



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 11.12.2003
SEC(2003)1417 final

RESTREINT UE

Recommendation for a

COUNCIL DECISION

authorising the Commission to open negotiations, on behalf of the Community and its Member States, with the United Mexican States in order to adapt the Economic Partnership, Political Co-ordination and Co-operation Agreement, Joint Council Decisions 2/2000 and 2/2001 and the Agreement on the Mutual Recognition and Protection of Designations for Spirit Drinks

(presented by the Commission)

I. EXPLANATORY MEMORANDUM

Three motives exist for seeking a mandate from the Council to open negotiations with Mexico in order to adapt the Economic Partnership, Political Co-ordination and Co-operation Agreement, Joint Council Decisions 2/2000 (Liberalisation of trade in goods) and 2/2001 (Liberalisation of trade in services), and the Agreement on the Mutual Recognition and Protection of Designations for Spirit Drinks:

1. The accession to the EU of up to 10 new Member States on 1 May 2004.
2. The commitments contained in Joint Council Decisions 2/2000 and 2/2001 to review certain aspects of the liberalisation of trade in goods and services, and to take further decisions regarding other specific areas, within three years of entry into force of the aforementioned Joint Council Decisions.
3. The need for a joint declaration to allow for the proper consideration of trade in goods to and from San Marino and Andorra in the context of the EU-Mexico trade.

(1) Accession of new Member States to the EU

Under Article 6(2) of the Act concerning the Accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustment of the Treaties on which the European Union is founded (hereinafter the 'Act of Accession'), the accession of the new Member States to the Economic Partnership, Political Co-ordination and Co-operation Agreement with Mexico, shall be agreed by the conclusion of a protocol to these Agreements. Article 6(2) provides for a simplified procedure, as these protocols are to be concluded by the Council of the European Union, acting unanimously on behalf of the Member States, and the third country concerned. This procedure is without prejudice to the Community's own competences.

Furthermore, Joint Council Decisions 2/2000 and 2/2001 implementing trade liberalisation established by the Economic Partnership, Political Co-ordination and Co-operation Agreement, will be accordingly amended.

Regarding the substance:

- The Economic Partnership, Political Co-ordination and Co-operation Agreement provides a global framework for EU-Mexico relations and includes political, cooperation and trade aspects. The new Member States must become parties to this Agreement, as it is a mixed agreement. In addition, it may be necessary to make some adaptations, mainly concerning the official languages.
- Joint Council Decision 2/2000 provides for the establishment of a free trade area for goods in accordance with Article XXIV of the GATT. Current tariff concessions for agricultural products, processed agricultural products and fishery products should be reviewed in order to take account of traditional trade between Mexico and the incoming new EU Member States. In addition, it is necessary to add a list of the entities of the new Member States that are subject to the provisions on public procurement and to make some technical adaptations to the methods of administrative cooperation concerning origin rules.

- Decision 2/2001 provides for the liberalisation of the trade in services in accordance with Article V of the GATS. Some adaptations are needed, in particular as regards Annex I (limitations on market access and national treatment with respect to financial services) and Annex II (Authorities responsible for financial services).
- The agreement on mutual recognition and protection of designations for spirit drinks should be adapted to include protected designations of new Member States.

(2) Review clauses and commitments to take further decisions contained in Joint Council Decisions 2/2000 and 2/2001

Article 10 of Joint Council Decision 2/2000 (Liberalisation of trade in goods) commits the parties to consider further steps in the process of trade liberalisation in agricultural and fisheries products within three years of the entry into force of the aforementioned Joint Council Agreement.

Article 35 of the Joint Council Decision 2/2001 (Liberalisation of trade in services) commits the parties to a review of investment-related matters within three years of the entry into force of the aforementioned Joint Council Decision.

Furthermore, Joint Council Decision 2/2001 obliges the parties to adopt further decisions in three areas within three years: further liberalisation of trade in services (Article 7.3); framework for mutual recognition agreements covering requirements, qualifications, licenses and other regulations (Article 9.1); and elimination of substantially all remaining discrimination in financial services (Article 17.3).

Joint Council Decisions 2/2000 and 2/2001 will be amended accordingly.

(3) Declaration regarding trade in goods with San Marino and Andorra

Under the Trade and Customs Unions Agreements concluded between the European Communities and San Marino and Andorra, those countries apply the same treatment as the Community to all third countries which have Preferential Agreements with the EC.

The European Community is also committed to signing a Declaration with all preferential partners, in order to guarantee that those countries apply to goods originating in San Marino and Andorra the same treatment as to goods originating in the Community.

In order to meet this commitment, the European Commission requests a mandate to negotiate such Joint Declaration with the Mexican Government so as to amend Annex III of Joint Council Decision 2/2000 referring to “definition of the concept of originating products”.

II. RECOMMENDATION

The Commission therefore recommends that the Council:

- authorise the Commission, on behalf of the European Community and its Member States, to negotiate with Mexico a protocol adapting the Economic Partnership, Political Co-ordination and Co-operation Agreement, and the Joint Council Decisions 2/2000 and 2/2001 adopted under that agreement, to the upcoming enlargement;
- authorise the Commission, on behalf of the European Community, to negotiate with Mexico a protocol adapting the Agreement on Mutual Recognition and Protection of Designations for Spirit Drinks to the upcoming enlargement;
- authorise the Commission, on behalf of the European Community and its Member States, to honour the review clauses included in Joint Council Decisions 2/2000 and 2/2001;
- authorise the Commission, on behalf of the European Community, to negotiate with Mexico a Joint Declaration in order to apply the same preferential tariff treatment to goods originating from San Marino and Andorra as to goods originating from the European Community.
- appoint a special committee to assist the Commission, which, by virtue of the Treaty establishing the European Community and the Act concerning the accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic and the adjustment of the Treaties on which the European Union is founded, will conduct the negotiations on behalf of the European Community and the Member States; and
- adopt the annexed Negotiating Directives.

ANNEX

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