imports, potentially scuppering the world's largest bilateral trade relationship.

The escalation of the trade war in April roiled financial markets (including US Treasuries, the lifeblood of the global debt market) and set the US dollar soaring as investors sought refuge from the turmoil. Although the sudden suspension of the reciprocal tariffs offered a brief respite, the selloff has continued as the world tries to assess what will follow.

The conflicting objectives of US trade policy — such as raising revenue while stimulating domestic production — make it difficult to anticipate future moves. Few can believe that President Trump wants to cut off US consumers and corporations from the Chinese exports on which they depend although both Beijing and Washington appear willing to endure economic hardship rather than concede (exemptions were quickly announced for both computers and smartphones).

Chile has so far escaped the worst of the trade war. Reciprocal tariffs on its exports were set at the base rate of 10% and many key products, including minerals and timber, were exempt, as they are part of a separate review.

Chile's relatively sheltered position could change. In February, President Trump launched an investigation into imports of copper (of which Chile is the largest supplier), with a decision expected in the coming weeks. With copper accounting for half of Chile's exports and the US making up around 10% of those shipments, such a move could imply significant disruption. Although Chilean mining companies could probably find alternative buyers thanks to their diversified customer base, copper prices outside the US would probably fall.

Nevertheless, the potential impact of a prolonged trade war remains extremely grave for a relatively small and open economy like Chile, especially one which is so dependent on Chinese demand for its exports. Both the Central Bank and the government have warned of the potential but as yet unquantifiable fallout on Chile's economy, whether through financial turbulence, rising inflation or slowing global trade.

As tariffs increase prices, consumer demand will be slowed, and companies could halt investment. Tariffs also have teething problems and administrative costs which disrupt trade flows, reduce productivity, and further cooling global economic activity.

Even if Chile escapes direct tariffs, many of its exports form part of global production chains (such as copper used in Chinese-made consumer goods) which could be disrupted by the tariffs. In addition, goods diverted by tariffs may flood Chile's domestic market or key export markets, increasing competition at home and abroad.

Chile is especially exposed to a sharp slowdown in the Chinese economy, its largest trading partner and a vital market for key exports like copper, pulp, and wine.

There may be some benefits. Increased competition from diverted imports could lower prices, easing domestic inflation while tariffs could open new opportunities for exporters. For example, US tariffs on European wine may boost demand for Chilean wine in the US market. But such shifts in trade patterns typically take time to materialize and are usually limited in scope.

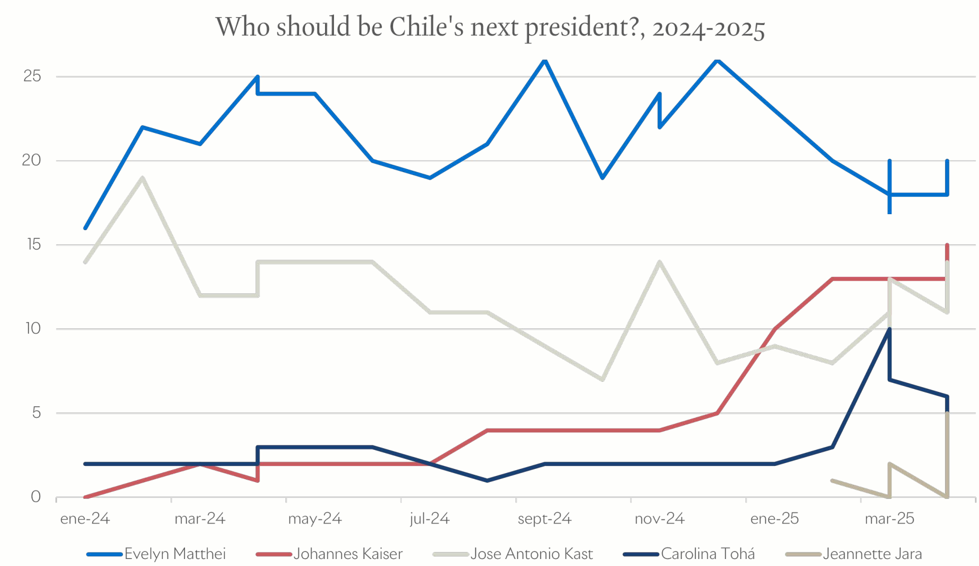
Fortunately, Chile is better than placed than many countries to whether the storm with relatively low debt levels, sovereign wealth funds to fall back on and a network of trade agreements, such as the recently signed deal with the European Union and the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP). It nevertheless remains highly exposed to the deteriorating trade environment.

CÁMARA
CHILENO BRITÁNICA
DE COMERCIO

Political Context

4

With six months to go before this year's presidential and legislative elections, new candidates have begun to emerge, and the race has begun to narrow.



