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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. 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 Mercosur.

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).

ANNEX

ON MOTOR VEHICLES, EQUIPMENT, AND PARTS THEREOF

Article 1

Product Scope

This Annex shall apply to trade between the Parties of all categories of self-propelled road vehicles (including passenger, cars, buses, motor cycles, vans, trucks), together with their equipment and parts, falling inter alia under Chapters 40, 84, 85, 87, 90 and 94 of the HS 2017 (hereinafter referred to as "products covered").

Article 2

Objectives

With regard to the products covered, the objectives of this Annex are to:

- (a) recognise the right of each Party to determine its desired level of health, safety, as well as environmental and consumer protection;
- (b) Eliminate and prevent unnecessary technical barriers to bilateral trade and simplify, whenever possible, technical regulations and conformity assessment procedures;
- (c) establish competitive market conditions based on principles of openness, non-discrimination and transparency
- (d) enhance cooperation to foster continued mutually beneficial development in trade.

Article 3

UN Regulations

Mercosur Parties recognize UN Regulations of the WP.29 as a useful reference for the preparation and adoption of domestic regulation and conformity assessment procedures on products covered by this Annex. Mercosur Parties preserve their right to regulate using other references than these Regulations.

Article 4

Market Access Provisions

1. For the requirements in the domestic legislations of a Party that is not a contracting party to the 1958 Agreement which make reference to or fully incorporate UN regulations as listed in Appendix 1, the Party will accept, in accordance with its relevant legal requirements, the test reports issued by the other Party under the UN type approval - system in order to prove compliance with the corresponding domestic technical requirements. For those cases, the Party shall ensure that the procedures for issuing domestic certificates on the basis of the acceptance of test reports will be conducted in an expeditious manner, and provided that the laboratory is accredited for the relevant scope by an accreditation body member of ILAC, the presence during the tests of an official authorized by the authority of the Party shall not be required. The associated governmental fees should be proportional to the service rendered.

2. When, according to its domestic legislation, a Party that is not a contracting party to the 1958 Agreement accepts, in order to prove compliance with its domestic requirements, certificates issued by the other Party under UN type approval system - or, in the case of whole vehicle type approval, also EU-type approval system - for issuing the corresponding domestic certificates, the list of requirements falling under this paragraph, as established by this Party according to its own previous technical analysis and criteria is set in Appendix 2.

3. The list of requirements falling under paragraphs (1) and (2), as established by each Party according to its own previous technical analysis and criteria is set in Appendices 1 and 2. Whenever necessary, and according to its own technical analysis and criteria, each Party shall update its respective lists. The updates will be made publicly available electronically at no cost and communicated to the TBT Chapter Coordinator.

4. The obligations of a Party under the paragraphs above are without prejudice to applying available domestic remedies, including where appropriate the withdrawal of the acceptance of a test report, on a nondiscriminatory basis.

5. If one Party modifies its technical regulation and/or conformity assessment procedures listed in Appendices 1 and 2, it shall give previous notice to the other Party. The acceptance of test result or a certificate shall remain valid until the new legislation becomes applicable.

6. Test reports issued by laboratories located in the territory of a Mercosur Party which are branches or sub-contractors of laboratories established in the EU and appointed by the EU Party under the EU and UN type-approval systems shall be accepted in the EU Party in accordance with the relevant legal requirements and the procedure to issue the corresponding EU or UN certificate shall be conducted in an expeditious manner. For transparency purposes, the list of those laboratories shall be made publicly available at no cost, kept updated and communicated to the TBT Chapter Coordinator. This is without prejudice to the obligations of a Party which is contracting party to the 1958 Agreement to accept test reports and certificates issued by laboratories appointed under the UN type-approval systems, including their branches or sub-contractors in accordance with the legal requirements set in that Agreement.

7. Each Party shall refrain from nullifying or impairing the benefits accruing to the other Party under this Annex through regulatory measures specific to the products covered. This is without prejudice to the right to adopt measures necessary for road safety, the protection of the environment or public health and the prevention of deceptive practices.

Article 5

Joint Cooperation

1. The Parties shall endeavour to exchange information, cooperate and maintain an open and ongoing dialogue on their respective technical regulations and conformity assessment procedures related to motor vehicle safety and environmental protection. Areas of cooperation under this paragraph may include, inter alia:

- a) the development, establishment and the post-implementation reviews of technical regulations, conformity assessment procedures or related standards;
- b) the development and dissemination of information for consumer use related to motor vehicle regulations or related standards;
- c) market surveillance for the identification of safety-related or emission-related defects and non-compliance with technical regulations;
- d) regulatory work plans on motor vehicle safety and environmental regulations;
- e) information on the assessment of new technologies or new features to be incorporated in vehicles
- f) joint analyses, develop methodologies and approaches, as mutually beneficial, practical and convenient, to assist and facilitate the development of motor vehicle technical regulations or related standards.

2. The Parties shall promote the establishment in the territories of the Mercosur Parties of branches and subcontractors of laboratories accredited under the UN ECE type approval system. To encourage the increase in the number of such laboratories in Mercosur, the EU will, inter alia, publish and regularly update the list of such branches and laboratories, and upon request provide guidance as regards accreditation. The Parties will work together in order to disseminate the provisions in Article 4 (6) above to both UNECE laboratories and manufacturers of products covered by this Annex.

3. The Parties endeavor to meet at least annually by video-conference or, if directly, on an alternating basis in Mercosur and in the European Union.

Article 6

Implementation

The Parties shall cooperate and exchange information on any issues relevant for the implementation of this Annex in the Sub-Committee on Trade in Goods.

Article 7

Definitions

1. For the purpose of this Annex, the following definitions apply:
 - a) **WP.29** means the World Forum for Harmonisation of Vehicle Regulations within the framework of the United Nations Economic Commission for Europe (UN ECE);
 - b) **1958 Agreement** means *the Agreement Concerning the Adoption of Uniform Technical Prescriptions for Wheeled Vehicles, Equipment and Parts which can be Fitted and/or be Used on Wheeled Vehicles and the Conditions for Reciprocal Recognition of Approvals Granted on the Basis of these Prescriptions* (Geneva, 1958) administered by the WP.29, and all subsequent amendments and revisions thereof;
 - c) **UN Regulations** means *Technical Regulations* adopted in accordance with the 1958 Agreement.
 - d) **HS 2017** means the 2017 edition of Harmonised System Nomenclature issued by the World Custom Organisation.
2. Terms used in this Annex shall have the same meaning as defined in the 1958 Agreement or in Annex 1 to the WTO Agreement on Technical Barriers to Trade.

APPENDIX 1

List of test reports accepted in accordance with Article 4 (1):

- (i) Argentina
- (ii) Brazil
- (iii) Paraguay
- (iv) Uruguay

APPENDIX 2

List of certificates accepted in accordance with Article 4 (2):

- (i) Argentina
- (ii) Brazil
- (iii) Paraguay
- (iv) Uruguay

***Chief negotiators' note
Agreed arrangements concerning Appendix 1 and 2***

1. Brazil, Paraguay and Uruguay shall submit to the EU their respective lists of test reports referred to under Article 4(1) of this Annex by 1 May 2020. The said lists shall be added in the text of the Agreement and shall be an integral part of the Agreement that will be submitted for signature.

2. Where applicable in accordance with Article 4(2), a Mercosur Signatory Member shall submit to the EU the list of requirements mentioned in Article 4(2) by 1 May 2020. The said lists shall be added before the conclusion of the legal scrubbing in the text of the Agreement and shall be an integral part of the Agreement that will be submitted for signature.