

EU-Chile joint statement Raw Materials Coalition and European Trade Justice Coalition

Dear Members of the European Parliament,

As concerned members of European civil society organizations and trade unions, we write to urgently draw your attention to the upcoming vote on the EU-Chile advanced framework agreement (AFA), scheduled for consideration by the EU Trade Committee (INTA) on January 24th, and subsequently by the European Parliament at the end of February.

While we acknowledge the importance of a deepened relationship between the EU and Chile, we must express our profound concerns regarding this agreement's implications, in particular on human rights and the environment as well as Chile's capacity to add value to its raw materials. In fact, the AFA will increase exploitation of raw materials while reducing policy space for Chile to manage its natural resources and raw material supply chains. This agreement fosters unsustainable and unjust modes of production and exchange, set out to reinforce neocolonial terms of trade, because:

The AFA will increase irresponsible mining and its social and ecological consequences without putting sufficient safeguards in place.

Chile is home to several raw materials defined as [strategic and critical by the EU](#), such as lithium and copper. The AFA, and more precisely the interim Free Trade Agreement (iFTA), will significantly increase the trade in raw materials, as the agreement eliminates all tariffs and export duties as well as technical barriers to trade on the Chilean side. Hence, it can be expected that mining activities in Chile will increase significantly. Mining is a conflict prone economic activity. As to date, the [Latin American Observatory on Mining Conflicts](#) counts 49 conflicts related to mining projects in Chile. These, together with the environmental impacts of mining (including worsening of the water crisis, loss of biodiversity, contamination) will be exacerbated, affecting in particular local and indigenous communities who often live near the mining sites and depend on subsistence farming and pastoralism. Major non-economic impacts of lithium extraction are explicitly recognized in the [EU's Sustainability Impact Assessment](#), which concludes: "Considering the expected increase in demand for lithium as well as the EU's investment in the sector, the above described effects might be amplified". In fact, the major concern of stakeholders questioned on the expected impacts of the EU-Chile agreement for the SIA was the expansion of so-called (environmental) *sacrifice zones* in Chile. Yet, the AFA does not put any effective and enforceable safeguards in place; no obligations to respect ILO169 and the right of indigenous communities to free, prior and informed consent as listed in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and recommended by the [UN Rapporteur](#) during his recent visit to Chile. The same holds true for key international human rights or multilateral environmental agreements. In fact, the Trade and Sustainable Development (TSD) Chapter is nothing more than a declaration of intent and good will. The proposed review-clause of the TSD chapter as well as the joint declaration on sustainable development is formulated in sloppy and vague terms, making it highly improbable that enforceable safeguards will be included in the future. Even more concerning is the fact that, instead of including mandatory due diligence for mining companies, the AFA contains an investor-State dispute settlement mechanism which gives foreign corporations the privilege to sue Chile (but also the 27 EU-member states) before an international arbitration tribunal to which only investors have access. This chapter includes "investments in fossil fuels or any other activities that pose significant harm to the environment and human rights" for which the EP recommended an exclusion in the INI report of June 2022.

The AFA will NOT support Chile’s intention to add value to its raw materials, but rather undermine its industrial development.

The EU-Chile iFTA includes provisions in its chapter on energy and raw materials (ERM) to secure EU access to lithium, copper and other raw materials which will severely affect Chile's capacities to climb up in the raw materials value chain. Although the Commission has presented the clauses as favorable for Chile, the ERM chapter tells another story. Because:

1. It prohibits export and import monopolies for raw materials, limits the current existing dual prices policy in Chile - currently, Chile reserves 25% of the production for locally established companies at preferential prices – and obliges Chile not to apply any sort of export restriction towards EU companies.
2. The exceptions granted in the agreement in order for Chile to *“introduce or maintain measures with the objective to foster value addition, by supplying industrial sectors at preferential prices of raw materials (...)”* are severely limited by the conditions set out in Annex II. In fact, they define a very concrete threshold for dual pricing, namely, that the preferential price should not be *“below the lowest price for exports of the same good realized during the preceding 12 months.”* Thus, instead of supporting Chile’s industrial development, these clauses put a price tag on further value-addition in the country.
3. It will abolish all kinds of tariffs or other export duties Chile is currently applying. On copper, for example, Chile applies an export duty of up to 8%, which constitutes an important income for the country's fiscal budget. Eliminating all these tariffs and duties gives further incentive to extractive practices and is a booster to corporations in the business, while leaving basically no revenue in the country.

