

VIII Free Trade Commission Meeting United States – Chile Free Trade Agreement

**San Diego, California
July 3, 2012**

SUMMARY OF THE MEETING

The eighth meeting of the U.S. – Chile Free Trade Commission (Commission), convened on July 3, 2012 in San Diego, California. Rodrigo Contreras, Director of Bilateral Affairs and Assistant U.S. Trade Representative for the Western Hemisphere John Melle chaired the Commission's meeting.

Trade and Investment Effects

The Commission noted that this year marks the nine year anniversary of the FTA's entry into force and noted all originating industrial goods are now fully duty and quota free and that most agricultural goods are either duty free or slated for substantial reductions over the next two years. Last year, the average duty paid on U.S. imports from Chile was less than one-seventh of a percent (0.13%).

According to Chilean 2011 statistics¹, bilateral trade (two-way) in goods increased by more than 40% over 2010, with trade increasing almost three-fold since the FTA entered into force on January 1, 2004. In 2011 bilateral trade in goods was almost 24 billion, up 44% from 2010. The United States noted that trade in services with Chile (exports and imports) totaled \$3.5 billion in 2010 (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 1974-2011, representing approximately 25%.² The United States noted that U.S. foreign direct investment in Chile (stock) was \$26.3 billion in 2011.

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.

¹ Chilean statistics from Central Bank of Chile

² Government of Chile Foreign Investment Committee (FIC). < <http://www.foreigninvestment.cl/> > last accessed July 2, 2012

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 Committee on Technical Barriers to Trade (TBT), which held its eighth meeting and the Committee on Trade in Goods, which held its fifth meeting.

Implementation Issues

Both Parties recognized the value of their ongoing dialogue regarding the implementation of Chapter 17 (Intellectual Property Rights) and reaffirmed the interest in continuing the dialogue.

Chile and the United States discussed Chile's 2011 request for tariff acceleration on certain products, which the United States was not able to accept.

Chile informed the United States that it plans to present three proposals regarding Rules of Origin in the coming weeks. The United States agreed to review the proposals once received.

Chile and the United States discussed the importance of labor issues to trade and noted the good cooperation and coordination that has taken place between the Parties and both bilateral and multilateral fora.

Decisions by the Commission

The United States and Chile initiated an exchange of letters to adjust the product-specific rules of origin in the FTA to reflect the 2012 changes to the Harmonized System nomenclature. These amendments will enter into force on November 1, 2012.

Additionally, the Commission noted the significant progress that has been made to finalize the Common Guidelines and agreed to complete the implementation as soon as possible.

Future Council and Committee Meetings

The Commission noted that the Committees on Sanitary and Phytosanitary (SPS) Measures and the Committee on Technical Barriers to Trade (TBT) plan to meet in the second semester of 2012.

The Commission also 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 late September 2012, in Santiago.

Other Bilateral Issues

The Commission discussed follow-up on the efforts to deepen the bilateral relationship through joint work to assist small and medium enterprises (SMEs) in taking greater advantage of the benefits of increased trade under the FTA. The United States also informed Chile about the Small Business Network of the Americas, which aims to connect Small Business Development Centers and similar SME support systems in the region.

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' interest in continuing to explore signing a mutual recognition agreement (MRA) for telecommunications equipment; and the United States' concern about a draft law in Chile that seeks to ban advertising on pay television platforms.

The Commission also discussed Chile's proposed tax reform, and exchanged information about their respective bilateral and regional negotiations, including an update of the Pacific Alliance (Alianza del Pacífico) and the projects carried out under Pathways to Prosperity.

The Commission agreed to hold the ninth meeting of the FTC in Chile during 2013.