

*Case Study by Economy*  
*Pacific America*

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# Chile

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Revised Paper

*After*

*PECC-ABAC Conference on "Demographic Change and International Labor Mobility in the  
Asia Pacific Region: Implications for Business and Cooperation"  
in Seoul, Korea on March 25-26, 2008*

# **LABOUR MOBILITY: THE CASE OF CHILE**

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June, 2008

## **Abstract**

Migrants in Chile represent 1.2% of Chile's population, and emigrants 5.2% (considering Chileans offspring). These low levels of migration and emigration have not set the question of migration policy high in the public agenda. However the rapid increase in the number of migrants in the last decade, their geographical concentration in Chile and of country of origin and the media coverage is starting to draw attention to the topic.

Chile has not a clear migration policy. In the later years it has started gathering information about their emigrants. It has also launched regularization programs, and it has signed social security agreements. Labour mobility agreements are usually a chapter in trade agreements. On the other hand, the economy has a restriction on the maximum percentage of foreigners that can work in any firm.

Growth and continuous migration flows should set the topic of labour mobility in the public agenda and imply a definition on migration policy.

## **I. Introduction**

The phenomenon of migration is not widespread in Chile as it is in other economies, and if anything, migration from Chile is a bigger issue than migration to Chile: The maximum known amount of foreign born population is 4.2% in 1885 and its current level is 1.2%. On the other hand, in 2002 migrants from Chile represent 5.2% of Chileans living in Chile.<sup>1</sup>

There are not good estimates of illegal migration in Chile. However, in 2007 a regularization program was launched and 50 thousands foreigners had reportedly applied. The 1.2% figure implies 184 thousands of migrants in Chile. Putting these figures together we can get an estimate of illegal migration of 27% of total migration.

Foreigners wishing to work in Chile can do it with a contract-based visa, a temporary resident visa, under a special authorization with a tourist visa or a student visa, or with a permanent resident status. Besides this visa regulation, there is a legal constraint limiting the number of foreigners to 15% of each firm's payroll.

Migrants have every right that Chileans have in both health and education, yet the absence of legal status limits their access to health services. Migrant population established in Chile is subject to the same taxes as Chilean as well. Migrants that do not have a resident status, pay the "additional tax" as income tax.

Chile has signed many bilateral and multilateral agreements social security which increase labour mobility. These agreements generally allow pension exports, complementation of contribution periods and contribution only in the source country. An agreement with Peru allows pension portability. This is, contributors to individual capitalization systems of Peru and Chile can transfer their savings from one country to another to be managed by the pension fund administrator of their country of residency, should they satisfy some requirements.

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<sup>1</sup> Considering both Chileans born in Chile and their offspring. The figure is 3.17% if the offspring is not considered.

The economy does not have a clear migration policy, mainly because of the small level of migration flows. However recent migration, its geographical concentration and of country of origin, together with media converge has drawn attention to it. As long as there are different economic opportunities between Chile and its neighbors (for inward migration) and developed countries (for outward migrations), it is expected that as part of the globalization phenomenon and increase in trade, migration flows should continue to increase. Chile has an opportunity to establish a migration policy that could foster its economic development.

## **II. Migration Flows**

### **II.1 Migration to Chile**

The latest Chilean census shows that by 2002, 1.2% of the population in Chile were foreign-born. In levels, this implies that out of 15 million Chileans, approximately 184 thousands were born abroad. This small migration level in Chile is not a recent phenomenon. Its recorded maximum is 4.23% of population in 1885 when an active migration policy was in place. On the other hand, its minimum is 0.7% of the population in 1982 where an economic crisis and political conditions failed to make of Chile an attractive place to migrate. The observed level in 2002 represents a growth of 5.8% from the previous census (1982) and it is the maximum intercensal growth: migrants as a share of the population had been decreasing since 1952 and drastically in 1970-1980. See Table 1.<sup>2</sup>

Table 1 also shows that the region of origin of migrants has changed dramatically in the last century, from a migration predominantly from Europe at the beginning of the century (42.7% in 1907) to a predomination of migrants from other Latin American countries (71.8%) in 2002. Europeans as share of migrants have been steadily decreasing since 1940s, with a dramatic decrease between 1970-1980 when their share decreased from 53.3 to 31.8. In contrast, migrants from Latin America in the

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<sup>2</sup> There are not good estimations of illegal migration. Governmental estimations set the share of illegal Peruvians in 40-50% (see Tokman and Solimano, 2006).

same period increased from 34.4 to 54.5%. The 2002 census shows that migrants born in Europe, Latin America and other countries represent 17.2, 71.8 and 11%, respectively. This composition change implies a phenomenon of recent migration from Latin American countries.

**Table 1**  
**Foreign-Born Population of Chile, 1952-2002**

Censal Year	Total Population	Intercensal Growth Total Population	Foreign Born Population	Percentage Over Total Population	Intercensal Growth Foreign Born Population	Percentage of Europeans Over Foreign Born	Percentage of Latin Americans Over Foreign Born	Percentage of Others Over Foreign Born
1865	1,819,223		21,982	1.21		53.7	41.4	4.9
1875	2,075,971	1.3	25,199	1.21	1.4	62.3	33	4.7
1885	2,057,005	-0.1	87,077	4.23	11	30.1	67.2	2.7
1895	2,695,652	2.7	79,056	2.93	-1	55.4	41.8	2.8
1907	3,231,496	1.5	132,312	4.09	4.2	53.3	42.7	4
1920	3,731,593	1.1	114,114	3.06	-1.1	59.9	31.2	8.9
1930	4,287,445	1.4	105,463	2.46	-0.8	60	24.6	15.4
1940	5,023,539	1.6	107,273	2.14	0.2	67.2	21.7	11.1
1952	5,932,995	1.4	103,878	1.75	-0.3	55.9	23.4	20.7
1960	7,374,115	2.7	104,853	1.42	0.1	60.9	26.1	13
1970	8,884,768	1.9	90,441	1.02	-1.5	53.3	34.4	12.3
1982	11,275,440	2	84,345	0.75	-0.6	31.8	54.5	13.7
1992	13,348,401	1.4	114,597	0.86	3	20.1	65.1	14.8
2002	15,116,435	1.2	184,464	1.22	5.8	17.2	71.8	11

