

EUROPEAN PARLIAMENT

1999



2004

Session document

6 February 2001

FINAL
A5-0050/2001

REPORT

with a proposal for a recommendation from the European Parliament to the Council

on the negotiating mandate for an association agreement with Chile
(2001/2017(INI))

Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

Rapporteur: José Ignacio Salafranca Sánchez-Neyra

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PROCEDURAL PAGE

At the sitting of 15 January 2000 the President of Parliament announced that she had referred the proposal for a recommendation on the negotiating mandate for an interregional association agreement with Chile, tabled pursuant to Rule 49 of the Rules of Procedure, to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy as the committee responsible and the Committee on Industry, External Trade, Research and Energy for its opinion (B5-0692/2000).

At its meeting of 23 January 2001 the Committee on Industry, External Trade, Research and Energy decided to draw up a report and appointed José Ignacio Salafranca Sánchez-Neyra rapporteur (2001/2017(INI)).

At its meeting(s) of 23 January 2001 and 5 and 6 February 2001 the committee considered the draft report.

At the latter meeting it adopted the proposal for a recommendation by 39 votes to 0 with 2 abstentions.

The following were present for the vote: Elmar Brok, chairman; Baroness Nicholson of Winterbourne, first vice-chairman; William Francis Newton Dunn, second vice-chairman; José Ignacio Salafranca Sánchez-Neyra, rapporteur; Alexandros Baltas, Bastiaan Belder, John Walls Cushnahan, Rosa M. Díez González, Pere Esteve, Michael Gahler, Per Gahrton, Magdalene Hoff, Efstratios Korakas, Jan Joost Lagendijk, Pedro Marset Campos, Linda McAvan, Emilio Menéndez del Valle, Pasqualina Napoletano, Raimon Obiols i Germà, Hans-Gert Poettering, Jacques F. Poos, Jannis Sakellariou, Jacques Santer, Jürgen Schröder, Ioannis Soulidakis, Hannes Swoboda, Gary Titley, Johan Van Hecke, Geoffrey Van Orden, Paavo Väyrynen, Matti Wuori, Joseph Daul (for Silvio Berlusconi), Vitalino Gemelli (for The Lord Bethell), Vasco Graça Moura (for Gunilla Carlsson), Ilkka Suominen (for Ingo Friedrich), Michael Cashman (for Klaus Hänsch), Proinsias de Rossa (for Sami Nair), Giovanni Claudio Fava (for Mário Soares), Danielle Auroi (for Daniel Marc Cohn-Bendit) and Jacques Santkin (for Catherine Lalumière, pursuant to Rule 153(2)).

The report was tabled on 6 February 2001.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

PROPOSAL FOR A RECOMMENDATION

Recommendation from the European Parliament to the Council on the negotiating mandate for an association agreement with Chile (2001/2017(INI))

The European Parliament,

- having regard to the proposal for a recommendation to the Council tabled by José Ignacio Salafranca Sánchez-Neyra on behalf of the PPE-DE Group (B5-0692/2000),
 - having regard to the prospect of future negotiations for an association agreement with Chile,
 - having regard to Rules 49 and 97(5) of its Rules of Procedure,
 - having regard to the information provided by the Commission to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy at its meeting of 28 November 2000,
 - having regard to the declaration of the first summit of heads of state and government of Latin America, the Caribbean and the European Union, held in Rio de Janeiro from 25 to 29 June 1999,
 - having regard to the declaration annexed to the parallel meeting of representatives of civil society organised by the Economic and Social Committee and the Mercosur Economic and Social Consultative Forum (FCES),
 - having regard to the report of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the opinion of the Committee on Industry, External Trade, Research and Energy (A5-0050/2001),
- A. Whereas it is regrettable that the European Parliament is not yet formally involved in the definition of negotiating mandates for negotiations with third countries;

Puts to the Council the following recommendations:

1. It is essential to amend the existing guidelines for the negotiations with Chile, dating from 13 September 1999, so as to ensure that the new guidelines establish, firstly and expressly, the legal basis for the new association agreement. This legal basis should consist of Article 310 (formerly Article 238) of the EC Treaty, together with the second sentence of the first paragraph of Article 300(2) (formerly Article 228) and the second paragraph of Article 300(3).
2. Secondly, the new negotiating guidelines should include the necessary practical mechanisms to ensure that the provisions of the future agreement are fully adjusted to the mandate of the Union Treaty stating that the encouragement of international cooperation and the development and consolidation of democracy and the rule of law and respect for human rights are both objectives of the CFSP, on the basis of the principle of economic

and social cohesion and the reduction of inequalities between sectors of society and within regions.

