

EU/Chile Advanced Framework Agreement

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The Committee on Foreign Affairs and the Committee on International Trade adopted the report jointly presented by Samira RAFAELA (Renew, NL) and María Soraya RODRÍGUEZ RAMOS (Renew, ES) on the draft Council decision on the conclusion, on behalf of the European Union, of the Advanced Framework Agreement between the European Union and its Member States, of the one part, and the Republic of Chile, of the other part.

The committees responsible recommended that the European Parliament **give its consent** to the conclusion of the agreement.

As a reminder, the EU and Chile started negotiations on the modernisation of the agreement in 2017 to bring the agreement in line with the most advanced standards and unlock untapped potentials. The negotiations on the trade part were concluded at technical level in October 2021. The agreement in principle on a new EU-Chile Advanced Framework Agreement (AFA) was announced on 9 December 2022.

The modernisation of the existing EU-Chile Association Agreement provides for two parallel legal instruments:

- the **Advanced Framework Agreement** between the European Union and its Member States, of the one part, and the Republic of Chile, of the other part, comprising: a) the political and cooperation pillar and b) the trade and investment pillar (including provisions on investment protection);
- and the **Interim Agreement on trade** between the European Union and the Republic of Chile, covering the liberalisation of trade and investment, which will cease to have effect and will be replaced by the Advanced Framework Agreement as soon as the latter enters into force.

The AFA consists of a political and cooperation part and a trade and investment part, including investment liberalisation and investment protection provisions.

The agreed text is undergoing a two-track ratification process. Since the AFA as a whole contains provisions on policy areas for which the EU shares competence with EU Member States, such as investment protection.

As regards the **political and cooperation part**, the new EU-Chile Advanced Framework Agreement (AFA) reflects many of Parliament's recommendations issued prior to the negotiation of the Agreement and has a potential to expand political dialogue further to new areas ranging from cybercrime, fight against money laundering and the financing of terrorism, to cooperation on polar matters.

The AFA sets up an institutional framework composed of the Joint Council, Joint Committee and Sub-Committees and other bodies to assist the Joint Council.

Concerning **trade and investment**, the modernised agreement will allow both sides to strongly increase their bilateral trade and investment. The agreement will:

- liberalise 96% of the agricultural tariff lines not yet liberalised on Chile's side and 66% on the EU side, over a maximum of seven years, including existing tariff rate quotas for EU cheese and for Chilean processed cereals;

- provide additional market access in the form of increased duty-free quotas for poultry meat, pork, sheep meat, beef, garlic and canned fish from Chile. New such quotas for Chile will be opened for olive oil, fruit preparations and other items;
- protect 216 geographical indications (GIs) from the EU in Chile and 18 GIs from Chile in the EU.

The AFA also contains state-of-the-art chapters on **investment and services**, which ensure that European investors will be given the same treatment as Chilean ones when establishing and operating their businesses in Chile, and vice versa. The agreement safeguards the right of public authorities to regulate in the public interest. This includes the right to maintain public services such as education, healthcare and water, or to return privately provided services to the public sector.

The AFA's trade pillar also includes a comprehensive chapter on **Trade and Sustainable Development** (TSD), containing ambitious and binding commitments on social, labour and environmental matters.

Furthermore, Chile and the EU have committed in a joint statement accompanying the AFA to review the agreement as soon as it enters into force in order to align it with the most up to date sustainability standards, in particular the EU's new TSD approach.