Disclaimer: In view of the Commission's transparency policy, the Commission is publishing the texts of the Trade Part of the Agreement following the agreement in principle announced on 21 April 2018.

The texts are published for information purposes only and may undergo further modifications including as a result of the process of legal revision. The texts are still under negotiations and not finalised. However, in view of the growing public interest in the negotiations, the texts are published at this stage of the negotiations for information purposes. These texts are without prejudice to the final outcome of the agreement between the EU and Mexico.

The texts will be final upon signature. The agreement will become binding on the Parties under international law only after completion by each Party of its internal legal procedures necessary for the entry into force of the Agreement (or its provisional application).

TRADE AND SUSTAINABLE DEVELOPMENT

CHAPTER [XX]

TRADE AND SUSTAINABLE DEVELOPMENT

Article 1
Objectives and Scope

1. The objective of this Chapter is to enhance the integration of sustainable development in the Parties' trade and investment relationship, notably by establishing principles and actions concerning labour and environmental aspects of sustainable development of specific relevance in a trade and investment context.


3. Consistent with the instruments referred to in paragraph 2, the Parties shall promote:

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1 For the purposes of this chapter, the term "labour" means the strategic objectives of the ILO under the Decent Work Agenda, which is expressed in the ILO 2008 Declaration on Social Justice for a Fair Globalisation.
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(a) sustainable development, which encompasses economic development, social development and environmental protection, all three being inter-dependent and mutually reinforcing;

(b) the development of international trade and investment in a manner that contributes to the objective of achieving the Sustainable Development Goals.

(c) inclusive green growth and circular economy so as to foster economic growth while ensuring the protection of the environment and promoting social development.

Article 2
Right to Regulate and Levels of Protection

1. The Parties recognise the right of each Party to determine its sustainable development policies and priorities, to establish its levels of domestic environmental and labour protection and to adopt or modify its relevant laws and policies as it deems appropriate. Such levels, law and policies shall be consistent with each Party's commitment to the internationally recognised standards and agreements referred to in Articles 3 and 4.

2. Each Party shall strive to ensure that its relevant laws and policies provide for and encourage high levels of environmental and labour protection and shall continue to strive to improve such laws and policies and their underlying levels of protection.

3. The Parties should not weaken the levels of protection afforded in domestic environmental or labour law in order to encourage trade or investment.

4. A Party shall not waive or derogate from, or offer to waive or derogate from, its environmental or labour laws in order to encourage trade or investment.

5. A Party shall not, through a sustained or recurring course of action or inaction, fail to effectively enforce its environmental or labour laws in order to encourage trade or investment.

Article 3
Multilateral Labour Standards and Agreements

1. The Parties reaffirm their commitment to promote the development of international trade in a way that is conducive to full and productive employment and decent work for all, in particular women, young people and persons with disabilities.

2. In accordance with the ILO Constitution and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, adopted by the International Labour Conference at its 86th Session in 1998, each Party shall respect, promote and effectively implement the principles
concerning the fundamental rights at work, as defined in the fundamental ILO Conventions, which are:

a) freedom of association and the effective recognition of the right to collective bargaining;

b) the elimination of all forms of forced or compulsory labour;

c) the effective abolition of child labour; and

d) the elimination of discrimination in respect of employment and occupation.

3. Recalling paragraphs 1 and 2 above and underlining their commitment to support multilateral governance, each Party shall effectively implement the ILO Conventions and Protocols ratified by Mexico and by the Member States of the European Union respectively.

4. Each Party shall make continued and sustained efforts towards ratifying the fundamental ILO Conventions.

5. The Parties shall regularly exchange information on their respective progress with regard to ratification of the fundamental ILO Conventions and related Protocols and of other ILO Conventions or protocols to which they are not yet party and that are considered as up-to-date by the ILO.

6. The Parties shall consult as appropriate and should cooperate on trade-related labour issues of mutual interest, including in the context of the ILO.

7. Recalling the ILO Declaration on Social Justice for a Fair Globalisation of 2008, the Parties note that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist trade purposes.

