Tariff Analysis in the Pacific Alliance Negotiation – Session 5

Submitted by: Chile
APEC capacity building workshop on preparing for FTA Negotiations: Tariff Analysis in the Pacific Alliance Negotiation: Session 5

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Framework Agreement, signed during the IV President Summit in Paranal: It establishes the objectives and structure of the Pacific Alliance as well as the accession process and the participation of observers. The Pacific Alliance is based on the FTAs signed by the parties prior to the framework agreement:

1) Movement of Goods
2) Movement of Services
3) Movement of Investment
4) Movement of People
5) Cooperation

Preamble

“AWARE that this integration process will be based on economic, trade and integration between existing parties to bilateral, regional and multilateral agreements, and that should contribute to deeper economic and trade relations”.

Article 11
Accession of New Member States

“This Framework Agreement shall be open for accession by States that so request and are subject to a Free Trade Agreement with each of the Parties. Acceptance of membership shall be subject to the unanimous approval of Ministers Council.

The Framework Agreement shall enter into force for the acceding state sixty (60) days from the date of deposit of the instrument of accession.”
MERCOSUR AND SOUTH AMERICA CONVERGENCE

The incumbent Government has proposed a new perspective to consider in Pacific Alliance:

1. To **BUILD** a bridge of communication to include new scopes of convergence with MERCOSUR and South America (Ecuador and Bolivia).

2. To **PROMOTE** a dialogue in different economics scopes which should be further to the tariffs agreements and commons interest such as movement of people, trade facilitation and rule of origin.

3. To **RESPECT** the different models of economic development in South America.

4. To **ACHIEVE** economies of scale and develop more integrated supply chains within South America.

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**Tariff analysis:** Once a decision is taken to enter negotiations, focus turns to obtaining a negotiating mandate, including the setting of offensive and defensive objectives and preparing negotiating briefs....

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President Michelle Bachelet
PACIFIC ALLIANCE
Tariff Analysis

1. Coordination with the Committees on International Economic Negotiations
2. Meetings with the Main Stakeholders
   - To explain Analysis of Coexistence of the Tariff with the Rule of Origen
   - To explain the analysis which considers Global Data Bases
2. Coordination with the Committees on International Economic Negotiations

Ministerial Committee:
It is a political instance in which the Ministries involved in the different scopes of trade and economic policies take decisions about applying tariffs, taxes, safeguard, sanitary and phytosanitary measures, etc.

- Inter-ministerial Committee,
- Function: Support and advise the president on specific trade negotiation policies. Additionally, it is charged to inform the Congress on trade negotiation progress.
- Integrated by: Foreign Affairs, Economy, Finance, Office of the President, and any other office related to the negotiation topic.
- Chaired by: General Directorate for International Economic Affairs.

Technical Committee:
It is a technical instance which is coordinated by DIRECON (General Directorate of International Economics Relations). It follows up negotiations, maintains continuous contact with lead negotiators, and hands over the Ministerial Committee sensitive issues for its consideration.

- Function: Follow up negotiations, maintain continuous contact with lead negotiators, and hand over the Inter-Ministerial Committee sensitive issues for its consideration.
- Integrated by: General Director for International Economic Affairs and representatives of Finance, Presidency, Agriculture, and Economy, as well as negotiation teams coordinators.
- Chaired by: the Person designated by the President.
Committees on International Economic Negotiations

• Currently Chile is working in a new scope of organization in which can create specific committees that oversee any trade negotiation such as:
  • Intellectual Property Committee,
  • Sanitary an Phytosanitary Committee.

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3. - Meetings with the Main Stake holders: The Civil Society Council

1. Confederation of Production and Trade
2. Fruit Exporters Association of Chile AG
3. Exporters Association Dairies
4. Corporation and United Peasant Movement of Ethnic Chile
5. Santiago Chamber of Commerce
6. National Union of Artists
7. Poultry Producers Association of Chile
8. Chilean Association of Software and Services
9. Industrial Association of Pharmaceutical Laboratories
10. Asia Pacific Centre, University Diego Portales
11. Pharmaceutical Policies
12. Chilean Corporation of Wood
13. Digital Rights
15. Chile Customs House
16. Chilean Association of Intellectual Property
17. Chilean Society Copyright
18. National Fisheries Society
19. Chamber of Cosmetics Industry
20. Institute of International Studies of the University of Chile
21. Union Federation of Fruit Producers
22. Social Development Corporation Rural Sector
23. Centre for International Studies at the Catholic University
24. Association of Manufacturing Exporters, Services and Tourism
25. National Chamber of Commerce Uruguay -Chile AG
26. National Society of Agriculture
27. Licensing Executives Society Chile
28. Rapa Nui Indigenous Community Tupuna

