

**Fifth Chile - U.S. Free Trade Commission
Santiago, Chile
December 12, 2008**

SUMMARY OF THE MEETING

The fifth meeting of the Chile - U.S. Free Trade Commission (Commission) convened on December 12, 2008 in Santiago, Chile. Director of Bilateral Economic Affairs, Andrés Rebolledo, represented the Republic of Chile, and the Assistant United States Trade Representative (USTR) for the Americas, Everett Eissenstat, represented the United States.

Trade and Investment Effects

Regarding the effects of the U.S. – Chile Free Trade Agreement (Agreement), the Commission noted with satisfaction that in 2007, bilateral trade between the United States and Chile officially doubled for the first time since the FTA took effect. According to Chilean trade statistics, bilateral goods trade January – September, 2008 was \$15.2 billion, up 27% from January – September, 2007. In addition, trade in services increased by 13% to \$2.6 billion in 2007.

According to Chilean investment statistics, U.S. foreign direct investment in Chile decreased by 21% over 2006, totaling \$265.6 million in 2007. Chile expressed concern regarding the downward trend in U.S. foreign direct investment in Chile.

Both Parties will continue to monitor trade and investment trends and the growth in trade in services with a view towards presenting an analysis of the effects in trade and investment at the next meeting of the Free Trade Commission.

The Commission noted that the bilateral relationship has been smooth, and in general, implementation of the Agreement is proceeding well. However, there is still room for improvement in several areas to ensure that the benefits of the U.S. – Chile FTA will be available to both Parties. Assistant USTR Eissenstat and Director Rebolledo conducted a fulsome discussion of the agreement in accordance with the responsibilities outlined in Chapter 21 (Administration of the Agreement). Among the issues discussed were:

Institutional Framework, Committee and Council Meetings

The Commission noted with satisfaction that during 2008 a number of Committees met to discuss bilateral concerns. Convening during 2008 were the Working Group on Agricultural Trade, Environment Affairs Council, Committee on Trade in Goods, Committee on Sanitary and Phytosanitary issues, Committee on Government Procurement, and Committee on Technical Barriers to Trade.

Implementation Issues

The United States recognized that efforts are being taken by Chile to fully implement the commitments in Chapter 17, but expressed its continuing concerns regarding intellectual property rights issues. The Commission agreed to continue constructive intellectual property dialogue. Both Parties agreed that in the first quarter of 2009, their

experts will meet to perform a technical review of the status of implementation of Chapter 17.

With respect to advanced rulings, Chile anticipates its full implementation by the first quarter of 2009.

Decisions by the Commission

Following procedures set out in the FTA, the United States and Chile agreed to accelerate the elimination of tariffs on goods covering approximately \$35 million in annual bilateral trade. These tariff cuts will be implemented on January 1, 2009. The items identified for accelerated tariff elimination were selected based on requests by producers, consumers, and traders who are eager to take advantage of the benefits of free trade between the United States and Chile. Under the agreement, the United States agreed to eliminate the tariffs on certain agricultural products, including spinach, sweet corn, preserved artichokes and frozen vegetables. Chile will eliminate the tariffs on a range of products, including rice, peas, safety headgear and certain chemicals.

Consistent with the actions of the IV FTC, the United States and Chile have agreed to several modifications and rectifications of the Government Procurement Annex (Annex 9.1) of the U.S. – Chile FTA, as provided for in Article 9.14 of the Government Procurement Chapter. The modifications and rectifications reflect: 1) for Chile, changes in the political and administrative structures of Chile's central and sub-central government entities; and 2) for the United States, a change in the name of the entity listed for the State of Oklahoma. The modifications and rectifications are described in the Annexes.

The United States and Chile executed an exchange of letters to modify Section G of Annex 9.1 to clarify the threshold adjustment process.

The Commission agreed that the competent authorities in the United States and Chile will exchange letters regarding the mutual recognition of grading programs for the purpose of marketing beef.

Other Bilateral Trade Issues

After thorough consultations under Article 3.17 of the Agreement, the two governments reached an agreement in November 2008 with respect to trade in table grapes.

