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Chile: An Overview

Chile, located along the Pacific coast of South America, traditionally has been one of the United States' closest partners in Latin America. During the 118th Congress, the Senate consented to a tax treaty with Chile and some Members have assessed options for strengthening commercial and security ties while addressing emerging opportunities and challenges in bilateral relations.

Political and Economic Environment

Chile's democratic tradition dates to the 19th century but the country experienced 17 years of authoritarian rule after General Augusto Pinochet led a 1973 military coup that deposed the democratically elected socialist government of President Salvador Allende (1970-1973). More than 3,200 people were killed or "disappeared," and some 37,000 people were imprisoned and/or tortured during the Pinochet dictatorship. Chile restored democratic governance in 1990, after nearly 56% of Chileans voted against continuing the Pinochet regime in a 1988 plebiscite.

Center-left and center-right coalitions dominated Chilean politics for three decades following the transition. Center-left coalitions held the presidency and majorities in Chile's bicameral congress for most of that period, but Sebastián Piñera led his center-right coalition to power for two nonconsecutive presidential terms (2010-2014, 2018-2022). Both coalitions prioritized political stability and economic growth, eschewing ambitious structural reforms in favor of consensus-based politics, market-oriented economic policies, and incremental social change. Living standards improved significantly between 1990 and 2022, with real GDP per capita growing by an average of 4.7% per year and the poverty rate falling from 68.5% to 6.5%.

Nevertheless, most *Latinobarómetro* polls since the mid-1990s have shown a majority of Chileans to be dissatisfied with how democracy works in Chile. Chile has one of the highest levels of income inequality in the Organization for Economic Co-operation and Development, and some Chileans express frustration with other disparities in Chilean society. Over the past 15 years, Chileans repeatedly have registered their discontent with the status quo through electoral swings and mass protests.

Constitutional Reform Process

In late 2019, Chile's political leadership agreed to a process to potentially replace the country's 1980 constitution. The agreement was part of a broader effort to restore social peace after a month of sometimes violent protests against a transit fare increase and other perceived government failures. Chile's democratic governments have amended the constitution extensively over the past 34 years but some Chileans view the Pinochet-era document as illegitimate and an impediment to a more inclusive democracy.

Although 78% of Chilean voters voted in favor of replacing the constitution in October 2020, 62% of voters rejected a

first draft in September 2022 and 56% rejected a second draft in December 2023. Many Chileans apparently perceived the first draft, written by a left-of-center convention, as too radical, and the second draft, finalized by a right-of-center council, as too conservative. Consequently, Chile's 1980 constitution remains in place.

Figure 1. Chile at a Glance



Sources: CRS Graphics; Chile's Instituto Nacional de Estadísticas; International Monetary Fund; and Trade Data Monitor.

Boric Administration

President Gabriel Boric was inaugurated to a four-year term in March 2022, a decade after rising to prominence as a leader of Chile's student movement. Leading a left-wing coalition, he defeated right-wing populist José Antonio Kast with 56% of the vote in a December 2021 runoff election. Boric came to office pledging to address environmental concerns and usher in a new era of economic and social inclusion by strengthening the public education and health care systems, replacing the privatized pension system, and expanding the rights of historically marginalized groups.

Boric has struggled to enact his agenda, however, and his approval rating has hovered around his first-round vote share (26%) for most of his term, according to the *Centro de Estudios Públicos*. Boric had hoped to advance many of his proposals through the constitutional reform process that ultimately failed. Other proposals have stalled in the Chilean congress, where Boric must negotiate with centrist and opposition legislators to pass legislation. Although the congress has enacted measures to increase mining royalties, reduce tax evasion, raise the minimum wage, and reduce the work week from 45 to 40 hours, it rejected a revenue-raising tax reform intended to fund much of Boric's agenda. Boric also is contending with a resurgent political right, which has capitalized on widespread public concern over rising crime and immigration to boost its support.

Boric's political challenges have been compounded by difficult economic circumstances. GDP growth slowed from 11.3% in 2021 to 2.1% in 2022 and 0.2% in 2023, amid the government's withdrawal of pandemic-era stimulus measures, rising inflation, and domestic and geopolitical uncertainty. Chile's finance ministry forecasts

GDP growth of 2.6% in 2024 and 2.7% in 2025, driven, in part, by mining sector investments and rising real wages.

U.S.-Chile Relations

Although the U.S. government helped create the conditions for the 1973 military coup in Chile, Congress imposed restrictions on arms sales and military assistance to the Pinochet dictatorship (P.L. 94-329, §406) and the United States helped foster the restoration of democracy. Since the 1990 political transition, the United States and Chile have maintained close commercial and defense ties and worked to promote democracy and human rights throughout Latin America. In addition to assessing cooperation on those issues, some Members of Congress have called for the declassification of U.S. documents related to Chile (e.g., S.Con.Res. 20), examined opportunities for collaboration on critical minerals, and sought to address security challenges related to the U.S. Visa Waiver Program.

