Shaping globalisation: Commission mobilises €9.8 million to help former workers of Air France find new jobs

Most of the redundancies occurred in the regions of Ile-de-France and Provence-Alpes-Côte d'Azur (PACA).

Commissioner for Employment, Social Affairs, Skills and Labour Mobility Marianne **Thyssen** commented: *"Air transport, along with other sectors in Europe, is going through major structural changes as a consequence of changing global trade patterns. Our European Globalisation Adjustment Fund supports workers who experience hardship in this difficult transition, to adapt their skills and find new jobs This is a concrete expression of European solidarity."*

France applied for support from the Globalisation Adjustment Fund following the dismissal of 1,858 workers from Air France. These job losses were the result of the decline of the EU's market share of international passenger air transport between 2008 and 2015. The Globalisation Adjustment Fund will co-finance measures that will help the displaced workers find new jobs, by providing them with active career guidance, vocational training, as well as job-search and mobility allowances.

The total estimated cost of the set of measures is €16.5 million, of which the Globalisation Adjustment Fund would provide €9.8 million.

The proposal will now go to the European Parliament and the Council for approval.

Background

Over the period 2008-2015, global air traffic increased by 5.3% per year, as part of a trend of long-term growth observed since 1970. Air traffic between Europe and the rest of the world however grew at a slower pace (3.4%), which led to a decrease of the EU's market share in air transport.

European companies and their hub airports have been particularly challenged, both on air passenger transport flows representing the largest volumes of traffic (e.g. Europe-Asia) and on high-growth flows, in particular Africa-Asia.

The largest number of redundancies occurred in the French regions of Ile-de-France (76.2%) and Provence-Alpes-Côte d'Azur (11.7%). The expected impact in both territories is linked to the difficulties of redeployment for workers aged 50+. This age bracket represents 79% of the total number of redundancies. In Provence-Alpes-Côte d'Azur the difficulties are also related to the higher than national average number of job-seekers.

More open trade with the rest of the world leads to overall benefits for growth and employment, but it can also cost jobs, particularly in vulnerable sectors and among lower-skilled workers. To help these groups adjust to the consequences of globalisation, the EGF was set up. Since starting operations in 2007, the European Globalisation Adjustment Fund (EGF) has received 158 applications. Some €630 million has been requested to help about 150,000 workers and 3,369 young people not in employment, education or training (NEETs).

The Fund continues during the 2014-2020 period as an expression of EU solidarity, with further improvements to its functioning. Its scope includes workers made redundant because of the economic crisis, as well as fixed-term workers, the self-employed, and, by way of derogation until the end of 2017, young people not in employment, education or training (NEETs) residing in regions eligible under the Youth Employment Initiative (YEI) up to a number equal to the redundant workers supported.

Further information

EGF website

Video News Releases:

Europe acts to fight the crisis: the European Globalisation Fund revitalised

Facing up to a globalised world – The European Globalisation Fund

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Special Eurobarometer: How fair do Europeans think life in the EU is?

European Commission President Jean-Claude **Juncker** made fairness in the EU the cornerstone of his political priorities. To support this effort with scientific evidence, the Commission’s science and knowledge service, the Joint Research Centre (JRC) produced its first Fairness Report last year. The results of the Special Eurobarometer survey published today will contribute to tackling wider questions of perceived unfairness in employment, education, health and society at large.

According to the Eurobarometer published today, a majority of Europeans think that most things that happen in their lives are fair and that they have equal opportunities to get ahead. Nevertheless, they are less convinced that justice and political decisions are applied in an equal and consistent way in their countries- regardless of people’s social status, wealth and connections. The vast majority also feel that income inequalities are too great and that governments should address them, while fewer than half believe that equality of opportunity and their social status have improved over time.

