



EUROPEAN
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ANNEX 10

ANNEX

to the

Proposal for a Council Decision

on the signing, on behalf of the European Union, and provisional application of the Partnership Agreement between the European Union and its Member States, of the one part, and the Common Market of the South, the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Oriental Republic of Uruguay, of the other part

PROTOCOL ON COOPERATION

ARTICLE 1

General principles

1. The Parties recall the establishment of a free trade area pursuant to Article 9.1 of the Partnership Agreement between the European Union and its Member States, of the one Part, and the Common Market of the South, the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Oriental Republic of Uruguay, of the other Part (hereinafter referred to as "the EU–MERCOSUR Partnership Agreement"), with the objectives set out in Article 9.2 of the EU–MERCOSUR Partnership Agreement, which will contribute to increasing the overall income and prosperity in both regions and to reducing inequalities, in line with the United Nations Sustainable Development Goals.
2. The Parties are committed to a cooperation partnership that will contribute to peace and prosperity, based on respect, trust, and shared values and interests, jointly addressing challenges and seizing opportunities arising from the EU–MERCOSUR Partnership Agreement. Accordingly, the cooperation partnerships addressed in this Protocol are inspired by a vision whereby both Parties jointly define the priorities, design and objectives pursued.

3. The Parties recognise the need to facilitate the adaptation of MERCOSUR economic actors, particularly micro, small and medium-sized enterprises and entrepreneurs (hereinafter referred to as "SMEs"), women, smallholding farmers, indigenous peoples and local and traditional communities, to the new economic and trade environment generated by the establishment of the free-trade area, enabling them to gain competitiveness in the MERCOSUR and the EU markets and reap the benefits of the EU–MERCOSUR Partnership Agreement.
4. Therefore, in complement to the cooperation provisions enshrined in Article 4.2 of the EU–MERCOSUR Partnership Agreement, the Parties reiterate their commitment to engage in cooperation partnerships with the chief purpose of facilitating the implementation of the EU–MERCOSUR Partnership Agreement, with a particular emphasis on its Part III, by contributing to their ability to fully take advantage of the possibilities brought about by the EU–MERCOSUR Partnership Agreement and addressing potential adverse impacts on vulnerable economic sectors and industries, underlining the need to take into account the specific challenges of landlocked developing countries.
5. The cooperation envisaged under this Protocol may comprise activities jointly involving all Signatory MERCOSUR States or one or several individual Signatory MERCOSUR States over specific sectors and segments, including their SMEs. The Parties will make full use of the possibilities offered inter alia by the EU-LAC Global Gateway Investment Agenda.
6. The Parties agree that MERCOSUR and the Signatory MERCOSUR States can benefit from all types of resources provided under this Protocol taking into account, among others, the specific challenges of landlocked developing countries to ensure market access and equal opportunities to benefit under the EU–MERCOSUR Partnership Agreement.

ARTICLE 2

Financial mechanisms

EU financial support may take the form of grants, loans, guarantees and technical cooperation and could be integrated with resources of MERCOSUR and the Signatory MERCOSUR States as well as other financial resources from national, regional and international financial institutions in order to further pursue the objectives of the EU–MERCOSUR Partnership Agreement. The European Union will also seek to establish a specific MERCOSUR programme as a main channel to streamline cooperation under the EU–MERCOSUR Partnership Agreement and can also make use of existing programmes and instruments to channel assistance to MERCOSUR and the Signatory MERCOSUR States, using both bilateral and regional programmes, loans and budgetary guarantees to development finance institutions. In line with the Team Europe Initiative of the European Commission, support by the European Union may include contributions from Member States and not only from the European Union budget. Given the new economic and trade conditions that could emanate from the EU–MERCOSUR Partnership Agreement, financial support by the European Union will include new resources not available at present under other programmes, to be preferentially channelled through a specific MERCOSUR programme as outlined above.

ARTICLE 3

Monitoring and implementation

1. The Parties recall that, pursuant to Article 2.4(6) of the EU–MERCOSUR Partnership Agreement, a Subcommittee on International Cooperation and Development is established to promote, coordinate and supervise the implementation of cooperation activities in the areas referred to in Part II of the EU–MERCOSUR Partnership Agreement, as well as the follow up, monitoring and evaluation of those cooperation initiatives.
2. In addition to the tasks provided for in Article 2.4 of the EU–MERCOSUR Partnership Agreement, the Subcommittee on International Cooperation and Development shall steer the direction, define the priorities and shape the design of the partnership programmes of the joint work on cooperation established in this Protocol, as well as monitor regularly the availability of funds for the activities referred herein. It may also submit recommendations to the Joint Committee referred to in Article 2.3 of the EU–MERCOSUR Partnership Agreement.
3. For the purposes of planning the effective implementation of cooperation under the EU–MERCOSUR Partnership Agreement, the Parties agree to start discussing, in the Subcommittee on International Cooperation and Development, ongoing and planned cooperation actions, within one year of the entry into force or start of provisional application of the EU–MERCOSUR Partnership Agreement. Also within this period, the Parties, acting in the framework of the Subcommittee on International Cooperation and Development, will agree on the process for approval of projects that will fall under the scope of this Protocol.