ASSOCIATION FOR DEVELOPMENT AND INNOVATION
ROAD MAP AND WORK PROGRAMME FOR THE EU AND CHILE

Introduction

The EU and Chile enjoy a generally excellent relationship, entailing a wide range of contacts, coordination and dialogue in the political, trade and cooperation fields. This relationship has been strengthened by the comprehensive Association Agreement (AA), signed in 2002 and fully in force since March 2005. There are also EC-Chile agreements on Chemical Precursors, Science and Technology, and Air Transport. The Association for Development and Innovation (ADI) is a political initiative designed to project the Association Agreement towards the future. The ADI should permit the AA to meet the challenges which emerge from the new regional and world reality and to prioritise concrete projects in areas that are central to our development strategy and that have a real social and regional impact. This bilateral initiative is, thus, a joint enterprise which is in the mutual interest of both parties.

Chile and the EU have a shared outlook on many areas of domestic and international policy. We work together effectively within the EU-LAC framework, and share a profound commitment to supporting political stability in Latin America. Political dialogue meetings at all levels take place regularly, in addition to a wide range of technical meetings, dialogues and other exchanges of views. The content of the cooperation is detailed in the Appendix.

The ADI is a response to two aspects of EU-Latin American relations: firstly, the recognition by the EU of the positive impact on the bi-regional relationship that results from Chile´s role as an active protagonist in the Latin American region; and secondly, Chile's wish to see the EU have a growing presence in the LA region. For these reasons, the ADI constitutes an expression of the priority that Chile gives to the EU in its external policy.

The ADI is a bilateral initiative with a regional dimension. It can deepen not only the EU-Chile relationship but also relations at bi-regional level. This can be achieved through enhanced EU-Chile policy dialogue with a regional dimension, for example through coordination and cooperation to help LA countries fulfil the Millenium Development Goals. Other areas of dialogue could include promoting policies fostering economic growth, social cohesion, good governance, institutional and democratic development and political stability. The ADI can also facilitate the implementation of joint projects in the field of innovation that enhance investment opportunities for EU and Chilean firms as well as increasing the added value of trade flows. This method of combining political and economic initiatives can also serve as a model for similar kinds of initiatives between the EU and other countries of the region.

Background

Recognising the value and unique nature of the bond between Chile and the EU, President Bachelet proposed in Lima in May 2008 the establishment of an EU-Chile Association for Development. This initiative launched a period of intense contacts and reflection at all levels in Brussels and Santiago in order to map out the details. By December 2008, there was a shared understanding that the bilateral political initiative should launch a new agenda of a result-oriented policy dialogue and cooperation, set firmly within the provisions and

institutions of the AA, simultaneously highlighting the scope and benefits of the Agreement and creating opportunities to share experience and good practices with other Latin American countries. Two non-papers were prepared as both parties exchanged ideas for taking forward what by March had been re-named the Association for Development and Innovation (ADI).

This confirmed that the ADI is an integral part of the EU-Chile AA. The AA remains the valid and appropriate bilateral framework with a great potential that has yet to be fully developed. In this sense, the ADI is an instrument that emerges from the AA for its better and full application. This initiative does not create a new institutional framework. No new resources are needed to finance specific projects in the framework of the ADI.

At the IVth EU-Chile Association Council in Prague in May 2009, Ministers agreed to work speedily towards the establishment of the ADI. Particular emphasis was placed on promoting policies and engaging in specific activities to stimulate economic growth and social cohesion. It was agreed to focus initial efforts on two relevant areas, namely Education and Energy, Environment & Climate Change, with innovation as a cross-cutting theme. Foreign Minister Fernández confirmed in August Chile's strong interest in formalising the ADI speedily, underlining that this would permit the parties to enrich the shared agenda with a clear projection towards the future. The EU recognised that this would send an important political signal and trigger a further intensification of cooperation at all levels within the framework of the AA as well as highlighting the ambitions and scope of that Agreement. It was agreed that the ADI could be established formally during the 7th meeting of the EU-Chile Association Committee in Brussels on 15 October 2009.

Positive Impact on EU-Chile Relations

The stepping-up of bilateral contacts since Lima has created a climate of renewed determination to tackle pending challenges. This allowed significant progress to be achieved in a number of areas.

