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COUNTRY RISK REPORT

Argentina vs Chile

GEGPA 2024: Global Risk Management and Governance
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Presented to Electric Vehicle Manufacturer

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Introduction

Our consulting team has been commissioned by an electric vehicle manufacturer based in North America. In an attempt to expand their production facilities, this company has hired our team to evaluate potential countries in South America. After narrowing down potential partner nations, the countries of Argentina and Chile have been settled upon. This decision is based on many factors, but the availability, access, and price of lithium, copper, and other rare Earth metals are crucial to the production of lithium-ion batteries - the power source for these electric vehicles. In addition, the company is also attempting to diversify its supply chain by reducing its dependency on mineral extraction in South-Central Africa, specifically from the Chinese-controlled mines. Investing in a South American nation can mitigate supply chain disruptions, trade tensions, and geopolitical uncertainty. This move is expected to increase the resilience of the company's supply chain and establish a more stable and sustainable means for accessing these special minerals. The important choice of Argentina or Chile for a foreign manufacturing base requires an in-depth analysis of various factors. For this country risk report, the main risk indicators utilized for analysis include economic, a political stability, and a socio-ecological analysis. This report will present an analysis of these three indicators to offer a complete and comprehensive country risk analysis, with the hopes of helping the decision-making process for this company's electric vehicle manufacturing site.

Historical Context of Argentina

Argentina was among the world's 10 wealthiest countries per capita from 1885 to 1929, mainly due to commodity exports (especially beef and grain). However, the 20th century saw Argentina vacillate between growth and dysfunction (Roy, 2024). The 1930s saw political instability and inefficient state intervention which led to a military coup and Peronism, before the Dirty War, where political opponents were systematically eliminated. "Without an institutional framework to channel conflicts into peaceful resolution by an independent Supreme Court, Argentina transitioned back and forth between democracy and dictatorship" (Acemoglu and Robinson, 2006b). As such, the paradox of Argentina can be defined by the confusion that arises from its journey as a relatively rich country to a comparatively poor one (Taylor, 2014).

Argentina is Latin America's second-largest country in terms of size, fourth largest in population, and third most important in economic terms (Roy, 2024). It is located between the Andes and the Atlantic Ocean, and it has shared borders with Bolivia, Paraguay, Brazil and

Uruguay to the north, and Chile to the west and south. Argentina boasts vast energy and agricultural resources, as it is a country of contrasts with high mountains, fertile plains, deserts, tundra, forests, rivers, and around 5000 km of ocean shoreline (Ramirez, 2021)

Argentina is also a multicultural and multi-ethnic country, as close to a million Argentinians identify themselves, or as belonging to indigenous people. Argentina is also one of the few Latin American countries with a predominance of migrants being citizens of European origin (mainly from Italy and Spain). Current migration comes mainly from bordering countries, and the country has seen a recent influx of Venezuelans, as they have accepted 200,000 migrants and refugees (Ramirez, 2021)

Today, the country is a federal republic, composed of 23 autonomous provinces plus the capital city of Buenos Aires. It is an electoral democracy with universal adult suffrage - albeit their democracy has persisted despite various challenges - a presidential system of government and classical separation of powers. The Normandy Index (published by the European Parliament's Research Service) ranked it 18th stating it is less at risk to threats against peace and democracy, although deep polarization between left and right has caused rapid reversals of government policies (Ramirez, 2021). According to the 2019 Global Corruption Barometer in the 2020 Corruption Perceptions Index, 49% of Argentinians thought that corruption had worsened, showing low public trust in institutions. Otherwise, executive power is vested in the President of the Republic, legislative power in the bicameral National Congress, and judicial power in the Nation's Judiciary, headed by the Supreme Court of Justice. Provinces are headed by a governor and have their own legislatures and provincial courts (Ramirez, 2021)

Argentina's multilateral importance cannot be understated. It is an important regional actor, as demonstrated is by being a member of Mercosur, but has also been active in the global institutional order post WW2, as it is in the G20, it is a founding member of the UN, and has participated in key UN documents such as the 2015 Paris Agreement on Climate Change, and the 2030 Agenda on Sustainable Development. Furthermore, it also maintains strong relations with the EU due to historical and cultural ties, and the EU remains its second largest trading partner (15.6% of the country's total trade in 2015). In its resolution of 13 September 2017 on EU political relations with Latin America, the Parliament even called for 'Argentina to be granted EU strategic partner status as an outstanding player in the (Latin American) region (Ramirez, 2021).

