

**Opinion of the Economic and Social Committee on the 'Socio-economic situation in Chile and its relations with Mercosur and the EU'**

(98/C 407/44)

On 29 January 1998 the Economic and Social Committee, acting under the third paragraph of Rule 23 of the Rules of Procedure, decided to draw up an opinion on 'The socio-economic situation in Chile and its relations with Mercosur and the EU'.

The Section for External Relations, Trade and Development Policy, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 23 July 1998. The rapporteur was Mr Regaldo.

At its 357th plenary session of 9 and 10 September 1998 (meeting of 9 September), the Economic and Social Committee adopted the following opinion unanimously.

**1. Reasons for the document**

1.1. The Economic and Social Committee has noted that the European Commission submitted guidelines to the Council in July 1998 on a negotiating mandate with Chile and the Southern Common Market (Mercosur) on future political and economic association agreements, which could be signed from 2000 onwards.

1.2. The Committee points out that the launching of such negotiations would mark the second stage of EU-Mercosur and EU-Chile relations, following the signature of the Framework Cooperation Agreements on 15 December 1995 with Mercosur, and 21 June 1996 with Chile. The purpose of the agreements was to pave the way for an association between the parties. The new agreements will include an intensification of the political-institutional dialogue and the progressive, reciprocal liberalization of trade, in accordance with World Trade Organization (WTO) standards.

1.3. The Committee acknowledges the progress made in the reciprocal trade dialogue. At the trilateral EU-Mercosur-Chile ministerial meeting of 12 February 1998 in Panama, the parties welcomed the work undertaken to complete a 'snapshot' of trade relations. On the basis of these results, the ministers restated their commitment to concluding political and economic association agreements. They also took note of the decision on Chile's participation in Mercosur's institutional structure. At the last meeting of the EU-Chile and EU-Mercosur Subcommittees on Trade, on 14 May 1998 in Brussels, the parties concluded their 'snapshot' of trade relations and gave the green light for the presentation of the negotiating mandate for the future agreements.

1.4. For its part, the Committee has followed up the process of closer ties between the two sides, stepping up its relations with Chile and Mercosur. On 3 October 1995, immediately prior to the signature of the Inter-regional Framework Cooperation Agreement (IFCA) between the EU and Mercosur, the Committee adopted an opinion on the Communication from the European

Commission entitled *The European Community and Mercosur: an enhanced policy*.

1.5. Two years later, between 15 and 19 December 1997, an ESC delegation made official visits to Uruguay and Chile. In the course of these visits, the Committee signed a Memorandum of Understanding for institutional cooperation with the Economic and Social Consultative Forum (FCES) of Mercosur, with a view to establishing regular exchanges of information and views, and launching a dialogue on EU-Mercosur relations. These inter-institutional contacts were consolidated during a second visit by an ESC delegation to Mercosur and Chile, between 4 and 7 May 1998, during the course of which the delegation attended an FCES meeting and met representatives of various Chilean bodies. In view of Chile's involvement in meetings of the Mercosur institutional structure, cooperation between the Committee and the FCES could in the future be extended to the socio-economic representatives of that country.

**2. Objective**

2.1. The present draft opinion examines the trilateral relations between the EU, Chile and Mercosur. Special attention will be focused on the current situation in Chile, together with its links with Mercosur and the EU, taking account of the forthcoming negotiations on the signature of an association agreement of a political and economic nature between the EU and each of the partners.

2.2. In order to assess this new Commission initiative on Chile and Mercosur and frame an ESC opinion on the matter, the present document will assess the following four aspects:

- the current situation in Chile,
- the Chile-Mercosur approximation process,
- relations between Chile and the EU,

— the future EU association agreements with Chile and Mercosur.

### 3. The current situation in Chile

3.1. Chile stands out among Latin American countries in terms of its political evolution and economic model. Although the country set out on the path of democratic transition ten years ago, a series of laws enshrined in the 1980 Constitution — adopted during the period of military rule — continues to restrict the full exercise of democracy (see Appendix I). Within the process of political transition, however, the current government of Eduardo Frei has set itself the aim of moving to full democracy.

3.2. In the economic sphere, under General Augusto Pinochet's authoritarian regime (1973-1990) Chile launched a drastic process of structural reform, including the privatization of public enterprises, a unilateral opening-up of trade, a smaller State structure and cuts in social expenditure. The fact that Chile began its economic reform relatively early, and under an authoritarian government, contrasts with the experience of other Latin American countries, where economic changes came after the restoration of democracy. Chile today enjoys a healthy economic situation, broadening the scope of its successive democratic governments to reform the social agenda and combat poverty.

3.3. The country currently possesses one of the best-managed and most liberalized economies in Latin America and is seen, both within and outside the region, as a successful model of development. Over the last 14 years, the Chilean economy has experienced sustained annual growth, topping the 7% mark between 1990 and 1997 — almost double the regional annual average. Moreover, Chile displays one of the highest rates of national saving and investment in Latin America (21,4% and 27% of GDP respectively in 1997) and registers a small public sector surplus and low inflation rates.

3.4. However, a number of difficulties have emerged in recent years, calling the long-term sustainability of the Chilean model into question. Chile is one of the Latin American countries worst affected by the recent Asian financial breakdown: the region represents its principal market, accounting for 32,7% of all Chile's exports in 1997. According to initial estimates Chilean exports to Asia fell by 25% in the first quarter of 1998 compared with the same period of the previous year. The value of the Chilean peso fell by 9,5% between October 1997 and April 1998 — a good thing for its exports, but this could push up the inflation rate (from 6% in 1997). Similarly, the rate of growth has slowed down in

the last two years: GDP growth fell from 8,5% to 7,1% between 1995 and 1997, and the Central Bank forecasts a maximum of 5,5% for 1998.

3.5. The slow-down in growth principally reflects an external deficit. The Chilean economy has been export-oriented since the beginning of the structural reforms in 1975, this sector representing some 30% of its GDP (compared with 24% in Mexico and 15% in Argentina) and being regarded as the engine for growth. Chile is the world's largest copper exporter, accounting for 42,3% of its total external sales in 1997; it also exports timber, fruit, fishery products and manufactured goods. The fall in the world copper price and increasing demand for imports led to a trade deficit of US \$ 1 300 million in 1997, a figure which could rise, according to preliminary estimates, to US \$ 2-3 000 million, primarily due to reduced exports to Asia.

