



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

Brasilia, 6-10 November 2017

The XXXth negotiation round of the Trade Part of the EU-Mercosur Association Agreement took place from 6 to 10 November 2017 in Brasilia.

The talks were led on the EU side by EU Chief Negotiator, Director Sandra Gallina, DG TRADE. The Mercosur delegation was led by Brazil's Chief Negotiator, Ambassador Ronaldo Costa Filho.

Negotiation working groups covered the following areas: (1) Trade in Goods; (2) Wines and Spirits; (3) Rules of Origin; (4) the Anti-fraud Clause; (5) Technical Barriers to Trade; (6) Sanitary and Phytosanitary Measures; (7) State-Owned Enterprises; (8) Dispute Settlement; (9) Services and Establishment; (10) Government Procurement; (11) Intellectual Property (including Geographical Indications); (12) Trade and Sustainable Development; (13) SMEs; and (14) Institutional Affairs. Text on disciplines remained the main focus of the discussions. In addition to this work, both sides made steps to prepare for an exchange of improved market access offers.

Below is a summary of the discussions.

Negotiators also agreed on dates for the next round, which will straddle the last week of November and the first week of December.

1. Trade in Goods

Discussions continued on the outstanding text proposals. An agreement was reached on the provision prohibiting quantitative restrictions. Substantive text-based discussions were held on export competition or cooperation in agriculture. Other issues discussed, where further progress will be required, are the base rate for tariff liberalisation, the EU proposals on remanufactured goods and goods entered after repair, and fees and charges.

2. Wines and spirits annex

Text-based discussions continued on the EU proposal on wines and spirits.

3. Rules of Origin

The discussions in the rules of origin group focused on product specific rules of origin. Parties agreed some rules for industrial and agricultural products. They also exchanged views and technical information identifying product priorities and sensitivities. Parties also tabled some proposals as a basis for a discussion on possible ways forward on outstanding issues.

4. Anti-fraud Clause

The Parties discussed the anti-fraud clause via video conference. They made progress on several technical issues. The main open issue remains the scope of the clause. The period of application of temporary suspensions also remains open.

5. Technical Barriers to Trade

The Parties continued their discussion on all elements of the TBT Chapter. Difficulties remain in certain issues related to standards, specific provisions on conformity assessment, marking and labelling, as well as regulatory cooperation.

General exchanges continued on the EU-proposed annex on motor vehicles.

6. Sanitary and Phytosanitary Measures

The EU and Mercosur reviewed the Joint text resulting from the round of October 2017. Further progress was made, allowing agreement on several elements of the SPS Chapter, including the provision on regionalisation for animal health. A large part of the chapter is now agreed covering many of the key provisions. The provisions on pre-listing was concluded pending agreement on deadlines. Parties also discussed newly proposed provisions on dialogues on several issues of interest to both Parties. The Parties have agreed to continue working on the remaining open issues with a view to reach an agreed text during the next round.

7. State Owned Enterprises

The Parties discussed the key elements of the EU proposal for SOEs provisions.

8. Dispute Settlement

The negotiations on the Dispute Settlement (DS) Chapter are well-advanced, with agreement reached on the mediation mechanism, the code of conduct and most rules of procedure applicable to mediation and arbitration. The two sides continued to clean the DS text from brackets, although discussions focused on areas where positions remain apart (oral hearings, and cross-retaliation).

9. Services and Establishment

The discussions on Services and Establishment were focused on the following sections of the draft text of the Chapter: General Provisions, Movement of Natural Persons, MRAs, Domestic Regulation, Telecommunications, Financial Services, Capital Movement, Postal Services, Electronic Commerce and Final Provisions. The sections on Domestic Regulation, Postal Services and Capital Movement were completed. There was progress on specific articles on General Provisions, Movement of Natural Persons, Telecommunications, Mutual Recognition Agreements and Final Provisions, but there are points still pending. Regarding Financial Services, the few issues left from the previous round are closer to agreement. On Electronic Commerce, substantive work still lies ahead. Finally, the Parties upheld their respective positions on Maritime Transport.

10. Government Procurement

Substantive progress was made on the text of the government procurement chapter with an agreement reached on important outstanding aspects of the text of the GP chapter, such as general and security exceptions, rules of origin applicable to government procurement, and on the list of cases where the exceptional procedure of limited tendering is allowed. Parties discussed Mercosur's proposals on cooperation and denial of benefits. Some other provisions, mostly linked to market access remain open.

Parties also exchanged technical clarifications on their respective market access offers, preparing the ground for more substantive discussions on market access at the next round.

11. Intellectual Property (including GIs)

IPR discussions focussed on patents, test data, trade secrets, enforcement, trademarks, designs, plant varieties and copyright. The section on designs was tentatively completed and those on copyright and trademarks are approaching completion. The Parties also discussed a new proposal on enforcement and border measures prepared by Mercosur, which provides a basis for discussion. Both sides had a first exchange on plant varieties and agreement on a combined text seems feasible.

The parties continued their work on textual provisions related to geographical indications, and exchanged information on the respective lists of geographical indications to be protected through the agreement.

12. Trade and sustainable development

The working group on Trade and Sustainable Development continued to narrow down areas of divergence and cleaned some further articles such as on Objectives and Scope, and Cooperation. It held its first full discussion of the institutional and dispute settlement provisions tabled by the EU in the previous round.

13. Small and Medium Enterprises

A consolidated text on SMEs was reached at this round, following a substantive text based negotiation. Significant progress was achieved. The negotiation focused on the information sharing and the institutional set-up.

14. Institutional Affairs

The two parties had a good discussion on trade institutional matters, in particular as regards the following issues: general structure of the trade part, recitals (preamble), general exceptions and trade objectives. Progress was particularly made on the proposal on general exceptions. Discussions continued on the need for a horizontal chapter including transparency provisions.