



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

U.S Department of Agriculture
Agricultural Outlook Forum 2001

February 22 & 23, 2001

**A CHILEAN PERSPECTIVE ON BILATERAL AND REGIONAL
MARKET ACCESS AGREEMENTS**

Gustavo A. Rojas
General Manager
National Farmers Federation - Chile

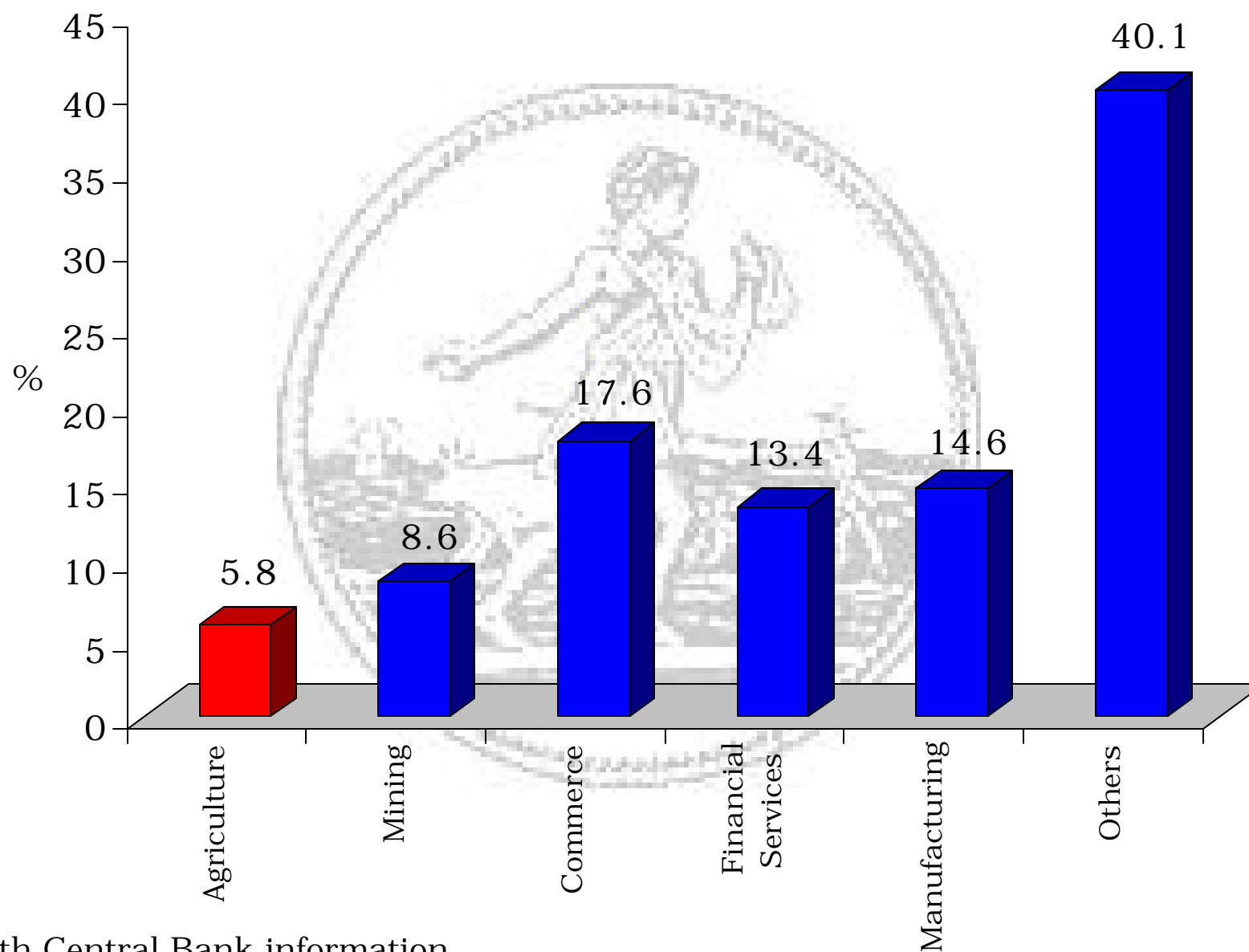


A CHILEAN PERSPECTIVE ON BILATERAL AND REGIONAL MARKET ACCESS AGREEMENTS

**GUSTAVO A. ROJAS
GENERAL MANAGER
NATIONAL FARMERS
FEDERATION - CHILE**

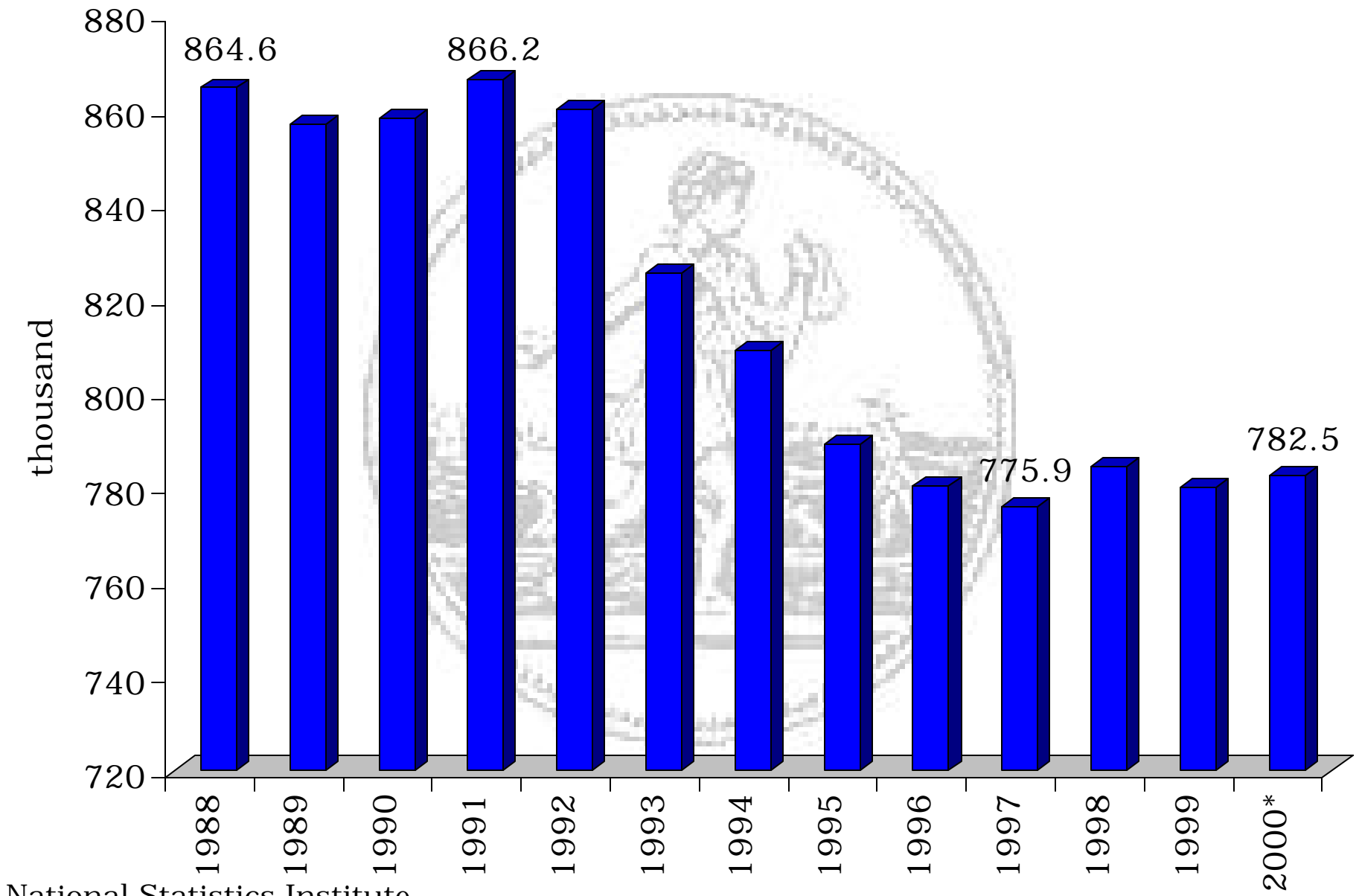
- **Chilean Agriculture data**
- **Chilean Signed Agreements**
- **Chile vs USA**
- **Free Trade Agreement**
- **Conclusions**

