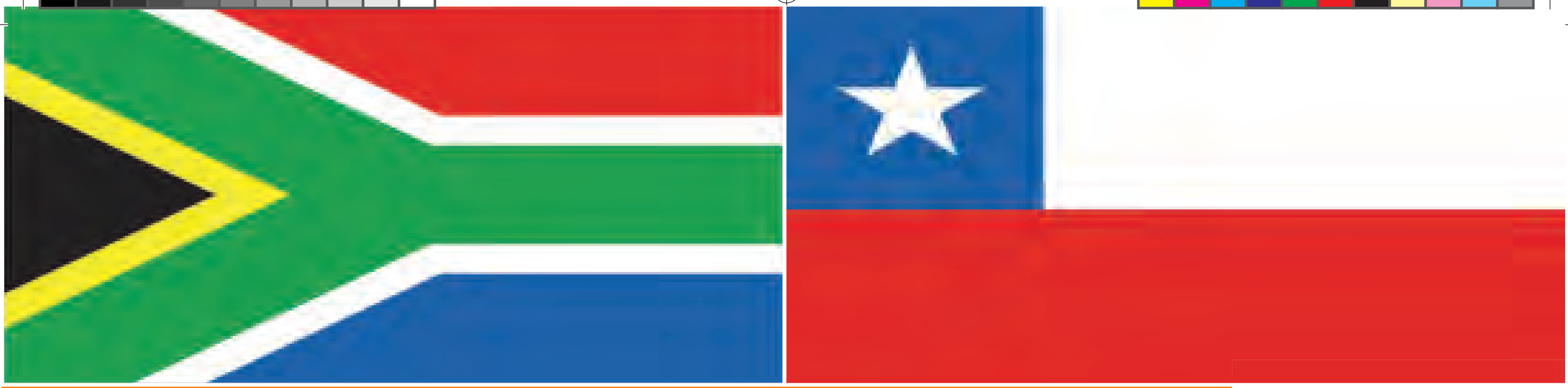

Joint Study to Enhance Trade and Economic Relations between South Africa and Chile

2016

The Department of Trade and Industry (**the dti**), South AfricaDirectorate for International Economic Relations (Direcon), Chile

the dti
Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

towards full scale industrialisation and inclusive growth

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Acronyms and abbreviations

Terms/Acronyms/Abbreviations	Definition/Explanation
BITs	Bilateral investment treaties
Brics	Brazil, Russia, India, China and South Africa
CEF (Spanish abbreviation)	Financial Stability Council
Comesa	Common Market for Eastern and Southern Africa
Corfo (Spanish acronym)	Chilean Economic Development Agency
CPI	Consumer price index
CSIR	Council for Scientific and Industrial Research
DAFF	Department of Agriculture, Forestry and Fisheries
Direcon (Spanish acronym)	Directorate for International Economic Relations
DL	Decree law
EAC	East African Community
ECLAC	Economic Commission for Latin America and the Caribbean
EFTA	European Free Trade Association
EMBI	Emerging market bond index
EU	European Union
FDI	Foreign direct investment
FICE (Spanish abbreviation)/FCIF	Foreign capital investment funds
FICER (Spanish acronym)	Foreign investment venture capital funds
FNE (Spanish abbreviation)	National Economic Prosecutor's Office
FTA	Free trade agreement
GATT	General agreement on tariffs and trade
GDP	Gross domestic product
HS	Harmonised system
IAAC	Inter-American Accreditation Cooperation
ICN	International Competition Network
ICT	Information and communications technology
IEC	International Electrotechnical Commission
ILO	International Labour Organisation
IMO	International Maritime Organisation
Inapi (Spanish acronym)	Industrial Property Office
INN (Spanish abbreviation)	National Standardisation Institute
InvestSA IP	Investment South Africa Intellectual property
IPEA	International Preliminary Examination Authority
IPPC	International Plant Protection Convention
IPR	Intellectual property rights
ISA	International Searching Authority
ISO	International Standardisation Organisation
ITAC	International Trade Administration Commission
ITED	International Trade and Economic Development
JCM	Joint consultative mechanism
JTIC	Joint Trade and Investment Commission

LGB (Spanish abbreviation)	General Law on Banks
MEFT (Spanish abbreviation)	Ministry of the Economy, Development and Tourism
Mercosur (Spanish acronym)	Mercado Común del Sur
MFN	Most favoured nation
MLA	Multilateral recognition agreement
MOU	Memorandum of understanding
MPC	Monetary Policy Committee
MRA	Mutual recognition agreement
NDP	National Development Plan
Nedlac	National Economic Development and Labour Council
NEMA	National Environmental Management Act
NT	National Treasury
OECD	Organisation for Economic Cooperation and Development
OIE	World Organisation for Animal Health
P4	Trans-Pacific Strategic Economic Partnership
PCT	Patent Cooperation Treaty
PTA	Preferential trade agreement
RNM (Spanish abbreviation)	National Metrology Network
RTA	Regional trade agreement
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAG (Spanish abbreviation)	Agriculture and Livestock Service
SARB	South African Reserve Bank
SARS	South African Revenue Services
SBIF (Spanish abbreviation) SEC (Spanish abbreviation)	Superintendence of Banks and Financial Institutions Electricity and Fuels Supervisory Authority
SENCE (Spanish acronym)	National Training and Employment Service
SernaPesca (Spanish acronym)	National Fisheries Service
SI	International System of Units
SMEs	Small and medium enterprises
SPS	Sanitary and phytosanitary
Stats SA	Statistics South Africa
SubPesca (Spanish acronym)	Undersecretariat of Fisheries
SVS (Spanish abbreviation)	Insurance Supervisory Authority
TBT	Technical barriers to trade
TDCA	Trade, Development and Cooperation Agreement
TDLC (Spanish abbreviation)	Competition Tribunal
the dti TISA	Department of Trade and Industry Trade and Investment South Africa
TPSF	Trade policy and strategy framework
Trips UF	Trade Related Aspects of Intellectual Property Rights Unidades de Fomento
UN	United Nations
UPOV	Union for the Protection of New Varieties of Plants

US	United States of America
VAT	Value added tax
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

Executive summary

Preamble

In 2012, South Africa and Chile signed a memorandum of understanding (MOU) on the establishment of the Joint Trade and Investment Commission (JTIC), whose main objective is to enhance dialogue on aspects of trade and regular commercial exchange, strengthen bilateral economic relations, promote investment and growth, facilitate the diversification of trade between Chile and South Africa, and identify special areas of economic cooperation.

During the first JTIC meeting in November 2014, in Santiago, Chile, both countries agreed on a work plan focused on short-term, medium-term and long-term objectives. In the short term, both parties agreed to participate in each other's trade fairs and exhibitions as well as exchange business delegations. Over the medium term, the parties identified areas of interest for cooperation and the enhancement of trade and investment, including 20 products of export interest. Over the long term, South Africa and Chile agreed to conduct a joint study with the aim of exploring opportunities to enhance bilateral trade and investment relations. The competent authority responsible for the study on the South African side was **the dti** and Direcon on the Chilean side.

To promote sustainable trade and investment, the study provided an opportunity to exchange information on the policy framework and policymaking process relating to trade, investment, financial markets, employment and environment.

The study analysed the trends in trade in goods and services, both bilateral and with the rest of the world. While the current trade volumes are low, the potential to increase trade is higher, and there exists opportunities to serve as each other's gateways into the respective regions. Similarly, the study also analysed flows in investments. While there is notable low investment in each other's economies, data on foreign direct investment (FDI) remains a challenge as it is not available. Despite limitations on data on trade in services, the study identified opportunities to enhance trade in services. Chile and South Africa agreed to expand the two-way trade in goods and services based on complementarities according to their respective national economic development strategies. FDI also remains low with a growing number of South African companies investing in Chilean sectors such as hospitality, mining and mining-related services. Chilean companies are also beginning to invest in South Africa and are exploring opportunities in the rest of the continent.

To promote two-way investments, the two countries identified sectors of interest that have the potential to promote production or industrial linkages.

1. The following sectors with potential investment opportunities were identified:
   - i.) oil and gas
   - ii.) ocean economy
   - iii.) renewable energy
   - iv.) biotechnology
   - v.) nanomaterials
   - vi.) mining
   - vii.) audiovisual (filmmaking and video game) services
   - viii.) engineering (construction and built environment)

2. In addition, there is potential to develop linkages for investment into other markets in Africa and Latin America, with an aim to improve participation of both Chile and South Africa in global value chains.
   The recommendations of the joint study are as follows:
   - i.) To encourage cooperation and, as a first step, work towards conclusion of MOUs in the following areas:
     - customs procedures
     - technical barriers to trade
     - agricultural and related regulated issues;
     - export promotion
     - investment promotion

   - ii.) Conduct further studies to identify specific areas for cooperation in the following sectors:
     - mining
     - agriculture
     - aquaculture
     - blue economy
     - green economy

   - iii.) Continue efforts to determine the most appropriate institutional framework to develop the real potential of the bilateral economic and commercial relations that are sustainable in the long term.

1. Introduction

1.1 Background to the study

During the inaugural JTIC in Santiago, Chile, in November 2014, South Africa and Chile agreed to conduct a joint study with the aim of enhancing bilateral trade and investment relations between the two countries. The terms of reference of the joint study were finalised via a video conference in January 2015. The competent authority responsible for the study on the South African side was **the dti** and Direcon on the Chilean side. Both countries agreed that the draft report of the joint study would be completed by September 2015, with a view to present the study's recommendations to the political authorities. It was envisaged that the final draft report would be discussed and finalised during the second meeting of the JTIC.

South Africa and Chile continue to enjoy warm and cordial political relations that saw Chile President Michelle Bachelet pay a state visit to her South African counterpart in August 2014. Both countries signed a MoU to establish a joint consultative mechanism (JCM) in November 1998. The JCM serves as a formal body for high-level bilateral consultations on issues of mutual concern and common interest. The JCM is led at the deputy minister level. Topics addressed during consultations included consolidating relations between South Africa and Chile and examining existing bilateral cooperations in various fields. The MoU on the establishment of a JTIC was signed in 2012. The commission is led at a senior official level and the report of the JTIC is tabled at the JCM meeting. The objectives of the JTIC are: incorporating and maintaining a dialogue on aspects of trade and regular commercial exchange, strengthening bilateral economic relations, promoting investment and growth, facilitating the diversification of trade between the two countries, and identifying special areas of economic cooperation.

On a multilateral front, South Africa and Chile are active members of the World Trade Organisation (WTO). Both countries consider regional integration and development as integral to growth and prosperity in Africa and Latin America. South Africa's economy is one of the largest in Africa and is at the forefront of promoting development integration in Africa. Chile is one of the most developed economies in Latin America and continues to forge partnerships to promote integration in Latin America.

However, in spite of the trade potential, the trading relationship between the two countries is still limited and not reflective of strong and growing political relations. South Africa and Chile trade mostly in non-copper commodities and two-way bilateral trade amounted to approximately US$210 million in 2014. Chile currently ranks 70th among South Africa's export destinations. Similarly, South Africa ranked 44th as a destination for Chilean exports in 2014. There is a need to find ways and means to grow the bilateral trade and investment relationship. There are significant trade similarities between the two countries. Chile, beyond its mining exports, supplies various agricultural, resource-based products and services, whereas South Africa supplies a variety of processed goods as well as mining and agricultural products.

There is substantial scope and opportunities to strengthen the trade and investment relationship by identifying barriers to trade and investment in both economies, then finding ways to address those barriers. The joint study thus provides an opportunity to identify areas of export interest and sectors to attract investments in line with the countries' respective economic development policies. Hence, through the development of a shared vision and actions in targeted cooperative areas, the two countries could deepen and broaden economic relations. This study aims to ensure that the already strong political relations are underpinned by robust economic relations.

1.2 Objectives and outline of the study

The objectives of the study are to:

- identify areas of cooperation as well as ways and means to enhance trade and investment relations between South Africa and Chile;
- serve as an information input for South Africa and Chile towards the formulation of joint collaborative work in the economic sphere; and
- discuss and recommend mutually beneficial cooperative activity in areas such as industrial development, infrastructure development, and investment promotion.

The joint study will examine:

- the main characteristics of the Chilean and South African economies, and institutional frameworks;
- trade and investment relations between South Africa and Chile;
- the enhancement of trade and investment between Chile and South Africa;
- trade and investment policies; and
- opportunities for production linkages.

The joint study will focus specifically on the trade and investment relationship between South Africa and Chile by identifying sectors already performing strongly and highlighting sectors with growth potential. The joint study will also identify initiatives that have the potential to grow the trade and investment relationship, and assess their relative priority. This should lead to specific proposals on how to achieve agreed objectives of enhancing trade and investment relations.

1.3 Environment for strengthening the trade relationship

The global economic uncertainties and recent economic growth slowdown in China and emerging economies continue to challenge policymakers in South Africa and Chile. Both countries are members of the WTO, which confirmed the vital importance of resisting protectionist pressures that some WTO members implemented in response to the recent global economic crisis. An open trading system and further reform – whether multilateral or bilateral – will be important to long-term growth prospects for Chile and South Africa.

For many African and Latin American economies, which have strong interest in an open, rules-based international trading system, the slow progress of the WTO's Doha Round of negotiations has been disappointing. South Africa and Chile seek, as the highest priority of trade policy, a successful and substantial outcome from the Doha Round, and have worked actively in the WTO and other international and regional forums. A substantial Doha Round outcome would not only lay the basis for a stronger world economy over the medium and long term, but would have an immediate impact on global economic confidence.

South Africa and Chile note that a number of WTO members are concluding regional trade agreements (RTAs) that complement WTO disciplines. The spread of RTAs is underpinned by a variety of factors, including a desire to improve market access, build global networking and/or maintain economic competitiveness as other countries negotiate free trade agreements (FTAs), as well as limited progress at the WTO. South Africa has used RTAs to foster regional integration in Africa. Stronger trade and economic ties between Chile and South Africa would set a positive example for South-South Cooperation.

A deepened South Africa-Chile economic relationship based on complementarity could add much value to the growth and development of the countries' respective economies. The joint study will provide understanding on: trade and investment agreements; import and customs procedures; competition policy; and strengthening economic cooperation in a wide range of areas such as science and technology, small and medium enterprises, education, tourism and logistics, among others.

2. Main characteristics of the Chilean and South African economies, and institutional framework

2.1 Chile

2.1.1 Macroeconomic features

Sustained economic growth in the context of economic liberalisation, with improvements in poverty reduction and social development, has been the most distinctive characteristic of the Chilean economy in recent times. Since 1990, Chile has implemented growth-oriented economic and social policies that have been geared towards increasing human capital investment. The development strategy rests on the foreign trade sector as a key driver of growth, and this has been recently emphasised by the country's minister of finance[1]. Chilean gross domestic product (GDP) had an average growth rate of 5% in the 25 years from 1990 to 2014. Poverty was reduced from 38,3% in 1990 to 7,8% in 2013[2].

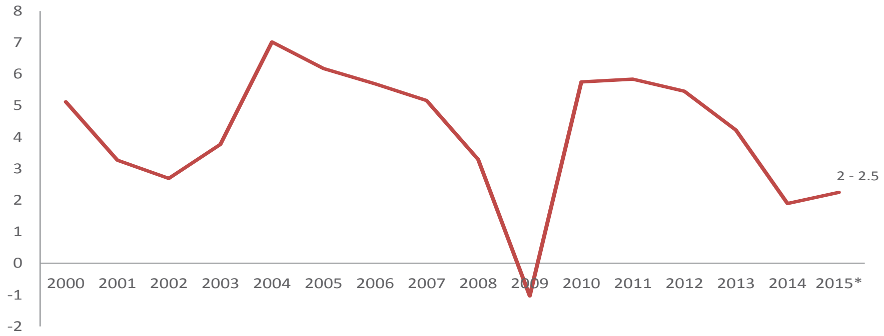
Trade policy has followed a pragmatic and flexible approach, advancing simultaneously with the unilateral, bilateral, multilateral and regional (or "pluri-lateral") approaches in international trade liberalisation. This pragmatic approach also relates to a flexible position in negotiations, with a focus to agree on preferential trade agreements, resulting in agreements in different stages (such as goods, services and investments) and including last-generation subjects or disciplines such as cooperation, labour and environment, gender issues, and other subjects of the new world trade order.

Over the last 15 years, Chile's GDP has expanded at an average annual rate of 4%, higher than the Latin American and world average. After the global economic financial crisis in 2009, Chile managed to recover rapidly due to higher copper prices, a sound financial system, and its prudent economic policy management that resulted in a fiscal surplus and a low borrowing cost. However, the Chilean economy began to show signs of slackening towards the end of 2013.
The economic slowdown deepened in 2014, with growth standing at 1,9%. This slowdown was largely due to the deterioration in external conditions. The end of the cycle of high prices for primary goods, chiefly copper, lowered the terms of trade and curbed investment. This followed the announcement of the first stage of withdrawal of the monetary stimulus in the United States (US), which pushed up long-term interest rates worldwide, increasing the cost of external financing and resulting in a reversal of capital flows from emerging economies. Even in this context, Chile has been able to continually improve its credit rating, as described in the following paragraphs.

By 2015, the projected growth rate of the Chilean economy ranges between 2% and 2,5%3, higher than 2014 and greater than the performance forecast for Latin America and the Caribbean, which is estimated at 0,5%. This expansion was, in essence, due to higher investment, consumption and external-sector dynamism. During 2014, Chile's GDP was US$258 billion, with a population of close to 18 million. The country's economic growth history over the last few decades has implied that it currently leads in GDP per capita in Latin America (at purchasing power parity) that stands at US$22 971.

1. See website of the Chilean Ministry of Finance, www.hacienda.cl
2. ECLAC figures for poverty
3. Range forecast for GDP growth are of the Monetary Policy Report, Chilean Central Bank, September 2015

Figure 1: GDP, annual growth, 2000–2015 (percentages)



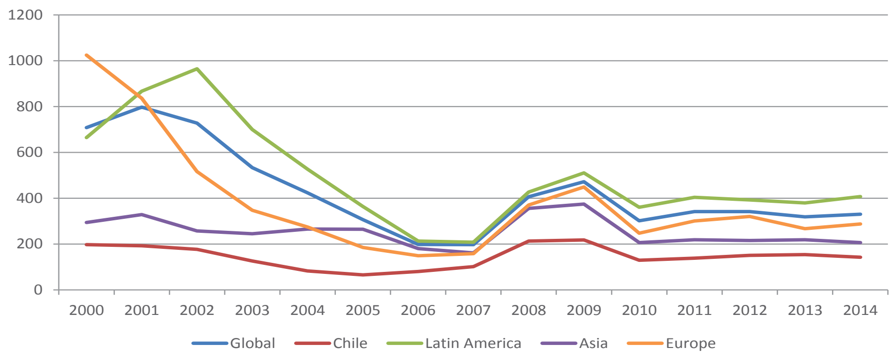
Source: Studies Department, Direcon, based on Central Bank of Chile.

* Range forecast based on the Monetary Policy Report, Central Bank of Chile, September 2015.

Chile's macroeconomic policy rests on three fundamental pillars: a monetary policy geared to achieving inflation targets; exchange rate flexibility; and a prudent tax policy design based on the structural balance rule. The Central Bank of Chile aims to maintain a targeted inflation rate of 3%, allowing movement in the range of between 2% and 4%. The annual inflation rate was 3% in 2013, peaking at 4,6% in 2014. Along with its strong institutional framework, outward-looking trade regime and robust financial system, this policy framework has allowed Chile's economy to adjust sustainably to new external conditions. Moreover, this has occurred against the backdrop of changes in the global economy caused by the end to the cycle of high prices for primary goods and the normalisation of monetary conditions in the US.

Chile is recognised by international risk rating agencies with an AA-rating by Standard & Poor's, similar to countries such as Japan and China. At the same time, it has a low sovereign risk among Latin American countries and is compared favorably to Asia and Europe. In fact, the Chilean emerging market bond index (EMBI) reached 142,6 in 2014, while it was 407 for Latin America, 206,3 for Asia and 287,1 for Europe.

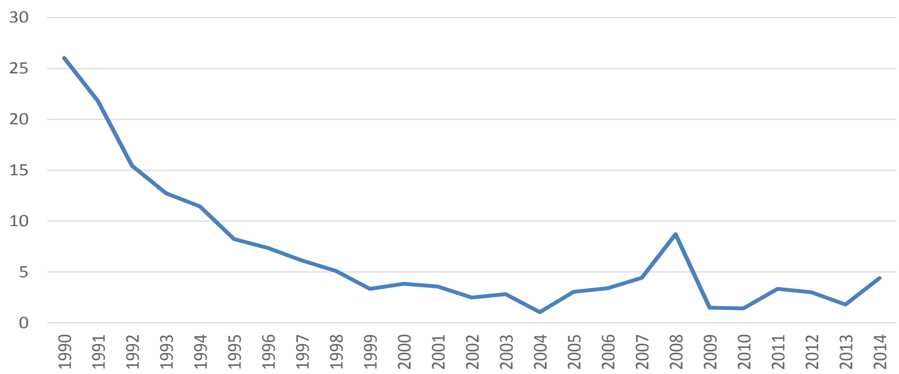
Figure 2: EMBI global spread, average, 2000–2014 (basis points)



Source: Studies Department, Direcon, based on Central Bank of Chile.

Chile's prudent, rules-based macroeconomic management has implied sound fiscal and inflation accounts, resulting in limited fiscal deficit, low levels of gross public debt and low inflation (near 3% in recent years). At the same time, the economy has been able expand to create more employment, with the unemployment rate averaging 6,2% over the past three years.

Figure 3: Inflation tare, consumer price index, 1990–2014 (percentages)



Source: Studies Department, Direcon, based on Central Bank of Chile.

The country leads the region in terms of indicators measuring competitiveness, such as ease of doing business, with the World Bank recently ranking Chile 41 out of 189 economies and the World Economic Forum's (WEF) competitiveness report ranking Chile 33rd globally. In terms of economic freedom, the country ranks 7th in the world4. Chile's capital, Santiago, has been reputed as an alternative to Silicon Valley, according to several analysts5.

A driving force behind economic growth in Chile has been the export sector. On average, in recent decades, Chile's exports have grown above the world rate. With growth rates above GDP, exports multiplied more than eightfold between 1990 and 2014. For example, the value of Chilean shipments has grown at an average annual rate of 12% since 2003, whereas in 1990, Chilean exports represented 0,26% of the world's total, currently standing at 0,41%.

As a result of the liberalisation process, inward and outward FDI has exhibited significant growth. During the period 1974-2014, inward FDI totalled US$112 billion6. This figure compares favourably with the US$8.6 billion of FDI recorded in the period 1974-1989. With increasing flows of FDI over the past 15 years, outward Chilean FDI totalled approximately US$100 billion during the 25-year period 1990-2014.

The competitive level reached by Chilean firms is reflected in their outward FDI in the services sector (including retail trade, computing services, real estate, construction, and air and maritime transport); in the efficient use of natural resources (generation, transmission and distribution of electricity, energy, mining and forestry); and in generating industrial value-added goods (manufacturing, metallurgy, pulp and paper, and chemicals and pharmaceuticals).

Consequently, over the period 1990-2014, the stock of outward FDI has mainly been oriented to services (45,6%), industry (26,3%) and energy (18,6%), with less participation in mining (6,7%), and agriculture and forestry (2,6%). With regard to services, Chilean investments abroad are distributed in wholesale and retail trade (35,5%), transport, storage and communications (30,2%), finance (13,5%), real estate (9%) and construction (6,6%).

2.1.2 Trade policy regime: Formulation and implementation

Trade policy formulation is under the responsibility of the Executive, with Direcon, in the Ministry of Foreign Affairs, taking the lead role in trade negotiations. Other ministries involved in the formulation of trade policy include the ministries of finance, economy, and agriculture. The Chilean permanent mission to the WTO is under the competence of the Ministry of Foreign Affairs.

The Interministerial Committee for International Economic Negotiations advises the president on matters regarding international economic negotiations. The minister of foreign affairs chairs the committee; its members are the minister of finance, the minister in the presidency, the minister of economy and the minister of agriculture.

The Chilean government is in permanent dialogue with the private sector in various forums, the most important being the Export Council, which was created in April 2003.

It brings together representatives of the private and public sectors and its main objective is to make recommendations on export policy formulation. The council has several working groups: trade facilitation, international integration, support of exporters on promotion of exports, tourism, and transport.

Chile: Main trade laws and regulations

Table 1: Main domestic laws and regulations in relation to foreign trade, September 2015

Name/Description	Date of entry into force
General legislation	
Law on the importation of goods	30/06/1986
Incorporation of WTO Agreements into domestic law	17/05/1995
Reduction of MFN tariffs	14/11/1998
Preferential trade agreements	
Free trade agreement between the government of Canada and the government of the Republic of Chile	05/07/1997
Free trade agreement between the Republic of Chile and the United Mexican States	31/07/1999

4. According to The Heritage Foundation
5. See www.entrepreneur.com/article/248534
6. Includes investment through the Foreign Investment Statute (DL 600)

Name/Description	Date of entry into force
Free trade agreement between the Republic of Chile and Central America - Addendum to the free trade agreement between the Republic of Chile and Central America (Chile-Costa Rica) - Addendum to the free trade agreement between the Republic of Chile and Central America (Chile-El Salvador) - Addendum to the free trade agreement between the Republic of Chile and Central America (Chile-Honduras) - Addendum to the free trade agreement between the Republic of Chile and Central America (Chile-Guatemala) - Addendum to the free trade agreement between the Republic of Chile and Central America (Chile-Nica ragua)	14/02/2002
Agreement Establishing an Association between the Republic of Chile and the European Community	01/02/2003
Chile-US free trade agreement	01/01/2004
Free trade agreement between the Republic of Chile and the Republic of Korea	01/04/2004
Free trade agreement between the Republic of Chile and the European Free Trade Association states	01/12/2004
Free trade agreement between the Republic of Chile and the People's Republic of China	01/10/2006
Trans-Pacific Strategic Economic Partnership (P4)[1]	08/11/2006
Preferential trade agreement between the Republic of Chile and the Republic of India	17/08/2007
Agreement between the Republic of Chile and Japan for a strategic economic partnership	03/09/2007
Free trade agreement between the Republic of Chile and the Republic of Panama	07/03/2008
Chile-Australia free trade agreement	06/03/2009
Free trade agreement between the Republic of Chile and Turkey	01/03/2011
Free trade agreement between the Republic of Chile and Malaysia	25/02/2012
Free trade agreement between the Republic of Chile and the Socialist Republic of Vietnam	01/01/2014
Free trade agreement between the Republic of Chile and Hong Kong	09/10/2014
Framework agreement of the Pacific Alliance	20/07/2015
Free trade agreement between the Republic of Chile and the government of the Kingdom of Thailand[2]	
Additional protocol to the framework agreement of the Pacific Alliance[3]	
Tariff agreements under the Latin American Integration Association	
ACE 16 Chile-Argentina	02/08/1991
ACE 22 Chile-Bolivia	06/04/1993
ACE 23 Chile-Venezuela	02/04/1993
ACE 35 Chile-Mercosur	01/10/1996
ACE 42 Chile-Cuba	27/06/2008
Free trade agreement Chile-Peru	01/03/2009
Free trade agreement between the Republic of Chile and the Republic of Colombia	08/05/2009
ACE 65 Chile-Ecuador	25/01/2010
Customs	
Regulations on the application of General Agreement on Tariffs (GATT) and Trade Article VII	20/6/2002

7. Chile, along with Australia, Brunei, Canada, the US, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam and Japan just closed negotiations for a trans-Pacific partnership agreement
8. The FTA was signed on 04/10/2013 and is currently under domestic approval of the National Congress
9. The additional protocol to the framework agreement of the Pacific Alliance was signed on 10/02/2014 and is currently under domestic approval of the National Congress

Name/Description	Date of entry into force
Customs law	18/10/2004
Tax and tariff concessions	
Simplified duty drawback system	19/12/1985
Modification of export promotion programmes	14/11/1998
Contingency measures	
Law on the importation of goods	30/06/1986
Intellectual property	
Intellectual property law	02/10/1970
Law establishing rules applicable to industrial privileges and protection of industrial property rights	25/01/1991
Law on the rights of breeders of new varieties of plants. This regulation incorporates UPOV (78) standards	11/03/1994

Source: Legal Department, Direcon.

Law 18 525 of 19 June 1986, establishing rules on the importation of goods, is Chile's main trade law. The law has been amended and modified a number of times since 1997, and contains regulations on customs valuation, customs duties, contingency measures, and a price band system for a limited number of agricultural products. Moreover, the customs law (Decree Law (DL) 2/97 of the Ministry of Finance) of 12 November 1997, which consolidates a number of former legal instruments (including Decree with Force of Law 2/97 of the Ministry of Finance), contains provisions on export and import procedures. Law 19 589 of 14 November 1998 provided for a reduction of Chile's most-favoured nation (MFN) tariffs and revised some export promotion programmes with a view to bring them in line with Chile's WTO commitments.

A law on miscellaneous WTO-related matters (Law 19 912) was entered into force as of 4 November 2003 with the aim of bringing various individual provisions of Chile's legislation in line with WTO agreements. It contains provisions on customs valuation, technical regulations, taxation and intellectual property (IP). The law provides for notification procedures for technical regulations and conformity assessments, and eliminates the dispatch tax on goods imported duty-free as well as some trade-related investment measures in the automotive sector. Furthermore, it amends Chile's IP legislation by specifying protection for computer programs, data compilations and textile designs.
Regarding the implementation of WTO agreements, the protocol of amendment to insert the trade facilitation agreement into Annex 1A of the WTO agreement is currently under approval of the National Congress.

Participation in the WTO

Chile is a founding member of the GATT, and as such it has unwaveringly maintained its commitment to the multilateral trading system as represented by the WTO. Thus, it actively supported efforts to launch a new round of negotiations in the Ministerial Conferences in Seattle (1999) and Doha (2001). Chile welcomed the launching of the Doha Round, presenting an opportunity to settle problems in its trade relations, which have proven impossible to solve in the context of bilateral or regional agreements. This has been the case, specifically, for agricultural subsidies and the abuse of anti-dumping measures.

In line with these objectives, Chile has submitted various negotiating proposals and has participated actively in formal and informal coalitions with other members that share its interests. These coalitions include, in particular, the Cairns Group and the G20 in agriculture, and the Friends of the Anti-Dumping Negotiations. Chile has also been active in other areas of the Doha Development Round, such as market access for non-agricultural products and the reform of the Dispute Settlement Understanding.

The importance that Chile attributes to the WTO is not limited to the gains to be achieved through negotiation. For Chile, the WTO also derives its importance from the ongoing work of its different technical bodies, above all, the Dispute Settlement Body. This is the mechanism that ultimately ensures that multilateral trade rules are respected and that countries of extremely varied political and economic weight can solve their problems on the basis of commonly agreed rules, on an equal footing, and with the full opportunity to present their arguments, rather than being subjected to the decisions of the most powerful. Chile has in fact been active in using the Dispute Settlement Body as complainant, respondent and third party.

2.1.3 Structure and features of the market

Chile has an open economy with low tariff levels, and a liberal trade and investment environment. Domestically, competition is enforced through the application of the Chilean Competition Act, 2009, which has become increasingly important in maintaining market efficiency and reaping the benefits of an open economy.

The first Chilean competition law was enacted in 1959, but the proper legal basis of Chilean competition law is DL 211 of 1973 of the Ministry of Economy, as amended by Decree with Force of Law 1, in 2004.

In 1999, law 19 610 led to the institutional strengthening of the competition enforcement agency, the National Economic Prosecutor's Office (FNE).

In 2003, Law 19 911 introduced important reforms to the original DL 211. It fulfilled the need for increased independence of the decision-making body and for a more technical assessment of cases in order to strengthen the enforcement powers of the FNE. Law 19 911 created a Competition Tribunal (TDLC) and clearly separated the functions of the enforcement agency, the FNE, and the decision-making body, the court. The tribunal is a judicial body fully independent of the FNE, in which the Supreme Court of Justice may remove its members only on legally established grounds. The tribunal has the power to sanction and provide remedies (including interim measures), and is responsible for merger decisions.

Law 19 911 explicitly sanctions abuse of dominant position such as resale price maintenance, tying or territorial distribution by dominant firms and predatory practices. In addition, this law eliminated criminal sanctions with respect to anticompetitive practices but substantially increased the amount of fines that can be imposed as deterrents.

In 2009, Law 20 361 strengthened the powers of the FNE for conducting market research to combat cartels and other serious offences against free competition, also amended Article 39 of DL 211. The reform authorised the FNE to request information from public bodies or state enterprises. With permission of the TDLC, these public institutions should provide the information to the FNE even if they were secret or of restricted nature. In turn, the reform expanded bodies that the FNE can sign agreements with, including utilities and universities.

In international cooperation, Chile is involved in the competition policy arena at various levels. In this regard, Chile has signed cooperation agreements with Canada, Mexico, El Salvador and Costa Rica, and has included competition policy chapters in most of the trade agreements it has negotiated[7]. Chile participates in Organisation for Economic Cooperation and Development (OECD), Asia-Pacific Economic Cooperation, United Nations Conference on Trade and Development and International Competition Network activities. In 2003, Chile was the subject of a peer review by the Latin American Competition Forum organised by the OECD and the Inter-American Development Bank.

Additionally, Chile acceded to the OECD in 2010, and in the same year produced a report titled *Competition Law and Policy in Chile: Accession Review*. This report was prepared as part of the process of Chile's accession to the OECD. The report describes the policy foundations, substantive competition law and enforcement experience, institutional structure, as well as treatment of competition issues in regulatory/legislative processes.

Chile is one of the six Latin American countries that participated in the *Competition and Market Studies in Latin America* (2015) report to better understand how market studies are carried out and what can be done to improve them.

2.1.4 Banking system and credit policies

a) General overview of the banking system

The modern Chilean banking system dates from 1925 and has been characterised by periods of substantial regulation and state intervention and by periods of deregulation. After the Chilean financial crisis of 1982/83, the Central Bank and the Superintendency of Banks and Financial Institutions (SBIF), established strict controls on the funding, lending and general business matters of the banking industry in Chile. The SBIF regulates the banking sector while the Central Bank, which is fully independent of government, oversees exchange rate policy, regulates international capital movements and certain bank operations, and oversees the stability of the financial system.

Currently, commercial banks in Chile face growing competition from several sources, which has led to consolidation in the banking industry. A total of 24 banks were operating in Chile as at 30 September 2014, 12 of which were domestically owned, while 12 were foreign owned.

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10. Competition chapter establishes the commitment of the parties as to the adoption or maintenance of measures on anticompetitive practices, identifying the basic principles that the parties must observe, anticompetitive practices to regulate, etc. In addition, rules on cooperation between the parties, through exchanges of information, coordination among experts, technical assistance, greater transparency, etc. are included. Some agreements also incorporate disciplines on state enterprises and designated monopolies

In terms of the total assets of the banking system, the former held 66% while the latter held 34%. There is only one state-owned bank, the BancoEstado, which, according to total assets as at 31 December 2013, was the third largest bank in the system, with 16,1%. The regulator for BancoEstado is the SBIF, which applies the same rules to all banks. As at 31 December 2014, the total loan portfolio in the Chilean banking system amounted to US$220.8 billion.

b) Banking regulation

According to the Chilean Constitution, the main objectives of the Central Bank are to maintain the stability of the Chilean peso and the orderly functioning of Chile's internal and external payment systems. To this end, the law gives the Central Bank a wide range of policy tools for controlling monetary and exchange rate policy through the authority to set reserve requirements for banks, to regulate the amount of money and credit in circulation, to operate as a lender of last resort and to establish regulations and guidelines regarding financial institutions, the formal exchange market and bank deposit taking activities.

The SBIF regulates and supervises Chile's banks. Additionally, the SBIF authorises the licensing of new banks and has broad powers to issue, interpret and enforce banking regulations (both legal and regulatory). The SBIF must also approve any bank's merger, amendment to its bylaws, or capital increase, and any acquisition of 10% or more of the equity interest in a bank.

Chilean banks may conduct only those activities allowed by the General Banking Act. Banks may lend and accept deposits and, subject to limitations, invest and perform financial services. The General Banking Act limits investments by banks to real estate investments for their own use, gold, foreign exchange and debt securities. Directly or through subsidiaries, banks may also engage in certain specified activities, such as securities brokerage services, mutual fund management, factoring, financial leasing, and insurance brokerage services (except for pension fund insurance).

Foreign banks can perform banking business activities as subsidiaries (Chilean corporations) or as branches of foreign corporations. In either case, they can provide the same services as Chilean banks and their minimum capital requirements, and other prudential regulations are the same as for Chilean-owned banks. Branches of foreign banks must in effect enter their capital into Chile and this capital is the basis upon which their activities are regulated (i.e. their world capital is not taken into consideration). Foreign banks can also open offices of representation.

c) The Chilean insurance system

Insurance companies are Chile's second largest institutional investors, based on total assets, which volume has grown consistently. As of December 2013, the combined value of the portfolios of insurance companies stood at US$49.5 billion, representing 18,9% of GDP.

The Insurance Companies Act, 1979, introduced a framework for the regulation of insurance companies. The basic principles established include market determination of rates and commissions, equal access for foreign insurance companies, minimum capital and solvency criteria, and rules for setting up reserve funds. As a general rule, life insurance companies can have liabilities equal to a maximum of 15 times their capital and reserves, while non-life insurance companies are permitted to take on liabilities up to a maximum of five times their capital and reserves.

Under the Insurance Companies Act, any person or entity offering insurance, whether directly or indirectly, must first obtain authorisation from the Superintendency of Securities and Insurance Institutions (SVS). Neither individuals nor legal entities may enter into insurance contracts in Chile with an insurer not licensed to operate in Chile.

As at December 2013, there were 32 life-insurance companies operating in Chile with about 67% of total premiums, in which foreign-owned companies held 47% of the insurance premiums. Foreign-owned non-life insurance companies also hold an important share of the market, with 63% of the premiums. In 2013, the insurance market comprised 135 reinsurance companies (all foreign), 56 reinsurance brokers, 225 adjusters, 2 363 brokers and 491 pension advisers. The life insurance companies are usually part of financial conglomerates.

As in the case of banks, foreign insurance companies can operate in Chile either as subsidiaries or as branches, the latter allowed since 2007, in which case, their capital entered into Chile is used for regulatory purposes. There are no differences in capital requirements between these forms of establishments and those of Chilean insurance companies, and they can all provide the same type of insurance.

d) Mutual funds

Mutual funds were first created in Chile in the 1960s and their legal framework was comprehensively reformed in 1976 by Decree 1 328 and the mutual funds regulations contained in Supreme Decree 249 of 1982 of the Ministry of Finance and their respective internal regulations approved by the SVS.

Currently, there are three types of mutual funds: mutual funds investing in short-term fixed-income securities, mutual funds investing in medium- and long-term fixed-income securities, and mutual funds investing in variable income securities, including corporate stocks and similar investments. Also, its assets are primarily in fixed-income securities and about half in money market funds (fixed income with maturity of 90 days or less). As of December 2014, 19 managers offered shares in 516 different mutual funds in Chile, with more than two million shareholders. The net worth managed by mutual funds was US$45.8 billion, invested in Chile and abroad.

The most recent industry reform was introduced in 2001 and reduced the regulations on mutual funds, allowing them greater flexibility in investment policy while imposing higher standards of transparency and disclosure. Additionally, the legal structure for a general fund management firm was introduced, allowing mutual funds, investment funds and housing funds to be organised under a single management structure, making use of economies of scale in fund management. The reform bill also provided tax benefits for retirement savings in mutual funds and exempted highly traded stocks from capital gains tax.

The Single Funds Act, Law 20 712, which became effective on 1 May 2014, puts the industry under a unified legal framework, modernises the regulatory framework, and improves investor protection by enhancing the supervisory powers of the SVS and setting qualification requirements for fund managers.

e) Investment funds

This is a fund comprising contributions from individuals and corporations, called contributors, for investment in property values. It allows the Investment Funds Act (Law 18 815) and is managed by a corporation at the risk of the contributors.

As of December 2014, a total of 133 investment funds were based in Chile, and total assets amounted to approximately US$10 400 billion.

Investment funds, like mutual funds, have also benefited from the new legal structure created under the first capital markets reform law: the general fund management firm. This development notwithstanding, the second capital market reform law, approved by Congress in 2007, provided this industry with more incentives to grow by extending the capital gains tax exemption to the venture capital industry. Currently, as for mutual funds, the last law governing investment funds is the Single Funds Act (Law 20 712).

f) Foreign capital investment funds and foreign investment venture capital funds

The foreign capital investment funds (FICEs) are pools of assets funded by investors outside Chilean territory for the purpose of investment in publicly offered securities in Chile. They are managed by a Chilean corporation on behalf of and at the risk of the contributors. Most of the relevant regulation can be found in the Law 18 657 and as a complementary in DL 600. The capital contributed to a FICE may not be removed from the country in the five years following its initial entry into Chile. However, profits may be repatriated at any time subject to a single tax at a flat rate of 10%.

Another category of fund is the foreign investment venture capital funds (FICER), which allows investors outside Chile to make venture capital investments within Chile.

In 2000, several changes to the laws regulating FICEs and FICERs took effect, aimed at deregulating these investment vehicles. As of 2001, FICEs and FICERs are exempt from capital gains tax on the sale of highly traded equity and bonds effected in authorised stock exchanges in Chile, provided that the holders of shares in the respective funds are non-residents of Chile.

Currently, FICEs and FICERs are governed according to the provisions established by the Single Funds Act and the consequent repeal of Law 18 657. The FICE and FICER ceased to be institutions subject to the supervision of the SVS and therefore do not have the same data updated. As of April 2014, the existing funds of FICE have combined assets amounting to US$248.1 million.

g) The Chilean pension system

Chile began a comprehensive reform of its social security system in the early 1980s with the adoption of the Private Pensions Funds Act, which eliminated many of the problems associated with the former social security system. Under the Act, a privately administered system of individual pension accounts replaced the existing pay-as-you-go social security system. Under the latter system, contributions from current workers were used to fund the pension payments of current retirees.

The first capital market reform of 2001 created a new multi-fund system that allowed affiliates to choose to invest their individual pension accounts in one of five funds, each of which caters to a specific risk appetite. Moreover, a tax benefit (mentioned earlier in connection to mutual funds) was created to stimulate retirement saving by those not obliged to participate in the system by law (independent workers) and to increase saving beyond mandatory levels by those already in the system (known as APV). This has also generated an increased flow of funds into the system.

The 2008 Pension Reform, by Law 20 255, contained several measures to address the issue of low pension and replacement rates, including the introduction of a new solidarity pillar to prevent old-age poverty and measures to reduce the gender gap in old-age income (for example, a division of balance in case of divorce). To increase coverage, subsidies for young workers and a gradual mandatory participation of independent workers were introduced (2012 was the first year of the phase-in transition). The mechanisms for voluntary pension savings with tax incentives were also improved and widened.

Since 1 January 2012, self-employed or independent workers are obliged to participate, establishing gradualness for affiliation and contributions, according to the following schedule:

- Effective 1 January 2012, self-employed workers are required to contribute about 40% of taxable income unless expressly declared otherwise.
- Effective 1 January 2013, workers are required to contribute about 70% of taxable income unless expressly declared otherwise.
- Effective 1 January 2014, workers are required to contribute about 100% of taxable income unless expressly declared otherwise.
- Effective 1 January 2015 onwards, it is established that the obligation to contribute is on 100% of taxable income without exceptions.

The current pension system is based on individualised accounts with fully funded, stable and portable benefits. As of June 2014, the pension funds had accumulated US$168.6 billion in assets.