3. Concerning human rights, the new negotiating guidelines should be based on the international agreements in this field, including those concerning the protection of ethnic minorities, should make reference to the specific mechanisms for ensuring full respect for democratic principles and human rights as an essential element of the new association agreement, and should make provision for informing the European Parliament concerning the monitoring carried out by the Commission in this respect.
4. Concerning workers' rights, the new guidelines should be based on the basic principles set out in the ILO conventions.
5. The new negotiating guidelines should include explicit reference to the necessary practical mechanisms required to enable the adoption of common positions of both parties vis-à-vis the UN and other international organisations, in a much clearer form than that currently deriving from the last paragraph of Title II of the existing negotiating mandate.
6. Similarly, the new negotiating guidelines should explicitly provide for the inclusion in the agenda for political dialogue of the new association agreement of matters relating to the common European security and defence policy, together with the proposals relating thereto set out in the resolution of the European Parliament of 16 January 1997¹.
7. The new negotiating mandate should include specific references to suitable arrangements for the participation of civil society in the new political dialogue.
8. Above all, the new negotiating mandate should eliminate the existing provision under which the conclusion of the new association agreement with Chile is made conditional on the completion of the round of WTO negotiations.
9. Asks the Commission to guarantee full compatibility of the free trade area to be established between both sides with the existing WTO rules and particularly with the provisions of Article XXIV GATT; requests that the negotiations should be extended immediately to all subjects of the future trade regime.
10. Insists that the new trade regime between the EU and Chile should also encourage regional economic and trade relations between Chile and the neighbouring countries in Latin America.
11. Equally, the new negotiating mandate should eliminate (insofar as it still applies) the present division of the negotiating process into two phases, one concerning non-tariff matters and the other concerning negotiations on tariff reductions and services.
12. Instructs its President to forward this recommendation to the Council and, for information, the Commission.

¹ OJ C 33, 3.2.1997, p. 86

EXPLANATORY STATEMENT

1. The new association agreement with Chile as a key priority of the EU's external policy as regards relations with Latin America

The association agreement now being negotiated between the EU and Chile forms, together with the similar agreement being negotiated with Mercosur, the highest current priority of the EU's external policy as regards Latin America. This is so, firstly, because the new agreement should make it possible to further develop the Union's political agenda in the biregional dialogue with the Southern Cone, thus strengthening its political role and influence on the global stage; secondly, because it will permit the consolidation of the bases of the economic and trade relations between the EU and Chile, thus reaffirming the Union's own role as the world's largest trading power; and thirdly, because the provisions and programmes of the new association agreement relating to development cooperation constitute a moral imperative for a Union which aims to make the fight against poverty one of the main planks of its external policy and because they are also entirely compatible with the mandate of the Union Treaty under which the objectives of the CFSP include the promotion of international cooperation and the development and consolidation of democracy and the rule of law and respect for human rights.

The EU's relations with Chile are currently governed by the framework agreement of 21 June 1996, which came into force on 1 February 1999. Like the agreement with Mercosur, this is an agreement of mixed character, valid for an indefinite period and intended to pave the way for the ultimate objective of establishing a political and economic association between the parties. The legal basis of this framework agreement with Chile is constituted by the following Articles of the EC Treaty: Article 113 (now Article 133) and Article 130y (concerning development cooperation; now Article 181), together with paragraph 2 of Article 228 (now Article 300) (concerning the provisions of the EC Treaty on the conclusion of agreements between the Community and one or more States or international organisations), and paragraph 3(1) of the same Article 228 (concerning consultation of the European Parliament).