Agricultural GDP Participation in Chile



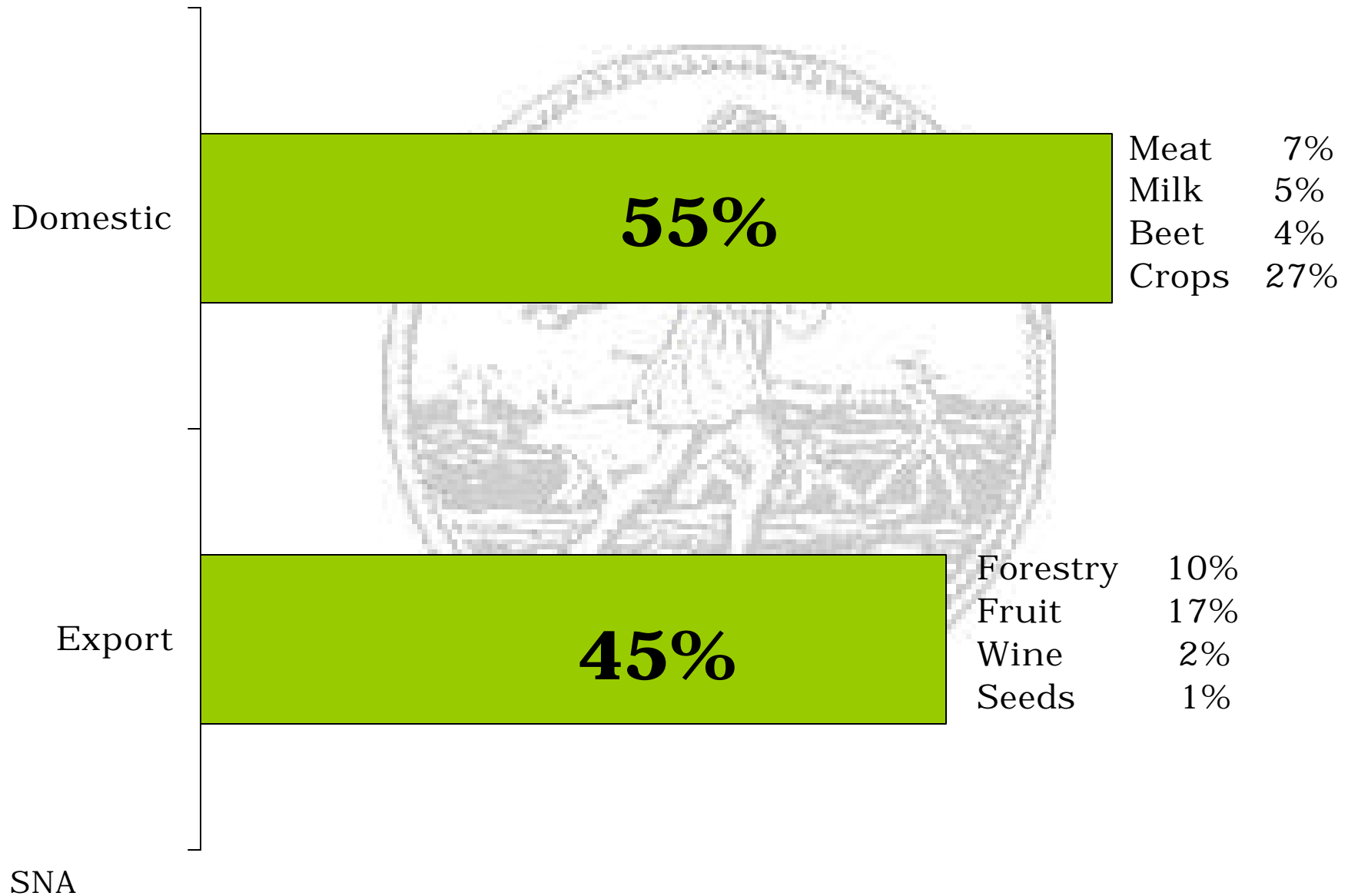
SNA, with Central Bank information

Permanent Agricultural Labor Force Evolution

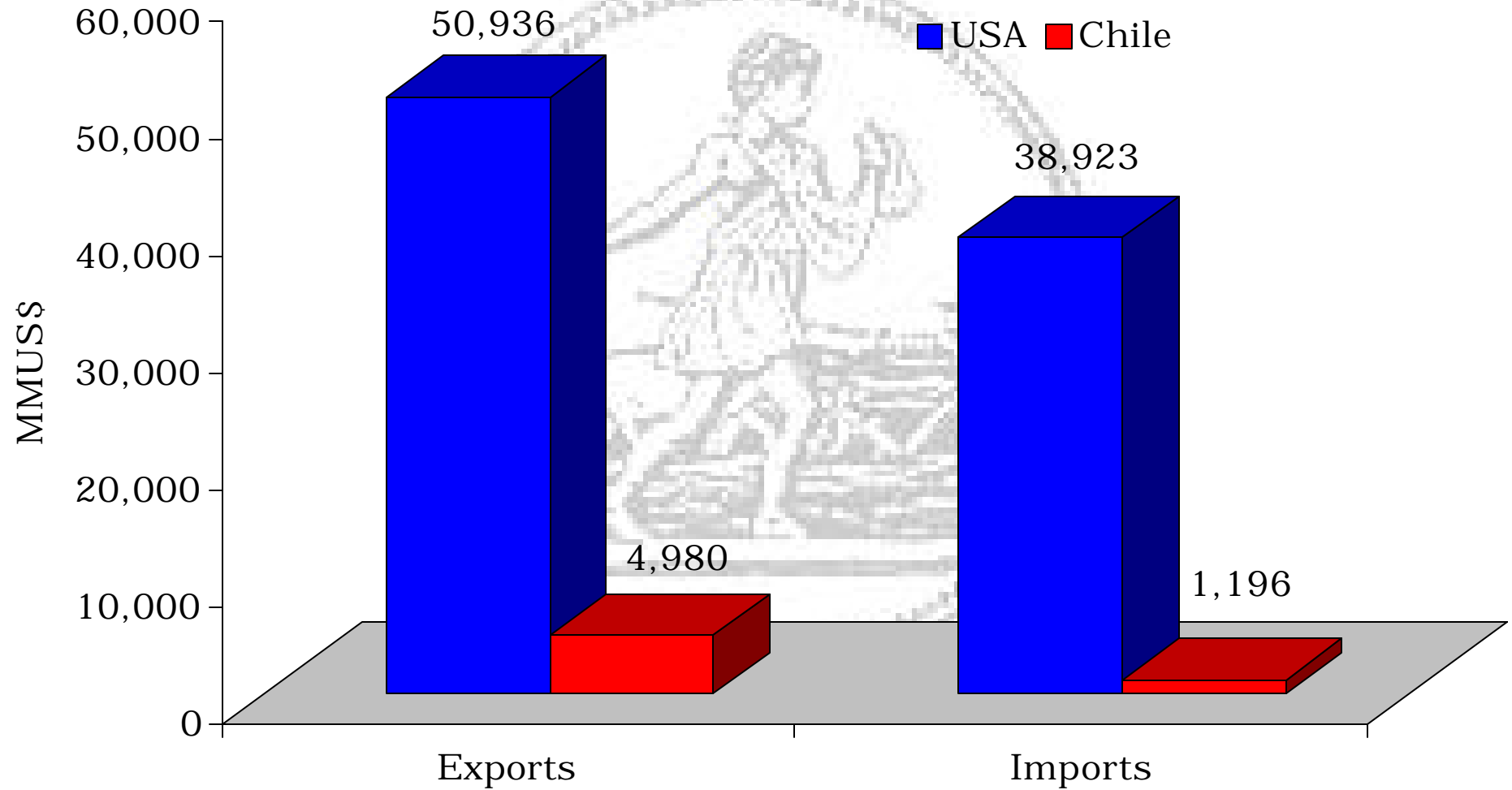


National Statistics Institute

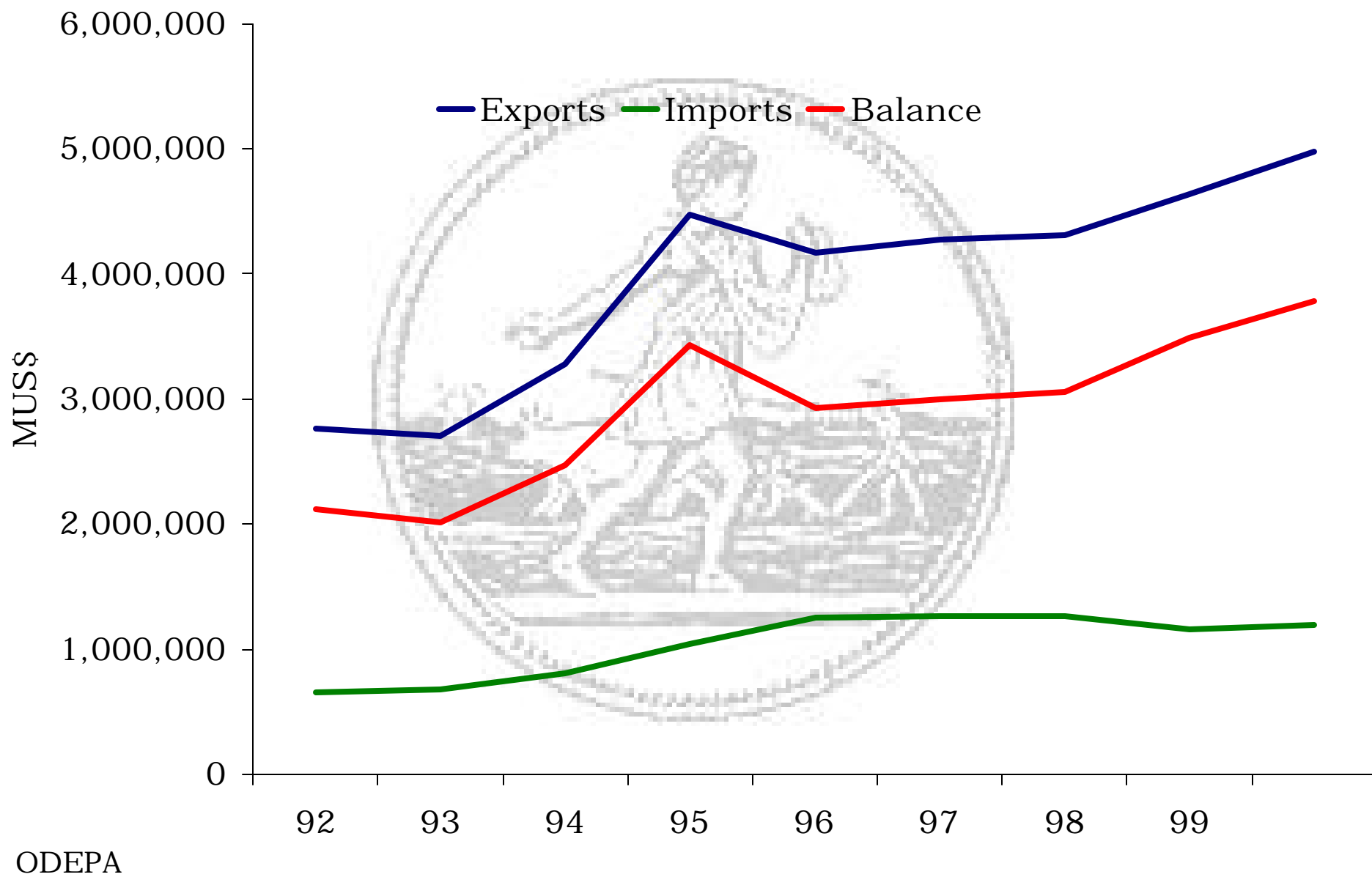
Agricultural Sector Composition, 2000



