

### Market Access Results in 1999

- On January 1, 2000, the Convention on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (DTA) came into effect.
- On January 1, 2000, an agreement to accelerate the elimination of tariffs on a selection of products came into effect.
- In May 1999, two MOUs between the CFIA and Chilean Agriculture and Livestock Service on cooperation and the exportation of Canadian pork to Chile were signed.
- Chile lowered its visa processing fee from US\$650 to US\$100.
- Chile continued to suspend the encaje.

### Canada's Market Access Priorities for 2000

- encourage Canadian and Chilean professional services providers, particularly engineers, to continue work on developing mutually acceptable standards and criteria for licensing and certification of professionals;
- implement the WTO panel ruling regarding a liquor tax; and
- complete the roster of panelists for dispute settlement purposes.

### Safeguards

In October 1999, Chile announced safeguard measures on imported products covered by its price band system (i.e. wheat, wheat flour, edible vegetable oils and sugar). Of these products, Canada has an export interest in wheat. Representations are being made to Chilean authorities to have the CCFTA Chapter F-02 exclusion applied to Canadian imports.

### Taxes on Alcoholic Beverages

The European Union, United States, Canada and Peru participated in WTO dispute settlement proceedings, contending that Chile maintains a tax regime that discriminates against imported alcoholic beverages. A WTO panel ruled that the different taxation system on imports afforded protection to Chile's domestic production, and the WTO asked Chile to bring its

taxes into conformity with its trade obligations. Chile appealed the ruling, but the panel's findings were upheld by the December 13, 1999 ruling of the Appellate Body. Chile was given 15 months to bring its taxation regime into conformity with the rulings.

### Gold Coins

The Chilean Internal Revenue Service (IRS) applies a 50 percent luxury tax and 18 percent VAT to imported gold coins produced by the Royal Canadian Mint, while similar gold coins produced by the Chilean Mint are not taxed. Canada has made representations to the Chilean government seeking an end to the discrimination. In order to resolve the problem, either the IRS will have to change its interpretation of the relevant law or the Chilean Central Bank will need to amend the law. Canada is currently assessing options in consultation with the Royal Canadian Mint, including recourse to formal dispute resolution under either the CCFTA or the WTO.



Over the past few years, on several occasions, Costa Rica has expressed interest in pursuing an ambitious FTA with Canada. In July, 1999, the Costa Rican Vice-Minister for International Trade submitted a written proposal to DFAIT proposing such negotiations, with the Canada-Chile Free Trade Agreement to be used as the textual basis for the discussions. Costa Rica's Trade Minister reiterated his country's interest in pursuing a bilateral FTA with Canada during a meeting with Minister Pettigrew held on the margins of the FTAA Ministerial in Toronto in November 1999. During the visit of Costa Rican President Rodriguez to Ottawa January 31-February 2, 2000, it was agreed that both sides would consult domestically and explore the possible scope of negotiations prior to making recommendations about launching such an initiative.