Chile

The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at www.revenuewatch.org/rgi.

Background

Chile is the largest copper producer in the world, with 5.5 million tons produced in 2010. Mineral exports accounted for nearly two thirds of total exports and forty percent of gross domestic product in 2011.

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<thead>
<tr>
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<th>2000</th>
<th>2005</th>
<th>2011</th>
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<tbody>
<tr>
<td>Population (million)</td>
<td>15.42</td>
<td>16.30</td>
<td>17.27</td>
</tr>
<tr>
<td>GDP (constant 2011 international $ billion)</td>
<td>101.3</td>
<td>140.9</td>
<td>248.6</td>
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<tr>
<td>GDP per capita, PPP (constant 2005 international $)</td>
<td>11,015</td>
<td>12,802</td>
<td>15,251</td>
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<td>Extractive exports (% total exports)</td>
<td>46%</td>
<td>60%</td>
<td>63%</td>
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</table>

SOURCES: World Bank

Chile’s Performance on the RGI

Chile ranks 8th out of 58 countries and received a score of 75 indicating a “satisfactory” level of governance. Very strong performance on the Enabling Environment, complemented by satisfactory scores on the Institutional and Legal Setting and Reporting Practices, offset the relatively weaker assessment of Chile’s Safeguards and Quality Controls.

Institutional and Legal Setting
(Rank: 14th/58 Score: 77/100)

Chile’s laws and systems generally encourage integrity and openness, resulting in a “satisfactory” score of 77. The licensing process is clearly defined in the Mining Code and concessions are granted by court resolution on a first-come, first-served basis. The Mining Ministry regulates the sector, while the Finance Ministry collects payments from companies and deposits all revenues in the national treasury.

Environmental impact assessments are required. In 2008 Chile adopted a Transparency and Access to Public Information Law for all public agencies. However, the law does not cover mining companies.

Safeguards and Quality Controls
(Rank: 21st/58 Score: 65/100)

Chile’s “partial” score of 65 can be explained by three factors. First, a legislative commission comments on mining laws but does not review contracts or oversee the licensing process. Second, Finance Ministry statements are audited by the Comptroller General, who reports to the legislature, but lawmakers do not conduct comprehensive reviews of resource revenues. Third, government officials with a role in overseeing the mining sector are not required to disclose their financial interest in extractive activities.

While licensing petitions and environmental impact assessments are published, contracts with mining companies are not.

Enabling Environment
(Rank: 6th/58 Score: 87/100)

Chile rates very high on corruption control, budget transparency, government effectiveness, voice and democratic accountability, and the rule of law. The key complementary measures needed to achieve good resource governance are in place.
State-Owned Companies
(Rank: 10th/45 Score: 84/100)

Owned by the government, the national copper corporation, CODELCO, produces more copper than any other company in the world. It publishes audited financial statements and annual reports with information on reserves, production volumes, prices, value of exports, investments in exploration, production costs, operating companies names, production data by company, quasi-fiscal activities, production stream values, special taxes, dividends, bonuses, acreage fees and its board of directors.

Natural Resource Funds
(Rank: 4th/23 Score: 88/100)

In 2007 the government replaced the Copper Stabilization Fund with an Economic and Social Stabilization Fund designed to insulate the national economy from global market fluctuations by accumulating excess revenues during times of high copper prices. The Finance Ministry manages the fund and regularly publishes information on its assets, transactions and investments. The ministry also publishes rules governing deposits and withdrawals, along with audited financial statements.