As regards its nature, this framework agreement was conceived as a transitional legal instrument between the previous third-generation agreement and the association agreement covering the political, economic and trade liberalisation dimensions which is in course of negotiation. Its aim is, precisely, to prepare a strategy parallel to the ultimate objective of establishing a political and economic association grounded in closer political cooperation, the phased reciprocal liberalisation of all trade (taking account of the sensitive nature of certain products and the need to conform to WTO rules), the encouragement of investment and closer cooperation. At the Rio summit of 28 and 29 June 1999 the heads of state and government of the two parties decided to embark on negotiations on the basis of a 'single understanding' under which 'nothing will be agreed until everything is agreed'. In accordance with the calendar decided in Rio, the negotiations on general trade matters began in the first quarter of 2000, while the negotiations on tariff and service matters will start only in July 2001 and are expected to be completed after the conclusion of the WTO multilateral negotiations or Millennium Round. On 13 September 1999 the EU's General Affairs Council adopted the negotiating directives for the future agreements with the two partners.

2. Nature and scope of the future agreement with Chile

The agreement in course of negotiation with Chile may be classified in the category of '*mixed agreements, ratione materiae*'. On the one hand, it includes some provisions which fall within the Community's competence and others affecting areas which are the province of the Member States. On the other, it also contains provisions on political dialogue falling within the competence of the Union as such and not of its Member States. At all events, your rapporteur *considers it most unfortunate that there is no explicit reference in the Council's mandate to the Commission to the proposed legal basis of the agreement and that, furthermore, the Commission has taken no steps to correct this shortcoming.* The legal basis of the future agreements - the interregional association agreement with Mercosur, which is the first association in world history between two customs unions, and the association agreement with Chile - must correspond to their real substance and objectives, and must not differ from, for example, that agreed for the Euro-Mediterranean partnership agreements (as signed with Tunisia on 17 July 1995, with Morocco on 26 February 1996 and with Israel on 21 June 2000) or that which has applied to the Lomé Convention since 1975 and also applies to its replacement, the new Cotonou association agreement signed on 23 June 2000 with the 77 ACP countries. Article 238 was, besides, the legal basis required, at the relevant time, for the Europe Agreements associating the Community with its candidate states.

Your rapporteur considers it absolutely clear from the text of the negotiating mandate that the objective is the conclusion of a fully-fledged association agreement with Chile. It follows that Article 310 is the only possible legal basis; this is the indisputable consequence of the purpose, substance and objectives of the agreement. Such is, besides, clear from the Council's own initial communication forwarding the negotiating guidelines to Parliament, which makes explicit reference to the assent procedure as the procedure which is to apply at the relevant moment to the future agreement. At all events, in the interests of greater clarity and legal security, it would be desirable, when the negotiating mandate is reviewed, for the Council *to state explicitly that the legal basis is Article 310.*

3. The political dialogue

The negotiating mandate for the future association agreement with Chile provides for the establishment of a regular political dialogue between the parties, preferably on the basis of a joint mechanism. One may certainly welcome the *clear and laudable desire to improve and raise the quality of the political dialogue* which has existed since the framework cooperation agreement was concluded on 21 June 1996. Also to be welcomed is the incorporation of a specific reference to the *need to strengthen the political dialogue in the parliamentary field* by setting up a permanent dialogue between the EP and the Chilean National Congress (House of Representatives and Senate). In methodological terms and in line with earlier EP proposals, the new negotiating mandate should, once again, propose that the EP and the Houses of the Chilean National Congress should participate in the proposed ministerial plenary meetings and in any intermediate meetings held.

There are, moreover, *no specific references in the negotiating mandate to the structured participation of civil society in the proposed new political dialogue.* There is, then, a genuine challenge regarding participation in the new dialogue process, as well as a gap which, in line

with the EP's earlier positions on the matter, could be filled in the new mandate by holding regular conferences with the representatives of civil society, both in the EU and in Mercosur and Chile (in this connection, the Commission should be congratulated on the conference which it held on 12 October 2000 and which marked a first in this field). The representatives of civil society could be granted observer status for the interministerial meetings, and measures could be taken to permit their active participation in the relevant sectoral committees, subcommittees and forums at all stages of the process (discussion, negotiation and monitoring).

