



**Asia-Pacific
Economic Cooperation**

2015/SOM2/CTI/TPD/004

Session 1

Chile–Hong Kong, China Free Trade Agreement

Submitted by: Chile; Hong Kong, China



APEC
PHILIPPINES
2 0 1 5

**Trade Policy Dialogue on WTO-Plus Aspects of
Recently Concluded Regional Trade
Agreements and Free Trade Agreements
Boracay, Philippines
14 May 2015**

CHILE – HONG KONG, CHINA FREE TRADE AGREEMENT

Boracay, Philippines
May 2015

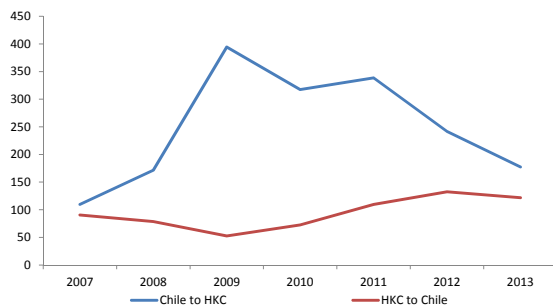
CHILE – HONG KONG, CHINA TRADE

CHILEAN EXPORTS TO HONG KONG, CHINA		
	2007	2013
MM US\$	110	177
SHARE	0.16%	0.23%
EXPORT RANKING	44	38

EXPORTS FROM HONG KONG, CHINA TO CHILE		
	2007	2013*
MM US\$	90	122
SHARE	0.19%	0.15%
EXPORT RANKING	41	40

8,4%
Average anual growth

5,2%



Fuente: Departamento de Estudios, DIRECON, sobre la base de datos del Banco Central de Chile. Cifras sujetas a revisión.

CHILE – HONG KONG, CHINA TRADE



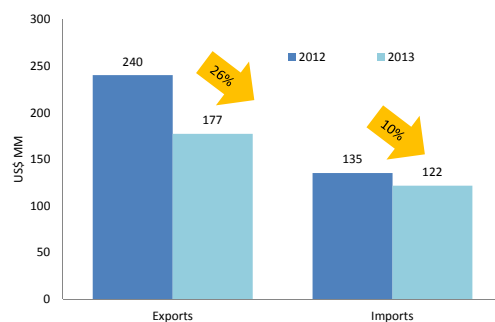
NUMBER OF PRODUCTS EXPORTED

67 (2000) » 282 (2013)



NUMBER OF EXPORTING COMPANIES

134 (2000) » 455 (2013)



Fuente: Departamento de Estudios, DIRECON, sobre la base de datos del Banco Central de Chile y Webcomex.

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CHILEAN EXPORTS TO HONG KONG, CHINA

PRINCIPAL PRODUCTS

MAIN EXPORTS FROM CHILE TO HKC (non mining or cellulose)			SHARE IN HKC IMPORTS	
(MM US\$ FOB)			2006	2013
HS CODE 6 digits	DESCRIPTION	2013		
080929	Fresh cherries (except sour cherries)	23.2	-	26%
220421	Other Wine, Grape Must (Fermentation Arrested)	13.9	5%	1%
020714	Frozen boneless cuts of fowls	12.9	0%	1%
080610	Fresh grapes	11.7	17%	7%
080930	Peaches, Including Nectarines, Fresh	11.5	5%	39%
030383	Flat fish, frozen	9.6	-	13%
080231	Walnuts in shell, fresh or dried	8.9	0%	5%
160557	Crustaceans, molluscs and other aquatic invertebrates, prepared or preserved: Abalone	7.9	-	7%

Fuente: Departamento de Estudios, DIRECON, sobre la base de datos de Trade Map.
* No se disponen cifras al año 2013.