3.6. This negative balance has generated a growing current account deficit totalling 6% of GDP in 1997, according to the Central Bank. Although Chile has abundant foreign currency reserves (some US \$ 18 000 million) and can finance the deficit with its high level of savings and foreign investment, in the long term it will have to lower its still significant degree of dependence on traditional exports, and its consequent vulnerability to world economic fluctuations. In this context, President Frei has announced that in order to embark upon the 'second export phase', his government will encourage export diversification and the sale of high value-added products.

3.7. In this respect, the Chilean government's future economic policy should also take account of the enormous weight of small and medium-sized enterprises (SMEs) in the country's economy, where they make up 98,5% of the domestic private sector and are playing an increasing role in the export sector. According to figures from CONUPIA (Medium- and Small-Sized Industry and Crafts Confederation), SMEs employ approximately 79,8% of the country's workforce. Despite the sector's particular importance, no specific strategy has yet been implemented to promote and support SMEs, whose real weight in the economy is apparently not matched by their involvement in the decision-making process.

3.8. By pursuing an open regionalism policy, Chile has diversified its trade relations with various countries and economic entities. In the Americas, Chile has signed free trade agreements with Canada, Colombia, Ecuador, Mercosur, Mexico, Peru and Venezuela. In 1997, its exports went to four main markets: the Asia-Pacific region was the leading destination with 32,7%, followed by the EU with 25,9%, Latin America with 19,3% and the United States with 16,1%. The main suppliers were

Latin America (26 %), the United States (23 %) and the EU (20,48 %). Chile is the only Latin American country with privileged access to the Asia-Pacific region: since 1993 the countries of the region — Japan, South Korea, Hong Kong, Indonesia and Taiwan — have constituted its principal market, and Chile takes part in a number of its political and trade fora, such as APEC (Asian-Pacific Economic Cooperation).

3.9. Chile is also one of the major Latin American recipients of foreign direct investment (FDI). According to Central Bank figures, in 1996 the country received FDI flows worth US \$ 3 561 million. In 1997 it received US \$ 3 467 million. The main investors are the US, the EU Member States and Canada (which channels most of its Latin American FDI to Chile). According to the Foreign Investment Committee, in 1997 the total flow of net investment to Chile increased by 26,6 % over the previous year, as a result of FDI from the UK, Spain and Japan.

#### *The social dimension*

3.10. Chile's macroeconomic stability stands in contrast to marked social inequality. Two decades of structural reform, including a unilateral opening up of the economy and an ambitious privatization programme, have entailed a high price in terms of social welfare. Although the democratic governments of Patricio Aylwin and Eduardo Frei succeeded in bringing poverty levels down from 38,6 % in 1990 to 23,2 % in 1996, the number of those in poverty remains higher than in 1970. Low pay levels — which have scarcely risen above their level during the period of military rule, when they were slashed — and the concentration of wealth are the main causes of this social deficit. Chile, together with Brazil and Guatemala, displays the most uneven distribution of income in Latin America. According to World Bank figures for 1996, 61 % of national income is concentrated on the 20 % richest Chileans, with the 20 % poorest citizens sharing only 3,5 %.

3.11. Chile's social indicators are, however, higher than the average for Latin America. According to the United Nations' Human Development Index for 1997, Chile comes first in Latin America and 30th of 75 countries. According to Central Bank data, literacy stands at 95 %, primary education cover at 96 % and life expectancy at 75. The social situation in Chile is better than the Mercosur average: higher literacy and education rates, lower unemployment (6,1 % in 1997) and better social security coverage (79 %).

3.12. This favourable balance is the result of an active social policy under the democratic governments of Patricio Aylwin and Eduardo Frei. Social expenditure since 1990 has increased by 24,2 %, accounting for 67 % of the total national budget in 1996. The bulk of social expenditure goes to the social security system (44 %), followed by education (27,4 %) and health (10 %). In order to take these changes further, in March 1998 President Eduardo Frei presented a 'Social Plan' which aims to prioritize three areas: investment in human resources, health and housing.

3.13. An initial step forward has recently been made in the labour field, which may also facilitate the establishment of a tri-partite social dialogue. On 6 May 1998, the government and the CUT (Central Trade Union Congress) reached a three-year agreement on minimum pay rises, affecting 9 % of the working population. With effect from 1 June 1998, the minimum wage has risen from 71 400 to 80 500 pesos per month (12,75 %); it will rise to 90 500 pesos (12,4 %) in 1999, to reach the 100 000 mark (10,4 %) in 2000. The ESC warmly welcomes this agreement which in its view represents not only a first step towards greater social equality, but also an important advance in social dialogue.

#### *Political factors*

3.14. The social dimension and the reform of the 1980 Constitution are the key elements of current political debate in Chile in the run-up to the presidential elections to be held on 11 December 1999. Against this backdrop, the fall in the Christian Democrat Party (PDC) vote in the parliamentary elections of 11 December 1997 was mainly attributed to weariness with eight years of Christian Democrat government, and persistent social inequalities. In response to these challenges, in his speech of 21 May President Frei set three priorities for the rest of his term of office until 2000: sustained economic growth, institutional modernization, and educational reform.

3.15. The implementation of more ambitious social policies, aimed at redistributing income or reforming the 1979 labour legislation — which dismantled the previously influential trade union movement — also depends on changes in the political system. Although the government has on several occasions proposed overhauling the Constitution's 'leyes de amarre' (restraint laws) — including those on appointee senators — and has tabled a draft labour law, these initiatives have not been endorsed by the Senate, where opposition parties, together with a number of appointed and life senators, hold a majority. These pending reforms and the appointment of the former army Commander-in-Chief Augusto Pinochet as a life senator on 11 March 1998 have reopened the debate in Chilean society on the as yet unfinished transition to democracy. In his recent

address to the nation, President Eduardo Frei emphasized the need to press ahead with democratizing the institutions, and proposed to broaden the constitutional machinery in order to hold a popular referendum on these issues.

3.16. Given the present situation in Chile, the ESC considers this recent government proposal to be positive, and expresses its support for the process of consolidating democracy in the country. At the same time, it believes that it would be desirable to remove all obstacles to putting the democratic system on a more deeply-rooted institutional footing. In its view, full democratic normalization in Chile is also a prerequisite for achieving greater social equality. To this end, the Committee highlights the importance of implementing more ambitious reforms in the social sphere, with special emphasis on the labour sector, education and health.

