



**Asia-Pacific
Economic Cooperation**

2016/SOM2/CTI/TPD/003

Session 1

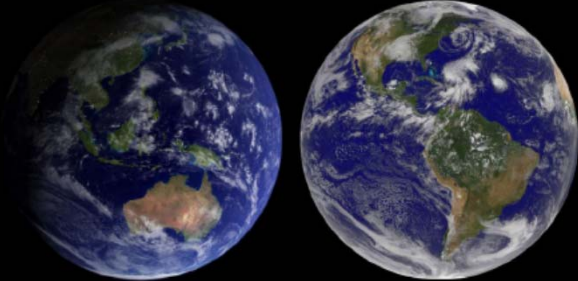
WTO-Plus Elements of the FTA Between Chile and Australia

Submitted by: Chile

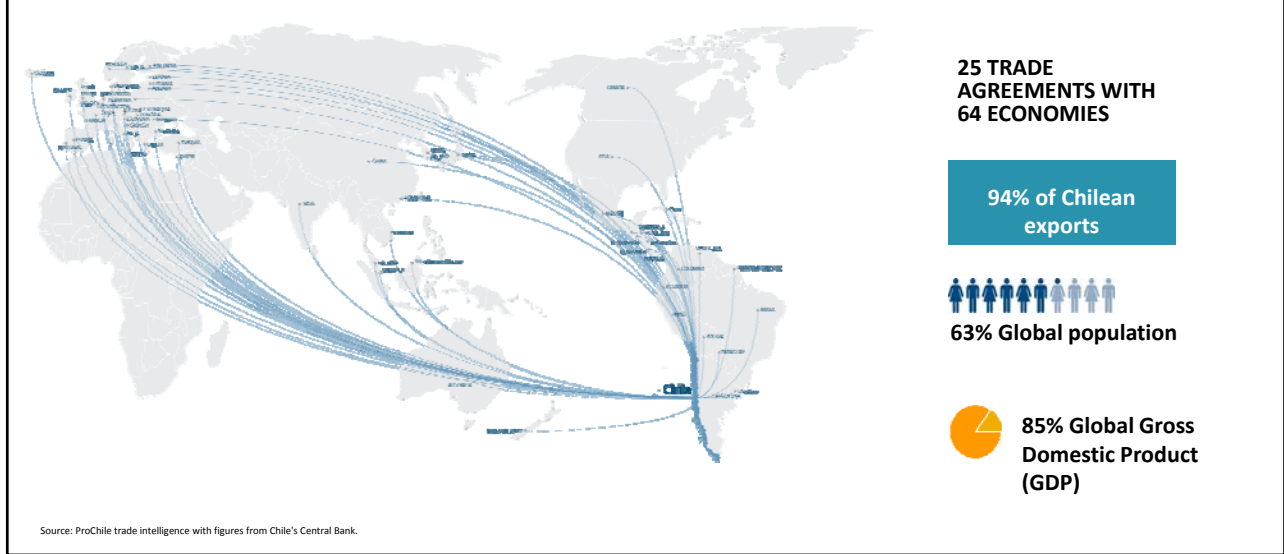


**Trade Policy Dialogue on WTO-Plus Elements of
Regional Trade Agreements and Free Trade
Agreements
Arequipa, Peru
7 May 2016**

WTO-plus Elements of the FTA between Chile and Australia



Chiles strategy in the Asia Pacific





Chiles strategy in the Asia-Pacific



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



Both economies shared political and economical stability.



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

Economies open to international trade and investment. (Chile, average tariff = 0,9%).



Both countries possess extensive FTA networks.



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.

Source: Australia Chile Chamber of Commerce

Relations between Australia and Chile : "Like Minded" Economies



Australia is the **third largest trading partner in Latin America** and fifth largest foreign investor.



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.

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.



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**.

Source: IMF / World Bank



General description of the FTA

Negotiations: From August, 2007 to April, 2008.
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%

Exports grow from USD\$ 84 Millions (2003) to **USD\$ 427 Millions (2015)**
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 Billions** (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

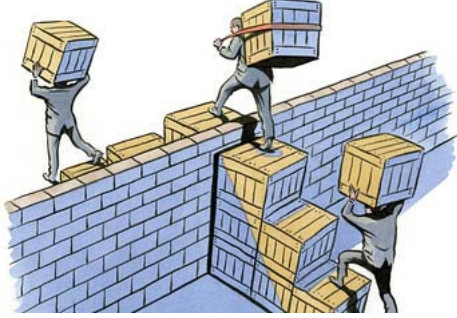
Intellectual Property

- **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**

New and Deepening WTO issues



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.



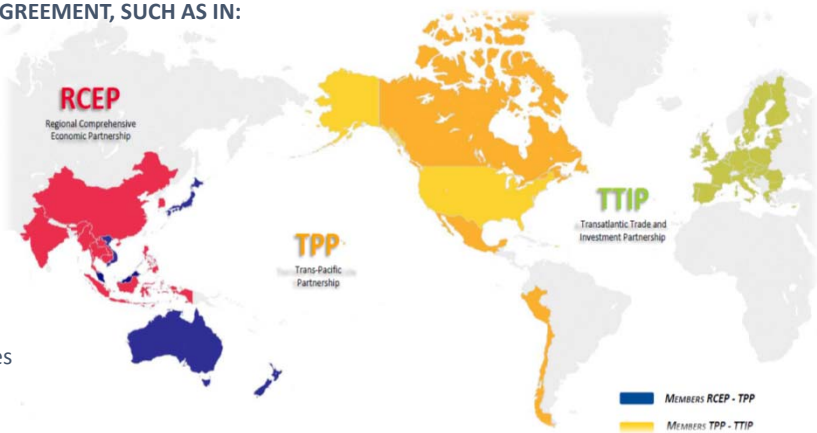
- Diminishes trade restrictions.
- Increase competitiveness.
- Foster exports.
- Further development of global supply chains.
- Accumulation of origin: you can produce where is more efficient, produce with partners and sell in other markets of the Agreement.



TPP: WTO Plus + deepening and strengthening bilateral ties

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



Krasna Bobenrieth
kbobenrieth@direcon.gob.cl
Head - APEC Department
General Directorate of Foreign Affairs - Chile