

TWELFTH MEETING OF THE MERCOSUR - EUROPEAN UNION BI-REGIONAL NEGOTIATIONS COMMITTEE

**8 – 12 March 2004
Buenos Aires- Argentina**

FINAL CONCLUSIONS

The twelfth meeting of the EU-MERCOSUR Bi-regional Negotiations Committee took place in Buenos Aires from 8 to 12 March 2004. Negotiators proceeded with their ongoing discussions on the political, cooperation and trade aspects of the Interregional Association Agreement between the European Union and the MERCOSUR.

Delegations were welcome by the Secretary of Trade and International Economical Relations of Argentina, Ambassador Martín REDRADO, on behalf of the Pro tempore Presidency of MERCOSUR, and, for the European Union, by Mr Hervé Jouanjean, Deputy Director-General, and Mr Karl Falkenberg, Director, representing the EU as trade negotiator.

Mr. Redrado expressed the satisfaction to open this meeting as an important step to reach an agreement between MERCOSUR and the European Union. Mr Redrado said that the next months will be crucial to comply with the aim of closing the agreement by October and called both parties to work harder, because the agreement will be a historical event in the relationship between MERCOSUR and Europe.

Mr Falkenberg echoed the cautious optimism with regard to the prospects of a timely completion of these negotiations and highlighted the importance attached to defining a set of rules that would be conducive to allowing effective market access in all areas under negotiations.

Following the opening, the Parties met at Technical Groups level to work intensively on the agenda set out in the Brussels work-programme. This agenda included the following subjects:

- Political dialogue
- Co-operation
- Trade:
 - Goods: tariffs including agricultural modalities, customs, technical barriers to trade, rules of origin, trade defense, wines and spirits and sanitary and phytosanitary measures;
 - Intellectual Property Rights
 - Dispute Settlement

- Competition
- Services
- Investments
- Government Procurement
- Business Facilitation:
 - Customs
 - E-commerce
 - TBT
 - SPS

The next meeting shall take place from May 3 to 7th, 2004 in Brussels.

Parties confirmed their commitment, as expressed in the Brussels workprogramme, to table improved offers by mid-April 2004.

ANNEXES

- I. Reports of the XII Round
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- III. List of participants

ANNEX I

REPORTS OF THE XII ROUND

Twelfth Round of Negotiations EU-Mercosur
Buenos Aires, 8 – 12 March 2004

POLITICAL DIALOGUE

The Parties reviewed in detail the paragraphs and articles of the Preamble, Part I, General and Institutional Provisions (including the Institutional Framework), Part II (Political Dialogue) and Part V (Final Provisions) as well as four articles included in Part III (Other Areas of Co-operation).

After a fruitful exchange of views that allowed them to clarify their respective positions on several pending issues and achieve an agreement on various matters, they decided to continue the discussion and exchange of proposals mainly in the fields of Principles and their link with the provisions on the fulfillment of the obligations; Institutional framework for the political dialogue and other related mechanisms; dialogue in the field of foreign policy and security and migrations.

COOPERATION

This 12th CNB has taken a major step towards the conclusion of negotiations between both Parties.

Both Parties reviewed in detail each of the articles of Part III “Co-operation”, as well as other references to co-operation contained in the Agreement. A special session was arranged with the European side, attended by the Group on Political Dialogue and the Group on Co-operation, in order to ensure better coordination of shared competence items, in particular Title IV “Other co-operation areas” (Articles 49 to 52).

Considering the areas of competence of the Group on Co-operation, some issues are still pending to be resolved by both Parties, namely: technical standards and regulations; privileges and immunities; resources and the current bilateral agreements.

The Parties undertook to renew efforts aimed at reaching consensus positions leading to conclusion of negotiations on the co-operation component of the future Agreement.

TRADE

1 Market access in goods (tariffs and texts)

Agriculture

The group focused on the Community approach to products in List E. The discussions were carried out in a positive and constructive atmosphere.