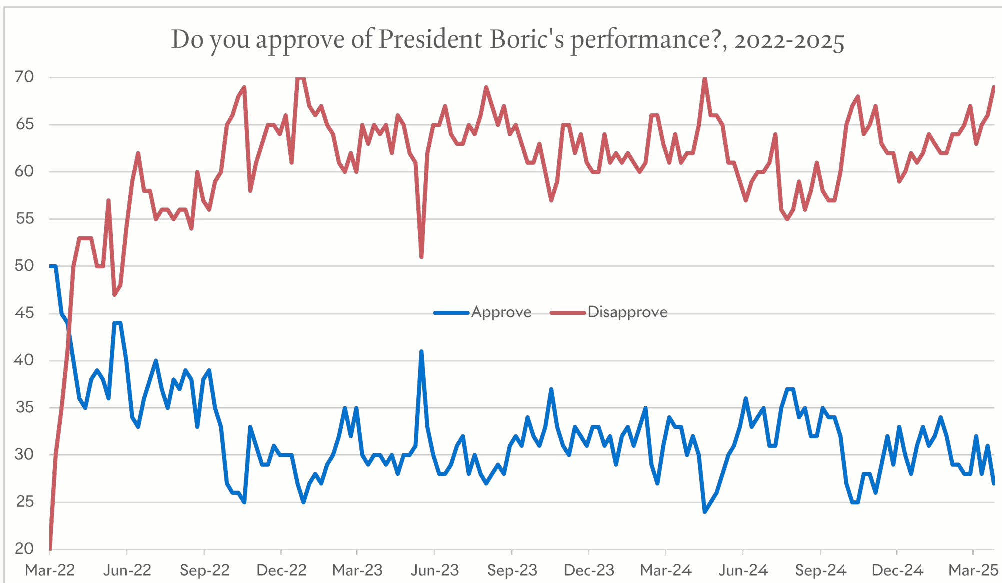
Source: Cadem

Centre-right frontrunner Evelyn Matthei has seen her lead narrow this year following the emergence of libertarian deputy Johannes Kaiser as a strong contender. Kaiser and Republican leader José Antonio Kast have so far snubbed Matthei's invitation to participate in a single primary to ensure the right-wing vote is not split.

Support for Carolina Tohá rose significantly after she resigned as Interior Minister in early March and former socialist president Michelle Bachelet, the most popular figure on the left, confirmed that she will not run again. But Tohá already risks being eclipsed by former Labour Minister Jeannette Jara from the Communist Party (who resigned from the government in April). They will compete with Deputy Gonzalo Winter from President Boric's Broad Front party and Senator Paulina Vodanovic, president of the Socialist Party, in a joint primary in July.

With more than seventy individuals currently gathering signatures to qualify for the race, several independent candidates are likely to make the ballot by the August deadline, including former football administrator Harold Mayne-Nicholls.

The government achieved a major political victory in January when lawmakers approved legislation to reform the pension system, boosting future pensions with a new 7% contribution from employers (See A Pensions Reform at Last).



Source: CADEM

That helped increase support for the government, with President Boric's approval rating reaching a high of 34% in February in CADEM's weekly poll before declining again amid concerns over government probity.

In March, Communist deputy Karol Cariola resigned as president of the Chamber of Deputies after police raided her apartment as part of a corruption investigation and leaked WhatsApp messages showed that she had sought favours for Santiago businessmen and harshly criticized allies, including President Boric.

Socialist veteran politician Isabel Allende was dismissed from the Senate for signing a contract to sell her family home to the state, in breach of the constitution.

CÁMARA
CHILENO BRITÁNICA
DE COMERCIO

Economic Outlook

5

The Chilean economy has entered 2025 in better shape than it has been for several years, with consumption and investment both rising. However, growth remains mediocre and the country faces significant external risks.

After the economy grew by 2.6% in 2024, the Central Bank has raised its growth forecast to 1.75-2.75% (up from 1.5-2.5% in December) to reflect the impact of strong exports and rising investment and consumption.

But the escalation of the US trade war since April threatens to deliver a major blow to the Chilean economy, authorities and analysts have warned.

The effects are already beginning to be felt, with the Chilean peso, copper prices and the stock market all suffering dramatic falls after President Trump announced his reciprocal tariffs. This is likely to have knock-on effects on inflation, foreign trade, consumption and investment in the coming months as businesses and consumers prepare for the worst.

This situation would deteriorate significantly if US trade measures slow growth in China, Chile's biggest trade partner and the main buyer of key exports, including copper, fruit, and pulp.

A prolonged fall in the price of copper and other minerals, as a result of the trade war, could slow the pipeline of mining projects which authorities are looking to boost investment over the coming years. Aided by legislation to streamline permitting and new licenses to produce lithium, mining (especially expansions at major mines such as Los Pelambres, Escondida, and Los Bronces) could be a key driver for growth this decade.

Rising investment would strengthen the job market by reducing unemployment and driving wage growth and in turn boost household consumption and help Chile's new government stabilize public finances. Any slowdown would increase the financial constraints on Chile's next government.

