



**Committee on Trade and Development
Dedicated Session on Regional Trade Agreements**

FACTUAL PRESENTATION

**AGREEMENT BETWEEN MEXICO AND BRAZIL
(GOODS)**

Report by the Secretariat

Revision

This report, prepared for the consideration of the Economic Complementarity Agreement between Mexico and Brazil, has been drawn up by the WTO Secretariat on its own responsibility and in full consultation with the Parties. The factual presentation reproduces as closely as possible the terminology used in the Agreement and in the comments provided and does not imply official endorsement or acceptance by the Secretariat of such terminology. The report has been drawn up in accordance with the rules and procedures contained in the Decision for a Transparency Mechanism for Regional Trade Agreements (WT/L/671) and thus does not imply any value judgement by the Secretariat regarding the contents of the Agreement.

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Table of Contents

	<i>Page</i>
1 TRADE ENVIRONMENT.....	3
2 CHARACTERISTIC ELEMENTS OF THE AGREEMENT	5
2.1 Background information	5
3 PROVISIONS ON TRADE IN GOODS.....	7
3.1 Import duties and charges, and quantitative restrictions.....	7
3.1.1 General provisions	7
3.1.2 Liberalization of trade and tariff lines	7
3.1.3 Liberalization schedule	10
3.1.3.1 Brazil.....	10
3.1.3.2 Mexico.....	11
3.1.4 Tariff rate quotas.....	13
3.2 Rules of origin.....	14
3.3 Export duties and charges, and quantitative restrictions	15
3.4 Regulatory provisions of the agreement	15
3.4.1 Standards.....	15
3.4.1.1 Sanitary and phytosanitary measures.....	15
3.4.1.2 Technical barriers to trade	16
3.4.2 Safeguard mechanisms	17
3.4.2.1 Global safeguards	17
3.4.2.2 Bilateral safeguards.....	17
3.4.3 Anti-dumping and countervailing measures.....	17
3.4.4 Subsidies and State-aid	18
3.4.5 Customs-related procedures.....	18
4 GENERAL PROVISIONS OF THE AGREEMENT	19
4.1 Transparency.....	19
4.2 Current payments and capital movements	19
4.3 Exceptions.....	19
4.4 Accession and withdrawal	19
4.5 Institutional framework	19
4.6 Dispute settlement	19
4.7 Relationship with other agreements concluded by the Parties.....	20
4.8 Government procurement.....	22
4.9 Intellectual property rights	23
4.10 Competition	23
4.11 Environment	23
4.12 Labour	23
4.13 Electronic Commerce.....	23
4.14 Small and medium-sized enterprises	23
ANNEX 1	24

Key Facts

Parties to the Agreement:	Brazil and Mexico
Date of Signature:	3 July 2002
Date of Entry into Force:	2 May 2003
Date of Notification:	30 July 2019
Full implementation:	2003

General Note: Brazil's position is that the Agreement is modification of the LAIA 1980 Treaty of Montevideo, duly notified (WT/COMTD/RTA15/N/1/Add.52 and WT/COMTD/77) in full compliance with Section D of the Decision for a Transparency Mechanism for Regional Trade Agreements (WT/L/671). Brazil recalls that WT/COMTD/RTA7/N/1 was notified only by Mexico.

1 TRADE ENVIRONMENT

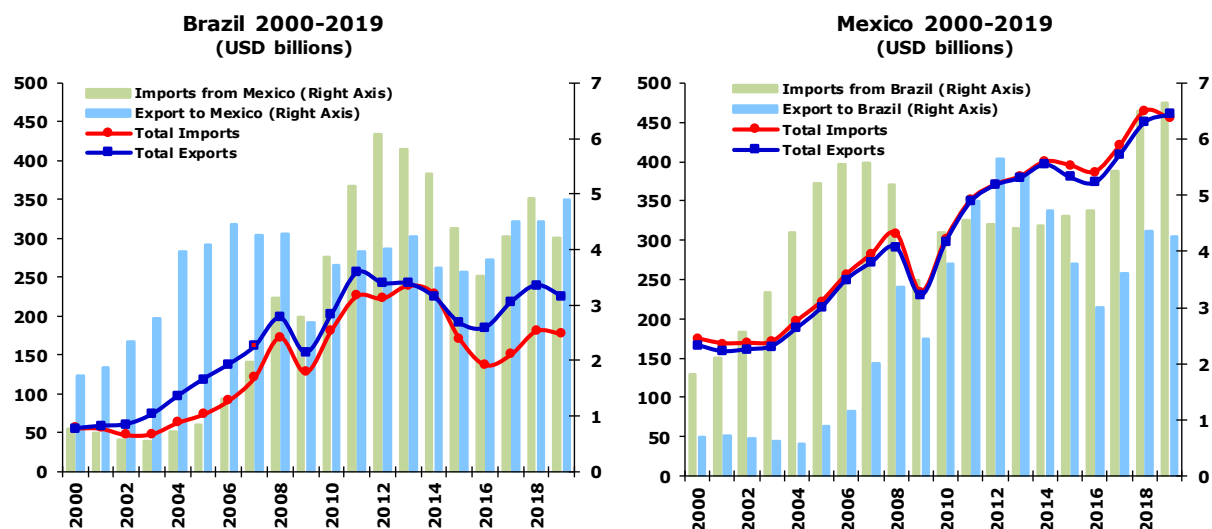
1.1. In 2019, the GDP of Brazil totalled USD 1,839.8 billion and that of Mexico USD 1,268.9 billion.¹

1.2. The higher Brazilian GDP is not reflected in its ranking in international merchandise trade in 2019: Brazil ranked 27 for exports and 28 for imports, and Mexico 11 for exports and 12 for imports. While the imports of both Parties are dominated by manufacturing (around 75%), manufacturing also make up the bulk of Mexico's exports - 80.5%. Brazil's exports are less concentrated and agricultural products are the main export category – at 38.9%.

1.3. Trade flows between the Parties are significant. In 2019, Mexico was Brazil's 7th largest export market and supplier of imports. In turn, Brazil ranked 6th in terms of exports from Mexico and 9th for origin of imports.

1.4. Chart 1.1 presents the trends in global and intra-Party merchandise trade between 2000 and 2019. Over the period Brazil maintained a steady global trade surplus that became slightly negative in 2013 but has subsequently recovered. During the early years of the Agreement and up to 2009, Brazil ran a consistent trade surplus with Mexico. It maintained a deficit until a return to surplus in 2016. Thereafter, bilateral trade figures have fluctuated. Mexico has had a constant small global trade deficit, as well as a trade deficit with Brazil except during 2011-2014.

¹ Statistics in this Section are from the WTO Trade Profiles (2020) and the WTO Statistics Database. GDP data, sourced from the World Bank, are given in current prices. Data in merchandise trade charts are from Comtrade.

Chart 1.1 Brazil-Mexico: Merchandise bilateral trade and with world (2000-2019)

Source: UNSD Comtrade database.

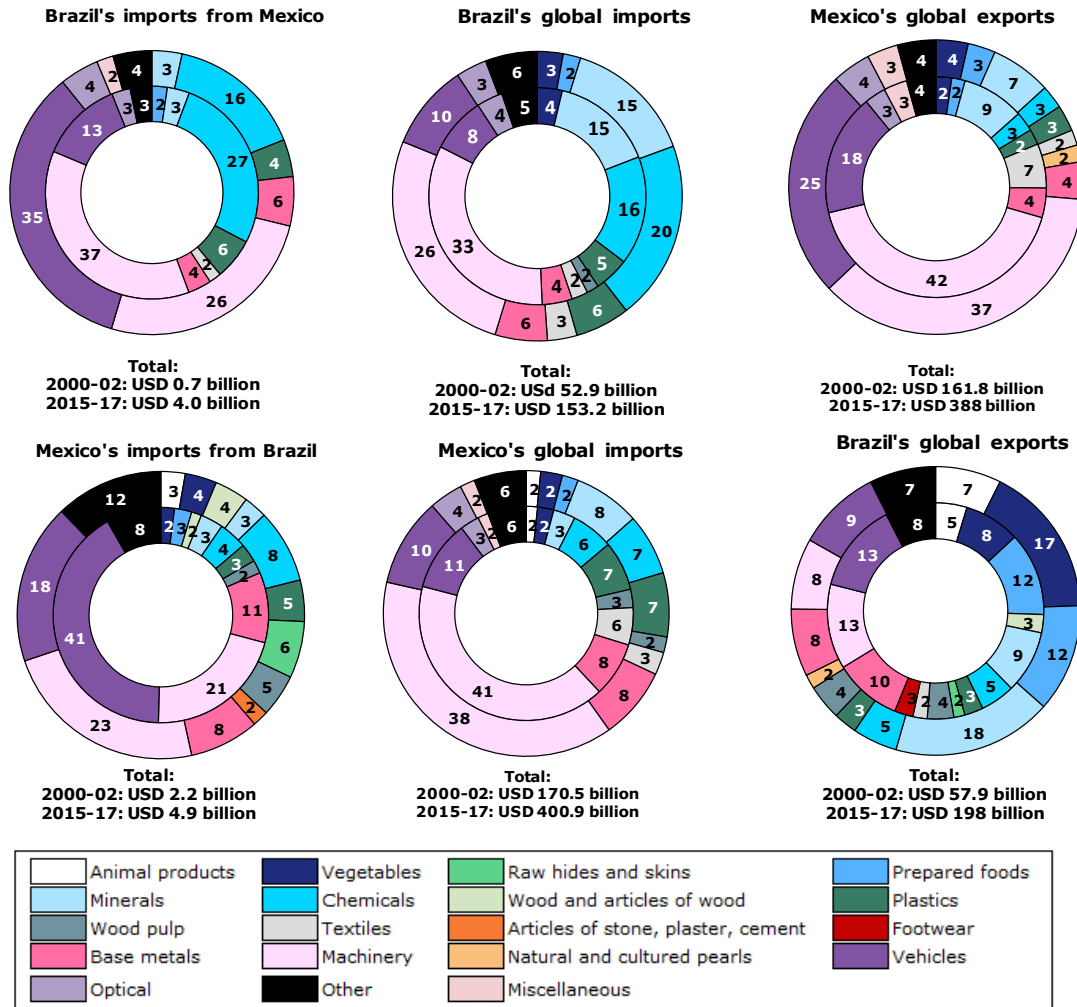
1.5. The commodity structure of trade between Brazil and Mexico, as well as of their global trade in the periods 2000-2002 (inner circle) and 2015-2017 (outer circle) is shown in Chart 1.2 on the basis of Harmonized System (HS).

