**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).

## Chapter X

**Energy and Raw Materials**

*Article 1*

**Principles**

1. Each Party retains the sovereign right to determine whether areas are available for exploration and production of energy goods and raw materials in its territory, as well in its archipelagic and territorial waters, continental shelf and its exclusive economic zone, determined in accordance with the UN Convention on the Law of the Sea.

2. Consistent with the provisions of this Chapter, the Parties preserve their right to adopt, maintain and enforce measures necessary to pursue legitimate public policy objectives, such as securing the supply of energy goods and raw materials, protecting society, the environment, public health and consumers and promoting public security and safety.
Article 2
Definitions

For the purpose of this Chapter:

a) ‘energy goods’, for the purpose of this Agreement, means, based on the Harmonised System of the Customs Co-operation Council and the Combined Nomenclature of the European Communities, natural gas (HS 27.11), liquefied natural gas, liquefied petroleum gas (LPG), electricity (HS 27.16), crude oil and oil products (HS 27.09-27.10 and 27.13-27.15), solid fuels (HS 27.01, 27.02, 27.04), fuel wood and wood charcoal (HS 44.01 and 44.02 goods used for energy), and biogas (HS 38.25);

b) ‘raw materials’, means substances used in the manufacture of industrial products, excluding processed fishery products, agricultural products; for the purpose of this Agreement, ‘raw materials' consist of salt, sulphur earths and stone, plastering materials, lime and cement (HS 25), ores, slag and ash (HS 26), goods included in HS 27, inorganic chemicals (HS 28), organic chemicals (HS 29), fertilisers (HS 31), natural rubber (HS 40), raw hides, skins and leather (HS 41), and basic & precious metals and processed minerals (ex HS 71, 72; 74-76; 78-81). This definition excludes uranium/thorium (HS 26.12) and radioactive elements/isotopes (HS 28.44, 28.45).

c) “Renewable energy” refers to a type of energy, including electric energy, produced from wind, solar, geothermal, hydrothermal and ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas or biogases;

d) “Energy efficiency” refers to a ratio of output of performance, service, goods or energy, to an input of energy

e) "Authorisation" refers to the permission, license, concession or similar administrative or contractual instrument by which the competent authority of a Party entitles an entity to exercise a certain economic activity in its territory.

f) "Entity" refers to any natural person or enterprise or group thereof.
Article 3
Export and Import monopolisation

No Party shall designate or maintain an import or export monopoly for energy goods or raw materials. For the purposes of this Article, import or export monopoly means the exclusive right or grant of authority by a Party to an entity to import or export energy goods or raw materials to the other Party\(^1\).

Article 4
Export pricing

A Party shall not adopt or maintain a higher price for exports of energy goods or raw materials to the other Party than the price charged for such goods when destined for the domestic market, by means of any measure.

Article 5
Domestic pricing

1. The Parties may only regulate the price of the domestic supply of energy goods and raw materials (hereinafter referred to as "regulated price") by imposing a public service obligation.

2. When imposing a public service obligation, each Party shall ensure that the obligation:
   a. is clearly defined, transparent and proportionate;
   b. shall not be maintained if the circumstances or objectives giving rise to its imposition no longer exist.

3. The Party regulating the price shall ensure the publication of the methodology underlying the calculation of the regulated price referred to in paragraph 2 of this Article prior to its entry into force.

\(^1\) For greater certainty, this provision is without prejudice of the provisions and annexes in the Trade in Services and Investment Chapter and does not include any right that results from the grant of an exclusive intellectual property right.
Article 6

Access to exploration and production of energy goods

1. When a Party requires an authorisation for exploration or production of energy goods, that Party shall ensure that such an authorisation is granted following a public procedure including auctions and tenders.

That public procedure shall specify, inter alia, the type of authorisation, the relevant area or part thereof, and the proposed date or time limit for granting the authorisation, in such a manner as to enable potentially interested applicants to submit applications.

2. Notwithstanding paragraph 1 of this Article, the EU may grant authorisations without conducting a public procedure in any of the following cases:
   a. the area has been subject to a previous public procedure which has not resulted in an authorisation being granted; or
   b. the area is available on a permanent basis for the exploration for or production of energy goods; or
   c. the authorisation granted has been relinquished before its date of extinction.