Trade and Investment Relations

The U.S.-Chile Free Trade Agreement entered into force in 2004 (P.L. 108-77). Total bilateral trade in goods totaled \$34.3 billion in 2023, according to U.S. Department of Commerce data. U.S. goods exports to Chile amounted to \$18.8 billion, with mineral fuels, machinery, and motor vehicles accounting for a majority. U.S. goods imports from Chile amounted to \$15.6 billion, with copper, fish, and fruit accounting for a majority.

In June 2023, the U.S. Senate consented to the ratification of a bilateral treaty (Treaty Doc. 112-8) intended to encourage investment in both countries by preventing double taxation. The agreement entered into force in December 2023, after Chile—which originally ratified the treaty in 2015—approved the Senate’s reservations. According to the U.S. Bureau of Economic Analysis, the accumulated stock of U.S. foreign direct investment in Chile stood at \$32.0 billion in 2023, with the largest investments in the finance, mining, and information sectors. The stock of Chilean foreign direct investment in the United States totaled \$6.0 billion in 2023.

Some Members of Congress have expressed concerns about Chile’s commercial ties with the People’s Republic of China (PRC, or China) and their potential implications for U.S. and Chilean interests. In 2023, China was Chile’s top trade partner and the destination of 38% of Chile’s exports. According to the China Global Investment Tracker, PRC companies have invested at least \$17.7 billion in Chile since 2010, with a particular focus on the energy and mining sectors. U.S. officials have encouraged Chile to adopt a national security-focused investment screening mechanism to protect critical infrastructure and sensitive technologies. To date, however, Chile’s leaders have demonstrated little interest in restricting PRC investments.

Critical Minerals Cooperation

As of 2023, Chile was the world’s largest producer of copper and second largest producer of lithium, according to the U.S. Geological Survey. Chile is also a top source for U.S. imports of both minerals, which are classified by the U.S. Departments of Energy and Defense, respectively, as “critical materials for energy” and “strategic materials of interest for national defense.”

Critical minerals trade is poised to increase over the next decade as U.S. industry seeks to secure inputs for electric vehicles and other emerging technologies. Chile may benefit from a U.S. consumer tax credit for electric vehicles included in P.L. 117-169, often referred to as the Inflation Reduction Act of 2022. To qualify for the full credit, 50% of the value of the critical minerals in an electric vehicle’s battery (increasing to 80% in 2027) must be extracted or processed in the United States or in a U.S. free trade agreement partner country. Congress may monitor implementation of the act as well as developments related to the Boric administration’s national lithium strategy, which seeks to expand the Chilean government’s role in strategic projects and attract increased private investment.

Visa Waiver Program

The U.S. Department of Homeland Security (DHS) has designated Chile as a participating country in the Visa Waiver Program since 2014, allowing Chilean citizens who meet certain requirements to travel to the United States for tourism or business for up to 90 days without a visa. Chile has extended the same policy to U.S. citizens.

Some Members of Congress have expressed concerns about Chile’s inclusion in the Visa Waiver Program due to some Chileans allegedly traveling to the United States to participate in sophisticated burglary rings. The explanatory statement accompanying the Department of Homeland Security Appropriations Act, 2024 (P.L. 118-47, Division C) directs DHS to brief the Appropriations Committees quarterly on the Chilean government’s efforts to counter “South American Theft Groups” until DHS verifies that it screens Chilean travelers against the Chilean government’s identity management and criminal databases.

Defense Cooperation

The U.S. and Chilean governments engage regularly on defense matters, including through annual bilateral Defense Consultative Committee meetings. The U.S. and Chilean armed forces also engage in joint exercises to strengthen their capabilities and increase interoperability. In September 2024, for example, Chile hosted UNITAS, a U.S.-organized multinational maritime exercise conducted annually in Latin America and the Caribbean.

Congress oversees bilateral defense ties and appropriates funding for military assistance and security cooperation programs. The Biden Administration allocated \$357,000 in International Military Education and Training (IMET) aid to Chile in FY2023 and requested \$650,000 in IMET aid for Chile for FY2025; FY2024 allocations are not yet available. The U.S. Department of Defense occasionally provides equipment and other capacity-building support to Chile through the Excess Defense Articles program and its security cooperation authorities (e.g., 10 U.S.C. §§332-333). Chile also purchases some U.S. military equipment. In 2023, Chile reportedly signed a \$177 million contract with Lockheed Martin to modernize its fleet of F-16 aircraft. The U.S. State Department originally approved the Foreign Military Sale in 2020.

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