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# Free Trade Agreements with Latin American Countries and the Impact on Swiss Business

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# Swiss Foreign Economic Policy

## Background

The 2004 Federal Council Report on Foreign Economic Policy defines **three dimensions of Swiss Foreign Economic Policy**:

1. **Foreign market access and international regulations**
2. Swiss domestic market policy
3. Contribution to economic development in partner countries



# Foreign Market Access

## Three pillars

1. WTO
2. Bilateral agreements with the European Union (EU)
3. Free Trade Agreements



# FTAs: A privileged option

“Difficulty to further liberalize trade at the multilateral level (WTO/Doha Round)

“Worldwide tendency to conclude regional and supra-regional FTAs

➔ Increasing risk of discrimination

“ Incorporation of WTO-plus elements

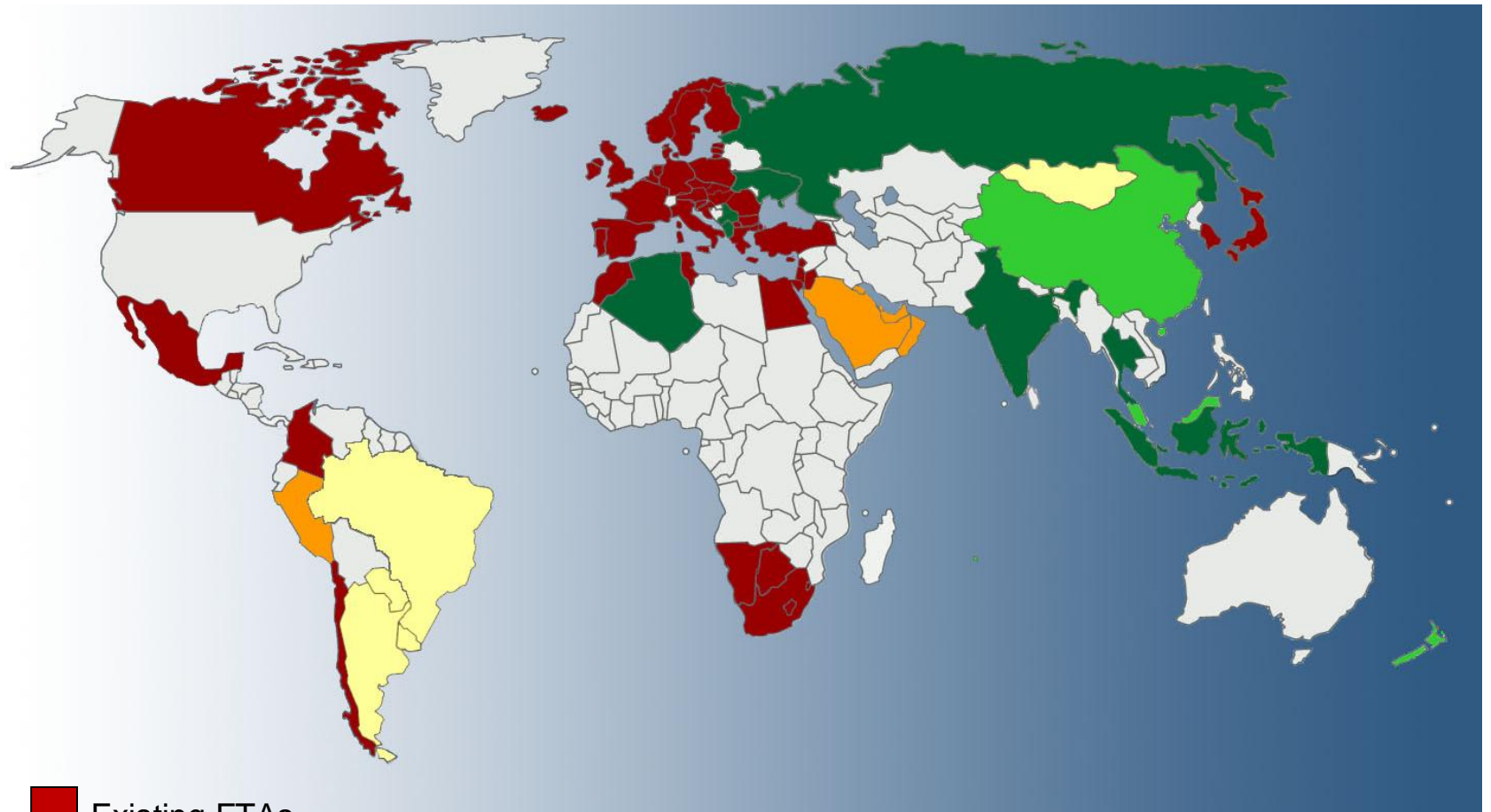





# Selection criteria for Free Trade Partners



1. Current and potential economic importance
2. Extent of existing or potential discrimination
3. Willingness of the partner to enter into negotiations, prospects for success
4. Political considerations



# Switzerland/EFTA Network of FTAs



-  Existing FTAs
-  Negotiations concluded
-  EFTA-Declaration of Cooperation

-  Negotiations under way/in preparation