Historical Context of Chile

Chile was colonized by Spain in the mid-16th century, supplanting Inca rule. After declaring independence from Spain in 1818, Chile became a stable authoritarian republic in the 1830s (Collier and Sater 1996). The 20th century brought significant political changes. Chile underwent rapid urbanization and population growth, relying heavily on copper mining to fuel its economy. The 1960s and 1970s were marked by political turmoil, culminating in a 1973 coup that ousted the left-wing government of Salvador Allende. This event led to a 16-year military dictatorship under Augusto Pinochet, during which more than 3,000 people were killed or disappeared (Collier and Sater 1996). The dictatorship ended in 1990 following a 1988 referendum, ushering in a period of democratic governance led by a center-left coalition that lasted until 2010.

Today, Chile stands as one of the most economically and socially stable countries in South America, boasting a high-income economy. It leads the region in competitiveness, per capita income, economic freedom, and has low crime rates (World Bank 2024). Chile is also a prominent member of international organizations, being a founding member of the United Nations, CELAC, and the Pacific Alliance, as well as joining the OECD in 2010. The country's historical context of political evolution and economic development has shaped its current status as a democratic nation committed to institutional stability and economic progress (O'Neil 2022). Moreover, Chile is an associate member of Mercosur and has strong links with the organization.

Chile's Institutional Set Up

Chile's institutional setup reflects its evolution into a mature, stable democracy with robust democratic institutions. The government operates as a representative democratic republic where the President is both the head of state and government. The multi-party system fosters democratic representation, with executive power residing in the President and their cabinet, while legislative power is shared between the government and the bicameral National Congress. The judiciary maintains its independence from both the executive and legislative branches (FocusEconomics 2024).

The current Constitution, approved under Augusto Pinochet's military regime in 1980, underwent significant amendments in the post-dictatorship era to enhance democratic governance. These amendments, notably enacted under President Ricardo Lagos in 2006, include

eliminating unelected senators, reducing presidential terms, and enhancing the President's authority over military appointments (FocusEconomics 2024).

In recent years, Chile has demonstrated its democratic maturity through various political developments. The 2021 elections marked a historic shift with the election of Gabriel Boric, the youngest President in Chilean history, who won with a progressive mandate. However, his governance is challenged by a divided Congress. Further, Chile's efforts to revise its Constitution reflect its institutional dynamism, although the proposed new constitution was rejected in a national plebiscite in 2022 (World Bank 2024).

Chile's institutional stability is further reflected in its international rankings. In 2022, The Economist Intelligence Unit rated Chile as a "full democracy," while Freedom House awarded the nation a high freedom score of 94/100 (2022). The human freedom index developed by the CATO institute assigns Chile a score of 8.16 which is the highest in Latin America and the Caribbean (Cato Institute 2022).

Analysis

Indicator 1: Economy

Argentina

Argentina stands as one of Latin America's largest economies with a Gross Domestic Product (GDP) of approximately 640 billion USD (World Bank 2024). However, Argentina has long grappled with chronic issues of inflation and public debt. The country's financial mismanagement has led to a history marked by loans and defaults, the corralito, three sovereign defaults, significant debt restructurings, and the largest bailout in the International Monetary Fund's history. Argentina's debt remains precarious, having defaulted nine times, most recently in 2020, (Reuters, 2024). Persistent economic challenges, like debt, deep recessions, and extreme inflation, have plagued Argentina for decades and Javier Milei won the latest elections, promising to rectify years of poor economic decisions (Wright 2024).

Milei's strategy includes a fiscal reform to combat chronic overspending and inflation and a monetary approach, to restore the central bank's balance sheet by reducing peso-denominated liabilities and increasing foreign assets (Economics Observatory 2024). Initial results from Milei's approach include a drop of sovereign spreads by over 700 basis points. Moreover, monthly inflation decreased sharply from 25 % in December to 11 % in March, but remains above 10 % per month and above 200 % annually. Eventually, the central bank

accumulated international reserves. Despite these measures, the economy has slipped into a deep recession, evidenced by: 4 in 10 people living in poverty, plummeting consumer spending due to high inflation eroding wages and pensions, and fiscal surpluses in January and February were achieved at the cost of pension benefits. Argentina has also seen a 3.3 % year-over-year decline in economic activity in December, January, and February (Reuters 2024).

