

Trade Continuity Agreement between the United Kingdom of Great Britain and Northern Ireland and the United Mexican States

The United Kingdom of Great Britain and Northern Ireland (“the United Kingdom”) and the United Mexican States (“Mexico”) (hereinafter referred to as “the Parties”),

Recognising that 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, done at Brussels on 8 December 1997 (“EU-Mexico EPPCCA”) will cease to apply to the United Kingdom at the end of the transition period provided for in the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, done at Brussels and London on 24 January 2020 (“transition period”);

Taking account of the trade and economic principles set out in the preamble to the EU-Mexico EPPCCA, and

Desiring that the rights and obligations between Mexico and the United Kingdom on trade-related matters, as provided for by the EU-Mexico EPPCCA, should continue after the end of the transition period;

Have agreed as follows:

Article 1

Objective

The overriding objective of this Agreement is to preserve the preferential conditions relating to trade between the Parties which resulted from the EU-Mexico EPPCCA and to provide a platform for further trade liberalisation between the Parties.

Article 2

Definitions and interpretation

1. Throughout this instrument:

“Incorporated Agreement” means the trade-related provisions of the EU-Mexico EPPCCA as incorporated and made part of this Agreement (and related expressions are to be read accordingly); and

“*mutatis mutandis*” means with the technical changes necessary to apply the trade-related provisions of the EU-Mexico EPPCCA as if it had been concluded between the United Kingdom and Mexico, taking into account the object and purpose of this Agreement.

2. Throughout the Incorporated Agreement and this instrument, “this Agreement” means the entire Agreement, including anything incorporated by Articles 3 and 4.

Article 3

Incorporation of the trade-related provisions of the EU-Mexico EPPCCA

1. The trade-related provisions of the EU-Mexico EPPCCA in effect immediately before they cease to apply to the United Kingdom are incorporated into and made part of this Agreement, *mutatis mutandis*, subject to the provisions of this instrument and the modifications provided for in the Annex to this Agreement.¹
2. In the event of any inconsistency between this instrument and the Incorporated Agreement, this instrument shall prevail to the extent of the inconsistency.

Article 4

Incorporation of Declarations

The trade-related Declarations made by the Parties to the EU-Mexico EPPCCA in effect immediately before it ceases to apply to the United Kingdom shall apply, with the same legal effect, *mutatis mutandis*, subject to the provisions of this instrument.

Article 5

Territorial application

This Agreement shall apply, on the one hand, to the territory of Mexico, and, on the other hand, to the territory of the United Kingdom and the following territories for whose international relations the United Kingdom is responsible, to the extent that and under the same conditions which Article 56 of the EU-Mexico EPPCCA applied immediately before it ceased to apply to the United Kingdom:

- (a) Gibraltar;
- (b) the Channel Islands and the Isle of Man.

Article 6

Continuation of time periods

Unless this instrument provides otherwise:

- (a) if a period under the EU-Mexico EPPCCA relating to a substantive right or obligation has not yet ended, the remainder of that period shall be incorporated into this Agreement; and

¹ For greater certainty, and in accordance with Article 7 of this instrument, this includes Decision No 2/2000 of the EC-Mexico Joint Council of 23 March 2000, as amended, ("Decision 2/2000") and Decision No 2/2001 of the EU-Mexico Joint Council of 27 February 2001, as amended, ("Decision 2/2001").

(b) if a period under the EU-Mexico EPPCCA relating to a substantive obligation has ended, any ongoing right or obligation in the EU-Mexico EPPCCA shall apply between the Parties and that period shall not be incorporated into this Agreement.

Article 7

Further provision in relation to the Joint Council

1. The Joint Council which the Parties establish under Article 45 of the Incorporated Agreement shall, in particular, ensure that this Agreement operates properly.
2. Unless the Parties agree otherwise, upon entry into force of this Agreement, any decisions adopted by the Joint Council and Joint Committee established by the EU-Mexico EPPCCA before the EU-Mexico EPPCCA ceased to apply to the United Kingdom shall, to the extent those decisions relate to trade and to the Parties to this Agreement, be deemed to have been adopted, *mutatis mutandis* and subject to the provisions of this instrument, by the Joint Council the Parties establish under Article 45 of the Incorporated Agreement.
3. Nothing in paragraph 2 prevents the Joint Council established by Article 45 of the Incorporated Agreement, or any trade-related committee assisting it in the performance of its duties under Articles 48 or 49 of the Incorporated Agreement, from making decisions which are different to, revoke or supersede the decisions deemed to have been adopted by it under that paragraph.