1.6. Machinery, chemicals and vehicles accounted on average for more than three quarters of Brazil's imports from Mexico in 2000-2002 and 2015-2017. However, there was a significant shift in the import structure between the two periods: at 35%, vehicles have become the main import category in 2015-2017 – their share going up from 13% in 2000-2002.² Mexico's largest global export categories are machinery, vehicles and minerals, accounting for nearly three quarters of exports over the periods surveyed. Brazil's largest import categories globally were machinery, chemicals and minerals.

1.7. Mexico's main imports from Brazil during 2015-2017 were machinery, vehicles and chemicals. During 2000-2002, vehicles were the top imports, followed by machinery and metals. Bilateral imports have become more diversified over the two periods, with the top three import categories accounting for nearly three quarters of imports in 2000-2002 but less than half in 2015-2017. Brazil's largest global export categories in the most recent period were minerals, vegetables and prepared foods, which accounted for nearly half of its exports; in the earlier period, vehicles exports were greater than vegetables. Mexico's main global imports - machinery, vehicles and metals and minerals – account for more than half of its global imports.

² The increase may be due to the MERCOSUR-Mexico agreement. See paragraph 3.2.

Chart 1.2 Brazil-Mexico: Product composition of merchandise trade, annual average, 2000-2002 (inner circle) and 2015-2017 (outer circle)



Source: UNSD, Comtrade database.

2 CHARACTERISTIC ELEMENTS OF THE AGREEMENT

2.1 Background information

2.1. The Economic Complementarity Agreement between Mexico and Brazil (hereafter, the "Agreement") was signed on 3 July 2002 by both Parties and entered into force on 2 May 2003. The Agreement was concluded in the context of the Latin American Integration Association (LAIA), as Economic Complementarity Agreement (ACE) number 53 (AAP.ACE No. 53). Three Additional Protocols were signed in 2002, 2003 and 2007, as follows:

Table 2.1: Additional Protocols to the Brazil-Mexico Agreement

Legal Instrument	Date of signature	Date of Entry into Force
First Additional Protocol	3 July 2002	20 August 2006
Second Additional Protocol	31 March 2003	02 May 2003
Third Additional Protocol	4 May 2007	25 June 2007

Source: LAIA Secretariat website.

2.2. The Agreement is also linked to the broader MERCOSUR-Mexico ACE number 54 (AAP.ACE No. 54). The ACE 54 is a framework agreement under which each MERCOSUR member State has concluded a bilateral preferential agreement with Mexico. Also under ACE 54 is a MERCOSUR-Mexico agreement providing for preferential treatment in automotive products (AAP.ACE N° 55; see paragraph 3.2. below).

2.3. The Agreement was notified to the WTO by Mexico on 30 July 2019 under paragraph 4(a) of the Enabling Clause (WT/COMTD/RTA7/N/1).³ The Agreement was also subject to a notification of changes of the LAIA Treaty of Montevideo (TM80) under paragraph 4(a) of the Enabling Clause, circulated on 13 March 2020 (WT/COMTD/RTA15/N/1/Add.52).⁴ The text of the Agreement and Additional Protocols are available at:

<http://www.aladi.org/nsfaladi/textados.nsf/vacewebR?OpenView&Start=1&Count=800&Expand=22#22>

2.4. The structure of the Agreement and of the Protocols are presented in Box 2.1.

Box 2.1 Structure of the Agreement

Chapters & Annexes	Title
Chapter I	Objectives and Initial Provisions
Chapter II	Tariff Preferences
Chapter III	Trade Disciplines
Chapter IV	Rules of Origin and Customs Procedures for the Control and Verification of the Origin of the Goods
Chapter V	Safeguards
Chapter VI	Unfair Trade Practices
Chapter VII	Economic Cooperation
Chapter VIII	Standards Technical Regulations and Procedures for Conformity Assessment
Chapter IX	Sanitary and Phytosanitary Measures
Chapter X	Convergence
Chapter XI	Administration of the Agreement
Chapter XII	Dispute Settlement Regime
Chapter XIII	Administrative Commission
Chapter XIV	Entry into Force
Chapter XV	Accession
Chapter XVI	Withdrawal
Chapter XVII	Transitory Provisions
Chapter XVIII	Final Provisions
Annex I	Tariff Preferences
Annex II	Specific Rules of Origin
Additional Protocols	
<i>First</i>	<i>(Dispute Settlement Mechanism)</i>
<i>Second</i>	<i>(Text of the Certificate of Origin for products under tariff-rate quotas)</i>
<i>Third</i>	<i>(Increased margin of preference granted by Brazil to one tariff line)</i>

³ Brazil has underlined the unilateral nature of this notification.

⁴ Also in the LAIA context, information on this Agreement can be found in WT/COMTD/77, circulated on 21 November 2012.

2.5. The Parties will examine the possibility of progressive multilateralization to other LAIA members of the preferential treatment granted in the Agreement in the context of the sessions of the Conference on Evaluation and Convergence (Chapter X). As of December 2020, this has not been the case.

3 PROVISIONS ON TRADE IN GOODS

3.1. The provisions of the Agreement only apply to the products included in its Annex I.

3.2. Two other agreements under LAIA are also of relevance to preferential trade between Brazil and Mexico. These are the Regional Scope Agreement No. 4 (AAR.PAR No. 4) and the MERCOSUR-Mexico Agreement (AAP.CE No. 55). The PAR 4 (in force since 1 July 1984) establishes the regional tariff preference; under its terms, Brazil and Mexico grant each other a 20% margin of preference (MOP) on the MFN rate. Under ACE 55, automotive (light-vehicles) trade between Brazil and Mexico has been progressively liberalized and is duty-free since mid-March 2019, following the expiry of bilateral quotas. ACE 55 is in force bilaterally since 1 January 2003, with the bilateral provisions applicable between the two countries being included in its Appendix II.

3.1 Import duties and charges, and quantitative restrictions

3.1.1 General provisions

3.3. Preferential treatment under the Agreement is granted through a MOP on the MFN tariff rate (Articles II.1 and II.2). The products being granted preferential treatment and the corresponding MOP are specified in Annex I to the Agreement; originally Brazil granted preferences for 767 lines and Mexico for 770 lines (at 8-digit Naladisa 1996 nomenclature). With very few exceptions, the preferences are granted for the same products and the MOP is the same.

3.4. The Parties cannot unilaterally decrease or eliminate the MOP granted under the Agreement, unless in the context of safeguard, anti-dumping or countervailing measures (Article II-4). In case a Party increases the MFN rate for products covered by the Agreement, negotiations may take place aiming at preserving the balance of concessions.

3.5. The Parties have agreed that national treatment applies in accordance with the disciplines of Article III of the GATT 1994 (Article III-1).

3.6. Article III-2 includes a general prohibition on the application of non-tariff barriers on imports of all goods of the other Party, unless these are WTO-compatible. Upon request by one Party, the other Party is to provide information on all measures, restrictions or prohibitions applied on the importation of goods of export interest to the other Party.

3.7. The Agreement does not apply to used or remanufactured goods (Article I-4).

3.1.2 Liberalization of trade and tariff lines

3.8. The MOPs granted under the Agreement are between 20% and 100% (Table 3.1). Tariff-rate quotas (TRQs) are also granted by both Parties: seven tariff lines in the case of Brazil and six in the case of Mexico. As shown in Table 3.1, there is almost full reciprocity in terms of the number of lines benefitting from the various MOPs, with almost half of the covered tariff lines becoming duty-free as from the Agreement's entry into force.

3.9. The preferences were fully implemented as from the entry into force of the Agreement. The Agreement foresees adding products to be liberalized or increasing the MOP; accordingly, in 2007 Brazil increased the MOP for terephthalic acid and its salts (HS 2917.36.00) from 40% to 100%.

Table 3.1 Preferences granted under Annex I to the Agreement

Margin of Preference	Brazil		Mexico ^a	
	Number of lines (full or partial)	% lines	Number of lines (full or partial)	% lines
20%	63	8.2%	63	8.2%
25%	26	3.4%	26	3.4%

Margin of Preference	Brazil		Mexico ^a	
	Number of lines (full or partial)	% lines	Number of lines (full or partial)	% lines
30%	126	16.4%	126	16.4%
40%	26	3.4%	27	3.5%
45%	6	0.8%	6	0.8%
50%	92	12.0%	92	12.0%
60%	50	6.5%	50	6.5%
70%	16	2.1%	16	2.1%
75%	1	0.1%	1	0.1%
80%	10	1.3%	10	1.3%
100%	345 ^b	44.9%	346	45.0%
TRQs	7	0.9%	6	0.8%
Total	768	100.0%	769	100.0%

a Including a few lines for which only the *ad valorem* part of compound duties is reduced (respectively 1, 4, 6 and 4 lines with MOPs of 20%, 30%, 50% and 100%).

b Including one line for which the original MOP was 40% but which was subsequently increased to 100%.

Note: Based on the Agreement's original Naladisa 1996 nomenclature.

Source: Brazil's "Secretaria Especial de Comércio Exterior e Assuntos Internacionais" (SECINT) website.⁵

3.10. The Factual Presentation presents liberalization by the Agreement in 2018, using HS2017 nomenclature for Brazil and HS2012 for Mexico.⁶ Table 3.2 summarizes the liberalization under the Agreement using the 2018 MFN tariffs, while Tables 3.3 and 3.4 provide additional information on each Party's liberalization, and also relating it to 2015-2017 import data.