3.17. Furthermore, the ESC considers that redistribution policies and greater social justice are vital to the long-term sustainability of the 'Chilean model', and urges the government, trade unions and employers to establish an on-going, independent social dialogue. From this point of view, it believes that the creation of a Productive Development Forum by the government, on which the main sectors of Chilean civil society are represented, is a step in the right direction, as is the recent agreement on minimum wages. It also recalls that Chile is a member of the International Labour Organization (ILO) and has signed — although not yet ratified — its basic Conventions which include, among other aspects, full trade union freedom, the prohibition of child labour and respect for human rights.

#### 4. The Chile-Mercosur approximation process

4.1. Chile has upgraded its relations with Mercosur. It is, along with Bolivia, an associate member, and a positive decision was taken at the 13th Mercosur presidential summit held in Montevideo on 14 and 15 December 1997 concerning Chile's participation in the group's institutional structure, with the exception of customs union issues. This has reinforced the political alliance between Mercosur and Chile. The process began with the agreement between Mercosur and the two associate countries to adopt a joint position in negotiations on the future Free Trade Area of the Americas, which was presented at the 2nd Summit of the Americas held in Santiago de Chile on 18 and 19 April 1998.

4.2. Moreover, the political approximation between the parties has also raised the possibility that Chile could, in the long term, take part in Mercosur's social policy. Now that it has a presence in Mercosur's institutional structure, it is possible that the country will

at some point in the future join the FCES as an observer or full member. It could also subscribe to the Mercosur Multilateral Agreement on Social Security, adopted at the body's 13th summit, recognizing the social security entitlement of individuals working in the member states and other countries which are signatory to the Agreement.

4.3. On 21 June 1996, Chile and Mercosur signed an economic complementarity agreement, which provides for the creation of a free trade area in ten years — with the exception of a number of 'sensitive' products — and machinery for regular consultation. Chile will also take part in Mercosur's physical integration projects. Chile has not yet joined the customs union, on account of the incompatibility of tariff systems. While Mercosur has fixed tariffs of between 0 and 23 % (following the recent 3 % increase) for exports from outside the area, Chile has a far lower single external tariff of 11 %, which is probably to be brought down further from 1999. Although this is the main obstacle to full Mercosur membership, there are some difficulties in the farm sector. Although Chile has a modern, efficient agricultural sector, production costs for milk, meat, wheat, maize and rice are higher than in Mercosur, as a result of which longer transitional periods have been laid down for these goods.

4.4. In spite of the relatively low level of trade interdependence, Mercosur is Chile's main trading partner in Latin America. In 1997, 10,9 % of Chilean sales were to Mercosur, and have been growing at an annual rate of more than 15,6 % since 1992. Similarly, Mercosur is a major supplier to Chile, providing 17 % of its total imports in 1997. Moreover, at nearly 80 %, Mercosur — Argentina in particular — is the main recipient of FDI from Chile. According to ECLAC figures, Chile, with a total of US \$ 3 000 million in 1997, was Latin America's biggest investor, with Argentina (40,4 %) as the main recipient of its FDI flows towards the region.

4.5. The Chile-Mercosur association offers comparative advantages for both partners. For Mercosur member countries, Chile represents a stable partner with a consolidated, open economy offering new opportunities for cooperation, trade and investment. It also acts as a bridge towards the Asia-Pacific market, and enhances the body's standing in regional and international fora. From the Chilean point of view, Mercosur is the primary market and destination for investment in Latin America, to which it exports a high proportion of manufactured goods — 34 % as opposed to an average of 12 % — making Mercosur an important launch pad for the 'second export phase'. The association with Mercosur also facilitates the conclusion of agreements with third

countries and trading blocs, and strengthens its negotiating hand for the future FTAA and in the WTO framework.

4.6. The ESC welcomes the gradual process of approximation between Chile and Mercosur and recalls that it has stepped up its links with both partners by opening a regular dialogue with employers, trade union representatives and sectors of civil society. In this connection, it expresses its willingness to continue developing its relations with Chile and Mercosur, and welcomes the closer political dialogue between the two parties and their growing economic interdependence. By the same token, and taking account of the close relations maintained by a number of representatives of the Chilean socio-economic sector with the FCES, the ESC would look favourably upon the possible future involvement of Chile in the Committee's recent dialogue with the FCES.

## 5. Relations between Chile and the EU

5.1. The European Union and Chile have traditionally maintained wide-ranging political and economic links, rooted in shared culture, similar party political systems and Europe's support for Chilean exiles and for the subsequent transition to democracy. Against this backdrop, Chile and the EU signed a Framework Cooperation Agreement in Florence on 21 June 1996, extending the previous 'third generation agreement' (signed on 20 December 1990) and consisting of three main elements:

- stepping up economic and business cooperation,
- establishing a regular political and institutional dialogue,
- a process aimed at paving the way for progressive and reciprocal liberalization of trade.

5.2. The new agreement is similar to the EU-Mercosur IFCA, although in the case of Chile, cooperation in the field of social development (education, health and employment) is included. The agreement's institutional structure is also similar to the IFCA: there are ministerial meetings and meetings of the Joint Committee once a year, with twice-yearly meetings of the Joint Sub-committee on Trade. Summits of Heads of State and exchanges between other fora from each side are also planned. The EU/Chile Trade Sub-committee has met three times since the agreement was signed and, in accordance with the IFCA, three working groups on trade goods, services, and standards and rules have been set up.

5.3. As in the other Latin American countries, the EU and its Member States are Chile's main source of official

development assistance (ODA), providing 85 % of all cooperation between 1990 and 1997, to a value of US \$ 1 046 million. At bilateral level, Germany and France are the main contributors. For its part, the European Commission allocated a total of ECU 164 million to cooperation with Chile between 1990 and 1997, representing an annual average of between ECU 19 and 23 million. Important elements of this contribution are the traditional 'development cooperation' and resources channelled to non-governmental organizations (NGOs), which increased three-fold in 1997 compared to 1996.

5.4. Chile also receives an annual average of ECU 4 million in economic cooperation, channelled through the AL-Invest and ECIP programmes, and the Euro-Chile Business Foundation (EUROCHILE), which is assuming an important role in business cooperation between the two sides. In addition, the country is involved in other horizontal programmes set up by the European Commission for the region, such as Latin American Academic Training (ALFA), the local cooperation programme URB-AL, and the energy cooperation programme Alure. Chile has also signed a framework agreement with the European Investment Bank (EIB), receiving loans worth US \$ 150 million.

