On Thursday, March 8, 2018, Chile’s Commission on Markets Distortion (CNDP) published its decision to initiate a safeguard investigation on imports of powdered milk and Gouda cheese that will determine if the increase of dairy imports, specifically whole dry milk, non-fat dry milk, and Gouda cheese, represents a threat to Chile’s domestic dairy sector. While the investigation does not target the United States, if safeguards are imposed on non-fat dry milk, the U.S. will be impacted the most, as it holds 76 percent of market share and reached $25.6 million in exports in 2017.
**General Information:**
On Thursday, March 8, 2018, Chile’s Commission on Markets Distortion (CNDP) published its decision to initiate a safeguard investigation on imports of powdered milk and Gouda cheese that will determine if the increase of dairy imports, specifically whole dry milk, non-fat dry milk, and Gouda cheese, represents a threat to Chile’s domestic dairy sector. Furthermore, Post understands that the investigation will determine the length and percentage of the safeguards that will be imposed. While the investigation does not target the United States, if safeguards are imposed on non-fat dry milk, the U.S. will be impacted the most, as it holds 76 percent of market share and reached $25.6 million in exports in 2017.

Chile’s timeframe for safeguard investigations indicates that CNDP has 30 days from the beginning of the investigation published in the Official Gazette, March 8, 2018, to recommend provisional measures to the President of Chile and 90 days to set permanent measures or end of the investigation. CNDP includes the National Economic Prosecutor who is the lead; two representatives of the Central Bank of Chile; a representative of the Minister of Finance; a representative of the Ministry of Agriculture; a representative of the Minister of Economy, Development and Tourism; The National Director of Customs; And a representative of the Ministry of Foreign Affairs.

According to Chilean press reports, on November 9, 2017, Chilean Dairy Farmers Federation (Fedeleche) requested that provisional and permanent safeguards of at least 30 percent for whole dry milk and non-fat dry milk, and 27 percent for Gouda cheese be imposed on dairy imports. Post understands that Fedeleche’s petition to request safeguards against imports of dairy products is based on a significant increase in imports of whole dry milk, non-fat dry milk and Gouda cheese. Fedeleche indicated that Chilean imports of whole dry milk increased by 55.8 percent between September 2016 and August 2017, non-fat dry milk, increased by 14.4 percent between July 2016 and June 2017. Fedeleche also claims that the increase of non-fat dry milk peaked in the last three years. In the case of Gouda cheese, Fedeleche noted that there is a "dramatic increase in imports, reaching a 122.9 percent increase in 2017 compared to the previous year."

The Agreement of Safeguards on the WTO under GATT (Article XIX) and Chapter Eight, Trade Remedies, Section A – Safeguards of the U.S. and Chile FTA, Chile is mandated to notify all the involved parties of the beginning of a CNDP investigation. Parties will also be notified of the public hearings where they can make discharges, if the investigation leads to determine that the safeguard is a necessary measure. This measure can only be applied for a period of two years after the publication of the measure in the National Gazette (Diario Official) and can be extended only after a new period of consultations and hearings. More information about the CNDP procedures can be found at [www.cndp.cl](http://www.cndp.cl), under "Marco Legal and Decreto Hacienda Nº1314".

**The United States Continues to Be the Main Supplier of Dairy Products to Chile**
According to Chile’s Customs data, U.S. dairy exports to Chile reached $76.3 million in 2017 which is a 31.6 percent increase over 2016. While Post understands that Fedeleche’s request for safeguards against imports of the three specific dairy products does not single out the United States, it is the main supplier of dairy products to Chile with 22 percent market share, followed by New Zealand, and Argentina with 21 percent and 14 percent respectively in 2017, but not necessarily the main supplier of all the products mentioned in Fedeleche’s request.
U.S. Exports of Non-Fat Dry Milk to Chile May Be at Greater Risk

As reported by Chile’s Customs data, the United States remained the largest exporter of non-fat dry milk to Chile in 2017, with a 76 percent market share and $25.5 million worth of exports, followed by Canada with 10 percent market share and $3.4 million, and Denmark with 3 percent market share and $1.0 million.

New Zealand is the top supplier of whole dry milk, reaching $18 million in exports to Chile in 2017, followed by Argentina with $13 million, and Uruguay with $2.8 million.

By far, the main exporter of Gouda cheese to Chile is the Netherlands, which exports increased by 900 percent in 2017 over the previous year, reaching $31.6 million while the United States did not export significant quantities of this product to Chile.