Chile express its gratification for the cooperative and mutually beneficial trade relationship relating to the export of fresh fruit to the United States, most recently the initiation of proposed rules for systems approaches to address phytosanitary treatment of oranges, grapefruit and table grapes. On the latter, Chile asked for the status of these proposed rules which appear to be on schedule for finalization.

The Commission also addressed other issues including the longstanding U.S. request for market access for all ages of U.S. beef, beef products and live cattle in line with the World Organization for Animal Health (OIE) guidelines.

Chile addressed its concerns regarding the new regulation of the Department of Homeland Security affecting Chilean nitrates (potassium and sodium) and reiterated its desire to be excluded from the Appendix A of this regulation. The U.S. took note of Chile's concerns and expressed that in this case both Parties will continue to exchange information and discussion at the Committee level.

Chile expresses its interest in bilateral cooperation to assist its private and public sector in understanding the U.S. government procurement system. Chile proposes to hold a seminar in Santiago next year.

Future Council and Committee Meetings

The Commission agreed that the Committees on Labor, Trade in Goods, SPS, Environment, TBT and the services experts should meet in 2009.

Trade Negotiations with other Partners

Both Parties exchanged information about their respective bilateral negotiations, and their positions in the WTO, APEC, Trans-Pacific Partnership and OECD.

The Commission agreed to hold the Sixth meeting of the FTC in December 2009 in United States.

UNITED STATES-CHILE FREE TRADE AGREEMENT

Rectification
to Annex 9.1 of the Government Procurement Chapter
of the United States-Chile Free Trade Agreement

(December 12, 2008)

The United States proposes the following rectification to the Schedule of the United States in Section B of Annex 9.1 of the Government Procurement Chapter of the United States-Chile Free Trade Agreement (“the Agreement”), in accordance with Article 9.14.2 of the Agreement.

Proposed Rectification of the Name of an Entity Covered for the State of Oklahoma:

Pursuant to Section 61.2 of Title 74 of the Oklahoma Statutes, the State of Oklahoma’s “Office of Public Affairs” is now known as the “Department of Central Services”. Accordingly, the proposed rectification would replace “Office of Public Affairs” under the listing for “Oklahoma” in the Schedule of the United States in Section B, with the “Department of Central Services”. As a result, the entry for the State of Oklahoma would read:

“Department of Central Services and all state agencies and departments subject to the Oklahoma Central Purchasing Act, excluding construction services.”

The proposed rectification does not affect or reduce the procurement covered by the State of Oklahoma under the Agreement nor the level of mutually agreed coverage provided under the Agreement.

United States - Chile Free Trade Agreement
Modifications and Rectifications
to Annex 9.1 of the Government Procurement Chapter
of the United States-Chile Free Trade Agreement

(December 12, 2008)

Chile proposes the following modifications and rectifications of Annex 9.1 Section A and Section B of the Government Procurement Chapter of the United States-Chile Free Trade Agreement, in accordance with Article 9.14 of the Agreement. The modifications reflect changes due to a new political and administrative structure of the Central and Sub Central Government, and will not reduce the level of coverage mutually agreed under the Agreement. The proposed revisions are set out in the Attachment (in track changes).

1. **Proposed addition to Section A of Annex 9.1 Central Level of Government Entities**. Chile proposes the addition to the Schedule of Chile in Section A of Annex 9.1 of the following:

- a) The new political and administrative structure modified the number of regions of the Republic of Chile. The previous structure divided the country in 13 Regions, each one numerated from I to XII plus the *Región Metropolitana*. The new division divided Regions I and X in two and created the XIV and XV Regions. The modifications were introduced by the following laws:
- Región de los Ríos (XIV) and Provincia de Ranco created by Law N° 20.174 from 2007.
 - Región de Arica y Parinacota (XV) and Provincia de Tamarugal in the Región de Tarapacá created by Law N° 20.175 from 2007.

As a consequence of the increase in the number of Regions from 13 to 15 there was also an increased in the number of *Intendencias* from 13 to 15 and in the number of *Gobernaciones* from 51 to 53.

