United States—Chile Bilateral Free Trade Act

United States—Chile Bilateral Free Trade Act

by Jake Berlin

Introduction

Since the formation of the General Agreement on Trade and Tariffs (GATT) in 1947, world trade has increased exponentially, leading to unprecedented economic growth and prosperity throughout the world. The elimination of nontariff barriers (NTB's) and the reduction of tariffs throughout the world have allowed world trade and wealth to flow effectively from one country to another guided by the "invisible hand" of economic liberalism. The Uruguay Round of GATT negotiations, which led to the creation of a formal World Trade Organization (WTO), was seen by many as evidence pointing to continued progress toward trade liberalization throughout the world. In contrast to previous decades, recent developments have stalled further rounds of negotiation at the WTO, casting doubt on the ability of the WTO to effectively continue the reduction of trade barriers.

Lack of progress on a global scale has prompted many countries, such as the U.S., to turn to bilateral free-trade agreements to achieve their goals of trade liberalization. Indeed, the last several decades have seen a proliferation of bilateral free-trade agreements. Data from the WTO database lists 221 bilateral free-trade agreements that are currently in force, the vast majority of which have been signed within the last fifteen years (WTO.org). Scholarly opinions are mixed about the implications of such deals on the overall growth of world trade. Some scholars emphasize that bilateral and regional deals are a viable second-best option to multilateral negotiations and that such deals often promote successful negotiations at the WTO (Griswold 2003). Other scholars argue that bilateral/regional deals divert trade, distract from multilateral deals, and often involve countries with asymmetrical bargaining power, thereby allowing the more powerful industrialized states to manipulate such deals to their advantage (Bhagwati and Panagariya 2003).

Overview of the U.S.–Chile FTA

One of the first bilateral agreements that involved the U.S. was the 2003 U.S.–Chile Free Trade Agreement, which was signed on 6 June 2003 (Office of the U.S. Trade Representative). The agreement included provisions on a wide variety of topics dealing with trade in goods and services. The key element of the agreement was the elimination of all tariffs on goods traded between the U.S. and Chile. Eighty-five percent of the tariffs on industrial and manufactured goods were eliminated immediately, and the rest were phased out within a period of four years (Office of the U.S. Trade Representative 2003). The agreement also covered agricultural products such as fresh fruit and wine. Seventy-five percent of U.S. farm exports to Chile became tariff free within four years after the agreement was signed, and the rest were to become duty-free within twelve years of the signing. Ninety-five percent of Chilean exports to the U.S. also received tariff-free status with the signing of the agreement, with the remaining 5 percent of goods scheduled to become tariff free within a period of twelve years (Hornbeck 2003: 2).

Other important, and some of the most controversial, aspects of the agreement are provisions concerning environmental and labor-standards issues. The agreement encourages increased cooperation between the U.S. and Chile on these matters, including several joint environmental projects on topics ranging from wildlife protection to finding safer alternatives for environmentally hazardous chemicals (Office of the U.S. trade representative 2002). The agreement also calls for upholding the existing regulations in each country and for abiding by ILO (International Labor Organization) standards. Despite these provisions, labor rights advocates from the Labor Advisory Committee (LAC) and other labor-rights groups criticized the agreement for not having sufficient enforcement powers and for being a "big step backwards" from the labor rights provisions in the U.S.–Jordan Free Trade Agreement that was signed in 2000 (Bolle 2003: 3).

The negotiation of the U.S.–Chile FTA was an extensive process lasting over two years.[1] On 29 November 2000, President George W. Bush notified Congress about his desires to negotiate an FTA with Chile, and negotiations began on 6 December 2000 (Office of the U.S. Trade Representative Fact Sheet 2002). There were fourteen negotiating rounds that culminated in June 2003, when the agreement was signed in Miami, Florida, by Robert Zoellick, U.S. trade representative, and Chilean Foreign Minister Soledad Alvear (Office of the U.S. Trade Representative 2003). The agreement was signed by President Bush on 3 September 2003, after passing the House on 24 July 2003 and the Senate on 31 July 2003 (Govtrack.us). The bill entered into effect on 1 January 2004 (Hornbeck 2003). Voting in both the House and the Senate reflected a partisan divide. In the House, the bill passed with a vote of 270-156 and, of those who opposed the bill, 128 were Democrats (Govtrack.us). In the Senate, the bill passed 65-32 (with three senators who abstained from voting), and once again twenty-four of the opposing votes came from Democratic senators (Govtrack.us). [2]

