



# EU-MEXICO TRADE AGREEMENT

## Overview

From an existing agreement  
to a new one



The EU and Mexico already have a close trading and investment relationship.

In 1997 the EU and Mexico signed an Economic Partnership, Political Coordination and Cooperation Agreement.

Known as the Global Agreement, it included a part on trade, which mostly opened up trade in goods. This trade agreement came into force in 2000. The part of the agreement covering trade in services came into force in 2001.



Now we are replacing the existing Global Agreement with a new one.

Its trade part will open up the Mexican market even more to EU exporters and investors and cover new areas like services and food and drink.



The new Global Agreement will be the basis for the EU's future relationship with Mexico.

In it the two sides also agree to:

- cooperate on issues like climate change and human rights
- work together on issues like combating poverty or researching new medicines.



# The existing EU-Mexico trade agreement

This agreement already makes it easier for EU businesses to export to Mexico, in three main ways:

## 1. Trade in goods

The existing trade agreement covers:

- Customs tariffs – scrapping tariffs on manufactured goods, but not food or drink.
- Other measures – making it easier to export goods by helping EU and Mexican authorities cooperate on:
  - customs procedures
  - international product standards, testing, marking and labelling, food safety and animal and plant health procedures.



**148%**

Trade in goods between the EU and Mexico has risen by 148% since the existing EU-Mexico trade agreement came into force in 2000.

## 2. Government procurement

The existing agreement means EU and Mexican firms are treated similarly when they tender for government contracts in Mexico or the EU to supply goods and services.

However, the existing agreement does not cover tenders issued at regional and local level in Mexico's states.



## 3. Competition

In the existing agreement the two sides' competition authorities co-operate on fighting unlawful behaviour on the market, but they have different working methods.



The banner features the European Union flag on the left, the Mexican flag in the center, and a close-up of a Euro coin on the right. The text 'EU-MEXICO' is written in large, bold, black letters, with 'TRADE AGREEMENT' in smaller, bold, black letters below it.

# EU-MEXICO

## TRADE AGREEMENT

## The new EU-Mexico trade agreement

Now the EU and Mexico are taking their trading and investment relationship to a whole new level.

We've fully updated the Global Agreement to include a new, much broader trade agreement.

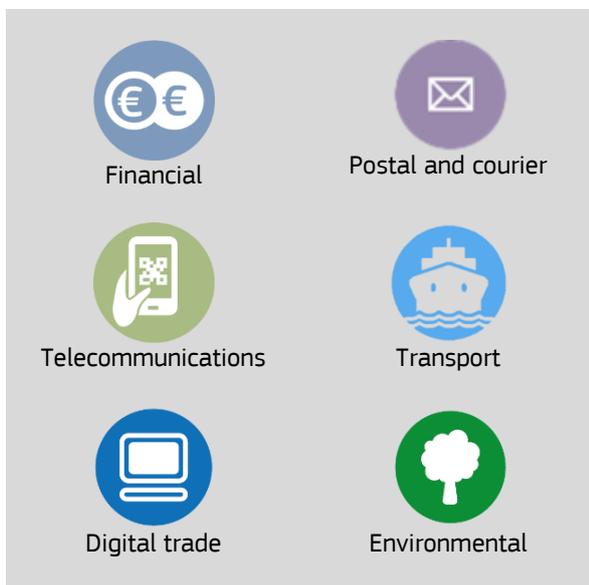
And by doing so, we're creating even more opportunities for EU businesses to grow and create new jobs across Europe.

# EU-MEXICO TRADE AGREEMENT

## 1. Trade in services

### Greater **access**

Trade in services is a major source of growth in today's global economy. The new trade agreement will give EU firms more access than now to Mexico's market in the following industries:



The new trade agreement also provides a framework for the EU and Mexico to recognise each other's qualifications in certain regulated professions:



### **Equal** treatment

The Mexican government agrees to treat EU suppliers in just the same way as ones from Mexico ('national treatment') when it comes to regulating its services markets.

### More **predictability**

Recently Mexico carried out major reforms in the way it manages its service industries, by opening up its energy, telecommunications and financial services markets to foreign companies.



The agreement locks in ('binds') this level of access for EU firms, so their market access is guaranteed now and in future.

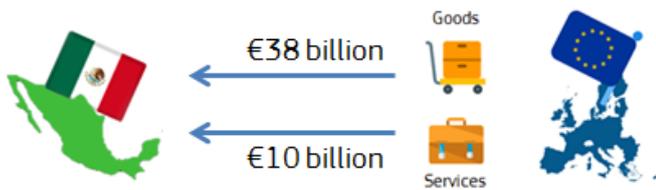
Doing this gives EU companies so-called 'legal certainty' or predictability – which can give them the confidence to set up or expand their operations in Mexico.