Council Member Organizations of Civil Society - DIRECON
PACIFIC ALLIANCE
2.- Meetings with the Main Stake holders

Chile has an important FTAs and RTAs Know out in Trade Negotiations. That includes a permanent agenda with the Main Stake Holders in the Country.
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3. Meetings with the Main Stakeholders to evaluate different Negotiations scopes

- **The Tariff Elimination**
  - 100% Tariffs elimination
  - 92% immediately on entry into force
  - 8% short and medium term (between 3 and 17 years)

- **Rules of Origin** Flexibility, single rule and accumulation

- **Trade facilitation**
  - Electronic Certification of Origin, Interoperability of the single window, Custom Cooperation, Authorized Economic Operator

- **Sanitary and Phytosanitary Measures**
  - To increase transparency in the application of sanitary and phytosanitary measures and strengthen the use of science-based.

- **Technical Barriers to Trade**
  - To increase transparency and the regulatory cooperation among other matters.

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**PACIFIC ALLIANCE**

4. Analysis of Coexistence the Tariff with the Rule of Origen

- **Multiples types of economic analysis to coordinate the both scopes**

- **Tariff Elimination**
  - 100% Tariffs elimination
  - 92% immediately on entry into force
  - 8% short and medium term (between 3 and 17 years)

- **Rules of Origen**
  - Flexibility
  - Single Rule
  - Accumulation
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5. Data Analysis which considers Global Data Bases.

The Result of the Tariff Negotiations was...
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Tariff Elimination

- 100% Tariffs elimination
- 92% immediately on entry into force
- 8% short and medium term (between 3 and 17 years)

PACIFIC ALLIANCE
Tariff Elimination: 92% immediately on entry in force

030213 - Salmonidae, excluding livers and roes: Pacific salmon (Oncorhynchus nerka, Oncorhynchus gorbuscha, Oncorhynchus keila, Oncorhynchus tschawytscha, Oncorhynchus kisutch, Oncorhynchus masou and Oncorhynchus rhodurus)

030242 - Herrings (Clupea harengus, Clupea pallasii), anchovies (Engraulis spp.), sardines (Sardina pilchardus, Sardinops spp.), sandeels (Sandellia spp.), brisling or sprats (Sprattus sprattus), mackerel (Scomber scombrus, Scomber australasicus, Scomber japonicus), jack and horse mackerel (Trachurus spp.), cobia (Rachycentron canadum) and swordfish (Xiphias cladius), excluding livers and roes: anchovies (Engraulis spp.)

030254 - Fish of the families Bregmacerotidae, Euclichthyidae, Gadidae, Macrouridae, Merlucciidae, Merluccidae and Merlucciusidae, excluding livers and roes: hake (Merluccius spp., Urophycis spp.)
PACIFIC ALLIANCE
Tariff Elimination: 92% immediately on entry in force