Source: Martínez (1997); INE 2002

Table 2 shows the detailed country of origin of the migrants. Migrants are predominantly from Latin America, 26% are from Argentina and 20% from Peru. The case of Argentina is interesting because as we will see in the next section, it is not only the main source but also the main destination of migrants. The third and fourth countries of origins are Bolivia and Ecuador representing 6% and 5% of migrants respectively. The developed country of origin with more migrants is USA, followed by Spain, Germany and Italy.

**Table 2**  
**Foreign Born Country of Birth, 2002**

Country of birth	Years	
	2002	2002 ( % )
Argentina	48,176	26.12%
Bolivia	10,919	5.92%
Brazil	6,895	3.74%
Colombia	4,095	2.22%
Ecuador	9,393	5.09%
Paraguay	1,222	0.66%
Peru	37,860	20.52%
Uruguay	2,241	1.21%
Venezuela	4,338	2.35%
<b>South America (without Guyanas)</b>	125,139	67.84%
Mexico	1,697	0.92%
Canada	1,845	1.00%
United States	7,753	4.20%
<b>North America</b>	11,295	6.12%
Cuba	3,163	1.71%
Panama	528	0.29%
<b>Central America and the Caribbean</b>	5,786	3.14%
Germany	5,473	2.97%
Spain	9,084	4.92%
United Kingdom	1,563	0.85%
Italy	3,927	2.13%
Sweden	1,250	0.68%
France	3,043	1.65%
<b>Europe</b>	31,780	17.23%
South Korea	1,114	0.60%
Japan	790	0.43%
Taiwan	748	0.41%
China	1,653	0.90%
<b>Asia</b>	7,735	4.19%
South Africa	249	0.13%
Saint Helena	356	0.19%
<b>Africa</b>	1,302	0.71%
New Zealand	126	0.07%
Australia	937	0.51%
Tonga	295	0.16%
<b>Oceania</b>	1,409	0.76%
<b>Total</b>	<b>184,464</b>	

Source: Censo(2002)

Regarding the geographic distribution, migrants, as the Chile's total population, are concentrated in the metropolitan region. Table 3 shows that 61% of migrants live in this region. Relative to each region population, they are more prominent in the first region (that limits with Peru and Bolivia), where they represent 3% of the

population, followed by the metropolitan region (1.9%) and the two Southern regions (with 1.54% and 1.23%). There is also a big geographic concentration by country of origin: for example, Bolivians represent 46.2% of migrants in the first region and Peruvians 77.9% in the Metropolitan Region. (Solimano and Tokman, 2006). The high concentration of migrants makes the phenomenon of recent migration visible.

**Table 3**  
***Geographic Distribution of foreign-born population, 2002***

<b>Regions</b>	<b>Total population</b>	<b>Foreign born population</b>	<b>% of foreign-born over total population</b>	<b>% of foreign born</b>
I Tarapacá	428,594	12,812	2.99%	6.95%
II Antofagasta	493,984	5,990	1.21%	3.25%
III Atacama	254,336	1,183	0.47%	0.64%
IV Coquimbo	603,210	3,193	0.53%	1.73%
V Valparaíso	1,539,852	15,948	1.04%	8.65%
VI O'higgins	780,627	3,084	0.40%	1.67%
VII Maule	908,097	3,210	0.35%	1.74%
VIII Bio-bio	1,861,562	7,322	0.39%	3.97%
IX Araucanía	869,535	7,399	0.85%	4.01%
X Los Lagos	1,073,135	8,259	0.77%	4.48%
XI Aisén	91,492	1,406	1.54%	0.76%
XII Magallanes	150,826	1,849	1.23%	1.00%
Metropolitana	6,061,185	112,809	1.86%	61.16%
<b>Total</b>	<b>15,116,435</b>	<b>184,464</b>		

*Source: CENSO(2002)*

Table 4 shows some demographic characteristics for the Chilean population and immigrants from the main countries of origin. Chile in 2002 had a male to female ratio of 0.97. The ratio is around 0.85 for the main countries of origin, except for Argentina, indicating that migration is led by females. For example, the case of Peru is known by the high proportion of its migrants that are domestic workers, which could explain the low male/female ratio.

Finally, immigrants are on average more educated than Chileans: 53.8% of Chileans have 10 years or more of education, whereas 64.8% of migrants are in this educational category. Within Latin America, migrants from Argentina have a lower level of education, and migrants from Peru are the most educated.

