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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).

Provisions on Anti-corruption in the context of the Modernisation of the EU-Mexico Association Agreement

Section XX.I

Article XX.1 –Objectives

1. The Parties affirm their commitment to prevent and combat corruption in international trade and investment and recall that corruption in trade and investment undermines good governance and economic development and distorts international competitive conditions.
2. The Parties recognise that corruption can affect trade as it may compromise market access opportunities and erode commitments aimed at creating a level playing field. Corruption affecting trade and investment can act as a non-tariff barrier for investors and enterprises seeking to participate in trade and investment.
3. The Parties recognise the importance of combatting corruption of public officials and in the private sector affecting trade and investment.
4. The Parties recognize that corruption is a transnational issue and linked to other forms of transnational and economic crime including money-laundering and should be addressed from a multi-disciplinary approach and close cooperation at an international level.
5. The Parties recognize the need to build integrity and enhance transparency within both the public and private sectors and that each sector has complementary responsibilities in this regard.
6. The Parties recognize the importance of regional and multilateral initiatives including the United Nations, the World Trade Organisation, the OECD, the Financial Action Task Force (FATF), the Council of Europe and the Organisation of American States to prevent and combat corruption in matters affecting international trade and investment and commit to work jointly to encourage and support appropriate initiatives.

7. The Parties reiterate their shared commitment under Goal 16 of the 2030 Agenda for Sustainable Development to "substantially reduce corruption and bribery in all their forms".

8. The Parties recognise the important work undertaken by the G20 Working Group on Anticorruption and reaffirm their support to the relevant High Level Principles agreed in the G20.

9. The objective of these provisions is to set a bilateral framework of commitments to combat and prevent corruption affecting trade and investment in the relationship between the Parties.

Article XX.2. Relation to Other Agreements

Nothing in this [protocol/annex] shall affect the rights and obligations of the Parties under UNCAC; the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, done at Paris on 21st November 1997; the Inter-American Convention Against Corruption, done at Caracas on 29th March 1996; the relevant legal instruments adopted by the Council of Europe, and any other relevant international legal instruments adopted by each Party.

Section XX.II Scope of Application

The provisions of this [protocol/annex] shall apply to the prevention and fight against corruption with respect to matters covered by Part III of this Agreement.

Section XX.III Measures to combat corruption

Article XX.3. Active and passive bribery of public officials

The Parties recognise the importance of combating active and passive bribery of public officials affecting trade and investment. To this end they reaffirm in particular their commitments under Article 15 and Article 16 of the United Nations Convention against Corruption (UNCAC) to adopt or maintain such legislative and other measures as may be necessary to establish active and passive bribery of public officials and active bribery of foreign public officials and officials of public international organizations as criminal offences, when committed intentionally; and to consider adopting such legislative and other measures as may be necessary to establish passive bribery of foreign public officials and officials of public international organizations as criminal offences, when committed intentionally.

Article XX.4. Active and passive bribery in the private sector

1. The Parties recognise the importance of combatting active and passive bribery in the private sector affecting trade and investment. To this end they recall the need to comply with their commitments under UNCAC and reaffirm in particular their commitments under Article 21 of UNCAC to consider adopting such legislative and other measures as may be necessary to establish as criminal offences active and passive bribery corruption in the private sector, when committed intentionally in the course of economic, financial or commercial activities.

2. The Parties recognize that facilitation payments given to public officials constitute a form of bribery, neutralize efforts to combat corruption and incentivize bribery in foreign countries.

To this end, the Parties reaffirm their commitment under Article 12.4 of UNCAC to disallow the tax deductibility of expenses that constitute bribes and, where appropriate, other expenses incurred in the furtherance of corrupt conduct.

Article XX.5. Corruption and money laundering

The Parties, recognising the interlinkage between corruption and money laundering, reaffirm their commitments under Article 23 of UNCAC.

Article XX.6. Liability of legal persons

The Parties recognise that establishing the liability of legal persons and ensuring that there are effective, proportionate and dissuasive criminal or non-criminal sanctions is necessary to the global fight against corruption in international trade and investment. To this end, the Parties reaffirm their commitments under Article 26 of UNCAC and recall their support to the G20 High Level Principles on Liability of Legal Persons.

Section XX.IV. Measures to prevent corruption in the private sector

Article XX.7. Responsible Business Conduct

1. The Parties recognise the importance of preventive measures and responsible business Conduct, including financial and non-financial reporting obligations and corporate social responsibility practices in averting corruption and the role of trade in pursuing this objective.
2. The Parties recognise the necessity for taking into account the needs and constraints of SMEs in terms of reporting obligations.
3. The Parties recall their support to the OECD Guidelines for Multinational Enterprises in relation to anti-corruption.

