

InvestChile Executive Summary

Study title: IMD World Competitiveness Ranking 2025

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The World Competitiveness Ranking produced by the International Institute for Management Development (IMD), which is based in Switzerland, includes a set of macroeconomic, social, and business management variables that help identify competitive advantages and weaknesses, with the aim of better understanding the structural challenges countries face.

This report highlights that the current competitive landscape is unlike anything this generation has experienced. Traditional economic powers are facing unprecedented challenges from emerging economies that have successfully implemented strategic reforms. The most competitive nations demonstrate adaptability, forward-thinking governance, and the capacity to navigate both digital and ecological transitions while maintaining social cohesion.

Exchange rates have deviated from economic fundamentals, requiring active currency-risk management in a precarious global system, creating winners and losers in international trade. Currency stability has emerged as a cornerstone of economic resilience, particularly for small economies dependent on international trade and investment flows.

Furthermore, the post-pandemic period has accelerated digitalization across all sectors. Leading economies have leveraged artificial intelligence, automation, and big data to enhance productivity across manufacturing and service sectors.

Environmental sustainability has also emerged as a critical dimension of competitiveness in 2025, driven by consumer preference for sustainable products and the development of sophisticated financing mechanisms for low-carbon investment by leading nations.

The IMD World Competitiveness Ranking reveals that countries with low levels of polarization often achieve high competitiveness scores.

This edition explores the multifactorial causes of polarization, including political differences, income inequality, the loss of routine jobs—particularly in manufacturing—and rising disillusionment and hopelessness among young people.

Assessment of Chile

Chile ranked 44th in the 2024 report. The 2025 result shows that Chile has maintained its previous rating and remains the best-positioned country in Latin America.

Chile has consistently been a regional leader in this ranking, obtaining the following positions in recent years:

Country	2020	2021	2022	2023	2024	2025
Chile	38	44	45	44	44	42
Colombia	54	56	57	58	57	54
Mexico	53	55	55	56	56	55
Brazil	56	57	59	60	62	58
Peru	52	58	54	55	63	60
Argentina	62	63	62	63	66	62
Venezuela	63	64	63	64	67	69

The assessment of countries' competitiveness is based on four key pillars:

- Economic performance
- Government efficiency
- Business efficiency
- Infrastructure

Chile obtained its best rating in the *government efficiency* pillar, being positioned 30th. It was positioned 44th in *economic performance*, although it improved by 11 places since the previous ranking (compared to 55th in 2024). This was also Chile's best performance in the ranking in the last five years. In the *business efficiency* pillar, Chile ranked 43rd, falling two places compared to 2024, while in *infrastructure* it obtained its worst rating, dropping three places to 48th.

As mentioned above, Chile's position declined in *business efficiency* and *infrastructure*, remained stable in *government efficiency*, and improved only in *economic performance*. Within this latter pillar, Chile stands out for strong ratings in *international investment* and *prices*. Under the *government efficiency* pillar, the ranking highlights Chile's *public finances* and its *business legislation*. The lowest rating among these sub-pillars was for *productivity & efficiency*, in the *business efficiency* pillar.

Despite this, Chile remains the regional leader, a position it has held consistently in previous rankings.

Challenges for Chile

Although Chile leads the region, South America as a whole remains at the lowest competitiveness level among world regions. The following challenges have been identified to help improve the country's competitiveness:

- Navigate the trade war by increasing export value added and destination diversification.
- Increase labor productivity by boosting training in new technologies.
- Improve public security by strengthening and supporting police work.
- Increase the quality and pertinence of education by capitalizing on AI.
- Increase R&D and innovation by promoting joint projects between universities, companies, and the public sector.

Regional competitiveness trends in 2025

Globally, Eastern Asia remains the most competitive region, led by Hong Kong SAR and Taiwan, which—despite a slight decline in the regional average—maintain this position thanks to its strong institutional frameworks and solid economic fundamentals. Western Europe follows closely, and together with Eastern Asia, accounts for 70% of the world's top 10 most competitive economies.

South America has improved in the global ranking, although it remains the least competitive region. However, it avoids last place in the *economic performance* pillar, where it surpassed the Ex-Commonwealth of Independent States & Central Asia region.

The report concludes that from a competitiveness perspective, reducing polarization is not just a moral imperative but also an economic necessity. Building social cohesion, enhancing participation and representation, and investing in universally accessible services will be key to creating environments that are resilient and prosperous, and that ultimately can achieve greater competitiveness.