



EUROPEAN
COMMISSION

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ANNEX 1 – PART 4/4

ANNEX

to the

Proposal for a COUNCIL DECISION

on the signing, on behalf of the European Union, and provisional application of the Political, Economic and Cooperation Strategic Partnership Agreement between the European Union and its Member States, of the one part, and the United Mexican States, of the other part

PART IV¹

INSTITUTIONAL AND FINAL PROVISIONS

CHAPTER 1

INSTITUTIONAL FRAMEWORK

ARTICLE 1.1

Summit

1. The highest level of political and policy dialogue between the Parties shall be at Summit level. Summits shall be held on a biennial basis or as mutually agreed.
2. The summit shall provide overall guidance for the strategic partnership between the Parties and for the implementation of this Agreement and shall provide a forum to discuss any bilateral, regional, bi-regional, or international matters of mutual interest.

¹ When a provision contains a reference to another article, without specifying the Part of this Agreement where the referenced article is located, that article shall be intended to be in Part IV of the Agreement

ARTICLE 1.2

Joint Council

1. A Joint Council is hereby established. The Joint Council shall:
 - (a) oversee the fulfilment of the objectives of this Agreement;
 - (b) supervise the operation and implementation of this Agreement;
 - (c) examine any matters arising within the framework of this Agreement; and
 - (d) address any other bilateral or international issues of mutual interest.
2. The Joint Council shall meet at regular intervals, biennial or as mutually agreed.
3. The Joint Council shall be composed of representatives of the Parties at ministerial level, in accordance with the Parties' respective internal arrangements and taking into consideration the specific matters to be addressed at any given meeting. The Joint Council shall meet in all necessary configurations, by mutual agreement.

4. The Joint Council shall establish its own rules of procedure, and the rules of procedure of the Joint Committee.
5. The Joint Council shall be co-chaired by a representative of the European Union and a representative of Mexico, in accordance with the provisions laid down in its rules of procedure.
6. The Joint Council shall have the power to adopt decisions and recommendations, as appropriate, as provided for in this Agreement. Within the scope of Parts I, II and IV of this Agreement, the Joint Council shall also have the power to adopt decisions and recommendations as otherwise mutually agreed by the Parties. The decisions shall be binding on the Parties, which shall take all necessary measures to implement them.
7. The Joint Council shall have the power to amend this Agreement if so provided for in accordance with paragraph 2 of Article 2.4 (Amendments).
8. The Joint Council shall adopt decisions and recommendations by consent between the Parties in accordance with its rules of procedure, following the completion of their respective internal procedures necessary for the adoption. The decisions shall be binding on the Parties, which shall take all necessary measures to implement them.
9. The Joint Council may delegate to the Joint Committee any of its functions, including the power to take binding decisions.

ARTICLE 1.3

Joint Committee

1. A Joint Committee is hereby established. The Joint Committee shall assist the Joint Council in the performance of its functions.
2. The Joint Committee shall be responsible for the general implementation of this Agreement, including the definition and supervision of sectoral dialogues.
3. The Joint Committee shall prepare the meetings of the Joint Council.
4. The Joint Committee shall be composed of representatives of the Parties at senior official level or as otherwise designated by the Parties and taking into consideration the specific matters to be addressed at any given meeting.
5. The Joint Committee shall meet in a specific configuration to address all matters related to Part III of this Agreement. When the Joint Committee addresses any of those matters it shall be composed of representatives of the Parties with responsibility for trade and investment matters, as provided for in Article 1.8 (Specific Functions of the Joint Committee) of Part III of this Agreement.

6. The Joint Committee shall be co-chaired by a representative of the European Union and a representative of Mexico.

7. The Joint Committee shall meet as mutually agreed, on a date and with an agenda agreed in advance by the Parties, in Brussels and Mexico City alternately. Special meetings may be convened, by mutual agreement, on request of a Party. Meetings may also be held by any technological means available to the Parties.

8. The Joint Committee shall have the power to adopt decisions and recommendations in the cases provided for in this Agreement or in areas in which the Joint Council has delegated powers to it. The decisions and recommendations shall be adopted by consent between the Parties in accordance with its rules of procedure, following the completion of their respective internal procedures necessary for the adoption. The decisions shall be binding on the Parties, which shall take all necessary measures to implement them.

ARTICLE 1.4

Sub-Committees and Other Bodies

1. The Joint Committee may establish, if needed and on an ad hoc basis, Sub-Committees or other bodies to assist it in the exercise of its functions and to address specific tasks or subject matters. It may change the tasks assigned to, or dissolve, any Sub-Committee or other bodies set up for those purposes.

2. The Joint Committee shall adopt rules of procedure which determine the composition, duties and functioning of the Sub-Committees and other bodies.
3. Except as otherwise provided for in this Agreement or agreed between the Parties, Sub-Committees and other bodies shall meet as needed or on request of either Party or of the Joint Committee. Meetings shall take place in person or by any technological means available to the Parties. When in person, meetings shall be held in Brussels and Mexico City alternately.
4. Sub-Committees and other bodies shall be co-chaired by a representative of the European Union and a representative of Mexico.
5. The Sub-Committees and other bodies shall report on their activities to the Joint Committee.
6. The establishment of any of the Sub-Committees or other bodies shall not prevent either Party from bringing any matter directly to the Joint Committee.
7. A Sub-Committee for Development and International Cooperation is hereby established to coordinate and supervise the implementation of cooperation activities in the areas referred to in Part II of the Agreement. It shall assist the Joint Committee in the performance of its functions regarding these matters.

