

**CHILE-COSTA RICA (Services)**  
**Summary Fact Sheet**

**Table 1: Background Information**

|                               |   |  |
|-------------------------------|---|--|
| Parties                       | Chile, Costa Rica   |  |
| Type of Agreement             | Economic Integration Agreement  |  |
| Date of signature             | 18 October 1999   |  |
| Date of entry into force      | 15 February 2002  |  |
| Review envisaged              | none  |  |
| Website or contact addresses  | The full text of the Agreement is available at:<br>Chile: <a href="http://www.direcon.cl/index.php?accion=tlc_cameric">http://www.direcon.cl/index.php?accion=tlc_cameric</a><br>Costa Rica:<br><a href="http://www.comex.go.cr/acuerdos/chile/Paginas/Texto%20del%20acuerdo.aspx">http://www.comex.go.cr/acuerdos/chile/Paginas/Texto%20del%20acuerdo.aspx</a> |  |
| List of related WTO documents | S/C/N/191<br>WT/REG136/1<br>S/C/M/60<br>WT/REG136/4<br>WT/REG136/M/1-2<br>WT/REG136/5   | Notification Agreement<br>Terms of reference<br>Standard format (services)<br>Minutes<br>Questions and Replies |

**Table 2: Scope and general aspects**

|       |                        |   |
|-------|------------------------|---|
| Scope | Sectors                | The Agreement provides for substantial sectoral coverage of all services activities.  |
|       | Modes of supply        | Chapter 11 on cross-border trade in services (modes 1, 2 and 4) and Chapter 10 on investment (mode 3).  |
|       | Definitions            | The Chapter on cross-border trade in services incorporates the following definitions: service supplier of a Party, quantitative restrictions, specialty air services, government services or functions, professional services and cross-border service. Additionally, the Chapter on General Definitions incorporates other applicable definitions, such as national or enterprise. |
|       | Positive/negative list | Negative list approach.   |
|       | Sector-specific rules  | Chapter 12 on air transportation services incorporates the Convention on Air Transportation between Chile and Costa Rica, as well as 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 government procurement. 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 the other Party treatment no less favourable than that it accords to its own like services and service providers. Formally identical or formally different treatment is considered |

|  |  |   |
|--|--|---|
|  |  | to be less favourable if it modifies the conditions of competition between like cross-border services. Each Party accords to cross-border services and service providers of other Party treatment no less favourable than it accords to like services and service providers of any other country.   |
| Local presence                         | Art. 11.06   | No Party may require a service provider of other Party to establish or maintain a representative office or any form of enterprise, or be resident in its territory, as a condition for the cross-border provision of a service.   |
| Movement of natural persons            | Chapter 14 + Annex 14.04                           | 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.    |
| Elimination of discriminatory measures | Art. 11.08, 11.09 and 11.11; Annexes I, II and III | Under Article 11.08, each Party maintains in its Schedules in Annexes I and II non-conforming measures to which the provisions on national treatment (Article 11.03), MFN treatment (Article 11.04) and requirement of local presence (Article 11.06) do not apply. Annex I provides for existing non-conforming measures maintained by the Parties at any level of government and the continuation or prompt renewal of or amendment to any existing non-conforming measure to the extent that it does not become more restrictive than at the time of entry into force of the Agreement. Annex II contains reservations with regard to future measures which the Parties may adopt or maintain. The Parties have listed in Annex III their respective non-discriminatory quantitative restrictions. Under Article 11.11, the Parties shall negotiate future liberalization. |
| Treatment of third party suppliers     | Art. 1.01.2  | The Agreement applies bilaterally between Chile and each of the Central American countries individually.  |
| 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 other Party where it is established that the service is being provided by an enterprise that has no substantial business activities in the territory of that other Party and is owned or controlled by persons of a non-Party. The criteria for determining whether an enterprise is owned or controlled by persons of a non-Party are stipulated in the legislation of that Party.  |
| Standards/mutual recognition           | Art. 11.13 + Annex                                 | Article 11.13 and Annex 11.13 sets out the provisions governing professional services, including: (a) mutual recognition of   |

