

## **REPORT ON THE 8<sup>TH</sup> ROUND OF NEGOTIATIONS BETWEEN THE EU AND CHILE FOR THE MODERNISATION OF THE TRADE PART OF THE EU CHILE ASSOCIATION AGREEMENT**

The eight round of negotiations for the modernisation of the Trade part of the EU-Chile Association Agreement took place from 28 September to 9 October.

There was good progress in a significant number of chapters, including parts of Rules of Origin, Technical Barriers to Trade, Trade and Sustainable Development and some IPR provisions. Thanks to the constructive discussion during the round, chapters such as Transparency, Good Regulatory Practices, and Anti-Corruption are close to conclusion. The chapters on Trade in Goods, Subsidies and the institutional provisions have also reached a high level of maturity. Remaining divergences can, however, only be solved once the overall negotiation process is more advanced, due to interlinkages with other areas.

There were also constructive discussions on Financial Services, Investment, Investment Court System, Geographical Indications, Government Procurement, State Owned Enterprises, Competition, Trade and Gender provisions, Energy and Raw Materials. Considerable work is, however, still needed across these areas.

The next round is scheduled from 11 to 22 January.

The results in specific areas are as follows:

### **1. Trade in Goods**

The parties continued the discussion on few outstanding articles in this chapter, notably on origin marking. The EU's request to recognize the EU as "a country" of origin for the purpose of labelling requirements is still being considered by Chile.

### **2. Rules of Origin**

The parties reached an agreement on product specific rules on all industrial products. On processed agriculture products all rules were agreed with the exception of an item on meat and fish preparations. Further discussion is needed on other parts of the chapter in particular on the origin procedures (information to be included in the statement of origin). Chile has reiterated interests in extended cumulation with common FTA partners.

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

The parties made good progress on several outstanding provisions of the TBT Chapter, in particular on cooperation on market surveillance and non-food product safety and compliance and on marking and labelling. Some areas will require further discussions, in particular conformity assessment and motor vehicles.

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

The parties considered that more discussions will be necessary on some remaining open issues. In particular on the provisions on cooperation on animal welfare, antimicrobial resistance,

multilateral fora and food science in relation to its scope and location in the Agreement. The remaining part of the text is largely agreed.

## **5. Investment**

The parties conducted detailed text-based discussions on investment liberalisation provisions, which allowed advancing text consolidation, and where it was not yet possible, to improve the understanding of their respective positions. Further discussion is needed to solve remaining divergences throughout the text of the chapter and its structure. The parties also discussed the EU proposal on capital movements. More discussion is needed in this area to reach an agreement.

On investment dispute resolution, the parties continued to discuss the EU's text proposal for an Investment Court System (ICS) in sufficient detail for Chile to continue to effectively engage in its internal consultations based on the EU's model. Chile is currently in the process of consulting stakeholders and other government institutions.

## **6. Trade in Services**

The parties discussed the approach on the drafting of the offers. The parties agreed to reach a common understanding on the parameters of the offers before a formal exchange.

## **7. Intellectual Property Rights**

The parties discussed the textual proposals on intellectual property rights (IPR). The discussions covered the general provisions, copyright and related rights, trademarks, designs, patents, plant varieties and civil enforcement.

The discussions allowed the Parties to improve their understanding of each other's position on a number of areas that will require more in-depth discussions in the future. Progress was made on the general provisions, copyright and related rights, patents, plant varieties and civil enforcement.

On GIs, the parties discussed the textual proposals on the protection of geographical indications. The discussions covered definition and scope of protection, the level of protection, the possibility and process for adding further GIs to the list for protection, enforcement issues as well as the relationship between trademarks and geographical indications.

The discussions allowed the Parties to improve their understanding of each other's position on a substantial number of areas that will require more in-depth discussions in the future.

## **8. Government Procurement**

The parties continued to discuss how to improve access to each other's markets and the rules and principles that would apply to public procurement. In the short term, Chile agreed to update its market access offer, in particular by clarifying coverage of subordinate entities to central level and by clarifying further the coverage of works concessions. On the text, the parties focused on how to incorporate modern public procurement standards into the text, in particular the principles of non-discrimination, enhanced transparency of procurement opportunities including through electronic means, and the possibility to include non-discriminatory environmental and social considerations in public procurement procedures. On the latter aspect,

the parties made progress. However, further discussions are needed to solve outstanding issues throughout the chapter.

### **9. State Owned Enterprises**

The parties had constructive discussions and the text of the chapter is well advanced. Outstanding issues relate to the non-application of the chapter to public procurement and SMEs and the coverage of the non-discriminatory article.

### **10. Competition**

The parties had a constructive discussion on pending issues and articles. Remaining issues will be solved once the overall negotiation process is more advanced, due to interlinkages with other areas.

### **11. 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. Remaining issues will be solved once the overall negotiation process is more advanced, due to interlinkages with other areas.

### **12. Trade Defence Instruments**

The parties discussed the text and further progress was made in all sections. In the antidumping/anti-subsidy part there was progress on transparency provisions. On global safeguards, the parties continue to discuss the EU proposal. On bilateral safeguards, progress was made on some procedural provision. Some elements (e.g. length of transition period, duration of measures) remain linked to the developments and results in market access for goods.

### **13. Trade and Sustainable Development**

The parties went through all provisions specific to labour and environment, identifying more clearly the similarities and divergences.

The parties made good progress and had in-depth discussions on articles related to objectives, right to regulate, environment (forestry, biodiversity, wild flora and fauna, fisheries) and labour (objectives, Multilateral Labour Standards and Agreements/Labour Rights and cooperation). It also discussed Chile's proposals on climate change and trade, institutional arrangements of TSD and labour (Forced or Compulsory Labour, Business and Human Rights, and Youth).

The parties had joint discussion with trade and gender group to explore similarities and differences on institutional arrangements of TSD and gender provisions. They also discussed interlinkages between labour and gender provisions.

### **14. Trade and Gender**

The parties had constructive discussions on the basis of consolidated text. They made good progress on some of the text as well as better understanding each side's proposals. A few areas and articles still need further discussion such as objectives, references to some labour market

aspects, references to some international instruments and multilateral agreements, specific commitments contained under Article 3 of the EU's proposal, some cooperation activities, as well as institutional arrangements (i.e. committee, government consultations and panel of experts).

The parties had joint discussion with Trade and Sustainable Development to explore similarities and differences on institutional arrangements of TSD and gender provisions. They also discussed interlinkages between labour and gender provisions.

### **15. Good Regulatory Practices**

The Parties discussed in particular articles on early information on planned regulatory measures, public consultations and retrospective evaluations. Further discussions are needed in particular with regard to covered regulatory measures.

### **16. Energy and Raw Materials**

The parties exchanged views on the respective text proposals with the objective to find a way forward based on a consolidation of the proposals made. They showed a receptive will to consider each other's proposals, interests, and sensitivities. However, there is still distance on crucial issues such as export monopolies, dual pricing and access to infrastructure. Further discussion is needed across all these areas in order to reach an agreement.

### **17. Transparency**

The parties discussed the few pending provisions in the Transparency Chapter, in particular the definition of measures of general application and the objective.

### **18. Anticorruption**

The Parties had a first exchange of views on the Section on Dispute Settlement for Anticorruption (AC) – all the other provisions of the AC text had been agreed at the last round. The discussion addressed comments that Chile had submitted in writing before the negotiating round.

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

The parties discussed the EU proposal for the Exceptions chapter and had a general overview of the current status of the negotiations on the Horizontal Institutional Provisions of the Trade Part.