EC/Chile relations: current state of relations

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OBJECTIVE: this communication seeks to respond to the demands expressed in December 1994 by the Essen European Council for specific discussions on "putting ideas on the extension of relations with Chile into concrete form", mainly by: . evaluating the current situation and trends and Chile's external relations; . presenting strategic options with a view to extending relations between Chile and the EU. CONTENT: the general evaluation of economic relations between the European Parliament and Chile is positive overall. Cooperation between the EC and Chile over the last three years has accounted for some ECU 50 million in financial and technical aid to help Chile restore its economy and diversify its exports. In this context, the Commission proposes to strengthen relations between the EC and Chile by examining several strategic options, all of which come within the operating framework of the WTO. The options proposed aim to strengthen either interregional relations (within the framework of MERCOSUR) or direct relations between the EC and Chile: . Interregional options: EU-MERCOSUR-Chile: Chile has already applied for associate membership of MERCOSUR (with a view to becoming a full member in the medium term). In this context the Commission proposes: - Option A1: variable speed convergence: Chile's participation in EU/MERCOSUR negotiations would differ depending on the sector at issue (political, commercial, cooperation, investment) and would make provision for Chile's full and immediate political cooperation. At the commercial level, negotiations would depend on progress in Chile's assimilation within MERCOSUR; - Option A2: joint negotiations: if progress in Chile's assimilation within MERCOSUR speeds up, Chile would be included in all negotiations as a full member. . Bilateral EC/Chile options: two options are proposed which build on current bilateral relations: - Option B1: active commercial cooperation: by invoking the open-ended clause in the 1990 framework agreement, extending this agreement and introducing types of trade cooperation (the main option being to increase trade and finalize a conflict prevention procedure and a formal procedure for exchanging information on negotiations between Chile and MERCOSUR and the EU and MERCOSUR); - Option B2: conclusion of a political cooperation and economic partnership agreement to replace the 1990 framework agreement, the commercial objective of which would be the gradual and reciprocal liberalization of trade, taking account of the sensitivity of certain products and the Community's international obligations vis-à-vis the WTO.