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“Chile is back”: Kast’s victory to reset investor confidence

Isabel Leask

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Lawyers are optimistic that President José Antonio Kast’s pro-market stance will revive economic momentum in Chile – highlighting the need to reduce the regulatory burden on companies – but they warn that businesses should not expect change overnight, as any reform will be tempered by a divided legislature.

Kast, 60, takes office today. The hard-right conservative succeeds Gabriel Boric, from the *Frente Amplio* left-wing political party, who Kast narrowly lost out to in Chile’s 2021 election. The political pendulum has now swung back to the right, with Kast winning 58% of the vote on pledges to crack down on crime and tighten immigration controls in a decisive victory over governing-coalition candidate Jeanette Jara.

Central to Kast’s mandate is a broad economic overhaul aimed at addressing Chile’s persistent inflation (4.3% in 2025), sluggish growth – which averaged 1.8% between 2022 and 2024 – and widespread frustration with many of Boric’s flagship initiatives, including two constitutional reform attempts which **failed** to achieve consensus, leaving behind a political stalemate and economic uncertainty.

For many, Kast’s focus on deregulation and reducing state control in key sectors signals a clear return to Chile’s free-market tradition, which could pave the way for increased foreign investment. Yet Chile’s system of checks and balances, especially a perfectly split Senate, means reforms will depend on negotiation, coalition-building and legislative consensus.

A refocus on the free market

A vocal supporter of free-market principles, Kast has signalled his intention to double down on the policies of previous conservative governments, including openly expressing his admiration for former Chilean dictator Augusto Pinochet and his neoliberal reform programme of the 1980s. In his most recent campaign, however, Kast adopted a more conciliatory tone, repeatedly emphasising his commitment to democratic institutions, economic stability and the rule of law.

For the private sector, Kast’s election marks a clear shift in Chile’s business outlook.

“Kast’s win sends an unambiguous signal to global markets: Chile is returning to its free-market foundations […] after four years of a left-wing administration,” says partner Antonio Ortúzar, mining head at Baker McKenzie (Chile). “The business community can finally refocus on growth," he adds.

Benjamín Grebe, chairman of Chile’s Prieto, expects the business environment to regain momentum under the new administration, pointing to President Kast’s government programme aimed at reducing the regulatory burden and the size of the state. “Together with promoting private investment through a pro-business tax reform, [this sends] positive signals for the business community,” he remarks.

Still, Chilean lawyers stress that investors should not expect sweeping reforms to materialise overnight as Kast faces a split Congress that will limit his room for manoeuvre.

“The Senate’s 25–25 split means no blank check for reform,” Ortúzar cautions. He adds that major legislative changes will therefore require “serious coalition building”, likely tempering Kast’s more ambitious proposals.

The good news, according to lawyers, is that this same dynamic also provides reassurance as consensus-driven reform reduces the risk of abrupt policy shifts that could unsettle markets. As Ortúzar notes, Chile’s balanced legislative landscape “reinforces a predictable institutional process for international investors.”

CMS Carey & Allende co-managing partner Jorge Allende echoes this sentiment, noting that while a pivot toward a more market-friendly landscape will be welcomed, stability and predictability remain the business community’s core priorities.

“What matters most is clarity of the rules of the game, institutional stability and regulatory predictability,” he says. The new administration, he adds, has an opportunity to strengthen the private sector, promote investment and send renewed signals of growth whilst building on Chile’s strong institutional tradition within the region.

Reflecting his commitment to strengthening public trust in the country’s institutions, Kast has appointed several respected figures from Chile’s legal profession to key government positions.

Fernando Barros, founding partner of Chilean **Elite** firm Barros & Errázuriz Abogados, **was** appointed as Kast's new Minister of National Defence, while a partner from the same firm – Nicolás Balmaceda – was **appointed** as Undersecretary of Public Works in the new government. Also last month, José Ignacio Vial of Recommended outfit Barros Silva Varela & Vigil **left** to become Kast’s Undersecretary of the Environment, just weeks before the data protection head of the Highly Recommended Prieto **became** Kast's Undersecretary of Telecommunications.

From a regulatory tangle to utopia?

Creating balance between a pro-market executive and a moderating legislature is especially relevant for Chile’s regulatory environment, an area where Kast has signalled the most dramatic change. Throughout the campaign, Kast and his economic team repeatedly framed deregulation as a central pillar of their agenda, with the new finance minister, Jorge Quiroz, calling for Chile to be taken out of the “regulatory tangle” that has delayed major projects and eroded investor confidence.