According to the agreement reached by Ministers in Brussels, the EU delegation presented its proposal of modalities for comprehensive market access improvements of List E products (attached).

Mercosur welcomed the EU proposal as an important contribution to the discussion on market access and provided a number of comments on its content. EU provided further useful clarifications.

Mercosur recognized that the present context of negotiations points to the convenience of a two-step approach. This approach should address sensitivities for both parties and ensure the balance of negotiations in all areas.

Chapter on Goods

The Parties made a thorough reading of the "Draft consolidated text Chapter on Goods: market access elements" (IX BNC/MCS-EU/09/21.03.03) aiming to clarify the alternative proposals still remaining in side-by-side format.

During two fruitful working sessions, the Parties made many questions on the foundations of their respective proposals. As a result of this exchange, the Parties arrived at the conclusion that it would be useful to have an annotated version of the above mentioned document before the XIII CNB, with the purpose of reaching an improved version of the chapter, which MERCOSUR offered to prepare. The document will include questions made during these sessions and alternative texts for several articles of the draft under consideration.

A specific detailed discussion was devoted to the automotive chapter where each party presented their interest and expectations in view of the exchange of improved balanced offers by mid-April.

2 Rules of origin

The two Parties continued with the discussion on the text of Rules of Origin (XI BNC/MS - EU/TG –1/17/03-12-03). Particular attention has been given to issues where both Parties maintain different positions, such as fishery products, the use of draw-back and certification/verification and control of origin.

Both sides agreed the definitions of literals f), g), and h) of Art. 1° and the text of Art. 2°, 3°, 5°, 9° and 13°.

Both parties agreed to modified Article 2 of the “Chapter of Goods” in the following way: The provisions of this Chapter concerning the elimination of the custom duties on imports shall apply to products originating in the Customs Territory of the Community and MERCOSUR. For purposes of this Chapter, “originating” means qualifying under the rules of origin set out in Annex X.

The definition of Custom Territory, including which free zones belong to it will be defined in the Annex X.

MERCOSUR presented a proposal of two new literals for Art. 1° referring to the competent authorities for the Chapter of Rules of Origin and the definition of “simple assembly”.

In the case of fishery products, MERCOSUR will send an alternative text for Art. 4°, and provided the Argentinian and Brazilian legislation.

The Community submitted a proposal for Article 8°bis on “Accounting segregation”.

In the case of the use of draw-back, the Community submitted a new text allowing partial draw-back in MERCOSUR on a temporary basis on a case by case basis.

Concerning the certification, verification and control and draw-back, both Parties agreed to explore alternatives to flexibilize its own positions on this matter.

Fruitful discussions took place on the issue of internal double taxation in MERCOSUR for products originating in the Community. The parties agreed to work towards a technical solution on this matter.

Both parties discussed on what control procedures related to origin in their respective Free Zones.

The Community reiterated the importance of introducing a system of exchange of information/administrative cooperation in MERCOSUR for the future determination of MERCOSUR origin.

MERCOSUR took note of this idea and requested additional clarification of this issue in the next BNC Round.

With reference to the specific rules of origin, MERCOSUR and the Community revised their proposals on specific requirements for products of Chapters 1 to 24, and committed themselves to identify the most sensitive sectors for each Party. Additionally MERCOSUR presented its proposal for Chapter 25 to 49, 64 to 83 and 91 to 97.

MERCOSUR proposed a special treatment for Paraguay in the form of less restrictive criteria for a number of products.

MERCOSUR and the Community agreed on the need for mutual flexibility to reach substantial progress in the negotiations.

3 Wines and spirits

Following the agenda, the parties agreed on:

Agreement on wines: MERCOSUR stated its comments to the second proposal for an agreement on wines presented by the EU at the XI BNC.

MERCOSUR presented a proposal for a text on an agreement on wines, which takes into account the European proposal and the criteria already included in the MERCOSUR agenda from the 10th BNC.

