



**Asia-Pacific
Economic Cooperation**

2014/SOM2/CTI/WKSP1/019

Tariff Analysis in the Pacific Alliance Negotiation – Session 5

Submitted by: Chile



**Capacity Building Workshop on Preparing
for FTA Negotiations
Qingdao, China
6-7 May 2014**

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

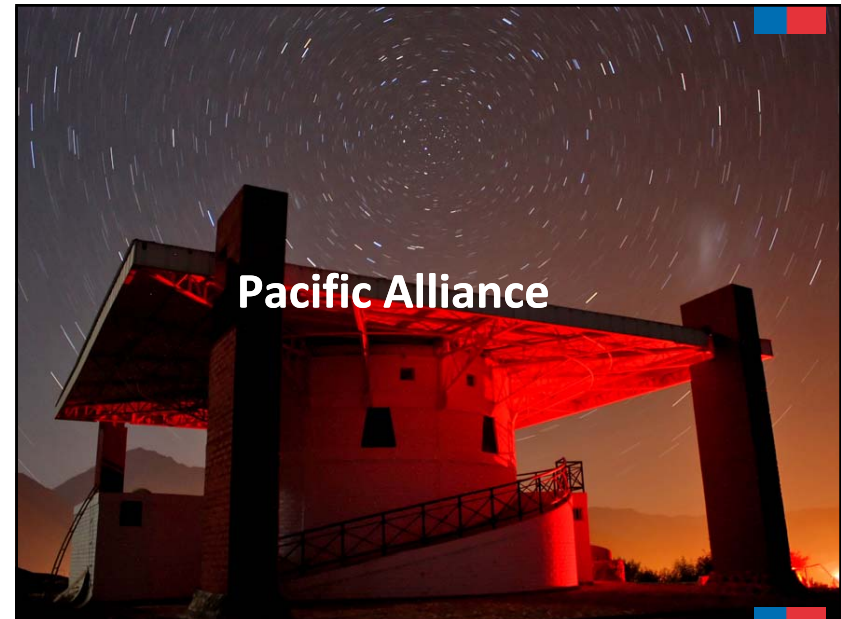


DIRECON
Ministerio de Relaciones Exteriores

Mr Sergio Valdes, Department Head of South America and Pacific Alliance Lead Negotiator, General Directorate for International Economic Affairs, Chile General Directorate of International Economic Affairs

6 May 2014

Gobierno de Chile



THE PACIFIC ALLIANCE ORGANIZATION LEGAL FRAMEWORK



Framework Agreement, signed during the IV President Summit in Paran : 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

THE PACIFIC ALLIANCE ORGANIZATION

LEGAL FRAMEWORK: It is based on the FTAs signed by the parties prior to the framework agreement

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.



President Michelle Bachelet

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....

PACIFIC ALLIANCE

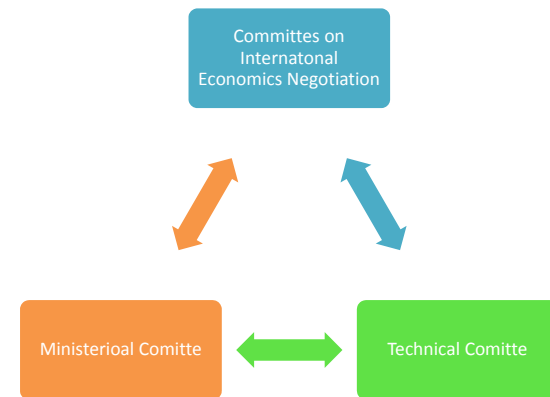
Tariff Analysis

- 1 Coordination with the Committees on International Economic
- 2 Meetings with the Main Stake holders
 - To explain Analysis of Coexistence the Tariff with the Rule of Origin
 - To explain the analysis which considers Global Data Bases

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PACIFIC ALLIANCE

1.- Coordination with the Committees on International Economic Negotiations



PACIFIC ALLIANCE

2.- Coordination with the Committees on International Economic Negotiations



Ministerial Committee : It is a Political instance in which the Ministries involves in the different scopes of the Trade and Economic Policies takes decision about applying Tariff, Taxes, Safe Guard, 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.

PACIFIC ALLIANCE

2.- Coordination with the Committees on International Economic Negotiations



Technical Committee: It is a Technical instance which is coordinated by DIRECON (General Directorate of International Economics Relations). It is Follow up negotiations, maintain continuous contact with lead negotiators, and hand 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
14. Institute of Political Ecology
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**

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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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2.- Meetings with the Main Stake holders: Other Organization





PACIFIC ALLIANCE


3.- Meetings with the Main Stake holders to evaluate different Negotiations scopes


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

Tariff Elimination

Ruled of Origen

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

Multiples types of economic analysis to coordinate the both scopes

• Flexibility
• Single Rule
• Acumulation

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5.- Data Analysis which considers Global Data Bases.



