

Whistleblower protection: Commission sets new, EU-wide rules

Recent scandals such as Dieselgate, Luxleaks, the Panama Papers or the ongoing Cambridge Analytica revelations show that whistleblowers can play an important role in uncovering unlawful activities that damage the public interest and the welfare of our citizens and society.

Today's proposal will guarantee a high level of protection for whistleblowers who report breaches of EU law by setting new, EU-wide standards. The new law will establish safe channels for reporting both within an organisation and to public authorities. It will also protect whistleblowers against dismissal, demotion and other forms of retaliation and require national authorities to inform citizens and provide training for public authorities on how to deal with whistleblowers.

First Vice-President Frans **Timmermans** said: *"Many recent scandals may never have come to light if insiders hadn't had the courage to speak out. But those who did took enormous risks. So if we better protect whistleblowers, we can better detect and prevent harm to the public interest such as fraud, corruption, corporate tax avoidance or damage to people's health and the environment. There should be no punishment for doing the right thing. In addition, today's proposals also protect those who act as sources for investigative journalists, helping to ensure that freedom of expression and freedom of the media are defended in Europe."*

Věra **Jourová**, Commissioner for Justice, Consumers and Gender Equality added: *"The new whistleblowers' protection rules will be a game changer. In the globalised world where the temptation to maximise profit sometimes at the expense of the law is real we need to support people who are ready to take the risk to uncover serious violations of EU law. We owe it to the honest people of Europe."*

Whistleblowers can help to detect, investigate and sanction abuses of EU law. They also play an important role in enabling journalists and the free press to play their fundamental role in our democracies. That is why whistleblowers need proper protection against intimidation and/or retaliation. Citizens who uncover illegal activities should not be punished as a consequence of their action. But in reality, many of them pay for their action with their jobs, their reputation or even their health: 36% of workers who reported misconduct experienced retaliation (2016 Global Business Ethics [Survey](#)). Protecting whistleblowers will also help safeguard freedom of expression and media freedom, and is essential to protect the rule of law and democracy in Europe.

Protection for a wide range of EU law breaches

Today's proposal ensures EU-wide protection for blowing the whistle on breaches of EU legislation in the fields of public procurement; financial services, money laundering and terrorist financing; product safety; transport

safety; environmental protection; nuclear safety; food and feed safety, animal health and welfare; public health; consumer protection; privacy, data protection and security of network and information systems. It also applies to breaches of EU competition rules, violations and abuse of corporate tax rules and damage to the EU's financial interests. The Commission encourages Member States to go beyond this minimum standard and establish comprehensive frameworks for whistleblower protection based on the same principles.

Clear Mechanisms and Obligations for Employers

All companies with more than 50 employees or with an annual turnover of over €10 million will have to set up an internal procedure to handle whistleblowers' reports. All state, regional administrations and municipalities with over 10,000 inhabitants will also be covered by the new law.

The protection mechanisms will have to set up must include:

- **Clear reporting channels**, within and outside of the organisation, ensuring confidentiality;
- **A three tier reporting system of:**
- Internal reporting channels;
- Reporting to competent authorities – if internal channels do not work or could not reasonably be expected to work (for example where the use of internal channels could jeopardise the effectiveness of investigative actions by the authorities responsible);
- Public/media reporting – if no appropriate action is taken after reporting through other channels, or in case of imminent or clear danger to the public interest or irreversible damage;
- **Feedback obligations for authorities and companies**, who will have to respond and follow-up to the whistleblowers' reports within 3 months for internal reporting channels;
- **Prevention of retaliation and effective protection:** all forms of retaliation are forbidden and should be sanctioned. If a whistleblower suffers retaliation, he or she should have access to free advice and adequate remedies (for example measures to stop workplace harassment or prevent dismissal). The burden of proof will be reversed in such cases, so that the person or organisation must prove that they are not acting in retaliation against the whistleblower. Whistleblowers will also be protected in judicial proceedings, in particular through an exemption from liability for disclosing the information.