5.5. The ESC welcomes the European Commission's support for development cooperation in Chile, and calls for these resources to be maintained and diversified, with a particular focus on the economic and social dimension. It also recalls that in its opinion of 31 January 1990 on economic and social cooperation between the European Community and Latin America, it proposed that the countries of Latin America be included among the recipients of EIB loans, and that new economic cooperation instruments be created. In this direction, and taking account of the strengthening of links between Chile and the EU in the framework of the new cooperation agreement, the ESC considers it necessary to step up the current levels of economic and business cooperation between the two sides. Similarly, it recommends devising specific projects to support SMEs, including technical assistance to make it easier for Chilean SMEs to take part in the AL-Invest and ECIP programmes and to gain access to EIB loans.

5.6. Both the EU and Chile are hoping the new agreement will spur cooperation, trade and investment flows. It should be emphasized that the EU's economic presence in Chile has eroded: in 1990 it was Chile's main trading partner, but by 1997 it came second in Chilean imports and exports, after Asia. During this period, the EU's share of Chilean imports fell substantially while

Chile shifted sales away from Europe — to which 38,4 % were directed in 1990 — towards the Asia-Pacific region.

5.7. This development stands in contrast to EU exports to Mercosur, which grew by an annual average of 26,1 % between 1992 and 1997, compared with the 14,3 % increase in sales to Chile. As a result, Chile continues to run a small trade surplus with Europe, which grew to US \$ 189,6 million in 1997 as against US \$ 145 million the previous year. The trend was boosted during the first months of 1998, when the EU again became the main destination for Chilean export sales in the wake of the Asian crisis. Germany, the United Kingdom and Italy are Chile's leading EU trade partners.

5.8. The EU is the second largest foreign investor in Chile: between 1990 and 1996 it provided 25,5 % of FDI flows, compared with 73,5 % from the US. Since 1990, net European FDI flows to Chile have increased, with the EU providing 34 % of the total in 1995. In comparison with the previous year, however, 1996 again saw a lower level of direct EU investment, due to cuts in FDI from the United Kingdom, which was from 1990 to 1996 the EU's main investor in Chile, followed by the Netherlands, Spain and Germany.

5.9. Against this backdrop, the launching of negotiations on reciprocal liberalization of trade could represent a first step to winning back the EU's traditional privileged trading position in Chile and stepping up investment levels. The prospects for a greater EU economic presence in Chile are currently good, since Chile's accession to NAFTA — as agreed at the Summit of the Americas in 1994 — seems increasingly remote in view of the US President's difficulty in securing the 'fast track' procedure for a Congress decision, and which was set as a precondition by the Chilean government. The trend was also confirmed during the Second Summit of the Americas in Santiago de Chile, where the issue was not discussed, although the US and Chile undertook to set up a Joint Committee on Trade and Investment and, on 19 May 1998, signed the relevant agreement.

## 6. The future EU association agreements with Mercosur and Chile

6.1. The tripartite dialogue with the EU will be stepped up in tandem with links between Chile and Mercosur. The gradual closing of relations between the three parties is reflected in the simultaneous EU-Mercosur and EU-Chile process of preparing to commence negotiations on progressive and reciprocal trade

liberalization. The results of the dialogue are similar: the technical aspects of the 'snapshot' of trade relations was completed at the meeting of the respective sub-committees in Brussels on 14 May 1998. On the basis of the assessments of the respective Joint Committees, the European Commission will soon submit negotiating directives for a political and economic association with Chile and with Mercosur. The Committee trusts that the sensitive nature of some products will not hinder the launch of the new negotiating process.

6.2. Although Chile and Mercosur would be signing separate agreements with the EU, reflecting the identity of each of the partners, it is probable that the negotiations will proceed in parallel, although completion will not necessarily be simultaneous. Quite apart from the outcome of the negotiations on the association agreements, the ever-closer relations between Chile and Mercosur, together with four recent developments, signal an intensification of the trilateral dialogue:

- at two parallel meetings held in Brussels on 14 May 1998, the EU-Chile and EU-Mercosur trade sub-committees completed their 'snapshot' of trade relations between the parties;
- the first joint ministerial meeting between the EU, Mercosur and Chile was held in Panama on 12 February 1998, to analyze the progress of the agreements;
- Chilean businesses took part in the first 'EU-Mercosur partnership', held in Montevideo on 5-7 December 1997, which was attended by 700 companies from the three parties;
- Chile's entry into the Mercosur decision-making structure is increasing its influence within the bloc and in relation to its external partners, among whom the EU plays a key part.

6.3. The ESC welcomes the recent progress in EU cooperation with Chile and Mercosur. It also recalls that it has taken an active part in this two-way process of approximation, through a parallel dialogue with the representatives of civil society in Mercosur and Chile. As a result of its consultations with the FCES with the aim of putting its relations with Mercosur on an institutional footing, the ESC urges the establishment of an ESC-FCES Joint Consultative Committee within the framework of the interregional political and economic association agreement, which is to be negotiated in the near future.

6.4. At the same time, the ESC wishes to intensify its dialogue with Chilean trade union and employers' representatives, in order to further develop the relations between the parties. This cooperation should also be reflected in the new political and economic association agreement between the EU and Chile. Furthermore, insofar as relations between Chile and Mercosur are

strengthened, the ESC would wish the future ESC-FCES Joint Consultative Committee to remain open to participation by representatives of Chilean civil society.

6.5. On this basis, the ESC recommends that the process of negotiating the future association agreements, which is to commence in the course of 1998, should pay due attention to the involvement of civil society, by means of consultation and a regular dialogue with the representatives of trade unions, employers and other sectors. In particular, it calls for the ESC and the FCES to be involved in determining the forthcoming interregional association agreement. It also calls upon the Commission to brief the ESC at the appropriate time on the objectives of the future agreements, as it believes that they should help to modernize the economic and social structures of the countries concerned, and to consolidate their democratic and institutional structures.

6.6. The Committee urges the Commission to ensure that the future agreement incorporates an important role for socio-occupational organizations in implementing Community-funded cooperation projects, for example in the fields of social dialogue and vocational training.

6.7. With regard to its relations with Chile, the ESC urges the Commission to maintain present levels of cooperation with the country, in order to help reduce the persistently high levels of poverty and social inequality. With a view to commencing a new stage in relations, it recommends that the resources allocated to economic and business cooperation between the EU and Chile be increased, taking account of the social dimension. Lastly, it suggests that the future economic and political association agreement should include mention of cooperation in the social sphere, particularly with regard to education, training, health and employment.

Brussels, 9 September 1998.

