

EC/Mexico Economic Partnership, Political Coordination and Cooperation Agreement: trade in goods

2000/0024(CNS) - 18/01/2000 - Initial legislative proposal

PURPOSE: to fix the trade component of the EU-Mexico Agreement on Economic Partnership, political co-ordination and co-operation. **CONTENT:** On 08/12/1997, the European Union and Mexico signed an Agreement on economic partnership, political co-ordination and co-operation that marked a new phase in the relationship between the European Union and this country. To recapitulate, this Agreement (see procedure document AVC/1997/0289) seeks to strengthen, for an unlimited duration, the political and trade links that exist between the parties on the basis of reciprocity and mutual interest. The Agreement also foresees the setting up of an area of free-exchange to be progressively set in place in the course of a later phase of negotiations between the two parties. This proposal represents the final phase of the negotiations and lays down the draft decisions of the joint EC-Mexico Council covering all the Agreement's trade components and more particularly the Interim Agreement (which is a temporary agreement setting up the trade part and accompanying measures of the main Agreement while the latter enters into force). From a more practical perspective, the result of these negotiations will lead Mexico agreeing to grant Community traders a preferential system within a shorter time-frame than has ever been the case for any other preferential partner and will place them in a very competitive position in the rapidly expanding Mexican market. Thus, all industrial products will be exempt of duties between now and 2007. In total, 52% of exports from the Community will be granted exemption between now and 2003 and, at that point, a minimum duty of 5% will affect the remaining 48%. Bearing in mind the Community's sensitive aspects, such as agricultural products and fishing, the measure shall within a brief period provide integral access to the Mexican market for the main products that the Community exports. With regard to services, Community operators will benefit from a more advantageous access than that currently given to Mexico's other preferential partners, in particular, to the USA and Canada. This provision shall be complemented by an undertaking to liberalise corresponding investments and payments. A substantial access to the Mexican public procurement system, comparable to that which is open in the NAFTA framework (North America Free Trade Agreement between the USA, Canada and Mexico) is also provided for. Lastly, the Agreement shall include strict rules in the field of competition, the protection of intellectual property, as well as an effective mechanism for the resolution of disputes. In parallel, the greater part of trade in goods will be covered · up to 95% of the current total flow · and it will be ensured that there will be a substantial elimination of discriminatory measures in trade in services. The Agreement will, therefore, be compatible with the rules of the WTO in force. In order to approve the result of these negotiations, the Commission is proposing a draft common position that aims to allow the joint Council, established by the Interim Agreement, totake all the decisions provided for in this agreement in the areas of trade in goods, public procurement, competition and the setting up of a consultation mechanism for intellectual property problems. As the decision refers to services, investments and aspects of intellectual property components not covered by the Interim Agreement, it will only be adopted when the necessary procedures for the entry into force of the main agreement have been completed and the joint Council provided by this agreement has been put in place. When all these prior conditions are met, the Commission shall present a proposal for a common position of the Community seeking to allow the adoption of these decisions.