Tibor **Navracsics**, Commissioner for Education, Culture, Youth and Sport, responsible for the JRC, said: “*Fairness is a crucial part of building a more resilient, cohesive Europe. Our initiatives in this area need to be based on sound evidence, but at the same time take the values and perceptions of Europeans into account. I am proud that the JRC’s work is helping us increase our knowledge on both counts, making a vital contribution to our efforts to build a better Europe for the future*.“

The main findings of the Eurobarometer survey cover education, income, social status and inter-generational mobility. They also address perceptions of migration and globalisation, the former being one of the drivers of rising inequalities and the latter being a proxy for political preferences which are among the determinants of attitudes to fairness and inequality:

- More than half of respondents think that people have **equal opportunities to get ahead** (58%). However, this figure hides **substantial regional disparities**, with 81% agreeing in Denmark, but only 18% in Greece.

- Respondents are **less optimistic about fairness in specific fields**. **Only 39% are confident that justice always prevails** over injustice, while the same proportion disagrees. Even more pessimistically, only **32% agree that political decisions are applied consistently to all citizens** and 48% disagree. Overall, people are **more likely to perceive things to be fair if they are better educated, younger, and better-off**.

- **The overwhelming majority think that income differences are too great** (84%), ranging from 96% in Portugal and 92% in Germany to 59% in the Netherlands. In all countries except Denmark **more than 60% agree that governments should take measures to reduce differences**.

- **For getting ahead in life, good health and quality education are regarded as essential or important** by 98% and 93% of respondents respectively. Working hard and knowing the right people are also deemed essential or important by more than 90%. Coming from a wealthy family, having political connections, being of a specific ethnic origin or birth gender are seen as less important.

- **Fewer than half of respondents (46%) believe that opportunities to get ahead have become more equal compared to 30 years ago**, with more than 70% agreeing in Malta, Finland and Ireland, but fewer than 25% in Croatia, France and Greece.

- Overall, 47% of Europeans think that globalisation is a good thing and 21% disagree. 39% think migration into their country is a good thing while 33% do not.

The JRC will use the survey data and the latest scientific research to continue building a knowledge base to support EU policies aimed at creating a fairer society. In 2019 it will publish a series of policy briefs as well as the second edition of the Fairness Report.

Background

The Special Eurobarometer 471 "Fairness, inequality and inter-generational mobility" was conducted through face to face interviews between 2 and 11 December 2017. A total of 28,031 people were interviewed in 28 EU countries.

The earlier fairness report by the JRC analysed data and statistics on income inequality, on the impact that family background and geographical location have on opportunities in education, health and the labour market, and on people's perceptions and attitudes. The JRC also launched a Community of Practice on Fairness, connecting EU policy makers with academics and researchers working on fairness related issues.

As part of the European Pillar of Social Rights, the Commission has put forward a series of legal and policy initiatives in this sense, including a proposal to increase gender equality by improving the balance between private and professional life for working parents, as well as proposals aiming at creating more predictable and transparent working conditions and access to social protection for all.

To harness the full potential of education and culture in boosting social fairness, participation and economic growth, the Commission is working towards a European Education Area by 2025, proposing a series of initiatives on education, youth and culture. Its first package of measurespresented in January included a proposalon strengthening inclusive education to promote quality education for all pupils.

For more information

Eurobarometer, Report and Country Factsheets

[Joint Research Centre Factsheet]

[Joint Research Centre Fairness Report 2017]

[State aid: Commission opens in-depth investigation into Italian State loan to Alitalia]

Commissioner Margrethe **Vestager**, in charge of competition policy, said: *“The Commission has a duty to make sure that loans given to companies by Member States are in line with the EU rules on State aid. We will investigate whether this is the case for Alitalia.”*

Alitalia is an Italian airline owned by the consortium Compagnia Aerea Italiana – CAI (51% shares) and Etihad Airways (49%). Alitalia has been in financial difficulty for a number of years. On 24 April 2017 Alitalia’s staff rejected a cost-cutting plan, which meant that the shareholders decided not to provide additional financing to Alitalia. As a result, Alitalia was placed under extraordinary administration under Italian bankruptcy law on 2 May 2017.

In order to ensure financing of Alitalia during the period of extraordinary administration, the Italian State granted a €600 million bridge loan to Alitalia in May 2017. In October 2017, this loan was increased by an additional €300 million. The extraordinary administrators also started a tender procedure aimed at finding a buyer for Alitalia’s assets.

