

UK and Mexico sign trade deal

The UK-Mexico Trade Continuity Agreement will particularly benefit the automotive, pharmaceutical, textiles, agriculture, food and drink industries and other manufacturing industries – the sectors where the UK has the highest amount of trade with Mexico.

Both countries have also committed to start negotiating a new and ambitious free trade agreement next year, which will go much further than the existing deal.

This agreement also represents another step towards the UK's accession to the Comprehensive and Progressive agreement for Trans-Pacific Partnership (CPTPP), to which we aim to apply for formal accession in early 2021. Both sides have agreed that our future bilateral negotiations should run in parallel to this process.

Joining CPTPP would put the UK at the centre of an increasingly influential trade network of 11 dynamic economies in the Indo-Pacific region that already accounts for 13% of global GDP and would rise to 16% with our accession.

Around 3,800 UK businesses export goods to Mexico, which the OECD expects to become one of the world's 10 largest economies within a generation and which has a market of over 130 million consumers.

This agreement guarantees UK businesses the certainty they need to operate in the Mexican market. It could save around £59 million worth of duties that would have been levied on UK exports to Mexico under WTO terms.

Tariffs on UK car exports will remain at 0%, compared to up to 20% under WTO terms. This could save around £29 million in duties in 2021 on UK exports of vehicles. Tariffs applied to UK beverage exports – such as wine, beer, cider, gin and tea – also remain at 0% compared to up to 20% under WTO terms.

Scotch Whisky and Irish Whiskey will retain their protected Geographical Indications (GIs) in Mexico under the UK-Mexico spirits agreement which was signed earlier this month. Tequila and mezcal will also continue to be protected in the UK.

The UK and Mexico also set out their commitment to a joint political dialogue covering all bilateral and international matters of mutual interest, including continuing and intensifying all areas of current cooperation.

“This deal supports a trading relationship worth more than £5 billion and locks in access to each other's markets.

“We look forward to working together with our Mexican friends and allies on a new and ambitious trade agreement in 2021. This will allow our two countries to go much further in areas such as data, digital trade, investment, intellectual property and services.

“This is also the seventh trade deal we’ve secured with a member of CPTPP, the grouping of 11 dynamic economies around the Pacific. So, it’s another really important stepping stone toward the UK joining CPTPP, and I look forward to making our application to do just that early next year.

“Together we’ll enjoy even more success by seizing this opportunity to take our trade to new heights. International Trade will help us to overcome the challenges of coronavirus and drive economic growth across our United Kingdom.”

“This deal is great news for businesses on both sides. It provides certainty for the thousands of British firms who already export to Mexico – and is a firm foundation for negotiating a new, more ambitious agreement next year.

“Together with our friends and allies in Mexico, we can now look forward to deepening and strengthening our trading partnership, boosting our businesses and creating better jobs in both countries.”

The UK has now secured trade deals with 58 countries, accounting for £198bn worth of trade annually. This accounts for 96% of the value of trade with non-EU countries that we set out to secure agreements with at the start of the trade continuity programme.

“All credit goes to DIT officials at home and in market for securing another important trade deal with Mexico. This deal should be seen as a starting point and can set a positive tone to strike a much more comprehensive agreement tailored to UK priorities in the future. Whether gaining market access for services firms or advancing digital trade, there’s a lot of potential for government and business to uncover.”

“Today’s announcement that the UK is signing a Continuity Agreement with Mexico is excellent news for exporters of British gin. Gin is one of the UK’s most important and fastest growing food and drink exports and Mexico is one of our key target growth markets. In 2019, we exported nearly £6.5m worth of gin to Mexico, an increase of 43% on the previous year.

“Today’s news that UK exporters will retain tariff free access on gin exports, means Mexico will continue to be one of the biggest trade opportunities for our gin exporters, both big and small. We would like to commend DIT on more great work to secure these important continuity agreements for British exports.”