Both parties agreed on the necessity to advance the discussions on the basis of both proposals.

EU committed to comment on the MERCOSUR proposal before the XIII BNC.

Both sides agreed on holding a meeting at expert level to address the issue of mutual recognition on oenological practices. It was agreed to establish a date and place for the meeting, depending on the availability of both parties.

Agreement on spirit drinks: MERCOSUR indicated some comments to the draft agreement on spirits presented by the EU. Given the lack of time for the negotiation of the agreement and the date of submission of the EU draft on spirits (XI BNC, December 2003) MERCOSUR put forward the need to work on the basis of a more general framework text.

In addition, the EU presented a revised version of the draft agreement on spirits, which will be explained before the XIII BNC, which includes a revised list that incorporates Geographical Denominations from the new Member States to the EU. MERCOSUR requested copies of the applied rules on spirits.

Concerning both agreements, the EU stated the need to accelerate the negotiations in order to reach an agreement within the deadlines foreseen.

Other issues:

The EU made a summary of the most important modifications of the EC regulation 753/2002 on wine labeling.

4 Sanitary and phytosanitary measures

The revised Agenda was agreed.

Concerning “Business Facilitation” in SPS a common text was agreed (attached).

In relation to the identification of biregional/bilateral issues, the delegations exchanged views on the questionnaire presented by the EU on the type of approach—bilateral or biregional for each of the items to be included in the Agreement.

MERCOSUR provided a series of additional comments to the answers that had already been submitted (XIIBNC/MS/TG-1/84/24.02.04) in order to offer greater detail as to their content. Finally, the type of approach that each one of the listed topics would receive was agreed.

MERCOSUR also presented additional questions to clarify EU answers previously submitted (XII BNC/EU/TG-1/91/05.02.04). MERCOSUR will present additional questions.

The EU will transmit its legislation on Safeguard measures to MERCOSUR.

With respect to item four of the Agenda (Scope of the Agreement), MERCOSUR expressed its concern that Appendix ID (Matters to which the Agreement does not apply) could affect trade in products contained in Appendix IA and IB, and therefore should not be excluded. The EU delegation committed to further analyze this issue and submit clarification prior to the next BNC meeting.

Concerning Animal Welfare MERCOSUR agreed to include this issue as a negotiation within international forum (OIE) evolved. In this respect the EU highlighted the relevance of this issue and reaffirmed that it has no intention to use it as a trade restriction.

Both sides agreed to exchange a List of Priority Commodities (each list could contain between 10 and 15 products). On this basis, MERCOSUR will propose a work programme to establish common import conditions.

Both Parties agreed that the establishment of timeframes for the determination of equivalence of priority products would contribute to the prompt implementation of the commitments.

5 Standards, technical regulations and conformity assessment procedures

Taking into account the text agreed during the XIth round of negotiations, both Parties concentrated on the part of the text in brackets. The brackets of point 2 about “Basic and Rights and Obligations” were eliminated. The brackets of paragraph 7 related to the establishment of a “Committee on Standards, Technical Regulations and Conformity Assessment” are maintained.

Relating to paragraph 8 MERCOSUR and EU agreed with a new wording.

6 Trade defense instruments

AD and Countervailing

The EU reaffirmed the position that trade defence (AD, CV, SFG) is a package. Mercosur clarified that the proposal largely includes the concepts being agreed in Mercosur legislative discussions, and that until a common framework replaces individual instruments, any trade defence section agreed will be applied by each Mercosur Members.

A very useful albeit non-exhaustive exercise took place for AD. Instead, subsidy matters is more sensitive. The clarification of the recently received Mercosur proposal will aid the EU in completing the analysis thereof. It focused on points, which in the EU's view at first sight, went beyond WTO rules. This would cause a problem for the EU because of legal reasons; could generate confusion in the context of WTO obligations; could make investigation less flexible and impair rights of parties; and could be asymmetric to the detriment of the parties. The EU reaffirmed the difficulties it has to treat WTO plus aspects.

