



Report on the third round of negotiations for modernising the trade pillar of the EU-Mexico Global Agreement (Brussels – 3 to 7 April 2017)

The third negotiation round for the modernisation of the trade part of EU-Mexico Global Agreement took place from 3 to 7 April 2017 in Brussels. 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.

Before this round, the Parties had exchanged textual proposals or completed earlier submissions for virtually all groups. Negotiation groups covered the following areas: (1) Trade in Goods; (2) Rules of Origin; (3) Customs and Trade Facilitation; (4) Technical Barriers to Trade; (5) Good Regulatory Practices and Transparency Coherence (6) Energy and Raw Materials; (7) Services; (8) Investment; (9) Sanitary and Phytosanitary Measures; (10) Public Procurement; (11) Intellectual Property (including Geographical Indicators); (12) Competition; (13) Subsidies; (14) State Owned Enterprises; (15) SMEs; (16) Trade and Sustainable Development; (17) Trade remedies; (18) Dispute Settlement.

1. Trade in Goods

On Trade in Goods, Mexico and the EU continued to discuss the provisions related to the conditions applying to the access of each other's goods to the market of the other Party. These discussions are based on existing commitments in the WTO and in the existing agreement which the Parties would like to clarify and build upon. The Parties also exchanged views on how to move forward towards an exchange of market access offers for the reduction of tariffs in the areas not yet liberalised in the existing Agreement.

2. Rules of Origin

The textual proposals have been merged for section A (general provisions) and section B (proof of origin and verification), with outstanding issues remaining in square brackets. Some elements of a joint text for the general provisions (section A) were reviewed and updated. The Parties started establishing a comparative working document for product specific rules of origin for industrial products. The Parties discussed specific rules for textiles, machinery and automotives, and clarified similarities in approach and differences of view. There was substantial progress on substance as regards most fish products.

3. Customs and Trade Facilitation

The Parties discussed the textual proposals which address customs and trade facilitation issues. These discussions took place in a good atmosphere and allowed the Parties to deepen their understanding on the respective positions and to establish a solid basis for continuing the discussions.

4. Technical Barriers to Trade (TBT)

The Parties discussed each other's proposals on Technical Barriers to Trade. They noted that they share similar objectives in some areas, in particular regarding the use of standards in support of technical regulations and transparency related provisions affecting the WTO TBT notification procedure for technical regulations having a significant impact on trade. Mexico and the EU also discussed their respective policies on conformity assessment, where they have opted for different approaches. Mexico and the EU also discussed the inclusion of provisions on regulatory cooperation and marking and labelling in the TBT Chapter.

5. Good Regulatory Practices and Transparency

The EU and Mexico had an initial exchange of views on their proposals on Transparency and Good Regulatory Practices area in which they overall share objectives. Both sides favour maintaining a focus on existing good practices that render the regulatory process transparent and predictable.

6. Energy and Raw Material

The second discussions on energy and raw materials saw the EU and Mexico exchange detailed information on the workings of each other's' energy markets. As such, the focus of this round has been on responding to technical questions raised by both sides in order to progress towards a common text.

7. Services

The discussions on general provisions (services and investment) allowed for some consolidation. The Parties explained once again the rationale for their respective approaches. Further consolidation will require in-depth discussions and where necessary flexibility, since the overlap between remaining articles is only partial.

With respect to Mutual Recognition Agreements, discussions showed that the proposed approaches differ in procedural steps but seem to aim for the same objective. Discussions on Domestic Regulation and Digital Trade showed that the Parties are relatively aligned. On Financial Services, the Parties focused discussions on sector-specific provisions (whilst leaving those related to structure for later). Mexico has included disciplines on Maritime transport in some of its agreements (notably Pacific Alliance), despite this sector not being an offensive one for them.

The Parties also exchanged views on how to move forward towards an exchange of market access offers.

8. Investment

Comprehensive discussions on investment took place on the basis of text proposals from both the EU and Mexico, covering investment liberalisation, investment protection and investment dispute settlement.

