



Australia-Chile FTA: Facts at a Glance

The Governments of Australia and Chile have negotiated a comprehensive free trade agreement. This will be Australia's fifth free trade pact and our first with a Latin American country.

The agreement will deliver new trade and investment opportunities to Australia and it will be an important milestone in our growing engagement with the wider Latin American market.

The FTA covers trade in goods, services and investment and is truly liberalising with commitments that go beyond both countries' WTO commitments.

- This is consistent with Australia's policy that FTAs should support our efforts to promote further multilateral and regional trade liberalisation – it is "WTO plus".
- It introduces a high quality FTA into the APEC region - a model for other bilateral and regional trade and economic integration efforts among APEC members.

The FTA delivers the most comprehensive outcome on goods in any such agreement negotiated with another agricultural producing country since the Closer Economic Relations Agreement with New Zealand.

Tariffs on all existing merchandise trade – in both directions – will be eliminated by 2015. The vast majority of Australian goods exported into Chile – and Chilean goods exported to Australia - will enter duty free from entry into force of the FTA (expected to be 1 January 2009).

Chile is Australia's 3rd largest merchandise trading partner in Latin America:

- It has a population of 16.6 million.
- It has a GDP of US\$164 billion.
- It is Latin America's most stable and transparent commercial environment.
- It buys our coal, civil engineering equipment, specialised machinery and vehicles
Australian merchandise exports to Chile totalled A\$200 million in 2007.
- It buys our services exports - valued at A\$120 million in 2007.
- It is an investment base for over 70 Australian or Australian-affiliated companies - mainly mining technology and services, gas distribution and power generation.

Two-way trade between Australia and Chile is growing fast – up from A\$574 million in 2006 to A\$856 million in 2007. Australia is the 4th-largest foreign investor in Chile, with around US\$3 billion of direct investment.

The FTA will offer Australian exporters opportunities across the board which will be particularly valuable in services and investment areas, including:

- Mining and energy technology and services, engineering and consulting services, franchising and services, education and training, information technology, tourism and infrastructure.
- Other areas that will benefit include energy (coal, LNG, renewable energy), agriculture (dairy, meat, ovine and bovine genetics, production technologies) and food and beverages including wine.

AUSTRALIA-CHILE FTA: THE DEAL AT A GLANCE

OUTCOME	IMPACT
<p>GOODS</p> <ul style="list-style-type: none"> • 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 FTA's entry into force. • All goods covered, including sugar. 	<ul style="list-style-type: none"> • Immediate market access gains for exporters and parity with suppliers from other countries with preferential access. • Australian exports likely to benefit include coal, paints, varnishes, plastics, chemicals, heavy equipment, meat, dairy, wine and other agricultural exports. • Chile's fixed sugar tariff to be eliminated; variable component will remain, subject to continuing reform pressure.
<p>SERVICES</p> <ul style="list-style-type: none"> • The FTA will lock in both sides' liberal services regime. • Any new liberalisation will automatically be locked into the FTA. 	<ul style="list-style-type: none"> • Certainty of continuing liberal arrangements for trade in services which go well beyond current WTO commitments. • Sectors offering potential for Australian services providers include engineering and consulting, franchising, education and training, information technology, tourism and infrastructure. • Further liberalisation of services and investment without need for new negotiations.
<p>INVESTMENT</p> <ul style="list-style-type: none"> • The FTA will lock in both sides' liberal investment regime. • The FTA will ensure a transparent basis for expanding two-way investment flows. 	<ul style="list-style-type: none"> • The FTA will provide certainty and security for new and existing Australian investors, for example in mining and energy technology, gas distribution and power generation
<p>GOVERNMENT PROCUREMENT</p> <ul style="list-style-type: none"> • The FTA secures national treatment for Australian goods, services and suppliers in the Chilean market for procurements above agreed value thresholds. • The agreement covers procurement by an extensive list of Chilean government entities at both the central and sub-central government levels. 	<ul style="list-style-type: none"> • Greater certainty for Australians looking to participate in the Chilean government procurement market • Non-discriminatory access for Australian suppliers, goods and services, placing them on an equal footing with competitors from other countries.
<p>INTELLECTUAL PROPERTY</p> <ul style="list-style-type: none"> • The FTA will lock in both sides' high standards of IP protection for patents, trademarks, geographical indications and copyright. 	<ul style="list-style-type: none"> • Intellectual property right holders can be assured that their rights can be protected and enforced in Australia and Chile.