Chile proposes the addition of the following Central Government Entities to the Schedule of Chile:

Intendencia XIV Región de Los Ríos
Intendencia XV Región de Arica y Parinacota
Gobernación de Tamarugal
Gobernación de Ranco

- b) The total number of Municipalities increased from 341 to 346. Chile proposes the addition to Section B of Annex 9.1 of the Sub-Central Level of Government Entities of the following municipalities:

1) *Municipalidad de Alto Hospicio* (Law N°19.943 from 2004)

- 2) *Municipalidad de Hualpén* (Law N°19.936 from 2004)
- 3) *Municipalidad de Alto Bío Bío* (Law N°19.959 from 2004)
- 4) *Municipalidad de Cholchol* (Law N°19.944 from 2004)
- 5) *Municipalidad Antártica* (depending administratively from *Municipalidad de Cabo de Hornos*)

2. **Proposed rectifications to Section A of Annex 9.1 of Central Level of Government Entities.** Chile proposes the rectification to the Schedule of Chile in Section A of Annex 9.1 of the following:

- a) The new political and administrative structure transferred the administration of *Gobernación de Huasco* from *Intendencia IV Región* to *Intendencia III Región*. In the same way, *Gobernación de Capitán Prat* was transferred from *Intendencia XII Región* to *Intendencia XI Región*.
- b) Chile proposes a rectification in the name of the Regions due to the fact of the new political and administrative structure. Most of them were renamed as specified in the Attachment.
- c) Chile proposes a rectification to replace in Annex 9.1, Schedule of Chile in Section A, “*Ministerio de Economía, Fomento, Reconstrucción y Energía*”, with “*Ministerio de Economía, Fomento y Reconstrucción*”. All the energy functions undertaken by this Ministry were moved to the *Comisión Nacional de Energía* (CNE), which is dependent on the *Ministerio de Minería*. The *Ministerio de Minería* is listed as a covered entity in Section A of Annex 9.1, Schedule of Chile. Accordingly, the CNE is covered by the Agreement as an agency subordinate to the *Ministerio de Minería*, pursuant to the provision in the chapeau of Section A of Annex 9.1 that: “Unless otherwise specified within this Section, all agencies subordinate to those listed are covered by this Agreement.”
- d) Chile proposes a rectification to replace *Municipalidad de Navarino* under the listing for *Municipalidad Cabo de Hornos (Ex Navarino)*.

ATTACHMENT

The modified List of entities of Section A and Section B are listed below:

Annex 9.1

Section A - Central Level of Government Entities

This Agreement applies to procurement by the **Central Level of Government Entities** listed in this Section where the value of the procurement is estimated, in accordance with Section G, to equal or exceed the following relevant threshold. Unless otherwise specified within this Section, all agencies subordinate to those listed are covered by this Agreement.

Thresholds:

For procurement of goods and services

(To be adjusted according to the formula in Section G, paragraph 2): \$56,190

For procurement of construction services

(To be adjusted according to the formula in Section G, paragraph 3): \$6,481,000

Schedule of Chile

1. *Presidencia de la República*
2. *Ministerio de Interior*
3. *Ministerio de Relaciones Exteriores*
4. *Ministerio de Defensa Nacional*
5. *Ministerio de Hacienda*
6. *Ministerio Secretaría General de la Presidencia*
7. *Ministerio Secretaría General de Gobierno*
8. *Ministerio de Economía, Fomento, Reconstrucción*
9. *Ministerio de Minería*
10. *Ministerio de Planificación y Cooperación*
11. *Ministerio de Educación*
12. *Ministerio de Justicia*
13. *Ministerio de Trabajo y Previsión Social*
14. *Ministerio de Obras Públicas*
15. *Ministerio de Transporte y Telecomunicaciones*
16. *Ministerio de Salud*
17. *Ministerio de la Vivienda y Urbanismo*
18. *Ministerio de Bienes Nacionales*
19. *Ministerio de Agricultura*
20. *Ministerio Servicio Nacional de la Mujer*

