



Latin American Business Digest Interview – 1 August 2019

Chilean Ambassador to New Zealand His Excellency Rodrigo Espinosa Marty



A. Introduction:

Chile was one of the first Latin American nations with whom New Zealand established diplomatic relations (both nations opened embassies in each other's capitals in 1972).

In the intervening years the bilateral relationship has grown into one of New Zealand's strongest in the world with close people-to-people & political contacts as well as cooperation in forums for technology transfer, trade liberalisation and regional integration (WTO Cairns Group & APEC), climate change & sustainable fisheries management and Antarctica protection.

The newly-minted Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) grew out of a free trade agreement (P4) between Chile, Brunei New Zealand & Singapore, which came into force in 2006 (New Zealand's first trade agreement in Latin America).

Chile has been a key supporter in the acceptance of New Zealand as an active observer of the Pacific Alliance and supports its application for Associated State status.



B. Ambassador of Chile:

Before his appointment as Ambassador of the Republic of Chile to New Zealand, Rodrigo Espinosa Marty, was a Director of the Cultural Department at the Ministry of Foreign Affairs, the National Council of Culture and Arts and the Association of Craftsmen in Chile as well as vice-president of La Moneda Palace Cultural Centre.

In an extensive diplomatic career since 1986 he has worked at the Embassy of Chile in the United Kingdom as Minister Counsellor and Chargé d'Affairs; as Counsellor in Colombia, Mexico and France and as Secretary at the United Nations.

Ambassador Espinosa is a lawyer by profession, with a degree from the Universidad de Chile, where he also lectured in Commercial Law and until 1985 he worked as legal counsel for private companies, such as Transoceánica S.A., Sociedad Tatterall S.A. and Estudio Montt y Cia. He also graduated from the *École Nationale d'Administration* (E.N.A.), in Paris, France, class "*Liberté, égalité, fraternité*" (1987-1989).

C. Interview:

Latin American Business Digest (LABD) met Ambassador Espinosa to discuss the state of the Chile / New Zealand bilateral relationship and to hear his views on regional issues.

1. BILATERAL RELATIONSHIP

A joint statement by Chilean President Sebastián Piñera during his November 2018 State Visit to New Zealand and New Zealand Prime Minister Jacinda Ardern, highlighted the high level of alignment and common interests, the shared values and strong people-to-people links which underpin a very strong bilateral relationship and provide great potential for further growth in the relationship.

In no small part the strong ties which have developed are because of the matching political affinities of Chile and New Zealand's leaders and the personal relationships they formed during the past two decades.

Former Chilean President Michelle Bachelet and New Zealand Prime Minister Helen Clark shared left-of-centre political beliefs and enjoyed a close personal rapport as did President Sebastian Piñera with PM John Key on the right which in turn has engendered strong friendships and working relationships at ministerial, official and diplomatic levels.

Governments of left and right wings in Chile have largely coincided with governments of the same political stripes in New Zealand although at present Chile's neoliberal Piñera Government operates on markedly different precepts than the leftist New Zealand Coalition Government although there are similarities in economic policy.

The NZ Working Holiday Visa is a very popular reciprocal visa scheme which allows 940 Chileans aged between 18 and 35 to live and work in New Zealand for a year.

LABD: What are the most important values shared by the peoples of Chile and New Zealand and in what areas are people-to-people contacts the strongest and how can they be enhanced?

Ambassador Espinosa: *Chile and NZ share basic principles of our western civilization, that is, respect for human rights, democracy and rule of law. On an economic level, both countries advocate free trade and a world with clear rules and institutions that allow this trade to be carried out in the safest and most reliable way. Regarding the main links between our peoples, I believe that the Working Holiday Visa Scheme has allowed thousands of young Chileans to get to know New Zealand society and learn from their culture, respect for nature and its politeness. This has definitely placed New Zealand as a model country, and Chile is trying to follow it.*

LABD: Are there be any differences in Chilean Government policy as it relates to New Zealand under President Piñera compared to the Bachelet government?

