

China-Chile Investment Agreement

September 9, 2012.

On September 9th, 2012, China and Chile signed the Supplementary Agreement on Investment to the Free Trade Agreement between the Government of the People's Republic of China and the Government of the Republic of Chile (China-Chile Investment Agreement).

Key Outcomes

China-Chile Investment Agreement consists of 33 articles and 4 annexes. It covers substantive provisions on investment and treatment as well as procedural provisions on dispute settlement which are divided into the following 5 sections:

- Definitions of applicant, investment commission, both parties to the dispute, one party to the dispute, China-Chile FTA, freely usable currency, additional facility rules by the International Center for Settlement of Investment Disputes (ICSID), the ICSID Convention, investment, investor, China-Chile Supplementary Agreement on Trade in Services, arbitral tribunal, arbitration rules, etc.
- Substantive provisions involving market access for investment, national treatment, requirement of achievements, most-favored nation treatment, minimum standard of treatment, loss compensation, expropriation and compensation, transfer, subrogation, refusal to provide preferential treatment, etc.
- Procedural provisions on the rules and procedures for investor-state dispute settlement, including consultations and negotiations, submission of the applications for arbitration, consent to arbitration, limits and conditions of consent to arbitration, appointment of arbitrators, preliminary objection, applicable law, arbitration award, etc.
- Exceptions regarding national security, taxation, measures to maintain balance of payment, etc.
- Provisions related to transparency, dispute settlement, investment commission, annexes, footnotes, the relationship between China-Chile Investment Agreement and China-Chile FTA, amendment, implementation, period, termination, etc.

General Comment:

China-Chile FTA, covering mainly trade in goods and cooperation, was signed in November 2005, and entered into effect as of October 2006. Significant effects can be seen since its enforcement, bilateral trade rapidly going up. In April 2008, China and Chile signed the Supplementary Agreement on Trade in Service which implemented on August 1, 2010.

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At present, Chile is China's third largest trading partner in Latin America, while China is Chile's largest trading partner in the world. The signing of China-Chile Investment Agreement completes the full establishment of Sino-Chilean Free Trade Area. It's set to contribute greatly to improving the environment and expanding the areas for investment.