



Report from the 34th round of negotiations of the Trade Part of the Association Agreement between the European Union and Mercosur

Brussels, 9 – 17 July 2018

The 34th negotiation round of the Trade Part of the EU-Mercosur Association Agreement took place from 9 to 17 July in Brussels, Belgium.

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

Negotiations covered the following areas: (1) Trade in Goods; (2) Wines and Spirits; (3) Rules of Origin; (4) Technical Barriers to Trade; (5) Services and Establishment; (6) Government Procurement; (7) Intellectual Property (including Geographical Indications), (8) SMEs and (9) Subsidies. Both texts on disciplines and market access were discussed.

Below is a summary of the discussions.

EU Commissioners Malmström and Hogan met their ministerial counterparts from Mercosur on 18 and 19 July to take stock, discuss key issues and to decide on next steps in the negotiation process.

1. Trade in Goods

The Parties engaged in discussions and attempts to bridge differences on outstanding tariff items of interest to both sides both on non-agricultural as well as on agricultural market access.

The Parties also discussed the remaining open provisions of the text as regards remanufactured goods, export taxes, infant industry clause, and consular fees.

On both issues there was only limited progress.

2. Wines and spirits annex

The Parties worked on the draft text on wines and spirits. The EU underlined the importance of establishing rules which effectively facilitate trade.

3. Rules of Origin

The Parties discussed the text of the Protocol and rules of origin for some products/sectors. Good progress was made on the text, where the Parties agreed on some provisions related to fishery issues and on modifications in the section on proof of origin and verification. On rules of origin for some products/sectors, the Parties have further narrowed down the outstanding issues but the discussions will continue in particular on the chemicals and machinery sector.

4. Technical Barriers to Trade

The EU and Mercosur continued discussions and exploring options for agreeing on an Annex on Motor vehicles.

5. Services and Establishment

The Parties engaged in discussions on the text of the chapter and achieved useful progress notably by adjusting the content and details of commitments to what was agreeable to both sides. All issues are closed apart for market access for maritime services where there was no progress.

6. Government Procurement

Mercosur countries introduced considerable changes to their General Notes. The parties discussed Mercosur's request to apply offsets to government procurement procedures. Discussions will continue on outstanding issues in market access, including on offsets and coverage at sub-central level.

7. Intellectual Property (including GIs)

The Parties revisited parts of the IPR chapter and discussed some outstanding issues in sections relating to Civil Enforcement of intellectual property rights (including border measures), Copyright as well as General Provisions and Principles. On other outstanding issues the Parties confirmed their positions. Some adjustments and alternative text were discussed in the Enforcement, Copyright and General Provisions sections and it was agreed to discuss them again at the next round.

As regards GIs, the Parties continued to engage on the outstanding issues related to the protection of EU and Mercosur GIs. In particular, substantial time and effort was dedicated to try finding solutions for the conflicting names.

8. Small and Medium-sized Enterprises

The SME chapter was concluded as the Parties agreed on the remaining issue of the time requirement for market access information commitments of the Mercosur side.

9. Subsidies

The Parties discussed subsidies on the basis of the two text proposals on the table. Mercosur repeated its main concerns regarding the EU text proposal, related mainly to the EU's proposal on subsidies to services. The EU took note and proposed alternative ways forward. Mercosur made a new proposal which the EU agreed to consider.