

## EU and Mexico reach new agreement on trade

The European Union and Mexico today reached a new agreement on trade, part of a broader, modernised EU-Mexico Global Agreement. Practically all trade in goods between the EU and Mexico will now be duty-free, including in the agricultural sector. Simpler customs procedures will further benefit the EU's industry, including in sectors like pharmaceuticals, machinery and transport equipment. The agreement also lays down progressive rules on sustainable development. Among other things, the EU and Mexico have committed to effectively implementing their obligations under the Paris Agreement on climate change. It will also be the first EU trade agreement to tackle corruption in the private and public sectors.

European Commission President Jean-Claude **Juncker** said: "*Trade can and should be a win-win process and today's agreement shows just that. Mexico and the EU worked together and reached a mutually beneficial outcome. We did it as partners who are willing to discuss, to defend their interests while at the same time being willing to compromise to meet each other's expectations. With this agreement, Mexico joins Canada, Japan and Singapore in the growing list of partners willing to work with the EU in defending open, fair and rules-based trade.*"

Commissioner for Trade Cecilia **Malmström** added: "*In less than two years the EU and Mexico have delivered a deal fit for the economic and political challenges of the 21st century. We now open a new chapter in our long and fruitful relationship, boosting trade and creating jobs. Today's agreement also sends a strong message to other partners that it is possible to modernise existing trade relations when both partners share a clear belief in the merits of openness, and of free and fair trade.*"

Commissioner for Agriculture, Phil **Hogan**, said: "*This agreement proves yet again the value of the EU leading from the front globally in promoting open and rules-based trade. Our commitment is to deliver benefits for our citizens at home through closer cooperation with our partners abroad. This deal is very positive for our agri-food sector, creating new export opportunities for our high-quality food and drink products, which in turn will create support more jobs and growth, particularly in rural areas.*"

Today's agreement – once finalised and approved – will benefit both companies and consumers across Europe and advance the EU's values-based trade policy agenda. The agreement in principle struck today brings the EU's trade relationship with Mexico into the modern era, tearing down most of the remaining barriers to trade.

Since the previous EU-Mexico trade agreement came into force in 2000, trade between the EU and Mexico has risen at a rate of around 8% per year, resulting in an overall increase of 148% in trade in goods over the period. Despite these positive results, there was still a wide margin for improving the trade relationship that the new agreement is addressing, by making virtually all trade in goods duty-free.

### The main elements of the agreement

1) Agricultural exports from the EU are set to benefit the most, such as poultry, cheese, chocolate, pasta, and pork.

The agreement will, in particular:

- provide preferential access for many **cheeses** such as Gorgonzola and Roquefort, which currently are up to 20%, and gain significant new access for many others within annual quotas;
- secure a considerable volume for **milk powder** exports in one of the largest markets, starting with 30,000 tonnes from entry into force, rising to 50,000 tonnes after 5 years.
- allow the EU to substantially increase its **pork** exports to Mexico, with duty-free trade for virtually all pork products;
- eliminate tariffs for products like **chocolate** (currently up to 30%) and **pasta** (currently up to 20%);
- ensure the protection from imitation for 340 distinctive European foods and drink products in Mexico, so-called **geographical indications**, 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 means that EU producers of traditional delicacies are not struggling against copies, and when consumers buy these products they can do so knowing they are buying the real thing.

When it comes to customs procedures, the new agreement will bring in new rules to simplify and speed up paperwork and physical checks at Mexican customs.

2) The agreement includes a comprehensive **trade and sustainable development** chapter, which sets the highest standards of labour, safety, environmental and consumer protection; introduces a new dialogue with civil society in all areas of the agreement, strengthens the EU and Mexico's actions on sustainable development and climate change, notably the obligations both sides undertook under **the Paris Agreement on climate change**; and maintains and fully safeguards Member States' right to organise public services the way they choose.

The agreement also includes an explicit reference to the precautionary principle that, already enshrined in the EU treaties, allows the EU to keep products out of its market as long as there is no scientific certainty that they are safe.

It will also be the very first EU trade agreement to include provisions to **fight corruption**, with measures to act against bribery and money laundering. The broader Global Agreement, of which the trade agreement is an integral part, also covers the protection of human rights, as well as chapters on political and development cooperation.

3) The agreement is a big step forward in giving companies mutual access to government contracts in both the EU and Mexico **public procurement markets**. EU and Mexican companies will be placed on an equal footing, irrespective of whether they present a bid in Mexico or in the EU. 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.

4) This opening goes hand in hand with setting a level playing-field: we agreed a high level of protection of **intellectual property rights**. This protects EU research and development and guarantees fair pay for EU artists, as well as the 340 traditional EU delicacies mentioned above.

5) The new agreement opens up **trade in services**, such as financial services, transport, e-commerce, and telecommunications. The agreement will also help develop an favourable environment for a knowledge-based economy, with a new chapter on digital trade. This will remove unnecessary barriers to online trade, like charging customs duties when downloading an app, and will put in place clear rules to protect consumers online.

6) On **investment protection**, the agreement improves investment conditions and includes the EU's new Investment Court System, ensuring transparency and the right of governments to regulate in the public interest, and will also ensure that Mexico and the EU work towards the setting up of a Multilateral Investment Court. Overall, this agreement will strengthen Europe's leadership in **shaping globalisation** by putting in place trade rules that are in line with the EU's core values and safeguard the EU's interests and sensitivities. In doing so, it contributes to addressing challenges identified in the reflection paper on Harnessing Globalisation presented by the Commission as part of the White Paper process.

### **Next Steps**

Today's agreement in principle includes the most important elements of the agreement. In some chapters, technical details still need to be tied up. Based on today's agreement in principle, negotiators from both sides will continue their work to resolve the remaining technical issues and finalise the full legal text by the end of the year. Then, the Commission will proceed with the legal verification and translation of the agreement into all official EU languages, and will subsequently submit it for approval by the European Parliament and Council of the European Union.

### **Background**

The negotiations for the new agreement with Mexico started in May of 2016 based on negotiating directives from the Council. They were conducted according to the Commission's high transparency standards. In addition to close scrutiny from the European Parliament and Member States, the Commission ensured access to information about the progress in the negotiations by publishing regular reports from the negotiating rounds, as well as negotiating proposals.

The trade pillar is part of a broader Global Agreement, which sets the framework for the EU's relationship with Mexico and covers issues of broader shared interest that go beyond trade, including political issues, climate change and human rights.

In 1997, Mexico was the first country in Latin America to sign a Global Agreement with the EU. This came into force in 2000, and will be replaced by the new agreement once it is ratified.