Effective Safeguards

The proposal protects responsible whistleblowing genuinely intended to safeguard the public interest. It therefore includes safeguards to discourage malicious or abusive reports and prevent unjustified reputational damage. Those affected by a whistleblower's report will fully enjoy the presumption of innocence, the right to an effective remedy, a fair trial, and the right of defence.

Background

Protection given to whistleblowers across the EU is currently fragmented and uneven. Only 10 EU Member States currently ensure that whistleblowers are fully protected. In the remaining countries, the protection granted is partial and only applies to specific sectors or categories of employee.

The Commission's proposal builds on the 2014 Council of Europe [Recommendation on Protection of Whistleblowers](#), which recommends that *"member states have in place a normative, institutional and judicial framework to protect individuals who, in the context of their work based relationship, report or disclose information on threats or harm to the public interest"* and sets out principles to guide states when introducing or reviewing such frameworks.

The Council encouraged the Commission to explore the possibility of future EU action in its [Conclusions on Tax Transparency](#) of 11 October 2016. Civil society organisations and trade unions have consistently called for EU-wide legislation to protect whistleblowers acting in the public interest.

The Commission committed to take action to protect whistleblowers, as journalist sources, at the second [Annual Colloquium on Fundamental Rights](#) in November 2016, which was on the theme of 'Media Pluralism and Democracy'.

Strengthening whistleblower protection also gives effect to the Commission's commitment to put a stronger focus on enforcement of EU law, as set out in its 2016 Communication on [EU Law: Better Results through Better Application](#)

For More information

[Communication](#) on strengthening whistleblower protection at EU level

[Directive](#) on the protection of persons reporting on breaches of Union law

[Q&A](#)

[Factsheet](#)

[Shaping globalisation: Commission mobilises €9.8 million to help former workers of Air France find new jobs](#)

Most of the redundancies occurred in the regions of Ile-de-France and Provence-Alpes-Côte d'Azur (PACA).

Commissioner for Employment, Social Affairs, Skills and Labour Mobility Marianne **Thyssen** commented: *"Air transport, along with other sectors in Europe, is going through major structural changes as a consequence of changing global trade patterns. Our European Globalisation Adjustment Fund*

supports workers who experience hardship in this difficult transition, to adapt their skills and find new jobs This is a concrete expression of European solidarity."

France applied for support from the Globalisation Adjustment Fund following the dismissal of 1,858 workers from Air France. These job losses were the result of the decline of the EU's market share of international passenger air transport between 2008 and 2015. The Globalisation Adjustment Fund will co-finance measures that will help the displaced workers find new jobs, by providing them with active career guidance, vocational training, as well as job-search and mobility allowances.

The total estimated cost of the set of measures is €16.5 million, of which the Globalisation Adjustment Fund would provide €9.8 million.

The proposal will now go to the European Parliament and the Council for approval.

Background

Over the period 2008-2015, global air traffic increased by 5.3% per year, as part of a trend of long-term growth observed since 1970. Air traffic between Europe and the rest of the world however grew at a slower pace (3.4%), which led to a decrease of the EU's market share in air transport.

European companies and their hub airports have been particularly challenged, both on air passenger transport flows representing the largest volumes of traffic (e.g. Europe-Asia) and on high-growth flows, in particular Africa-Asia.

The largest number of redundancies occurred in the French regions of Ile-de-France (76.2%) and Provence-Alpes-Côte d'Azur (11.7%). The expected impact in both territories is linked to the difficulties of redeployment for workers aged 50+. This age bracket represents 79% of the total number of redundancies. In Provence-Alpes-Côte d'Azur the difficulties are also related to the higher than national average number of job-seekers.

More open trade with the rest of the world leads to overall benefits for growth and employment, but it can also cost jobs, particularly in vulnerable sectors and among lower-skilled workers. To help these groups adjust to the consequences of globalisation, the EGF was set up. Since starting operations in 2007, the [European Globalisation Adjustment Fund \(EGF\)](#) has received 158 applications. Some €630 million has been requested to help about 150,000 workers and 3,369 young people not in employment, education or training (NEETs).