Article 8

European currency references

Notwithstanding Article 3, references to EUR (the euro currency) and to ECU (the European Currency Unit) in the Incorporated Agreement shall continue to be read as such in this Agreement.

Article 9

Subsequent negotiations

1. The Parties shall commence negotiations for an ambitious, modern and comprehensive free trade agreement between the United Kingdom and Mexico at the earliest possible opportunity and within one year of the date of entry into force of this Agreement.
2. Each Party shall give positive consideration to any proposal by the other Party regarding a topic to be included in the scope of the negotiations referred to in paragraph 1.
3. The Parties shall strive to conclude the negotiations referred to in paragraph 1 within three years of the date of entry into force of this Agreement.

Article 10

Integral parts of this Agreement

The annex and footnote to this instrument are integral to this Agreement.

Article 11

Amendments

1. The Parties may agree, in writing, to amend this Agreement. An amendment shall enter into force after the Parties exchange written notifications certifying that they have completed their respective legal requirements and procedures.
2. Paragraph 1 is without prejudice to the functions of the Joint Council established under Article 45 of the Incorporated Agreement.

Article 12

Entry into force and provisional application

1. Articles 59 and 60 of the EU-Mexico EPPCCA shall not be incorporated into this Agreement.
2. Each Party shall notify the other Party in writing, through diplomatic channels, of the completion of its domestic procedures required for the entry into force of this Agreement.
3. This Agreement shall enter into force on the later of:
 - (a) the date of receipt of the later of the Parties' notifications that they have completed their domestic procedures; or
 - (b) the date on which the EU-Mexico EPPCCA ceases to apply to the UK.
4. Notwithstanding paragraph 3 and pending its entry into force, the Parties may apply this Agreement provisionally, in accordance with their respective internal procedures, as applicable.
5. The provisional application shall begin on the later of:
 - (a) the date on which both:
 - i. the UK has notified Mexico of the completion of its internal procedures for such purpose; and
 - ii. Mexico has notified the UK of the completion of its internal procedures; or
 - (b) the date on which the EU-Mexico EPPCCA ceases to apply to the UK.
6. If this Agreement is provisionally applied in accordance with paragraph 5, the Parties shall understand the term "entry into force of this Agreement" as meaning the date of provisional application.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done in Duplicate at [*location of signature*] this [*day of signature*] day of [*month of signature*] 20[*year of signature*] in the English and Spanish languages, both texts being equally authoritative.

For the Government of the United
Kingdom of Great Britain and Northern
Ireland:

For the Government of the United
Mexican States:

ANNEX

MODIFICATIONS TO THE INCORPORATED AGREEMENT

The Incorporated Agreement and the decisions adopted by this instrument are further modified as follows.

MODIFICATIONS TO THE EU-MEXICO EPPCCA

1. Title II (Political dialogue) shall not be incorporated into this Agreement.
2. Title VI (Cooperation) shall not be incorporated into this Agreement.
3. Article 56 shall not be incorporated into this Agreement.

MODIFICATIONS TO DECISION 2/2000

4. Article 8(10) shall be replaced with:

“Tariff concessions shall not apply to imports into the United Kingdom of products listed in Annex I (Tariff Elimination Schedule of the Community) under Category O.”
5. Article 17(3) shall be replaced with:

“The administrations of both Parties shall provide mutual administrative assistance in customs matters in accordance with the provisions of the Annex on mutual administrative assistance in customs matters.”
6. In Article 31(7)(a), for “, both above and below the threshold value”, substitute “above the applicable threshold value”.

