EU and Chile strengthen a comprehensive political and trade partnership

Today, the European Union and Chile have concluded negotiations on the EU-Chile Advanced Framework Agreement at a meeting between the Executive Vice-President and Commissioner for Trade Valdis Dombrovskis and the High Representative/Vice-President Josep Borrell, with the Chilean Minister of Foreign Affairs, Antonia Urrejola.

This landmark agreement is of key geopolitical importance: with the new Advanced Framework Agreement, the EU and Chile take their partnership to the next level to strengthen political dialogue, deepen cooperation and foster trade and investment opportunities. In particular, the agreement puts shared values such as human rights, sustainable trade and gender equality at the core of EU-Chile relations. It strengthens EU-Chile cooperation on shared global challenges, such as the fight against climate change and the environment.

Closer economic ties with Chile will allow the EU to diversify and strengthen its economic resilience, while increasing opportunities for EU exports and investments. Better access and sustainable investment in critical raw materials such as lithium will contribute to advancing our shared ambition for a green transition.

Boosting trade and investment

The agreement will deepen EU-Chile trade and investment relations and provide new opportunities for EU businesses in Latin America's fifth largest economy:

- 99,9% of EU exports will be tariff free, which is expected to increase EU exports to Chile by up to 4,5 billion euros.
- Greater access to raw materials and clean fuel crucial for the transition to the green economy, such as lithium, copper, and hydrogen.
- Easier for EU companies to provide their services in Chile, including in delivery, telecommunications, maritime transport and financial services.
- Same treatment for EU investors in Chile as for Chilean investors, including in the energy and raw material sector, and vice versa.
- Improved access for EU companies to Chilean government procurement contracts for goods, services, works and works concessions, and vice versa.
- A dedicated chapter on small and medium enterprises to help ensure that smaller businesses fully benefit from the agreement, including by cutting red tape.

A strong commitment to human rights, sustainability and innovation

The agreement will contribute to the EU and Chile's shared ambition of developing a fruitful partnership based on sustainability and shared values, through:

- New full-fledged articles on democratic principles, human rights and rule of law which enshrine core shared values at the heart of EU-Chile cooperation.
- Extending the political dialogue to include international peace, justice and security.
- A renewed focus on science, technology, research and innovation.
- An ambitious Trade and Sustainable Development chapter confirming the Parties' commitment to International Labour Organization standards and to the Paris Agreement.
- A dedicated Trade and Gender chapter, with commitments to eliminate discrimination against women.
- A chapter on Sustainable Food Systems, with the objective of making food supply chains more sustainable and resilient.

Next Steps
The modernised EU-Chile Agreement will be composed of two parallel legal instruments:

1. the Advanced Framework Agreement, that will include a) the Political and Cooperation pillar and b) the Trade and Investment pillar (inclusive of investment protection provisions), subject to ratification by all Member States; and

2. an Interim Free Trade Agreement (iFTA) covering only those parts of the trade and investment pillar of the Advanced Framework Agreement that are of EU exclusive competence (i.e., not including the investment protection provisions), to be adopted through the EU-only ratification process. The iFTA will expire when the Advanced Framework Agreement enters into force.

As a first step, both the EU and Chile will proceed with the legal verification of the agreement. Following that, the EU will propose the Advanced Framework Agreement and the iFTA for conclusion and ratification.

**Background**

The EU and Chile concluded an Association Agreement in 2002, which includes a comprehensive trade agreement that entered into force in February 2003 covering EU-Chile trade relations. EU-Chile trade in goods grew by 163% between 2002 and 2021. EU goods exports to Chile grew by 284% in the same period.

The EU and Chile agreed to modernise the Association Agreement and replace it with the new generation Advanced Framework Agreement that reinforces and deepens their bilateral relationship.

The Agreement is a concrete expression of the EU and Chile's political will to work more closely together and a key building block of a renewed bi-regional partnership under the framework of the EU-Latin American and Caribbean Road 2023. It responds to new priorities and global challenges that have emerged since the signature of the current Association Agreement 20 years ago.

**For More Information**

- EU-Chile Joint Communique
- Factsheet - EU-Chile external relations (EN) (ES)
- Factsheet – EU-Chile Advanced Framework Agreement
- Factsheet – Sustainability in the Trade Part of the EU-Chile Advanced Framework Agreement
- Infographic – EU-Chile trade
- EU-Chile Agreement Trade part webpage
- EU-Chile Agreement Trade part explained
- Summary of the trade part of the Agreement
- EU-Chile trade relations

**Quotes:**

We have today taken our already close partnership with Chile to the next level. This agreement will create new opportunities to support economic growth on both sides, underpinned by much stronger protection of the environment and climate, labour rights, gender equality and food systems. 99% of trade will be tariff-free. Our new trading rules will ease investments and also provide greater opportunities for SMEs on both sides. This modern, dynamic agreement reflects our shared ambition of building greener economies, including cooperation on raw materials and clean sources of energy.

Valdis Dombrovskis, Executive Vice-President and Commissioner for Trade - 09/12/2022

This year marks the 20th anniversary of the Association Agreement with Chile, and today we are opening a new chapter in our privileged partnership. At a time of unprecedented geopolitical challenges, with this new Advanced Framework Agreement we are modernising and updating our relationship to match our shared ambition and deepen our political dialogue, cooperation, and economic relationship. The new agreement places joint values such as human rights, sustainability and the fight against climate change at the heart of the partnership. This landmark agreement also provides the foundation for closer cooperation on justice, peace and security matters and will foster the connection between people, businesses and civil society from the EU and Chile for decades to come.

High Representative/Vice-President Josep Borrell - 09/12/2022
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### Related media

- Pictures of EU, Chilean and Mexican flags