*The President  
of the Economic and Social Committee*

Tom JENKINS

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#### APPENDIX I

#### to the opinion of the Economic and Social Committee

##### Basic political data

**Official name:** Republic of Chile

**Population:** 14 622 000 (1997), 83,2 % urban, 16,8 % rural

**Ethnic groups:** approximately 10 % indigenous (Mapuche, Aymara and Rapanui)

**Independence:** 18 September 1810

**Constitution:** 1980 (amended in 1989, 1991 and 1993)

**Head of State:** Eduardo Frei Ruiz-Tagle, President of the Republic

**Electoral system:** The President is elected by an absolute majority of votes. If no candidate obtains more than half the votes cast, a second round is held between the two candidates who obtained the highest number of votes. The President holds office for six years and cannot be immediately re-elected [as the first democratically elected civilian President, Patricio Aylwin governed for only four years (1990-1994)].

**Legislature:** The Congress comprises two chambers. The Chamber of Deputies has 120 members, elected for a period of four years in 60 constituencies under a two-member system.

The Senate has 48 members, of whom 38 are elected and a maximum of nine appointed. In addition there are life members: ex-presidents who have held office for six years (at the moment, Augusto Pinochet is the only one to have concluded a six-year term). The appointed senators and 38 elected members serve for eight years. Half the Senate is renewed every four years.

**Elections:** Presidential: 11 December 1993 (next: 11 December 1999);

Legislative: 11 December 1997

**Main political parties:**

*Concertación de Partidos por la Democracia (CPPD)*<sup>(1)</sup> (democratic parties coalition):

Partido Demócrata Cristiano (PDC) (christian democrats): established in 1957 and led by Enrique Krauss, it is the main political party in the coalition, from whose ranks the last two democratic presidents have come. The PDC represents a broad spectrum of political views. On 8 May 1998 the First Vice-President of the PDC and President of the Senate, Andrés Zaldívar, registered as the PDC candidate for the next presidential elections.

Partido por la Democracia (PPD) (democracy party): second most important party in the coalition, emerged in 1987 from the ranks of the PS, defends liberal and moderate social democratic views, acted as a political forum for the PS until its legalization. Led by Jorge Bitar, the PPD could support the presidential candidacy of the PS's Ricardo Lagos.

Partido Socialista (PS) (socialist party): created in 1933 and led by Camilo Escalona, it is a party which embraces various ideological strands, from social democracy to near Marxist-Leninist stances. In the party a majority is beginning to take shape in favour of the Minister for Public Works, Ricardo Lagos, as presidential candidate for the PS-PPD.

*Unión por Chile (UPC)* (union for Chile):

Renovación Nacional (RN) (national renewal): main party in the opposition coalition. Moderate conservative party, led by Alberto Espina. Created in 1987 against the background of the plebiscite on the Pinochet regime on 5 October 1988. Has not yet decided on a presidential candidate.

Unión Democrática Independiente (UDI) (independent democratic union): party of the right, led by Jovino Novoa. Regarded as the party closest to the former military regime, arose in 1989 from the ranks of the RN. Its candidate for the presidency could be Joaquín Lavín.

**Composition of the Congress:**

(following legislative elections on 11 December 1997)

Political parties	Deputies	Senators
<i>Concertación de Partidos por la Democracia (CPPD)</i>		
Partido Demócrata Cristiano (PDC)	39	14
Partido por la Democracia (PPD)	16	2
Partido Socialista (PS)	11	4
Partido Radical Socialdemócrata (PRSD) (radical social democrats)	4	—
<i>Unión por Chile (UPC)</i>		
Renovación Nacional (RN)	23	7
Unión Democrática Independiente (UDI)	17	5
Independents	6	4
Partido del Sur (PDS) (party of the south)	1	—
Unión de Centro Progresista (UCCP) (progressive centre union)	1	1
Independents	2	1
Appointed	—	9
Life	—	1
<b>Total</b>	<b>120</b>	<b>48</b>

<sup>(1)</sup> Because of the two-member electoral system it is highly likely that each coalition of parties will appoint only one presidential candidate for the 1999 elections.



## APPENDIX II

to the opinion of the Economic and Social Committee

## Statistical profile

## 1. Basic data

Surface area (in km <sup>2</sup> )	756 629	(World Bank)
Population (thousands, 1997)	14 622	(Central Bank)
Average annual growth rate (1990-1997)	1,6 %	(Central Bank)
Urban population as a percentage of the total population (1997)	83,2	(CEPAL)
Infant mortality per 1 000 live births (1995)	11,1	(Central Bank)
Life expectancy at birth in years (1995)	74,8	(Central Bank)
Literacy rate (1995)	95,4	(CEPAL)
Social spending as a % of total public spending (1996)	67	(Central Bank)
Human Development Index (HDI) — (1997)	0,891	(UNDP)
HDI rating in Latin America (1997)	1	(UNDP)

Sources: Banco Central de Chile, Boletín Mensual, No 840-Marzo 1998, Santiago de Chile; CEPAL Anuario Estadístico 1997, Santiago de Chile; UNDP Human Development Report 1997, New York; World Bank, World Development Report 1997, Washington D.C.

## 2. Social data (latest estimates)

Number of people per doctor	% population with access to			Income distribution (%)		School enrolment (%)		
	Health care	Drinking water	Sanitation	lowest 20 %	highest 20 %	Primary	Secondary	Tertiary
806	97	96	71	3,5	61	98	70	27

Sources: CEPAL, Anuario Estadístico 1997, Santiago de Chile; UNDP, Human Development Report 1997, New York; World Bank, World Development Report 1997, Washington D.C.

## 3. Gross Domestic Product (GDP) 1990-1997 (at constant prices 1986)

	1990	1991	1992	1993	1994	1995	1996	1997
GDP (million dollars)	18 111	19 425	21 570	22 923	23 897	25 939	29 802	31 907
Annual growth rate (%)	3,7	7,3	11,0	6,3	4,2	8,5	14,9	7,1
Per capital GDP (dollars)	1 383	1 458	1 592	1 665	1 708	1 825	2 067	2 182
Annual growth rate (%)	0,9	5,5	9,2	4,5	2,6	6,9	13,2	5,6

Million dollars	1990	1991	1992	1993	1994	1995	1996	1997
GDP (nominal)	37 833	49 047	63 262	75 317	89 456	108 983	116 469	131 918
Gross national savings	9 170	11 803	15 683	18 014	22 684	30 059	24 252	28 179
Savings rate (%)	24,24	24,06	24,79	23,92	25,36	27,58	20,82	21,36
Gross capital formation	9 940	12 019	16 950	21 657	23 961	29 816	31 012	35 470
Investment rate (%)	26,27	24,50	26,79	28,75	26,79	27,36	26,63	26,89

Sources: Banco Central de Chile, Boletín Mensual, No 840-Marzo 1998, Santiago de Chile; IDB Basic Socio-Economic Data, Washington D.C., March 1998.