In 2002, Congress passed the Bi-Partisan Trade Promotion Authority Act effectively granting fast-track authority to President Bush, which allowed him (or his representatives) to directly negotiate trade deals with foreign countries whenever he felt that a tariff "had a negative effect on the U.S. economy" (Congress 2002). The passing of the 2002 Trade Act was vital to the completion of the U.S.–Chile FTA because it consolidated negotiating power within the executive branch. Without fast-track authority, it is likely that the U.S.–Chile FTA never would have come to fruition. The 2002 Trade Act also marked an important compromise between Democrats and Republicans on the inclusion of labor and environmental provisions in trade agreements, which set the stage for many of the political battles involved in the U.S.–Chile FTA.

Why a U.S.–Chile FTA?

Economics and politics have always been intricately related, and this statement is true with regard to the complex global economy that has developed in the twenty-first century. Although the U.S.–Chile FTA certainly has significant economic implications, the overall economic benefit to the U.S. is merely another drop of water in the vast ocean of the economy of the United States. The estimated economic benefit of the FTA is $4.2 billion dollars—an impressive figure when measured in absolute terms, but one which equates to only about .04 percent of U.S. economic output (Office of the U.S. Trade Representative Fact Sheet 2002: 10). Pure economics fail to explain why the U.S. would invest such a considerable amount of time and effort into an FTA with Chile, especially in the face of opposition from labor, environmental, and anti-globalization groups, and the occurrence of other important political developments such as the War on Terror and the Doha round of negotiations at the WTO. There were other countries far more important to the U.S. in terms of overall trade,[3] and in order to fully understand the motivations behind the agreement, one must examine the political side of the issue.

In Richard Feinberg's article "The Political Economy of United States' Free Trade Arrangements," Feinberg highlights four political motivations for the U.S. to pursue FTAs: 1) to open markets for U.S. traders and investors ("asymmetric reciprocity"), 2) to serve as a precedent or catalyst for wider trade agreements, 3) to reward and support countries for Democratic and market-oriented reform, and 4) to strengthen strategic partnerships (2003: 1020). The rationale behind the U.S.–Chile FTA is best understood by examining these political motivations rather than focusing on the economic benefits offered by a bilateral trade agreement between the U.S. and Chile.[4]

The political reasoning for the U.S.–Chile FTA coincides neatly with the first three motivations listed by Feinberg. The second motivation, to use FTAs as a template and catalyst for wider trade agreements, is especially applicable in this case. The U.S.–Chile FTA went hand in hand with the Bush administration's focus on increasing trade liberalization and forming a hemisphere-wide FTA. The lucrative dream of a Free Trade Agreement of the Americas (FTAA) was one of Bush's primary economic and foreign policy goals, and many viewed the U.S.–Chile FTA as a possible precursor to a much larger regional agreement (Becker 2002). In addition, the deal was struck at the beginning of the Doha round of WTO negotiations, sending a message to other countries that the U.S. was willing to pursue free trade through bilateral deals if foreign countries were unwilling to cooperate at a global level.

At the start of Bush's presidency in 2001, the only U.S. FTA in force (apart from the NAFTA agreement) was with the economically unimportant but politically salient Israel. At the end of the year, an FTA with Jordan was signed. Once again, the economic benefits of the treaty were marginal, but the potential national security benefits were substantial due to Jordan's strategic location in the Middle East. The U.S.–Chile FTA follows the pattern of other bilateral trade deals signed by the U.S. by virtue of the fact that it was signed as much for political reasons as economic ones.

In summary, several factors help explain the rationale behind the FTA with Chile, namely: President Bush's desire to establish an FTAA in the Western Hemisphere while simultaneously applying pressure to advance the Doha round of negotiations at the WTO, U.S. desire to support liberal democracy and market reform in Latin America, and, to a lesser extent, U.S. exporters' interest in gaining access to a growing Chilean market and consumers' desires for cheaper Chilean imports. These factors generated a sufficiently strong consensus in favor of the agreement allowing for its passage in spite of opposition from interest groups. This paper will attempt to examine each of these factors in greater detail in order to explain the political struggles and decision-making processes that culminated in the U.S.–Chile FTA.