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EXPORTS FROM HONG KONG, CHINA TO CHILE

MAIN PRODUCTS

MAIN EXPORTS FROM HKC TO CHILE (MM US\$ CIF)			TARIFF	
HS CODE 8 digits	Description	2013	MFN	FTA
84713000	Data-processing machines, automatic, portable	16.8	6%	0%
85171200	Telephone sets, including telephones for cellular networks or for other wireless networks	16.2	6%	0%
85176900	Other apparatus for transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network	14.4	6%	0%
85177000	Parts of telephone sets; parts of other apparatus for the transmission or reception of voice, images or other data	13.8	6%	0%
85176210	Switching and routing apparatus	5.9	6%	0%
91022100	Other wrist watches	4.2	6%	0%
84714990	Other automatic data processing machines and units thereof	3.8	6%	0%
85176290	Other apparatus for transmission or reception of voice, images or other data	3.2	6%	0%
94032010	Steel tables	2.3	6%	0%
85065090	Lithium cells and batteries	2.1	6%	0%

Fuente: Departamento de Estudios, DIRECON, sobre la base de datos del Banco Central de Chile y Trade Map.

MILESTONES IN THE NEGOTIATION PROCESS



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- ### THE FTA'S CONTENTS
- Disciplines Negotiated:
- Trade in Goods
 - Rules of Origin
 - Custom Procedures and Cooperation
 - Sanitary and Phytosanitary Measures (SPS)
 - Technical Barriers to Trade (TBT)
 - Government Procurement
 - Trade Remedies
 - Competition
 - Trade in Services
 - Financial Services
 - Environment
 - Dispute Settlement
 - Transparency
 - Memorandum of Understanding (MOU) on Labour Cooperation.
- Modern and Comprehensive**
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CHILE – HONG KONG, CHINA FREE TRADE AGREEMENT

Key Issues

- **Comprehensive Agreement:** It includes disciplines such as government procurement, services, financial services and environmental issues among others. Also, an MoU on Labour Issues was signed.
- **Flexibility on Rules of Origin:** In sector of interest disciplines were established in order to avoid non trade barriers for the smooth flow of goods between Chile and HKC.
- **Institutional Arrangement:** The FTA will allow both parties the possibility to hold regular meetings in order to supervise and review the implementation of the Agreement, Furthermore, it will grant the opportunity to examine new areas in which both economies can enhance their relationship.
- **Transparency and legal certainty:** The FTA grants legal certainty in relation to trade restrictions.

CHILE – HONG KONG, CHINA FREE TRADE AGREEMENT

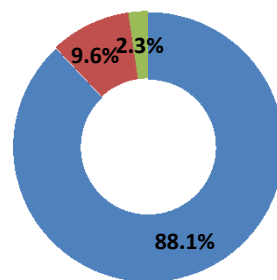
Key Issues

- **Geographical Indications:** Through the Agreement, Hong Kong granted recognition to important Chilean GIs such as Pisco, Pica Lemon, Lobsters from Juan Fernandez Island and wines.
- **Sanitary and Phytosanitary Measures:** Both Parties accepted commitment beyond the WTO with objective to strengthen the trade relationship beyond tariff reductions.
- **Services and Financial Services:** The Agreements liberalizes sectors of interest for Chile and HKC. Moreover, commitments were made in a WTO+ approach.
- **Dispute Settlement:** A robust and strong dispute settlement mechanism was included in the agreement allowing parties to resort to international arbitration in order to resolve possible disputes.

**CHILE – HONG KONG, CHINA FREE TRADE AGREEMENT
CHILE MARKET ACCESS OFFER**

Chile List		
Category	Number of Products	Imports
Year 0	6.852	15.628
Year 3	751	4.604
EXCL	182	800
Total	7.785	21.032

■ Year 0 ■ Year 3 ■ EXCL

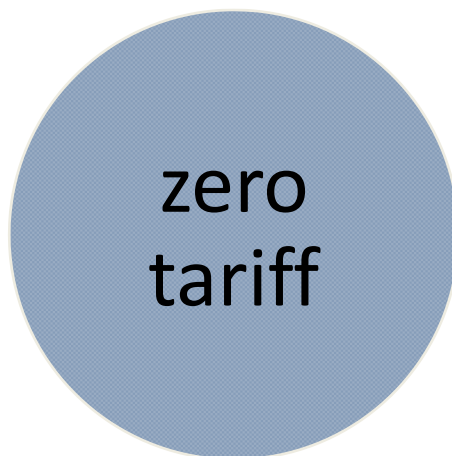


Some excluded products include textiles & used tires among other.

