

EXECUTIVE SUMMARY

Overview

Existing trade legislation as well as business practices in Chile are open and well established. Trade in goods and services, as well as investment, is based on non-discriminatory principles. This openness would greatly facilitate the negotiation of a trade agreement. In addition to its economic openness, Chile has a long tradition and a proven track record of active participation in international agreements. It was a founding member of GATT and a signatory of most of the international treaties mentioned in NAFTA.

Assuming an accession to NAFTA on the basis of the existing Agreement (with any exceptions to be included in the annexes), Chile would have to introduce only a limited number of both legal and procedural changes to fully comply with NAFTA provisions.

The main anticipated legal changes include: extension of the coverage period of patents, elimination of the one-year restriction for repatriation of foreign capital, inclusion of the binational panels instance in the trade remedy legislation, establishment of new domestic legislation to cover the issue of emergency actions, improvement of legal procedures regarding trade remedy actions, and harmonization of legal and institutional procedures for enforcement of environmental standards.

The main anticipated procedural and institutional changes include: price bands in the agricultural sector, further opening in the financial sector, possible standardization of procurement procedures in state-owned enterprises, change of certification procedures in customs, reinforcement of conformity-assessment bodies for trade-related standards, stricter enforcement of labour legislation, and development of compatible criteria for certification of professional standards.

In addition to the above, and as was the case with NAFTA, it is expected that a substantial part of the negotiating time will be spent, by each party, in drawing up lists of reservations and exceptions related to each chapter and discussing enforcement procedures.

One of Chile's principal strengths as a candidate for accession is that its economy is sufficiently open that it is unlikely that it will seek many reservations. An additional strength is that, because it is a unitary country, there will be no provincial or local reservations.