Political Support for the U.S.–Chile FTA

The roots of the U.S.–Chile bilateral free-trade act run deep. As early as 1991, U.S. and Chilean officials initiated a discussion concerning a free-trade agreement between the two countries (Blustein 2002). In 1995, there was a congressional hearing on whether to include Chile in the landmark NAFTA agreement signed between the U.S., Canada, and Mexico (House Ways and Means Committee). The NAFTA proposition never really gained steam, and for several years there was little progress toward a bilateral deal involving the U.S. and Chile. In order to understand the delay in reaching a free-trade agreement with Chile, one must examine the domestic political struggles between Congress and the executive branch and the importance of presidential trade promotion authority. Important changes in the international economic environment also increased support for the passage of the U.S. Chile Free Trade Act.

President Bush was not unique or original in his desires to promote trade between the U.S. and Latin America. It was President Clinton who first had aspirations of forming a Free Trade Agreement of the Americas (Bhagwati 1997), but those aspirations were shattered when Congress refused to grant him fast-track negotiating authority. Charlene Barshefsky, the U.S. trade representative under Clinton, remarked that he was "empty-handed" in Latin American trade negotiations without fast-track authority (Bhagwati 1997). Interestingly, it was congressional Democrats who failed to support Clinton in his desire for fast-track authority due to their concerns that

Clinton's proposed trade deals would not provide, "adequate protection for workers and the environment" (Broder 1998). His efforts were also limited by partisan opposition exacerbated by the fact that Republicans had taken control of both the House and the Senate in the "Republican Revolution" of 1994. Ultimately, Congress' refusal to grant President Clinton trade-promotion authority stymied his efforts to conclude a free trade agreement with Chile (Feinberg 2003: 21).

The Republican electoral victory in 2000 and the ascension of George W. Bush to the presidency reopened the door for continued progress toward an FTA with Chile. Bush was elected on a platform that included the goal of expanding free trade multilaterally as well as regionally, and many of Bush's first important foreign policy initiatives were aimed at expanding free trade and American political influence. Writer Paul Blustein highlights the importance of a U.S.–Chile FTA for the Bush administration's foreign-policy objectives, explaining that despite the small economic benefits offered by bilateral deals, "the administration is aggressively pursuing them nonetheless as a device for cementing ties with certain nations and as part of an overall strategy aimed at lowering trade barriers worldwide" (2002).

This strategy was known as "competitive liberalization." The basic logic behind the strategy was that by signing bilateral or regional agreements, the U.S. would put pressure on other countries to engage in trade negotiations and the reduction of trade barriers if they wanted to remain competitive with exports to the lucrative U.S. market (Feinberg 2003). This strategy became especially important as negotiations at the Doha round of WTO talks bogged down over concerns about intellectual property rights and agricultural products. U.S. leaders hoped to increase their bargaining advantage at the WTO by establishing more limited regional and bilateral agreements, and the U.S.–Chile FTA was seen as an important stepping-stone in this process.

The overall success of the NAFTA agreement prompted U.S. leaders like Bush and Zoellick to push toward their dream of forging a Free Trade Agreement of the Americas (FTAA) that would encompass virtually all of the countries in the Western Hemisphere (with the obvious exception of Cuba). The economic gains from such an agreement would be staggering and would provide the U.S. with even closer political ties (and possibly increased control through economic leverage) with its Latin American neighbors. Similar to Clinton's aspirations, the creation of an FTAA constituted one of Bush's foremost economic goals. In remarks he gave to the Organization of American States prior to a summit meeting in Quebec, Bush declared:

> We must affirm our commitment to complete negotiations on the free trade area of the Americas by January, 2005. Nothing we do [at the trade meeting] in Quebec will be more important or have a greater long-term impact. It will make our hemisphere the largest free trade area in the world, encompassing 34 countries and 800 million people. (Gpo.gov 2001)

To accomplish this important foreign policy objective, Bush appointed Zoellick as the U.S. Trade representative. Zoellick had been involved in previous trade negotiations with Chile during the first Bush administration, and this experience made him an ideal candidate to work on reaching a trade agreement with Chile (Blustein 2002). After his appointment, Zoellick immediately began working to hammer out free trade deals with several countries (including Chile) in hopes that these deals would pave the way toward an FTAA.