Gobiernos Regionales

Intendencia I Región de Tarapacá

Gobernación de Iquique

Gobernación de Tamarugal

Intendencia II Región de Antofagasta

Gobernación de Antofagasta

Gobernación de El Loa

Gobernación de Tocopilla

Intendencia III Región de Atacama

Gobernación de Chañaral

Gobernación de Copiapó

Gobernación de Huasco

Intendencia IV Región de Coquimbo

Gobernación de El Elqui

Gobernación de Limarí

Gobernación de Choapa

Intendencia V Región de Valparaíso

Gobernación de Petorca

Gobernación de Valparaíso

Gobernación de San Felipe de Aconcagua

Gobernación de Los Andes

Gobernación de Quillota

Gobernación de San Antonio

Gobernación de Isla de Pascua

Intendencia VI Región del Libertador Bernardo O'Higgins

Gobernación de Cachapoal

Gobernación de Colchagua

Gobernación de Cardenal Caro

Intendencia VII Región del Maule

Gobernación de Curicó

Gobernación de Talca

Gobernación de Linares

Gobernación de Cauquenes

Intendencia VIII Región del Bío Bío

Gobernación de Ñuble

Gobernación de Bío-Bío

Gobernación de Concepción

Gobernación de Arauco

Intendencia IX Región de la Araucanía

Gobernación de Malleco

Gobernación de Cautín

Intendencia X Región de los Lagos

Gobernación de Osorno

Gobernación de Llanquihue

Gobernación de Chiloé
Gobernación de Palena

Intendencia XI Región de Aysén del General Carlos Ibáñez del Campo
Gobernación de Coihaique
Gobernación de Aysén
Gobernación de General Carrera
Gobernación de Capitán Prat

Intendencia XII Región de Magallanes y de la Antártica Chilena
Gobernación de Última Esperanza
Gobernación de Magallanes
Gobernación de Tierra del Fuego
Gobernación de Antártica Chilena

Intendencia Región Metropolitana
Gobernación de Chacabuco
Gobernación de Cordillera
Gobernación de Maipo
Gobernación de Talagante
Gobernación de Melipilla
Gobernación de Santiago
Intendencia XIV Región de los Ríos
Gobernación de Valdivia
Gobernación de Ranco

Intendencia XV Región de Arica y Parinacota
Gobernación de Arica
Gobernación de Parinacota

Section B - Sub-Central Level Government Entities

This Agreement applies to procurement by the **Sub-Central Level Government Entities** listed in this Section where the value of the procurement is estimated, in accordance with Section G, to equal or exceed the following relevant threshold.

Thresholds:

(To be adjusted according to the formula in Section G, paragraph 3)

For procurement of goods and services:	\$460,000
For procurement of construction services:	\$6,481,000

Schedule of Chile

1. *Municipalidad de Arica*
2. *Municipalidad de Iquique*
3. *Municipalidad de Pozo Almonte*
4. *Municipalidad de Pica*
5. *Municipalidad de Huará*
6. *Municipalidad de Camarones*
7. *Municipalidad de Putre*
8. *Municipalidad de General Lagos*
9. *Municipalidad de Camiña*
10. *Municipalidad de Colchane*
11. *Municipalidad de Tocopilla*
12. *Municipalidad de Antofagasta*
13. *Municipalidad de Mejillones*
14. *Municipalidad de Taltal*
15. *Municipalidad de Calama*
16. *Municipalidad de Ollagüe*
17. *Municipalidad de María Elena*
18. *Municipalidad de San Pedro De Atacama*
19. *Municipalidad de Sierra Gorda*
20. *Municipalidad de Copiapó*
21. *Municipalidad de Caldera*
22. *Municipalidad de Tierra Amarilla*
23. *Municipalidad de Chañaral*
24. *Municipalidad de Diego De Almagro*
25. *Municipalidad de Vallenar*
26. *Municipalidad de Freirina*
27. *Municipalidad de Huasco*
28. *Municipalidad de Alto Del Carmen*
29. *Municipalidad de La Serena*
30. *Municipalidad de La Higuera*
31. *Municipalidad de Vicuña*
32. *Municipalidad de Paihuano*
33. *Municipalidad de Coquimbo*