Argentina's GDP is expected to shrink in 2024 but rebound in 2025. The gradual removal of import restrictions and currency controls is anticipated to aid economic recovery. Inflation is projected to decrease gradually and then sharply. The agricultural sector is also expected to recover post-drought and El Niño, boosting exports. Argentina's natural resources position it as a key player in the global market, particularly in the energy sector, which is expected to grow and transition from energy imports to exports, achieving an energy trade surplus. For this growth, Argentina needs significant investment in its mining and extractive industries. However, doing business in Argentina remains challenging due to high inflation, operational costs, dual currency exchange rates, extensive regulation, and complex processes for utility, construction permits, and property registration (Voinich 2024). Since 2019, Argentina has ranked 126 out of 190 countries in business ease (Trading Economics 2019).

Argentina's risk of defaulting on its debt has decreased, though its debt remains high at 89 % of GDP as of 2023. The country's current and capital accounts are heavily distorted by widespread trade, financial, capital, price, and foreign exchange controls. The stability of the Balance of Payments is relatively tenuous due to binding controls and extensive financial repression, leaving the success of debt payments uncertain (Allianz 2024).

Argentina presents a dynamic but challenging economic environment for labor costs. The Labor Cost Index (LCI) in Argentina indicated a substantial increase, signaling rising costs, partly due to high inflation rates. As of 2021, the LCI stood impressively at 2,253, marking a 36.5 % increase from the previous year (Global Data, 2021). Workers in Argentina benefit from relatively high annual salary increments, averaging around 9 % every 17 months, which is substantially higher than the global average. However, the average salary remains relatively low, with many workers earning below 58,400 ARS monthly (Time Doctor). This combination of rising labor costs and high inflation might pose a challenge for long-term planning and cost management for an EV automotive company.

Chile

Chile's economy is a market economy classified as high-income by the World Bank. It stands out as one of South America's most prosperous nations, leading the region in competitiveness, income per capita, globalization, economic freedom, and a low corruption perception. However, Chile faces challenges such as unemployment, which fuels the problems of inequality and poverty. The unemployment rate is expected to remain problematic for a few more years and additionally, Chile's aging population is accelerating, now approaching 14 % (Digital 2024: Chile, DataReportal). While business confidence has improved, stagnant credit will continue to limit investment growth in 2024. Following a period of stagnation in 2023, Chile's economy is set for a modest recovery, with projected growth in 2025 driven by improved income and higher tax revenues from copper and lithium production. This recovery will be supported by rising real wages and declining inflation, encouraging increased consumer spending. Global demand for minerals is expected to support export growth in 2024-2025. Investment and exports will benefit from the rising demand for Chilean mining products, especially copper and lithium, as well as green hydrogen. The current account deficit is also expected to improve, with strong foreign direct investment (FDI) inflows, especially in renewable energy and mining, which will be sufficient to cover the deficit (Allianz 2024). Chile has a stable financial position with enough foreign reserves and access to a substantial IMF flexible credit line.

Chile's business environment is favorable compared to its peers, ranking 59th in the World Bank's Doing Business 2020 survey, with high scores in protecting minority investors, enforcing contracts, resolving insolvency, starting a business, and dealing with construction permits. As the second-largest producer of lithium in the world (Zhong, Li, and Liang 2023), with approximately 30 percent of global production, Chile is positioned to attract significant international investment, particularly for and from the electric vehicle industry.

However, the business environment could be challenged by the government's reform agenda, which includes increased regulation and a greater state role in many sectors, including mining (BNP Paribas 2024). Higher taxes, up to 47% ("Chile Approves Mining Tax Reform" 2023), and stricter environmental, labor and social regulations will raise the cost of doing business. President Boric's statist policies pose potential risks to the business and investment climate in the medium and long term. Additionally, Chile is undergoing a Constitutional process that, if approved, will bring several legal changes to the mining industry, including new

environmental requirements, recognition of indigenous community rights, changes to water status, and the downgrading of current mining legislation to simple quorum law.

In contrast to Argentina's labor costs, Chile offers a more stable economic environment. The current minimum wage in Chile is CLP460,000 per month in 2023 (OSGA 2023). The general economic indicators show a commitment to maintaining a business-friendly environment despite political shifts towards greater state intervention in the economy. The country's focus on improving productivity and educational reforms to augment skilled labor availability suggests potential for sustainable economic growth and labor market stability (Expatisan 2024).