## 4. Macroeconomic indicators, 1990-1997

	1990	1991	1992	1993	1994	1995	1996	1997
Exchange rate (pesos/US\$)	304,9	349,2	362,6	404,2	420,2	396,8	412,3	419,3
Real effective exchange rate (1990 = 100)	100,0	102,9	108,6	110,7	113,0	119,4	123,8	135,8
Inflation rate	27,3	18,7	12,7	12,2	8,9	8,2	6,6	6,0
Total debt	19 227	17 947	19 134	20 637	24 728	25 568	27 411	28 618
Debt-servicing	2 772	3 883	2 693	2 842	2 933	5 152	6 270	4 070
Total debt/GDP (%)	63,2	52,2	44,8	45,2	47,4	38,0	38,1	36,4
Debt-servicing co-efficient (%)	27,0	34,9	21,6	24,1	20,3	26,7	33,5	20,0
Unemployment rate	8,1	8,2	6,7	6,5	7,8	7,4	6,5	6,1

Sources: Banco Central de Chile, Boletín Mensual, No 840-Marzo 1998, Santiago de Chile; IDB Basic Socio-Economic Data, Washington D.C., March 1998; IMF International Financial Statistics, April 1998; and IRELA calculations.

## 5. Trade: main trading partners

## 5.1. Export of goods, 1992-1997 (expressed in million dollars and as percentages)

Exports	1992	1993	1994	1995	1996	1997	Annual growth 1992-1997 (%)	Distribution 1992-1997 (%)
World	10 167	9 434	11 785	16 670	15 396	17 024	10,9	100,0
USA	1 582	1 656	2 012	2 398	2 559	2 711	11,4	16,1
Canada	63	61	70	96	140	131	15,8	0,7
EU 15	3 202	2 555	2 831	4 449	3 682	4 147	5,3	25,9
Asia	3 076	2 920	3 843	5 638	5 118	5 708	13,2	32,7
Japan	1 707	1 502	1 976	2 906	2 496	2 676	9,4	16,5
NICs <sup>(1)</sup>	954	908	1 240	1 764	1 674	1 891	14,7	10,5
China	281	183	133	288	354	598	16,3	2,3
Latin America	1 689	1 857	2 440	3 085	3 012	3 475	15,5	19,3
Argentina	456	589	637	586	701	781	11,4	4,7
Brazil	451	406	605	1 057	935	957	16,2	5,5
Mexico	90	131	212	132	147	376	33,1	1,4
Peru	173	204	329	438	321	348	15,0	2,3
Mercosur	985	1 089	1 353	1 775	1 760	1 863	13,6	11,0

<sup>(1)</sup> NICs — Newly Industrialized Countries.

Sources: IMF, Direction of Trade Statistics Yearbook 1997, Washington D.C.; and IRELA calculations.

5.2. *Import of goods, 1992-1997* (expressed in million dollars and as percentages)

Imports	1992	1993	1994	1995	1996	1997	Annual growth 1992-1997 (%)	Distribution 1992-1997 (%)
World	9 853	10 936	11 571	15 356	17 353	18 888	13,9	100,0
USA	1 984	2 477	2 638	3 793	4 110	4 333	16,9	23,0
Canada	162	203	265	315	408	433	21,7	2,1
EU 15	2 026	2 317	2 507	3 156	3 538	3 957	14,3	20,8
Asia	1 796	1 929	2 120	2 597	2 769	3 009	10,9	16,9
Japan	965	881	1 007	1 013	950	1 055	1,8	7,0
NICs	515	595	554	820	880	862	10,9	5,0
China	147	212	281	390	515	721	37,5	2,7
Latin America	2 430	2 445	2 915	4 089	4 704	5 253	16,7	26,0
Argentina	634	581	955	1 385	1 634	1 837	23,7	8,4
Brazil	996	1 060	1 000	1 195	1 066	1 243	4,5	7,8
Mexico	178	210	264	601	927	1 076	43,3	3,9
Peru	68	72	95	147	118	119	11,7	0,7
Mercosur	1 740	1 761	2 055	2 678	2 814	3 193	12,9	17,0

5.3. *Trade balance, 1992-1997* (expressed in million dollars)

Balance	1992	1993	1994	1995	1996	1997
World	314	- 1 502	214	1 314	- 1 957	- 1 864
USA	- 402	- 821	- 626	- 1 395	- 1 551	- 1 622
Canada	- 99	- 142	- 195	- 219	- 268	- 302
UE 15	1 176	238	324	1 293	144	190
Asia	1 280	991	1 723	3 041	2 349	2 699
Japan	742	621	969	1 893	1 546	1 621
NICs	439	313	686	944	794	1 028
China	134	- 29	- 148	- 102	- 161	- 123
Latin America	- 741	- 588	- 475	- 1 004	- 1 692	- 1 778
Argentina	- 178	8	- 318	- 799	- 933	- 1 056
Brazil	- 545	- 654	- 395	- 138	- 131	- 286
Mexico	- 88	- 79	- 52	- 469	- 780	- 700
Peru	105	132	234	291	203	229
Mercosur	- 755	- 672	- 702	- 903	- 1 054	- 1 330

Sources: IMF, Direction of Trade Statistics Yearbook 1997, Washington D.C.; and IRELA calculations.

