

Sino-Chilean FTA Talks Launched

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China and Chile yesterday launched the first round of talks towards a Free Trade Agreement (FTA), further strengthening the two countries' trade ties.

If the FTA negotiations proceed smoothly, they may conclude before March next year, Chilean officials predicted.

The three-day talks in Beijing will finalize an outline for the FTA negotiations, stipulating the sectors to be discussed and the timetable of the negotiations.

Chinese Assistant Minister of Commerce Yi Xiaozhun and Chilean General Directorate of International Economic Relations Director-General Carlos Furche attended yesterday's meeting as the heads of each side.

A negotiation committee will be established during the first round of the talks, which will begin with negotiations on areas including trade of goods, rules on the place of origin and the inspection and quarantine of goods.

"We hope the talks can end before the presidency of Ricardo Lagos Escobar concludes, which means March next year," said Furche.

His forecast is based on the fact that there are no sensitive issues in the FTA talks and Chile will not ask for much.

Yi said China and Chile have gained many experiences in negotiating FTAs with other economies.

"Such experiences can help the FTA talks proceed smoothly," Yi said.

Chile is an active participant in bilateral trade agreements. It has signed FTAs with South Korea, Canada, the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland), Central America, Mexico, the United States and the European Union.

China has completed FTA talks on the trade of goods and dispute settlement with the Association of Southeast Asian Nations. It is also in talks with New Zealand, South Africa and the Gulf Co-operation Council.

Sino-Chilean trade has witnessed significant growth in recent years, Yi said.

The bilateral trade volume has witnessed an average 22 per cent annual growth since 2000, while the imports from Chile surged 42 per cent over the past four years.

China's exports to Chile increased 31.6 per cent to nearly US\$1.7 billion in 2004 and imports from Chile jumped 63.5 per cent to US\$3.7 billion.

"The FTA will guarantee the continued development of bilateral trade," Yi said.

A FTA feasibility study found the two economies are complementary and a great deal of potential exists.

China mainly exports textiles, high-tech goods, shoes and toys to Chile, while Chile mainly exports copper, paper pulp and iron ore.

Furche said he expected the FTA would drive agricultural exports from Chile.

"We want to sell more fruit, vegetables and seafood to China," he said.

The FTA talks were formally announced by Chinese President Hu Jintao and his Chilean counterpart Ricardo Lagos Escobar during Hu's trip to Chile last November.

Chile has recognized China as a full market economy, and anticipates becoming a bridge for China to expand its exchanges and enhance co-operation with Latin American countries.

Other countries in Latin America are paying a great deal of attention to the Sino-Chilean FTA negotiations, said Furche.

"They will know the trade modes with China they may follow and it is a good opportunity for China to improve its presence in Latin America," he said.

Another Latin American country, Paraguay, is also proposing free trade with China.

Paraguay will negotiate a free-trade agreement with China if it receives approval from MERCOSUR (the Common Market of the South), a major trade bloc in South America, Paraguayan Foreign Minister Leila Rachid said on Monday.

"We have not started dialogue yet, because it depends on a joint decision of the four full members of the bloc," Rachid added.

MERCOSUR has Argentina, Brazil, Paraguay and Uruguay as full members and Bolivia, Chile, Peru and Venezuela as associate states.

Currently, Paraguay and China have annual bilateral trade of US\$187.6 million.

(Source: Subsite of [Egypt](#))

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