The external situation may also hinder the Central Bank's efforts to bring down continued high inflation. Driven by the depreciation of the Chilean peso over the past year and the expiration of pandemic-era price freezes on basic services, particularly electricity, this remains high although it is expected to decline rapidly over the next year allowing the bank to begin loosening monetary policy again.

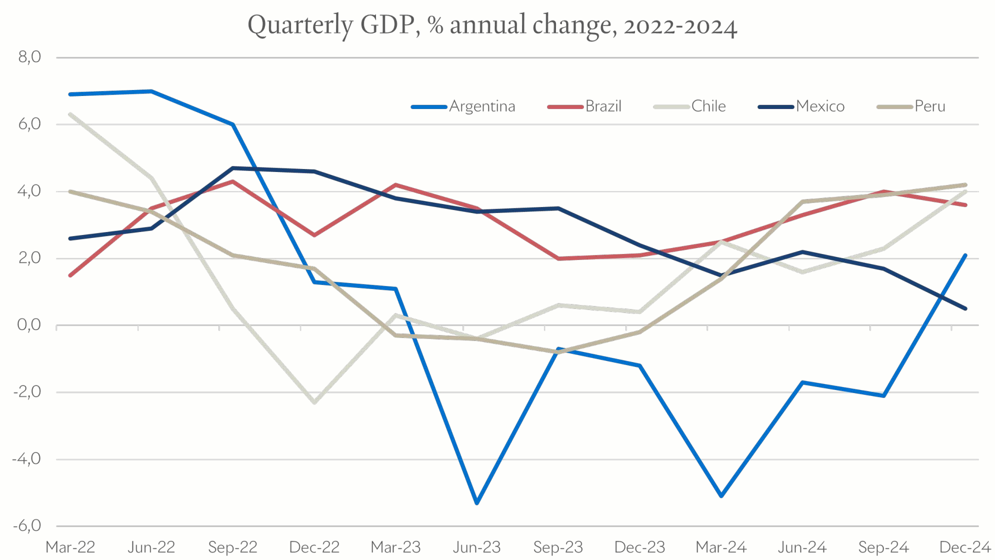
Economic Forecasts, 2025	Central Bank 1/	Finance Ministry 2/	Private analysts 3/
GDP (% annual variation)	1.75-2.75	2.5	2.0
Inflation (% annual variation)	3.8	4.7	4.1
Monetary-policy interest rate (% annual, nominal, end-year)	4.50	NA	4.50
Exchange rate (pesos/US$)	NA	992	950 4/
Copper price (US$/lb)	4.25	4.26	NA

1/ Monetary Policy Report, march 2025
2/ Public Finances Report, February 2024
3/ Average of selected private analysts surveyed by Central Bank, April 2025
4/ March 2026

This year's presidential and congressional elections should also contribute to growth. Although the outcome is less predictable than three months ago, the country's weakened fiscal position and uncertain global environment suggest that the next administration will prioritize growth over major social reforms. However, their ability to revive the economy is likely to depend more on external conditions than domestic policy.

Latin America
Regional News

6



Source: Trading Economics

Argentina: A year after Javier Milei took office, the economy has begun to grow again, and investment is surging. In April, the International Monetary Fund approved a new 4-year US$20 billion loan after the government agreed to lift foreign currency controls.

Brazil: The economy is set to grow by 2.5% this year, while inflation is projected to reach 4.9%. In response, the Central Bank has aggressively tightened monetary policy. Meanwhile, President Lula da Silva is pushing to cut taxes for low-income families in an effort to stimulate the economy ahead of elections later this year.

Colombia: Economic growth has resumed, with GDP expected to expand by 2.4% this year and 2.8% in 2026, driven by lower interest rates and rising wages. However, Colombia remains vulnerable to potential shifts in US trade policy, given that the US is its largest trading partner.

Ecuador: President Daniel Noboa was re-elected on April 13th with 56% of the votes in a run-off against centre-left candidate Luisa González.. The economy is expected to grow by 4% this year, rebounding from the disruptions caused by rolling blackouts in 2024.

Mexico: The economy is expected to enter a recession this year following the imposition of heavy US tariffs on cross-border trade. However, support for President Claudia Sheinbaum has surged to over 80% as she pushes for concessions from President Trump.

Peru: Despite ongoing political deadlock and a surge in violent crime, the Central Reserve Bank forecasts 3.2% economic growth this year. Rising household demand and public investment are expected to offset weak output in the mining and fisheries sectors.

Uruguay: Yamandú Orsi of the centre-left Broad Front party was sworn in as president on March 1st, pledging to accelerate economic growth while reducing inequality. After expanding by 3.1% in 2024, the economy is expected to slow in 2025 as external conditions worsen.

CÁMARA
CHILENO BRITÁNICA
DE COMERCIO

britcham.cl | fb britcham | tw britcham | in britcham