



GOBIERNO DE CHILE
DIRECCION GENERAL DE RELACIONES
ECONOMICAS INTERNACIONALES
PROCHILE

CHARACTERISTICS OF THE NEGOTIATION FOR A FREE TRADE AGREEMENT / ECONOMIC ASSOCIATION AGREEMENT BETWEEN CHILE AND JAPAN

THE NEGOTIATION PROCESS

- Last November 18 in Korea, on occasion of the 2005 APEC Summit, President Ricardo Lagos and Prime Minister of Japan Yunichiro Koizumi initiated the commercial negotiations for a Free Trade Agreement (FTA)/ Economic Association Agreement (EAA) between both countries, with the purpose of strengthening the development of economic relations in several areas between Chile and Japan.
- The decision was adopted following the evaluation of the results of the Chile-Japan Joint Study Group (JSG), constituted by order of the leaders of both countries on occasion of the meeting held on November 22 at the 2004 APEC Summit in Santiago.

FIRST ROUND OF NEGOTIATIONS

- The First Round of Negotiations leading to an Economic Association Agreement between Chile and Japan took place last February 23 and 24 in Tokyo. The Japanese delegation was chaired by the International Trade and Economic Relations Ambassador, Mr. Seiichi Kondo, and the Chilean delegation by Ambassador Carlos Furche, General Director for International Economic Affairs.
- In the meeting, the basic principles to guide the negotiation were agreed, its structure, its scope of coverage, details on how to hold the meetings, the modalities to be used in the negotiation, and the language. There was full agreement on the principles and structure of the negotiation, especially in relation to the need that its results conform to the World Trade Organization (WTO) provisions, to have a constructive, positive and flexible negotiation that would be completed within a reasonable period of time.

SECOND ROUND OF NEGOTIATIONS

- The Second Round of Negotiations leading to an Economic Association Agreement between Chile and Japan took place in Santiago between May 18 and 24. The Japanese delegation was headed by Mr. Seiichi Kondo, International Trade and Economic Affairs Ambassador of Japan, and the Chilean delegation Ambassador Carlos Furche, General Director for International Economic Affairs.
- The following topics were discussed during the Negotiations: Market Access. Rules of Origin, Investment, Dispute Settlement, Government Procurement, Cooperation, Legal Aspects, Services, Temporary Entry of Persons, Customs Procedures, and Competition.



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- It was agreed to hold a Third Round of Negotiations for one week in mid-July in Tokyo.

THE JOINT STUDY GROUP

- The Chile-Japan JSG held four meetings. The first meeting took place in Tokyo (January 31 and February 1); the second meeting was in Santiago (April 21 and 22); the third meeting was in Los Angeles (July 21 and 22); and the fourth took place in Miami (September 22 and 23). The work covered the study of all the relevant economic topics, exchanging information from official, private and academic studies, to hold an informed dialogue and to determine the convenience of including a vast range of topics in future negotiations. It is important to mention that Chile created a team headed by the General Director for International Economic Affairs and formed by:
 - 1) senior government officials and experts;
 - 2) chairmen and counselors of the main business associations involved in trade with Japan: CNPC, SOFOFA, SNA, ASOEX, CORMA, SONAPESCA, Salmones-Chile, Asociación Viñas de Chile, APA, ABIF, and CODELCO;
 - 3) specialists from the academic sector and Fundación Chilena del Pacífico.
- The Chile-Japan JSG reviewed the bilateral economic relations and their future projections, both in the bilateral and regional scope; the quantitative evaluation of the economic impact of an FTA; the effects of an FTA on trade in industrial, mining, agricultural, fishing and forest goods, among others. In this respect, Japan's estimates are that Chilean GDP will grow 0.49% and Japanese 0.002%, with the subsequent positive creation of trade for both countries. According to this study, Japanese exports to Chile would increase 42% and Chilean exports to Japan would increase 15%. The joint study also states that the positive effect on trade comes together with the promotion of investment induced by an investment agreement and its contribution to turn Chile into a business platform in Latin America.