

**Committee on Regional Trade Agreements
Thirty-Fifth Session**

**EXAMINATION OF THE FREE TRADE AGREEMENT
BETWEEN CANADA AND CHILE, SERVICES**

Note on the Meeting of 3 December 2003

Chairman: Ambassador J. Meetoo (Mauritius)

1. The meeting was convened in document WTO/AIR/2217/Rev.1.
2. Under Agenda Item D.IX of its Thirty-Fifth Session, the Committee on Regional Trade Agreements (CRTA) took up the examination of the services aspects of the Free Trade Agreement between Canada and Chile (CCFTA).
3. The Chairman noted that this was the second round of examination of the services aspects of the CCFTA. The proceedings of the first round, which had taken place in June 2002, had been distributed in document WT/REG38/M/4. He added that the recent exchange of written questions and replies had been distributed in document WT/REG38/6.
4. The representative of Japan was interested in the nature of the relationship between the CCFTA and the Free Trade Area of the Americas (FTAA) process; he asked, in particular, whether the CCFTA would be integrated within the FTAA, if and when these negotiations were completed. The representative of Chile indicated that her reply would be preliminary since the issue of MFN within the FTAA would only be discussed once the negotiations had been concluded. At the present stage, it was not certain that the scope of the FTAA would be as broad as that of the CCFTA; this might prevent such integration. However, she reiterated that the issue of compatibility of the CCFTA, and of Chile's other RTAs, with the FTAA would have to be looked at once the FTAA had been finalized.
5. The representative of Japan had two questions under Section II of the Standard Format dealing with provisions affecting trade in services. The first one concerned financial services, which she understood as being subject to the provisions of Chapter H (Cross-Border Trade in Services). She noted that under the Chapter G (Investment) the Parties had agreed to seek further liberalization in financial services and she wished to know about the future plan or schedule for such liberalization. Furthermore, she sought confirmation that such liberalization only applied to services under Mode 3. The second question concerned air transport services. She remarked that, according to document WT/REG38/6, Chapter H not only had excluded from the scope of the Agreement air services other than aircraft repair and maintenance services and specialty air services, but also the selling and marketing of air transport services and computer reservation system (CRS) services. Since the latter was, however, included under Chapter G (Investment), she wondered whether that was the case also for the selling and marketing of air transport services. With respect to the first question, the representative of Chile said that it was her understanding that financial services were covered under the Investment Chapter. Discussions on cross-border services and financial services had taken place but had not yet generated any concrete results. As for air transportation, she indicated that landing rights were excluded from the Agreement because they were governed by bilateral agreements.

Turning to air services, these had been included under the Investment Chapter but not under the Services Chapter. She explained, however, that an exclusion via Annex II meant that the sector had not been excluded *per se* but only temporarily. The representative of Japan would be submitting the question in writing.

6. The Chairman noted that the second round of examination of the services aspects of the Free Trade Agreement between Canada and Chile had allowed the Committee to clarify a number of issues, but some outstanding questions seemed to remain. He invited delegations to forward any additional questions in writing to the Secretariat by 31 January 2004 and Parties to submit replies in writing by not later than 31 March 2004. He considered the factual examination as completed. Once replies had been circulated, any request for additional information could be dealt with in writing without holding another round of examination. The Secretariat could then begin drafting the report for this examination.

7. The Committee took note of the comments made.
