



CICLO DE CONVERSATORIOS
ACUERDO DE ASOCIACIÓN
CHILE - UNIÓN EUROPEA



SEGUNDO CONVERSATORIO
LA MODERNIZACIÓN DEL ACUERDO
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Partnership Agreement Chile – European Union – Panel Discussion Series

Background Paper for the Panel Discussion
Trade and SMEs Chapter
(Trade Pillar)

Thursday, November 23rd, 2017 in Santiago

As required by its rules, the European Union has carried out both an internal and external exercise to evaluate the impact on trade of modernizing the Partnership Agreement between Chile and the European Union as a way of justifying its decision to launch the modernization negotiations¹.

To summarize, the impact assessment's preliminary conclusions with regards to SMEs include the following points:

- Empirical research shows that SMEs with greater participation in international markets tend to report higher billings and greater growth and be more productive than their counterparts.
- In Chile, the three subsectors that have shown strongest growth in terms of exported values (fruits, vegetable and dried fruits; beverages and tobacco, and other food products) are also those that include the greatest levels of participation by SMEs in terms of exports to the European Union in 2014.
- Likewise, in a scenario of greater openness, an increase in Chilean exports in the sectors of recreation, communication, transportation and other services, all of which include half of all Chilean SMEs, is expected. This indicates that the modernization of the current Partnership Agreement between Chile and the European Union would represent an important opportunity to increase Chilean SME exports to the European Union, which in turn would have a positive impact for a large number of Chilean SMEs.

¹ The ex ante impact assessment carried out by the European Union can be found here:

- Executive Summary: <http://data.consilium.europa.eu/doc/document/ST-9736-2017-INIT/es/pdf>
- Full Document: <http://data.consilium.europa.eu/doc/document/ST-9735-2017-INIT/en/pdf>
- External Study: <https://publications.europa.eu/es/publication-detail/-/publication/c2fa1e63-3c3e-11e7-a08e-01aa75ed71a1>
- The public survey carried out by the European Union and other details on the Partnership Agreement between Chile and the European Union can be found here: <http://acuerdouechile.eu/> and <http://acuerdouechile.eu/resources/>



- Among the challenges that Chilean SMEs face in order to access the European market is the development of supply and demand that is sustained along time, in addition to the specific requirements of the European market.
- Chilean SMEs highlight as a key factor in facing up to these challenges the generation of instances in which there is a transfer of knowledge from the EU to Chile in several sectors including digitization and industry 4.0, the sustainability of SMEs, access to global value chains, and associativity, among others.²
- SMEs will benefit from a modernized agreement that will facilitate doing business. SMEs will benefit from all of the chapters—market access, technical and sanitary standards, customs procedures, public procurement, etc.—because the themes that affect SMEs are crosscutting in nature.
- The following could be included among the types of benefits to SMEs: the simplification of customs procedures, the reduction of costs associated with non-tariff barriers to trade, or the strengthening of regulatory cooperation and convergence with international standards.
- Additionally, the EU proposes a chapter on SMEs that will ensure specific benefits for these enterprises, including greater access to information on market access (one of the main barriers faced by SMEs) and the possible establishment of an appropriate institutional structure so that SME interests are taken into account during the agreement’s implementation.
- In summary, the modernization of the Agreement will contribute to the development of SMEs via: 1) greater cross-investment flows; 2) strengthened trade between both parties, especially the SME sector, and; 3) instances of collaboration and exchange of knowledge and best practices.

Questions

- Do you agree with the preliminary evaluation mentioned above of the possible impact on SMEs of the modernization of the Partnership Agreement between Chile and the European Union and, therefore, with the importance of including a chapter dedicated to SMEs as an integral part of this new agreement?
- How does your sector perceive the contribution of the modernization of the Partnership Agreement between Chile and the European Union to the development and internationalization of SMEs?
- Does your sector or company currently face any difficulties related to SME access to the European Union market?

² While considering a scenario of greater openness, it is also important to consider the efforts Chile is making to bolster the internationalization of SMEs that provide services such as engineering, technological development, among others, and the very development of the creative industry. Additionally, the European Union has the instruments to provide support in this direction, including the Europe Enterprise Network, which maintains links with Chile via Eurochile. On this event’s website at <http://acuerdouechile.eu/resources/> there’s information on this linkage. In terms of governance, it is essential to have an entity that allows the articulation and representation of SME interests in relation to the agreement. This can be done via the creation of an SME Committee, which fulfils the aforementioned functions.



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- How do you think the modernization of the current Partnership Agreement can improve SME participation in trade between Chile and the European Union?