

**MEMO# 14252**

December 18, 2001

## **FINANCIAL SERVICES INDUSTRY CONCERNS REGARDING US-CHILE FREE TRADE AGREEMENT**

[14252] December 18, 2001 TO: INTERNATIONAL COMMITTEE No. 67-01 RE: FINANCIAL SERVICES INDUSTRY CONCERNS REGARDING US-CHILE FREE TRADE AGREEMENT In December 2000, US began negotiations for a US-Chile bilateral free trade agreement (FTA). The US negotiators had hoped to reach an agreement by end of this year, but many issues remain unresolved. The Institute through a coalition of financial services industries recently conveyed its concerns regarding the negotiations for an agreement. Attached for your information is a letter submitted by the Coalition of Service Industries (CSI) outlining several outstanding issues in financial services for the US-Chile FTA. In the CSI letter, the Institute described specific concerns with respect to asset management. The two areas in which the Institute remains concerned that the agreement may fall short include the lack of (1) commitments from Chile to allow US firms to provide asset management services on a cross-border basis or at least to permit a locally established affiliate of a US firm to delegate certain functions to its parent company or to its affiliates outside Chile and (2) commitments to eliminate strict asset allocations requirements and prohibitions on pension funds investing in foreign securities. The Institute also is working directly with US negotiators to address these issues. Jennifer S. Choi Associate Counsel Attachment Attachment (in .pdf format)