In January 2018, Italy notified the total €900 million State loan granted to Alitalia as rescue aid within the meaning of EU State aid rules, namely the Commission’s [Rescue and Restructuring Aid Guidelines]. This followed a number of complaints received by the Commission in 2017, alleging that the loan constitutes State aid that it is not compatible with the applicable EU rules.

The Commission’s current view is that the State loan may constitute State aid. It will now investigate further whether the loan satisfies the conditions under the Guidelines. The Commission has concerns that the duration of the loan, extending from May 2017 until at least December 2018, exceeds the maximum duration of 6 months allowed for a rescue loan under the Guidelines. Furthermore, the Commission has doubts as to whether the aid is limited to the minimum necessary.

The Commission will now investigate further to determine whether or not these initial concerns are confirmed. The opening of an in-depth investigation provides all interested parties with an opportunity to comment on the measure. It does not prejudge in any way the outcome of the investigation.

Background

Under EU State aid rules, public interventions in favour of companies can be considered free of State aid when they are made on terms that a private operator would have accepted under market conditions (the market economy operator principle – MEOP). If this principle is not respected, the public interventions involve State aid within the meaning of Article 107 of the Treaty on the Functioning of the European Union, because they confer an economic advantage on the beneficiary that its competitors do not have. The assessment criteria for public interventions in companies in difficulty are set out in the Rescue and Restructuring Aid Guidelines.

The non-confidential version of the decision will be made available under the case number SA.48171 in the State aid register on the Commission's competition website once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News.

EU and Mexico reach new agreement on trade

Simpler **customs procedures** will further benefit the EU's industry, including in sectors like pharmaceuticals, machinery and transport equipment. The agreement also lays down progressive rules on sustainable development. Among other things, the EU and Mexico have committed to effectively implementing their obligations under the Paris Agreement on climate change. It will also be the first EU trade agreement to tackle corruption in the private and public sectors.

European Commission President Jean-Claude **Juncker** said: "*Trade can and should be a win-win process and today's agreement shows just that. Mexico and the EU worked together and reached a mutually beneficial outcome. We did it as partners who are willing to discuss, to defend their interests while at the same time being willing to compromise to meet each other's expectations. With this agreement, Mexico joins Canada, Japan and Singapore in the growing list of partners willing to work with the EU in defending open, fair and rules-based trade.*"

Commissioner for Trade Cecilia **Malmström** added: "*In less than two years the EU and Mexico have delivered a deal fit for the economic and political challenges of the 21st century. We now open a new chapter in our long and fruitful relationship, boosting trade and creating jobs. Today's agreement also sends a strong message to other partners that it is possible to modernise existing trade relations when both partners share a clear belief in the merits of openness, and of free and fair trade.*"

Commissioner for Agriculture, Phil **Hogan**, said*: "This agreement proves yet again the value of the EU leading from the front globally in promoting open and rules-based trade. Our commitment is to deliver benefits for our citizens at home through closer cooperation with our partners abroad. This deal is very positive for our agri-food sector, creating new export opportunities for our high-quality food and drink products, which in turn will create support more jobs and growth, particularly in rural areas."*

Today's agreement – once finalised and approved – will benefit both companies and consumers across Europe and advance the EU's values-based trade policy agenda. The agreement in principle struck today brings the EU's trade relationship with Mexico into the modern era, tearing down most of the remaining barriers to trade.

Since the previous EU-Mexico trade agreement came into force in 2000, trade between the EU and Mexico has risen at a rate of around 8% per year, resulting in an overall increase of 148% in trade in goods over the period. Despite these positive results, there was still a wide margin for improving the trade relationship that the new agreement is addressing, by making virtually all trade in goods duty-free.

The main elements of the agreement

1) **Agricultural exports** from the EU are set to benefit the most,such as poultry, cheese, chocolate, pasta, and pork.

