

Brussels, 26 April 2002

Statement of Commissioner Lamy announcing agreement on EU-Chile Free Trade negotiation within Association Agreement

Following weeks of intense negotiations between our respective teams and between ourselves, Foreign Minister Soledad Alvear and I met today in the hope of finalising a deal.

On behalf of the European Commission - my colleague Chris Patten is not able to be with us and I speak for him too, I am delighted to be able to report to you that we have reached agreement at our political level on a very ambitious Association Agreement between the EU and Chile. The Agreement incorporates a Free Trade Area, a political dialogue and extensive co-operation aspects. It will constitute the ideal framework for our bilateral relations for years to come.

With today's agreement, the way is now open for our respective Presidents to announce the Agreement at their level on the Association Agreement at the EU-Latin America summit in Madrid in mid-May.

In this last round we have concentrated on finalising the trade pillar which has proved complex and time-consuming due to the high level of ambition we have set ourselves.

As you know, the Commission negotiates on behalf of its 15 Member States in the Council of Ministers. And although the Member states have been very closely involved in this negotiation, we must of course formally present them with the detailed results once the relevant legal and procedural steps have been completed and the results of the negotiation are initialled. We must secure the formal Agreement of the Member states and the European Parliament before the Association Agreement can be signed and enter into force. I know the Chilean side Minister Soledad Alvear will also have similar procedures to go through.

Consequently, we hope you will understand that we need to inform them first of the details of the deal that has been reached today and this will condition the level of detail that we can make public at this stage. I want to recall the considerable support that the Member states have lent to this process throughout the negotiation. They have been at the Commission's side throughout and we trust that they will deem the results achieved to be acceptable. We believe it is a good deal for both sides and I am grateful to Minister Alvear and her team for the very constructive spirit in which these talks have been held. And I also wish to underline the important rôle played by President Lagos who has been a consistent supporter of closer EU-Chile relations for so many years. I had the opportunity to confirm this only last February in Santiago and indeed our meeting contributed to helping us overcome the outstanding obstacles in this negotiation.

Our negotiation has delivered the most ambitious and innovative results ever for a bilateral agreement by the EU. This is a « fourth generation plus » agreement. The agreement covers all the areas of our trade relation going well beyond our respective WTO commitments :

- a **Free Trade Agreement in goods** covering all sectors, notably industrial, fisheries and agricultural goods,; this reflects both a very high degree of liberalisation and our respective levels of development ;
- Linked to the FTA in goods :
 - a **Wines and Spirits Agreement** that will grant a high level of mutual protection to Geographical Indications and Traditional Expressions and increase market access on both sides, in particular for quality wines.
 - a **Sanitary and Phytosanitary Agreement**, which will facilitate trade in animal and animal products, plants, while safeguarding public, animal and plant health.
 - And, an ambitious **trade facilitation agenda** in the area of customs and related matters
- For the first time we have concluded a fully-fledged **free trade agreement in services**.
- For the first time we also have included an **investment agreement** that will ensure to encourage FDI flows in both directions
- An ambitious agreement on a very wide opening up of **public procurement** markets.
- Rules on **competition and intellectual property**, and an effective **dispute settlement system**

We are confident that through this Agreement considerable economic and commercial benefits will be derived by both the EU and Chile. We already enjoy a healthy trading relationship – the EU is Chile's principal trading partner and foreign investor. This relationship is now set to gain significant momentum from the extensive deal we have agreed. The EU expects its position as first investor to be consolidated, in particular as Chile's main services provider. On its side, Chile will have access to the biggest consumer market in the world.

When this negotiation was launched in April 2000, it was a tall order to think that we could complete it within such a short period. But the political will injected by both sides, the target of the II EU-Latin America summit and the gentle encouragement of the Spanish Presidency have all contributed making an announcement of this deal possible in Madrid in a few weeks.

And above all it is the clearest possible signal we can send that Europe's relations with Chile and with Latin America as a whole are very much our priority. It gives an important signal to all our partners that we mean business and deliver on our commitments.

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