**IMF Staff Concludes Visit to Chile**

**March 28, 2022**

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF’s Executive Board. This mission will not result in a Board discussion.

* Chile’s recovery is well underway and economic activity exceeds pre-pandemic levels. The ongoing removal of macroeconomic stimulus will help mitigate risks and inflationary pressures.
* Global risks and uncertainty are elevated, including from the war in Ukraine and its global ramifications. However, very strong fundamentals and policy frameworks promote Chile’s resilience and capacity to respond to shocks.
* In the face of lagging job recovery in certain sectors and higher global food and fuel prices, fiscal policy should continue providing targeted support to the most vulnerable.

**Washington, DC:** *An International Monetary Fund (IMF) mission led by Ana Corbacho visited Santiago, Chile, during March 21-25, 2022, to discuss with the Chilean authorities recent economic developments, the COVID-19 pandemic, the war in Ukraine, and their implications for the country’s policy priorities. At the conclusion of the visit, Ms. Corbacho issued the following statement:*

“We welcome the Chilean authorities’ far-reaching reform agenda, which aims to tackle inequality, protect the most vulnerable, and foster a green economy while maintaining macroeconomic stability and fiscal sustainability.

“The economic recovery is well underway.Following a decline of 6 percent in 2020, GDP rebounded by 11.7 percent in 2021, buoyed by a large and coordinated policy response, widespread vaccination, and high copper prices . With the removal of fiscal and monetary stimulus, growth is expected to slow down this year, helping mitigate risks of overheating and the rise in inflation.

“The central bank has appropriately responded to inflationary pressures by rapidly increasing the monetary policy rate. Inflation, buoyed by a surge in domestic demand, global supply constraints, and high commodity prices, reached 7.8 percent in February, with two-year inflation expectations edging up to 3.7 percent.

“As the recovery takes hold thanks to an effective COVID-19 response, the government is embarking on fiscal consolidation guided by the fiscal rule. The 2022 approved budget envisages phasing out the COVID-19 fiscal stimulus measures and rebuilding fiscal buffers. In the face of lagging job recovery in certain sectors and higher global food and fuel prices, fiscal policy should continue providing targeted support to the most vulnerable.

" Global risks and uncertainty are elevated, including from the war in Ukraine . While Chile benefits from high copper prices, rising global food and fuel prices, or further supply chain disruptions would add to inflationary pressures. Risks also stem from sharply tighter global financial conditions or an adverse turn of the pandemic. A sustained track record of very strong policies and institutional frameworks, and relatively low public debt enhance Chile’s resilience and capacity to respond to shocks.

“The IMF mission thanks the authorities for their kind hospitality and fruitful discussions and looks forward to continuing the close cooperation with Chile in the period ahead.”

**IMF Communications Department**