3. Notwithstanding paragraph 1 of this Article, Mexico may grant authorisations without conducting a public procedure in the following cases:
   a. Regarding the exploration and production of crude oil and natural gas, on an exceptional basis, through entitlements granted exclusively to a State Owned Enterprise following the requirements and procedure established in the applicable legal provisions;
   b. Regarding the exploration and production of natural gas contained in and produced by a mineral coal vein, through contracts awarded directly to mining licensees, or
   c. Regarding the exploration and production of coal, the area is available on a permanent basis for its exploration or production in accordance with the applicable legal provisions.

4. Each Party may require an entity which has been granted an authorisation to pay a financial contribution or a contribution in kind. The contribution shall be fixed in such a manner so as not to interfere with the management and the decision-making process of the entity which has been granted an authorisation.
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Without Prejudice

5. Each Party shall provide that the applicant has the right to appeal to or review the decision concerning the authorisation by an authority higher than or independent from the authority that issued the decision. Each Party shall ensure that the applicant is provided with the reasons for the administrative decision so as to enable such a person to have recourse to procedures for appeal or review where necessary. The applicable rules for appeal or review shall be published.

Article 7

Third-party access to energy transport infrastructure

1. Each Party shall ensure that owners or operators of transmission networks in its territory grant non-discriminatory access to the energy infrastructure for the transport of gas and electricity of any entity of the Parties. Access to the energy infrastructure shall be granted within a reasonable period of time from the date of the request for access by that entity.

2. Notwithstanding paragraph 1 of this Article, a Party may introduce or maintain a limited list of derogations from the right to third party access based on objective criteria provided that they are necessary to fulfil a legitimate policy objective.

3. Each Party shall ensure that entities of the Parties are accorded access to and use of energy transport infrastructure for the transport of gas and electricity on reasonable and non-discriminatory terms and conditions, including non-discrimination between types of energy, and at cost-reflective tariffs. Each party shall publish the terms, conditions and tariffs for the access to and use of energy transport infrastructure.

Article 8

Regulatory Authority

1. Each Party shall maintain or establish a regulatory body or any other independent bodies that are separate from, and not accountable to, operators providing or entities having access to energy transport infrastructure, and which shall be entrusted to resolve disputes regarding appropriate terms, conditions and tariffs for access and use within a reasonable period of time.
Article 9

Safety and integrity of equipment and infrastructure

Nothing in this Section shall be construed to prevent a Party from adopting temporary measures necessary to protect the safety and to preserve the integrity of energy equipment or infrastructure, subject to the requirement that such measures are not applied in a manner which would constitute a disguised restriction on trade or investment of the other Party.

Article 10

Cooperation on Standards, Technical Regulations and Conformity Assessments

1. In accordance with X.5 (International Standards) and Article X.9 (Regulatory Cooperation) of Chapter X (Technical Barriers to Trade), the Parties shall promote cooperation between the regulators and/or standardisation bodies located within their respective territories on the area of energy efficiency and sustainable renewable energy, with a view to contributing to sustainable energy and climate policy and facilitating, inter alia:

a) the convergence, or harmonisation where possible, of their respective current standards on energy efficiency and sustainable renewable energy, based on mutual interest and reciprocity, and according to modalities to be agreed by the regulators and the standardisation bodies concerned;

b) the development of common standards on energy efficiency and sustainable renewable energy;

c) joint analysis, methodologies and approaches, to assist and facilitate the development of relevant tests and measurement standards, in cooperation with the relevant respective standardisation organisations; and

d) the promotion of standards on equipment for sustainable renewable energy generation and energy efficiency, including product design and labelling, where appropriate, through existing international cooperation initiatives.

Article 11

Cooperation on Energy and Raw Materials

The Parties shall cooperate in the area of energy and raw materials with a view to, inter alia:

a) reduce or eliminate trade and investment distorting measures in third countries affecting energy and raw materials;
b) coordinate their positions in international fora where trade and investment issues related to energy and raw materials are discussed and foster international programmes in the areas of energy efficiency, renewable energy and raw materials;

c) foster exchange of market data in the area of energy including information on the organisation of energy markets, promotion of new energy technologies and energy efficiency; and raw materials.

d) promote corporate social responsibility in accordance with international standards, such as the OECD Guidelines for Multinational Enterprises and the respective Due Diligence Guidance;

e) promote research, development, innovation and training in relevant fields of common interest in the area of energy goods and raw materials.

f) foster exchange of information and best practices on domestic policy developments;

g) promote the efficient use of resources (i.e. improving production processes as well as durability, reparability, design for disassembly, ease of reuse and recycling of goods); and

h) promote internationally high standards of safety and environmental protection for offshore oil, gas and mining operations, inter alia by increasing transparency, sharing information, including on industry safety and environmental performance.