## 6. Trade with the European Union

6.1. *Export of goods, 1992-1997* (expressed in million dollars and as percentages)

Exports	1992	1993	1994	1995	1996	1997	Annual growth 1992-1997 (%)	Distribution 1992-1997 (%)
European Union	3 202	2 557	2 829	4 451	3 683	4 147	5,3	100,0
Austria	12	18	9	12	10	6	- 12,9	0,3
Belgium-Luxembourg	372	130	207	392	248	273	- 6,0	7,8
Denmark	12	16	20	27	29	43	29,3	0,7
Finland	46	28	38	67	85	109	18,8	1,8
France	381	374	404	509	394	458	3,7	12,1
Germany	610	452	582	837	742	747	4,1	19,0
Greece	36	42	40	52	39	58	9,9	1,3
Ireland	2	2	3	6	7	8	32,6	0,1
Italy	377	364	359	609	475	500	5,8	12,5
Netherlands	263	262	346	438	394	423	10,0	10,2
Portugal	36	9	12	16	17	11	- 21,0	0,5
Spain	361	241	219	320	282	345	- 0,9	8,5
Sweden	75	65	67	90	74	105	6,9	2,3
United Kingdom	619	554	523	1 076	887	1 062	11,4	22,6

6.2. *Import of goods, 1992-1997* (expressed in million dollars and as percentages)

Imports	1992	1993	1994	1995	1996	1997	Annual growth 1992-1997 (%)	Distribution 1992-1997 (%)
European Union	2 026	2 316	2 509	3 156	3 538	3 957	14,3	100,0
Austria	33	37	34	42	38	55	10,6	1,4
Belgium-Luxembourg	85	105	226	126	143	139	10,3	4,7
Denmark	40	60	56	87	94	80	14,8	2,4
Finland	44	77	71	90	104	140	26,1	3,0
France	282	346	363	446	582	502	12,2	14,4
Germany	631	620	555	790	730	843	6,0	23,8
Greece	1	1	1	2	2	6	41,6	0,1
Ireland	25	27	36	40	50	46	13,0	1,3
Italy	273	336	351	509	551	700	20,7	15,5
Netherlands	88	88	91	106	124	109	4,3	3,5
Portugal	12	13	22	33	37	45	30,4	0,9
Spain	223	278	341	445	530	621	22,7	13,9
Sweden	101	113	119	193	271	352	28,4	6,6
United Kingdom	188	215	243	247	282	320	11,2	8,5

Source: IMF Direction of Trade Statistics Yearbook 1997, Washington D.C.

## 6.3. Trade balance, 1992-1997 (expressed in million dollars)

Balance	1992	1993	1994	1995	1996	1997
European Union	1 176	241	320	1 295	145	189,6
Austria	- 21	- 19	- 25	- 30	- 28	- 49
Belgium-Luxembourg	287	25	- 19	266	105	134
Denmark	- 28	- 44	- 36	- 60	- 65	- 37
Finland	2	- 49	- 33	- 23	- 19	- 32
France	99	28	41	63	- 188	- 44
Germany	- 21	- 168	27	47	12	- 96
Greece	35	41	39	50	37	52
Ireland	- 23	- 25	- 33	- 34	- 43	- 38
Italy	104	28	8	100	- 76	- 200
Netherlands	175	174	255	332	270	315
Portugal	24	- 4	- 10	- 17	- 20	- 34
Spain	138	- 37	- 122	- 125	- 248	- 276
Sweden	- 26	- 48	- 52	- 103	- 197	- 248
United Kingdom	431	339	280	829	605	741

Source: IMF, Direction of Trade Statistics Yearbook 1997, Washington D.C.

## 7. Export classification, 1992-1997 (expressed in million dollars)

	1992	1993	1994	1995	1996	1997
<b>Agriculture, livestock and fisheries</b>	<b>1 222</b>	<b>1 172</b>	<b>1 272</b>	<b>1 530</b>	<b>1 674</b>	<b>1 637</b>
<b>Mining</b>	<b>4 728</b>	<b>4 050</b>	<b>5 129</b>	<b>7 984</b>	<b>7 102</b>	<b>8 243</b>
Copper	3 903	3 338	4 191	6 647	5 881	6 976
Others	825	713	938	1 337	1 221	1 267
<b>Industry</b>	<b>4 148</b>	<b>4 156</b>	<b>5 202</b>	<b>6 921</b>	<b>6 511</b>	<b>7 051</b>
Food, beverages and tobacco	1 919	1 806	2 144	2 894	3 072	3 154
Textiles	147	176	180	183	199	226
Forestry products and wooden furniture	419	487	581	735	729	838
Wood derivatives	684	617	923	1 629	953	966
Chemicals, oil and derivatives and rubber	502	535	738	823	772	1 014
Earthenware, porcelain, glass and non-metallic minerals	23	21	25	28	33	42
Iron and non-ferrous metals	167	138	164	221	198	200
Machinery, electrical, measuring and transport equipment	238	319	413	383	525	587
Other manufactured products	49	58	34	27	30	23
<b>Miscellaneous</b>	<b>26</b>	<b>37</b>	<b>41</b>	<b>54</b>	<b>110</b>	<b>94</b>
<b>Total</b>	<b>10 124</b>	<b>9 415</b>	<b>11 643</b>	<b>16 490</b>	<b>15 396</b>	<b>17 025</b>

Source: Banco Central de Chile, Boletín Mensual, No 841-marzo 1998, Santiago de Chile.

## 8. Import classification, 1992-1997 (expressed in million dollars)

	1992	1993	1994	1995	1996	1997
<b>Industry</b>	<b>1 548</b>	<b>1 725</b>	<b>1 829</b>	<b>2 630</b>	<b>3 119</b>	<b>3 435</b>
Food, beverages and tobacco	69	83	118	172	177	216
Textiles	212	293	338	451	602	647
Wood products and derivatives	43	53	65	95	115	142
Chemicals and petroleum products	155	181	232	297	412	457
Non-metallic minerals	31	35	34	47	56	58
Metals, machinery and equipment	953	975	937	1 421	1 589	1 725
Various manufactured goods	85	104	106	148	169	191
<b>Capital goods</b>	<b>2 473</b>	<b>2 969</b>	<b>3 190</b>	<b>4 091</b>	<b>4 652</b>	<b>5 167</b>
<i>Agriculture</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>2</i>
<i>Machinery and equipment</i>	<i>2 471</i>	<i>2 967</i>	<i>3 186</i>	<i>4 088</i>	<i>4 645</i>	<i>5 161</i>
<i>Artistic activities</i>	<i>1</i>	<i>1</i>	<i>3</i>	<i>3</i>	<i>5</i>	<i>4</i>
<b>Intermediate goods</b>	<b>5 390</b>	<b>5 804</b>	<b>6 086</b>	<b>8 138</b>	<b>89 993</b>	<b>9 458</b>
<i>Agriculture, livestock and fisheries</i>	<i>199</i>	<i>202</i>	<i>266</i>	<i>321</i>	<i>429</i>	<i>342</i>
<i>Mining</i>	<i>918</i>	<i>912</i>	<i>918</i>	<i>1 227</i>	<i>1 458</i>	<i>1 432</i>
Oil, coal and other organic minerals	881	856	830	1 028	1 367	1 331
Copper, iron and other minerals	37	56	88	199	91	101
<i>Industry</i>	<i>4 271</i>	<i>4 689</i>	<i>4 900</i>	<i>6 588</i>	<i>7 104</i>	<i>7 681</i>
Food, beverages and tobacco	347	355	404	535	649	716
Textiles, garments and leather goods	391	401	378	494	489	494
Wood products	22	30	32	45	63	84
Paper products, printing and publishing products	205	209	247	429	348	388
Chemical products and petroleum products	1 570	1 636	1 781	2 353	2 647	2 757
Non-metallic mineral products	108	135	121	157	194	220
Basic metallic products	380	419	387	631	573	689
Metallic products, machinery and equipment	1 220	1 474	1 518	1 904	2 099	2 289
Various manufactured products	30	31	34	41	43	44
Artistic activities	2	1	2	2	2	3
<b>Miscellaneous</b>	<b>103</b>	<b>105</b>	<b>149</b>	<b>163</b>	<b>170</b>	<b>226</b>
<b>Total</b>	<b>9 756</b>	<b>10 869</b>	<b>11 501</b>	<b>15 348</b>	<b>17 353</b>	<b>18 888</b>