4. The specific content of the future association agreements

Your rapporteur considers it necessary to bear in mind a number of preliminary considerations concerning the content of the new EU-Chile association agreement. Firstly, as pointed out above, it is an instrument of major importance for the Union's external policy as regards the Southern Cone countries. It is fully coherent with the criteria of the global programme for EU-Latin America relations which Parliament called for in the Bertens resolution of 16 January 1997, and which, in the continued absence of a common strategy for the region, remains a demand of visible contemporary relevance. Secondly and similarly, we must reject the notion that the new agreement will be merely a free-trade instrument for the two parties, even admitting the clear importance of economic and commercial association as a goal for both parties. The negotiating mandate itself states clearly that, like the agreement with Mercosur, the new agreement with Chile must be balanced, must be global in character (encompassing the three aspects of political association, economic association and development cooperation), and must constitute a 'single understanding' in the sense referred to above. Thirdly, and on a purely administrative and institutional level, it follows from the above that within the European Commission it is the Commissioner for the CFSP and his staff who should be responsible, on a continuing basis, for maintaining the direction and coordination of the negotiations as a whole. Finally, we believe that the great opportunities opened up by the new agreement must benefit the population as a whole.

We continue particularly to regret the division of the negotiating process into two separate phases (on non-tariff aspects and on tariff reductions and services). This aspect may now appear less relevant as the negotiations proceed, but it does, crucially, remain the case that the negotiating mandate itself states that the future association agreement with Chile is to be result of a 'single understanding'.

Above all, however, we consider the Council's decision to make the conclusion of the agreements with Mercosur and Chile conditional on the completion of the WTO negotiations to be discriminatory and unacceptable. This is a new condition which has never before been imposed on an association agreement. In particular, one may contrast the case of the recent signing of the Cotonou agreement with the 77 ACP countries. It also appears essential to adapt the new mandate as of now to the outcome of the Nice European Council, as regards both the EU's participation in the work of the WTO and the incorporation in the EC Treaty of the new Title XXI on relations with third countries in the area of economic, financial and technical cooperation. Also to be taken into account are the changes arising from the modification of Article 133(5) of the EC Treaty agreed in Nice, thanks to which it will henceforth be possible to transfer to the Community, on a qualified majority basis, the competence to negotiate and conclude international agreements on trade in services and the

trade-related aspects of intellectual property. The results of the Nice European Council thus provide further reason to *modify the negotiating guidelines and remove the condition (or subordination) referred to above.*

Finally, we believe that *it is essential, at all events, to give serious consideration to modifying the negotiating guidelines*, in view of the above-mentioned question of conditionality and the substantial changes which have occurred since they were first presented, not to mention the genuine risk that the negotiations of the new WTO round may in fact not begin in June 2001.

5. The institutional framework

The creation of an Association Council which would meet at ministerial level is an additional factor in support of the view that what is being planned is, indeed, fully-fledged association agreements pursuant to Article 310 of the EC Treaty. The establishment of a parliamentary dialogue, as required in both negotiating mandates, will, besides, in practice reduce the scope of action of the existing interparliamentary delegation for relations with the countries of South America and Mercosur: for the first time, a new *Joint Parliamentary Committee* will be set up with the Mercosur Joint Parliamentary Commission and with the Chilean National Congress (House of Representatives and Senate), on lines similar to those prevailing for the parliaments of the associated countries and the countries with which accession negotiations are under way. The tasks of the new Joint Parliamentary Committee, which will have the power to make recommendations to the parliaments concerned, will consist primarily of scrutinising the actions carried out under the relevant association agreement.

6. The final provisions of the agreement

According to the negotiating mandate, the new agreement is to remain in force for an indefinite period. The provisions which fall within the Community's competence will be the subject of an interim agreement, which will apply until the association agreement comes into force (cf. Title XI, B.3). Unfortunately, the Nice European Council did not agree to *the introduction of a new legal provision in the Treaty which could also be applied to the cases of Mercosur and Chile.* Until now, 'mixed' agreements have taken the form of a single instrument signed jointly by the Community and the Member States which, before being concluded, has to be submitted for ratification by the Member States as regards those subjects which are of national competence. This raises a number of problems, which the Portuguese presidency of the IGC attempted to get round by proposing a new paragraph 8 to Article 300 (formerly Article 228) of the EC Treaty, which would have stated that, in cases where the Community concludes an agreement in which only some of the provisions fall within the Community's competence, those provisions should take the form of a separate agreement, concluded pursuant to the relevant provisions of the Treaty. This solution would have effectively raised to the status of a Treaty provision the de facto practice which has been followed to date in making the distinction between interim and final agreements. However, this proposal was not accepted - a circumstance which entails certain risks for the future agreements with Mercosur and Chile:

- no provision has been made for qualified majority voting, nor has any action been taken to end the present unacceptable situation in which mixed agreements have to be adopted as a

whole and by joint agreement, despite the fact that QMV should apply to the Community provisions which in many cases form the real core of a mixed agreement;

- the risk remains that, if one or more Member States refuse to ratify those provisions of a mixed agreement which are a matter of national competence, this refusal could prevent the entry into force of those provisions of the mixed agreement which are a matter of Community competence.