The agreement will, in particular:

- provide preferential access for many **cheeses** such as Gorgonzola and Roquefort, which currently are up to 20%, and gain significant new access for many others within annual quotas;
- secure a considerable volume for **milk powder** exports in one of the largest markets, starting with 30,000 tonnes from entry into force, rising to 50,000 tonnes after 5 years.
- allow the EU to substantially increase its **pork** exports to Mexico, with duty-free trade for virtually all pork products;
- eliminate tariffs for products like **chocolate** (currently up to 30%) and **pasta** (currently up to 20%);
- ensure the protection from imitation for 340 distinctive European foods and drink products in Mexico, so-called **geographical indications**, such asComté cheese from France,Queijo São Jorge cheese from Portugal, Szegedi szalámi from Hungary, and Magiun de prune Topoloveni plums from Romania.This means that EU producers of traditional delicacies are not struggling against copies, and when consumers buy these products they can do so knowing they are buying the real thing.

When it comes to customs procedures, the new agreement will bring in new rules to simplify and speed up paperwork and physical checks at Mexican customs.

2) The agreement includes a comprehensive **trade and sustainable development** chapter, which sets the highest standards of labour, safety, environmental

and consumer protection; introduces a new dialogue with civil society in all areas of the agreement, strengthens the EU and Mexico's actions on sustainable development and climate change, notably the obligations both sides undertook under **the Paris Agreement on climate change**; and maintains and fully safeguards Member States' right to organise public services the way they choose.

The agreement also includes an explicit reference to the **precautionary principle** that, already enshrined in the EU treaties, allows the EU to keep products out of its market as long as there is no scientific certainty that they are safe.

It will also be the very first EU trade agreement to include provisions to **fight corruption,** with measures to act against bribery and money laundering. The broader Global Agreement, of which the trade agreement is an integral part, also covers the protection of human rights, as well as chapters on political and development cooperation.

3) The agreement isa big step forward in giving companies mutual access to government contracts in both the EU and Mexico **public procurement markets**.EU and Mexican companies will be placed on an equal footing, irrespective of whether they present a bid in Mexico or in the EU. Mexico has also committed itself to enter into negotiations with the Mexican States to allow EU firms to tender for contracts at State level by the time the agreement is signed.

4) This opening goes hand in hand with setting a level playing-field: we agreed a high level of protection of **intellectual property rights.** This protects EU research and development and guarantees fair pay for EU artists, as well as the 340 traditional EU delicacies mentioned above.

5) The new agreement opens up **trade in services**, such as financial services, transport, e-commerce, and telecommunications. The agreement will also help develop an favourable environment for a knowledge-based economy, with a new chapter on digital trade. This will remove unnecessary barriers to online trade, like charging customs duties when downloading an app, and will put in place clear rules to protect consumers online.

6) On **investment protection**, the agreement improves investment conditions and includes the EU's new Investment Court System, ensuring transparency and the right of governments to regulate in the public interest, and will also ensure that Mexico and the EU work towards the setting up of a Multilateral Investment Court.

Overall, this agreement will strengthen Europe's leadership in **shaping globalisation** by putting in place trade rules that are in line with the EU's core values and safeguard the EU's interests and sensitivities. In doing so, it contributes to addressing challenges identified in the reflection paper on Harnessing Globalisation presented by the Commission as part of the White Paper process.

Next Steps

Today's agreement in principle includes the most important elements of the agreement. In some chapters, technical details still need to be tied up. Based on today's agreement in principle, negotiators from both sides will continue their work to resolve the remaining technical issues and finalise the full legal text by the end of the year. Then, the Commission will proceed with the legal verification and translation of the agreement into all official EU languages, and will subsequently submit it for approval by the European Parliament and Council of the European Union.

Background

The negotiations for the new agreement with Mexico started in May of 2016 based on negotiating directives from the Council. They were conducted according to the Commission's high transparency standards. In addition to close scrutiny from the European Parliament and Member States, the Commission ensured access to information about the progress in the negotiations by publishing regular reports from the negotiating rounds, as well as negotiating proposals.

The trade pillar is part of a broader Global Agreement, which sets the framework for the EU's relationship with Mexico and covers issues of broader shared interest that go beyond trade, including political issues, climate change and human rights.

