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Mexico, Chile Take Steps to Make Bilateral Accord Compatible with NAFTA

by LADB Staff

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In early January, Mexico and Chile reached a series of agreements to broaden economic and political cooperation between the two countries, including a plan to negotiate an expansion of the Mexico-Chile trade agreement. The agreements were announced in Mexico City during a round of meetings that included Chilean Foreign Minister Jose Miguel Insulza, Mexican Trade Secretary Herminio Blanco, and Mexican Foreign Relations Secretary Jose Angel Gurria Trevino. According to the Santiago daily newspaper El Mercurio, a final text for the proposed changes in the Mexico-Chile agreement should be ready in May or June of this year. Once finalized, the changes will cover areas that were not previously included in the accord, which was signed in September 1991 and enacted in January 1992 (see NotiSur, 09/29/91).

Since its inception, the principal function of the Chile- Mexico accord has been to phase out tariffs on about 97% of the products traded between the two countries. Among the changes proposed are inclusion of new sections dealing with protection of intellectual property, trade in services, government purchases, rules of origin, technology transfer, agriculture, energy regulations, and environmental and labor protections. The two countries are also seeking to eliminate remaining tariff exemptions and improve dispute-resolution mechanisms. These new agreements make the Mexico-Chile accord more compatible with the North American Free Trade Agreement (NAFTA).

Chile has expressed interest in joining NAFTA, but negotiations have been on hold until US President Bill Clinton secures fast-track authority from the US Congress (see NotiSur, 11/09/95). Chile-Mexico trade estimated at US\$1 billion for 1996. Meanwhile, unofficial statistics reported by Reuters indicate that trade between Chile and Mexico may have reached about US\$1 billion in 1996, compared with US\$732 million in 1995. According to the latest official statistics published by Mexico's Trade Secretariat (SECOFI), total trade between the two countries reached nearly US \$653 million in the nine-month period from January-September 1996. The trade balance for that period favored Mexico, which exported US\$529.9 million to Chile, while importing only US\$122.8 million in Chilean products. In fact, Mexico's trade surplus with Chile has been expanding since the devaluation of the peso in late 1994 (see NotiSur, 11/09/95).

More than one-third of Mexico's exports to Chile in the first nine months of 1996 involved motor vehicles. Other items included computers, electrical appliances and equipment, chemicals, and insulated electrical cable. Meantime, Chilean exports to Mexico were led by copper ore, animal and vegetable fat, fresh and dried fruit, food, beverages and tobacco, and fertilizer. Accord on transportation-related matters also reached. In addition to matters dealing directly with the Chile-Mexico accord, Chilean officials also received an initial proposal from President Ernesto Zedillo's administration that would facilitate the transportation of goods between Mexico and Chile. The proposals include technical training and cooperation programs for maritime transport and port

services. The measures include the privatization and deregulation of ports, increased support for national merchant marines, and the exchange of bilateral shipping and port-related statistics.

The Chilean government has promised to respond to these proposals by the middle of April. Separately, the foreign ministers from both countries signed an agreement to create legal, technical, and administrative principles for the operation of air-transport services between the two countries. Sources said this accord is intended both to facilitate Mexico-Chile trade and to promote tourism. The two countries also agreed to submit proposals by the end of February to prevent the duplication of income taxes in the air-transport and international maritime industries. [Sources: El Mercurio (Chile), Reuter, 01/13/97; Novedades, El Universal, Excelsior, 01/14/97; El Economista, 01/13-15/97; The News, 01/14/97, 01/15/97, Estrategia (Chile), 01/15/97; El Financiero International, 01/20/97]

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