

Brussels, 18 November 2002

EU-Chile Association Agreement to be signed today in Brussels

The EU-Chile Association Agreement will be signed today in Brussels by the EU Member States Foreign Ministers, Chilean Foreign Minister Ms. Maria Soledad Alvear Valenzuela and European Commissioner for External Relations Chris Patten. With the signature, certain provisions of the cooperation and trade-related parts of the Association Agreement will enter into force, once the Chilean Congress has ratified it. The remaining provisions will enter into force after the assent of the European Parliament has been obtained and once the national parliaments of the EU Member States have ratified the Agreement. Prior to the signing ceremony the EuroChile Foundation will award the "EuroChile Prize" to Ms. Soledad Alvear, Mr. Patten and Mr. Lamy

EU External Relations Commissioner Patten said: "The EU-Chile Association Agreement is a very tangible expression of the EU's strong political commitment to deepen and widen our links with Latin America. Through this Agreement, the foundations of a new relationship between the EU and Chile have been laid; it is now up to the different actors - be it political, social or economic - to fully exploit its potential."

EU Trade Commissioner Pascal Lamy said: "The EU-Chile Association Agreement is a XXI century model of trade relations. The ambitious and innovative provisions are expected to deliver considerable economic and commercial benefits. It is also a clear sign of the EU strengthening its economic ties with Latin America"

Timetable and arrangements for signing and prize giving ceremony

The signing ceremony and the handing over of the prize, will be open to written and audio-visual press.

18:00 hours : Handing over of prize by President of EuroChile, Mr. Angel Maulén Ríos followed by interventions of Mr. Patten, Mr. Lamy and Ms. Alvear at the Charlemagne Building, room S4.

18:30 hours : Signing of the EU-Chile Association Agreement by President of the Council, Per Stig Moller, the Chilean Foreign Minister, Soledad Alvear and Commissioner Chris Patten as well as by Member States' representatives at the Council's Press Auditorium, Justus Lipsius (press representatives will have to take their seats 10 minutes ahead of the beginning of the ceremony).

Background

EU-Chile Association Agreement

Respect for democratic principles, human rights and the rule of law are essential elements of the agreement. The promotion of sustainable economic and social development, and the equitable distribution of the benefits of the Association Agreement are guiding principles for its implementation.

The **political chapter** of the Association Agreement aims at strengthening the political dialogue between the EU and Chile, including an increased cooperation in the fight against terrorism. The European and Chilean parliaments and representatives of civil society will be consulted and involved in this dialogue, to ensure a high degree of accountability and transparency. An increased participation of civil society is encouraged, to exchange views on co-operation strategies and their implementation.

The European Union and Chile will intensify their cooperation in a variety of other areas, with the aim of fostering a sustainable economic, social and environmental model.

The part on **trade relations** in the Association Agreement covers all the areas of the EU-Chile trade relations and goes well beyond their WTO commitments:

- A **Free Trade Agreement on trade in goods** foresees a very high degree of liberalization and is underpinned by a set of strong and transparent rules.
- It includes a **Wines and Spirits Agreement** that will grant mutual respect of protected names and oenological practices, as well as increased market access on both sides.
- A **Sanitary and Phytosanitary Agreement** will facilitate trade in animals, animal products, and plants, while safeguarding public, animal and plant health.
- For the first time, a fully-fledged **free trade agreement in services** has been included in the Association Agreement that will apply to public procurement markets as well as to the liberalisation of investment.
- The Agreement also includes rules on competition, intellectual property and an effective dispute settlement mechanism.

The trade provisions of the Association Agreement are expected to generate considerable economic and commercial benefits by deepening the economic ties between the EU and Chile.

The provisions on the institutional framework, the trade in goods, government procurement, competition and the dispute settlement mechanism will enter into force once the EU-Chile Agreement has been adopted by the Chilean Congress. This also applies to the trade-related elements of the cooperation chapter. The provisions related to political dialogue, services, establishment, current payments and capital movements, intellectual property and cooperation require the ratification by both the European Parliament and the national parliaments of the EU member states before they can enter into force.

EuroChile Prize

EuroChile, a non-profit making foundation, was created in Chile in 1992 jointly by the EU and Chile. Its objective is to create, promote and consolidate economic, technological and commercial ties between the business communities and institutions of both sides. Among many other activities it awards the EuroChile Prize once a year to a Chilean and a European personality who helped bringing both business communities together.