Agricultural Trade



Agricultural Trade Chile-World



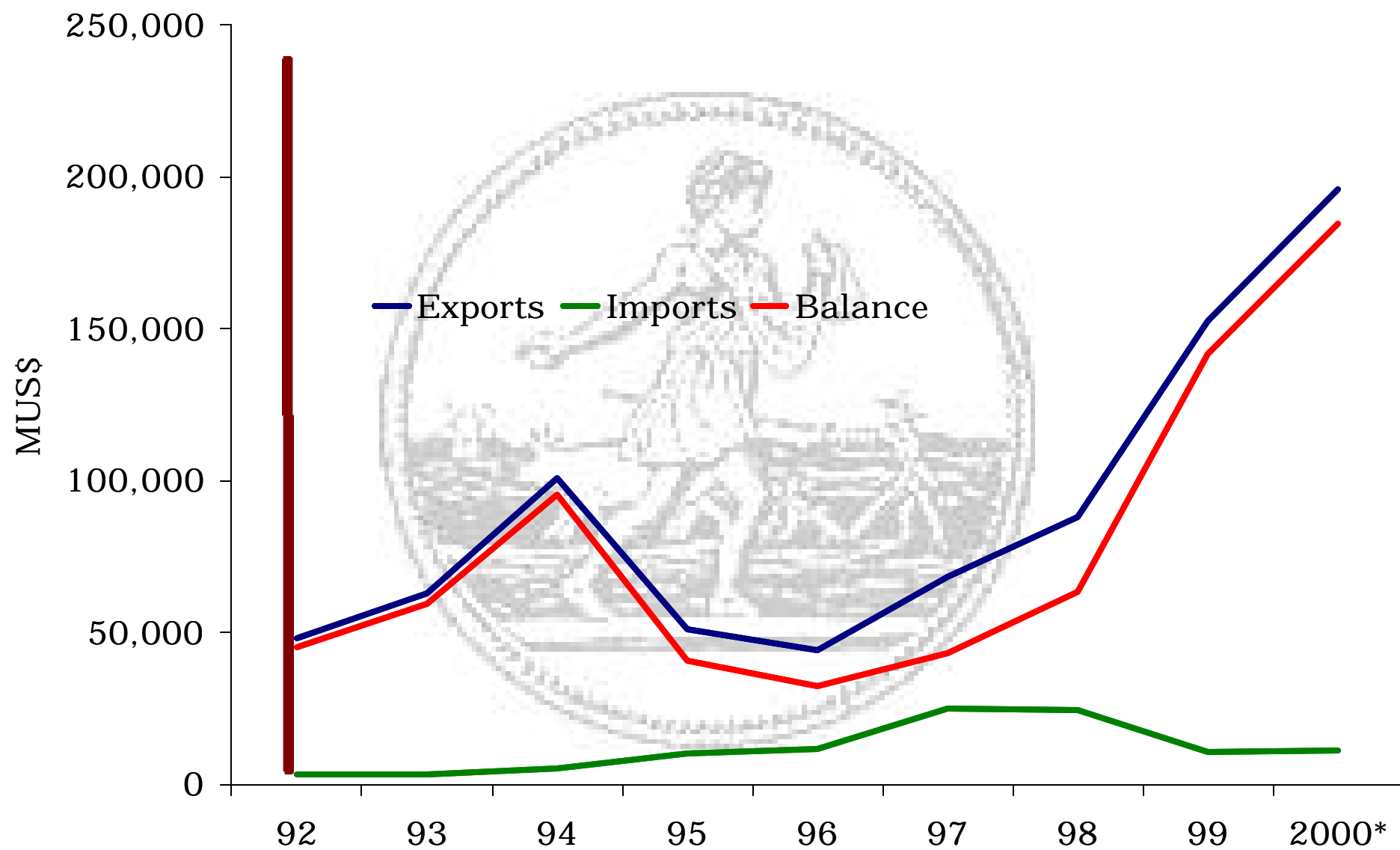


Impact of Regional Trade Blocks

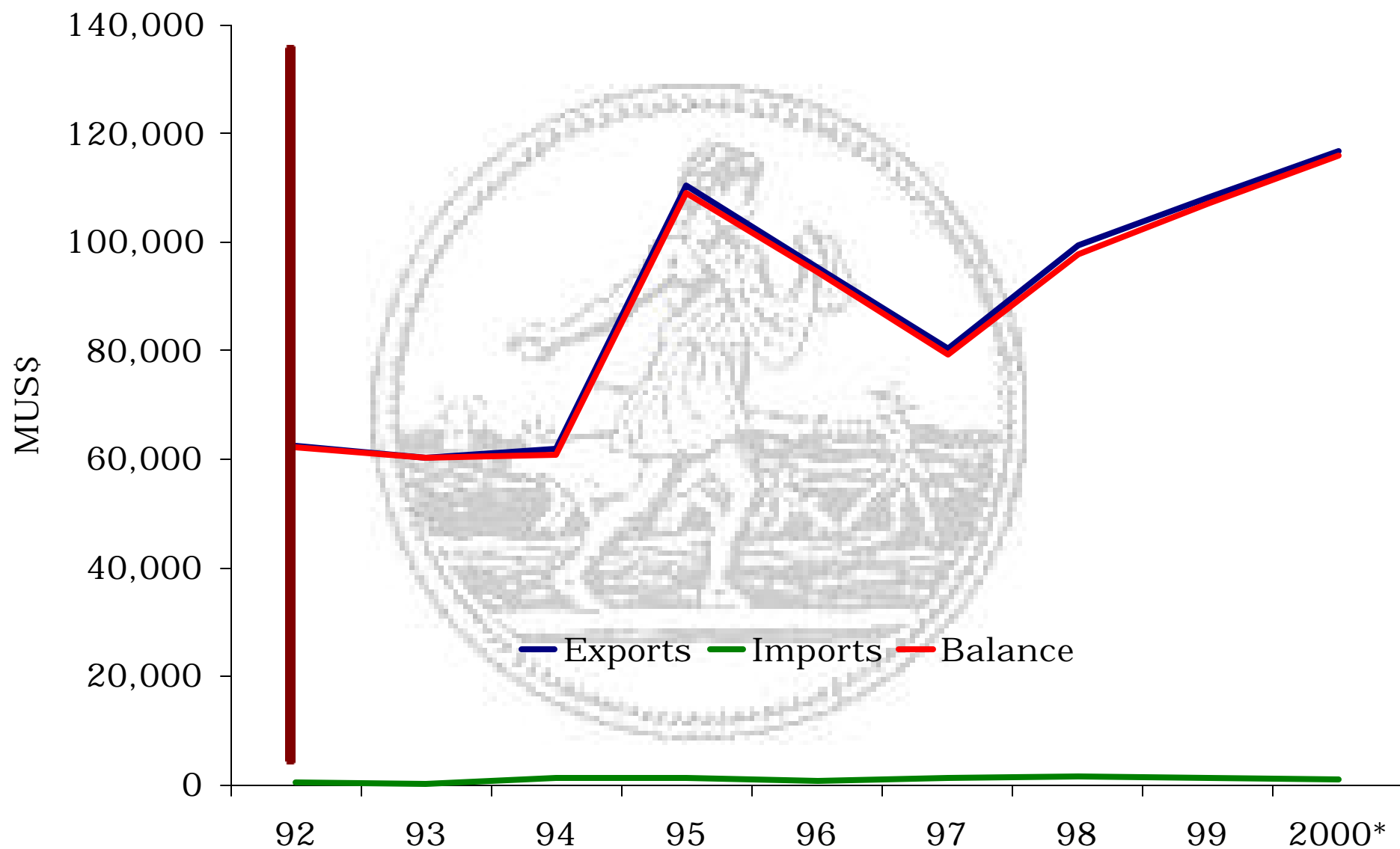
Chile has signed 7 trade agreements:

- 1991 Mexico
- 1992 Venezuela
- 1992 Bolivia
- 1993 Colombia
- 1994 Ecuador
- 1994 Perú
- 1996 Mercosur
- 1997 Canada