As from May 2015, six pension fund managers were operating in Chile and the total assets were mainly divided among the four principal managers (27,8%; 25,9%; 21,3% and 20,4%).

h) Financial services in Chile's FTAs

Chile's financial authorities have sought for a gradual liberalisation of financial services. Such liberalisation has gradually eliminated the major restrictions to foreign participation in Chile's financial services markets. Foreign investors generally receive national treatment and there are no quantitative restrictions such as limited number of licences, limits to foreign participation in ownership of financial institutions or market-share quotas for foreigners.

Until the trade agreements with the US and the European Union (EU), Chile did not include financial services in bilateral agreements. The country's only international commitments were those scheduled in the Uruguay Round negotiations. The negotiations with the US and the EU established the basic precedents for Chile's approach in negotiating financial services. These have been maintained in the agreements with Japan, Australia, Canada, Hong Kong (China), the Pacific Alliance and Thailand.

The following paragraphs are, among other things, and as a matter of policy, *sine qua non* conditions for negotiating financial services bilaterally:

Firstly, financial services, when included in an agreement, are negotiated in a separate and self-contained chapter. Particularly, they are treated separately from and are subject to different disciplines than the rest of services. This allows for a more straightforward approach that addresses the specificities of the financial services industry and the fact that it is a heavily regulated industry because of the economic consequences of financial crises, the risk of moral hazard behavior and the existence of implicit or explicit guarantees.

Secondly, in terms of specific provisions, great care is taken not to affect the powers of the regulatory authorities to apply prudential measures, in spite of the commitments taken. The emphasis is on establishment commitments rather than on cross-border trade. The transparency of regulation is also an important discipline that Chile supports. Finally, a separate dispute settlement for financial services is included, particularly when it comes to the members of the panels: they have to be experts in financial services.

Thirdly, Chile insists that the benefits of the agreement can only be granted to financial services providers of the other Party. This excludes, for example, extending the benefits to branches of banks or other financial services providers of third parties established in the other party to the agreement.

In addition, the decision to include financial services in a bilateral agreement is made on the basis of the overall balance of the agreement, and on the characteristics of the counterpart's level of liberalisation and deregulation, the quality of its financial supervision and the interest of the private sector.

2.1.5 Employment policies and laws

a) Constitutional guarantees

The Chilean Constitution guarantees fundamental rights, such as:

- Freedom of association. This comprises the right to establish unions without prior authorisation and the right to engage in collective bargaining. The Constitution states that law will regulate the exercise of these rights, but that under no circumstances can legislation establish requirements, which, in practice, render the exercise of these fundamental rights null and void.
- Freedom of labour and its protection. The Chilean Constitution recognises that everyone has the right to freely choose the kind of job that a person desires and freedom of recruitment.

b) Employment policies

Labour policies have been emphasised in recent years, when modernisation was required in order to respond to the challenges of a more open economy and a more active society. In particular, major governmental goals have been:

- To enhance the build-up of "social capital" in order to stimulate significant progress in the relationship between employers and employees, resulting in better productivity, innovation and quality;
- To create a new labour relationship, responding to the challenges of globalisation and accelerated technological changes. It is essential in Chile's view to have powerful bilateral labour relations, and a counterpart of employers able to respond to the challenge of a pact on employability where trade unions and employer organisations could be major players; and
- Improvements in training for job placement, maternal and parental leave, tenure of employment and protection for those who have lost their jobs.

Particularly in training programmes, the Chilean government has applied the training programme "+Capaz". The target of this policy is improving access to work for unemployed people, and extending the job tenure. This programme is oriented towards young people, women, and people with disabilities; providing training in areas defined by the National Service of Training and Employment (SENCE) and the commission of the national certification system of labour skills (Chile Valora).

There are other programmes that encourage penetration and tenure in the labour market, such as the apprentice programme to support training the youth on the job, the tax exemption to employers who give training to their employees, and the strengthening of the National Employment Agency.

Regarding protection of unemployed people, in 2002, the Chilean government created unemployment insurance. Since then, it is an obligation that every new contract, ruled by the Labour Code, pays a monthly fee (3% of the gross wage). Unemployment insurance has an individual contribution and a solidarity fund. This insurance has enabled people to be protected in the case of losing their jobs, receiving a portion of their recent wages that decreases over time.

Due prudent administration of the funds, the amount of the benefit rises as a proportion of the last wages. The law also establishes an extra amount of benefits if a natural disaster occurs.

c) Law

iii. Trade union organisation

There are different types of unions and the so-called *sindicato de empresa* (company union) predominates. This is a union comprising workers from the same company. In addition to the unions known as base unions, there are higher levels of organisation that bring together several base unions, so-called federations and confederations, which are structured based on the association of unions from the same sector of the economy or unions from the same territorial zone. There are also the *centrales sindicales* (nationwide labour unions). Legislation recognises the freedom to form or join a union and, conversely, the freedom to withdraw from a union.

The employment of individuals is not conditional to belonging to a union. When workers decide to form a union, they must simply hold a meeting attended by a minimum number of people as established by law. They acquire legal status by the sole act of submitting their articles of incorporation and the minutes of the meeting to the compliance agency. In other words, they do not require prior authorisation to be recognised as a union. Two or more unions are allowed to exist in a company, which occurs quite frequently.

Important to note is that union leaders enjoy protection under the so-called fuero, a protection measure under which a union leader cannot be fired without prior authorisation from a labour court judge, and such authorisation can only be given where there is serious non-compliance with the leader's labour obligations. This protection is in effect during the leader's term and for up to six months following the end of his or her term as leader. This protection also covers workers during the collective bargaining process.

The unionisation is only possible if the labour contract is governed by the Labour Code. Considering this, it is not possible for independent workers and public sector employees to be part of a union. Nevertheless, public sector employees can join public servants' associations.

iv. Collective bargaining

Collective bargaining is totally decentralised and is conducted by each company, and even by establishments within the same company. There is no bargaining at the sector or branch level. Although the law allows collective bargaining to include various companies, employers resist this mechanism.

With respect to the collective bargaining procedure, the Labour Code provides for two modalities:

- "Regulated bargaining" is established in the code itself, with stages and formalities and in which the employer is forced to take part in the bargaining process. This bargaining concludes in a collective agreement, which is called a collective contract. During the bargaining process, union leaders and workers involved in it are protected by immunity; and
- "Non-regulated bargaining" with minimum formal requirements. The parties bargain when they wish but neither party can force the other to bargain, nor to arrive at an agreement. There are no deadlines, nor right to strike, however, if an agreement is signed, compliance is fully obligatory and this modality does not avoid the other procedures if there is no agreement.

The latter modality has been very important in businesses, with more mature and cooperation-based labour relations. However, the first type of bargaining predominates, and is characterised by a high degree of regulation.

Trade unions also are able to carry a "non-regulated negotiation", which can be done whenever they want, but they lose their right to strike as well as immunity.

Collective agreements only apply to workers who participate in bargaining, and the employer has the unilateral authority to extend this contract or agreement to other workers, although this is not automatic.

v. Right to strike

Strikes are legally limited to the extent that they can only take place during the collective bargaining process regulated in the Labour Code. Strikes cannot be used in bargaining, which we have referred to as "voluntary" or "non-regulated". During the strike, the employer may hire replacement workers as of the 15th day of the strike, but the law allows the employer to hire replacement workers as of the first day of the strike provided the last offer made to workers gives them the same benefits they had at the time of bargaining, adjusted for inflation, if the employer gives workers a special bonus of "replacement", distributed between strikers once the conflict is resolved.

The purpose of this mechanism is to encourage a minimum acceptable offer for workers and to avoid misuse of the replacement system. The replacement workers are temporary for as long as the strike lasts. Penalties for practices that violate the exercise of the rights of freedom of association and collective bargaining:

Since 1991, Law 19 069 in the Labour Code included a set of standards, which penalise any action, particularly by employers, that violates the right to freedom of association or that affects collective bargaining. The recent Law 19 759 of 2001, has strengthened this legislation through more severe penalties and controls. According to these laws, now incorporated in the Labour Code, any worker or organisation who feels these rights are being violated through bad faith actions of the employer (for example, offering better benefits to workers who withdraw from the union or refusing to bargain with representatives of the workers, or other actions as listed in the law) may appeal to the labour court judge. Courts, by means of brief and simple proceedings, must request a report from the compliance agency (Labour Directorate), an institution that is also entitled to act. Courts may determine whether there are unfair practices on the part of the employer and, if so, order those practices to be terminated. A fine will also be imposed.

Special note:

At the moment, Chile is in a legislative process to change the Labour Code in order to modernise labour relations. The Modernisation of Labour Relationships Bill seeks to equilibrate the bargaining power of employer and employees, encouraging negotiations in good faith. The main actions of the Bill affecting collective bargaining are:

- The right to information: In order to develop an informed and technical discussion in the negotiation process, the new law will consider the right of timely financial information to the union members. If the information is not facilitated by the employer, the union can appeal to the National Labour Inspection.
- Replacements: As per the current legislation, hiring replacement workers is not forbidden. The Bill proposes to forbid hiring replacement workers (as most of countries do). The only exception being “minimum services”, where “emergency equipment” must be manned.
- Negotiation matters: In Chile, the matters of collective bargain are restricted to wages and common matters between workers. The law also indicates that if a matter limits the ability of administration and organisation to the employer, it is not subject to negotiation. The Bill considers the extension of matters that can be negotiated.

vi. New laws

There have been other changes in the Bill that are not related to the project that modernises labour relations, but have meant an improvement in the legal framework. Four notable changes are explained as follows:

a) Chile has recently ratified the Domestic Workers Convention of the International Labour Organisation (ILO). In promoting good labour standards to domestic workers (mostly women), Chile guarantees the right to fair conditions of employment; and rights related to working time, wages, safety and health insurance, and social security protection. Law 20 786, which came into effect on 1 January 2015, limits working time to 45 hours per week, establishes mandatory vacations, weekly rests on Saturdays and public holidays, minimum wages at the same level of other dependent workers, and maternity leave.

b) Multi-RUT (RUT is a tax number to identify each taxpayer). This is a problem that arises when one employer creates many enterprises with their own identity, limiting some collective and individual rights of employees. Loss of benefits occur when the responsibility to provide some benefits falls on the enterprise rather than the employer. This may generate problems in the freedom of association in trade unions, weakness in collective negotiation and bonuses associated with productivity (established by the law), and other rights. The new law establishes that the responsibility of providing these benefits falls in the hands of the employer, instead of the enterprise.

c) Maternity and parental leave: Since October 2011, the Labour Code introduced 12 weeks of parental leave after the week of maternity leave. If the mother chooses, she can be incorporated as a part-time worker after her maternity leave. In this case, the parental leave is extended to 18 weeks instead of 12 and she would receive 50% of the economic benefit. Parental leave is provided only for women. Nevertheless, men may take a portion of the mother’s parental leave (of six months or less) if the mother agrees.

d) Law 20 773. This law modifies the benefits of employees who work in ports. These workers have claims for changes in labour conditions, which is why the law has changed in terms of providing better hours of rests, food allowances, building health and safety committees, and others benefits.

d) International social security agreements

These agreements attend to the social security needs of Chileans who work in countries that have signed these agreements with Chile. These countries are: Germany, Argentina, Australia, Belgium, Brazil, Canada, Colombia, Denmark, Ecuador, Spain, the US, Finland, France, Luxembourg, Norway, the Netherlands, Peru, Portugal, Quebec, Czech Republic, Sweden, Switzerland and Uruguay. There is also a multilateral Ibero-American social security agreement.

e) Immigrants

Regarding migration and labour in Chile, there have been efforts between ministries to share information and build databases that characterise immigrants in Chile. Also, all immigrants, regardless of their legal status, have the same fundamental labour rights as any Chilean citizen. On the other hand, immigrants that have legalised their immigrant status in Chile have common rights and benefits such as health and accident insurance, unemployment insurance and others. There is a partial exemption for migrants who are subscribed in an analogue welfare system in their countries. The state is also working on a plan where labour supervisors monitor possible cases of human trafficking.

Finally, immigrants are able to apply to different employment and training programmes offered by the state. For example, immigrants can apply for “+Capaz” training programmes if they meet the same criteria established for Chileans.

f) Particularities of the public sector

Public sector employees – those who work for government in ministries, municipalities and other public agencies – are not included in Labour Code regulations that are applied to the private sector.

Exceptions are applied to workers in state-owned companies, who abide by the standards of the Labour Code for the private sector. Until 1994, government or public sector employees did not have the right to take part in a union organisation. In March 1994, Law 19 296 was passed, which recognised their right to establish union-type organisations known as “associations of officials”.

It should be noted that in the past government workers had their own organisation and bargained with respect to rights exercised on the margins of the Labour Code. During the military regime, this practice was fully restricted. With the return of democracy, a process was initiated for a definitive recognition of the rights derived from freedom of association.

As already indicated, public servants were granted the right to organise and the ILO Convention 151, in regard to this topic, has also been ratified by Chile. Each year, government and organisations of these workers meet to negotiate matters on wages and working conditions, which become the basis for draft legislation.

g) Role of government

The role of government through the Ministry of Labour is centered mainly on labor policies and regulations. Besides the ministry, a special agency is in charge of compliance legislation, the Labour Directorate, which has labour inspection offices distributed throughout the country.

The Labour Directorate has four major responsibilities. These are:

- Monitoring compliance with labour standards, which includes health and safety aspects in the workplace. To fulfill this task, the directorate sends officials (labour inspectors) to workplaces to ensure compliance with standards. If these officials detect violations, they impose fines as set out in the law. These actions, known as monitoring, are done on the initiative of the Labour Directorate or at the request of the worker or union affected, but the tendency is to carry out preventive monitoring.
- Promoting freedom of association. To this end, a set of policies and actions has been established to promote union organisation, enhance collective bargaining and help in the development of labour relations. The Directorate has programmes in place aimed at raising awareness of labour rights, carries out training activities and develops materials such as guides and books.
- Technical assistance is also provided to labour leaders and to business owners, particularly from the small and medium-sized business sector. Guidance is given prior to collective bargaining and statistical information is provided on previous bargaining.
- Legislation. Through legislation, the Labour Director is given the power to interpret social legislation and regulations that are mandatory for the public sector. This legal delegation allows the administrative labour authority to specify the meaning and scope of labour standards, which constitutes an important source of interpretation of law in Chile and a permanent reference for workers and employers, as well as for courts of justice.

h) Salaries

Employers and employees determine and regulate salaries on an individual or collective basis. The state regulates minimum wages only, normally once a year through legislation, and after consultations with national labour and employer organisations.

2.1.6 Environmental policies and laws

Chile’s environmental policy is based on the concept of sustainable development, which serves as the fulcrum of a strategy aimed at reconciling environmental protection with economic development in the context of social equity and transparency in the public sector.

This policy is based on seven principles that lend coherence to and permeate the legal, institutional and instrumental aspects used in the government’s environmental management activities:

a) The principle of gradualness, which acknowledges that environmental management should be implemented progressively, given that reverting the course of environmental deterioration and reconciling development with the protection of the environmental heritage requires structural reforms that go beyond short-term measures;
b) The principle of realism, which establishes that the objectives should be reachable, given the magnitude of current environmental problems, and the resources available to do so;
c) The preventive principle, which implies avoiding situations of deterioration before they are produced;
d) The “the polluter pays” principle;
e) The principle of responsibility, which holds that the party responsible for environmental damage should pay reparations to the victim and restore the deteriorated component;
f) The principle of efficiency, which holds that measures adopted to confront environmental deterioration should involve the lowest social cost and privilege instruments that allow for optimal allocation of resources; and
g) The principle of citizen participation.

The environmental agenda

A set of coherent approaches guide the management of renewable natural resources, pollution control programmes and actions, and the protection of the urban environment, summarised as follows: prioritising tasks, assigning real costs to the use of public goods, minimising social costs, using market instruments, maintaining the state’s role in the conservation of the environmental heritage, respecting the right to property, envisioning environmental quality as a comparative advantage, and promoting cooperation between the public and private sectors.

These points support the establishment of environmental priorities, summarised in the following areas: the implementation of the air pollution control plan, the development of a programme of plans for environmental recovery for vulnerable territories, public health, defining limits to sustainable resource use, equality for all people in relation to the objective of environmental quality ("environmental equity"), state intervention when environmental quality diminishes in an extreme manner, and protection of nature and biodiversity, among other things.

Legal context

The Chilean Constitution grants all citizens the right to live in a pollution-free environment, and notes that it is the state's responsibility to guarantee the preservation of nature and ensure that this right is not threatened. It also identifies the conservation of environmental heritage as one of its social functions.

Law 19 300 on the general environmental framework was approved in 1994. This normative body established a structured environmental management system. The law regulates a series of conflicting interests, beginning with the premise that no activity, however legitimate it may be, can be carried out at the expense of the environment.

Specifically, the law establishes a set of legal regulations and definitions, environmental management instruments, areas of responsibility, enforcement mechanisms, the environmental protection fund and government institutions in charge of addressing issues related to the environment. The principal environmental management instruments are: instruments for establishing environmental quality standards, prevention instruments, corrective instruments, compliance instruments, economic instruments, education and research instruments, citizen participation instruments, and Instruments for generating information.

Institutional framework

Law 20 417, enacted in January 2010, introduced major amendments to the environmental institutions. The model, which was introduced in 2010, is based on the division of functions or powers of public activities on environmental subjects, assigning them to different agencies of different hierarchy in a vertical and functionally decentralised structure.

Before the enactment of Law 20 417, which created the Ministry of the Environment, Environmental Assessment Service and the Superintendency of the Environment, the environmental powers were integrated into a single body called the National Environmental Commission, whose powers in administrative matters were rather limited. In this context, we describe the main functions of the above-mentioned institutions.

The Ministry of Environment is created in the new institutional framework as a state secretary that is responsible for collaborating with the president in the design and implementation of policies, plans and programmes on environmental issues, in the protection and conservation of biological diversity, and in renewable natural resources and water resources, all promoting sustainable development and integrity of environmental policy, and its legal regulation.

Environmental Assessment Service is the technical agency in charge of administration of the or Environmental Impact Assessment System. Its function is to standardise criteria, requirements, conditions, licences, procedures, technical requirements and environmental procedures established by ministries and other relevant state agencies through procedural guidelines. The modernisation of the system aims to lay down common criteria to assess each type of project, which ensures efficient and effective environmental protection.

The Superintendency of the Environment's function is to ensure compliance with environmental regulations. It has exclusive and exclusionary powers in monitoring and enforcing the compliance of obligations related to environmental management instruments under its jurisdiction, as well as the exercise of the sanctioning authority related to offenses associated with non-compliance.

Environmental Courts were created in 2012 as independent agencies with specialised jurisdiction. Their function is to resolve environmental disputes according to competence and deal with other matters placed under its remit (Article 1, Law 1 20 600). It is subject to administrative, correctional and economic control by the Supreme Court. The Environmental Courts are mixed collegial agencies and comprise three regular ministers (two attorneys and a professional from the scientific field), and two alternates (one attorney and the other, with a scientific background).

International cooperation

Over the last 20 years, Chile has increased its profile in the international environmental debate, in particular in the scientific verification of "global environmental problems", becoming a signatory of several environmental conventions, among them, the Convention on International Trade in Endangered Species (1975)*[8]; the International Convention on Civil Liability for Oil Pollution Damage (1977)*; the Convention for the Regulation of Whaling (1979)*; the Convention of the Conservation of Antarctic Marine Living Resources (1981)*; the Vienna Convention for the Protection of the Stratosphere (1990)* and the Montreal Protocol on Substances that Deplete the Stratospheric Ozone Layer (1990)*; the Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and their Disposal (1992)*; the Convention on Biological Diversity (1994)* and the Cartagena Protocol on Biosafety (2000)**[9]; the United Nations Framework Convention on Climate Change (1995)* and the Kyoto Protocol (2002)*; the Rotterdam Convention on the Prior Informed Consent procedure for certain Hazardous Chemicals and Pesticides in International Trade (2005)*; the Stockholm Convention on Persistent Organic Pollutants (2005)*; and the Minamata Convention on Mercury (2013)**.

Environmental democracy

It is notable that 20 years after the adoption of Principle 10 of the Rio Declaration, the importance of access to information, participation and justice in environmental matters have been reaffirmed and expanded in various international and regional initiatives. Chile has taken the leadership in this initiative in the region, with the support of the Economic Commission for Latin America and the Caribbean (ECLAC), as technical secretariat and with the active role of civil society. This to enhance the implementation of a regional agreement or other instrument to advance the full implementation of the rights of access to information, participation and justice in environmental matters.

To date, 20 signatory countries participate in this initiative, including Chile, Costa Rica, Ecuador, Jamaica, Mexico, Panama, Paraguay, Peru, Dominican Republic, and Uruguay. Adhering countries are: Antigua and Barbuda, Argentina, Bolivia, Brazil, Colombia, El Salvador, Honduras, Guatemala, Trinidad and Tobago, and St Vincent and the Grenadines.

Fisheries

Law 20 657, promulgated in 2013, considers the following elements:

a) Precautionary and ecosystem approaches as basic statements to resource management;

b) New definitions to assess and classify fisheries status;

c) International standards of sustainable management such as the establishment of biological reference points, especially maximum sustainable yield; and

d) The establishment of 11 scientific and technical committees (eight in fisheries and three in aquaculture). In the field of fisheries, these committees will make decisions on the availability of resources, biological reference points and annual catch quotas, among other things.

Finally, Chile is a party of the Convention on the Conservation and Management of High Seas Fishery Resources in the South Pacific Ocean (2012).

Law 20 625 of 2012 defines and regulates the discarding of marine species and bycatch, and establishes penalties for those who engage in these practices during their fishing operations. The most important feature of this new law is that it formalises a research programme to identify and characterise discards, and institutes a discard reduction plan.

Our Ocean Conference

Held in Washington from 16-17 June 2014, Our Ocean Conference was a global event led by US Secretary of State John Kerry and organised by the US State Department. Participation was by invitation only. The conference was attended by 400 guests, representing more than 90 countries, including scientists, senior officials, environmentalists, and private sector and civil society stakeholders. The conference focused on “threats to the oceans”, with emphasis on the following themes: sustainable fisheries, marine pollution, ocean acidification, and marine protected areas.

On that occasion, Chile made three announcements: (a) Its accession to the United Nations Conference on Straddling Fish Stocks and Highly Migratory Fish Stocks (1995 New York Fish Stocks Agreement); (b) Its creation of a new policy to prevent, deter and eliminate Illegal, unreported and unregulated fishing; (c) Offered to organise and host a second Our Ocean Conference, which was held in Valparaiso, Chile, 5-6 October 2015, continuing the initiative of US Secretary of State John Kerry, in which South Africa was represented by its ambassador in Chile.

Biodiversity

Chile also has initiatives related to marine biodiversity. For instance, an important achievement in the protection of national and global marine biodiversity was the creation of the Motu Motiro Hiva Marine Park around Isla Salas y Gómez.

11. * Year of ratification
12. ** Year of signature

The marine bottoms surrounding Isla Salas y Gómez are nationally and internationally recognised for their biological wealth and high level of endemism. In February 2015, a resolution was passed to protect all existing seamounts in Chilean waters, protecting 117 mountains in which bottom trawl fishing is prohibited, thus safeguarding fragile ecosystems in which these formations occur.

Regarding marine mammals, in 2008 Chile established a permanent prohibition of capture and hunt of cetaceans in all the jurisdictional waters. As of 2011, Law 20 525 amended the general law on fisheries and aquaculture, and prohibits fishing practices that may be detrimental to the conservation of sharks. It particularly prohibits finning onboard fishing or transport vessels, establishing that all landing of any species of sharks shall be done with their fins total or partially attached to their bodies. Additionally, and taking into account the threated status of conservation of the shark species included in the CMS annexes, since 2009 a permanent prohibition of capture of three shark species – whale shark, great white shark and basking shark – has been established. Also, the National Plan of Action for Conservation and Management of Sharks was approved in 2006.

The National Plan of Action to Rreduce Seabird Bycatch in Longline Fisheries, which was approved in 2005, includes mitigation measures and good practices in longline fisheries, such as the use of bird-scaring lines or tori lines, line weighting, night setting, waste management and management of hooks. One of the next challenges is to expand the plan to other fisheries such as purse-seine and gillnet.

2.2 South Africa

2.2.1 Macroeconomic Features

South Africa is ranked as an upper-middle income economy by the World Bank, one of only four countries in Africa with this ranking (the others being Botswana, Gabon and Libya). In terms of GDP, in 2014, the South African economy was the second largest economy in Africa at US$350 billion, behind Nigeria, which stood at US$573 billion, following Nigeria's statistical "rebasing" exercise in April 2014[10]. Globally, South Africa ranks 33rd in terms of the size of its economy[11]. As a member of the Brazil, Russia, India, China and South Africa (Brics) group of countries, South Africa is well integrated into the global economy.

Table 2: Selected macroeconomic Indicators, 2008–2014

Indicator	2008	2009	2010	2011	2012	2013	2014
GDP at current prices (US$ billion)	287	296	375	417	397	366	350
Nominal GDP per capita	5 751	5 863	7 352	8 068	7 610	6 923	6 525
Population (million)	49,9	50,5	51,1	51,6	52,2	52,9	54
Unemployment, total (percentage of total labour force)	22,7	23,7	24,7	24,7	25	24,9	..
Inflation (CPI)	11,5	7,1	4,3	5	5,6	5,7	6,1
GDP by type of expenditure at constant 2010 prices	**(Annual percentage change)**						
GDP	3,2	-1,5	3	3,2	2,2	2,2	1,5
Final consumption expenditure	2,3	-0,8	3,7	4,1	3,4	3	1,5
Final consumption expenditure by households	1,2	-2,6	3,9	4,9	3,4	2,9	1,4
Final consumption expenditure by general government	5,8	4,6	3	1,7	3,4	3,3	1,9
Gross fixed capital formation	8,6	-8,5	1,1	9,3	5,2	1,5	-0,6
Gross domestic expenditure	3,6	-1,4	3,7	4,9	3,9	1,4	0,6
Exports of goods and services	1,5	-17	7,7	4,3	0,1	4,6	2,6
Exports of goods, free on board	2	-18,5	8,7	4,7	-1,4	4,5	2
Exports of services	-1,3	-8	2,4	2,3	8,8	5,1	6
Imports of goods and services	2,8	-17,7	10,8	10,5	6	1,8	-0,5
Imports of goods, free on board	4,1	-21,4	9,7	14	8,2	2,2	-0,4
Imports of services	-4,2	4,6	15,5	-4,4	-4,7	-0,4	-1,4
	(Percentage of GDP)						
GDP by kind of economic activity (at 2010 constant basic prices)							

13. The World Bank
14. The World Bank "World Development Database", 18 September 2015

Indicator	2008	2009	2010	2011	2012	2013	2014
Agriculture, forestry and fishing	2,7	2,7	2,6	2,6	2,5	2,5	2,6
Mining and quarrying	9,4	9	9,2	8,9	8,5	8,6	8,3
Manufacturing	15,4	14	14,4	14,4	14,3	14,1	13,9
Electricity, gas and water	2,7	2,7	2,7	2,7	2,6	2,5	2,5
Construction	3,5	3,9	3,8	3,7	3,7	3,7	3,8
Services	66,2	67,6	67,2	67,7	68,3	68,5	68,9
Wholesale, retail and motor trade; catering and accommodation	14,6	14,6	14,9	15	15,2	15,1	15,1
Transport, storage and communication	9,2	9,3	9,2	9,2	9,2	9,2	9,3
Finance, real estate and business services	20,8	21,3	21	21,2	21,4	21,5	21,7
General government services	15,5	16,3	16,2	16,4	16,7	16,8	17
Personal services	6,1	6,1	6	5,9	5,9	5,9	5,9
	(Percentage of GDP, unless otherwise indicated)						
External sector							
Current account	-5,5	-2,7	-1,5	-2,2	-5	-5,8	-5,4
Rand/US$ (annual average)	8,3	8,5	7,3	7,3	8,2	9,7	10,9
Public finance							
Revenue	25,5	23,2	23,3	24	23,9	24,3	24,5
Tax revenue	24,8	22,7	22,8	23,5	23,2	23,6	24
of which:							
Taxes on income, profits and capital gains	15,8	14,4	13,5	13,7	13,8	14	14,3
Taxes on goods and services	8,4	8	8,5	8,8	8,8	9	9,2
Taxes on international trade and transactions	1	0,8	0,9	1	1,2	1,3	1,1
Non-tax revenue	0,7	0,5	0,5	0,5	0,7	0,7	0,5
Expenditure	25,8	27,8	27,9	28	29	29	29,2
Deficit (-) / Surplus (+)	-0,4	-4,6	-4,6	-4	-5,1	-4,6	-4,7
National government debt							
Domestic debt	22,3	26,6	31,4	34,5	37,3	40,1	42,8
Foreign debt	4,2	3,5	3,2	3,7	3,6	4	4,3
Total debt	26,5	30,1	34,7	38,2	40,9	44,2	47,1

Source: Adapted from SACU trade policy review reports.

a) GDP[12]

South Africa's GDP at current prices was R3.801 trillion (US$350 billion) in 2014, a real GDP growth of 1,5% from R3.534 trillion (US$366 billion) in 2013. In 2014, the largest sector of the economy was services, which accounted for 68,9% of GDP. Within services, the most important subsectors were finance, real estate and business services (21,6%); government services (17%); wholesale, retail and motor trade, and catering and accommodation (15%); and transport, storage and communication (9,3%). Manufacturing accounted for 13,9%; mining and quarrying for 8,3% and agriculture for only 2,6%.

The Medium Term Budget Policy Statement made by the minister of finance on 21 October 2015 indicated that the South African economy would grow at about 1,5% in 2015, rising to 1,7% in 2016. The initial projections made in February 2015 were that the economy would grow at 2% in 2015 and 2,4% in 2016.

b) Inflation

South Africa's monetary policy is geared towards maintaining low inflation through inflation targeting. Inflation administration in South Africa is under the mandate of the South African Reserve Bank (SARB). Inflation targeting has been set at the year-on-year rate of change of consumer price index (CPI) within a range of 3% to 6%. While SARB consults with government through National Treasury on target-setting, SARB has operational autonomy in the administration of monetary policy.

15. OANDA, accessed 02 November 2015 (http://www.oanda.com/currency/converter/)

In its biannual Monetary Policy Review, the SARB highlighted the dilemma of slow growth and rising inflation that South Africa currently faces. In 2010, the annual average CPI stood at 4,3%, and increased to 5% in 2011, however, inflation begun an upward trend recording percentages of 5,6% in 2012 and 5,6% in 2013. South Africa's annual headline inflation increased to 6,1% in 2014, breaching the SARB target range of 3 to 6 percentage points[13]. To mitigate the rise in CPI, the SARB commenced a moderate interest rate normalisation cycle in January 2014, with an increase in the repo rate from 5,0 basis points to 5,5 basis points. This was followed by an additional increase in July 2014 to 5,75 basis points. The Monetary Policy Committee (MPC) then paused the tightening cycle, in the context of an improved short-term inflation outlook due in part to the steep decline in oil prices and heightened uncertainty over the path of inflation over the medium term[14].

According to the MPC, South Africa continues to face the dilemma of high inflation in a context of weak economic growth. Therefore, while price stability remains the overriding objective of monetary policy, the speed and extent of policy adjustment will remain sensitive to developments in the real economy[15].

South Africa's inflation targeting compared relatively well with Brics partner countries in 2014. Brazil recorded 6,3%, an increase from 6,2% in 2013; Russia recorded 6,4%, a decline from 10,9% in 2013; India recorded 7,8%, an increase from 6,8% in 2013; and China recorded 2%, a decline from 2,6% in 2013.

c) Unemployment, poverty and inequality

The high unemployment rate in South Africa is one of the most pressing socioeconomic challenges the country faces. South Africa's unemployment rate stood at 25% in Q2 of 2015, a decrease of 1,4% from 26,4% in Q1 of 2015. Statistics South Africa (Stats SA[16]) reported that South Africa's working-age population was 36 million with 15,7 million employed, 5,2 million unemployed and 15,1 million "not economically active". According to the report, the number of employed persons increased by 198 000, while unemployment declined by 305 000 on a quarterly basis in 2014.

Poverty[17] levels dropped in South Africa between 2006 and 2011, reaching a low of 20,2% for extreme poverty and of 45,5% for moderate poverty. The drop in poverty in the country translates to roughly 10,2 million South Africans living in extreme poverty (below the food line) in 2011, compared with 12,6 million in 2006; and 23 million living in moderate poverty (below the upper line), compared to 27,1 million in 2006.

Despite the drop in poverty levels in the country, inequality in South Africa on the other hand remains a serious problem. The Gini coefficient, which is a number between 0 and 1, where 0 indicates total equality and 1 indicates total inequality, is calculated to be approximately 0,65 based on expenditure data (per capita excluding taxes) and 0,69 based on income data (per capita including salaries, wages and social grants) in 2011.

The South African government is aware of the immense challenges to accelerate progress and build a more inclusive society. Its vision and priorities are outlined in the National Development Plan (NDP) "Vision 2030". The NDP aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

Table 3: Balance of payments, 2008-2014 (US$ '000)

Indicator	2008	2009	2010	2011	2012	2013	2014
Balance on current account	-15 878	-8 074	-5 634	-8 991	-19 696	-21 105	-19 041
Trade balance	-1 758	3 317	8 160	7 022	-3 842	-7 078	-6 325
Merchandise exports, free on board[b]	82 345	63 313	83 232	99 082	91 837	89 974	86 723
Net gold exports[c]	5 875	6 228	8 127	10 370	8 654	6 617	5 773
Merchandise imports, free on board[b]	89 978	66 224	83 198	102 430	104 333	103 669	98 820
Balance on services	-2 889	-2 117	-3 501	-3 408	-1 273	-1 241	-186
Service receipts	13 934	13 061	16 048	17 378	17 636	16 798	16 845
Payments for services	16 824	15 177	19 549	20 786	18 909	18 038	17 031
Balance on income	-8 942	-6 627	-8 004	-10 650	-10 760	-9 610	-9 357
Income receipts	5 841	4 021	4 658	5 250	5 908	6 674	7 577

16. South Africa formally introduced inflation targeting in February 2000
17. SARB Annual Report 2014/15
18. SARB Annual Report 2014/15
19. Stats SA Quarterly Labour Force Survey
20. Stats SA Poverty Trends in South Africa report, 2014

Indicator	2008	2009	2010	2011	2012	2013	2014
Income payments	14 783	10 649	12 662	15 900	16 667	16 285	16 934
Current transfers (net receipts +)	-2 289	-2 647	-2 290	-1 955	-3 821	-3 176	-3 174
Capital transfer account (net receipts +)	25	25	31	33	29	25	22
Net lending to (+)/borrowing from (-) rest of world	-15 853	-8 049	-5 603	-8 958	-19 667	-21 080	-19 019
Balance on financial account[d]	8 685	13 487	7 666	9 075	21 102	13 506	14 357
Net direct investment (inflow (+)/outflow (-))	12 343	6 351	3 711	4 500	1 571	1 651	-1 225
Net portfolio investment (inflow (+)/outflow (-))	-16 325	11 065	10 176	4 493	10 243	6 005	4 561
Net financial derivatives (inflow (+)/outflow (-))	0	0	0	1 809	1 751	775	1 512
Net other investment (inflow (+)/outflow (-))	15 823	318	-1 945	2 777	8 627	5 558	11 039
Reserve assets (increase (-)/decrease (+))	-3 155	-4 247	-4 276	-4 504	-1 091	-482	-1 530
Unrecorded transactions[e]	7 168	-5 439	-2 064	-117	-1 435	7 574	4 662

Source: SACU Trade Policy Review Reports.

a. Data for the previous four years are preliminary and subject to revision.
b. Published customs figures adjusted for balance of payments purposes.
c. Commodity gold.
d. A net incurrence of liabilities (inflow of capital) is indicated by a positive (+) sign. A net disposal of liabilities (outflow of capital) is indicated by a negative (-) sign. A net acquisition of assets (outflow of capital) is indicated by a negative (-) sign. A net disposal of assets (inflow of capital) is indicated by a positive (+) sign.
e. Transactions on the current, capital transfer and financial accounts.

d) Current account[1]

South Africa's current account deficit has been widening from R5.6 billion (US$398 million) in 2010 to R21.1 billion (US$1.53 billion) in 2013. In 2014, the current account deficit declined by 11% to R19 billion (US$1.37 billion). In 2014[2], export value picked up notably, in part due to reduced strike activity, relatively favourable conditions in some export destinations, and the more competitive exchange rate. Simultaneously, relatively weak growth in domestic demand moderated the increases in import volumes.

In 2014, South Africa was running an elevated current account deficit[3] of 5,8% of GDP. Negative terms of trade have worsened the trade balance since 2012, but the sharp decline in oil prices is expected to reverse this trend and narrow the current account deficit to 4,5% of GDP in 2015.

e) Fiscal account

High levels of global liquidity and fluctuating risk appetite have increased exchange rate volatility, with the South African currency, the Rand, oscillating between periods of prolonged strength and weakness. South Africa relies on foreign inflows to sustain current investment levels and fund the current account and budget deficits.

The balance of financial account increased from US$7 billion in 2010 to US$9 billion in 2011. The financial account more than doubled in 2012 to US$21 billion but declined to US$13 billion in 2013. The fiscal account recovered to US$14 billion in 2014. The increase in the fiscal account can be attributed to a conducive environment for investment that saw positive inflow of foreign direct investment between 2010 and 2013, with negative values experienced in 2014. However, portfolio investments remained positive in the period under review.

f) Exchange rate and exchange rate control

The rand depreciated[4] by a nominal 11% against the US dollar in 2014 to an average of R10.90 to a dollar, following a 14.9% decline in 2013. The real effective exchange rate declined by only 4% due to persistently higher local inflation. The US dollar continues to strengthen against both developing and developed-market currencies on expectations of higher growth and interest rates. Further sharp depreciation of the rand is not anticipated in 2015 as investors appear to have priced in risks, and inflation expectations appear anchored. But the currency is likely to remain susceptible to bouts of volatility in response to shifts in global capital flows, commodity price fluctuations, the borrowing levels of state-owned enterprises, and domestic growth constraints.

21. Figures are in South African Rand only, US dollars used for references. Dollar figures converted from OANDA, accessed 2 November 2015
22. South African Revenue Service
23. http://www.treasury.gov.za/documents/national%20budget/2015/review/chapter%202.pdf
24. http://www.treasury.gov.za/documents/national%20budget/2015/review/chapter%202.pdf

The gains from sustained real currency depreciation and reduced input costs flowing from lower oil prices could boost exports. However, the currencies of some important trading partners and competitors with lower inflation than South Africa are weakening in real terms against the dollar.

The SARB is committed to a flexible exchange rate regime. The bank's policy continues to be that the exchange rate remains market-determined and therefore the policy is to accumulate reserves and not to defend or achieve a particular level for the exchange rate.

Exchange control is also administered by the SARB, which has delegated powers to authorised dealers (banks licensed to deal in foreign exchange). South Africa does not impose exchange controls on non-residents, but exercises exchange controls over residents and transactions entered into between residents and non-residents. There are, in principle, no restrictions on foreign investors investing in companies or businesses in South Africa as long as the activities are legal. The introduction of capital or the acquisition of shares do not require SARB approval, but the acceptance of foreign loans by South African residents (including a South African subsidiary or branch of a foreign company) is subject to prior approval being obtained.

The extent to which non-residents and entities, in which non-residents have an interest of 75% or more, may utilise local financial assistance in South Africa for local working capital purposes, is unrestricted. However, local financial assistance for financial transactions and the acquisition of residential property is restricted in terms of exchange controls. The sale, or redemption proceeds, of assets owned by non-residents may be freely transferred from South Africa. Dividends declared by South African subsidiaries of foreign companies, and profits distributed by a branch of a foreign company operating in South Africa, may be remitted abroad. Residents (including resident entities) may remit payment for services actually rendered by non-residents, provided that the fees payable are not calculated on the basis of a percentage of turnover, income, sales or purchases (i.e. based on a direct charge method).

Payments to be made in respect of transfer pricing or cost sharing or cost allocation arrangements (i.e. based on an indirect charge method) require approval from the SARB. The remittance of licence fees/royalties is subject to approval being granted by the SARB and/or **the dti**.

2.2.2 Trade policy regime: Formulation and implementation

a) the dti

the dti is the government department responsible for formulating and coordinating the country's trade and investment policies. South Africa's trade policy is articulated through the South African Trade Policy and Strategy Framework[5] (TPSF). In 2010, **the dti** updated the TPSF document amid the lingering impact of the 2007/08 global economic downturn. The TPSF 2010 was the outcome of a three-year review undertaken in consultation with other government departments, policy experts, Parliament, business and labour. The policy document outlines how trade policy and strategy in South Africa can make a contribution to the objectives of upgrading and diversifying the economic base in order to increase the production and export of value added products that generate employment.

South Africa is part of the Southern African Customs Union (SACU), which has a common external tariff. In terms of Article 31 of the 2002 SACU Agreement, member states must have a common negotiating position when negotiating any trade agreements that involve tariffs, i.e. FTAs, preferential trade agreements (PTAs), or WTO rescheduling, etc. As part of its strategy to increase trade and investment, the dti is also responsible for the placement and management of foreign trade officials abroad, as well as for trade and investment promotion. The department has three divisions that are responsible for trade and investment promotion: Trade and Investment South Africa (TISA), which is responsible for export development and promotion; Investment South Africa (InvestSA), which is responsible for investment promotion and facilitation; and ITED, which is responsible for policy development, international trade and investment relations and agreements (bilateral, regional, multilateral, plurilateral, trilateral, etc), market access negotiations including the management of the South African tariff regime.

b) National Economic Development and Labour Council (Nedlac)

In developing trade policy or negotiating positions, **the dti** has to consult business, labour and civil society through Nedlac, an organisation formed by government, organised labour, organised business and community-based organisations for consultations on various topics including issues of trade and investment. However, business and labour representatives do not participate in the actual trade and investment negotiations with foreign countries. **the dti** leads on trade and investment negotiations, and invites other government departments and agencies as necessary.

25. http://www.itac.org.za/upload/Trade%20Policy%20and%20Strategy%20Framework.pdf

c) International Trade Administration Commission of South Africa (ITAC)

The ITAC is responsible for the administration of tariff investigations, amendments and trade remedies in South Africa. Currently, it also does so on behalf of the SACU. The commission follows a developmental or strategic approach to tariff setting with the objective of promoting domestic manufacturing activity, employment retention and creation, and international competitiveness. ITAC is responsible for conducting trade remedy investigations in accordance with policy, domestic law and regulations, consistent with WTO rules.

d) South African Revenue Service (SARS)

SARS is responsible for customs administration of all trade agreements signed by South Africa. Tariff amendments made by the ITAC are published by SARS through the Harmonised Tariff Schedule. All levies on imports are implemented by SARS.

e) Department of Agriculture, Forestry and Fisheries (DAFF)

The DAFF is responsible for sanitary and phytosanitary (SPS) measures on plant and animal products, including primary agricultural products as well as agro-processed agricultural products that are required to have veterinary and health certificates to enter the South African market. During trade agreement negotiations, the department is responsible for negotiations on agricultural-related issues such as SPS cooperation, agricultural safeguards, etc.

f) Industry/export councils

South Africa also has industry or export councils that are responsible for the promotion of exports in different sectors. The export councils are configured according to sectors and comprise different companies in the respective sectors. They are funded through contributions by the member companies. The export councils work closely with the TISA and InvestSA.