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>070200</td>
<td>TOMATOES, FRESH OR CHILLED</td>
</tr>
<tr>
<td>070970</td>
<td>Spinach, New Zealand spinach and orache spinach (garden spinach)</td>
</tr>
<tr>
<td>080211</td>
<td>Cashew nuts in shell</td>
</tr>
<tr>
<td>080212</td>
<td>Cashew nuts, shelled</td>
</tr>
<tr>
<td>080231</td>
<td>Walnuts in shell</td>
</tr>
<tr>
<td>080232</td>
<td>Walnuts, shelled</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>080520</td>
<td>Mandarins (including tangerines and satsumas); kumquats, kumquats and similar citrus hybrids</td>
</tr>
<tr>
<td>080550</td>
<td>Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia)</td>
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<tr>
<td>080830</td>
<td>Pears</td>
</tr>
<tr>
<td>080910</td>
<td>Apricots</td>
</tr>
<tr>
<td>150910</td>
<td>Virgin</td>
</tr>
<tr>
<td>170410</td>
<td>Chewing gum, whether or not sugar-coated</td>
</tr>
<tr>
<td>180631</td>
<td>Other, in blocks, slabs or bars; filled</td>
</tr>
<tr>
<td>200870</td>
<td>Peaches, including nectarines</td>
</tr>
<tr>
<td>220300</td>
<td>BEER MADE FROM MALT</td>
</tr>
<tr>
<td>220410</td>
<td>Sparkling wine</td>
</tr>
<tr>
<td>220421</td>
<td>Wine</td>
</tr>
<tr>
<td>270900</td>
<td>PETROLEUM OILS AND OILS OBTAINED FROM BITUMINOUS MINERALS, CRUDE</td>
</tr>
<tr>
<td>330510</td>
<td>Shampoos</td>
</tr>
<tr>
<td>740311</td>
<td>Refined copper; cathodes and sections of cathodes</td>
</tr>
<tr>
<td>740312</td>
<td>Refined copper; wire-bars</td>
</tr>
</tbody>
</table>
### PACIFIC ALLIANCE
Tariff Elimination: 8% short and medium term (between 3 and 17 years)

<table>
<thead>
<tr>
<th>Product</th>
<th>SA6</th>
<th>Chile</th>
<th>Colombia</th>
<th>Peru</th>
<th>Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off feet of the species Gallus domesticus: cuts and offal, frozen</td>
<td>020714</td>
<td>Free 2020</td>
<td>Free 2029</td>
<td>Inmediate</td>
<td>Free 2025</td>
</tr>
<tr>
<td>- Herrings (Clupea harengus, Clupea pallasii), anchovies (Engraulis sp.), sardines (Sardina pilchardus, Sardina sp.), sardinella (Sardina pilchardus), brining or sprats (Sprattus sprattus), makreels (Scomber scombrus, Scomber australasicus, Scomber japonicus), jack and herring mackerel (Trachurus sp.), obo (Reisynopterus canaedium) and sauryfish (Xiphias gladius), excluding livers and roes, sardines (Sardina pilchardus, Sardina sp.), brining or sprats (Sprattus sprattus)</td>
<td>030243</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Free 2020</td>
</tr>
<tr>
<td>- Fish of the families Bruguieraeridae, Euclichthyidae, Gadidae, Mackerelidae, Merluccidae, Monodactylus and Mulleropisidae, excluding livers and roes; coalfish (Pollachius virens)</td>
<td>030357</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
</tr>
<tr>
<td>- In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%</td>
<td>040210</td>
<td>Free 2020</td>
<td>Free 2026</td>
<td>Free 2025</td>
<td>Free 2025</td>
</tr>
<tr>
<td>Yogurt</td>
<td>040310</td>
<td>Free 2020</td>
<td>Free 2026</td>
<td>Free 2023</td>
<td>Free 2025</td>
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<tr>
<td>Butter</td>
<td>040510</td>
<td>Free 2020</td>
<td>Free 2022</td>
<td>Free 2023</td>
<td>Free 2023</td>
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<tr>
<td>Pineapples</td>
<td>080430</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
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<tr>
<td>Avocados</td>
<td>080440</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
</tr>
<tr>
<td>Oranges</td>
<td>080510</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
</tr>
<tr>
<td>Off poultry of 0105 of turkey</td>
<td>160231</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
</tr>
<tr>
<td>- Molluscs: octopus</td>
<td>160555</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
</tr>
<tr>
<td>- Molluscs: snails, other than sea snails</td>
<td>160558</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
</tr>
<tr>
<td>- Rum and other spirits obtained by distilling fermented sugar cane products</td>
<td>220840</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
<td>Inmediate</td>
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<tr>
<td>- Fish of summer</td>
<td>230210</td>
<td>Inmediate</td>
<td>Free 2016</td>
<td>Free 2018</td>
<td>Free 2016</td>
</tr>
<tr>
<td>- Industrial monocarboxylic fatty acids, esters from refining: acids</td>
<td>382312</td>
<td>Inmediate</td>
<td>Free 2016</td>
<td>Inmediate</td>
<td>Inmediate</td>
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<tr>
<td>- Natural other than that of HS5.4.6.5</td>
<td>382460</td>
<td>Inmediate</td>
<td>Free 2016</td>
<td>Inmediate</td>
<td>Inmediate</td>
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</tbody>
</table>
Thank you