

**Proposal for a Council Decision on a Community position within the EU-Mexico Joint Committee relating to Annex III to Decision No 2/2000 of the EU-Mexico Joint Council of 23 March 2000, concerning the definition of the concept of 'originating products' and methods of administrative cooperation**

(2003/C 45 E/31)

COM(2002) 633 final — 2002/0266(ACC)

(Submitted by the Commission on 19 November 2002)

**EXPLANATORY MEMORANDUM**

1. Rules of origin are essential to the correct functioning of the free trade agreements between the Community and its trading partners, including Mexico. The European Communities and its Member States, of the one part, and the United Mexican States, of the other part, have signed an Economic Partnership, Political Coordination and Cooperation Agreement which entered into force on 1 October 2000 <sup>(1)</sup>.

Annex III to Decision No 2/2000 of the EU-Mexico Joint Council <sup>(2)</sup> concerns the definition of the concept of originating products and methods of administrative cooperation and entered into force on 1 July 2000.

2. A Joint Declaration to the Agreement provides that the Joint Committee shall extend the application of a temporary origin rule <sup>(3)</sup> applicable until 31 December 2002 to certain leather products of headings 4104 and 4107, should the WTO negotiations continue beyond that date.
3. The current round of WTO negotiations shall address the issue of export duties that are applied on certain products by a number of countries, including some Latin American trading partners of Mexico. This issue poses a problem for Mexico as regards the supply of certain hides and skins in the wet-state that, otherwise under the 'standard' origin rules <sup>(4)</sup>, would obtain originating status through retanning processes. In this respect, the temporary rule of origin set out in Note 4 of Appendix II(a) to Annex III to Decision No 2/2000 does not consider the manufacturing process 'retanning of tanned leather' as an origin conferring criteria. The temporary exclusion of this origin rule at present maintains a level-playing field between the two Parties, as Community producers would otherwise be able to source the above-mentioned hides and skins in neighbouring countries without the financial burden represented by export duties.
4. Having considered the above elements, the Joint Committee shall take a decision with a view to extend beyond 31 December 2002 and until 31 December 2004 the application of the above-mentioned temporary rule of origin.
5. The Commission therefore calls on the Council to draw up a common position for presentation to the EU-Mexico Joint Committee.

<sup>(1)</sup> Council Decision of 28 September 2000 (OJ L 276, 28.10.2000, p. 44).

<sup>(2)</sup> OJ L 245, 29.9.2000, p. 953.

<sup>(3)</sup> Note 4 of Appendix II(a) to Annex III to EU-Mexico Joint Council Decision No 2/2000 (OJ L 245, 29.9.2000, p. 1059 (the note has been adapted to the 2002 'Harmonized System', by the EU-Mexico Joint Council Decision .../2002, not yet published).

<sup>(4)</sup> Included in Appendix II to Annex III to EU-Mexico Joint Council Decision No 2/2000 (OJ L 245, 29.9.2000, p. 1000) (those origin rules have been adapted to the 2002 'Harmonized System' by the EU-Mexico Joint Council Decision .../2002, not yet published).

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 133,

Having regard to the proposal from the Commission,

Whereas:

- (1) Joint Declaration VI to the Decision No 2/2000 of 23 March 2000 of the EU-Mexico Joint Council established by the Economic Partnership, Political Co-ordination and Co-operation Agreement between the European Community and its Member States, of the one part, and the United Mexican States, of the other part, signed in Brussels on 8 December 1997 (hereinafter 'Decision 2/2000') provides that the EU-Mexico Joint Committee established by that agreement shall extend beyond 31 December 2002 the application of the rule of origin set

out in Note 4 of Appendix II(a) to Annex III to Decision 2/2000 until the current round of multilateral negotiations within the World Trade Organization ('WTO') have finished.

- (2) It is envisaged that negotiations within the WTO shall be concluded by 31 December 2004,

HAS DECIDED AS FOLLOWS:

*Sole Article*

The position to be adopted by the Community within the Joint Committee established by virtue of the Economic Partnership, Political Co-ordination and Co-operation Agreement between the European Community and its Member States, of the one part, and the United Mexican States, of the other part, signed in Brussels on 8 December 1997, is that set out in the attached draft decision of the Joint Committee.

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**Draft for a Decision of the European Union-Mexico Joint Committee relating to Annex III to Decision No 2/2000 of the EU-Mexico Joint Council of 23 March 2000, concerning the definition of the concept of 'originating products' and methods of administrative cooperation**

THE JOINT COMMITTEE,

Having regard to Decision No 2/2000 of the EU-Mexico Joint Council of 23 March 2000 (hereinafter 'Decision No 2/2000'), and in particular Note 4 of Appendix II(a) to Annex III and Joint Declaration VI thereto,

Whereas:

- (1) Annex III to Decision No 2/2000, concerning the definition of the concept of 'originating products' and methods of administrative cooperation sets out the rules of origin for the products originating in the territory of the Parties to the Agreement.
- (2) Note 4 of Appendix II(a) to Annex III to Decision 2/2000, as well as Joint Declaration VI relating to that Note have been adapted by the Joint Council Decision No .../2002, with the purpose of ensuring their consistency with the Parties' tariff laws and regulations.
- (3) According to Joint Declaration VI, the Joint Committee shall extend beyond 31 December 2002 the rule of origin established in Note 4 of Appendix II(a) to Annex III, as adapted by the Joint Council Decision No .../2002, until the current round of multilateral negotiations within the World Trade Organization ('WTO') have finished.

- (4) It is envisaged that the WTO negotiations shall be concluded by 31 December 2004. Should those negotiations be finished by that date, the Joint Committee shall at that time and in accordance with Joint Declaration VI determine the rule of origin to be applied for the products concerned,

HAS DECIDED AS FOLLOWS:

*Article 1*

The origin rules set out in Note 4 of Appendix II(a) to Annex III to Decision No 2/2000, as adapted by the Joint Council Decision No .../2002, shall be applied until 31 December 2004 instead of the origin rules set out in Appendix II to Annex III to Decision No 2/2000.

*Article 2*

This Decision shall enter into force on 1 January 2003.

Done at [..]

*For the Joint Committee*

[..]