

First Meeting of the EU-Mercosur biregional negotiations committee

6-7 APRIL 2000, Buenos Aires, Argentina

Conclusions

Negotiators from the Mercosur and the European Union met for the first time in the context of the EU-Mercosur Biregional Negotiations Committee during 6-7 April 2000 in Buenos Aires. This meeting formed the first round of negotiations between the EU and Mercosur, aiming at the conclusion of an Interregional Association Agreement between the EU and the Mercosur. The negotiators established the following conclusions.

1. GENERAL PRINCIPLES AND OBJECTIVES

The EU and Mercosur negotiators recalled the following general principles and objectives for the negotiations:

On 28 June 1999 in Rio de Janeiro the EU and Mercosur Heads of State and Government decided to reaffirm their determination to continue to strengthen their relations, which are based on deep historical, political, economic and cultural links, as well as on common values. To this end they decided to attach renewed priority to their relations in the political, economic, trade, cultural and co-operation fields, aiming at building a deeper and fuller partnership between the two regions, which should be based on democracy, sustainable development and economic growth with social justice.

The Heads of State and Government agreed that the expansion of trade, through the development of free-trade between Mercosur and the European Union, constitutes a central element in the construction of a more dynamic relationship, in the promotion of their integration processes and in the strengthening of the multilateral trading system.

With this purpose, they agreed to launch negotiations between Mercosur and the European Union aiming at bilateral, gradual and reciprocal trade liberalisation, without excluding any sector and in accordance with WTO rules.

It was agreed that the results of the Mercosur-European Union negotiations should constitute a single undertaking to be implemented by the Parties as an indivisible whole.

The first meeting of the EU-Mercosur Co-operation Council on 24 November 1999 in Brussels received the conclusions reached by EU and Mercosur negotiators as regards the structure, methodology and calendar of the negotiations.

During the recent EU-Mercosur ministerial meeting in Vilamoura, Portugal, on 23 February 2000 the ministers underlined the importance of the first meeting of the EU-Mercosur Biregional Negotiations Committee, emphasizing the need to achieve progress in this process. The ministers stated that this process should be comprehensive, encompassing all areas of their political, economic, trade and co-operation relations, and that negotiations should be concluded at the earliest possible time.

The ministers also underlined the importance of the contribution of new actors, partners and resources from civil society and reaffirmed the importance of encouraging mutual exchanges and co-operation of civil society between the Parties.

During their meeting in Buenos Aires the Parties also established that the negotiations between the European Union and the Mercosur aiming at an Interregional Association Agreement shall create rights and obligations both for the European Union and the Mercosur, as well as for their respective Member States and Party States.

They also decided that the negotiations as regards an Interregional Association Agreement shall be comprehensive and yield balanced results.

The Parties decided that the various topics, to be dealt with during the association negotiations, will be put on the agenda of the Biregional Negotiations Committee for discussions based on mutual agreement.

The Parties also agreed to reinforce the process of their consultations on WTO matters.

The Parties meeting in Buenos Aires discussed a variety of issues related to the political dialogue, co-operation and trade issues between the European Union and Mercosur. The following chapters reflect their particular conclusions on these topics dealing with the objectives, the principles, the methodology, the structure and the working programme for these issues.

2. NEGOTIATIONS ON POLITICAL DIALOGUE

2.1. Objectives

One of the objectives of the negotiations is the reinforcement of the Political Dialogue between the EU and the Mercosur within the framework of an Association Agreement as foreseen between the Parties. This agreement will have a strong political component. Up to the present moment, the legal basis for the Political Dialogue has been the 1995 Interregional Framework Co-operation Agreement between the EU and Mercosur and the Joint Declaration on Political Dialogue: This negotiation will aim at deepening and broadening the level and the topics of the political dialogue in view of the consolidation of a strategic partnership between the regions.

2. 2. Working methodology.

Current political dialogue will continue to be conducted through the mechanism on political dialogue already agreed between the Parties and the working methodology contained in the Joint Declaration of Political Dialogue.

To ensure the coherence of the negotiations on a future Association Agreement, there should be a regular update with information to the Biregional Negotiations Committee, in order for the BNC to elaborate, in accordance with internal procedures of the Parties, the political chapters in the future Agreement, which shall take fully into account the evolution and contents of the current political dialogue.

2. 3. Content of the political dialogue.