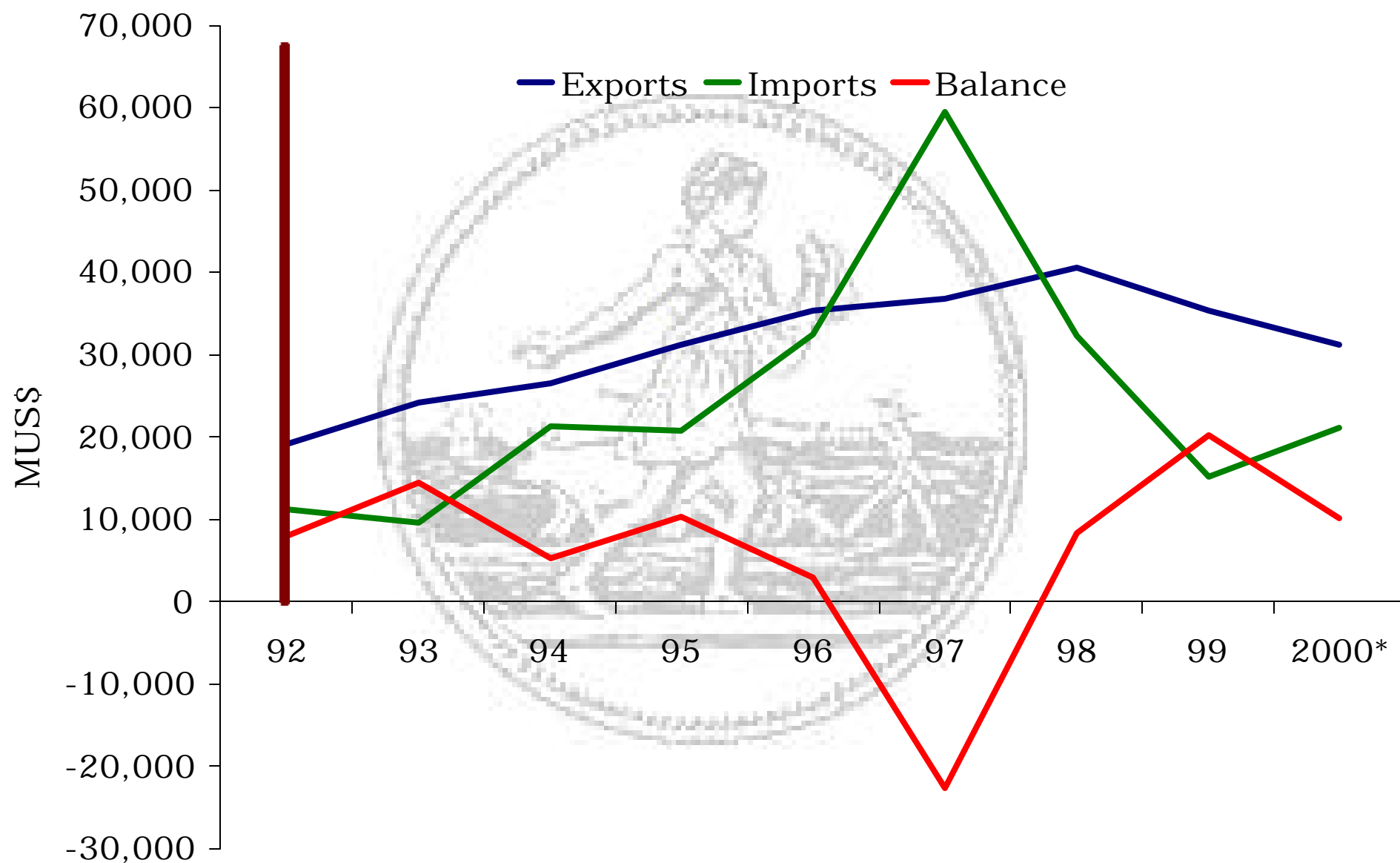
Agricultural Trade Chile-México



Agricultural Trade Chile-Venezuela

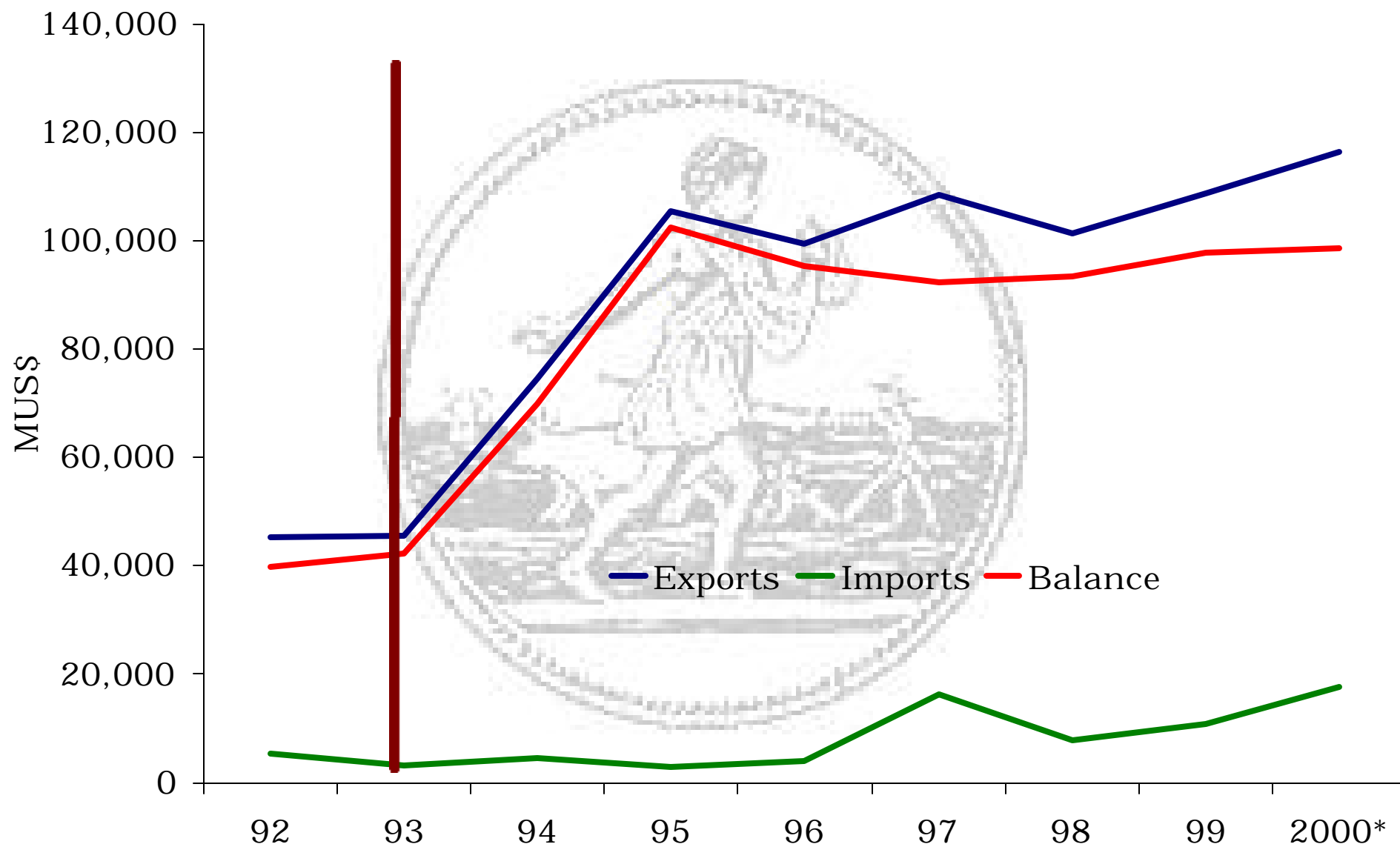


Agricultural Trade Chile-Bolivia



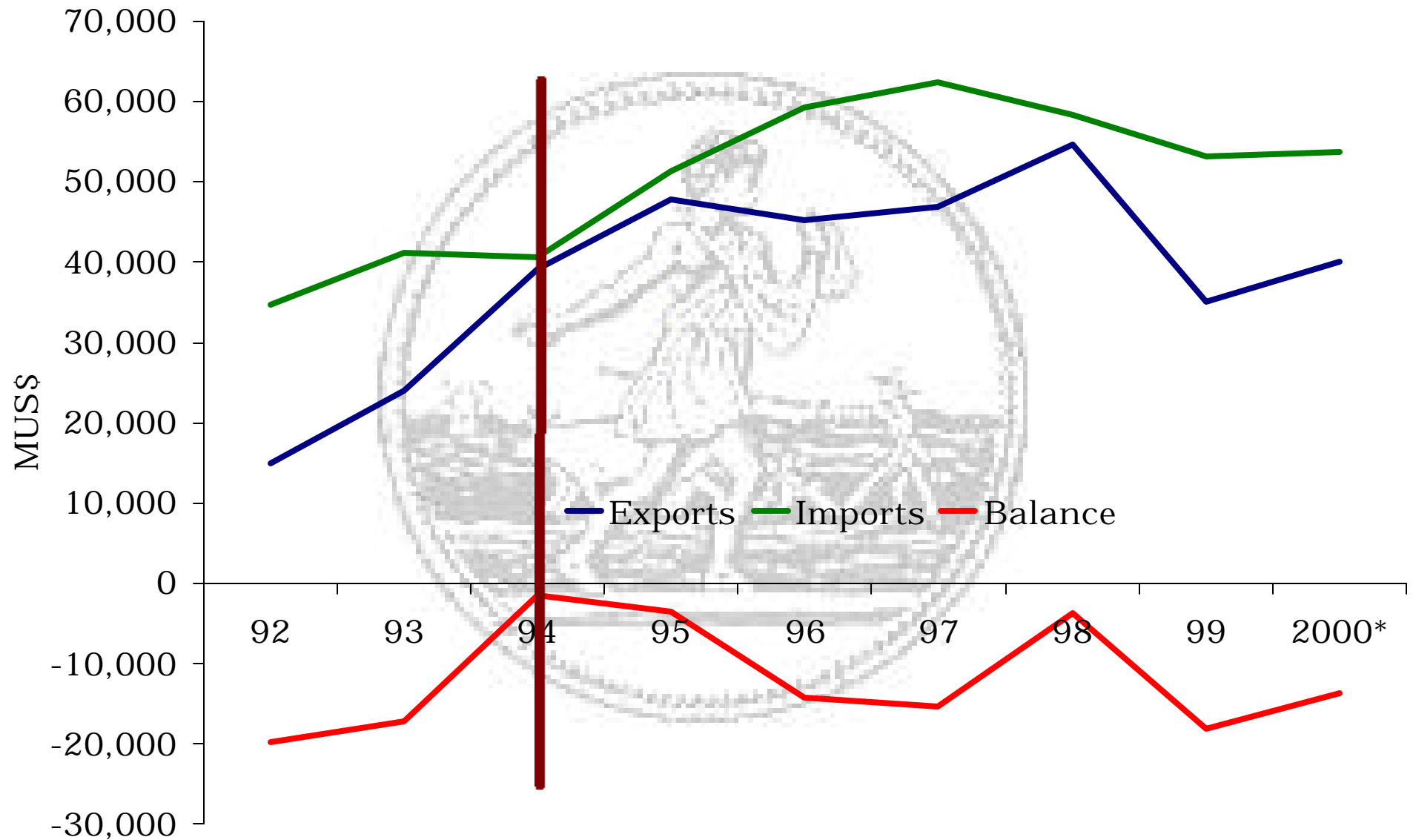
ODEPA

Agricultural Trade Chile-Colombia



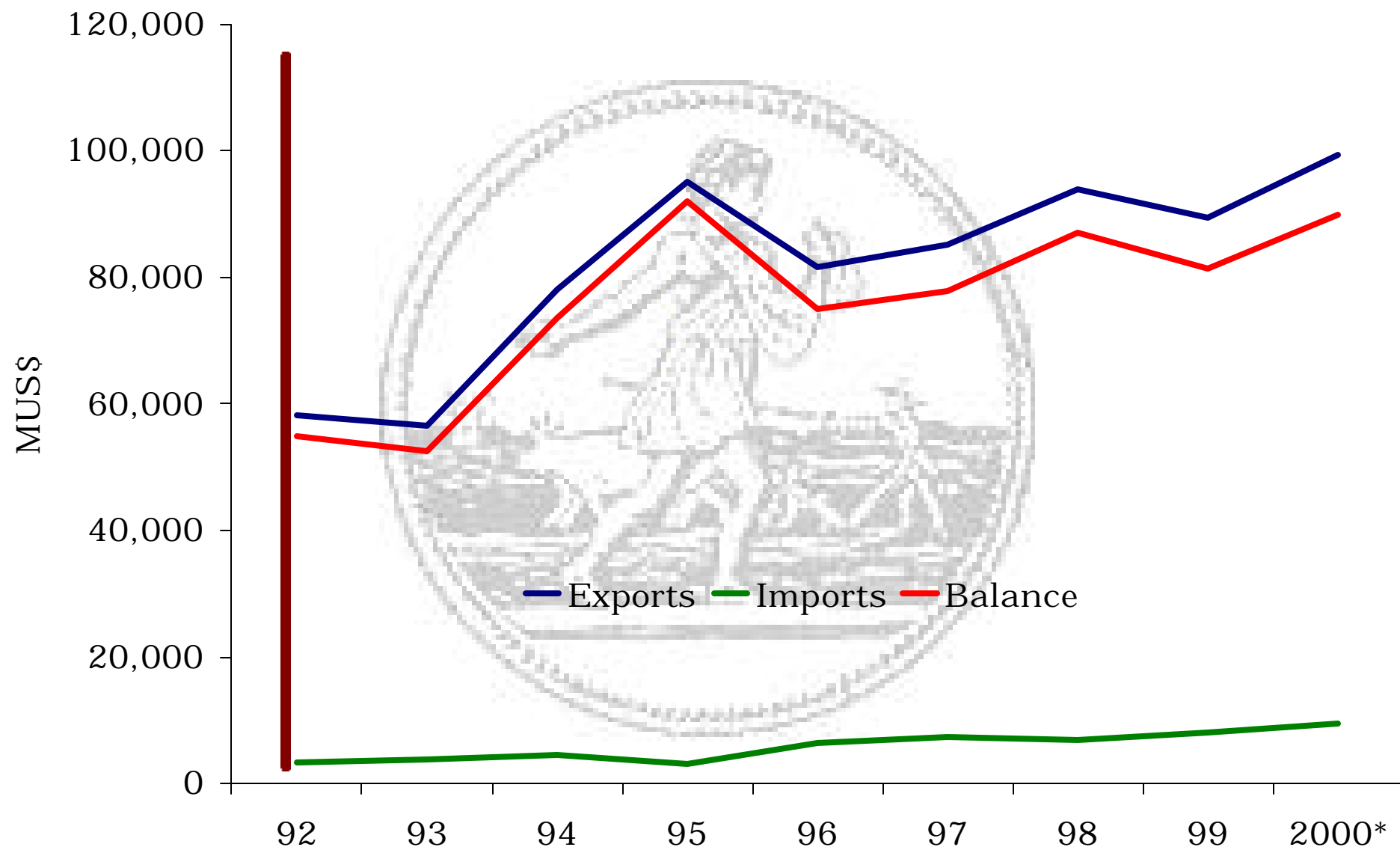
ODEPA

Agricultural Trade Chile-Ecuador

