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Guidance

# Summary of the UK-Mexico Trade Continuity Agreement

How you import from and export to Mexico will change from 1 January 2021.

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## UK-Mexico Trade Continuity Agreement (TCA)

The UK has signed a trade agreement with Mexico.

However, the TCA will not come into force from 1 January 2021. To minimise the impact of this, the UK and Mexico have agreed to ultimately ensure that there will be continuity of trading conditions on tariffs and rules of origin via an exchange of letters.

This will ensure that preferential tariff rates will continue to apply for goods imported into the UK from Mexico from 1 January 2021.

It also means that UK businesses exporting to Mexico between 1 January and the trade agreement coming into force will be able to claim a refund on tariffs paid on exports which would have attracted a preferential rate if the agreement had come into force on 1 January.

## **What does this mean for UK businesses exporting goods to Mexico from 1 January?**

For a short period, from 1 January until the agreement is ratified in Mexico, goods entering Mexico from the UK will be subject to MFN tariffs. Businesses can find out what tariffs they will have to pay using the Mexican Government's SIAVI online tool (<https://www.snice.gob.mx/cs/avi/snice/informacionarancelaria.html>). However, once the agreement is in force, businesses will be able to claim back (from the Mexican Government) any tariffs paid in this temporary period. The Mexican Government will be issuing guidance on the rebate scheme shortly. Businesses should continue to fill out the same customs forms as they are required to now.

This guidance provides information on changes to certain aspects of trade that will apply from 1 January 2021 until the UK-Mexico agreement takes effect. It is for UK businesses trading with Mexico.

## **What is covered until the TCA enters into force**

Provisions on:

- preferential tariffs
- tariff rate quotas
- rules of origin

## **Import tariff rates on goods**

Preferential tariff rates for bilateral trade in goods between the UK and Mexico will continue to apply from 1 January 2021. In some cases, the applied preferential rates for imports into the UK have been adjusted due to changes in the UK's Most Favoured Nation tariff schedule (for example, removing of the entry price regime and certain complex agricultural duties). There will ultimately be no difference between the preferential tariff rates that will apply before and after the TCA enters into force.

You can use online tools Trade with the UK (<https://www.gov.uk/get-rules-tariffs-trade-with-uk>) and Check How to Export Goods (<https://www.gov.uk/check-duties-customs-exporting>) to check product-specific and country-specific information on tariffs and regulations that currently apply to UK trade in goods. These tools are regularly updated to reflect any changes.

## **Tariff rate quotas (TRQs)**

Tariff rate quotas (TRQs) will apply from 1 January 2021. Utilisation before the TCA enters into force will be deducted from the volumes in the TCA. TRQs in the TCA have been tailored specifically to the UK.

Further details on this can be found in the side letters that were exchanged with Mexico and that form part of the TCA.

To find out the new TRQs, see table 4 of the Parliamentary Report (<https://www.gov.uk/government/publications/continuing-the-uks-trade-relationship-with-mexico-parliamentary-report>).

## Rules of origin

### Claiming preferential rates for your exports from the UK

As outlined above, whilst the TCA is not yet in force trade will be governed under the principles of the WTO and the MFN tariff will be applied. Consequently, the certifications of origin will not be required at the time of importation for goods originating in the UK. However, these forms will still be needed when claiming preferential rates through Mexico's retrospective payment scheme.

From 1 January 2021, the UK will continue to use the EUR.1 format for movement certificates with trade partners that have mutual FTAs with the EU, including Mexico. These movement certificates will look identical to those currently in use, but the place of origin on the certificate will be marked as the United Kingdom instead of the European Community.

From 1 January 2021, EUR.1 certificates of origin that have been updated to show the UK will be available from your usual provider, such as the chambers of commerce.

If you currently use an EUR.1 form with Mexico, once the TCA is in force, you can continue to use the new EUR.1 form that shows the UK as the place of origin.

