

**CHILE-EL SALVADOR (Services)**  
**Summary Fact Sheet**

**Table 1: Background Information**

Parties	Chile, El Salvador	
Type of Agreement	Economic Integration Agreement	
Date of signature	30 November 2000	
Date of entry into force	01 June 2002	
Review envisaged	none	
Website or contact addresses	The full text of the Agreement is available at: Chile website: <a href="http://www.direcon.cl/index.php?accion=tlc_cameric">http://www.direcon.cl/index.php?accion=tlc_cameric</a> El Salvador website: <a href="http://www.minec.gob.sv/datco/default.asp?id=20&amp;mnu=20">http://www.minec.gob.sv/datco/default.asp?id=20&amp;mnu=20</a>	
List of related WTO documents	S/C/N/299 WT/REG165/1 WT/REG165/2 S/C/M/72 WT/REG165/5 WT/REG165/M/1-2 WT/REG165/6-7-8	Notification Agreement Bilateral protocol Terms of reference Standard format (services) Minutes Questions and Replies

**Table 2: Scope and general aspects**

Scope	Sectors	The Agreement provides for substantial sectoral coverage of all services.
	Modes of supply	The Chapter on cross-border trade in services deals with cross-border supply, consumption abroad and presence of natural persons (modes 1, 2 and 4) and the Chapter on investment with commercial presence (mode 3).
	Definitions	An "enterprise" means any entity constituted or organized under the applicable law of a Party, whether or not for profit, and whether privately-owned or governmentally-owned, including other economic organizations or units constituted or organized under the applicable law of a Party, such as a trust, partnership, sole proprietorship, joint venture or other association, but does not include corporations with bearer stock. A National of Chile is a citizen or permanent resident of Chile. A National of El Salvador is a Salvadoran by birth or naturalization, or a permanent resident of El Salvador.
	Positive/negative list	Negative list approach.
	Sector-specific rules	Chapter 12 on air transportation services incorporates the Convention on Air Transportation between the Parties and any other conventions of this type between Chile and other Central American countries. Chapter 13 on telecommunications applies between Chile and other Central American countries except Costa Rica.
	Sectoral exclusions	Air services, government services or functions; financial services and procurement by a Party or a State enterprise (Art. 11.02.3). Air Services and Government Procurement were negotiated in different chapters.

**Table 3: Provisions of the Agreement**

Provision	Article	Additional information
MFN/National treatment	Art. 11.03 and 11.04	Each Party accords to cross-border services and service providers of another Party treatment no less favourable than that it accords to its own like services and service providers as well as treatment no less favourable than it accords to like services and like service providers of any other country. National and MFN treatment apply subject to limitations and conditions specified in the legislation of each Party.
Local presence	Art. 11.06	No Party may require a service provider of another Party to establish or maintain a representative office or any form of enterprise, or to be resident, in its territory as a condition for the cross-border provision of a service. The principle of local presence applies subject to the limitations and conditions specified in the legislation of each Party.
Elimination of discriminatory measures	Art. 11.08, 11.09 and	Each Party maintains in Annexes I and II of its Schedules non-conforming measures to which national and MFN treatment

	11.11, Annexes I & II	provisions and local presence requirements do not apply. Annex I contains non-conforming measures at any level of government and the continuation or prompt renewal or amendment of any such measure to the extent that it does not become more restrictive than at the time of entry into force of the Agreement. Additionally, each Party sets out in its Schedule to Annex III any non-discriminatory quantitative restriction that it maintains. The Parties must periodically, but in any event at least every two years, endeavour to negotiate the liberalization or removal of such restrictions. Through future negotiations, to be arranged by the Commission, the Parties will seek further liberalization in the different services sectors.
Movement of natural persons	Chapter 14 and Annex 14.04 and Appendix	Provisions aim to facilitate temporary entry for business visitors, traders and investors, and intra-company personnel, while ensuring border security and protecting the domestic labour force and permanent employment in the Parties' respective territories. None of the categories is subject to prior approval procedures, petitions, labour certification tests or other procedures of similar effect, or numerical restrictions. The Parties may require a visa or its equivalent as a condition for temporary entry. Temporary entry of a business person does not confer the right to exercise a profession. A Party may refuse to issue an immigration document authorizing employment to a business person where the person's temporary entry might adversely affect the settlement of a labour dispute or the employment of a person involved in the dispute.
Treatment of third party suppliers	Art. 1.01.2	The Agreement applies bilaterally between Chile and each of the Central American countries.
Denial of benefits	Art. 11.10	Subject to prior notification and consultation, a Party may deny the benefits of the services Chapter to a service provider of the other Party where it is established that the service is provided by an enterprise that has no substantial business activities in the territory of the other Party and is owned or controlled by persons of a non-Party. The criteria to determine if an enterprise is owned or controlled by persons of a non-Party are in the Party's legislation.
Standards/mutual recognition	Art. 11.13 and Annex 11.13	Annex 11.13 sets out rules for the Parties to harmonize requirements governing professional services through licenses to exercise a profession. The Parties shall endeavour to ensure that qualifications, including for professional services, may be recognized through: (a) mutual recognition of professional qualifications and academic degrees accompanied by supporting evidence; or (b) licenses to exercise a profession.
Safeguard mechanisms (intra-trade)	None	
Domestic regulations	Art. 11.07	In order that any measure adopted or maintained by a Party in relation to the requirements and procedures for granting permits, authorization, licenses and certificates to nationals of another Party does not constitute an unnecessary barrier to trade, each Party endeavours to ensure that such measures are based on objective and transparent criteria, such as the capacity and ability to provide a cross-border service; are not more burdensome than necessary to ensure the quality of a cross-border service; and do not constitute a disguised restriction on the provision of a cross-border service.
Subsidies and state aid		The Chapter on Services does not apply to subsidies or grants provided by a Party or a State enterprise, including government-supported loans, guarantees and insurance.
IPR	None	
Government Procurement	Chapter 16	The Chapter on Government Procurement establishes a framework of general rules and disciplines guaranteeing access to government procurement for producers and service providers of the other Party under conditions of non-discrimination, transparency and equal opportunity, as a means of promoting further trade in this field. There are no thresholds in respect of scope and coverage. The

