



REPORT ON THE 7TH ROUND OF NEGOTIATIONS BETWEEN THE EU AND MEXICO FOR MODERNISING THE TRADE PART OF THE EU-MEXICO GLOBAL AGREEMENT

12-22 December 2017

The seventh round for the modernisation of the trade part of the EU-Mexico Agreement took place on 12-22 December.

Overall, there was important progress in the round. The Parties reached agreement on the text of the following chapters:

- **Trade in Goods (main text),**
- **Technical Barriers to Trade,**
- **Good Regulatory Practises,**
- **Transparency,**
- **Energy and Raw Materials,**
- **Trade and Sustainable Development,**
- **Sanitary and Phytosanitary Matters and**
- **Customs and Trade Facilitation.**

These chapters will now be proofread and checked for consistency and coherence with other relevant parts of the Agreement.

In other areas where it was not possible to finalise the work there was nevertheless also good progress, as follows:

1. Trade in goods

The Parties made good progress and the chapter is almost fully agreed. In particular the Parties agreed on the provisions on Temporary Admission of Goods – on the use of this customs procedure; Repaired and Altered Goods – facilitating the that goods are sent for repair to the territory of the other Party; Remanufactured Goods – which establishes that these type of goods should subject to no less favourable treatment than new goods; Export Duties, Taxes and Charges – where the Parties commit not to establish any type of duty on exports to the other Party. The parties also managed to close most of the definitions that were still pending. The Parties have not yet agreed on the issue of the possibility for Export Restrictions.

As regards the offers on market access for goods, in light of the shared goal of an ambitious outcome, the Parties worked constructively and engaged in discussions to explore the possibilities to improve opportunities for their products of respective interest.

Regarding the sectorial annexes (pharmaceuticals, automotive, chemical and wines), although the Parties have agreed on large parts of the text, they still need to finalise the discussions on some issues.

2. Rules of origin

The Parties discussed the text of the Protocol on rules of origin, including its general provisions, rules on proof of origin and verification as well as product specific rules of origin. As regards the general provisions, most of the text has now been agreed and on the few outstanding issues, solutions are close to conclusion.

On the product specific rules, the Parties agreed rules for several products, while in other areas the differences remain, notably in some sensitive sectors. The part related to proof of origin and verification still requires further discussion.

3. Services

Most Services chapters are now either concluded (delivery services, domestic regulation, maritime) or close to conclusion (telecommunications, e-commerce, MRAs). The work on general provisions is also well advanced. There remains however substantial technical work to be done on mode 4 and Financial Services.

On the market access side, prior to the formal exchange, the Parties informed each other of the content of their respective revised offers, thereby confirming the common objective of an ambitious agreement for services and investment. The formatting of the offers still requires substantial technical work, in order to align their structure to the agreed model for scheduling.

4. Investment protection

The investment discussions focused on the definition of investment and the standards of protection. Significant progress was made and the Parties are now close to finalising the full investment protection text.

The investment liberalisation text is also nearly agreed, as well as the text on capital movements. The Parties also exchanged market access offers for investment.

5. Investment dispute settlement

The Parties engaged in extensive discussions in the field of investment dispute resolution. This resulted in progress towards finding common ground on a reformed approach to investment dispute resolution, including on concepts and ideas. The Parties will now engage in further technical work to stabilise the legal text.

6. Public Procurement

The Parties exchanged views on the topic of Public Private Partnerships/works concessions, on the text of the Chapter on Public Procurement as well as on market access. Overall the discussions were constructive and allowed to progress on some issues. More work is still needed, notably to find a solution to the question of market access on the sub-federal level.

7. Intellectual Property Rights

Both sides engaged in reviewing the draft text on regulatory data protection and agreed on several outstanding issues. Mexico further suggested textual changes, aiming at bringing the text more in line with TPP, and said it might propose additional changes in this regard in the future.

Regarding the protection of geographical indications, the discussions are in an advanced stage. The Parties engaged in order to define - and agree where possible - the main principles of the protection of geographical indications within the Agreement.

8. Subsidies

Further progress was made and the Parties agreed on a definition for subsidies given for services, and on a provision laying down a consultation procedure if a subsidy adversely affects the other Party's interest. In addition, the Parties agreed to subject particularly harmful subsidies (such as subsidies for restructuring of ailing companies) to conditions.

The Parties' positions still diverge, however, as regards transparency for subsidies and dispute settlement.

9. State-owned enterprises

Some progress was made. The discussion focused on the remaining issues, principally on the scope related issues of this chapter. Further discussions will be required on the level of government that should be covered, the sectorial exclusion and the threshold of turnover below which the disciplines would not apply.

10. Trade Remedies

Most of the outstanding issues were solved during this round. On anti-dumping and anti-subsidies, the Parties agreed on the provisions on transparency, some improvement regarding lesser duty rule as well as the public interest test. Regarding safeguards, the Parties agreed on prior consultations and a form of measure that least disturbs the bilateral trade for global safeguard measures, but also on the transition period regarding bilateral safeguard measures. The Parties still need to clarify the conditions for application of measures, notably when applying to the EU's outermost regions.

11. Dispute settlement

Negotiations on state-to-state dispute settlement are well advanced. The group progressed by cleaning the text and in finding suitable compromises. However, divergences remain on important issues such as the composition of the panel and the establishment of the lists of panellists, publicity of oral hearings, and the possibility of retaliating in sectors other than those where the violation was found.

12. Anti-corruption

The Parties agreed on all the provisions of the anti-corruption text with the exception of drafting suggestions on the issue of reporting persons. Both Parties have presented their respective proposal for the mechanism to solve disputes and started to consolidate them by discussing and partially agreeing upon the principles which should be their basis and for its functioning.

Further process:

The parties have agreed to meet again in Mexico City on 8-12 January.

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