2.2.3 Structure and features of the market

South Africa is an emerging market with an abundant supply of natural resources. It has well-developed financial, legal, communications, energy, transport sectors, and a stock exchange that is Africa's largest and among the top 20 in the world. However, economic growth has decelerated in recent years, slowing to just 1,5% in 2014. Unemployment, poverty and inequality remain a challenge. South Africa aslo experienced electricity supply constraints that resulted in "load-shedding" in many parts of the country in late 2014 and early 2015. The electricity supply situation has since improved, with no loading-shedding recorded over the last few months and none expected in the near future.

In 2012, the nation's economy was affected by its most protracted industrial strike action since the end of apartheid, and significantly weak demand from major trading partners. Various infrastructure gaps, notably inadequate energy supply, weak domestic demand and anaemic investment rates also acted as a drag on growth.

Due to consistent and sound budgetary policies, South Africa has been able to tap into international bond markets with reasonable sovereign risk spreads. The 2012 Open Budget Index, prepared by the International Budget Partnership, ranked South Africa second among 94 countries surveyed. In 2014, South Africa's ratings were downgraded by a few rating agencies, citing poor growth prospects mainly because of labour market instability and rising government debt as well as high deficits on the current account.

The government is acutely aware of the immense challenges to accelerate progress and build a more inclusive society. Its vision and priorities to address them are outlined in the NDP, which was released in 2012. The report is the product of extensive nationwide consultations led by the National Planning Commission. The two main strategic goals framed by the NDP are to double the GDP and eliminate poverty, and reduce inequality, as measured by the Gini coefficient, from 0,70 to 0,60 by 2030.

2.2.4 Banking system and credit policies

National Treasury (NT) and the South African Reserve Bank (SARB) are responsible for the fiscal and monetary policy in South Africa, respectively.

NT is responsible for managing South Africa's fiscal policy as well as national government finances. Supporting efficient and sustainable public financial management is fundamental to the promotion of economic development, good governance, social progress, and a rising standard of living for all South Africans. Chapter 13 of the South African Constitution mandates the NT to ensure transparency, accountability and sound financial controls in the management of public finances.

NT's legislative mandate is also described in Chapter 2 of the Public Finance Management Act, 1999 (Act No. 1 of 1999). NT is mandated to: promote government's fiscal policy framework; coordinate macroeconomic policy and intergovernmental financial relations; manage the budget preparation process; facilitate the Division of Revenue Act, which provides for an equitable distribution of nationally raised revenue between national, provincial and local government; and monitor the implementation of provincial budgets[6].

The SARB acts as the country's central bank. It is co-responsible for formulating and implementing South Africa's monetary policy, and is technically independent of government control in terms of the Constitution, but works closely with NT and helps formulate and implement macroeconomic policy.

South Africa's financial services sector is backed by a sound regulatory and legal framework, with dozens of domestic and foreign institutions providing a full range of services such as commercial, retail and merchant banking, mortgage lending, and insurance and investment. The legislation governing the financial sector is primarily the Banks Act, 1990 (Act No. 94 of 1990) and the Mutual Banks Act, 1993 (Act No. 124 of 1993), which serve towards the achievement of a sound, efficient banking system in the interest of the depositors of banks and the economy as a whole.

The Financial Services Board is an independent institution, established by statute to oversee the South African non-banking financial services industry in the public interest, and is fully funded by fees and levies imposed on this industry.

In addition, South Africa has several pieces of credit legislation. These are:

- the Consumer Protection Act, 2008 (Act No. 68 of 2008)
- the National Credit Act, 2005 (Act No. 34 of 2005); and
- the Debt Collectors Act, 1998 (Act No. 114 of 1998).

2.2.5 Employment policies and laws

The Department of Labour develops legislation to support codes of good practice in terms of labour relations. South Africa's labour market has transformed since 1994, with an emphasis on strategies that eliminate labour inequalities of the apartheid era and improve general working conditions for all South Africans. The most notable pieces of legislation which aim to strengthen the labour market include:

- the Labour Relations Act, 1995 (Act No. 66 of 1995);
- the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997);
- the Employment Equity Act, 1998 (Act No. 55 of 1998);
- the Skills Development Act, 1998 (Act No. 97 of 1998); and
- the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993).

Trade unions play an important role in South Africa's labour relations. There are three major union federations in South Africa whose affiliates represent a broad spectrum of industry: the Congress of South African Trade Unions, the Federation of Trade Unions of South Africa and the National Council of Trade Unions.

South Africa also has a number of employers' organisations under Nedlac, representing the collective interests of businesses in South Africa.

2.2.6 Environmental policies and laws

South Africa's Constitution is crucial to the application of environmental law. This provision places the burden on government to take reasonable legislative and other measures to ensure that this environmental right is attained and protected. Existing legislation has been updated and, along with new legislation, creates the environmental regulatory framework.

The government departments involved in the administration and enforcement of environmental laws in South Africa include the following:

- the Department of Water and Sanitation;
- the Department of Environmental Affairs;
- the Department of Mineral Resources;
- the Department of Energy;
- the DAFF; and
- **the dti**

The National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA) provides the underlying framework for environmental law, particularly with respect to natural resource conservation and utilisation, as well as land-use planning and development. Issues of enforcement are also considered, along with the international dimension of environmental law, which has shaped much of the direction of South Africa's environmental law. Other environmental legislation in South Africa includes the following:

26. National Treasury

- the National Water Act, 1998 (Act No. 36 of 1998);
- the National Environmental Management: Air Quality Act, 2004 (Act No. 39 of 2004);
- the National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004) (NEMBA);
- the National Environmental Management: Integrated Coastal Management Act, 2008 (Act No. 24 of 2008) (Integrated Coastal Management Act);
- the National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003);
- the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008) (NEMWA);
- the Hazardous Substances Act, 1973 (Act No. 15 of 1973);
- the National Heritage Resources Act, 1999 (Act No. 25 of 1999);
- the Marine Living Resources Act, 1998 (Act No. 18 of 1998);
- the National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008); and
- the Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983).

The combination of South Africa's unique natural resources and the government's commitment to fast-tracking the country's emerging economy has resulted in a strong shift in focus from primary energy resources, such as coal and oil, to the development of the country's substantial alternative energy resources. As a result, environmental and clean energy have become highly regulated areas. South African environmental law is continually evolving and environmental liability is strict and wide enough to hold companies, parent companies, lenders, and even directors and officers responsible for pollution and environmental degradation. Legislation makes it compulsory for projects to undergo environmental impact assessments. NEMA enforces the "polluter pays" principle, an internationally recognised principle of environmental law.

2.3 Trade

2.3.1 Chile

2.3.2 Composition of exports at HS-6

Chilean trade exchange has expanded at an average annual rate of 8,5% since 2009. This was sustained by the increase in exports (6,4%) in the same period, but most of all by the increase in imports at an annual average rate of 11%.

Table 4: Chilean foreign trade, 2009-2014 (US$ million and percentages)

2009	2010	2011	2012	2013	2014	Variation 2014/2013	Annual Average Growth 2009-2014
98,268	130,108	156,133	157,864	155,726	147,834	-5.1%	8.5%
55,463	71,109	81,438	77,791	76,477	75,675	-1.0%	6.4%
42,806	59,000	74,695	80,073	79,249	72,159	-8.9%	11.0%
40,103	55,167	70,398	75,458	74,657	67,908	-9.0%	11.1%
15,360	15,941	11,040	2,333	1,820	7,767		

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

Chilean exports are concentrated in the mining sector. Its share during the last year was 54,2%, amounting to US$41 billion, mainly due to the role of copper, which amounted to 50% of total exports. In 2014, mining exports fell by 6,2% and copper by 5,4%, influenced by the reduction in the international price of copper by 6,4%. This accommodated an increase in volumes sold abroad, which partially offset the price fall. Despite this, in the period 2009 to 2014, exports grew by an average annual rate of more than 5%.

Another important sector in Chilean exports is manufacturing, with a share of 38,2% (2014), totalling US$28.9 billion. In 2014, it expanded by 6,8%, consolidating an annual average growth rate of 7,7% since 2009. In this sector, processed food shipments represented 32,4% of industrial exports. In 2014, they increased by 12,9%, with salmon as the main export, growing by 31,4%. Chemical products accumulated 7,3% of total exports (19% of industrial shipments), with an expansion of 3,1% during the last year. On the other hand, metal products, machinery and equipment exports contributed 4,2% to total exports, 11% to the industrial sector, and grew by 5,5% during last year. The next sector is wood pulp, with an increase of 2,8% in 2014, followed by forestry and wood furniture, with a growth of 12,6%. Also worth highlighting is that bottled wine exports increased by 4,2% in the last year.

Meanwhile, the agricultural, forestry and fishing sector also showed positive behavior in its external sales, representing 7,6% of total exports, growing by 1,4% last year. Fruit shipments, representing 84,7% of sector exports, had an important role with a rise of 4,7% in 2014.

Considering the above, total exports (excluded mining and wood pulp) had an attractive development, reaching 42,4% of total shipments with a rate of 6,2% in comparison with the previous year.

Table 5: Chilean exports, 2009-2014 (US$ million and percentages)

	2009	2010	2011	2012	2013	2014	Variation 2014/2013	Annual Average Growth 2009-2014	Share 2014
Exports (FOB)	55,463	71,109	81,438	77,791	76,477	75,675	-1.0%	6.4%	100.0%
Mining	31,877	44,552	49,083	46,259	43,776	41,041	-6.2%	5.2%	54.2%
Copper	29,695	41,361	44,670	41,955	40,019	37,872	-5.4%	5.0%	50.0%
Other mining	2,182	3,191	4,413	4,305	3,757	3,169	-15.7%	7.7%	4.2%
Agricultural, forestry and fishing	3,668	4,371	4,969	5,019	5,656	5,737	1.4%	9.4%	7.6%
Fruits	3,015	3,691	4,173	4,165	4,644	4,862	4.7%	10.0%	6.4%
Industry	19,918	22,186	27,386	26,513	27,045	28,897	6.8%	7.7%	38.2%
Processed foods	6,057	5,931	7,644	7,583	8,299	9,366	12.9%	9.1%	12.4%
Salmon	1,476	1,150	1,852	1,982	2,782	3,655	31.4%	19.9%	4.8%
Other than salmon	4,581	4,781	5,792	5,601	5,516	5,711	3.5%	4.5%	7.5%
Bottled wine	1,166	1,306	1,445	1,452	1,483	1,545	4.2%	5.8%	2.0%
Pulp*	1,840	2,205	2,538	2,296	2,514	2,585	2.8%	7.0%	3.4%
Forestry and wood furniture	1,555	1,883	2,225	2,122	2,262	2,548	12.6%	10.4%	3.4%
Chemicals	4,143	4,837	6,077	5,997	5,329	5,494	3.1%	5.8%	7.3%
Metals products, machinery and equipment	2,155	2,409	2,917	2,865	3,026	3,192	5.5%	8.2%	4.2%
Exports excluded mining and wood pulp products	21,745	24,351	29,817	29,235	30,187	32,049	6.2%	8.1%	42.4%

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

The 10 main export items of Chile in 2014 contributed 60,3% share to total exports, with commodities like copper contributing 49%. Other products on the list include grapes, wine, wood pulp, other minerals such as gold and iron, and coniferous lumber.

If copper export products decline, the performance of other export products is better than the global panorama of Chilean exports. For example, wine exports (in containers of less than or equal to two litres) grew 4,1% in comparison with 2013, coniferous pulp increased by 14,6% and coniferous lumber grew by 21,8%.

Table 6: Main Chilean exports, 2014 (US$ million and percentages)

Subheading	Description	Value	Share	Variation 2014/2013
	Total exports	75,675	100.0%	-1.0%
	Subtotal ten main exports	45,640	60.3%	-4.9%
740311	Copper cathodes and sections of cathodes unwrought	17,776	23.5%	-5.6%
260300	Copper ores and concentrates	16,265	21.5%	-2.7%
740200	Copper unrefined, copper anodes for electrolytic refining	3,013	4.0%	-15.0%
220421	Grape wines nes,incl fort&grape must,unfermntd by add alc in ctnr<=2l	1,521	2.0%	4.1%
80610	Grapes, fresh	1,506	2.0%	-4.2%
470321	Chemical wood pulp,soda or sulphate,coniferous,semi-bl or bleached,nes	1,445	1.9%	14.6%
470329	Chemical wood pulp,soda/sulphate,non-coniferous,semi-bl/bleachd,nes	1,139	1.5%	-9.0%
260111	Iron ores&concentrates,oth than roasted iron pyrites,non-agglomerated	1,000	1.3%	-14.5%
710812	Gold in unwrought forms non-monetary	989	1.3%	-26.5%
440710	Lumber, coniferous (softwood) 6 mm and thicker	985	1.3%	21.8%

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

During 2014, trade between Chile and Africa reached US$954 million, doubling over the previous year. This dynamism was mainly due to increased imports from Africa, which were four times higher (297%) and due to an increase in exports of 37%. Chilean exports to Africa totalled US$406 million in 2014 and were sent fundamentally to South Africa (33%), Namibia (23%) and Nigeria (21%), while imports amounted to US$548 million, mainly from Angola (71%), because of its oil shipments to Chile, followed by South Africa (14%) and Equatorial Guinea (10%).

In line with the global economic environment, including falling prices and rising exchange rates, investment and consumption have influenced the decline in imports over the past year.

Intermediate goods account for a high percentage of Imports, representing 55,3% in 2014. These products contracted 5,6% in 2014, however, over the past six years they have shown an annual average increase of 10,1%. Oil meant 15,1% of these imports, and 8,4% of total Chilean imports, exhibiting an average increase by 8,9% in the period 2009 to 2014.

With a share of 27,7% in total imports, consumption goods contracted by 7,8% in 2014, although experiencing an average annual increase by 14,7% since 2009. Capital goods represented 16,9% of the total in 2014, with the largest percentage decrease by type of imports (-19,8%).

Table 7: Chilean imports, 2009-2014 (US$ million and percentages)

	2009	2010	2011	2012	2013	2014	Variation 2014/2013	Annual Average Growth 2009-2014	Share 2014
Imports (CIF)	42,806	59,000	74,695	80,073	79,249	72,159	-8.9%	11.0%	100.0%
Intermediate Goods	24,721	32,554	42,187	43,706	42,307	39,931	-5.6%	10.1%	55.3%
Oil	3,975	4,341	6,496	6,108	6,633	6,041	-8.9%	8.7%	8.4%
Consumption Goods	10,056	15,568	18,666	19,812	21,692	19,999	-7.8%	14.7%	27.7%
Capital Goods	8,028	10,877	13,842	16,555	15,250	12,230	-19.8%	8.8%	16.9%

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

The 10 leading import subheadings contributed 27,9% of total imports, showing a higher diversification than exports. However, there's a high contribution of fuel and energy goods such as petroleum, gas and coal, which contributed 16,8% of total imports in 2014. Cars, mobile phones, bovine cuts and aircrafts are also included in this list. Although every product shows a decline in growth from the previous year, there is one exception: natural gas, which experienced a 15,4% growth over the same period.

Table 8: Main Chilean imports, 2014 (US$ million and percentages)

Subheading	Description	Value	Share	Variation 2014/2013
	Total imports	72,159	100.0%	-8.9%
	Subtotal ten main imports	20,162	27.9%	-14.0%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	6,041	8.4%	-8.9%
271019	Other petroleum oils and preparations	5,617	7.8%	-13.8%
870323	Automobiles w reciprocatg piston engine displacg > 1500 cc to 3000 cc	1,868	2.6%	-16.9%
851712	Telephones for cellular networks mobile telephones or for other wirele	1,364	1.9%	-24.8%
271111	Natural gas, liquefied	1,154	1.6%	15.4%
870421	Diesel powered trucks with a GVW not exceeding five tonnes	911	1.3%	-23.9%
270112	Bituminous coal, whether or not pulverised but not agglomerated	883	1.2%	-14.6%
20130	Bovine cuts boneless, fresh or chilled	819	1.1%	-1.5%
870322	Automobiles w reciprocatg piston engine displacg > 1000 cc to 1500 cc	767	1.1%	-18.8%
880240	Aircraft nes of an unladen weight exceeding 15,000 kg	738	1.0%	-40.4%

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

2.3.3 Origin and destination of exports and imports at HS-6

In 2014, 94% of shipments abroad were earmarked to economies with which Chile has trade agreements in force. Nearly 69% of Chilean exports are explained by the relative importance of the top five market destinations, although with a contraction of 3,1% in 2014, while exports to the rest of partners with which Chile has agreements increased by 3,6% from the previous year.

Meanwhile, 6,2% of exports were sent to other markets with which Chile has no commercial agreements in force. Together, they totalled US$4.7 billion and experienced an increase of 5,1%. Among them is Taiwan, which contributed 2,4% of Chilean total exports to the world; and Russia, which accounted for 1%. The annual growth rates in shipments to these countries were outstanding, which, along with Thailand, Bahrain and South Africa, exhibited growth rates between 10% and 22% in 2014.

Table 9: Chilean exports by main markets with and without trade agreements, 2013-2014 (US$ million and percentages)

Year of entry into force [1]	Trade Partner	Exports					
		Ranking		Value		Var. %	Share 2014
		Agreement	Total	2013	2014	2014/2013	
2006	China	1	1	19,088	18,438	-3.4%	24.4%
2003	European Union	2	2	11,110	10,913	-1.8%	14.4%
2004	United States of America	3	3	9,734	9,275	-4.7%	12.3%
2007	Japan	4	4	7,507	7,532	0.3%	10.0%
1996	Mercosur	5	5	6,153	5,748	-6.6%	7.6%
2004	South Korea	6	6	4,174	4,691	12.4%	6.2%
2007	India	7	7	2,223	2,640	18.7%	3.5%
2009	Peru	8	8	1,861	1,849	-0.7%	2.4%
1993	Bolivia	9	10	1,712	1,627	-5.0%	2.2%
1999	Mexico	10	11	1,313	1,305	-0.6%	1.7%
1997	Canada	11	12	1,421	1,232	-13.3%	1.6%
2009	Colombia	12	13	865	902	4.3%	1.2%
2009	Australia	13	14	801	897	11.9%	1.2%
2004	EFTA [2]	14	-	1,116	893	-20.0%	1.2%
2010	Ecuador	15	17	519	514	-1.1%	0.7%
(2)	Central America [3]	16	-	481	502	4.5%	0.7%
1993	Venezuela	17	18	521	463	-11.1%	0.6%
2014	Viet Nam	18	19	307	382	24.1%	0.5%
2011	Turkey	19	20	367	354	-3.6%	0.5%
2014	Hong Kong	20	23	174	233	33.9%	0.3%
2008	Panama	21	25	118	179	51.6%	0.2%
2012	Malaysia	22	26	227	173	-23.5%	0.2%
2006	P4 [4]	23	-	156	170	9.0%	0.2%
2008	Cuba	24	43	29	36	21.8%	0.05%
Total exports to markets with agreement				**71,978**	**70,946**	**-1.4%**	**93.8%**
	Taiwan		9	1,642	1,803	9.8%	2.4%
	Russian Federation		16	638	768	20.3%	1.0%
	Thailand		21	241	288	19.4%	0.4%
	Indonesia		24	230	209	-9.1%	0.3%
	United Arab Emirates		27	148	146	-1.6%	0.2%
	Bahrain		28	121	135	11.6%	0.2%
	South Africa		29	109	134	22.2%	0.2%
	Philippines		30	153	121	-21.1%	0.2%
Total exports to markets without agreement				**4,499**	**4,729**	**5.1%**	**6.2%**
TOTAL EXPORTS OF CHILE				**76,477**	**75,675**	**-1.0%**	**100%**

Source: Studies Department, Direcon, based on data from Central Bank of Chile

Table 10: Chile's destination of exports at HS-6 (US$ million and percentages)

Subheading	Description	Value	Share	Three main export destinations	
	Total exports	75.675	100,0%	China	24,4%
				USA	12,3%
				Japan	10,0%
	Subtotal 20 main exports	52.601	69,5%		
740311	Copper cathodes and sections of cathodes unwrought	17.776	23,5%	China	42,8%
				USA	12,9%
				South Korea	8,0%
260300	Copper ores and concentrates	16.265	21,5%	China	31,9%
				Japan	27,3%
				India	14,1%
740200	Copper unrefined, copper anodes for electrolytic refining	3.013	4,0%	China	40,1%
				Australia	20,3%
				South Korea	14,2%
220421	Grape wines nes, incl fort & grape must, unfermntd by add alc in ctnr<=2l	1.521	2,0%	USA	12,8%
				UK	11,7%
				Japan	8,5%
080610	Grapes, fresh	1.506	2,0%	USA	45,4%
				China	11,4%
				South Korea	8,2%
470321	Chemical wood pulp, soda or sulphate, coniferous, semi-bl or bleached, nes	1.445	1,9%	China	59,2%
				Italy	6,3%
				South Korea	5,1%
470329	Chemical wood pulp, soda/sulphate, non-coniferous, semi-bl/bleachd, nes	1.139	1,5%	Netherlands	22,6%
				China	20,1%
				South Korea	11,8%
260111	Iron ores & concentrates, oth than roasted iron pyrites, non-agglomerated	1.000	1,3%	China	84,9%
				Bahrein	13,0%
				Japan	1,2%
710812	Gold in unwrought forms non-monetary	989	1,3%	Switzerland	68,2%
				Canada	22,4%
				USA	8,8%
440710	Lumber, coniferous (softwood) 6 mm and thicker	985	1,3%	China	23,7%
				USA	14,6%
				South Korea	11,7%
261310	Molybdenum concentrates, roasted	976	1,3%	Japan	35,0%
				Netherlands	19,7%
				South Korea	11,6%
030441	Fresh or chilled fillets of Pacific salmon, Atlantic and Danube	903	1,2%	USA	91,3%
				Brazil	2,9%
				Canada	1,3%
080810	Apples, fresh	775	1,0%	USA	19,2%
				Colombia	9,7%
				Taiwan	8,3%
280120	Iodine	680	0,9%	Belgium	30,3%
				USA	23,2%
				China	14,4%
080929	Fresh cherries (excl. sour cherries)	655	0,9%	China	72,7%
				USA	7,9%
				Hong Kong	5,3%

030481	Frozen fillets, Pacific salmon, Atlantic and Danube	650	0,9%	Japan	20,4%
				USA	19,8%
				Mexico	10,6%
030313	Frozen Atlantic salmon and Danube salmon	627	0,8%	Russian Fed.	38,4%
				China	11,2%
				South Korea	8,2%
030312	Frozen Pacific salmon other than red salmon	598	0,8%	Japan	80,3%
				Russian Fed.	7,6%
				China	3,0%
081040	Cranberries, bilberries and other fruits of the genus Vaccinium, fresh	571	0,8%	USA	61,4%
				Netherlands	12,4%
				UK	8,8%
030214	Fresh or chilled, atlantic salmon and Danube salmon	526	0,7%	Brazil	80,6%
				USA	8,3%
				Argentina	5,6%

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

On the other hand, last year, 91% of Chilean imports came from markets with which Chile had existing trade agreements for an amount equivalent to US$65.7 billion. It is noted that in 2014, supplies from these markets experienced a contraction of 10%, in line with the global economic situation. The top three international suppliers to Chile – China, the US and the EU – accounted for 55,1% of total imports in 2014, with the top 10 amounting to 85,3%.

Table 11: Chilean imports by main markets with and without trade agreements, 2013-2014 (US$ million and percentages)

Year of entry into force (1)	Trade Partner	Imports					
		Ranking		Value		Var. % 2014/2013	Share 2014
		Agreement	Total	2013	2014		
2006	China	1	1	15,767	15,096	-4.3%	20.9%
2004	United States of America	2	2	16,040	14,257	-11.1%	19.8%
2003	European Union	3	3	12,975	10,404	-19.8%	14.4%
1996	Mercosur	4	4	9,816	9,480	-3.4%	13.1%
1999	Mexico	5	5	2,525	2,439	-3.4%	3.4%
2010	Ecuador	6	6	2,515	2,438	-3.1%	3.4%
2007	Japan	7	7	2,441	2,322	-4.9%	3.2%
2004	South Korea	8	8	2,761	2,306	-16.5%	3.2%
2009	Peru	9	9	1,764	1,541	-12.6%	2.1%
1997	Canada	10	10	1,544	1,267	-17.9%	1.8%
2009	Colombia	11	12	1,721	1,131	-34.3%	1.6%
2007	India	12	14	740	662	-10.6%	0.9%
2004	EFTA (2)	13	-	427	396	-7.2%	0.5%
2014	Viet Nam	14	17	282	381	35.2%	0.5%
2009	Australia	15	18	418	292	-30.2%	0.4%
2012	Malaysia	16	20	260	260	0.1%	0.4%
2011	Turkey	17	22	264	238	-9.8%	0.3%
2006	P4 (4)	18	-	194	190	-2.2%	0.3%
(2)	Central America (3)	19	-	231	188	-18.5%	0.3%
1993	Bolivia	20	23	140	148	5.6%	0.2%
2014	Hong Kong	21	29	121	86	-29.2%	0.1%
2008	Panama	22	31	84	80	-4.9%	0.1%
1993	Venezuela	23	32	133	78	-41.2%	0.1%
2008	Cuba	24	53	7	6	-19.3%	0.01%
Total imports from markets with agreement				**73,170**	**65,686**	**-10.2%**	**91.0%**
	Thailand		13	765	795	3.9%	1.1%
	Taiwan		15	466	393	-15.8%	0.5%
	Indonesia		21	191	242	26.7%	0.3%
	South Africa		33	115	76	-33.7%	0.1%
	Philippines		34	43	61	43.1%	0.1%
	Russian Federation		36	63	60	-4.9%	0.1%
	United Arab Emirates		44	26	16	-37.1%	0.02%
	Bahrain		69	0.2	0.6	216.3%	0.001%
Total imports from markets without agreement				**6,078**	**6,473**	**6.5%**	**9.0%**
TOTAL IMPORTS OF CHILE				**79,249**	**72,159**	**-8.9%**	**100%**

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

Meanwhile, 9% of imports came from markets with which Chile does not have trade agreements in force, totalling US$6.5 billion, which meant an expansion of 6,5% in 2014. Among them is Thailand, which accounted for 1,1% of Chilean imports. The most dynamic imports were Philippine and Indonesian products, whose increases were 43,1% and 26,7%, respectively.

Table 12: Chile's origin of imports at HS-6 (US$ million and percentages)

Subheading	Description	Value	Share	Three main import suppliers	
	Total imports	72.159	100,0%	China	20,9%
				USA	19,8%
				Brazil	7,9%
	Subtotal 20 main imports	25.571	35,4%		
270900	Petroleum oils and oils obtained from bituminous minerals, crude	6.041	8,4%	Brazil	43,8%
				Ecuador	35,7%
				Angola	6,4%
271019	Other petroleum oils and preparations	5.617	7,8%	USA	78,9%
				Japan	4,2%
				Argentina	0,7%
870323	Automobiles w reciprocatg piston engine displacg > 1500 cc to 3000 cc	1.868	2,6%	Japan	34,4%
				South Korea	22,0%
				Mexico	10,5%
851712	Telephones for cellular networks mobile telephones or for other wirele	1.364	1,9%	China	94,1%
				South Korea	4,0%
				Hong Kong	0,9%
271111	Natural gas, liquefied	1.154	1,6%	Trinidad & Tobago	89,7%
				Guinea Ecuatorial	4,5%
				Qatar	3,1%
870421	Diesel powered trucks with a GVW not exceeding five tonnes	911	1,3%	Thailand	48,6%
				South Korea	19,9%
				France	8,5%
270112	Bituminous coal, whether or not pulverised but not agglomerated	883	1,2%	Colombia	59,4%
				USA	24,2%
				Australia	11,6%
20130	Bovine cuts boneless, fresh or chilled	819	1,1%	Brazil	33,5%
				Paraguay	32,1%
				Argentina	21,3%
870322	Automobiles w reciprocatg piston engine displacg > 1000 cc to 1500 cc	767	1,1%	South Korea	40,2%
				China	21,8%
				Japan	12,0%
880240	Aircraft nes of an unladen weight exceeding 15,000 kg	738	1,0%	France	63,2%
				USA	36,8%
				-	-
271112	Propane, liquefied	668	0,9%	USA	80,5%
				Argentina	17,8%
				Peru	1,7%
852872	Reception apparatus for television, colour, whether or not incorp.	651	0,9%	Mexico	77,1%
				China	22,0%
				South Korea	0,5%
847130	Portable digital computers <10kg	625	0,9%	China	89,7%
				USA	4,3%
				Mexico	1,9%

300490	Medicaments nes, in dosage	595	0,8%	USA	12,5%
				Germany	10,8%
				France	7,2%
870899	Motor vehicle parts nes	573	0,8%	USA	6,5%
				Japan	2,1%
				China	2,0%
401120	Pneumatic tires new of rubber for buses or lorries	532	0,7%	China	23,5%
				Brazil	5,2%
				Japan	4,2%
271012	Light petroleum oils and preparations	463	0,6%	USA	74,4%
				Netherlands	17,1%
				Finland	6,8%
870332	Automobiles with diesel engine displacing more than 1500 cc to 2500 cc	456	0,6%	South Korea	47,7%
				France	15,3%
				Germany	9,0%
851762	Machines for the reception, conversion and transmission or regeneration	456	0,6%	China	34,8%
				USA	30,3%
				Malaysia	4,0%
870210	Diesel powered buses with a seating capacity of > nine persons	390	0,5%	Brazil	65,3%
				China	13,0%
				South Korea	6,0%

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

2.3.4 South Africa

South Africa's total trade with the rest of the world totalled US$190.5 billion in 2014. In the same period, total exports amounted to US$90.6 billion and total imports amounted to US$99.9 billion. The country's top 10 trade partners in 2014 were: China, accounting for 13% of South Africa's total trade; Germany (8%); the US (7%); Japan (5%); India (5%); Saudi Arabia (4%); United Kingdom (4%); Nigeria (3%); Botswana (3%); and Namibia (3%). Chile ranked 68th as a trade partner for South Africa, accounting for 0,114% of the country's total trade.

2.3.5 Composition of exports at HS-6

According to the International Trade Centre's Trade Map, South Africa's exports to the rest of the world mainly comprised minerals (processed and unprocessed), machinery (automobiles and capital equipment), and chemicals. Since 2010, the top 20 exports have remained mainly in the mineral, automotive and chemical sectors. Worth noting is that coal, gold and iron ore have been the major commodity exports since 2011. However, mineral exports decreased in the period 2010 to 2014.

Table 13: Composition of top 20 exports from South Africa to the rest of the world at HS-6 (US$ '000)

Code	Product label	Exported value in 2010	Exported value in 2011	Exported value in 2012	Exported value in 2013	Exported value in 2014	% share in 2014
Total	**All products**	**82 625 557**	**107 946 318**	**98 872 228**	**95 111 531**	**90 612 104**	
	Other products	47 553 675	53 824 968	49 499 815	47 238 990	47 840 004	52,8
'270112	Bituminous coal, whether or not pulverised but not agglomerated	5 302 245	7 239 468	6 583 226	5 671 830	4 988 983	5,5
'710813	Gold in other semi-manufactd form -monetary (including gold plated with platinum)	384	10 371 578	8 657 750	6 613 928	4 726 847	5,2
'260112	Iron ores and concentrates, other than roasted iron pyrites, agglomerated	5 087 900	6 687 915	5 427 141	5 781 651	4 449 860	4,9
'720241	Ferro-chromium containing by weight more than 4% of carbon	3 340 146	3 323 530	2 615 516	2 706 466	3 118 368	3,4
'271012	Light petroleum oils and preparations	0	0	3 259 844	3 025 705	2 943 993	3,2

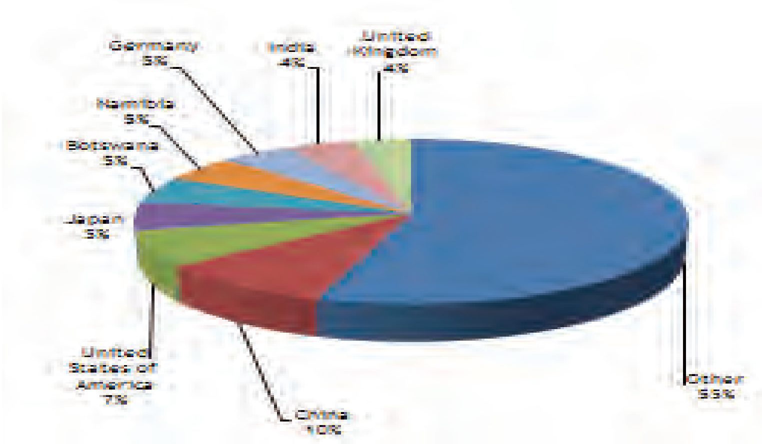
Code	Product label	Exported value in 2010	Exported value in 2011	Exported value in 2012	Exported value in 2013	Exported value in 2014	% share in 2014
Total	**All products**	**82 625 557**	**107 946 318**	**98 872 228**	**95 111 531**	**90 612 104**	
'711019	Platinum in other semi-manufactured forms	3 537 839	4 097 067	3 330 245	3 838 694	2 706 259	3
'870323	Automobiles with reciprocating piston engine displacing > 1 500cc to 3 000cc	2 647 350	2 611 041	2 750 875	2 322 404	2 488 472	2,7
'870421	Diesel powered trucks with a gross vehicle weight not exceeding five tonnes	1 055 852	1 507 756	2 289 485	2 283 770	2 377 533	2,6
'260111	Iron ores and concentrates, other than roasted iron pyrites,non-agglomerated	373 952	2 317 476	2 321 804	2 674 534	2 284 101	2,5
'711011	Platinum unwrought or in powder form	3 143 657	3 797 252	2 672 708	2 508 274	1 944 427	2,1
'842139	Filtering or purifying machinery and apparatus for gasses nes	2 050 455	2 721 939	1 991 583	1 902 469	1 798 970	2
'260200	Manganese ores and concentrates, etc	1 419 927	1 217 210	1 199 184	1 567 428	1 643 106	1,8
'710231	Diamonds non-industrial unworked or simply sawn, cleaved or bruted	1 185 340	1 230 439	1 265 546	1 284 860	1 535 300	1,7
'760110	Aluminium unwrought, not alloyed	1 201 928	1 307 173	938 207	1 080 501	1 109 384	1,2
'261000	Chromium ores and concentrates	1 097 863	1 556 866	1 139 783	1 341 932	1 073 709	1,2
'870322	Automobiles with reciprocating piston engine displacing > 1 000cc to 1 500cc	1 098 400	1 162 486	806 296	828 458	741 906	0,8
'470200	Chemical wood pulp, dissolving grades	595 569	778 467	574 275	610 407	739 763	0,8
'710239	Diamonds non-industrial nes excluding mounted or set diamonds	643 043	785 414	630 393	698 876	739 000	0,8%
'711021	Palladium unwrought or in powder form	738 652	1 064 027	783 004	884 236	691 913	0,8
'870332	Automobiles with diesel engine displacing more than 1 500cc to 2 500cc	551 380	344 246	135 548	246 118	670 206	0,7

Source: Trade Map

2.3.6 Origin and destination of exports and imports at HS-6

In 2014, the value of South Africa's exports decreased slightly by 4,7%, amounting to US$90.61 billion. The top destinations for exports from South Africa were China, accounting for 9,6% of total exports from the rest of the world, closely followed by the US (7,1%), Japan (6%), Botswana (5,3%), Namibia (5%) and Germany (4,7%). In the same period, South Africa's top export markets from Latin America were Brazil (16%), Argentina (12%), Mexico (5%) and Chile (3%)7.

Table 14: South Africa's leading import partners (2014)



Rank	Export Country	US$
	World	90.6 billion
1	China	8.6 billion
2	United States of America	6.4 billion
3	Japan	4.8 billion
4	Botswana	4.7 billion
5	Namibia	4.5 billion
6	Germany	4.2 billion
7	India	3.7 billion
8	United Kingdom	3.4 billion
73	Chile	70.1 million

Source: Trade Map

27. Trade Map

In 2014, imports decreased by 3,4% to reach US$99.89 billion. The top import destinations for South Africa were China, accounting for 15,5% of total imports, closely followed by Germany (10%), Saudi Arabia (7,5%), The US (6,6%) and Nigeria (5,1%) in 2014.

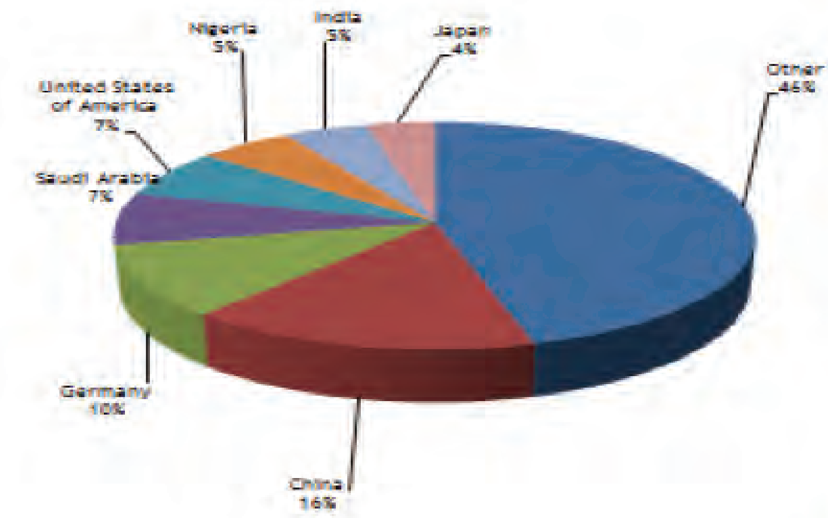
Table 15: South Africa's leading export and import partners in the Americas (2014)

	Export partners in the Americas			Import partners in the Americas		
Rank	**Export country**	**US$**	**Country share to exports to the Americas**	**Import country**	**US$**	**Country share to imports from the Americas**
	World	**99.9 billion**		**World**	**90.6 billion**	
	Rest of Americas	**10.1 billion**		**Rest of Americas**	**8.5 billion**	
1	US	6.6 billion	65,2%	US	6.4 billion	75,9%
2	Brazil	1.4 billion	13,5%	Brazil	631.8 million	7,5%
3	Mexico	530.6 million	5,2%	Canada	631.7 million	7,5%
4	Argentina	522.9 million	5,2%	Argentina	213.6 million	2,5%
5	Canada	420.7 million	4,2%	Mexico	162.4 million	1,9%
6	Colombia	232.3 million	2,3%	Chile	70.1 million	0,8%
7	Chile	130 million	1,4%	British Virgin Islands	47 million	0,6%
8	Panama	99.3 million	1%	Colombia	42.6 million	0,5%
9	Ecuador	36.2 million	0,4%	Panama	40 million	0,4%
10	Uruguay	32.7 million	0,3%	Peru	37.3 million	0,4%
11	Others	143.3 million	1,4%	Others	163.1 million	1,9%

Source: Trade Map

In the same period, South Africa's major destinations for exports to the Americas were: the US (65%), Brazil (13%), Mexico (5,2%), Argentina (5,2%), Canada (4,2%), Colombia (2,3%) and Chile (1,4%). South Africa's major sources of exports from the Americas were: the US (76%), Brazil (7,5%), Canada (7,5%), Argentina (2,5%), Mexico (1,9%) and Chile (0,8%).

Table 16: South Africa's leading export partners (2014)



Rank	Country	US$
	World	99.9 billion
1	China	15.5 billion
2	Germany	10.0 billion
3	Saudi Arabia	7.1 billion
4	United States of America	6.6 billion
5	Nigeria	5.1 billion
6	India	4.6 billion
7	Japan	3.8 billion
8	United Kingdom	3.3 billion
62	Chile	138,0 million

Source: Trade Map

28. Areas Nes (not elsewhere specified) can be used: (a) for low value trade and (b) if the partner designation was unknown to the reporting country or if an error was made in the partner assignment

In 2014, major imports in South Africa globally include machinery and transport equipment, including mineral fuel and lubricants. South Africa largely imports machinery and other inputs such as auto parts to use in the manufacturing process.