34. *Municipalidad de Andacollo*
35. *Municipalidad de Ovalle*
36. *Municipalidad de Río Hurtado*
37. *Municipalidad de Monte Patria*
38. *Municipalidad de Punitaqui*
39. *Municipalidad de Combarbalá*
40. *Municipalidad de Illapel*
41. *Municipalidad de Salamanca*
42. *Municipalidad de Los Vilos*
43. *Municipalidad de Canela*
44. *Municipalidad de Valparaíso*
45. *Municipalidad de Viña Del Mar*
46. *Municipalidad de Quilpue*
47. *Municipalidad de Villa Alemana*
48. *Municipalidad de Casablanca*
49. *Municipalidad de Quintero*
50. *Municipalidad de Puchuncaví*
51. *Municipalidad de Quillota*
52. *Municipalidad de La Calera*
53. *Municipalidad de La Cruz*
54. *Municipalidad de Hijuelas*
55. *Municipalidad de Nogales*
56. *Municipalidad de Limache*
57. *Municipalidad de Olmué*
58. *Municipalidad de Isla De Pascua*
59. *Municipalidad de San Antonio*
60. *Municipalidad de Santo Domingo*
61. *Municipalidad de Cartagena*
62. *Municipalidad de El Tabo*
63. *Municipalidad de El Quisco*
64. *Municipalidad de Algarrobo*
65. *Municipalidad de San Felipe*
66. *Municipalidad de Santa María*
67. *Municipalidad de Putaendo*
68. *Municipalidad de Catemu*
69. *Municipalidad de Panquehue*
70. *Municipalidad de Llay - Llay*
71. *Municipalidad de Los Andes*
72. *Municipalidad de San Esteban*
73. *Municipalidad de Calle Larga*
74. *Municipalidad de Rinconada*
75. *Municipalidad de La Ligua*
76. *Municipalidad de Cabildo*
77. *Municipalidad de Petorca*
78. *Municipalidad de Papudo*
79. *Municipalidad de Zapallar*
80. *Municipalidad de Juan Fernández*
81. *Municipalidad de Con - Con*
82. *Municipalidad de Buin*
83. *Municipalidad de Calera De Tango*

84. *Municipalidad de Colina*
85. *Municipalidad de Curacaví*
86. *Municipalidad de El Monte*
87. *Municipalidad de Isla De Maipo*
88. *Municipalidad de Pudahuel*
89. *Municipalidad de La Cisterna*
90. *Municipalidad de Las Condes*
91. *Municipalidad de La Florida*
92. *Municipalidad de La Granja*
93. *Municipalidad de Lampa*
94. *Municipalidad de Conchalí*
95. *Municipalidad de La Reina*
96. *Municipalidad de Maipú*
97. *Municipalidad de Estación Central*
98. *Municipalidad de Melipilla*
99. *Municipalidad de Ñuñoa*
100. *Municipalidad de Paine*
101. *Municipalidad de Peñaflores*
102. *Municipalidad de Pirque*
103. *Municipalidad de Providencia*
104. *Municipalidad de Puente Alto*
105. *Municipalidad de Quilicura*
106. *Municipalidad de Quinta Normal*
107. *Municipalidad de Renca*
108. *Municipalidad de San Bernardo*
109. *Municipalidad de San José De Maipo*
110. *Municipalidad de San Miguel*
111. *Municipalidad de Santiago*
112. *Municipalidad de Talagante*
113. *Municipalidad de Til Til*
114. *Municipalidad de Alhué*
115. *Municipalidad de San Pedro*
116. *Municipalidad de María Pinto*
117. *Municipalidad de San Ramón*
118. *Municipalidad de La Pintana*
119. *Municipalidad de Macul*
120. *Municipalidad de Peñalolen*
121. *Municipalidad de Lo Prado*
122. *Municipalidad de Cerro Navia*
123. *Municipalidad de San Joaquín*
124. *Municipalidad de Cerrillos*
125. *Municipalidad de El Bosque*
126. *Municipalidad de Recoleta*
127. *Municipalidad de Vitacura*
128. *Municipalidad de Lo Espejo*
129. *Municipalidad de Lo Barnechea*
130. *Municipalidad de Independencia*
131. *Municipalidad de Pedro Aguirre Cerda*
132. *Municipalidad de Huechuraba*
133. *Municipalidad de Padre Hurtado*