Indicator 2: Political Stability

Indicators	Argentina	Chile
Corruption (CPI)	Rank: 98. Score: 37/100	Rank: 29. Score: 66/100
Global terrorism index (GTI)	Rank: 61. Score: 1274	Rank: 17. Score: 5679
Separation of Power	Score: 10/10	Argentina: 10/10
Political rights (Freedom House 2024)	Score: 35/40	Score: 38/40
Civil liberties (Freedom House 2024)	Score: 50/60	Score: 56/60
Overall Freedom (Freedom House 2024)	Overall: score of 85/100	Overall score: 94/100
Human Rights Index (V-DEM)	0.90/1	0.93/1

During South American history, Argentina and Chile navigated the turbulent currents of politics, economics, and society with a unique blend of fortitude and foresight. These nations have carved out their destinies against a backdrop of triumphs, tragedies, and transformations. The political stability analysis is important for multiple reasons: first of all, it can provide the investor with a general outlook on the level of corruption. Secondly, it can actually explain the levels of political violence in the country. Thirdly, it is also

important to consider political stability since one of its components is the level of civil and political liberties.

Corruption

Argentina, in terms of the Corruption Perception Index, is scoring 37/100. The issues that Argentina has with corruption are multiple. Argentina's Criminal Code contains several anti-corruption provisions but the crucial issue is the lack of enforcement capacities. Argentinian

police is considered to be the most corrupt institution in the country, bribery is common among the local police corps while the federal police have often been involved in drug-trafficking-related cases. Laura Alonso, head of the Argentinian Anti-Corruption Bureau between 2015 and 2019, explained that corruption deepens political instability in two ways. First of all, it weakens the trust relationship between the State and its citizens, secondly, it damages the most fragile sectors of the population.

Chile is scoring 66/100. In the past few decades, Chile has been one of the world's most successful new democracies at controlling corruption. The country's general audit agency, the Contraloría, can be ranked among the most powerful and efficient in the world, and its exemplary judiciary used to be the envy of Latin America. Chile could still improve its transparency through the effective implementation of the First National Integrity Strategy to modernize key areas aimed at preventing, investigating, and sanctioning corruption. Further improvements are needed to strengthen the sub-national governments.

Freedom of Media and Press

When considering freedom of the media, Argentina has a heavily concentrated and opaque media ownership, polarisation, the lack of governmental policies guaranteeing media pluralism, and low pay for journalists are the main threats to freedom of expression in Argentina. It is ranked 66/180 according to RSF. This framework encourages de facto power relationships, makes it easier for both the government and the private sector to use the allocation of advertising to pressure the media, and facilitates a partisan use of national, regional, and municipal state-owned media. New policies proposed by President Javier Milei have raised many concerns from RSF due to the risk of private and political pressure on journalists. This pushed RSF to make 10 proposals to defend media freedom and independence in Argentina. (RSF).

While freedom of the press is guaranteed by Chile's constitution and justice system, it is not always respected in practice. It is ranked 52/180 according to RSF. Investigative journalism is losing ground, and conflicts of interests and attacks against reporters are on the rise. Legal proceedings against media outlets and journalists have become a recurring strategy to silence them.. Journalists have been often attacked by the police and military intelligence and such attacks often remain unpunished due to a lack of law concerning journalists protection. In addition, disinformation and fake news put the freedom of the media and the safety of reporters in Chile at risk.

Violence and Terrorism

Another important aspect to consider is the presence of violence and terrorism, which is measured by the Global Terrorism Index (GTI). Argentina ranks 61/163 countries, with a score of 1274. Argentina is very active in countering the financing of terrorism. In addition, its law enforcement, legislation, and border security can guarantee safety overall. A major contribution is also made by the Tripartite Command, an interagency security mechanism created by Argentina, Brazil, and Paraguay. On the other hand, the most common types of violence are armed robbery, homicide, domestic violence, and organized crime-related violence. Socioeconomic factors such as poverty, inequality, and unemployment can contribute to an increase in violence and crime.

A major wave of civil unrest broke out in Chile in late 2019, leading to the most violent protests seen in the country since the end of the military dictatorship 30 years previously. Between October and November 2019, Chile's Construction Chamber of Commerce estimated that protesters caused damage of at least USD 4.5 billion. These events have contributed to a worsening in Chile's ranking according to the GTI, its current position is 17/163, with an incredibly high score of 5.679. Currently, the southern regions have a long-lasting conflict over land restitution, with extremist groups becoming more organized and sophisticated.