Table 17: South Africa's origin and destination of exports and imports at HS-6 (US$ '000)

RANKING	Product code	Destination of exports				Product code	Origin of imports			
		Product label	Share 2014	Exported value in 2014	Three main export destinations in 2014		Product label	Share 2014	Imported value in 2014	Three main import suppliers in 2014
		All products	**100%**	**90 612 104**	**China 9,6%, US 7,1%, Japan 6%**		**All products**	**100%**	**99 892 738**	**China 16%, Germany 10,1%, Saudi Arabia 7,5%**
1	**'270112**	Bituminous coal, whether or not pulverised but not agglomerated	6%	4 988 983	India 38%, the Netherlands 14%, Turkey 5%	**'270900**	Petroleum oils and oils obtained from bituminous minerals, crude	16,2%	16 212 059	Saudi Arabia 38%, Nigeria 32%, Angola 12%
2	**'710813**	Gold in other semi-manufactd form non-monetary (including gold plated with platinum)	5%	4 726 847	Area nes[1] 100%	**'999999**	Commodities not elsewhere specified	6,6%	6 607 932	Germany 38%, Japan 20%, Thailand 12%
3	**'260112**	Iron ores and concentrates other than roasted iron pyrites, agglomerated	5,5%	4 449 860	China 57%, Japan 15%, Republic of Korea 9%	**'271012**	Light petroleum oils and preparations	5,8%	5 771 319	India 28%, Singapore 22%, UAE 8%
4	**'720241**	Ferro-chromium containing weight more than 4% of carbon	5,2%	3 118 368	China 36%, US 10,3%, Japan10%	**'851712**	Telephones for cellular networks mobile telephones or for other wireless devices	2%	1 968 267	China 60%, Vietnam 27%, Mexico 3%
5	**'271012**	Light petroleum oils and preparations	4,9%	2 943 993	Botswana 32%, Area nes 13%, Swaziland 8%	**'870323**	Automobiles with reciprocating piston engine displacingg > 1 500cc to 3 000cc	1,5%	1 520 869	Germany 40%, Republic of Korea 17%, Japan 13%
6	**'711019**	Platinum in other semi-manufactured forms	3,4%	2 706 259	Switzerland 27%, Japan 23%, UK 22%	**'300490**	Medicaments nes, in dosage	1,3%	1 268 630	India 23%, Germany 11%, US 10%
7	**'870323**	Automobiles with reciprocating piston engine displacing > 1 500cc to 3 000cc	3,2%	2 488 472	US 45%, Japan 9%, Australia 8%	**'870322**	Automobiles with reciprocating piston engine displacing > 1 000cc to 1 500cc	1,1%	1 087 021	India 50%, Germany 17%, Republic of Korea 10%
8	**'870421**	Diesel powered trucks with a gross vehicle weight not exceeding five tonnes	3%	2 377 533	UK 13%, Belgium 12%, Germany 11%	**'847130**	Portable digital computers < 10kg	1%	1 038 175	China 32%, Malaysia 13%, US 10%
9	**'260111**	Iron ores and concentrates, other than roasted iron pyrites, non-agglomerated	2,7%	2 284 101	China 78%, Japan 4,3%, Italy 4%	**'870332**	Automobiles with diesel engine displacing > 1 500cc to 2 500cc	0,8%	792 659	Germany 46%, Republic of Korea 10%, India 9%
10	**'711011**	Platinum unwrought or in powder form	2,6%	1 944 427	Japan 26%, Germany 23%, UK 17%	**'851762**	Machines for the reception, conversion and transmission or regeneration	0,8%	768 736	China 32%, Malaysia 13%, US 10%

RANKING	Product code	Destination of exports				Product code	Origin of imports			
		Product label	**Share 2014**	**Exported value in 2014**	**Three main export destinations in 2014**		**Product label**	**Share 2014**	**Imported value in 2014**	**Three main import suppliers in 2014**
		All products	**100%**	**90 612 104**	**China 9,6%, US 7,1%, Japan 6%**		**All products**	**100%**	**99 892 738**	**China 16%, Germany 10,1%, Saudi Arabia 7,5%**
11	**'842139**	Filtering or purifying machinery and apparatus for gases nes	2,5%	1 798 970	Germany 42%, US 15%, UK 9%	**'870333**	Automobiles with diesel engine displacing > 2 500cc	0,6%	563 547	US 36%, Japan 23%, UK 16%
12	**'260200**	Manganese ores and concentrates, etc	2,1%	1 643 106	China 45%, India 17%, Japan 9%	**'870410**	Dump trucks designed for off-highway use	0,5%	481 595	US 47%, UK 13%, Japan 11%
13	**'710231**	Diamonds non-industrial unworked or simply sawn, cleaved or bruted	2%	1 535 300	Botswana 43%, Belgium 25%, Israel 14%	**'844399**	Parts and accessories of printers, copying machines and facsimile mach	0,5%	481 266	Japan 35%, China 32%, Ireland 6%
14	**'760110**	Aluminium unwrought, not alloyed	1,8%	1 109 384	Japan 31%, Switzerland 19%, Republic of Korea 10%	**'281820**	Aluminium oxide nes	0,5%	477 519	Australia 94%, Germany 3%, France 1%
15	**'261000**	Chromium ores and concentrates	1,7%	1 073 709	China 62%, Mozambique 5%, Switzerland 4%	**'870324**	Automobiles with reciprocating piston engine displacing > 3 000cc	0,5%	473 785	Germany 42%, US 24%, UK 14%
16	**'870322**	Automobiles with reciprocating piston engine displacing > 1 000cc to 1 500cc	1,2%	741 906	Germany 42%, Japan 33%, Australia 11%	**'100199**	Wheat and meslin (excluding seed for sowing, and durum wheat)	0,5%	461 330	Russian Federation 55%, Germany 14%, Ukraine 11%
17	**'470200**	Chemical wood pulp, dissolving grades	1,2%	739 763	China 41%, Indonesia 19%, India 7%	**'710231**	Diamonds non-industrial unworked or simply sawn, cleaved or bruted	0,4%	447 614	Area nes 43%, Botswana 36%, Namibia 9%
18	**'710239**	Diamonds non-industrial nes excluding mounted or set diamonds	0,8%	739 000	Switzerland 23%, Belgium 21%, Isreal 20%	**'850239**	Electric generating sets	0,4%	440 373	Italy 64%, Spain 17%, Germany 12%
19	**'711021**	Palladium unwrought or in powder form	0,8%	691 913	US 54%, Japan 27%, UK 9%	**'843149**	Parts of cranes, work trucks, shovels, and other construction machinery	0,4%	421 709	US 35%, Germany 10%, China 10%
20	**'870332**	Automobiles with diesel engine displacing > 1 500cc to 2 500cc	0,8%	670 206	India 38%, the Netherlands 14%, Turkey 5%	**'870421**	Diesel powered trucks with a gross vehicle weight not exceeding five tonnes	0,4%	420 427	Germany 24%, Japan 21%, Republic of Korea 17%

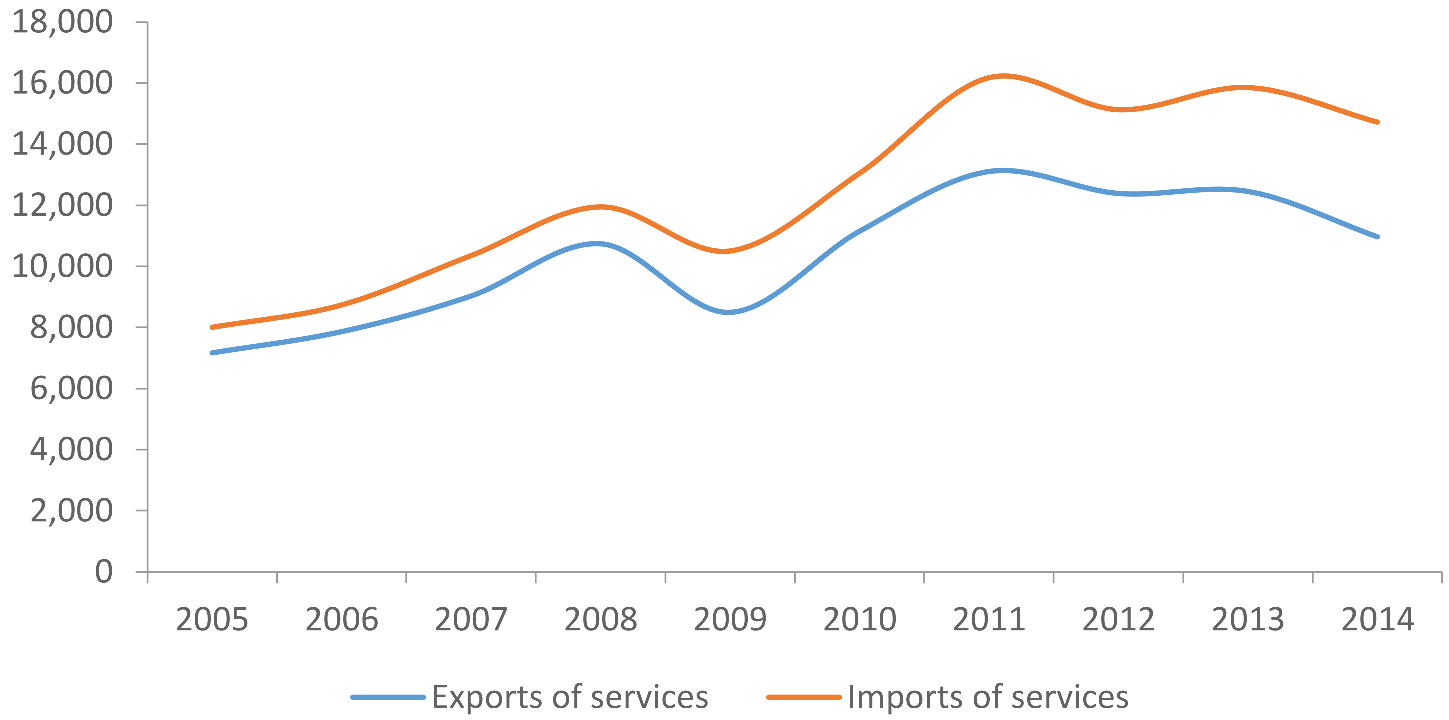
Source: Trade Map

2.4 Trade in services

2.4.1 Origin, destination and total Chilean exports and import services

In the last decade, Chilean trade in services has grown at an annual average rate of 6%, with exports increasing by 4,8% and imports increasing at a rate of 7%. In 2005, services exports were US$7.2 billion, reaching US$11 billion in 2014. Worth noting is that after the global economic downturn, in 2014, the export of services recorded their lowest amount since 2009, while services imports recorded the lowest amount in the last four years.

Figure 4: Services trade evolution, 2005-2014 (US$ million)

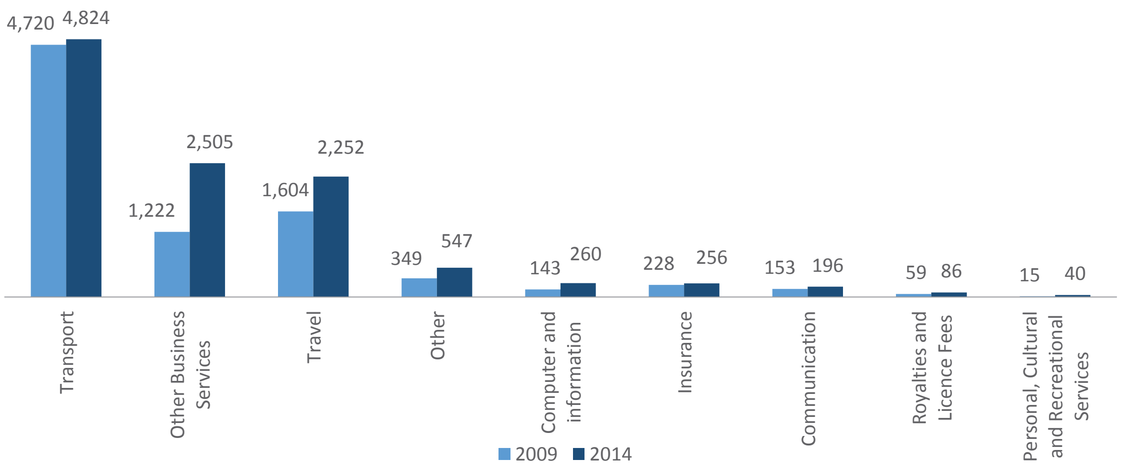


Source: Studies Department, Direcon, based on data from Central Bank of Chile.

The main types of services imports and exports were transport and other business services. During 2014, these services accounted for 87% of exports and 72% of imports.

Transport services exports have grown smoothly at a rate of 0,4% in the period 2009 to 2014, pushed upward mainly by the expansion of non-maritime transport (5,4%), whereas maritime transport (accounting for 53% of the total external sales of transport services) contracted by 3%. Analysing the sector "other business services", indicates that exports increased at an average annual rate of 15%. Travel service exports expanded by 7% in the period 2009 to 2014. About 71% corresponded to personal travel, which grew at an average annual rate of 7,9%. There are highly dynamic areas of services, for example, the export of services that increased the most between 2009 and 2014 were computer and information services (27%), followed by personal, cultural and recreational services (22%).

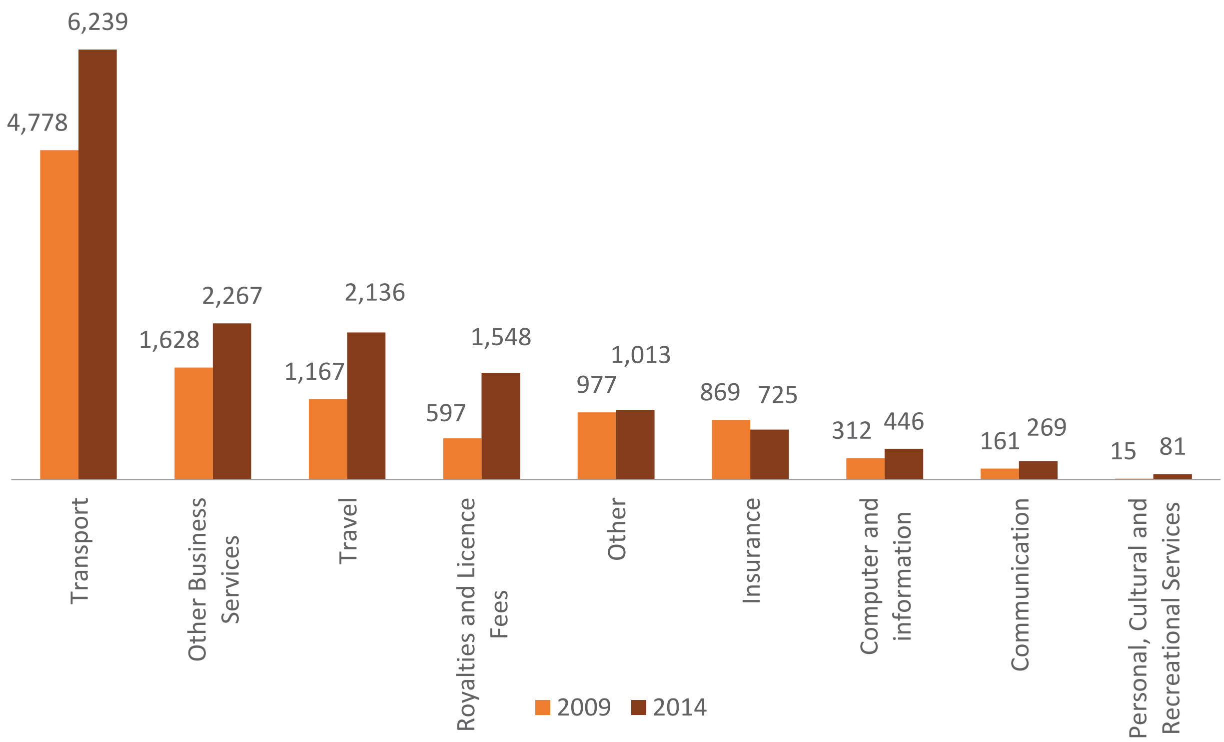
Figure 5: Exports by type of service, 2009-2014 (US$ million)



Source: Studies Department, Direcon, based on data from Central Bank of Chile.

On the other hand, imports of transport services increased at an average annual rate of 5,5% in the period 2009 to 2014. Maritime transport accounted for 69% with an average increase of 4,1%. Meanwhile, imports of "other business services" grew by 6,8% annually in the same period. Imports of travel services increased by 13% on average per year, highlighting personal travel with a 70% share as well as an annual growth of 13%, similar to business travel, which expanded by 12%. The largest increases were experienced in personal, cultural and recreational services (41%) and royalties and licence fees (21%).

Figure 6: Imports by type of service, 2009-2014 (US$ million)



Source: Studies Department, Direcon, based on data from Central Bank of Chile.

The Central Bank of Chile provides services trade data following the methodological framework of the International Monetary Fund's Balance of Payment Manual (5th Edition). The first item includes exported and imported transport services, whose data is obtained from the National Customs Service of Chile and from reports of transport agencies/ operators. The next item considers travel services built on data from the National Tourism Service of Chile and International Police. Finally, there is also information about other traded services such as communication, insurance, computing, royalties and licence fees, personal, cultural and recreational services, and other business services, among other things. These figures originate from various sources in the public sector (National Customs Service, Banks Superintendency, Pensions Superintendency, the Revenue Service of Chile and other sources), and from business surveys.

Nonetheless, these data are recorded for the balance of payment and do not include a breakdown by country for each item. Chilean information for services by countries is available for 74% of service exports and 57% of service imports. In fact, service exports are classified in transport, travel, computing, and technical, professional and business services (the latter as part of other business services), while service imports are presented only for transport and travel.

During the last three years, the US has been the largest partner in services with a share in exports of 15,8% and 17,5% in imports in 2014. While Chile's neighboring countries Argentina, Brazil and Peru, for both exports and imports of services, are the second largest market for Chilean services.

In the above-mentioned services, Chilean exports have grown by 3,2% annually in the period 2009 to 2014. The countries that have experienced the largest increases in Chilean exports of services are Mexico (11%), Switzerland (10%) and Brazil (5,6%).

On the other hand, import services have expanded by 7,1% per year since 2009. Among the main sources of services imports are the expansion in the last five years of Switzerland (20%), Peru (15%) and Panama (10%), compared with the decline of Germany (-1,7%) and Spain (-0,3%).

Table 18: Main export destinations of Chilean services*, 2009-2014 (US$ million and percentages)

	Country	2009	2010	2011	2012	2013	2014	Variation 2014/2013	Annual Average Growth 2009-2014	Share 2014
	Total*	6,960	8,990	10,529	9,572	9,394	8,133	-13.4%	3.2%	100.0%
1	United States of America	1,216	1,324	1,543	1,352	1,278	1,282	0.4%	1.1%	15.8%
2	Brazil	690	808	955	1,237	1,269	906	-28.6%	5.6%	11.1%
3	Argentina	690	682	720	929	915	798	-12.8%	3.0%	9.8%
4	China	476	1,423	1,426	1,005	825	564	-31.7%	3.4%	6.9%
5	Peru	391	560	668	563	544	511	-6.1%	5.5%	6.3%
6	Spain	358	379	394	388	465	376	-19.3%	0.9%	4.6%
7	Germany	390	399	489	392	369	368	-0.5%	-1.2%	4.5%
8	Switzerland	136	171	244	236	239	224	-6.3%	10.4%	2.7%
9	Mexico	130	250	272	248	257	223	-13.1%	11.5%	2.7%
10	France	165	215	212	175	210	207	-1.5%	4.7%	2.5%

Source: Studies Department, Direcon, based on data from Central Bank of Chile.
* Includes transport, travel, computing and technical, professional and business services, the latter as part of other business services.

Table 19: Main import origins of Chilean services*, 2009-2014 (US$ million and percentages)

	Country	2009	2010	2011	2012	2013	2014	Variation 2014/2013	Annual Average Growth 2009-2014	Share 2014
	Total*	5,945	7,955	9,830	9,166	8,974	8,375	-6.7%	7.1%	100.0%
1	United States of America	918	1,233	1,432	1,453	1,485	1,469	-1.1%	9.9%	17.5%
2	Germany	1,015	1,310	1,649	1,169	1,007	932	-7.4%	-1.7%	11.1%
3	Argentina	626	689	807	897	711	714	0.4%	2.7%	8.5%
4	Brazil	373	503	723	635	607	583	-4.0%	9.3%	7.0%
5	Peru	172	238	294	347	360	342	-4.8%	14.8%	4.1%
6	Japan	259	333	419	365	329	341	3.8%	5.7%	4.1%
7	Switzerland	110	228	304	452	350	268	-23.4%	19.6%	3.2%
8	France	185	308	255	283	257	251	-2.2%	6.3%	3.0%
9	Spain	253	256	262	221	224	250	11.8%	-0.3%	3.0%
10	Panama	151	206	258	200	246	246	0.1%	10.2%	2.9%

Source: Studies Department, Direcon, based on data from Central Bank of Chile.
* Includes transport and travel services.

2.4.2 Origin, destination and total South African exports and import services

According to the SARB, in 2014, South Africa's services exports amounted to R182.8 billion (US$13.1 billion), while imports amounted to R184.8 billion (US$13.3 billion). The table below indicates that South Africa exports mobile telecommunications services, engineering services (mining and construction), financial services, transportation services, professional services and information services (call/service centres). South Africa's main imports were in travel (tourism), transportation services, telecommunications, computer related services, creative art (movie and television productions) and financial services.

There is currently no statistical information on the origin or destination of these imports and exports. However, it is widely contended that South Africa exports services across the world. Moreover, based on industry consultations, it appears that South Africa is a significant exporter of services into Africa, especially in informcation and communications technologies (ICTs), finance, professional services, and retail services.

Table 20: South Africa's services exports and imports

Services	2014			
	Exports		Imports	
(In ZAR million and US$ million)[1]	ZAR	US$	ZAR	US$
Transportation	32 908	2 364	81 686	5 868
Passenger fares	12 431	893	34 068	2 447
Other	20 477	1 471	47 618	3 421
Travel	**101 477**	**7 290**	**34 349**	**2 468**
Business	8 356	600	9 303	668
Other	93 091	6 688	25 046	1 799
Other services	**48 459**	**3 481**	**68 793**	**4 942**

29. Figures are in South African Rand only, US dollars used for references: OANDA, accessed 06 November 2015

Manufacturing services on physical inputs owned by others	34	2	–	–
Repairs and maintenance services on movable goods n.i.e	960	69	83	6
Financial and insurance services	12 113	870	7 709	554
Charges for the use of IP	1 260	91	18 791	1 350
Telecommunications, computer and information services	6 564	472	11 380	818
Personal, cultural and recreational services	1 576	113	222	16
Other business and miscellaneous services, of which:	25 952	1 864	30 608	2 199
Legal services	4 858	349	972	70
Accounting services	1 546	111	1 441	104
Advertising and market research services	1 226	88	1 614	116
Architectural, engineering and other technical services	7007	503	11 991	861
Total services	**182 814**	**13 133**	**184 828**	**13 278**

Source: SARB Quarterly Review, 2014.

2.5 Trade agreements negotiated by each party

2.5.1 Chile

Chile has 24 trade agreements in force with 63 economies, as specified in the following table, representing 63% of the global population and 85% of world GDP. In fact, 94% of Chilean exports go to markets with such agreements, while 91% of imports come from these economies.

The agreements have been negotiated in a pragmatic way, taking into account the interests of the other party and therefore signing trade agreements with varying depth. Given this, Chile has 15 FTAs, five economic complementation agreements with Latin-American countries, three economic association agreements and one PTA. Most agreements leave some products excluded from bilateral benefits, giving both parties space to protect sensitive areas, as in the cases of Canada, Japan, the EU, Peru and China, among others. In some trade agreements, only a limited list of products have reduced tariffs while the rest of the goods maintain general customs conditions.

As detailed in Chapter 5, other issues are included in the agreements, such as trade in services, investment, and government procurement, among other things.

Table 21: List of trade agreements of Chile, 2015

No. of agreements	No. of Economies	Economy	Agreement	Effective date
1	1	Australia	Chile-Australia (FTA)	6 March 2009
2	2	Bolivia	Chile-Bolivia (economic complementation agreement 22)	6 April 1993
3	3	Canada	Chile-Canada (FTA)	5 July 1997
4	4	Colombia	Chile-Colombia (FTA)	8 May 2009
5	5	Republic of Korea	Chile-Republic of Korea (FTA)	2 April 2004
6	6	Cuba	Chile-Cuba (economic complementation agreement 42)	27 June 2008
7	7	Ecuador	Chile-Ecuador (economic complementation agreement 65)	25 January 2010
8	8	US	Chile-US (FTA)	1 January 2004
9	9	Hong Kong	Chile-Hong Kong (FTA)	9 October 2014
10	10	India	Chile-India (PTA)	17 August 2007
11	11	Japan	Chile-Japan (economic association agreement)	3 September 2007
12	12	Malaysia	Chile-Malaysia (FTA)	25 February 2012
13	13	Mexico	Chile-Mexico (FTA)	31 July 1999
14	14	Panama	Chile-Panama (FTA)	7 March 2008
15	15	Peru	Chile-Peru (FTA)	1 March 2009
16	16	China	Chile-China (FTA)	1 October 2006
17	17	Turkey	Chile-Turkey (FTA)	1 March 2011
18	18	Venezuela	Chile-Venezuela (economic complementation agreement 23)	1 July 1993

19		Mercosur	Chile-Mercosur (economic complementation agreement 35)	1 October 1996
	19	Argentina		
	20	Brazil		
	21	Paraguay		
	22	Uruguay		
20		EFTA	Chile-EFTA (FTA)	1 December 2004
	23	Iceland		
	24	Liechtenstein		
	25	Norway		
	26	Switzerland		
21		Central America	Chile-Central America (FTA)	14 February 2002
	27	Costa Rica		
	28	El Salvador		
	29	Guatemala		
	30	Honduras		
	31	Nicaragua		
22	32	Vietnam	Chile-Vietnam (FTA)	1 January 2014
23		P4	P4 (economic association agreement)	8 November 2006
	33	Brunei		
	34	Singapore		
	35	New Zealand		
24		EU	Chile-EU (economic association agreement)	1 February 2003
	36	Austria		
	37	Belgium		
	38	Bulgaria		
	39	Croatia		
	40	Cyprus		
	41	Czech Republic		
	42	Denmark		
	43	Estonia		
	44	Finland		
	45	France		
	46	Germany		
	47	Greece		
	48	Hungary		
	49	Ireland		
	50	Italy		
	51	Latvia		
	52	Lithuania		
	53	Luxembourg		
	54	Malta		
	55	The Netherlands		
	56	Poland		
	57	Portugal		
	58	Romania		
	59	Slovakia		
	60	Slovenia		
	61	Spain		
	62	Sweden		
	63	UK		

Source: Studies Department, Direcon.

The following table includes coverage of existing agreements that Chile has for the disciplines of trade in goods, trade in services, investments and government procurement, considering that each agreement may include more disciplines presented here.

Table 22: Coverage of Chilean trade agreements, 2015

N° Agreements	Economy	Trade in Goods	Trade in Services	Investment	Government Procurement
1	Australia	✓	✓	✓	✓
2	Bolivia	Short list for products from Chile			
3	Canada	Products exclusion list	✓	✓	✓
4	Colombia	Tariff quotas	✓	✓	✓
5	South Korea	Products exclusion list and tariff quotas	✓	✓	✓
6	Cuba	Short list			
7	Ecuador	Products exclusion list			
8	United States of America	✓	✓	✓	✓
9	Hong Kong	✓	✓		✓
10	India	Short list			
11	Japan	Products exclusion list and tariff quotas	✓	✓	✓
12	Malaysia	Products exclusion list, tariff quotas and products included in the tariff elimination schedule			
13	Mexico	Products exclusion list	✓		✓
14	Panama	Products exclusion list	✓		
15	Peru	Products exclusion list	✓	✓	
16	China	Products exclusion list	✓	✓	
17	Turkey	Products exclusion list and tariff quotas			
18	Venezuela	Products exclusion list			
19	MERCOSUR	✓	✓		✓ (Uruguay)
20	EFTA	Products exclusion list	✓		✓
21	Central America	Products exclusion list (by country) and tariff quotas (Guatemala and Honduras)	✓		✓
22	Viet Nam	Products exclusion list			
23	P4	✓	✓		✓
24	European Union	Products exclusion list and tariff quotas	✓		✓

_ 'Trade in goods' means that the preferences cover the entire tariff spectrum. In the remaining particularities of each agreement, as specified: exclusion list, tariff quotas, etc.
Source: Studies Department, Direcon.

2.5.2 South Africa

South Africa1 is part of SACU, the oldest customs union in the world, which has a common external tariff. Article 31 of the 2002 SACU agreement directs SACU member states to take a common negotiating position when negotiating any trade agreements that involve tariffs, i.e. FTAs, PTAs and WTO rescheduling, etc. However, before the 2002 SACU agreement came into force, SACU countries were free to enter into trade agreements as individual countries. Hence, South Africa concluded an FTA with the EU through a trade, development and cooperation agreement (TDCA) in 1999, which came into effect 1 May 2004. South Africa is also part of the Southern African Development Community (SADC) Trade Protocol, with 85% of trade duty-free.

SACU currently has an FTA in place with the European Free Trade Association (EFTA). SACU also concluded a PTA with the Southern Common Market (Mercosur), and is involved in negotiations towards a PTA with India. On 12 June 2015, the heads of state

and government of the Common Market for Eastern and Southern Africa (Comesa), the East African Community (EAC) and SADC met and signed a declaration launching negotiations for the establishment of the Comesa-EAC-SADC trilateral FTA. On 25 July 2015, the African leaders also launched negotiations towards a continental FTA.

30. http://www.thedti.gov.za/trade_investment/ited_trade_agreement.jsp

South Africa and SACU have concluded trade agreements that cover solely trade in goods.

Table 23: Trade agreements negotiated by South Africa

	Type of agreement	Countries involved	Entry into force	Products coverage
Customs union				
SACU	Customs union	South Africa, Botswana, Lesotho, Namibia and Swaziland	1 March 1970	Trade in goods
FTAs				
SADC FTA	FTA	Between 15 SADC member states	August 2008	Trade in goods
TDCA	FTA	South Africa and the EU	1 May 2004	Trade in goods
EFTA-SACU FTA	FTA	SACU and EFTA: Iceland, Liechtenstein, Norway, Switzerland	1 May 2008	Trade in goods
SADC-EU economic partnership agreement (EPA)	EPA	SADC and EU	Ratification	Trade in goods
SADC-EAC-Comesa tripartite FTA	FTA	26 countries with a combined GDP of US$860 billion and a combined population of approximately 590 million	Negotiations	Trade in goods
Continental FTA[1]	FTA		Negotiations	
PTAs				
SACU-Mercosur PTA	PTA	SACU and Mercosur (Argentina, Brazil, Paraguay, Uruguay and Venezuela)	1 April 2016	Trade in goods
SACU-India PTA	PTA	SACU and India	Negotiations	Trade in goods
Non-reciprocal trade arrangements				
Generalised system of preferences	Unilateral preferences granted under the enabling clauses of the WTO that are not contractually binding on the benefactors	Offered to South Africa as developing country by the EU, Norway, Switzerland, Russia, Turkey, the US, Canada and Japan	Extended until 31December 2017	Trade in goods
Africa Growth and Opportunity Act	Unilateral assistance measure	Granted by the US to 39 sub-Saharan African countries	Extended until 30 September 2025	Trade in goods
Other agreements				
Trade, investment and development cooperation agreement	Cooperative framework agreement	SACU and the US		Trade in goods
Trade and investment framework agreement	Bilateral cooperation agreement	South Africa and the US	18 February 1999	None

Source: **the dti**

3. Economic relations between Chile and South Africa

3.1 Chile

3.1.1. Bilateral trade in goods

Over the last six years, trade between Chile and South Africa has grown at an average annual rate of 8,8%, reaching US$210 million (0,14% of Chilean global trade) in 2014. However, this was a 6,4% decrease from 2013.

Since 2007, exports have taken the lead, generating a surplus in the trade balance. This is explained an increase in exports by 15,4% on average over the last six years, while imports have increased by 1% in the same period. Last year, exports increased by 22,2% while imports decreased by 33,7%, which can be explained as a response to global factors.

31. http://www.tralac.org/resources/by-region/cfta.html

Table 24: Chilean trade with South Africa, 2009-2014 (US$ million and percentages)

	2009	2010	2011	2012	2013	2014	Variation 2014/2013	Annual Average Growth 2009-2014
Trade Exchange	138	172	194	240	224	210	-6.4%	8.8%
Exports (FOB)	65	84	106	138	109	134	22.2%	15.4%
Imports (CIF)	72	88	88	102	115	76	-33.7%	1.0%
Imports (FOB)	65	80	81	93	108	70	-35.3%	1.4%
Trade Balance (FOB)	0.2	4	25	45	2	64		

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

3.1.2. Exports at HS-6

South Africa ranks 29th as a market destination for Chilean exports, representing 0,18% of total exports to the world in 2014. Exports are concentrated in the industrial sector, with a 97,1% share.

Industrial exports increased by 20,5% in 2014, with chemical products as the main items vauled at US$109 million, representing 81,7% of total exports and showing an increase by 35% in 2014 and an average annual growth rate of 26,8% since 2009.

Other industrial products that stand out are metal products, machinery and equipment with a 5,6% share, although exports decreased in 2014 (-22,7%). Meanwhile, processed food exports fell 54,2% in the last year, reaching a share of 2,6%. Despite the decreases of last year, there are marked expansions in exports of bottled wine (24,5%) in the period 2009 to 2014.

Agricultural, silviculture and fishing exports, with a low share in total exports (2,3%), had the highest sectorial growth in 2014, increasing more than seven times last year.

Mining exports had a share of 0,6%, with a 39,3% decrease last year. However these exports accumulated an average annual increase of 53,8% since 2009, mostly in non-copper mining, which decreased 38,2% in 2014.

Important to note is that 99,4% of total exports to South Africa comprise no mining or wood pulp products, with an average annual increase of 15,3% since 2009 (22,9% in 2014).

Table 25: Chilean exports to South Africa, 2009-2014 (US$ million and Percentages)

	2009	2010	2011	2012	2013	2014	Variation 2014/2013	Annual Average Growth 2009-2014	Share 2014
Exports (FOB)	65	84	106	138	109	134	22.2%	15.4%	100.0%
Mining	0.1	0.5	0.6	1.2	1.2	0.7	-39.3%	53.8%	0.6%
Copper	-	-	-	-	0.03	0.01	-78.2%	-	0.01%
Other mining	0.1	0.5	0.6	1.2	1.2	0.7	-38.2%	53.5%	0.6%
Agricultural, forestry and fishing	2.3	0.7	0.6	0.5	0.4	3.1	654.6%	5.9%	2.3%
Fruits	0.04	0.1	0.1	-	-	-	-	-100.0%	0%
Industry	63	83	105	136	108	130	20.5%	15.6%	97.1%
Processed foods	9.1	7.6	7.4	7.9	7.6	3.5	-54.2%	-17.6%	2.6%
Salmon	1.6	0.6	0.4	0.2	0.3	0.1	-71.1%	-45.4%	0.1%
Other than salmon	7.5	6.9	7.0	7.7	7.3	3.4	-53.5%	-14.7%	2.5%
Bottled wine	0.2	0.4	0.8	0.3	0.5	0.5	-1.8%	25.8%	0.4%
Pulp*	0.04	-	0.1	0.1	-	-	-	-100.0%	0%
Forestry and wood furniture	2.5	1.3	3.8	2.5	2.6	1.9	-27.7%	-5.1%	1.4%
Chemicals	33	59	72	101	81	109	35.0%	26.8%	81.7%
Metals products, machinery and equipment	14	6	11	11	10	8	-22.7%	-11.4%	5.6%
No mining or pulp exports (FOB)	65	83	105	137	108	133	22.9%	15.3%	99.4%

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

In 2014, the 10 main exports to South Africa reached 88,2% of all exports, showing a strong concentration. Chemicals lead the list, with 68,5% of total exports, including potassium chloride (31,3%) and potassium nitrate (27,6%). Except for potassium chloride, which decreased by 0,9% last year, chemicals showed high increases in exports. Exports of potassium nitrate more than doubled, while, sodium nitrate increased almost sevenfold. Molybdenum concentrates and ferro-molybdenum should also be highlighted, as exports of the former decreased by 32,7%, while the latter increased by 7,6% when compared with 2013. The largest increase was in maize seed exports, which great by more than 31 times.

Table 26: Main Chilean exports to South Africa, 2014 (US$ million and percentages)

Subheading	Description	Value	Share	Variation 2014/2013
	Total exports to South Africa	133.7	100.0%	22.2%
	Subtotal ten main exports	117.9	88.2%	36.2%
310420	Potassium chloride, in packages weighing more than 10 kg	41.8	31.3%	-0.9%
283421	Potassium nitrate	36.9	27.6%	149.9%
261310	Molybdenum concentrates, roasted	12.1	9.0%	-32.7%
310250	Sodium nitrate, in packages weighing more than 10 kg	10.8	8.1%	597.8%
720270	Ferro-molybdenum	5.9	4.4%	7.6%
100510	Maize (corn) seed	2.7	2.0%	3095.1%
380892	Fungicides	2.1	1.6%	40.4%
310430	Potassium sulphate, in packages weighing more than 10 kg	2.1	1.6%	-
870790	Bodies for tractors, buses, trucks and special purpose vehicles	1.9	1.4%	57.4%
843143	Parts of boring or sinking machinery, whether or not self-propelled	1.5	1.1%	-16.7%

Source: Studies Department, Direcon based on data from Central Bank of Chile.

3.1.3. Imports at HS-6

During 2014, imports reached US$76 million, declining by 33,7% last year and exhibiting an average annual increase of 1% in the last six years.

With a share of 77,5%, intermediate goods imports have grown at an average annual rate of 4,2% since 2009, although they decreased by 13,4% in 2014.

With a share of 16,9%, imports of capital goods also decreased in 2014 by 70,7%. Meanwhile, with a growth of 51,9%, imports of consumer goods were at thir highest in six years, increasing by at an average annual rate of 11,5% over the period 2009 to 2014.

Table 27: Chilean imports from South Africa, 2003-2014 (US$ million and percentages)

	2009	2010	2011	2012	2013	2014	Variation 2014/2013	Annual Average Growth 2009-2014	Share 2014
Imports (CIF)	72	88	88	102	115	76	-33.7%	1.0%	100.0%
Intermediate Goods	48	65	73	62	68	59	-13.4%	4.2%	77.5%
Consumption Goods	2.5	2.7	3.3	4.2	2.8	4.3	51.9%	11.5%	5.6%
Capital Goods	22	21	12	36	44	13	-70.7%	-10.2%	16.9%

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

The 10 main import items to Chile from South Africa contributed a 44,3% share of imports in 2014, showing a concentration, but significantly less than exports. The largest imports are chemical/allied industry preparations (7,5%), pineapple juice (6,4%), and chromium ores and concentrates (5,4%). These three commodities increased by more than 40% last year. Another notable increase over the past year took place with jams and fruit jellies, whose imports increased more than 133 times; and mineral waxes, which grew more than five times.

Table 28: Main Chilean imports from South Africa, 2014 (US$ million and percentages)

Subheading	Description	Value	Share	Variation 2014/2013
	Total imports from South Africa	76.0	100.0%	-33.7%
	Subtotal ten main imports	33.7	44.3%	19.5%
382490	Chemical/allied industry preparations/prods nes	5.7	7.5%	49.6%
200949	Pineapple juice, unfermented, Brix value > 20 at 20°C, whether or not	4.8	6.4%	60.5%
261000	Chromium ores and concentrates	4.1	5.4%	42.5%

842833	Continuous action elevators/conveyors for goods/mat, belt type nes	3.5	4.6%	-56.4%
200799	Jams, fruit jellies, fruit/nut purée&paste, ckd prep, sugard, sweetend/not	3.2	4.2%	13277.4%
848350	Flywheels and pulleys, including pulley blocks	2.6	3.5%	-25.4%
283329	Sulphates of metal nes	2.6	3.4%	56.9%
721934	Flat rolled prod, stainless steel, cr,w>/=600mm,0.5mm<=thick <1mm	2.4	3.2%	-12.1%
271290	Mineral waxes nes and similar products obtained by synthesis etc	2.3	3.1%	463.6%
360300	Safety/detonatg fuses; percussn/detonatg caps; igniters; elec detonatrs	2.3	3.1%	15.8%

Source: Studies Department, Direcon, based on data from Central Bank of Chile.

3.1.4. Bilateral trade in services

Chilean information on trade in services is limited to data on tourists, services considered exports and transport. In 2014, 2 563 tourists from South Africa were registered in Chile, amounting to 68% of tourists from Africa and 0,1% of total tourists. The number of South African tourists to Chile has been on the decline (in 2011, the figure was 3 391).

Services considered exports to South Africa reached US$1.7 million in 2014. Transport costs of Chilean imports from South Africa reached US$4.4 million in 2014 (0,16% of total Chilean import freight) and the cost of Chilean export transport to South Africa reached US$8.5 million in the same year (0,43% of total Chilean export freight).

Potential for growth in services exports to South Africa may be envisaged in mining, in the areas of ICTs, construction and architectural services. There is also potential for growth in tourism; and in the areas of aquaculture and environment services. Another potential for growth lies in education, especially in the areas of English and Spanish language learning and the exchange of teachers and students.

3.1.5. Bilateral investments

a) Chilean investment in South Africa

Although there are are Chilean investments in South Africa in commerce and industry, these amounts are not available[2].

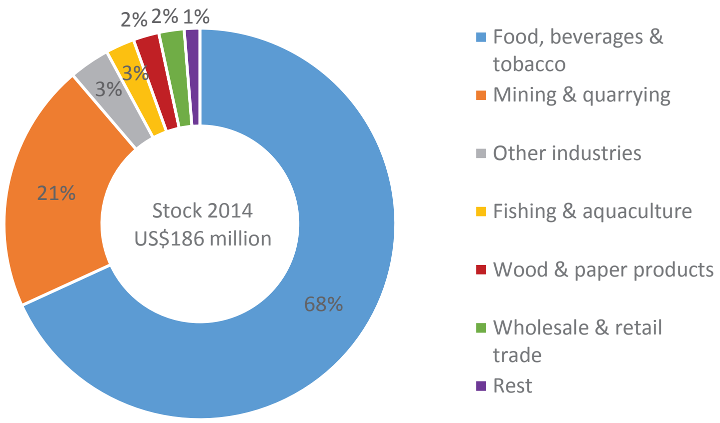
b) South African Investment in Chile[3]

As at 2014, the accumulated stock of South African investment in Chile reached US$186 million, representing 0,17% of total.

Stock invested by South Africa in Chile represents 89% of that from the entire African continent. The last flow of investment occurred in 2013 and was valued at US$18 million.

The main sectors of South African investment in Chile are food, beverages and tobacco (68%), followed by mining and quarrying (21%). The food, beverages and tobacco investment represents 3,5% of FDI in that sector, followed by fishing and aquaculture with a share of 1,4%.

Figure 7: South African investment in Chile by sector, 1974-2014 (Percentages)



Source: Studies Department, Direcon, based on data from Foreign Investment Committee of Chile.

32. Source: Department of Chilean Foreign Investments, Direcon
33. Source: Department of Chilean Foreign Investments, Direcon

3.1.6. Joint participation in multilateral forums: Matching topics of interest (WTO, G77, other)

Chile and South Africa are founding signatories of the GATT and later founding members of the WTO. At the WTO, both countries share a common position in their interest to advance the agricultural negotiations of the Doha Round, and also the G20 (Agriculture Group) – not to be confused with the G-20 group of finance ministers and central bank governors – and its recent summit meetings4, as well as in the Cairns Group.

The G20, according to the definition on the WTO's website, is a "coalition of developing countries pressing for ambitious reforms of agriculture in developed countries with some flexibility for developing countries". Its members are Argentina, Bolivia, Brazil, Chile, China, Cuba, Ecuador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Tanzania, Thailand, Uruguay, Venezuela, Zimbabwe.

The Cairns Group is also looking for the liberalisation of trade in agriculture and existed before the WTO. It includes developed and developing nations. According to the WTO's website, the group is a "coalition of agricultural exporting nations lobbying for agricultural trade liberalisation5". Its members are Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, Uruguay, Vietnam.

3.2 South Africa

3.2.1 Bilateral trade in goods

Trade between South Africa and Chile increased in the period 2010 to 2012, slackening in 2013, then continuing on its growth path in 2014. In 2014, total trade between South Africa and Chile increased to US$208 million, an average annual increase of 13% from US$144 million in 2010. In 2014, South Africa exported US$70 million worth of goods to Chile, an 11% decline from US$78 million exported in 2013. On average, exports to Chile have increased by 5% between 2014 and 2010.

In 2014, South Africa imported US$137 million worth of goods from Chile, an average annual increase of 23%, from US$112 million in 2013. On average, imports from Chile have increased by 18% between 2014 and 2010. A matter of concern is that South Africa has experienced a trade deficit against Chile over the past five years, which increased on average by 55% between 2010 and 2014.

Table 29: Bilateral trade in goods between South Africa and Chile (2010-2014)

	2010	2011	2012	2013	2014
Exports	64 243	82 844	108 175	78 765	70 128
Imports	79 274	114 516	144 803	112 362	137 971
Total Trade	143 517	197 360	252 978	191 127	208 099
Trade Balance	-15 031	-31 672	-36 628	-33 597	-67 843

34. Website: www.g-20.mre.gov.br
35. Website: www.cairnsgroup.org

3.2.2 Exports at HS-6

The top five South African exports to Chile include vehicles, fruit juice, cobalt and chromium. These products contributed a combined percentage share of 33% of total exports to Chile in 2014. Worth noting is that South African exports to Chile are mostly manufactured or value added products, in line with South Africa's Industrial Policy Action Plan.

Table 30: South Africa's exports to Chile at HS-6 (US$ '000)

Products	2010	2011	2012	2013	2014	Rank	
						14	13
870421: Diesel-powered trucks with a gross vehicle weight not exceeding five tonnes	0	0	4 506	5 736	8 344	**1**	**14**
200949: Pineapple juice, unfermented, Brix value > 20 at 20°C, whether or not	1 977	3 367	3 354	3 109	4 308	**2**	**1**
290519: Saturated monohydric acyclic alcohols nes	1 333	2 370	1 648	3 076	4 026	**3**	**13**
810520: Cobalt mattes and other intermediate products of cobalt metallurgy	2 650	1 873	1 883	1 658	3 812	**4**	**32**
261000: Chromium ores and concentrates	1 734	3 061	1 473	2 749	2 989	**5**	**15**

Source: Trademap

3.2.3 Imports at HS-6

South Africa's imports from Chile are concentrated in the chemical industries, with the top five amounting to 75% of total imports from Chile in 2014.