134. *Municipalidad de Rancagua*
135. *Municipalidad de Machalí*
136. *Municipalidad de Graneros*
137. *Municipalidad de Codegua*
138. *Municipalidad de Mostazal*
139. *Municipalidad de Peumo*
140. *Municipalidad de Las Cabras*
141. *Municipalidad de San Vicente*
142. *Municipalidad de Pichidegua*
143. *Municipalidad de Doñihue*
144. *Municipalidad de Coltauco*
145. *Municipalidad de Rengo*
146. *Municipalidad de Quinta De Tilcoco*
147. *Municipalidad de Requínoa*
148. *Municipalidad de Olivar*
149. *Municipalidad de Coinco*
150. *Municipalidad de Malloa*
151. *Municipalidad de San Fernando*
152. *Municipalidad de Chimbarongo*
153. *Municipalidad de Nancagua*
154. *Municipalidad de Placilla*
155. *Municipalidad de Santa Cruz*
156. *Municipalidad de Lolol*
157. *Municipalidad de Chépica*
158. *Municipalidad de Pumanque*
159. *Municipalidad de Paredones*
160. *Municipalidad de Palmilla*
161. *Municipalidad de Litueche*
162. *Municipalidad de Pichilemu*
163. *Municipalidad de Marchihue*
164. *Municipalidad de La Estrella*
165. *Municipalidad de Navidad*
166. *Municipalidad de Peralillo*
167. *Municipalidad de Curicó*
168. *Municipalidad de Romeral*
169. *Municipalidad de Teno*
170. *Municipalidad de Rauco*
171. *Municipalidad de Licantén*
172. *Municipalidad de Vichuquén*
173. *Municipalidad de Hualañé*
174. *Municipalidad de Molina*
175. *Municipalidad de Sagrada Familia*
176. *Municipalidad de Talca*
177. *Municipalidad de San Clemente*
178. *Municipalidad de Pelarco*
179. *Municipalidad de Río Claro*
180. *Municipalidad de Penciahue*
181. *Municipalidad de Maule*
182. *Municipalidad de Curepto*
183. *Municipalidad de Constitución*

184. *Municipalidad de Empedrado*
185. *Municipalidad de San Javier*
186. *Municipalidad de Linares*
187. *Municipalidad de Yerbas Buenas*
188. *Municipalidad de Colbún*
189. *Municipalidad de Longaví*
190. *Municipalidad de Parral*
191. *Municipalidad de Retiro*
192. *Municipalidad de Chanco*
193. *Municipalidad de Cauquenes*
194. *Municipalidad de Villa Alegre*
195. *Municipalidad de Pelluhue*
196. *Municipalidad de San Rafael*
197. *Municipalidad de Chillán*
198. *Municipalidad de Pinto*
199. *Municipalidad de Coihueco*
200. *Municipalidad de Ranquil*
201. *Municipalidad de Coelemu*
202. *Municipalidad de Quirihue*
203. *Municipalidad de Ninhue*
204. *Municipalidad de Portezuelo*
205. *Municipalidad de Trehuaco*
206. *Municipalidad de Cobquecura*
207. *Municipalidad de San Carlos*
208. *Municipalidad de Ñiquén*
209. *Municipalidad de San Fabián*
210. *Municipalidad de San Nicolás*
211. *Municipalidad de Bulnes*
212. *Municipalidad de San Ignacio*
213. *Municipalidad de Quillón*
214. *Municipalidad de Yungay*
215. *Municipalidad de Pemuco*
216. *Municipalidad de El Carmen*
217. *Municipalidad de Concepción*
218. *Municipalidad de Penco*
219. *Municipalidad de Hualqui*
220. *Municipalidad de Florida*
221. *Municipalidad de Tomé*
222. *Municipalidad de Talcahuano*
223. *Municipalidad de Coronel*
224. *Municipalidad de Lota*
225. *Municipalidad de Santa Juana*
226. *Municipalidad de Lebu*
227. *Municipalidad de Los Alamos*
228. *Municipalidad de Arauco*
229. *Municipalidad de Curanilahue*
230. *Municipalidad de Cañete*
231. *Municipalidad de Contulmo*
232. *Municipalidad de Tirúa*
233. *Municipalidad de Los Angeles*