The [Fund continues during the 2014-2020 period](#) as an expression of EU solidarity, with further improvements to its functioning. Its scope includes workers made redundant because of the economic crisis, as well as fixed-term workers, the self-employed, and, by way of derogation until the end of 2017, young people not in employment, education or training (NEETs) residing in regions eligible under the [Youth Employment Initiative](#) (YEI) up to a number

equal to the redundant workers supported.

Further information

[EGF website](#)

Video News Releases:

[Europe acts to fight the crisis: the European Globalisation Fund revitalised](#)

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Special Eurobarometer: How fair do Europeans think life in the EU is?

European Commission President Jean-Claude **Juncker** made fairness in the EU the cornerstone of his political priorities. To support this effort with scientific evidence, the Commission's science and knowledge service, the Joint Research Centre (JRC) produced its first [Fairness Report](#) last year. The results of the Special Eurobarometer survey published today will contribute to tackling wider questions of perceived unfairness in employment, education, health and society at large.

According to the Eurobarometer published today, a majority of Europeans think that most things that happen in their lives are fair and that they have equal opportunities to get ahead. Nevertheless, they are less convinced that justice and political decisions are applied in an equal and consistent way in their countries- regardless of people's social status, wealth and connections. The vast majority also feel that income inequalities are too great and that governments should address them, while fewer than half believe that equality of opportunity and their social status have improved over time.

Tibor **Navracsics**, Commissioner for Education, Culture, Youth and Sport, responsible for the JRC, said: *“Fairness is a crucial part of building a more resilient, cohesive Europe. Our initiatives in this area need to be based on sound evidence, but at the same time take the values and perceptions of Europeans into account. I am proud that the JRC’s work is helping us increase our knowledge on both counts, making a vital contribution to our efforts to build a better Europe for the future.”*

The main findings of the Eurobarometer survey cover education, income, social status and inter-generational mobility. They also address perceptions of migration and globalisation, the former being one of the drivers of rising inequalities and the latter being a proxy for political preferences which are among the determinants of attitudes to fairness and inequality:

- More than half of respondents think that people have **equal opportunities to get ahead** (58%). However, this figure hides **substantial regional disparities**, with 81% agreeing in Denmark, but only 18% in Greece.
- Respondents are **less optimistic about fairness in specific fields**. Only **39% are confident that justice always prevails** over injustice, while the same proportion disagrees. Even more pessimistically, only **32% agree that political decisions are applied consistently to all citizens** and 48% disagree. Overall, people are **more likely to perceive things to be fair if they are better educated, younger, and better-off**.
- **The overwhelming majority think that income differences are too great** (84%), ranging from 96% in Portugal and 92% in Germany to 59% in the Netherlands. In all countries except Denmark **more than 60% agree that governments should take measures to reduce differences**.
- **For getting ahead in life, good health and quality education are regarded as essential or important** by 98% and 93% of respondents respectively. Working hard and knowing the right people are also deemed essential or important by more than 90%. Coming from a wealthy family, having political connections, being of a specific ethnic origin or birth gender are seen as less important.
- **Fewer than half of respondents (46%) believe that opportunities to get ahead have become more equal compared to 30 years ago**, with more than 70% agreeing in Malta, Finland and Ireland, but fewer than 25% in Croatia, France and Greece.
- Overall, 47% of Europeans think that globalisation is a good thing and 21% disagree. 39% think migration into their country is a good thing while 33% do not.

The JRC will use the survey data and the latest scientific research to continue building a knowledge base to support EU policies aimed at creating a fairer society. In 2019 it will publish a series of policy briefs as well as the second edition of the Fairness Report.

Background

The Special Eurobarometer 471 “Fairness, inequality and inter-generational mobility” was conducted through face to face interviews between 2 and 11 December 2017. A total of 28,031 people were interviewed in 28 EU countries.