Source: Asia & Oceania Department - DIRECON

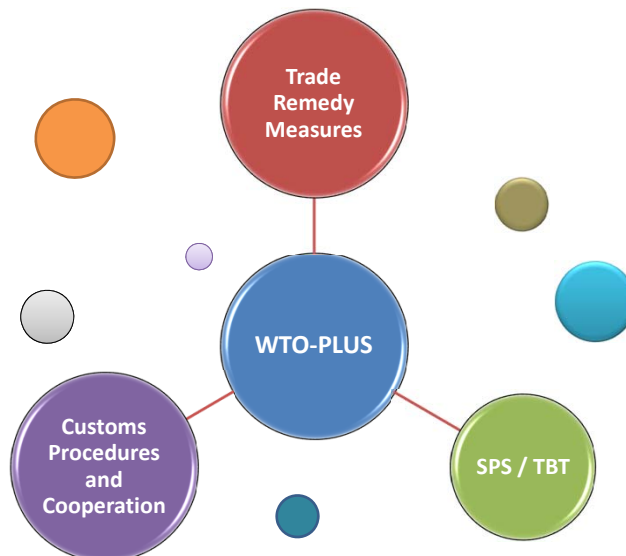
**CHILE – HONG KONG, CHINA FREE TRADE AGREEMENT
HONG KONG MARKET ACCESS OFFER**

Tariff Concessions



CHILE – HONG KONG, CHINA FREE TRADE AGREEMENT

Other WTO-plus Commitments under Trade in Goods



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SERVICES AND FINANCIAL SERVICES

MARKET ACCESS COMMITMENTS

- Difficulties providing services internationally...
 - Lack of transparency
 - Differential treatment
 - Legal uncertainty

- In order to tackle these issues and to specifically promote the free flow of services between Chile and Hong Kong, both Parties included commitments on improving...
 - transparency of domestic regulations
 - Elimination of unnecessary barriers to trade in services.

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SERVICES AND FINANCIAL SERVICES

- Comprehensive chapter which liberalize various sectors.
 - Both Parties went beyond their WTO commitments.
- National treatment for service providers.
 - Non restrictive. Service providers will be allowed to provide as many services they want.
 - No requirements on service entities or joint ventures.
 - Same conditions for service providers from both Chile and HKC.
- Also disciplines on domestic regulations & recognition.

SERVICES AND FINANCIAL SERVICES MARKET ACCESS COMMITMENTS

- As mentioned Chile went beyond its offer committed in the WTO, granting the chapter a WTO plus “tag or label”. Sectors include:
 - Financial services
 - Telecommunications services in accordance with Hong Kong private sector strength
 - Computer services
 - Consulting services
 - I&T services
 - Tourism and many other.

CHILE – HONG KONG, CHINA FREE TRADE AGREEMENT
HONG KONG MARKET ACCESS COMMITMENTS

- On the other hand, Hong Kong's WTO-plus and Doha-plus commitments include:
 - horizontal commitments on movement of natural persons (Mode 4):
 - covering the temporary entry and stay of business visitors (BV) as well as intra-corporate transferees (ICT) in a wide range of sectors.

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CHILE – HONG KONG, CHINA FREE TRADE AGREEMENT
HONG KONG MARKET ACCESS COMMITMENTS

- specific commitments on individual services sectors/sub-sectors, which cover Mode 1, 2 or 3 as the case may be, including:
 - Accounting, auditing and bookkeeping services;
 - Architectural services;
 - Engineering services;
 - Telecommunication services;
 - Audiovisual services;
 - Construction services;
 - Banking and related services; and
 - Maritime transport services, among others.

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CHILE – HONG KONG, CHINA FREE TRADE AGREEMENT

HKC-Chile FTA

Investment Agreement

Agreed to negotiate an Investment Agreement after the entry into force of the FTA

Commenced negotiation in Feb 2015

Complement the FTA main text

Form an integral part of the FTA

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THANK YOU