Political freedom

The Freedom in the World Index, was built by Freedom House, a global NGO dealing with the level of freedom in countries. Argentina generally respects civil liberties such as freedom of speech, assembly, and association. However, there have been instances of restrictions on these freedoms, particularly during times of political unrest or social movements. While the country has a strong democratic tradition and respect for civil liberties despite its dramatic dictatorship in the past, issues such as corruption, judicial inefficiency, human rights concerns, and protection of LGBTQ+ continue to pose significant challenges to achieving full freedom and equality for all citizens.

On the other hand, Chile has been able to address human rights abuses from its authoritarian past under the military dictatorship of Augusto Pinochet (1973-1990). Chile made significant progress in respecting the rights of indigenous communities, including Mapuche communities in the southern region, through the creation of the Indigenous Affairs Unit at the Ministry of Foreign Affairs. However, there have been tensions between indigenous

communities and the government, particularly concerning land disputes and resource extraction projects. However, challenges such as gender-based violence, the gender pay gap, and the underrepresentation of women in political and economic spheres persist. Efforts to advance gender equality and protect women's rights remain ongoing.

Indicator 3: Socio-Ecological Sustainability

Socio-ecological sustainability is integral to country risk analysis, directly influencing economic stability, societal well-being, and environmental health. Managing natural resources sustainably forms the foundation for economic resilience, helping to prevent the economic and social consequences of resource depletion, such as increased costs and potential downturns (Costanza et al. 2014: 1-2). Moreover, sustainable practices can mitigate abrupt regulatory changes by promoting early adoption of eco-friendly practices, thereby avoiding business disruptions (Dinda 2004: 431-455). Ecological sustainability also significantly impacts public health and quality of life, with issues such as pollution (of air, water and soil) and water scarcity potentially leading to social unrest and governance instability. In terms of climate change, countries that overlook ecological sustainability may find it challenging to adapt, increasing their vulnerability to natural disasters and other climate-related risks (Martens/Raza 2016: 107). Concurrently, modern investors are increasingly evaluating environmental, social, and governance (ESG) criteria due to their material impact on financial performance and risk management (Scholtens 2017: 500-505). Strong ESG practices can enhance a country's long-term performance, innovation, risk management, and public perception, which attracts investment and labour (Selby/Hoffmann 2014: 360-370). This shift not only influences company strategies but also affects national investment attractiveness, emphasizing the importance of integrating socio-ecological sustainability into broader economic policies (Friede et al. 2015: 210-233). In the 2023 CCPI, Chile ranks significantly higher than Argentina. This disparity highlights Chile's proactive integration of ambitious climate policies and renewable energy strategies, aiming for net-zero emissions by 2050 through its climate change framework law. Conversely, Argentina, classified as a low performer in the CCPI, faces significant challenges in renewable energy, climate policy, and greenhouse gas emissions, emphasizing an urgent need for more robust climate action plans and reduced fossil fuel subsidies. The EPI of 2020 further illustrates the differences in environmental performance and policy effectiveness between the

two countries. Chile's stronger performance offers a more favorable climate for environmental investment.

Indicators	Argentina	Chile
Climate Change Performance Index (2023)	53. (low performer)	6. (high performer)
Environmental Performance Index (2023)	41.1 / 92. globally	55.3 / 44. globally
Human Development Index (2023)	0.842 (very high)	0.851 (very high)
Gender Equality Index (2021)	0.292 (medium)	0.190 (high)
Gini Coefficient (2022)	40.7 %	43 %
Median Age (2023)	31.9 Years	35.7 Years
Social Progress Index (2023)	77.19 (high)	78.43 (high)

The HDI of 2023 shows Chile slightly ahead of Argentina. In terms of gender equality, Chile and Argentina indicate big differences in gender disparities on the GII. However, due to historic reasons explained, Chile ranks significantly worse in the Gini Index. Nevertheless, the SPI highlights the distinctions, with Chile achieving a higher rank, exemplifying strong results in healthcare, advanced education access, and personal rights

protections. This is particularly evident in its excellence in personal safety and information access, suggesting effective law enforcement and media freedom. Chile surpasses Argentina in providing higher education and lifelong learning opportunities, crucial for economic competitiveness.