8. Each Party shall promote decent work as provided by the Declaration on Social Justice for a Fair Globalization of 2008 adopted by the International Labour Conference at its 97th Session. According to national conditions and priorities, particular attention shall be paid by each Party to:

   a) developing and enhancing measures for occupational safety and health, including compensation in case of occupational injury or illness, as defined in the relevant ILO Conventions and other international commitments;

   b) decent working conditions for all, with regard to, *inter alia*, wages and earnings, working hours and other conditions of work;

   c) maintaining an effective labour inspection system, in accordance with its international commitments and relevant ILO standards.
9. Each Party shall ensure that its administrative, judicial and labour tribunal proceedings for the enforcement of its labour law are fair, accessible and transparent, and permit effective action against infringements of labour rights referred to in this Chapter.

Article 4
Multilateral Environmental Governance and Agreements

1. The Parties recognise the importance of the United Nations Environment Assembly (UNEA) of the United Nations Environment Programme (UNEP) and multilateral environmental governance and agreements as a response of the international community to global or regional environmental challenges and stress the need to enhance the mutual supportiveness between trade and environment policies.

2. Recalling the paragraph 1 above and in order to support the multilateral governance, each Party shall effectively implement the multilateral environmental agreements (MEAs), protocols and amendments to which it is a party.

3. The Parties shall regularly exchange information on their respective initiatives regarding the ratifications of MEAs, including their protocols and amendments.

4. The Parties shall consult as appropriate and should cooperate on trade-related environmental matters of mutual interest, including in the context of multilateral environmental agreements.

5. The Parties [acknowledge / reaffirm] the right to invoke Article XX (General Exceptions Trade in Goods and Article XY (General Exceptions Trade in Services) in relation to measures taken pursuant to MEAs to which they are party.

Article 5
Trade and Climate Change

1. The Parties recognise the importance of pursuing the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC) in order to address the urgent threat of climate change and the role of trade to this end.

2. Pursuant to paragraph 1, each Party shall:

   (a) effectively implement the UNFCCC and the Paris Agreement established thereunder, including through actions that contribute to the implementation of the Parties’ National Determined Contributions (NDCs);

   (b) promote the positive contribution of trade to the transition to a sustainable low-carbon economy and to climate-resilient development;

   (c) promote green economic growth based on actions on climate change mitigation and adaptation, including ecosystem-based adaptation renewable energies and energy-efficient solutions.
3. In addition, the Parties should cooperate on trade-related climate change issues bilaterally, regionally and in international fora as appropriate, including in the UNFCCC, the WTO and the Montreal Protocol on Substances that Deplete the Ozone Layer.

Article 6
Trade and biological diversity

1. The Parties recognise the importance of conserving and sustainably using biological diversity and the role of trade in pursuing these objectives, consistent with the Convention on Biological Diversity (CBD) and its Protocols, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), other relevant international instruments to which they are a party, and the decisions and resolutions adopted thereunder.

2. Parties recognize that mainstreaming the conservation and sustainable use of biological diversity across relevant sectors of the economy and strengthening of legal, institutional and regulatory domestic frameworks can contribute to generate positive impacts on biological diversity and its ecosystem services as well as to achieve sustainable development.

3. Pursuant to paragraph 1, each Party shall:

   (a) implement effective measures to combat illegal wildlife trade, including through cooperation activities with third countries, as appropriate;

   (b) promote the inclusion of animal and plant species in the Appendices to the CITES where the conservation status of that species is considered at risk because of international trade and conduct periodic reviews, which may result in a recommendation to amend the Appendices to the CITES, in order to ensure that they properly reflect the conservation needs of species subject to international trade;

   (c) promote the long-term conservation and sustainable use of CITES listed species, including their legal and traceable trade, providing benefits to the stakeholders in their value-chain, in particular to the local communities where CITES species are sourced;

   (d) take measures to conserve biological diversity when it is subject to pressures linked to trade and investment, in particular through measures to prevent the spread of invasive alien species; and

   (e) exchange information with the other Party on initiatives on trade in natural resource-based products with the aim of promoting conservation and sustainable use of biological diversity and promote such trade.