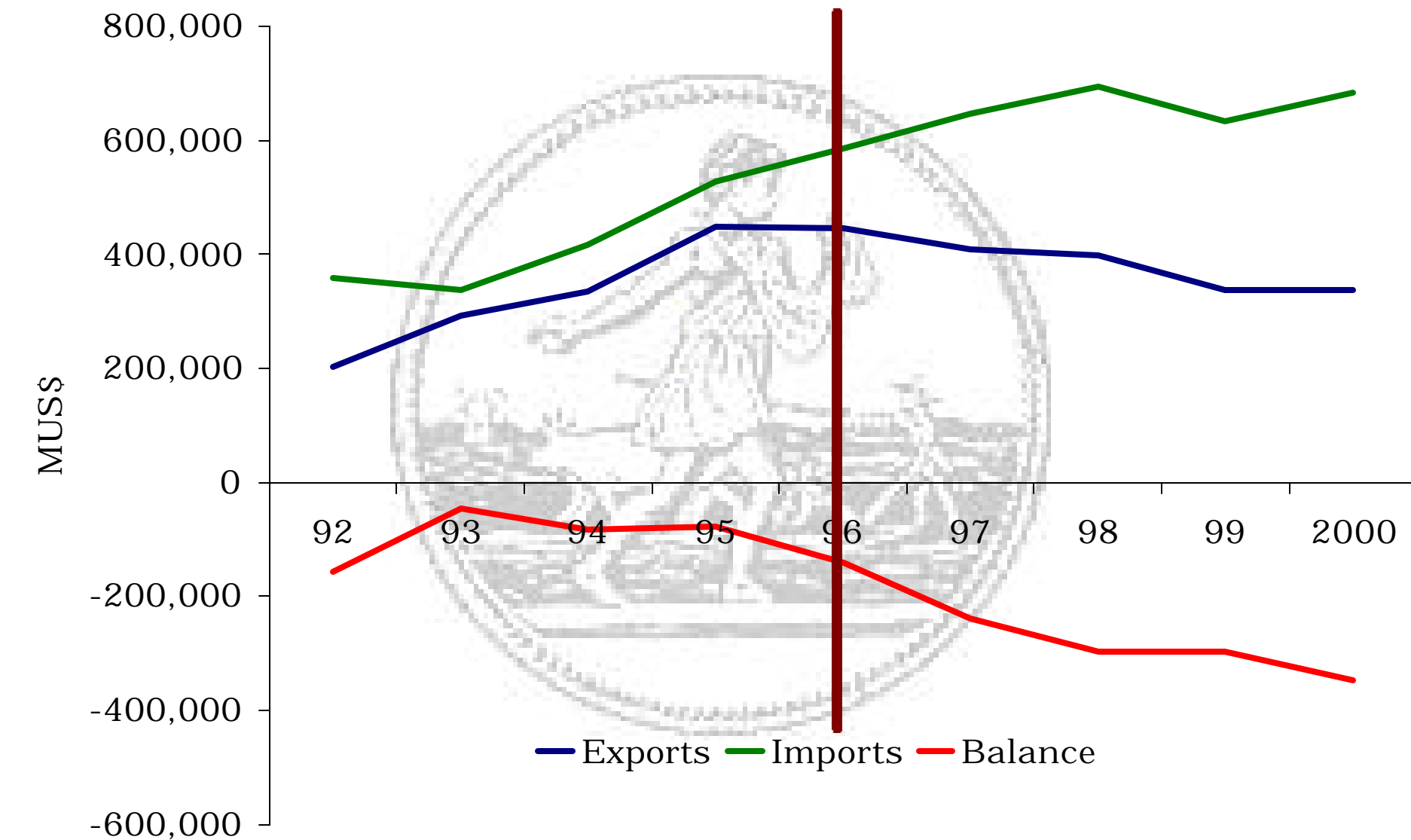


ODEPA

Agricultural Trade Chile-Perú



Agricultural Trade Chile-Mercosur



ODEPA



CHILE - MERCOSUR

(Argentina; Brasil; Uruguay; Paraguay)

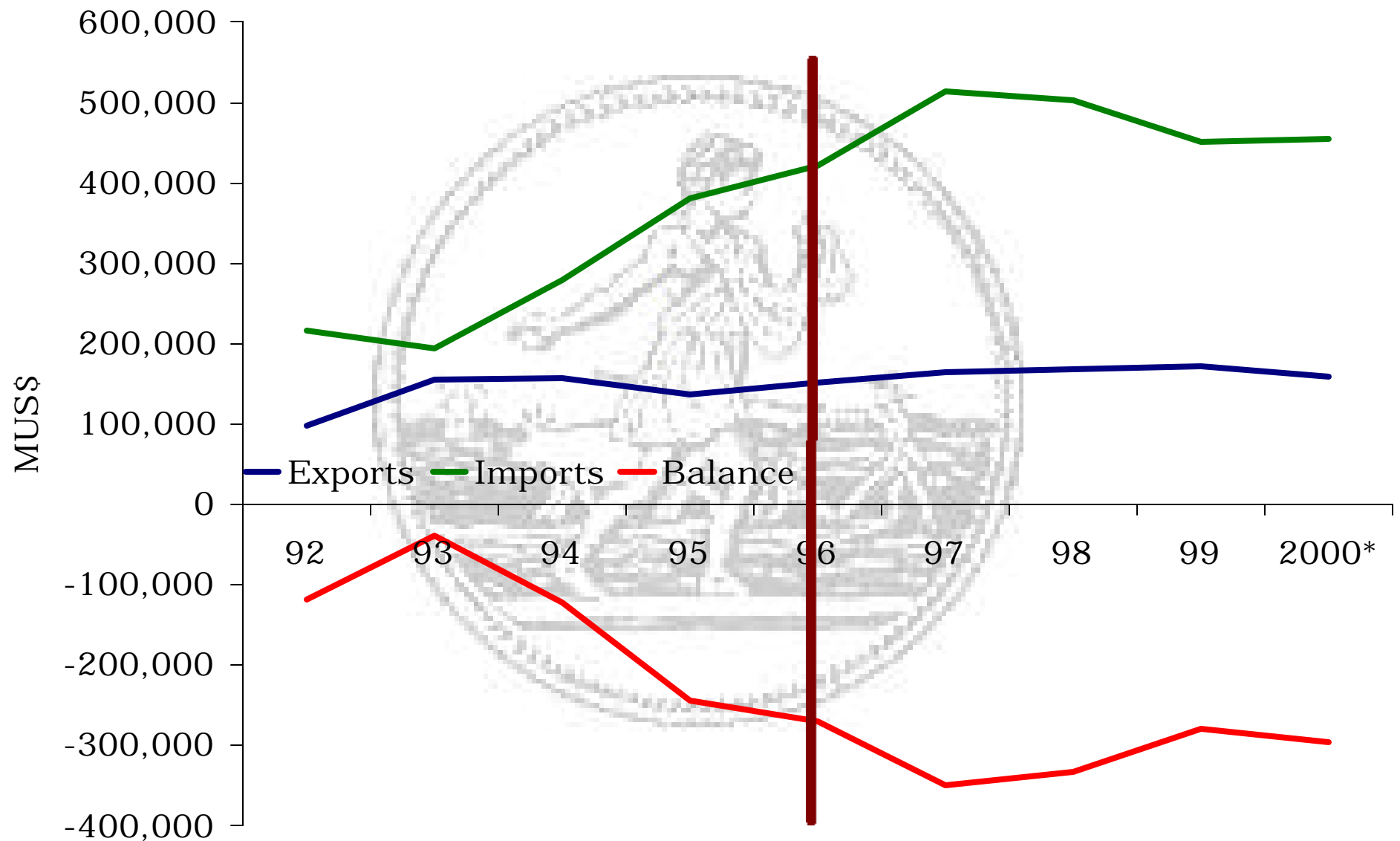
- **CHILE IS NOT A MEMBER. JUST ASSOCIATE MEMBER**
- **DIFFERENCES BETWEEN COUNTRIES AFFECT COMMERCE AND PRODUCE LACK OF CONFIDENCE**



