

Modernising EU-Chile trade relations

Currently, EU-Chile relations are governed by the 2002 EU-Chile Association Agreement (AA). The EU would like to modernise the AA's trade pillar to keep pace with new global trade patterns and the ambitious provisions of more recent trade agreements. During the September plenary, the European Parliament is expected to adopt recommendations on the future negotiations on this modernisation. It is also asked to give its consent to the conclusion of a separate EU-Chile agreement on trade in organic products and the AA's third additional protocol to take account of Croatia's EU accession.

Modernising the 2002 EU-Chile Association Agreement

Although the AA boosted EU-Chile trade from €7.7 billion in 2003 to [€15.9 billion](#) in 2016, with trade in services standing at [€5.8 billion](#) in 2015, an erosion of bilateral trade in relative terms has occurred in favour of third parties, according to a 2017 [study](#). The AA's untapped potential is to be unlocked by upgrading existing trade preferences and adding new disciplines to the trade pillar. An investment chapter replacing the bilateral investment treaties (BITs) in force between [17 EU Member States](#) and Chile is a case in point.

Concluding the EU-Chile agreement on trade in organic products

This '[new generation](#)' bilateral recognition agreement in trade in [organic products](#), the first of its kind with a Latin American country, was [signed](#) on 27 April 2017 and requires EP consent for its formal conclusion. The EU and Chile will mutually recognise the equivalence of their rules and controls on organic food production. As for the EU, the agreement will cover organic products under [Regulation \(EC\) No 834/2007](#).

European Parliament position

The [draft report](#) on the **modernisation of the AA's trade pillar** ([2017/2057\(INI\)](#)) by rapporteur Inmaculada Rodríguez-Piñero Fernández (S&D, Spain) was [adopted](#) on 11 July 2017 by the Committee on International Trade (INTA) with 32 votes in favour, 2 against and 5 abstentions. It contains a broad range of recommendations, such as to seek ambitious improvements in market access across tariff lines for trade in goods, while respecting sensitive products, and to further open public procurement, including at sub-national level. Moreover, it suggests further liberalising service sectors, but emphasises the need to preserve the right of governments to regulate public services in the public interest. It proposes to put shared social, environmental and political values at the core of the modernisation process, and to insert a horizontal human rights clause covering the entire AA. It suggests separate chapters on micro- as well as small and medium-sized enterprises (SMEs), on investment, and on trade and sustainable development (TSD) containing binding and enforceable provisions and possible sanctions for non-compliance, as well as on trade and gender equality with clear and measurable targets. Finally, the report advocates the use of the new [investment court system](#) (ICS) and backs the conclusion of two separate agreements [distinguishing](#) between a trade and investment deal under the EU's exclusive competence and a second one for issues where the EU and Member States share competences. The draft recommendation on **trade in organic products** ([2016/0383\(NLE\)](#)) by the same INTA rapporteur, was [adopted](#) on 11 July 2017 with 29 votes in favour, 7 against and 2 abstentions. The draft recommendation on the **Protocol to the AA**, ([2017/0042\(NLE\)](#)), by the same INTA rapporteur, was [adopted](#) on 30 August 2017 with 33 votes in favour, 0 against and 0 abstentions.

Recommendations on EP consent to EU-Chile agreement on trade in organic products ([2016/0383\(NLE\)](#)) and Third Additional Protocol to AA ([2017/0042\(NLE\)](#)); Committee responsible: INTA; Rapporteur: Inmaculada Rodríguez-Piñero Fernández (S&D, Spain).