Article XX.8. Financial and non financial reporting

1. In line with their commitments under UNCAC, and in accordance with its fundamental principles of its domestic law, the Parties recognise the importance of enhancing accounting and auditing standards in the private sector as a way of preventing corruption and agree in particular that, among others, the following measures could achieve this objective:

(a) Ensuring that private enterprises, taking into account their structure and size, and notably the specific needs of small and medium sized enterprises, implement measures to assist in preventing and detecting acts of corruption, which may include compliance with a corporate governance code, internal audit function or sufficient internal controls. In addition, the Parties shall encourage listed enterprises, banks and insurance companies to report on the measures they have taken to prevent and combat corruption. The Parties shall take such measures as may be necessary on the disclosure of such reports.

(b) Ensuring that the accounts and required financial statements of such private enterprises are subject to appropriate auditing and certification procedures.

2. The Parties shall take such measures as may be necessary, in accordance with its domestic laws and regulations, on the disclosure of financial statements and maintenance of accounting and auditing standards.

3. Each Party should consider adopting or maintaining measures requiring external auditors to report any suspected acts to the competent authorities regarding the offenses specified in Articles 3, 4 and 5. If such reporting is required, the Parties shall ensure that the external auditors making such reports reasonably and in good faith are protected from legal action regarding breaches of any contractual or legal restriction on disclosure of information.

Article XX.9. Transparency in the private sector

1. The Parties recognise that transparency can contribute to deter corruption in the field of trade and investment and to this end, recall their commitments under Article 12.2 UNCAC, in particular the following measures that could achieve the objective of ensuring greater transparency in the private sector involved in commercial activities relating to trade and investment under Part III of this Agreement:

(a) Promoting the development of standards and procedures designed to safeguard the integrity of relevant private entities, including codes of conduct for the correct, honourable and proper performance of the activities of business and all relevant professions and the prevention of conflicts of interest, and for the promotion of the use of good commercial practices among businesses and in the contractual relations of businesses with the State;

(b). Preventing the misuse of procedures regulating private entities, including procedures regarding subsidies and licences granted by public authorities for commercial activities;

(c). Promoting measures to prevent conflicts of interest by imposing restrictions, as appropriate and for a reasonable period of time, on the professional activities of former public officials or on the employment of public officials by the private sector after their resignation or retirement, where such activities or employment relate directly to the functions held or supervised by those public officials during their tenure.

Article XX.10. Measures to prevent money-laundering

1. Recognising the importance of preventing money laundering and its potential impact on trade and investment the Parties confirm their commitment to adopt or maintain a comprehensive domestic regulatory and supervisory regime for financial institutions and designated non-financial business and professions (DNFBPs) in accordance with existing commitments under the UNCAC and the Recommendations of the FATF. The Parties shall promote the implementation of the FATF Recommendations on Transparency and Beneficial Ownership of Legal Persons and Arrangements, and the G20 High Level Principles on Beneficial Ownership Transparency.

2. In accordance with these above mentioned commitments, Recommendations and Principles the Parties shall maintain or adopt measures that:

a) Ensure that their domestic legislation includes a definition of "beneficial owner" that captures the natural person (s) who ultimately owns or controls a customer and/or the natural

person on whose behalf a transaction is being conducted. It shall also include those persons who exercise ultimate effective control over a legal person or arrangement.

b) Ensure that legal persons incorporated within their territory are required to obtain and hold adequate, accurate and current information on their beneficial ownership.

c) Ensure that trustees of express trusts maintain adequate, accurate and current beneficial ownership information, including of settlors, the protector (if any), trustees and beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust. These measures should also apply to other legal arrangements with a structure or function similar to express trusts.

d) Require financial institutions and DNFBPs to identify the customer and verify that customer's identity, as well as to identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner, such that the financial institution or DNFBP is satisfied that it knows who the beneficial owner is. DNFBPs are understood to be those defined by the FAFT Recommendations.

e) Put in place mechanisms to ensure that the relevant authorities as defined by domestic legislation have access to beneficial owner information in a timely manner.

f) Ensure that their competent authorities participate in information exchanges on beneficial ownership with international counterparts in a timely and effective manner.

g) Require financial institutions and DNFBPs to perform enhanced due diligence notably in relation to politically exposed persons, which are understood to be individuals who hold or have held prominent public functions within the territory of either Party or internationally as well as their family members and close associates.

h) Ensure that an effective supervision of the above-mentioned obligations is in place, including the establishment and enforcement of effective, proportionate and dissuasive sanctions for non-compliance.