### Using EU materials and processing in your exports to Mexico

You can continue to use EU materials or processing in your exports to Mexico. The working or processing undertaken in the UK or Mexico must have fulfilled the necessary requirements set out in the Incorporated Rules of Origin Protocol and Annexes in the TCA. You must also ensure the working or processing you do in the UK goes beyond the minimal operations listed in TCA and the other relevant conditions are met.

For example, you will not be able to simply package or label a product from the EU and export it to Mexico as a good originating in the UK.

See the list of operations which are insufficient in Incorporated Article 7 of the Rules of Origin Protocol.

If you use EU materials or processing in your exports to Mexico, you need to submit evidence to the Mexican customs authorities. See Integrated Article 6.c for details.

### Sending your goods to Mexico through the EU and other countries

Goods transited through the EU will not be subject to the same restrictions as those in transit through other countries.

For example, you will be able to split a consignment in the EU when exporting goods to Mexico, provided the goods comprising the consignment have not cleared customs in the EU.

Transit through any other country is possible provided your goods remain under customs surveillance and do not undergo operations other than unloading, reloading or any operation designed to preserve them in good condition.

## Origin quotas

Origin quotas in the TCA have been tailored specifically to the UK and will be given effect from 1 January 2021.

Please see table 6 listed in the agreement Parliamentary Report, which details the new origin quotas.

## What is not covered until the TCA enters into force

Unless stated above, other areas are not covered. Trading rules in these areas may therefore change from 1 January 2021. These areas include:

- sanitary and phytosanitary measures (SPS)
- regulations
- services
- investment
- procurement
- intellectual property, including geographical indications

These areas will be covered by the TCA when the agreement enters into force.

## Sanitary and phytosanitary measures (SPS)

From 1 January 2021, the approvals for Mexico's commodities and establishments will continue to be recognised. The UK's new import pre-notification system IPAFFS (the UK's Import of Products, Animals, Food and Feed System) will include:

- approved exporting establishments listed on TRACES
- approved establishments added to TRACES during the transition period

These establishments will therefore remain eligible for export to the UK from 1 January 2021.

Guidance on the 'Import of products, animals, food and feed system (IPAFFS) (<https://www.gov.uk/guidance/import-of-products-animals-food-and-feed-system>) is available online.

Guidance on how to 'Apply for an export health certificate' (<https://www.gov.uk/guidance/apply-for-an-export-health-certificate>).

## Regulations

From 1 January 2021, the UK will accept most goods that meet EU requirements on product safety for a time limited period. There are also new requirements for the use of a UK Conformity Assessed (UKCA) mark for goods sold in Great Britain. The UKCA mark covers most goods which previously required the CE marking.

The government has published guidance on:

- placing goods on the UK market (<https://www.gov.uk/guidance/placing-manufactured-goods-on-the-market-in-great-britain-from-1-january-2021>)
- using the UKCA marking (<https://www.gov.uk/guidance/using-the-ukca-mark-from-1-january-2021>)
- the status of conformity assessment bodies (<https://www.gov.uk/guidance/conformity-assessment-bodies-change-of-status-from-1-january-2021>)

If you are selling goods in Mexico, you will need to continue to meet the regulatory requirements as set out in Mexican law.

## Services

### Providing services in Mexico

If you are a UK business providing services in Mexico, there could be changes to the way you provide services.

Mexico may impose new trade restrictions for some types of services. You may no longer have the right to provide some services, or to provide some services in particular ways, to Mexico from 1 January 2021. If in doubt about how the services you provide to Mexico will be affected, you should contact the relevant regulatory body in Mexico.

You will also need to continue to follow the terms set out in Mexico's legislation. This might include:

- getting an authorisation or licence to provide a particular service
- complying with local business regulations
- abiding by Mexican nationality requirements which could prevent you from providing services in some sectors

If in doubt, consider appointing an English-speaking lawyer in Mexico (<https://www.gov.uk/government/publications/mexico-list-of-lawyers>) to help you comply with specific regulations. You can also contact your local chamber of commerce for advice. The authoritative source for Mexican market regulations is the Mexican Government.

