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Background and state of play

On 28 April 2020, the EU and Mexico concluded their negotiations of a modernised trade pillar in the context of a broader update of the 1997 EU-Mexico Economic Partnership, Political Coordination and Co-operation Agreement ('Global Agreement' or 'GA'). The parties had already reached an "agreement in principle" on 21 April 2018 following two years of talks, but final agreement on some technical details of the chapter on public procurement was still pending. Once the legal scrubbing of the agreement and its translations are finalised, it can be signed by the Council and its Mexican counterparts and be submitted to Parliament for consent. As a mixed agreement, it requires approval at both the EU and Member State levels.

In 2021, Mexico was the EU's second largest trading partner for trade in goods in Latin America after Brazil. According to European Commission data as of May 2022, total EU-Mexico trade in goods amounted to €61 billion in 2021, with the EU running a trade surplus of more than €14 billion. Unlike with all other Latin American countries, EU trade in goods with Mexico is concentrated on industrial goods, with a minor role for trade in agricultural goods.

EU-Mexico trade relations are currently governed by the trade pillar under the GA that came into force in November 2000. It formed the basis for a second EU-Mexico agreement, the Interim Agreement on trade and trade related aspects ('Interim Agreement' or 'IA'), which was signed simultaneously with the GA in 1997 but already entered into force in 1998. Both agreements' objectives were subsequently implemented through Joint Council decisions, which resulted in a partial liberalisation of trade in goods (2000) and services (2001). In 2008, a Strategic Partnership was also established between the EU and Mexico.

In 2013, the EU and Mexico decided to explore the possibilities for a comprehensive update to their GA and in particular its trade pillar. The aim of the modernisation is to adapt the agreement to the new realities of global trade, geopolitics and recent trade and investment policy changes. It also serves to reflect political and economic changes that have occurred in the EU and Mexico since 2000. After preparatory work was completed, formal negotiations were launched in May 2016.

Among other things, the updated trade pillar would remove many of the remaining custom duties on trade in goods between the EU and Mexico. In the area of agricultural goods, more than 85% of tariff lines would be fully liberalised while certain sensitive sectors

(such as dairy and meat) would remain subject to specific restrictions (including quotas and tariff rate quotas). The modernised trade pillar would also protect an additional 340 EU Geographical Indications (GIs) in Mexico. In addition, it includes chapters on rules of origin (including for cars), trade facilitation, trade remedies, technical barriers to trade, and sanitary and phytosanitary rules. On services, the modernization would make it easier for EU firms to do business in Mexico (including in the maritime transport, telecommunications and financial sectors), while protecting both parties' right to regulate. The EU's new Investment Court System (ICS) would also be part of the updated agreement, together with provisions to encourage and protect investment. On public procurement, Mexico for the first time in a trade agreement offers sub-federal access for EU bidders. The modernised agreement would also include chapters on dispute settlement, anti-corruption measures, trade and sustainable development (TSD), transparency, energy and raw materials, small- and medium-sized enterprises, subsidies, competition, good regulatory practices, animal welfare and antimicrobial resistance, as well as annexes on motor vehicles and wine and spirits.

Main negotiations issues

The Commission published 35 negotiating text proposals during the negotiations. The main obstacles to an agreement in principle included disagreements on (agricultural) market access, rules of origin and GIs, investment protection and public procurement.

Some civil society organisations have criticized plans to include the ICS, the alleged lack of transparency in the negotiations, and the alleged absence of a human rights conditionality. Other criticisms from civil society have focussed on the alleged precedence of EU commercial interests over the protection of human rights and social and environmental standards in Mexico. After the agreement in principle was announced, concerns were also raised over the absence of protection for certain GIs, the fact that the TSD chapter would not be subject to dispute settlement, and Mexico's non-ratification of a core labour convention. The absence from the agreement of gender issues and commitments to free data flows was also criticized.

Position of the European Parliament

The European Parliament has expressed its support for the modernisation of the EU-Mexico Global Agreement on multiple occasions, including in its resolution of 5 July 2016 on a forward-looking and innovative future strategy for trade and investment. It is closely following the negotiations, as it will have to give its consent to the update of the GA's trade pillar. The Parliament has already posed numerous questions to the Commission and the Council on the modernisation, including on agricultural market access and the inclusion of a TSD chapter.

The Foreign Affairs Committee (AFET) of the European Parliament debated the modernised GA in its meeting of 22 February 2021.

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Further reading

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