**Table 4*****Personal Characteristics of foreign-born population by country of birth, 2002***

Foreign-born population	Total	Male/female	Age, % of total			Educational attainment, % of Total		
			< 15	15-59	60 and more	< 4	4-9	10 and more
Chile(a)	15,116,435	0.97	26	62.9	11.4	7.2	39	53.8
<b>Total</b>	<b>187,008</b>	<b>0.92</b>	<b>18.3</b>	<b>69.4</b>	<b>12.3</b>	<b>4.0</b>	<b>22.6</b>	<b>64.8</b>
Argentina	48,176	1.00	31.1	61.8	7.1	4.3	33.3	49.3
Peru	37,863	0.66	9.0	86.3	4.6	3.3	18.1	73.6
Bolivia	10,919	0.84	10.0	73.9	16.1	13.9	29.6	51.1
Ecuador	9,393	0.83	19.5	77.6	2.9	2.6	17.5	68.8
Spain	9084	1.07	8.4	45.7	45.8	3.4	18.3	73.5
USA	7754	1.23	27.3	67.5	5.2	1.6	14.8	67.8
Germany	5473	0.95	10.0	52.5	37.4	1.6	15.0	78.4
Brazil	6,899	0.85	22.9	74.6	2.5	2.1	24.2	65.3
Venezuela	4,338	0.94	23.3	75.5	1.1	1.7	21.8	68.0
Colombia	4,097	0.82	13.8	78.7	7.6	1.2	11.8	78.9
Others	43,012	1.07	14.7	65.1	20.2	3.5	18.0	71.1

Source: (a) Based on 2002 Census Data: 0-4, other Solimano and Tokman (2006)

Migrants participate more in the labor force than Chileans. This difference is driven by the relatively high labor force participation of female migrant, and the low participation of females in Chile. Census data reports a male labor participation of 70%, and a female labor force participation of 35.6%. The same figure is 66.4% and 47.3% for male and female migrants. Table 5 shows that this average is driven down by migrants from more developed countries: labor force participation from Peru and Ecuador is 76.4% and 65.1% respectively. Migrant's high labor force participation indicates that migration is a phenomenon driven by economic reasons.

**Table 5*****Labor Force Participation by Gender and Country of Birth, 2002***

	Labor Force Rate		
	Total	Male	Female
Chile	52.4	70.0	35.6
Foreign-born population	56.3	66.4	47.3
Country of origin			
Perú	76.4	83.1	72.2
Ecuador	65.1	73.8	58.4
Colombia	57.6	68.0	49.6
Bolivia	52.2	66.3	40.6
Argentina	51.6	66.7	36.6
Spain	44.3	58.7	28.8
Usa	44.0	47.1	40.0
Germany	42.6	54.5	31.4
Brazil	41.9	49.2	36.0
Venezuela	36.2	39.9	32.9
Others	51.1	63.8	37.5

Source: Solimano and Tokman (2006)



Working migrants are concentrated in services, followed by retail, finance and manufacturing. Retail and services account for 60% of the jobs, and adding finance and manufacturing the proportion increases to 81%. The most common occupational category is domestic service (17.5%), with 36% of female migrants working in this sector, whereas the country average for females is 16%. (Solimano and Tokman, 2006).

## II. 2 Emigration from Chile

In 2003-2004 the National Institute of Statistics, and the Ministry of Foreign Affairs compiled data from Chileans living in 100 countries. Compiled data and information from national census was used to get aggregated figures of the number of Chileans, their offspring and demographic characteristics. The total number of Chileans, counting both those born in Chile and their offspring is 857,781 representing 5.6% of Chile's population. The total number of Chileans born in Chile living abroad is 487,174 representing 3.2% of Chile's population.

Regarding Chilean's emigrants' destination, 61% of them live in South America, with Argentina being the main destination. Argentina receives 56.3% of Chile's migrants, and as previously noted is also the main source country of migrants to Chile.

After South America, the second most common destination is North America, with 18.3% are in North America and 14.6% in Europe. Table 6 shows the countries where migrants are concentrated. After Argentina, the second destination is the USA (14.9%), and the third is Sweden (5.6%). Finally, Canada and Australia appear with 4.9% and 4.4% respectively.

**Table 6**  
***Chileans Abroad, 2003-2004***

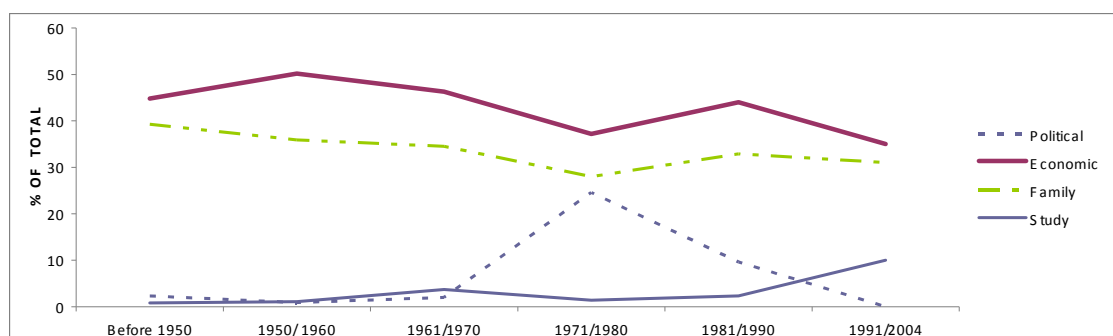
	Number of Chileans Abroad			Percentage	
	Born in Chile	Children of Chilean	Total	Born in Chile	Total
South America	263,086	260,343	523,429	54.0	61.0
North America	110,026	46,950	156,976	22.6	18.3
Europe	80,546	44,504	125,050	16.5	14.6
Others	33,516	18,810	52,326	6.9	6.1
<b>Total</b>	<b>487,174</b>	<b>370,607</b>	<b>857,781</b>	<b>100.0</b>	<b>100.0</b>
% over average population 2003-2004	3.2	2.4	5.6		
<b>Most important Destination</b>					
Argentina	211,093	218,615	429,708	48.9	56.3
USA	80,805	33,129	113,934	18.7	14.9
Sweden	27,345	15,051	42,396	6.3	5.6
Canada	25,415	12,162	37,577	5.9	4.9
Australia	23,420	10,206	33,626	5.4	4.4
Brazil	17,131	11,240	28,371	4.0	3.7
Venezuela	15,520	11,586	27,106	3.6	3.6
Spain	13,864	10,047	23,911	3.2	3.1
France	10,388	5,394	15,782	2.4	2.1
Germany	6,704	3,576	10,280	1.6	1.3
<b>Total</b>	<b>431,685</b>	<b>331,006</b>	<b>762,691</b>	<b>100.0</b>	<b>100.0</b>

