

Disclaimer: In view of the Commission's transparency policy, the Commission is publishing the texts of the Trade Part of the Agreement following the agreement in principle announced on 28 June 2019.

The texts are published for information purposes only and may undergo further modifications including as a result of the process of legal revision. However, in view of the growing public interest in the negotiations, the texts are published at this stage of the negotiations for information purposes. These texts are without prejudice to the final outcome of the agreement between the EU and Mercosur.

The texts will be final upon signature. The agreement will become binding on the Parties under international law only after completion by each Party of its internal legal procedures necessary for the entry into force of the Agreement (or its provisional application).

SECTION

SUBSIDIES

Article X.1

Principles

The Parties agree that subsidies can be granted by a Party when they are necessary to achieve a public policy objective. The Parties acknowledge, however, that certain subsidies have the potential to distort the proper functioning of markets and undermine the benefits of trade liberalisation.

Article X.2

Cooperation

The Parties recognize the need to work jointly and cooperate, both at multilateral and regional level, in order to:

- (a) seek effective ways to coordinate positions and proposals regarding subsidies in the framework of the WTO negotiations;
- (b) explore ways to improve transparency regarding subsidies;
- (c) provide advice and recommendations to the Association Council on ways to further enhance their understanding of the impact of subsidization on trade; and

- d) exchange of information on the functioning of subsidy control systems.

Details of such cooperation may be set out in an Administrative Agreement.

The Parties shall review their cooperation no later than three years after the entry into force of this Agreement and at regular intervals thereafter. The Parties shall consult with each other on ways to improve their cooperation, in light of the experience gained and the development of any initiatives on subsidy rules in the WTO.