In his first State of the Union address, President Bush declared, "Give me the strong hand of presidential trade promotion authority . . . and do so quickly" (Sek 2003: 5). On 6 August 2002, his wish was granted by the Trade Act of 2002 after a narrow 215-212 vote in the House and a 64-34 vote in the Senate that took place on 26 July (Sek 2003). Prior votes on provisions to the language of the bill concerning labor and environmental standards were hotly contested in the House with strong partisan divisions. Democrats wanted to ensure that labor and environmental concerns would not be ignored in trade negotiations, and the necessary number of votes could not be obtained until Republicans agreed to enshrine these provisions in the bill granting presidential trade-promotion authority. After receiving trade-promotion authority, negotiations proceeded at an accelerated pace and were concluded on 11 December 2002 (Hornbeck 2003).

The shocking events of 9/11 and the ensuing wars with Iraq and Afghanistan caused U.S. foreign policy priorities to shift dramatically. In general, there was little Latin American support for the wars, and progress toward an FTAA stalled. The U.S. hinted at delaying the passing of the U.S.–Chile FTA in order to prod Chilean officials into supporting the War on Terror (Blustein 2003). Bush and Zoellick were determined not to lose their chance at forming an American free-trade area. And, "in an attempt to re-insert itself in regional trade circles, the administration consented to sign the agreement" (Angrisani 2003: 83). The U.S.–Chile FTA may be viewed as a preliminary stepping stone toward the greater goal of creating an FTAA, and there was hope that the agreement would serve as a template for future trade deals and as a catalyst to spur progress in the Doha round trade talks.

From an economic perspective, the rationale for the agreement comes from the fact that Chile had (and continues to have) one of the fastest-growing and most highly developed economies in all of Latin America, and the agreement allowed U.S. exporters greater access to this market. It also provided U.S. consumers with lower prices on key Chilean exports such as copper, wine, and agricultural products (Hornbeck 2003: 8). Furthermore, there was concern that if an FTA with Chile was not established, U.S. firms would fail to compete effectively in the Chilean market with firms from Canada, Mexico, or other Latin American countries—all of whom already had free-trade agreements in place with Chile (Hornbeck 2003: 2). Although, as I have mentioned previously, the economic benefits of the U.S.–Chile FTA were only of secondary importance.

From an ideological perspective, the U.S.–Chile FTA may also be viewed as a statement by the U.S. in support of democracy and economic liberalism. Since the dark days of the dictator Augusto Pinochet, Chile had made great strides in establishing a generally fair and representative Democratic government and in opening herself to world markets. The Chilean government pursued policies to promote export-led growth and to protect the property rights and civil liberties of Chilean citizens. Chile also had demonstrated sound macroeconomic management, and many U.S. officials viewed Chile as "a model for Latin America" and other developing countries throughout the world (Mares and Aravena 2001: xv preface).[5] At a time when the U.S. was actively promoting and defending the ideals of political and economic liberty, the agreement may be understood as a message to the world that the U.S. was willing to reward developing countries that made social and economic progress by following the guiding principles of American political and economic ideology.

FTAs with larger countries such as Argentina or Brazil would have allowed the U.S. to reap larger economic benefits, but, once again, political motives trumped economic ones. The conservative nature of the Chilean government from both a political and economic standpoint made it an appealing candidate for a free-trade agreement especially when contrasted with other Latin American countries such as Argentina, which had suffered disastrous inflation throughout much of the 1990s. The Chilean government was also more willing to engage the U.S. in trade talks than other left-leaning governments.[6]

In his remarks during the signing ceremony of the U.S.–Chile FTA, President Bush elaborated on the supposed connection between free trade and the spread of democracy, saying, "The growth of economic freedom and ownership in developing countries creates the habits of liberty and creates the pressure for democracy and political reform" (Georgewbush-whitehouse.archives.gov 2003). He also stated repeatedly that the economic benefits associated with free trade, including job creation, cheaper imports, and increased living standards for citizens of all the nations involved. While scholars and policy makers may debate whether bilateral FTAs really bring about such benefits, it is important to note that the Bush administration believed in the benefits of free trade and pursued policies in accordance with that belief.