The earlier fairness report by the JRC analysed data and statistics on income inequality, on the impact that family background and geographical location have on opportunities in education, health and the labour market, and on people’s perceptions and attitudes. The JRC also launched a Community of Practice on Fairness, connecting EU policy makers with academics and researchers working on fairness related issues.

As part of the [European Pillar of Social Rights](#), the Commission has put forward a series of legal and policy initiatives in this sense, including a proposal to increase [gender equality by improving the balance between private and professional life for working parents](#), as well as proposals aiming at creating [more predictable and transparent working conditions](#) and access to [social protection for all](#).

To harness the full potential of education and culture in boosting social fairness, participation and economic growth, the Commission is working towards a European Education Area by 2025, proposing a series of initiatives on education, youth and culture. Its [first package of measures](#) presented in January included a [proposal](#) on strengthening inclusive education to promote quality education for all pupils.

For more information

[Eurobarometer, Report and Country Factsheets](#)

[Joint Research Centre Factsheet](#)

[Joint Research Centre Fairness Report 2017](#)

[State aid: Commission opens in-depth investigation into Italian State loan to Alitalia](#)

Commissioner Margrethe **Vestager**, in charge of competition policy, said: “The

Commission has a duty to make sure that loans given to companies by Member States are in line with the EU rules on State aid. We will investigate whether this is the case for Alitalia.”

Alitalia is an Italian airline owned by the consortium Compagnia Aerea Italiana – CAI (51% shares) and Etihad Airways (49%). Alitalia has been in financial difficulty for a number of years. On 24 April 2017 Alitalia’s staff rejected a cost-cutting plan, which meant that the shareholders decided not to provide additional financing to Alitalia. As a result, Alitalia was placed under extraordinary administration under Italian bankruptcy law on 2 May 2017.

In order to ensure financing of Alitalia during the period of extraordinary administration, the Italian State granted a €600 million bridge loan to Alitalia in May 2017. In October 2017, this loan was increased by an additional €300 million. The extraordinary administrators also started a tender procedure aimed at finding a buyer for Alitalia’s assets.

In January 2018, Italy notified the total €900 million State loan granted to Alitalia as rescue aid within the meaning of EU State aid rules, namely the Commission’s [Rescue and Restructuring Aid Guidelines](#). This followed a number of complaints received by the Commission in 2017, alleging that the loan constitutes State aid that it is not compatible with the applicable EU rules.

The Commission’s current view is that the State loan may constitute State aid. It will now investigate further whether the loan satisfies the conditions under the Guidelines. The Commission has concerns that the duration of the loan, extending from May 2017 until at least December 2018, exceeds the maximum duration of 6 months allowed for a rescue loan under the Guidelines. Furthermore, the Commission has doubts as to whether the aid is limited to the minimum necessary.

The Commission will now investigate further to determine whether or not these initial concerns are confirmed. The opening of an in-depth investigation provides all interested parties with an opportunity to comment on the measure. It does not prejudice in any way the outcome of the investigation.

Background

Under EU State aid rules, public interventions in favour of companies can be considered free of State aid when they are made on terms that a private operator would have accepted under market conditions (the market economy operator principle – MEOP). If this principle is not respected, the public interventions involve State aid within the meaning of [Article 107 of the Treaty on the Functioning of the European Union](#), because they confer an economic advantage on the beneficiary that its competitors do not have. The assessment criteria for public interventions in companies in difficulty are set out in the [Rescue and Restructuring Aid Guidelines](#).

The non-confidential version of the decision will be made available under the case number SA.48171 in the [State aid register](#) on the Commission’s competition website once any confidentiality issues have been resolved. New

publications of State aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).

