

U.S. - Chile Free Trade Commission
Santiago, Chile
August 2, 2011

SUMMARY OF THE MEETING

The seventh meeting of the U.S. – Chile Free Trade Commission (Commission), convened on August 2, 2011 in Santiago, Chile. General Director of International Economic Affairs, Mr. Jorge Bunster, represented the Republic of Chile, and Deputy United States Trade Representative (USTR) Ambassador Miriam Sapiro represented the United States. Director of Bilateral Affairs Rodrigo Contreras and Assistant U.S. Trade Representative for the Western Hemisphere John Melle held a technical level meeting during the Commission’s morning session.

Trade and Investment Effects

The Commission noted that this year marks the eight year anniversary of the FTA’s entry into force and an important milestone: all originating industrial goods are now fully duty and quota free. Most agricultural goods are also duty free and remaining duties have been dramatically cut. Last year, the average duty paid on U.S. imports from Chile was less than a quarter of one percent (0.18%).

According to Chile’s 2010 statistics¹, bilateral trade has more than doubled since the FTA entered into force on January 1, 2004. In 2010, bilateral trade was \$16.23 billion, up 22% from 2009. The United States noted that trade in services with Chile (exports and imports) totaled \$3.4 billion in 2009 (latest data available for services trade).

According to Chilean investment statistics, the United States was the main source of foreign direct investment in Chile for the period 1974-2010. The United States noted that U.S. foreign direct investment in Chile (stock) was \$26.3 billion in 2010².

The Commission noted with satisfaction that implementation of the U.S.-Chile FTA has proceeded well. Both Parties agreed to intensify work to ensure the effective implementation and administration of the FTA in order to guarantee that the benefits of the Agreement are widely shared by both parties. Among the issues discussed were:

Institutional Framework, Committee and Council Meetings

The United States and Chile noted the work carried out since the last Commission meeting by the Environmental Affairs Council, which held its fifth session, and the Committee on Technical Barriers to Trade (TBT), which held its seventh meeting.

Implementation Issues

Both Parties recognized the value of their dialogue regarding the implementation of Chapter 17 (Intellectual Property Rights) and reaffirmed the interest in continuing the discussion. The United States recognized the efforts made by Chile in this regard.

¹ Chilean Statistics from Central Bank of Chile

² U.S. Statistics from U.S. Department of Commerce, Bureau of Economic Analysis

The Parties also agreed to develop technical rectifications to align the FTA rules of origin with the Parties' updated tariff schedules resulting from the World Customs Organization's amendments to the nomenclature of the Harmonized Commodity Description and Coding System 2012. The Parties agreed to complete this work as soon as possible, in order to implement the changes in the first quarter of 2012.

Both Parties agreed to hold a meeting of the Committee on Trade in Goods through a videoconference to discuss improving market access in goods, including a new package of more flexible rules of origin.

Decisions by the Commission

The United States and Chile executed an exchange of letters to amend Annex 4.1 of the FTA which will liberalize the rules of origin of several products, such as certain machinery and equipment, certain spices and spice mixtures, coffee and lamps. These amendments will enter into force on November 1, 2011.

Additionally, the Commission agreed to finalize the implementation of Common Guidelines as soon as possible.

Future Council and Committee Meetings

The Commission agreed that the Committees on Sanitary and Phytosanitary (SPS) Measures and the Committee on Trade in Goods should meet in 2011.

The Commission noted that efforts are being made to hold the sixth Meeting of the Environmental Affairs Council and the fourth Joint Commission on Environmental Cooperation in early 2012. In addition, the Commission noted that the second Meeting of the Labor Affairs Council should take place before the next FTA Commission meeting.

Other Bilateral Issues

Following the instructions given at the previous Free Trade Commission meeting, the United States and Chile convened a meeting prior to the Commission meeting to discuss the important role of small and medium enterprises (SMEs) in generating economic growth, exports, and local jobs in our respective economies, and to identify ways that small businesses can take greater advantage of the benefits of increased trade under the Agreement. The Parties discussed the Small Business Development Center Model (SBDC) and released a brochure for SMEs entitled "Frequently Asked Questions about Opportunities for Small Businesses to Export under the U.S.-Chile FTA."

The Commission addressed other bilateral issues including: Chile's continued concern regarding the regulation that affect Chilean Nitrates (Chemical Facility Anti Terrorist Standards - CFATS), and Chile's interest in obtaining an update regarding the review of Appendix A of the CFATS by the Department of Homeland Security; the United States' concern about Chilean emission regulations that could impact certain U.S. commercial diesel trucks operating in Chile; and Chile's concern regarding a pending U.S. Customs and Border Protection requirement to scan all cargo containers.

The Commission also discussed the status of the Industry-Financed Research and Marketing Program for Softwood Lumber; bilateral data sharing on the temporary entry for business persons; and the importance of maintaining an ongoing dialogue as the Food Safety Modernization Act is implemented in the United States.

Chile provided an update on recent changes in Chilean environmental legislation that led to the establishment of several new entities in Chile.

Chile and the United States expressed their satisfaction regarding the Agreement on Antitrust Cooperation signed on March 31, 2011, under Chapter 16 (Competition Policy), Article 16.2 (Cooperation).

Trade Negotiations with other Partners

The United States and Chile exchanged information about their respective bilateral and multilateral negotiations. Chile provided an update of its work in both the Pacific Alliance (Alianza del Pacífico) and the Pacific Arc (Arco del Pacífico) initiatives. Both Parties discussed their shared interest in advancing work in the Trans Pacific Partnership, the Asia-Pacific Economic Cooperation, the World Trade Organization, and the OECD, among others.

The United States encouraged Chile to consider joining both the Government Procurement Agreement (GPA) and the Information Technology Agreement (ITA) to increase opportunities for its industries and consumers.

The Commission agreed to hold the eighth meeting of the FTC in the United States during 2012.