Table 31: South Africa's imports from Chile at HS-6 (US$ '000)

Products	2010	2011	2012	2013	2014	Rank	
						14	13
310420: Potassium chloride	24 476	35 835	44 649	45 870	40 662	**1**	**1**
283421: Potassium	11 042	19 186	26 338	14 142	30 433	**2**	**3**
261310: Molybdenum ores and concentrates	1 285	10 500	21 550	19 820	14 895	**3**	**2**
310250: Sodium nitrate	720	738	3 278	1 455	11 479	**4**	**6**
283410: Nitrites	0	0	0	0	6 155	**5**	**8**

Source: Trademap

3.2.4 Bilateral trade in services

There is currently no data available on trade flows in services between South Africa and Chile. Based on research done by the Embassy of South Africa in Santiago, Chile, there are 17 South African companies providing various services in Chile, such as human resource recruitment; transport; consultancy services such as legal, accounting, taxation, geology, engineering and surveying; and hospitality and cosmetics.

3.2.5 Bilateral investments

FDI in South Africa more than doubled between 2010 and 2013, from US$3.6 billion to US$8.2 billion. Similarly, investments by South African companies abroad increased to US$5.6 billion in 2013. However, as a percentage of GDP, FDI increased from 1% to 2,2%. Stock of investments in South Africa has been decreasing, from US$179.6 billion in 2010 to US$140 billion in 2014. The percentage of stock of FDI to GDP decreased from 47,8% to 38,3%.

Table 32: FDI flows and stock, 2008-2013

	2008	2009	2010	2011	2012	2013
	(US$ million)					
Flow						
Direct investment in South Africa	9,209	7,502	3,636	4,243	4,559	8,188
Direct investment abroad	-3 134	1 151	-76	-257	2 988	5 620
Stock						
Direct investment in South Africa	83 649	138 751	179 564	159 391	163 510	140 047
Direct investment abroad	49 439	70 296	83 248	97 051	111 780	95 760
	(Percentage of GDP)					
Flow						
Direct investment in South Africa	3,2	2,5	1	1	1,1	2,2
Direct investment abroad	-1,1	0,4	0	-0,1	0,8	1,5
Stock						

	2008	2009	2010	2011	2012	2013
Direct investment in South Africa	29,2	46,9	47,8	38,3	41,1	38,3
Direct investment abroad	17,2	23,8	22,2	23,3	28,1	26,2

Source: SACU trade policy review document.

According to the Financial Times' FDI Markets website, the following are the recorded outward and inward investments from South Africa6 to Chile. Worth noting is that South Africa has a diverse range of outward investment in Chile.

Table 33: South Africa's outward investment to Chile

South Africa's outward investment to Chile	Estimated capital investment (US$)	Sector	South African company/institution involved	Date reported/ stated
UMP	34 million	Plastics	**Urethane Moulded Products** Specialist polyurethane product manufacturer Urethane Moulded Products (UMP) is a South African manufacturing company that serves the mining, infrastructure and engineering industries. UMP is pursuing pipelining opportunities in Chile and has received a grant from **the dti**'s and Manufacturing Competitiveness Enhancement Programme, which has allowed the company to grow further	Dec 2013
AEL Latin America	0.9 million	Chemicals	**AECI**	Feb 2011
Anglo American	1.7 billion	Mining	**Anglo American** Anglo American has been in Chile for more than 30 years. In 2007, Anglo American got approval of the Los Bronces Copper development project in Chile. The Los Bronces development project entails an investment of US$1.7 billion to build new grinding facilities in the Confluencia sector and a new floatation plant at Las Tórtolas 2. Anglo American completed the sale of two copper mines in Chile in a deal worth $US300 million. Anglo American sold the open-pit Mantos Blancos and Mantoverde mines to UK-based investment firm Audley Capital	2011
Cosira Group	2.1 million	Metals	**Silva Group Holdings**	Oct 2009
Softnet Logicalis	18.7 million	Communications	**Datatec**	Sep 2006
Semillas Marinas	2 million	Food and tobacco	**Irvin & Johnston (I&J)**	Jun 2004
Murray & Roberts		Mining	**Murray & Roberts** The construction firm has an existing operation and controlling shareholding in two mining contract companies, Terracem and Cementation Sudamerica. Part of M&R team rescued Chilean trapped miners at San Jose mine. The rotary vertical drilling system technology, co-developed by Murray & Roberts, was also applied to accurately drill a pilot hole to reach the trapped miners	
San Francisco Investment SA	200 million	Hospitality	**Sun International**[1] **Sun International** won regulatory approval to purchase a 40% stake in Chilean entity **San Francisco Investment SA** that holds a 15-year casino licence in Region Six of Chile. The project is expected to cost a $200 million. Sun International considers this to be the premium casino opportunity	N/A
Skandia-Irvin-Johnson		Finance	**Old Mutual** With the acquisition of Skandia-Irvin-Johnson, Old Mutual now has operations in a large number of additional countries, including Chile. Skandia's UK operation is the Skandia Group's largest business. Skandia UK's product offerings include unit-linked assurance, mutual funds and protection. Skandia owns 81% of Bankhall, a UK provider of services to independent financial advisers. Skandia also operates an offshore company, Royal Skandia, based on the Isle of Man, which offers products to international investors and expatriates	N/A

36. SARB does not publish specific data on investment relations with Chile
37. http://www.highbeam.com/doc/1G1-180066389.html

South Africa's outward investment to Chile	Estimated capital investment (US$)	Sector	South African company/institution involved	Date reported/ stated
Carozzi		Retail	**Tiger Brands** Acquisition of a 24% stake in Chilean company Carozzi about 11 years ago. Carozzi is a food company leading manufacturing, marketing and distribution activities in Chile and is a market leader in most of the sectors in which it operates	N/A
Dust-a-Side		Construction	In 2010, Dust-A-Side consolidated a strategic alliance with Bailac San LTDA and forged a common path of technological development and innovation for dust-free paths in an operational environment more efficient and productive for the vast mining industry	2010

Source: fdi markets

3.2.6 Joint participation in multilateral forums: Matching topics of interest (WTO, G77, other)

South Africa is a strong proponent of multilateralism and has historically played an active part in the GATT/WTO, including in the ongoing Doha Round, where it is a key member of various configurations under the agriculture and non-agricultural market access areas of the negotiations. In South Africa's view, the Doha Round offers WTO members an opportunity to strengthen the rules-based trading system in a manner that reduces imbalances and inequalities, and supports development-related issues, which had not been an integral part of any previous multilateral trade negotiation under the GATT/WTO.

In the G77, South Africa supports the work of the Trade Negotiations Committee in resolving to implement strategic actions to consolidate, strengthen and deepen South-South trade. It considers that galvanising South-South trade is timely against the backdrop of a new geography of trade and economic relations in which the South is making important contributions. Three interconnecting issues being supported by South Africa in this regard are:

- Strengthening developing countries' capacity for trade negotiations;
- Networking among regional integration groupings; and
- Enhancing South-South cooperation and trade, especially in commodities.

Through Brics, South Africa renewed its openness to increasing engagement with other countries, particularly developing countries and emerging market economies, as well as with international and regional organisations, with a view to foster cooperation and solidarity in its relations with all nations and peoples. To that effect, during the 6th Brics Summit in Brazil, members held a joint session with the leaders of South American nations under the theme of the summit, with a view to further cooperation between Brics countries and South America. Brics reaffirmed its support for the South American integration processes, and recognised in particular the importance of the Union of South American Nations in promoting peace and democracy in the region, and in achieving sustainable development and poverty eradication. Brics countries believe that strengthened dialogue among themselves and South American countries can play an active role in enhancing multilateralism and international cooperation for the promotion of peace, security, economic and social progress, and sustainable development in an interdependent and increasingly complex, globalising world.

4. Analysis of enhancement of trade and investment between Chile and South Africa

4.1 Chile

4.1.1 Bilateral trade in goods

4.1.1.1 Current trade

The following exercise is a hypothetical case to estimate the potential benefits for both Chile and South Africa of a reduction on trade tariffs. Therefore, it does not represent the reality of a proposal for a bilateral agreement, but it is an economic approach to analyse gains under that scenario.

To analyse the effects of tariff reductions on bilateral trade, both exports and imports, partial equilibrium models are used, which aim to determine the likely changes on currently traded goods (2014) between Chile and South Africa. It is important to consider that, as the models are based on products that have already been traded, they can generate underestimated results, because only those tariff lines with trade in the period analysed are considered, i.e., greater than zero. Being partial equilibrium models, each market is separately analysed without considering the relationships between these markets and the world, nor the resource constraints in the economy. Partial equilibrium models are quite often used to generate these estimates.

i. Effects on Chilean exports to South Africa

Using the methodology described in Annex 1, for the impact in current Chilean exports to South Africa, it is considered that the addition of the change in every export item would reflect the total increase in Chilean exports to that country in the hypothesis that all customs items would simultaneously face a zero tariff. This implies that obtaining the result requires of a certain period, determined by the tariff-reduction terms negotiated among the parties.

Regarding the effect on exports, 197 products were taken, corresponding to the total of the products that Chile exported to South Africa in 2014. Of these, 108 are taxed, i.e., have a tariff higher than zero, and, therefore, constitute the set of goods on which an increase of Chilean exports is estimated in the hypothetical scenario of liberalisation. These 108 products represented 7% of total Chilean exports to South Africa in 2014, and thus the estimated results will be small. The table on the following page shows those products with a higher variation in export amounts, considering that the calculated totals shown represent an impact on the 108 products analysed.

The estimate indicates that Chile's exports to South Africa could increase by US$3.1 million, an increase of 2,3% from the current scenario. More than 50% of that growth is given by the three first products listed on the table: other bodies (including cabs) for the motor vehicles (29%), purees and tomato juices (17%), and not organic dry prunes (6%). Among the largest estimated variations include puree and tomato juices (86,6%), frozen edible offal of fowls (61,6%), and a variety of wines (58,5%).

When analysing variations by sector, there are some for which exports would grow by more than 50%: clothing accessories (64%), meat and meat preparations (62%), footwear (61%), vegetables and fruit (59%), beverages (59%), and fish and molluscs (53%).

HS Code	Description	Tariff (%)	Exports value (US$ millions)	Exports variation (US$ millions)	Growth rate (%)
87079099	Other bodies (including cabs) for the motor vehicles	20.0	1.9	0.9	46.8
20029012	Purees and tomato juices, dry weight >= 7% extract, Brix value between 30% and 32%	37.0	0.6	0.5	86.6
8132090	Dry prunes, not organic	10.0	0.5	0.2	35.6
38089299	Other fungicides presented as preparations or articles such as tapes / strands / candles	3.3	2.1	0.2	7.8
82071990	Other useful for drilling or probing, including parts	7.5	0.7	0.1	17.6
22042161	Cabernet Sauvignon made with non-organic grapes	25.0	0.2	0.1	58.5
3031420	Trout topped and gutted ("HG") without livers and roes, frozen	25.0	0.2	0.1	58.5
73211990	Other cooking appliances and plate warmers, even of solid fuels, cast / iron / steel	15.0	0.2	0.1	35.1
12060010	Sunflower seeds, whether or not broken, for sowing	9.4	0.2	0.1	33.5
21021000	Active yeasts	15.0	0.1	0.1	35.1
22042162	Merlot made with non-organic grapes	25.0	0.1	0.1	58.5
85372090	Other Tables / panels / consoles / cabinets / other bases, equipped to control or distribution of electricity, for a voltage> 1000V	12.5	0.1	0.04	29.3
44119220	Other fibreboard of wood or other ligneous materials, density > 0.8 g/cm3, mechanically worked and surface coating	10.0	0.2	0.04	23.4
22042141	Sauvignon blanc made with non-organic grapes	25.0	0.1	0.04	58.5
22042163	Carmenere made with non-organic grapes	25.0	0.1	0.04	58.5
2071430	Edible offal of fowls, frozen	26.3	0.1	0.03	61.6
73218900	Other non-electrical appliances, including solid fuel, cast / iron / steel	15.0	0.1	0.03	35.1
87082990	Other parts and accessories of bodies of motor vehicles, tractors and other land vehicles	20.0	0.1	0.03	46.8
44219090	Other articles of wood	10.0	0.1	0.03	23.4
22042991	Other wine, capacity> 2L, red	25.0	0.04	0.03	58.5
	Total		**133.7**	**3.1**	**2.3**

Source: Studies Department, DIRECON, based on data from TradeMap and WTO

ii. Effects on Chilean imports from South Africa

The estimated imports from South Africa are obtained after adding the results of trade creation and trade diversion (see methodology in Annex 2). The scenario assumes a tariff of 6% for South Africa before an agreement and zero after it, but for trade deviation, it also includes a tariff of 0,92% for the rest of the world (effective applied tariff7). Regarding trade diversion, it is important to consider that if it involved higher imports from South Africa, this does not mean increasing total Chilean imports because it simply involves a substitution. In total, the 580 products imported were estimated, and the following table shows those with the biggest amount variation.

Analysing current imports from South Africa, it concludes that trade creation would amount to between US$5.16 million and US$6.54 million, while trade diversion would be between US$4.3 million and US$5.25 million. Overall, total Chilean imports from South Africa would grow by between 12% and 16%, amounting to between US$9.46 million and US$11.79 million.

Industrial products listed in the following table – such as other elevators and conveyors, flywheels and pulleys, parts of pumps for liquids, parts intended for lifting, other parts of machines for earth work, other washing machines, and other machinery/mechanical appliances having individual functions – would have increases by more than 20%. In general, sectors with the largest estimated variations would be equipment for telecommunications and sound recording and playback (23%), plastics in non-primary forms (22%), rubber manufactures (21%), non-ferrous metals (21%), and different types of machinery in a range between 21% and 23%, such as industrial equipment in general, electrical machinery, specialised machinery for particular industries, and office machines.

Table 36: Changes in Chilean imports from South Africa by tariff reduction (US$ million and percentages)

HS Code	Description	Imports value (US$ millions)	Trade creation range (US$ millions)	Trade diversion range (US$ millions)	Imports variation range (US$ millions)	Growth rate range (%)
84283310	Other elevators and conveyors, continuous action, band or belt, mining	3.5	0.4 - 0.4	0.38 - 0.38	0.78 - 0.78	22%
84835000	Flywheels and pulleys, including pulley blocks	2.6	0.3 - 0.3	0.27 - 0.27	0.57 - 0.57	22%
72193400	Flat stainless steel, width> = 600mm, cold rolled, of a thickness between 0.5mm and 1mm	2.4	0.21 - 0.21	0.17 - 0.17	0.38 - 0.38	16%
84139100	Parts of pumps for liquids	1.4	0.15 - 0.15	0.15 - 0.15	0.3 - 0.3	22%
38249049	Other preparations for the concentration of minerals	5.1	0.15 - 0.35	0.12 - 0.29	0.27 - 0.64	5% - 13%
20094900	Other pineapple juice, Brix value> 20, unfermented and not alcohol, even sweetened	4.8	0.22 - 0.38	0.05 - 0.08	0.27 - 0.47	6% - 10%
84313910	Parts intended for lifting / conveying apparatus continuous action, for goods	1.2	0.13 - 0.13	0.13 - 0.13	0.26 - 0.26	22%
72193300	Flat stainless steel, width> = 600mm, cold rolled, of a thickness between 1mm and 3mm	1.6	0.14 - 0.14	0.12 - 0.12	0.25 - 0.25	16%
95089090	Roundabouts, shooting stands, other fairground	1.2	0.14 - 0.14	0.1 - 0.1	0.24 - 0.24	19%
84749090	Other parts of machines for earth work, stone or solid mineral	1.0	0.11 - 0.11	0.11 - 0.11	0.23 - 0.23	23%
84741090	Other washing machines	1.1	0.12 - 0.12	0.11 - 0.11	0.23 - 0.23	21%
72193200	Flat stainless steel, width> = 600mm, cold rolled, 3mm thickness between 4.75mm	1.3	0.11 - 0.11	0.1 - 0.1	0.21 - 0.21	16%
84798990	Other machinery / mechanical appliances having individual functions	0.9	0.1 - 0.1	0.1 - 0.1	0.2 - 0.2	23%
84295190	Other front-end loaders load	1.1	0.13 - 0.13	0.06 - 0.06	0.19 - 0.19	17%
90230000	Instruments, apparatus and models designed for demonstrational purposes, unsuitable for other uses	1.1	0.08 - 0.08	0.07 - 0.07	0.15 - 0.15	13%
20079911	Peach pulp (peaches)	2.1	0.1 - 0.17	0.05 - 0.09	0.15 - 0.25	7% - 12%
73063000	Other tubes, pipes and hollow profiles, welded, of circular cross section, of iron / non-alloy steel	0.8	0.07 - 0.07	0.07 - 0.07	0.13 - 0.13	16%
28332910	Cobalt sulfate	2.6	0.07 - 0.18	0.05 - 0.13	0.13 - 0.31	5% - 12%
36030040	Electric detonators	2.3	0.07 - 0.16	0.06 - 0.15	0.13 - 0.3	5% - 13%
26100000	Chromium ores and concentrates	4.1	0.12 - 0.23	0.01 - 0.01	0.12 - 0.25	3% - 6%
	Total	**76**	**5.16 - 6.54**	**4.3 - 5.25**	**9.46 - 11.79**	**12% - 16%**

Source: Studies Department, DIRECON, based on data from TradeMap

38. Imports Effective Applied Tariff is the average of effectively applied rates weighted by the product import shares

4.1.1.2 Potential opportunities

i. Potential Chilean exports to South Africa

Besides increasing the exchange of products actually traded between Chile and South Africa, it is important to analyse potential products. Potential exports from Chile to South Africa are defined as the products that Chile exports to the world but not to South Africa, and that South Africa also imports, but not from Chile. The analysis of potential products are complementary to models based on products actually traded, and whose results may be underestimated because they do not measure goods that have potential opportunities facing a trade liberalisation. Chilean goods have potential marketing opportunities in South Africa, and may not be exported for reasons such as tariff and non-tariff barriers, among other things.

The methodology used, which is explained in Annex 3, provides interesting support when the number of traded products between two countries is small, which means that any assessment of the trade impact restricted only to that group of traded goods is not sufficient to capture the potential expansion of trade.

In 2014, Chile exported to the world 3 403 subheadings (six digits), while South Africa imported 4 871 from the world. At the intersection, i.e. products that Chile exports to South Africa during the last year, they included 164 subheadings. The remaining 2 930 subheadings correspond to the Chilean potential exports to South Africa, which represented 34,6% of Chilean exports and 58,2% of South Africa's total imports in 2014.

Several goods may be identified, and what is presented in this report is the result of screening this universe, taking into account its dynamism and the importance of the Chilean export basket. Below is a table with 20 selected subheadings according to their stake in the Chilean export basket, imports of South Africa of more than US$10 million, plus the high dynamism of South African imports (between 2010 and 2014), and a tariff applied by South Africa greater than zero.

In this product group, the following industrial products are highlighted. Plywood is especially notorious because of its world export share (8%) and the dynamism in South African imports (34,7%). Other high dynamic behaviours are found in container imports (42,8%), coffee preparations (43,3%), and machines and mechanical appliances (18,1%). It is worth noting that several products have tariffs greater than 15%, such as sanitary towels and napkins (26,7%), coffee preparations (22,5%), and chocolate preparations (17%).

Table 37: Potential Chilean exports to South Africa (US$ million and percentages)

Subheadings	Description	Chile's exports value (US$ millions)	World export share	South Africa's imports value (US$ millions)	South Africa's Imports Annual Average Growth 2010-2014	Tariff (%)
441239	Plywood consisting solely of sheets of wood <= 6 mm thick	327	8.0%	29	34.7%	10
847989	Machines & mechanical appliances nes having individual functions	162	0.1%	282	18.1%	5
870840	Tansmissions for motor vehicles	152	0.4%	58	0.4%	10
392010	Film and sheet etc, non-cellular etc, of polymers ofethylene	47	0.3%	62	4.7%	10
854449	Electric conductors, for a voltage not exceeding 80 V, nes	42	0.2%	125	6.2%	15
961900	Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar articles	32	0.3%	131	-	26.667
391990	Self-adhesive plates, sheets, film etc, of plastic nes	29	0.2%	116	10.0%	5
761290	Container, alum, cap <300L	24	0.5%	35	42.8%	5
392061	Film and sheet etc, non-cellular etc, of polycarbonates	23	1.3%	11	14.4%	10
392350	Stoppers, lids, caps and other closures of plastics	20	0.2%	36	7.2%	5
110710	Malt, not roasted	18	0.7%	36	16.7%	1; Non AV Duty: [0,85c/kg] [2,75c/kg]
870410	Dump trucks designed for off-highway use	17	2.8%	482	10.3%	5
481141	Self-adhesive paper and paperboard, surface-coloured, surface-decorate	16	0.4%	50	16.4%	1
830990	Stoppers, caps, lids, seals & other packing accessories of base metal, nes	16	0.2%	35	7.6%	9.5
491199	Printed matter, nes	15	0.4%	18	3.2%	7.5
381230	Anti-oxidisg prep & other compound stabilizers for rubber or plastics	13	0.4%	26	12.7%	3.33
210112	Coffee preparations based on extract/essence/conc.	13	1.0%	16	43.3%	22.5
180690	Chocolate and other food preparations containing cocoa nes	12	0.1%	57	16.2%	17
392020	Film and sheet etc, non-cellular etc, of polymers of propylene	11	0.2%	74	6.8%	6.25
480300	Paper,household/sanitary,rolls of a w >36 cm,sheets one side >36 cm	10	0.3%	14	3.4%	5

Source: Studies Department, DIRECON, based on data from TradeMap and WTO.

ii. Potential Chilean imports from South Africa

Potential Chilean imports from South Africa are defined as the products that South Africa exports to the world but not to Chile, and that Chile imports but not from South Africa. South African goods have potential marketing opportunities in Chile, and might not be exported for reasons such as tariff and non-tariff barriers, among other things.

In 2014, Chile imported from the world 4 701 subheadings (six digits), while South Africa exported 4 950 to the world. The products that Chile imported from South Africa last year amounted to 511 subheadings, and using the methodology described in Annex 3, there are 3 977 subheadings for potential Chilean imports from South Africa, which represented 65,1% of Chilean imports and 63,5% of total South African exports.

The following table lists a selection of the subheadings in which Chilean imports are greater than US$10 million, showing a positive dynamism in the past five years, with a tariff greater than zero, and that have an important role in the South African export basket.

Among potential Chilean imports from South Africa, bituminous coal can be highlighted because of its relevance in South African exports (also represented by a 6% share in world exports in 2014) and Chilean imports value with a growth of 10,2% in the 2010-2014 period. The highest dynamism in Chilean imports is concentrated in other ores and concentrates, increasing almost four times since 2010, a subheading in which South Africa led world exports in 2014 (83,7% share). Besides maize and wheat, most of all, the list includes industrial subheadings such as motor vehicles to transport people, plates and aluminum alloys (with a share of 2% world export), and others that are important because of their dynamic behaviour in Chilean imports, such as propylene copolymers (12,4%) and other portland cement (22,2%).

Table 38: Potential Chilean imports from South Africa (US$ million and percentages)

Subheadings	Description	South Africa's exports value (US$ millions)	World export share	Chile's imports value (US$ millions)	Chile's Imports Annual Average Growth 2010-2014	Tariff (%)
270112	Bituminous coal, whether or not pulverized, non-agglomerated	4,989	6.0%	878	10.2%	6
870323	Motor vehicle to transport people, cylinder capacity: >1500cm3 =<3000cm3	2,488	0.9%	1,885	2.4%	6
870322	Motor vehicle to transport people, cylinder capacity: >1000cm3 =<1500cm3	742	1.0%	773	5.5%	6
870332	Motor vehicle to transport people with piston engine, cylinder capacity: >1500cm3 =<2500cm3	670	0.5%	460	28.7%	6
760612	Plates and aluminum alloys, square or rectangular strips	450	2.0%	59	7.2%	6
100590	The other maizes	449	1.5%	309	22.1%	6
261790	Other ores and concentrates	237	83.7%	13	290.3%	6
840820	Piston engines of compression ignition (diesel or semi)	202	0.6%	94	1.0%	6
852871	Monitors and projectors, not incorporating television reception apparatus	167	1.3%	122	5.0%	6
870333	Motor vehicle to transport people with piston engine, cylinder capacity: >2500cm3	160	0.4%	115	8.2%	6
870321	Other vehicles powered reciprocating piston, cylinder capacity: =<1000cm3	154	0.8%	126	2.3%	6
390230	Propylene copolymers, in primary forms	136	0.8%	57	12.4%	6
870422	Trucking motor vehicles of total laden weight: >5t, =<20t	135	0.6%	230	3.1%	6
721049	Other products of iron or galvanized steel otherwise	132	0.6%	108	9.7%	6
940190	Parts of chairs and wooden seats	131	0.5%	10	1.6%	6
291612	Acrylates	127	3.7%	18	5.9%	6
252329	Other portland cement	111	1.5%	51	22.2%	6
220710	Undenatured ethyl alcohol of an alcoholic strength =>80% by volume	108	1.9%	28	4.9%	6
280920	Phosphoric acid and polyphosphoric acids	92	2.3%	13	1.1%	6
100199	Wheat and meslin (excl. seed for sowing and durum wheat)	87	0.2%	233	-	6

Source: Studies Department, DIRECON, based on data from TradeMap and WTO

4.1.2 Opportunities for production linkages

Cooperation between South Africa and Chile presents an opportunity to link Africa and Latin America, two developing regions. This would improve participation of these regions in global value chains.

Chile is in a unique position to advance its participation in productive linkages with other economies. While Chile is located in the so-called "downlink", with exports concentrated in natural resources, the trade agreements it has with 63 countries provide an excellent foothold to improve access to goods and services, promote investment, boost competition and interventions for intellectual property protection, and production processes.

Aware of its potential in agriculture, mining, aquaculture and astronomy services, Chile is tuning into the development of its human capital, and recognising the centrality of innovation, the need to inject more resources into research and development, and the incorporation of new technologies.

Therefore, the important role that these services have in world trade and the development of global value chains, coupled with the productive speciality and the opportunity to be a bridge between Latin America and Africa, present a promising future for the productive integration of both countries.

4.1.3 Enhancement of trade in services

4.1.3.1 Analysis

In 2014, services in the Chilean economy represented 72% of total GDP. This sector has been very dynamic as it has experienced higher than average growth in activity, measured in GDP, employment and investment. Between 1974 and 2014, services accounted for 53% of direct foreign investment, concentrated in electricity, gas and water (18% of total) and financial services (10%).

As a consequence of Chile's longrunning privatisation policies, state involvement in services is limited. The state remains the owner of very few enterprises, including one company in financial services, the postal monopoly, railway services, and public television. The state also owns seaports and major airports, although these have been increasingly given in concession to private operators. Involvement of the state in any of the sectors mentioned does not preclude private participation in any way.

4.1.3.2 Sectors opportunities

Further liberalisation in the services sector between Chile and South Africa could have important effects on trade:

- Chilean service sales abroad have risen from US$5.1 billion in 2003 to US$12.6 billion in 2012. Services account for 14% of overall Chilean exports, and for as much as 34% of non-copper exports. The strong growth enjoyed by Chile in recent decades has helped build a wealth of knowledge and experience in producing and exporting a wide array of services. These range from environmental services, filmmaking and production, and video game services to computer, architectural, engineering, audiovisual and professional services in general.
- Chile is a very attractive market for service providers, particularly in the energy, mining and telecommunications industries, where South African service providers can leverage the existing demand in the country for specialised services. Chile is an attractive destination for foreign firms that are investing for the first time in Latin America, given its political and economic stability, and the clarity of its business environment. Chile's telecommunications infrastructure is one of the most mature in Latin America, particularly in the broadband sector. This, coupled with the robustness of Chile's political and economic institutions, makes the country an ideal base from which to supply services to other markets in the Latin American and Asia Pacific regions.

4.1.3.3 Conclusions

The strong growth experienced by the services sector in Chile in recent decades has helped to build a wealth of knowledge and experience in producing and exporting a wide array of services. These range from environmental, filmmaking and production, and video game services to computer, architectural, engineering, audiovisual and professional services in general.

Chile's economy provides an attractive and growing market in which South African service providers can participate. Further liberalisation of the service sector would offer South African providers an attractive and growing market. Chile is also an excellent platform for service delivery in Latin America and Asia Pacific.

4.1.4 Investment opportunities

The Chilean experience has shown that improving trade relations with a partner has provided two main results. Firstly, it improves information between the two countries, and, secondly, generates a more favourable environment for investors on both sides, given the greater knowledge that entrepreneurs gain of their counterparts and that they are able to identify new business opportunities.

4.2 South Africa

4.2.1 Bilateral trade in goods

4.2.1.1 Current trade

The aim of the joint study is to serve as a form of information input for South Africa and Chile towards the formulation of joint collaborative work in the economic sphere. This includes discussions and recommendations to form mutually beneficial cooperative activity in areas such as non-tariff trade measures, technical barriers to trade, customs issues, the promotion of two-way trade and investment, industrial development, infrastructure development, and the exchange of information on services, among other things.

This study is not meant to analyse the possibility of a free trade agreement or preferential trade agreement between South Africa and Chile. The study aims to identify potential areas for increasing bilateral trade and investment, and then make recommendations on possible instruments to achieve that. South Africa notes that Chile analysed the effects of partial tariff elimination on two-way trade. For South Africa to engage or agree to the negotiation of a trade agreement that involves tariff reduction, the process is as follows:

- Either SACU or a partner country needs to express interest in writing to the SACU executive secretary.
- The matter will then be tabled for discussion at the SACU Council of Ministers for a decision.
- In formulating the decision, individual SACU member countries have to consult their internal stakeholders. In the case of South Africa, stakeholders are consulted through Nedlac.
- If the decision goes against the trade agreement negotiation, the matter is closed.
- If the decision is to explore the negotiation, SACU countries will be directed to conduct studies about the impact of such a trade agreement on the economy, jobs, government revenue, etc.
- Such studies assist in formulating offensive and defensive positions during the negotiations.

South Africa nor SACU have to date received a formal request for negotiation of PTA or FTA from Chile. As a result, comprehensive studies cannot be conducted as it would entail pre-empting the decision of the SACU Council of Ministers. Therefore, South Africa's analysis will focus on current potential trade as a way to enhance bilateral trade.

Both South Africa and Chile exchanged information on the list of top 20 products that showed the highest potential to increase bilateral trade, production linkages, or other joint cooperation initiatives. The 20 products of interest identified by South Africa were consolidated based on consultations with export councils and DAFF, as well as feedback obtained from investment and trade initiatives undertaken by the dti to Chile. South Africa has strong indicative potential in machinery, chemicals, and mining-related equipment.

In addition, South Africa has indicative potential in a number of agro-processed agricultural products. Rooibos, sparkling wines, spices and juice are agricultural products that have potential because these are unique South African products, especially Rooibos. These 20 products of interest have the potential to increase trade between South Africa and Chile.

Table 39: Indicative potential trade between South Africa and Chile 2014 (US$ '000)

Product code	Product label	South Africa's exports to Chile			Chile's imports from world			South Africa's exports to world			Indicative potential trade		
		Value in 2012	Value in 2013	Value in 2014	Value in 2012	Value in 2013	Value in 2014	Value in 2012	Value in 2013	Value in 2014	Potential in 2012	Potential in 2013	Potential in 2014
'870421	Diesel powered trucks with a GVW not exceeding five tonnes	4506	5736	8344	1108295	946340	856729	2289485	2284727	2377533	1103789	940604	848385
'200949	Pineapple juice, unfermented, Brix value > 20 at 20°C, whether or not	3354	3109	4308	6339	3969	6201	12248	10468	10665	2985	860	1893
'290519	Saturated monohydric acyclic alcohols nes	1648	3140	4026	10055	10418	7441	16434	17016	17015	8407	7278	3415
'847790	Pts of mach f wrkg rubber/ plas/ for the mfr of prods from these mat nes	0	167	2922	46017	21865	18942	3273	5854	8932	3273	5687	6010
'721934	Flat rolled prod, stainless steel, cr,w>/=600mm,0.5mm<=thick <1mm	2086	1756	2316	11057	15601	15243	95793	107919	117006	8971	13845	12927

Product code	Product label	South Africa's exports to Chile			Chile's imports from world			South Africa's exports to world			Indicative potential trade		
		Value in 2012	Value in 2013	Value in 2014	Value in 2012	Value in 2013	Value in 2014	Value in 2012	Value in 2013	Value in 2014	Potential in 2012	Potential in 2013	Potential in 2014
'360300	Safety/detonatg fuses;percussn/detonatg caps;igniters;elec detonatrs	2433	1788	2298	45495	67919	55935	76228	73261	64591	43062	66131	53637
'721933	Flat rolled prod, stainless steel, cr, 600mm wide, 1mm <thick <3mm	2114	1299	1877	15859	8281	11342	144130	126660	155113	13745	6982	9465
'310520	Fertilizers cntg nitrogen, phosphorus& potassium in packs weighg <=10kg	1614	1538	1620	8845	12061	8784	77109	54443	38091	7231	10523	7164
'721932	Flat rolled prod, stainless steel, cr,w>/=600mm,3mm<=thick <4.75mm	1452	976	1542	30121	16746	14815	40530	36266	40104	28669	15770	13273
'843139	Parts of lifting, handling, loading or unloading machinery nes	9715	5430	1541	63432	128403	59140	86922	84485	57519	53717	79055	55978
'847490	Pts of sortg / screen / mixg / crushg / grinding / washing / a gglomeratg mach etc	8107	5986	1536	206858	202036	171699	354882	314560	296035	198751	196050	170163
'848350	Flywheels and pulleys, including pulley blocks	2305	3313	1418	33998	32611	29925	20374	23856	26681	18069	20543	25263
'200870	Peaches nes,o/w prep o presvd whether o not sugard,sweetend o spiritd	72	817	1200	2299	7151	5770	72982	71565	73653	2227	6334	4570
'848180	Taps, cocks, valves and similar appliances, nes	830	1561	496	210969	222065	220921	119676	118756	128760	118846	117195	128264
'843149	Parts of cranes, work-trucks, shovels, and other construction machinery	879	957	277	298460	285244	234455	281538	276429	271741	280659	275472	234178
'841381	Pumps nes	440	72	118	37256	28778	29380	138725	112027	99747	36816	28706	29262
'091099	Spices nes	27	9	3	212	1824	230	40719	42617	42924	185	1815	227
'121299	Vegetable products nes used primarily for human consumption	6	5	0	173	146	138	24608	33094	34892	167	141	138
'220510	Vermouth &oth grape wines flav w plants o arom subst in ctnr <= 2 l	0	0	0	265	267	208	553	262	12569	265	262	208
'150910	Olive oil, virgin	0	0	0	2103	3093	2075	1869	2691	2523	1869	2691	2075

Source: Trade Map

4.2.1.2 Potential opportunities

Chile provides opportunities in capital equipment, as well as machinery and related products. This is indicative of South Africa's bilateral investment in Chile. The South African products of interest to Chile are products that South Africa has a comparative advantage in producing and/or manufacturing domestically.

4.2.2 Opportunities for production linkages

The South African mining sector is well developed and provides an opportunity for cooperation with Chile. Its strengths include a high level of technical and production expertise, including comprehensive research and development activities. South Africa is also a world leader in new technologies.

South Africa can provide in the mining sector the typical forward linkage targeted by countries through value addition. A further forward linkage would be the retail of processed mined minerals, but as this tends to take place in the destination market, the retail end of this commodity value chain is normally tightly controlled by host-country companies. However, South Africa still struggles with value addition as most of the mined minerals are exported as raw material. The second choice is backward linkages, which involve the local production of inputs into the extraction process. This can encompass the labour force involved, the tools used, the extraction methods deployed, surveying, or even something as simple as the leisure facilities available to the workforce. What is important for both of these options is that a national economy can use its internationally competitive advantage in natural resources as a platform from which to link to other production processes, ideally ones with higher skills requirements, and thus higher wages.

Areas identified by South Africa for cooperation include:

- Mining
- Blue economy (Operation Phakisa)
- Green economy
- Aquaculture

4.2.3 Enhancement of trade in services

4.2.3.1 Analysis

There does not appear to be any statistical data available on services trade between South Africa and Chile. In addition, the data on both South Africa and Chile's services exports and imports is at a highly aggregate level.

4.2.3.2 Sectors opportunities

Owing to the lack of data, it is difficult to assess where opportunities might lie. However, there appear to be opportunities for South Africa to export services in the mining and hospitality industries.

4.2.3.3 Conclusions

The lack of data on trade in services creates significant difficulties in seeking to identify strategic services sectors in which to promote trade and investment between the two countries. As a result, data collection and analysis would offer an important starting point in developing ties in trade in services. It would be of great value if relevant trade in services officials, from both South Africa and Chile, were to forge stronger bilateral ties. Officials could interact in undertaking data collection and analysis of strategic sectors, and then begin discussions on how trade in these sectors could further be developed.

4.2.4 Investment opportunities

After consultations with the relevant South African authorities with expertise in their respective fields, South Africa has identified the following sectors with potential investment opportunities:

* **Oil and gas**

Chile has oil and gas reserves and production. This means there might be potential for South African companies to supply capital equipment, as well as consulting in research and development.

* **Ocean economy**

Chile is a top-ranked global exporter of marine products and services. South Africa plans to enhance its ocean economy under Operation Phakisa. There are various cooperation opportunities with Chile given the expertise in the subsector, which could provide learning opportunities and share knowledge with South Africa.

* **Renewable energy**

About 35% of Chile's electricity production comes from hydro power, and a very small percentage from wind-generation capacity. Currently, the total installed capacity for renewables is 591 megawatts. However, research shows that Chile has plans to grow its renewable energy sector significantly, with a projected five-fold increase in installed capacity. This could bring the Chilean market much closer to South Africa's expected renewables capacity in the next two to five years. It is possible there could be some opportunities to export solar components from South Africa, such PV panels.

* **Biotechnology**

Chile has moved rapidly in taking up biosimilars compared to most developing countries, but it is yet to establish regulatory guidelines for them. South Africa is still in the infancy stage of biosimilars, and cooperation in this regard could enhance and speed up South African production of biosimilars. Local production of biosimilars would increase access to medicine as they are regarded as cheaper than conventional generics. There are opportunities for research institutions such as the Council for Scientific and Industrial Research (CSIR) and universities to work with the Fraunhofer Institute for Biomedical Engineering to develop novel biomedical technologies, which could result in massive investments.

* **Nanomaterials**

Chile is advanced in developing nanomaterials for different applications, whereas South Africa is still behind in other applications. Chile has technologies for developing carbon nanotubes, nano membranes, lithium battery technology for stationary energy storage, and nanoporous hydrogen storage materials for fuel cells. South Africa, through the CSIR and private companies, is hard at work developing nanomaterials, but there are no massive investments yet in this area except Stellenbosch's nanofiber used in wound tissue regeneration. In this regard, collaboration in advanced materials is highly encouraged.

the dti has established a fuel cell/battery committee to look at technologies and investments in fuel cells, and we encourage cooperation.

5. TRADE AND INVESTMENT POLICIES

5.1 Chile

5.1.1 Measures affecting exports of interest (as identified in 4.1)

5.1.1.1 Tariffs

i. General tariffs

As a result of the Uruguay Round, Chile lowered its bound tariffs from 35% to 25%, except for those applicable to dairy products, wheat, wheat flour, sugar and vegetable oils, which were reduced to 31,5%. Currently, tariffs in Chile stand at 6% (from 1 January 2003), the result of a five-year reduction schedule established by Law 19 589, which was enacted on 14 November 1998. Chile has a flat MFN custom tariff of 6% for most products, which makes up over 98% of tariff lines. However, there are some exceptions for sugar, wheat and wheat flour, which are subject to a price band system (and thus to a specific duty). However, some products are duty free, including fire-fighting vehicles, helicopters, aircraft, and cargo and fishing vessels.

Chile has lowered its effectively applied tariff rate to 0,92% (the 2014 average), as compared to 5,42% in 2001 through the implementation of additional FTAs and other forms of trade agreements. In accordance with Chile's approach, in every FTA most products have been included in immediate or short run tariff-reduction lists. A few products are subject to special treatment (included in long-term lists or not subject to tariff elimination), and generally the same between FTAs, reflecting the importance of those products to Chile. However, certain additional products are also protected in some FTAs on the request of our counterparts. Products that have received special treatment in all agreements are sugar, wheat and wheat flour, and to a lesser extent, dairy products, rice and others.

Imported second-hand goods are subject to tariffs applicable to new goods plus a 50% surcharge, except for capital goods and goods subject to the exemptions established in section 0 of the Chilean Customs Tariffs applicable to diplomats, armed forces, charities and others. The second type of goods can have total or partial tariff exemptions. Most goods included in this section are duty free, but others are subject to ad valorem duties of 6%, which apply only when they are less than the duties established in customs tariffs for the same goods. In addition, these goods have their delivery facilitated.

Imports of goods that are classified as capital goods are subject to 0% tariff established in Law 20 269 established on 27 June 2008.

A 10% tariff on added value applies to repairs or work done to domestic products that temporally are abroad for these purposes. This tax is established in article 116 of Decree 175 of the Finance Ministry published on 5 February 5 1974.

Chile applies the MFN tariff treatment to WTO member states, and also to non-WTO countries (subject to such treatment under bilateral agreements). Preferential treatment is accorded only to countries with which Chile has trade agreements. The purpose of such bilateral trade agreements is to reduce tariffs to 0%.

Chile does not apply tariff quotas except in cases of reciprocity (Article 88 of the Central Bank Law) or in the framework of FTAs.

Table 40: Tariffs affecting South African products of interest

Subheading	Description	Tariff
200949	Pineapple juice, unfermented, Brix value > 20 at 20°C, whether or not	6%
847790	Pts of mach f wrkg rubber/plas/for the mfr of prods from these mat nes	6%
721934	Flat rolled prod, stainless steel, cr,w>/=600mm,0.5mm<=thick <1mm	6%
360300	Safety/detonatg fuses;percussn/detonatg caps;igniters;elec detonatrs	6%
721933	Flat rolled prod, stainless steel, cr, 600mm wide, 1mm <thick <3mm	6%
310520	Fertilizers cntg nitrogen,phosphorus&potassium in packs weighg <=10kg	6%
721932	Flat rolled prod, stainless steel, cr,w>/=600mm,3mm<=thick <4.75mm	6%
843139	Parts of lifting, handling, loading or unloading machinery nes	6%
847490	Pts of sortg/screeng/mixg/crushg/grinding/washing/agglomeratg mach etc	6%
848350	Flywheels and pulleys, including pulley blocks	6%
200870	Peaches nes,o/w prep o presvd whether o not sugard,sweetend o spiritd	6%
848180	Taps, cocks, valves and similar appliances, nes	6%
843149	Parts of cranes,work-trucks,shovels,and other construction machinery	6%
841381	Pumps nes	6%
150910	Olive oil, virgin	6%
870421	Diesel powered trucks with a GVW not exceeding five tonnes	6%
290519	Saturated monohydric acyclic alcohols nes	6%
91099	Spices nes	6%
121299	Vegetable products nes used primarily for human consumption	6%
220510	Vermouth&oth grape wines flav w plants o arom subst in ctnr <= 2 l	6%

Source: Studies Department, DIRECON.

ii. Specific tariffs

Chile imposes specific duties as a result of the application of price bands, which are mechanisms established with the aim of stabilising domestic prices. Such duties apply to sugar, wheat, and wheat flour (41 tariff lines of HS 2012 to eight digits). Thus, the administrative authority is allowed to apply, at regular intervals, a specific duty (expressed in US dollars) or a reduction of the applied MFN tariff (currently 6%) according to the evolution of international prices. However, Chile does not apply seasonal tariffs.

iii. Preferential tariffs

Since 28 February 2014, Chile grants zero tariffs for all products originating in Least Developed Countries, except in the case of wheat, wheat flour and sugar[8].

