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Proposal for a

COUNCIL DECISION

**on the conclusion, on behalf of the European Union, of the Interim Agreement on Trade
between the European Union and the United Mexican States**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The attached proposal constitutes the legal instrument for authorising the conclusion of the Interim Agreement on Trade between the European Union and the United Mexican States (hereinafter referred to as ‘the ITA’).

Relations between the European Union (‘EU’) and the United Mexican States (‘Mexico’) are currently based on 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 (hereinafter referred to as ‘the Global Agreement’), which entered into force on 1 October 2000¹. The trade pillar of the Global Agreement was expanded by two decisions of the Joint Council: Decision No 2/2000 of the EC-Mexico Joint Council of 23 March 2000 related to trade in goods² and Decision No 2/2001 of the EU-Mexico Joint Council of 27 February 2001 on trade in services³.

Since the entry into force of the Global Agreement, the EU and Mexico have deepened their relations. In 2008, the EU and Mexico established a Strategic Partnership which introduced a bilateral dialogue and cooperation in new key policy areas, including multilateral issues, security and justice, macroeconomic aspects, and human rights.

In the Santiago Declaration of 27 January 2013, the Parties expressed their joint commitment to modernise and replace the existing Global Agreement to reflect new political and economic realities and the advancements made in their Strategic Partnership.

At the seventh EU-Mexico Summit in Brussels in June 2015, both sides reaffirmed their willingness to launch the process of starting negotiations, in accordance with the legal framework of each side, to modernise the Global Agreement and to reinforce the Strategic Partnership.

On 4 May 2016, the Council of the European Union authorised the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy to negotiate a modernised agreement with Mexico to replace the Global Agreement.

The negotiations were formally launched in May 2016. The negotiations were conducted in consultation with the Trade Policy Committee. The European Parliament has been kept fully informed about the outcome of the negotiations.

An agreement was reached on 17 January 2025. Trade negotiations were conducted to unfold the full potential of the bilateral relationship and help meet current global challenges.

The modernisation of the existing EU-Mexico Global Agreement revolves around two legal instruments:

1. The Political, Economic and Cooperation Strategic Partnership Agreement (also known as the ‘Modernised Global Agreement’ and hereinafter referred to as the ‘MGA’), which will include a) the political and cooperation pillar and b) the trade and investment pillar (inclusive of investment protection provisions); and

¹ OJ L276, 28.10.2000, p. 44-80.

² OJ L 157, 30.6.2000, p. 10-29.

³ OJ L 70, 12.3.2001, p. 7-50.

2. the Interim Agreement on Trade (hereinafter referred to as ‘the ITA’ or ‘the Agreement’) covering trade and investment liberalisation.

The ITA is intended to be signed at the same time as the MGA. The ITA will enter into force following the respective notifications of the Parties pursuant to Article 33.9 of the ITA. The ITA will expire and be replaced by the MGA upon the MGA’s full entry into force, following its full ratification.

- **Consistency with existing policy provisions in the policy area**

The ITA provides a modernised comprehensive legal framework for EU-Mexico trade and investment relations and replaces Titles III to V of the current Global Agreement, including a set of subsequent decision by its institutional bodies, which are listed in Annex 33 to the ITA.

Over the years, the EU and Mexico have concluded, in addition to the Global Agreement, several bilateral sectoral agreements, including the Agreement between the European Community and the United Mexican States on the mutual recognition and protection of designations for spirit drinks signed in Brussels on 27 May 1997 (the ‘1997 Spirits Agreement’)⁴.

The 1997 Spirits Agreement is incorporated into the ITA. The other sectoral agreements not falling within the scope of the ITA will remain in place as separate agreements.

The ITA is fully in line with the overall EU vision for its partnership with Latin America and the Caribbean, as outlined in the Joint Communication to the European Parliament and the Council on a New Agenda for Relations between the EU and Latin America and the Caribbean, adopted on 7 June 2023.

In addition, the ITA is fully in line with the ‘Trade Policy Review - An Open, Sustainable and Assertive Trade Policy’ of February 2021 which anchors trade and investment policy to European and universal standards and values, alongside core economic interests, putting a greater emphasis on sustainable development, human rights, tax evasion, consumer protection, and responsible and fair trade.

- **Consistency with other Union policies**

The ITA is fully consistent with European Union policies and will not require the EU to amend its rules, regulations or standards in any regulated area, e.g. technical rules and product standards, sanitary or phytosanitary rules, regulations on food and safety, health and safety standards, rules on GMOs, environmental protection or consumer protection.

The ITA also includes a Chapter on Trade and Sustainable Development, which links the Agreement to the EU’s overall objectives of sustainable development and specific objectives in the areas of labour, environment, and climate change.

Furthermore, the ITA fully safeguards public services and ensures that governments’ right to regulate in the public interest is fully preserved by the Agreement and constitutes a basic underlying principle thereof.

⁴ OJ L 152, 11.6.1997, p. 16–26.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

In accordance with Opinion 2/15 on the EU-Singapore FTA of the Court of Justice of 16 May 2017, all the areas covered by the ITA fall within the exclusive competence of the EU and, more particularly, within the scope of Articles 91, 100(2) and 207 TFEU.