8 A Sub-Committee on Anti-Corruption on Trade and Investment is hereby established for the purposes of Article 23 of the Protocol on the Prevention of and Fight against Corruption.

9. In addition to the provisions of this Article, the operation of the Sub-Committees and other bodies established by Article 1.10 (Sub-Committees and Other Bodies of Part III of this Agreement) of Part III of this Agreement shall be governed by Part III of this Agreement and the Sub-Committees shall report to the Joint Committee when meeting in its trade configuration.

ARTICLE 1.5

Joint Parliamentary Committee

1. A Joint Parliamentary Committee is hereby established. The Joint Parliamentary Committee shall be a forum to meet and exchange views and to foster closer relations.

2. The Joint Parliamentary Committee shall be composed of Members of the European Parliament and of the Congress of Mexico.

3. The Joint Parliamentary Committee shall be co-chaired by a representative of the European Parliament and a representative of the Congress of Mexico.

4. The Joint Parliamentary Committee shall meet in Brussels and Mexico alternately at intervals which it shall itself determine.
5. The Joint Parliamentary Committee may establish its own rules of procedure.
6. The Joint Parliamentary Committee shall be informed of the decisions and recommendations of the Joint Council or, if delegated, of the Joint Committee. The Joint Parliamentary Committee may request relevant information on matters of relevance to this Agreement.
7. The Joint Parliamentary Committee may make recommendations to the Joint Council.

ARTICLE 1.6

Relationship with Civil Society

The Parties shall consult civil society on matters of relevance to this Agreement, in particular through the interaction with the Domestic Advisory Groups and the Civil Society Forum referred to in Articles 1.7 (Domestic Advisory Groups) and 1.8 (Civil Society Forum).

ARTICLE 1.7

Domestic Advisory Groups

1. Each Party shall designate one or more Domestic Advisory Groups within a year after the entry into force of this Agreement.
2. The Domestic Advisory Group shall advise the Party concerned on matters covered by this Agreement. If more than one Domestic Advisory Group is designated, no more than one Domestic Advisory Group shall address each Part of the Agreement.
3. If more than one Domestic Advisory Group is designated, each Domestic Advisory Group may have different members but shall comprise a balanced representation of independent civil society organisations including non-governmental organisations, business organisations and trade unions active on economic, sustainable development, social, human rights, environmental and other matters.
4. The Domestic Advisory Group may meet in different configurations to discuss matters of relevance to different Parts of this Agreement.
5. Each Party shall meet with its Domestic Advisory Group(s) at least once a year. Each Party shall consider views or recommendations submitted by its Domestic Advisory Group(s) on matters of relevance to this Agreement.

6. In order to promote public awareness of the Domestic Advisory Group(s), each Party shall publish the list of organisations participating therein as well as a contact point for each Domestic Advisory Group.

7. The Parties shall encourage their respective Domestic Advisory Groups to interact with each other.

ARTICLE 1.8

Civil Society Forum

1. The Parties shall facilitate the organisation of a Civil Society Forum with participants of the Parties to conduct a public dialogue on matters of relevance to this Agreement.

2. The Civil Society Forum shall meet in conjunction with the meeting of the Joint Committee, including when the Joint Committee meets in its trade configuration. The Parties may also facilitate participation in the Civil Society Forum by technological means.

3. The Civil Society Forum shall be open for the participation of independent civil society organisations established in the territories of the Parties, including members of each Domestic Advisory Group referred to in Article 1.7 (Domestic Advisory Groups). The Parties shall promote a balanced representation of independent civil society organisations including non-governmental organisations, business organisations and trade unions active on economic, sustainable development, social, human rights, environmental and other matters.

4. The representatives of the Parties participating in the Joint Committee may, as appropriate, take part in a session of the meeting of the Civil Society Forum in order to present information on matters pertaining to the functioning of this Agreement and to engage in a dialogue with the Civil Society Forum.

That session shall be chaired by the co-chairs of the Joint Committee or their representatives, as appropriate. Each Party shall publish the formal statements that it delivered at the Civil Society Forum.

CHAPTER 2

FINAL PROVISIONS

ARTICLE 2.1

Definition of the Parties

For the purposes of this Agreement:

- "Party" means the European Union or its Member States or the European Union and its Member States in accordance with their respective areas of competence (the "EU Party"), or Mexico;
- "Parties" means, on the one hand, the EU Party and, on the other hand, Mexico.

ARTICLE 2.2

Territorial Application

1. Unless otherwise specified, this Agreement shall apply with respect to the European Union, to the territories to which the TEU and the TFEU apply and under the conditions laid down in those Treaties. The provisions concerning the tariff treatment of goods, rules of origin and origin procedures, also apply to the customs territory of the European Union not covered by the first sentence. The term "territory" in Chapter 4 (Customs and Trade Facilitation) and Articles 2.7 (Goods re-entered after Repair or Alteration), 2.13 (Temporary Admission of Goods) and 25.66 (Border Enforcement Measures Related to Intellectual Property Rights) of Part III shall be understood, in relation to the EU Party, to refer to the customs territory of the European Union. The customs territory of the European Union is the territory referred to in Article 4 of Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code².

² Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code, as published in the OJ L 269, 10.10.2013, p. 1.

2. Unless otherwise specified, this Agreement shall apply with respect to Mexico, to the land territory, air space, internal waters, territorial sea and any areas beyond the territorial seas of Mexico within which Mexico may exercise sovereign rights and jurisdiction, as determined by its domestic law, consistent with the UN Convention on the Law of the Sea, done at Montego Bay on 10 December 1982.

ARTICLE 2.3

Fulfilment of Obligations

1. Each Party is responsible for the observance of the provisions of this Agreement. To that end, the Parties shall take any general or specific measures required to fulfil their obligations under this Agreement.
2. If either Party considers that the other Party has failed to fulfil any of the obligations under Part III of this Agreement, the specific mechanisms provided for in that Part of the Agreement shall apply.
3. If either Party considers that the other Party has failed to fulfil any of the obligations that are described as essential elements in Article 2 of Part I and Article 1.4 of Part II, it may take appropriate measures. For the purpose of this paragraph, "appropriate measures" may include the suspension, in part or in full, of this Agreement.

4. If either Party considers that the other Party has failed to fulfil any obligation in this Agreement, save those falling within the scope of paragraphs 2 and 3 above, it shall notify the other Party and provide all relevant information. The Parties shall hold consultations under the auspices of the Joint Council with a view to reaching a mutually acceptable solution. Where the Joint Council is unable to reach a mutually acceptable solution, the notifying Party may take appropriate measures. For the purpose of this paragraph, "appropriate measures" may include the suspension only of Parts I, II and IV of this Agreement.

5. "Appropriate measures" referred to in paragraphs 3 and 4 above shall be taken in full respect of international law and shall be proportionate to the failure to implement obligations under this Agreement. Priority must be given to those which least disturb the functioning of this Agreement. It is understood that suspension, in part or in full, of this Agreement would be a measure of last resort.

ARTICLE 2.4

Amendment

1. This Agreement may be amended by written agreement between the Parties. Any amendment shall enter into force on the date agreed by the Parties and upon completion of their respective legal requirements and procedures.

2. Notwithstanding paragraph 1, this Agreement may be amended in the cases specified in this Agreement by a decision of the Joint Council or, if delegated, the Joint Committee, to modify provisions of or annexes to this Agreement.

ARTICLE 2.5

Entry into Force and Provisional Application

1. This Agreement shall be signed and approved by the Parties in accordance with their respective internal procedures.
2. This Agreement shall enter into force on the first day of the second month following the date on which the Parties have notified each other of the completion of the internal procedures for that purpose.
3. Notwithstanding paragraph 2 and pending its entry into force, the European Union and Mexico may apply this Agreement provisionally in whole or in part, in accordance with their respective internal procedures, as applicable.

4. The provisional application shall begin on the first day of the second month following the date on which:

- (a) the European Union has notified Mexico of the completion of its internal procedures, indicating the parts of this Agreement that are to be provisionally applied; and
- (b) Mexico has notified the European Union of the completion of its internal procedures.

5. During the period of provisional application, the provisions of the Economic Partnership, Political Coordination and Cooperation 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, continue to apply in so far as they are not covered by the provisional application of this Agreement.

6. The European Union or Mexico may notify the other Party in writing of its intention to terminate the provisional application of this Agreement. The termination shall take effect on the first day of the second month following that notification.

7. If this Agreement is, or certain provisions of this Agreement are provisionally applied in accordance with paragraph 4, the Parties shall understand the term "date of entry into force of this Agreement" as meaning the date of provisional application. The Joint Council and other bodies established under this Agreement may exercise their functions during the provisional application of this Agreement. Any decisions or recommendations adopted in the exercise of their functions shall cease to be effective if the provisional application of this Agreement is terminated pursuant to paragraph 6.

8. Notifications made in accordance with this Article shall be sent, for the European Union, to the General Secretariat of the Council of the European Union and, for Mexico, to the Mexican Ministry of Foreign Affairs, who shall be the depositories of this Agreement.

ARTICLE 2.6

Relation to Other Agreements

1. The Economic Partnership, Political Coordination and Cooperation 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 including any subsequent decision by its institutional bodies except for Decision No 5/2004 of the EU-Mexico Joint Council of 15 December 2004 adopting, pursuant to Article 17(3) of Decision No 2/2000, an Annex to the said Decision on mutual administrative assistance in customs matters, shall be repealed and replaced by this Agreement.

2. The EU-Mexico Interim Agreement on Trade shall be repealed and replaced by this Agreement upon entry into force of this Agreement.
3. References to the aforementioned agreements in all other agreements between the Parties shall be construed as referring to this Agreement.
4. The Parties may complement this Agreement by concluding specific agreements in any area of cooperation falling within the scope of this Agreement. Such specific agreements shall form an integral part of the overall bilateral relations as governed by this Agreement and shall be subject to the common institutional framework established under this Agreement.
5. Existing agreements relating to specific areas of cooperation falling within the scope of this Agreement shall be considered to form an integral part of the overall bilateral relations governed by this Agreement and shall be subject to the common institutional framework established under this Agreement.
6. Upon entry into force of the Agreement, any decisions adopted by the Trade Council established by the EU-Mexico Interim Agreement on Trade, signed on X, shall be deemed to have been adopted by the Joint Council established by Article 1.2. Any decisions adopted by the Trade Committee established by the EU-Mexico Interim Agreement on Trade shall be deemed to have been adopted by the Joint Committee established by Article 1.3.

