



EFTA - Chile Free Trade Agreement enters into force

The Free Trade Agreement between the Member States of the European Free Trade Association (EFTA) - Iceland, Norway, Liechtenstein and Switzerland - and Chile entered into force on 1 December 2004. The Agreement covers all major areas of trade relations and is the second Free Trade Agreement that the EFTA States have concluded in the Americas.

The Free Trade Agreement (FTA) with Chile is a comprehensive agreement covering trade in goods, trade in services and investment, government procurement, competition and intellectual property. It also contains a chapter on dispute settlement. Moreover, the EFTA States and Chile have concluded complementary bilateral agreements on agriculture which also entered into force on 1 December.

Negotiations on the FTA were formally launched at the end of 2000 and were concluded in Geneva on 23 March 2003.

The Chile agreement is EFTA's 12th free trade agreement which has entered into force, in addition to its free trade relations with the European Union. EFTA's 13th FTA, with Lebanon, signed on 24 June 2004, will enter into force in 2005. In total, the EFTA countries (12 million people) have concluded free trade agreements with 13 partners, comprising a population of 280 million, in addition to their free trade relations with the European Union, which comprises a population of 455 million. Over 75% of EFTA's trade is with its free trade partners.

Overview of areas covered by the EFTA-Chile FTA

Trade in Goods

The EFTA-Chile FTA covers trade in industrial products, including fish and other marine products, as well as processed agricultural products. The Parties will eliminate most duties and other restrictions on industrial products upon entry into force of the Agreement. For certain products, Chile will gradually abolish its duties during transitional periods of up to six years.

The Agreement generally provides for liberal rules of origin and allows for the use of up to 50 per cent of non-originating input in the production of certain products.

Trade in basic agricultural products is covered under complementary agreements concluded bilaterally between the EFTA States and Chile.

Trade in Services

One of the objectives of the Agreement is to achieve liberalisation of trade in services in conformity with the WTO General Agreement on Trade in Services (GATS Article V). The EFTA-Chile FTA covers all four modes of delivery (supply) of a service, as defined in the GATS, and addresses all services sectors. Specific provisions on telecommunication services are set out in an Annex to the Agreement.

As in the GATS, positive lists of specific commitments of each Party are an integral part of the EFTA-Chile FTA. These lists will be reviewed every three years, or more frequently, with a view to providing for a reduction or

elimination of substantially all remaining discrimination between the Parties for trade in services covered by the present Section on services. Commitments on financial services will be negotiated two years after the entry into force of the Agreement.

Investment

The objective of the Section on establishment is to improve the investment environment, and in particular the conditions for establishment of companies between the Parties.

The EFTA States and Chile grant each other national treatment for the establishment of investors, except for a few cases where the Parties have lodged reservations based on restrictions in their national legislation. The EFTA States maintain certain reservations, which correspond to their reservations as upheld in the context of investment related OECD instruments.

Government Procurement

The chapter on government procurement is the most comprehensive chapter concluded by the EFTA States in this field with any third country. The Parties will grant each other non-discriminatory access to their procurement markets for goods, services and public works. Access shall be given at the central government level, the sub-central government level and for entities operating in the utility fields listed in the respective Annexes.

Protection of Intellectual Property

The Agreement sets a high standard for the protection of intellectual property rights, covering areas such as patents, trademarks and copyright. In certain areas it goes beyond what is provided for under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and other international conventions and treaties.

Competition

The chapter on competition deals mainly with the co-operation, notification, consultation and exchange of non-confidential information between the Chilean competition authorities and the responsible authorities in the EFTA Member States. With regard to public enterprises and enterprises to which special or exclusive rights have been granted, the Parties shall ensure that no measure is adopted or maintained that distorts trade in goods or services between the Parties to an extent contrary to the Parties' interests. The Parties shall also ensure that such enterprises in principle be subject to the rules of competition.

Dispute Settlement

The Chapter on dispute settlement contains rules and procedures for the settlement of disputes arising from the Agreement between one or several EFTA States and Chile.

For more specific information please contact Ms Valborg Lie, Officer, EFTA Secretariat, Geneva

phone: + 41 22 332 26 34
e-mail: valborg.lie@efta.int

Link: <http://secretariat.efta.int/Web/ExternalRelations/PartnerCountries/Chile>