Ambassador Espinosa: *As I said, New Zealand is much admired in Chile and therefore the links between the two countries are very good, regardless of the political colour of the government in office. However, it is unquestionable that Official Visits between both countries have intensified lately. Just remember the recent State Visit of President Sebastián Piñera to New Zealand last November, and the visit of Deputy Prime Minister Winston Peters to Santiago only a couple of weeks ago, which accounts for the excellent bilateral relations between both nations.*

LABD: On an annual basis how many Chileans use the Working Holiday Visa programme to live and work New Zealand and how many New Zealanders use the Working Holiday Visa programme to visit Chile?

Ambassador Espinosa: *The Working Holiday Scheme is a success in Chile. The 940 annual quotas are filled in minutes, saturating the servers as soon as the application process is opened, which does not happen with respect to the New Zealanders who go to Chile under the same visa scheme. The explanation for the latter is given by two factors, the first is that the New Zealand population is smaller than the Chilean (4 million vs 18 million) and the second because of the fact that young New Zealanders, just as Muslims travel to Mecca, they largely perform their OE in London. We are working towards creating conditions to easily find work in Chile for young New Zealanders, and making our country more attractive for them.*

LABD: The 2013 NZ Census recorded 2,409 Chileans resident in New Zealand (the 2nd largest Latin America group after 3,588 Brazilians). Has the number of Chileans living in New Zealand grown since the 2013 census and how many New Zealanders visit Chile annually?

Ambassador Espinosa: *Our estimate is that there are currently about 5,000 Chileans living in New Zealand, including those temporarily living in the country under the Working Holiday Scheme. In relation to the New Zealanders who visit Chile. According to the Immigration Department, during 2018 more than 700 Kiwis visited Chile.*

2. TRADE

The latest statistics published by MFAT (2016) show a total NZ/Chile trade of US\$229 million (NZ exports of dairy products, machinery, oil seeds totalling US\$128.4m & imports of wood pulp, wood, fruit and nuts totalling US\$101m).

NZ's Fonterra owns a 99.4% share of Soprole, Chile's largest dairy processor and NZ companies have significant farming investments in southern Chile such as Manuka which owns Chile's largest farm (19,000ha).

LABD: In what sectors is there the best potential to increase the trade in goods, services and FDI between Chile and New Zealand?

Ambassador Espinosa: *Both countries have relatively small and complementary economies, that is, we produce basically the same. However, there is enormous potential for the exchange of technology between the two countries, especially in the agricultural area. Having Fonterra and Manuka in Chile has allowed us to adopt the dairy production process in my country, turning this into an advantage for our dairy industry.*

LABD: Of interest to New Zealand-owned companies in Chile is a Chile / Brazil FTA which was foreshadowed by Presidents Piñera & Temer in Puerto Vallarta, Mexico in July 2018; what progress has been made with the FTA and when is it likely to come into effect or alternately is there any likelihood of Chile joining MERCOSUR as a full member?

Ambassador Espinosa: *On 27 April 2018, the Presidents of Chile and Brazil agreed in a Joint Declaration, to expand and deepen economic and commercial relations, through the negotiation of a Free Trade Agreement.*

Thus, after four rounds of negotiation, carried out between the months of June and October of last year, alternately between Santiago de Chile and Brasilia, the Free Trade Agreement between Chile and Brazil was signed on 21 November 2018. This aims to complement the ACE No. 35 (Chile-Mercosur) signed over 20 years ago, modernizing the commercial relationship with Brazil through the incorporation of the latest generation disciplines.

The Agreement is made up of a total of 24 chapters, through which new disciplines are incorporated in subjects such as: Telecommunications, E-Commerce, Cross-Border Trade in Services, Environment, Labour Matters, Gender, SMEs, Commercial Economic Cooperation, Technical Barriers to Trade, Public Procurement, Competition Policy, Trade Facilitation, Good Regulatory Practices, Temporary Entry of Business Persons and, for the first time in an FTA, a chapter of Regional and Global Value Chains, constituting a modern regulatory framework that meets the expectations and standards of current international negotiations.

Likewise, it was agreed with Brazil that in order to give greater strength and integrity to the FTA, the Investment Cooperation and Facilitation Agreement, as well as its Investment Protocol in Financial Institutions, previously signed by both countries, would be incorporated to the FTA.

