

country. Exports of this product have grown spectacularly, rising from US\$17 million in 1988 to US\$76 million in 1992 (a 450% increase). Of these, apple juice represents 76% of the total, with grape juice accounting for half the rest. The main markets for this product are the United States, followed by Japan, Australia, and Canada.

#### 14.3 The Chilean Agricultural Sector and NAFTA

In case Chile joins NAFTA, the most likely outcome in agriculture is a couple of bilateral treaties with Canada and the U.S. This was the precedent established in NAFTA for agriculture, which happened before the completion of the GATT Uruguay Round negotiations on agricultural issues, resulting in a collection of bilateral treaties between each pair of countries, rather than one trilateral treaty, as was the case in all other sectors. If Canada can resolve GATT-NAFTA issues with the United States it may be possible to have an agricultural chapter that applies to all NAFTA parties.

Chile already has an FTA with Mexico, which includes agriculture. Under such agreement, only the products subject to the price band mechanism (wheat, sugar, and oilseeds) have been exempted from either gradual or accelerated tariff elimination.

In the event Chile starts negotiations to join NAFTA, it is likely that liberalization will be slower in this sector, with exception lists of sensitive goods taking a period of up to 10 years to become fully liberalized. Price bands are likely to be the most sensitive aspects in Chile's agricultural sector for this negotiation. In fact, price bands are the only truly special treatment that Chile applies in agriculture.

To keep things in perspective, however, it is fair to say that Chile is probably more liberal than NAFTA members in agricultural trade. Although Chilean tariffs (set at 11%) are higher than those of NAFTA members, nontariff barriers do not exist. Sanitary and phytosanitary measures are not a significant barrier to imports