

## Update on the timeline of the ongoing negotiations<sup>1</sup>

Overview
<b>Australia</b>
The negotiations were launched in June 2018 with the first round of negotiations in July. The date for the next round is yet to be set.
<b>New Zealand</b>
The negotiations were launched in June 2018 with the first round of negotiations in July. The date for the next round is yet to be set.
<b>Chile</b>
The negotiations were launched in 2017. Up to date three rounds of negotiations have taken place. The date for the next round is yet to be set.
<b>China</b>
The negotiations were launched in November 2013. At this stage 18 rounds of negotiations have taken place, with the 19 <sup>th</sup> round scheduled for October. This agreement concerns investment only.
<b>Indonesia</b>
The negotiations were launched in July 2016. Up to date, five rounds of negotiation have taken place. The sixth round is scheduled for October 2018.
<b>Malaysia</b>
The negotiations were launched in 2010 but put on hold in 2012. Since 2016 both sides are searching for common grounds to potentially relaunch the negotiations.
<b>Mercosur</b>
The negotiations were resumed in 2016. At this stage, 34 rounds of negotiation have taken place. The last one took place in June 2018. The date for the next round is yet to be set.
<b>Mexico</b>
The negotiations for the modernisation of this agreement were launched in June 2016. Up to date seven rounds of negotiation have taken place. DG TRADE expects that the full legal text will be finalised by the end of 2018.
<b>Philippines</b>
The negotiations were launched in December 2015. The second and latest round took place in February 2017, no new dates are set for the next negotiation round.
<b>Tunisia</b>
The negotiations were launched in October 2015. A second round of negotiations took place in May 2018 and the third is expected to take place in autumn.

## More details and stakeholder views

The idea for this section was to present for each agreement the current status in more detail, especially with regard to the construction sector and trade barriers affecting it. The section, however, turned out to be very limited for the following reasons:

- Except for Cerame Unie, none of the stakeholders had any news items or position paper on their website related to any of the negotiations. Also an additional google search did not deliver any results. The majority of the documents we found related to a change in or new EU regulations, energy, and chemical substances. For several stakeholders there were no news items or position papers at all for the past 2 years.
- In general, we have seen that only a few sectors are very vocal for the (selection of) in-depth analysis of sectors Ecorys conducts as part of the Trade Sustainability Impact Assessments. These sectors are the dairy sector, the food and drink sector, the textiles sector, the maritime transport sector, and the automotive industry.

<sup>1</sup> Status in August 2018

- The amount of information that is available on DG TRADE's website differs per trade agreement, however, all have in common that the documents that are available (such as factsheets, or textual proposals on goods, tariffs, or services) contain information at a more general level and not for the construction sector specifically. This not only makes it difficult for us to provide update on the agreements with regard to the construction sector, but also for stakeholders to react to it in the form of a position paper.

### **Australia and New Zealand**

These negotiations have been launched fairly recently so the amount of details known at this stage are limited. According to the negotiation factsheets, the construction sector will not be one of main sectors that are gaining from the agreement.<sup>2</sup>

On their website, Cerame Unie has indicated that the trade relations with Australia and New Zealand are satisfactory and that the current tariffs do not hinder trade. Nevertheless, the new FTAs do represent untapped export potential.<sup>3</sup>

For government procurement, certain trade barriers are reported at Australia's sub-central government level (States and Territories). If not addressed by Australia's accession to the Government Procurement Agreement (expected by the end of 2018), a FTA could address this issue.<sup>4</sup>

### **Chile**

The agreement focusses on the following elements that might be relevant for the construction sector: market access for goods, technical barriers to trade, customs and trade facilitation, services, investment, intellectual property rights, competition, energy and raw materials, SMEs, and sustainable development.<sup>5</sup> According the negotiating mandate construction services will be part of the provisions that will be made on public procurement.<sup>6</sup>

An entry on DG TRADE's market access website reports a trade barrier in public procurement for construction services. It notes among other an "overly bureaucratic process for getting on to the registry for public contracts" (e.g. requiring many notarised documents), projects requiring a tax identification number, which are difficult to acquire for foreign companies and requirements for a minimum of 30% participation of national consultants by foreign bidders.<sup>7</sup>

### **China**

The agreement with China is an investment agreement and does not focus on trade. This agreement is the first ever stand-alone investment agreement and replaces the Bilateral Investment Treaties that are currently in place between the EU Member States and China. The agreement focusses on the following investment elements that might be relevant for the construction sector: market access and protection, regulatory framework for investment, and sustainable development.<sup>8</sup>

Buy Chinese policy and insufficient publicity of tenders limits the access of foreign companies to the Chinese public procurement market.<sup>9</sup>

<sup>2</sup> [http://trade.ec.europa.eu/doclib/docs/2018/june/tradoc\\_156947.pdf](http://trade.ec.europa.eu/doclib/docs/2018/june/tradoc_156947.pdf)

<sup>3</sup> <http://cerameunie.eu/topics/trade-internal-market/international-trade-negotiations/cerame-unie-replies-to-public-consultations-on-eu-ftas/>

<sup>4</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=10402](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=10402)

<sup>5</sup> [http://trade.ec.europa.eu/doclib/docs/2018/june/tradoc\\_156959.pdf](http://trade.ec.europa.eu/doclib/docs/2018/june/tradoc_156959.pdf)

<sup>6</sup> <http://www.consilium.europa.eu/media/32405/st13553-ad01dc01en17.pdf>

<sup>7</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=10080](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=10080)

<sup>8</sup> [http://trade.ec.europa.eu/doclib/docs/2018/may/tradoc\\_156888.pdf](http://trade.ec.europa.eu/doclib/docs/2018/may/tradoc_156888.pdf)

<sup>9</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=11020](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=11020)

## Indonesia

Based on 2007 ASEAN negotiating directives. The agreement focusses on the following elements that might be relevant for the construction sector: tariff elimination, market access, addressing non-tariff barriers, trade in services, investment, government procurement, SMEs, energy and raw materials, competition policy, intellectual property rights, and sustainable development.