EU will expeditiously send to Mercosur a full list of questions regarding the proposal. Subsequently, Mercosur will provide expeditiously an English version of the text, which will take into account the discussions already held and will provide answers to the questions posed by the EU.

SFG

The difference of the two proposals by the parties were underlined. In the spirit of co-operation, without prejudging its final position on the whole of Mercosur's proposal, the EU presented its opinion on the Mercosur text which could be clarified, those which should be modified in order to fit the legal framework of the EU, and those which remained open. The parties exchanged views on these points and agreed to re-work the text to resolve some of these issues.

In addition, views were exchanged regarding internal legislations on safeguards.

EU will provide by mid-April a version of Mercosur's text highlighting comments, suggesting improvements and areas of concern where final position remains open.

Mercosur will provide similar comments on EU proposal by the same date. Mercosur will also provide some clarifications on judicial review.

7 Customs

The discussions were carried out in a positive, constructive and friendly atmosphere.

The following topics were discussed:

- Text on Customs
- Protocol on Mutual Administrative Assistance in Customs Matters
- Special Provisions on Administrative Co-operation
- Customs Technical Cooperation Programme -II Phase

Text on Customs

Discussions took place on document XII BNC/EU/TG1 93/19-02-04 and agreement was reached on articles 1 to 5.

Articles 6 and 7 remain in brackets, pending discussions on overall institutional arrangements. The EU underlined the importance it attached to providing for a Committee on Customs and related matters.

Detail of changes made to the following articles:

- 2 (1) (b) brackets removed
- 3 (1) (f) agreement on revised text elaborated during the meeting, based upon WTO texts.
- 3 (1) (g) text in brackets removed
- 3 (1) (h) “and” added to the end of text
- 3 (1) (i) paragraph deleted
- 3 (1) (j) re-numbered as para (i)
- 3 (2) (b) EU alternative text accepted
- 3 (2) (c) misprint corrected
- 4 (c) brackets removed
- 5 (2) text in brackets removed

Arts. 6 – 7 left in brackets pending discussions on overall institutional arrangements

Protocol on Mutual Administrative Assistance in Customs Matters.

Both delegations confirmed the general agreement reached during the last BNC text and, subject to legal scrutiny, the EC agreed to use the term “Signatory Parties” when referring to the member states of MERCOSUR.

The PPTA will distribute to the parties the final version of the Protocol with the wording modifications mentioned above.

Special Provisions on Mutual Administrative Co-operation

Both parties presented their views on this matter.

Mercosur explained why it could not accept the text proposed by EC, *inter alia*: a) the proposal goes beyond the customs issue; b) the text sets out a discretionality for one party to suspend the relevant preferential treatment of a product.

The EC explained the reasons for the proposal which was fully reciprocal in its scope. He emphasised the fundamental importance of this provision in underpinning legitimate commerce, as well as the integrity and credibility of the trade provisions of the proposed Agreement.

As both delegations maintained their positions, no agreement was reached on this text. Discussions on this issue would continue at the next round of negotiations.

8 Services

The parties discussed the general provisions of the Services Chapter article by article and were able to reach agreement on most of the articles. Further discussion is needed regarding the scope, market access (economic needs test), modification of schedules, mutual recognition, exceptions and increasing participation of MERCOSUR countries.

A consolidated side-by-side text is attached .

The EU agreed to present written answers to the questions on its schedule submitted by MERCOSUR in October 2003.

EU considers extremely regrettable that the MERCOSUR has not accepted to discuss the sectorial chapters proposed by the EU on maritime transport, financial services and telecommunications that constitute an essential part of the services title, and insisted on the need to discuss them in the next round.

Both parties confirm that they will submit their improved comprehensive offer on services by April 15, 2004.