7. Notwithstanding Article 2.6(2):

- (a) temporary measures adopted pursuant to Articles 2.24(7) and 20.4 of the EU-Mexico Interim Agreement on Trade, which are in place on the date of entry into force of this Agreement, shall remain applicable until their natural expiration;
- (b) bilateral safeguard measures adopted pursuant to Section C of Chapter 5 of the EU-Mexico Interim Agreement on Trade which are in place on the date of entry into force of this Agreement, shall remain applicable until their natural expiration;
- (c) dispute settlement procedures already initiated pursuant to Article 31.6 of the EU-Mexico Interim Agreement on Trade shall, as from the date of entry into force of this Agreement, be deemed to be a dispute under this Agreement and shall continue until their completion; and
- (d) the binding outcome of any dispute settlement procedure initiated pursuant to Article 31.6 of the EU-Mexico Interim Agreement on Trade shall remain binding on the Parties after the date of entry into force of this Agreement.

8. The Parties shall not be able to bring dispute settlement proceedings under this Agreement on matters that have been the subject of a final panel report under Chapter 31 of the EU-Mexico Interim Agreement on Trade.

9. Transitional periods already completely or partially elapsed under the EU-Mexico Interim Agreement on Trade shall be taken into account when calculating transitional periods provided for in equivalent provisions under this agreement. Such transitional periods under this Agreement shall be calculated starting from the date of entry into force of this Agreement.

ARTICLE 2.7

Annexes, Protocols and Joint Declarations

1. The annexes, including their appendices, protocols and notes, and joint declarations to this Agreement shall form an integral part thereof.
2. Each Annex to this Agreement, including its appendices, identified by a code starting with an Arabic number, shall form an integral part of the chapter of Part III of this Agreement that is identified with the same Arabic number and in which reference is made to that particular Annex.
3. Annexes I to VII to this Agreement, including their appendices, which are identified by a Roman number, shall form an integral part of Chapters 10 to 19 of Part III of this Agreement. Unless otherwise provided, the definitions set out in Chapters 10 to 19 apply equally to those annexes.

ARTICLE 2.8

Security Exception

Nothing in this Agreement shall be construed:

- (a) to require a Party to furnish or allow access to any information the disclosure of which it considers contrary to its essential security interests; or
- (b) to prevent a Party from taking an action which it considers necessary for the protection of its essential security interests:
 - (i) connected to the production of or traffic in arms, ammunition and implements of war and to such traffic or transactions in other goods and materials, carried out directly or indirectly for the purpose of supplying a military establishment;
 - (ii) relating to the supply of services and technology, and to economic activities, carried out directly or indirectly for the purpose of supplying a military establishment;
 - (iii) relating to fissionable and fusionable materials or the materials from which they are derived;
 - (iv) taken in time of war or other emergency in international relations;

- (c) to prevent a Party from taking any action in order to carry out its international obligations under the UN Charter for the purpose of maintaining international peace and security.

ARTICLE 2.9

Accession of New Member States to the European Union

1. The European Union shall promptly inform Mexico of any request by a third country to accede the European Union.
2. The European Union shall notify Mexico of the entry into force of any treaty concerning the accession of a third country to the European Union (hereinafter referred to as the "Accession Treaty").
3. During the negotiations between the European Union and the third country seeking accession, the European Union shall:
 - (a) provide, on request of Mexico, and to the extent possible, any information regarding any matter covered by this Agreement; and
 - (b) take into account any concerns expressed by Mexico in relation to the matters covered under this Agreement.

4. A new Member State of the European Union shall accede to this Agreement in accordance with the terms decided by the Joint Council. That accession shall take effect from the date of accession of the new Member State to the European Union. The Joint Council shall amend by a decision this Agreement and thereby establish the terms of accession.
5. Notwithstanding paragraph 4, as regards Part III of this Agreement, the Joint Committee meeting in trade configuration shall:
- (a) examine, sufficiently in advance of the date of accession, any effects of such accession on this Agreement; and
 - (b) before the entry into force of the accession of the third country to the European Union, address the effects of such accession on this Agreement and agree on any necessary amendments, adjustments or transitional measures relating to Part III of this Agreement, to allow for the application of that Part by the Parties to the extent possible as of the date of accession of the new Member State to the European Union.
6. Decisions of the Joint Council and of the Joint Committee shall be adopted in accordance with Article 1.2 (Joint Council).

ARTICLE 2.10

Future Accessions to this Agreement

This Agreement is open to accession by any State that is prepared to comply with the obligations set out in this Agreement, subject to such terms and conditions as may be agreed between the State and the Parties, and following approval in accordance with the applicable legal procedures of each Party and the acceding State.

ARTICLE 2.11

Private Rights

Nothing in this Agreement shall be construed as conferring rights or imposing obligations on persons other than those created between the Parties under public international law or, without prejudice to the domestic legislation of Mexico, as permitting this Agreement to be directly invoked in the domestic legal systems of the Parties.

ARTICLE 2.12

Authentic Texts

This Agreement is drawn up in duplicate in the Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Irish, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish languages, each text being equally authentic.

