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INFOTAX – September 2019





AGREEMENT
BETWEEN
EUROPEAN UNION
AND MERCOSUR

AGREEMENT
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EFTA AND
MERCOSUR



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AGREEMENT BETWEEN
EUROPEAN UNION AND MERCOSUR





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Agreement between European Union and Mercosur |
Agreement between EFTA and Mercosur



The Agreement between European Union and Mercosur

On last June 28, 2019 concluded the negotiations between the European Union (EU) and MERCOSUR **in order to reach an ambitious trade agreement between the two blocs.**

The negotiations, which were extended for more than twenty years, **concluded with a preliminary text (hereinafter, “the Agreement”) which is currently under legal review prior to its final transcriptions and ratification.**

The Agreement entails an ambitious document **which is not limited only to tariff aspects but covers several issues of interest for both blocs,** such as sustainable development, human/animal/vegetal health, labor conditions, dialogues, exchange of information and good practices, etc..

Which are the main contents of the Agreement?

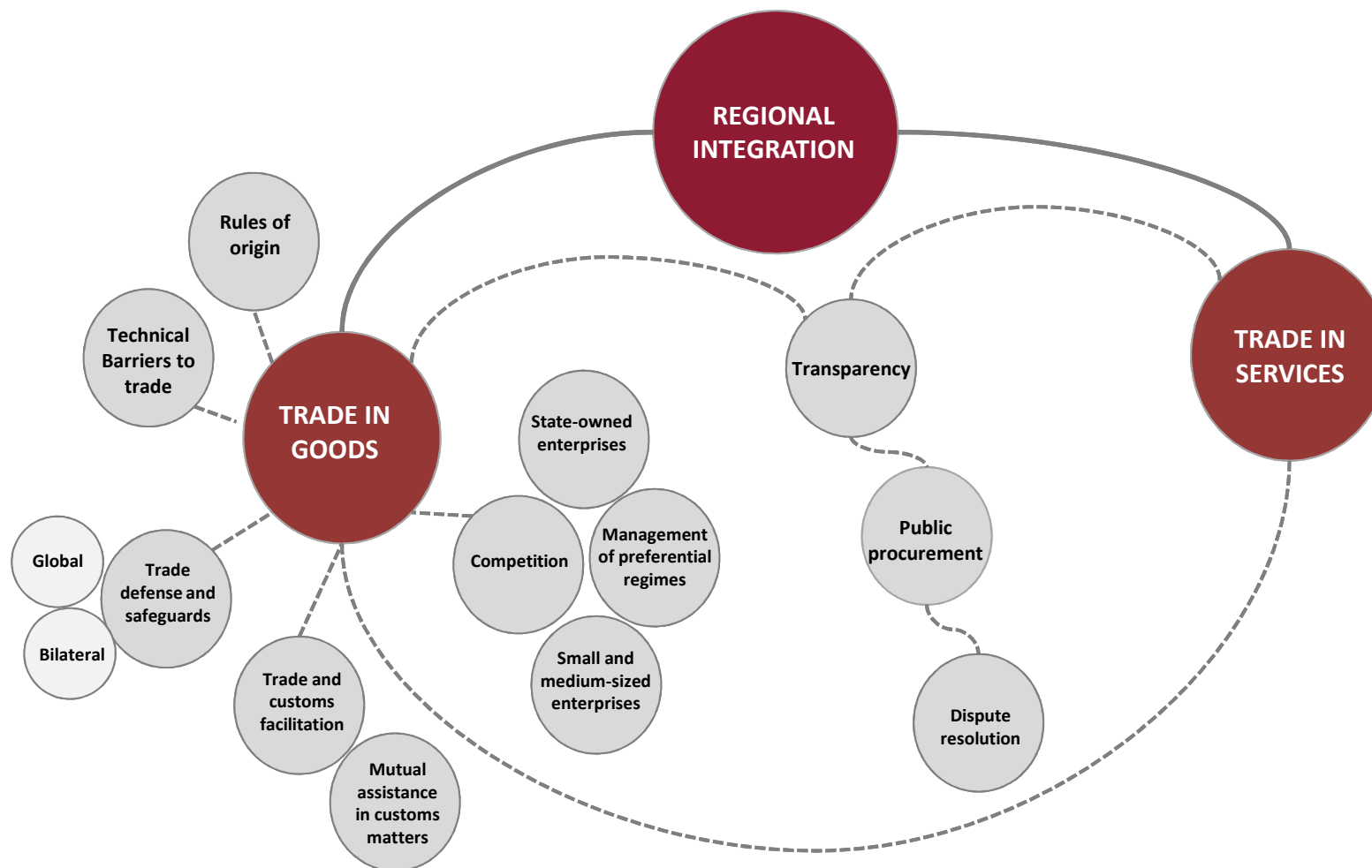
The main contents of the Agreement could be summarized as follows:

