



# **REPORT ON THE 7<sup>th</sup> ROUND OF NEGOTIATIONS BETWEEN THE EU AND CHILE FOR THE MODERNISATION OF THE TRADE PART OF THE EU CHILE ASSOCIATION AGREEMENT**

**9 June 2020**

The seventh round of negotiations for the modernisation of the Trade part of the EU-Chile Association Agreement took place from 25 to 29 May.

There was good progress in a significant number of chapters, including parts of the Services Chapter, Rules of Origin, Technical Barriers to Trade, Good Regulatory Practices, Public Procurement, Institutional provisions and some IPR provisions. The useful progress in chapters on SPS, Transparency, Anticorruption and Customs and Trade Facilitation have as a result that these chapters are now very well advanced.

There were also constructive discussions on Financial Services, Investment, Investment Court System, Geographical Indications, Trade in Goods, State Owned Enterprises, Subsidies, Competition, Trade and Sustainable Development, Trade and Gender, Energy and Raw Materials. Considerable work is, however, still needed for these chapters.

The next round is scheduled for September (dates tbc).

The results in specific areas are as follows:

## **1. Trade in Goods**

The parties continued their exchanges on textual proposals and discussions were constructive. Further exchanges are necessary on remanufactured goods, origin marking and on the EU text on the preference margin for the elimination of customs duties.

## **2. Rules of Origin**

The parties made further progress in the text and section A and B, in particular concerning origin procedures which are based on self-certification and administrative cooperation between the customs authorities for the

purpose of verification. There were also good discussions on the Product Specific Rules (PSR) with tentative solutions in several sectors.

### **3. Technical Barriers to Trade**

The parties made good progress on several outstanding provisions. Some areas will require further discussions, in particular conformity assessment and regulatory cooperation. The EU explained its text proposal on market surveillance and safety of non-food products. The parties also discussed the Motor Vehicles Annex based on the EU text proposal.

### **4. Sanitary and Phytosanitary Measures**

The parties continued to discuss the text and made good progress. However, more discussions will be necessary on some remaining open issues. This concerns in particular the cooperation on animal welfare, antimicrobial resistance, multilateral fora and food science for which there is a good convergence on the substance of the provisions.

### **5. Investment**

The parties had good discussions on the scope and coverage of the Investment Chapter, in particular with regard to financial services and non-services, and made some further progress in the consolidation of the text of the Investment Chapter. The parties also exchanged views on the disciplines related to capital movements and payments but still need to proceed to consolidation of text. The parties also continued to exchange views on their respective approaches to investor to state dispute settlement/Investment Court System proposal.

### **6. Trade in Services**

The parties made good progress bringing the remaining open section on Cross Border Services close to conclusion. There was also progress on financial services, where the parties discussed the architecture and provisions of the chapter and advanced in text consolidation.

### **7. Digital trade**

The parties continued to discuss data flows and personal data protection, as well as exchanging views on the non-discrimination of digital products. Further work is needed in these areas.

### **8. Intellectual Property Rights**

The parties discussed the textual proposals on IPR. These discussions covered copyright and related rights, trademarks, designs, civil enforcement and border measures and achieved some useful progress. The discussions

allowed the Parties to further clarify and highlight relevant areas that will require further in-depth discussions.

On Geographical Indications, the parties resumed their discussion on the EU's text proposal. Discussions allowed to clarify the implications of a variety of the proposed provisions, notably as regards the scope of protection, direct protection through the agreement and the relationship with trademarks. Further work is needed, for example in order to achieve agreement on the wording of concrete provisions.

## **9. Public Procurement**

The parties carried out a review of the consolidated version of the rules that would apply to public procurement procedures covered by the Chapter, discussing how to incorporate modern international public procurement standards into the text of the rules. In particular, the parties focused on issues such as the principle of non-discrimination, transparency requirements in public procurement procedures and the use of electronic tools in various phases of the procurement process. The parties also exchanged information on the size and characteristics of their respective procurement systems.

## **10. State Owned Enterprises**

The parties had constructive discussions on all outstanding issues of the chapter. Further discussions are necessary regarding the scope of the chapter and the coverage of substantive obligations.

## **11. Competition**

The parties had a constructive discussion on all pending issues and articles. Further discussions are needed on the issue of the mechanism for consultations on anticompetitive conduct and merger control cases.

## **12. Subsidies**

The parties discussed all articles of the chapter, allowing them to better understand each other's positions notably on their diverging views on services subsidies and agricultural subsidies. Useful exchange of views took place on the EU proposal for transparency and subsidies subject to conditions.

## **13. Trade Defence Instruments**

The parties made further progress in the trade remedies chapter. Regarding the WTO trade defence instruments, i.e. anti-dumping, anti-subsidy and global safeguard, most issues have been solved. Discussions also

progressed regarding the bilateral safeguard clause, mostly on procedural issues. Some elements (e.g. length of transition period, duration of measures) remain linked to the developments and results in market access for goods.

#### **14. Trade and Sustainable Development**

The parties continued to discuss the text of Trade and Sustainable Development chapter, including its architecture. Some progress was achieved but further discussion will be needed both as regards the common provisions as well as those that are specific to labour and environment.

#### **15. Trade and Gender**

The parties progressed in the understanding of each side's proposals and also agreed on some parts of the text. A number of areas and articles still need further discussion such as objectives, references to certain labour market aspects, multilateral agreements, specific commitments, cooperation activities and institutional arrangements as well as government consultations and panel of experts in the EU proposal.

#### **16. Good Regulatory Practices**

The parties continued discussing the EU proposal and made progress in the provisions on early information on planned regulatory measures and on public consultations. Further discussions are needed in particular on the scope of the chapter and on retrospective evaluations.

#### **17. Energy and Raw Materials**

The parties continued to discuss their respective proposals and increased their understanding of their respective proposals and which areas need more work.

#### **18. Transparency**

The parties discussed the few pending provisions in the Transparency Chapter, in particular the definition of measures of general application and the objective and will consult internally in preparation of the next round.

#### **19. Anticorruption**

There were good discussions that translated into substantial advances in the text. Outstanding provisions relate to the articles dealing with dispute settlement and the institutional set-up.

## **20. Customs and Trade Facilitation**

The negotiations continued to make progress, bringing the chapter closer to conclusion. However, further discussions will be required on the provisions on custom brokers and on temporary admission.

## **21. Trade-specific horizontal provisions**

The parties continued to discuss the EU text proposal for the trade-specific horizontal provisions of the Association Agreement. Few divergences remain, but some provisions will need to be revisited as the negotiations advance.