



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

Montevideo, 4 – 8 June 2018

The XXXIIIrd negotiation round of the Trade Part of the EU-Mercosur Association Agreement took place from 4 to 8 June in Montevideo, Uruguay.

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 Paraguay's Chief Negotiator, Vice-Minister Luis Fernando Avalos Giménez.

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

Below is a summary of the discussions.

1. Trade in Goods

The Parties continued discussions on some of the remaining textual proposals. Outstanding issues discussed at this round included tariff treatment of imports from Paraguay, domestic support, export competition and agricultural cooperation. The Parties agreed on the text for export competition and agricultural cooperation. Domestic support and tariff treatment for Paraguay remain outstanding. Mercosur also withdrew its proposal relating to Maximum Tariff Values.

The Parties continued working on improving overall market access to increase duty free coverage and the staging of the duty elimination.

The Parties also engaged in technical discussion on the management of tariff rate quotas.

2. Wines and spirits annex

The Parties made additional progress on the text on wines and spirits, notably on the issue of the recognition of winemaking practices. The EU underlined its concerns with regard to restrictions imposed by Mercosur on the maximum size of wine bottles and sugar content labelling.

3. Rules of Origin

Good progress was made on rules of origin, both on the text and product specific rules. On the text, the Parties discussed compromise proposals on proof of origin and verification and on origin of fishery products. The discussions will continue in particular on fishery issues that remain outstanding. On product specific rules of origin, several chapters were closed and differences were narrowed in other open chapters.

4. Technical Barriers to Trade

The Parties continued discussion on the few open issues of the TBT Chapter. Difficulties remain in certain issues related to regulatory cooperation and conformity assessment.

Technical exchanges continued on specific provisions on motor vehicles.

5. Sanitary and Phytosanitary Measures

In the SPS Chapter and Dialogues Chapter, agreement was reached on a number of important issues, including dialogue on animal welfare, procedures for the quick exchange of information and notifications between the Parties, recognition of the EU as a single entity, the allocation of sufficient resources, and deadlines for procedures. Both chapters are now close to being concluded.

6. Services and Establishment

Discussions on services and establishment focused on cleaning the remaining outstanding issues of the text. The telecoms chapter is now fully closed, as a compromise was found for the remaining provisions on interconnection and roaming. The Parties agreed that the e-commerce chapter preserves a general scope and agreed to incorporate the understanding on computer services. The only outstanding issue in the text concerns the article on custom duties (moratorium). There was no discussion on maritime transport, a key EU ask.

7. Government Procurement

The EU and Mercosur continued discussing the few unresolved issues of the text of the Government procurement chapter, mostly relating to market access issues (e.g. prohibition of offsets in procurement procedure and requests by Mercosur for special and differential treatment).

On market access, discussions allowed for some progress on "General Notes", in particular exemptions and possible reservations to the Agreement and, to some extent, on the request by Mercosur to apply offsets to government procurement procedures. However, the position of the Parties still needs to converge on offsets and the extent of some reservations/exceptions.

The Parties also clarified their requests for further improvements of market access offers.

8. Intellectual Property (including GIs)

The Parties revisited parts of the IPR chapter and discussed some outstanding issues in sections relating to Objectives, Principles, Biodiversity, Technology Transfer/Technical Cooperation, Copyright, Enforcement and Border measures. The EU proposed some technical adjustments in the copyright section. Mercosur will come back with a position on these adjustments

The Parties also discussed technical issues related to the protection of EU and Mercosur geographical indications (GIs). Considerable work remains to be done on solutions to conflicting EU GIs.

9. Small and Medium-sized Enterprises

The Parties agreed on the text regarding SME Coordinators participation in working groups. The timeline for implementation of the database containing information to assist SMEs in taking advantage of the agreement is still under discussion.