

CHILE

Priorities supported by indicators

Ease product market regulation (2011)

Recommendations: Reduce administrative burdens for start-ups, shorten and reduce the costs of bankruptcy procedures and continue to ease access to credit for start-ups by further promoting the development of seed and venture capital markets.

Actions taken: In January 2011, a law was passed that lowered regulatory barriers for start-ups, and also reduced the time to start up a business from 22 to 7 days by easing the obtainment of permits and the payment of taxes as well as by streamlining notification requirements. The government is launching various programmes aimed at improving access to credit for small enterprises, such as the Fondo Capital Abeja, aimed at fostering women entrepreneurship by providing targeted subsidies.

Improve secondary and tertiary education outcomes (2011)

Recommendations: Upgrade teachers' qualifications through richer curricular and rigorous quality assurance in initial teacher education and on-the-job training. Enhance school accountability.

Actions taken: A new school quality assurance system was established in 2011 and the external exit exam for preschool and primary school teacher candidates was made mandatory. A Teacher Vocation Scholarship has been introduced aimed at encouraging good students to become teachers. Access to scholarships is being expanded and interests on the guaranteed student loan scheme for higher education reduced.

Ease employment protection legislation for regular workers (2011)

Recommendations: Lower the relatively high severance pay for regular workers to ease the adjustment of the regular labour workforce and thereby to encourage the formalisation of employment relationships. In return, consider increasing unemployment benefits further after a careful evaluation of recent reforms.

Actions taken: No action taken.

Other key priorities

Strengthen policies to foster female labour participation (2011)

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.

Actions taken: In October 2011, a law was passed that lengthens paid maternity leave from 12 weeks to – at least – 24 weeks, extends the right to maternity leave to workers on temporary contracts and creates a paternity leave.

Strengthen competition law (2011)

Recommendations: Better enforce the competition law by increasing the maximum level of fines, which remain too low, and by making price fixing a criminal offence.

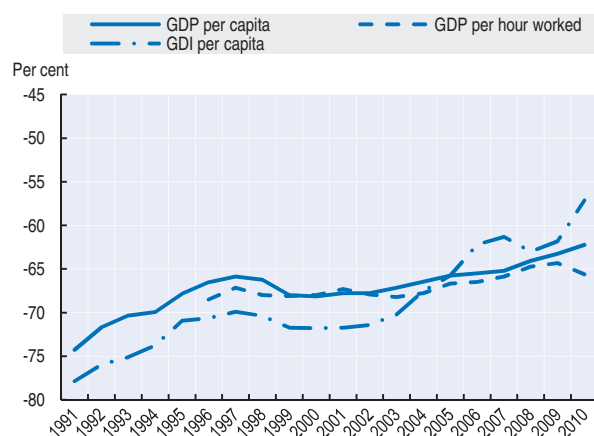
Actions taken: No action taken since the 2009 reform of competition law.

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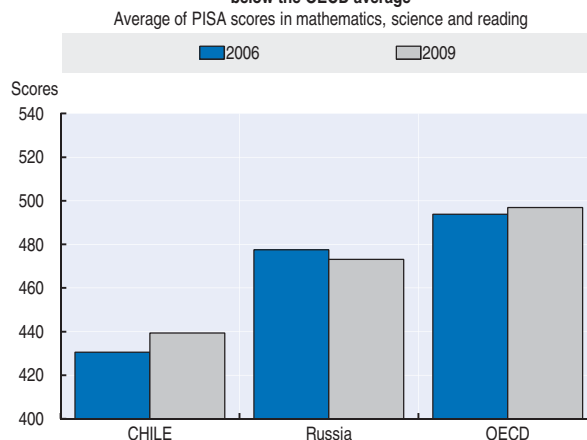
- The GDP per capita gap with high-income OECD countries has decreased over the past decade, but it remains wide owing mainly to a weak labour productivity performance and, to a lesser extent, somewhat low utilisation of labour resources.
- Among key priority areas, progress has been made in easing product market regulations and improving secondary education; by contrast little action has been taken to ease employment protection legislation for regular workers along with increasing unemployment benefits.
- In other areas, the extension of unemployment benefits to workers with fixed-term contracts and the introduction of a wage subsidy for young low-wage workers during the crisis supported employment and attenuated the impact of layoffs on the economy. Also, income inequality has been slightly reduced, although further progress is needed.

Performance and policy indicators

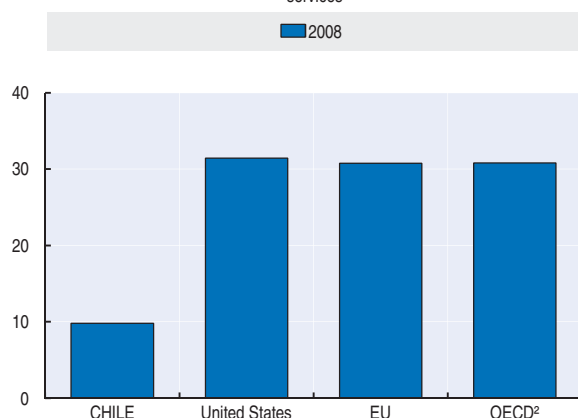
A. The gap in GDP per capita has declined but remains quite large
Gap to the upper half of OECD countries¹



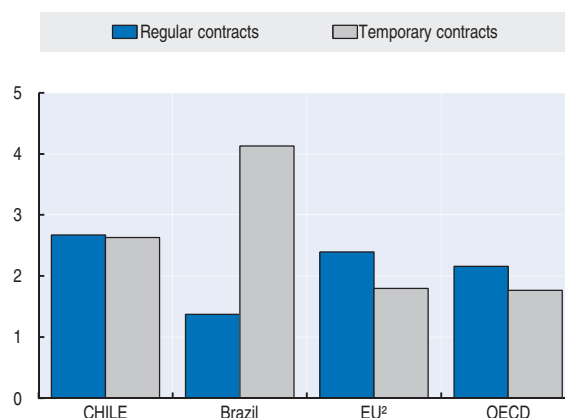
B. Despite some improvement, student performance remains well below the OECD average
Average of PISA scores in mathematics, science and reading



C. The use of formal childcare services is relatively low
Proportion of children aged less than three enrolled in formal childcare services




D. Employment protection legislation is comparatively strict, 2008
Index scale of 0-6 from least to most restrictive



1. 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).

2. The OECD average excludes Israel, Switzerland and Turkey. Average of European countries in the OECD.

Source: Chart A: OECD, *National Accounts and Economic Outlook 90 Databases*, *Employment Outlook Database*; Chart B: OECD, *PISA 2009 Database*; Chart C: OECD (2011), *Doing Better for Families*; Chart D: OECD, *Employment Database*.

StatLink  <http://dx.doi.org/10.1787/888932565148>