The Parties agreed to exchange requests on the sectors of interest that they would like to see included in the revised offers.

As to the Schedules of commitments the EU stressed the need to have a single list for each of the two sides following a common structure and classification.

9 Investment; capital movement

Investment, Establishment.

During the XII BNC in Buenos Aires, MERCOSUR submitted an alternative proposal to the EU chapter on investment/establishment (attached)

MERCOSUR agreed in general with the approach of the EC proposal, which is based on the principles of national treatment and market access on establishment for sectors included in lists of commitments. MERCOSUR also pointed out that its counterproposal included the definition of establishment as proposed by the EU.

On the basis of this counterproposal, a number of definitions were agreed, such as Juridical and Natural Person, as suggested by MERCOSUR. A side by side text was drafted (attached).

At the same time, the EU identified the following issues in the MERCOSUR text which raised its concerns and for which further thinking would be needed to find mutually acceptable solutions:

- Exclusion of measures taken at a subfederal level and of tax legislation.
- Right to regulate/National Regulation: possibility of impairment of commitments on market access and national treatment.
- Safeguards.
- Dispute Settlement.

MERCOSUR tabled new proposals (attached) on the issues that raised concern to the EU, in order to bridge the gap in the Parties' initial positions.

The EU welcomed the removal of the reference to investor to state disputes. Moreover it made clear that in the EU's view, any dispute settlement provision should be addressed in the appropriate horizontal chapter, rather than in any specific chapter.

On the other issues, the EU expressed that concerns remain regarding the exclusions and provisions proposed by MERCOSUR, which, in the EU's view, would impair and nullify the national treatment and market access commitments.

Regarding the commitment to negotiate a safeguard clause, the EU expressed its willingness to explore language which would include conditions such as: serious injury standards, causality, time limits and phasing-out.

As to the schedules of commitments the EU stressed the need to have a single list for each of the two sides following a common structure and classification.

Current Payments and Capital Movements.

A preliminary exchange of views on the EU's proposal on current payments and capital movements took place. MERCOSUR pointed out that, at this stage, it was unable to consider new commitments on Capital Movements.

Concerning current payments, it indicated that it was willing to consider the issue, as long as any disciplines in this regard were linked to undertaken commitments on trade in goods, services and investments.

The EU reaffirmed the importance for the whole Agreement to include provisions that ensure both Current Payments and Capital Movements associated to trade in goods, services and investment/establishment commitments. Moreover, the absence of provisions on payments and capital movements would make it difficult to include safeguards for monetary or balance of payments crises.

Next steps.

The parties agreed to work towards the further consolidation of the text on investment/establishment and to reflect on the way forward regarding current payments/capital movements before the next round.

10 Intellectual Property Rights

MERCOSUR thanked the EU for the non-paper submitted in the framework of the XI BNC and, also, made some comments on it paper highlighting that, notwithstanding the effort that was made to overcome the difficulties, a methodological change is not enough to bridge the different positions of the Parties.

MERCOSUR reaffirmed its commitment in granting and ensuring an adequate and effective protection to IPRs, in the framework of the obligations that have already been assumed under the TRIPs Agreement. In this sense, MERCOSUR presented a non-paper that sets its position proposing the establishment of consultation and cooperation mechanism regarding implementation of the TRIPs Agreement.

The discussion held between the Delegations led to a deeper clarification of the positions of the Parties in the negotiation process.

As a consequence each Delegation listed its priorities explaining their relevance:

- EU issues:

- 1) IP standards protection: The EU highlighted the treaties that are more relevant for the agreement.
- 2) Enforcement: The Parties agreed that, before the next BNC, MERCOSUR is going to send a document explaining the implementation of TRIPs enforcement clauses in their national legislation.
Regarding this topic, the EU will send, before the next BNC, information about its enforcement related activities, including the draft of their IP Enforcement Directive. Moreover, the EU will explain their Members experience about the best practices regarding IP enforcement.
These effort should help the Parties to identify areas where progress can be made.
- 3) Cooperation: The EU express its interest in making progress on cooperation.
- 4) Geographical Indications: The EU repeated its concern on this issue in the terms of the article 4.3 of their former draft chapter.