3.11. Table 3.2 shows that tariff preferences are granted on around 12% of the Parties' tariff lines. In light of each Party's MFN tariff structure, however, the preferential nature of the concessions differ: in the case of Brazil, 6.9% of these lines were already MFN duty-free in 2018 while for Mexico 65.7% were duty free.⁷ Thus, in practice, in 2018 Mexico benefitted from preferential treatment in 11.2% of Brazil's schedule, while the corresponding figure for Brazil was 4.2%.

Table 3.2 Summary of the Agreement's tariff commitments compared to MFN 2018

Tariff elimination and reduction	Brazil (HS 2017)	Mexico (HS 2012)
Tariff lines covered under the Agreement	1,238 (12.1%)	1,530 (12.2%)
<i>Of which:</i>		
MFN duty-free	86	1,005
Fully liberalized	397	178
Reduced rates (full products)	672	285
Reduced rates (partial products)	83	62

Source: WTO estimates based on the WTO-IDB, Brazil's SECINT website and data submitted by the Mexican authorities.

3.12. In 2018, Brazil's applied MFN tariff included 725 duty-free tariff lines (7.1% of the tariff schedule)⁸, corresponding to 6.3% of its imports from Mexico during 2015-2017. In 2018, under the Agreement Brazil granted Mexico duty-free treatment for an additional 397 tariff lines (3.9%), accounting for 9.6% of Brazil's imports from Mexico. In addition, preferences falling short of duty-free were also granted to Mexico, for 672 products/tariff lines in full and for parts of another 83 products (7.3% of tariff lines)⁹; these products in 2015-2017 accounted for 4.4% of imports from Mexico. Overall, imports from Mexico into Brazil faced dutiable MFN tariffs on around four-fifths of Brazil's tariff lines and bilateral imports.

⁵ Viewed at <http://www.mdic.gov.br/arquivos/ace53anexo1.pdf>.

⁶ Successive transpositions from Naladisa 1996 to HS2012 and HS2017 were made on the basis of concordance tables supplied by the Parties or available in the LAIA website.

⁷ The situation might however have been different at the time of the conclusion of the Agreement.

⁸ In 2018, Brazil's applied MFN tariff consisted of 10,278 lines at the eight-digit level, all of which were subject to *ad valorem* rates of duty.

⁹ For example, in HS 2009.90.00, the MOP on mixture of juices only apply to those not containing orange juices.

Table 3.3 Brazil - Tariff elimination and reduction commitments under the Agreement and corresponding average trade

Duty phase out	Number of lines	% of total lines in Brazil's tariff schedule	Brazil's imports from Mexico (2015-2017)	
			Value (USD Million)	%
2018 MFN (duty free)	725	7.1	254.2	6.3
Tariff elimination/reduction				
2018 (duty free)	397	3.9	389.0	9.6
Remain dutiable	9,156	89.1	3,404.9	84.1
Of which:				
Reduced rates, products in full	672	6.5	151.1	3.7
Reduced rates, part of products ^a	83	0.8	28.2	0.7
<i>Duty-free ex-outs</i>	40	..	..	..
<i>Reduced rates ex-outs</i>	43	..	..	..
<i>Excluded ex-outs</i>	83	..	..	..
Excluded from the Agreement	8,401	81.8	3,225.6	79.7
Total	10,278	100.0	4,048.0	100.0

a Parts of these 83 products/tariff lines benefit from preferential duty-free or reduced rates. They include 166 ex-outs (parts), of which 40 are fully liberalized, 43 benefit from reduced rates while 83 are excluded from liberalization.

.. Not available.

Note: Based on the HS2017 nomenclature.
Tariffs and import data for HS Chapters 1-97.

Source: WTO estimates based on the data in the WTO-IDB and Brazil's SECINT website.

3.13. In 2018, Mexico's tariff schedule had 7,172 MFN duty-free tariff lines (57.2% of the schedule)¹⁰; 59.7% of imports during 2015-2017 from Brazil entered under this regime. In 2018 under the Agreement, an additional 178 lines (1.4% of the schedule) were duty-free, allowing an additional 0.6% of imports from Brazil to enter on a duty-free basis. In addition, preferences falling short of duty-free were also granted to Brazil, for 285 products/tariff lines in full and for parts of another 62 products (2.8% of tariff lines)¹¹; these products in 2015-2017 accounted for 1.9% of imports from Brazil. Overall, imports from Brazil into Mexico faced dutiable MFN tariffs on around two-fifths of Mexico's tariff lines and bilateral imports.

Table 3.4 Mexico Tariff elimination and reduction commitments under the Agreement and corresponding average trade

Duty phase out	Number of lines	% of total lines in Mexico's tariff schedule	Mexico's imports from Brazil (2015-2017)	
			Value (USD Million)	%
2018 MFN (duty free)	7,172	57.2	2,701.9	59.7
Tariff elimination/reduction				
2018 (duty free)	178	1.4	26.2	0.6
Remain dutiable ^a	5,186	41.4	1,794.9	39.7
Of which:				
Reduced rates, products in full	285	2.3	66.3	1.5
Reduced rates, part of products ^b	62	0.5	16.2	0.4
<i>Duty-free ex-outs</i>	38	..	..	..
<i>Reduced rates ex-outs</i>	43	..	..	..

¹⁰ In 2018, Mexico's applied MFN tariff contained 12,536 8-digit lines of which 80 lines were non-*ad valorem* (specific, compound or prohibited).

¹¹ For example, in HS 2005.99.99 - other vegetables and their mixtures - the MOP is granted for all products except artichokes.

Duty phase out	Number of lines	% of total lines in Mexico's tariff schedule	Mexico's imports from Brazil (2015-2017)	
			Value (USD Million)	%
<i>Excluded ex-outs</i>	56	..	..	..
Excluded from the Agreement	4,839	38.6	1,712.4	37.8
	12,536			

a Including 22 prohibited lines.

b Parts of these 62 products/tariff lines benefit from preferential duty-free or reduced rates. They include 137 ex-outs (parts), of which 38 are fully liberalized, 43 benefit from reduced rates while 56 are excluded from liberalization.

.. Not available.

Note: Based on the HS2012 nomenclature.
Tariffs and import data for HS Chapters 1-97.

Source: WTO estimates based on the data submitted by the Mexican authorities and the WTO-IDB.

3.1.3 Liberalization schedule

3.1.3.1 Brazil

3.14. Table 3.5 details Brazil's tariff elimination/reduction under the Agreement by HS Section. The majority of lines either fully or partially liberalized are in Section VI, namely products of the chemical and allied industries. Its MFN average rate (for all products and not only those covered by the Agreement) was around 6.8% in Brazil while the average dutiable rate for chemicals from Mexico is 6.5%. Sections XVI (machinery) and VII (plastics) also account for a number of preferences granted for imports from Mexico. The average final dutiable tariff varies from 3.4% in Section V (minerals) to 25.4% in Section XII (footwear).

Table 3.5 Brazil: Tariff elimination/reduction commitments under the Agreement, by HS Section

HS Section	MFN Average %	Number of lines	Duty-free lines		Remain dutiable under the Agreement		Avg. Final Tariff (Dutiable)
			MFN 2018	Under the Agreement	Dutiable	Of which, reduced rates ^a	
I	9.4	520	35		485	1	10.0
II	7.7	411	69	25	317	7	9.3
III	9.5	74			74	1	9.5
IV	15.1	322		19	303	80	13.5
V	2.4	208	69	13	126	12	3.4
VI	6.8	3,035	101	184	2,750	324	6.5
VII	11.2	431	4	6	421	114	10.3
VIII	11.5	113			113		11.5
IX	7.9	157			157		7.9
X	11.2	222	10	2	210	2	11.8
XI	25.4	1,055			1,055	50	25.2
XII	25.4	70			70	1	25.4
XIII	10.7	217	2	8	207	25	10.6
XIV	9.6	64	6	4	54	2	10.5
XV	11.9	738	12	27	699	12	12.2
XVI	11.7	1,771	296	97	1,378	74	13.7
XVII	18.2	230	33	7	190	2	21.3
XVIII	12.5	450	84	3	363	17	15.0
XIX	20.0	18			18		20.0
XX	19.2	165	4	2	159	31	18.6
XXI	4.0	7			7		4.0
Total	11.6	10,278	725	397	9,156	755	12.2

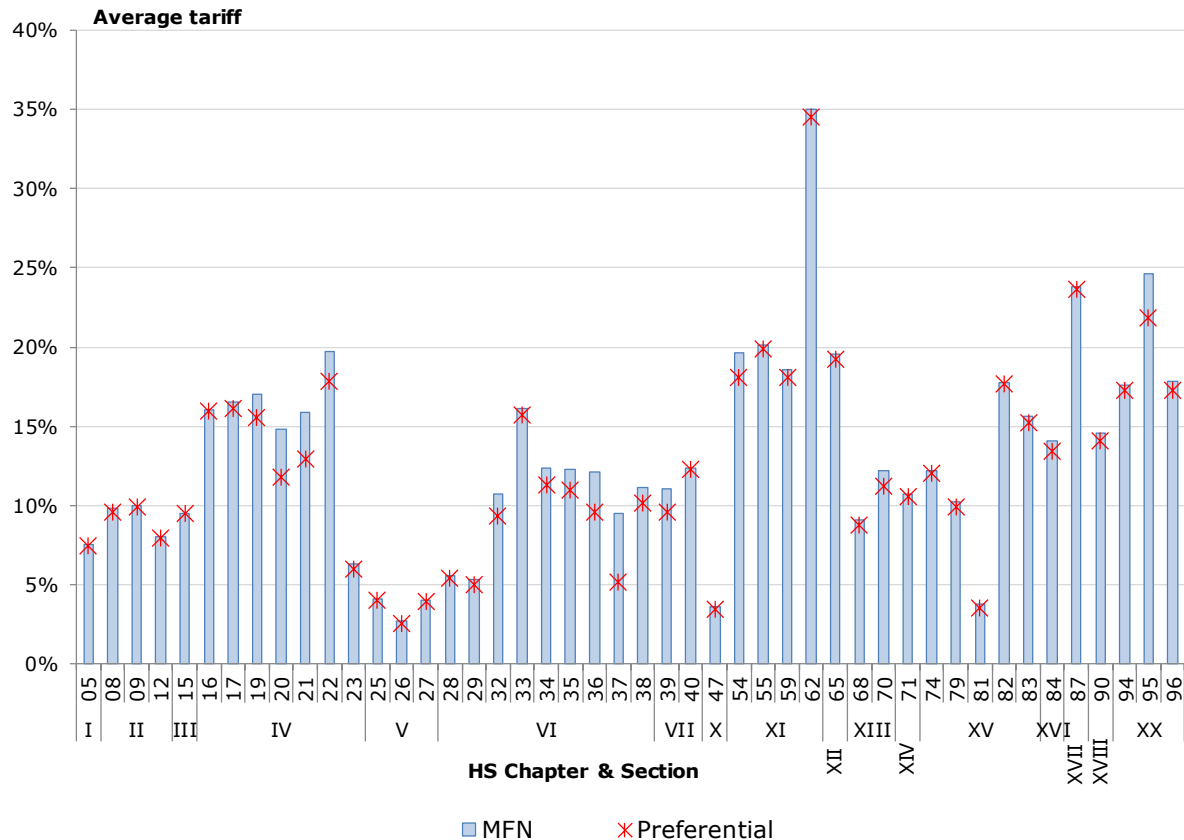
a Number of tariff lines with reduced rates and which apply to products in full or to parts of products.

