



Plenary sitting

A9-0011/2024

29.1.2024

RECOMMENDATION

on the draft Council decision on the conclusion of the Interim Agreement on Trade between the European Union and the Republic of Chile (11667/2023 – C9-0466/2023 – 2023/0259(NLE))

Committee on International Trade

Rapporteur: Samira Rafaela

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the draft Council decision on the conclusion of the Interim Agreement on Trade between the European Union and the Republic of Chile (11667/2023 – C9-0466/2023 – 2023/0259(NLE))

(Consent)

The European Parliament,

- having regard to the draft Council decision (11667/2023),
 - having regard to the draft Interim Agreement on Trade between the European Union and the Republic of Chile (11668/2023),
 - having regard to the Joint Statement on the Provisions on Trade and Sustainable Development contained in the Interim Agreement on Trade between the European Union and the Republic of Chile, which is attached to the Agreement,
 - having regard to the request for consent submitted by the Council in accordance with Article 91(1), Article 100(2), Article 207(4), first subparagraph, Article 218(6), second subparagraph, point (a)(v) and Article 218(7) of the Treaty on the Functioning of the European Union (TFEU) (C9-0466/2023),
 - having regard to its non-legislative resolution of ...¹ on the proposal for a Council decision on the conclusion 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,
 - having regard to Rule 105(1) and (4) and Rule 114(7) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on International Trade (A9-0011/2024),
1. Gives its consent to the conclusion of the agreement;
 2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of the Republic of Chile.

¹ Texts adopted of that date, P8_TA(0000)0000.

EXPLANATORY STATEMENT

The EU's political and economic relations with Chile are currently governed by the 2002 Association Agreement. However, the world has changed considerably since 2002, and EU-Chile trade and investment relations have remained below their potential in recent years. Therefore, the EU and Chile started negotiations on the modernisation of the agreement in 2017 in order 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 the new EU-Chile Advanced Framework Agreement (AFA) and the Interim Agreement on Trade (ITA) was announced on 9 December 2022.

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, it will be submitted not only to the European Parliament for consent but also to all EU Member States for ratification in accordance with their constitutional requirements. In parallel to the AFA, the ITA, containing only the trade and investment provisions of the AFA falling within the EU's exclusive competence, has been proposed for signature and conclusion in an EU-only ratification procedure. The ITA requires the consent of the European Parliament, followed by the adoption of a Council decision on the conclusion. Once the AFA enters into force, the ITA will automatically expire.

Chile is one of Latin America's most prosperous and industrialised countries. It has a very open economy, highly dependent on international trade. Chile is the EU's third-biggest trading partner in Latin America, whereas for Chile, the EU is its third-largest trading partner overall and its largest source of foreign direct investment.

The existing Association Agreement has led to a significant increase in trade and investment volumes between the EU and Chile since its entry into application in 2003. EU-Chile bilateral trade grew by 142 percent between 2002 and 2021. However, trade and investment relations have remained below their potential in recent years, as both sides have concluded more advanced agreements with other partners in the meantime. As a result, the EU has changed from being Chile's first trading partner in 2003-2009 to third place (after China and the US) today.

The modernised agreement will allow both sides to strongly increase their bilateral trade and investment, as it will create mutually beneficial new opportunities and development on both sides. It will liberalise 96 percent of the agricultural tariff lines not yet liberalised on Chile's side and 66 percent on the EU side, over a maximum of seven years, including existing tariff rate quotas for EU cheese and for Chilean processed cereals. This will result in over 95 percent of bilateral trade in goods being duty free. For very sensitive products, exclusions will continue to apply, including for sugar on both sides and for bananas and rice on the EU side. Chilean fruit and vegetables will continue to be subject to the EU entry price system. The EU will 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. The agreement will protect 216 geographical indications (GIs) from the EU in Chile and 18 GIs from Chile in the EU. Bilateral trade in industrial goods was already fully liberalised under the current agreement.

The ITA 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 rapporteur is particularly pleased that the Commission listened to the calls of the European Parliament for the inclusion of a dedicated and stand-alone chapter on trade and gender, the first ever in an EU trade agreement. Gender equality is one of the core values of the EU, and must be advanced at all stages and through all policies. This chapter, with ambitious commitments, will set a new precedent for gender equality mainstreaming through EU trade relations.

