

## **Mexico, Chile Announce Framework for Expanded Trade Agreement**

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Category/Department: Mexico

Published: 1998-03-25

In mid-March, Mexico and Chile announced they will expand their trade accord to conform more closely to the North American Free Trade Agreement (NAFTA) and other multilateral trade agreements. At a press conference in Santiago, Presidents Ernesto Zedillo of Mexico and Eduardo Frei of Chile said the expanded accord will replace the 1992 Chile-Mexico agreement and will reduce tariffs on a number of products traded between the two countries. Completion of the expanded accord is expected before the Summit of the Americas in Santiago April 18-19, where the proposed Free Trade Area of the Americas (FTAA) will be discussed.

Zedillo and Frei said they hope to send the agreement to their respective legislatures for ratification shortly after the summit. The expanded accord would then take effect at the beginning of October. Chilean and Mexican negotiators have been meeting since mid-February to hammer out the text of the expanded accord, which creates more specific guidelines for investment safeguards, rules of origin, protection of intellectual property, dispute resolutions, market access, agricultural health provisions, and trade in services.

The accord will also include sections on telecommunications, air transportation, and double taxation. Mexican Trade Secretary Herminio Blanco said the two sides still have to resolve "minor" differences in some areas, including Chilean restrictions on foreign indirect investments. "We are still trying to iron out some of our disagreements," Blanco told the Mexico City daily business newspaper *El Economista*. "But we hope to complete our work in the next several weeks."

### ***Chile expects accord to facilitate entry into NAFTA***

In an interview with the Santiago daily business newspaper *Diario Estrategia*, Chilean Economy Minister Alvaro Garcia said the expanded accord is another step in the eventual incorporation of Chile into NAFTA. Garcia said it conforms not only with terms of NAFTA, but also with the Canada-Chile accord ratified by the Chilean Senate in July 1997 (see *NotiSur*, 07/11/97). Leaders from the two countries said the accord will build on the success of the 1992 agreement, which helped increase Chilean-Mexican trade by 600%. Statistics published by Mexico's Secretaria de Comercio y Fomento Industrial (SECOFI) shows bilateral trade increased to US\$1.45 billion in 1997, compared with only US\$270 million in 1992.

A SECOFI report said Mexican exports to Chile have increased by 580% since 1991. Mexico's principal exports to Chile in recent years include automobiles, auto parts, heavy trucks, computers, refrigerators, and televisions. The accord has also helped expand Chilean exports to Mexico. SECOFI said Mexico increased imports from Chile by 118% in 1997 alone. The bilateral accord also helped boost investment levels by about 300% since 1992. Mexican direct investments in Chile in construction, tourism, and mining now total US\$39 million. One of the most prominent Mexican investors in Chile is Grupo Tribasa, which recently completed a 500-km highway connecting

Santiago with the city of Concepcion. Chilean investment in Mexico is estimated at US\$450 million.  
[Sources: El Economista, 03/09/98; Notimex, 03/11/98; El Diario de Yucatan, 03/12/98; Reuter, Associated Press, 03/16/98; Excelsior, La Jornada, Novedades, El Universal, Diario Estrategia (Chile), 03/17/98; El Financiero International, 03/23/98]

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