### Providing services in the United Kingdom

If you are a Mexican business providing services in the UK you will trade on the terms set out in the UK's proposed WTO GATS schedule. This proposed services schedule replicates as far as possible the UK's current obligations such as they exist in the schedules of the European Union. The terms set out in the services schedule will form the basis of the UK's trade policy whilst the certification process is being completed. Read the UK's proposed WTO GATS schedule of specific commitments and list of Article II (MFN) exemptions (<https://www.gov.uk/government/publications/uk-goods-and-services-schedules-at-the-wto>).

## Investment

The UK and Mexico have a Bilateral Investment Treaty (BIT), which will remain unaffected. Investment protections between the UK and Mexico from 1 January 2021 will remain unchanged.

## Procurement

From 1 January 2021, a new e-notification service called Find a Tender will be used to post and view UK public sector procurement notices. Businesses will be able to use Find a Tender to view public procurement notices published by UK contracting authorities.

### UK businesses bidding for future tenders in Mexico

The EU-Mexico FTA provides each party with guaranteed non-discriminatory access to certain procurement markets of the other.

From the 1 January 2021, UK businesses may no longer receive guaranteed non-discriminatory access to Mexican procurement tenders.

Businesses undertaking or considering government procurement bids in Mexico from 1 January 2021 should contact the relevant procurement authority or obtain specific legal advice.

### Mexican businesses bidding for future tenders in the UK

The UK will continue to grant Mexican businesses the same non-discriminatory treatment that they currently receive under the EU agreement until 1 January 2022. After this period, Mexican businesses will no longer receive guaranteed non-discriminatory access to UK procurement tenders.

### Existing procurement bids

Any government procurement bids in Mexico or the UK that have been accepted and contracted before the 1 January 2021 will not be affected. UK businesses undertaking or considering government procurement bids in Mexico from 1 January 2021 are encouraged to contact the relevant procurement authority or obtain specific legal advice.

## Intellectual property

Most forms of Intellectual Property (IP) protection upon which UK businesses rely will not change from 1 January 2021. UK businesses will still benefit from the IP protection they have already secured in Mexico. They will be able to apply for new IP protections as before.

## Geographical Indications (GIs)

Geographical indications (GIs) protect the geographical names of food, drink and agricultural products. The UK-Mexico Spirits Agreement, which includes GIs, was signed on 30 November 2020.

Irish Whiskey/Whisky, Irish Poteen and Irish Cream will be protected as GIs in Mexico under the UK-Mexico Spirits Agreement when it enters into force. These can be produced anywhere on the island of Ireland.

Tequila is already protected as a GI in the UK. The other names in the UK-Mexico Spirits Agreement will be added to the UK's GI register as soon as the Spirits Agreement enters into force.

## Further information

From 1 January 2021, the Northern Ireland Protocol will come into effect. Find out how this could affect your business (<https://www.gov.uk/government/collections/moving-goods-into-out-of-or-through-northern-ireland-from-1-january-2021>).

Freight forwarding may save you time and money if you're exporting large volumes of goods or high value items by sea or air freight. Find out more about freight forwarders (<https://www.great.gov.uk/advice/moving-goods-and-using-freight-forwarders/>).

This guidance is for information only. You should consult your legal advisers if you wish to ensure you understand the legal implications of trading from 1 January 2021 for your business.

## Contact

If you have queries about trade after Brexit contact the Department for International Trade (DIT) (<https://www.great.gov.uk/transition-period/contact/>).

Should you wish to speak to someone face to face, we have local trade offices based around the UK. Within each office you can contact an international trade advisor. Find your local trade office (<https://www.great.gov.uk/contact/office-finder/>).

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## Brexit

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- Continuing the UK's trade relationship with the Swiss Confederation and the Principality of Liechtenstein: parliamentary report (<https://www.gov.uk/government/publications/continuing-the-uks-trade-relationship-with-the-swiss-confederation-and-the-principality-of-liechtenstein-parliamentary-report>)
- UK-Egypt Association Agreement (<https://www.gov.uk/government/collections/uk-egypt-associationagreement>)

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