The new agreement will also contribute to a fairer and more equitable green transition for both partners. Crucially, the agreement will ensure discrimination-free access to critical raw materials and clean energy, while contributing to locally added value in Chile. The chapter on energy and raw materials prohibits export and import monopolies and dual pricing, while it allows Chile some policy space to facilitate the emergence of new industrial sectors by setting a lower domestic price within certain limits.

The ITA 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 ITA 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. This will ensure that the commitments on social and labour rights, including indigenous rights such as free, prior, and informed consent, as well as environmental standards will be more effectively enforceable.

The ITA will allow the EU to consolidate and further strengthen its relationship with one of its most important and reliable partners in Latin America. The agreement demonstrates that the EU can work together with likeminded partners to advance fair, sustainable, and values-based trade. At a time when the multilateral world order, which includes open and rules-based trade, is increasingly being put in question, this agreement is also a strong signal against protectionist tendencies and allows both partners to diversify their supply chains.

The agreement will bring the EU-Chile trade and investment relationship in line with the most advanced standards in areas related to, among others, environmental protection, labour rights, gender equality and human rights and the rights of indigenous peoples. It will eliminate most of the remaining tariffs and create significant new opportunities for economic growth and sustainable development. By ensuring equal treatment to investors from both sides, the agreement will incentivise more European companies to invest in Chile and vice versa, including in strategic sectors such as renewable energies and raw materials.

The rapporteur therefore recommends to give consent to the agreement.

ANNEX: ENTITIES OR PERSONS FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT

Pursuant to Article 8 of Annex I to the Rules of Procedure, the rapporteur declares that she has received input from the following entities or persons in the preparation of the report, until the adoption thereof in committee:

Entity and/or person
Mission of Chile to the European Union
Chilean Vice-Minister for Trade
Indigenous representative
DigitalEurope
BusinessEurope
European Climate Foundation
American Chamber of Commerce to the EU
EuroChambres
Copa-Cogeca
EUROBAT
International Labour Organization
Greenpeace
Oxfam
Human Rights Watch
European Raw Materials Alliance
Chilean Minister of Economy, Development and Tourism
Chilean Minister of Mining
Chilean Minister of Energy
Chilean Minister of Labour
Confederación de la Producción y del Comercio
Sociedad de Fomento Fabril
Cámara de Comercio de Santiago
Unión Nacional de Trabajadores
Central Autónoma de Trabajadores
Central Unitaria de Trabajadores
Diego Portales University
Comunidad de Organizaciones Solidarias
Observatorio Ciudadano
Centre for Intercultural Indigenous Studies
Feminist Lawyers' Association
Andres Hurtado University
Chile's Fair Trade Association
Chilean Minister Secretary General of the Presidency
Chilean Minister for Foreign Affairs
European Services Forum
Catholic University of Valparaíso-Chile
Women Economic Forum Chile

CELCAA
Chilean Senate representatives
Chilean Undersecretary of Foreign Affairs
President of Chile
Minister of Finance
Chilean Constitutional Convention representatives
Observatorio Nueva Constitución
Espacio Público, Rumbo Colectivo
Instituto de Estudios de la Sociedad
LEASUR
Rompiendo el Silencio
Directora Observatorio contra el Acoso Callejero
Universidad de Chile
Municipality of Peñalolén
Universidad de Santiago de Chile

The list above is drawn up under the exclusive responsibility of the rapporteur.

7.12.2023

OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

for the Committee on International Trade

on the Interim Agreement on Trade between the European Union and the Republic of Chile (COM2023/0435 – C9-0000 – 2023/0259(NLE))

Rapporteur for opinion: Francisco Guerreiro

SHORT JUSTIFICATION

On 13 November 2017, the Council authorized the opening of negotiations with Chile for the modernisation of the existing 2002 EU-Chile Association Agreement (AA). The negotiations were concluded on the technical level in October 2021, and, with some bilateral discussions following, the agreement's chapters were published by 9 December 2022, updated as the EU-Chile Advanced Framework Agreement (AFA).