MERCOSUR asked further details of the EU interests in order to work for a gradual approach.

- MERCOSUR issues:

- 1) Relationship between TRIPs and CBD
- 2) TRIPs and Public Health
- 3) IPRs and rules of unfair competition practices
- 4) Technology Transfer: To make progress on this topic MERCOSUR will work on two different approaches: a) Analyze the Cooperation Chapter in order to propose actions to promote the transfer of technology and, b) Indicative list of measures that contribute to improve the transfer of technology and innovation.

Regarding points 1 to 3 from the issues proposed by MERCOSUR, the EU Delegation committed to give an answer

11 Competition

The Parties concluded the negotiation of this chapter by agreeing on articles 1 (Objectives), 2 (Definitions), 4 (Coordination of enforcements activities), 6 (Exchange of Information), 8 (Avoidance of Conflicts - which was eliminated) and 9 (Further Cooperation – introduced in this session by MERCOSUR).

The agreed text is attached to these Agreed Conclusions.

12 Government procurement

1) The Parties exchanged information in an open and frank atmosphere. Mercosur explained the main aspects of its “Protocol on Government Procurement” (DEC.

40/03), concluded in December 2003, and stressed its flexibilities, specially those concerning to assymetric treatment. If available, Mercosur will transmit to EC the Protocol including its annexes before the XIII Round. Both Parties exchanged information on its respective legislations.

2) Mercosur members delivered to the EC their respective current national legislations: Argentina submitted the Acts 18.875 and 25.551; Brasil submitted the Acts 10.520-2002, Dec. 3555/00, 3693/00 and 3697/00; Paraguay submitted the Act 2051/02 and the Dec. 21909/03; Uruguay submitted the Acts 15.637/84, 17.555, Dec. 293/01 and 442/02.

3) With regard to discussions on regimes of concessions that took place during the IX BNC, Mercosur's members, Argentina and Brazil, provided written information on their respective regimes.

4) In order to contribute to a more systematic exchange of information on national legislation, Mercosur proposed to the EC a questionnaire with the objective of registering, in more detail, certain aspects that are not clearly explicit in their respective laws. The EC said that it will examine it and suggested that the list of questions and answers presented to the GPA Committee, may satisfy Mercosur's concerns.

5) The EC stressed its willingness to continue the discussion of the side-by-side text, X BNC/EU/TG-3/65/05.06.03, and expressed its expectation of receiving a comprehensive MERCOSUR market access offer in government procurement in next April, according to the Working Program of Brussels. The EU side explained that such offer would be key to tabling improved EU market access offers.

13 Dispute Settlement

Discussion focused on Article 11 that refers to "Compliance with Ruling", both parties brought new ideas on this subject and significant progress was achieved in finding new common ground regarding compliance, based on the EC *non-paper* handed over on 10th March.

Based on these discussions, and taking into account the EC's position concerning unilateral determinations of compliance, MERCOSUR will draft a new proposal for Article 11, which will be circulated prior to the XIII BNC in Brussels.

The MERCOSUR made suggestions aimed at clarifying or amending language and content already agreed upon Articles 2, 3, 4, 5, 6, 7, 8, 9 and 10. The EU will consider these proposed changes.

Concerning the definition of who could be parties in a dispute, it was decided that each Delegation will prepare a paper tackling all implications to the functioning of the dispute settlement mechanism.

There was a discussion on the matter of WTO provisions that are referred to in the Birregional Agreement and how the dispute settlement chapter should deal with

them. Both Delegations agreed to continue discussions on this issue in the next rounds.

