



## **Report on the second round of negotiations for modernising the trade pillar of the EU-Mexico Global Agreement**

**Mexico City – 22 to 25 November 2016**

The second negotiation round for the modernisation of the trade part of EU-Mexico Global Agreement took place from 22 to 25 November 2016 in Mexico City. The talks were led on the EU side by EU Chief Negotiator, Director Helena König, DG TRADE. The Mexican delegation was led by the Undersecretary for Foreign Trade, Juan Carlos Baker Pineda, and Cesar Guerra, Minister Representative to the EU of the Ministry of Economy of Mexico.

During this second round, the EU and Mexico discussed for the first time on the basis of textual proposals and/or non-papers presented by either side. Negotiation working groups covered the following areas: (1) Trade in Goods; (2) Rules of Origin; (3) Customs and Trade Facilitation; (4) Technical Barriers to Trade; (5) Regulatory Coherence (6) Sanitary and Phytosanitary Measures; (7) Public Procurement; (8) Energy and Raw Materials; (9) Intellectual Property (including Geographical Indicators); (10) Trade and Sustainable Development; (11) SMEs; (12) Dispute Settlement.

### **1. Trade in goods**

The Parties went through the Mexican textual proposal and through the EU list of provisions to be considered and established that there is a large degree of overlap on the various issues. This discussion allowed identifying areas of convergence and issues which need further work.

As regards Market Access for goods, both Parties provided clarification on applied tariff and on trade flow of products for which the existing agreement has not led to full tariff liberalisation. The Parties also presented their potentialities, trade interests and expectations in various sectors and also exchanged views on the process that should be followed for initiating discussions on further tariff liberalisation.

### **2. Rules of Origin**

On the General Provisions, the Parties exchanged texts and prepared a consolidated version of both proposals. The positions are close in general terms. The main differences relate to the vessels conditions, approaches to cumulation and accounting segregation methods, as well as some elements of the tolerance rule and of the

insufficient operations list. On the proof and verification part the EU highlighted its main concerns and questions in relation to Mexico's proposal.

### **3. Customs and Trade Facilitation**

The Parties reviewed their respective proposals and clarifications were provided on certain provisions so as to have a better understanding of their scope and purpose. They agreed on a list of topics to be discussed and for possible inclusion in this Chapter which includes, among others: Risk Management, Authorised Economic Operator, Publication or Transparency, Advance Rulings, Appeals, Penalties, Release of Goods and Use of Information Technology and Electronic Payment.

### **4. Technical Barriers to Trade (TBT)**

The Parties noted that they share similar objectives in some of the TBT areas, for instance regarding the use of relevant international standards in support of technical regulations, despite of differences on the issue of incorporation of standards in technical regulations which render them mandatory in Mexico. On transparency, both sides share the objective of building on existing World Trade Organisation (WTO) obligations and improve the WTO TBT notification procedure for technical regulations having a significant impact on trade.

The Parties also discussed their respective policies on conformity assessment. Mexico has opted for a system that relies heavily on third party conformity assessment as it requires that products are certified by conformity assessment bodies in order to be placed on the market, while the EU relies, for low risk products, on self-declaration of conformity issued by the manufacturer.

Mexico and the EU also discussed the possibility to include provisions on regulatory cooperation and marking and labelling.

### **5. Regulatory Coherence**

Mexico and the EU have implemented Good Regulatory Practices (GRPs) in their respective regulatory processes in order to render them more transparent and predictable. During this round both sides expressed an interest in the possibility to reflect these GRPs in the Agreement.

## **6. Sanitary and Phytosanitary Measures**

The Parties presented their respective text proposals. They underlined the importance of ensuring that SPS measures are respected, facilitate trade and do not create unnecessary barriers to trade.

Both textual proposals contain draft provisions on important SPS measures such as audit procedures, transparency, emergency measures, import checks, certification, regionalisation, equivalence and the set-up of an SPS Committee.

## **7. Public Procurement**

The Parties exchanged views on the chapter on public procurement and agreed to work on the basis of the content of WTO Government Procurement Agreement (GPA). Mexico gave preliminary comments on the EU's textual proposal and the Parties then focused the discussion on the respective proposals for additional disciplines as well as on the architecture of the chapter.

## **8. Energy and Raw Material**

The EU explained its textual proposal on Energy and Raw materials, while Mexico presented the main features of the Mexican Energy Reform and the current legal framework applied to the sector, including mining activities. Both sides subsequently discussed the text proposed by the EU. The Mexican side sought clarifications on certain articles and made comments of a preliminary nature.

## **9. Intellectual Property Rights**

The EU presented the articles of its proposal and the two sides engaged in constructive discussions on this basis and listed elements where further clarification or discussion would be needed. Discussions covered the following areas: objectives, nature and scope of obligations, exhaustion, national treatment, copyright and related rights, trademarks, designs, geographical indications, patents, plant varieties, protection of undisclosed information, enforcement of intellectual property rights, cooperation, and ISP liability.

## **10. Trade and Sustainable Development**

Based on a detailed explanation of the EU general approach to Trade and Sustainable Development (TSD), the Parties identified areas of common interests and elements of convergence, including the possibility to base the Trade and Sustainable Development Chapter on the fundamental international commitments under the International Labour Organization (such as the fundamental principles and rights at work) and relevant Multilateral Environmental Agreements, as well as elements that would need further exchanges. Mexico provided positive initial feedback on the overall approach proposed

by the EU, while more detailed, technical work is needed following the future submission of the EU TSD textual proposal.

### **11. SMEs**

The Parties presented their texts and agreed to work on a draft consolidated negotiating text. The Parties agreed on the need to facilitate access for SMEs and stakeholders to updated information and explanation on the future Agreement. The two sides identified areas of convergence as well as issues on which further discussions is needed.

### **12. Dispute Settlement**

The Parties discussed, on a conceptual basis, the structure and main features of the Dispute Settlement rules and procedures in bilateral trade agreements of the EU and Mexico, respectively. This discussion allowed the parties to identify areas where convergence seems apparent (ex. consultations, initiation of arbitration procedures, interim and final reports) and areas where further discussions would be needed to clarify positions or bring positions closer together (ex. scope, transparency, panel composition, reasonable period of time, compliance, mediation procedures, urgent matters).