CHILE - MERCOSUR

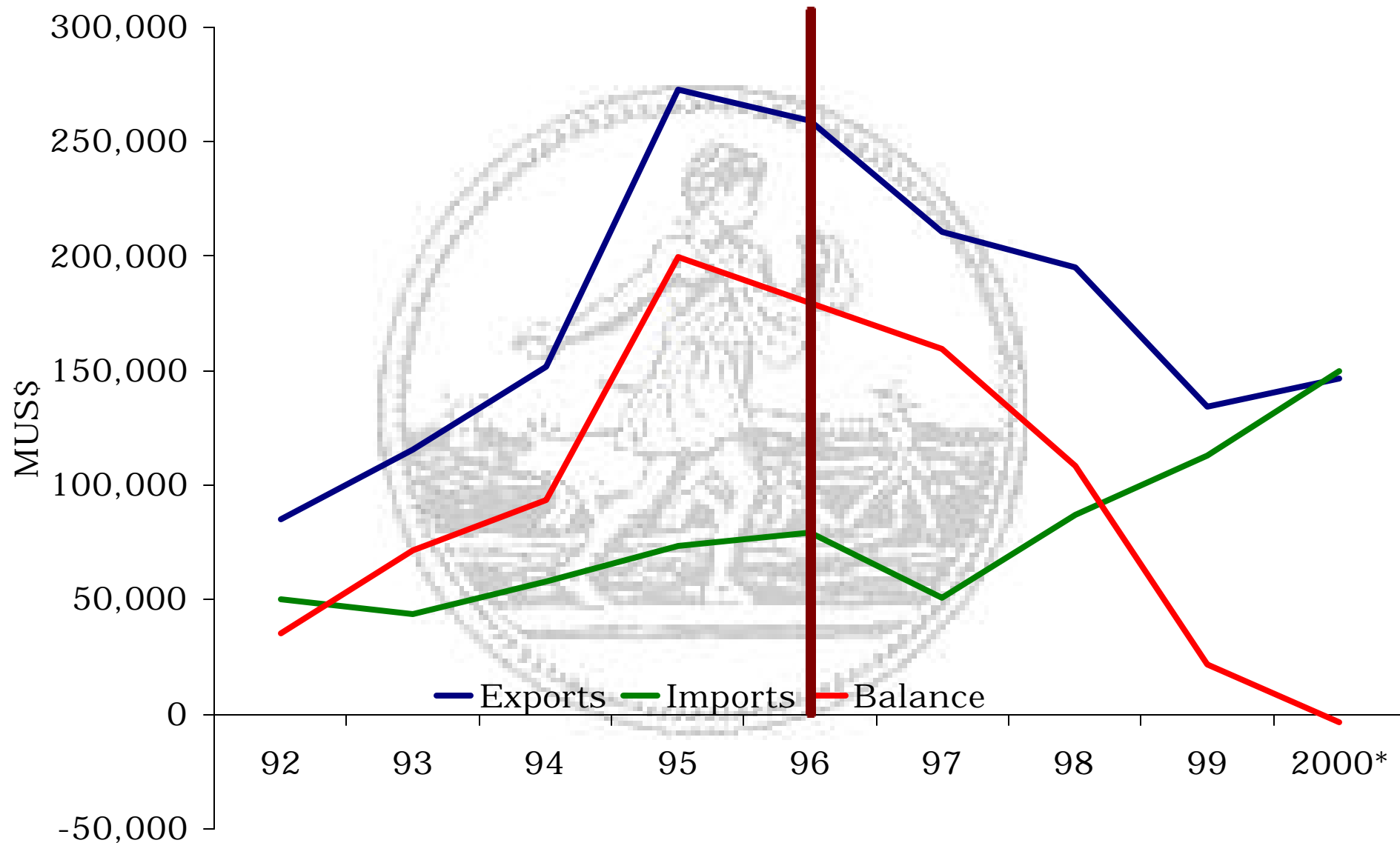
- **Chilean agricultural sector has been damaged due to negative negotiations:**
- **Poor defense of sensitive products (dairy products; red meat; grains) and weak positions for better oportunities related to competitive Chilean products: fresh fruit; wine; processed products;**