Provisions about dispute settlement appearing in any chapter of the Association Agreement shall be considered in the DSM Title. Likewise, provisions establishing criteria for cross retaliation, such as the one mentioned in the Investment Chapter, shall be considered in this Title, in order to maintain consistency within the Agreement.

BUSINESS FACILITATION

Standards, Technical Regulations and Conformity Assessment:

The European Union made some preliminary comments on the Seminar “Best practice sharing and experience with low and medium voltage technical regulation” which will be held in June in Montevideo with the participation of CENELEC/AENOR from EU and SGT 3/AMN from MERCOSUR. In that sense, MERCOSUR delegation informed that SGT 3 will have its ordinary meeting at the end of March, when it would discuss participation in that seminar.

According to the commitment of the XIth BNC MERCOSUR presented its identified priority sectors (electrical products, machinery, wood and furniture and foods) in order to explore mechanisms for solving technical problems, and said that it would send to the EU the specific questions on these sectors. Besides, MERCOSUR answered to questions from EU on electrical products and telecom equipments. In this frame MERCOSUR explained the updated harmonization for electrical products and the process of regional standardization made by AMN. Likewise, MERCOSUR presented and gave an updated list of the last harmonized telecommunication technical regulations.

Both Parties exchanged information and additional precisions on those sectors in topics such as CE marking, supplier’s declaration of conformity, market surveillance.

MERCOSUR and EU considered that in the forthcoming meeting it would be desirable the participation of technical or regulatory experts on telecommunication sector in order to keep on exchanging information. Similarly MERCOSUR requested European technical experts in order to exchange information on wood and furniture.

Both parties exchanged information and points of view in relation to the second phase of project ALA 93/15. The EU delegation mentioned that it waits to receive the last documents from European Commission to be signed up with MERCOSUR in the next months in order to launch the project. Both Parties confirmed their common understanding that the Business Facilitation Action Plan needs to be supported by this technical assistance programme.

Finally, among the priority sectors previously identified, the EC recalled that the automotive industry is one of them. The EC proposed the establishment of a specific working group in charge of dealing with regulatory issues regarding that specific sector. The purpose of the working group should be to identify, prevent and find ways to eliminate actual and potential barriers. MERCOSUR took note and requested more specific details of the proposal.

Electronic Commerce:

The following topics were discussed:

1.- Agenda of the Working Subgroup 13 “Electronic Commerce” (SGT 13)

MERCOSUR provided updated information about the main issues of Working Subgroup 13 “Electronic Commerce” (SGT 13) agenda, making a special focus on digital signature and consumer protection.

MERCOSUR expressed its wish to obtain a written answer to the questionnaire on digital signature submitted by the Mercosur Delegation during the X BNC.

2.- Technical cooperation projects with EC:

EC explained the existing financial mechanisms to develop technical cooperation projects with MERCOSUR. According to conditions and procedures detailed by the EC, projects to be executed in 2005 should be formally presented to the EC before the end of 2004.

- MERCOSUR announced that the SGT 13 approved the terms of reference of the cooperation proposal on statistical methods for e-commerce. In this sense, representatives from the INDEC (Statistic Institute of Argentina) made a brief presentation about the elements of those terms of reference. This document was delivered to the EC (Annex....)

EC requested information about ongoing programs concerning methods of e-commerce statistics followed by Mercosur countries’ statistic institutes.

- MERCOSUR presented an early draft of the proposal to hold a seminar on legal and technical aspects of e-signatures in MERCOSUR and the EC. The EC asked for more details about the audience and specific objectives of the seminar. MERCOSUR will send those details before the next BNC Round, after the formal approval of the SGT 13.

- Regarding the promotion of the use of e-commerce by SMEs, MERCOSUR will make a written proposal on a technical cooperation project with EC. The EC expressed its willingness to have further information about this project.

- Both parties agreed to work on e-learning projects, as it was proposed by the Mercosur European Business Forum –MEBF-, in October 2003 (Brasilia).