Political Opposition to the Agreement

The opposition to the U.S.–Chile FTA was championed by various environmental- and labor-rights groups who felt that the agreement failed to impose sufficient environmental and labor standards. One of the most prominent of these groups, and one that characterizes the sentiments shared by various other individuals and groups in opposition to the U.S.–Chile FTA, was Citizens Trade Campaign, a group originally founded in opposition to the NAFTA agreement that seeks to establish "social and environmental justice in trade policy" (citizenstrade.org). In general, organizations like Citizens Trade Campaign oppose FTAs due to their belief that such agreements lead to resource depletion, competitive deregulation, increased inequality, and the unfair exploitation of labor.

Environmentalists raised fears that the agreement would force Chile to rely even more on the exportation of nonrenewable natural resources such as copper and other minerals in order to generate wealth. Exports such as copper, fish, and lumber constitute a very large percentage of Chilean GDP, and those opposed to the agreement argued that it would exacerbate Chile's dependence on such products, leading to the eventual depletion of precious natural resources. Labor standards were also a point of contention, and labor-rights groups voiced concerns that the U.S.–Chile FTA would increase the already substantial income gap between the richest Chileans and the average Chilean citizen. Labor unions (primarily the AFL-CIO) also argued that the agreement should contain stricter provisions regarding labor standards that would eliminate the possibility of either the U.S. or Chile lowering their standards in order to gain comparative advantage (Hornbeck 2003: 13).

In reality, concerns about the labor standards provisions of the U.S.–Chile FTA lacked a strong foundation due to the fact that Chile had a strong record of compliance with International Labor Organization (ILO) standards and had made great strides in increasing protection and benefits for workers. Many of those opposed to the agreement recognized this, but their greatest concern was that while the looser terms of the agreement may have been sufficient for Chile, the agreement would not work as a template for future deals with other Latin American countries that had a much shakier track record of upholding adequate labor standards (Hornbeck 2003: 17).

Interest groups and labor unions generally had little influence over the actual negotiating process. The Trade Act of 2002 had consolidated negotiating power within the executive branch and specifically within the Office of the U.S. Trade Representative. Positions within the trade office are given by appointment rather than by direct election, thus insulating the members of the trade office from the influence of interest groups. Furthermore, the typical difficulties presented by collective action logic were mitigated by the 2002 Trade Act. Bush and Zoellick had little reason to worry about a negative response from several relatively small groups throughout the country given the fact that they represented the interests of a much broader constituency. Plus, in Bush's opinion, the potential economic gains of an FTAA dwarfed environmental or labor rights concerns, and the U.S.–Chile FTA was a key step in achieving his long-term trade policy goals. After the terrorist attacks of 9/11, the U.S. public attention was fixed firmly on the Middle East and the conflicts in Iraq and Afghanistan. The negotiation of the U.S.–Chile FTA was merely a side note to the upheavals of the time, which frustrated any attempts at arousing widespread public opposition to the agreement. Lack of public concern and most importantly the central negotiating power of the executive branch allowed negotiations to proceed fairly smoothly and without much interference from the interest groups opposed to the agreement.

After the agreement was signed, pro-environmental and pro-labor groups turned their efforts toward Congress, yet once again their success was only marginal. Congressional Republicans overwhelmingly supported Bush and the FTA, as can be seen by the voting records in both the House and the Senate (Govtrack.us). And by granting Bush fast-track negotiating authority, many Democrats had already voiced their support of free trade expansion in general, and the fiercest political battles had already been fought. Politicians from both parties were backed on this issue by the multitude of American Multi-National Corporations (MNCs) and export-oriented firms which formed a key part of the constituencies of most congressman. Fears about environmental degradation and labor exploitation were assuaged by Chile's strong record of progress in both areas and by their commitment to abide by international standards. All of these factors combined led to a relatively easy passage of the U.S.–Chile FTA.