Political co-operation between the Parties should cover the aspects of mutual interest and any other international issue the Parties should consider appropriate to discuss in their Political Dialogue: Particularly, on the grounds of peace and stability, prevention of conflicts, confidence and security building measures, promotion and protection of Human Rights, democracy and the Rule of law, sustainable development taking into account economic, social and environmental dimensions, common action against drug traffic and related felonies, arms traffic, organized crime and international terrorism:

The principles and content related to Political Dialogue in the Interregional Association Agreement will incorporate the progress made during the implementation of the current mechanism based on the Interregional Framework Co-operation Agreement of 1995, at the time of the signature of the Association agreement.

3. NEGOTIATIONS ON CO-OPERATION

Co-operation entails the strengthening of existing relations between the parties on the basis of reciprocity and mutual interest.

3.1. Objectives.

The objective of the negotiations is to up-grade the level and to improve the quality and the scope of the co-operation between the Mercosur and the European Community and its Member States.

The Regional Framework Co-operation Agreement of 1995 already settled a series of areas of interest. On the basis of the rich experience of that agreement and on the new issues that could possibly have arisen, the parties could work on the deepening of specific areas of mutual interest and on the identification of further ones.

The future co-operation to be included in the agreement should in particular focus on providing European technical assistance to Mercosur's efforts aiming at adapting to the requirements of the future Interregional Association between Mercosur and Europe.

3.2. Working methodology.

In order to guarantee a smooth functioning of the negotiations, the parties could agree on setting up three different sub-groups on co-operation:

1. Subgroup on Economic Co-operation
2. Subgroup on Social and Cultural Co-operation
3. Subgroup on Financial and Technical Co-operation

It might be decided that one of the subgroups would meet every negotiation round,

Every year, each subgroup submits its report to the Sub-Committee on Co-operation, which is responsible towards the Negotiation Committee for the overall co-operation negotiations.

The Sub-Committee on Co-operation meets one a year.

3.3. General orientations.

The following general orientations for each subgroup shall be applied in an indicative manner by the Parties:

1) Subgroup on Economic Co-operation

Industrial co-operation
Co-operation on technical regulations and conformity assessment
Co-operation in the field of services
Investment promotion
Macro-economic dialogue
Scientific and technological co-operation
Energy co-operation
Transports
Telecommunications, information technology and information society
Co-operation on agricultural and rural sector
Fisheries
Customs co-operation
Statistic co-operation
Environmental co-operation
Consumer protection
Data protection

2) Subgroup on Social and Cultural Co-operation

Social co-operation
Education and training
Social dialogue
Drugs and related organised crime
Cultural co-operation

3) Subgroup on Financial and Technical Co-operation

Public administration modernisation
Inter-institutional co-operation
Co-operation on regional integration

4. NEGOTIATIONS ON TRADE ISSUES

4.1. General principles and objectives of trade negotiations

4.1.1. General principles

- Comprehensive negotiations and balanced results.
- No sector to be excluded, whilst taking account of the sensitivities of certain products and services sectors, in conformity with WTO provisions.
- The results of the negotiations should constitute a single undertaking to be implemented by the Parties as an indivisible whole.

4.1.2 Objectives

- The bilateral and reciprocal liberalisation of trade in goods and services within an agreed time frame in conformity with the relevant WTO provisions;
- The further improvement of access to government procurement markets for goods, services and works;

- The encouragement of an open and non-discriminatory investment climate;
- Ensuring adequate and effective protection of intellectual property rights with the aim of achieving an agreed high level of protection and taking into account on-going technological progress and relevant international conventions;
- Ensuring adequate and effective competition policies and a mechanism for co-operation in the field of competition;
- Ensuring adequate and effective disciplines in the area of trade defence instruments;
- Establishing an effective and binding dispute settlement mechanism.

4.2. Organisation of work

4.2.1. Structure of technical groups

Three technical groups will be created, where appropriate, further subgroups can be created at a later stage.

- Technical Group 1: trade in goods, covering both tariffs and non-tariff measures, including inter alia sanitary and phytosanitary measures, standards, technical regulations and conformity assessment procedures; antidumping and counter-vailing duties and safeguards ; rules of origin ; and customs procedures and mutual assistance in customs matters.
- Technical Group 2: trade in services, intellectual property rights and measures to encourage an open and non-discriminatory investment climate.
- Technical Group 3: government procurement, competition and dispute settlement.

4.2.2. Work programme and agenda

Starting in June 2000 and lasting until mid-2001 the work of the Technical Groups will consist of:

- Exchange of information in all areas of negotiations;
- Discussion on specific objectives and modalities on non-tariff measures;
- Ways of addressing non-tariff obstacles to trade; and
- Exchange of working texts.

Beginning in July 2001, the Parties will discuss and determine the methodology and schedule for the progressive elimination of tariffs in goods and the liberalisation of trade in services.

At the end of each BNC, the Parties will set the specific agenda of the subsequent BNC.