The same was done with the Public Procurement Agreement, signed in April 2018; that is, the FTA contemplates specific chapters in these matters. With respect to Public Procurement, this chapter will grant, among other benefits, the possibility that Chilean suppliers of goods or services may participate in Brazilian public tenders on equal terms with respect to local suppliers. It is worth mentioning that Brazil's public procurement market represents between 10% and 15% of its GDP according to data from the Brazilian Ministry of Planning.

Both countries claim that the implementation of this Agreement, which corresponds to the Sixty-Fourth Additional Protocol of the ACE 35, is carried out as quickly as possible, therefore, the first step to follow is the approval of their respective National Congresses. It is intended that the agreement jointly enters the Congresses of the respective countries.

Finally, it is not on the agenda for Chile to become a full member of MERCOSUR.

LABD: Do any Chilean companies have investments and/or commercial operations in New Zealand?

Ambassador Espinosa: *New Zealand's cumulative investment in Chile reaches US \$ 159 million, which is in the dairy sector, however there is no Chilean investment in New Zealand at the moment.*

3. THE DIGITAL ECONOMY PARTNERSHIP AGREEMENT (DEPA)

In the latest example of New Zealand / Chile cooperation (along with Singapore) is the DEPA to establish new international approaches for digital trade issues and explore new frontiers in the digital economy, such as digital identities, e-payments, cross-border data flows and artificial intelligence as well as limiting the spread of violent extremism online.

LABD: How and where will DEPA policies be developed?; what shape will DEPA's outcomes have and how will they be implemented?

Ambassador Espinosa: *We expect the DEPA will be a forward looking and pathfinding agreement. We have been engaging the negotiations in a three-layered approach. In the first bottom layer, we would like to tackle trade topics related to traditional goods and services. Since trade is changing in the sense that nowadays much of international trade does no longer happen through the shipping of large containers only, but rather through the atomization of trade in many smaller shipments, we are looking to help operators - sellers, shipping companies, customs authorities - to have technological tools and regulations at their disposal that facilitates this kind of trade and allows transit times and costs to be reduced. Mainly deals with traditional goods and aims at reducing the frictions of international trade.*

Secondly, we seek to address the emergence of digital trade. This has to do with all those trade objects that are now in a digital form, those that are born immaterial. For this category of trade objects we are looking to keep the Internet as a neutral, global, open and competitive platform for everybody to innovate. For a developing economy like Chile, this means that more people have the chance to be part of the global economy than before, thanks to the reduction on barriers to offer digital products and services to the world.

Thirdly, we are looking at many of the recent technological trends and are providing content and meaning to the usual buzzwords. This means approaching newer technologies with an open mind to find ways that they can be used in a trade context, but also setting the compass on the issues that are important to economies like ours, open to the world and devoted to trade. Some of these technologies and its applications are not well defined yet, so we are looking at them with a cooperative approach, making sure that we do not impede their future development, and making sure that we can take advantage of their application where it makes sense .

In this regard, you will see that the DEPA will have different provisions depending on the nature of the issues it deals with.

4. EDUCATION

The New Zealand Prime Minister's Scholarship for Latin America finances New Zealand students' tertiary studies in Latin American institutions and in the latest 2018/19 round scholarships were awarded for New Zealanders to study at the Universidad Adolfo Ibáñez in Viña Del Mar, University of Concepción and the Pontificia Universidad Católica de Valparaíso.

CONICYT Scholarships - The Chilean Government Bicentennial Scholarships are open to Chilean students for masters or PhD programmes at the University of Auckland in Water Resources, Disaster Management, and Digital Transformation.

Since 2011 the Chilean government scholarship scheme 'Técnicos para Chile' has sent up to 20 Chilean students a year to study in New Zealand.

The programme, 'Penguins Without Borders' (Pinguinos sin Frontera), the Chilean government's secondary school scholarship scheme which allows Chilean students to study in New Zealand secondary schools.

Education New Zealand most recent figures report that 1,199 Chilean students were studying in New Zealand in 2017 (Institutes of Technology and Polytechnics (ITPs) 70; English Language Institutes (ESL) 631; Secondary Schools 241; Private Training Establishments (PTEs) 184; Universities 73).

