

Press release: UK and Chile sign continuity agreement

This trade continuity agreement will see British businesses and consumers benefitting from preferential trading arrangements with Chile after we leave the European Union.

Her Majesty's Ambassador to Chile Jamie Bowden signed the UK-Chile agreement in Santiago today (Wednesday 30 January) with Chilean Foreign Minister Roberto Ampuero.

The news has been welcomed by the Wine and Spirit Trade Association, which confirmed that this is important to protect parts of the UK's wine industry, which contributes almost £19 billion to the UK economy supporting around 190,000 jobs.

This trade continuity agreement has been agreed as we prepare to leave the EU on 29 March, and we expect to sign a number of other agreements due to be agreed in the coming weeks.

This certainty will help to further strengthen the trading relationship between the UK and Chile which was worth £1.8 billion and grew by 11% in 2017.

UK manufacturers benefit from preferential access to the Chilean market to sell their goods, and UK consumers benefit from lower prices on Chilean goods, such as wines, fruits and nuts and other products.

Trade in goods and services between the UK and Chile has grown by 9% per year on average since the agreement was provisionally applied in 2003. UK exports to Chile have grown by 16% on average each year and a total increase of 351% since the agreement was provisionally applied.

The agreement also protects intellectual property rights and maintains preferential market access for trade in services.

It will also allow British and Chilean companies to bid for some public sector contracts in each other's countries, helping to create jobs and deliver better value for taxpayers.

International Trade Secretary Dr Liam Fox said:

Today we have signed an important trade continuity agreement as we prepare to leave the European Union. This will ensure there is no disruption to British business exporting to Chile after we leave the EU and will mean consumers continue to benefit from low prices and more choice on supermarket shelves.

Our trading relationship with Chile continues to go from strength to strength, with exports rising over 20% to almost £1 billion last year. This free trade agreement will allow trade to continue as freely as it does currently and will help to strengthen our trading relationship even further.

Her Majesty's Ambassador to Chile Jamie Bowden said:

The UK and Chile enjoy a long-lasting trade relationship. The UK is still working to achieve an agreement with the European Union on the terms of our departure. The success of those talks will determine whether the current EU-Chile agreement ceases to apply to the UK at the end of March this year, or at the end of an Implementation Period.

In either scenario, the agreement we have signed today means that there will be no disruption to UK-Chile trade as the UK leaves the EU.

A spokesperson for the Wine and Spirit Association said:

The WSTA welcomes the signing of the UK Government's continuity trade agreement with Chile.

It is imperative for the UK wine industry that trade with Chile remains undisrupted. In the last 12 months UK consumers bought the equivalent of 105 million bottles of Chilean wine with sales worth some £720 million. That amounts to about 9% of the total UK still wine sales by volume and 8% by value.

The agreement avoids unnecessary tariffs which will ultimately save consumers money. Without this agreement tariffs added to wine from Chile coming to the UK would cost industry an estimated £9.2 million.

The new UK-Chile agreement replicates the existing trading arrangements as far as possible. It will come into effect as soon as the implementation period ends in January 2021, or on 29 March 2019 if the UK leaves the EU without a deal.

POLITICAL DECLARATION:

The UK International Trade Secretary Dr Liam Fox and Minister of Foreign

Affairs for Chile, Mr. Roberto Ampuero have agreed the text of the Agreement establishing an Association between the United Kingdom of Great Britain and Northern Ireland and the Republic of Chile (UK-Chile Agreement). This agreement replicates the effects of the existing EU-Chile Association Agreement to ensure continuity in the trading relationship between Chile and the UK when the UK ceases to be bound by that Agreement. In signing the UK-Chile Agreement, both parties have ensured certainty for businesses, consumers and investors following the UK's withdrawal from the EU.

In light of this success, in all situations, both countries reaffirm their ambition to further enhance and modernise the thriving trading relationship between Chile and the UK in the future. This Agreement will pave the way for an ambitious relationship between Chile and the UK's complementary economies. With bilateral trade already worth £1.8 billion in 2017, the Ministers approve both countries aiming to develop the economic and trading relationship, endeavouring to deepen links in key sectors. The UK-Chile Agreement includes mechanisms for the UK and Chile to enhance this agreement. The UK and Chile can also enhance their trading relationship through the UK's potential accession to the CPTPP, which Chile would be keen to support.