Source: Solimano and Tokman (2005)

Chileans reasons to migrate have widely varied over the last decade. Figure 1 shows the migration motive by migrant's year of emigration. Most migrants declare an economic or family reason to migrate: on average around 40% of migrants have moved abroad because of economic reasons, while 31% did so for a family motive. However, there has been an outstanding change in the importance of the other two motives across the decades: political circumstances and academic studies. Migrants with a political motive represented 2.3% of all Chileans who migrated before 1950. The figure increases to 24.6% of those who migrated between 1971 and 1980, and decreased to 0.01% for migration observed between 1991 and 2004. Migration to pursue studies represented to 0.8% of migrants before 1950, and increased to 10% between 1991 and 2004.<sup>3</sup>

<sup>3</sup> INE and Ministry of Foreign Affairs(2005).

**Figure 1**  
**Reason to Migrate**



Source: Author's calculation using INE and Ministry of Foreign Affairs(2005).

The first panel of Table 7 shows the age and gender structure Chilean's emigrant. There is no gender issue associated to migration: migrants are almost evenly male and female. Panel B shows their educational attainments. Comparing the totals with and without Argentina it can be noticed that migrants to Argentina are less educated than other emigrants. For example, looking at the first set of columns, 40.1% of migrants have primary school as their highest educational attainments, but the figures decreases to 15.6% if Argentina is excluded from the total. Without considering Argentina, 29% of migrants have University degrees and 5.1% Master or Ph.D. As comparison, 40.9% of Chileans with more than 5 years old have primary education, 36% secondary and 16.4% more than secondary. Migrants are more concentrated in higher educational categories.

**Table 7**  
**Age, gender and educational attainment Distribution of Emigrants,**  
**2003-2004**

	Total (%)			Total without Argentina (%)		
	Both	Male	Female	Both	Male	Female
Age						
Total Emigrants	100.0	49.7	50.3	100.0	50.6	49.4
0 - 14	19.6	20.0	19.1	17.1	17.4	16.8
15 - 24	16.2	16.2	16.3	14.6	14.4	14.8
25 - 49	38.0	36.6	39.5	41.4	41.0	41.8
50 and more	25.3	26.4	24.2	26.1	26.5	25.6
Ignored	0.9	0.8	0.9	0.9	0.7	1.0
Level of education						
No study	2.5	2.5	2.6	0.4	0.7	0.7
Primary	40.1	41.1	39.2	15.6	15.1	16.5
Secondary	30.4	28.6	32.2	29.4	27.6	31.1
Technical	8.1	9.1	7.0	17.5	19.1	15.6
University	13.9	13.5	14.2	29.0	28.8	28.8
Master or doctorate	2.0	2.3	1.7	5.1	5.8	4.2
Ignored	3.0	2.9	3.1	3.0	2.9	3.1

Source: INE and Ministry of Foreign Affairs (2005).

Table 8 shows the labor force participation, occupation and unemployment rate by gender, including and excluding Argentina. The total labor force participation of Chileans is higher abroad than in Chile (52.4 vs 56.3%). The biggest difference is observed in female labor participation.

**Table 8**  
**Emigrants Labor Force Participation, 2003-2004**

Final Destination and sex	Force labor rate	Occupation rate	Unemployment Rate
	(%)	(%)	(%)
Total	56.3	51.0	9.5
Male	74.1	67.4	9.0
Female	38.9	34.9	10.4
Total without Argentina	64.0	61.7	3.6
Male	73.7	71.3	3.2
Female	54.2	52.0	4.1

Source: INE and Ministry of Foreign Affairs (2005).

Finally, Table 9 shows the occupation distribution of migrants. They are concentrated in retail (23.2%) and services (21.2%). The third category when all countries are considered is construction (16.6%), but when Argentina is excluded is manufacturing (14.9%).

**Table 9**  
***Emigrants Labor Force Participation, 2003-2004***

	Total Emigrants			Total Emigrants without Argentina		
	Both	Male	Female	Both	Male	Female
Total population of emigrants	100.0	49.4	50.6	100.0	50.4	49.6
Occupied	100.0	65.4	34.6	100.0	58.2	41.8
Distribution of Occupied (%)						
Retail Trade	23.2	20.1	29.1	28.6	26.7	31.2
Industry	12.2	15.1	6.9	14.9	20.3	7.4
Education	7.5	4.2	13.6	11.1	7.3	16.4
Health	5.7	2.5	11.7	8.4	4.3	14.1
Construction	16.6	24.7	1.2	7.4	11.6	1.4
Services	21.2	17.9	27.4	23.1	23.2	23.0
Financial services	5.7	4.7	7.6	4.0	3.5	4.6
International Organization	0.7	0.6	0.9	1.3	1.3	1.4
Agriculture	6.2	8.7	1.4	0.8	1.2	0.4
Minery	1.0	1.5	0.1	0.4	0.6	0.1

*Source: INE and Ministry of Foreign Affairs(2005).*

## II. 3 Countries of Origin and destination

In this section we present characteristics of the main countries of origin and destination for Chileans immigrants and emigrants. Table 10 shows statistics of economic performance, and table 11 on governance.

