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- A rapid catching up in GDP per capita gap *vis-à-vis* leading OECD economies has continued, reflecting employment growth, but the gap still remains wide, owing to low average hours worked and weak labour productivity performance.
- Great progress has been achieved in easing product market regulation. Efforts have been done to improve the quality and access to education and to increase female labour force participation. By contrast, no progress has been made in the areas of competition law and job protection.
- Strengthening policies to foster female labour force participation would increase labour utilisation. Reducing labour market duality by easing job protection for permanent workers, bolstering competition law and improving education outcomes further would foster productivity growth. Higher levels and longer duration of unemployment benefits could also contribute to higher productivity growth by allowing workers to search longer for a better job match.
- In addition to boosting productivity, encouraging access to education to students of disadvantaged background and increasing the generosity of unemployment benefits could contribute to reduce inequality.

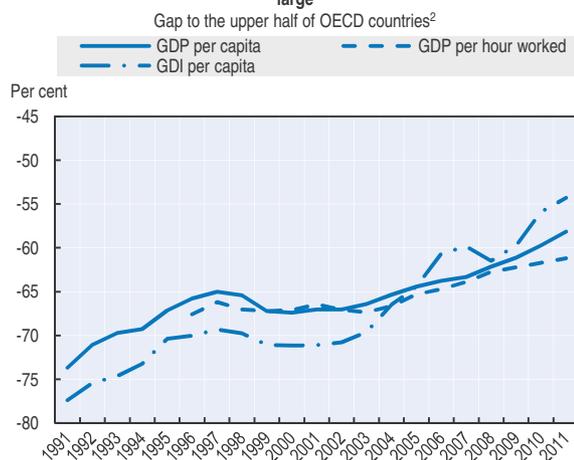
Growth performance indicators

A. Average annual trend growth rates

Per cent

	2001-06	2006-11
Potential GDP per capita	2.0	2.9
Potential labour utilisation	0.5	1.1
of which:		
Labour force participation rate	0.5	1.1
Employment rate ¹	-0.1	0.0
Potential labour productivity	1.6	1.8
of which:		
Capital intensity	1.2	2.6
Labour efficiency	-0.1	-1.3
Human capital	0.5	0.5

B. The gap in GDP per capita has declined but remains quite large



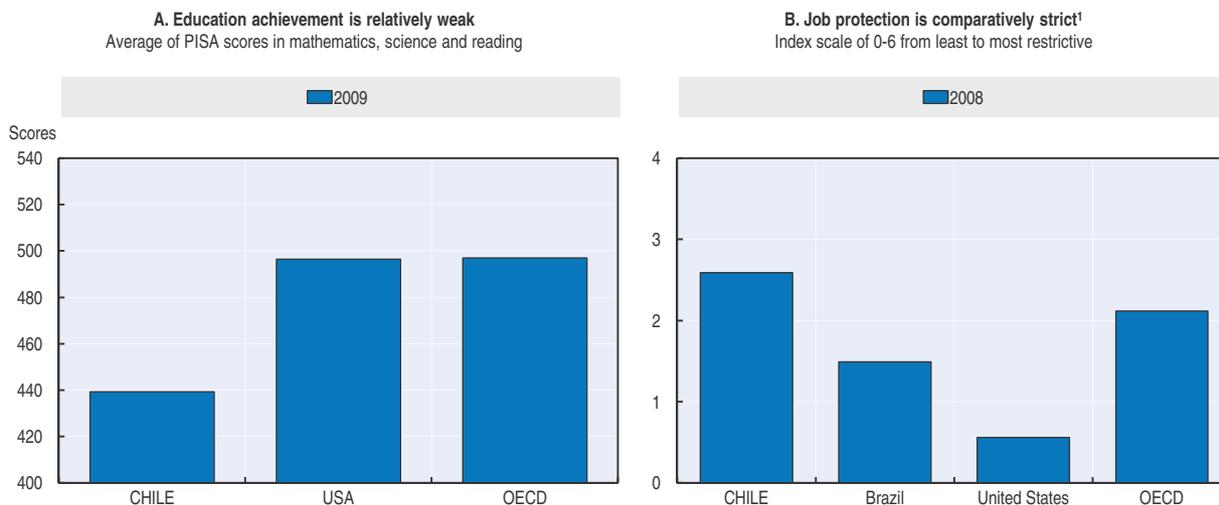
1. The employment rate is defined with respect to the economically active population and therefore captures the (inverse) changes in the structural unemployment rate.
2. Percentage gap with respect to the simple average of the highest 17 OECD countries in terms of GDP per capita, GDP per hour worked and GDI per capita (in constant 2005 PPPs).

Source: OECD, National Accounts and OECD Economic Outlook 92 Databases.

StatLink  <http://dx.doi.org/10.1787/888932776124>

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Policy indicators



1. Employment protection legislation on regular contracts.

Source: OECD, PISA 2009 and Employment Databases.

StatLink  <http://dx.doi.org/10.1787/888932776143>

Identifying Going for Growth 2013 priorities

Priorities supported by indicators

Improve secondary and tertiary education outcomes. Better education outcomes would help lifting employment rates and strengthen productivity.

