THE ENERGY SECTOR IN CHILE

AN INTRODUCTORY OUTLOOK

I. INTRODUCTION

1. Overview

Chile has chosen an open, export-oriented economy, with as little State control as possible.

Opening up the economy means having low and flat import duties, reasonable taxes, and treatment of foreign investment on an equal basis with domestic investment.

The State implements investment projects in social areas, such as health, education, and projects that are relevant in the national interest, but which are beyond the private investors' financial means. The State reserves, however, the right to supervise compliance with current legislation and regulations-including rates when necessary-in social areas when private companies are involved.

Excelent macroeconomic conditions for favorable commercial and investment atmosphere now exist: a successful return to democracy, a clear and non-discriminatory foreign investment statute, a stable, dynamic, export - oriented economy, controlled inflation rate, and reasonable taxes and import duties; all of which assure the most open market in Latin America today.

A general view of the energy sector is presented in the following table. It shows the weight of each component of the total energy consumption (1990).