Regarding economic performance, as expected, Chile has a higher GDP per capita and lower unemployment than the main source countries, and a smaller per capita GDP than the main destination. Regarding unemployment the figure is smaller in Chile than in the source countries, but the relationship is less clear with respect to destination countries.<sup>4</sup>

Chile's governance indicators levels are comparable to those of the main country of destination, with exception of Argentina which has smaller governance indicators in all characteristics. On the other hand, Chile's indicators are superior to the indicators from the main source of migrants.

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<sup>4</sup> Differences in social protection systems in developed countries make this comparison less straightforward.

**Table 10**

***Per Capita GDP and Unemployment. Main Source and Destination Countries***

	GDP per capita (PPP) <sup>a</sup>	Unemployment Rate <sup>b</sup>	Underemployment, % of occupied people
<i>Foreign-born population</i>			
Argentina	10,172	16.8	11.9 <sup>c</sup>
Bolivia	3,006	9.7	11.2 <sup>d</sup>
Ecuador	4,330	11.5	7 <sup>c</sup>
Peru	4,351	10.3	20.1 <sup>c</sup>
<i>Emigrant</i>			
Australia	27,872	5.9	8.1 <sup>c</sup>
Canada	27,845	7.6	5.2 <sup>c</sup>
Sweden	26,138	4.85	2.9 <sup>c</sup>
United States	34,875	6	1 <sup>c</sup>
Chile	12,141	7.4	6.5 <sup>c</sup>

Source and note: <sup>a</sup> Penn World Table, <sup>b</sup> IMF, MAY 2006, <sup>c</sup> ILO 2005, <sup>d</sup> INE Bolivia

**Table 11**

***Governance Index, 2003 ( Percentile Rank 0-100)***

	Voice and Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
<i>Foreign-born population</i>						
Argentina	57.7	36.5	43.1	24.9	30.5	42.7
Bolivia	46.2	26.9	47.4	53.2	40	25.2
Ecuador	44.7	20.2	22.7	33.2	30	25.7
Peru	48.6	18.3	39.3	57.6	32.4	53.9
<i>Emigrant</i>						
Australia	94.2	74	94.8	93.7	96.2	93.7
Canada	97.6	89.4	98.1	92.7	95.2	94.7
Sweden	98.1	98.1	97.6	96.6	97.1	97.6
United States	89.4	55.3	92.9	91.2	92.4	92.7
Chile	84.6	76.4	88.6	91.7	84.3	85.9

Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2007: Governance Matters VI: Governance Indicators for 1996-2006

### **III. Legal Structure**

#### **III.1 Visa Types**

This section presents four legal status for foreigners in Chile. The first is an employment-based visa given subject to contract. The second is a student visa for those that can show their status as student. The third is a temporary resident visa for those that want to settle in Chile and others authorized by the Government of Chile. The fourth is a status for political asylum and refugees, and finally there is the permanent resident, that allows foreigners the same rights as natives.

The description of each status is based on the Unofficial Translation of the Decreto Ley 1,094 of 1975. The complete text is available online.<sup>5</sup>

#### III.1.1 Employment-based Visa

"An employment-based resident visa shall be granted to those aliens traveling to Chile in order to fulfill an employment contract. That same visa may be granted to those aliens who are inside the country and wish to settle here in order to fulfill an employment contract. Likewise, that same visa shall be granted to such members of their household...

Employment-based visas may remain valid for any period up to two years and may be extended for similar periods....

An employment-based resident may apply for permanent residence after having resided two years in the country.

The employment contract that is submitted to obtain this visa shall contain a clause whereby the employer undertakes to pay the return fare of the worker and that of any other persons stipulated in the contract....

Termination of the contract that served as background for this visa shall bring about the visa's immediate expiration and the corresponding authorities shall be notified within 15 days thereafter. However, the holder thereof shall be entitled to apply for a new visa or permanent residence, if applicable. "

#### III.1.2. Student-based Visa

"A student visa shall be granted to any alien traveling to Chile to study in any State or private establishment recognized by the Government, or in any center or institution for higher or vocational education. Likewise, a student visa may be granted to those aliens who, once inside the country, prove that they have enrolled in any of these establishments.

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<sup>5</sup> [http://www.extranjeria.gov.cl/filesapp/ley\\_reglamento\\_ingles.pdf](http://www.extranjeria.gov.cl/filesapp/ley_reglamento_ingles.pdf). This is the source of all quotations in this section.

These visas shall have a maximum validity of one year and may be renewed for similar successive periods free of charge. To obtain an extension of these visas, the alien shall establish his/her student status by submitting the corresponding enrollment and attendance certificates.

A student resident is not allowed to undertake any gainful activity inside the country, unless previously authorized to do so by the Ministry of the Interior.

A student resident with more than one year's residence in Chile may apply for any of the other visas referred to in this Decree Law.

An alien who holds a student visa may apply for permanent residence when his/her studies have been completed."

#### III.1.3 Temporary Resident Visa

"A temporary resident visa shall be granted to any alien whose aim is to settle in Chile, provided he can certify having family links or interests in the country and that his/her residence is deemed as useful or advantageous. This visa shall be extended to any members of his/her household.....

A temporary resident visa shall have a maximum validity of one year and may be extended once only for the same period....

Those aliens whose admittance is required by national corporate bodies or by international institutions recognized by the Government of the Republic of Chile, because of their being professionals, technicians or highly skilled persons, may be granted a temporary resident visa."

As mentioned, one criteria to grant this visa is that "his/her residence is deemed as useful or advantageous". The following type of visitors can be granted with this visa: businessman that need to stay in Chile for more than 90 days because of their



activities in the country, Scientific, academics, professors, experts, journalist, religious and people traveling to Chile for medical treatment.