5.1.1.2 Non-tariff measures

i. Taxes and duties

Most imports are subject to the 19% value-added tax (VAT), which is also applicable to domestic products. VAT is calculated on cost, insurance and freight value plus import duty. Capital goods imported for investment purposes may be VAT exempt when imported under the Chilean foreign investment law (Law 20 848 of 2015)[9]. For domestic investment projects, the VAT VAT exemption applies when there is no local production of the capital goods to be imported, as well as other requirements that need to be complied with.

Several products, including luxury items, alcoholic beverages, gasoline and vehicles, are subject to other local taxes.

39. Law 20 690 of 28 September 2013

40. In www.leychile.cl/Navegar?idNorma=1078789 is the new law that regulates foreign investment in Chile. The updated list is in Decree 370/2006. As the list is exhaustive, it has only had two modifications to include two capital goods. To be on the list, the product must be machinery or equipment

ii. Prohibited imports

The Central Bank Law provides for the free importation of goods. Nonetheless, there are still some import prohibitions, such as the importation of second-hand vehicles, which is prohibited on sanitary and environmental grounds through authorities combating air pollution in main cities. However, such prohibition does not apply to second-hand vehicles imported under section 0 of the Customs Tariffs or to those that may be imported under total or partial duty exemptions.

Import prohibitions also apply to goods that might offend public morals or affect sanitary and phytosanitary safety. For instance, the importation of fruit infected with fruit flies is prohibited. Pursuant to the Convention on International Trade in Endangered Species, ratified by Chile, the importation of endangered plants and animals is also prohibited, although these species may be imported with a special permit issued by the National Commission for Scientific and Technological Research.

The following items cannot be imported[10]:

- Used vehicles (unless covered by exceptions established within the existing rules)
- Used motorcycles
- Used tires
- Any form of asbestos
- Pornography items
- Industrial toxic waste
- Dangerous merchandises for animal use, agriculture or human health (such as some plague-control materials for agricultural use, and toys and children's items that may contain toxic components) are prohibited by the Ministry of Health, the Ministry of Agriculture and other Chilean public organisations
- Other merchandises that according to Chilean current laws are prohibited to be imported.

iii. Quantitative restrictions: Import licenses, quotas, etc

Chile applies a duty free quota of 60 000 tons for sugar within the framework of WTO as a result of the renegotiation of its bound rate of tariff. Additionally, there is a quota of 45 000 tons of sugar that is given to specific countries through FTAs. Quotas in the case of sugar are as follows:

- Contingents[11]:
  1. Sugar HS code 1701.99.00: 60 000 tons (Argentina 21 000 tons, Guatemala 16 700 tons, Brazil 9 700 tons and any other origin 12 600 tons)
  2. Sugar HS code 1701.91.00: 30 000 tons (Colombia 15 000 tons and any other origin 15 000 tons)
  3. Sugar HS code 1701.91 and 1701.99: 15 000 tons (Bolivia 6 000 tons, Colombia 6 000 tons, Honduras 1 000 tons and any other origin 2 000 tons)

The sugar imported under preferential tariff quotas should be used as input in the production of foodstuffs for the domestic market, and this development must also involve a change in tariff heading. Each importer may make use of a maximum of 20% of the tariff quota total[12]. The quota allocation is proportional to the total sugar actually processed, and is used as input for the industrial processing of foods that have been prepared for the domestic market by each producer. Producers using 20% of total consumption of industrial sugar will have an allocation equal to 20% of the total quota, the maximum amount that can be allocated individually[13].

- Duty out of quota for sugar

The applied duty when imports exceed the sugar quota is established 12 times a year as a specific duty or rebate, a mechanism established by Law 19 897 and Finance Ministry Decree 831. The other products that are under a quota system are in the framework of specific concessions in trade agreements.

However, preferential duty free quotas to several products are being applied within the framework of FTAs, for example in goods such as beef, chicken, pork and dairy products.

- Price band system

Chile applies a price band system based on international reference prices for imports of wheat, wheat flour and sugar. This system was modified in 2003, in conformance with the recommendations of the WTO. A new legislative piece introduced reforms for a more predictable, transparent and non-discretional system.

41. Original text is in Spanish. Further details in Spanish on www.aduana.cl
42. Law 19 897 of 25 September 2003, online information viewed at: http://www.aduana.cl/aduana/site/edic/base/port/contingente.html; and information provided by authorities
43. Online information viewed at: http://www.aduana.cl/aduana/site/edic/base/port/contingente.html
44. Exempt Resolution 4 062 of 29 October 2003 as amended by Resolution 2 897 of 5 July 2005

Article 1 of Law 19 897, which replaced Article 12 of Law 18 525 on the rules on the importation of goods, establishes specific duties in US dollars per tariff unit and rebates on the amounts payable as ad valorem duties established in the Customs Tariff, which could affect the importation of wheat, wheat flour and sugar for the period between December 2003 to December 2014. In this last year, the president evaluated the modalities and conditions of application of the mechanism, considering the conditions of the international markets, the necessities of the industrial and productive sectors and consumers, and our commercial obligations at that date, which could result in its elimination or modification. As a result of the evaluation, it was established that the floor and ceiling for products subject to price bands are permanent. Those governed since 2015 are those that were in effect in December 2014.

Under this system, and by applying a formula, when the reference price for the product in question is below the lower threshold ("floor") of the price band, a specific duty to ad valorem MFN tariff is added, and when the reference price exceeds the upper threshold ("ceiling") of the band, no specific duty is applied and it triggers a rebate, which reduces the MNF tariff.

Specific duties on imports of wheat, refined sugar and raw sugar corresponding to the difference between the floor price and the reference price of each product are multiplied by a factor of one plus the tariff ad valorem[14]. The tariff reduction is the difference between the reference price and the ceiling value of each product multiplied by a factor of one plus the tariff ad valorem. Wheat flour to the rights or rebates determined for wheat multiplied by a factor of 1.56 applies.

The amount of such duties and rebates is established by the president through an executive decree issued by the Ministry of Finance six times for wheat by every annual period between 16 December and 15 December the following year, and 12 times for sugar every year between 1 December and 30 November the following year, depending on the relationship between the average price in relevant markets and the values established in Law 19 897. In some cases, a specific duty may be applied, in others a rebate, and in others there may be no specific duty in addition to the 6% ad valorem rate. The mechanism grants all exporters of the goods covered by this system an instrument that does not affect international trade in any way.

5.1.1.3 Import customs procedures

Until 2002, all imports valued of more than US$3 000 required that the Central Bank approve an import report prior to the shipment of and payment for goods. This is no longer the case.

Imports received via inland freight require the International Waybill/Customs Transit Declaration, which allows goods to be cleared at border customs houses. Otherwise, goods must be transferred to regional customs houses.

Goods imported on a temporary basis are subject to a bona fide self-valuation, and some customs administrative functions have been transferred to customs agents.

For imports and exports originating in tax-free zones, there is a "remote clearance" system. Customs procedures are completed electronically through the Information Technology Centre, where all information is recorded either directly from the free zone or from a special transmission centre. The information required is basically the same as that required for other types of imports.

5.1.1.4 Measures affecting exports

Export subsidies

Chile does not provide and does not have plans to provide any export subsidies.

Chile notified the WTO of three mechanisms containing export subsidy components: the simplified system of customs duty refund; the deferred payment system for customs duties, fiscal credits and other tax-related benefits; and the automobile law.

Regarding the first two, the subsidy component was eliminated in January 2003 and December 1998 respectively. The third one was eliminated in November 2003.

45. Specific duty = (floor value - reference price) * (1 + ad valorem tariff) (Decree Supreme 831, 4 October 2003)

Duties, local taxes and duty-neutralisation measures

Customs and fiscal allowances

i. Duty drawbacks

A general drawback system operates under Law 18 708 of 13 May 1988. This system is available to exporters who have used imported goods that are credited as incorporated in the production of exported goods. In that regard, all exporters may be reimbursed for import duties paid on all imports incorporated or consumed during the production process.

A simplified duty drawback system operates under Law 18 480 of 19 December 1985 that benefits small exports. The drawback rate is 3% of the free on board value of exports and products must have at least 50% of imported inputs to apply for this drawback, setting the return of 50% of the value of tariff so that the benefit is not greater than the import charges incorporated in the exported good inputs. Another requirement is that the product (according to the eight-digit tariff code) must not be in the list of excluded goods. This list is updated annually with the products that exceeded the maximum export limit the previous year.

The general drawback and the simplified duty drawback system are mutually exclusive and cannot be used simultaneously for the same exportation.

Additionally, Decree 473 of 28 August 2003, allows the temporary admission of foreign goods without payment of import duties when these are to be transformed, armed, integrated, processed, refined or subjected to other finishing processes with the sole purpose of making the subsequent export of the products resulting from such processes. This benefit is subject to a progressive rate, established in Article 107 of the Customs Ordinance, and users of this kind will be responsible for the payment of duties, taxes and other charges, fines and penalties that may be accrued by the loss, theft or damages experienced by goods admitted under this regime.

ii. Deferred payment of customs duties

Under Law 18 634 of 5 August 1987, the deferred payment of customs duties on imports of capital goods is allowed for up to seven years, payable in three installments. Also, purchasers of Chilean-made capital goods are entitled to a tax credit equivalent to 73% of the customs duty on the net invoice value of the goods. In both cases, the debt is subject to a market-based interest rate established by the Central Bank. Additionally, and according to Law 20 269, established on 27 June 2008, those goods that qualify as capital goods according to Law 18 634 are subject to 0% import duty.

iii. Value added tax

Exports are exempt from this tax, and there is a system through which exporters may recover the tax paid by the inputs.

iv. Interest rates for exporters

Export activities have no access to prime rates. However, the Chilean Economic Development Agency (Corfo), through Chilean and foreign commercial banks, has two lines of financing available for this sector. One offers long-term financing to foreign buyers of goods (capital goods, durable consumption goods, and engineering and consulting services) of Chilean origin, and the other one provides financing to exporter enterprises for the provision of inputs or the establishment of a commercial infrastructure abroad. Corfo provides the necessary funds for those credit lines through private financial institutions and does not compete against the private sector in connection with fund provisions

5.1.1.5 Technical barriers to trade

Legal framework

The system for applying the drafting and application of technical regulations, standards and conformity assessment procedures in Chile is transparent and open. The measures are drafted on the basis of principles of non-discrimination and transparency, and recourse to international standards. Through its regulatory agencies and in accordance with the Transparency Law, in force since 2008, Chile is required to publish on its website all the technical regulations and conformity assessment procedures in effect.

Chile's legislation on technical regulations includes: the Agreement on Technical Barriers to Trade (TBT), which came into force in Chile in May 1995 pursuant to Supreme Decree 16 of the Ministry of Foreign Affairs of 17 May 1995; Law 19 912 of 4 November 2003, which creates a mechanism for compliance with the notification commitments under the TBT Agreement; Decree 77 of the Ministry of the Economy of 14 June 2004, which lays down the requirements to be met by competent institutions when drafting, adopting and applying technical regulations and conformity assessment procedures; Decree 308 of 15 February 2008, amending the aforementioned decree; and the series of RTAs signed by Chile. In this connection, most of the RTAs signed by Chile include a chapter on technical regulations, standards and conformity assessment procedures, covering rules in areas such as transparency, equivalence, technical and regulatory cooperation, and the creation of a TBT committee.

Decree 77 of the Ministry of the Economy of 14 June 2004 constitutes the basic regulations for all agencies involved in preparing technical regulations and conformity assessment procedures, and lays down the principles that should govern the drafting of technical regulations. They must, as far as possible, be based on domestic or international regulations, not create unnecessary barriers to trade, and be founded on operational criteria. MFN and national treatment principles also have to be taken into account when drafting technical regulations.

In 1997, the National Commission on Technical Barriers to Trade was created. The commission is headed by Direcon, within the Ministry of Foreign Affairs, and has played a fundamental role in dealing with the coordination between the different government agencies. By centralising the process and dealing with all the agents involved in the development of technical regulations, the commission provides all the parties involved with a common forum to express their concerns and expectations related to the nation's standardisation agenda. The role of the National Commission on Technical Barriers to Trade is to comply with the commitments in the TBT Agreement and to coordinate Chile's position in the relevant trade negotiations among participating bodies[15].

The regulatory department of DIRECON, within the Ministry of Foreign Affairs, is responsible for administering the TBT Agreement, acting as the enquiry point for matters relating to technical regulations and conformity assessment procedures, and making notifications to the WTO.

The National Standardisation Institute (INN) is in charge of drafting technical standards, applied on a voluntary basis.

Standards

The Chilean institution in charge of the development of standards is the INN, a private non-profit foundation set up by Corfo. In September of 1995, the INN accepted the WTO's Code of Good Practice for the Preparation, Adoption and Application of Standards of the Agreement on Technical Barriers to Trade.

The internal procedure for drafting Chilean standards is set out in Chilean Standards NCh1, following criteria internationally accepted by the International Organisation for Standardisation (ISO) and the International Electrotechnical Commission (IEC). In Chile, there has been a noticeable degree of standardisation in the

areas of construction, foodstuffs, health, safety, quality of life, and risk prevention. The INN considers that, as a voluntary procedure, standardisation has the advantage of lowering technical barriers to trade and making the best use of production resources in companies as they have better information available to choose the safest and most suitable products. Standards may also be of service to regulatory authorities, which use them to complement technical regulations[16.]

Chile is member of the ISO through the INN and the Pan-American Standards Commission. It also participates in the Codex Alimentarius Commission and the IEC.

Both the INN and the public and private sectors may decide when it is necessary to draw up a standard. Any government or private body may ask the INN to draw up one or more standards, using either the traditional or associative nucleus procedures. In the traditional system, the INN remains responsible for the whole process of drawing up the standard, from the preparation of the preliminary draft up to its approval by the INN council. The cost of drafting a standard depends on the complexity of the subject. In the associative nucleus procedure, the body associated with the INN, with the latter's technical support, assumes responsibility for obtaining background material and preparing the preliminary draft of the standard, and finances some of the costs of the standardisation procedure, from the public consultation stage up to the approval of the standard by the INN

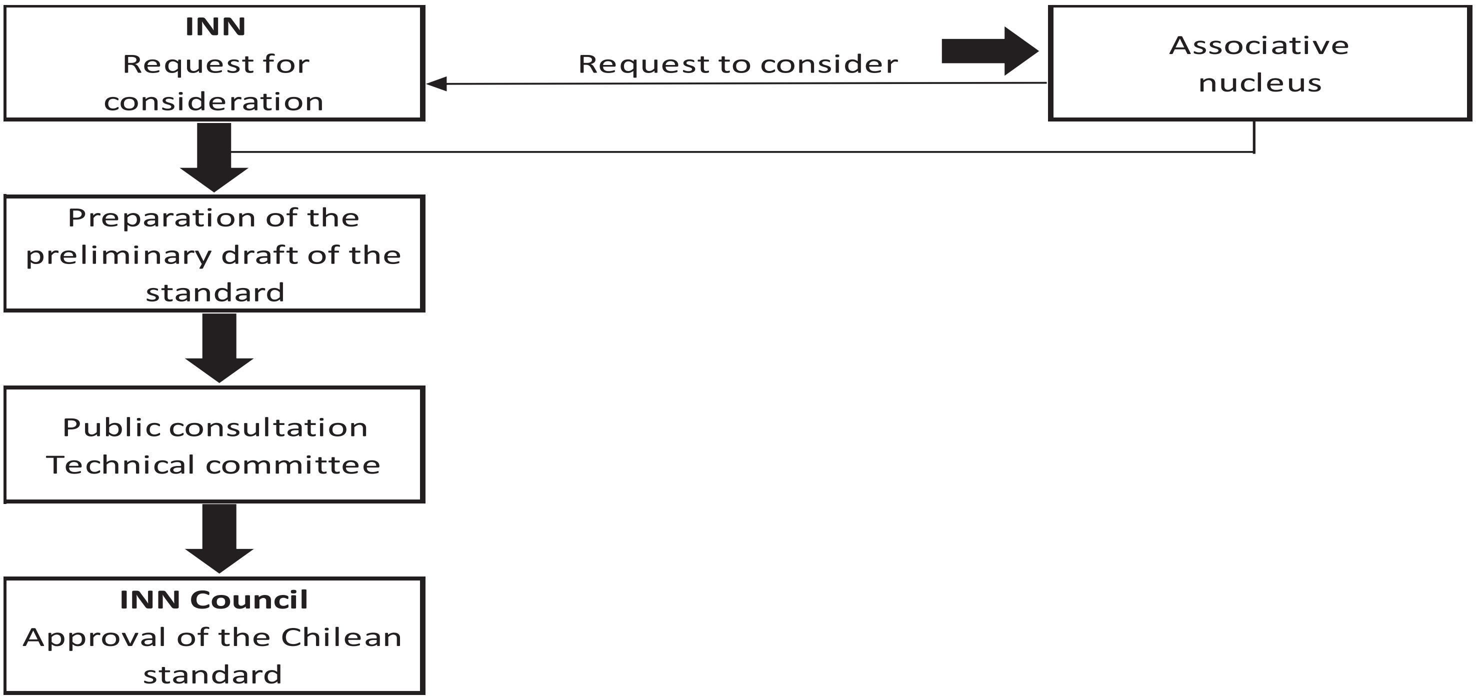
46. The National Commission on Technical Barriers to Trade is composed of: Direcon in the Ministry of Foreign Affairs (which chairs the commission); the Ministry of Agriculture through the Agriculture and Livestock Service, the Office for Agricultural Research and Policy Development and the Chilean Food Quality and Safety Agency; the Ministry of Public Works and the Supervisory Authority for Sanitary Services; the Ministry of the Environment; the Ministry of the Economy through the Undersecretariat of the Economy, the National Consumer Service, the National Fisheries Service and the Undersecretariat of Fisheries; the Ministry of Energy and the Electricity and Fuels Supervisory Authority; the Secretariat General of the President's Office; the Ministry of Defense; the Ministry of Health and the Public Health Institute; the INN; the Ministry of Transport and Telecommunications; the Ministry of Housing; the Ministry of Mining; and the Chilean Copper Commission. This is not an exhaustive list, and is open to other members.

47. INN website: www.inn.cl

international standards have not been taken into account for the development of national standards because they have been considered as inadequate for national application. Such is the case for seismic designs and structures because of local seismic conditions.

In the traditional system, when the necessary financing has been obtained, a technical committee is set up to prepare the preliminary draft of the standard. If international standards exist, they are adapted; if there are none, regional standards, or those of other countries or companies in the same sector are consulted. Once the standard has been prepared, the draft is put up for public consultation and made available on the INN website[8]. Comments received as a result of public consultation are again forwarded to the technical committee, which takes a decision and prepares the final text, and this is forwarded to the INN council for approval. After approval, the Chilean standard is sent to the relevant ministry/ies for a decision on whether to include it among the technical regulations or to replace references to previous versions therein. Unless some legal provision makes it mandatory, the "officialised" standard is voluntary. In general, this is the case for standards whose main objective is to protect the health and/or safety of persons, goods, animals or plants.

Figure 8: Procedure for the adoption of a standard



Source: Online information from the INN [www.inn.cl]

Technical regulations

Technical regulations are issued at central government level in the form of laws, decrees or resolutions. They are drafted by the government authorities responsible for regulating their respective areas of competence, for example, the Ministries of the Economy, Health, Agriculture, Transport and Telecommunications, Housing and Urban Planning, and the Superintendence of Electricity and Fuels (SEC). Those technical regulations in the form of laws have to be approved by Congress.

In accordance with the procedures set out in Decree 77 of 2004 of the Ministry of Economy and the amendments thereto in Decree 308 of 2010, the ministry or body having regulatory authority shall publish, in the form of a notice in the national media or on its website, the draft of the technical regulation or conformity assessment procedure that it intends to adopt. This notice shall include at least an extract from the draft technical regulation or conformity assessment procedure, and shall state where the text can be consulted in full. At the same time, a copy of the extract and the draft regulation shall be sent to Direcon. The notice shall be published long enough in advance of the adoption of the measure to enable anyone to submit comments in writing during a period of at least 60 days, except in cases of emergency relating to safety, health, environmental protection or national security. Decree 77 also provides that, except in cases of emergency, the technical regulations and conformity assessment procedures notified to the WTO may only be issued by the competent authorities at the end of a period of at least 60 days following their notification to the WTO.

48. (http://www.inn.cl)

The ministry or authority empowered to regulate must examine the comments and take into account the written comments received internally and from other WTO members.

After they have been approved, technical regulations and conformity assessment procedures are published in the Official Journal and on the websites of the competent regulatory agencies. Technical regulations and/or conformity assessment procedures must provide for a period of at least six months between their adoption and their implementation. It is customary practice for the competent agencies to review technical regulations and conformity assessment procedures regularly to amend or repeal them, as appropriate. All domestic and imported goods must comply with the corresponding technical regulations.

Technical regulations and/or conformity assessment procedures must include the following information, as appropriate:

a) Identification of the product, including its classification in the Harmonised Commodity Description and Coding System (HS) and the purpose of the measure;

b) The specifications and characteristics of the product, method or process established in the regulation in accordance with its purpose;

c) Conformity assessment methods;

d) Data and other information to be displayed on the products or on their containers or packaging, and their marking requirements;

e) The extent of their consistency with international standards and guidelines used as a basis in their formulation; and

f) Mention of the institution or institutions responsible for enforcing the regulations. Any technical regulations and/or conformity assessment procedures adopted shall be substantiated by documentary support, such as the technical grounds for the decision adopted, detailed information on the process for receiving comments, a description of the amendments made to the original proposal as a result of the comments received, and the replies to the comments received.

There should also be a description of the possible impact on the domestic market, the costs of implementation and supervision, and the impact on SMEs, as appropriate. This description should be at least in qualitative terms if it is not possible in quantitative terms.

Pursuant to the Transparency Law, every regulatory agency must publish its current technical regulations and conformity assessment procedures.

Conformity assessment

In Chile, the conformity assessment process is conformed both by mandatory mechanisms under the supervision of the ministries with competence in health, hygiene, and safety matters; and by non-mandatory mechanisms such as the one administrated by the INN.

As a general rule, for both imported and domestic products, compliance with technical regulations is verified after the products have been put on the market. Nevertheless, for the import of certain products, mostly foodstuffs, beverages, medicines, weapons, radioactive substances, electrical goods and fuels, verification takes place at the border. In most cases, conformity assessment is the responsibility of bodies accredited by the INN, although in some cases, the ministry or government authority that issued the technical regulation performs the inspection using its own infrastructure. The government authorities that recognise INN accreditation include the Agriculture and Livestock Service (SAG), the Ministries of the Economy, Housing and Urban Planning, Labour and Social Welfare, the National Service for Women, the Public Health Institute, Sanitary Services Supervisory Authority, the National Customs Service, the National Training and Employment Service (SENCE), the Undersecretariat of Fisheries and Aquaculture (SubPesca), the National Fisheries Service (SernaPesca), and the SEC. A declaration of conformity by the supplier is not acceptable.

The preparation and application of conformity assessment procedures defined by the competent regulatory authority follow the same stages and time limits as technical regulations.

The INN, as the accreditation body, operates the national accreditation system, which accredits conformity assessment bodies that comply with internationally accepted requirements and the relevant regulations and directives. The different types of conformity assessment bodies that may request accreditation include certifying systems, products and persons, inspection bodies, testing laboratories, calibration laboratories, clinics, and providers of proficiency tests. Accreditation is given for a four-year period. The INN keeps a list of bodies accredited, and this is available on its website[9]. In December 2014, 1 268 accreditations were in effect.

Chile has no mutual recognition agreements (MRA) for technical regulations with its trading partners. The SEC does, however, recognise the results of tests and certification by a list of organisations from 14 countries (Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States). It also has multilateral recognition agreements (MLA/MRA) on accreditation of: quality management and environmental management systems certification bodies (MLA in the IAF and MLA in the InterAmerican Accreditation Cooperation [IAAC]), testing laboratories, and clinical and calibration laboratories (MRA in the International Laboratory Accreditation Corporation [ILAC] and MLA in the IAAC). The INN is working to be part of the MLA to accredit products and inspection certification bodies through the IAAC.

There is not a general procedure to ensure an MRA in technical regulations or standards. Some regulatory agencies have stablished in their regulations how to proceed in cases where they can recognise foreign certifications or establish an MRA or similar procedures. It is not necessary to have an FTA to negotiate an MRA or regulatory cooperation agreement. However, the TBT chapter in FTAs facilitates this process because there is a bilateral mechanism to improve the confidence between both parties and their respective regulatory agencies, and there are obligations in regulatory cooperation matters to evaluate this mechanism.

Metrology

In Chile, metrology is governed by Supreme Decree 215 of 2009 of the Ministry of the Economy, Development and Reconstruction (which recognises the INN as the coordinating and supervisory body for laboratories designated as belonging to the National Metrology Network [RNM]), and Supreme Decrees 347 of 2007, 775 of 1999, 487 of 2000, 96 of 2001, 76 of 2003, 158 of 2010, 188 of 2010, and 116 of 2012, all issued by the Ministry of the Economy, Development and Reconstruction. These decrees specify the values for mass, temperature, force, length and pressure standards, and designate the laboratories responsible for chemical metrology of minerals, electric metrology, liquid flow metrology, and microbiology and food chemistry metrology.

The RNM is the authority responsible for developing and maintaining national measurement standards, and has been recognised by the state for the purpose of developing and administering the system of metrological guarantees to ensure that measurements made in Chile are comparable and traceable to the International System of Units (SI), and are accepted by other countries.

The RNM is built around the Ministry of the Economy, Development and Tourism (MEFT), the INN, and the institutes appointed. The MEFT, representing the Chilean state, is responsible for appointing the laboratories composing the RNM, once they have met the requirements laid down by the INN, in their specific area of metrology. The INN is the coordinating and supervisory authority for laboratories belonging to the RNM, so it also has the task of administering the public funds transferred for its development. The institutes appointed are those laboratories that, either on their own or as part of a larger structure, have been recognised as

responsible for all or part of an area of metrology by means of a supreme decree issued by the MEFT. Their function is to ensure measurements made in Chile can be traced to the SI. Its main activities are: disseminating the SI units to accredited laboratories, industry, education and lawmakers; undertaking research on metrology and developing new and improved measurement standards and methods; and participating in comparisons at international level. The institutes appointed provide calibration model services to calibration laboratories, and reference material to testing laboratories. They also act as pilot laboratories for proficiency testing at national level[10].

5.1.1.6 Sanitary and phytosanitary measures

In their respective fields of competence, the Ministries of Agriculture, Health, and Economy are responsible for complying with the obligations assumed by Chile under the WTO Agreement on Application of Sanitary and Phytosanitary Measures, and for exercising its rights thereunder.

49. http://acreditacion.innonline.cl/ (available only in Spanish)

50. Online information from the RNM, viewed at: http://www.metrologia.cl/link.cgi/Empresa/MarcoLegal/327

The Ministry of Health is the competent sanitary authority responsible for approving and controlling the installation and operation of establishments dedicated to the production, processing, packaging, storing, distribution and sale of food for the internal market. In addition, the Ministry of Health has the authority over the import and marketing of all food intended for human consumption.

To enforce compliance with the laws and regulations on food safety, the Ministry of Health inspects facilities and monitors the sanitary quality of the products. These inspection and monitoring activities are performed throughout the country based on specific surveillance programmes.

The legal powers of the Ministry of Health are established in the Sanitary Code, which is the main statute ruling all matters related to the promotion, protection and recovery of the health of the people. With regards to food safety, from the Sanitary Code derives the Food Health Regulation. This is the standard that establishes the sanitary conditions applicable to the production, import, processing, packaging, storing and sale of food for human consumption.

To enforce sanitary regulations, the Ministry of Health has a network of 15 regional ministerial secretaries throughout the country, who act as the local sanitary authority in the jurisdiction where each of them must manage and implement food-safety programmes.

The SAG, under the authority of the Ministry of Agriculture, is the competent authority responsible for regulating and enforcing regulations on sanitary (animal health) and phytosanitary (plant health) matters applied to the import and export of animals, plants and by-products. It is responsible for the sanitary and phytosanitary measures applied to reduce the risk of introducing animal-borne diseases and plant pests, and to prevent their dissemination. It is also responsible for issuing the sanitary and phytosanitary export certificates for animal and plant products, including the certification of fitness for human consumption for primary products.

The fisheries and aquaculture sector is under the authority of the Ministry of Economy. This sector is regulated by SernaPesca and SubPesca. SernaPesca is the agency in charge of enforcing the Fishing Law and related regulations, whereas SubPesca is in charge of the legislation and policies of the sector.

SernaPesca is the agency responsible for implementing national fishery policies, and for the sanitary control and certification of all hydrobiological products for export. It is also responsible for establishing epidemiological surveillance systems aimed at preventing, controlling and eradicating diseases among aquatic animals.

The Ministry of Foreign Affairs, through Direcon, is the agency in charge of coordinating the regulatory agencies responsible for supervising compliance with SPS measures. It determines national positions regarding these matters in the WTO Sanitary and Phytosanitary Committee. In addition, it supervises compliance with the commitments assumed under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, and other trade agreements, both bilateral and multilateral.

An Interministerial National Commission on Sanitary and Phytosanitary Matters was established in March 2001, headed by Direcon. Its objectives are to assess the SPS chapters of the different trade agreements; analyse trade concerns; follow up action plans derived from the SPS committees of the trade agreements; and discuss national positions with regards to the Codex Alimentarius Committee, International Plant Protection Convention (IPPC) and the World Organisation for Animal Health (OIE).

The regulatory framework, drafting procedures, and adoption of the Sanitary and Phytosanitary Measures by Chile were reported to the secretariat of the SPS Agreement in December 1995. Closely coinciding with the provisions established in the SPS Agreement of the WTO, drafting of new standards in Chile is based on scientific grounds, following the principles established in the WTO Agreement that promote a balance between sanitary and phytosanitary protection and trade.

To apply this policy, Chile participates actively in the multilateral fora for guidelines (WTO) and regulations or standards (OIE, IPPC, Codex Alimentarius Committee). At the bilateral level, Chile is constantly looking to achieve better implementation of the SPS Agreement. The provisions established in an SPS chapter allow better implementation of the SPS Agreement, whether it is through a committee or through specific procedures when seeking to facilitate trade of SPS-related products. A chapter on SPS measures has been included in the preferential trade agreements negotiated by Chile in the trade agreements signed with Mexico, Central America, the United States, Australia, India, Korea, the People's Republic of China, Panama, Peru, Colombia, Turkey, Cuba, Ecuador, Malaysia, Vietnam, Thailand and Japan, and in the association agreements with the

European Union and P4 (New Zealand, Singapore, Brunei, and Chile). The agreement signed with Mercosur confirms the rights and obligations of the parties under the WTO Agreement on the Application of Sanitary and Phytosanitary Measures.

With the purpose of adequately implementing these SPS Chapters and the WTO SPS Agreement, efficiently solving trade problems and facilitating trade activities, SPS committees have been established in 16 of these agreements.

Import policies

All animal imports and products thereof must be accompanied by a sanitary certificate issued by a competent authority from the country of origin. The certificate confirms compliance with the zoo sanitary requirements that are mandatory in Chile, which are based on the Zoo Sanitary Code of the OIE. A phytosanitary certificate issued by the competent authority of the exporting country is required for plant products, whether processed or in their natural state, that may constitute or transmit pests, and for articles that might represent a hazard to plants (including plant by-products, living organisms, containers, agricultural materials and soil).

Irrespective of their country of origin, animals are placed in quarantine. Plants and seeds are placed in quarantine based on the phytosanitary conditions of their country of origin. The decision is based on a risk analysis, which is performed in accordance with the procedures established in the IPPC.

With regard to food imports, the regional health offices of the Ministry of Health authorise food imports for human consumption based on the Sanitary Food Regulation (Decree 977 of 1996). The import process includes sanitary controls and laboratory analyses if necessary. Risk criteria and historical data on food safety are applied in the analyses to define the recurrence and impact thereof.

The Ministries of Agriculture and Health accept certificates issued by the official sanitary agencies of countries that comply with Chilean regulations, which are based on the guidelines established by international scientific organisations such as the Codex Alimentarius Committee, the IPPC and the OIE.

A sanitary certificate indicating strict compliance with the requirements established must accompany imports of live aquatic resources. Sanitary regulations are in agreement with the Aquatic Animals Health Code of the OIE.

Between May 1996 and July 2015, Chile submitted 507 notifications on sanitary and phytosanitary regulations and emergency measures to the SPS Committee of the WTO. The Agriculture and Livestock Service is the national contact point and information authority for SPS measures.

Export policies

With regards to exports, it is essential to guarantee the safety of the products and comply with all sanitary regulations. Chilean institutions are dedicated to certifying in compliance with the requirements set by the destination markets.
The 15 regional health agencies of Chile are responsible for certifying products' compliance with local sanitary regulations, and approve and control the installation and operation of food-producing establishments.

The Ministry of Health issues certificates for authorised industries and free sale products. The inspection and certification of the sanitary and phytosanitary condition of all animal and plant products and by-products for export, and the verification of compliance with the sanitary and phytosanitary requirements of the destination country, is enforced by the Agriculture and Livestock Service for animal and plant primary products.

The National Fisheries and Aquaculture Service certifies health and safety for fish and fishery products.

Table 41: TBT and SPS requirements for South African products of interest

Subheading	Description	Public Service in Chile	Observations	Measure
200949	Pineapple juice, unfermented, Brix value > 20 at 20°C, whether or not	MINSAL (Ministry of Health)	Food Sanitary Regulation; Decree N° 977/96	TBT and SPS
310520	Fertilizers cntg nitrogen,phosphorus&potassium in packs weighg <=10kg	SAG - DPAF (Agricultural and Livestock Service - Division of Agricultural and Forest Protection)	Exent Resolution N°1035 of the Agriculture and Livesotck Service (SAG); Law Decree N°3557 of the Ministry of Agriculture.	TBT and SPS
200870	Peaches nes,o/w prep o presvd whether o not sugard,sweetend o spiritd	MINSAL (Ministry of Health)	Food Sanitary Regulation; Decree N° 977/96	TBT and SPS
150910	Olive oil, virgin	MINSAL (Ministry of Health)	Food Sanitary Regulation; Decree N° 977/96	TBT and SPS
870421	Diesel powered trucks with a GVW not exceeding five tonnes	Ministerio de Transporte (Ministry of Transportation and Communications)	DFL N°1/2007 of the Ministry of Transport and Justice.	TBT
290519	Saturated monohydric acyclic alcohols nes		Law 18.455 of the Ministry of Agriculture; Regulation N°464.	TBT and SPS
91099	Spices nes	MINSAL (Ministry of Health)	Food Sanitary Regulation; Decree N° 977/96	TBT and SPS
121299	Vegetable products nes used primarily for human consumption	MINSAL (Ministry of Health) in terms of food safety, and SAG-DPAF (Agricultural and Livestock Service-Division of Agricultural and Forest Protection) as regards plant health, where appropriate.	Food Sanitary Regulation; Decree N° 977/96	TBT and SPS
220510	Vermouth&oth grape wines flav w plants o arom subst in ctnr <= 2 l	SAG - Subdepartamento de Vinos y Viñas (Agricultural and Livestock Service - Vineyards and Wines, Safety and Biotechnology Sub-department)	Law 18.455 of the Ministry of Agriculture; Regulation N°464.	TBT and SPS

Source: Regulatory department, DIRECON

5.1.1.7 Rules of origin

Rules of origin regulations do not apply to imports made under the MFN treatment. In Chile, a certificate of origin is required only when goods are imported under preferential systems.

The general criteria for the qualification of goods as originating are:

a. Goods wholly obtained or produced.
b. Goods incorporating non-originating materials that have been sufficiently transformed.

Three main methods (which may also be combined) are used to establish whether such substantial transformation occurred:

- Change in tariff classification method;
- When a rule of origin is based on a change in tariff classification, each of the non-originating materials used in the production of the goods must undergo the applicable change as a result of production occurring entirely in the RTA region. This means the non-originating materials are classified as less than one tariff provision prior to processing, and under another upon completion of processing;
- Regional value content; and
- The rule of origin requires that a good have a minimum regional value content, meaning that a certain percentage of the value of the goods must be from the countries participating in the agreement. There are different formulae for calculating the regional value content.

c. Goods incorporating exclusively originating materials.

5.1.2 Services

5.1.2.1 Measures affecting services of interest (as identified in 4.3)

i. Financial services

The Chilean financial sector is large, considering the size of the economy. The system is characterised by a high degree of integration with the local, regional and international economy, and has a significant level of foreign participation, both in banking, and insurance and pension funds. The degree of financial intermediation is high, and bank credit represented approximately 85,5% of GDP in 2014. The assets of the financial system exceed 200% of GDP; banking sector assets were approximately 123% of GDP at the end of 2014, while pension fund assets amounted to 60% of GDP, and those of the insurance companies to 20%.

The financial services market consists of the banking sector, insurance, the securities market, and pension funds. Access to the market is relatively free of restrictions, although some conditions or requirements are imposed in certain instances. For example, for reasons of national interest, approval is required for a person to acquire more than 10% of a bank's capital. Foreign banking and insurance enterprises must be set up as corporations or establish branches with separate capital to be able to provide services in Chile. Foreign insurance companies may also market international maritime transport, international commercial aviation and transit goods insurance directly, but only if they are established in countries with which Chile has an international treaty that allows such insurance to be effected.

Agreed maximum interest rates are imposed on bank loans in both local and foreign currency. The agreed maximum interest rate may not exceed by more than 50% the average current interest paid by banks and finance companies established in Chile on transactions carried out in the country in effect at the time of the agreement, no matter whether the rate is fixed or variable. It is for the SBIF to determine current interest rates, with distinctions made depending on whether the loans are in local or foreign currency and are indexed or not. The averages are established in relation to the transactions made during each calendar month, and the resulting rates are published in the Official Journal and by the supervisory authority. The imposition of maximum interest rates is designed to prevent banks from adopting dominant position practices as a result of concentration. All financial institutions that offer consumer loans, including credit card companies, must respect these maximum rates.

The regulation of the Chilean financial sector is the responsibility of the Central Bank of Chile. Chile employs an institutional or compartmental model of supervision in which the legal status of the institutions supervised defines the supervisory functions and objectives of the sector's three existing supervisory authorities: the SBIF, the SVS, and the Pensions Supervisory Authority. Coordination between these authorities is achieved through the Financial Stability Council (CEF), created by Supreme Decree of the Ministry of Finance, No 953 of 4 October 2011. The CEF aims to facilitate technical coordination and information exchange so as to prevent situations that could introduce a risk of crisis into the financial sector, and constitutes the first collective body established in Chile to identify threats to financial stability and make it possible to implement integrated supervision. The CEF is composed of the minister of finance (who acts as its chairman), the director of securities and insurance, the director of banks and financial institutions, and the director of pensions.

Under the General Law on Banks (LGB), banks must be established as corporations, or agencies of foreign corporations in the case of branches. For a bank to establish itself in Chile, the authorisation of the SBIF is required. To be able to obtain a banking licence, it is necessary to provide the SBIF with a prospectus, a business plan for the first three years, and a guarantee of 10% of the capital of the proposed company. Under the legislation, an essential requirement for the approval of a licence application is the verification of the solvency and integrity of the founding shareholders. To meet the solvency requirements, the founding shareholders of a bank must have consolidated net worth equivalent to the proposed investment, a minimum of 800 000 Unidades de Fomento (UF)[11], about US$ 33 million. At the time when a bank is granted its charter or a branch of a foreign bank is authorised to operate, 50% of the minimum capital must have been paid up, with no time limit for paying up the balance. Until the bank has achieved the minimum capital of 800 000 UF, it must maintain an effective equity of not less than 12% of its risk-weighted assets, a proportion that is reduced to 10% when it has an effective equity of 600 000 UF. To meet the integrity requirement, the founding shareholders, in addition to their business experience, must be able to show that they have not engaged in any serious or repeated fraudulent or negligent behaviour that might jeopardise the stability of the proposed institution or the security of its depositors. The SBIF verifies compliance with the abovementioned criteria by examining the applications it receives on a case-by-case basis, and the Central Bank may rule on the effects that the authorisation of new banks might have on the stability of the financial system.

Chilean legislation does not place any limits on the number of shares an individual investor may own in a particular bank, or on the number of banking entities an investor may control. However, for a person to acquire, directly or through third parties, more than 10% of a bank's capital, the prior authorisation of the SBIF is required[12]. In this case, the acquisition is subject to the same conditions as the establishment of a new banking entity where integrity and solvency requirements are concerned.

Insurance

To start up an insurance company in Chile or engage in any insurance or reinsurance activity, it is necessary to obtain the approval of the SVS. Insurance companies may be established as corporations in Chile for that sole purpose, in accordance with the Insurance Law, or as branches of foreign insurance companies with separate capital, in accordance with the amendments to the Insurance Law introduced by Law 20 190 of 5 June 2007.

The Insurance Law establishes solvency margins that must be maintained by each type of insurance company. The main purpose of the solvency margin is to ensure the company has the resources available to cover exceptional movements as a result of changes in risk. The solvency margin for general insurance companies corresponds to the greater of the result of calculating the solvency margin in terms of premiums, and the result of calculating it on the basis of claims. The solvency margin for life insurance companies corresponds

51. The UF is a Unit of account used in Chile. The exchange rate between the UF and the Chilean peso is constantly adjusted to inflation so that the value of the UF remains constant during low inflation

52. Article 36 of the LGB

to the sum of the amounts that result from calculating the margin for accident, health and additional non-life insurance by applying the rules laid down for general insurance, the margin for life insurance that does not generate mathematical reserves, calculated on the basis of the ratio of self-preservation to total capital, and the company's total indebtedness margin, calculated in accordance with certain parameters. There are also limits on investment per instrument. Moreover, the law authorises insurance companies to invest in instruments and assets abroad up to a maximum of 20% of their technical reserves and risk capital.

To operate as a broker, it is necessary to be registered with the SVS and to obtain a licence. Natural persons must be either Chilean or foreigners established in Chile, while legal persons must have been legally incorporated in Chile for the purpose. However, Law 20 190 allows international maritime and air transport insurance and insurance for goods in international transit to be intermediated in Chile by natural or legal persons established in a country with which Chile has an international treaty that permits such insurance to be effected from that country[13]. Foreign reinsurance brokers are subject to the same requirements with respect to registration and the issuance of insurance policies as domestic brokers, and must be legal persons established in their country of origin with the capacity to intermediate risks transferred from abroad and pay claims in convertible currency.

There are a few measures that discriminate between national and foreign service providers that affect the principle of national treatment and a few minor exceptions to the MFN principle. Chile has some quantitative non-discriminatory restriction, mainly related to technical considerations, whereas in certain sectors, local presence is required to better protect consumer interests or domestic market stability.

Chilean legislation does not foresee any special treatment to foreign or local enterprises, whether they are SMEs or transnational corporations. Furthermore, applicable measures related to domestic regulation requirements (zoning, environmental impact studies, and construction permits, among others) are generally non-discriminatory.

There are a few measures that discriminate between national and foreign service providers that affect the principle of national treatment, and a few minor exceptions to the MFN principle. Chile has some quantitative non-discriminatory restrictions, mainly related to technical considerations, while in certain sectors, local presence is required to better protect consumer interests or domestic market stability.

ii. Telecommunications

The Chilean telecommunications industry has expanded rapidly in recent years. The contribution of the communications subsector to Chile's GDP grew 6,6% between 2009 and 2014[14]. Given its dominant share, mobile telephony activity represented the greatest contribution to sectoral growth. This increase is associated with the relevance that voice and messaging services via the internet have had in recent years.

There are 20 fixed service providers, 12 providers of mobile services, and 19 companies providing international telecommunications services. Since the early 1990s, Chile's telecommunications sector has been fully privatised, and the state is not involved in the provision of telecommunications services.