|                                    |              |  |
|------------------------------------|--------------|--|
|                                    | 11.13        | professional qualifications and academic degrees and (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, authorizations, licenses and certificates to nationals of other 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            | Art. 11.02.3 | The services Chapter 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   | Provides a framework of 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, to further promote trade. The Chapter applies to all entities of the Parties, except those listed in Annex 16.01. It applies to the government procurement processes provided for in the laws of the Parties relating to goods and services, but not to subsidies, government services or functions and cross-border financial services. Types of government procurement listed in Annex 16.02 are also excluded. The Chapter does not provide for thresholds in respect of scope and coverage.   |
| Competition                        | Chapter 15   | The Parties shall make an effort to establish mechanisms to facilitate and promote the development of competition policies and ensure the application of rules on free competition among and within the Parties in order to avoid the adverse effects of anti-competitive business practices in the free trade area.   |
| Investment                         | Chapter 10   | The Chapter incorporates the Agreements on the Promotion and Reciprocal Protection of Investments between Chile and the Central American countries, which form an integral part of the Agreement. The Agreement on Investment was signed by Costa Rica and Chile on 11 July 1996 under which the Parties provide national and MFN treatment to investment by investors of the other Party. The Agreement also establishes rules on transfers and expropriation, and an arbitration mechanism for the settlement of disputes that may arise between a Party and an investor of the other Party. 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      | The provisions of the Agreement would not apply for reasons of   |

|                                       |                     |  |
|---------------------------------------|---------------------|--|
|                                       | 20                  | public interest, national security (20.03), balance-of-payments difficulties (20.04), disclosure of information (Art. 20.05), or tax measures (20.06).   |
| Level of Government                   | Art. 1.03           | Each Party ensures, in accordance with its constitutional requirements, that all necessary measures are adopted for observance of the provisions of the Agreement in its territory by all levels of government.  |
| Accessions                            | None                |  |
| Dispute resolution                    | Chapter 19 + Annex  | This Chapter applies to the settlement of disputes between the Parties on 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 complaining Party may opt for the WTO procedure 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).   |
| 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 a bilateral protocol which pertains to trade between Chile and Costa Rica. 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. The provisions of the Agreement prevail if there is any inconsistency with other international agreements. Obligations 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 Transboundary 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 the Free Trade Commission to supervise the proper implementation of the Agreement (Art. 18.01); the Free Trade Sub-Commission to provide the Commission with technical advice (Art. 18.02); the Secretariat for 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 | The Parties promotes technical cooperation in two fields: (i) by their standardization and metrology bodies, providing information or technical assistance, to the extent possible, and on mutually-agreed terms, to assist and fortify standards and metrology-related activities, processes, systems and measures; (ii) in government procurement provide technical assistance through training programmes, to afford a better understanding of their respective government procurement and statistical systems and greater access to their respective markets.  |

**Table 4.a: Foreign Investment by Costa Rica under the "Estatuto de la Inversión Extranjera (DL 600)", 1974-2008.**

(US\$ thousand)

| 1974-1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007* | 2008* | TOTAL |
|-----------|------|------|------|------|------|------|------|------|-------|-------|-------|
| 2.681     | 98   | 191  | 334  | 556  | 96   | 82   | 0    | 0    | 0     | 0     | 4.038 |

\* Provisional figures

**Table 4.b: Foreign Investments by Chile, 1997-2008**

(US\$ million)

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | TOTAL |
|------|------|------|------|------|------|------|------|------|------|------|------|-------|
| 0,1  | 0,0  | 0,0  | 0,8  | 0,4  | 1,6  | 0,3  | 0,9  | 0,6  | 2,3  | 3,0  | ..   | ..    |

.. Not available

*Source:* Costa Rica Central Bank

Data on bilateral trade in other services are not available.