Through these provisions, the EU will seriously hamper Chile’s ability to climb up in the green/clean tech value chain. In fact, the [SIA](#) foresees an almost 3% decline in employment in mechanical engineering - a sector with traditionally good working conditions which is vital for Chile’s efforts towards a just green transition. This is a continuation of existing unequal trade structures and is remindful of terms of trade from colonial times. This also goes against Europe’s and Chile’s commitments with equitable and sustainable development for all (SDG 2030 Agenda).

The EU-Chile agreement undermines Chile’s socio-ecological transition and contradicts the European Green Deal.

The EU-Chile AFA is promoted as an instrument to facilitate the EU’s green transition. At the same time, the social and environmental costs for this transition are being externalized. While European corporations are granted access to energy resources to produce and export so-called green hydrogen and exploit raw materials, local communities are left with detrimental effects on their livelihoods and health. In fact, investors cannot be obliged to transfer technology, employ local personnel or locally produced inputs, as this is prohibited by the investment liberalisation chapter. At the same time, the state’s ability to decide how to regulate its natural commons is severely restricted. If Chile wants to further develop its economy and therefore levy higher taxes on, for example, mining products, introduce subsidies, set its own prices and impose regulations or performance requirements on foreign investors, these measures would be considered (technical) barriers to trade and constitute an infringement of the agreement and could result in retaliation measures by the EU, or even costly investor-State dispute settlement procedures.

Developing a socio-ecological transition in Europe at the cost of environmental and social well-being in Chile contradicts the overall aim of the [European Green Deal](#) to not leave any person or place behind as well as the EU’s efforts to combat climate change. We can only prevent a

climate catastrophe by respecting climate and environmental protection globally, thus ensuring socio-ecological transition not only in Europe, but also in Chile and worldwide.

The AFA will encourage the establishment of large scale farms in both regions.

This will have negative impacts on the rights of peasants as recognised in the UNDROP (United Nations Declaration on the Right of Peasants and Other People Working in Rural Areas), and on the climate as more agricultural products will be shipped around the world. In particular, the agreement will have a negative effect on pasture farming in both regions, which is central to halting the loss of biodiversity. Furthermore, [the agreement will push small-scale farmers out of the market](#), thus promoting further industrialization of agriculture. This will have a particularly negative impact on gender equality, as many small farms in Chile are run by women. Evidence from the field also shows that the agreement will undo current efforts by local farmers to build resilience to climate hazards through agroecological models of production.

The EU-Chile AFA is part of an outdated model of trade which needs to be overcome if we want Europe's green transition to be truly just. Neocolonial trade deals are a thing of the past. More than 485 organizations and individuals from Chile and Latin America feel the same and have therefore signed a [strong declaration calling to stop this agreement](#).

In consideration of the above reasons, we kindly ask you to reconsider your support for this agreement and to NOT give your consent when being asked to vote.

Sincerely,

List of signatory organisations:

1. European Trade Justice Coalition (ETJC)
2. Raw Materials Coalition
3. Fair Trade Advocacy Office, Belgium
4. Netzwerk gerechter Welthandel
5. Umweltinstitut München e.V.
6. WIDE+, European feminist network
7. Fundación Terram
8. PowerShift e.V.
9. Attac Austria
10. Anders Handeln Austria
11. Both ENDS, The Netherlands
12. Platform Aarde Boer Consument, the Netherlands
13. Working group Food Justice, the Netherlands
14. FDCL-Center for Research and Documentation Chile-Latin America
15. Informationsstelle Lateinamerika e.V.
16. WIDE Austria - Entwicklungspolitisches Netzwerk für Frauenrechte und feministische Perspektiven
17. Österreichisches Lateinamerika-Institut
18. Observatori del Deute en la Globalització (Barcelona, Spain)
19. Asociación Entrepueblos/Entrepobles/Entrepobos/Herriarte (Spain)
20. Ecologistas en Acción (Spain)
21. Coordinación Baladre (Spain)
22. Confederación General del Trabajo (CGT) (Spain)
23. Observatorio de Multinationales en América Latina (OMAL) - Paz con Dignidad (Spain)
24. Asociación para la Convivencia Intercultural Amazonas, Cádiz (Spain)
25. Amigos de la Tierra (Spain)