The opposition's greatest success came from their ability to force the U.S. Trade Office to recognize that the specific provisions of the agreement could not serve as a framework for future FTA's with other Latin American countries. Various members of Congress voiced this opinion arguing that the loose terms of the agreement were likely sufficient for Chile but would be unacceptable for many other developing countries (Congressional Record 2003). Advocates of the agreement were compelled to compromise on this issue in order to receive the necessary votes for the agreement to pass the House and the Senate.

Evaluating the Effects of the U.S.–Chile FTA

It has now been more than a decade since the U.S.–Chile FTA entered into force, and by next year, the full effects of all tariff reductions should be felt according to a study performed by the United States International Trade Commission (Hornberg 2003). An in-depth analysis of the effects of the agreement lies beyond the scope of this paper, but a brief examination of some of the political and economic repercussions of the agreement is warranted. From 2003 to 2012, U.S. exports to Chile increased by a staggering 600 percent, and Chile went from being the thirty-fifth largest export market for the U.S. to being the nineteenth largest export market (White House Press Secretary 2013). Chilean exports to the U.S. have also increased by nearly 150 percent over the same time period. The unemployment rate in Chile was slightly below 8.5 percent in January 2004 and is currently hovering around 6 percent (National Institute of Statistics, Chile). The unemployment rate in the U.S. was 5.7 percent in January 2004 and was at 5.7 percent in January 2015 (U.S. Bureau of Labor Statistics). Considering that trade with Chile constitutes a very small portion of the total U.S. economic output, it is unsurprising that the U.S.–Chile FTA has had little impact on U.S. employment rates. Judging by the large increases in total trade between the two countries and the reduction of unemployment in Chile, it appears the agreement has delivered many of the expected economic benefits without damaging job prospects for Chilean workers.

The Chilean mining industry, which provides the bulk of Chilean export revenues, has enjoyed continued strong growth, leading to possibilities for the expansion of mines in some areas. But expansion creates a risk of additional of environmental degradation. Concerns have been raised over water depletion in northern Chile, which is home to some of the world's largest copper reserves as well as the world's driest desert—the

Atacama (Jarroud 2013). It is difficult to draw a direct causal link between the U.S.–Chile FTA and environmental problems in Chile considering all of Chile's environmental concerns existed before the agreement was signed. Furthermore, Chile has signed FTAs with a number of countries, including Canada and the EU, so any environmental problems due to trade-based economic expansion can only be partially due to the U.S.–Chile FTA.

A study published in 2011 compared Chilean labor laws with those in the U.S. and found that "Chile currently imposes more labor regulations in some areas (e.g., termination and severance pay, minimum wages and overtime), while other aspects of labor law (i.e., unemployment compensation) seem to be similar to that of the U.S." (Pattison and Mogab 2011). Chile has also worked to ensure that its fruit export industry complies with GLOBALG.A.P. certification standards to ensure fair treatment of labor, but some concerns over the rights of seasonal workers persist (Bain 2010). Based on these findings, concerns over the potential exploitation of workers in Chile due to economic pressures appear vastly overexaggerated and insignificant. Overall, evidence suggests that the U.S.–Chile FTA has had marginal economic effects in the U.S. and produced substantial economic benefits in Chile. Activists' concerns about the environment and labor standards also appear to have been largely avoided.

Conclusion

The U.S.–Chile Bilateral FTA came about primarily due to the Bush administration's hope that it would serve as a precursor to an FTAA, which would increase the economic welfare of the country and provide the U.S. enhanced leverage to bargain at the WTO. In addition, the agreement can be viewed as a move by the U.S. to promote and reward the spread of democracy and liberal economic principles throughout the world. The trade promotion authority granted by the U.S. Trade Act of 2002 allowed officials in the U.S. Trade Office to negotiate much more effectively and severely restricted the effectiveness of interest groups opposed to the agreement. The dramatic events of 9/11 relegated the U.S.–Chile FTA to the background of U.S. public consciousness, which further limited interest groups' ability to mobilize widespread public opposition to the agreement and enhanced the centralized negotiating power of President Bush and U.S. Trade Office representatives. Congressional Republicans strongly supported the agreement due to the potential economic gains it provided, and many Democrats pledged their support as well after their concerns over labor and environmental standards were assuaged.

