

COUNTRY INFORMATION SHEET

CHILE



GENERAL COUNTRY DATA



Surface Area: 756.102,4 km²



Total Population: 19.116.000 personas¹ (2020)



Life Expectancy: 81,7 años



Economically Active Population (EAP):
8.841.867 personas (2020)



Poverty: 30.3% of the total population (2019)



GDP per capita (annual): U\$S 15.855 (anual)

Brief Overview of the Socioeconomic Scenario

The population in Chile is aging and, although it continues to grow, it does so at an increasingly slower pace. According to the 1992 census, **6.6%** of the total population was 65 years of age or older and, by 2017, this age group already accounted for **11.4%** of the population. From the demographic point of view, **12.4%** of inhabitants consider that they belong to native peoples.

In 2019, the total GDP of the Chilean economy was about **USD 280,000 million**. In 2020, the economic crisis caused by the health emergency has had important impacts, with the GDP dropping **13.7%** in

the second quarter in comparison with the same quarter of the previous year. As all countries of the region, in 2019 Chile was already suffering negative variations in GDP, although much milder than the current variations. The years of strong economic dynamism - from 2003 to 2015 approximately - are long gone.

The crisis has direct effects on the levels of poverty, extreme poverty and inequality; intensifies the country's structural problems and reveals the weaknesses of the social protection system and of the government's responses to the crisis. It is important to note the gravity of Chile's social situation already in 2019, with poverty affecting **30.3%** of the total population and, according to ECLAC, a **Gini coefficient of 0.47** in 2018, in other words, the highest level of

inequality in the subregion. This was shown in the massive social rejection of the policies of Sebastián Piñera's administration that paralyzed the country between October and December 2019 and to which the government responded with acts of repression and authoritarianism similar to those experienced during the dictatorship and which were the object of international condemnation.

The labor market has been seriously affected, as well as the economy that was already on the path of deterioration and suffering structural issues. In 2019, the employment rate reached **58.3%**, with a significant gap of twenty percentage points between men (**68.7**) and women (**48.4**). The unemployment rate was about **8%**, again with gaps between men and women, and the youth unemployment rate (15-24 years) was three times the global rate.

In the July-September quarter of 2020, the national unemployment rate reached 12.3% (**12.8%** men, **11.6%** women), value that points to an increase of 5 percentage points in the last twelve months (**6 points for men, 3.6 points for women**).

In September 2020, three of every ten companies (**34.7%**) filed requests to suspend workers as a result of the Employment Protection Law, either through agreements or acting on authority, accounting for **7.6%** of the workers hired by the country's formal companies with five or more workers (a decline in relation to the highest level reached in the previous month).

Also in September, one of every four workers (**25.5%**) worked remotely or under the teleworking modality. This modality is concentrated in workers of the following sectors: education (**80.6%**), electricity and gas supply (**55.9%**), information and communications (**53.0%**), and finance and insurance (**50.3%**).

A highly relevant issue of the labor markets is their rate of informality, defined as the proportion of male and female workers without social security. In 2019, non-registration in social security reached about **28%** in Chile. This issue is common knowledge and repeatedly analyzed by trade unions and their federations, which have put on the table the need to generate specific policies for this sector, both to formalize the labor force and to provide more economic benefits in cases of poverty and vulnerability.

If we analyze the working population per occupation, there are nearly **6 million** private wage-earners, approximately **1 million** public employees, and **1.8 million** self-employed workers. It is important to bear in mind that the situation of formal public and private wage-earners is relatively better (despite important differences between economic sectors and territories), while unregistered self-employed workers are particularly unprotected.

Main Violations of Workers' Rights

Labor law is well regulated in Chile. Its historical model was the so-called "Labor Plan" conceived by the military dictatorship and which has been amended on several occasions during democratic administrations, albeit restrictions to freedom of association and collective bargaining persist to date.

Chile has been a member of the ILO since 1919 and has ratified **63 international labor conventions**: 8 on Fundamental Rights, 2 on Governance and 53 technical conventions. In 2019, the Committee of Experts on the Application of Conventions and Recommendations made observations to the country in relation to Convention 24 (sickness insurance in industry), 25 (sickness insurance in agriculture), 87 (freedom of association), 98 (right to organize and collective bargaining) and 144 (tripartite consultation). To date, the Committee has an active case before the Committee on Freedom of Association, filed by the Cabin Crew Union of Lan Express, the International Transport Workers' Federation (ITF) and the Central Unica de Trabajadores de Chile (CUT Chile).