7. The Council and Commission declaration (Annex II)

Given the similarity of the two proposed association agreements and the close links existing between Mercosur and Chile, both mandates recognise the need to coordinate the activities of the institutions set up under the two agreements, as far as possible and subject to the agreement of the parties. From the viewpoint of the European Parliament, and considering Parliament's declared position of support for the regional integration process, this proposal for a 'passerelle' can only be endorsed absolutely - without, however, implying that the content and timetables of the two negotiating processes should have to operate in parallel: each should develop according to its own logic.

8. The conduct of the negotiations

The third round of the EU-Chile negotiations took place recently - in Santiago in November 2000 - and the next round will begin in Brussels in March 2001. It follows, in your rapporteur's view, that if the requisite attention is to be given to the European Parliament's positions *the present report and the recommendations attached to it must be adopted no later than the end of February 2001*.

For the rest, in view of the nature of the present report, concentrated as it is on the negotiating mandate itself, no attempt will be made at this stage to offer in-depth evaluations of the contents in the fields of: trade in goods (Title III); the right of establishment and to provide services (Title IV); capital movements, payments, competition and other economic provisions (Title V); common provisions (Title VI); economic cooperation (Title VII); other areas of cooperation (Title VIII); and cooperation resources (Title IX). It will, in due course, be for the relevant committees of Parliament to examine these aspects in a detailed and ad hoc fashion.

CONCLUSIONS

A. The need to establish the legal basis of the new association agreement with Chile in an explicit fashion in the new mandate

1. Although it is clear, for the reasons set out above, that the only possible legal basis for the new association agreement is Article 310 of the EC Treaty, *it would be highly desirable for this to be stated explicitly in the new mandate for the negotiation of the new association agreement with Chile*.

2. The European Parliament considers that the legal basis must absolutely consist of *Article 310 (formerly Article 238) of the EC Treaty together with the second sentence of the first paragraph of Article 300(2) (formerly Article 228) and the second paragraph of Article 300(3) of the same Treaty*. Any other legal basis would neither correspond to the interests of the European Parliament nor be coherent with the Union's action in similar cases (indeed, it would be discriminatory).

B. The negotiating process and the content of the negotiations

3. *Any attempt to reduce the new agreement to little more than a free-trade instrument between the EU and Chile must be rejected unconditionally*, even though the economic and commercial partnership pursued is of major importance for both parties. In contrast, Parliament fully endorses the balanced and global character (comprising the three aspects of political association, economic association and development cooperation) of the new agreement with Chile proposed by the negotiating mandate itself.
4. For the above reason, *Parliament calls on the Commission to ensure that it is the Commissioner for the CFSP and his staff who are responsible, on a continuing basis, for maintaining the direction and coordination of the negotiations as a whole, on the entirely satisfactory lines which have prevailed thus far*. Any other approach in terms of administration and competences that stressed only the free-trade and sectoral aspects of the new agreement would dramatically and fatally impair its legitimacy .
5. *The Council's decision to divide the negotiating process into two separate phases (on non-tariff matters and on tariff reductions and services respectively) and to make the conclusion of the two agreements conditional on the completion of the WTO round is discriminatory and therefore unacceptable*: none of the many other association agreements concluded by the Community to date (including the recent Cotonou Agreement signed with the 77 ACP countries) has had such a condition attached to it.
6. Consequently, *Parliament calls unequivocally for the modification of the existing negotiating guidelines so as to remove the division of the negotiating process and, above all, the subordination of the conclusion of the association agreements to the completion of the WTO round*. In its present wording, the negotiating mandate conferred on the Commission does not take account of the outcome of the Nice European Council, nor does it satisfy either the interests of the parties or the Union's own strategic interests.
7. *Specific evaluations of the various chapters concerned by the actual negotiations should be made at the appropriate moment, in a detailed and ad hoc fashion, by the relevant committees of Parliament*.
8. On the institutional level, *the establishment of the parliamentary dialogue called for in both negotiating mandates - a development to be welcomed - necessitates the setting-up of a Joint Parliamentary Committee with the Mercosur Joint Parliamentary Commission and with the Chilean National Congress (House of Representatives and Senate)*. In addition, *the role of civil society should be substantially strengthened*.