MODIFICATIONS TO THE ANNEX I TARIFF ELIMINATION SCHEDULE OF THE UK (and the tariff concessions added by Decisions 2/2004 and 3/2004)

Annex I, section A

7. The first paragraph of Annex I, section A, commencing “The following tariff concessions”, shall be replaced with:

“The tariff concessions that shall apply as from the date of entry into force of this Agreement on an annual basis to imports into the United Kingdom of products originating in Mexico shall be:

 - (a) if this Agreement enters into force after 30 June 2021, the concessions referred to in paragraphs 1 to 19, together with the applicable annual concession increases for each administration period after 30 June 2021 to the year of entry into force.

The administration period for tariff concessions applied under this section for each year the Agreement is in force shall be as follows:

- (b) for paragraphs 4 to 5, 1 June to 31 October of the same year;
- (c) for paragraphs 6 to 7, 1 November to 31 May of the following year; and
- (d) for all other tariff concessions, 1 July to 30 June of the following year.

If this Agreement enters into force part-way through an administration period, the quantities of the applicable tariff concessions shall be re-sized and applied on a pro-rata basis from the date of entry into force of the Agreement to the end of the applicable administration period.”

- 8. In paragraph 1, for “300”, substitute “41”.
- 9. In paragraph 2, for “1 000”, substitute “136”.
- 10. In paragraph 3, for “30 000”, substitute “5 500”.
- 11. In paragraph 4, for “350”, substitute “48”.
- 12. In paragraph 5, for “400”, substitute “54”.
- 13. In paragraph 6, for “350”, substitute “48”.
- 14. In paragraph 7, for “400”, substitute “54”.
- 15. In paragraph 9, for “500”, substitute “68”.
- 16. In paragraph 10, for “1 000”, substitute “136”.
- 17. In paragraph 11, for “1 000”, substitute “136”.
- 18. In paragraph 12:
 - (a) for “2 000”, substitute “1 634”; and
 - (b) for “500”, substitute “68”.
- 19. In paragraph 13, for “275 000”, substitute “106 125”.
- 20. In paragraph 14, for “1 000”, substitute “136”.
- 21. In paragraph 15, for “1 500”, substitute “204”.
- 22. In paragraph 16, for “1 000”, substitute “136”.
- 23. In paragraph 17, for “30 000”, substitute “4 086”.
- 24. In paragraph 18, for “2 500”, substitute “341”.
- 25. In paragraph 19, for “3 000”, substitute “409”.

Annex I, section B

- 26. The first paragraph of Annex I, section B, commencing “The following tariff concessions”, shall be replaced with:

“The tariff concessions that shall apply as from the date of entry into force of this Agreement on an annual basis to imports into the United Kingdom of products originating in Mexico shall be the concessions referred to in paragraphs 1 to 10.

The administration period for tariff concessions applied under this section shall be 1 July to 30 June of the following year for each year the Agreement is in force. If this Agreement enters into force part-way through the administration period, the quantity of the applicable tariff concession shall be re-sized and applied on a pro-rata basis from the date of entry into force of the Agreement to the end of the administration period.”

- 27. In paragraph 3, for “1 000”, substitute “136”.

Decision 2/2004

- 28. Article 2 to Decision 2/2004 shall not be incorporated into this Agreement.

29. Article 3 to Decision 2/2004 shall be replaced with:

“The administration period for the quota shall be 1 January to 31 December for each year the Agreement is in force. If this Agreement enters into force part-way through an administration period, the quantity of the quota shall be re-sized and applied on a pro-rata basis from the date of entry into force of the Agreement to the end of the administration period.”

30. In the Annex to Decision 2/2004:

(a) in the entry for Year 2:

- (i) for “Year 2”, substitute “Year 2 and following years”; and
- (ii) for “6000”, substitute “817”; and

(b) the entries for Years 3 to 10 and the entry for “Following Years” shall not be incorporated into this Agreement.

Decision 1/2020 amending Decision 2/2000

31. In the quota listed in Annex I to Decision 1/2020 in respect of bananas, fresh (excluding plantains), for “2 010”, substitute “12 000”.