#### III.1.4 Political Asylum and Refugees

"A political asylum resident visa may be granted to those aliens who, in order to safeguard their personal security and due to predominantly political reasons in their country of residence, are forced to seek political asylum from some Chilean diplomatic mission.

Once diplomatic asylum, of a temporary nature, has been granted to aliens, the background information and circumstances relating to the case shall be studied by the Ministry of Foreign Affairs and by the Ministry of the Interior and the visa shall be granted or refused.

In the event it is allocated, the diplomatic asylum shall be ratified as definite and it shall be stamped into the passport, safe-conduct or other similar document the alien submits or is given.

This visa shall extend to all the members of his/her household who had also been granted diplomatic asylum.

Refugee shall mean one who finds him/herself in any of the situations established in any of the International Conventions in force in Chile. A refugee shall be entitled to the corresponding resident visa"

".....A political asylum resident visa shall be valid for a maximum of two years. If no term is specified in the corresponding document, it shall be understood as having the maximum validity. This visa may be extended for similar periods indefinitely and may be exchanged for any other visa referred to in this Decree Law, if applicable.

A resident having been granted political asylum may apply for permanent residence once he/she has been resident in Chile for two years."

"...A refugee or a person who has been granted political asylum may not be deported back to the country where his life or freedom are in danger because of his race, religion, nationality, membership of certain social groups or his political opinions.

Neither may those aliens who seek asylum be deported under the terms of the aforementioned paragraph whilst they are residing in Chile, unless their application has been rejected. ."

#### III.1.5 Permanent Residence

"Permanent residence is the permit granted to aliens wishing to reside for an indefinite period in the country and undertake any type of activity, without any restrictions other than those established by legal regulations.

This permit shall be granted by decision of the Ministry of the Interior.

The periods of residence in the country required to obtain permanent residence shall run uninterruptedly. It shall be understood there has been no interruption when any absences of the alien fail to exceed 180 days within a year prior to the date of expiry of the resident visa."

"...Permanent residence of any alien shall be considered to have been implicitly revoked when he/she is absent from the country for an uninterrupted period of over one year. Such revocation shall not apply in the cases stipulated in the Regulations."

#### III.1.6 Tourists

" Tourists shall mean those who enter the country for leisure, sports, health, study, business, family, religious or for any other business, not for immigration or residence purposes or to undertake any gainful activity.

All tourists shall have sufficient financial means to subsist during their stay in Chile, which circumstance must be substantiated whenever the police authorities deem it necessary.

All tourists may stay in the country for up to 90 days, to be extended for an additional period in the way the Regulations may determine.

Exceptionally, whenever force majeure is claimed and proved, a second extension may be granted for the time strictly necessary to leave the country."

"...In any event, whenever Chileans in other countries are required to pay a fee for entering those countries as tourists, the nationals from those countries shall likewise be required to pay a similar fee.

Tourists are forbidden from undertaking any gainful activities. Nevertheless, the Ministry of the Interior may authorize them, in certain cases, to undertake such activities for a period not to exceed 30 days, extendible for similar periods, until the tourist card expires.

The moment the Ministry of the Interior issues the authorization, it shall withdraw the tourist card and replace it with a special one, which shall contain such particulars as the Regulations may establish. On leaving the country, the special card shall be exchanged for the tourist card, upon exhibition of a receipt for the payment of fees.

Tourists may request to change their status for that of resident or official resident, as the case may be, if they fall into any of the following categories :

1. The spouse of a Chilean national and his/her parents and children;
2. The spouse and children of an alien who resides in the country and holds some sort of permit or permanent resident visa, as well as the parents of an alien over 18 years of age who resides in the country under any of the aforementioned conditions. (Amended by Law 19,221 of 1993);
3. All ascendants of Chileans;
4. The foreign children of naturalized Chileans;
5. Professionals and technicians who prove their skills with certified diplomas and who can substantiate that they have been hired or that they shall practice in Chile as such;

6. Teachers who have been hired by State educational centers or institutions recognized by it, provided they can substantiate their capacity as such by the submission of certified diplomas;

7. Whosoever has been appointed or hired for undertaking the tasks normally covered by an official resident visa;

8. Whosoever claims refugee status or seeks political asylum in accordance with the provisions of Section 36;

9. The spouse and the children of any aliens referred to in the four previous numbers. Benefits may be obtained either jointly or separately; and

10. Whosoever is considered by the Ministry of the Interior to be entitled to this benefit."

### III.1.7 Number of visas

Table 12 shows the number of visas by type issued by the Ministry of Interior. Note the upward sloping trend in each visa type. The 1998 increase is due to a regularization program.

**Table 12**  
***Benefits to Aliens***

<b>Benefit (*)</b>	<b>Year</b>											
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Permanent Residents	3,284	2,960	3,142	4,273	3,926	4,992	5,421	6,458	18,863	8,243	11,073	8,537
Visas												
All by Ministry of Interior	9,862	10,169	11,289	10,889	14,257	12,555	42,767	22,904	18,813	28,275	30,031	29,845
Temporary Resident	5,447	5,756	6,022	5,538	8,449	6,072	28,561	9,925	7,378	10,531	12,132	11,970
Contract-based	2,727	2,703	3,396	3,435	3,772	4,863	12,405	11,395	10,172	16,272	16,481	16,261
Students	1,688	1,710	1,871	1,916	2,036	1,620	1,801	1,564	1,263	1,472	1,417	1,606
Others								20	3	1	1	8

Source: Ministry of Interior  
(\*) It does not include tourist visas.

### III.2 Agreements

Chile has free trade agreements with Panama, Japan, China, USA, Canada, Mexico, Korea, Central America and the European Free Trade Association, association agreements with P4 (New Zealand, Singapore, Brunei Darussalam) and the European Union, complementation agreements with Argentina, Bolivia, Colombia, Ecuador, MERCOSUR, Peru and Venezuela, Preferential Trade Agreements with India and is a member of APEC, WTO and OECD.