Agricultural Trade Chile-Argentina

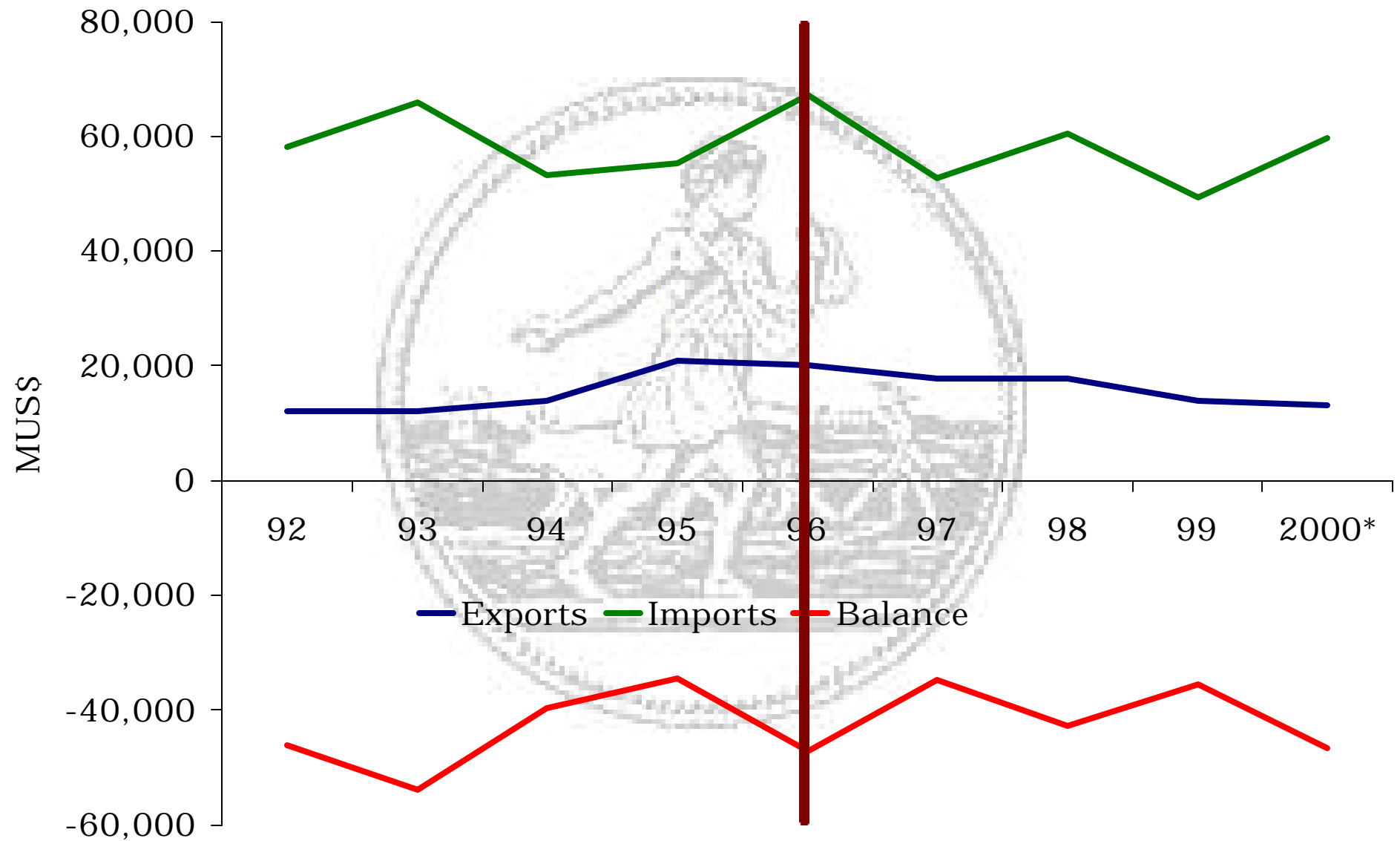


ODEPA

Agricultural Trade Chile-Brasil

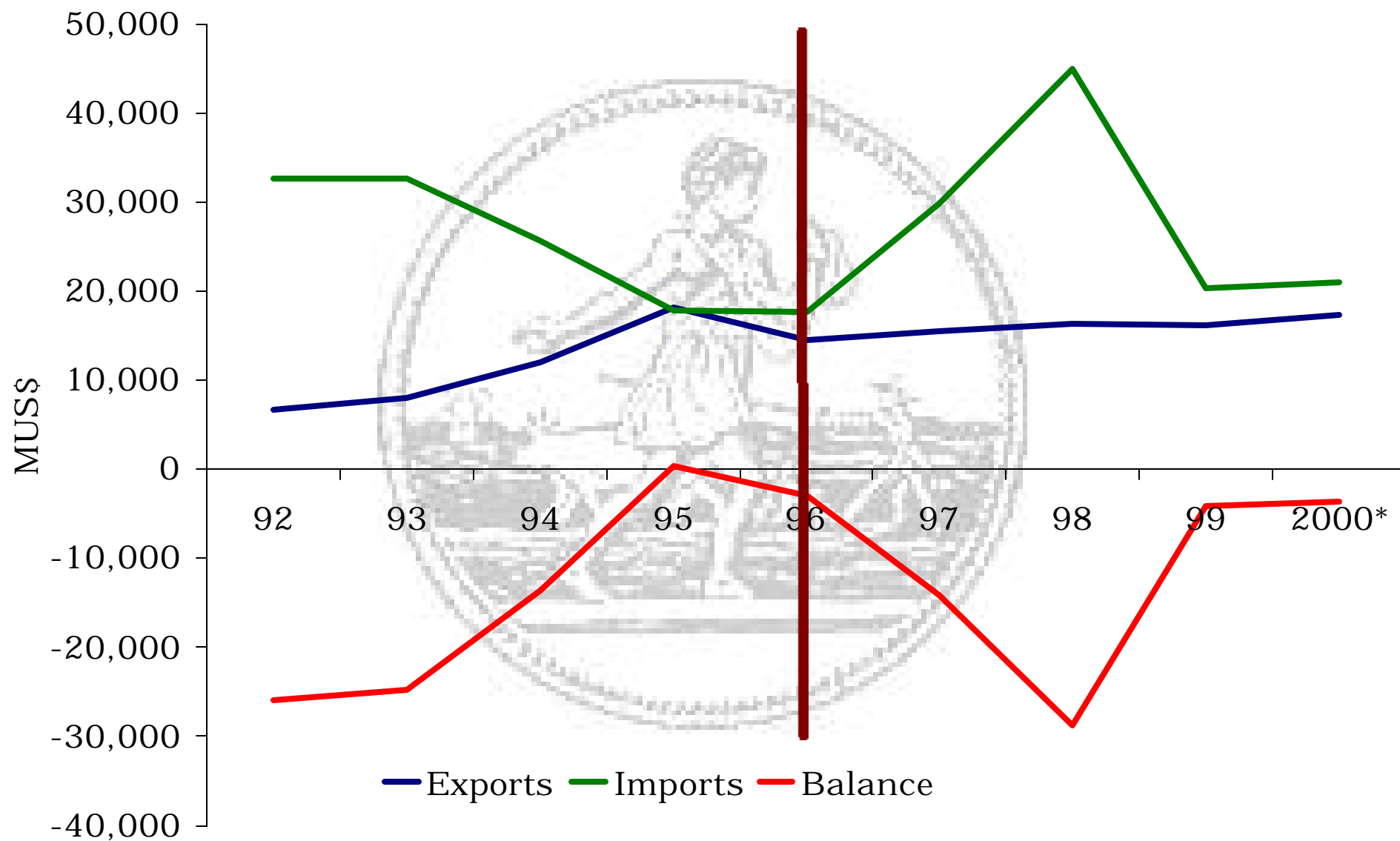


Agricultural Trade Chile-Paraguay

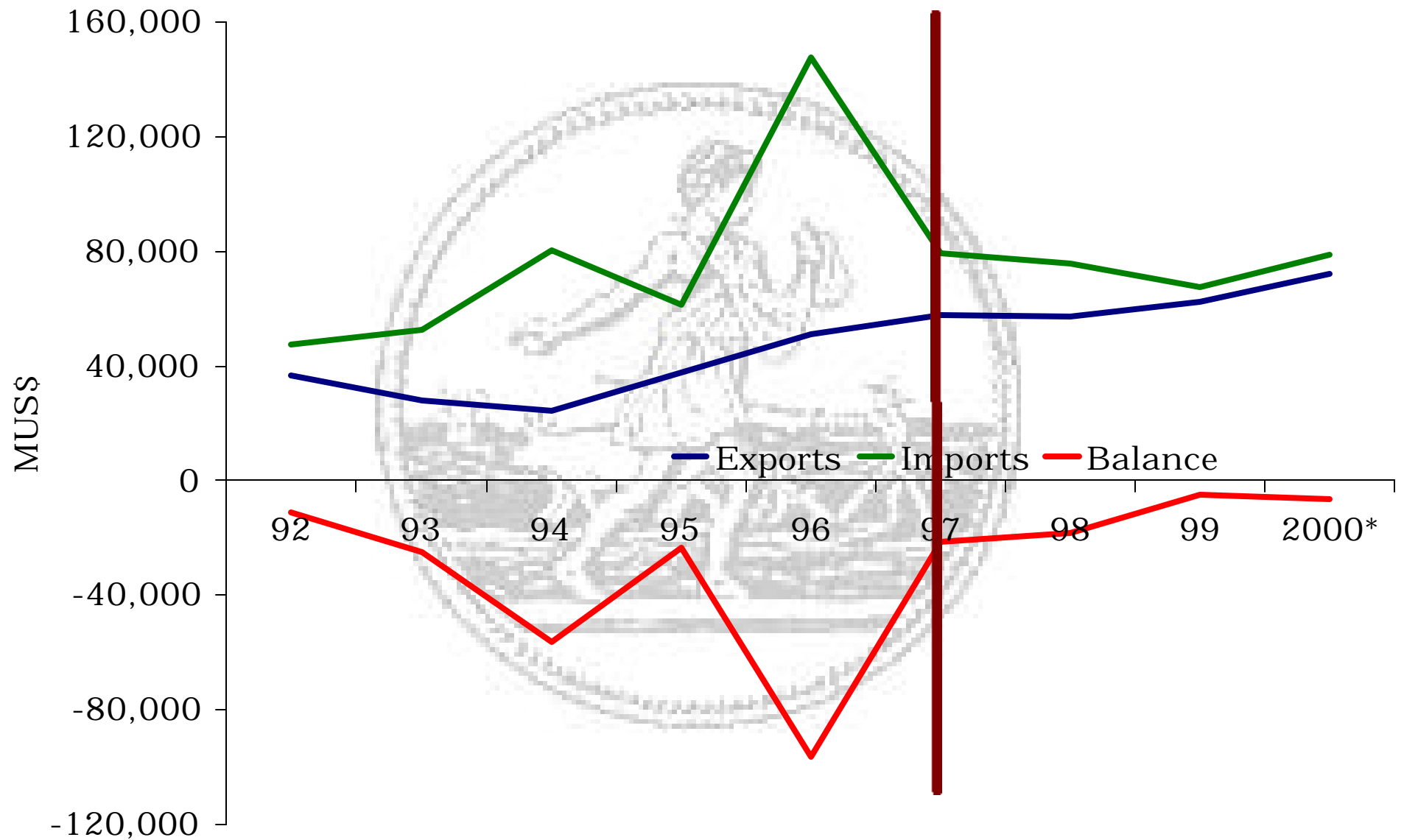


ODEPA

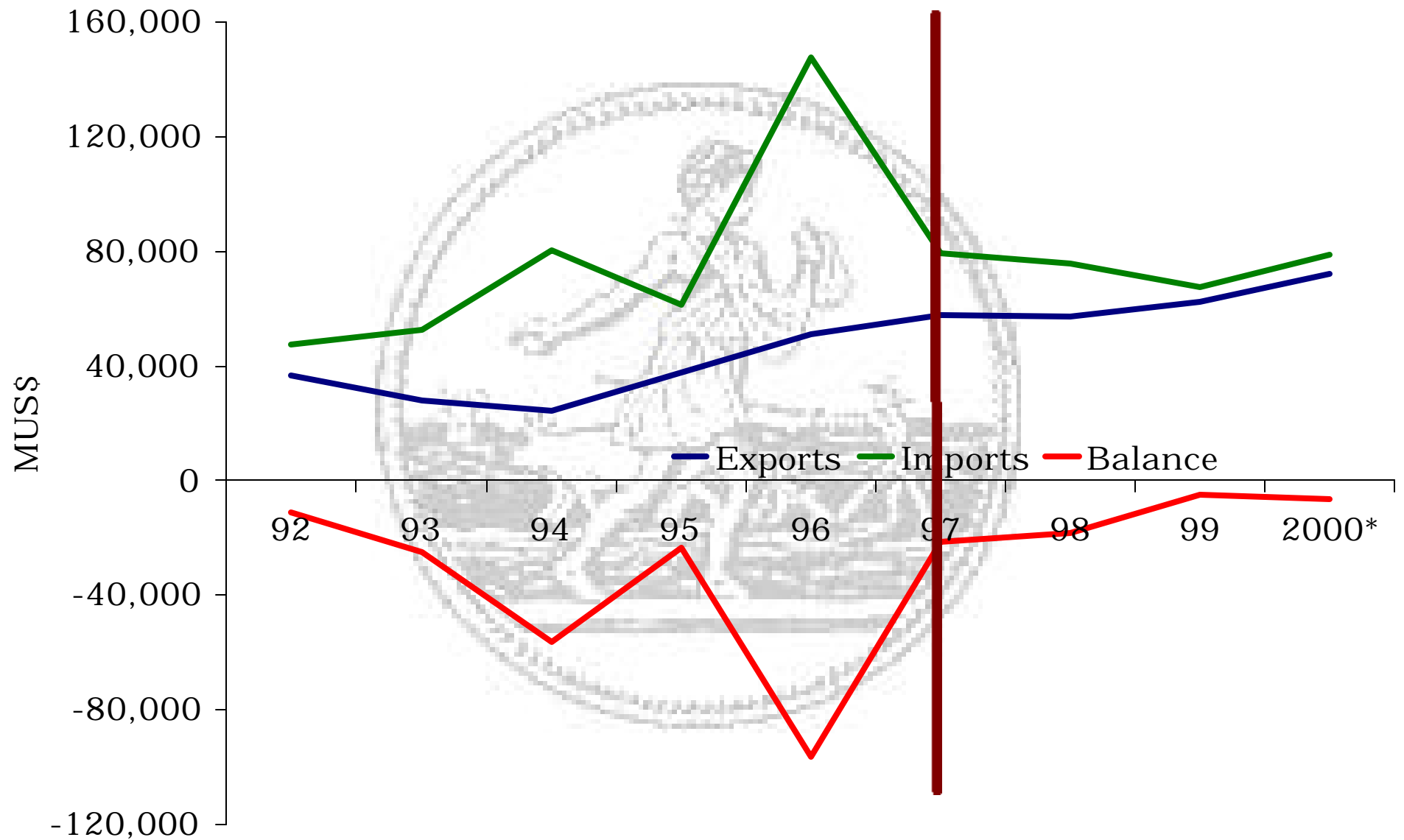
Agricultural Trade Chile-Uruguay



Agricultural Trade Chile-Canadá



Agricultural Trade Chile-Canadá





CHILE AND USA AGRICULTURAL SECTOR

CONTRIBUTION TO GDP (%):

