Japan and Chile Initiate New Study Aimed at the Implementation of an FTA

The possibility of negotiating a Free Trade Agreement between Chile and Japan was analyzed today by both Economies in a bilateral meeting carried out in the framework of APEC 2004. Delegations were headed by Chile’s Minister of Foreign Affairs, Ignacio Walker and Japan’s Minister of Foreign Affairs, Nobutaka Machimura.

Both Economies agreed to undertake preliminary studies as soon as possible, for the negotiation of a Free Trade Agreement. The Japanese Minister also referred to an announcement he made in Brazil in terms of Japan’s intention to create a partnership with Latin America.

At the meeting, both delegations also analyzed the follow-up of bilateral political and economic consultations.

Both Ministers referred to the United Nations reform and Japan’s intention of becoming a permanent member of the UN Security Council.

Minister Ignacio Walker informed that Chile decided to present its candidacy to the Human Rights Commission for the 2006-2008 period, elections that will take place in New Yor in April or May 2005, and requested Japan’s support.

The Chilean Minister of Foreign Affairs referred to the Third Ministerial Conference of the Community of Democracies, to take place in Santiago, on 04-06 May of 2005, and reiterated the invitation for the Japanese Minister’s participation.

In the third quarter of 2004, Chilean exports to the Japanese market amounted to US$ 2,704.6 million. Imports amounted to US$ 565 million.

In the past five years, the Balance of Payments with Japan has been favorable to Chile, amounting to US$ 1,650.5 million in 2003. Trade for same year amounted to US$ 2,924.1 million.

During 2003, Japan ranked fourth as Chile’s trade partner, and second as destination for domestic exports, accounting for 11.1% of total exports, and 12.5% of total non-traditional exports.

Exports by Productive Sector to the Japanese market are broken down as follows: 50% correspond to the Mining Sector, 47% to the Industrial Sector and 3% to the Agricultural Sector. During 2005, Mining and Industry Sectors registered growth rates of 27.6% and 7% respectively.
The twenty main products sent to Japan accounted for 85.6% of total exports. In the first places are Copper minerals, and their concentrates, frozen Pacific salmon, and Others wooden plates, which in total totaled 49.9%.

With regard to imports, twenty main products accounted for 66.6% of total imports for 2003. The Japanese products that showed a strong demand in the local Chilean market were Others reactive coils and self inductive coils, shovels and front-end loaders, and vehicles with spark-ignition piston engine.

Non-traditional exports to the Japanese market during 2003, they amounted to approximately US$ 951 million, which represented a 7.2% growth with respect to the previous year.

In 2003, Chile’s non-traditional exports to Japan concentrated in the Industrial Sector, amounting to approximately US$ 872 million. On the other hand, the sub sectors that experienced high growth were clay products, crockery, porcelain, glass, basic iron industry, steel and non-ferrous material and textile industry products, with growth percentages of 14,698.8% 314.3% and 142.8%, respectively.