The topic of permanent migration has been exceptionally included in special of Agreements signed by Chile. There is a Labor Cooperation Agreement with Canada, parallel to the FTA, and a Memorandum for Labor Understanding and Migratory with Peru, parallel to the ALC with Peru (it has yet to be signed). In the later both countries reiterate their commitment to the United Nation International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990).

Most FTAs include regulations for the temporary entry of individuals with business purposes. These are intended to facilitate the entry of individuals that can boost free trade, but are not intended to individuals that have the intention of permanent migration. These regulations can be a special chapter of the FTA or can be indirectly included. Chapters generally distinguish four types of individuals that can benefit from this special treatment. These are business visitors, investors, inter-company personal transfer and professionals.

Chile's migration laws are open, and there is no specific visa for visitors with business purposes. Chile grant a resident visa to individuals under this category, which has a duration of one year and allows getting a national identification card, which is very useful for business purposes (to open a bank account for example), and it is not associated to a particular employer. The visa that the counterpart gives depends on their own visa structure.

Among others, chapters are included in FTAs signed with, Canada, USA and Mexico. The FTA with United States of America has H-1B1 visa capped at 1,400 professionals.

### III.3 APEC Agreement

In the context of APEC, a Business travel card is available (ABTC-Tarjeta de viaje para personas de negocios), with the participation of the following countries: Australia; Brunei Darussalam; Chile; Popular Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea, Malaysia; New Zealand; Papua New Guinea; Peru; Republic of Philippines ; Singapore; China Taipei; Thailand and Vietnam.

Chilean business people can apply to this travel card in Chile through Businessmen Associations that collaborate with the government in this process, even if they are not members of them. These organizations send the application forms and antecedents to the Ministry of Interior, which then processes the application with the participant countries.

There are four participant associations: Asociación de Exportadores de Productos Manufacturados (ASEXMA), Cámara Nacional de Comercio, Sociedad de Fomento Fabril, (SOFOFA). and Cámara Chileno-China de Comercio Industria y Turismo.

### III. 4 Regularization Programs

In 1998 a regularization program was launched, which allowed irregular immigrants to obtain a temporary visa, valid for one year. The program issues approximately 44,000 temporary visas which implied 18,000 permanent resident visas later on.

In 2007 a second regularization program was launched. Between November 5 of 2007 and February 5 of 2008, aliens from a set of countries<sup>6</sup> that have entered Chile before October 19, 2007 could access to temporary visa for one year. The requirements to obtain this benefits beside the day entering the country are absence of criminal records and of being expelled from any country. According to original information from the Ministry of Interior, the governmental agency that regulates the entry of aliens to Chile, approximately 20,000 aliens, 15,000 of them Peruvians, could get this benefit. However up to February 2nd, 48,000 have applied to it and 40,170 have obtained it. Of this 29,000 are Peruvians 5,318 Bolivians, 1,661 Ecuadorians and 1,402 Colombians.

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<sup>6</sup> Perú, Argentina, Bolivia, Brazil, Ecuador, Uruguay, Paraguay, Colombia, Venezuela, Panamá, Costa Rica, Nicaragua, El Salvador, Honduras Guatemala, México, Dominican Republic, Cayman Islands and Haiti

## **IV. Migrants Lives in Chile**

### **IV. 1 Legal Restrictions to Hiring**

Articles 19 and 20 of the Labor Code sets in 15% the maximum proportion of foreigners in every firm, with the exception of firms with 25 employees or less. Specialist workers that can not be replaced by Chileans and foreigners residents in Chile for more than five years are not counted as foreign for this computations.

### **IV. 2 Pension Portability**

Chile has 22 bilateral agreements on social security with countries from America, Europe and Oceania. (Argentina, Australia, Austria, Belgium, Brazil, Canada, Czech Republic Denmark, Finland, France, Germany, Luxemburg, Netherlands, Norway, Peru, Portugal, Québec, Spain , Sweden, Switzerland, United States of America and Uruguay).

Bilateral agreements on social security signed by Chile generally allow pension exports, complementation of contribution periods and contribution only in the source country. Pension exports allows pension of a second country being applied for and paid in the country of residence. Period complementation establishes that should the pension benefit require a minimum period of contribution, contributions done in other countries can be counted on. Finally, contribution only in the country of origin grant exemption of the payment of contributions in Chile to foreign firms' employees, assuming they are being paid in the firm's country of residency, for a time period stipulated in the Agreement.

It is worth noticing that complementation of contribution periods does not imply adding up contributions made in both countries to compute the pension level, but only guarantees the consideration of all periods of contributions for any requirement established to grant a pension. Each country will only pay pensions according to the contributions (prorate). For example, the Chilean pension system establishes a requirement of 20 years of contribution for a guaranteed minimum pension. A Chilean contributor with at least 5 years of contributions in Chile can use the years of

contributions done in another country to add up to these 20 years, however the pension level is not affected by contributions made abroad.

The Social Security Agreement signed with Peru in February, 2004 allows pension portability between private capitalization systems, and it is the only one establishing this benefit. Article 18 of this Agreement establishes that "For the benefits given by the Individual Capitalization System of Chile and the Private Pension System of Peru, it is recognized workers entitlement to transfer their accumulated balance in their individual capitalization system from one contracting party to another, with the objective of them being administrated by the Private Fund Administration they choose". This is, contributors to individual capitalization systems of Peru and Chile can transfer their savings from one country to another to be managed by the pension fund administrator of their country of residency, should they satisfy some requirements.<sup>7</sup>

Finally, in November 2007, presidents of 33 Iberoamerican countries signed a Multilateral Agreement of Social Security, approved in the XVII Iberoamerican Presidents Meeting. The Agreement established the right to old age and disability in the country of residency, and the transfer of contribution to pension systems of different countries. The administrative agreement that will make this multilateral agreement effective has not been approved yet.