- the objective of **regional integration between the two blocs** and the **liberalization in trade of goods and services**;
- the **liberalization and opening of markets for the vast majority of lines of products of both blocs** (in this sense, MERCOSUR liberalizes 91% of imports from the EU over a transitional period up to 10 years – 15 years for some sensitive products – and the EU liberalizes 92% of imports from MERCOSUR over a transitional period up to 10 years);
- the **liberalization of trade in services, ensuring a fair access to markets** through establishments, rendering of services and consumption abroad, entering and temporary presence of individuals (key personnel, trainees, business sellers, independent professionals), etc.

Which are the main contents of the Agreement? (cont.)

- **the purpose of trade facilitation through the provision of certain measures** such as the inclusion of a set of modern rules of origin, customs' cooperation duties, criteria for the prompt release of goods, the use of IT technologies within the customs' procedures, trade facilitation programmes for operators who meet specified criteria (Authorized Economic Operators, AEO), etc.;
- **the identification, prevention and elimination of technical barriers to trade,** as well as **the regulation of the main aspects in matter of trade defense and safeguards, from both global and bilateral standpoint;**
- the aim of **maintenance of good commercial practices** in order to ensure a level playing field for all the operators, and;
- **the regulation, in general, of the main aspects, terms, conditions and principles which should govern the public procurement procedures** within the member States of the two blocs.

Main contents. Systematization.



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The Agreement between EFTA and MERCOSUR.

On last August 23, 2019 concluded in substance the negotiations between the European Free Trade Association (EFTA) and MERCOSUR **in order to reach an ambitious trade agreement between the two blocs.**

The negotiations, which were preceded by a Joint Declaration on Cooperation signed by both blocs on December 2000 with the final objective of the strengthen of commercial relationships, and which were initiated in substance on January 2017, **concluded finally with a preliminary document which is currently under legal review while certain pending aspects are being addressed prior to its final transcription and later ratification.**

The Agreement **comprehends several aspects related to trade**, such as trade in goods, trade in services, rules of origin, technical barriers to trade, trade facilitation, investments / establishment, protection of intellectual property, competition, public procurement, trade and sustainable development, etc.

Which are the main contents of the Agreement?

The main contents of the Agreement could be summarized as follows:

- the establishment of **a legal framework for the strengthen of the commercial relationships between the two blocs;**
- the reciprocal tariff concessions, **through the reduction or elimination of customs duties applicable to the vast majority of trade between both blocs,** as well as **the concession of exclusive tariff rate quotas for some of the Parties' main products (without prejudice of the quotas already consolidated under the WTO framework);**
- **the strengthen of the trade in services,** following the approach of the WTO General Agreement on Trade in Services and covering the four modes of supply, stating rules in matter of temporary movement of individuals, financial services and telecommunication services;

Which are the main contents of the Agreement? (cont.)

- the establishment of **modern rules of origin**, rules on **trade facilitation** and also for **the identification/prevention/elimination of technical barriers to trade, trade defense and safeguards**, etc.;
- **the regulation on sanitary and phytosanitary requirements applicable to trade**, providing for the implementation of import checks, certificates, the approval of products and establishments, etc.
- **regulation in matter of intellectual property rights**, comprehending copyrights, trademarks, patents, industrial designs, geographical indications, etc.
- **regulation in matter of competition**, and also in which makes relation to the **main rules and principles that should govern public procurement procedures**.

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