The AFA contains elements of shared competence with Member States, and consequently will be submitted not only to the European Parliament for consent but also to all EU Member States for ratification. In the meantime, the trade and investment market access provisions of the AFA will be submitted to the EU-only ratification procedure, as an Interim Trade Agreement (ITA) under EU exclusive competence. This ITA will expire once the AFA has entered into force.

The AFA achieves a high level of tariff liberalisation on the Chilean side, resulting in 99.9% of EU exports being tariff-free. However, the AFA retains exclusions for sensitive products of both parties, notably sugar for EU and Chile, and rice and bananas for the EU. Additional access to the EU market is granted only in the form of duty-free quotas. The AFA rationalises existing duty-free quotas granted to Chile for beef and sheep meat, removing the annual growth rate and clarifying fixed amounts. Aside from the increase concerning poultry, other increases in existing duty free quotas of pork, garlic and canned fish remain modest. The Agreement protects a further 216 European agri-food geographical indications (GIs) and 18 Chilean GIs.

In line with Parliament's resolution of 14 September 2017, the Agreement seeks to develop upon the existing Association Agreement by the addition of a dedicated trade and sustainable development (TSD) chapter. The core standards of the International Labour Organisation (ILO) and the Paris Agreement are found under this TSD chapter and are therefore not yet included as essential elements of the agreement, subject to sanctions under the general dispute settlement chapter. However, the TSD chapter commits both parties to effectively implement the Paris Agreement and the Nationally Determined Contributions, and provides for a novel

Review clause under which TSD provisions can be revised to take into account evolving environmental and social standards.

The Agreement includes a dedicated chapter on sustainable food systems which will serve as a basis for improved EU-Chile cooperation for the transition towards a sustainable food system, including cooperation on antimicrobial resistance and animal welfare. Both parties commit to maintain their current prohibitions on use of antibiotics as growth promoters.

In accordance with Article 218(6) of the Treaty on the Functioning of the European Union, the consent of the European Parliament is required in order for the Council to adopt a decision concluding the Agreement.

In the light of the above, the Rapporteur recommends the Parliament to give its consent to the conclusion of the Agreement.

The Committee on Agriculture and Rural Development calls on the Committee on International Trade, as the committee responsible, to recommend approval of the proposal for a Council decision on conclusion, on behalf of the European Union, of the Interim Agreement on Trade between the European Union and the Republic of Chile.

**ANNEX: ENTITIES OR PERSONS
FROM WHOM THE RAPPORTEUR HAS RECEIVED INPUT**

The rapporteur declares under his exclusive responsibility that he did not receive input from any entity or person to be mentioned in this Annex pursuant to Article 8 of Annex I to the Rules of Procedure.

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Interim Agreement on Trade between the European Union and the Republic of Chile
References	2023/0259(NLE)
Committee responsible	INTA
Rapporteur for the opinion Date appointed	Francisco Guerreiro 19.9.2023
Discussed in committee	25.10.2023
Date adopted	7.12.2023
Result of final vote	+: 19 –: 9 0: 3
Members present for the final vote	Mazaly Aguilar, Clara Aguilera, Carmen Avram, Benoît Biteau, Franc Bogovič, Daniel Buda, Asger Christensen, Ivan David, Jérémy Decerle, Herbert Dorfmann, Luke Ming Flanagan, Francisco Guerreiro, Martin Häusling, Martin Hlaváček, Camilla Laureti, Gilles Lebreton, Norbert Lins, Colm Markey, Marlene Mortler, Ulrike Müller, Juozas Olekas, Bert-Jan Ruissen, Anne Sander
Substitutes present for the final vote	Claude Gruffat, Peter Jahr, Gabriel Mato, Dan-Ștefan Motreanu, Michaela Šojdrová, Thomas Waitz
Substitutes under Rule 209(7) present for the final vote	Vlad Gheorghe, Eric Minardi

