



## **REPORT ON THE 5<sup>TH</sup> ROUND OF NEGOTIATIONS BETWEEN THE EU AND CHILE FOR THE MODERNISATION OF THE TRADE PART OF THE EU CHILE ASSOCIATION AGREEMENT**

15 – 19 July 2019

The fifth round of negotiations for the modernisation of the Trade part of the EU-Chile Association Agreement took place in Brussels from 15 to 19 July.

There was very good progress in a significant number of chapters (TBT, Good Regulatory Practices, Customs and Trade Facilitation, Rules of Origin, Services, Competition, State Owned Enterprises, Anticorruption, Trade and Gender, Public Procurement, Trade Defence, Services, Trade and Sustainable Development and parts of the Investment provisions) with important progress on text. The chapters on SME's and State to State Dispute Settlement were concluded.

On other issues, such as market access offers for goods, intellectual property rights, Energy and Raw Materials, parts of the Investment chapter (notably the Investment Court System) or Subsidies the parties continued to exchange views allowing them to understand better their respective proposals.

Details:

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

The parties continued to discuss the market access offers and the provisions of the Trade in Goods chapter, resulting in good progress on the text outstanding provisions.

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

The parties continued to discuss Section A, where they achieved progress, but identified differences on their approach on cumulation rules. On Section B, they continued to work on the text on Self-Certification. The parties also started the discussion on Section C. There were also good discussions on the Product Specific Rules (PSR) with agreement in some sectors.

### **3. Customs and Trade Facilitation**

The negotiations continued to make progress, bringing the chapter closer to conclusion. However, certain issues, such as the provisions on custom brokers and on temporary admission will require further discussions.

#### **4. Technical Barriers to Trade**

The parties made good progress on several of the provisions of the chapter, notably on those related to Technical Regulations, Transparency, Technical Discussions and Consultations. Further discussions will be needed on Conformity Assessment, Marking and Labelling and Institutional Provisions.

#### **5. Sanitary and Phytosanitary Measures**

The parties continued to discuss the text, making progress in areas such as the provisions on Equivalence and Verifications, and Appendix V on determination of Equivalence and VI on Guidelines for Conducting Verifications. Furthermore, the parties agreed on increased cooperation on issues such as animal welfare and antimicrobial resistance. More discussions will be needed to agree on the specific content of these cooperation provisions.

#### **6. Investment**

The parties had constructive discussions and made progress in the consolidation of the Investment Chapter, in particular with regard to substantive investment protection provisions. The Parties will continue to discuss the structure of the chapter and how to achieve the appropriate level of ambition regarding investment liberalisation.

The parties also discussed the Investment Court System, notably the provisions on Amicable Resolution, Mediation and Consultations where they made progress.

#### **7. Trade in Services**

The parties reviewed and discussed all provisions on Cross-Border Trade in Services, Mutual Recognition, Transport, Mode 4, Telecommunications and Delivery Services. Progress has been significant in the areas of Mutual Recognition, Transport and Delivery Services, and also in Cross border trade in services and Telecommunications, where most provisions are consolidated. On financial services, progress is awaiting the result of further discussions on the overall architecture of the services and investment chapter.

#### **8. Digital trade**

The EU and Chile had productive discussions on digital trade and made progress on a number of provisions. Outstanding issues include cross-border data flows and privacy protection, and the non-discrimination of digital products.

## **9. Intellectual Property Rights**

The parties continued discussing IPR issues covering copyright and related rights, trademarks, industrial designs, civil enforcement and border measures. The parties made progress on trademarks, designs and civil enforcement and identified other relevant areas that will require further in-depth discussions.

On geographical indications, the EU provided further explanations on its provisions on the scope of protection, co-existence with previous trademarks and administrative enforcement of the protection. Furthermore, the parties exchanged further information on the EU GIs list.

## **10. Public Procurement**

Discussions continued on the consolidated text, in particular on how to reflect existing international standards on public procurement in the future chapter. Following the exchange of market access offers, the Parties had an initial discussion on them.

## **11. State Owned Enterprises**

The parties had good discussions and made progress during the round. Further internal consultation is necessary from both sides on a number of provisions.

## **12. Competition**

The parties continued discussing all remaining articles of the text, making good progress which translated into agreed text. Most provisions of the chapter are now agreed. For the remaining issues, the Parties exchanged clarifications and will conduct internal consultations before the next round.

## **13. Subsidies**

The parties discussed all aspects of the text, allowing them to better understand each other's positions notably on their different views on services subsidies and agricultural subsidies. The Parties agreed to make internal consultations before the next round.

## **14. Trade Defence Instruments**

The parties had constructive discussions which allowed them to resolve various pending issues. Further reflection is needed on non-preferential rules of origin, transparency and the least disturbing measure in global safeguards. In addition, further discussions are needed on some aspects of the bilateral safeguards, notably those linked to market access such as the transition period or the duration of measures.

## **15. Trade and Sustainable Development**

Detailed discussions took place on the thematic (labour and environment) elements of the text proposals of the parties, which allowed them to make progress in consolidating these provisions. In general, there is a good deal of common ground, but there is a need for further discussion on some aspects, notably the architecture of the chapter.

## **16. Trade and Gender**

The parties made significant progress on several articles, reaching a good level of convergence, for example, in relation to general provisions and cooperation activities. Further work is still needed on certain proposals on commitments and on compliance mechanisms.

## **17. Good Regulatory Practices**

The parties continued discussing the EU proposal and made substantial progress on many articles. Areas that saw good progress were, for instance, those relating to General Principles, Transparency, Public Consultations, Regulatory Register or Exchange of Information on Good Regulatory Practices. Further discussions are needed on the scope of the chapter and on the provisions on impact assessment.

## **18. Energy and Raw Materials**

There were constructive discussions in this area which allowed consolidating the text to provide the basis for further discussions and eventual agreement on text, including on the issue of ERM dialogues and a number of energy-investment related articles.

## **19. Transparency**

The parties continued to discuss their respective text proposals, resulting in a common understanding of the principles and objectives of the Transparency chapter.

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

The parties discussed the EU text proposal for the trade-specific horizontal provisions of the Association Agreement and identified many commonalities and similar approaches.

## **21. Anticorruption**

The parties made good progress in the discussion of the text and agreed on a number of articles, in particular relating to the prevention of corruption in the public sector (Section V). Further work is needed on the articles relating to financial reporting and money-laundering. The parties had a first exchange of views on the EU proposal for a dispute settlement mechanism for anti-corruption matters.