3. The Parties recognize the usefulness of establishing registers to provide, in a timely manner, accurate and up to date beneficial ownership information for legal persons and legal arrangements, to facilitate the prevention and the combatting of corruption and money laundering, among other criminal activities.

Section XX.V. Measures to prevent corruption in the public sector

Article XX.11. Conduct of Public officials

1. The Parties reaffirm their support to the G20 High Level Principles on asset disclosure by public officials, as well as the APEC Conduct Principles for Public Officials for Mexico and the Council of Europe Recommendation on codes of conduct for public officials for the EU.

2. The Parties reaffirm their commitments as set out in Article 8 of UNCAC including the application of codes or standards of conduct for public officials, facilitating the reporting by public officials of acts of corruption to appropriate authorities, requiring public officials to make declarations to appropriate authorities regarding potential conflicts of interests and

taking measures providing for disciplinary or other measures against public officials who violate such codes or standards.

Article XX.12. Transparency in the public administration

1. The Parties stress the importance of transparency in the public administration to prevent trade and investment related corruption and agree to promote transparency in line with specific and horizontal provisions foreseen in the [Trade pillar of the AA], including in particular trade facilitation, public procurement, domestic regulation and general transparency provisions.

2. The Parties reaffirm their commitments under Article 13(2) of UNCAC to take appropriate measures to ensure that its anti-corruption bodies are known to the public and to provide access to those bodies, where appropriate, for reporting any relevant incidents.

Article XX.13. Participation of civil society

The Parties recognise the importance of the participation of civil society in the prevention of and the fight against corruption in the field of international trade and investment, as well as the need to raise public awareness regarding the existence, causes and gravity of and the threat posed by corruption. To this end they reaffirm their commitments under Article 13(1) of UNCAC in particular on taking appropriate measures to promote the active participation of individuals and groups outside the public sector, such as civil society, non-governmental organisations, and community based organisations.

Article XX.14. Protection of reporting persons

The Parties reaffirm their commitment under Article 8.4 of UNCAC to consider establishing measures and systems to facilitate the reporting by public officials of acts of corruption to appropriate authorities, when such acts come to their notice in the performance of their functions. The Parties also reaffirm their commitment under Article 33 of UNCAC to consider establishing appropriate measures to provide protection against any unjustified treatment for any reporting persons

Section XX. Dispute Resolution

Article XXX. Scope

1. In case of a disagreement between the Parties regarding any matter covered under this [protocol/annex] the Parties shall have recourse exclusively to the procedure established in Article XXX and Article XXX below.

2. This is without prejudice to the Parties' rights and obligations under the relevant dispute resolution procedures of the international instruments referred to in this [protocol/annex].

3. Each Party retains the right to enforce their respective anti-corruption laws through their law enforcement, prosecutorial and judicial authorities, in accordance with the fundamental principles of its legal system.

Article XXXX. Consultations

1. A Party may request consultations with the other Party with the aim of reaching a mutually satisfactory resolution of the matter. Consultations shall be held within the AC Subcommittee.
2. The requesting Party shall deliver a written request to the other Party setting out the reasons for requesting consultations, including a description of the matter at issue and the manner in which the measure of the other Party adversely affects trade or investment between the Parties. The Parties shall enter into consultations promptly after the request for consultations and in any event no later than 30 days of the date of the receipt of the request. The Parties shall make their utmost effort to reach a mutually amicable solution of the matter via these consultations.
3. Each Party may, if appropriate, seek the advice of the Civil society domestic advisory group referred to in Article ... of Chapter [general institutional provisions].
4. Each Party shall endeavour to ensure the participation of personnel of their competent government authorities with responsibility in the matter subject to the consultations.
5. Any mutually agreed solution reached by the Parties shall be made publicly available, subject to the protection of confidential information.

Article XX. Expert assistance

1. If consultations have been concluded and no mutually agreed solution has been reached within 90 days from the request, the Party that sought consultations may request in writing to the other Party the assistance of a group of experts. In its request, the Party that sought consultations shall identify the matter at issue and the manner in which measure by the other Party adversely affects trade or investment between the Parties.
2. Unless otherwise agreed by the Parties, the group of experts shall be composed by three experts. The Parties shall consult with a view to agree on the experts that will be part of the group of experts within [XXX] days from the date of receipt of the written request referred in paragraph 1. For that purpose, each Party shall designate an expert, who may be a national of that Party, and propose to the other Party up to three candidates to serve as Chairperson. The Parties shall endeavour to agree on the Chairperson from among the Chairperson candidates. An expert designated by a Party may be objected by the other Party if it considers that such individual does not meet the requirements set out in Article XX (Qualification of Experts). For the purpose of this paragraph, the Parties are encouraged to select the experts from the list referred to under Article [X].
3. If the Parties fail to agree on the group of Experts within the time period set out in paragraph [2], the procedure laid down in Article XX (Article on List of Experts) shall apply.
4. The group of experts shall conduct the procedures in accordance with the terms and conditions agreed by the Parties. The Joint Committee may decide on Rules of Procedures that shall apply to procedures under this Section.

