

SUSTAINABILITY IMPACT ASSESSMENT OF THE MODERNIZATION OF THE TRADE PILLAR OF THE EU-CHILE ASSOCIATION AGREEMENT

Dialogue with Stakeholders in Chile

INCEPTION REPORT PRESENTATION

Date: Tuesday, July 31st, 2018.

Time: 15:00 – 17:00.

Location: Center for Advanced Studies, PUCV, room 302, Antonio Bellet 314, Providencia, Santiago.

Speakers: Derk Bienen and Dante Pesce, team leaders, SIA Team.

Panel presentation

In the opening remarks, Dante Pesce welcomed all participants and emphasized the importance of their presence for the study, as this allows the study team to detect positive and negative impacts and risks as well as possible means of implementation and tracking mechanisms under the modernized agreement. Also, workshop participants and SIA team members presented themselves. Derk Bienen also highlighted the independence of the study.

The opening remarks were followed by the presentation of the inception report¹ focusing on (1) presentation of the SIA concept, (2) methodology for analysing the modernized agreement's impact across the four sustainability pillars; (3) the methodology and results of the selection of economic sectors and topics for sector studies and cases studies; and (4) the consultation plan. The corresponding slides are available from the SIA website.²

Discussion highlights / questions and replies

To start the discussion, Dante Pesce asked for reactions and expectations as well as how stakeholders could assist the study team so that the findings, results and recommendations would be as robust as possible, including enhancing implementation means of Chilean commitments possibly made under the modernized agreement.

Fedetur pointed out that child labour was not an issue present in the Chilean tourism sector, considering the existing legislation and control mechanisms. Hence, its presence in the study should be revisited. Additionally, Fedetur asked for more

¹ <http://trade-sia-chile.eu/images/reports/ Inception-Report-EU-Chile-SIA-2018-07-20.pdf>.

² <http://trade-sia-chile.eu>.

regional presence of study consultations. The **SIA Team** clarified that child labour is raised just as a potential issue to be considered in the course of the analysis. Furthermore, the team stated that regional workshops were planned to be carried out in Iquique, Valdivia and Valparaiso, and that some resources had been set aside to allow for the presence of key regional stakeholders in the main SIA workshop planned for late September in Santiago.

The **Observatorio Ciudadano** mentioned the importance of screening of international standards (in relation to social, environmental and human rights themes) subscribed by Chile, as well as a review of sectorial legislation with regard to environmental issues, such as the Water Code and biodiversity. Avocados and salmon farming were mentioned interesting cases. The **SIA Team** agreed and confirmed its awareness for the potential changes that could occur in these areas.

The **Observatorio Ciudadano** also asked to clarify the participatory mechanisms foreseen for indigenous peoples. The **SIA Team** acknowledged the importance of indigenous peoples' participation stating that they had been defined as key stakeholders to be in-depth interviewed, and that Valdivia also had been chosen as a proposed workshop location for that reason. Moreover, a number of sectors to be addressed in the study, such as non-metallic mining, lithium in particular, had been selected with a view to their potential impact for those communities.

The **Observatorio Ciudadano** suggested including hydroelectricity specifically in the sectorial analysis, considering the impact on local communities and that main investors are European. The **SIA Team** agreed on the relevance of including the sector in the analysis which had already been included as part of the renewable energy case study.

Finally, the **Observatorio Ciudadano** also suggested for the study to address how migrants' rights might be impacted by the modernised agreement. The **SIA Team** responded that such an analysis was indeed part of the social and human rights assessment.

SOFOFA requested clarification about the modernization impact in terms of obligations and expected legislative changes in Chile. The **SIA Team** explained that such regulatory changes emanating directly from the modernized agreement were not currently foreseen. It was also to be noted that Chile and EU are using the same language and have subscribed to the same international norms, but that implementation of these norms might vary.

Acción de ONG stated that the implementation of the current agreement was insufficient: For participatory mechanisms as well as the Joint Consultative Committee (JCC) it took 14 years to be established. In that context, Acción suggested that civil society engagement and participation institutions should be a critical outcome of the study. The **SIA Team** agreed that this issue could be an important area of the modernization as the alignment of the EU and Chile with regard to international conventions and standards would be unlikely to require changes in the legal framework. Nonetheless, implementation differs and it would need to be studied how implementation mechanisms could be improved. The team also pointed out the absence of textual proposals about institutional issues, which makes an assessment of the impact on implementation mechanisms difficult. Therefore, the collaboration with stakeholders was an important input for the study in this regard.

Acción de ONG also requested clarification about the absence in the scope of the agreement's modernisation of the European Consensus on Development, which includes an integral vision on Sustainable Development, and called attention to the

fact that the cooperation pillar was not included in the study. The **SIA Team** stated that with Chile no longer being a developing country the European Consensus on Development was not directly applicable to the negotiations. However, in line with the EU's policy coherence principles its inclusion was implicit. Moreover, the Trade for All agenda incorporates the SDGs framework.

Conapyme mentioned that that EU had requested the elimination of the JCC as a participatory mechanism under the modernised agreement. The **SIA Team** responded that to its knowledge such a request had not been made and the aim of the modernisation was also to improve the existing institutional framework established under the agreement.

Wines of Chile called to deepen the analysis of responsible business conduct not just in terms of references covered but also with regard to policies and an analysis of practical implementation, notably of EU investors in Chile. The **SIA Team** stated that this was planned and that the recent publication of the OECD Due Diligence Guide for Responsible Business Conduct would constitute an important source, also for the analysis of companies' role and impact on global supply chains.

Topics suggested by stakeholders to be included in the study

The following topics were suggested by stakeholders to be covered by the study:

1. Hydroelectricity.
2. Avocado.
3. Salmon farming.
4. Pharmaceuticals and Intellectual Property.
5. Public procurement.
6. Forestry sector.
7. Migration.
8. EU investment and responsible business conduct.

The SIA Team will consider the scope of addressing these topics as the research progresses and incorporate them in the study whenever there is a causal link between the modernisation of the agreement and the topic considered.

Annex: Participants

#	Name	Organization	Position
1	Diego Fernandez	Fedetur	Secretary General
2	Roberto Zúñiga	Conapyme	Director
3	Marcela Bravo	Acción Empresas	General Manager
4	Martín Pascual	CENDA	Investigador
5	Patricio Parra	Wines of Chile	General Manager Consortium R&D
6	Paulina Acevedo	Observatorio Ciudadano	Coordinadora
7	Pablo Bobic	CPC	Legal Manager
8	Giovanni Sgaravatti	EUD	Intern
9	Rodrigo Mujica Rodriguez	Chamber of Commerce of Santiago	Gerente de Asuntos Internacionales y Servicios Empresariales
10	Miguel Santibañez	Acción de ONG	Director
11	Verónica Torres	Chamber of Commerce of Santiago	Sustainability Committee Manager
12	Rodrigo Zamora	SONAPESCA	Technical and Studies division
13	Pedro Reus	SOFOFA	International Affairs Manager
14	Dante Pesce	Vincular / SIA Team	Director
15	Pablo Badenier	SIA Team	Senior Environmental expert
16	Pablo Lazo	SIA Team	Senior Social expert
17	Sebastián Donoso	SIA Team	Senior Human Rights expert
18	Ingrid Koch	Vincular	Operations Manager
19	Carolina Hoyl	Vincular	Development Manager
20	Jan Heran	SIA Team	Coordinator
21	Derk Bienen	SIA Team	Coordinator