C. Provision of full information on the development of the negotiations

9. *Provision of full information by the Commission:* your rapporteur wishes to thank the Commission's services for the helpful and competent way in which they have at all times responded, keeping him and the Committee on Foreign Affairs fully up to date as regards the development of the negotiations. It is to be hoped that this practice will continue, since, pursuant to the Rules of Procedure of Parliament (see Rule 97(1)), the Committee on Foreign Affairs, and through it Parliament, have the right to *continue to be fully informed by the Commission on its recommendations for a negotiating mandate.*
10. *It is also essential to ensure that the Committee on Foreign Affairs is kept regularly and fully informed by the Council and Commission throughout the negotiations,* with the necessary respect for confidentiality where applicable. The Commission is therefore asked to ensure full respect for the framework agreement between the two institutions approved by the Conference of Presidents on 29 June 2000 and in plenary by the EP on 5 July 2000, under which the Commission undertakes to provide information to Parliament, clearly and without delay, so as to ensure that Parliament's positions are properly taken into account as far as is possible. The Commission is also obliged to keep Parliament fully and regularly informed of the conduct and conclusion of international negotiations, through the relevant committee of Parliament, or, where applicable, in plenary. In the case of Council, it is proposed to ask the Presidency to address the Committee on Foreign Affairs (and the other competent committees) in the near future, in order to provide detailed information on the conduct of the negotiations and Parliament's recommendations concerning a new mandate.

D. Active monitoring of the course of the negotiations by the EP

11. *Parliament welcomes the commencement of the negotiations,* but insists that they must be genuine and all-inclusive and that both parties must approach them in all good faith.

E. Influence on the content and rhythm of the negotiations

12. *Suitable use must be made of the provision for making recommendations in relation to the new agreements with Mercosur and Chile.* In view of the importance and likely duration of the negotiations, the Committee on Foreign Affairs must use, whenever necessary, the provision of the Rules of Procedure (Rule 97(5)) enabling the EP to *adopt recommendations and require that these be taken into account before the conclusion of the agreements concerned.*

13. *Concerning the negotiating rhythms for the new agreements with Mercosur and Chile*, it is proposed that the joint Council and Commission declaration (Annex I.3), which states that all negotiations with a third party should be undertaken on the basis of the latter's specific characteristics, should be interpreted as opening up the possibility of it being ultimately considered necessary to accept different negotiating rhythms for Mercosur and Chile respectively.

Recommendation on the negotiating mandate for an association agreement with Chile

The European Parliament,

- having regard to Rules 49 and 97 of its Rules of Procedure,
- having regard to the negotiating guidelines for the association agreement with Chile of 13 September 1999,

Puts to the Council the following recommendations:

1. It is essential to amend the existing guidelines for the negotiations with Chile, dating from 13 September 1999, so as to ensure that the new guidelines incorporate, at least, the elements that follow. Firstly, the new negotiating mandate should expressly establish the legal basis for the new association agreement. This legal basis should consist of Article 310 (formerly Article 238) of the EC Treaty, together with the second sentence of the first paragraph of Article 300(2) (formerly Article 228) and the second paragraph of Article 300(3).
2. Secondly, the new negotiating guidelines should include the necessary practical mechanisms to ensure that the provisions of the future agreement are fully adjusted to the mandate of the Union Treaty stating that the encouragement of international cooperation and the development and consolidation of democracy and the rule of law and respect for human rights are both objectives of the CFSP.
3. Concerning human rights, the new negotiating guidelines should make reference to the specific mechanisms for ensuring full respect for democratic principles and human rights as an essential element of the new association agreement and should make provision for informing the European Parliament concerning the monitoring carried out by the Commission in this respect.
4. The new negotiating guidelines should include explicit reference to the necessary practical mechanisms required to enable the adoption of common positions of both parties vis-à-vis the UN and other international organisations, in a much clearer form than that currently deriving from the last paragraph of Title II of the existing negotiating mandate.
5. Similarly, the new negotiating guidelines should explicitly provide for the inclusion in the agenda for political dialogue of the new association agreement of matters relating to the common European security and defence policy, together with the proposals relating thereto set out in the resolution of the European Parliament of 16 January 1997 (rapporteur: Mr Bertens).