On investment dispute settlement, the EU and Mexico had a useful exchange which aimed at explaining and comparing the EU and Mexico text proposals in order to identify common elements and points of divergence of positions, including on the issue of the dispute settlement mechanism, where Mexico's proposal includes a traditional ISDS system while the EU proposes an investment court system. Further discussions are needed to achieve better understanding of the positions of both sides.

The Parties also exchanged views on how to move forward towards an exchange of market access offers.

9. Sanitary and Phytosanitary Measures (SPS)

During this round, negotiators discussed all the draft articles in the SPS Chapter. Overall talks were constructive and allowed for a good understanding of the main priorities and issues on both sides. There was notably progress on the provisions for equivalency, certification and cooperation. Progress has also been made on several other articles with commitments expressed by both sides to continue the constructive work on the outstanding text proposals. Both sides reconfirmed their objective of having an ambitious outcome for the SPS Chapter with provisions to avoid SPS barriers, to allow finding rapid solutions when SPS barriers occur and to foresee procedures to facilitating trade without lowering the level of protection on both sides.

10. Public Procurement

Negotiators agreed to work on the basis of the EU textual proposal for the Chapter on Public Procurement which is based on the WTO Government Procurement Agreement (GPA). After a detailed review of the text, a consolidated version was drafted which contains the respective proposals for additional disciplines as well as the respective comments/suggestions for revisions.

The Parties also exchanged views on how to move forward towards an exchange of market access offers.

11. Intellectual Property Right

Negotiators discussed the text proposals on the table and achieved substantial progress in understanding each other's positions was made. Discussions also made clear that in several areas further clarification, reflection and more work is needed to achieve progress, including on the issue of Geographical Indications.

12. Competition

Negotiators progressed further towards merging the proposal into a joint bracketed text. The discussions allowed the Parties to make good progress in a number of key areas, including the general principles, and the provisions concerning competition law and anticompetitive business conduct, implementation, cross-border cooperation and coordination, and confidentiality of information. Areas where the two sides have agreed

to concentrate in the coming round of talks include provisions on cooperation and procedural fairness.

13. Subsidies

Discussions took place on the basis of text proposals on the table, which address rules on transparency, consultations and conditions regarding some of the most distortive subsidies, both for goods and services. The discussions were very constructive and allowed the Parties to deepen their understanding on the respective positions.

14. State Owned Enterprises

Negotiators discussed the text proposals on the table and during these discussions reviewed the proposed definitions, rules and the scope. Discussions were very positive and allowed the Parties to identify the areas where further work will be needed, involving scope-related issues.

15. SMEs

Negotiators discussed and clarified the revised consolidated text resulting from the second negotiation round.

Progress has been achieved by cleaning the draft text which has been changed in the order of the Articles. The remaining text in brackets needs further feedback from certain Working Groups (market access, TBT and public procurement) and internal discussions.

16. Trade and Sustainable Development (TSD)

Negotiators discussed on the basis of texts on the table and covered the general TSD principles: reference to ILO conventions, Multilateral Environmental Agreements, international governance and supervisory mechanisms, as well as the thematic articles on: trade and biodiversity, trade and forests, fisheries and aquaculture, responsible management of supply chains. Mexico signaled need to finalise internal consultation on certain textual proposals in preparation for the next meetings. It was possible to register strong convergence on several issues, e.g. environmental provisions and the provision on trade and Climate Change. The EU explained that its proposal for the TSD institutional mechanism and the TSD enforcement/dispute settlement will be submitted

later, following further internal consultations, which will also take into account lessons learnt from recent agreements.

17. Trade Remedies

The parties went through the texts of the three Trade Defence Instruments (anti-dumping, anti-subsidy and global safeguards). Discussions took place in a constructive atmosphere and to identify the areas where further work will be needed, involving scope-related issues. Amongst other, the Parties presented their practise with regard to the application of the lesser duty rule and the public interest test and the Parties exchanged their views on the need to maintain bilateral safeguard clause.

18. Dispute Settlement

Negotiators proceeded to discuss on the basis of the texts on the table and the round served mainly to consolidate EU and Mexico's positions on dispute settlement and mediation procedures in a single text with brackets. Rules of procedure and code of conduct will be discussed at a later stage.