3- “Spam” control: European document

MERCOSUR took note of the EC “non paper” referring to the treatment of unsolicited commercial communications or “spam”, and pointed out certain general aspects involved in this issue. An Argentine representative of the Secretary of Communications made general comments about “spam” control followed by a brief explanation on the part of EC Delegation about the rationale and

implementation of EC legislation and actions regarding the issue. MERCOSUR agreed to discuss the European document in the SGT 13.

Customs:

The following topics related to certain measures of the Action Plan on Business Facilitation were discussed:

1. Mercosur presented the latest developments carried out in the field of customs operations (a document with information about the Programs was delivered to the EC Delegation):
 - a. Programme on Harmonisation and Simplification of Procedures on
 - i. Import
 - ii. Export
 - iii. Transit
 - iv. Bonded Warehouses
 - b. Programme on Computerisation of Customs Operations, the main focus of which is:
 - i. Digital exchange of data between Mercosur member states customs. (Status: operative)
 - ii. Computerisation of custom transit and electronic entry of MIC/DTA (*Manifiesto Internacional de Carga/Declaración de Tránsito Aduanero*) data. (Status: in development)
2. Access for business community to customs information in Mercosur: Representatives of Argentina and Brazil explained the mechanisms in force and the kind of information available in their countries. A document concerning this point was also delivered to the EC officials and both parties had an extensive exchange of views on the issue.

A representative of the EC Mission to Uruguay and Paraguay informed about the advanced status of the negotiation on the 2nd Phase of Customs Co-operation. Regarding this point, both delegations underlined the importance attached to the early operational implementation of this Programme, in order to facilitate the development of certain measures of the Action plan. It was understood that certain changes would be required to the Programme's objectives as well as Mercosur's financial contribution. Delegates agreed to exchange views on this matter before the XIII BNC in order to prioritise the measures to be implemented.

Sanitary and phytosanitary measures

Concerning "Business Facilitation" in SPS, suggestions on presented proposals were exchanged, and a common text was agreed.

ANNEX II

LIST OF WORKING DOCUMENTS EXCHANGED DURING THE XII ROUND

Registration #	Negotiating Text
XII BNC/MS-EU/TG-1/20/12.03.04	Working document on customs and related matters
XII BNC/MS-UE/TG-1/21/12.03.04	SPS – Approach of listed topics
XII BNC/MS-EU/TG-1/22/12.03.04	SPS – Checklist of pending works
XII BNC/MS-EU/TG-3/23/12.03.04	Consolidated text on Competition
XII BNC/MS/BF/86/12.03.04	BF- E-commerce: proposal on technical cooperation
XII BNC/MS-EU/BF/26/12.03.04	BF – Action plan on SPS measures
XII BNC/MS-EU/TG-1/25/12.03.04	TBT – Common version
XII BNC/MS-UE/TG-1/26/12.03.04	Consolidated text on Rules of Origin
XII BNC/MS/TG-1/87/12.03.04	MERCOSUR proposal for specific rules of origin. Side by side text (in 6 files - I to VI)
XIIBNC/MS-EU/TG-2/27/12.03.04	Consolidated text on Investments
XII BNC/MS/TG-2/88/12.03.04	MERCOSUR proposal on Investments
XII BNC/MS/TG-2/89/12.03.04	MERCOSUR proposal on Investments (art.2, 7-9)
XII BNC/MS-EU/TG-2/28/12.03.04	Consolidated text on Services
XII BNC/MS-EU/TG-3/29/12.03.04	Consolidated text on Dispute Settlement
XII BNC/MS-EU/OTHERS/30/12.03.04	Political Dialogue and Co-operation Chapter
XII BNC/EU/TG-1/96/12.03.04	EU non-paper on agriculture

ANNEX III

LIST OF PARTICIPANTS

DELEGATION OF THE MERCOSUR

ARGENTINA

Martín Redrado	MRECIC-Secretaría de Relaciones Económicas Internacionales
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