The telecommunicatiosn sector is regulated by the Undersecretariat of Telecommunications, who is in charge of implementing and overseeing the application of the General Telecommunications Law (Law 18 168).

From a legal and constitutional standpoint, there is no discrimination between nationals and foreign investors, and no restrictions for their participation in Chilean companies.

Domestically, the Chilean regulatory framework allows ample room for market development and only controls possible anticompetitive abuses, especially those arising from a dominant market position. Chile has implemented many competition-enhancing measures, including the recent introduction of mobile virtual network

operators and Network Neutrality Law. These measures have been highly effective in fostering competition in all services provided by this sector.

Telecommunications services licensing

A concession granted by Supreme Decree issued by the Ministry of Transportation and Telecommunications is required for the installation, operation and exploitation of public telecommunications services, intermediate telecommunications services, and radio broadcasting telecommunications services.

53. Article 58 of Decree with Force of Law 251

54. http://www.bcentral.cl/estadisticas-economicas/publicaciones-digitales/anuario_ccnn/pdf/ccnn_cierre2014.pdf

A concession granted by a resolution issued by the National Council of Television is required for television broadcasting telecommunications services.

A permit issued by the Undersecretariat of Telecommunications is required for the installation, operation, and development of limited telecommunications services.

An official decision referred to compliance with the technical standards and non-alteration of the essential technical features of networks issued by the Undersecretariat of Telecommunications is required to render complementary telecommunications services (value-added services).

Juridical requirements

Only juridical persons duly constituted in Chile with domicile in the country may be the titleholders, or make use of concessions, for public telecommunications services, intermediate telecommunication services, and radio broadcasting telecommunications services.

Natural persons and juridical persons duly constituted in Chile with domicile in the country may be titleholders, or make use of permits, for limited telecommunications services.

Only juridical persons duly constituted in Chile with domicile in the country may be titleholders or make use of permits for limited television services.

Nationality requirements

For radio broadcasting concessions, only Chilean natural persons may be presidents, managers, administrators, or legal representatives of the juridical persons at stake. Also, the majority of the members of the board of directors must be Chilean natural persons.

For limited television services permits and for television broadcasting telecommunications services concessions, only Chilean nationals may be presidents, directors, managers, administrators, and legal representatives of the juridical persons at stake.

Requests for radio broadcasting concessions, submitted by a juridical person in which foreigners hold an interest exceeding 10% of the capital, shall be granted only if proof is previously provided verifying that similar rights and obligations as those that an applicant will enjoy in Chile are granted to Chilean nationals in the applicant's country of origin.

This is a generally established measure under Annex I (non-conforming measures) of several trade agreements in which Chile reserves its right to regulate the participation of controllers of radio broadcasting telecommunications services.

This provision (Article 9 of Law 19 733 on the Freedoms of Opinion and Information and the Practice of Journalism) was established to introduce the reciprocity principle in radio broadcasting activities. The purpose of this provision was to set a standard where the requirements established in Chile for radio broadcasting operations were not more burdensome than those required to Chilean nationals abroad.

It is important to bear in mind that the requirement to prove reciprocity in the treatment accorded to Chilean nationals in the granting or acquisition of broadcasting concessions is exceptional and is subject to a double limitation, both in terms of people affected by the limitation and in terms of the acts and conventions involved. Therefore, the requirement is applicable only to legal entities with participation of foreign capital above 10% requesting broadcasting concessions or authorised to acquire a concession already granted. This limitation cannot be extended either to entities controlling the abovementioned legal entities with foreign capital participation, nor to other acts or conventions different to the granting or acquisition of a concession.

The National Council on Television may establish, as a general requirement, which programmes broadcast through public (open) television channels include up to 40% of Chilean production.

Market liberalisation, facilitating the entry of new national and foreign competitors, with attractive technological progress, has situated Chile in a privileged global position in the area of telecommunications, and also provides an important basis for future business expansion into Latin America and other countries.

Printed media and news agencies
Ownership of print media and national news agencies is open to foreigners, who must, nevertheless, fulfil domicile requirements and be incorporated in Chile. There are also nationality and residency requirements for presidents, administrators, legal representatives and managers that apply to Chilean and foreign-owned enterprises alike.

iii. Transportation

Maritime transportation and port infrastructure
For Chile, building an efficient, modern and geographically extended port infrastructure has been a priority task in recent years, taking into account that more than 84% of trade is carried out by maritime transport.

More than 50% of state ports are handled by the private sector through concessions. Port companies, successors to the now extinct Emporchi, manage state-owned ports. This was provided for in Law 19 542, which amended the administration system of state-owned ports and established the decentralisation of port asset management, the creation of the abovementioned independent companies, and the concession of docks.

The state continues to exercise the regulatory function.

The government has given in concession the auxiliary services provided at state-owned ports. Authorities have stated that no more public investment is to be made in new port assets in order to promote private investment. Some port services, such as loading, unloading and storage, are entrusted to private companies. The main idea is to provide ports as the necessary tools to improve efficiency and performance, as the conviction exists that the private sector will be able to carry out this function better than anyone else.

With regards to international trade, no discriminatory measures are applied to foreign vessels in connection with access to ports and port installations or their use.

International commercial maritime transport to and from Chile imposes no restrictions on foreign commercial vessels, except for the provisions contained in the Maritime Transport Agreement between Chile and Brazil (1974), and the cargo reservation measure established through the application of the reciprocity principle detailed in Article 3 of DL 3 059 (1979), which regulates the National Merchant Marine.

Air transportation
Because of its geographical situation, Chile requires expeditious, low-cost routes, both within and outside its borders. The development of a foreign trade-based economy renders it necessary to have means of transportation suitable for the country's exportable bases. Thus, the airfreight sector grew with the development of exports, particularly export products such as seeds, fresh fish, fruit, vegetables, and, in general, products that require rapid delivery to consumer markets.

The Commercial Aviation Law recognises Chilean and foreign companies alike the freedom to offer both national and international air transport services. Any foreign or Chilean company may offer such services without any restrictions, except for those related to technical and safety considerations.

At an international level, this absolute freedom has one exception: reciprocity, established in bilateral agreements or practice. Foreign companies may operate in Chile provided their governments grant similar rights to Chilean airlines in their respective territories.

Under this legal system, domestic traffic grew by 1 000% over the period 1979-1999, with more than 3.2 million passengers carried yearly. In the 1990s alone, domestic air traffic grew at average annual rates of 18%. According to Chilean civil aviation authorities, by 2030, the annual number of passengers should be approximately 47 million a year, and 2050 is set to record more than 70 million a year[15].

The consolidation of two private airlines, plus several regional airlines, reflects the dynamism of this sector.

The Chilean experience and the development of its industry have shown that the greater the opening to foreign competition and the fewer the barriers or restrictions, the quicker the growth of traffic in the sector. For this reason, Chile has an open-skies policy that is reflected in its air transport services agreements.

55. http://www.jac-chile.cl/wp-content/uploads/2014/10/ESTUDIOS-020-HACIA-UNA-POL%C3%8DTICA-DE-DESARROLLO-AERON% C3%81UTICO.pdf

International cargo traffic has grown by more than 8 000% since 1979, according to data provided by the Santiago Chamber of Commerce. Eight percent of Chilean exports leave the country via air, a figure that in the case of trade with the United States climbs to 16%, and to 20% in the case of the United Kingdom.

5.1.2.2 International commitments related to services of interest

Among the main objectives of our country at an international level is the establishment of clear regulations for services and investment aiming to create a wider and stable market for our services and goods abroad. In this sense, we seek to progressively open up our markets to service providers to strengthen the integration processes that may contribute to the expansion of trade and foster the creation of joint ventures to penetrate different markets.

As a result of the Uruguay Round, commercial disciplines are extended beyond those related to trade in goods to cover areas such as services, investment and intellectual property. In recent years, our country has continued to participate in WTO working groups on services, and in service negotiations in the framework of the Doha Round.

At a bilateral level, concrete results have been achieved through the subscription of legal instruments that cover issues and disciplines additional and complementary to trade in goods as a means to achieve a better and more profound liberalisation of trade.

In this context, we should note that the FFTAs with Canada, Mexico, Central America, Korea, European communities, Unites States, Japan, Peru, Colombia and Australia include specific chapters governing cross-border trade in services. Some of these agreements also contain chapters and annexes that regulate and supplement these disciplines, such as those dealing with telecommunications, professional services, and temporary entry of businesspeople.

The abovementioned agreements are based on principles such as non-discrimination and transparency, which are applied to trade in services and investments; they set forth the restrictions that both investors and service providers from both countries might face when entering the different markets; and establish mechanisms for the progressive removal of such restrictions (negative list approach).

On the other hand, in pursuing its objectives, Chile has assumed different obligations or undertaken different initiatives that involve future negotiations aimed at further liberalising services and investments with other countries or groups of countries. In this context, Chile is a member of the Trade in Services Agreement and also participates in other major regional FTA negotiations that include services and investment within its scope.

Even though Chile has negotiated services chapters with a positive and negative list approach, the Chilean policy is to aim for service chapters with a negative list approach.

5.1.3 Foreign investment regimes

5.1.3.1 Treatment of foreign investment

Chilean economic policy reflects the importance given to foreign investors, which, once established in the country, receive equal treatment to that accorded to comparable Chilean companies[16].

Accordingly, one of the main objectives of Chile has been to ensure the establishment of clear investment rules, with a view to creating a wider and safer environment for investors. Furthermore, Chile has taken international commitments to gradually liberalise market access, as well as to strengthen the protection afforded to investors.

In Chile, the foreign investment regime is one of free entry of capital. Thus, subject to domestic regulations, investors can materialise their investment freely.

The Central Bank of Chile's purpose is to provide stability for the currency, and the normal functioning of external and internal payments. In this regard, the Bank Act confers to it broad legal powers to, among other things, exclusively issue regulatory provisions regarding foreign exchange matters. The bank is the exclusive entity empowered to establish and to amend the foreign exchange regime's components in force in Chile.

56. Chile's Constitution guarantees to all individuals, Chilean and foreigners, the right to develop any economic activity, provided that the applicable legislation is observed and such activities are not contrary to public morals and order, or to national security interests. There are no economic activities reserved for the state, notwithstanding the special provision established under constitutional regulations regarding mineral resources (mineral resources including hydrocarbon deposits and other fossil substances). Private property rights are fully protected under the Constitution. Property may only be expropriated pursuant to specific constitutional provisions: expropriations may only be executed by law (i.e. requires legislative approval) on grounds of public benefit or national interest, and the expropriated parties have the right to compensation for patrimonial harm caused.

Chapter XIV of the Central Bank's Compendium of Foreign Exchange Regulations establishes rules for foreign investment, capital contributions, and credit. Those operations shall be conducted through banking entities and be informed to the Central Bank. Currently, there are no restrictions (such as prior authorisation or reserve requirement) applicable to transfers in or transfers out related to those operations.

Chile does not apply screening mechanisms of any sort to foreign direct investment in any sector of the economy; they are subject to the same domestic regulations and procedures for approval of investments as national investors (i.e. environmental impact studies when required).

However, Chile has in place special investment regimes that provide foreign investors better treatment than their domestic counterparts.

5.1.3.2 Special investment regimes and/or zones

i. DL 600[17]

When investing in Chile, foreign investors have the option to do so through the special and voluntary regime of DL 600. Under DL 600, investors enter into a legally binding contract with the Chilean state, which cannot

be modified unilaterally by the state or by subsequent changes in the law. However, investors may, at any time, request the amendment of the contract to increase the amount of the investment, change its purpose, or assign its rights to another foreign investor. The Foreign Investment Committee is the government's agency responsible for administering DL 600, which does not provide special access to sectors where foreign investment is restricted.

DL 600 guarantees investors the right to repatriate capital one year after its entry and to remit profits at any time. In practice, the one-year capital lock-in has not represented a restraint since most productive projects in areas such as mining, forestry, fishing and infrastructure require more than a one-year start-up period. Once all relevant taxes have been paid, investors are assured access to freely convertible foreign currency without any limits on the amount, for both capital and profit remittances. In addition, they are guaranteed the right of access to the formal exchange market. The repatriation of all capital invested is devoid of any tax, duty or charge up to the amount of the originally materialised investment. Only capital gains over that amount are subject to the general regulations contained in the income tax law.

It should be noted that although there are no foreign exchange restrictions in place, the Central Bank has the authority to impose restrictions to foreign exchange transactions to preserve the stability of the currency or the financing of the balance of payments. However, DL 600 investors are exempt from these restrictions, and their right to access the market to repatriate profits or capital is not affected. Notwithstanding the foregoing, DL 600 provides a specific regulation regarding capitals brought into the country consisting of credits associated with foreign investment. In such cases, the general rules, terms, interests, and other aspects involved in the negotiation of foreign loans, as well as the surcharges on the total cost, are borne by the borrower for the use of foreign credits, including commissions, taxes and all expenses, which shall be those currently authorised or authorised in the future by the Central Bank.

The DL 600 contract acknowledges the following as foreign investment:

- Freely convertible currency that can be exchanged at the most favourable rate foreign investors can obtain from an entity authorised to operate in the formal exchange market.

- Tangible assets in any form or condition brought into the country according to general import regulations, without exchange coverage. The value of these goods will be determined using general procedures applied to imports. These tangible assets include, among other things, machinery or equipment used in productive processes.

- Technology, in any form susceptible to be capitalised, which will be appraised by the Foreign Investment Committee according to its real international market value, within 120 days after the foreign investment application is submitted. If the appraisal is not carried out, the value assigned shall be that estimated by the investor in an affidavit. In previous cases, independent consultants have performed this task.

57. It should be noted that as from 1 January 2016, DL 600 will be replaced by Law 20 848, which entered into force on 25 June 2015. However, the new regulation provides that after 1 January 2016, for a maximum period of four years, foreign investors may apply for foreign investment authorisations pursuant to Article 3 of DL 600, subject to the rights and obligations laid down therein, but with a total tax invariability rate of 44,45%. Contracts signed before January 2016 will remain fully valid as all rights and duties acquired under DL 600 are ensured.

- Credits associated with foreign investment. The general regulations, terms, interest and other modalities of foreign credit contracts, as well as surcharges related to total costs to be paid by the debtor, including commissions, taxes and expenses, shall be those authorised by the Central Bank of Chile.

- The capitalisation of foreign loans and debts, in freely convertible currency, whose contract has been duly authorised by the Central Bank. Under DL 600, investors can increase the capital of the company that received the investment through both the capitalisation of credits made under Chapter XIV, and the credits derived from current imports and pending payments.

- The capitalisation of profits transferable abroad. DL 600 allows capital increases of the company receiving the investment through the capitalisation of transferable profits.

Foreign investors may request a maximum time limit of three years to materialise their contributions. Under Article 11 bis of DL 600, investments of not less than US$50 million for industrial or non-mining extractive projects can request a time limit of up to eight years. In the case of mining projects, the time limit is eight years, but, if previous exploration is required, the Foreign Investment Committee may extend it to up to 12 years. Although Chile's Constitution is based on the principle of non-discrimination, DL 600 offers some tax advantages to foreign investors. These are not "tax breaks" or "tax holidays", but are intended to provide a stable tax horizon, acting as a form of "tax insurance". DL 600 offers several different tax options, but basically allows the investor to lock into the tax regime prevailing at the time an investment is made.

A foreign investor who wishes to invest through the DL 600 regime must submit an application to the executive vice-presidency of the Foreign Investment Committee. Since 6 June 2003, the minimum investment amount for a new project is US$5 000 000 when investments consist of foreign currency and associated credits. The minimum amount is US$2 500 000 when the investment is in the form of tangible assets, technology, and the capitalisation of profits or credits. The Foreign Investment Committee retains the right to modify both figures. Projects submitted for the committee's consideration must involve a ratio between equity and associated credits of up to 25:75.

In the case of foreign currency, investors can execute their foreign exchange operation only when the contract has been duly signed. However, when submitting the application, they can request a special authorisation to exchange their currency immediately. Any other type of capital contribution requires the foreign investment contract to be duly signed.

ii. Law 20 848

Law 20 848 that establishes the new framework governing foreign direct investment in Chile and the corresponding institutional framework, entered into force on 25 June 2015, replacing DL 600.

This new regulation provides for the modernisation of the legal framework governing foreign direct investment by providing non-discriminatory guarantees to foreign investors. The Law also establishes a new institutional architecture to promote and encourage FDI in Chile, comprising a committee of ministers to advise the president of the republic on policy formulation, and a Foreign Investment Promotion Agency, complying with OECD standards, to implement those policies.

The new institutional framework enables the new agency to channel foreign investment towards sectors with a strategic role in the development and diversification of production, especially those sectors where Chile has clear competitive advantages, a greater need for knowledge, and technology or the opportunity to spawn new industries. The framework also vests the agency with the powers it needs to act as the coordinating body for efforts to attract investment into Chile. These include establishing a strategy to promote and encourage foreign investment, linking investment to the development of production in Chile, and the possibility of establishing a consultative advisory council that includes representatives from the private sector who can bring their experience to improve the running of the agency.

To allow stakeholders to adjust to the change in the foreign investment system, for a maximum period of four years, foreign investors may apply for foreign investment authorisations pursuant to Article 3 of DL 600, subject to the rights and obligations laid down therein, but with a total tax invariability rate of 44,45%.

58. BITs are in force between Chile and Argentina, Australia, Austria, Belgium and Luxembourg, Bolivia, China, Costa Rica, Croatia, Cuba, the Czech Republic, Denmark, Ecuador, El Salvador, Finland, France, Germany, Greece, Guatemala, Honduras, Island, Italy, Korea, Malaysia, Nicaragua, Norway, Panama, Paraguay, Peru, the Philippines, Poland, Portugal, Romania, Spain, Sweden, Switzerland, Ukraine, the United Kingdom, Uruguay, and Venezuela.

The law also governs the effects of legal contracts entered into while DL 600 was in force to ensure the full applicability of the rights and duties acquired by foreign investors under that legal regime.

Specifically, the law guarantees foreign investors access to the official exchange market and remittance of capital and earnings with full safeguards for the powers vested in the Central Bank of Chile in this area. It also guarantees that they shall not be subject to arbitrary discrimination. Additionally, steps are under way to modernise and update the procedure for exemption from sales and services tax on imports of capital goods by foreign investors for projects covered by DL 600. The amendment seeks to promote the execution in Chile of major investment projects whose profile implies a lengthy timescale, and to prevent them from running up high costs in the preliminary and initial stages.

According to the new regime, FDI shall be understood as capital transfers greater than UD$5 000 000. It also comprehends investments above that amount, transferred to the country and materialised through the acquisition or participation in a Chilean company or in the capital of a corporation, provided that such transfer grants the investor at least 10% of the voting rights or capital participation. If the investment meets these requirements, a certificate can be requested by the foreign investor to the Investment Promotion Agency, which will replace the current Foreign Investment Committee. This certificate grants the following rights:

a. Free transfer: Investors can transfer to abroad the capital and profits generated by their investments, provided they comply with domestic tax laws.

b. Access to the formal exchange market: Both to liquidate currencies and obtain currencies to be transferred abroad.

c. VAT exemption: Only to import capital goods.

d. Non-arbitrary discrimination: Foreign investors shall not be subject to arbitrary discrimination, whether directly or indirectly, and shall be subject to the common regime applicable to Chilean investors.

Obtaining this certificate is voluntary, but it is useful as a proof of the status of investor. However, it does not grant more rights than those already established by law.

The new regime does not create a screening mechanism, therefore the Investment Promotion Agency cannot decide whether FDI should be accepted or not.

iii. Chapter XIV of the compendium of foreign exchange regulations

Chapter XIV is an administrative record system that is managed by the Central Bank of Chile and sets forth the applicable regulations to foreign exchange transactions relating to credits, deposits, investments and capital contributions coming from abroad, along with those regarding other liabilities with foreign entities for a minimum amount of US$ 10 000. The foreign capital under Chapter XIV enjoys national treatment, but it does not provide the benefits granted by DL 600 or Law 20 848. Instead, the investment is subject to the regime applicable to national investment. The only conditions for adopting this mechanism are the obligation to report and use the formal foreign exchange market.

iv. Foreign investment capital funds (FICE in Spanish)

The investment regime of Law 18 657 on FICE is a regime created to gain access to Chilean securities when capital controls where in place in Chile. Today, foreign investors who wish to invest in Chilean securities issued in Chile are not required to do it through this regime. The regime establishes a preferential tax treatment for foreign capital investment funds. FICE are required to obtain a favorable report issued by the Chilean Superintendence of Securities and Insurance to conduct business in Chile. FICE may not remit capital for five years following the investment of such capital, although earnings may be remitted at any time. A FICE may hold a maximum of 5% of a given company's shares, although this can be increased to a maximum of 10% if the shares are first-issue shares. Furthermore, no more than 10% of FICE assets may be invested in a given company's stock, unless the security is issued or guaranteed by the Republic of Chile or the Central Bank. Altogether, no more than 25% of the outstanding shares of any listed company may be owned by FICEs.

5.1.3.3 Investment agreements

Chile's approach to investment protection agreements

Chile has pursued international investment agreements as a means to strengthen the investment environment by providing certainty regarding rights and obligations of investors. Bilateral investment treaties (BITs) and specific investment chapters in FTAs signed by Chile contain clauses regarding fair and equitable treatment, national treatment, and most-favoured nation status. In addition, Chile has included investor-state dispute settlement mechanisms in these international agreements.

Chile initiated negotiations on BITs in the 1990s after adhering in 1991 to the 1965 Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States. Through BITs, Chile offers protection to investors and guarantees the free transfer of capital, of profits or interest generated by foreign investments, and, in general, any transfer of funds related to investments, without affecting the regulatory powers of the Central Bank regarding foreign exchange transactions. These agreements establish investor-state dispute settlement mechanisms in the case of disputes to ensure they are settled through friendly consultations. If no agreement is reached, investors are entitled to opt for international arbitration rather than submit the case before the Chilean tribunals. In most BITs, this jurisdictional option is final; once the investor has chosen one of the options, it cannot turn to the other.

Chile's current policy is to include specific investment chapters in FTAs and to have these replace existing BITs. Even though some FTAs have maintained in force previously signed BITs, it has been Chile's preference to have a self-contained investment chapter that regulates both investment in goods and in services in a negative list approach. Additionally, most FTAs cover investment from the pre-establishment phase. These investment chapters provide the protection offered by the BITs, and include additional provisions that increase the level of protection of investors, such as more developed rules on minimum standards of treatment and expropriation, as well as the prohibition of certain performance requirements and of the imposition of nationality requirements for senior management and board members. As for investor-state dispute settlement, many FTAs, compared to BITs, have additional provisions that cover consolidation, amicus curiae, transparency, preliminary objections, and the treatment of frivolous claims.

Chile's investment chapters contain, usually in an annex that modifies the obligation of free transfers in and out of the country, provisions that reserve the right of the Central Bank to impose restrictions on transfers and payments, in accordance with the provisions of the Constitutional Organic Law of the Central Bank, if and when such measures are needed to maintain the stability of the currency and the normal functioning of internal and external payments.

Agreements in force

Chile has 39 BITs in force. In addition, it has signed, as of March 2015, 24 agreements with 63 partners that together account for 63% of the world's population, 85% of world GDP, and close to 94% of Chilean shipments abroad. Eight of these treaties have investment chapters, and in 2014, the Supplementary Agreement on Investment of the China-Chile FTA entered into force.

5.1.4 Trade remedies

Chile's legal framework for trade remedy investigations is contained in the following:

- Supreme Decree 16 of the Ministry of Foreign Affairs of 5 January 1995. The Decree adopted the Marrakech WTO agreements as law, which includes the Agreement on the implementation of Article VI of the GATT 1994, the Subsidies and Countervailing Measures Agreement, the Safeguard Agreement, the Agriculture Agreement, and Article VI and XIX of the GATT 1994.
- Law 18 525 and its modifications, specifically articles 7, 8 and 9, which contain the rules on importation of merchandise.
- Decree 1 314 of the Ministry of Finance, published on 22 March 2013, which adopts the rules of procedure regarding Law 18 525.
- Trade agreements signed to date.

The investigating authority in Chile is called the Commission in Charge of Investigating the Existence of Price Distortions on Imported Goods (hereafter, the commission), which is a technical entity integrated by representatives of relevant public institutions.

The commission is integrated by the following members:

- The director of the National Economic Prosecutor, who is also the chairman;
- Two representatives of the Central Bank, designated by its board;

59. In addition, there is no timeframe to approve the recommendations

- One representative of the Ministry of Finance;
- One representative of the Ministry of Agriculture;
- One representative of the Ministry of Economics;
- The National Customs director; and
- One representative of the Ministry of Foreign Affairs.

The commission's function is to advise the president in all matters regarding the import of goods at distorted prices that cause or threaten to cause serious injury to domestic production, as well as those situations of increased imports of such magnitude and conditions that they cause, or threaten to cause, serious injury to national production.

In cases where these conditions are met, the commission proposes to the president, through the minister of finance, the application of ad valorem tariff surcharges, antidumping duties and countervailing duties, where applicable (Law 18 525, articles 7 and 8).

5.1.4.1. Safeguards

Complaints can be submitted by any industry group or in the name of any industry group. The commission may also conduct investigations on its own initiative when it has access to information that justifies doing so.

Within 90 days from the initiation of an investigation, the commission must decide whether the available information leads to the conclusion that imports of a product have increased in such quantities and under such conditions as to cause or threaten to cause serious injury to domestic producers of like or directly competitive product. If this is the case, it must adopt a resolution recommending the application of tariff surcharges to the president . Where the available information does not permit the establishment of a safeguard measure, the commission must dictate a resolution to end the investigation and transmit the decision to the minister of finance for it to be summarised and published in the Official Gazette.

In critical circumstances, where delay would cause damage that would be difficult to repair, the commission may recommend to the president of the republic to apply provisional tariff surcharges within a period of 60 days from the initiation of an investigation. The commission's recommendation must be based on a preliminary determination of the existence of clear evidence that the increase in imports has caused or threatens to cause serious injury.

Surcharges may be applied for a period of up to two years, including the period of provisional application of the measure, subject to an extension of one further period not exceeding two years, subject to a favourable report by the commission, which may at any time recommend that tariff surcharges in place should be modified or abolished before their expiry date. The law does not provide for the imposition of quotas. The commission's decisions are by majority of the votes cast, and the application of a surcharge that increases the applied tariff rate above the WTO-bound tariff rate needs the approval of three-quarters of the members of the commission.

Since 1999, Chile has imposed eight definitive safeguard measures from 15 investigations. In September 2015, provisional safeguard measures were imposed on imports of steel wire rods. The investigation is still open.

5.1.4.2. Anti-dumping measures and countervailing duties

The commission conducts an investigation if the complainant can provide evidence of a distortion (dumping or the existence of a subsidy) and the manner in which it causes or threatens to cause material injury to the Chilean industry. Just as in the case of safeguard investigations, complaints can be submitted by any industry group or in the name of any industry group, and the commission may also conduct investigations on its own initiative when it has access to information that justifies doing so. The investigation must be conducted over a period of nine months.

After a complaint has been lodged, the commission must publish a notice of the initiation of an investigation with information related to the subject of the investigation in the Official Gazette. Within 30 days from the date of this publication, the commission shall receive all information interested parties that wish to submit and request any information it considers necessary for the proper conduct of the investigation. Before reaching a decision, the commission must conduct public hearings. If the commission considers that on the basis of the available information it is possible to establish the existence of price distortions and that these distortions cause or threaten to cause material injury to the affected domestic industry, these findings must be stated in the commission's decision, which would recommend the application of anti-dumping or countervailing duties.

Any anti-dumping and countervailing duty proposed by the commission must not exceed the margin of distortion, which is calculated by comparing dumped with non-dumped imports. The commission may also recommend to the president of the republic the application of provisional duties. Anti-dumping and countervailing duties can be imposed for a maximum of one year.

The last anti-dumping measure adopted by the commission was imposed on the imports of hulled maize (corn) from Argentina, on April 2013. As for countervailing duties, the most recent was applied in 2000 on imports of powdered milk from the Czech Republic and Poland.

5.1.5 Government procurement

Legal framework

i. For goods and services :

- Law 19 886 on Terms and Conditions for Administrative Supply and Service Contracts.
- Regulations for Law 19 886 on Terms and Conditions for Administrative Supply and Service Contracts.

ii. For construction services :

- Ley Orgánica del Ministerio de Obras Públicas, DFL N° 850. (Public Works Law).
- Reglamento para Contratos de Obras Públicas, D.S. MOP N° 75. (Public Works Regulation).
- Reglamento para Contratación de Trabajos de Consultoría, Decreto MOP N°48. (Consultancy Regulation).
- Ley de Concesiones de Obras Públicas, (Decreto Supremo N° 900. (Concessions Law)
- Reglamento de la Ley de Concesiones, D.S. N° 956. (Concessions Regulation)
- Procurement Law 19 886 applies for additional provisions not considered by the laws and regulations mentioned above.

Main objectives of the system

Chile's public procurement system is regulated by the Law 19 886, enacted in July 2003. The Procurement Law provides the contractual framework for the purchase of goods and services, and establishes "ChileCompra", the electronic procurement platform that seeks to build a more friendly and flexible state oriented to serving people, businesses and public institutions. The procurement of public works and concessions are ruled by independent regulations.

The strategic principles of the public procurement system in Chile, which have allowed it to grow and expand, are free access, universality, and non-discrimination. Government procurement measures are applied to:

- achieve maximum transparency and efficiency in the government procurement market;
- create an institutional framework to ensure those objectives;
- preserve principles regarding equality before the law, competition, non-discrimination, and due process;
- cover a substantial proportion of buying entities, such as central government, regional governments, local governments, and some public enterprises;
- establish open tendering as the general rule; and
- use the electronic system for all public entities and procurement procedures.

Government Procurement Court

The Chilean system on government procurement has a judicial authority, the Government Procurement Court, to settle legal disputes in this area. This court does not depend on the government or administrative agencies. It began work on 27 September 2005, and it is composed of three lawyers (judges) and their corresponding alternates. This court has jurisdiction to try challenge actions against illegal or arbitrary acts or omissions that occur in procurement administrative procedures with public agencies governed by the Government Procurement Act.

International agreements regarding government procurement

Chile has negotiated government procurement chapters in its FTAs with:

1. Central America
2. The United States
3. South Korea
4. European Union
5. The EFTA
6. P4
7. Japan
8. Canada
9. Mexico
10. Colombia
11. Australia

12. Uruguay
13. Hong Kong

Under negotiation: Pacific Alliance and Trans-Pacific Partnership.

At the multilateral level, Chile is an observer, but not a signatory, of the WTO's Agreement on Government Procurement.

Main elements to be considered in a government procurement chapter
For Chile, the main elements to be considered in government procurement are:

- the ensurance of non-discriminatory market access;
- transparency;
- procedural simplicity with open tendering as the default mechanism;
- due process;
- wide procurement scope, with significant coverage in terms of entities and thresholds;
- challenge procedures; and
- the facilitation of SMEs in the procurement process.

5.1.6 Transparency

Transparency is one of the basic principles in Chilean public law and under FTAs signed by Chile.

5.1.6.1 Transparency in the administrative law

Law 19 880, Basis of Administrative Proceedings, published in the Official Gazette in 2003, sets the foundations of the administrative proceedings that rule the acts of the agencies of the executive branch of the government. This law establishes the general rules that govern the administrative proceedings. However, in the case that any special law establishes another special proceeding, the latter shall prevail.

This law recognises that publicity and transparency are the principles of the administrative proceedings. This means that the administrative proceedings shall allow and promote public knowledge, content, and the basis of the decisions adopted by agencies.

Therefore, unless the law or regulations establish a special rule, the administrative acts and decisions of agencies are public, as well as their foundations and documents that sustain or complement them.

Moreover, Law 19 880 establishes other principles of the administrative proceedings, such as writing, gratuitousness, procedural economy, impartiality and refutability. One of the most important goals of these principles is to protect people's rights in relation to agency's acts.

Furthermore, this law establishes a group of specific rights that reinforce the performance of the law: the right of any person who has an interest in the proceedings to know at any time about the stage of the act; to obtain a legal copy of the documents that are part of the proceeding; to know the officials of any offices of the administration who are in charge of the proceedings; and to have access to the administrative acts (hearings or written orders or decisions) according to the law. The general principle in the Chilean constitution (Article 8, paragraph 2) establishes that acts and resolutions of the state's agencies are public, as well as their rationale and the procedures used. However, the Constitution provides that solely a quorum-qualified law may establish the secrecy or confidentiality of the acts and resolutions mentioned above if the publicity affects the tasks of the state's agencies, fundamental rights, the security of the nation, or national interest.

Transparency and the fundamental right to access to information
Law 20 285 on Access to Public Information establishes that the only grounds for secrecy or confidentiality under which it may reject all or part access to information when their publicity, communication or knowledge affects the proper fulfilment of the functions of the state's agencies, in particular:

a. if it affects the prevention, investigation and prosecution of a crime or offense or in the case of information necessary for legal and judicial defenses; in case of prior information to the adoption of a measure or policy deliberations, notwithstanding that those fundamentals shall be public once they are adopted; in the case of generic requirements, referred to a large number of administrative acts or their background; or in the case that attending the request unduly distracts officials of the regular fulfilment of their normal work;
b. when their publicity, communication or knowledge affects the rights of people, particularly in the case of their safety, health, sphere of privacy or rights of a commercial or economic nature;

c. when their publicity, communication or knowledge affects the security of the nation, particularly if it relates to national defense or the maintenance of public order or public safety; and

d. when their publicity, communication or knowledge affects national interest, particularly if it relates to public health, or international relations and the economic or commercial interests of the country.

5.1.6.2 Transparency in trade agreements

It should be noted that FTAs signed by Chile with Canada, Mexico, Central America, Korea, the United States, the EU, EFTA, P4, China, Japan, Colombia, Ecuador, Panama, Peru, Australia, Malaysia, Hong Kong and Vietnam contain regulations concerning transparency.

The main purpose of the transparency rules in the FTAs is to facilitate communication between parties and to make available any information to the people about measures concerning any issue covered in the agreement. From this perspective, transparency involves that governments should provide the necessary means for individuals to become acquainted with the rules and thus allow compliance with them.

Transparency rules of FTAs establish that governments have to publish the laws, regulations, procedures and administrative rules of general application without delay, and to the extent possible give the opportunity to other parties to make observations about the regulations. Additionally, the transparency chapters seek that, to the extent possible, each party shall publish in advance any such measure that it proposes to adopt, and provide interested persons and other parties a reasonable opportunity to comment on such proposed measures.

Also, FTAs establish that, to the maximum extent possible, each party shall notify other parties of any proposed or actual measure that the party considers might materially affect the operation of the agreemen,t or otherwise substantially affect the other parties' interests under it.

Furthermore, these rules include provisions on due process in matters concerning administrative procedures, which may affect aspects covered in the agreement with a view to facilitating communication between the parties in matters concerning the agreement.

5.1.7 Intellectual property rights

5.1.7.1. South Africa and Chile policy regarding the main IPR treaties under the auspices of the WTO

Maintaining an adequate and balanced IP system is a key issue for the Chilean economy. The Chilean legal and institutional framework for intellectual property rights (IPR) grants protection to all categories of IP included in the Agreement on Trade Related Aspects of Intellectual Property Rights (Trips Agreement) of the WTO , namely: copyright and related rights, trademarks, geographical indications, patents, industrial designs, layout designs (topographies) of integrated circuits, and protection of undisclosed information. Chile also confers protection to new plant varieties through a sui generis system. In addition to the standards in the Trips Agreement and those in the major World Intellectual Property Organisation (WIPO) treaties , Chile has committed to even higher standards through bilateral trade agreements.

5.1.7.2. Chile's participation in international IPR agreements

Chile is a member of the WIPO and has signed a number of WIPO-administered treaties, including the WIPO Copyright Treaty, the WIPO Performances and Phonograms Treaty, the Patent Cooperation Treaty, and the Trademarks Law Treaty, among others. It is also a member of the International Union for the Protection of New Varieties of Plants (UPOV). Recently, Chile signed two WIPO-administered treaties: the Beijing Treaty on Audiovisual Performances (24 June 2012) and the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (28 June 2013). Also, Chile ratified the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (2011), the Trademark Treaty (2011), and the Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (2011). For the purposes of the Budapest Treaty, in 2014, the Chilean Microbian Genetic Resources Collection was designated as the international authority.

The Chilean IPR regime has evolved significantly as a result of the incorporation of Trips commitments into national law. Also, several amendments have been made to comply with international obligations derived from bilateral agreements (mainly with the EU, the US, the EFTA, Central America, Canada, Mexico and Korea). New amendments will be incorporated into Chilean IPR legislation because of the ratification of the WIPO Internet Treaties and the implementation of other bilateral IPR commitments.

60. Chile has been a WTO member since 1 January 1995. The WTO Trips Agreement came into force in 2000

61. Chile has been a member of the WIPO since June 1975

The main domestic statutes for the protection of IPR in Chile are the Intellectual Property Law (Copyright Law), Law 17 336 of 2 October 1970, with its regulation, and the Industrial Property Law, Law 19 039 of 25 January 1991, with amendments introduced by Law 19 996 of 1 December 2005, Law 20 160 of 26 January 2007, and Law 20 569 of 2012 and its regulation. The protection of new varieties of plants is regulated through the New Plant Varieties Law, Law 19 342 of 3 November 1994. These statutes cover the major IPR areas referred to in the Trips Agreement and by major WIPO treaties.

Industrial property rights

Historically, the Department of Industrial Property of the Ministry of Economy was in charge of granting industrial property rights (trademarks, patents, utility models, layout design of integrated circuits, industrial design), including the registry of geographical indications and appellations of origin. The seeds department of the Agriculture and Cattle Service is in charge of administrating the Chilean registry of new plant varieties. However, a new institutional framework for the industrial property administration was enacted and entered into force in January 2009 (Law 20 254). The reformed Industrial Property Office (Inapi by its Spanish acronym) replaced the existing Chilean registry to improve registration services for trademarks, geographical indications, patents, utility models, industrial designs and layout designs of integrated circuits, by granting more human and financial resources. Moreover, the referred amendment provided Inapi with authority to apply such human and financial resources to conduct new capacity-building activities to promote the use of industrial property rights. Also, as mentioned above, in 2005, the widest and most significant reform to the Industrial Property Act was conducted since its enactment in 1991 (Law 19 996).

This reform implemented pending commitments of the Trips Agreement, and incorporated provisions to protect undisclosed information related to pharmaceutical for five years and agrochemical products for 10 years. Additionally, it established a special registry for geographical indications and the appellations of origin; rules for the assessment of damages for the infringement of industrial property rights; and new civil actions and precautionary measures that provide the rights holders with a wider range of tools to address the judicial enforcement of their rights.

In 2007, the Industrial Property Act was amended (Law 20 160) to incorporate and protect sound, collective and certification trademarks. Additionally, it provided for a patent term extension to compensate for unjustified delays in the administrative process to obtain registration.

Chilean law provides protection for 10 years to trademark right holders, but they may be renewed indefinitely. There are no requirements of use for registration or renewal of trademarks. Industrial designs that are novel are protected for 10 years from the date of filling. This period is not extendable. Textile designs and stampings may be protected at the same time under copyright law.

Patents are protected in Chile for 20 years from the filing date of the patent application. Economic models and business plans; discoveries; scientific theories and mathematical methods; surgical, therapeutic or diagnostic methods; plant varieties; animals; and software are not protected by patent or utility models. The patent system includes compulsory licences in cases of:

i) monopoly abuse;
ii) national security, public health, and national emergencies;
iii) non-commercial public use; and
iv) cross-licensing in relation to patented subject matters.

With regard to plant varieties, Chilean legislation is homologated to the UPOV 1978 Act. Nevertheless, Chile is committed to adhering to UPOV 1991, and a Bill that enacts UPOV standards is being drafted for Congress approval. Rights related to new varieties of plants must be pursued before civil courts. IPR holders have both civil and criminal remedies, and can collect costs and damages. Courts have, among other things, the power to order the destruction of tools and implements used to produce the falsification or copy. The Customs Service has the authority to apply some ex officio measures regarding IPR at the border. In addition, Law 19 039 establishes for the international exhaustion of these rights. Consequently, parallel importations are allowed.

In 2012, Chile introduced changes to Law 19 039. These are mostly contained in Law 20 569 to harmonise and improve the procedure for filing applications for trademarks and patents. It also includes provisions for implementing the Patent Cooperation Treaty (PCT) in Chile, for example, with regards to time limits for applications. In general, the law provides that patent application procedures at the national phase should abide by the provisions in the treaty. Law 20 569 also declares that the Inapi is the body responsible for receiving and processing international patent applications.

In October 2012, the Inapi was designated as an international searching authority (ISA)/international preliminary examination authority (IPEA) for the purposes of the PCT. It commenced its activities as an ISA/IPEA in October 2014. During the two years between its appointment as an ISA/IPEA in October 2012 and the commencement of operations in October 2014, the Inapi worked on setting up the databases and designing a quality-control system for dealing with applications and examination of patents submitted under the international phase of the PCT. It also worked on implementing an online e-PCT system created by WIPO for access to international databases and for transmitting documents concerning international PCT applications electronically, and on the creation of a PCT department within the Patents Subdirectorate. The Inapi also drew up patent directives concerning Inapi criteria for technical, legal and procedural examination for the registration of patent applications.

The Inapi signed a series of agreements or MOUs with similar bodies in other countries, including Australia, Brazil, China, Colombia, the Dominican Republic, Ecuador, El Salvador, France, the Republic of Korea, Mexico and Paraguay.

Copyrights and related rights

The Copyright Department of the Library, Archives and Museums Directorate is in charge of the Copyright Register. The main copyright statutes are the Intellectual Property (Copyright) Law, Law 17 336 of 2 October 1970 with its regulation (Supreme Decree 4 764 of 8 January 1985).

The term of protection for copyrights and related rights is 70 years after the author's death. In conformity with the Berne Convention, protection is automatically recognised once works are created, but a register is available for publicity measures. Additionally, registration constitutes a legal presumption of ownership in favour of the person who is registered as rights holder. According to the Copyright Law, rights holders have both civil and criminal remedies against infringers. Once convicted, infringers may be forced to pay damages and fines, and also be imprisoned. The Customs Service has the authority to apply some ex officio measures regarding IPR at the border.

An important change to Law 17 336 was introduced by means of Law 20 435 of 4 May 2010. This incorporated international standards for the protection of IPR in the digital sphere. The law introduced a new catalogue of exclusions and limitations to copyright and related rights, and also contains provisions on enforcement and penalties, as well as on information on the management of rights. Two implementing regulations were adopted for the proper implementation of Law 20 435: DL 425, published in the Official Journal on 24 May 2011, which regulates the procedure for registering IP mediators and arbitrators, the form and specifications for registration, and the fees to be paid to mediators and arbitrators; and Decree 277 published in the Official Journal on 28 October 2013, which contains the implementing regulations for the text of Law 17 336.

The basic objectives of these amendments are to:

(i) apply effective measures that guarantee a sufficient level of protection through civil and criminal proceedings for the enforcement of copyright and related rights in view of the frequent infringements commonly termed piracy;

(ii) establish a suitable framework of exclusions and limitations to copyright and related rights that guarantee access to cultural assets and the exercise of fundamental rights by the public, as recognised in most international laws and in accordance with the flexibilities allowed by the Trips Agreement and reaffirmed by Chile in its various FTAs; and

(iii) regulate the liability of internet service providers, limiting their liability for infringement of copyright and related rights committed by users of their services on their networks, in accordance with Chile's international commitments in the FTA signed with the US.

