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Chile says U.S. tariff talks will not restore 0% duties for all exports

Officials said 53% of export value now enters duty-free, with Santiago seeking relief for salmon, wine, wood, fruit.

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Chile said Wednesday that its tariff talks with the United States are aimed at expanding duty-free access for some exports, but not at restoring a 0% tariff for all goods sold into the U.S. market, a public acknowledgment of the limits Santiago sees in dealing with a tougher American trade policy.

Speaking at a seminar in Chile organized by Compañía Sud Americana de Vapores for Global Trade Day, Undersecretary for International Economic Relations Paula Estévez said 53% of the value of Chilean exports now enters the United States with a 0% tariff, even as other key products face a 12.5% surcharge. She said the government's objective is to increase that 53% share and include more strategic products, but not to return to full duty-free treatment across the board.

"I want to be very clear: we are not going to get to 0%," Estévez said, according to remarks reported by Pulso of La Tercera. "And that is not the goal of this negotiation. We are not going to get to a point where 100% of our products enter with a 0% tariff, because U.S. trade policy changed. In this new scenario, we have to understand the limits of the negotiation."

Her comments offered one of the clearest public statements yet from Chile's government on the scope of the talks with Washington, which have taken place as President Donald Trump's tariff policies reshape trade relationships and force export-dependent economies to adjust. Estévez said Chile does not like tariffs and described them as an added surcharge on trade. She named salmon, wood, wine, fruit and other strategic products among the goods affected.

The pressure is significant for some sectors. Estévez said 50% of Chile's salmon exports go to the United States, underscoring the exposure of a major industry to tariff changes. For the beverage sector, the talks are also important because Chilean wine remains among the products facing the current 12.5% tariff, which could keep market access costs higher and weigh on competitiveness against producers from other origins if relief is only partial.

U.S. Ambassador to Chile Brandon Judd struck a more upbeat tone at the same event. He said Estévez had been optimistic about the state of the negotiations and that she should be. "I think when all is said and done, the negotiations are going to end very, very well for Chile," he said.

That optimism sits alongside a more restrained message from Chilean officials, who are trying to balance expectations at home with the political reality in Washington. The U.S. tariff regime under Trump has altered the baseline for negotiations, making it harder

for trading partners to secure broad exemptions like those that existed under earlier arrangements.

The talks are taking place within the broader framework of Chile-U.S. trade ties and appear to include several channels. Diario Financiero reported that a Reciprocal Trade Agreement remains on the table in the tariff negotiations between the two countries. The paper said Chile sees that possible agreement, along with unilateral mechanisms and other bilateral tools, as a way to widen current tariff exemptions and support productive sectors. It also reported that the dialogue with the United States has been intense and focused on finding solutions that boost bilateral trade while making use of the advantages and rules already available under the existing free trade agreement between the two countries.

That point matters because Chile had previously resisted signing an Agreement on Reciprocal Trade, or ART, a bilateral model promoted by the Office of the United States Trade Representative as part of Washington's effort to recast trade relationships. At the seminar on Wednesday, however, Estévez said Chile is now negotiating such an agreement with the United States "as equals," signaling a shift from the earlier position and suggesting Santiago has decided it is better to stay engaged with the U.S. framework than remain outside it.

The discussions extend beyond tariffs. Another issue tied to previous talks with Washington has been whether Chile should adopt an investment screening system, a process that allows governments to review, approve or block foreign direct investment on national security or public order grounds. Estévez said a bill on the matter is already in the Senate and that her office is working on a pre-legislative agenda with the Senate Finance Committee.

She rejected the idea that the initiative is being pursued because of pressure from the United States. Chile is evaluating the mechanism because it needs tools to protect national security, she said, pointing to critical sectors such as ports, submarine cables and power transmission. She said the system would not discriminate against any country and would reflect Chile's own interests and reality. According to figures cited by Estévez, 80% of OECD member countries already operate with some form of

investment screening.

The government is presenting that effort as part of a wider strategy to adapt to a world economy shaped by strategic rivalry and trade conflict. Estévez said Chile has worked to open markets in India, the Philippines, Morocco, Bangladesh and Jordan, while also trying to consolidate existing relationships, including with the United States and China. She rejected the idea that Chile has chosen sides in the commercial tensions between the world's two largest economies. "Chile is not going to take any side," she said.

That position reflects Chile's dependence on global trade and the delicate balance it must keep as a mid-sized exporter with deep links to both Washington and Beijing. At the same event, MIT economist and trade expert Pol Antràs argued that Chile's bargaining power is weak under a global index that measures negotiating leverage. He said Chile's concentration of exports by destination, along with dependence on imports from many countries, places it in a difficult position when negotiating.

Estévez pushed back on that view, describing it as an academic index and saying that, based on the negotiations Chile is conducting with different countries, including the United States, Chile does have bargaining power.

Antràs said Chile so far has not been hit as hard by the global trade war as some might have expected and may even have benefited in some areas from better prices. Because Chile imports heavily from China, and many of those imports are products China also used to sell to the United States, he said the result could be lower import prices for Chile in the short term, creating an opportunity rather than an immediate macroeconomic threat.

He was less relaxed about export competition. If one sector is likely to feel more pressure, he said, it is salmon. China also sells some salmon to the United States, and competition could become more difficult if Chile's access to the U.S. market remains constrained by tariffs. That concern reinforces why Santiago is trying to increase the share of exports that can still enter the United States at 0%, even if officials now say full restoration is out of reach.

Antràs also said Chile enters this period with limited macroeconomic room to absorb shocks. In that context, he suggested the government’s cautious line toward the United States is understandable, since a direct confrontation could impose higher short-term costs on an economy that already faces constraints. Over the longer term, he said, Chile needs to diversify, move up the global value chain and protect strategic assets in order to reduce dependence on major powers.

For exporters, that longer-term argument does not change the immediate issue. The current tariff talks will help determine which Chilean goods can recover more favorable treatment in the U.S. market and which will continue to face higher charges. That matters for large-volume sectors such as salmon and wood, but also for agricultural and beverage producers, especially wine companies whose pricing and market position in the United States can be affected quickly by even relatively modest tariff changes.

Chile’s government is framing the negotiations as a practical effort to preserve trade and expand room for key sectors under a changed U.S. policy environment, rather than as an attempt to bring back the earlier status quo. The result, if there is one, is likely to be selective: broader tariff relief for some products, continued duties for others, and a bilateral relationship increasingly shaped by narrower bargains instead of across-the-board free trade.