4.2.3 The agenda for the second Biregional Negotiations Committee (BNC)

General exchange of information, including:

- Presentation by EU on CAP and on enlargement; presentation by Mercosur on Mercosur integration (state of play and prospects), in particular services and government procurement.
- Presentation by both Parties on trade agreements concluded or to be concluded with third parties.

Specific topics for Technical Group 1

- Exchange of specific information on the basis of information requested within one month after the first BNC. To the extent possible, each side will provide the requested information 2 weeks before the second BNC.
- Discussion on specific objectives in areas such as sanitary and phytosanitary measures and standards, technical regulations and conformity assessment procedures; rules of origin; customs procedures and mutual assistance in customs matters; antidumping and counter-vailing duties, and safeguards.
- Identification of non-tariff obstacles and discussion of approach and principles on how to address these (e.g. covered by general provisions, case-specific solutions, others). Exchange of list of non-tariff obstacles 2 weeks prior to the second BNC.

Specific topics for Technical Group 2

- Exchange of specific information on the basis of information requested within one month after the first BNC. To the extent possible, each side will provide the requested information 2 weeks before the second BNC.
- Discussion on specific objectives on intellectual property rights and as regards the encouragement of an open and non-discriminatory investment climate.
- Identification of non-tariff obstacles and discussion of approach and principles on how to address these. Exchange of list of non-tariff obstacles 2 weeks prior to the second BNC.

Specific topics for Technical Group 3

- Exchange of specific information on the basis of information requested within one month after the first BNC. To the extent possible, each side will provide the requested information 2 weeks before the second BNC .
- Discussion on specific objectives for competition, government procurement and dispute settlement.
- Identification of non-tariff obstacles and discussion of approach and principles on how to address these. Exchange of list of non-tariff obstacles 2 weeks prior to the second BNC.

5. ANNEXES

ANNEX No. 1 Structure of the negotiations.

ANNEX No. 2 Initial list of trade information requests by the European Union to Mercosur.

ANNEX No. 3 Initial list of trade information requests by Mercosur to the European Union.

ANNEX No. 2: INITIAL LIST OF TRADE INFORMATION REQUESTS BY THE EUROPEAN UNION TO MERCOSUR

Goods

- **Harmonised System:** the number of digits is limited to 6. Is the same level the same HS applied in the four Mercosur countries?

- Structure nomenclature: how many and which tariff lines does each of the Mercosur countries have at a level going beyond 6 digit level? Do the Mercosur countries intend to keep their nomenclature or are there intentions to re-structure it.
- Tariff schedules and corresponding trade statistics:
 - for each country: a complete tariff schedule including descriptions, applied MFN tariff 2001 and Mercosur Common External tariffs
 - in the same nomenclature : country imports from World, EU15, other Mercosur countries for the last 3 available years.
- Common External Tariff: one single document with all data. Which sectors are excluded; transitional arrangements; sector-specific arrangements.
- List of duties and charges other than customs duties.
- List of import and export restrictions

Services

Updating of country profile studies, which were prepared in 1997:

- Presentation of existing and planned services free trade agreements between Mercosur and/or its Contracting Parties with third parties (summary of main disciplines and commitments).
- Updating of information on Mercosur integration and implementation of the Montevideo Protocol: scope and results of the first two rounds of Montevideo Protocol services liberalisation. Timing, priorities and scope of the future rounds of Mercosur services liberalisation.
- Updating of existing sectoral information described in the 1997 studies. Extension of coverage of these studies in order to cover all GATS sectors, all modes of supply both at national and regional levels.
- Presentation of the national regulatory framework concerning services. Presentation by sectors and sub-sectors of key legislation and key conditions and limitations to market access and national treatment. Presentation of planned liberalisation at national level.

Government procurement

- Mercosur arrangements in the area of government procurement
- Existence of laws, regulations, administrative guidance, administrative practice etc., including at a regional, local and municipal level.
- information regarding state-owned companies; where relevant, state of privatisation of such companies;

Capital movements and investment

- Interregional regime governing capital movements and payments
- Common regime governing capital movements with third countries, if any. Alternatively, regimes applied by each Mercosur Member State in this field. What are the minimum common provisions for the four Mercosur Member States.
- List of existing Laws and regulations concerning Investment Foreign Investment by each country. Requirements, restrictions and controls on capital movements.

- Common Mercosur regime on capital movements and establishment of investment. Future developments foreseen.
- Rules concerning the admission of investors, e.g. licensing procedures.
- List of bilateral and regional investment treaties concluded by each country. Main features of the agreements (e.g. coverage, protection, dispute settlement, exceptions). Prospective developments on investment in the FTAA context.