32. The administration period for tariff concessions for bananas referenced in the preceding paragraph for each year this Agreement is in force shall be 1 January to 31 December. If this Agreement enters into force part-way through the administration period, the quantity of the applicable tariff concession shall be re-sized and applied on a pro-rata basis from the date of entry into force of this Agreement to the end of the administration period.

MODIFICATION TO THE ANNEX II TARIFF ELIMINATION SCHEDULE OF MEXICO

33. The first paragraph of Annex II, section A, commencing “The following tariff concessions”, shall be replaced with:

“The tariff concessions that shall apply as from the date of entry into force of this Agreement on an annual basis to imports into Mexico of products originating in the United Kingdom shall be:

if this Agreement enters into force after 30 June 2021, the concessions referred to in the final paragraph of this section A, together with the applicable annual concession increases for each administration period after 30 June 2021 to the year of entry into force.

The administration period for tariff concessions applied under this Annex for each year the Agreement is in force shall be 1 July to 30 June of the following year. If this Agreement enters into force part-way through the administration period, the quantity of the applicable tariff concession shall be re-sized and applied on a pro-rata basis from the date of entry into force of the Agreement to the end of the administration period.”

34. In the second paragraph:

- (a) for “2 000”, substitute “1 634”; and
- (b) for “500”, substitute “68”.

MODIFICATIONS TO ANNEX III TO DECISION 2/2000

35. After paragraph (p) of Article 1, the following definition shall be inserted:

“(q) ‘value added’ shall be taken to be the ex-works price of the final product minus the customs value of each of the materials incorporated which originate in the other countries or territories referred to in Article 3a with which cumulation is applicable or, where the customs value is not known or cannot be ascertained, the first ascertainable price paid for the materials in the United Kingdom or in Mexico.”

36. After paragraph (q) of Article 1, the following definition shall be inserted:

“(r) ‘material originating in the European Union’: means a material obtained in the European Union which, had it been obtained in a Party, would qualify as originating in that Party by the application of the rules of origin provided for in this Annex.”

37. After Article 3, the following shall be inserted:

“Article 3a

Extended Cumulation of Origin

1. Without prejudice to the provisions of Article 2(1), materials originating in the European Union shall be considered as materials originating in the United Kingdom when incorporated into a product obtained in the United Kingdom, provided that the working or processing carried out there goes beyond the operations referred to in Article 6.
2. Without prejudice to the provisions of Article 2(2), materials originating in the European Union shall be considered as materials originating in Mexico when incorporated into a product obtained in Mexico, provided that the working or processing carried out there goes beyond the operations referred to in Article 6.
3. Without prejudice to the provisions of Article 2(1), working or processing carried out in the European Union shall be considered as having been carried out in the United Kingdom when the materials obtained undergo subsequent working or processing in the United Kingdom, which goes beyond the operations referred to in Article 6.
4. For cumulation provided in paragraphs 1 and 2, when the working or processing carried out in the United Kingdom or Mexico does not go beyond the operations referred to in Article 6, the product obtained shall be considered as originating in the United Kingdom or Mexico only when the value added there is greater than the value of the materials used originating in any one of the other countries or territories.
5. For cumulation provided in paragraph 3, when the working or processing carried out in the United Kingdom does not go beyond the operations referred to in Article 6, the product obtained shall be considered as originating in the United Kingdom only when the value added there is greater than the value added in any one of the other countries or territories.

6. The cumulation provided for in this Article will apply provided that:
- (a) the countries involved in the acquisition of the originating status and the country of destination have arrangements on administrative cooperation which ensure the correct implementation of this Article;
 - (b) materials and products have acquired originating status in application of the same rules of origin as provided in this Annex; and
 - (c) the exporter, at the moment of the issue of a proof of origin, shall have a statement issued and signed by the supplier of the materials of the European Union, stating:
 - (i) for paragraphs 1 or 2, that the material qualifies as a material originating in the European Union; or
 - (ii) for paragraph 3, the working or processing carried out in the European Union.
7. Paragraphs 1 to 6 will cease to apply three years after entry into force of this Agreement. Not more than 30 months after the entry into force of this Agreement the Parties shall consult as to whether the period should be extended. If they agree, the application of this paragraph may be extended by decision of the Joint Committee.
8. The Parties shall continue to seek and work towards mutually beneficial and more liberal rules of origin in the future, that best reflect Mexico's and the United Kingdom's supply chains and sectoral interests.”