Note: Based on the HS2017 nomenclature.

Source: WTO estimates based on the data in the WTO-IDB and Brazil's SECINT website.

3.15. Chart 3.1 presents the average preferential and MFN duty rates in 46 Chapters in which preferences are granted. Among the 1,152 dutiable lines (MFN 2018) covered by the Agreement, photographic or cinematographic goods of Chapter 37 benefit from the highest average MOP with the average preferential tariff at 5.2% compared to the MFN average of 9.5%. Among industrial products the highest MOPs are also found in toys of Chapter 95 as well as other chemicals. For agricultural products, the highest MOPs are found in Chapters 20-22 (preferential rates ranging from 11.8% to 17.8% compared to average MFN rates of 14.8% to 19.8%). No preferences are granted in the remaining 51 HS Chapters.

Chart 3.1 Brazil: Average of dutiable rates, by selected HS Chapter and Section



Note: Based on the HS 2017 nomenclature.

Source: WTO estimates based on the data from WTO-IDB and Brazil's SECINT website.

3.1.3.2 Mexico

3.16. Mexico's tariff elimination/reduction under the Agreement by HS Section is depicted in Table 3.6. The majority of lines fully liberalized are vegetables of HS Section II, while the highest number of lines partially liberalized correspond to chemicals of Section VI. The HS Sections having the lowest and highest average final dutiable tariffs are the same as for Brazil - 5.8% in Section V (minerals) and 19.2% in Section XII (footwear).

Table 3.6 Mexico: Tariff elimination/reduction commitments under the Agreement, by HS Section

HS Section	MFN Average %	Number of lines	Duty-free lines		Remain dutiable under the Agreement		Avg. Final Tariff (Dutiable)
			MFN 2018	Under the Agreement	Dutiable	Of which, reduced rates ^a	
I	15.7	439	62		377	3	18.3
II	11.7	519	117	62	340	10	15.0

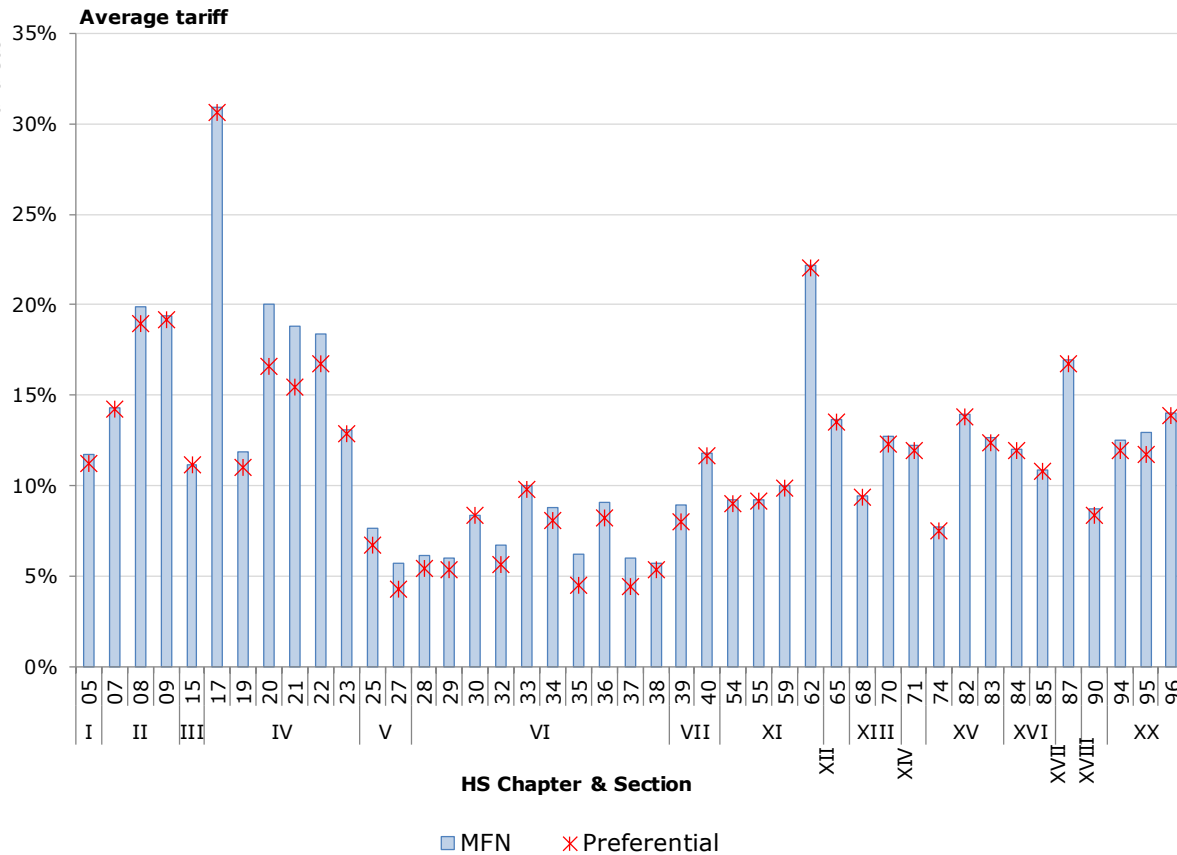
HS Section	MFN Average %	Number of lines	Duty-free lines		Remain dutiable under the Agreement		Avg. Final Tariff (Dutiable)
			MFN 2018	Under the Agreement	Dutiable	Of which, reduced rates ^a	
III	8.5	72	17		55	2	11.1
IV	18.4	356	31	19	306	64	18.7
V	0.3	219	211		8	4	5.8
VI	1.4	2,865	2286	58	521	103	6.2
VII	3.8	570	347		223	44	9.0
VIII	4.8	124	92		32		19.0
IX	6.7	188	66		122		10.3
X	2.8	311	182		129		6.7
XI	13.3	1,422	159		1,263	39	14.9
XII	17.1	167	18		149	1	19.2
XIII	5.8	313	161		152	18	11.8
XIV	3.3	65	47	2	16	1	11.9
XV	3.8	1,268	861		407	9	11.8
XVI	2.7	2,492	1901	16	575	8	11.5
XVII	7.6	402	200	13	189	7	14.9
XVIII	2.6	450	319	3	128	8	8.7
XIX	11.2	33	2		31		11.9
XX	8.9	247	79	5	163	26	12.5
XXI	0.0	14	14				
Total	5.7	12,536	7,172	178	5,186	347	13.1

a Number of tariff lines with reduced rates and which apply to products in full or to parts of products.

Note: Tariff line count includes 22 prohibited lines which are from HS Sections I, II, VI, VIII and X. These lines are however excluded from the calculation of the average final dutiable tariff. For the calculation of averages, specific rates are excluded, and the *ad valorem* parts of alternate rates are included. Based on the HS2012 nomenclature.

Source: WTO estimates based on data submitted by the Mexican authorities and the WTO-IDB.

3.17. Chart 3.2 presents the average MFN and preferential duty rates of 43 Chapters in which preferences are granted. Among the 525 dutiable lines (MFN 2018) covered by the Agreement, the highest average MOP is in preparations of vegetables and edible preparations of Chapters 20 and 21 (average preferential rates of 16.6% and 15.5% compared to average MFN rates of 20% and 18.3%). For industrial products, the highest MOPs are found in chemicals of HS Section VI, in particular Chapters 35 (albuminoidal substances) and 37 (photographic or cinematographic goods) (with average preferential rates of 4.5% and 4.4% compared to the MFN rates of 6.2% and 6%). No preferences are granted in the remaining 54 Chapters.

Chart 3.2 Mexico: Average of dutiable rates, by selected HS Chapter and Section

* Tariff lines subject to import prohibition only.

Note: Including 22 prohibited lines from HS Sections I, II, VI, VIII and X. For the calculation of averages, prohibited lines and specific rates are excluded, and the *ad valorem* parts of alternate rates are included.

Based on the HS 2012 nomenclature.

Source: WTO estimates based on the data submitted by the Mexican authorities and the WTO-IDB.

3.1.4 Tariff rate quotas

3.18. Table 3.7 provides detailed information on the tariff-rate quotas (TRQs) that are exchanged under the Agreement. The Parties grant each other TRQs on six industrial products; for two products, the in-quota rate is free while for the other four the MOP ranges from 50%-70% of the MFN rate on the in-quota duty and from 20%-40% of the MFN rate for the out of quota duty. In addition, Brazil grants Mexico a seasonal TRQ on garlic, with a duty-free in-quota rate.

