



Report on the fourth round of negotiations for modernising the trade pillar of the EU-Mexico Global Agreement (Mexico city – 21 June to 5 July 2017)

The fourth negotiation round for the modernisation of the trade part of EU-Mexico Global Agreement took place from 21 June to 5 July 2017 in Mexico City. 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. Significant progress was achieved during this round on most of the key issues, although further works are still required.

1. Trade in Goods

The Parties continued to discuss the text of the Trade in Goods Chapter, making progress in some areas such as customs valuation, export and import licensing procedures and some of the definitions of the Chapter. The Parties also discussed possible ways forward in other areas where differences remain, like export duties and other charges, export restrictions, or provisions related to the importation of repaired or remanufactured goods. The parties discussed the Annex on Automotive and the EU proposal for the annex on wine and spirits.

2. Services

The Services negotiating group met for eight full-day text negotiations, including two joint sessions with the respective investment teams. The text consolidation work continued in the different sectoral chapters, including General provisions, Mutual Recognition Agreements, Mode 4, Joint provisions services and investment, Digital Trade, Telecommunications and Financial Services. There were no discussions on Maritime, Domestic Regulation, or Delivery Services.

3. Investment:

The investment-related negotiations appear to be on track and the Parties achieved good progress by agreeing on provisions relating to investment liberalisation and protection, reflecting the common objectives and approaches pursued by both Parties.

4. Public Procurement

Comprehensive discussions took place on the text for the Chapter on Public Procurement. Overall the discussions were constructive and allowed progress on a number of areas in the text building on the work done in previous rounds, where the Parties had consolidated the text and established the respective brackets on the basis of the EU textual proposal. The text is based on a bilateralised version of the WTO GPA with additional disciplines.

5. IPR

Intellectual property

Discussions took place on most parts of the text with some progress on the different parts of the text, in particular on trademarks.

Geographical Indications

The discussions during this round were mainly related to the protection of EU GIs in Mexico. Mexico explained how it intended to proceed with the publication of the public opposition for the EU GIs, a necessary step in the process.

6. SPS

The Parties achieved further progress and convergence on various issues during this round, resulting notably agreement on provisions on cost-free audits and regionalisation. Some other less contentious issues were also solved. The Parties continued to engage on the issues of pre-clearance, prelisting and plant health provisions but discussions were not conclusive.

7. TBT

The Parties had productive discussions and were able to reach some agreements in several areas. Alternative proposals were made in order to move forward in the negotiating text on several issues. The EU presented and explained its proposals on the pending issues of standards and conformity assessment. Mexico raised concerns related to the level of ambition of the proposals and compatibility with its system and legal framework.

8. Rules of Origin

There was a fruitful exchange of views on EU's and Mexico's proposals on certain articles on Section A and Section B where areas of convergence were identified. The EU and Mexico agreed in principle and will revise the legal drafting of the article to Packaging Materials and Containers and the Annex of Andorra and San Marino. There is an agreement on substance for some discussed Product Specific Rules, but the drafting and format is still pending.

9. Customs and Trade Facilitation

Good progress and productive meetings which led to progress on the text. Amongst other, the EU and Mexico presented their simplified customs procedures (including practical examples) and advance rulings. These presentations facilitated significant progress on cleaning the text of the Advance Rulings Article which was consolidated and several paragraphs of it are now agreed. Several sensible areas have also been identified.

10. Transparency

For the first time the Parties discussed both textual proposals and they identified a large number of commonalities. They also identified some differences in the scope of application of the provisions. The Parties took the opportunity of the round to clarify questions on their respective texts.

11. Good Regulatory Practices:

The Parties continued to work on the text of the Chapter, making significant progress on different areas, notably in the provisions dealing with transparency of the regulatory processes and mechanisms, and mechanisms for public consultations. In general the Parties identified many commonalities in the text, although, in some areas, it is clear that it will be necessary to make an effort to find a language that suits the Impact Assessment systems of both Parties.

12. SMEs

Significant progress was made on the SME chapter provisions. This included moving forward on articles aimed at (i) enhancing the level of information available to SMEs on how to trade with the other party (e.g. through dedicated webpages and/or electronically searchable trade databases) and (ii) on creating SME 'points of contact' so that companies can more easily find practical trade and regulatory information relevant to their export business.

13. Energy and Raw Materials

Mexico and the EU had a constructive discussion on the draft Energy and Raw Materials chapter text. There was broad initial agreement in a number of areas while good progress was made in a range of other areas such as export and import monopolisation, third party access as well as on cooperation in the area of on renewable energy and energy efficiency standards.

14. Anticorruption

The parties discussed the EU Non-Paper in Anticorruption presented before the round together with some provisions that Mexico negotiated under the TPP. All the substantive interests of each side were discussed comprehensively. Particularly, the EU stressed the importance of focusing on preventive measures on the private and public sectors.

15. Competition

There were two main areas of divergence in the Competition Chapter: procedural fairness, and a new, enhanced proposal on cooperation. Both sides agreed to consult internally on the most contentious issues to move forward.

16. SOEs

The Parties discussed the textual proposal and agreed to negotiate a separate, independent chapter on SOEs. Outstanding issues include the scope of coverage to the sub-central level, enterprises granted special rights or privileges, or a more comprehensive definition of SOEs.

17. Subsidies

Mexico explained that they are still conducting internal consultations which would require wider consultations because the scope of the EU proposal is wider than previous Mexican FTAs. The concerns and questions from Mexico related largely to public services, public interest issues and the subsidy. The EU provided its views on how to handle these concerns and confirmed that both sides have the same interests in safeguarding public services.

18. Trade and Sustainable Development

Discussions on Trade and Sustainable Development advanced on the basis of exchanges on the content of the EU text proposal. The EU also provided information on its intention to submit a proposal on TSD enforcement following further consultations within the EU.

19. Trade remedies

The Parties discussed the trade remedies chapter, recognising that on anti-dumping, subsidies and global safeguards, further discussions will be necessary to bridge the gap and improve the provisions of the current agreement on this matter.

20. Dispute Settlement:

The two-day discussion allowed to clean parts of the text and to identify outstanding issues (such as composition of the roster and non-violation complaints) in need of more exchanges. With the exception of Mediation, the two sides were able to review and discuss the whole text. As a result the Parties continued to make progress and removed brackets in a number of articles, such as consultations, reasonable period of time, compliance review and temporary remedies. In addition, the following provisions were agreed: post-retaliation compliance, suspension and termination of proceedings and reports and decisions of the panel.