Comparing waste management practices in Argentina and Chile from the perspective of an EV producer reveals notable differences. Argentina, with its more decentralized approach, has variability in enforcement and infrastructure effectiveness, and its recycling infrastructure is underdeveloped, though it does have specific regulations for electronic and hazardous waste. On the other hand, Chile offers a more centralized and stringent regulatory environment, well-organized recycling systems, and proactive laws such as the Extended Producer Responsibility (EPR), which could greatly benefit EV production by ensuring responsible lifecycle management of products like batteries. Moreover, Chile's aggressive incentives for sustainable practices and renewable energy use might provide additional advantages, potentially lowering operational costs. This makes Chile a potentially more attractive option. Under Chile's circular economy strategy, the country hopes to achieve a circular economy through recycling,

reduction, and reutilization of solid waste by 2040. Beginning in September 2023, the Chilean government is implementing the Extended Producer Responsibility Law. The law mandates manufacturers or importers recycle among others electronic devices and industrial/vehicle batteries, packaging materials and containers, and tires. Under Ley REP, manufacturers, producers, and importers of priority products are required to organize and finance the collection, disposal, reuse, or recycling of their marketed products in the country. The law also sets a target of 30 percent recycled waste in five years and establishes 12 waste collection and recovery goals. As a result of the new regulations and standards, there is an increasing demand for new environmental solutions, technologies, and recycling among the Chilean industry and population. There is a demand for technologies related to new/green recycling systems and technical processes to produce value-added products from waste. The Ministry of the Environment recently started the implementation of Ley REP in Atacama, a northern Chilean region where large mining activity takes place. Local industries and importers will need to increase recycling and will promote investment in recycling plants, compacting services, transportation, and logistics (International Trade Association 2023).

Market Analysis

Argentina's EV market is still in its early stages. However, the interest in EVs is growing, driven by increased awareness of environmental issues and government incentives for electric transportation. There are few local manufacturers of EVs in Argentina, with most of the market dominated by imported vehicles (mostly from China). This provides a relatively open market for new entrants, especially if they can capitalize on local production incentives. The Argentine government has been working on policies to reduce the import duties on electric vehicles and components, which could lower barriers for new entrants. Additionally, there are initiatives aimed at boosting local EV production, including potential subsidies and tax benefits. In Chile the market is more advanced in its adoption of EV. The government and private sector are actively promoting the use of EVs, especially in public transportation. While there are also a few local producers, the market is more competitive due to a higher penetration of foreign brands and more established distribution networks. Chile's government has implemented several incentives for EV adoption, including reduced import tariffs, tax exemptions, and even direct subsidies for the purchase of electric buses. The country's strong policy framework supporting EVs creates a competitive but potentially lucrative environment for new entrants. Establishing a local supply

chain might be more straightforward in Chile due to its more developed industrial base and stronger policy support for renewable energy and technologies. Market penetration strategies would need to consider the existing consumer adoption rates. Chile likely presents a more challenging competitive landscape due to higher consumer awareness and acceptance of EVs, but it also offers a larger potential market. The regulatory environment will significantly impact operations. Chile's stable and supportive regulatory framework for EVs may provide a smoother entry and operation compared to Argentina, where policies can vary significantly by region and may be subject to changes with political shifts.

Conclusion

As a foreign electric vehicle investor looking to establish an overseas manufacturing base, the choice between Chile and Argentina is clear. Investing in Chile is both the safest and most profitable bet, promising to yield larger returns for our company, as well as ensuring more stability for our business. To come to this decision, many factors must have been reviewed to ensure an accurate cross-comparison analysis.

Each of these indicators played an important role in the decision to start a manufacturing base in Chile. In terms of economic stability, Chile has a robust foundation. Despite a temporary growth slowdown in 2023, Chile's robust economic policies have helped it recover from the impacts of COVID-19, inflation, and deficits. Its transparent business climate, efficient bureaucracy, and solid institutional frameworks make it an attractive destination for foreign investment. Additionally, Chile's commitment to sustainable development and resilience to economic shocks further enhance its appeal to investors. As for political stability, both countries appear to have similar scoring for certain indexes. Chile stands out for political and civil rights and is generally very stable. Argentina is dealing with a volatile change of government. Finally, for socio-ecological stability, Chile wins as well. As a result of their easy access to lithium and other precious metals, and their commitment to a green and sustainable future, Chile has a much stronger socio-ecological system. As can be seen, choosing Chile for our North American electric vehicle company's manufacturing base is not only the right choice but the best choice. Looking into the future, Chile is sure to bring more stability in every facet, as opposed to that of Argentina.

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