

legal memo

Mexico City, April 30, 2020

FTA Mexico – European Union

On April 28, 2020, the Ministry of Economy reported that Mexico and the European Union had concluded the negotiations for the modernization of the Agreement of Economic Partnership, Political Coordination and Cooperation between the United Mexican States and the European Community and its members (“TLCUEM”). The following stages will be: the signing of the same by both parties, and the respective legislative discussion for approval purposes in due course.

One of the main objectives of the European block was "for Mexico to open its market in the States that represent 62.5% of the country's total GDP". "Mexico promised to achieve a minimum coverage of public entities for the States and municipalities that offer access to bidders of the European Union, being the first time that Mexico opens public procurement at the sub-national level in a trade agreement". This will increase the business opportunities in Mexico for European companies.

According to the press release information, the Mexican proposal for the government procurement chapter at the sub-federal level was accepted by the European countries as part of the TLCUEM.

Consequently, the negotiation process of the Agreement, which initiated on June 2016, is concluded. The modernized TLCUEM is a latest generation agreement and covers new matters, such as “energy and raw materials, sustainable development, small and medium-sized companies, good regulatory practices, transparency and anti-corruption, among others”, as reported by the Ministry of Economy in the release.

Both parties agreed through their representatives that reaching an agreement at this time, shows that both parties share the values of a ruled-based commerce system which offers certainty.

This modernized agreement between Mexico and the European Union, together with the T-MEC, represents an opportunity to strengthen commercial ties, for the benefit of companies that participate on both markets, which has become more relevant since supply chains have being affected due to the health crisis.

To analyze in further detail the modernizing content of the TLCUEM and its scope, and assess the opportunities that will undoubtedly arise, once signed and approved, it would be relevant to monitor its approval process.

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