Key features of the EU-Mexico trade agreement

The European Commission negotiated the agreement on the basis of a mandate unanimously approved by EU governments. Throughout the negotiations the Commission has put transparency first. Based on the current agreement in principle, negotiators from both sides will continue their work to address all the remaining technical issues and to produce a final text of the agreement. The Commission will then verify the text of the agreement from a legal perspective, translate it into all EU official languages, and submit the agreement for approval to the European Parliament and the Council.

The EU is Mexico's third biggest trading partner, and Mexico, with 128 million people, is the EU's second biggest trading partner in Latin America after Brazil. Total EU-Mexico trade amounts to €62 billion for goods (2017) and €15 billion for services (2016). The EU exports of goods to Mexico are worth €38 billion (2017), with further €10 billion-worth of exports in services (2016).

400,000 jobs in the EU are linked in one way or the other to EU exports to Mexico. The agreement will make trade and investment with Mexico easier, so this figure is set to increase. Every €1 billion of EU exports supports some 14,000 jobs in Europe, so the more Europe exports, the more jobs it can safeguard and create.

Once in force, the agreement will:

- benefit companies, workers and consumers across Europe;
- advance the EU's value-based trade policy agenda;
- send a signal to the world that the EU and Mexico are open for business and reject protectionism.

This will be achieved through:

1. Removing remaining customs duties

The 1997 agreement between the EU and Mexico did not contain many of the provisions on trade in goods that have since become standard in trade agreements. It also did not cover a number of product categories, especially farming products and fisheries. The new agreement fills these gaps.

The new agreement will mean that 99% of products would be traded between the EU and Mexico duty free. For 98% of goods there will be no duties from the

moment the agreement becomes effective.

For the remaining items, customs duties will be eliminated over time or for a limited amount defined as a quota. This includes dairy and meat exports from both the EU and Mexico.

The agreement will make it much easier for EU exporters to sell their products in Mexico and save up to €100 million a year in customs duties.

Mexico will remove its high tariffs on key EU food products such as pasta (currently subject to tariffs of up to 20%), chocolate and confectionary (with tariffs exceeding 20%), blue cheeses (up to 20%), apples and canned peaches (up to 20%), virtually all pork products (up to 45%) and economically relevant poultry products (up to 100%).

For other products the agreement will deliver significant new market access within annual limits, for example for milk powder (so far taxed at up to 50%) there will be an annual quota of 50,000 tonnes, for fresh and processed cheeses (taxed currently at up to 45%) a quota of 5,000 tonnes and for other cheeses (current tariff rate of up to 45%) a quota of 20,000 tonnes.

It will also become easier to trade wine and spirits, exports of which are important for both the EU and Mexico.

2. Ensuring sustainability and fighting corruption

The agreement underpins the EU's value-based trade policy agenda with real action. The EU and Mexico set out common aspirations and aims for an open and fair trading relationship based on a combination of the values of sustainable development and the economic engine of trade.

The agreement contains binding commitments to:

- protect workers' rights, based on the International Labour Organisation's Conventions;
- protect environmental and climate, based on Multilateral Environmental Agreements.

Referring to the Paris Agreement on climate change, the agreement supports:

- the fight against climate change;
- the transition to a sustainable low-carbon economy.

The EU and Mexico also agree to promote corporate social responsibility practices in line with internationally agreed standards.

The agreement also includes measures to prevent and combat corruption, for example:

- making bribery a criminal offence for government officials;
- strengthening internal controls, external auditing and financial reporting;
- tackling money laundering.

Any disagreements about these issues should be solved by government consultations or a Panel of Experts and the publication of a report.

The agreement includes commitments on sustainable management of forests and fisheries.

3. Maintaining strong health and hygiene standards for food products

The agreement will speed up trade while keeping it safe.

Both the EU and Mexico keep their right to establish the level of protection they consider appropriate.

The agreement also contains an explicit reference to the precautionary principle that governs the parties' approach to the decision making. This means that, as already enshrined in the EU treaties, the EU can continue keeping products out of its market as long as there is no scientific certainty that they are safe.