38. Article 4(2) shall be replaced with:

“2. The terms ‘their vessels’ and ‘their factory ships’ in paragraph 1(f) and (g) shall apply only to vessels and factory ships:

- (a) which are registered or recorded in Mexico or in the United Kingdom;
- (b) which sail under the flag of Mexico or the United Kingdom;
- (c) which are owned to an extent of at least 50% by nationals of the United Kingdom, Member States of the European Union or Mexico, or by a company with its head office in the United Kingdom, one of the Member States of the European Union or Mexico, of which the manager or managers, chairman of the board of directors or the supervisory board, and the majority of the members of such boards are nationals of the United Kingdom, Member States of the European Union or Mexico and of which, in addition, in the case of partnerships or limited companies, at least half the capital belongs to the United Kingdom, one of the Member States of the European Union or Mexico or to public bodies or nationals⁽¹⁾ of the United Kingdom, Member States of the European Union or Mexico;

⁽¹⁾ For purposes of this paragraph the term ‘nationals’ includes companies.

(d) of which the master and officers are nationals of the United Kingdom, Member States of the European Union or Mexico;

(e) of which at least 75% of the crew are nationals of the United Kingdom, Member States of the European Union or Mexico.”

39. In the first sentences of Article 12(1) and 12(2), in each case the following shall be inserted at the start of the sentence:

“Except as provided for in Article 3a,”.

40. The first sentence of Article 13 shall be replaced with:

“The preferential treatment provided for under this Decision applies only to products satisfying the requirements of this Annex, which are transported directly between Mexico and United Kingdom.”

41. After paragraph 1 of Article 13, the following paragraph shall be inserted:

“1a. Consignments that are transported through the territory of a non-Party, with, should the occasion arise, trans-shipment or temporary warehousing in the territory of the non-Party, may additionally be split, stored, labelled or marked, provided they remain under the surveillance of the customs authorities in the non-Party of transit, transshipment or temporary warehousing so as to ensure that the products are not otherwise altered or transformed.”

42. In the first sentence of Article 14(1), the following shall be inserted directly following the phrase “or in Mexico”:

“or in the European Union”.

43. Article 17(4) shall be replaced with:

“EUR.1 movement certificates issued retrospectively shall be endorsed with one of the following phrases:

ES ‘EXPEDIDO A POSTERIORI’

EN ‘ISSUED RETROSPECTIVELY’”.

44. Article 18(2) shall be replaced with:

“The duplicate issued in this way must be endorsed with one of the following words:

ES ‘DUPLICADO’

EN ‘DUPLICATE’”.

45. Article 29(1) shall be replaced with:

“Amounts in the national currency of the exporting country equivalent to the amounts expressed in euro in this Annex shall be fixed by the exporting country and communicated to the importing country by the relevant Party.”

46. After paragraph 2 of Article 31, the following paragraph shall be inserted:

“2a. When appropriate, the customs authority of the importing country may request, pursuant to paragraph 2, specific documentation and information from the customs authority of the exporting country.”

47. Article 31(5) shall be replaced with:

“The customs authorities requesting the verification shall be informed by the customs authorities or the competent governmental authority of the exporting country of the results of this verification as soon as possible. The results must be presented in a written report, clearly indicating whether the products concerned can be considered as originating, the authenticity and the fulfilment with the other requirements of this Chapter. The written report shall include:

- (a) the results of the verification;
- (b) the description of the product subject to verification including its tariff classification when relevant for the application of the rule of origin;
- (c) a description and explanation of the rationale concerning the originating status of the product;
- (d) information on the manner in which the verification was conducted;
- (e) information regarding any verification procedure; and
- (f) supporting documentation.

For greater certainty, the customs authority requesting the verification may determine whether the information contained within a written report is adequate for the purposes of the verification. In making such a determination, the customs authority shall act reasonably and with regard to all of the relevant information available to it.”

