WTO-Plus Elements of the FTA Between Chile and Australia

Submitted by: Chile
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Chile's strategy in the Asia-Pacific

25 TRADE AGREEMENTS WITH 64 ECONOMIES

94% of Chilean exports
63% Global population
85% Global Gross Domestic Product (GDP)

Source: ProChile trade intelligence with figures from Chile’s Central Bank.
OBJECTIVES

As a small and distant economy, our purpose was to deepen our international integration, combining exports development with the promotion and protection of investments.

Promote competitiveness and the exchange of technological advances, in a context of stable rules, monitoring of unfair competition, and policies that strengthen their impact on social equity.

Relations between Australia and Chile: “Like Minded” Economies, Context of the FTA

Both economies are major mining and agricultural producers, with a strong focus in the Asia-Pacific region.

Both economies shared political and economical stability.

Both countries possess extensive FTA networks.

Economies open to international trade and investment. (Chile, average tariff = 0.9%).

Abundance in natural resources, located in the South Hemisphere, Geographically relatively isolated economies, large Chilean Population in Australia.

Australia’s largest merchandise exports to Chile are: coal, iron ore, gold and petroleum products (90% of Australian investment is concentrated in the mining industry), whereas Chile’s exports to Australia are mainly copper and related products.
Relations between Australia and Chile: “Like Minded” Economies

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Chile is one of the region’s main foreign investors.

There are approximately 35,200 Chileans living in Australia (2013). Globally Australia is the 6th country with more Chileans.

NOT THE SAME RESULTS: Economic results and technology development, to name a few, are much greater in Australia, With a GDP of USD 1,454 trillion (in 2014) and an in per capita income of USD$47,318; while Chile as a developing economy has GDP of USD$258.1 billion (in 2014) and an in per capita income of USD$ 23,564.

General description of the FTA

Signed: July 30th, 2008.
Entered in to force: March 6th, 2009.

Commercial Exchange:
Before FTA (2003-2008) 0,4%
After FTA (2009-2015) 0,8%

Non copper exports between 2009-2015 grow 10% annually

Imports (CIF) from USD$ 236 Millions (2009) to USD$ 292 Millions (2014), this means an average of 4,3% grow annually

Investment:
Chilean Investment in Australia USD$743 Millions (2014)
Australian Investment in Chile (2015) USD$ 4,8 Billion (specially in the mining sector, 72%)
General description of the FTA

- This Agreement was defined by both countries as the most comprehensive and most advanced FTA ever negotiated by them.

- This FTA addresses matters related to trade in goods, services, investment, public procurement and intellectual property. Also creates an institutional framework that enables the exchange of experiences and consultations.

- Among others, the FTA, considers instances to discuss problems related to Technical Barriers to Trade and Sanitary and Phytosanitary Measures.

- Having already signed trade agreements with China, Japan, Korea, Singapore, India and New Zealand, the FTA with Australia allowed Chile to consolidate its presence in the Asia-Pacific, providing the necessary tools to become a business platform between Latin America and the eastern shore of the Pacific.

- From day one of the entry into force of the Agreement, 97% of the trade between the two countries was immediately liberalized.

- The longer period of tariff reduction established was six years from the entry into force of the FTA. This makes it one of the most ambitious Chile has signed in terms of market access.

- Chile is Latin America’s largest investor in Australia.

New and Deepening WTO issues

- Market access
  - Elimination of all tariffs (100%), no exceptions, by 2015
  - Prohibition of export subsidies

- Government Procurement

- Competition Policy

- Investment
  - Also applicable to investment in goods, diverse disciplines, a more comprehensive approach

- Services
  - Negative list approach = greater liberalization and transparency
  - Ratchet – Annex 1
  - Stockpile of restrictive measures – Annex 2
  - Telecommunications
  - Electronic commerce
  - Temporary Entry for Business Persons
  - Financial Services
New and Deepening WTO issues

Intellectual Property
- Trademarks
  - Electronic Trade Mark System
  - Sounds as trademarks
  - Notorious and famous trade marks
  - Electronic Trade Mark System
  - 10 years of protection (WTO = 7 years)
- Copyright and related rights
  - 70 years of protection (author rights)

- Domain Names
- Dispute Settlement, and online public access
- Registration Database
- Commitment to Ratify Multilateral Agreements
  - Budapest, UPOV 91, Brussels Convention
- Geographical Indications (IG)
  - Norms of procedure
- Technological Protection Measures
- Satellite Protection

Technical Barriers to Trade
- Obligation to respond to the other party’s observations.
- Further developments in conformity assessments.
- Deeper transparency obligations.
- WTO recommendation requirements for an “International Norm” are mandatory in the FTA.
- Incorporation of the work carried out in the WTO TBT Committee into the bilateral FTA, making it mandatory.
- Establishment of a TBT Committee (aid to solve bilateral issues and develop cooperation)
TPP: WTO Plus + deepening and strengthening bilateral ties

AT A GLANCE:
- 40% of World GDP.
- Covers wide range of trade aspects, beyond bilateral FTA’s coverage.
- Increases commercial openness, could lift member countries' trade by 11% by 2030.

- Diminishes trade restrictions.
- Increase competitiveness.
- Foster exports.
- Further development of global supply chains.
- Accumulation of origin: you can produce where is more efficient, produce with partners and sell in other markets of the Agreement.

TPP = IN MANY AREAS A WTO PLUS AGREEMENT, SUCH AS IN:
- E-commerce
- Telecommunications
- Environment
- Labor
- Anti-corruption
- State Owned Enterprises
- Government Procurement
- Sanitary and Phytosanitary Measures
TPP: WTO Plus + deepening and strengthening bilateral ties

- Intellectual Property Rights
- Trade Facilitation
- Prohibition on exports subsidy

Thank You

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