234. *Municipalidad de Santa Bárbara*
235. *Municipalidad de Laja*
236. *Municipalidad de Quilleco*
237. *Municipalidad de Nacimiento*
238. *Municipalidad de Negrete*
239. *Municipalidad de Mulchén*
240. *Municipalidad de Quilaco*
241. *Municipalidad de Yumbel*
242. *Municipalidad de Cabrero*
243. *Municipalidad de San Rosendo*
244. *Municipalidad de Tucapel*
245. *Municipalidad de Antuco*
246. *Municipalidad de Chillán Viejo*
247. *Municipalidad de San Pedro De La Paz*
248. *Municipalidad de Chiguayante*
249. *Municipalidad de Angol*
250. *Municipalidad de Purén*
251. *Municipalidad de Los Sauces*
252. *Municipalidad de Renaico*
253. *Municipalidad de Collipulli*
254. *Municipalidad de Ercilla*
255. *Municipalidad de Traiguén*
256. *Municipalidad de Lumaco*
257. *Municipalidad de Victoria*
258. *Municipalidad de Curacautín*
259. *Municipalidad de Lonquimay*
260. *Municipalidad de Temuco*
261. *Municipalidad de Vilcún*
262. *Municipalidad de Freire*
263. *Municipalidad de Cunco*
264. *Municipalidad de Lautaro*
265. *Municipalidad de Perquenco*
266. *Municipalidad de Galvarino*
267. *Municipalidad de Nueva Imperial*
268. *Municipalidad de Carahue*
269. *Municipalidad de Saavedra*
270. *Municipalidad de Pitrufquén*
271. *Municipalidad de Gorbea*
272. *Municipalidad de Toltén*
273. *Municipalidad de Loncoche*
274. *Municipalidad de Villarrica*
275. *Municipalidad de Pucón*
276. *Municipalidad de Melipeuco*
277. *Municipalidad de Curarrehue*
278. *Municipalidad de Teodoro Schmidt*
279. *Municipalidad de Padre De Las Casas*
280. *Municipalidad de Valdivia*
281. *Municipalidad de Corral*
282. *Municipalidad de Mariquina*
283. *Municipalidad de Mafil*

284. *Municipalidad de Lanco*
285. *Municipalidad de Los Lagos*
286. *Municipalidad de Futrono*
287. *Municipalidad de Panguipulli*
288. *Municipalidad de La Unión*
289. *Municipalidad de Paillaco*
290. *Municipalidad de Río Bueno*
291. *Municipalidad de Lago Ranco*
292. *Municipalidad de Osorno*
293. *Municipalidad de Puyehue*
294. *Municipalidad de San Pablo*
295. *Municipalidad de Puerto Octay*
296. *Municipalidad de Río Negro*
297. *Municipalidad de Purranque*
298. *Municipalidad de Puerto Montt*
299. *Municipalidad de Calbuco*
300. *Municipalidad de Puerto Varas*
301. *Municipalidad de Llanquihue*
302. *Municipalidad de FRESIA*
303. *Municipalidad de Frutillar*
304. *Municipalidad de Maullín*
305. *Municipalidad de Los Muermos*
306. *Municipalidad de Ancud*
307. *Municipalidad de Quemchi*
308. *Municipalidad de Dalcahue*
309. *Municipalidad de Castro*
310. *Municipalidad de Chonchi*
311. *Municipalidad de Queilén*
312. *Municipalidad de Quellón*
313. *Municipalidad de Puqueldón*
314. *Municipalidad de Quinchao*
315. *Municipalidad de Curaco De Velez*
316. *Municipalidad de Chaitén*
317. *Municipalidad de Palena*
318. *Municipalidad de Futaleufú*
319. *Municipalidad de San Juan De La Costa*
320. *Municipalidad de Cochamo*
321. *Municipalidad de Hualaihue*
322. *Municipalidad de Aysén*
323. *Municipalidad de Cisnes*
324. *Municipalidad de Coyhaique*
325. *Municipalidad de Chile Chico*
326. *Municipalidad de Cochran*
327. *Municipalidad de Lago Verde*
328. *Municipalidad de Guaitecas*
329. *Municipalidad de Río Ibañez*
330. *Municipalidad de O'higgins*
331. *Municipalidad de Tortel*
332. *Municipalidad de Punta Arenas*
333. *Municipalidad de Puerto Natales*