48. Article 31(6) shall be replaced with:

“If in cases of reasonable doubts there is no reply within 10 months after the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the document in question or the origin of the products, the requesting customs authorities are entitled to refuse to grant preferential tariff treatment.”

49. Article 36 shall be replaced with:

“Article 36

Application of this Annex

The term ‘European Union’ used in this Annex does not cover Ceuta and Melilla.”

50. Article 37 shall not be incorporated into this Agreement.

51. In Article 40, the word “four” shall be replaced with “twelve”.

52. In Appendix II:

- (a) in footnote (2) of column 3 to heading 5208 to 5212, for “2 000 000 m²” substitute “148 800 m²”;
- (b) in footnote (2) of column 3 to heading 5407 and 5408, for “3 500 000 m²” substitute “260 400 m²”;

- (c) in footnote (2) of column 3 to heading 5512 to 5516, for “2 000 000 m²” substitute “148 800 m²”;
- (d) in footnote (2) of column 3 to heading 5801 for “500 000 m²” substitute “37 200 m²”;
- (e) in footnote (2) of column 3 to heading 5806 for “500 000 m²” substitute “37 200 m²”; and
- (f) in footnote (2) of column 3 to heading 5811, for “500 000 m²” substitute “37 200 m²”.

53. In Note 9 to Appendix II a, in the second column of the second table:

- (a) in the first row, for “120 000” substitute “8 928”;
- (b) in the second row, for “250 000 (womens’s pairs)” substitute “18 600 (women’s pairs)”;
- (c) in the second row, for “250 000 (men’s pairs)” substitute “18 600 (mens’s pairs)”;
- (d) in the second row, for “125 000 (children’s pairs)”, substitute “9 300 (children’s pairs)”;
- (e) in the third row, for “120 000”, substitute “8 928”.

54. In Appendix IV:

- (a) only the Spanish and English versions of the invoice declaration shall be incorporated into this Agreement; and
- (b) the second sentence of footnote (2), which commences “When the invoice declaration relates...”, shall not be incorporated into this Agreement.

MODIFICATIONS TO ANNEX X TO DECISION 2/2000

55. In PART C, paragraph 2 shall be replaced with:

“The United Kingdom shall calculate and convert regularly every even year, in accordance with the calculation method set out in the Revised GPA , the value of the thresholds into pound sterling, based on the average daily value of the pound sterling, expressed in Special Drawing Rights over the 24 month period terminating on the last day of August preceding the revision, with effect from 1 January. The value of the thresholds thus revised shall, where necessary, be rounded down to nearest thousand.

The United Kingdom’s next revision will come into effect in 2022.”.

MODIFICATIONS TO ANNEX XIII TO DECISION 2/2000

56. Upon entry into force of this Agreement, the United Kingdom shall provide Mexico with details on the United Kingdom’s means of publication. The UK’s means of publication shall be directly accessible by electronic means free of charge through a single point of access on the internet.

MODIFICATIONS TO ANNEX XV TO DECISION 2/2000

57. Article 2(b) shall be replaced with:

- “i) for the UK, the Competition and Markets Authority, and

ii) for Mexico, the Comisión Federal de Competencia Económica and the Instituto Federal de Telecomunicaciones;”

MODIFICATIONS TO DECISION 2/2001

58. Article 9 shall not be incorporated into this Agreement.

MODIFICATIONS TO ANNEX I TO DECISION 2/2001

59. In Part A, paragraph 4 shall not be incorporated into this Agreement.

60. In the table of limitations on market access in Part A (Community and its Member States), for mode 2 (consumption abroad) and mode 3 (commercial presence) in Section B (Banking and Other Financial Services (excluding insurance)), “European Economic Area” shall be replaced with “United Kingdom”.

MODIFICATIONS TO DECISION 5/2004 - ANNEX ON MUTUAL ADMINISTRATIVE ASSISTANCE IN CUSTOMS MATTERS

61. Article 14(1)(c) shall not be incorporated.

62. Article 14(2) shall be replaced with:

“Notwithstanding the provisions of paragraph 1, the provisions of this Annex shall take precedence over the provisions of any bilateral agreement on mutual assistance which has been concluded between the Parties prior to the date of application of this Agreement.”