

*This document contains an EU proposal for a legal text on Good Regulatory Practices in the Trade Part of a possible modernised EU-Mexico Association Agreement. It has been tabled for discussion with Mexico. The actual text in the final agreement will be a result of negotiations between the EU and Mexico. The EU reserves the right to make subsequent modifications to this proposal.*

## **EU-Mexico Free Trade Agreement**

### **EU TEXTUAL PROPOSAL**

#### **Chapter on Good Regulatory Practices**

#### **CHAPTER X**

#### **GOOD REGULATORY PRACTICES**

##### *Article X.1*

##### **General Principles**

1. Each Party shall be free to determine its approach to good regulatory practices under this Agreement in a manner consistent with its own legal framework, practice and fundamental principles<sup>1</sup> underlying its regulatory system.
2. Provisions in this Chapter shall not be construed as to require a Party to:
  - (a) deviate from domestic procedures for preparing and adopting regulatory measures,
  - (b) take actions that would undermine or impede the timely adoption of regulatory measures to achieve its public policy objectives, or
  - (c) achieve any particular regulatory outcome.
3. This Chapter does not apply to regulatory authorities and regulatory measures, practices or approaches of the Member States of the European Union.

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<sup>1</sup> For the EU, such principles include the precautionary principle.

*Article X.2*

**Definitions**

For the purposes of this Chapter:

- (a) "regulatory authority" means:
  - (i) for the European Union: the European Commission;
  - (ii) for Mexico: the Federal Government, including any decentralised body of the Federal Administration.
  
- (b) "regulatory measures" means measures of general applicability, which are:
  - (i) for the European Union:
    - (1) regulations and directives, as provided in Article 288 of the Treaty on the Functioning of the European Union (TFEU);
    - (2) implementing and delegated acts, as provided in Article 290 and Article 291 TFEU, respectively;
  
  - (ii) For Mexico:
    - (1) laws and legislative decrees;
    - (2) any other administrative acts of general application, including, but not limited to, regulations, decrees, agreements and NOMs.

*Article X.3*

**Scope**

This Chapter shall apply to regulatory measures by regulatory authorities in respect to any matter affecting trade and investment covered by this Agreement.

*Article X.4*

**Internal Coordination of Regulatory Development**

Each Party shall maintain internal coordination or review processes or mechanisms with respect to regulatory measures its regulatory authorities are preparing. Such processes or mechanisms should seek, inter alia, to:

- (a) foster good regulatory practices, including those set forth in this Chapter;
- (b) identify and avoid unnecessary duplication and inconsistent requirements in the Party's regulatory measures;
- (c) ensure compliance with international trade and investment obligations; and
- (d) promote consideration of the impacts of the regulatory measures under preparation, including those on small and medium-sized enterprises.

*Article X.5*

**Regulatory Processes and Mechanisms**

Each Party shall make publicly available descriptions of its processes and mechanisms used by its regulatory authority to prepare, evaluate or review regulatory measures. These descriptions shall refer to relevant guidelines, rules or procedures, including those regarding opportunities for the public to provide input.

*Article X.6*

**Early Information on Planned Regulatory Measures**

1. Each Party shall make publicly available at least on an annual basis a list of planned major<sup>2</sup> regulatory measures that its regulatory authorities reasonably expect to adopt within a year.
2. With respect to each major regulatory measure included in the list referred to in paragraph 1, each Party should make publicly available, as early as possible:
  - (a) a brief description of its scope and objectives;

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<sup>2</sup> The regulatory authority of each Party may determine what constitute "major" regulatory measures for the purposes of its obligations under this Chapter.

- (b) the estimated timing for its adoption, including opportunities for public consultations.

*Article X.7*

**Public Consultations**

1. When preparing a major regulatory measure, each Party shall, in accordance with its respective rules and procedures:
  - (a) publish either a draft regulatory measure or consultation documents that provide sufficient details about a possible new regulatory measure to allow any person to assess whether and how its interests might be significantly affected;
  - (b) offer reasonable opportunities for any person, on a non-discriminatory basis, to provide input; and
  - (c) consider the input received.
2. Each Party should make use of electronic means of communication and seek to use a dedicated single access point providing information related to public consultations, including on how to provide input.
3. Each Party shall make publicly available any input it receives, as well as a summary of the results of the consultations, except to the extent necessary to protect confidential information or withhold personal data or inappropriate content.

*Article X.8*

**Impact Assessment**

1. The regulatory authority of each Party affirms its intention to carry out, in accordance with its respective rules and procedures, an impact assessment of major regulatory measures it is preparing.
2. When carrying out an impact assessment, the regulatory authority of each Party shall establish and maintain processes and mechanisms that promote the consideration of the following factors:

- (a) the need for the regulatory measure, including the nature and the significance of the problem the regulatory measure intends to address;
  - (b) feasible and appropriate regulatory and non-regulatory alternatives (including the option of not regulating), if any, that would achieve the Party's public policy objective;
  - (c) to the extent possible and relevant, the potential social, economic and environmental impact of those alternatives, including on international trade and investment and on SMEs; and
  - (d) how the options under consideration relate to relevant international standards, including the reason for any divergence, where appropriate.
- 3 With respect to any impact assessment that a regulatory authority has conducted for a regulatory measure, each Party shall prepare a final report detailing the factors it considered in its assessment and the relevant findings. Such reports shall be made publicly available no later than when the regulatory measure is made publicly available.

*Article X.9*

**Retrospective Evaluation**

1. The regulatory authority of each Party shall maintain processes or mechanisms to promote periodic retrospective evaluations of regulatory measures in effect.
2. When conducting a periodic retrospective evaluation the regulatory authorities of a Party shall consider whether there are opportunities to more effectively achieve public policy objectives and reduce unnecessary regulatory burdens, including on small and medium-sized enterprises.
3. Each Party shall make publicly available its plans for and the results of such retrospective evaluations.

*Article X.10*

**Regulatory Register**

Each Party shall ensure that regulatory measures that are in effect are published in a designated register that identifies regulatory measures by topic and is publicly available on a single, freely accessible internet website. The website should allow searches for regulatory measures by citations or by word. Each Party shall periodically update its register.

*Article X.11*

**Exchange of Information on Good Regulatory Practices**

The Parties shall endeavour to exchange information on their good regulatory practices as set out in this Chapter.

*Article X.12*

**Dispute Settlement**

Chapter X (Dispute Settlement) shall not apply to this Chapter.