Actions taken: In 2011, several wide-ranging initiatives aimed at increasing the quality of education. A new law reduces interest rates on the guaranteed student loan scheme for higher education to one third of their value and aims at expanding its coverage to 90% of students. Access to scholarships is being expanded. Two new agencies to supervise the quality of education will start operating in 2013.

Recommendations: Upgrade teachers' qualifications through minimum standards and rigorous quality assurance in initial teacher education. Streamline and extend existing student loans and scholarship schemes, while strengthening quality standards for all institutions that enrol students benefiting from subsidies. Make all loans repayments income-contingent.

Ease employment protection legislation for regular workers. High severance pay for regular workers contributes to labour market duality, reduces youth employment and hinders productivity.

Actions taken: No action taken.

Recommendations: Lower the relatively high severance pay for regular workers to ease the adjustment of the regular labour workforce and thereby encourage the formalisation of employment relationships.

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Strengthen policies to foster female labour participation. Greater female participation rates would increase labour supply and employment rates contributing to higher growth.

Actions taken: In 2011, a law was passed that extends paid maternity leave to at least 24 weeks, extends the right to maternity leave to workers on temporary contracts and creates a paternity leave. In 2012 the Government introduced hiring subsidies targeted at low-income women. The 2013 government budget increases the coverage of childcare and early education by 10 000 and 25 000 new places, respectively, and the value of subsidies for low-income families by 20%.

Recommendations: Facilitate the reconciliation of work and family life, including by further extending publicly-financed childcare and early education together with strong quality control, and by reviewing relatively strict part-time work regulation.

Other key priorities

Strengthen competition law. A reinforced competition framework would encourage firms to reduce inefficiencies and innovate, fostering productivity growth.

Actions taken: No action taken since the 2009 reform of competition law.

Recommendations: Increase the maximum level of fines and make price fixing a criminal offence in order to improve enforcement of the competition law.

***Reform the unemployment benefits system*¹** Strengthened unemployment benefits can enhance labour market efficiency and productivity.

Recommendations: Consider increasing unemployment benefits duration and/or replacement rates further.

Previous Going for Growth recommendation no longer considered a priority

Ease product market regulation. In light of the adverse impact of strict product market regulations on productivity growth, it was recommended that the administrative burden on start-ups be further reduced, that registration and notification requirements be eased and bankruptcy law be simplified.

Actions taken: Regulatory barriers for start-ups and the time to start a business were substantially reduced in 2011 (from 22 to 7 days) by easing the obtainment of permits and the payment of taxes as well as by streamlining notification requirements, reducing total costs by 25%. The announced reform to the bankruptcy law will significantly reduce the costs of bankruptcy procedures.

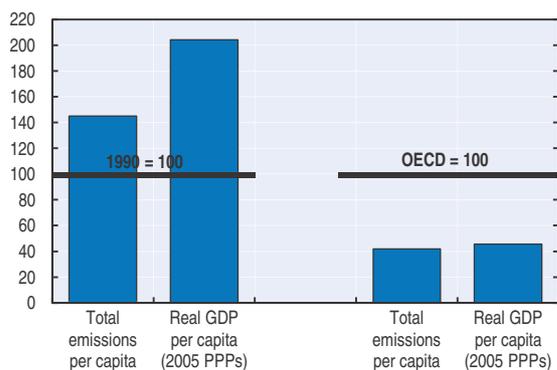
1. New policy priorities identified in *Going for Growth 2013* (with respect to *Going for Growth 2011*) are preceded and followed by an “*”.

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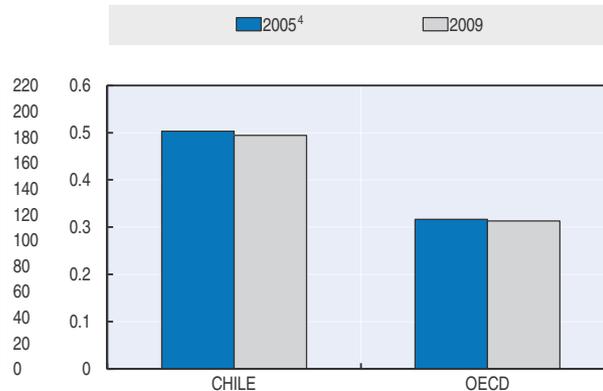
Other dimensions of well-being: Performance indicators

A. Emissions per capita have risen by less than GDP since 1990
Average of years 2005, 2008 and 2010¹

Share in global GHG emissions:² 0.2%



B. Income inequality³ is high and has decreased only little
Gini coefficient



1. Total GHG emissions in CO₂ equivalents from the International Energy Agency (IEA) Database. These data conform to UNFCCC GHG emission calculations but are not directly comparable to data for Annex I countries due to definitional issues. The OECD average is calculated according to the same definition.
2. Share in world GHG emissions is calculated using IEA data and is an average of years 2005, 2008 and 2010.
3. Income inequality is measured by the Gini coefficient based on equalised household disposable income for total population.
4. Data refer to 2006 for Chile.

Source: United Nations Framework Convention on Climate Change (UNFCCC) Database; OECD, Energy (IEA) Database and OECD Income Distribution Database, provisional data (www.oecd.org/els/social/inequality).

StatLink  <http://dx.doi.org/10.1787/888932776162>