WORLD TRADE ORGANIZATION

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Committee on Safeguards Original: Spanish

NOTIFICATION OF LAWS, REGULATIONS AND ADMINISTRATIVE PROCEDURES RELATING TO SAFEGUARD MEASURES

CHILE

Supplement

The following communication, dated 4 July 2011, is being circulated at the request of the delegation of Chile.

Pursuant to Article 12.6 of the Agreement on Safeguards, Chile hereby notifies Law No. 20.514, published in the Official Journal on Wednesday 22 June 2011, amending **Law No. 18.525** on safeguard measures.

LAW NO. 20.514

AMENDING ARTICLE 7 OF LAW NO. 18.525 "ESTABLISHING RULES ON THE IMPORTATION OF GOODS INTO CHILE" WITH REGARD TO SAFEGUARDS

Whereas the National Congress has approved the following draft Law,

Draft Law:

"**Single Article -** The following amendments shall be incorporated into Article 7 of Law No. 18.525 "Establishing rules on the importation of goods into Chile", the revised, coordinated and consolidated text of which was established pursuant to Decree having Force of Law No. 31 of 2005 of the Ministry of Finance:

1. Paragraph four is hereby amended as follows:

   (a) "One year" is replaced by "two years".

   (b) The phrase "for one further period not exceeding one year" is deleted.

   (c) The final sentence, which states that "Extension of the surcharge shall include a timetable for its gradual dismantling, unless there are exceptional circumstances duly substantiated by the Commission", is replaced by the following:

   "The overall period of validity of the measure, including the period of application of the provisional measure, the original measure and the extension, shall not exceed four years.".

2. The following paragraph five, which is new, is inserted after paragraph four; the current paragraph five thus becomes paragraph six, and so on:

   "Without prejudice to the provisions of Article 9, paragraph seven, in cases where a surcharge is to be applied for more than one year, including the period of application of the provisional measure, the Commission shall analyse the measure in place on an annual basis, taking into consideration the situation of the domestic industry affected and the rules set out in existing international agreements.".

With my approval and endorsement; to be enacted and implemented as a law of the Republic.

Santiago, 16 June 2011 - SEBASTIÁN PIÑERA ECHENIQUE, President of the Republic - Felipe Larraín Bascuñán, Minister of Finance - Alfredo Moreno Charme, Minister of Foreign Affairs - Juan Andrés Fontaine Talavera, Minister of the Economy, Development and Tourism - José Antonio Galilea Vidaurre, Minister of Agriculture.

Transcribed for your information. Rodrigo Álvarez Zenteno, Under-Secretary for Finance.

In 2004, the revised, coordinated and consolidated text of Law No. 18.525 was established. This resulted in amendments to other different provisions unrelated to trade defence measures or safeguards, the effect of which in practice was to move the entire safeguard rule from Article 9 to Article 7 of the final text. The consolidated text is reproduced below to illustrate the amendment (**italicized**) to **Law No. 18.525**.

Article 7 - In the cases referred to in Article XIX of the General Agreement on Tariffs and Trade 1994 and the Agreement on Safeguards of the World Trade Organization, the President of the Republic may apply *ad valorem* tariff surcharges, through a Supreme Decree of the Ministry of Finance, subject to a favourable report by the Commission referred to in Article 9.

The surcharges referred to in the preceding paragraph may be applied provisionally if the Commission determines that the circumstances referred to in Article 6 of the Agreement on Safeguards of the World Trade Organization exist. The Commission shall have a period not exceeding 30 days from the date of initiation of the investigation in which to undertake this determination.

The Commission may initiate an investigation pursuant to a written request submitted by the domestic industry affected by the serious injury or threat of serious injury. Domestic industry shall be interpreted as referring to the industry described in Article 4.1(c) of the Agreement on Safeguards of the World Trade Organization. The Commission may on its own initiative conduct an investigation when it possesses information that justifies so doing.

The surcharges referred to in this Article shall not be applied for more than ~~one year~~ ***two years***, including the period of provisional application of the measure. This period may be extended ~~for one further period not exceeding one year~~ when the reasons for their application still exist, subject to a favourable report by the Commission referred to in the first paragraph above. ~~Extension of the surcharge shall include a timetable for its gradual dismantling, unless there are exceptional circumstances duly substantiated by the Commission~~. ***The overall period of validity of the measure, including the period of application of the provisional measure, the original measure and the extension, shall not exceed four years***.

Without prejudice to the provisions of Article 9, paragraph seven, in cases where a surcharge is to be applied for more than one year, including the period of application of the provisional measure, the Commission shall analyse the measure in place on an annual basis, taking into consideration the situation of the domestic industry affected and the rules set out in existing international agreements.

Application of a surcharge which, added to the tariff in effect, amounts to a figure higher than the tariff bound in the World Trade Organization shall require the approval of three-quarters of the members of the Commission.

The application of emergency or safeguard measures provided for in trade agreements shall be governed, as a supplementary matter, by the rules of this Article and its regulations. Where there is inconsistency between the regulations in this Law and those in the aforementioned agreements, the latter shall prevail to the extent of the inconsistency.

When compensation with another country is agreed under a safeguard measure, the President of the Republic may, through a Supreme Decree of the Ministry of Finance and for the period of application of the measure, lower tariffs or accelerate the tariff reduction process provided for in the corresponding trade agreement.

The President of the Republic may, through a Supreme Decree of the Ministry of Finance, raise the tariffs applicable to goods from other countries when no agreement on adequate compensation under a safeguard measure has been agreed by this country in respect of Chilean goods.