The agreement provides for:

- increased mutual transparency and information exchange;
- technical consultations and cooperation between authorities;
- continued certification and import checks;
- transparent import approval procedures with clear timeframes.

Mexico will also treat the EU as a single entity rather than imposing separate procedures on each Member State.

4. Reducing formalities for trade in industrial products

Customs tariffs for industrial products have already been removed. Exporters of those products will however benefit from the agreement thanks to improvements related to technical requirements and reduced formalities.

The agreement aims to increase the use of international standards while safeguarding the levels of protection that each party deems appropriate. This means EU exporters will not need to set up separate production lines for goods they export to Mexico.

Under the agreement Mexico will also recognise product certification carried out in the EU. This will make it easier for EU companies to prove they have complied with Mexican standards and regulations. And of course Mexican exporters will still have to comply with the EU's strict standards and regulations, just as they do now.

Also, thanks to the agreement:

- exports of cars and car parts will benefit from the convergence of technical regulations;
- trade in medical devices will be easier thanks to simplified trade in remanufactured machinery.

The agreement also contains provisions on fees and formalities, import and export licensing. It will for instance make it easier between Mexico and the EU to send goods for a repair and back.

5. Making customs procedures easier

The section on trade facilitation aims to boost EU-Mexico trade by setting out new rules for better customs procedures:

- streamlining procedures, making them more efficient, saving time and money;
- setting common principles and providing for better cooperation and exchange of information between EU and Mexican customs authorities;
- substantial provisions on transparency to ensure that traders and the public have access to information on customs legislation, decisions or administrative policies.

6. Opening Mexican public contracts to EU companies

Under the new agreement, Mexico will open up its public procurement market to EU companies more than it has to any of its other trading partners. EU companies will be able to bid to provide goods and services to Mexican public entities that have never before allowed non-Mexican firms to tender for contracts.

Mexico has also committed itself to enter into negotiations with the Mexican States to allow EU firms to tender for contracts at State level by the time the agreement is signed. This will be the first time Mexico has opened its public procurement at State level to non-Mexican firms.

In 2015 public procurement in Mexico represented 5% of the country's output and 21% of total government expenditure. The country's federal government procurement market is worth some €30 billion each year.

7. Encouraging investment and ensuring a transparent and accountable resolution of disputes through an Investment Court System

The agreement opens doors to Foreign Direct Investment and protects investments between the EU and Mexico both in services and non-service sectors.

The investment protection provisions provide basic guarantees such as:

- non-discrimination;
- no expropriation without prompt and adequate compensation;
- a general guarantee of fair and equitable treatment and physical security.

The agreement fully implements the EU's new approach to investment protection and investment dispute resolution by replacing the old-style ISDS (Investor-to-State Dispute Settlement) system with the new Investment Court System., ensuring transparency and the right of governments to regulate in the public

interest. This follows the same approach as the EU adopted in its recent agreements with Canada (CETA), Singapore and Vietnam.

The inclusion of the EU's new approach in this area in yet another trade agreement will further support the EU's goal of setting up a Multilateral Investment Court to deal with such disputes.

8. Offering new opportunities in services sector

The EU exports some €10 billion of services to Mexico each year.

The agreement will make it easier for EU firms to provide services on the fast-growing Mexican market, while reaffirming the EU's and Mexico's right to regulate. Under the agreement both the EU Member States' authorities and Mexico also:

- retain the right to keep public services public;
- can deregulate or bring back to the public sector any privately provided services.

9. Setting rules for digital trade

The agreement sets out horizontal rules on any trade done by electronic means. As such, the rules go beyond trade in services alone.

The provisions seek to:

- remove unjustified barriers to trade by electronic means by prohibiting customs duties on electronic transmissions and banning unnecessary authorisation procedures;
- bring legal certainty for companies by guaranteeing the legal validity and effect of electronic contracts, and of electronic authentication and trust services;
- ensure a secure online environment for consumers.