ARTICLE 2.13

Duration and Termination

1. This Agreement shall remain in force for an unlimited period.
2. The European Union or Mexico may notify, in writing, the other Party of its intention to terminate this Agreement. The termination shall take effect six months after the date of receipt of that notification.

PROTOCOL
ON THE PREVENTION OF AND FIGHT AGAINST CORRUPTION

SECTION A

General Provisions

ARTICLE 1

Objectives

1. The Parties affirm their commitment to prevent and fight corruption in international trade and investment and recall that corruption in trade and investment undermines good governance and economic development and distorts international competitive conditions.
2. The Parties recognise that corruption can affect international trade and investment as it may compromise market access opportunities and erode commitments aimed at creating a level playing field. Corruption affecting trade and investment can act as a non-tariff barrier for investors and enterprises seeking to participate in international trade and investment.
3. The Parties recognise the importance of fighting against corruption of public officials and in the private sector affecting international trade and investment.

4. The Parties recognise that corruption is a transnational issue linked to other forms of transnational and economic crime, including money-laundering, and should be addressed with a multi-disciplinary approach and close cooperation at the international level.
5. The Parties recognise the need to build integrity and enhance transparency within both the public and private sectors and that each sector has complementary responsibilities in that regard.
6. The Parties recognise the importance of regional and multilateral initiatives, including at the United Nations, the WTO, the Organisation for Economic Co-operation and Development (hereinafter referred to as "OECD"), the Financial Action Task Force (hereinafter referred to as "FATF"), the Council of Europe and the Organisation of American States, to prevent and fight corruption in matters affecting international trade and investment and commit to working jointly to encourage and support appropriate initiatives.
7. The Parties reiterate their shared commitment pursuant to Goal 16 of the 2030 Agenda for Sustainable Development to substantially reduce corruption and bribery in all their forms.
8. The Parties recognise the important work undertaken by the G20 Working Group on Anticorruption and reaffirm their support to the relevant High Level Principles agreed in the G20.
9. The objective of these provisions is to set a bilateral framework of commitments to prevent and fight corruption affecting international trade and investment in the relationship between the Parties.

ARTICLE 2

Scope

This Protocol applies to the prevention of and fight against corruption with respect to any matter covered by Part III of this Agreement.

ARTICLE 3

Relation to Other Agreements

Nothing in this Protocol shall affect the rights and obligations of the Parties under the United Nations Convention against Corruption, adopted by the General Assembly of the United Nations on 31 October 2003 at United Nations Headquarters in New York (hereinafter referred to as "UNCAC"); the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, done at Paris on 21 November 1997; the Inter-American Convention Against Corruption, done at Caracas on 29 March 1996; the relevant legal instruments adopted by the Council of Europe; and any other relevant international legal instruments adopted by each Party.

SECTION B

Measures to Fight Corruption

ARTICLE 4

Active and Passive Bribery of Public Officials

The Parties recognise the importance of fighting against active and passive bribery of public officials affecting international trade and investment. To that end, they reaffirm in particular their commitments pursuant to Articles 15 and 16 of UNCAC to adopt or maintain such legislative and other measures as may be necessary to establish as criminal offences active and passive bribery of public officials and active bribery of foreign public officials and officials of public international organisations, when committed intentionally, and to consider adopting such legislative and other measures as may be necessary to establish passive bribery of foreign public officials and officials of public international organisations as criminal offences, when committed intentionally.

ARTICLE 5

Active and Passive Bribery in the Private Sector

1. The Parties recognise the importance of fighting against active and passive bribery in the private sector affecting international trade and investment. To that end, they recall the need to comply with their commitments under UNCAC and reaffirm in particular their commitments pursuant to Article 21 of UNCAC to consider adopting such legislative and other measures as may be necessary to establish as criminal offences active and passive bribery in the private sector, when committed intentionally in the course of economic, financial or commercial activities.
2. The Parties recognise that facilitation payments made to public officials constitute a form of bribery, hinder efforts to fight corruption and incentivise bribery in foreign countries. To that end, the Parties reaffirm their commitment pursuant to paragraph 4 of Article 12 of UNCAC to disallow the tax deductibility of expenses that constitute bribes and, where appropriate, other expenses incurred in furtherance of corrupt conduct.

ARTICLE 6

Corruption and Money Laundering

The Parties, recognising the interlinkage between corruption and money laundering, reaffirm their commitments pursuant to Article 23 of UNCAC.

ARTICLE 7

Liability of Legal Persons

The Parties recognise that establishing the liability of legal persons and ensuring effective, proportionate and dissuasive criminal or non-criminal sanctions are necessary to advance the global fight against corruption in international trade and investment. To that end, the Parties reaffirm their commitments pursuant to Article 26 of UNCAC and recall their support to the G20 High Level Principles on the Liability of Legal Persons for Corruption.

SECTION C

Measures to Prevent Corruption in the Private Sector

ARTICLE 8

Responsible Business Conduct

1. The Parties recognise the importance of preventive measures and responsible business conduct, including financial and non-financial reporting obligations and corporate social responsibility practices in averting corruption; and the role of trade in pursuing this objective.
2. The Parties recognise the necessity of taking into account the needs and constraints of small and medium-sized enterprises (hereinafter referred as "SMEs") in terms of reporting obligations.
3. The Parties recall their support to the OECD Guidelines for Multinational Enterprises in relation to the fight against corruption.