4. Each Party should cooperate with the other Party bilaterally, regionally and in international fora, including with relevant stakeholders, on issues concerning trade and the conservation and sustainable use of biological diversity, as well as the combat of illegal wildlife
trade, including initiatives to reduce demand for illegal wildlife products and specimens, and to enhance law enforcement cooperation and information sharing.

\textit{Article 7}

\textbf{Trade and Sustainable Management of Forests}

1. The Parties recognise the importance of sustainable forest management and the role of trade in pursuing these objectives.

2. Pursuant to paragraph 1, each Party shall:

   (a) encourage the conservation and sustainable management of forests and the promotion of trade and consumption of timber and timber products from sustainably managed forests;

   (b) promote trade in forest products that has not given rise to deforestation or forest degradation;

   (c) implement measures to combat illegal logging and related trade, including through cooperation activities with third countries, as appropriate;

   (d) exchange information with the other Party on trade-related initiatives on forest governance and on the conservation of forest cover and cooperate to maximise the positive impact and ensure the mutual supportiveness of their respective policies of mutual interest;

3. Each Party should cooperate with the other Party bilaterally, regionally and in international fora, including with relevant stakeholders, on issues concerning trade and the conservation of forests as well as sustainable forest management.

\textit{Article 8}

\textbf{Trade and Sustainable Management of Marine Biological Resources and Aquaculture}

1. The Parties recognise the importance of conserving and sustainably managing marine biological resources and marine ecosystems as well as of promoting responsible and sustainable aquaculture with the aim of ensuring sustainable economic, environmental and social conditions, and the role of trade in pursuing these objectives.

2. The Parties acknowledge that illegal, unreported and unregulated (IUU) fishing has negative impacts on trade and the environment, and confirm the need for action to end IUU fishing to address the problems of overfishing and unsustainable utilisation of fisheries resources.

3. Pursuant to paragraphs 1 and 2, each Party shall:
(a) implement long-term conservation and management measures and sustainable exploitation of marine living resources as defined in the main UN and FAO instruments relating to these issues;

(b) act consistently with the principles of the UN Convention on the Law of the Sea of 1982, the UN Agreement on the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks, the FAO Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas, the FAO Code of Conduct for Responsible Fisheries, and the FAO Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated (IUU) Fishing;

(c) participate actively in the work of the Regional Fisheries Management Organisations (RFMOs) to which they are members, observers, or cooperating non-contracting parties, with the aim of ensuring the sustainable exploitation, management and conservation of marine biological resources and the marine environment. This includes, where applicable, the active participation in the adoption of management, conservation and control measures by those RFMOs and their effective implementation and enforcement, including, where applicable, Catch Documentation or Certification Schemes;

(d) implement effective measures to combat IUU fishing, including measures to exclude IUU products from trade flows, cooperate and exchange information to this end;

(e) promote the development of sustainable and responsible aquaculture, including with regard to the implementation of the objectives and principles contained in the FAO Code of Conduct for Responsible Fisheries.

3. Each Party should cooperate with the other Party and within RFMOs and other international fora with the aim of achieving sustainable fisheries management.

Article 9
Trade and Responsible Management of Supply Chains

1. The Parties recognise the importance of responsible management of supply chains through responsible business conduct and corporate social responsibility practices, which contribute to an enabling environment, and the role of trade in pursuing the objective of responsible management of supply chains.

2. Pursuant to paragraph 1, each Party shall:

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(a) promote corporate social responsibility or responsible business conduct, including by encouraging the uptake of relevant practices by businesses;

(b) support the dissemination and use of relevant international instruments, such as the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

3. The Parties recognise the utility and shall promote the uptake of international sector-specific guidelines in the area of corporate social responsibility or responsible business conduct adopted by their Governments, such as the OECD Due Diligence Guidance documents for responsible supply chains, and shall promote joint work in this regard, including with respect to third countries.

4. The Parties shall exchange information as well as best practices and, as appropriate, cooperate with the other Party, regionally and in international fora on issues covered by this article.