In 1997, Mexico was the first country in Latin America to sign a Global Agreement with the EU. This came into force in 2000, and will be replaced by the new agreement once it is ratified.

For More Information

Agreement in Principle [available soon]

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Video material from the today's ministerial meeting

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EU and Mexico trade relations

Key features of the EU-Mexico trade agreement

The European Commission negotiated the agreement on the basis of a mandate unanimously approved by EU governments. Throughout the negotiations the Commission has put transparency first. Based on the current agreement in principle, negotiators from both sides will continue their work to address all the remaining technical issues and to produce a final text of the agreement. The Commission will then verify the text of the agreement from a legal perspective, translate it into all EU official languages, and submit the agreement for approval to the European Parliament and the Council.

The EU is Mexico's third biggest trading partner, and Mexico, with 128 million people, is the EU's second biggest trading partner in Latin America after Brazil.TotalEU-Mexico trade amounts to €62 billion for goods (2017) and €15 billion for services (2016). The EU exports of goods to Mexico are worth €38 billion (2017), with further €10 billion-worth of exports in services (2016).

400,000 jobs in the EU are linked in one way or the other to EU exports to Mexico. The agreement will make trade and investment with Mexico easier, so this figure is set to increase. Every €1 billion of EU exports supports some 14,000 jobs in Europe, so the more Europe exports, the more jobs it can safeguard and create.

Once in force, the agreement will:

- benefit companies, workers and consumers across Europe;
- advance the EU's value-based trade policy agenda;
- send a signal to the world that the EU and Mexico are open for business and reject protectionism.

This will be achieved through:

1. Removing remaining customs duties

The 1997 agreement between the EU and Mexico did not contain many of the provisions on trade in goods that have since become standard in trade agreements. It also did not cover a number of product categories, especially farming products and fisheries. The new agreement fills these gaps.

The new agreement will mean that 99% of products would be traded between the EU and Mexico duty free. For 98% of goods there will be no duties from the moment the agreement becomes effective.

For the remaining items, customs duties will be eliminated over time or for a limited amount defined as a quota. This includes dairy and meat exports from both the EU and Mexico.

The agreement will make it much easier for EU exporters to sell their products in Mexico and save up to €100 million a year in customs duties.

Mexico will remove its high tariffs on key EU food products such as pasta (currently subject to tariffs of up to 20%), chocolate and confectionary (with tariffs exceeding 20%), blue cheeses (up to 20%), apples and canned peaches (up to 20%), virtually all pork products (up to 45%) and economically relevant poultry products (up to 100%).

For other products the agreement will deliver significant new market access within annual limits, for example for milk powder (so far taxed at up to 50%) there will be an annual quota of 50,000 tonnes, for fresh and processed cheeses (taxed currently at up to 45%) a quota of 5,000 tonnes and for other cheeses (current tariff rate of up to 45%) a quota of 20,000 tonnes.

It will also become easier to trade wine and spirits, exports of which are important for both the EU and Mexico.

2. Ensuring sustainability and fighting corruption

The agreement underpins the EU's value-based trade policy agenda with real action. TheEU and Mexico set out common aspirations and aims for an open and fair trading relationship based on a combination of the values of sustainable development and the economic engine of trade.

The agreement contains binding commitments to:

- protect workers' rights, based on the International Labour Organisation's Conventions;
- protect environmental and climate, based on Multilateral Environmental Agreements.

Referring to the Paris Agreement on climate change, the agreement supports:

- the fight against climate change;
- the transition to a sustainable low-carbon economy.

The EU and Mexico also agree to promote corporate social responsibility practices in line with internationally agreed standards.

The agreement also includes measures to prevent and combat corruption, for example:

- making bribery a criminal offence for government officials;
- strengthening internal controls, external auditing and financial reporting;
- tackling money laundering.

Any disagreements about these issues should be solved by government consultations
or a Panel of Experts and the publication of a report.

The agreement includes commitments on sustainable management of forests and fisheries.

3. Maintaining strong health and hygiene standards for food products

The agreement will speed up trade while keeping it safe.