Table 3.7: TRQs under the Agreement

Product	Annual Quantity (metric tonnes)	Quota Rate	
		In-quota	Out-of-quota
Brazil only			
Garlic 0703.20.00	1,300, from 01/03-15/07	Free	MFN
Brazil and Mexico			
Sodium sulphides 2830.10.00	6,000	Free	40% MOP
Dimethyl terephthalate 2917.37.00	35,000	Free	20% MOP
Pigments and preparations based on titanium dioxide 3206.11.00	20,000 15,000 for products with an average particle size of 6 microns or greater, with the addition of modifiers	50% MOP	30% MOP

Product	Annual Quantity (metric tonnes)	Quota Rate	
		In-quota	Out-of-quota
Polystyrene of general use (GPPS) 3903.19.10	4,000	60% MOP	25% MOP
Polyethylene terephthalate 3907.60.00	6,000	70% MOP	25% MOP
Other plates, sheets, film, foil and strip of polypropylene 3920.20.10	2,000	60% MOP	30% MOP

Source: Annex I of the Agreement.

3.2 Rules of origin

3.19. Rules of origin are set out in Chapter IV. The basic requirements for a good to be considered originating, as in Article IV-5, are:

- a. the good is wholly obtained or produced entirely in the territory of one or both of the Parties;
- b. the good is produced entirely in the in the territory of one or both of the Parties from originating materials only; or
- c. the good is produced entirely in the territory of one or both of the Parties by using non-originating materials which comply with the specific rules of origin in Annex II to the Agreement, as follows:
 - i. it goes through a change in tariff classification (CTC) and complies with other requirements, or
 - ii. it goes through a CTC and complies with other requirements, and the value of non-originating materials is below a threshold, or
 - iii. the value of non-originating materials is below a threshold and the good complies with other requirements, and
 - iv. the material undergoes a particular production process (applied on chemical products of Chapter 29).

3.20. The main criterion for a good produced by using non-originating materials to acquire originating status is a CTC. The CTC applies generally at the HS heading level, but requirements at the subheading and chapter levels are also used. Article IV-15 provides a list of non-qualifying operations that do not confer origin.

3.21. The granting of originating status based on regional value content (RVC) makes use of a maximum import content, set generally at 50% and in fewer cases at 40%. Article IV-6 provides for the RVC to be calculated either on the basis of the transaction value or using the other methods provided for in the WTO Agreement on Implementation of Article VII of the GATT 1994. Non-originating materials are adjusted to a c.i.f. basis, while the final product is valued on a f.o.b. basis.¹²

3.22. Bilateral cumulation applies between the two Parties (Article IV-9); possible extension to total cumulation is envisaged. Negotiations to update the provisions on matters of origin, including on "accumulation", have been carried out; however, as of December 2020 they have not been finalized. Due to the above, the aforementioned provision remains the same. The absorption principle - i.e. the value of non-originating materials incorporated in another good that has acquired originating status is not added into the RVC calculation - also applies (Article IV-6), including in cases where it is designated as an "intermediate material". However, when an intermediate material is subject to the RVC requirement, its benchmark is set at 50% and no other self-produced material subject to

¹² Paragraph c. details elements to be included in the adjusted value of non-originating materials.

an RVC requirement used in the production of that intermediate material may itself be designated by the producer as an intermediate material (Article IV-8).

3.23. A *de minimis* rule (Article IV-7) applies so that the good is considered originating if the value of all non-originating materials that do not comply with the required CTC is less than 7% of the transaction value adjusted to a cif basis. In the case that the same good is subject to a RVC requirement, that value would be counted towards the RVC and any additional requirement will apply without any change. *De minimis* rules do not apply to textiles in HS Chapters 50 to 63 nor to a non-originating material used in the production of goods of Chapters 1 to 27, unless the material is of a different subheading than the one for which origin is being determined.

3.24. No outward processing is authorized under the Agreement. Transit through non-parties, with or without transshipment, is authorized provided that the good remains under the control or surveillance of their customs authorities; if transit is justified for geographical or transportation reasons; the good is not traded or used in the transit country; and no processing takes place outside the territory of the Parties other than loading, unloading or any other operation necessary to preserve it in good condition or to transport it (Article IV-18).

3.25. A Working Group on Rules of Origin and Customs Procedures is established (Article IV-34).

Box 3.1 Rules of origin at a glance

Basic Characteristics

- Product-specific general criteria:
 - Wholly obtained goods
 - CTC, generally a change of heading
 - RVC- maximum import content of generally 50% (40% in few cases)
- Bilateral cumulation.
- Tolerance rules.
- No outward-processing authorized.

3.3 Export duties and charges, and quantitative restrictions

3.26. The Agreement does not have provisions on export duties. Article III-2 includes a general prohibition on the application of non-tariff barriers on exports of all goods to the other Party, unless these are WTO-compatible.

3.4 Regulatory provisions of the agreement

3.4.1 Standards

3.4.1.1 Sanitary and phytosanitary measures

3.27. Sanitary and phytosanitary measures are addressed in Chapter IX. These issues will be regulated by the WTO Agreement on Sanitary and Phytosanitary Measures (SPS Agreement). The "Complementary Agreement to the Basic Convention of Scientific and Technical Cooperation on Animal Health", signed between Brazil and Mexico in 1997, is incorporated into the Agreement (Articles IX-1 to IX-3).¹³

3.28. Sanitary and phytosanitary measures shall be established only to the extent necessary to achieve adequate levels of sanitary or phytosanitary protection in the Parties, taking into account the technical and economic feasibility of their application. The Parties may adopt or maintain any measure that offers a higher level of protection than what would be achieved through international

¹³ The text of the Basic Convention can be found in <https://aplicaciones.sre.gob.mx/tratados/ARCHIVOS/BRASIL-COOP.%20CIENTIFICA%20Y%20TEC.pdf>. The text of the Complementary Agreement can be found in <https://www2.camara.leg.br/legin/fed/decret/1998/decreto-2549-15-abril-1998-400720-publicacaooriginal-1-pe.html> (Portuguese only).

regulations, principles or recommendations, provided these are based on scientific justification and the procedures of the SPS Agreement are followed. The Parties commit:

- a. to ensure that the sanitary or phytosanitary measures they apply do not constitute unjustified obstacles to trade;
- b. to base their sanitary and phytosanitary measures on a risk assessment adequate for the circumstances, taking into account the guidelines and techniques of the competent international organizations; and
- c. to base their procedures for the recognition of equivalence of SPS measures and of control and approval procedures on the practices established by the relevant international organizations. The importing Party will be provided, upon request, reasonable access for inspections, tests and other relevant procedures.

3.29. The Parties' recognition of pest- or disease-free areas or areas of low pest or disease prevalence are to be based on criteria and procedures that are compatible with that established in the SPS Agreement. The Chapter also foresees the conclusion of agreements to facilitate imports of agricultural products originating from these areas (Articles IX-9 to IX-11).

3.30. The Parties are to establish enquiry points for the exchange of information and technical cooperation (Article IX-15). Their competent authorities will meet, as needed, to evaluate the implementation of the Chapter and report its findings to the Agreement's Commission. The Parties' authorities and the Commission may establish *ad hoc* working groups to examine and propose solutions to sanitary and phytosanitary problems that may arise as regards the access of agricultural products to a Party's market. As of December 2020, no modification has been made to this Chapter and no working group has been established. Finally, a Party may request that technical consultations be held aimed at obtaining information of sanitary and phytosanitary applied by the other Party; the Chapter does not however provide timeframes for these consultations (Articles IX-17 to IX-19).

3.4.1.2 Technical barriers to trade

3.31. Chapter VIII applies to standards, technical regulations and conformity assessment procedures applied by the Parties that may affect, directly or indirectly, trade in goods or services. These issues will be regulated by the WTO Agreement on Technical Barriers to Trade (Articles VIII-2). The Chapter does not apply to SPS measures.

3.32. The Parties remain free to adopt a level of protection that is appropriate to fulfil their legitimate objectives; standardization measures shall not have the goal of creating unnecessary obstacles to trade (Article VIII-3).

3.33. Transparency provisions are contained in Articles VIII-4 and VIII-5. The adoption of new or modification of existing standardization measures is to be notified in writing to the other Party at the time of its notification to the WTO and no later than to its own nationals. Such notification is not required for measures that have the character of law or regulations of law. Moreover and upon request from the other Party, the Party is to provide information on standards, technical regulations and conformity assessment procedures being applied or under development.

3.34. The Chapter also includes provisions on technical cooperation and assistance with relation to all these measures (Articles VIII-6 and VIII-7). Upon request, the Parties are to meet as soon as possible following such request in order to address particular issues regarding measures that may affect trade between the Parties, technical cooperation activities, negotiation of mutual recognition agreements or any other standards-related matter (Article VIII-8).

3.4.2 Safeguard mechanisms

3.4.2.1 Global safeguards

3.35. The Parties reaffirm their rights and obligations under the WTO Agreement on Safeguards and Article XIX of the GATT 1994 (Article V-2).

3.4.2.2 Bilateral safeguards

3.36. The Agreement authorizes the application of bilateral safeguard measures. The criteria and conditions are spelled out in Articles V-3 to V-21 of the Agreement, as follows:

- a. safeguards are applied only to the extent necessary to prevent or repair serious injury resulting from unforeseen developments and as a result of the tariff preferences, and to facilitate the adjustment of the domestic industry;
- b. safeguard measures shall consist of a temporary suspension or reduction of the preference under the Agreement for an initial duration of one year, with a possible extension of another year. The maximum duration shall not exceed two years;
- c. in order to avoid trade disruption, a TRQ shall be opened at the same time as the safeguard measure. The TRQ quantity will be equivalent to the average imports in the three-years preceding the injury determination, unless a clear justification is provided that a different level is needed to prevent or repair the serious injury, with the in-quota rate being the actual preferential rate;
- d. upon the termination of the safeguard measure, the preferential rate shall be reinstated; and
- e. an illustrative list of elements to be taken into account in the investigation are spelled out in Articles V-11 to V-14. In particular, Article V-12 specifies that any request for the imposition of safeguard measures has to be made by producers that represent collectively at least 50% of the domestic production of like or directly competitive products.