The passing of the U.S.–Chile FTA clearly shows how domestic political developments influence international trade flows and the global economy in general. Many realist and neoliberal theories of Intellectual Property Enforcement (IPE) treat states as unitary actors that act out of their own self-interest. While these theories may be helpful for understanding the overall structure of the world economy, they neglect the influence of domestic political factors on specific policy decisions. Scholars of international political economy should always take into account these domestic factors and how they shape the complex global economy as they analyze international economic developments.

NOTES

1. Previous talks about a bilateral FTA with Chile or even including Chile in the NAFTA agreement took place during the first Bush administration and the Clinton administration.
2. Due to Congress's granting of Trade Promotion Authority (TPA) to Bush in 2002, the U.S.–Chile was treated as a Congressional Executive Agreement (CEA) rather than as a formal treaty. CEAs are subject to a straight up and down vote in the Senate rather than a two-third majority. For more information, see page 78 of the Congressional Research Service report on treaties and international agreements cited in the references list.
3. At the time the agreement was being negotiated, Chile was the U.S.'s thirty-fourth largest export destination and thirty-sixth largest import contributor (Hornbeck 2003: 8).
4. Some would argue that preferential FTAs actually have negative economic consequences. For a further discussion of this topic, see Bhagwati, Jagdish. Termites in the Trading System: How Preferential Agreements Undermine Free Trade. Oxford University Press, 2008.
5. For a more detailed analysis of Chile's economic reforms see pages 3–8 of John Hornbeck's CRS report for Congress cited in the works cited list.
6. In all honesty, Chile probably did more to initiate trade negotiations than either the Clinton or the Bush administrations, but this paper focuses on the FTA from the U.S. perspective. See Feinberg 2003: 1025.

REFERENCES

Alt, James E. and Michael Gilligan. 1994. The political economy of trading states: Factor specificity, collective action problems and domestic political solutions. The Journal of Political Philosophy vol. 2, no. 2: 165–66, 168–88.

Aguero, Felipe. 2005. The Chile–U.S. free trade agreement. Colombia Internacional no. 61: 51–62.

Angrisani, Luisa. 2003. More Latin, less America? Creating a free trade area of the Americas. The National Interest no. 73: 77–84.

Bailey, Michael, Judith Goldstein, and Barry R. Weingast. 1997. The institutional roots of American trade policy: Politics, coalitions, and international trade. World Politics vol. 49, no. 3 (April): 309–38.

Bain, Carmen. 2010. Structuring the flexible and feminized labor market: GlobalGAP standards for agricultural workers in Chile. Signs: Journal of Women in Culture & Society vol. 35, no. 2 (winter): 343–70.

Becker, Elizabeth. 2002. U.S. and Chile reach free trade accord: Possible stepping stone to a broader agreement for Western Hemisphere. New York Times, 12 December.

Bhagwati, Jagdish, and Arvind Panagariya. 2003. Bilateral trade treaties are a sham. Financial Times. 13 July.

Bhagwati, Jagdish. 1997. Fast track to nowhere. The Economist, 18 October.

Blustein, Paul. 2002. U.S., Chile agree on free trade; bilateral pacts are special focus of Bush administration. The Washington Post, 12 December.

Blustein, Paul. 2003. Bush may use trade pacts for Iraq leverage. The Washington Post, 15 March.

Bolle, Mary Jane. 2003. Free trade agreements with Singapore and Chile: Labor issues. CRS Report for Congress. September 12.

Broder, John M. 1998. Clinton urges Latin America to 'be patient' on free trade. New York Times, April 17.

Brownsell, Liz, Allen and Overy. 2012. Bilateral and regional trade agreements. Legal guide for Advocates for International Development.

Bureau of Labor Statistics, U.S. Department of Labor. Labor force statistics from the current population survey 2003–15. http://data.bls.gov/pdq/SurveyOutputServlet. Accessed 2 March 2015.

Citizenstrade.org. Citizens Trade Campaign. http://www.citizenstrade.org/ctc/about-ctc/what-is-citizens-trade-campaign/. 21 November 2013.