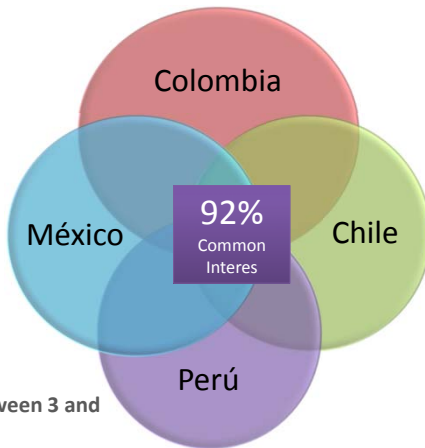
BANCO CENTRAL
DE CHILE



The Result of the Tariff Negotiations was...

PACIFIC ALLIANCE
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 keta*, *Oncorhynchus tshawytscha*, *Oncorhynchus kisutch*, *Oncorhynchus masou* and *Oncorhynchus rhodurus*)
- 030242** -Herrings (*Clupea harengus*, *Clupea pallasii*), anchovies (*Engraulis spp.*), sardines (*Sardina pilchardus*, *Sardinops spp.*), sardinella (*Sardinella 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 *Bregmaceroideae*, *Euclichthyidae*, *Gadidae*, *Macrouridae*, *Melanonidae*, *Merlucciidae*, *Moridae* and *Muraenolepididae*, excluding livers and roes: hake (*Merluccius spp.*, *Urophycis spp.*)



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Tariff Elimination: 92% immediately on entry in force

- 070200 TOMATOES, FRESH OR CHILLED
- 070970 -Spinach, New Zealand spinach and orache spinach (garden spinach)



- 080211 -Cashew nuts: in shell
- 080212 -Cashew nuts: shelled
- 080231 -Walnuts: in shell
- 080232 -Walnuts: shelled



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Tariff Elimination: 92% immediately on entry in force

- 080520 -Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids
- 080550 -Lemons (*Citrus limon*, *Citrus limonum*) and limes (*Citrus aurantifolia*, *Citrus latifolia*)
- 080830 -Pears
- 080910 -Apricots
- 150910 -Virgin
- 170410 -Chewing gum, whether or not sugar-coated
- 180631 -Other, in blocks, slabs or bars: filled
- 200870 -Peaches, including nectarines
- 220300 BEER MADE FROM MALT
- 220410 -Sparkling wine
- 220421 Wine
- 270900 PETROLEUM OILS AND OILS OBTAINED FROM BITUMINOUS MINERALS, CRUDE:
- 330510 -Shampoos
- 740311 -Refined copper: cathodes and sections of cathodes
- 740312 -Refined copper: wire-bars



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Tariff Elimination: 8% short and medium term (between 3 and 17 years)

Product	SA6	Chile	Colombia	Peru	Mexico
-Of fowls of the species Gallus domesticus: cuts and offal, frozen	020714	Free 2020	Free 2029	Inmediata and Free 2025	Free 2023
-Herrings (Clupea harengus, Clupea pallasii), anchovies (Engraulis spp.), sardines (Sardina pilchardus, Sardinops spp.), sardinella (Sardinella 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: sardines (Sardina pilchardus, Sardinops spp.), sardinella (Sardinella spp.), brisling or sprats (Sprattus sprattus)	030243	Inmediaty	Inmediaty	Inmediaty	Free 2020
-Fish of the families Bregmacerotidae, Euclithyidae, Gadidae, Macrouroidae, Melanonidae, Merlucciidae, Moridae and Muraenolepididae, excluding livers and roes: coalfish (Pollachius virens)	030357	Inmediaty	Inmediaty	Inmediaty	Free 2020
-In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5%	040210	Free 2020	Free 2026	Free 2025	Free 2025

PACIFIC ALLIANCE

Tariff Elimination: 8% short and medium term (between 3 and 17 years)

Product	SA6	Chile	Colombia	Peru	Mexico
-Yogurt	040310	Free 2020	Free 2026	Free 2023	Free 2023
-Butter	040510	Free 2020	Free 2022	Free 2023	Free 2023
-Pineapples	080430	Inmediata	Inmediaty (Chile y Peru) and Free 2023 (Mexico)	Inmediaty	Free 2023
-Avocados	080440	Inmediaty	Inmediaty	Inmediaty	Free 2016
-Oranges	080510	Inmediaty	Inmediaty	Inmediaty	Free 2023
-Of poultry of 0105: of turkeys	160231	Free 2016	Inmediaty	Inmediaty	Free 2018
-Molluscs: octopus	160555	Inmediata	Inmediaty	Inmediaty	Free 2020
-Molluscs: snails, other than sea snails	160558	Inmediaty	Inmediaty	Inmediaty	Free 2020
-Rum and other spirits obtained by distilling fermented sugar-cane products	220840	Inmediaty	Free 2021	Inmediaty	Free 2020
-Of maize (corn)	230210	Inmediaty	Free 2016	Free 2018	Free 2016
-Industrial monocarboxylic fatty acids; acid oils from refining: oleic acid	382312	Inmediaty	Free 2016	Inmediaty	Inmediaty
-Sorbitol other than that of 2905.44	382460	Inmediaty	Free 2016	Inmediaty	Inmediaty

Thank you

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