

SUBMISSION ON REGIONAL TRADE AGREEMENTS

CHILE

1. Since 1990, Chile has pursued an active trade liberalization policy in concordance with its development strategy. This policy has combined intensification of the unilateral liberalization process initiated in the mid-1970s with participation in GATT/WTO negotiations and negotiation of trade agreements with countries or regions of interest to Chile. Based on this experience, we would like to share some preliminary thoughts on certain specific aspects of the relationship between the multilateral trading system and regional trade agreements (RTAs).

2. Chile reaffirms the primacy of the World Trade Organization as a forum for drawing up rules and guiding the process of multilateral trade liberalization. Moreover, it considers that RTAs complement and support the multilateral system, to the extent that they are used as a means of achieving further liberalization and trade expansion.

3. Chile supported the inclusion in the Doha Ministerial Declaration of paragraph 29, whereby we agreed to negotiations aimed at clarifying and improving disciplines and procedures under the existing WTO provisions applying to regional trade agreements, since it had noted that the existing disciplines revealed omissions or a lack of understanding in relation to both procedural matters and certain substantive concepts and rules.

4. This submission only deals with procedural matters. Once the importance of maintaining transparency by notifying regional agreements has been acknowledged, there are a number of issues which can be used as a starting-point for discussion:

When to notify

5. Article XXIV.7 of the GATT 1994 states that: "Any contracting party deciding to enter into a customs union or free-trade area, ... shall promptly notify the CONTRACTING PARTIES, ...". However, differences exist among Members regarding the interpretation of this provision. While some Members understand it to mean that notifications must be made before parliamentary approval is received or even before an Agreement is signed, legal restrictions prevent other Members from notifying an Agreement until it has been approved by the legislative branch.

Where to notify

6. Although the creation of the Committee on Regional Trade Agreements (CRTA) was a major step forward, notifications still have to be made to the Councils for Trade in Goods and Trade in Services which merely provide a mandate for the CRTA review. Notifications could be made directly to the CRTA, thereby bypassing procedural steps which delay the process.

What to notify

7. The first major step forward in this area was the creation of standard formats for additional information on goods and services which Members are required to submit. Even when Members do provide all of the required information, there are still difficulties related to systemic issues, such as what is meant by "substantially all trade", a matter which will be the subject of a future submission.

8. Furthermore, the discussion has focussed to date on the information which parties to a regional agreement are required to furnish. A major problem, however, is the capacity of Members which are not a party to the Agreement to study and assess its impact on their economies and the multilateral system. One way of enhancing the transparency and effectiveness of such reviews could be for the studies of notified agreements to be carried out by third parties in accordance with agreed parameters. Indeed, the Secretariat itself or independent trade experts could conduct reviews, ask questions and present statements of fact, thereby facilitating the governments' conclusions.