Article 10
Other Trade- and Investment-related Initiatives Favouring Sustainable Development

1. The Parties confirm their commitment to enhance the contribution of trade and investment to the goal of sustainable development in its economic, social and environmental dimensions.

2. Pursuant to paragraph 1, the Parties shall promote:

(a) trade and investment policies that support the objectives of the Decent Work Agenda, consistent with the 2008 ILO Declaration on Social Justice for a Fair Globalisation, including policies in regard to wages, earnings and working hours, inclusive social protection, health and safety at work, and other aspects related to working conditions;

(b) trade and investment facilitation in environmental goods and services, including those of particular relevance for climate change mitigation such as sustainable renewable energy and energy efficient products and services, through inter alia addressing related non-tariff barriers, the adoption of policy frameworks conducive to the deployment of best available technologies and cooperating in relation to initiatives in this field;

(c) trade in goods that contribute to enhanced social conditions and environmentally sound practices, including goods that are the subject of voluntary sustainability assurance schemes such as fair and ethical trade schemes and eco-labels;

3. Each Party should cooperate with the other Party bilaterally, regionally and in international fora on issues in this article.
Article 11
Scientific and technical information

When establishing or implementing measures aimed at protecting the environment or occupational safety and health that may affect trade or investment, each Party shall take into account available scientific and technical information, relevant international standards, guidelines or recommendations.

Where there is a lack of full scientific certainty and there are threats of serious or irreversible damage to the environment or to occupational safety and health, a Party may adopt cost-effective measures based on the precautionary principle. Such measures shall be consistent with, or justified by, this Agreement. They shall be based upon available pertinent information and subject to periodic review in the light of new scientific information.

Article 12
Transparency

When a Party adopts and implements measures of general application aimed at protecting the environment and labour conditions that may affect trade or investment between the Parties, or trade or investment measures that may affect the protection of the environment or labour conditions, it shall do so in accordance with Chapter… [Transparency], and providing reasonable opportunities for interested persons to submit views on the proposed measures in accordance to its domestic laws and regulations.

Article 13
Working together on trade and sustainable development

The Parties recognise the importance of working together in order to achieve the objectives of this Chapter. They may work jointly on inter alia:

(a) labour and environmental aspects of trade and sustainable development in international fora, including in particular the WTO, the ILO, UN Environment, and MEAs;

(b) the impact of labour and environmental law and standards on trade and investment;

(c) the impact of trade and investment law on labour and the environment;

as well as trade-related aspects of:

(d) the fundamental, priority and other treated as up-to-date ILO Conventions of relevance in a trade context;
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(e) the ILO Decent Work Agenda, including on the inter-linkages between trade and full and productive employment, labour market adjustment, core labour standards, decent work in global supply chains, social protection and social inclusion, social dialogue, skills development and gender equality;

(f) the MEAs, including customs cooperation and support for each other's participation in MEAs;

(g) the current and future international climate change regime, including means to promote low-carbon technologies and energy efficiency, preparation and adoption of carbon pricing action including Emission Trading Systems, ecosystem-based adaptation and water management adaptation approaches to climate change;

(h) the Montreal protocol and Kigali Amendment, in particular measures to control the production and consumption of and trade in Ozone Depleting Substances (ODS) and Hydrofluorocarbons (HFCs), introduction of environmentally friendly alternatives, updating of standards and combating illegal trade of substances regulated by these agreements.

(i) the promotion of inclusive green growth and circular economy;

(j) transparent private and public sustainability assurance schemes, including eco-labelling;

(k) the protection and restoration of ecosystems, access to genetic resources and the fair and equitable sharing of benefits from their utilisation - consistent with the Nagoya Protocol of the CBD - as well as the valuation of ecosystems and their services and related economic instruments;

(l) corporate social responsibility, responsible business conduct and responsible management of global supply chains, including with regard to adherence, implementation and dissemination of internationally agreed instruments;

(m) the sound management of chemicals and waste

(n) the promotion of the conservation and sustainable use of biological diversity, including combatting illegal wildlife trade, as referred to in Article 6;

(o) the promotion of the conservation and sustainable management of forests with a view to halting deforestation and illegal logging, including the promotion of trade in forest products that has not given rise to deforestation or forest degradation, as referred to in Article 7, and

(p) the promotion of sustainable fishing practices and trade in sustainably managed fish products, as well as the protection and restoration of the marine environment. as referred to in Article 8,
Article 14

Sub-Committee on Trade and Sustainable Development and Contact Points

1. The Parties hereby establish a Sub-Committee on Trade and Sustainable Development (hereafter "TSD Sub-Committee"). It shall comprise senior officials, or their delegates, from each Party.