10. Setting better protection for innovations and creative works

The agreement includes a comprehensive chapter on all the main Intellectual Property Rights (IPR). It ensures high standards of protection of intellectual property and their enforcement beyond those set out in the World Trade Organisation's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

The agreement is good for Europe's IPR-intensive industry and IPR owners. Its provisions on copyright and related rights cover all the rights protected by EU law, including resale rights, and mirror the EU's high standard regarding the term of protection.

For designs, the agreement:

- includes the EU's definition of industrial designs, including complex designs;
- protects registered designs for up to 25 years.

For pharmaceutical and plant protection patents, the agreement allows for compensation for unreasonable delays in the marketing authorisation process.

The agreement also includes the most significant parts of EU law on the scope of protection of trade secrets and the relevant procedural rules.

11. Protecting traditional food products from imitations

The EU is a major producer of distinctive regional food and drink products. These products enjoy a special status known as a 'Geographical Indication'.

Under the new agreement, Mexico has agreed to extend the protection to another 340 European Geographical Indications on wines and food so that only original products from the EU will be allowed to be sold in Mexico under the same corresponding name. Under the existing agreement Mexico already protects 80 spirits with geographical indications.

This would make it illegal to sell imitations in Mexico of products such as Comté cheese from France, Queijo São Jorge cheese from Portugal, Szegedi szalámi from Hungary, and Magiun de prune Topoloveni plums from Romania. .

This will also help European exporters and reassure Mexican consumers that they are buying a genuine European product.

12. Ensuring fair trade and business conditions

The agreement sets out rules about **trade remedies**, i.e. procedures used to combat unfair trade practices, such as anti-dumping, anti-subsidy, global and bilateral safeguards. The EU and Mexico also confirm their rights and obligations under the World Trade Organisation agreements and agree on being more transparent and holding additional consultations.

The agreement also acknowledges that certain kinds of subsidies can hinder competition and trade. It bans export **subsidies** and includes rules to limit the potential negative effects of other subsidies. Specifically:

- Mexico has agreed to ensure transparency not only on subsidies to goods, but also on subsidies to services. This goes beyond the obligations under the World Trade Organisation rules;
- Companies have the possibility to alert their governments to subsidies which may negatively affect their business. If the subsidy's negative effect is confirmed, both sides will try to find a satisfactory solution.

The agreement states that companies operating in Mexico have to respect the same **basic competition principles** as in Europe:

- no abuse of a dominant position;
- no agreements between companies to restrict competition;
- scrutiny of the effects of a merger on competition.

The agreement ensures Mexican and EU companies that:

- their rights in competition procedures will be respected (procedural fairness);
- they can ask their respective competition authorities to enforce competition law.

As regards **State-owned enterprises**, the EU and Mexico have agreed on rules to ensure that private companies can compete on a level playing field with public ones.

At the same time, the agreement will:

- let EU governments maintain any existing state-owned enterprises or monopolies, or existing rights or privileges;
- allow both EU member states and Mexico to decide how they want to organise their public services.

13. Focusing on needs of smaller businesses

The agreement requires Mexico to set up a website containing information that small and medium-sized businesses from the EU need to access the Mexican market, and vice versa.

Contact Points in the EU and Mexico will work together to take into account the specific needs of smaller businesses and identify ways they can take advantage of new opportunities in each market.

14. Making the rules enforceable through State-to-State dispute settlement mechanism

The agreement sets out the procedures for solving any potential disputes between the EU and Mexico on how to interpret or apply the part dealing with trade.

The mechanism is triggered when one party considers that the other has failed to comply with the obligations under the agreement.

If this happens, the EU and Mexico will set up a panel to adjudicate. The dispute settlement procedures are based on due process and transparency principles, allowing interested parties to attend hearings and make their own submissions to the panel.

More information:

[Agreement in Principle](#) [available soon]

[Press release](#)

[Joint statement](#)

[Dedicated webpage](#)

[Factsheets](#)

[Exporters' stories](#)

EU and Mexico trade relations