National Indonesian Standards and burdensome third party conformity assessment procedures are reported as a technical barrier to trade for various products including ceramic tiles.<sup>10</sup>

## Malaysia

Based on 2007 ASEAN negotiating directives. The EU is looking for a comprehensive and ambitious agreement, similar to the ones reached with Singapore and Vietnam.

The Malaysian government procurement law favours local suppliers with preferential treatment and for procurement of works, supplies and services a registration with the Ministry of Finance is required for which a prerequisite the establishment of a local subsidiary is.<sup>11</sup>

## Mercosur

The trade agreement between the EU and Argentina, Brazil, Paraguay and Uruguay is part of a broader Association Agreement between the EU and Mercosur. The agreement focusses amongst others on tariff elimination, addressing non-tariff barriers, services and establishment, public procurement, SMEs, agriculture related issues, and sustainable development.<sup>12</sup>

According to a report on DG TRADE's market access database, there exist a trade barrier in Brazil for engineering, architectural and urban planning services, whereas the registration process for foreign engineers is extremely time consuming (avg. 15 months).<sup>13</sup> In Argentina<sup>14</sup>, Brazil<sup>15</sup> and Paraguay<sup>16</sup>, restriction to access of the public procurement markets have been reported due to local content requirements. Moreover, for Paraguay all import related documentation has to be stamped by the Paraguayan consulate in the country of origin with some consulates taking much time.<sup>17</sup>

## Mexico

In 1997 the EU and Mexico already signed an Economic Partnership, Political Coordination and Cooperation Agreement (also called Global Agreement). The part on trade in goods of this agreement entered into force in 2000 and the part on trade in services in 2001. The current negotiations will replace the existing agreement. The goal of the new agreement is to take the trade and investment relation to a new level and is thus much broader. The areas that might be relevant for the construction sector concern: trade services (recognition of each other's qualifications), trade in goods, public procurement, SMEs, energy and raw materials, investment, and sustainable development.<sup>18</sup>

Mexican public procurement law allows certain tenders to be classified as national public tenders for which foreign companies cannot participate. In 2013, 30-35% of the tendered value was

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<sup>10</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=11120](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=11120)

<sup>11</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=11404](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=11404)

<sup>12</sup> [http://trade.ec.europa.eu/doclib/docs/2017/december/tradoc\\_156465.pdf](http://trade.ec.europa.eu/doclib/docs/2017/december/tradoc_156465.pdf)

<sup>13</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=10064](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=10064)

<sup>14</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=10863](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=10863)

<sup>15</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=10982](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=10982)

<sup>16</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=11410](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=11410)

<sup>17</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=11411](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=11411)

<sup>18</sup> [http://trade.ec.europa.eu/doclib/docs/2018/may/tradoc\\_156888.pdf](http://trade.ec.europa.eu/doclib/docs/2018/may/tradoc_156888.pdf)

internationally accessible.<sup>19</sup> Moreover, Mexican labelling requirements are often complex and difficult to comply with for products like ceramic tiles.<sup>20</sup>

### **Philippines**

Based on 2007 ASEAN negotiating directives and covers potentially interesting areas such as SMEs, public procurement and tariff elimination.

Government procurement laws restrict access to the procurement market with 40% limit on foreign ownership for bidders in goods and consulting services and 25% for infrastructure.<sup>21</sup>

### **Tunisia**

The Deep and Comprehensive Free Trade Area between the EU and Tunisia address areas of potential interest for construction sector such as tariff elimination, SMEs, technical barriers, services (construction services not mentioned), public procurement for goods, works and services.<sup>22</sup>

Current technical barriers for trade in Tunisia as well as excise taxes affect ceramic tiles<sup>23</sup> and in 2017 general non-tariff barriers to curb imports were introduced (e.g. the prohibition of commercial banks to grant credits for the importation of good such as construction materials).<sup>24</sup>

### **General**

The Committee for European Construction Equipment (CECE) states that trade is of high importance to their companies and note that demand of construction equipment has recently shifted to China, South America and India, with European demand representing only 20% of the global demand.<sup>25</sup>

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<sup>19</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=10184](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=10184)

<sup>20</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=11281](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=11281)

<sup>21</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=11140](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=11140)

<sup>22</sup> <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1490>

<sup>23</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=10961](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=10961)

<sup>24</sup> [http://madb.europa.eu/madb/barriers\\_details.htm?barrier\\_id=13050](http://madb.europa.eu/madb/barriers_details.htm?barrier_id=13050)

<sup>25</sup> <https://www.cece.eu/industry-and-market/trade-policy>