		Annexes list the entities and contractual activities excluded from the scope of this Chapter.
Competition	Chapter 15	The Parties agree to establish mechanisms to facilitate and promote the development of competition policy and ensure the application of rules on free competition among and within them to avoid the adverse effects of anti-competitive business practices in the free trade area. They are not prevented from establishing or maintaining a monopoly, if so permitted under domestic law, providing that any monopoly and State enterprise they establish acts in a manner that is not inconsistent with their obligations under the Agreement and provides non-discriminatory treatment to the investments of investors, goods, and service providers of another Party (Art. 15.02)
Investment	Chapter 10	The Agreement incorporates the agreement between Chile and El Salvador on Promotion and Reciprocal Protection of Investments, signed in 1996, (included in Annex 10.01 to the Agreement) and forms an integral part of it. The Parties are committed to study the possibility of developing and expanding the coverage of the rules and disciplines established in the agreements referred to in Annex 10.01 (Art. 10.02).
General reservations	Chapter 20	The provisions of the Agreement would not apply for the following reasons: public interest, national security (Art. 20.03), balance-of-payments difficulties (Art. 20.04), disclosure of information (Art. 20.05) or tax measures (Art. 20.06). Measures adopted or maintained as a result of balance-of-payments difficulties or the threat thereof must avoid unnecessary damage to the commercial interests of the other Party, not be more burdensome than necessary, be of a temporary nature and be phased out as the balance-of-payments situation improves (paragraph 3). A Party may adopt or maintain a measure that gives priority to services that are essential to its economic programme, provided that it is not imposed for the purpose of protecting a specific industry or sector (Article 20.06, paragraph 4).
Level of Government	Art. 1.03 and 11.02..2	Each Party ensures, in accordance with its constitutional requirements, that all necessary measures are adopted for observance of the provisions of this Agreement in its territory by all levels of government.
Accessions	None	
Dispute resolution	Chapter 19 & Annex	This Chapter applies to any dispute that arises between the Parties regarding the application or interpretation of the Agreement or wherever a Party considers that an existing or proposed measure of the other Party is liable to prove inconsistent with the obligations of the Agreement or cause nullification or impairment (Annex to Art. 19.03). The Agreement stipulates that the complaining Party may opt for the procedure provided by the WTO or that established by the Agreement. Once a forum has been selected, it must be used to the exclusion of the other (Art. 19.04). A Section B is included for Domestic Proceedings and Private Commercial Dispute Settlement.
Relations with other trade agreements	Art. 1.04	The legal aspects of the Agreement are contained in the FTA between Central America and Chile with bilateral protocols which pertain to trade between Chile and El Salvador. The Parties affirm their existing rights and obligations with respect to each other under the WTO Agreement and other agreements to which they are party. Obligations deriving from the Convention on International Trade in Endangered Species of Wild Fauna and Flora, the Montreal Protocol on Substances that Deplete the Ozone Layer and the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and Their Disposal prevail in the event of any inconsistency with the Agreement (Art. 1.04.3)
Institutional provisions	Chapter 18	The Agreement establishes a Free Trade Commission to supervise its implementation (Art. 18.01); a Free Trade Sub-Commission to provide technical advice to the Commission (Art. 18.02); a

		Secretariat with administrative functions (Art. 18.03) and Committees, Sub-Committees or Groups of Experts for specific matters (Section B).
Other	Art. 9.13 and 16.13	Each Party promotes technical cooperation in two fields: (i) its standardization and metrology bodies, providing information or technical assistance, to the extent possible, and on mutually-agreed terms, to assist and strengthen standards and metrology-related activities, processes, systems and measures; (ii) on government procurement provide each other technical assistance through the development of training programmes, in order to afford a better understanding of their respective government procurement and statistical systems and greater access to their respective markets.

**Table 4 Foreign Direct Investments from El Salvador under the "Estatuto de la Inversión Extranjera ", 1974-2008.**

(US\$ thousand)

<u>1974-1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007*</u>	<u>2008*</u>	<u>Total</u>
250	0	0	0	0	0	0	0	0	0	0	250

\* Provisional figures

No data on trade in other services are available