Source: Banco Central de Chile, Boletín Mensual, No 841-marzo 1998, Santiago de Chile.

9. Source of the main flows of foreign direct investment, 1990-1996  
(net flows, expressed in million dollars and as percentages of the total)

	1990	1991	1992	1993	1994	1995	1996	1990-1996	% of the total 1990-1996
Austria	—	—	—	—	—	0	1	1	0,0
Belgium-Luxembourg	3	-1	1	4	2	5	59	71	1,2
Denmark	—	—	—	—	—	—	—	—	—
Finland	9	11	18	6	20	43	24	111	1,9
France	19	6	-2	8	-3	-31	44	16	0,3
Germany	8	5	33	10	99	184	-152	174	3,0
Italy	0	17	2	2	1	2	4	11	0,2
Netherlands	20	-15	22	—	56	118	—	196	3,4
Portugal	—	—	0	—	—	—	—	0	0,0
Spain	9	37	32	4	96	-24	82	190	3,3
Sweden	23	-3	1	—	-10	-1	1	-9	-0,2
United Kingdom	34	142	-39	152	116	347	139	715	12,3
EU	125	199	69	185	379	643	201	1 477	25,5
USA	293	226	106	198	1 554	1 406	994	4 258	73,5
Japan	-28	56	—	0	5	50	—	55	0,9

Source: IDB/IRELA, Inversión Extranjera Directa en Latin America, Madrid 1998.

10. Balance of payments, 1990-1997 (expressed in million dollars)

	1990	1991	1992	1993	1994	1995	1996	1997
Current account	-540	113	-700	-2 072	-644	142	-2 921	-2 800
Goods	1 335	1 587	770	-982	724	1 480	-1 146	-700
Services	-257	-6	-40	7	18	-165	-231	-300
Income	-1 818	-1 809	-1 860	-1 468	-1 743	-1 482	-2 016	-2 350
Current transfers	200	341	430	371	357	309	472	550
Capital account	—	—	—	—	—	—	—	—
Financial investment	680	-414	384	2 152	1 385	249	3 838	2 500
Direct investment	582	400	321	375	847	971	3 011	2 400
Portfolio investment	353	186	452	730	908	35	1 103	2 650
Other types of investment	1 867	49	1 955	1 216	2 547	-17	831	1 350
Reserve assets	-2 122	-1 049	-2 344	-169	-2 917	-740	-1 107	-3 900
Net errors and omissions	-140	301	316	-80	-741	-391	-917	300

Source: IDB, Basic Socio-Economic Data, Washington D.C., March 1998.

11. Distribution of European Commission cooperation with Chile, 1990-1996  
(commitments expressed in million ECU and as percentages of the total)

	1990	1991	1992	1993	1994	1995	1996	1997	1990-1997	% of the total
Financial cooperation	0,0	0,0	10,0	5,6	0,0	9,4	12,3	19,7	57,0	34,8
Economic cooperation	5,5	2,7	3,8	4,3	4,7	3,9	4,7	1,9	31,5	19,2
Humanitarian aid	4,2	14,0	11,8	10,3	8,5	3,0	2,1	0,0	53,9	32,9
Environment	0,0	0,2	1,1	0,1	1,4	0,4	0,0	0,0	3,2	2,0
Other forms of assistance	4,2	5,0	3,1	1,8	1,5	1,5	1,2	0,2	18,5	11,3
Total	13,9	21,9	29,8	22,1	16,1	18,2	20,3	21,7	164,0	100,0

Source: European Commission, Brussels, 1997.

12. Official Development Assistance, 1990-1996  
(net expenditure expressed in million dollars and as percentages of the total)

Donor countries	1990	1991	1992	1993	1994	1995	1996	1990-1996	% of the total 1990-1996 (%)
Austria	1	0	1	2	1	1	2	7	0,7
Belgium	3	3	6	6	4	6	5	34	3,2
Denmark	5	5	1	3	1	1	0	16	1,6
Finland	6	1	1	0	0	0	0	6	0,6
France	6	11	11	27	19	30	43	147	14,1
Germany	20	23	31	37	42	45	43	241	23,0
Ireland	0	0	0	0	0	0	0	0	0,0
Italy	11	16	17	5	9	7	12	77	7,4
Luxembourg	1	1	1	1	1	0	2	6	0,5
Netherlands	14	19	16	14	16	11	8	99	9,4
Portugal		0	0	0	0	0	0	0	0,0
Spain	6	4	18	14	8	13	5	69	6,6
Sweden	9	15	10	9	18	7	5	72	6,9
United Kingdom	1	1	2	1	2	3	3	13	1,2
European Commission	20	13	13	18	17	12	10	103	9,8
European Union <sup>(1)</sup> and EC	102	112	128	137	138	135	138	889	85,0
USA	-28	-25	-30	-1	-27	-49	-3	-163	-15,6
Canada	3	3	4	3	3	2	2	19	1,8
Japan	19	18	18	29	31	63	53	231	22,1
Other DAC countries <sup>(1)</sup>	28	10	11	9	4	4	4	70	6,7
Total DAC	124	118	131	177	149	154	193	1 046	100,0

<sup>(1)</sup> Greece is not a member of the OECD's Development Assistance Committee (DAC).

Source: OECD, Geographical Distribution of Financial Flows to Aid Recipients, Paris 1998; IRELA calculations.