6. Finally, the new negotiating mandate should include specific references to: the structured participation of civil society in the new political dialogue (proposing the holding of regular conferences with the representatives of organised civil society in both the EU and Chile); the granting of observer status to the representatives of civil society at interministerial meetings; and the active participation of those representatives in the relevant sectoral committees, subcommittees and forums, at all stages of discussion, negotiation and monitoring of the process.

27 January 2001

OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY

for the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

on the negotiating mandate for an interregional association agreement with Chile
(2001/2017(INI))

Draftsman: Rolf Linkohr

PROCEDURE

The Committee on Industry, External Trade, Research and Energy appointed Rolf Linkohr draftsman at its meeting of 24 January 2001.

It considered the draft opinion at its meetings of 24 and 25 January 2001.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Carlos Westendorp y Cabeza, chairman; Nuala Ahern and Peter Michael Mombaur, vice-chairmen; Gordon J. Adam (for Glyn Ford), Konstantinos Alyssandrakis, Maria del Pilar Ayuso González (for Godelieve Quisthoudt-Rowohl), Guido Bodrato, Gérard Caudron, Giles Bryan Chichester, Dorette Corbey (for Imelda Mary Read), Concepció Ferrer, Lisbeth Grönfeldt Bergman (for Anders Wijkman), Michel Hansenne, Philippe A.R. Herzog, Dimitrios Koulourianos (for Luisa Morgantini), Peter Liese (for Werner Langen), Caroline Lucas, Eryl Margaret McNally, Angelika Niebler, Reino Kalervo Paasilinna, Elly Plooij-van Gorsel, John Purvis, Paul Rübig, Jacques Santer (for Christos Folias), Konrad K. Schwaiger, Esko Olavi Seppänen, Jaime Valdivielso de Cué, W.G. van Velzen and Alejo Vidal-Quadras Roca.

SHORT JUSTIFICATION

The European Union has contractual relations with Chile based on the interregional framework agreement of 21 June 1996. This framework agreement already provides for the perspective of a future association agreement which should replace the existing trade regime of most-favoured nation status by a free trade area. The Council gave a negotiating mandate to the Commission on 13 September 1999. Negotiations on general trade matters started in the first quarter of 2000, while the negotiations on tariffs and trade in services will start only in July 2001 and are to be completed after the conclusion of the WTO Millennium Round.

The Committee on Industry, External Trade, Research and Energy still has reservations concerning the attribution of the dossier to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy as the committee responsible as well as the procedure chosen (recommendation based on Rule 49 of the Rules of Procedure). As is rightly pointed out in the explanatory statement of the draft report, the main content of the new association agreement will be trade relations, whereas questions of political dialogue are already covered by the existing framework agreement. The association agreement could therefore not be classified as of mainly political content. Furthermore it will not be concluded under the provisions of Title V (common foreign and security policy) of the EU Treaty, the precondition for Rule 49, but under the provisions of the EC Treaty. Therefore, Rule 97(5) (recommendations to the Commission during ongoing negotiations) would be the appropriate procedure. The Committee on Industry, External Trade, Research and Energy reserves its positions on these questions. However, it submits the following conclusions to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy to be included in its draft recommendations.

CONCLUSIONS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, as the committee responsible, to incorporate the following points in its motion for a resolution:

- A. Whereas it is regrettable that the European Parliament is not yet formally involved in the definition of negotiating mandates for negotiations with third countries,
 - 1. The negotiating mandate should be updated to take into account the fact that a new round of WTO negotiations has not yet been started;
 - 2. Asks the Commission to guarantee full compatibility of the free trade area to be established between both sides with the existing WTO rules and particularly with the provisions of Article XXIV GATT; requests that the negotiations should be extended immediately to all subjects of the future trade regime;
 - 3. Insists that the new trade regime between the EU and Chile should also encourage the regional economic and trade relations between Chile and the neighbouring countries in Latin America.