EC/Chile Association Agreement

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PURPOSE : to conclude a Association Agreement between the European Community and its Member States of the one part, and the Republic of Chile, of the other part. CONTENT : Chile's relation with the European Community are presently covered by the Cooperation Agreement signed on 21 June 1996 and which entered into force on 1 February 1999. The proposed Association Agreement will contribute to consolidate and strengthen the EU presence in Chile and more generally in the South Cone region, both in political and in trade terms. Furthermore, the proposed Agreement will promote economic growth and support sustainable development, to the benefit of both the EU and Chile. The EU-Chile Association Agreement is similar in patter to other association agreements but has no precedent in terms of the wide-reaching coverage of the trade part. The Agreement will have unlimited duration and will open the way to deepen relations in a wide number of fields, based on reciprocity and partnership. Respect for the principles of democracy, human rights and the rule of law, as well as the promotion of sustainable development constitute key principles on which the proposed Agreement is based. The proposed Agreement consists of three main components which are political dialogue, co-operation and trade. It also includes general and institutional provisions to sustain those components. 1) Political dialogue : the EU and Chile will pursue a regular political dialogue and strive to co-ordinate positions and undertake joint initiatives in international fora. They shall in particular co-operate in the fight against terrorism; 2) Co-operation: the Agreement includes provisions in the area of economic co-operation, science technologies and information society, culture, education and audio-visual, state reform and public administration and social co-operation. The Agreement also provides for commitment and co-operation in the re-admission , in the control of illegal immigrants and in combating drugs and organised crime; 3) Trade : an ambitious and innovative agreement, covering the following elements: - a free trade area in goods covering the following elements: a) the progressive and reciprocal liberalisation of trade in goods over a maximum transitional period of 10 years reaching a full liberalisation for 97,1% of bilateral trade, underpinned by strong and transparent rules. The rules of origin applicable are in line with the rules of origin set out in other preferential trade agreements; b) rules that aim at facilitation of trade through, inter alia: i) an Agreement on Trade in Wines and on Trade in Spirits Drinks and Aromatised Drinks that will grant reciprocal protection to protected names and, in the case of wines, to reciprocally accepted oenological practices; ii) an Agreement on Sanitary and Phytosanitary Measures applicable to Trade in Animals and Animal Products, Plants, Plant Products and other Goods and Animal Welfare that will facilitate trade in animal, animal products and plants, whilst safeguarding public, animal and plant health and that establishes cooperation in developing animal welfare standards; iii) provisions in areas such as customs and related procedures, standards, technical regulations and conformity assessment procedures. - a free trade area in services: the reciprocal liberalisation of trade in services in conformity with Article V GATS with a comprehensive sectoral coverage and a number of specific commitments largely beyond each side's GATS commitments; - liberalisation of investment: through the principles of national treatment and non-discrimination for establishment; - the reciprocal opening government procurement markets containing provisions which ensure the respect of principles such as national treatment, nondiscrimination and transparency as well as a substantive set of procedural rules. The entities covered include central entities and sub-central entities as well as public undertakings; - the liberalisation of current payments and capital movements, in conformity with the engagements undertaken in the framework of the international financial institutions and with due consideration to each Party's currency stability. - the adequate and effective protection of intellectual property rights, in accordance with the highest standards, through a listing of international conventions - a mechanism for competition that foresees in the co-operation, consultation and exchange of non-confidential information between the competition authorities of both sides; and - an automatic, fast and efficient dispute settlement mechanism which builds on existing and proposed WTO disciplines. The mechanism is designed to primarily avoid disputes by including a consultation system. 4) Institutional and general provisions: the Agreement provides for the establishment of an Association Council to meet at ministerial level and to supervise the implementation of the

Agreement. It shall be assisted in the performance of its duties by an Association Committee and by the Special Committees established in the Agreement. The Association Council shall inform the Association Parliamentary Committee established in the Agreement and representatives of the EU and Chile's civil societies on the implementation of the Agreement. It shall also be assisted by a joint consultative Committee composed of members of the European Economic and Social Committee and of the Chilean corresponding institution. At the request of the Chilean authorities, there shall be no Interim Agreement to be simultaneously proposed by the Commission to the Council for a Decision. Instead, pending the entry into force of the Agreement, the European Community and Chile have agreed on the provisional application of certain provisions of the Agreement, mainly related to trade, co-operation and the institutional framework, as mentioned in Article 2 of the Council decision on the signature of the Agreement. Lastly, the Member States are also parties to the Agreement, which therefore needs to be approved by them according to theirinternal procedures.