Mining, including copper and lithium, remains the driving force of Chile’s economy – alongside green energy and digital banking. Yet, major mining and energy projects continue to be held back by slow permitting procedures and a patchwork of regulatory authorities.

These challenges are not new, with Chile’s Congress enacting long-anticipated sectoral permitting reforms in September last year to accelerate investment project approvals.

“There is broad cross-party consensus on the need to advance regulatory order and simplify the permitting and compliance framework,” notes Macarena Laso, managing partner at Morales & Besa, indicating that this agreement predates the new administration and reflects years of dissatisfaction with stalled developments.

Grebe agrees. “There is real room to reduce the current bureaucratic burden,” he says, emphasising the need for management improvements, administrative modernisation, streamlined procedures and removal of regulatory overlaps.

Kast, however, aims to go further. His administration has signalled plans to sharply reduce the state’s regulatory role in economic, environmental and urban planning matters, cutting unnecessary permits and radically simplifying approval systems, particularly for construction, land use and strategic industries.

“Deregulation and dismantling the permitting bottleneck” is precisely what many clients have been waiting for, says Ortúzar. At the same time, he stresses that any reform must safeguard legal certainty and predictability, irrespective of who is in government.

Allende adds that a particular challenge for Kast’s ambitious regulatory reform will be “balancing speed with environmental, social and public participation standards.” Given that Chile has built robust frameworks in these areas, and any reform must reconcile investment acceleration with the preservation of high standards.

An especially salient issue is ensuring reforms comply with indigenous consultation obligations under the Indigenous and Tribal Peoples Convention 1989, which remain constitutionally protected in Chile. Changes affecting environmental safeguards, including water resource management, especially for lithium and copper projects in northern Chile, would also require congressional approval.

For Ortúzar, the message to clients is clear: “Don’t wait for a regulatory utopia. This is the strongest political climate in years. Advance your projects now, but with rigorous legal, environmental and community engagement strategies.”

“Strong tailwinds” for cross-border collaboration

As Chile’s regulatory landscape evolves, lawyers say investors should also pay close attention to the country’s shifting geopolitical posture and its alignment with regional peers. Ortúzar expect “strong tailwinds” from Kast’s anticipated rapprochement with Javier Milei’s Argentina and Daniel Noboa’s Ecuador, an axis that could ease cross-border M&A, project development and infrastructure financing across the Southern Cone.

A consolidated pro-market agenda could also strengthen Chile’s appeal to foreign companies more broadly. “If a pro-investment agenda is consolidated, we may see increased dynamism in international financings, strategic joint ventures and foreign-backed project development, particularly in mining, energy and infrastructure,” says Grebe.

This momentum is already becoming visible. Over the past few months, several major transactions have moved forward, underscoring renewed international interest. Last month, for instance, Luxembourg-based telecoms group Millicom and Paris-headquartered holding company NJJ – both of which are owned by French billionaire Xavier Niel jointly **acquired** Telefónica’s Chilean operations for US$1.2 billion. That came one month after US energy infrastructure developer Glenfarne **obtained** a US$1 billion in financing to fund its acquisition of a portfolio of Chilean solar and battery energy storage (BESS) assets from Greek counterpart Metlen Energy & Metals.

These green shoots come as Chile is also poised to deepen ties with Washington, DC, a trend underscored by early outreach from US political figures, including Secretary of State Marco Rubio. Yet this creates a delicate balancing act: China remains Chile’s largest trading partner and a critical force in lithium, copper and renewable energy value chains. For clients in these sectors, Ortúzar warns that “the China dynamic is the variable to watch,” noting that any pro-US tilt will require increasingly sophisticated strategic planning from multinational investors.

Amid these shifts, Chilean law firms are already reporting a marked increase in work across practice areas. Demand is rising in M&A, project finance, energy and mining, among several others. With activity accelerating at such a rapid pace, lawyers note the need for firms to equip themselves.

Laso observes that legal teams should prepare by adopting a multidisciplinary approach, closely tracking regulatory developments and strengthening their capacity to deliver coordinated, cross-border advice aligned with clients’ strategic objectives.

Ortúzar adds that lawyers should be prepared to offer compliance and ethics advice too, particularly under Chile’s Economic Crimes Law, while any reform of the labour framework is likely to trigger a significant wave of advisory and restructuring work.

“Chile is back. Our job is to make sure our clients are positioned to move first. Law firms will need to emphasise precise regulatory analysis, risk mitigation and proactive project structuring to ensure clients can move early and confidently within Chile’s evolving institutional framework,” concludes Ortúzar.

Isabel Leask

Research Analyst & News Reporter
Latin Lawyer
isabel.leask@latinlawyer.com