2. The TSD Sub-Committee shall meet within a year of the date of entry into force of this Agreement, unless otherwise agreed by the Parties, and thereafter as necessary in accordance with Article … of Chapter … [Institutional provisions on meetings of Sub-Committees of the Trade Committee].

3. The functions of the TSD Sub-Committee are to:
   (a) facilitate and monitor the effective implementation of this Chapter, including cooperation activities undertaken under this Chapter,
   (b) carry out the tasks referred to in Articles 16 and 17,
   (c) make recommendations to the Trade Committee, including with regard to topics for discussion with the [domestic advisory group and civil society forum], referred to in Article … of Chapter …[Institutional part of the Association Agreement],
   (d) consider any other matter related to this Chapter as the Parties may agree.

4. The TSD Sub-Committee shall make a public report after each of its meetings.

5. All recommendations and reports of the TSD Sub-Committee shall be made by mutual agreement of the Parties.

6. Each Party shall give due consideration to communications and opinions from the public on matters related to this chapter and shall inform the TSD Sub-Committee and its civil society mechanisms established under article XX of this Agreement of such communications.

7. Each Party shall designate a Contact Point within its administration to facilitate communication and coordination between the Parties on any matter relating to the implementation of this Chapter.

Article 15

Dispute resolution

In case of a disagreement between the Parties regarding the interpretation or application of this Chapter, the Parties shall have recourse exclusively to the dispute resolution procedures established under Article 16 and Article 17.
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Article 16

Consultations

1. A Party may request consultations with the other Party regarding the interpretation or application of this Chapter by delivering a written request to the contact point of the other Party established in accordance with Article 14.4. The request shall set out the reasons for requesting consultations, including a description of the matter at issue. Consultations shall start promptly after a Party delivers a request for consultations, and in any event not later than 30 days of the date of receipt of the request, unless the Parties agree otherwise. Consultations shall be held in person or, if so agreed by the Parties, by virtual means.

2. The Parties shall enter into consultations with the aim of reaching a mutually satisfactory resolution of the matter. In matters related to the multilateral agreements referred to in this Chapter, the Parties shall take into account information from the ILO or relevant multilateral environmental organisations or bodies in order to ensure coherence between the work of the Parties and these organisations. Where relevant and mutually agreed, the Parties shall seek advice from such organisations or bodies, or any other expert or body they deem appropriate.

3. If, after 30 days from the date of the receipt of the request under paragraph 1, a Party considers that the matter needs further discussion, that Party may request in writing that the TSD Subcommittee be convened and notify the request to the contact point established pursuant to Article 14.4. The TSD Subcommittee shall meet promptly and endeavour to reach a mutually satisfactory resolution of the matter.

4. The TSD Subcommittee shall seek as appropriate the advice of the … [civil society domestic advisory group] referred to in Article … of Chapter … [general institutional provisions] or other expert advice.

5. Any resolution reached by the Parties shall be made publicly available.

Article 17

Panel of Experts

1. If, within 90 days of a request for consultations under Article 16, no mutually satisfactory resolution has been reached, a Party may request the establishment of a Panel of Experts to examine the matter. Any such request shall be made in writing to the contact point of the other Party established in accordance with Article 14.5. The request shall identify the reasons for requesting the establishment of a Panel of Experts, including an indication of the legal basis for the complaint.