-  Feasibility studies/Exploratory contacts

Swiss/EFTA-Network of FTAs in Latin America

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# EFTA - Mexico Free Trade Agreement (1)

“ Conclusion in November 2000; entry into force July 1, 2001

“ Comprehensive agreement with broad coverage

## 1. Industrial goods

“ Rules of origin: ~ 50% of value-added and/or tariff shift

“ Total elimination of tariffs by January 1, 2007

## 2. Agricultural goods

“ Tariff-free access to Mexico for certain vegetables and fruit

“ Tariff-free access for certain processed agricultural goods such as soups, sauces, beer, chewing gum and lemonade

“ No concessions granted for milk, meat, cereals, cheese and chocolate



# EFTA - Mexico Free Trade Agreement (2)

## 3. Government procurement

- “ Non-discriminatory access to procurement market for goods, services and public works at central government level and for entities operating in fields of drinking water, electricity, urban transport, ports and airports.

## 4. Investment

- “ Free transfer i.a. of capital, profits, royalties and fees
- “ Possibility of 100% foreign ownership

## 5. Services

- “ All modes of supply and several sectors are covered
- “ Standstill obligation

## 6. Competition policy

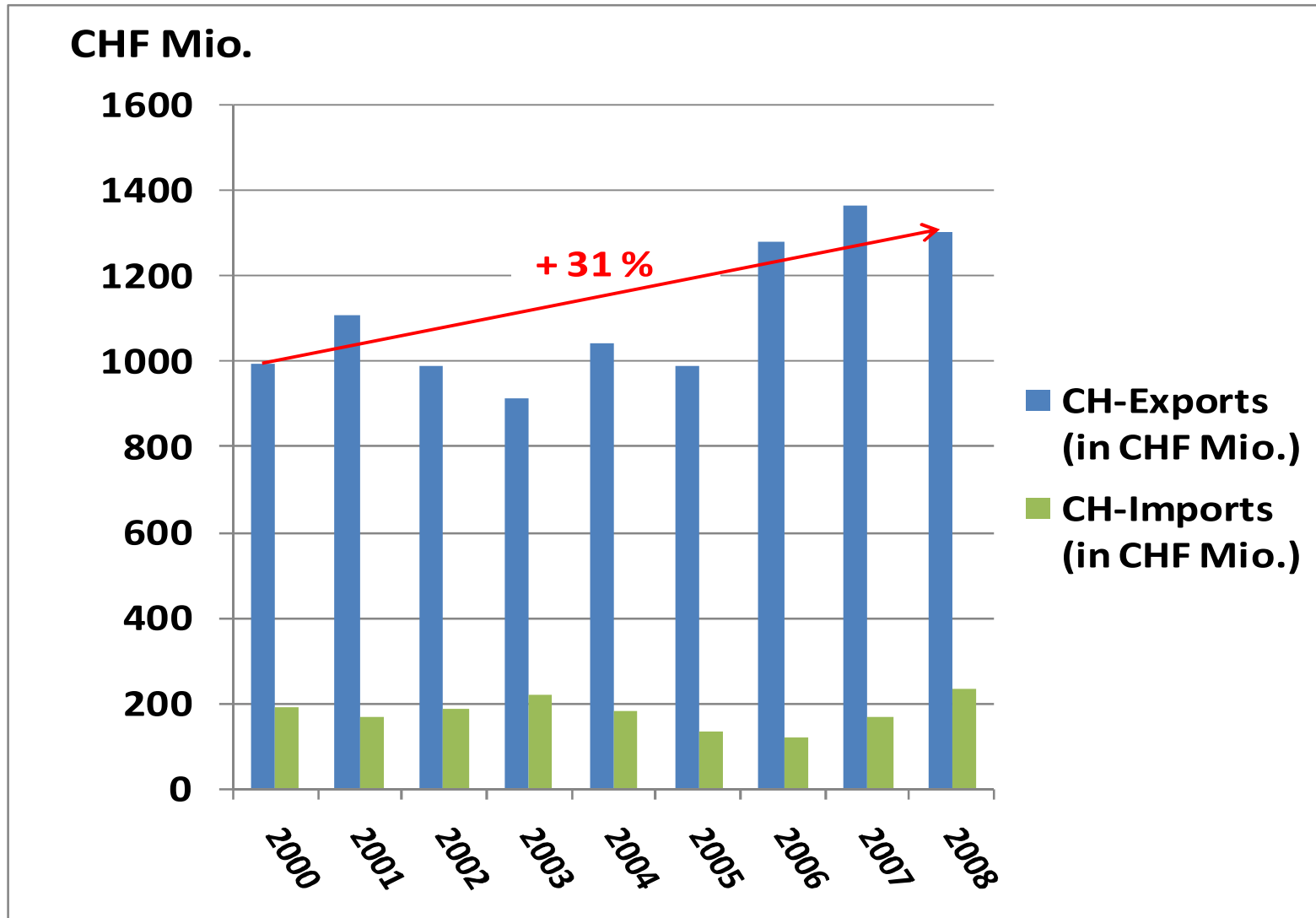
- “ Cooperation and exchange of information