3.37. Investigation and transparency procedures are contained in Articles V-15 to V-20. While some timeframes are provided for, the maximum period between the publication of the decision to initiate the investigation and the final decision is not specified

3.38. Provisional safeguards of a maximum of 180 days (200 days in the WTO Agreement) may be applied in critical circumstances and pursuant to a preliminary determination of serious injury or threat thereof. Transparency is ensured by requiring the importing Party to notify the exporting Party within 10 days from publication of the decision to initiate an investigation, and 30 days prior to its application of the decision to apply a provisional safeguard. The intention and the decision to apply or extend a safeguard measure shall also be notified, but no time-frame is specified in the Agreement; relevant WTO requirements refer to prompt notifications to the Committee on Safeguards. Adequate opportunity for consultation shall be provided (Article V-20) and disciplines regarding compensation are spelled out in Article V-21.

3.4.3 Anti-dumping and countervailing measures

3.39. Chapter VI deals with unfair trade practices. The application of anti-dumping and countervailing measures will be in accordance with the relevant WTO Agreements – namely the GATT 1994, and the Agreements on the Implementation of Article VI of the GATT 1994 and on Subsidies and Countervailing Measures, in accordance with their respective national legislations (Article VI-1).

3.40. Article VI-2 provides for consultations in cases where a Party considers that the other Party is carrying out imports from a third country that may be dumped or subsidized and that affect its exports. In the case of dumping, the affected Party may request the initiation of an anti-dumping investigation against the third-country. The other Party will give adequate consideration to any request for consultation through the Agreement's Administrative Commission and reply within fifteen

working days. The Administrative Commission will be kept informed of developments and conclusions of the consultations.

3.4.4 Subsidies and State-aid

3.41. The Agreement has no provision on subsidies and State-aid.

3.4.5 Customs-related procedures

3.42. Customs procedures are dealt with in Chapter IV. The format for the Declaration and Certificate of Origin (Article IV-19) is that adopted in the context of LAIA¹⁴, while that for products imported under TRQs is the subject of the Second Additional Protocol to the Agreement. The Declaration of origin is filled in and signed by the exporter or the producer, and upon that basis, the Certificate of Origin is signed by government bodies or their delegated authorities.¹⁵ The Certificate of Origin is to be issued within five working days from its request and has a duration of 180 days from its signature (Article IV-22). The preferential tariff treatment is only granted upon the presentation of a Certificate of Origin.

3.43. Article IV-24 clarifies that goods maintain their originating status even if invoices are provided by operators from non-parties. The obligations with respect to exports, included in Article IV-25, address, in particular, the need to ensure the accuracy of the information and juridical consequences in case of false declaration.

3.44. Rules relating to verification and control of the origin of a good are contained in Articles IV-27 to IV-30; they specify that the competent authorities of the importing Party may:

- a. request additional information from the competent authorities of the exporting Party, with that information being submitted within 120 days, failing which preferential treatment may be denied;
- b. submit a written questionnaire to the exporter or producer, to be answered within 30 days from the date of receipt, extendable by 30 days upon request. In cases where the exporter or producer do not reply or return the questionnaire within the specified timeframe, the importing Party may deny preferential tariff treatment further to a decision to that effect; or
- c. request a visit to the premises of the exporter or producer, following advance notice of at least 30 days. A visit from the importing Party's authorities shall be preceded by a written notice, to be sent to the exporter or producer to be visited and to the competent authorities of the exporting Party. If the exporter or producer does not confirm the visit within 30 days from receipt of the notification, the importing Party may deny preferential tariff treatment subject to verification, upon a decision to that effect. The visit may however be postponed for a maximum period of 60 days without negatively impacting the result of the verification. The Parties may nominate observers to be present during the verification.

3.45. The conclusion of the verification shall provide the exporter or producer the result of the verification, through a written resolution that will include issues of fact and its legal basis. If originating status is denied, the importing party may apply sanctions in accordance with the Agreement and its domestic legislation. In cases where the exporter or producer has provided more than once false or incorrect information on the good's origin, the importing Party may suspend preferential tariff treatment of identical goods from the same exporter or producer until such time as it can prove that it fulfils the requirements of Chapter IV. The Chapter also provides for review and appeal of the determination.

¹⁴ See Annex 4 of the following links: in Spanish, see [http://www2.aladi.org/nsfaladi/Juridica.nsf/vresolucionescomite/D207FACADE7AF87B032567CC00555F7F/\\$FILE/252.pdf](http://www2.aladi.org/nsfaladi/Juridica.nsf/vresolucionescomite/D207FACADE7AF87B032567CC00555F7F/$FILE/252.pdf); in Portuguese, see http://www.mdic.gov.br/arquivos/dwnl_1351703854.pdf.

¹⁵ The list of these bodies/authorities can be found in http://www.aladi.org/sitioaladi/?page_id=422 (LAIA website); Mexico's list can be found in <http://www2.aladi.org/nsfaladi/firmas.nsf/v1paisesR/mexico>.

4 GENERAL PROVISIONS OF THE AGREEMENT

4.1 Transparency

4.1. In addition to a number of transparency provisions throughout the Agreement and referred to elsewhere in the Factual Presentation, Chapter XI (Administration of the Agreement) details some provisions related to transparency.

4.2. Under Article XI-1, each Party will designate a government authority to facilitate communication between the Parties on any matter covered by the Agreement.¹⁶

4.3. Each Party shall notify, to the extent possible, the other Party of any law, regulation or provision that it considers could affect or substantially affect the interests of that other Party and shall, upon request of the other Party, provide information regarding any measure in force in its territory that concerns the implementation of the Agreement. Any such notification or provision of information is without prejudice to the compatibility of the measure with the Agreement (Article XI-2).

4.2 Current payments and capital movements

4.4. The Agreement has no provisions concerning payments and movement of capital.

4.3 Exceptions

4.5. The Agreement has no provision for exceptions.

4.4 Accession and withdrawal

4.6. The Agreement is open for accession from other LAIA members, subject to negotiations to be included in an additional protocol to the Agreement (Chapter XV). Entry into force will take place 30 days following its deposit with the LAIA Secretariat.

4.7. Either Party can terminate the Agreement. Such termination will take effect 180 days after notification to the other Party (90 days for communication to the other Party, and a 90 day period following the deposit with the LAIA Secretariat of the withdrawal document).

4.5 Institutional framework

4.8. The Agreement's main body is the Administrative Commission, established in accordance with Article XIII-1. The Commission consists of representatives of Brazil's Sub-Secretary General for Economic Integration Affairs and Foreign Trade of the Ministry of Foreign Affairs, and for Mexico the Sub-Secretary of International Trade Negotiations of the Secretary of Economy, or their representatives. Among the main tasks of the Commission are ensuring compliance with the provisions of the Agreement; recommending modifications to the Agreement; presenting periodic reports on the functioning of the Agreement; and establishing working groups as needed.

4.6 Dispute settlement

4.9. In accordance with what was foreseen in the Agreement's Chapter XII, the First Additional Protocol (in force since 2006) establishes a mechanism for dispute settlement related to the interpretation, application or non-compliance with the provisions of the Agreement.

4.10. The Protocol provides that for issues also regulated by the WTO, the choice of forum is to be made by the complaining party. Once the forum has been selected, it must be used to the exclusion of the other; this provision does not apply in cases where a Party invokes different bases under the WTO Agreement and the Agreement. The Protocol also establishes that before initiating a dispute under the WTO, the complaining Party shall endeavour to the greatest extent possible to communicate its intention to do so to the other Party. A case is considered to be initiated when a request for the establishment of a panel under Article 6 of the WTO Dispute Settlement

¹⁶ These are: for Brazil, the Department of Latin American integration of the Ministry of Foreign Affairs, and for Mexico the LAIA's General Directorate of the Secretary of Economy, or their successors.

Understanding, or of an *ad hoc* Group of Experts under Article 7 of the Protocol is made (Articles 1 and 2 of the Protocol).

4.11. The Parties will endeavour to resolve through consultations any matter described in Article 1 (Article 3 of the Protocol). If these fail after 45 days from receipt of the request for initiating consultations¹⁷, the complaining Party can request the establishment of an *ad hoc* Group of Experts (Articles 7 and 11 of the Protocol)¹⁸, selected from the roster of experts presented by each Party.¹⁹ The Group of Experts will submit a report to the Commission within 120 days from the date of its establishment (Article 16 of the Protocol). The Commission will meet to consider the report within 20 days following its receipt; in the absence of a meeting, the report will be considered as adopted (Article 17 of the Protocol). Such automatic adoption would also occur in cases where the Commission cannot agree on a satisfactory solution within 15 days from its meeting (Article 18 of the Protocol). If following 30 days from the adoption of the Report the Party fails to comply with its conclusion, the complaining Party can adopt temporary compensatory measures (including the suspension of concessions) upon prior communication to the other Party (Article 20 of the Protocol). The suspension of benefits shall apply until the Party complained against has complied or until the Parties reach a mutual satisfactory agreement (Article 21 of the Protocol).²⁰ Upon request by a Party, the Commission will establish within 15 days a Special Group of Experts to determine whether the level of benefits suspended is clearly excessive. This Group will present its final decision within 60 days from its constitution, unless the Parties agree otherwise (Articles 23 and 24 of the Protocol).

4.7 Relationship with other agreements concluded by the Parties

4.12. The Agreement is signed under the framework of the LAIA TM80 (Preamble).

4.13. Other regional trade agreements to which Brazil and Mexico are Parties (including notified and non-notified agreements) are listed in Table 4.1.

