

27 May 2008

## Customs, Trade and Transport Law E-alert

### FTA with Chile concluded

A press release from the Federal Minister for Trade, Simon Crean, has confirmed that Australia and Chile have today (27 May 2008) concluded negotiations for a Free Trade Agreement ("FTA").

The Minister is quoted as saying that:

*"The first FTA concluded by the Rudd Labor Government was the most comprehensive FTA Australia has ever negotiated."*

*"This is a high-quality Agreement that covers goods, services and investments. The commitments go beyond what each country has committed at the WTO".*

Although negotiations regarding the FTA have been concluded, the form of the FTA has yet to be released with the expectation that it will be signed in late July to enter into force on 1 January 2009 following ratification in each country.

According to releases from the Minister for Trade, some of the highlights of the new FTA are as follows.

#### Goods

- Tariffs on all existing merchandise trade to be eliminated by 2015.
- Tariffs on around 92% of lines covering about 97% of trade in each direction will go down to zero on the entry into force of the FTA.
- All goods are covered included sugar meaning that Chile's fixed sugar tariff will be eliminated although the variable component will remain subject to continuing reform pressure.

This will place Australia in a "MFN" status with suppliers from other countries already holding preferential access. Australian exports likely to benefit include coal, paints, varnishes, plastics, chemicals, heavy equipment, meat, dairy, wine and other agricultural exports.

#### Services

- The FTA will lock in both sides current liberal services regime which are "WTO plus". This should assist service providers in such areas as engineering and consulting, franchising, education and training, IT and tourism. Any new liberalisation will automatically be locked into the FTA without need to further negotiate.

#### Investment

- The FTA will lock in the current investment regimes.
- It will ensure a "transparent basis for expanding two-ways investment flows." This should assist investment in mining, energy, technology and gas distribution areas.

#### Government Procurement

- The FTA secures national treatment for Australian goods, services and supplies in the Chilean market for procurements above agreed value thresholds.
- This covers a variety of Chilean government entities including the central and sub-central government levels.

#### Intellectual Property

- The FTA will lock in both sides existing IP protections.
- This will provide some comfort that Australian intellectual property rights can be protected and enforced both in Australia and Chile.

Details of concessions which Australia may have provided to Chile have yet to be provided.

There will doubtlessly be a number of adjustments for those dealing in trade in goods and services between the two countries and more details will be provided as they become available.

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