LABD: While links in the education sectors are strong there have been no recent media reports regarding the 'Penguins Without Borders' programme; is the programme still in operation?

Ambassador Espinosa: *The Pinguinos sin Frontera program has been suspended by CORFO. Currently, Chilean students in secondary schools in New Zealand do so as part of exchange programs between schools such as the one between Mackay College in Viña del Mar and Scots College in Wellington.*

5. THE ARTS

There is growing contact between the arts communities of Chile and New Zealand such as the Fundación Mar Adentro residency programme (a partnership with Creative New Zealand's International Indigenous exchange programme) which has linked New Zealand artists with Chile's indigenous Mapuche community and the very successful Auckland Art Gallery's 'Space to Dream' Exhibition which featured contemporary Chilean Art.

LABD: What current initiatives are presently underway to strengthen ties between the Chile / New Zealand Arts communities?

Ambassador Espinosa: *Since becoming Ambassador I have been concerned with achieving a presence of Chilean writers at the Auckland Writers Festival.*

This is an important market because it is a very cultured audience but one that still knows little about Latin American literature. In 2018 we brought writer Carlos Franz and this year Carla Guelfenbein, both famous Chilean writers. I hope this is repeated year after year, and we are already working to bring another writer next year.

LABD: You are well-known as an art aficionado and collector in Chile; what are your impressions of New Zealand contemporary art and how does it compare to the Chile's?

Ambassador Espinosa: *I consider myself an art lover and visit exhibitions and galleries regularly. It would be pretentious of me to accept that I am a well-known collector in Chile as I just have a small personal art collection of works that my friends and family know.*

I enjoy visiting the city galleries, particularly in Wellington and I really liked Frances Hodgkins' work at the Auckland Gallery, the portraits of Maori leaders of Charles Goldie and the abstract works of optical art by Gordon Walters. Personally, I have acquired here some landscape watercolors that remind me a lot of southern Chile. I have also formed a small collection of engravings by Stanley Palmer, crystals by Emma Camden and ceramics by John Parker and Rick Rudd. I think New Zealand is very advanced in the art of ceramics and glass compared to Chile.

6. LATAM AIRLINES

LATAM Airlines has a long and successful association with New Zealand and is the largest operator in New Zealand / Latin American aviation.

LAN Chile (as LATAM was then named) pioneered air services from Latin America to Oceania in 1974 when a Boeing 707 flown by Captain Jorge Jarpa Reyes made the world's first transpolar non-stop flight between Chile and Australia.

Services from Santiago to New Zealand started in the 1980s and following the cessation of Aerolineas Argentinas services in 2012 until the inauguration of an Air New Zealand service to Buenos Aires in December 2015 LATAM provided the only direct air connection to Latin America from New Zealand.

LATAM also provides the only air service for New Zealand business people and tourists to the Malvinas/Falklands Islands (except for flights from the United Kingdom) with its weekly Airbus A320 Punta Arenas/Port Stanley service with connection to Santiago.

In 2018 LATAM Brazil announced a once weekly service from Sao Paulo with a stop in Cordoba, Argentina to the Islands. Also, the LATAM.com site shows a route to the Islands from Rio Gallegos although neither flight is bookable online which may be due to the flights being fully-booked months in advance or that the flights have not yet commenced.

LABD: Are you aware of any other scheduled LATAM flights to the Islands other than from Punta Arenas?

Ambassador Espinosa: *With regards to LATAM air services to the Islands I was advised by the airline's head office as follows;*

"LATAM Airlines Group confirms that from 6 November 2019, its Brazilian affiliate (LATAM Airlines Brazil) will operate a weekly flight between São Paulo/Guarulhos and Mount Pleasant with a monthly stop in Córdoba (Argentina) in both directions. More details including the itinerary and the start of ticket sales will be communicated in the coming weeks.

LATAM Airlines Brazil was chosen to operate the service in December 2018 following a tender process agreed between the United Kingdom and Argentinean governments to introduce a new international air link to Mount Pleasant.

Since 1999, LATAM Airlines Group has operated a weekly flight between Punta Arenas (Chile) and Mount Pleasant, with monthly stop in Río Gallegos (Argentina) as part of a decree signed by the governments of Argentina and the United Kingdom. Any change to said flight and/or additional air services is subject to the agreement of both governments.

