

SUMMARY OF UK-CHILE ASSOCIATION AGREEMENT

On January 30th, 2019, the United Kingdom (UK) and Chile entered the UK-Chile Association Agreement, a trade continuity agreement that will ensure British businesses and consumers benefit from preferential trading arrangements with Chile once the UK leaves the European Union (EU).

What does the agreement cover?

The agreement is meant to establish a political and economic association between the two countries in order to protect a trade flow of £1.8 billion (in 2017). It is also meant to replace the EU-Chile Agreement after the UK leaves the EU.

The agreement covers:

- trade in goods and services, including provisions on rules of origin, preferential tariffs and quotas
- intellectual property
- geographical indications
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The UK-Chile Association Agreement will help strengthen the trading relationship between Chile and the UK as it will grant businesses and consumers certainty. By entering this agreement, both countries ensure that there is no disruption of their trade flow. Additionally, UK manufacturers will benefit from preferential access to the Chilean market to sell their goods, and UK consumers will benefit from lower prices on Chilean goods as well as more choice on products like wine, fruits and nuts.

The UK-Chile Association Agreement replicates some elements of the EU-Chile Agreement, such as provisions on political dialogue, increased economic ties and other forms of cooperation between the two regions on issues like human rights.

Then International Trade Secretary Dr. Liam Fox commented on the event saying: “Today we have signed an important trade continuity agreement as we prepare to leave the EU. This will ensure there is no disruption to British business exporting to Chile after we leave the EU”.

When will the agreement enter into force?

The UK ceased to be a member of the political institutions of the EU on January 31st 2020. However, it will continue to be treated as a member of the single market and customs union until December 31st, 2020, which is the end of the transition period following its departure from the EU. The EU also requested that third countries with EU trade agreements treat the UK as a member state during this period.

Thus, the UK-Chile Association Agreement will not enter into force while the EU-Chile Agreement continues to apply to the UK.

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