6 percent in January 2003. Under this schedule, the non-preferential most-favoured-nation rate for all goods entering Chile was 9 percent in 2000. In two cases, bread mixes and cereal preparations, these most-favoured-nation reductions will trigger guaranteed minimum margins of preference for Canadian goods in the years 2001, 2002 and 2003. In these two cases, Canada will seek to ensure that Chile honours its CCFTA obligations by adjusting downwards the preferential rate for Canada.

Market Access Results in 2000

- On January 1, 2000, the Convention on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (DTA) came into effect.
- On May 11, 2000, the Chilean Central Bank, with the approval of the Minister of Finance, announced the removal of the one year minimum holding requirement for foreign capital, a measure that Canadian investors had long lobbied for removal of.
- In July 2000, Chile rescinded the tax on Canadian gold coins.
- In January 2001, the Chilean government granted Canada with an exclusion on a provisional safeguard measure imposed in 1999 on wheat and wheat flour, edible vegetable oils and sugar as well as on powder and UHT fluid milk.
- On January 23, 2001, the Chilean congress passed new legislation in response to a WTO panel on discriminatory liquor taxes which will result in a final rate of 27 percent applicable to all spirits as of March 2003.

Canada's Market Access Priorities for 2001

- 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;
- continue to make representations to Chile to remove its ban on Canadian fish eggs;
- explore the possibility of a further round of accelerated tariff reduction;
- ensure that Chile's implementation of the WTO panel ruling regarding liquor taxes complies with Chile's WTO obligations; and
- complete the roster of panellists for CCFTA dispute settlement purposes.

Safeguards

In 1999, Chile imposed a safeguard measure on products subject to its price band system, i.e. wheat and wheat flour, edible vegetable oils and sugar. Canada asserted that imports from Canada should have been exempt under the provisions of the Canada-Chile Free Trade Agreement (CCFTA).

The Chilean government extended the safeguard on the price band products for another year. Although Canada was given an exemption on edible vegetable oils and sugar, Chile did not offer an extension to Canada on wheat. Canada still maintain the view that imports of wheat from Canada should have been exempted from the measure and therefore has formally requested compensation from Chile as provided for under the Canada-Chile Free Trade Agreement.

In July 2000, Chile also imposed a provisional safeguard measure on powder and UHT fluid milk. Again, Canada asserted that imports from Canada should have been exempt under the provisions of the Canada-Chile Free Trade Agreement. Argentina, also subject to the provisional safeguard, requested consultations with Chile to discuss the WTO consistency of this measure. Consultations were held in November under the WTO Safeguards Agreement. Canada, along with other affected countries participated in these consultations. Canada was eventually granted an exclusion from the definitive measure in January 2001.

Taxes on Alcoholic Beverages

Canada, United States and Peru participated as third parties in a WTO case brought by the European Union contending that Chile maintains a tax regime that discriminates against imported alcoholic beverages. In June 1999, a WTO panel ruled that the different taxation system on imports afforded protection to Chile's domestic production and constituted a violation of Chile's WTO obligations. The panel's findings were upheld by the Appellate Body on December 13, 1999. A WTO arbitrator ruled that Chile had 14 months (i.e. until March 21, 2001) to bring its taxation regime into conformity with the World Trade Organization. On