Both the EU and Mexico keep their right to establish the level of protection they consider appropriate.

The agreement also contains an explicit reference to the precautionary principle that governs the parties' approach to the decision making. This means that, as already enshrined in the EU treaties, the EU can continue keeping products out of its market as long as there is no scientific certainty that they are safe.

The agreement provides for:

- increased mutual transparency and information exchange;
- technical consultations and cooperation between authorities;
- continued certification and import checks;
- transparent import approval procedures with clear timeframes.

Mexico will also treat the EU as a single entity rather than imposing separate procedures on each Member State.

4. Reducing formalities for trade in industrial products

Customs tariffs for industrial products have already been removed. Exporters of those products will however benefit from the agreement thanks to improvements related to technical requirements and reduced formalities.

The agreement aims to increase the use of international standards while safeguarding the levels of protection that each party deems appropriate. This means EU exporters will not need to set up separate production lines for goods they export to Mexico.

Under the agreement Mexico will also recognise product certification carried out in the EU. This will make it easier for EU companies to prove they have complied with Mexican standards and regulations. And of course Mexican exporters will still have to comply with the EU's strict standards and regulations, just as they do now.

Also, thanks to the agreement:

- exports of cars and car parts will benefit from the convergence of technical regulations;
- trade in medical devices will be easier thanks to simplified trade in remanufactured machinery.

The agreement also contains provisions on fees and formalities, import and export licensing. It will for instance make it easier between Mexico and the EU to send goods for a repair and back.

5. Making customs procedures easier

The section on trade facilitation aims to boost EU-Mexico trade by setting out new rules for better customs procedures:

- streamlining procedures, making them more efficient, saving time and money;
- setting common principles and providing for better cooperation and exchange
  of information between EU and Mexican customs authorities;
- substantial provisions on transparency to ensure that traders and the public have access to information on customs legislation, decisions or administrative policies.

6. Opening Mexican public contracts to EU companies

Under the new agreement, Mexico will open up its public procurement market to EU companies more than it has to any of its other trading partners. EU companies will be able to bid to provide goods and services to Mexican public entities that have never before allowed non-Mexican firms to tender for contracts.

Mexico has also committed itself to enter into negotiations with the Mexican States to allow EU firms to tender for contracts at State level by the time the agreement is signed. This will be the first time Mexico has opened its public procurement at State level to non-Mexican firms.

In 2015 public procurement in Mexico represented 5% of the country’s output and 21% of total government expenditure. The country’s federal government procurement market is worth some €30 billion each year.

7. Encouraging investment and ensuring a transparent and accountable resolution of disputes through an Investment Court System

The agreement opens doors to Foreign Direct Investment and protects investments between the EU and Mexico both in services and non-service sectors.

The investment protection provisions provide basic guarantees such as:

- non-discrimination;
- no expropriation without prompt and adequate compensation;
- a general guarantee of fair and equitable treatment and physical security.

The agreement fully implements the EU’s new approach to investment protection and investment dispute resolution by replacing the old-style ISDS (Investor-to-State Dispute Settlement) system with the new Investment Court System., ensuring transparency and the right of governments to regulate in the public interest. This follows the same approach as the EU adopted in its recent agreements with Canada (CETA), Singapore and Vietnam.

The inclusion of the EU’s new approach in this area in yet another trade agreement will further support the EU’s goal of setting up a Multilateral Investment Court to deal with such disputes.

8. Offering new opportunities in services sector

The EU exports some €10 billion of services to Mexico each year.

The agreement will make it easier for EU firms to provide services on the fast-growing Mexican market, while reaffirming the EU’s and Mexico’s right to regulate. Under the agreement both the EU Member States’ authorities and Mexico also:

- retain the right to keep public services public;
- can deregulate or bring back to the public sector any privately provided services.

9. Setting rules for digital trade

The agreement sets out horizontal rules on any trade done by electronic means. As such, the rules go beyond trade in services alone.