Important Issues of the Context ¹

The main violations of labor rights during the pandemic are wage reductions without prior notification, unjustified dismissals, refusal to pay compensation in cases of mass dismissals, and the rise in violence and harassment. We also emphasize that there has been no social dialogue on the policies to be implemented during the pandemic, in other words, no agreements have been reached in this regard. We also denounce important restrictions on freedom of association that have inten-

sified in this scenario, as well as the great difficulty to bargain collectively on all aspects (salaries, specific and general licenses, suspensions, dismissals, vacations). In short, we underscore the severe restrictions to true social dialogue and negotiation.

For example, Starbucks and the Alsea Group (the company that owns the concession of fast-food chains such as Burger King, PF Chang's and Chili's), together with other agribusiness transnationals, were publicly denounced for dismissals and massive suspensions that they implemented under the Employment Protection Law. We estimate that over **4,000 workers** were notified of the suspension of their contracts.

Social protection policies have been extremely insufficient during the pandemic, as is the case of the "emergency minimum income" which only covers **60%** of the most vulnerable. None of the responses have had a positive impact on workers; they have been either insufficient or misguided. However, the response to companies has indeed been effective.

The government has established protocols for the prevention of COVID-19, but the measures in the workplace have been highly ineffective.

Unemployment insurance has not been flexibilized or expanded, as in other countries of the region. Only a law to protect companies was enacted, which allows the suspension of employment contracts and the collection of **75%** of unemployment insurance savings. However, there are workers' groups that have not received any income assistance during the pandemic, such as domestic workers, digital platforms workers and workers with disguised employment relationships who, in many cases, lost their jobs during the pandemic.

¹ Las consideraciones que se hacen en adelante se tomaron de la encuesta a sindicatos sobre la efectividad de las respuestas de las políticas públicas a la crisis del COVID19 y de información sistematizada por parte de la CSA.

Interestingly, in terms of labor legislation, it is important to note the regulation of telework which partially addressing some vulnerabilities, but is insufficient and has been denounced as a new mechanism to intensify flexibilization and job precarity.

In the framework of the emergency plan proposed by the government in March 2020, on April 1 the misnamed "Employment Protection Law" (Law 21,227) was enacted, which allows: a) reduction of working hours; b) suspension of payment of wages; and c) temporary suspension of collective bargaining.

CUT Chile has argued that this law burdens workers with the cost of the crisis and, together with TUCA, has denounced the absence of regulations to safeguard workers' rights during the pandemic, in addition to criticizing the rulings of the Labor Directorate, which has interpreted labor laws in a way that favors employers.

In this context of significant social, political and economic instability, one of the main demands was the initiation of a process to change the Constitution, a residue of the Pinochet dictatorship. In October 2020, the Chilean people turned out en masse to ratify their willingness to undertake a constitutional reform.

As in other countries, gender violence has intensified during the pandemic, in addition to the significant exposure of women to the impacts of the crisis. According to data of CUT Chile, of total domestic workers - approximately **300,000** - a third are migrant women and more than half work are informal workers. Women who work in private homes and spend the night in their workplace are more exposed to harassment, violence and discrimination. Women domestic workers who do not stay overnight in their workplace have lost their jobs and not been given access to adequate social benefits to sustain their income.

Trade Union Proposals and Initiatives

In the same way as other trade union federations of the region, CUT Chile has demanded authorities to take measures to ensure the protection of workers' lives: inspection of effective compliance with the obligation of employers to adopt measures to protect the health and safety of their workers, prohibition of dismissals under the Employment Protection Law, and temporary repeal of the grounds for termination of employment linked to actual compliance with working hours.

Similarly, and in consideration of a more comprehensive economic policy, we reiterate the demands in relation to the need of a higher budget allocation to public investment, in particular, in the health sector, including a price freeze on clinical supplies and medicines, and the suspension without interest, of the payment of mortgage loans and basic services.



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