Table 4.1 Brazil and Mexico: Participation in other RTAs (notified and non-notified in force), as of 9 November 2020

RTA Name	Date of entry into force ^a	Coverage	GATT/WTO Notification	
			Year ²¹	WTO Provisions
BRAZIL				
MERCOSUR - Egypt	01-Sep-17	Goods	2018	Enabling Clause
MERCOSUR - Southern African Customs Union (SACU)	01-Apr-16	Goods	2017	Enabling Clause
Brazil - Venezuela [LAIA, AAP.CE 69]	14-Oct-14	Goods	2020 / 2013	Enabling Clause - Changes to LAIA TM 80
MERCOSUR - Israel	23-Dec-09	Goods	2019	GATT Art. XXIV
MERCOSUR - India	01-Jun-09	Goods	2010	Enabling Clause
MERCOSUR - Cuba [LAIA, AAP.CE 62]	02-Jul-07	Goods	2020 / 2009	Enabling Clause - Changes to LAIA TM 80
Brazil - Suriname [LAIA, AAP.A25 TM 41]	26-Jul-06	Goods	2020 / 2006	Enabling Clause - Changes to LAIA TM 80
MERCOSUR - Peru [LAIA, AAP.CE 58]	02-Jan-06	Goods	2020 / 2006	Enabling Clause - Changes to LAIA TM 80
MERCOSUR - Andean Community (except Plurinational State of Bolivia)	05-Jan-05	Goods	2020 / 2006	Enabling Clause - Changes to LAIA TM 80

¹⁷ In cases of urgency, in particular when the dispute concerns perishable products, consultations shall take place within 10 days and the Parties will try to expedite all other procedures (Article 26 of the Protocol).

¹⁸ The Group of Experts will consist of three members and will operate according to the Model Rules of Procedures and Code of Conduct established included in Annex I to the Protocol (Article 14 of the Protocol).

¹⁹ Each Party will designate up to 12 nationals and 8 experts from third-parties to be included in the roster. For additional details, see Articles 9 and 11 of the Protocol.

²⁰ In suspending benefits the Party should first consider benefits in the same sector(s) as those affected by the measures the Panel has found to be inconsistent with the obligations under the Agreement; if it considers that is ineffective or not practicable, it may do so in other sectors.

²¹ For Agreements under LAIA TM 80, two dates are included in the table. The first date is that of the circulation of the relevant individual datasheet under the series WT/COMTD/RTA15/N/1/-; the second date is that of the circulation of LAIA's reports that referred to the relevant agreement, circulated under the series WT/COMTD/- and (GATT 1947) L/-.

RTA Name	Date of entry into force ^a	Coverage	GATT/WTO Notification	
			Year ²¹	WTO Provisions
and Peru) [LAIA, AAP.CE 59]				
Brazil - Guyana - Saint Kitts and Nevis [LAIA, AAP.A25TM 38] ^b	31-May-04	Goods	2020 / 2001	Enabling Clause - Changes to LAIA TM 80
MERCOSUR - Mexico [LAIA, AAP.CE 55]	01-Jan-03	Goods	2020 / 2004	Enabling Clause - Changes to LAIA TM 80
LAIA - Accession of Cuba	26-Aug-99	Goods	1999	Enabling Clause
Brazil - Venezuela [LAIA, AAP.A14TM 15]	18-Oct-98	Goods Services	2020 / 2001 Not notified	Enabling Clause - Changes to LAIA TM 80
MERCOSUR - Plurinational State of Bolivia [LAIA, AAP.CE 36]	28-Feb-97	Goods	2020 / 1997	Enabling Clause - Changes to LAIA TM 80
MERCOSUR - Chile [LAIA, AAP.CE 35]	01-Oct-96 19-Jun-11	Goods Services	2020 / 1997 Not notified	Enabling Clause - Changes to LAIA TM 80
LAIA - Seeds [AAP.AG 2]	18-Jun-93	Goods	2020 / 1992	Enabling Clause - Changes to LAIA TM 80
Argentina-Brazil-Uruguay ^c [LAIA, AAP.A14TM 6]	27-Jun-92	Goods	2020 / 1996	Enabling Clause - Changes to LAIA TM 80
Southern Common Market (MERCOSUR)	29-Nov-91 07-Dec-05	Goods Services	1991 2006	Enabling Clause GATS Art. V
Argentina - Brazil [LAIA, AAP.CE 14]	20-Dec-90	Goods	2020 / 1991	Enabling Clause - Changes to LAIA TM 80
Global System of Trade Preferences among Developing Countries (GSTP)	19-Apr-89	Goods	1989	Enabling Clause
LAIA - Cultural Goods [LAIA AAR.CEYC 7]	01-Jan-89	Goods	2020 / 1999	Enabling Clause - Changes to LAIA TM 80
Brazil - Uruguay [LAIA, AAP.CE 2]	16-Oct-85	Goods	2020 / 1984	Enabling Clause - Changes to LAIA TM 80
LAIA - Agreement on Regional Tariff Preference [LAIA, AAR.PAR 4]	01-Jul-84	Goods	2020 / 1984	Enabling Clause - Changes to LAIA TM 80
LAIA- Preferences in favour of Paraguay [LAIA, AAR.AM 3]	01-Jul-84	Goods	2020 / 1984	Enabling Clause - Changes to LAIA TM 80
LAIA - Preferences in favour of Ecuador [LAIA, AAR.AM 2]	01-May-83	Goods	2020 / 1984	Enabling Clause - Changes to LAIA TM 80
LAIA - Preferences in favour of the Plurinational State of Bolivia [LAIA, AAR.AM 1]	01-May-83	Goods	2020 / 1984	Enabling Clause - Changes to LAIA TM 80
Latin American Integration Association (LAIA)	18-Mar-81	Goods	1982	Enabling Clause
Protocol on Trade Negotiations (PTN)	11-Feb-73	Goods	1971	Enabling Clause
Brazil - Paraguay [LAIA, AAP.CE 74]	28-Sep-20	Goods	Not notified	
MERCOSUR - Colombia [LAIA, AAP.CE 72]	20-Dec-17	Goods	Not notified	
MERCOSUR - Accession of Venezuela	12-Aug-12	Goods & Services	Not notified	
LAIA - Accession of Panama	03-May-12	Goods	Not notified	
MEXICO				
United States-Mexico-Canada Agreement (USMCA/CUSMA/T-MEC) ^d	01-Jul-20	Goods & Services	2020	GATT Art. XXIV & GATS Art. V
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	30-Dec-18	Goods & Services	2018	GATT Art. XXIV & GATS Art. V
Pacific Alliance	01-May-16	Goods & Services	2016	GATT Art. XXIV & GATS Art. V
Mexico - Panama	01-Jul-15	Goods & Services	2016	GATT Art. XXIV & GATS Art. V

RTA Name	Date of entry into force ^a	Coverage	GATT/WTO Notification	
			Year ²¹	WTO Provisions
Mexico - Central America	01-Sep-12	Goods & Services	2014	GATT Art. XXIV & GATS Art. V
Peru - Mexico	01-Feb-12	Goods & Services	2012	GATT Art. XXIV & GATS Art. V; Enabling Clause - Changes to LAIA TM 80
Mexico - Plurinational State of Bolivia	07-Jun-10	Goods	2019	Enabling Clause
Japan - Mexico	01-Apr-05	Goods & Services	2005	GATT Art. XXIV & GATS Art. V
Mexico - Uruguay	15-Jul-04	Goods & Services	2013	GATT Art. XXIV & GATS Art. V; Enabling Clause - Changes to LAIA TM 80
MERCOSUR - Mexico [LAIA, AAP.CE 55]	01-Jan-03	Goods	2020 / 2004	Enabling Clause - Changes to LAIA TM 80
EFTA - Mexico	01-Jul-01	Goods & Services	2001	GATT Art. XXIV & GATS Art. V
Mexico - Cuba	28-Feb-01	Goods	2019	Enabling Clause
Mexico - Guatemala [LAIA, AAP.A25TM 37]	05-Dec-00	Goods Services	2020 / 2001 Not notified	Enabling Clause - Changes to LAIA TM 80
EU - Mexico	01-Jul-00	Goods	2000	GATT Art. XXIV
	01-Oct-00	Services	2002	GATS Art. V
Israel - Mexico	01-Jul-00	Goods	2001	GATT Art. XXIV
LAIA - Accession of Cuba	26-Aug-99	Goods	1999	Enabling Clause
Chile - Mexico	01-Aug-99	Goods & Services	2001	GATT Art. XXIV & GATS Art. V; Enabling Clause - Changes to LAIA TM 80
Colombia - Mexico	01-Jan-95	Goods & Services	2010	GATT Art. XXIV & GATS Art. V; Enabling Clause - Changes to LAIA TM 80
GSTP	19-Apr-89	Goods	1989	Enabling Clause
LAIA - Cultural Goods [LAIA AAR.CEYC 7]	01-Jan-89	Goods	2020 / 1999	Enabling Clause - Changes to LAIA TM 80
Argentina - Mexico	01-Jan-87	Goods	2019	Enabling Clause
LAIA- Preferences in favour of Paraguay [LAIA, AAR.AM 3]	01-Jul-84	Goods	2020 / 1984	Enabling Clause - Changes to LAIA TM 80
LAIA – Agreement on Regional Tariff Preference [LAIA, AAR.PAR 4]	01-Jul-84	Goods	2020 / 1984	Enabling Clause - Changes to LAIA TM 80
Mexico - Paraguay	01-Jan-84	Goods	2019	Enabling Clause
Ecuador - Mexico	01-May-83	Goods	2019	Enabling Clause
LAIA - Preferences in favour of Ecuador [LAIA, AAR.AM 2]	01-May-83	Goods	2020 / 1984	Enabling Clause - Changes to LAIA TM 80
LAIA	18-Mar-81	Goods	1982	Enabling Clause
PTN	11-Feb-73	Goods	1971	Enabling Clause
LAIA - Accession of Panama	03-May-12	Goods	Not notified	

- a Dates of the first entry into force for at least one of the Parties.
- b Saint Kitts and Nevis acceded under the Sixth Additional Protocol which entered into force on 5 July 2012.
- c Uruguay acceded under the First Accession Protocol signed on 15 July 1994.
- d Parties have notified that NAFTA has been superseded by the USMCA/CUSMA/T-MEC. As a result, the provisions of the NAFTA are no longer in force, except as expressly provided by the USMCA/CUSMA/T-MEC.

Note: The LAIA reference is indicated in brackets for some RTAs notified as a change to LAIA's TM 80. Further details can be found at: <http://www.aladi.org>.