## 7. Intellectual property

- “ ~~TRIPS~~TRIPS-plus elements; Joint Committee examines all IPR problems brought to its attention



# Impact of the FT A with Mexico



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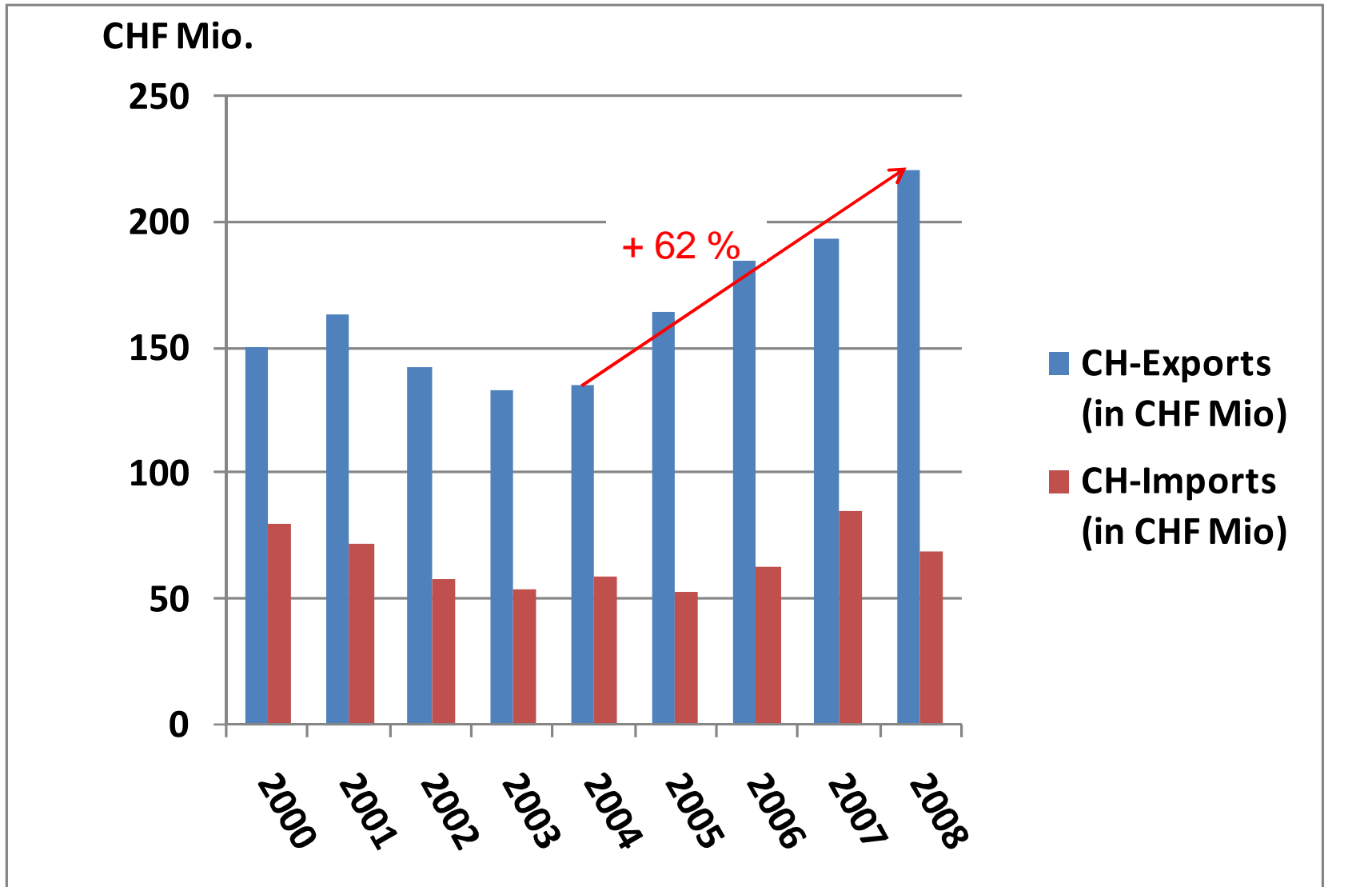


