

Political

Political Structure

Presidential Republic

President

Sebastián Piñera

Legislative Bodies

- House of Representatives (120 seats)
- Senate (38 seats)

Major Parties (seats in the House of Representatives)

- Coalition for Change (58)
- Concertación (57)
- Communist Party of Chile (3)
- Independent representatives (2)

Major Parties (seats in the Senate)

- Concertación (19)
- Coalition for Change (17)

Last Elections

- Presidential: December 2009-January 2010
- Legislative: December 2009

Next Elections

- Presidential & Legislative: December 2013

Press Freedom Survey

- 2010 Score: 30 Free (0: Free; 100: Not Free)

FreedomHouse.org

Control of Corruption Index

- 2009 Score: +1.37 (-2.5: Worst; +2.5: Best)

[World Bank Governance Indicators](http://WorldBankGovernanceIndicators)

Economic & Political Intelligence Centre

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General Political Climate: On January 17, 2010, Sebastian Piñera from the conservative Coalition for Change became Chile's new President after winning 51% of votes. Piñera's victory represents a major step in the country's domestic policy, as it put an end to the 20-year reign of the centre-left coalition government called "Concertación". The 2009 elections also saw the return to Congress of Chile's communist party, which had been absent from the legislature since the 1973 coup.

The day after his election as president of Chile, Mr. Piñera stated his priorities, which were promoting economic growth, job creation and fighting crime. However, the violent earthquake that struck the country in late February 2010 forced the new administration to focus on a national recovery strategy upon its inauguration on March 11, 2010. That year's budget had to be amended to include reconstruction expenses, which drew strong criticism from the opposition and members of the ruling coalition.

The \$USD 8 billion recovery plan included in part, a temporary voluntary increase on mining royalties, which was deemed discriminatory by the mining companies. Not having a solid majority in Congress, Piñera's proposal was not passed by the legislature at the time. However, in August 2010, the Piñera government's immediate response to the crisis caused by the collapse of the private mine San Jose de Copiapó, where 33 miners were trapped some 700 meters underground for 69 days, enabled him to easily get the bill to raise mining royalties passed.

Regardless of how well President Piñera has provided policy continuity of the *Concertación* governments in various areas, including economic orthodoxy, in the area of foreign policy his administration has favoured the strengthening of diplomatic ties with the countries in the region like Peru and Ecuador. During his presidency, Piñera has chosen to overhaul his cabinet twice in order to better integrate policy with the technocracy in most of the ministries.

Chile experienced profound national trauma from the extensive human rights violations under the dictatorship of Augusto Pinochet (1973-1990). During the Concertación's years in power, great strides were made in coming to terms with this violent past. A series of constitutional amendments adopted in 2005 made a clear break with the country's authoritarian past. This new constitutional framework increases civilian control over the military, given the role it played in the Pinochet dictatorship; eliminated Senate appointments, and reduced the president's term from six to four years.

Investment Environment: Chile has successfully entered into free trade agreements (FTA) with more than 20 partners, including Canada, Japan and the United States. These agreements underscore Chile's position as a nation favouring free-trade.

Chile officially encourages foreign investment and investment legislation has been gradually liberalized since 1974. The country also benefits from a transparent regulatory system and well-functioning bureaucracy. There is no waiting period for repatriating profits and investors are guaranteed access to foreign currencies in the inter-bank currency market.

Argentina's government has repeatedly restricted natural gas shipments to Chile to ensure an adequate domestic supply. This situation motivated the previous government's decision to build an LNG terminal to overcome Chile's dependency on natural gas from Argentina.

In September 2009, ILO Convention 169 became law in Chile. The convention requires that the government consult indigenous communities whenever considering legislative or administrative measures which may directly affect them. This also means that private investors are required to consult these communities on future investment projects.

Political Violence: Since Chile's return to democracy in 1990, there has been very little political violence, but occasionally anti-globalization activists or those with political grievances have planted small explosive devices with no major consequences. Strikes and demonstrations are also commonly used as a means to express grievances by labour unions, student organizations and environmental activists. As an example, students' organizations demanding free education for all have held protests over the past few months. The conflict is still ongoing and many view it as the most significant and durable social struggle that Chile has experienced since the return of democracy in the 1990s.

Political Outlook: During the first months of his presidency Sebastian Piñera was able to achieve political victories that should have allowed him to tackle some of his administration's most pressing issues, i.e. Chile's economic stability, a reduction of the **wealth** gap and structural reform of the education system. However, his administration has had to face widespread criticism over many of his key initiatives on energy, environment and education, and this resulted in the introduction of basic changes in his governance style as well as in two major cabinet reshuffles. Piñera is the most unpopular president since the re-establishment of democracy in 1990, and protests and demonstrations are likely to continue. However, this should not jeopardize the country's governability in the short to medium-term.