

**CECILIA MALMSTRÖM**

MEMBER OF THE EUROPEAN COMMISSION

Brussels, 26.07.2017  
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Dear [redacted] Dear [redacted]

Thank you for your letter of 19 June 2017 in which you express your interest in and support for the EU-Mercosur negotiation. You are right to stress the importance of this agreement not only to those countries that export cars and parts and other high value-added products directly to Mercosur, but also to those who would benefit indirectly from increased trade with Mercosur through regional value chains, and notably the suppliers in Central and Eastern Europe.

Regarding the specific market access issues that you raise in your letter, I can assure you that the cars and parts sectors remain a priority for both tariff and non-tariff aspects of the negotiation. You note your support for the Automotive Annex to the chapter on technical barriers to trade, which sets out a framework for promoting the convergence and compatibility of regulations on the basis of the UNECE 1958 and 1998 Agreements. You also refer to a number of other issues where the EU has tabled concrete proposals, in line with what has been proposed in other recent FTAs, such as licensing schemes, discriminatory taxes or local content measures. I can inform you that these various issues and proposals are being discussed with Mercosur.

I also share your view regarding the importance of negotiating adequate rules of origin in the cars and parts sector as in other sectors. As regards the completion of the Mercosur customs union and the free movement of goods within Mercosur, this is a longstanding objective of Mercosur countries themselves. We think that an Agreement between the EU and Mercosur can make an important contribution to this and other objectives, which will strengthen Mercosur and be of benefit to its Members. The two sides have already made significant progress in negotiating a strong customs and trade facilitation chapter, building on the multilateral Trade Facilitation Agreement of 2013.

Once again, we value your views regarding this process and welcome your continued input as the negotiation proceeds.

Yours sincerely,



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