



Report from the 35th round of negotiations of the Trade Part of the Association Agreement between the European Union and Mercosur

Montevideo, 10 – 14 September 2018

The 35th negotiation round of the Trade Part of the EU-Mercosur Association Agreement took place from 10 to 14 September in Montevideo, Uruguay.

The talks were led on the EU side by EU Chief Negotiator, Deputy Director General Sandra Gallina, DG TRADE. Uruguay's Chief Negotiator, Director General Valeria Csukasi, led the Mercosur delegation.

Negotiations covered the following areas: (1) Trade in goods; (2) Wines and spirits Annex; (3) Rules of Origin; (4) Technical barriers to trade (Automotive Annex); (5) Government Procurement; (6) Intellectual Property (including Geographical Indications), (7) Maritime services and (8) Subsidies.

Both texts on disciplines and market access were discussed but overall, the round only resulted in limited progress.

Below is a summary of the discussions.

1. Trade in goods

The Parties engaged in a general discussion on outstanding tariffs lines on agricultural and non-agricultural market access. In addition, they discussed more extensively the modalities for motor vehicles and motor vehicles parts tariff dismantling. Discussions remained at an exploratory stage.

The Parties also touched upon the remaining open provisions of the text as regards remanufactured goods, infant industry clause, and consular fees, where positions remained far apart.

2. Wines and spirits annex

The Parties continued the work on the draft text on wines and spirits with the aim of establishing a set of comprehensive rules effectively facilitating trade. Unfortunately, positions did not converge.

3. Rules of Origin

The Parties discussed the text of the Protocol and rules of origin for some sectors. Some further progress was made on fishery issues, while the discussions on product specific rules focused on the machinery sector. These are very difficult issues on which the EU reiterated its position and interests.

4. Technical Barriers to Trade (Automotive Annex)

The Parties continued their discussion on specific provisions on motor vehicles Annex (e.g. modalities of accepting certificates and test reports) with limited progress.

5. Government Procurement

The Parties continued discussing specific outstanding issues of the GP chapter, such as the publication of summary notice in Portuguese (as requested by Brazil) and the "General Notes" listing possible exemptions and reservations to the Agreement. On the latter, the EU and Mercosur countries agreed that further discussions are needed in order to further limit such exemptions/reservations to the Agreement.

The Parties discussed Mercosur's request to apply offsets to government procurement procedures and market access issues, including the EU's requests to limit offsets and to ensure future coverage at sub-central level.

6. Intellectual Property (including GIs)

The group revisited parts of the IPR chapter and discussed the outstanding issues in sections relating to Civil and Administrative Enforcement of intellectual property rights (including border enforcement measures) and Copyright. The Parties discussed possible solutions, potential technical adjustments and alternative text in these sections. The Parties agreed to further analyse the issues raised and the text in more detail and to revisit them during the next discussion.

With regard to the GIs, the group discussed a number of outstanding technical issues related to the protection of EU and Mercosur GIs.

7. Maritime services

The Parties continued to discuss the EU's request for market access for maritime services. Mercosur is still resisting the EU's request.

8. Subsidies

The Parties continued discussions on the basis of the EU's counterproposal regarding subsidies with a view to bridge differences. Following these discussions, Mercosur tabled a new proposal, which the two sides will use as a basis for further discussions.