Source: WTO Secretariat. Further information on these Agreements and on specific dates of entry into force/provisional applications may be found in the WTO Database on RTAs: <http://rtais.wto.org>.

4.8 Government procurement

4.14. There are no provisions on Government procurement in the Agreement.

4.9 Intellectual property rights

4.15. There are no provisions on intellectual property rights in the Agreement.

4.10 Competition

4.16. There are no provisions on competition in the Agreement.

4.11 Environment

4.17. There are no provisions on environment in the Agreement.

4.12 Labour

4.18. There are no provisions on labour in the Agreement.

4.13 Electronic Commerce

4.19. There are no provisions on electronic commerce in the Agreement.

4.14 Small and medium-sized enterprises

4.20. There are no provisions on small and medium-sized enterprises in the Agreement.

ANNEX 1

1. Table A1.1 shows tariff liberalization by Brazil and Mexico under the Agreement by total, agricultural and industrial products.

2. In the case of Brazil, the share of duty-free tariff lines applied on all products from Mexico in 2018 was 10.9%, compared to 7.1% for imports carried under MFN rates. In 2018, the overall average applied tariff was 11.6% on an MFN basis and 10.9% for preferential imports from Mexico. For agricultural goods, exporters from Mexico faced an average tariff rate of 9.5% instead of the MFN average rate of 10.3%, and 11.1% instead of 11.8% for industrial goods. Mexico thus benefitted from a relative margin of preference of 6% overall, 7.8% for agricultural products and 5.9% for industrial products.

3. In the case of Mexico, the share of duty-free tariff lines applied on all products from Brazil in 2018 was 58.6%, compared to 57.2% for imports carried under MFN rates. In 2018, the overall average applied tariff was 5.7% on an MFN basis and 5.4% for preferential imports from Brazil. For agricultural goods, exporters from Brazil faced an average tariff rate of 13.2% instead of the MFN average rate of 14.5%, and 4.4% instead of 4.6% for industrial goods. Brazil thus benefitted from a relative margin of preference of 5.3% overall, 9% for agricultural products and 4.3% for industrial products.

Table A1.1 Brazil and Mexico: Indicators of applied tariff rates and preferential rates for imports from Mexico

Origin of goods	Year	ALL PRODUCTS			HS Chapters 1-24			HS Chapters 25-97		
		Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)	Average applied tariff		Share of duty-free tariff lines (%)
		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)		Overall (%)	On dutiable (%)	
BRAZIL										
MFN	2018	11.6	12.5	7.1	10.3	11.1	7.8	11.8	12.7	6.9
Mexico	2018	10.9	12.2	10.9	9.5	10.7	11.2	11.1	12.4	10.9
MEXICO										
MFN	2018	5.7	13.3	57.2	14.5	17.4	16.4	4.6	12.2	62.3
Brazil	2018	5.4	13.1	58.6	13.2	17.0	22.2	4.4	12.1	63.2

Note: Tariff coverage is from HS chapters 1-97. Based on the HS 2017 nomenclature for Brazil, HS 2012 for Mexico.

In the case of Mexico, the calculation of averages, specific rates and prohibited lines are excluded, and the *ad valorem* parts of alternate rates are included.

The table only takes into account those lines that have been fully liberalized.

Source: WTO estimates based on the data submitted by the Mexican authorities, Brazil's SECINT website and the WTO-IDB.

4. Table A1.2 shows market access opportunities in Brazil for Mexico's top 25 exports, which accounted for 43% of its global exports in 2015-2017 and correspond to 141 lines in Brazil's tariff at the HS six-digit level (HS 2017). In 2018, one product (petroleum, 2 lines) was fully liberalized on an MFN basis, while five products were partially duty-free (totalling 10 tariff lines) and 19 were fully dutiable. Under the Agreement, one out of these 25 products – beer, accounting for 0.8% of Mexico's global exports in 2015-2017 – benefits from a MOP of 70%, with imports from Mexico entering Brazil at a rate of 6% instead of 20% for MFN imports. All the other products are excluded from the Agreement.

Table A1.2 Brazil: Market access opportunities under the agreement for Mexico's top 25 exports to the world

Mexico's top export products in 2015 - 2017			Access Conditions to Brazil's import markets				
HS number and description of the product		Share in global exports (%)	MFN 2018			Agreement	
			Average MFN applied rate (%)	No. of duty-free lines	No. of dutia-ble lines	No .of duty-free lines	Remain dutiable
Covered by the Agreement							
220300	Beer made from malt	0.8	20		1		1
Not covered by the Agreement							
870323	Motor cars and other motor vehicles	5.9	35		2		2
270900	Petroleum oils and oils obtained from bituminous minerals, crude	4.7	0	2			
870431	Motor vehicles for the transport of goods	3.8	35		4		4
851762	Machines for the reception, conversion and transmission	3.1	11.2	2	37		37
852872	Reception apparatus for television, colour	3.0	20		1		1
847150	Processing units for automatic data-processing machines	2.8	11.2		5		5
854430	Ignition wiring sets and other wiring sets for vehicles, aircraft	2.0	16		1		1
870120	Road tractors for semi-trailers	1.7	35		1		1
940190	Parts of seats	1.5	18		2		2
870829	Parts and accessories of bodies for tractors, motor vehicles for	1.4	14.7		11		11
847149	Data-processing machines, automatic, presented in the form ...	1.3	16		1		1
870322	Motor cars and other motor vehicles principally designed for the	1.3	35		2		2
870850	Drive-axes with differential	1.0	13	1	5		5
853710	Boards, cabinets and similar combinations of apparatus for	1.0	12.4		5		5
851770	Parts of telephone sets, telephones for cellular networks or for other	0.9	9		6		6
870899	Parts and accessories, for tractors, motor vehicles for the transport	0.9	9	1	1		1
870422	Motor vehicles for the transport of goods, with compression-ignition	0.9	35		4		4
840734	Spark-ignition reciprocating piston engine, of a kind used for vehicles	0.9	18		2		2
901890	Instruments and appliances used in medical, surgical or veterinary	0.8	9.1	5	9		9
841810	Combined refrigerator-freezers, with separate external doors	0.8	20		1		1
840991	Parts suitable for use solely or principally with spark-ignition internal combustion piston engine	0.8	14.8		12		12
870840	Gear boxes and parts thereof, for tractors, motor vehicles for the	0.7	12.5	1	3		3
847170	Storage units for automatic data-processing machines	0.7	5.6		9		9
870895	Safety airbags with inflator system and parts thereof, for tractors	0.7	14		4		4
	Total of the above	43.0	17.6	12	129	-	129

Note: Based on the HS 2017 nomenclature.

Source: WTO estimates based on data in the WTO-IDB and UNSD, Comtrade database.

5. Table A1.3 shows market access opportunities in Brazil for Mexico's top 25 exports, which accounted for 58.3% of its global exports in 2015-2017 and correspond to 60 lines in Mexico's tariff at the HS six-digit level (HS 1212). Of the 60 lines 35 were duty-free on an MFN basis in 2018. Seven products (10 lines), accounting for 26.3% of Brazil's global exports, are covered by the Agreement of which one line was MFN dutiable in 2018. The MOP granted to oilcake in 2304.00 is 20%, that for seasonal imports of soya beans of 1201.90 is 80%; for the other five products a duty-free preferential rate applies. For all these products, including the seasonal imports of soya beans, the MFN 2018 was duty-free.¹ All the other 18 products are not covered by the Agreement.

Table A1.3 Mexico: Market access opportunities under the agreement for Brazil's top 25 exports to the world

Brazil's top export products in 2015 - 2017			Access Conditions to Mexico's import markets				
HS number and description of the product		Share in global exports (%)	MFN 2018			Agreement	
			Average MFN applied rate (%)	No. of duty-free lines	No. of dutiable lines	No. of duty-free lines	Remain dutiable
Covered by the Agreement							
120190	Soya beans	11.1	7.5	1	1		1
260111	Non-agglomerated iron ores and concentrates	6.5	0.0	1			
470329	Semi-bleached or bleached non-coniferous chemical wood pulp,	2.7	0.0	2			
230400	Oilcake and other solid residues	2.7	0.0	1			
281820	Aluminium oxide	1.2	0.0	2			
260300	Copper ores and concentrates	1.1	0.0	1			
710813	Other semi-manufactured gold	0.9	0.0	1			
Not covered by the Agreement							
270900	Petroleum oils and oils obtained from bituminous minerals, crude	6.5	0.0	4			
170114	Raw cane sugar	3.9	0.0		2		2
090111	Coffee	2.5	20.0		2		2
100590	Maize	2.2	4.0	4	1		1
020714	Frozen cuts and edible offal of fowls of the species gallus domesticus	2.1	62.0		5		5
020230	Frozen, boneless meat of bovine animals	2.0	25.0		1		1
880240	Aeroplanes and other powered aircraft	1.5	0.0	1			
870323	Motor cars and other motor vehicles	1.5	35.0		2		2
260112	Agglomerated iron ores and concentrates	1.3	0.0	1			
841191	Parts of turbojets or turbopropellers	1.2	0.0	1			
170199	Cane or beet sugar and chemically pure sucrose, in solid form	1.1	0.0		3		3
720712	Semi-finished products of iron or non-alloy steel	1.1	15.0		2		2
020712	Frozen fowls of the species gallus domesticus	1.0	75.0		1		1
890590	Light-vessels, fire-floats, floating cranes and other vessels, the	1.0	2.5	1	1		1
240120	Tobacco	1.0	45.0		3		3
720293	Ferro-niobium	0.8	0.0	1			
520100	Cotton	0.7	0.0	3			
271019	Medium oils and preparations	0.6	0.3	10	1		1
	Total of the above	58.3	11.7	35	25	-	25

Note: Based on the HS 2012 nomenclature.

Source: WTO estimates based on data submitted by the Mexican authorities, the WTO-IDB, LAIA website and the UNSD, Comtrade database.

¹ Outside the period 1 February-31 July, the 2018 MFN rate was 15%.