#### IV. 3 Labor Market

Migrants have the same rights as Chileans workers. However migrants without a regular situation do not have contracts and are vulnerable to abuses.

#### IV. 4 Taxation<sup>8</sup>

Chile's income tax is defined separately for business profits, mining activity, individuals and non residents. Individuals have a progressive income tax. Business profits pay a 17% of their income. Employees make monthly payments according to the

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<sup>7</sup> Some requirements are: the person has to show permanent residency in the country of destination and he/she must have contributed at least five years in the country where he/she wants to withdraw the funds.

<sup>8</sup> This section is based on information from the Servicio de Impuestos Internos ([http://www.sii.cl/contribuyentes/contribuyentes\\_individuales/chilenos\\_extranjero.htm](http://www.sii.cl/contribuyentes/contribuyentes_individuales/chilenos_extranjero.htm))



Second Category Tax. Independent workers make annual payments according to the Global Complementary Tax, but a 10% retention is applied to all income generated. Individuals with more than one source of income annually pay the Global Complementary Tax, but can credit taxes paid by business (for dividends) or by their employers (for employees income). Tax schedules for the Global Complementary and Second Category are equal. Nonresidents pay an "Additional Tax" of a general rate of 35% that applies to persons that do not have residency or address in Chile. Its tax base are remittances of income generated in Chile yearly.

For taxation purposes, two concepts are determinants for the tax treatment. The first is "residency", defined for persons that have lived in Chile more than six months in one year, or more than six months total in two consecutive calendar years. The second is "address", defined by the existence of for example, a lease on a house, children studying in Chile, and/or contract.

Persons without residency and address tax base includes only income generated in Chile. For the first six months they must pay the additional tax of 20% as Income Tax if their activities can be classified as scientific, technical, cultural or sport, otherwise the rate is 35%. The tax is retained by the corporation that paid the income, and if it is paid from abroad, by the recipient. From the seventh month (when she/he becomes a resident), if the person is an employee he/she is subject to the Second Category Tax and otherwise with the Global Complementary tax.

If foreigners can show they have an address in Chile from their first day in the country, they are affected by the Second Category or Global Complementary tax if they are employees or independent workers respectively.

Those that get residency or address, will contribute only for their Chilean income for the first three years. After this, their tax base includes all income. In other words, Chileans with residency in Chile's tax base include income generated abroad.

If a person is a citizen of a country with which Chile has an agreement to avoid double taxation, the tax regime relevant will depend on this agreement. Chile has double taxation agreements with Argentina, Brazil, Canada, South Korea, Croatia ,

Denmark, Ecuador, Spain, France, Mexico, Norway, New Zealand, Peru, Poland, United Kingdom and Sweden. Agreements have been signed with Colombia, Ireland, Malaysia, Paraguay, Portugal, Russia and Thailand.<sup>9</sup>

If there is a Double Taxation Agreement in force, all taxes paid in one country are creditable in the other. The tax relief in Chile is also augmented to up to 30% against personal tax.

#### IV. 5 Education and Health

All children, regardless of their nationality and migration status have the right to education.

Regarding health, although it is also a right guaranteed by the Constitution without discrimination by nationality, in practice the absence of contracts and the legal status limits the availability of public health services for migrants.

#### **V. Conclusion**

Little is known about migration towards and from Chile. In fact, the first data effort regarding Chileans living abroad was made only in 2002. The study of this phenomenon is naturally increasing as its magnitudes become public.

Chile is a country of emigrants: migration from Chile is 3-5 times migration towards Chile. However there is a steady increase in migration to Chile, predominantly from Latinoamerican countries, mainly Peru and Argentina. The dramatic increase in migration towards Chile and its characteristics have implied a bigger presence of the topic on the public debate. Migration from Chile is caused mainly by economic reasons, although different reasons are more important in different economical and political periods.

There is no clear policy towards migration or immigration in Chile. There is an increasing public concern on the importance of the topic, and the regularization

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<sup>9</sup> <http://www.sii.cl/pagina/jurisprudencia/convenios.htm>

programs, social security agreements and chapters in the FTAs are examples of decisions made in the area, but there is not a policy planning forward.

In particular, if Chile plans to be an investment platform for Latin-America, excess regulation, such as the limit on the percentage of foreign born employees per firm, can decrease Chile's attractiveness for this purpose.

Regarding migrants from Chile, there have been attempts to facilitate their return to the country, such as the law changes to regulate the situation of Chilean's children born abroad. The big increase in Chileans moving overseas because of study reasons and the magnitude of Chileans with postgraduate education living overseas had not generated a concern in terms of a brain drain, mainly because the belief that most of them eventually come back home.

As policy recommendation, the following areas would need to be addressed by public policies:

(1) Migration from Latin-Americans countries is not expected to decrease, as long as the economic situation of the countries do not change dramatically. Chile will have to respond whether periodical regularization programs are generating higher migration, and whether the country can absorb all of them. The magnitude of current migration has not generated big concerns on this issue, but as the flow increases it is expected to become one.

(2) Policies to facilitate launching Chile as a platform to the region should be adopted. This includes eliminating the 15% limit on foreign born employees.

(3) Policies to promote the use of the human capital of Chileans living abroad should be implemented. This includes implementing the possibility of voting from abroad, as well as eliminating any difficulties to return to Chile.

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