Congressional Record. 2003. U.S.–Chile free trade agreement. vol. 149 no. 109 Pg. H 7231. 22 July.

Congressional Research Service. 2001. A Study Prepared for the Committee on Foreign Relations United States Senate, Treaties and other International Agreements: The Role of the United States Senate. U.S. Government Printing Office, Washington D.C.

Editorial. 2001. Trade test for the Democrats. The Washington Post, 5 December.

Feinberg, Richard E. 2003. The political economy of United States' free trade arrangements. World Economy, 26 (July): 1019–40.

Georgewbush-whitehouse.archives.gov. 2003. Remarks by the President in signing ceremony for Chile and Singapore Free Trade Agreements, 3 September. Accessed 1 March 2015. http://georgewbush-whitehouse.archives.gov/news/releases/2003/09/20030903-3.html.

Govtrack.us. H.R. 2738--108th Congress: United States-Chile free trade agreement implementation act. http://www.govtrack.us/congress/bills/108/hr2738. 16 November 2013.

Gpo.gov. 2001. Remarks to the Organization of American States, 17 April. http://www.gpo.gov/fdsys/pkg/WCPD-2001-04-23/pdf/WCPD-2001-04-23-Pg620-2.pdf. 16 November 2013.

Griswold, Daniel. 2003. Bilateral deals are no threat to global trade. Cato Institute. 16 November 2013. http://www.cato.org/pub_display.php?pub_id=3191.

Hakim, Peter. 2001. Why Chile matters in quest for global free trade. The Christian Science Monitor, 25 January.

Hornbeck, J.F. 2003. The U.S.–Chile free trade agreement: Economic and trade policy issues. CRS Report for Congress.

House Committee on Ways and Means, Sub-committee on Trade. 1995. Accession of Chile to the North American Free Trade Agreement. 21 June.

Jarroud Marianela. 2013. Mining and logging companies 'leaving all of Chile without water.' The Guardian, 24 April.

Leight, Jessica. 2008. The political dynamics of agricultural liberalisation in the US-Chile free trade agreement. Journal of Latin American Studies vol. 40, no. 2: 225–49.

Mares, David M. and Fransisco Rojas Aravena. 2001. The United States and Chile: Coming in from the cold. New York: Routledge.

National Institute of Statistics, Chile. Chile unemployment rate 1986–2015. http://www.tradingeconomics.com/chile/unemployment-rate. Accessed 2 March 2015.

Office of the White House Press Secretary. 2013. Fact Sheet: U.S.–Chile economic relations. 4 June. http://www.whitehouse.gov/the-press-office/2013/06/04/fact-sheet-us-chile-economic-relations. Accessed 2 March 2015.

Office of the United States Trade Representative. Press release. 2003. The United States and Chile sign historic free trade agreement. 6 June. http://www.ustr.gov/about-us/press-office/press-releases/archives/2003/june/united-stat es-and-chile-sign-historic-freetr. Accessed 26 October 2013.

Office of the United States Trade Representative. Fact sheet. 2002. Free trade with Chile: Summary of the U.S.–Chile free trade agreement. 11 December. http://www.ustr.gov/about-us/

press-office/fact-sheets/archives/2001/december/free-trade-chile-summary-us-chile-free-trad. Accessed 2 November 2013.

Pattison, Patricia and John W. Mogab. 2011. A comparison of U.S. and Chilean labor and employment law. ALSB Journal of Employment and Labor Law, vol. 12 (spring): 22–38.

Razeen Sally. 2008. The political economy of trade-policy reform: Lessons from developing countries. Journal of International Trade and Diplomacy, vol. 2, no. 2 (winter): 55–61, 66–92.

Sek, Lenore. 2003. Trade promotion authority (fast-track authority for trade agreements): Background and developments in the 107th Congress. CRS Report for Congress, April 2.

U.S. Congress. 107th Congress. 2nd Session. Trade Act of 2002. Washington. Government printing office, 2002.

WTO.org. Regional Trade Agreements Information System. http://rtais.wto.org /UI/PublicSearchByCrResult.aspx. Accessed 31 October 2013.