- Chile and the European Investment Bank have agreed on the terms of a framework agreement which will allow the EIB to operate in Chile. The conclusion and signature of this agreement will confirm our shared commitment to the ADI, in which the EIB can play an important role by supporting investment in renewable energy among other areas.
- The importance attributed by both Chile and the EU to protecting and defending human rights has been confirmed by the establishment of regular Human Rights Dialogues, which kicked off in Santiago in April 2009. Further human rights consultations were held in September in Geneva, in the framework of the Human Rights Council.
- In June 2009, Chile ratified the Rome Statute establishing the International Criminal Court. The candidature of a Chilean judge for an ICC vacancy underlines Chile's commitment to engage fully in this important body.
- The intensified relationship has yielded progress in the field of Intellectual Property Rights with a second dialogue held in April 2009 and the decision to remove Chile from the EU priority list for cooperation on IPR matters.
- There has been progress in the area of protection of Geographical Indications, specifically in the field of wines and spirits where legislative improvements were adopted by Chile in February 2009.
- Both Parties are proceeding with the respective internal procedures to ratify their October 2008 agreement (the "Swordfish Understanding"), aimed at solving the long-standing and inter-linked disputes on cooperation in managing swordfish

stocks in the South East Pacific Ocean and securing access to Chilean ports for landings and/or transhipments for EU vessels fishing for this species on the high seas. Following ratification, each will proceed to withdraw the cases suspended in ITLOS and WTO respectively.

Challenges remain. But by confirming the value of the EU-Chile relationship and agreeing to work together to develop and deepen it further through the ADI, the parties are helping to sustain the positive climate in which future difficulties and differences of opinion are most likely to be resolved.

Work Programme : The way forward

In many respects, the ADI has provided a useful stimulus for enhanced EU-Chile cooperation and coordination. In formalising the ADI, and in order to ensure it has visibility, the 7th Association Committee could endorse the programme of work set out below.

On the one hand, this programme confirms and can make visible some activities already underway. For example, Germany and Spain are already involved in cooperation with the *Comisión Nacional de Energía*. Spain also has ongoing cooperation programmes of relevance to the key themes of the ADI with the *Comisión Nacional de Investigación Científica y Tecnológica* as well as in the field of professional training and lifelong learning with a special focus on ICT. The Commission Delegation and *Agencia Chilena de Cooperación Internacional* have been working intensively since May 2009 to identify and expedite the implementation of relevant projects which can be co-financed in framework of existing EC-Chile Financing Agreements on the basis of co-financing (50:50 Chile and the EC). The initial scope of actions of the ADI will be Energy, Environment and Climate Change; Education; and Innovation as a cross-cutting theme, and new resources are not required. Possible areas for cooperation include new areas of collaboration with the *Comisión Nacional de Energía*; providing European technical assistance and expertise to the *Comisión Nacional de Riego* to promote energy self-sufficiency among farmers in drought-prone areas in Southern Chile; the construction of a small-scale solar plant in Antofagasta; and supporting a system for developing and promoting regional innovation strategies in Chile´s regions, drawing on the experience and expertise of the EU´s Regional Strategy.

In these projects, EU participation will not rely only on the remaining funds within existing EC-Chile Financing Agreements. The EU can also contribute through the transfer of knowledge and experience (DG REGIO, DG TREN, Member States´ ministries and expert organisations). Moreover, it is important to highlight the fundamental role that the private sector and the European Investment Bank can play in financing projects in the framework of the ADI.

By intensifying cooperation in the above-mentioned areas and possibly others, and encouraging a coordinated but "variable geometry" approach, both Chile and the EU have much to gain. In addition, this work programme would commit the parties to explore some pending issues in a structured and result-orientated way. Triangular cooperation, for example, is envisaged in Art. 50 of the AA but has not had a high profile to date, although in reality Chile and the EU are already engaged in some very constructive triangular initiatives e.g. in the phytosanitary field and in relation to improving disaster preparedness at regional level. The ADI can allow the EU and Chile to expand our action to projects of triangular cooperation in specific areas in countries where Chile is already developing concrete projects related to experience in trade negotiations, good governance practices, modernization of the state, social development policies, education, public security,

innovation, agriculture and health, among others. Potential partner countries, where both the EU and Chile are already actively committed and engaged, include Haiti, Paraguay and Central American countries.

The regional dimension of the ADI also includes the task of improving and enhancing the bi-regional dialogue along the lines proposed by Minister Fernández in Prague. This could be done through the planned EU-LAC Foundation, as well as through the promotion of a triangular USA-EU-LA political dialogue. The ADI also offers ample scope for enhanced and better quality policy dialogue between the two regions in areas such as migration, drugs, lifelong learning and social cohesion.

Using the ADI as a way of giving added visibility to our relationship and its multiple benefits and advantages for both the EU and Chile can also have many positive spin-offs. Specific initiatives by Member States would also be able to acquire an enhanced visibility by taking advantage of the ADI "branding" and could also be included in the work programme in order to enrich and make it more comprehensive. Last, but not least, by committing to such a rolling or evolving work programme, the EU and Chile can also consolidate and take further our close partnership and enhance our effectiveness in the many policy areas where we have shared values.