# EU-MEXICO TRADE AGREEMENT

## 2. Trade in goods

The EU already exports a lot of goods to Mexico.

EU exports to Mexico



But some hurdles for EU goods exports remain. The new agreement will remove most of these.

### 2.1 Food and drink

#### Ending Mexican customs duties

The new agreement will scrap customs duties on most of the remaining goods on which these are still charged. These are almost all food and drink products. It will do so within 7 years of the agreement starting to apply.

Thanks to the new agreement, the EU will be able to export products where it has a strong track record of selling outside Europe, notably:

 Poultry	Before Duties up to <b>100%</b>	After, with the new agreement <b>0%</b>
 Cheese	Before Duties up to <b>45%</b>	After <b>0%</b>
 Pork	Before Duties up to <b>45%</b>	After <b>0%</b>
 Chocolate	Before Over <b>20%</b>	After <b>0%</b>
 Pasta	Before Duties up to <b>20%</b>	After <b>0%</b>



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## Protecting EU Geographical Indications (GIs)

GIs are distinctive food and drink products from specific regions in the EU.



The new agreement aims to make it illegal in Mexico to sell imitations of 340 distinctive foods and wines from specific regions in the EU, such as Champagne, Parma ham and Balsamic Vinegar from Modena.



This will give these products a similar level of protection as in the EU. This is in addition to the Geographical Indications for EU spirits that Mexico already protects.

Promoting and protecting Europe's famous food and drink products outside the EU is a top priority.

Protection for  
**340**  
EU food and  
drink products

Examples of EU GIs that the trade agreement will protect		
 Wines, beers, spirits etc.	 Spain	<b>Jerez</b>
 Cheese	 France	<b>Comté</b>
 Meat	 Germany	<b>Nürnberger Bratwürste</b>
 Fruit, nuts, sweets	 Greece	<b>Elia kalamatas</b>
 Cheese	 	<b>Queijo S. Jorge</b>



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## **Protecting sensitive EU products**

Some 'sensitive' EU products are particularly susceptible to competition. The new agreement will protect such products by:

- limiting how much of them Mexico can export to the EU under preferential tariffs
- allowing the EU to stop preferential imports from Mexico if there is a sudden surge which puts EU producers at risk.

## **Ensuring food safety and animal and plant health**

Thanks to the new agreement, Mexico and the EU will make it easier for producers to export food and drink products in two other ways:

- **standards** – Mexico has agreed to base its requirements on international standards that ensure food safety and animal and plant health – known as sanitary and phytosanitary (SPS) rules.
- **cooperation** – Mexico has agreed that its agencies that draw up and enforce SPS rules will be in regular contact with their counterparts in the EU.

## 2.2 Industrial products

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### **Continued duty-free access**

Under the original EU-Mexico trade agreement, manufactured goods from the EU could already enter Mexico free of customs duties. The new agreement will continue this free access.

It will also make it easier for EU exporters to meet Mexico's technical requirements for products, such as:

- the way they're marked or labelled with information for consumers
- the procedures that EU exporters have to complete to show that their products meet Mexican standards ('conformity assessment procedures').

### **Simpler customs procedures**

The agreement will also bring in new rules to simplify and speed up paperwork and physical checks at Mexican customs. This will ensure that EU and Mexican customs agreement with shipments in a similar way.



Lifting barriers like these will benefit EU exports in several industries, notably:

- machinery
- pharmaceuticals
- mineral fuels
- transport equipment



# EU-MEXICO TRADE AGREEMENT

## **Making it easier to meet Mexico's technical requirements**

The agreement also tackles differences between the EU and Mexico in their technical requirements for products – for the way they perform, are tested for safety, or are labelled, for example. These are known as technical barriers to trade.

These differences can make it harder for EU companies to compete in the Mexican market. To make it easier, the agreement will address:



### **International standards**

Promoting the use of international standards widely used in the EU and around the world, such as those agreed in the International Organisation for Standardisation (ISO), for everything from machinery to toys.



### **Simpler product checks**

Making it easier for EU companies to fulfil procedures, such as safety testing, which show that EU products meet technical requirements in Mexico (certification).



### **Easy-to-find Information**

Ensuring EU companies can easily find details of regulations and standards that apply to goods in Mexico.

