

U.S. - Chile Free Trade Commission
Santiago, Chile
June 3, 2014

SUMMARY OF THE MEETING

The ninth meeting of the U.S. – Chile Free Trade Commission (Commission), convened on June 3, 2014 in Santiago, Chile. Pablo Urria, Director of Bilateral Affairs and John Melle, Assistant U.S. Trade Representative for the Western Hemisphere, chaired the Commission’s meeting.

Trade and Investment Effects

The Commission noted that this year marks the tenth year anniversary of the FTA's entry into force. Last year the agreement reached an important milestone when all originating industrial goods became fully duty and quota free. This year, most agricultural goods are also duty free and remaining duties have been dramatically cut. The parties also highlighted that as of January 1, 2015 all eligible goods will be duty free.

According to Chile’s 2013 statistics¹, bilateral trade has increased more than four-fold since the FTA entered into force on January 1, 2004. In 2013, bilateral trade reached US \$25.79 billion. During this period, Chilean exports to the United States increased three-fold, while imports from the United States increased six-fold. In 2013, Chilean exports reached US \$ 9.73 billion and Imports reached US \$ 15.11 billion. The United States noted that trade in private services with Chile (exports and imports) totaled US \$4.6 billion in 2012 [latest data available for services trade].

According to Chilean investment statistics, the United States has been the main source of foreign direct investment in Chile since 1974. The United States noted that U.S. foreign direct investment in Chile (stock) was US \$39.9 billion in 2012 (latest data available).

The Commission noted, with satisfaction, that the implementation of the U.S.-Chile FTA has proceeded well. Both Parties agreed to intensify work to ensure the effective implementation and administration of the FTA in order to guarantee that the benefits of the Agreement are widely shared by both parties. The issues discussed were:

Institutional Framework, Committee and Council Meetings

The United States and Chile noted the work carried out since the last Commission meeting by the Environmental Affairs Council, which held its sixth session in January, 2013. Additionally, the Commission took note of the fourth meeting of the Joint Commission for Environment Protection (JCEC) under the U.S. – Chile Environment Cooperation

¹Chilean Statistics from Central Bank of Chile

Agreement (ECA) held also in January, 2013; and the fourth Work Program for 2012-2014 which was approved and establishes the priorities for cooperative activities.

Further, the Commission took note of work carried out by the Committee on Technical Barriers to Trade (TBT) and the Committee on Sanitary and Phytosanitary Measures (SPS), which held their meetings on June 2 and 3, respectively. Additionally, the Commission received the report of the working group on Small and Medium Enterprises, which was also held on the margins of this Free Trade Commission.

In the TBT Committee meeting, Chile reiterated its concern regarding the regulation that affects Chilean Nitrates (Chemical Facility Anti-Terrorist Standards - CFATS), particularly the interest in obtaining an update regarding the review of Appendix A of the CFATS by the Department of Homeland Security. The United States raised concerns regarding Chile's beef grading standards, the revision of Chile's nutritional labeling requirements, and energy efficiency labeling and conformity assessment requirement for the electrical and electronic sector.

The issues discussed in the SPS Committee included access for fresh pork meat, salmonid eggs, and live cattle from the United States to Chile, the Food Safety Modernization Act, and access for cranberries from Chile to the United States. In addition, both Parties addressed multilateral issues regarding ongoing work in Codex Alimentarius, APEC and the WTO SPS Committee, and strengthening positions of common interest. The Parties held a successful meeting and discussed important bilateral SPS issues for both side, and agreed on concrete next steps to address those issues.

On Small and Medium Enterprises (SMEs), the United States and Chile discussed working together through the Small Business Network of the Americas (SBNA), specifically by linking their respective small business development centers together with other countries in the Western Hemisphere for trade opportunities and sharing best practices in SME development. Following on discussions of the U.S. Small Business Development Center model with Chilean agencies (Ministry of Economy, ProChile, SERCOTEC, CORFO), the parties welcomed the decision of the Bachelet Administration to establish 50 SBDCs throughout Chile in order to promote inclusive growth and competitiveness of the SME sector. As a next step, the U.S. and Chile will seek to negotiate a Memorandum of Understanding to guide their expanded partnership on promoting small business growth. The United States and Chile also discussed ways to promote minority SME trade through Look South, and cooperation in the Women's Entrepreneurship in the Americas Initiative.

Implementation Issues

The Parties signed a Decision on the Remuneration of panelists, assistants, and experts, and the payment of expenses in dispute settlement proceedings pursuant to the

agreement.

The United States and Chile executed an exchange of letters whereby they agreed to a Code of Conduct for Dispute Settlement Proceedings and the Common Guidelines for the Interpretation, Application and Administration of Chapter Four and the Relevant provisions of the Agreement.

The Parties exchanged a list of candidates for the purpose of establishing a Dispute Settlement Roster (Chapter 22) and agree to exchange arbitrator rosters for the Financial Services (chapter 12), Labor (chapter 18) and Environment (chapter 19) within the next 60 days.

Both Parties recognized the value of their dialogue regarding the following issues: patent linkage, TPMs, UPOV 91 and protection for program carrying satellite signals and reaffirmed the interest in continuing this discussion.

Other Bilateral Issues

Additionally, Chile reiterated its interest in obtaining a response on its proposals on verification and rules of origin amendments which were presented in January, 2013. The United States provided feedback on Chile's proposals during the meeting; further discussions are planned.

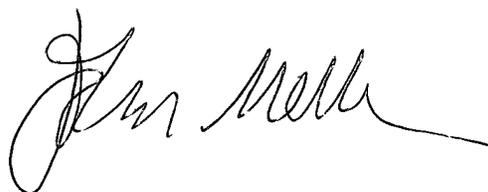
The Commission discussed other bilateral issues including Chile's proposed legislation to introduce cinema screen quotas and Chile's regulation on videogame labeling.

Future Council and Committee Meetings

The Commission agreed that the Committees on Sanitary and Phytosanitary (SPS) Measures, Technical Barriers to Trade and Committee on Trade in Goods should meet in 2015. The Commission agreed to hold the tenth meeting of the FTC in the United States in 2015.



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