For more info on the Chilean dairy market, please see GAIN report
DIARIO OFICIAL
DE LA REPÚBLICA DE CHILE
Ministerio de Interior y Seguridad Pública
LEYES, REGLAMENTOS, DECRETOS Y RESOLUCIONES DE ORDEN GENERAL

Normas Generales
CVE 1352646

COMISIÓN DE DISTORSIONES

COMISIÓN NACIONAL ENCARGADA DE INVESTIGAR LA EXISTENCIA DE DISTORSIONES EN EL PRECIO DE LAS MERCADERÍAS IMPORTADAS

La Comisión, en Sesion N°402, celebrada el 23 de Febrero de 2018, de acuerdo a lo previsto en el artículo 7 de la ley N°18.255 y el artículo 31 de la ley N°19.729, del Acuerdo sobre Salvaguardias (Decreto N°16595 del Ministerio de Relaciones Exteriores, publicado en el Diario Oficial del 17.05.95), resolvió iniciar una investigación de salvaguardia respecto de las importaciones de leche en polvo y queso gouda.

Extracto de los Antecedentes

a) Fecha de inicio de la investigación: 4 de marzo de 2018.

b) Solicitantes: Federación Nacional de Productores de Leche (Federleche F.G.).

c) Descripción de la acción: 

... (se detalla la descripción detallada de la acción)

d) Naturaleza de la investigación: Salvaguardia.

Los antecedentes que las partes interesadas hayan presentado por escrito, las solicitudes y, en general, cualquier información dentro de la marcha de la investigación, será recibida por la Secretaría Técnica, Morrocoy 115, 17 piso, Barrio Central de Chile, Teléfono 23670 2384, correo electrónico sectorc@ibonal.cl.

Su derecho a la información proporcionada existen antecedentes de carácter confidencial

deberán dar las razones que justifiquen la reserva de los mismos y, además, simultáneamente, en un resumen de estos, que deberá ser lo más detallado posible. El


telefóno de este requerimiento es garantizar la transparencia y el debido acceso de todas las partes a la información relativa a esta investigación. Si las razones no son entregadas oportunamente y no existe una causal justificada, la Comisión podrá prescindir de la información calificada como confidencial.- En Comisión.

CVE 1352646
Editora: Carlos Orella Figueroa
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Este documento ha sido impreso electrónicamente de acuerdo con la Ley N°19.729 e Instrucciones de tiempo y firma electrónica adheza. Para verificar la autenticidad de su representación impresa del mismo, iguale el código en el sitio web www.mtrodiario.cl
General Standards
DISTORTION COMMISSION
NATIONAL COMMISSION IN CHARGE OF INVESTIGATING THE EXISTENCE OF DISTORTIONS IN THE
PRICE OF IMPORTED GOODS

The Commission, in Session No. 405, held on February 23, 2018, in accordance with the provisions of
Article 7 of Law No. 18,575 and Article 3.3 of the Agreement on Safeguards (Decree No. 16/95 of the
Ministry of External Relations, published in the Official Gazette of 05.17.95), decided to initiate a
safeguard investigation regarding imports of powdered milk and gouda cheese.

Background

a) Date of initiation of the investigation: March 8, 2018.
b) Applicants: National Federation of Milk Producers (Fedeleche F.G.).
c) Product subject of the application: milk powder, classified in the tariff codes: 0402.1000, 0402.2111,
0402.2112, 0402.2113, 0402.2114, 0402.2115, 0402.2116, 0402.2117, 0402.2118, 0402.2119,
0402.2912, 0402.2913, 0402.2914, 0402.2915, 0402.2916, 0402.2917, and 0402.2918, and gouda cheese,
classified in tariff code 0406.5010.
d) Nature of the investigation: Safeguard.

All background information that the interested parties would like to submit in writing, the applications
and, in general, any information about the progress of the investigation, will be received at the Technical
Secretariat, Morandé 115, 1st floor, Central Bank of Chile, Telephone 22570 2564, email
sectec@central.cl.

If the information provided contains any confidential antecedents, the person who submits the
information must provide the reason that justifies its confidentiality, in addition, they must provide a
public summary, which should be as detailed as possible. The basis of this requirement is to guarantee
the transparency and due access of all the parties to the information related to this investigation. If the
summaries are not delivered in a timely manner and there is no justification, the Commission may
dis pense of the information classified as confidential. The Commission.