# EFTA - Chile Free Trade Agreement

- “ Conclusion in June 2003; entry into force December 1, 2004
- “ 2<sup>nd</sup> generation FTA, covering:
  1. Industrial and agricultural goods
    - “ Industrial goods: Total elimination of all tariffs by December 1, 2010
    - “ Agricultural goods: includes some tariff positions in the areas of live animals and products, vegetable products and prepared food
  2. Services: Sectors covered are i.a. communication, transport, distribution, construction & engineering, tourism; financial services under negotiation
  3. Government procurement: At all levels, provided certain threshold is reached
  4. Investment: National treatment; right of establishment applying to all business activities in manufacturing, agriculture and mining
  5. Competition policy: Cooperation in case of anti-competitive behaviour
  6. Intellectual property: TRIPS-plus elements; dispute-settlement mechanism and Joint Committee



# Impact of the FT A with Chile



Swiss/EFTA-Network of FTAs in Latin America

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# EFTA - Colombia/Peru Free Trade Agreements

“ Colombia FTA: signed on 25 Nov. 2008 ;

“ Peru FTA: negotiation concluded; to be signed in 2009

## 1. Goods

“ Industrial goods: Elimination of tariffs for 80% of products with entry into force of FTA; remaining 20% liberalized within 5-10 years

“ Agricultural products: Dried meat, wine, cigarettes, cheese (quotas)

2. Services: %GATS-plus+with Colombia; negotiation clause with Peru

3. Government procurement: including municipal level; commitments similar to WTO-GPA, to which Colombia and Peru are not parties

4. Investment: National treatment in terms of market access

5. Competition policy: Cooperation in case of anti-competitive behaviour

6. Intellectual property: %TRIPS-plus+with regard to protection of trademarks and copyrights

7. Provisions on economic and technical cooperation



# Conclusion

“ Broad network of FTAs around the globe, including Latin America

“ Next steps:

- Signing of FTA negotiated with Peru (2009)
- Ratification of FTAs with Colombia and Peru (2009/2010)
- FTA-Negotiation with Mercosur: depending on negotiations with EU

“ Further information

- [www.efta.int](http://www.efta.int)
- Respective Messages of the Federal Council on the FTAs with Mexico, Chile and Colombia
- SECO publications on the impact of FTAs for Swiss Business: Mexico (2001, 2009), Chile (2005; 2008)



Thank you for your attention!

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