

**13th EU-Mexico Joint Committee
(Trade Issues)**

21 May 2019

Joint Minutes

The 13th EU-Mexico Joint Committee on trade issues took place on 21 May 2019.

The Mexican side was led by Under Secretary Luz María de la Mora. The Commission side was led by DG Trade Deputy Director General, Helena König. Experts on both sides also participated (delegation list attached).

I) Introductory remarks

Both sides stressed the strong strategic relations between the Parties as well as the long history of collaboration at the multilateral level. They recalled the significance of the strong bilateral trade and investment relationship and agreed on the importance of holding regular meetings of the Joint Committee under the existing Agreement.

Mexico highlighted that, since the trade decisions of the Global Agreement entered into force, the trade and investments have had a deep growth between the Parties, the respective markets were opened to each other, diversifying imports, and promoting value chains. It has also benefited consumers by providing them with more options and promoted strategic partnerships between Mexican and EU companies through the network of trade agreements of both Parties.

The Parties also stressed the important achievement reached in April 2018 with the political agreement on the trade part of the modernised Global Agreement. Both sides agreed on the need for a swift conclusion of all outstanding aspects of the modernisation process to allow proceeding to the signature and ratification of the modernised Global Agreement.

The EU informed Mexico that it is preparing the 2018 Implementation Report on the existing Agreement, which will confirm the importance of the bilateral trade relation and the positive trends. The report will show that bilateral trade flows in goods and services continue to grow, demonstrating the positive effects of the Global Agreement for both sides.

On the multilateral issues, the Parties showed their concerns about the WTO system, specifically on the dispute settlement mechanism and the Appellate Body.

II) Adoption of the agenda

The EU proposed to add the reporting of the Trade Coordinators under the point on Any Other Business (AOB). Mexico agreed and the Parties adopted the draft agenda.

III) Bilateral issues relating to Trade and Investments

A) Trade and investment negotiations of the EU and Mexico with third parties

- Mexico negotiations

- EU negotiations

The EU and Mexico presented a state of play of their respective trade and investment negotiations with third parties.

Mexico reported on the status of USMCA ratification, the entry into force of CPTPP on December 30, 2018 and its implementation process; its reflections about Brexit and the future of trade with UK; the negotiations of the Pacific Alliance (Mexico, Colombia, Peru and Chile) with its Candidate Associated States (Australia, Canada, New Zealand and Singapore); and the process of widen and deepen the Economic Complementary Agreements with Brazil and Argentina.

The EU enquired about USMCA ratification process, and the new memberships for the CPTPP.

The EU reported on the state of play of its own negotiations, Brexit, negotiations with the US and finally the negotiations with Australia, New Zealand and Mercosur.

At the request of Mexico, the EU explained the importance of the value agenda and the meaning of the concept “free and fair trade” in the negotiations with Australia and New Zealand.

B) Special committees

- **Standards and Technical Regulations**

Mexico reported on the constructive discussions of the Special Committee on Standards and Technical Regulations. The discussion had focused both on issues of interest to the EU (such as honey, alcoholic beverages and labelling requirements for textiles and ceramics) and on issues of Mexico’s interest (such as Titanium Dioxide regulation, Public Health Bill on Alcohol notified by Ireland, the Draft Law on Alcoholic Control of the Republic of Lithuania, the EU Proposal on Market Surveillance and Compliance of Products and the joint work between the EU and China for low risk products developed under the *Codex Alimentarius*).

The EU reiterated its concerns on a long standing issue regarding textile labelling requirements, which in EU’s view are excessive and not in line with international practices. Mexico took note and provided an update about the adoption of the technical regulation for honey.

The Parties agreed to maintain an open dialogue on the issues raised in the Special Committee and to provide answers and clarifications on the respective issues of concern.

- **Sanitary and Phytosanitary Measures (SPS)**

The EU reported on the meeting of the SPS Special Committee, which had allowed for a broad discussion on several points of respective interest.

The EU pointed out at an issue of particular concern, namely its request that Mexico recognize regionalization for African Swine Fever. The EU encouraged Mexico to engage constructively on this issue; taking also into account that regionalisation has been agreed as an important element in the Modernised Global Agreement. Mexico explained that it is open to receive updated information related to the EU’s concern.

On a second issue of EU interest concerning harmonised certificates, Mexico informed that the Mexican authority (SENASICA) will review the EU proposal for harmonised certificates when the drafts certificates are received by SENASICA, as agreed in the SPS Special Committee.