ARTICLE 9

Financial and Non-Financial Reporting

1. In line with their commitments under UNCAC and in accordance with the fundamental principles of their law, the Parties recognise the importance of enhancing accounting and auditing standards in the private sector as a means of preventing corruption and recognise in particular that the following measures, among others, could achieve this objective:
 - (a) ensuring that private enterprises, taking into account their structure and size, and notably the specific needs of SMEs, implement measures to assist in preventing and detecting acts of corruption, which may include compliance with a corporate governance code, internal audit function or sufficient internal controls; and
 - (b) ensuring that the accounts and required financial statements of those private enterprises are subject to appropriate auditing and certification procedures.
2. The Parties shall encourage listed enterprises, banks and insurance companies to report on the measures they have taken to prevent and fight corruption. The Parties shall take such measures as may be necessary on the disclosure of such reports.
3. The Parties shall take any measures that may be necessary, in accordance with their laws and regulations, on the disclosure of financial statements and maintenance of accounting and auditing standards.

4. Each Party shall endeavour to consider adopting or maintaining measures requiring external auditors to report to the competent authorities any suspected acts regarding the offenses specified in Articles 4, 5 and 6. If that reporting is required, the Parties shall ensure that external auditors making those reports reasonably and in good faith are protected from legal action regarding breaches of any contractual or legal restriction on the disclosure of information.

ARTICLE 10

Transparency in the Private Sector

1. The Parties recognise that transparency can contribute to prevent corruption in the field of international trade and investment and to that end recall their commitments pursuant to paragraph 2 of Article 12 of UNCAC. In particular, the following measures could achieve the objective of ensuring greater transparency in the private sector involved in commercial activities relating to trade and investment under Part III of this Agreement:

- (a) promoting the development of standards and procedures designed to safeguard the integrity of relevant private entities, including codes of conduct for the correct, honourable and proper performance of the activities of business and all relevant professions and the prevention of conflicts of interest, and for the promotion of the use of good commercial practices among businesses and in the contractual relations of businesses with the State;

- (b) preventing the misuse of procedures regulating private entities, including procedures regarding subsidies and licences granted by public authorities for commercial activities; and
- (c) promoting measures to prevent conflicts of interest by imposing restrictions, as appropriate and for a reasonable period of time, on the professional activities of former public officials or on the employment of public officials by the private sector after their resignation or retirement, if such activities or employment relate directly to the functions held or supervised by those public officials during their tenure.

ARTICLE 11

Measures to Prevent Money Laundering

1. Recognising the importance of preventing money laundering and its potential impact on international trade and investment, the Parties confirm their commitment to adopting or maintaining a comprehensive domestic regulatory and supervisory regime for financial institutions and designated non-financial businesses and professions (hereinafter referred to as "DNFBPs"), in accordance with existing commitments under UNCAC and the FATF Recommendations. The Parties shall promote the implementation of the FATF Recommendations 24 and 25 on Transparency and beneficial ownership of legal persons and on Transparency and beneficial ownership of legal arrangements, and the G20 High Level Principles on Beneficial Ownership Transparency.

2. In accordance with the UNCAC commitments, FATF Recommendations and G20 High Level Principles referred to in paragraph 1, the Parties shall adopt or maintain measures that:

- (a) ensure that their domestic laws include a definition of "beneficial owner" that captures the natural person who ultimately owns or controls a customer or the natural person on whose behalf a transaction is being conducted, including also those natural persons who exercise ultimate effective control over a legal person or arrangement;
- (b) ensure that legal persons incorporated in their territory are required to obtain and hold adequate, accurate and current information on their beneficial ownership;
- (c) ensure that trustees of express trusts or other legal arrangements with a structure or function similar to express trusts maintain adequate, accurate and current information on their beneficial ownership, including of settlors, any protector, trustees and beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust;
- (d) require financial institutions and DNFBPs, understood to be those defined by the FATF Recommendations, to identify the customer and verify that customer's identity, as well as to identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner, so that the financial institution or DNFBP is satisfied that it knows who the beneficial owner is;

- (e) put in place mechanisms to ensure that the relevant competent authorities as defined by the law of the Parties have access to information on the beneficial ownership in a timely manner;
- (f) ensure that their competent authorities participate in information exchanges on beneficial ownership with international counterparts in a timely and effective manner;
- (g) require financial institutions and DNFBPs to perform enhanced due diligence notably in relation to politically exposed persons, who are understood to be individuals who hold or have held prominent public functions within the territory of either Party or internationally as well as their family members and close associates; and
- (h) ensure that an effective supervision of the above-mentioned obligations is in place, including through the establishment and enforcement of effective, proportionate and dissuasive sanctions for non-compliance.

3. The Parties recognise the usefulness of establishing registers to provide, in a timely manner, accurate and up to date information on beneficial ownership for legal persons and legal arrangements, to facilitate the prevention of and the fight against corruption and money laundering.