Work Programme 2009-2010

I - Area	Actions
1. Energy, Environment and Climate Change	- Establish an EU-Chile Dialogue on Energy – first step will be a letter from Minister Tokman to Commissioner Piebalgs. - Identify and expedite implementation of one or more co-financed cooperation projects. - Cooperate to establish an EU-Chile network of companies and research centres in the field of renewable energies. - Work on a common approach towards Copenhagen.
2. Education and Life-Long Learning	- Work towards enhanced EU-Chile cooperation on Education and Life-Long Learning, starting with initial exchanges of views in Santiago between EU Ambassadors and relevant Ministries (Education, Labour) – building on respective areas of expertise / experience e.g. pre-school (Chile) and life-long (EU). - Identify and expedite implementation of one or more co-financed cooperation projects with EC and/or individual Member States.
3. Innovation	- Explore and exploit full scope for promoting innovation in the framework of the Science & Technology Agreement - Explore and take maximum advantage of the potential of financial institutions for promoting innovation
II - Modality	**Actions**
1. Reinforced policy dialogue	- Establish EU-Chile Dialogues in Energy, Education, Regional Policy.
2. Full exploitation of scope offered by Association Agreement	- Establish an informal working group in Brussels to identify potential further initiatives in the framework of the Association Agreement and prepare a joint report and recommendations for the IV Summit in May 2010.
3. Co-financed cooperation projects	- Identify and expedite implementation of projects to be co-financed in framework of existing Financing Agreements – up to €3.4 million remaining balance in NIP-1 (2007-10). - Ensure, in the framework of the Mid-Term Review, that NIP-2 (2011-13) includes scope for co-financing projects with an ADI projection.
4. Triangular Cooperation	- Establish a working group in Brussels to explore possible modalities for triangular cooperation involving EC funds. Potential beneficiaries include Haiti, Paraguay, Central American countries. - Ensure coordination between respective AGCI *mesa de cooperación* and these exploratory talks.
5. Visibility and dissemination	Step up joint efforts and commitment to give visibility in the EU, in Chile and in the rest of Latin America to the activities already underway in the framework of the Association Agreement using the ADI as a "brand" that can enhance recognition and understanding.

Appendix

EU-Chile Association Agreement and other EU/EC-Chile Agreements Committees and Dialogues – State of play at October 2009

Title	Next Meeting	Most Recent Events
SUMMIT (EU TROIKA) *A.A. - ART. 13*	IV - 19 May 2010, Madrid	III - 17 May 2008, Lima
ASSOCIATION COUNCIL *A.A. - ART. 3*	V - May 2011, Chile	IV - 14 May 2009, Prague
ASSOCIATION COMMITTEE *A.A. - Art. 6*	7th - 15 October 2009, Brussels	6th - 18 December 2008, Santiago
JOINT PARLIAMENTARY COMMITTEE *A.A. - Art. 9*	XI – 27 October 2009, Valparaíso	X - 25 March 2009, Strasbourg
JOINT CONSULTATIVE COMMITTEE *A.A. - Art. 10*	--	Not yet established.
Special Committee on Customs Cooperation & Rules of Origin *A.A. - Art. 81*	March 2010, Brussels *(to be confirmed)*	10 March 2009, Santiago
Special Committee on Standards, Technical Regulations & Conformity Assessment ("TBT Committee") *A.A. - Art. 88*	7th - 25 September 2009, Videoconference	6th – 26 November 2008, Videoconference
Joint Management Committee on Sanitary and Phytosanitary Measures etc. *A.A. - Art. 89 and Annex IV Art. 16*	VII – 25-26 November 2009, Brussels	VI – 26-27 November 2008, Santiago
Working Group on Animal Welfare *A.A. - Art. 89 and Annex IV Art. 16*	6th – 24 November 2009, Brussels	5th – 25 November 2008, Santiago

Joint Committee on Trade in Spirits ***A.A. - Art. 90 and Annex VI Art. 17***	3rd - 12 October 2009, Brussels	2nd – 10-12 January 2008, Santa Cruz, Chile
Joint Committee on Trade in Wines ***A.A. - Art. 90 and Annex V Art. 30***	4th - 12 October 2009, Brussels	3rd – 10-12 January 2008, Santa Cruz, Chile
Dialogue with civil society ***A.A. – Art. 11***	Ongoing	Seminar on Mid-Term Review of CSP, 24 April 2009, Santiago
Dialogue on Employment and Social Policy ***A.A. – Art. 44***	--	III – 17-19 November 2008, Santiago
Dialogue on Intellectual Property Rights ***A.A. – Art. 32***	--	II – 22 April 2009, Santiago
Dialogue on Energy ***A.A. – Art. 22***	--	Not yet established : awaiting letter from Chile
Dialogue on Environment and Climate Change ***A.A. – Art. 28***	--	Not yet established – could be combined with Energy.
Local Dialogue on Human Rights ***A.A. – Art. 1***	March or April 2010, Santiago	21 & 24 April 2009, Santiago
Science & Technology Steering Committee ***EC-Chile S&T Agreement Art. 6***	April 2010, Santiago	24 April 2009, Brussels
Joint Follow-Up Group on Chemical Precursors ***EC-Chile Agreement on Precursors etc. Art. 9***	--	Not yet established.