In the agreement the EU and Mexico also agree to apply what's known as 'good regulatory practices'. When regulators prepare new regulations, or seek to update existing ones, they will be fully transparent - for example, by:

- publishing in advance the list of topics or products on which they intend to regulate
- consulting with business, consumers, civil society or any interested person
- making it easier for companies to find the applicable regulations online.

Regulators will also assess:

- the need for regulations
- the likely impact of their proposals
- the impact of their regulations after they have been applied.

All this will make it easier for:

- EU regulators to understand the way their Mexican counterparts make decisions about new regulations, and
- Mexican regulators to understand the way their EU counterparts make such decisions.

And that will in turn promote trust between them.



# EU-MEXICO TRADE AGREEMENT

## 3. Public procurement

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The existing EU-Mexico trade agreement allows EU suppliers to tender for contracts to supply goods and services to parts of Mexico's federal government.

The new agreement will:

- enable EU firms to tender for contracts with more parts of Mexico's federal government
- enable EU firms to tender for 'Public-Private Partnership' contracts in Mexico

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.

The agreement will also:

- see Mexico bring its rules on transparency and non-discrimination in line with those of the World Trade Organisation's Government Procurement Agreement
- include new provisions to allow buyers to procure goods, services and works with a reduced environmental and social impact.
- mean that Mexico makes its tendering process more transparent by publishing tenders on a single procurement website.

In 2015 Mexico's federal government issued procurement contracts worth over

**€30 billion**

## 4. Intellectual property

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The new agreement improves the protection in Mexico of intellectual property owned by EU individuals or companies.

This includes:

- making it illegal in Mexico to sell imitations of distinctive food and drink products from specific regions in the EU, such as Champagne, Parma ham and Balsamic Vinegar from Modena
- protecting EU artists' work, for example by making it illegal in Mexico to make unauthorised copies of their work or to use it without paying royalties.





# EU-MEXICO TRADE AGREEMENT

## 5. Digital trade

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The new agreement seeks to ensure that whatever people in the EU or Mexico can do offline, such as selling things to each other, they can do online as well, and just as easily and securely.

It removes barriers to online trade, introduces rules so firms can operate online with certainty, and protects online consumers.



### Removing barriers

Removes unnecessary barriers to online trade - by, for example, preventing either side from charging customs duties on electronic transmissions, such as downloading an app onto a phone.



### Adopting rules

Puts in place clear rules about doing business online; these will enable companies to operate and plan in confidence (giving them 'legal certainty'), by, for example:

- guaranteeing that things like electronic contracts or signatures, or digital certificates, are legally valid
- preventing Mexico or the EU from requiring a company to provide access to the source code of software that it owns (such code is a major asset for companies)



### Protecting consumers

Ensures consumers can securely buy goods and services online, by:

- putting in place clear rules to protect them
- tackling the spread of junk mail ('spam')
- having easy access to the open internet, ie being able to:
  - use any online service or application they choose
  - connect to the internet using any device they choose.

# EU-MEXICO TRADE AGREEMENT

## 6. Small companies

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The new agreement helps EU small firms export more by:

- making it easier to access the information they need
- streamlining technical requirements and testing for products to be let into Mexico.



## 7. Fighting corruption

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The new agreement will be the first EU trade agreement to include measures to better coordinate the fight against corruption in both the private and public sectors.

It also includes measures to tackle money laundering.



## 8. Environment and labour rights

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In addition to making it easier to trade between the EU and Mexico, the new agreement promotes sustainable development by setting out strong, legally binding commitments on:

- environmental protection
- respect for people's rights at work.



It also promotes schemes including:

- **corporate social responsibility** – encouraging firms to operate responsibly and accountably
- **sustainability assurance** – allowing companies to show they make their products in a way that respects people and the environment
- **sustainable sourcing** – certifying that firms use natural resources like timber in a way that preserves them for future generations.



## 9. Investment

In the new agreement, the EU and Mexico have agreed on measures to:

- make it easier for EU companies to invest in Mexico
- set rules to protect investors from unfair treatment by governments

The new agreement replaces existing agreements and will ensure a high level of protection for investments between the EU and Mexico.

Many existing trade agreements include an old system for resolving disputes between foreign investors and governments, called investor-state dispute settlement (ISDS). The EU and Mexico will replace this with a new Investment Court System.

Features of the new Investment Court System	
 <b>Independent</b>	Professional, independent judges bound by a strict code of conduct
 <b>Transparent</b>	Hearings held in public Documents relating to cases published online
 <b>Fair</b>	Clearly-specified grounds on which an investor can challenge a state

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