The amendments have in practice resulted in: the adaptation of the existing rules to the requirements in FTAs; changes to the existing system of exclusions and limitations to copyright and related rights; the establishment of a new system of penalties, updating the sanctions already available and qualifying new offences; streamlining civil and criminal proceedings, introducing special preventive measures; and specifying certain aspects concerning the procedure for determining rates by collective management bodies.

62. National Regulator for Compulsory Specifications Act (Act No. 5 of 2008)

63. www.gov.za

64. www.gov.zawww.dfa.gov.za

Enforcement of IPR

The Department of Industrial Property, the Court of Appeal for Industrial Property (reformed under the Law 19 996) and the Agriculture and Livestock Service for issues related to plant varieties are responsible for administrative actions related to the opposition or annulment of applications or granted registries. Criminal and civil remedies provided for infractions in the industrial property and IP laws must be pursued before civil and criminal courts. Persons convicted for offences against rights holders of intellectual or industrial property rights may be required to pay costs and damages to rights holders, and also fines. In cases of IP violations, infringers can also be imprisoned.

In 2000, Congress passed new legislation for an overall modification of the Chilean criminal system. This reform, which has been implemented in every Chilean region (in Santiago, it was implemented in June 2005), has shown to increase efficiency both in criminal courts and in the actions of police agencies against IPR infringers.

Additionally in early 2008, the Chilean civil police incorporated a new specialised unit, Bridepi, devoted to investigating and prosecuting crimes specifically related to IPR. The unit extends its authorities over all issues related to offenses related to industrial and intellectual property rights. One of the purposes of Bridepi is to identify and disarticulate criminal organisations dealing with piracy, counterfeit, and related offenses through intelligence investigations. This specialised unit is expected to become a cornerstone of the Chilean national system for IPR enforcement. A number of similar initiatives have been launched, carried out by other Chilean agencies such as the Chilean National Customs Service and the Chilean National Prosecutor's Office.

The term "aborigines" in South Africa would mean indigenous people. The term "indigenous" is used in South Africa's legal discourse in reference to the languages and legal customs of the majority black African population as opposed to the other races. The Intellectual Property Laws Amendment Act of 2013 regulates indigenous knowledge in South Africa. South Africa uses the orthodox IP system to protect indigenous knowledge, as the IP system can be used to misappropriate indigenous knowledge. It provides a database where all indigenous knowledge is registered.

The Intellectual Property Laws Amendment Act provides for prior informed consent and access to the IP system to allow sharing for communities. These provisions have been in the South African Patents Act since 2005, as well as in biodiversity legislation. The Intellectual Property Laws Amendment Act also established a national trust fund for indigenous knowledge, and encourages communities to form community trusts. In addition, it provides for the protection of indigenous knowledge and its commercialisation.

5.1.8 Environment and international trade

Import permits are maintained to administer tariff quotas on health, sanitary and phytosanitary, and environmental grounds; or under international conventions to which South Africa is a signatory. However, a number of products remain subject to export controls, including prohibitions. Like import controls, these controls are maintained on grounds of safety, security, and the environment.

Technical regulations are set for health, safety, and environmental reasons. A standard becomes a technical regulation once "referenced", and any department may make a reference. The National Regulator for Compulsory Specifications was established under the National Regulator for Compulsory Specifications Act (Act No. 5 of 2008) to administer compulsory specifications. This Act also provides the legal framework for the administration of technical regulations maintained in the interests of public safety, health, and the environment .

In 2004, South Africa introduced an environmental levy of 3 cents per bag on locally manufactured and imported plastic carriers and flat bags (HS 3923.21.05, 3923.21.15, 3923.29.05 and 3923.29.15). The purpose is to reduce pollution, and the levy is collected by SARS. A specific fuel levy is applied on certain petroleum oils and oils obtained from bituminous minerals. The levy is applied at the same rate on imported and domestic goods.

One of the most important elements of the New Growth Plan is a green economy, which is envisaged to potentially reduce carbon emissions, generate jobs in ecosystem management, and encourage industrial development. South Africa is committed to slowing its growth in greenhouse gas emissions by 34% by 2020, and by 42% by 2025 . In 2011, the government entered into the Green Economic Accord, which aims to create 300 000 jobs in the next 10 years through investment in the green economy. In 2012, National Treasury allocated R800 million over two years to the Green Fund, which aims to provide finance for high-quality, high-impact, job-creating green economy projects around the country. By May 2012, the government had approved 19 wind, solar and hydropower proposals worth R73 million to help boost clean energy .

In addition, South Africa has signed several international conventions, treaties, protocols and other agreements supporting the principles of sustainable development .

Table 42: List of agreements dealing with environmental issues

Date signed	Country	Title	Date (yymmdd)
19331108	UK	Convention relative to the Preservation of Fauna and Flora in their Natural State	19351119 (r) Entry into force: 19360114
19580429		Convention on the Continental Shelf	19630409 (a) Entry into force: 19640610
19591119		Convention Placing the International Poplar Commission within the Framework of the FAO (revised 15.11.1977)	19960410 (A) Entry into force: 19960410
19591201		The Antarctic Treaty	19600621 (r) Entry into force: 19610623
19670503		Convention on the International Hydrographic Organisation	Entry into force: 19700922
19710202		Convention on Wetlands of International Importance, especially as Waterfowl Habitat 1971 (Ramsar Convention)	19750312 (r) Entry into force: 19751221
19721116		Convention concerning the Protection of the World Cultural and Natural Heritage (World Heritage Convention)	19970710 (a) Entry into force: 19971010
19721229	International Maritime Organisation (IMO)	Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter with Annexures (LC 1972 or London Convention)	19780807 (a) Entry into force: 19780906
19730303		Convention on International Trade in Endangered Species of Wild Fauna and Flora	19750715 (r) Entry into force: 19751013
19770428		Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure (amended on 26 September 1980)	19970414 (a) Entry into force: 19970714
19780217	IMO	Protocol of 1978 relating to the International Convention for Safety Life at Sea, 1974, as amended	19820111 (a) Entry into force: 19821104
19790622		Amendment to the Convention on International Trade in Endangered Species of Wild Fauna and Flora with Appendices Signed in Washington on 3 March 1973	19821001 (A) Entry into force: 19870413
19790623		Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention)	19910927 (a) Entry into force: 19911201
19800520		Convention on the Conservation of Antarctic Marine Living Resources	19810723 (r) Entry into force: 19820407
19810323		Convention for Cooperation in the Protection and Development of the Marine and Coastal Environment of the West and Central African Region and related Protocols (Abidjan Convention)	20030530 (a) Entry into force: 20030729
19821210		United Nations Convention on the Law of the Sea	19841205 19971223 (r) Entry into force: 19980122
19831203		Protocol to amend the Convention on Wetlands of International Importance Especially as Waterfowl Habitat 1982 (Paris Protocol)	19830526 (s) Entry into force: 19861001

Date signed	Country	Title	Date (yymmdd)
19850322		Vienna Convention for the Protection of the Ozone Layer	19900115 (a) Entry into force: 19900415
19850621		Convention for the Protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region and related Protocols (Nairobi Convention)	20030530 (a) Entry into force: 20030828
19870528		Amendments to Articles 6 and 7 of the Convention on Wetlands of International Importance especially as Waterfowl Habitat, 1987 (Regina Amendments)	19920214 Entry into force: 19940501
19870916		Montreal Protocol on Substances that Deplete the Ozone Layer	19900115 (a) Entry into force: 19900415
19890322		Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Basle Convention)	19940504 (a) Entry into force: 19940803
19900629		Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer (London Amendment)	19920512 (A) Entry into force: 19920810
19900909	Côte D'Ivoire	Cooperation Agreement regarding the Technical Management the Abokouamerko Game Park	Entry into force: 19900909
19911004		Protocol on Environmental Protection to the Antarctic Treaty (Madrid Protocol)	19950803 (r) Entry into force: 19980114
19911017		Annex V to the Protocol on Environmental Protection to the Antarctic Treaty – Area Protection and Management	19950614 (B) Entry into force: 20020524
19920509		United Nations Framework Convention on Climate Change	19930615 (s) 19970829 (r) Entry into force: 19971127
19920605		Convention on Biological Diversity	19930604 (s) 19951102 (r) Entry into force: 19960131
19920903		Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction	19930114 (s) 19950913 (r) Entry into force: 19970429
19921008	Israel	Agreement on Cooperation in the field of Environmental Management and of Nature Protection and Conservation	Entry into force: Not in force
19921125		Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer (Copenhagen Amendment)	20010313 (a) Entry into force: 20010612
19940228	Namibia	Treaty between the Government of the Republic of South Africa and the Government of the Republic of Namibia with respect to Walvis Bay and the Off-Shore Islands	Entry into force: 19940301
19940301	Namibia	Agreement concerning Nature Conservation Functions in Walvis Bay	Entry into force: 19940301
19940728		Agreement relating to the Implementation of Part XI of the United Nations Convention on the Law of the Sea of 10 December 1982	19941003 (s) 19971223 (r) Entry into force: 19980122
19940908		Agreement on Cooperative Enforcement Operations Directed at Illegal Trade in Wild Fauna and Flora (Lusaka Agreement)	19940909 (s) Entry into force: No intention to ratify
19941014		United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa	19970930 (r) Entry into force: 19971229

Date signed	Country	Title	Date (yymmdd)
19950922		Ban Amendment to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal Geneva, 22 September 1995	Entry into force: Not in force
19951115	New Zealand	Joint Statement on Antarctic Cooperation	Entry into force: 19951115
19951205	US	Framework Agreement concerning Cooperation in the Scientific, Technological and Environmental Fields	Entry into force: 20010827
19951205	US	Statement of Intent concerning Cooperation in Sustainable Energy Development and the Mitigation of Greenhouse Gases	Entry into force: 19951205
19951215	Denmark, Canada	Agreement between the Government of the Republic of South Africa and the International Development Research Centre, Canada, and the Government of the Kingdom of Denmark on the Development of a New National Environmental Policy for South Africa	19951215 (s) Entry into force: 19951215
19951215	Denmark	Agreement on Capacity Building in the Department of Environmental Affairs in the Province of Mpumalanga, Republic of South Africa	Entry into force: 19951215
19951215	Denmark	Agreement on Capacity Building in the Directorate of Environment, Department of Development Planning, Environment and Works in the Province of Gauteng, Republic of South Africa	Entry into force: 19951215
19951215	Denmark	Agreement on the Development of a White Paper on Biological Diversity for the Republic of South Africa	Entry into force: 19951215
19951215	Denmark International Development Research Centre	Agreement on the Development of a New National Environment Policy for South Africa	Entry into force: 19951215
19960212	Norway	Memorandum of Understanding between the Department of Environmental Affairs and Tourism of the Republic of South Africa and the Ministry of Environment of the Kingdom of Norway relating to Cooperation on the Protection of the Environment	19960212 (s) Entry into force: 19960313
19960815		Agreement on the Conservation of African – Eurasian Migratory Water Birds (AEWA Agreement)	20020101 (r) Entry into force: 20020401
19960910		Comprehensive Nuclear-Test-Ban Treaty	19960924 (s) 19990330 (r) Entry into force: Not in force
19960918	Denmark	Agreement on the Development of National Waste Management Strategies and Action Plans for the Republic of South Africa	Entry into force: 19960918
19961107	IMO	1996 Protocol to the Convention on the Prevention of Marine Pollution by Dumping of Wastes and other Matter, 1972 (LC PROT 1996)	19981223 (a) Entry into force: 20060324
19970917		Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Amendment)	20041111 (a) Entry into force: 20050209
19971211		Kyoto Protocol to the United Nations Framework Convention on Climate Change	20020731 (a) Entry into force: 20050216
19980306	Ethiopia	Declaration of Intent with regard to Cooperation in the Fields of Wildlife Management	Entry into force: 19980306
19980310	Germany	Agreement on Cooperation in the Field of Environment	Entry into force: 19980410
19980426	Denmark	Specific Agreement regarding the Establishment of an Environment Rapid Response Facility	Entry into force: 19980426
19980910		Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention)	20020904 (a) Entry into force: 20040224

Date signed	Country	Title	Date (yymmdd)
19981020	New Zealand	Arrangement for the Exchange of Scientific Observers in Accordance with the Provisions of the Convention on the Conservation of Antarctic Marine Living Resources Scheme of International Scientific Observation	Entry into force: 19981020
19990407	Botswana	Bilateral Agreement on the Recognition of the Kgalagadi Transfrontier Park	Entry into force: Not in force
19990701		Memorandum of Understanding concerning Conservation Measures for Marine Turtles of the Atlantic Coast of Africa	20071106(s) Entry into force: 20071201
19990818		Protocol on Wildlife Conservation and Law Enforcement in the Southern African Development Community	20031031 (r) Entry into force: 20031130
19991203		Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer (Beijing Amendment)	20041111 (a) Entry into force: 20050209
20000622	Mozambique Swaziland	General Transfrontier Conservation and Resource Area Protocol	Entry into force: Not in force
20000622	Mozambique	Lubombo Ndumu-Tembe-Futi Transfrontier Conservation and Resource Area Protocol	Entry into force: Not in force
20000622	Mozambique	Lubombo Ponto Do Ouro-Kosi Bay Marine and Coastal Trans-Frontier Conservation and Resource Area Protocol between the Government of the Republic of Mozambique and the Government of the Republic of South Africa	Entry into force: Not in force
20000622	Swaziland	Lubombo Nsubane-Pongolo Transfrontier Conservation and Resource Area Protocol between the Government of the Republic of South Africa and the Government of the Kingdom of Swaziland	Entry into force: Not in force
20000918	Ukraine	Memorandum of Understanding between the South African Council for Geoscience and the Ministry of Environmental and Natural Resources of Ukraine	Entry into force: 20000918
20001110	Mozambique Zimbabwe	Agreement on the Development of the Gaza-Kruger-Gonarezhou Transfrontier Park between the Governments of the Republic of South Africa, the Republic of Mozambique and the Republic of Zimbabwe	Entry into force: Not in force
20010522		Stockholm Convention on Persistent Organic Pollutants	20010523(s) 20020904 (r) Entry into force: 20040517
20010611	Lesotho	Memorandum of Understanding in respect of the Maloti-Drakensberg Transfrontier Conservation Development Area	Entry into force: Not in force
20010619		Agreement on the Conservation of Albatrosses and Petrels	20031106 (r) Entry into force: 20040201
20010620	International Union for the Conservation of Nature and Natural Resources	Agreement on the Establishment of an Office for the International Union for the Conservation of Nature and Natural Resources in South Africa	Entry into force: 20010620
20010623		Memorandum of Understanding on the Conservation and Management of Marine Turtles and their Habitats of the Indian Ocean and Southeast Asia	20050222 (s) Entry into force: 20050501
20011211	Finland	Project Agreement on Finnish Assistance to the Support to Environment and Sustainable Development in North West Province	Entry into force: 20011211
20021209	Mozambique Zimbabwe	Treaty between the Governments of the Republic of Mozambique, South Africa and Zimbabwe on the Establishment of the Great Limpopo Transfrontier Park	Entry into force: Not in force

Date signed	Country	Title	Date (yymmdd)
20030711		African Convention on the Conservation of Nature and Natural Resources (Algiers Convention) 2003	20120418 (s) 20130515(r) Entry into force: Not in force
20030801	Namibia	Treaty on the Establishment of the Ai-Ais/Richtersveld Transfrontier Park	Entry into force: Not in force
20031011	Iran	Memorandum of Understanding in respect of Cooperation in the Field of Environment	Entry into force: 20031011
20031200	Denmark	Agreement regarding Support to the Water Component within the Urban Environmental Management Programme	Entry into force: 200312 (no day)
20040331	Africa Institute for Environmentally Sound Management of Hazardous and other Wastes	Agreement Establishing the Africa Institute for the Environmentally Sound Management of Hazardous and Other Wastes	20090112 (r) Entry into force: 20090211
20041126	SADC	Memorandum of Understanding concerning the Implementation of Phase 2 of the Southern African Development Community Hydrological Cycle Observing System: Consolidation and Expansion of SADC-HYCOS	Entry into force: 20041126
20050614		Annex VI to the Protocol on Environmental Protection to the Antarctic Treaty – Liability Arising from Environmental Emergencies	20140410(r) Entry into force: Not in force
20051202	Denmark	Agreement regarding the Urban Environmental Management Programme in South Africa	Entry into force: 20051202
20060622	Botswana Zimbabwe	Memorandum of Understanding to Facilitate the Establishment of the Limpopo/Shashe Transfrontier Conservation Area	Entry into force: 20060622
20061117		Amendment to Annex B of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (Belarus Amendment)	20140221 (A) Entry into force: Not in force
20070921	International Bank for Reconstruction and Development	Global Environment Facility Trust Fund Grant Agreement (Plus Project Agreement with Indian Ocean Commission and Project Agreement with the South African Maritime Safety Authority)	Entry into force: 20070921
20080228	France	Statement of Intent on the Extension of the Continental Shelf, the Surveillance of Fisheries, and Scientific Research Cooperation in the Waters Adjacent to the French Southern and Antarctic Territories and Marion and Prince Edward Islands	Entry into force: 20080228
20080417	Norway	Joint Declaration on Climate Change and Energy Issues	Entry into force: 20080417
20081001		Memorandum of Understanding on the Conservation of Migratory Birds of Prey in Africa and Eurasia (Raptors MOU)	20081204(s) Entry into force: 20090101
20081015		Memorandum of Understanding on Cooperation in the field of Environment under the India Brazil South Africa Dialogue Forum	Entry into force: 20081015
20081201	Lesotho	Memorandum of Understanding in respect of the Maloti-Drakensberg Transfrontier Conservation and Development Area	Entry into force: Not in force
20090423	Italy	Letter of Intent on Environmental Cooperation	Entry into force: 20090423
20090522	Mozambique	Agreement between the Republic of South Africa and the Republic of Mozambique on the Harmonisation of their Individual Submissions for their Respective Claim for an Extended Continental Shelf	Entry into force: 20090522
20090624	Namibia	Memorandum of Understanding on the Submission of their Respective Claims for an Extended Continental Shelf to the United Nations Commission on the Limits of the Continental Shelf	Entry into force: 20090624
20091202	Cuba	Agreement on Environmental Cooperation	Entry into force: 20130515
20100212		Memorandum of Understanding on the Conservation of Migratory Sharks	20110512(s) Entry into force: 20110601

Date signed	Country	Title	Date (yymmdd)
20100824	People's Republic of China	Memorandum of Understanding between the Government of the People's Republic of China and the Government of the Republic of South Africa on Cooperation in the Field of Environmental Management	Entry into force: 20100824
20101005	Botswana	Agreement to Amend the Bilateral Agreement between the Government of the Republic of South Africa and the Government of the Republic of Botswana on the Recognition of the Kgalagadi Transfontier Park	Entry into force: 20101005
20101019	Egypt	Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the Arab Republic of Egypt on Cooperation in the Field of the Environment	Entry into force: 20101019
20101029		Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits arising from their Utilizstion to the Convention on Biological Diversity	20110511(s) 20130110(r) Entry into force: 20141012
20101202	Zambia	Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the Republic of Zambia on Cooperation in the Field of Environmental Management and Natural Resources	Entry into force: 20101202
20110920	Convention on Biological Diversity Secretariat	Memorandum of Understanding between the Secretariat of the Convention on Biological Diversity and the Government of the Republic of South Africa Regarding Further Promotion on South-South and Triangular Cooperation Biodiversity at Regional and Global Levels	Entry into force: 20110920
20111012		Memorandum of Understanding between the Secretariat of the United Nations Framework Convention on Climate Change and its Kyoto Protocol and the Government of the Republic of South Africa in connection with the Meeting of the Transitional Committee	Entry into force: 20111012
20111026		Agreement on the Regional Contingency Plan for Preparedness for and Response to Major Pollution Incidents in the Western Indian Ocean	20121213 (s) Entry into force: 20111026
20120829	Botswana	Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the Republic of Botswana on the Regional Environmental and Social Assessment of Coal-Based Energy Projects along the Botswana-South Africa Border	Entry into force: 20120829
20121011	IMO	Cape Town Agreement of 2012 on the Implementation of the Provisions of the 1993 Torremolinos Protocol Relating to the 1977 International Convention for the Safety of Fishing Vessels	Entry into force: Not in force
20121106	Namibia	Memorandum of Understanding between the Government of the Republic of South Africa as represented by the South African Weather Service and the Government of the Republic of Namibia as represented by the Namibia Meteorological Service on Cooperation in Meteorology	Entry into force: 20121106
20121109	Uganda	Agreement between the Government of the Republic of South Africa and the Government of the Republic of Uganda on Cooperation in the Fields of the Environmental and Water Resources	Entry into force: 20121109
20121208		Doha Amendment to the Kyoto Protocol	20150507(A) Entry into force: Not in force
20121210	Vietnam	Memorandum of Understanding between the Government of Socialist Republic of Vietnam and the Government of the Republic of South Africa on Cooperation in Biodiversity Conservation and Protection	Entry into force: 20121210

65. http://www.labour.gov.za
66. www.dirco.gov.za

Date signed	Country	Title	Date (yymmdd)
20130301	Botswana Lesotho	Memorandum of Understanding between the Government of the Republic of South Africa, the Government of the Republic of Botswana and the Government of the Kingdom of Lesotho Establishing a Framework for Study on the Provision of Water to the Republic of Botswana from the Lesotho Highlands	Entry into force: 20130301
20130318	Angola Namibia	Benguela Current Convention between the Government of the Republic of Angola and the Government of the Republic of Namibia and the Government of the Republic of South Africa	20140710 (r) Entry into force: Not in force
20130326	People's Republic of China	Memorandum of Understanding between the Government of the People's Republic of China and the Government of the Republic of South Africa on Cooperation in the Fields of Wetland and Desert Ecosystem and Wildlife Conservation	Entry into force: 20130326
20130507	Nigeria	Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the Federal Republic of Nigeria on Cooperation in the Field of the Environment	Entry into force: 20130507
20130915	Brazil	Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the Federative Republic of Brazil on Cooperation in the Field of the Environment	Entry into force: 20130915
20131010		Minamata Convention on Mercury	Entry into force: Not in force
20131030	People's Republic of China	Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the People's Republic of China on Cooperation in the Field of Oceans and Coastal Management	Entry into force: 20131030
20140417	Mozambique	Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the Republic of Mozambique on Cooperation in the Field of Biodiversity Conservation and Management	Entry into force: Not in force
20141210	Gambia	Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the Gambia on Cooperation in the Field of Biodiversity Conservation and Environmental Management	Entry into force: 20141210
20150529	Cambodia	Memorandum of Understanding between the Government of the Republic of South Africa and the Royal Government of Cambodia on Cooperation in Biodiversity Conservation and Protection	Entry into force: 20150529

Source: www.dfa.gov.za

5.1.9 Labour and international trade

South Africa, through the Department of Labour , participates in a number of platforms to advance fair and just labour and employment practices. These include, among other things, the G20 member states, the International Trade Union Confederation, the International Organisation of Employers, the Organisation for Economic Cooperation and Development, the International Labour Organisation, and other regional and continental organisations.

South Africa's interaction on matters relating to strengthening social protection focuses on:

- improving employment policies, especially for young people and the most vulnerable;
- promoting the effective application of social and labour rights; and
- strengthening the coherence of economic and social policies.

In addition, South Africa has signed the following international agreements supporting labour relations.

Table 43: List of agreements dealing with labour issues

Date signed	Country	Title	Date (yymmdd)
19191029	ILO	Unemployment Convention (ILO No. 2)	19240220 (r) Entry into force: 19210714
19250605	ILO	Workmen's Compensation for Accidents (ILO No. 19)	19260330 (r) Entry into force: 19260908

19280616	ILO	Minimum Wage-Fixing Machinery Convention (ILO No. 26)	19321228 (r) Entry into force: 19331228
19300628	ILO	Convention concerning Forced or Compulsory Labour (ILO No. 29)	19970305 (r) Entry into force: 19980305
19341117	Portugal	Amendment to Mozambique Convention of 19280911	Entry into force: 19350712
19350621	ILO	Underground Work (Women) (ILO No. 45)	19360625 Entry into force: 19370625
19380620	ILO	Statistics of Wages and Hours of Work (ILO No. 63)	19390808 (r) Entry into force: 19400808
19390421	Portugal	Exchange of Notes to prolong the Mozambique Convention concluded at Pretoria on 11 September 1928, as amended by an Agreement Signed at Lourenço Marques on 17 November 1934 between the Governments of the Union of South Africa and Portugal	Entry into force: 19390421
19400502	Portugal	Extension of Mozambique Convention of 19280911	Entry into force: 19400502
19420316 19421104	Ireland	Reciprocal Agreement for the Transfer to Workmen's Compensation Moneys	Entry into force: Not in force
19461009	ILO	The Constitution of the International Labour Organization Instrument of Amendment, 1946	19461101 19470619 (r) Entry into force: 19470619
19461009	ILO	Final Articles Revision Convention, 1946	19461101 (s) 19470619 (r) Entry into force: 19470619
19470711	ILO	Labour Inspection Convention (ILO No. 81)	20130620(r) Entry into force: 20140620
19480709	ILO	Convention concerning Freedom of Association and Protection of the Right to Organise (ILO No. 87)	19960219 (r) Entry into force: 19970219
19480831	ILO	Night Work of Women Employed in Industry (ILO No. 89)	19500302 (r) Entry into force: 19510302
19490701	ILO	Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively (ILO No. 98)	19960219 (r) Entry into force: 19970219
19510629	ILO	Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value.(ILO No. 100)	20000330 (r) Entry into force: 20010330
19570625	ILO	Convention concerning the Abolition of Forced Labour (ILO No. 105)	19970305 (r) Entry into force: 19980305
19580625	ILO	Convention concerning Discrimination in respect of Employment and Occupation (ILO No. 111)	19970305 (r) Entry into force: 19980305
19610626	ILO	Final Articles Revision ILO Convention (ILO No. 116)	19630809 (r) Entry into force: 19630809
19641013	Portugal Mozambique	Labour Agreement – Mozambique Mineworkers in South Africa	Entry into force: 19650101
19670801	Malawi	Agreement relating to the Employment of Malawi Nationals in South Africa	Entry into force: 19670801

19730626	ILO	Convention concerning Minimum Age for Admission to Employment (ILO No. 138)	20000330 (r) Entry into force: 20010401
19731224	Botswana	Labour Agreement	Entry into force: 19731224
19750822	Swaziland	Labour Agreement	Entry into force: 19750822
19860624	ILO	Instrument for the Amendment of the Constitution of the International Labour Organisation, 1986	20150316 (A) Entry into force: Not in force
19870720	Comoros	Agreement relating to the Basic Conditions Governing the Secondment of Officials to, and the Recruitment of other Personnel by the Government of, the Republic of South Africa on behalf of the Government of the Federal Islamic Republic of the Comoros	Entry into force: 19870720
19930603	Swaziland	Agreement relating to the Basic Conditions Governing the Secondment of Judges	Entry into force: 19930603
19940307	Russian Federation	Joint Statement on Social and Labour Cooperation	Entry into force: 19940307
19940426	Namibia	Agreement regarding Payment from1 March 1994 of Benefits in Terms of the Unemployment Insurance Act, 1966 (Act 30 of 1966) to Walvis Bay Contributors	Entry into force: 19940301
19950202	Germany	Memorandum of Understanding concerning Direct Cooperation in the Field of Labour and Labour-Related Matters	Entry into force: 19950202
19950605	ILO	Agreement concerning the Status of the International Labour Organisation, its Officials, and its Area Office in the Republic of South Africa	19951011 (r) Entry into force: 19951011
19950622	ILO	Convention concerning Safety and Health in Mines (ILO No. 176)	20000609 (r) Entry into force: 20010610
19970619	ILO	Instrument for the Amendment of the Constitution of the International Labour Organisation	20071001 (r) Entry into force: Not in force
19990617	ILO	Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (ILO No. 182)	20000607 (r) Entry into force: 20010607
20010109	apan	Exchange of Notes in Respect of the Japan Overseas Cooperation Volunteers in the Republic of South Africa	Entry into force: 20010109
20020820	People's Republic of China	Memorandum of Understanding on Cooperation in the field of Human Resources Development and Employment Creation	Entry into force: 20020820
20030117	Mozambique	Cooperation Agreement in the Fields of Migratory Labour, Job Creation, Training, Studies and Research, Employment Statistics, Social Dialogue and Social Security	Entry into force: Not in force
20040301	Cuba	Agreement on Cooperation in the Fields of Employment, Social Security, and Occupational Health and Safety	Entry into force: 20040301
20040720	United Nations	Memorandum of Understanding relating to Cooperation in the United Nations Online Network of Regional Institutions for Capacity Building in Public Administration and Finance	Entry into force: 20040720
20041001	Zimbabwe	Memorandum of Understanding in the Fields of Employment and Labour (Superseded by MOU signed on 27 August 2009)	Entry into force: Not in force
20041013	Tunisia	Memorandum of Understanding on Cooperation in the Field of Employment	Entry into force: 20080620
20060223	ILO	Maritime Labour Convention (MLC, 2006)	20130620(r) Entry into force: 20140620
20061009	People's Republic of China	Memorandum of Understanding on Cooperation in the Fields of Human Resource Development and Employment Creation	Entry into force: 20061009
20061030	Lesotho	Memorandum of Understanding on Cooperation in the Field of Labour	Entry into force: 20061030

20070614	ILO	Work in Fishing Sector Convention (ILO No. 188)	20130620(r) Entry into force: Not in force
20081020	Namibia	Memorandum of Understanding on Cooperation in the Field of Labour	Entry into force: 20081020
20081201	Republic of Korea	Letter of Intent on Cooperation in the Field of Vocational Training	Entry into force: 20081201
20090827	Zimbabwe	Memorandum of Understanding on Cooperation in the Fields of Employment and Labour (Recalling MOU signed on 1 October 2004)	Entry into force: 20090827
20110126	Brazil	Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the Federative Republic of Brazil on Cooperation in the Field of Labour and Employment Policies	Entry into force: 20110126
20110616	ILO	Domestic Workers Convention (ILO No. 189)	20130620(r) Entry into force: 20140620
20140818		SADC Protocol on Employment and Labour	20140818 (s) Entry into force: Not in force
20140915	People's Republic of China	Agreement between the Government of the Republic of South Africa and the Government of the People's Republic of China on Cooperation in the Fields of Human Resource Development and Employment Service	Entry into force: 20140915
20141124	Namibia	Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the Republic of Namibia on Cooperation in the Field of Labour and Employment	Entry into force: 20141124
20141124	Namibia	Memorandum of Understanding between the Government of the Republic of South Africa and the Government of the Republic of Namibia on Cooperation in the Field of Labour and Employment	Entry into force: 20141124

Source: www.dirco.gov.za

6. COOPERATION AND INFORMATION EXCHANGE ON OTHER ISSUES

6.1 Development strategies

Chile and South Africa share the long-term goal to improve individual international competitiveness and further develop international trade competitiveness through: diversifying trade composition with a larger share of manufactured, agro-processing, and agricultural industrial exports; diversifying supply markets; increasing the participation of SMEs as exporters; and actively participating in international trade institutions.

South Africa's long-term goal is to enhance and consolidate its social and economic transformation. In terms of structural transformation, South Africa is facing a new phase of development of its economy, the objective being to move from an economy based on natural resources to a knowledge-based industrial economy and enhancing competitiveness through technological support. There is a need to increase manufacturing contribution to GDP, as well as the share of manufacturing exports and imports in total merchandise trade.

6.2 Cooperation programme

The relationship between Chile and South Africa is developing and shows promising areas for cooperation (including workshops, capacity building, and exchange programmes, among other things) in the following areas:

- Customs procedures;
- Sanitary and phytosanitary;
- Technical varriers to trade;
- Export and investment promotion;
- Cooperation in agriculture (related with regulatory issues) and aquaculture; and
- Tertiary education.

6.3 Customs, sanitary and phytosanitary, and technical barriers to trade

Chile and South Africa share the interest of a broad and comprehensive set of strategic initiatives in the field of customs procedures and organisation to reinforce partnerships in areas such as new regulations, innovation, and administrative and institutional experiences to promote collaboration for mutual benefit.

The same applies to the area of sanitary and phytosanitary controls and policies, and technical barriers to trade. In the case of Chile and South Africa, these policies are an essential part of opening more trade opportunities for both partners, so an exchange of experiences and institutional organisation would be useful to learn from each other as well as contribute to improving the functioning of the institutions of both partners.

6.4 Export and investment promotion

Chile and South Africa share the interest of a broad and comprehensive set of strategic initiatives in the field of export promotion. In the case of Chile and South Africa, these policies are an essential part of opening more trade opportunities for both partners (Direcon and ProChile, in the case of Chile). An exchange of experiences and institutional organisation would be useful to learn from each other, as well as contribute to improving the functioning of the institutions of both partners.

6.5 Cooperation in agriculture

Agricultural and food trade are key areas for both countries. Chile and South Africa share the interest of a set of strategic initiatives in the fields of agriculture, codex alimentarius, and food norm procedures and organisation. Cooperation would reinforce the exchange of experiences in areas such as new regulations, innovation, and administrative and institutional experiences to promote collaboration for mutual benefit. In addition, there are also possible cooperation opportunities in the aquaculture/aquafarming industry.

6.6 Scholarship programme: Republic of Chile – Nelson Mandela

The scholarship programme "Republic of Chile – Nelson Mandela" was introduced to accomplish accredited master's studies in Chilean universities, and was launched by the President of the Republic of Chile, Michelle Bachelet, on her state visit to South Africa, Mozambique and Angola in August 2014. The programme will grant 30 new scholarships each year, and is already being executed.

The master´s degree lasts 24 months, and includes one additional semester of Spanish through an immersion course in language and culture for selected participants who require it. The areas are: mining, aquaculture, agriculture, public policy management, health, astronomy and engineering. Benefits include roundtrip tickets, university fees and monthly allowance, and life, health and accident insurance. It will be suggested to the authorities to incorporate subjects within the framework of this programme to promote trade and investment.

7. CONCLUSIONS

7.1 Why South Africa and Chile?

This Joint Study identified ways and means to ensure the strong relations at political level are underpinned by robust trade and investment. Chile and South Africa agreed to expand the two-way trade in goods and services based on the complementarities, as well as to increase two-way investments according to their respective national economic development strategies. In this context, deepening and broadening trade and investment between these economies would allow further diversification beyond minerals and chemicals.

Owing to their geographical location, an alliance between Chile and South Africa represents an opportunity to link the two developing regions of Africa and Latin America. Chile has actively promoted regional integration in Latin America, and has concluded numerous trade agreements in that region that pave the way to serve as gateway for South Africa into the region. Similarly, South Africa, as part of SACU, is currently pursuing regional integration agenda in African, and this puts the country in a good position to serve as a gateway for Chile into the African continent.

Furthermore, increased cooperation would assist our countries to move up the global value chain. These efforts would contribute to the two countries overcoming the effects of declining commodity prices and the affects of pending quantitative easing in the US on the economies of developing countries such as South Africa and Chile. In addition, there is potential to increase trade in services because of the similarities between the economies of the two countries.

However, for South Africa to look at tariff elimination, it would have to be in the context of SACU because of the Customs Union. Furthermore, there would be a need to look at the impact of employment, potential price changes, the impact on industrial development, the impact on diversification, and other factors.

7.2 Effects of strengthening the trade relationship between Chile and South Africa

7.2.1 General effects

Bilateral trade in goods and services is characterised by low trade volumes well below the potential that exist between the two countries. Similarly, two-way investments between our two countries, although encouraging, can be increased to high levels given similar industries and sectors with different level of development. The two-way investment would strengthen entry into each country's supply chains.

The Joint Study has identified ways to enhance trade, investment and economic relations between the two countries. These efforts include:

- Analysis of existing and potential tariff barriers and non-tariff barriers facing the top 20 products of export interest the two countries identified and exchanged;
- Identification of potential products not traded between South Africa and Chile;
- Identification of sectors to promote two-way investments, as well as cooperation for investment into third markets in Africa and Latin America;
- Identification of sectors that have the potential to promote production or industrial linkages between the countries; and
- Identification of areas to promote cooperation given similarities between the two economies.

7.2.2. Effects on trade and investment by main economic sectors

The Joint Study used both qualitative and quantitative methods to identify existing and potential barriers to increasing bilateral trade and investment relations between Chile and South Africa. The identified barriers to trade include tariffs and non-tariff barriers, among other things.

Using a hypothetical partial equilibrium model, the study identified that tariffs are potential impediments to increase two-way trade in goods. Based on the analysis, nine of the top 20 potential Chilean exports to South Africa face tariffs of 5% and lower, while the remaining products face tariffs of 10% and lower with exception of one product that faces a tariff of 27%. Similarly, the top 20 potential South African exports to Chile face a uniform 6% tariff in Chile. In this kind of instance, Chile normally prefers tariff reduction through different mechanisms for preferential market access, which may include negotiation of either an FTA or preferential trade agreement, among other things. However, as South Africa is part of the oldest customs union in the world, SACU, the country as individual cannot engage in any discussion on tariffs.

Furthermore, some of the products of export interest identified are primary agricultural products or animal products. Therefore, sanitary and phytosanitary issues come into play in exports of primary agricultural products. Other products have to conform to standards and other regulations in the respective economies. There is a need to agree on how to deal with technical barriers to trade. To enhance and facilitate trade, there is a need to focus on customs procedures and trade facilitation, among other issues. To this end, implementation of the WTO Agreement on Trade Facilitation would assist to promote trade between Chile and South Africa.

To promote two-way investment, the two countries identified sectors of interest. Therefore, there is a need for better information of about each other's investment environment. Chile normally includes a bilateral investment treaty chapter in trade agreements to promote investment with partner countries. In the case of South Africa, the draft Promotion and Protection of Investment of Act, once approved and signed into law, will provide universal protection to all investors, including those from Chile. It is important to note that Chile and South Africa's views of investor-state dispute settlement are close. For Chile, in cases of dispute, the first step is friendly consultation. If these are not successful, the investor can choose between international arbitration or a Chilean tribunal. For South Africa, whereas international arbitration maybe authorised by the minister of trade and industry, investor first have to exhaust local mechanisms for dispute settlement.

Further, the two countries identified areas for production linkages. These include, among others: mining, agriculture, aquaculture, the blue economy, and the green economy. The two countries complement each other in terms of expertise in these identified areas.

8. RECOMMENDATIONS

In the frame of bilateral relations, both countries agreed to intensify their economic relationship through this Joint Study to Enhance Trade and Economic Relations between Chile and South Africa. The study submits the recommendation as follows:

◊ To encourage cooperation, as a first step, there needs to be work towards the conclusion of MOUs in the following areas:

- Customs procedures;
- Technical barriers to trade;
- Agricultural and related regulated issues;
- Export promotion; and
- Investment promotion.

◊ Further studies need to be conducted to identify specific areas for cooperation in the following sectors:

- Mining;

67. Evaluación Impacto Liberalización Comercial. "Una Metodología para Evaluar el Impacto Cuantitativo de una Liberalización Comercial: Aplicación al ALC entre Chile y EEUU". 1992, Estrategia Comercial Chilena para la Década del 90. Andrea Butelman y Patricio Meller, CIEPLAN

- Agriculture;
- Aquaculture;
- Blue economy; and
- Green economy.

◊ Work must continue to determine the most appropriate institutional framework to develop the real potential of the bilateral economic and commercial relations that are sustainable in the long term.

9. Annexure

9.1 Methodology for effects on Chilean exports to South Africa

Following the methodology suggested by Valdés, R , in the case of the expansion of Chilean exports to the trade partner, it is assumed that Chile is a small country, and thus the increase in the exports quantum will depend on the price elasticity of the exports supply. The observed price in the trade partner (South Africa) is equivalent to the international price plus the prevailing (current) tariff, p* (1 + t0), and it does not change as a consequence of the FTA. Thus, the tariff rebate will mean a higher price for the exporter of the small country, and as a consequence, it will be experienced an increase in the exported volume (quantity). The exporters, with the FTA, will face a new tariff t1, and by definition, the consumers of the trading partner will not experience a change in the paid price. Exporters receive p*(1 + t0) / (1 + t1) for their goods. In algebraic terms, the increase of Chilean exports to South Africa is expressed as follows:

$\Delta X = XT * Ep * \Delta tT / (1 + t1)$

In which,

ΔX : increase of Chilean exports sent to the trade partner (South Africa)
XT : Current Chilean exports to South Africa
Ep : Price elasticity of Chilean exports supply
ΔtT : Differential between the current South African tariff and the tariff after the FTA
t1 : South African tariff after the FTA

The abovementioned equation is applied to each custom classification item, provided the following conditions are met:

- Trade before the FTA is > 0; and
- Tariff equivalent or current (ad-valorem)> 0

If these conditions are not met, the calculation carried out for each item is cancelled.

9.2 Methodology for the effects on Chilean imports from South Africa

Following the same approach by Valdés, R, the measurement of the change in imports coming from the trade partner, when this is a consequence of a bilateral tariffs reduction, considers two impacts: trade creation and trade diversion. The first implies a larger availability of units of the considered item, and the second involves the substitution of other sources of supply in favour of the trade partner, assuming the total availability of goods remain constant. Both impacts are expressed algebraically as follows:

$CC = MT * Ep * \Delta tCH / (1 + t0)$

$DC = (Es * Pr * MT * MRM) / (MT + MRM)$

In which,

CC : Trade creation of Chilean imports coming from the trade partner (South Africa)
MT : Current Chilean imports from South Africa
Ep : Price elasticity of Chilean imports demand
ΔtCH : Differential between the Chilean current tariff and the free trade tariff applied to the trade partner
t0 : Current Chilean tariff or before FTA applied to the trade partner
DC : Chilean imports trade diversion in benefit of South African exports
Es : Elasticity of substitution among imported goods coming from different markets
MRM : Chilean imports from the rest of the world
Pr : Proportional variation in the relative prices, expressed as:

$Pr = [(1 + t1T) / (1 + t1ROW) / (1 + t0T) / (1 + t0ROW)] – 1$

In which, t1T and t0T are the actual tariffs applied to South Africa after and before the FTA. And, in turn, t1ROW and t0ROW are the actual tariffs applied to the rest of the world after and before the FTA.

Similar to the case of exports, these expressions are used to calculate the impact in each customs item, and, when added, will represent the larger trade imports coming from South Africa as a consequence of the FTA.

9.3 Methodology for potential opportunities

There are two countries, X and Y. Country X needs to know the basket of potentially exportable products (non-traded goods) to Country Y. For that purpose, it needs to identify those products that Country Y imports but not from Country X, and that Country X sells to the rest of the world but not to Country Y.

Country X exports to the world the goods ‘a’, ‘b’, ‘c’ and ‘d’, and to Country Y the goods ‘a’ and ‘b’. Country Y imports from the world the goods ‘a’, ‘b’, ‘d’ and ‘f’. Therefore, the potentially exportable basket from Country X to Country Y is composed by good ‘d’, as products ‘a’ and ‘b’ are already traded among them.

The following step is to face these potentially traded products with the tariffs charged by Country Y to imports from Country X. If they are located in a high tariff level, one could infer that Country X doesn’t export the identified products as potentially exportable because it faces an inhibiting tariff in Country Y.

For Country X, it is important to know the size of the total demand by Country Y for the products that compose the potential basket – i.e. the imported total value of good ‘d’ by Country Y. This is important because the economic value of the potential basket from Country X to Country Y will be minor or equal to the imported total value by Country Y of the good ‘d’. Clearly, it raises the question about what fraction of the potentially exportable basket Country X will be able to capture. The answer is completely discretionary, and perhaps the experience with other countries could be a useful indicator.

10. REFERENCES

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