Regarding the Mexican requirements on debarking of imported sawn wood (AOB in the SPS Special Committee), Mexico explained that the EU can send its request formally to the Ministry of Environment and Natural Resources (SEMARNAT) which is open to provide further clarifications and receive proposals to develop a work plan to review the EU's concern. Mexico also informed during the meeting that Canada and the United States are not exempted from these requirements, as the EU had mentioned.

Mexico reiterated its concerns on a long standing issue regarding the EU recognition of Mexico's sanitary status on Bovine Spongiform Encephalopathy (BSE) and Foot and mouth disease (FMD), already recognized by the OIE. Mexico also pointed out at its request to export horse meat to the EU.

Finally, Mexico reported that it will soon be declared free from Venezuelan equine encephalitis, which should facilitate the movement of live horses.

The Parties agreed to continue a dialogue on these matters at technical level.

○ **Government Procurement**

Mexico reported on the Special Committee on Government Procurement. Experts exchanged information on recent developments in the EU and Mexico in the field of public procurement policies. Mexico explained that the Decree of November 2018 reforming the Organic Law of the Federal Public Administration will result in changes of attributions of the authorities in charge of public procurement policies. In addition, Mexico pointed out that the Ministry of Economy will maintain its responsibility for international negotiations on this topic.

Both sides recognized the importance to ensure a better use of public resources and to fight against corruption in public procurement procedures, and that an open and transparent procurement system can contribute to reaching these objectives.

Concerning the EU request for further information on a recent tender for the Mayan Train project, Mexico explained that the entity in charge (NAFIN fiduciary of the trust FONATUR) is not covered by the existing agreement.

○ **Intellectual Property Matters**

The Special Committee on Intellectual Property Matters (IPR) addressed various issues. The EU underlined during the Committee two issues of concern for EU stakeholders: the difficulties of innovative medicines to reach the Mexican market and Intellectual Property Rights enforcement, including border enforcement.

Mexico agreed on the importance of progressing on IPR border enforcement and that the new commitments taken in the Modernised agreement will be key for this.

The Parties agreed to continue working on these issues in the Special Committee.

C) Other Bilateral issues relating to trade and investment

o Joint Committee on Spirits (EU lead)

The EU reported on the meeting of the 4th Spirits Committee, established under the 1997 Spirits Agreement. The Parties agreed that constructive work was made and agreed to continue working at technical level on the ongoing amendment to Annexes I and II of the 1997 Spirits Agreement.

o State of play on adaptation of the EU-Mexico FTA in view of Croatia's accession to the EU (Mexico lead)

The EU informed the Committee that it has completed its internal procedure for adopting the Protocol of Accession of Croatia to the Global Agreement. Mexico explained that the Protocol has been submitted to the Senate, which will resume its ordinary session in September. The Ministry of Economy has informed the Senate of the importance to ratify the Protocol as soon as possible.

IV) Multilateral Issues relating to trade and investment

• WTO Reform: Exchange of views on the state of play (Mexico lead)

The Parties agreed on the importance of preserving a functioning WTO and stressed the severity of the current crisis of the rules-based multilateral trading system, including on dispute settlement.

The EU also stressed that it remains fully engaged in the ongoing negotiations on fisheries subsidies and is committed to negotiating a comprehensive and ambitious set of rules on e-commerce with as many WTO Members as possible

Both sides agreed to continue working together on current and future proposals to reform the organisation.

• Multilateral Investment Court (EU lead)

The Parties had a brief exchange of views on the current UNCITRAL discussions on ISDS reform. The EU stressed the importance of more structural reform and to give the final impetus for the creation of a Multilateral Investment Court. Mexico emphasized its commitment regarding the protection of foreign investors and investments, its intention to continue sharing its experience regarding the ISDS at UNCITRAL, and its flexibility regarding such protection.

The Parties agree on holding a conference call before the next UNCITRAL meeting.

V) AOB

The EU reported on the meeting of the trade coordinators, which was organised at the EU request to have a first exchange of views on an issue of tariff classification for cheeses.

The Parties agreed to continue discussing this issue at technical level to have further clarity on the classification.

PARTICIPANTS

I. MEXICAN DELEGATION

MINISTRY OF ECONOMY

REPRESENTATION IN BRUSSELS OF THE MINISTRY OF ECONOMY

MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

NATIONAL SERVICE OF AGRO ALIMENTARY HEALTH, SAFETY AND QUALITY

II. EU DELEGATION

EUROPEAN COMMISSION - DIRECTORATE GENERAL FOR TRADE

EUROPEAN COMMISSION - DIRECTORATE GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

EUROPEAN EXTERNAL ACTION SERVICE