

INNOVATION



ADOPTER

Chile

Business-friendly attitudes don't extend to disruptive tech

A third-tier Innovation Adopter, Chile earns high marks for some business-friendly policies, but falls behind other countries for not allowing disruptive tech platforms to gain a foothold. Sharing economy fans must navigate a mixed bag of rules that, for the most part, allow the use of short-term rentals but put the brakes on ridesharing operations.

Chile earned its highest grade in short-term rentals. Chilean law allows short-term rentals throughout the country, with some rules governing how shared costs like utilities are paid. The platforms are increasingly popular in the South American nation. Rental site Airbnb saw a 172 percent increase in users from 2015 to 2016. In addition, the National Productivity Commission of Chile and a few other organizations signed an agreement with Airbnb to study rules and travel trends around the country. The goal of the research is to develop smarter public policy to govern short-term rentals.

Rideshare drivers, on the other hand, are up against fines and the possibility that their cars could be towed under government rules that prohibit the practice. The rideshare industry faces significant backlash from Chilean taxi drivers, who blocked traffic around the country to protest the spread of rideshare services. In 2017, Chile banned the use of ridesharing apps, severely limiting the availability of some of the most popular transportation services.

Sources: (Airbnb) (Reuters) (Panama Post)

WHAT DID WE DO RIGHT?

Chile allows short-term rentals to operate without burdensome rules and offers one of the lowest corporate tax rates at 25.5 percent.

WHAT CAN WE DO BETTER NEXT YEAR?

Chile can increase investment in research and development from the current 0.39 percent of GDP. Allow ride-sharing services to operate, remove restrictions on recreational and commercial drone use and begin testing self-driving vehicles.

Diversity	C
Freedom	B-
Broadband	C+
Human Capital	C-
Tax Friendliness	A-
R&D Investment	D
Entrepreneurial Activity	B
Drones	D
Ridesharing	F
Short-Term Rentals	A
Self-Driving Vehicles	F
Environment	C+



Human Capital

A quarter of all workers are highly-skilled, and nearly a fifth of degrees awarded go to graduates of STEM programs.



Diversity

Ethnic diversity and the percentage of immigrants among the Chilean population are relatively low, but the country has better-than-average gender parity among workers age 25 to 54.



Entrepreneurial Activity

At 8.03 per 1,000 people, Chile has one of the highest rates of new business entry on the Scorecard.



Broadband

An average monthly internet cost of nearly \$27 is higher than that of several other countries, and average broadband speeds of 8.3 mbps are slower.

SANTIAGO

A bustling entrepreneurial system bolstered by support from government programs has helped launch innovation in Chile’s capital city.

Between 2010 and 2016, the Chilean government gave more than \$40 million to 1,300 small businesses as part of a focus on innovation, meant in part to stave off financial stagnation.



Government support of startups in Santiago has spurred the growth of entrepreneurial endeavors in Chile’s capital city. The Chilean government launched Start-Up Chile in 2010, and the program has since grown to attract more than 250 companies every year to Santiago.

That focus took shape in programs like Start-Up Chile, an accelerator tasked with building a culture of entrepreneurship in the county. As part of that endeavor, the program offers funding to entice founders to start their business in Chile and then fosters the startups accepted to the program.

In 2010, 20 companies took part in Start-Up Chile during its inaugural year; after two years, 500 companies had participated. Now upwards of 250 companies every year land in Santiago as part of Start-Up Chile.

The growing crop of entrepreneurs has also benefited from an increasing amount of private venture capital in Santiago, which grew by 110 percent between 2009 and 2014.

Sources: (Brookings) (VentureBeat) (TechCrunch) (The Economist)