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

19	+
ECR	Mazaly Aguilar, Bert-Jan Ruissen
PPE	Franc Bogovič, Herbert Dorfmann, Peter Jahr, Norbert Lins, Colm Markey, Gabriel Mato, Marlene Mortler, Dan-Ștefan Motreanu, Michaela Šojdrová
Renew	Asger Christensen, Vlad Gheorghe, Martin Hlaváček, Ulrike Müller
S&D	Clara Aguilera, Carmen Avram, Camilla Laureti, Juozas Olekas

9	-
ID	Ivan David, Gilles Lebreton, Eric Minardi
PPE	Anne Sander
Renew	Jérémy Decerle
The Left	Luke Ming Flanagan
Verts/ALE	Benoît Biteau, Claude Gruffat, Martin Häusling

3	0
PPE	Daniel Buda
Verts/ALE	Francisco Guerreiro, Thomas Waitz

Key to symbols:

+ : in favour

- : against

0 : abstention

PROCEDURE – COMMITTEE RESPONSIBLE

Title	Interim Agreement on Trade between the European Union and the Republic of Chile						
References	11667/2023 – C9-0466/2023 – 2023/0259(NLE)						
Date of consultation or request for consent	14.12.2023						
Committee responsible Date announced in plenary	INTA 25.1.2024						
Committees asked for opinions Date announced in plenary	AGRI 25.1.2024						
Rapporteurs Date appointed	Samira Rafaela 19.7.2023						
Discussed in committee	28.11.2023						
Date adopted	24.1.2024						
Result of final vote	<table> <tr> <td>+: </td><td>31</td></tr> <tr> <td>–: </td><td>4</td></tr> <tr> <td>0: </td><td>3</td></tr> </table>	+:	31	–:	4	0:	3
+:	31						
–:	4						
0:	3						
Members present for the final vote	Barry Andrews, Tiziana Beghin, Saskia Bricmont, Jordi Cañas, Daniel Caspary, Markéta Gregorová, Roman Haider, Heidi Hautala, Karin Karlsbro, Miapetra Kumpula-Natri, Danilo Oscar Lancini, Bernd Lange, Margarida Marques, Gabriel Mato, Sara Matthieu, Emmanuel Maurel, Carles Puigdemont i Casamajó, Samira Rafaela, Inma Rodríguez-Piñero, Ernő Schaller-Baross, Helmut Scholz, Joachim Schuster, Sven Simon, Dominik Tarczyński, Kathleen Van Brempt, Marie-Pierre Vedrenne, Jörgen Warborn, Jan Zahradil, Juan Ignacio Zoido Álvarez						
Substitutes present for the final vote	Michiel Hoogeveen, Włodzimierz Karpiński, Liudas Mažylis						
Substitutes under Rule 209(7) present for the final vote	Hildegard Bentele, Izaskun Bilbao Barandica, Paolo Borchia, Antonio Maria Rinaldi, Domènec Ruiz Devesa, Lucia Vuolo						
Date tabled	29.1.2024						

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

31	+
ECR	Michiel Hoogeveen, Dominik Tarczyński, Jan Zahradil
ID	Paolo Borchia, Danilo Oscar Lancini, Antonio Maria Rinaldi
NI	Tiziana Beghin, Carles Puigdemont i Casamajó, Ernő Schaller-Baross
PPE	Hildegard Bentele, Daniel Caspary, Włodzimierz Karpiński, Gabriel Mato, Liudas Mažylis, Sven Simon, Lucia Vuolo, Jörgen Warborn, Juan Ignacio Zoido Álvarez
Renew	Barry Andrews, Izaskun Bilbao Barandica, Jordi Cañas, Karin Karlsbro, Samira Rafaela, Marie-Pierre Vedrenne
S&D	Miapetra Kumpula-Natri, Bernd Lange, Margarida Marques, Inma Rodríguez-Piñero, Domènec Ruiz Devesa, Joachim Schuster, Kathleen Van Brempt

4	-
The Left	Emmanuel Maurel, Helmut Scholz
Verts/ALE	Saskia Bricmont, Sara Matthieu

3	0
ID	Roman Haider
Verts/ALE	Markéta Gregorová, Heidi Hautala

Key to symbols:

+ : in favour

- : against

0 : abstention