Further details on the EU-Chile Association Agreement can be found on the following websites:

<http://europa.eu.int/comm/trade/bilateral/chl.htm>

http://europa.eu.int/comm/external_relations/chile/intro/index.htm

<http://europa.eu.int/comm/trade/pdf/chile.pdf>

CHILE

President: Ricardo Lagos
 Interior Minister: José Miguel Insulza
 Foreign Affairs Minister: Soledad Alvear



Population: 2001 15 Mio
 Area: (1000qkm) 2001 757 External DEBT 2000 (Mio eur): 29.800

Gross Domestic Product 2001 74 Bn euro Exports to GDP ratio: 26,4 %
 GDP Per Capita 2001 4.815 euro

| | 1998 | 1999 | 2000 | 2001 |
|------------------------------------|------|------|------|------|
| Real GDP (% growth) | 3,2 | -1,0 | 4,4 | 2,8 |
| Inflation rate (%) | 5,1 | 3,3 | 3,8 | 3,6 |
| Current Account Balance (% of GDP) | -5,1 | -0,4 | -1,4 | -1,9 |

GDP BY SECTORS (% share)

| | 1980 | 1990 | 1995 | 2000 |
|-------------|------|------|------|------|
| Agriculture | 7,3 | 8,7 | 9,2 | 10,5 |
| Industry | 37,4 | 41,5 | 35,3 | 33,5 |
| Services | 55,3 | 49,8 | 55,5 | 56,0 |

CHILE TRADE WITH THE WORLD (Mio ecu/euro and %)

| | 1980 | 1990 | 2001 | | 1980 | 1990 | 2001 |
|------------------|------------|------------|------------|------------------|------------|------------|------------|
| | 3.462 | 5.656 | 18.901 | | 3.243 | 6.595 | 19.662 |
| world* share (%) | 0,3 | 0,3 | 0,3 | world* share (%) | 0,3 | 0,3 | 0,4 |
| Trade balance | -219 | 939 | 605 | | | | |

EU TRADE WITH CHILE (Mio ecu/euro and %)

| Rank | 1980 | 1990 | 2001 | Rank | 1980 | 1990 | 2001 |
|-----------------------|------------|------------|------------|-----------------------|------------|------------|------------|
| 37 | 1.487 | 2.725 | 5.107 | 42 | 739 | 1.374 | 3.692 |
| Share of EU Total (%) | 0,5 | 0,6 | 0,5 | Share of EU Total (%) | 0,4 | 0,3 | 0,4 |
| | -748 | -1.351 | -1.415 | | | | |

MAIN PRODUCTS IN 2001 (Mio euro and %)

| Products | Value | Chile share of EU total by products | Products | Value | Chile share of EU total by products |
|------------------------|-------|-------------------------------------|------------------------|-------|-------------------------------------|
| Agricultural products | 1.424 | 1,7 | Agricultural products | 106 | 0,2 |
| Energy | 7 | 0,005 | Energy | 9 | 0,04 |
| Machinery | 49 | 0,02 | Machinery | 1.145 | 0,4 |
| Transport. Material | 8 | 0,01 | Transport. Material | 916 | 0,6 |
| Chemical products | 332 | 0,4 | Chemical products | 551 | 0,4 |
| Textiles and clothings | 2 | 0,002 | Textiles and clothings | 114 | 0,3 |

EU FOREIGN DIRECT INVESTMENT WITH CHILE (Mio ecu/euro and %)

| | 1998 | 1999 | 2000 | | 1998 | 1999 | 2000 |
|-----------------------|--------------|-------------|-------------|-----------------------|------------|------------|------------|
| | -9 | -82 | -3 | | 1.682 | 4.045 | 1.017 |
| Share of EU Total (%) | -0,01 | -0,1 | 0,00 | Share of EU Total (%) | 0,8 | 1,3 | 0,3 |
| | -1 | -1 | -4 | | 5.438 | 12.589 | 13.606 |
| Share of EU Total (%) | 0,00 | 0,00 | 0,00 | Share of EU Total (%) | 0,7 | 1,1 | 0,9 |