Article XX. List of Experts

The AC Sub-Committee shall, at its first meeting after the entry into force of this Agreement, establish a list of at least nine individuals who are willing and able to serve on the group 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 group of Experts. Each Party shall propose at least three individuals for its sub-list. The Parties shall also select at least three individuals for the list of chairpersons. The AC Sub-Committee shall ensure that the list is kept up to date and that the number of experts is maintained at least at nine individuals.

Article XXX. Qualification of Experts

Experts shall have expertise in law or practice in matters covered under this [protocol/annex] 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 I [Code of Conduct for Panellists and Mediators] to Chapter [Dispute Settlement].

Article XXX. Experts' Opinion

1. The group of Experts shall consult with the Parties, jointly or individually, where appropriate, with a view to assist them in reaching a mutually agreed solution.
2. In matters relating to the international agreements, Recommendations or High Level Principles referred to in this [protocol/annex], the experts may, where relevant and upon notification to the Parties, seek information or advice from the relevant organisations or bodies.
3. If no mutually agreed solution is reached upon consultations with the group of experts within [x] days from the composition of the group, either Party may request the group of experts to issue an Opinion with a proposal on how the matter can be solved.
4. The group of experts shall issue its Opinion within 90 days from the request, setting out the findings of facts, the applicability of the relevant provisions and the basic rationale behind the solution it has proposed¹. Each Party shall make the Opinion publicly available promptly after its submission by the group of experts, subject to the protection of confidential information.
5. The Parties shall discuss appropriate measures to be implemented to solve the matters at issue, taking into account the Opinion of the group of experts, with a view to reaching a mutually agreed solution. The Party taking the measures shall inform the other Party of any measures it has implemented or that it envisages to implement, or actions it has undertaken or

¹ The opinions and solutions of the Group of Experts shall not create any rights or obligations for natural or legal persons.

that it envisages to undertake to solve the matters at issue, no later than three months after the opinion has been issued. The Parties shall, as appropriate, seek advice on the implementation of such measures from the civil society domestic advisory group.

6. The AC Sub-Committee shall monitor the follow-up to the opinion of the group of Experts and the proposed solutions contained therein. The civil society domestic advisory groups set up under Article(s).[civil society domestic advisory group] of Chapter [general institutional provisions] may submit observations to the AC Sub-Committee in this regard.

Article XXX. Review

1. For the purpose of enhancing the effective implementation of this [protocol/annex], the Parties shall discuss through the meetings of the AC Sub-Committee, the operation of the institutional and [dispute resolution] provisions set out in Articles XX, XX and XX of this [protocol/annex], including a possible review of its effectiveness , taking into account, inter alia, the experience gained through implementation of this [protocol/annex], policy developments in each Party, developments in international agreements and views presented by stakeholders.

2. The AC Sub-Committee may recommend to the Joint Committee modifications to the relevant provisions of this [protocol/annex] reflecting the outcome of the discussions referred to in paragraph 6 above, which shall be adopted in accordance with the amendment procedure established in Article X [Amendments].

Section XX.VI. Final Provisions

Article XX.19. Institutional arrangements

Article XXX Sub-Committee on Anti-corruption on Trade and Investment

1. The Parties hereby establish a Sub-Committee on Anti-Corruption on Trade and Investment (hereafter "AC Sub-Committee"). It shall comprise representatives of each Party, with responsibility in anticorruption-related matters, taking into consideration the specific issues to be addressed at any given session.

2. The AC 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 mutually agreed by the Parties in accordance with Article ... of Chapter/Title ... [*Institutional provisions on meetings of Sub-Committees of the Trade Committee*].

3. The functions of the AC Sub-Committee are to:

- (a) facilitate and monitor the effective implementation of this [protocol/annex] and to discuss any difficulties which may arise in its implementation;
- (b) promote cooperation between the Parties on issues covered by this [protocol/annex], as well as promoting the exchange of information on developments in non-governmental, regional and multilateral fora on issues covered by the [protocol/annex].

- (c) identifying or discussing initiatives on issues covered by this [protocol/annex] that would benefit from greater bilateral cooperation, in particular possible improvements of this [protocol/annex].

4. 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 [protocol/annex].