SECTION D

Measures to Prevent Corruption in the Public Sector

ARTICLE 12

Conduct of Public Officials

1. The Parties reaffirm their support to the G20 High Level Principles on Asset Disclosure by Public Officials adopted at the G20 Leaders' Summit in Los Cabos on 18-19 June 2012, as well as the Conduct Principles for Public Officials for Mexico of the Asia-Pacific Economic Cooperation, adopted at the 14th Economic Leaders' meeting in Hanoi in 2006, and the Recommendation on codes of conduct for public officials adopted by the Council of Europe on 11 May 2000 for the European Union.
2. The Parties reaffirm their commitments in Article 8 of UNCAC, including applying codes or standards of conduct for public officials, facilitating the reporting by public officials of acts of corruption to appropriate authorities, requiring public officials to make declarations to appropriate authorities regarding potential conflicts of interests, and taking measures providing for disciplinary or other measures against public officials who violate such codes or standards.

ARTICLE 13

Transparency in the Public Administration

1. The Parties stress the importance of transparency in the public administration for the prevention of corruption relating to international trade and investment and shall promote transparency in line with specific and horizontal provisions in Part III of this Agreement, including in particular provisions on trade facilitation, public procurement, domestic regulation and transparency.
2. The Parties reaffirm their commitments pursuant to paragraph 2 of Article 13 of UNCAC to take appropriate measures to ensure that its anti-corruption bodies are known to the public, and to provide access to those bodies, if appropriate, for the reporting of any relevant incidents.

ARTICLE 14

Participation of Civil Society

The Parties recognise the importance of the participation of civil society in the prevention of and the fight against corruption in international trade and investment, as well as the need to raise public awareness regarding the existence, causes and gravity of and the threat posed by corruption. To that end the Parties reaffirm their commitments pursuant to paragraph 1 of Article 13 of UNCAC, in particular on taking appropriate measures to promote the active participation of individuals and groups outside the public sector, such as civil society, non-governmental organisations and community-based organisations.

ARTICLE 15

Protection of Reporting Persons

The Parties reaffirm their commitment pursuant to paragraph 4 of Article 8 of UNCAC to consider establishing measures and systems to facilitate the reporting by public officials of acts of corruption to appropriate authorities, when such acts come to their notice in the performance of their functions. The Parties also reaffirm their commitment pursuant to Article 33 of UNCAC to consider establishing appropriate measures to provide protection against any unjustified treatment for any reporting persons.

SECTION E

Dispute Resolution

ARTICLE 16

Scope

1. In case of disagreement between the Parties regarding any provision of this Protocol, the Parties shall have recourse exclusively to the procedures referred to in Articles 17 to 21.
2. Paragraph 1 is without prejudice to the rights and obligations of the Parties under the relevant dispute resolution procedures of the international instruments referred to in this Protocol.
3. Each Party retains the right to enforce its respective anti-corruption laws through its law enforcement, prosecutorial and judicial authorities, in accordance with the fundamental principles of its law.

ARTICLE 17

Consultations

1. A Party may request consultations with the other Party with the aim of reaching a mutually agreed solution. Consultations shall be held within the Sub-committee on Anti-Corruption on Trade and Investment.
2. The Party requesting consultations shall deliver a written request to the other Party setting out the reasons for its request, including a description of the matter at issue and the manner in which the measure of the other Party adversely affects trade or investment between the Parties. The Parties shall enter into consultations promptly after the delivery of the request for consultations and in any event no later than 30 days after the date of the receipt of the request. The Parties shall make their utmost effort to reach a mutually agreed solution of the matter via these consultations.
3. Each Party may, if appropriate, seek the advice of the Domestic Advisory Groups referred to in Article 1.7 (Domestic Advisory Groups) of Part IV of this Agreement.
4. Each Party shall endeavour to ensure the participation of personnel of its competent government authorities with responsibility on the matter subject to the consultations.
5. Any mutually agreed solution shall be made publicly available, subject to the protection of confidential information.

ARTICLE 18

Expert Assistance

1. A Party may request in writing to the other Party the assistance of a group of experts if consultations have been concluded and no mutually agreed solution has been reached within 90 days after the request for consultations. In its request for the assistance of a group of experts, the Party shall describe the matter at issue and the manner in which the measure of the other Party adversely affects trade or investment between the Parties.
2. Unless otherwise agreed by the Parties, the group of experts shall be composed of three experts. The Parties shall consult with a view to agreeing on the experts that will be part of the group of experts within 10 days after the date of receipt of the written request referred to in paragraph 1. For that purpose, each Party shall designate an expert, who may be a national of that Party, and propose to the other Party up to three candidates to serve as chairperson. The Parties shall endeavour to agree on the chairperson from among the candidates to serve as chairperson. A Party may object to an expert designated by the other Party, if it considers that the individual does not meet the requirements set out in Article 20. For the purposes of this paragraph, the Parties are encouraged to select the experts from the list referred to in Article 19.
3. If the Parties fail to agree on the group of experts within the time period set out in paragraph 2, the procedure laid down in Article 19 shall apply.

4. The group of experts shall conduct the procedures in accordance with the terms and conditions agreed by the Parties. The Joint Committee may decide on rules of procedure that are to apply to procedures under this Section.

ARTICLE 19

List of Experts

The Sub-Committee on Anti-Corruption on Trade and Investment shall, at its first meeting after the entry into force of this Agreement, establish a list of at least nine individuals who are willing and able to serve as experts. The list shall be composed of three sub-lists: one sub-list for each Party and one sub-list of individuals who are not nationals of either Party to serve as chairperson. Each Party shall propose at least three individuals for its sub-list. The Parties shall also select at least three individuals for the list of chairpersons. The Sub-Committee on Anti-Corruption on Trade and Investment shall ensure that the list is kept up to date and that the number of experts is maintained at no less than nine individuals.