2. Except as otherwise provided for in this Article, the dispute settlement provisions set out in Article X.5 [Establishment of a Panel], Article X.8 [Functions of the Panel], Article X.18 [Replacement of Panellists], Article X.19 [Rules of Procedure], Article X.20 [Suspension and
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Termination], Article X.21 [Receipt of Information], Article X.22 [Rules of Interpretation] of Section 3 [Panel Procedures] and Section 5 [Common Provisions] of Chapter XX [Dispute Settlement], as well as the Rules of Procedure in Annex I and the Code of Conduct for Panellists and Mediators in Annex II to Chapter … [Dispute Settlement], shall apply.

3. The TSD Sub-Committee shall, at its first meeting after the entry into force of this Agreement, establish a list of at least 15 individuals who are willing and able to serve on the Panel of Experts. The list shall be composed of three sub-lists: one sub-list for each Party and one sub-list of individuals that are not nationals of either Party and who may serve as chairperson to the Panel of Experts. Each Party shall propose at least five individuals for its sub-list. The Parties shall also select at least five individuals for the list of chairpersons. The TSD Sub-Committee shall ensure that the list is kept up to date and that the number of experts is maintained at least at 15 individuals.

4. The individuals referred to in paragraph 3 shall have specialised knowledge of or expertise in labour or environmental law, issues addressed in this Chapter, or the resolution of disputes arising under international agreements. They shall be independent, serve in their individual capacities and shall not take instructions from any organisation or government with regard to issues related to the disagreement, or be affiliated with the government of any Party, and shall comply with Annex II… [Code of Conduct for Panellists and Mediators] to Chapter … [Dispute Settlement].

5. A Panel of Experts shall be established according to the procedures set out in paragraphs 1 to… of Article X.5 [Establishment of a Panel] of Chapter … [Dispute Settlement]. The experts shall be selected from the relevant individuals on the sub-lists referred to in paragraph 3 of this Article, in accordance with the relevant provisions of paragraphs … of Article X.5 [Establishment of a Panel] of Chapter … [Dispute Settlement].

6. Unless the Parties agree otherwise within five days from the date of establishment of the Panel of Experts, as defined in paragraph 5 of Article X.5 [Establishment of a Panel], the terms of reference shall be:

"to examine, in the light of the relevant provisions of Chapter X [Trade and Sustainable Development] of the EU-Mexico Association Agreement, the matter referred to in the request for the establishment of the Panel of Experts, to make findings and recommendations for the resolution of the matter and to deliver a report, in accordance with Article 17 of that Chapter".

7. In matters related to the respect of multilateral agreements referred to in this Chapter, the Panel of Experts should seek information and advice from the relevant ILO or MEA bodies.

8. The Panel of Experts shall issue to the Parties an interim report within 90 days of the establishment of the Panel and a final report no later than 30 days after issuing the interim report. These reports shall set out the findings of facts, the applicability of the relevant provisions and the basic rationale behind any findings and recommendations. The Parties shall make the final report publicly available within 15 days of its submission by the Panel of Experts.
9. The Parties shall discuss appropriate measures to be implemented taking into account the report and recommendations of the Panel of Experts. The Party complained against shall inform its domestic advisory group referred to in Article …[civil society domestic advisory group] of Chapter [general institutional provisions] and the other Party of its decisions on any actions or measures to be implemented no later than three months after the report has been made publicly available. The Sub-Committee on Trade and Sustainable Development shall monitor the follow-up to the report of the Panel of Experts and its recommendations. The civil society domestic advisory groups set up under the Agreement referred to in Article(s) …[civil society domestic advisory group] of Chapter… [general institutional provisions] may submit observations to the TSD Sub-Committee in this regard.

Article 18

Review

1. For the purpose of enhancing the effective implementation of this Chapter, the Parties shall discuss when necessary through the meetings of the Trade and Sustainable Development Sub-Committee, the operation of the institutional and dispute settlement provisions set out in Articles 14, 16 and 17 of this Chapter, including a possible review of the effectiveness of its enforcement, taking into account, inter alia, the experience gained through implementation of this Chapter, policy developments in each Party, developments in international agreements and views presented by stakeholders.

2. The Trade and Sustainable Sub-Committee may recommend modifications to the relevant provisions of this Chapter reflecting the outcome of the discussions referred to in paragraph 1 above, in accordance with the amendment procedure established in Article X [Amendments].