- **CHILE: 5.8**
- **USA: 2.0**
- **USA GDP FOR AGRICULTURE IS
27.6 TIMES HIGHER THAN
CHILEAN GDP**

Central Bank and USDA, 1999



CHILE AND USA AGRICULTURAL SECTOR

- **NUMBER OF FARMS (MILLIONS):**
- **CHILE: 0.3**
- **USA: 2.0**

INE and USDA, 1999



CHILE AND USA AGRICULTURAL SECTOR

- **EXPORTS (US\$ BILLIONS)**
- **CHILE: 5.0**
- **USA: 51.0**

Odepa and USDA, 2000



CHILE AND USA AGRICULTURAL SECTOR

- **IMPORTS (US\$ BILLIONS)**
- **CHILE: 1.1**
- **USA: 38.9**

Odepa and USDA, 2000



CHILE AND USA AGRICULTURAL SECTOR

- **CHILE EXPORTS TO USA (US\$ billions):**
- **1.25 (2000)**
- **USA EXPORTS TO CHILE:**
- **0.14**

Odepa and USDA, 2000



CHILE AND USA AGRICULTURAL SECTOR

- **CHILE EXPORTS TO USA US\$ 5.0
PER CAPITA**
- **USA EXPORT TO CHILE US\$ 9.3
PER CAPITA**



CHILE AND USA AGRICULTURAL SECTOR

- **CHILE REPRESENTS ONLY 2.9 %
FROM IMPORTS OF USA**
- **USA REPRESENTS 12.2 % FROM
IMPORTS OF CHILE**

Odepa and USDA, 2000



CHILE AND USA AGRICULTURAL SECTOR

FISCAL BUDGET (1999) FOR AGRICULTURAL SECTOR:

- **CHILE: US\$ 0.4 BILLIONS**
- **US\$ 27 PER CAPITA**
- **USA: US\$ 55 BILLIONS**
- **US\$ 220 PER CAPITA**

Odepa and USDA



CHILE AND USA AGRICULTURAL SECTOR

- **FISCAL BUDGET FOR
AGRICULTURAL SECTOR/ARABLE
LAND IN USA (176.95 MM HAS):**
- **US\$ 310.82 PER HECTARES**
- **IN CHILE:**
- **US\$ 202.12 PER HECTARE (1.98
MM HAS)**

Odepa and FAO, 1999



CHILE AND USA AGRICULTURAL SECTOR

- **FISCAL BUDGET FOR
AGRICULTURAL
SECTOR/IRRIGATED LAND (21.4
MM HAS):**
- **US\$ 2,570.09/HA**
- **IN CHILE:**
- **US\$ 222.22/HA (1.8 MM HAS)**

Odepa and FAO, 1999



FREE TRADE AGREEMENT BETWEEN CHILE AND THE UNITED STATES OF AMERICA

THE AGRICULTURAL SECTOR



FTA: CHILE AND USA

GENERAL OBJECTIVES:

- TO CONFIRM TIES OF FRIENDSHIP AND COOPERATION**
- TO CONTRIBUTE TO ECONOMIC DEVELOPMENT AND COOPERATION**
- TO CREATE A FREE MARKET FOR GOODS AND SERVICES**



FTA: CHILE AND USA

- **TO REDUCE TRADE DISTORSIONS**
- **TO ESTABLISH LAWS OF CLEAR RULES FOR COMMERCIAL TRADE**



FTA: CHILE AND USA

- **TO IMPROVE COMPETITIVENESS OF AGRO INDUSTRY PRODUCTS IN THIRD MARKETS**
- **TO CREATE NEW OPPORTUNITIES FOR EMPLOYMENT**



FTA: CHILE AND USA

- **TO BETTER COMPETE AGAINST
COMMERCIAL BLOCKS OR
COUNTRIES**
- **TO IMPROVE PROTECTION OF
THE ENVIRONMENT**



FTA: CHILE AND USA

- **TO PROMOTE SUSTAINABLE DEVELOPMENT**
- **TO RECONFIRM THE WTO PRINCIPLES**



FTA: CHILE AND USA

- **AGRICULTURAL SECTORS OF BOTH COUNTRIES ARE COMPLEMENTARY AND NOT COMPETITIVE**
- **CHILE AND USA MUST COMPETE FAIRLY IN INTERNATIONAL MARKETS**



FTA: CHILE AND USA

- **USA IS LOSING OPORTUNITIES WITHOUT FTA**
- **AGRICULTURAL SECTOR IN CHILE IS COMPETITIVE AND TIME WILL ALLOW US TO ADAPT TO INTERNATIONAL CONDITIONS**



FTA: CHILE AND USA

- **CHILE DOES NOT SUBSIDIZE THE AGRICULTURAL SECTOR**
- **CHILE NEEDS USA INVESTMENTS TO IMPROVE COMPETITIVENESS**
- **CHILE AND USA HAVE SENSITIVE AREAS TO BE PROTECTED**



FTA: CHILE AND USA

- **CHILE HAS SIGNED FTA WITH 7 COUNTRIES AND IS STARTING NEGOTIATIONS WITH EU, SOUTH KOREA AND CENTRAL AMERICA.**
- **PRELIMINARY DISCUSSIONS WITH NEW ZEALAND AND JAPAN.**



FTA: GOALS

- **LIBERALIZATION OF AGRICULTURAL TRADE**
- **REDUCTION, ELIMINATION AND HARMONIZATION OF SANITARY AND PHYTOSANITARY MEASURES (SPS)**
- **ELIMINATION OF NON-TARIFF BARRIERS**



FTA: GOALS

- **HARMONIZE AGRICULTURAL CLASSIFICATION AND DEVELOPMENT OF GRADING STANDARDS**
- **ELIMINATION OF EXPORT SUBSIDIES**



FTA: GOALS

- **ENCOURAGE THE USE OF DOMESTIC SUPPORT PROGRAMS THAT ARE NOT TRADE-DISTORTING**
- **ENCOURAGE EVERY COUNTRY TO EFFECTIVELY ENFORCE THEIR OWN ENVIRONMENTAL AND LABOUR LAWS**



FTA: CHILE AND USA

SOME CONSIDERATIONS:

- **FOR A FAIR TRADE OF PRODUCTS, CHILE PROPOSES TO DIFER LIMITED TARIFF REDUCTIONS FOR SENSITIVE PRODUCTS.**



FTA: CONSIDERATIONS

- **USA MUST GUARANTEE THAT SUBSIDIZE PRODUCTS WILL NOT DISPLACE CHILEAN PRODUCTS IN THIRD MARKETS**
- **ELIMINATION OF SUBSIDIZE PRODUCTS FROM THIRD COUNTRIES FROM OUR MARKETS**



FTA: CONSIDERATIONS

- **SUPPORT MECHANISMS SHOULD NOT AFFECT PRICES DIRECTLY**
- **CHILE AND CAIRNS GROUP PROPOSED A GRADUAL REDUCTION OF SUBSIDIES**



FTA: CONSIDERATIONS

VERY IMPORTANT ISSUES:

- **OPEN ACCES TO MARKETS**
- **ELIMINATE BARRIERS TO TRADE**
- **SIMILAR REQUIREMENTS FOR DISTRIBUTION AND RETAIL SALES THAN IN THE USA**



FTA: CONSIDERATIONS

- **INCREASING INVESTMENT**
- **CHILE AND USA NEGOCIATE
TERMS CONSISTENT WITH OUR
TRADE AGREEMENTS WITH
THIRD COUNTRIES**



FTA: CONSIDERATIONS

FOREST SECTOR:

- **VERY POSITIVE SITUATION IN FAVOUR OF CHILE.**
- **WE PROPOSE TO CONSOLIDATE GSP (GENERAL SYSTEM OF PREFERENCES)**



FTA: CONSIDERATIONS

FRESH FRUIT AND VEGETABLE SECTORS:

- **ALMOST FULL FREE COMMERCE.**
- **LOW TARIFFS FAVOR AMERICAN CONSUMERS OFF-SEASON.**



FTA: CONSIDERATIONS

MEAT AND DAIRY PRODUCT **SECTORS:**

- **NO ACTIVE COMMERCE UP TO NOW**



FTA: CONSIDERATIONS

GRAINS, SUGAR AND SENSITIVE PRODUCTS:

- **EVERY COUNTRY SHOULD
MAINTAIN ITS OWN
PROTECTIONS**



FTA: SENSITIVE PRODUCTS

- **VERY IMPORTANT TO CHILE,
BUT USA SHOULD COMPETE
WITH CANADA (WHEAT,
LEGUMES); MERCOSUR
(WHEAT, OIL, SOYBEANS, RED
MEAT) AND NEW ZEALAND
(DAIRY PRODUCTS)**



FTA: CONSIDERATIONS

INDUSTRIAL SECTOR:

- **CHILE FEARS NON-TARIF BARRIERS AND FTA SHOULD OPEN MORE OPPORTUNITIES**



FTA: CONSIDERATIONS

FERTILIZERS; CHEMICALS; SEEDS AND MACHINERY:

- **USA IS LOOSING GREAT
OPPORTUNITIES WITHOUT FTA**



FTA: CHILEAN POSITION

- **FIRST PRIORITY: CONTROVERSY SOLUTIONS**
- **NON-TARIFFS OR TECHNICAL BARRIERS TO COMMERCE**
- **TRANSGENIC CROPS**



FTA: CHILEAN POSITION

- **EXTREME AND IMMEDIATE LABOR AND ENVIRONMENTAL REQUIREMENTS COULD REPRESENT A PROBLEM FOR THE PRIVATE SECTOR IN CHILE**
- **ANTIDUMPING LAWS IN USA**



FTA: CONCLUSIONS

- **WE MUST SET A FREE TRADE AGREEMENT BASED ON SIMILARITIES BETWEEN BOTH COUNTRIES, ADDING MORE INCENTIVES TO EXPLORE NEW MARKETS AS A BLOCK, AND INCREASED COMPETITIVENESS FOR THE AGRICULTURAL SECTOR.**



FTA: CONCLUSIONS

- **ACCESS TO THE USA MARKET:**
- **EASY SOLUTION OF CONTROVERSIES IS A MUST**
- **CLEAR AND WTO COMPATIBLE STANDARDS**



FTA: CONCLUSIONS

SOME SPECIFIC PROBLEMS:

- **LABELING.**
- **RECOGNITION OF MEAT AND POULTRY INSPECTION SYSTEM.**
- **FOOD SAFETY REQUIREMENTS.**
- **QUALITY REQUIREMENTS.**
- **MARKETING ORDERS.**



FTA: CONCLUSIONS

- **INVESTMENT AND TECHNOLOGY**
- **CHILEAN AGRICULTURAL SECTOR HAS GREAT POTENCIAL AND NEEDS INVESTMENT AND TECHNOLOGY TO IMPROVE COMPETITIVNESS**
- **FTA SHOULD FACILITATE AND MOTIVATE REGIONAL INVESTMENTS**



FTA: CONCLUSIONS

- **IMPROVES AND FACILITATE
CUSTOM PROCEDURES AND
CERTIFICATION OF ORIGIN FOR
AGRICULTURAL PRODUCTS**