5 July 2019".

7. VENEZUELA

A severe economic and political crisis in Venezuela has resulted in over four million refugees fleeing their nation and dispersing throughout Latin America.

Chile has received close to 300,000 Venezuelan refugees and is a member of the Lima Group (Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Guyana, Honduras, Mexico, Panama, Paraguay, Peru and Saint Lucia) which was formed in August 2017 to explore ways to contribute to the restoration of democracy in Venezuela through a peaceful and negotiated solution.

Chilean Foreign Minister Teodoro Ribera has announced Venezuelans can apply for a 'Democratic Responsibility Visa' at any Chilean consulate in the world which will allow them to stay in Chile for a year with a further 12 month extension if required.

Chile (along with 54 countries including the United States) has recognised Juan Guaidó, the president of the Venezuelan National Assembly as Interim President of Venezuela on the grounds the presidential election in May 2018 ('won' by Nicolás Maduro) was not democratic as leading opposition figures were banned from seeking office.

New Zealand has remained neutral in the recognition of Guaidó but is an active supporter of the Lima Group and has provided humanitarian aid to Venezuelan refugees on the Brazilian and Colombian borders.

The United States has imposed severe sanctions on the Venezuelan oil trade and banking as well as officials of the Maduro regime and has stated military intervention is an option to alleviate the dire conditions of the Venezuelan people.

Former Chilean President Michelle Bachelet who is now United Nations High Commissioner for Human Rights visited Venezuela in mid-June to review the country's ongoing economic and political crisis and called for the release of political prisoners.

While Ms. Bachelet has accused Venezuelan security forces, backed by pro-government militias, of quashing peaceful protests with excessive use of force, killings and torture she has also been critical of US sanctions on trade saying they will have negative repercussions for the general population in a country where 96 percent of the budget is based on oil.

LABD: While Chile is a member of the Lima Group which seeks to resolve the crisis in Venezuela through peaceful and negotiated means is there a situation in which Chile would support military intervention as the only viable means of dislodging the Maduro Government and if not, given the recent Oslo talks between the parties ended without agreement, what other measures are practical?

Ambassador Espinosa: *Chile continues to support the solution efforts promoted by the Lima Group. President Piñera has pointed out that the military option is not a good option for this problem because we all know how the interventions begin but never know how they will end, but there is a huge amount of other mechanisms that must be used to help the people from Venezuela to get out of the nightmare they are currently living under the dictatorial regime of Nicolás Maduro.*

LABD: Have there been any positive outcomes from Michelle Bachelet's visit to Venezuela?

Ambassador Espinosa: *Undoubtedly, the report of the United Nations High Commissioner for Human Rights is lapidary in denouncing the violations of human rights perpetrated by the Maduro regime, which has served to create universal awareness and clear up any doubts about what is happening in Venezuela. In addition, the report leaves no room for some countries to continue supporting the illegitimate Maduro regime.*

The Lima Group has decided to bring this background to the attention of the International Criminal Court and that its report be read before the United Nations Security Council, which should be considered as one of the positive results of its visit.

8. BOLIVIA

Chile was in the news in late 2018 when it successfully defended an International Court of Justice case brought by Bolivia which seeks to recover the Pacific coastline it ceded to Chile under the 1904 Treaty of Peace and Friendship after losing the 'War of the Pacific' (1879 to 1884).

Bolivia wants a Pacific port under its sovereign control even though, as required under the 1904 treaty, Bolivia enjoys duty-free access, customs station and storage facilities in the Ports of Arica (from which 80% of Bolivia's exports are shipped) & Antofagasta.

After Bolivia lost its case in The Hague President Piñera said he is prepared to consider fresh dialogue over the border dispute providing Bolivia first drops its demand for access to the sea through Chilean territory.

LABD: What is the current status of Bolivia's claims regarding their border with Chile?

Ambassador Espinosa: *There are no pending issues in border matters between Chile and Bolivia. This issue was settled by the treaty signed by both countries in 1904 and whose full validity was confirmed by a judgment of the International Court of Justice of the Hague issued in a trial initiated by Bolivia. So there are no pending border conflicts.*