334. *Municipalidad de Porvenir*
335. *Municipalidad de Torres Del Paine*
336. *Municipalidad de Rio Verde*
337. *Municipalidad de Laguna Blanca*
338. *Municipalidad de San Gregorio*
339. *Municipalidad de Primavera*
340. *Municipalidad de Timaukel*
341. *Municipalidad Cabo de Hornos (ex Navarino)*
342. *Municipalidad de Alto Hospicio*
343. *Municipalidad de Hualpén*
344. *Municipalidad de Alto Bío Bío*
345. *Municipalidad de Cholchol*
346. *Municipalidad Antártica*

Section G – Threshold Adjustment Formulas [REVISED December 2008]

1. The thresholds in Sections A through C shall be adjusted at two-year intervals with each adjustment taking effect on January 1. In calculating the value of a contract for the purpose of ascertaining whether the procurement is covered by this Chapter, an entity shall include the maximum total estimated value of the procurement over its entire duration, taking into account all options, premiums, fees, commissions, interest and other revenue streams or other forms of remuneration provided for in such contracts.
2. With regard to the thresholds for goods and services in Section A and for goods and services for List A entities in Section C, the United States shall calculate the U.S. dollar value for each threshold in accordance with the following:
 - (a) the U.S. inflation rate shall be measured by the Producer Price Index for Finished Goods published by the U.S. Bureau of Labor Statistics, using the two-year time that ends on October 31 in the year prior to the adjustment taking effect, and using the following formula:
$$T_0 \times (1 + i) = T_1$$

T_0 = threshold value at base period
 i = accumulated U.S. inflation rate for the i^{th} two year-period
 T_1 = new threshold value.
 - (b) the first adjustment for inflation, to take effect on January 1, 2004, shall be calculated using the period from November 1, 2001 through October 31, 2003; and
 - (c) all subsequent adjustments shall be calculated using two-year periods, each period beginning November 1, and shall take effect on January 1 of the year immediately following the end of the two-year period.
3. The thresholds for goods and services in Section B, for goods and services for List B entities in Section C, and for construction services in Sections A through C are conversions into U.S. dollars of the thresholds listed in the U.S. Appendix 1 to the WTO Agreement on Government Procurement, which are set out in Special Drawing Rights (SDRs) and listed below. The United States shall calculate adjustments of these thresholds, based on an average of the daily conversion rates of the U.S. dollar in terms of SDRs published by the IMF in its monthly “International Financial Statistics,” for the two-year period preceding October 1 or November 1 of the year before the adjusted thresholds are to take effect:
 - (a) 5 million SDRs for construction services;
 - (b) 355,000 SDRs for goods and services for Section B entities; and
 - (c) 400,000 SDRs for goods and services for List B entities in Section C.
4. The United States shall notify Chile of the adjusted threshold values no later than November 16 of the year before the adjustment takes effect.
5. If a major change in a national currency vis-a-vis the SDR during a year were to create a significant problem with regard to the application of the Chapter, the Parties shall consult as to whether an interim adjustment is appropriate.
6. Chile shall convert the U.S. dollar value of the adjusted thresholds into the Chilean Peso based on the official conversion rate of the Central Bank of Chile (*Banco Central de Chile*), using the average of the daily values of the Chilean Peso in terms of the U.S. dollar as published in Chile’s *Diario Oficial (Dólar Observado)*, over the two-

year period ending September 30 in the year prior to the adjustments taking effect, and rounded to the nearest thousand Chilean Pesos.

7. Chile shall notify the United States of the value in its currency of the newly calculated thresholds no later than one month before the thresholds take effect.