

## **Summary of U.S.-Chile FTA Electronic Commerce Chapter**

Electronic Commerce (E-commerce) Chapter: The E-commerce chapter is a breakthrough in achieving certainty and predictability in ensuring access for products such as computer programs, video images, sound recordings and other products that are digitally encoded. This is the first such agreement with a country in the Western Hemisphere. The United States is a leader in the creation and distribution of digital products throughout the world.

The commitments in the e-commerce chapter provide that digital products that are imported or exported by means of electronic transmissions will not be subject to customs duties. Where digital products are imported based in a medium, such as a CD or tape, tariffs are assessed on the medium and not the content, i.e., not the value of the software.

The e-commerce chapter successfully integrates services and goods principles to ensure that digital products that are transmitted electronically benefit from principles in the General Agreement on Trade In Services. Rules affecting e-commerce must be transparent and reasonable and disciplines in the Financial Services, Investment and Services Chapters apply to the supply of services through electronic means.

Significantly, Chile and the United States have agreed to provide non-discriminatory treatment to like digital products of the other country as determined through a list of specific activities, such as creation, production, first sale and other activities or through a list of persons associated with the digital product, such as the distributor, developer, author and others. Chile and the United States have also agreed to cooperate in the area of e-commerce, including active participation in international fora for the purpose of promoting the development of e-commerce and working together to overcome obstacles facing small and medium sized enterprises in using e-commerce.