26. SETEM (Spain)
27. Coordinadora de Organizaciones de Agricultores y Ganaderos (COAG) (Spain)
28. Associació Cultural i Medi Ambiental Arrels (Spain)
29. Ongd AFRICANDO (Spain)
30. Ateneo Libertario Altozano (Spain)
31. Alternativa Antimilitarista MOC/Adnv Canarias (Spain)
32. Ingeniería Sense Fronteres (Spain)
33. Asociación Pro Derechos Humanos de Andalucía (APDHA) (Spain)
34. Zambra (Spain)
35. ATTAC España
36. Alternativa Republicana Castilla y León (Spain)
37. [Lafede.cat](http://lafede.cat) - Organitzacions per a la Justícia Global - Catalunya (Estat espanyol)
38. Fridays for Future España - Juventud por el Clima (Spain)
39. punto&coma (Spain)
40. Asociación Cultural Brasileña Maloka (Spain)
41. AK EUROPA
42. Centre national de coopération au développement (CNCD-11.11.11), Belgium
43. 11.11.11 - Koepel van internationale solidariteit, Belgium
44. Arbeitskreis Indianer Nordamerikas
45. European Coordination Via Campesina
46. European Alliance for the Self-Determination of Indigenous Peoples
47. Attac Germany
48. TROCA - Plataforma por um Comércio Internacional Justo (Portugal)
49. GADIP, Gender and Development in Practice, Sweden
50. NatureFriends Greece, Greece
51. Palombar - Associação de Conservação da Natureza e do Património Rural (Portugal)
52. ZERO - Associação Sistema Terrestre Sustentável (Portugal)
53. Friends of the Earth Europe
54. Attac France
55. Mouvement d'Action Paysanne (Belgium)
56. Society of Threatened Peoples (Switzerland)
57. SOMO (The Netherlands)
58. Collectif national Stop CETA-Mercosur (France)
59. ActionAid France
60. Aitec (France)
61. Bloom
62. CGT (France)
63. Les Amis de la Terre (France)
64. France Nature Environnement
65. Fédération Artisans du Monde (France)
66. Les Amis du Monde diplomatique (France)
67. France Amérique Latine - FAL (France)
68. Alofa Tuvalu (France)
69. Générations Futures (France)
70. Confédération paysanne (France)
71. FSU (France)
72. Notre Affaire À Tous (France)
73. LDH (Ligue des droits de l'Homme) (France)
74. Alternatiba (France)
75. Action non-violente COP21 (France)
76. Sherpa (France)
77. CADTM France
78. Extinction Rebellion (France)
79. L'Offensive (France)

80. Canopée (France)
81. Association d'ex-prisonniers politiques Chiliens en France
82. Handel Anders! coalitie (The Netherlands)
83. Batani Foundation (Russia/USA)
84. Fundación Tantí (Chile)
85. Welthaus Graz
86. Fondation pour la Nature et l'Homme (France)
87. Sustentarse (Chile)
88. Fundación Relaves
89. NOAH - Friends of the Earth Denmark
90. ÖBV-Via Campesina Austria
91. Veblen Institute (France)
92. Reds - Red de Solidaridad para la transformación social (Catalunya / Estado español)
93. Securing Indigenous Rights in the Green Economy Coalition (SIRGE)
94. Espacio de la Coordinación de Apoyo al Pueblo Mapuche - TRAWUNCHE (Spain)
95. Asamblea Plaza de los Pueblos (Spain)
96. Chile Mejor sin TLC (Chile)
97. Enerxya Cooperativa (Spain)
98. Transnational Institute
99. Entraide et Fraternité (Belgium)
100. Global Witness
101. Coordination gegen BAYER-Gefahren, Germany
102. Informationsstelle Peru e.V., Germany

References:

A Partnership of Equals? How to strengthen the EU's Critical Raw Materials Strategic Partnerships. https://eeb.org/wp-content/uploads/2023/11/A_Partnership_of_Equals_01.pdf
[The new trade agreement between Chile and the EU must be stopped | bilaterals.org](https://bilaterals.org)