The provisions seek to:

- remove unjustified barriers to trade by electronic means by prohibiting customs duties on electronic transmissions and banning unnecessary authorisation procedures;
- bring legal certainly for companies by guaranteeing the legal validity and effect of electronic contracts, and of electronic authentication and trust services;
- ensure a secure online environment for consumers.

10. Setting better protection for innovations and creative works

The agreement includes a comprehensive chapter on all the main Intellectual Property Rights (IPR). It ensures high standards of protection of intellectual property and their enforcement beyond those set out in the World Trade Organisation’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

The agreement is good for Europe’s IPR-intensive industry and IPR owners. Its provisions on copyright and related rights cover all the rights protected by EU law, including resale rights, and mirror the EU’s high standard regarding the term of protection.

For designs, the agreement:

- includes the EU’s definition of industrial designs, including complex designs;
- protects registered designs for up to 25 years.

For pharmaceutical and plant protection patents, the agreement allows for compensation for unreasonable delays in the marketing authorisation process.

The agreement also includes the most significant parts of EU law on the scope of protection of trade secrets and the relevant procedural rules.

11. Protecting traditional food products from imitations

The EU is a major producer of distinctive regional food and drink products. These products enjoy a special status known as a ‘Geographical Indication’.

Under the new agreement, Mexico has agreed to extend the protection to another 340 European Geographical Indications on wines and food so that only original products from the EU will be allowed to be sold in Mexico under the same corresponding name. Under the existing agreement Mexico already protects 80 spirits with geographical indications.

This would make it illegal to sell imitations in Mexico of products such asComté cheese from France, Queijo São Jorge cheese from Portugal, Szegedi szalámi from Hungary, and Magiun de prune Topoloveni plums from Romania. .

This will also help European exporters and reassure Mexican consumers that they are buying a genuine European product.

12. Ensuring fair trade and business conditions

The agreement sets out rules about **trade remedies**, i.e. procedures used to combat unfair trade practices, such as anti-dumping, anti-subsidy, global and bilateral safeguards. The EU and Mexico also confirm their rights and obligations under the World Trade Organisation agreements and agree on being more transparent and holding additional consultations.

The agreement also acknowledges that certain kinds of subsidies can hinder competition and trade. It bans export **subsidies** andincludes rules to limit the potentialnegative effects of other subsidies. Specifically:

- Mexico has agreed to ensure transparency not only on subsidies to goods, but also on subsidies to services. This goes beyond the obligations under the World Trade Organisation rules;
- Companies have the possibility to alert their governments to subsidies which may negatively affect their business. If the subsidy’s negative effect is confirmed, both sides will try to find a satisfactory solution.

The agreement states that companies operating in Mexico have to respect the same **basic competition principles** as in Europe:

- no abuse of a dominant position;
- no agreements between companies to restrict competition;
- scrutiny of the effects of a merger on competition.

The agreement ensures Mexican and EU companies that:

- their rights in competition procedures will be respected (procedural fairness);
- they can ask their respective competition authorities to enforce competition law.

As regards **State-owned enterprises**, the EU and Mexico have agreed on rules to ensure that private companies can compete on a level playing field with public ones.

At the same time, the agreement will:

- let EU governments maintain any existing state-owned enterprises or monopolies, or existing rights or privileges;
- allow both EU member states and Mexico to decide how they want to organise their public services.

13. Focusing on needs of smaller businesses

The agreement requires Mexico to set up a website containing information that small and medium-sized businesses from the EU need to access the Mexican market, and vice versa.

Contact Points in the EU and Mexico will work together to take into account the specific needs of smaller businesses and identify ways they can take advantage of new opportunities in each market.

14. Making the rules enforceable through State-to-State dispute settlement mechanism

The agreement sets out the procedures for solving any potential disputes between the EU and Mexico on how to interpret or apply the part dealing with trade.

The mechanism is triggered when one party considers that the other has failed to comply with the obligations under the agreement.

If this happens, the EU and Mexico will set up a panel to adjudicate. The dispute settlement procedures are based on due process and transparency principles, allowing interested parties to attend hearings and make their own submissions to the panel.

More information:

Agreement in Principle [available soon]

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