ARTICLE 20

Qualifications of Experts

Experts shall have expertise in law or practice of matters covered under this Protocol or the resolution of disputes arising under international agreements. They shall be independent, serve in their individual capacities and not take instructions from any organisation or government with regard to issues related to the disagreement, or be affiliated with the government of any Party, and shall comply with Annex 31-B (Code of Conduct for Panellists and Mediators).

ARTICLE 21

Experts' Opinion

1. The group of experts shall consult with the Parties, jointly or individually, as appropriate, with a view to assisting them in reaching a mutually agreed solution.
2. In matters relating to the international agreements, FATF Recommendations or G20 High Level Principles referred to in this Protocol, the experts may, as relevant and upon notification to the Parties, seek information or advice from the relevant organisations or bodies.

3. If no mutually agreed solution is reached through consultations with the group of experts within 90 days after the composition of the group of experts, either Party may request the group of experts to issue an opinion with a proposed solution.

4. The group of experts shall issue its opinion within 90 days after the request referred to in paragraph 3, setting out the findings of facts, the applicability of the relevant provisions and the basic rationale behind the proposed solution³. Each Party shall promptly make the opinion publicly available after its submission by the group of experts, subject to the protection of confidential information.

5. The Parties shall discuss appropriate measures to be implemented to solve the matters at issue, taking into account the opinion of the group of experts, with a view to reaching a mutually agreed solution. The Party implementing the measures shall inform the other Party of any measures it has implemented or that it envisages implementing, or actions it has undertaken or that it envisages undertaking to solve the matters at issue, no later than three months after the opinion has been issued. The Parties shall, as appropriate, seek advice on the implementation of such measures from the Domestic Advisory Groups.

³ The opinions and solutions of the group of experts shall not create any rights or obligations for natural or legal persons.

6. The Sub-Committee on Anti-Corruption on Trade and Investment shall monitor the follow-up to the opinion of the group of experts and the proposed solution contained therein. The Domestic Advisory Groups may submit observations to the Sub-Committee on Anti-Corruption on Trade and Investment in that regard.

ARTICLE 22

Review

1. For the purposes of enhancing the effective implementation of this Protocol, the Parties shall discuss, through the meetings of the Sub-Committee on Anti-Corruption on Trade and Investment, the operation of the dispute resolution and institutional provisions set out in Sections E and F, including a possible review of their effectiveness, taking into account, among others, the experience gained through implementation of this Protocol, policy developments in each Party, developments in international agreements and views presented by stakeholders.

2. The Sub-Committee on Anti-Corruption on Trade and Investment may recommend to the Joint Committee modifications to the relevant provisions of this Protocol reflecting the outcome of the discussions referred to in paragraph 1 which shall be adopted in accordance with the amendment procedure established in Article 2.4 (Amendment) of Part IV of this Agreement.

SECTION F

Institutional Arrangements

ARTICLE 23

Sub-Committee on Anti-Corruption on Trade and Investment

1. The Parties hereby establish a Sub-Committee on Anti-Corruption on Trade and Investment. It shall comprise representatives of each Party, with responsibility in matters relating to the prevention of and fight against corruption, taking into consideration the specific issues to be addressed at any given session.
2. The Sub-Committee on Anti-Corruption on Trade and Investment shall meet within a year of the date of entry into force of this Agreement, unless otherwise agreed by the Parties, and thereafter as mutually agreed by the Parties.
3. The functions of the Sub-Committee on Anti-Corruption on Trade and Investment are to:
 - (a) facilitate and monitor the effective implementation of this Protocol and to discuss any difficulties which may arise in its implementation;

- (b) promote cooperation between the Parties on matters covered by this Protocol, as well as to promote the exchange of information on developments in non-governmental, regional and multilateral fora on matters covered by this Protocol;
- (c) identify or discuss initiatives on matters covered by this Protocol that would benefit from greater bilateral cooperation; and
- (d) identify or discuss possible improvements to this Protocol.

4. Each Party shall designate a contact point to facilitate communication and coordination between the Parties on matters relating to the implementation of this Protocol and notify the other Party of its contact details. The Parties shall promptly notify each other of any changes to those contact details.

IN WITNESS WHEREOF the undersigned Plenipotentiaries, duly authorised to this effect, have signed this Agreement.

Done at ..., this ... day of ... in the year...,

For the Kingdom of Belgium,

For the Republic of Bulgaria,

For the Czech Republic,

For the Kingdom of Denmark,

For the Federal Republic of Germany,

For the Republic of Estonia,

For Ireland,

For the Hellenic Republic,

For the Kingdom of Spain,

For the French Republic,

For the Republic of Croatia,

For the Italian Republic,

For the Republic of Cyprus,

For the Republic of Latvia,

For the Republic of Lithuania,

For the Grand Duchy of Luxembourg,

For Hungary,

For the Republic of Malta,

For the Kingdom of the Netherlands,

For the Republic of Austria,

For the Republic of Poland,

For the Portuguese Republic,

For Romania,

For the Republic of Slovenia,

For the Slovak Republic,

For the Republic of Finland,

For the Kingdom of Sweden,

For the European Union

For the United Mexican States