Article 218(7) TFEU should also be added as a legal basis as it is appropriate for the Council to authorise the Commission to approve the position of the Union on certain modifications to the ITA. Therefore, the Commission should be authorised to approve modifications or rectifications to be adopted by the Trade Council pursuant to:

- Article 2.22(4) (Oenological Practices) as regards product definitions, oenological practices and restrictions included in Part A and B of Annex 2-E (Relevant Measures on Wine Products and Spirits).
- Article 2.24(8) (Certification of Wine Products and Spirits) as regards documentation and certification referred to in Part D (Documentation and Certification) of Annex 2-E (Relevant Measures on Wine Products and Spirits).
- Article 21.18 (Modifications and Rectifications of Coverage) as regards Annexes 21-A and 21-B which set out the commitments of each Party on covered procurement.
- Article 25.35 (Amendment of the List of Geographical Indications) as regards Annex 25-B (List of Geographical Indications) and Annexes I and II of the 1997 Spirits Agreement, incorporated in the ITA, which list the Geographical Indications of the EU and Mexico.

As a result, the ITA is to be concluded by the Union pursuant to a decision of the Council based on Article 218(6) TFEU, following the European Parliament's consent.

• Subsidiarity (for non-exclusive competence)

The ITA as presented to the Council does not cover any matters that fall outside the EU's exclusive competence.

• Proportionality

Trade agreements are the appropriate means to govern market access and the related areas of comprehensive economic relations with a third country outside the EU. No alternative means exist to render such commitments and liberalisation efforts legally binding.

This initiative directly pursues the objectives of the Union's external action and contributes to the political priority of 'EU as a stronger global actor'. It is in line with the EU Global Strategy's orientations to engage with other countries and to revamp the EU's external partnerships in a responsible way, in order to attain the EU's external priorities. It contributes to the EU's trade and development objectives.

Negotiations for the ITA with Mexico were carried out in accordance with the negotiating directives set out by the Council. The outcome of the negotiations does not go beyond what is necessary to achieve the policy objectives set out in the negotiating directives.

- **Choice of the instrument**

This proposal is in accordance with Article 218(6) TFEU, which envisages the adoption by the Council of decisions on the conclusion of international agreements. There is no other legal instrument that could be used to achieve the objective expressed in this proposal.

3. RESULTS OF *EX-POST* EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- ***Ex-post* evaluations/fitness checks of existing legislation**

An assessment of six EU Free-Trade Agreements (including Mexico's) commissioned by the Commission was carried out in February 2011. An *ex-post* evaluation of the trade pillar of the existing Global Agreement and an *ex-ante* assessment looking at options for modernisation were completed in 2016.

The analysis of the Global Agreement demonstrated that, while the coverage of the existing trade pillar was comprehensive at the time, there was scope for further improvements to the rules and for achieving further market access. It also concluded that it was necessary to update the Global Agreement to take account of the developments in the global trade landscape.

- **Stakeholder consultations**

The contractor for the external studies undertaken in support of the modernisation organised numerous consultation and outreach activities, including: (i) a dedicated website for documents and activities linked to the studies; (ii) an online survey of stakeholders, launched in October 2014; (iii) a local stakeholder workshop in Mexico, held in July 2015; and (iv) personal interviews.

As part of the Impact Assessment, DG Trade consulted interested stakeholders about the modernisation, including businesses, civil society stakeholders, non-governmental organisations, trade unions, trade associations, chambers of commerce and other private interests. These stakeholder consultations involved a number of different consultation activities including an open public online consultation (launched in July 2015).

The external studies, the Impact Assessment and the consultations held in the context of its preparation, provided the Commission with input that has been of great value in the ITA negotiations.

During the negotiations, meetings were held to debrief civil society organisations on the status of the negotiations and to exchange views on the modernisation (meetings in April and November 2017 in Brussels and in July 2017 in Mexico City).

Negotiations of the ITA were carried out in consultation with the Trade Policy Committee, as the special committee designated by the Council in accordance with Article 218(4) TFEU. The European Parliament and the European Economic and Social committee were also regularly informed through the Committee on International Trade (INTA), notably its Monitoring Group on Mexico. The texts progressively resulting from the negotiations were circulated throughout the process to both institutions.

- **Collection and use of expertise**

The '*Ex-post* evaluation of the implementation of the EU-Mexico Free Trade Agreement' was carried out by the external contractor 'Ecorys'.

A ‘Sustainability Impact Assessment (SIA) in support of the negotiations for the modernisation of the trade pillar of the Global Agreement with Mexico’ was carried out by the external contractor ‘LSE Enterprise’.

- **Impact assessment**

The proposal was supported by an Impact Assessment published in January 2016⁵ which received a positive opinion⁶.

The Impact Assessment concluded that a comprehensive negotiation would deliver positive benefits for both the EU and Mexico. Such benefits included increases in GDP, welfare and exports, employment, wages (for both less skilled and more skilled employees), competitiveness and an improved position for both the EU and Mexico in respect of other global competitors. The inclusion of provisions on sustainable development would also have a positive impact on the promotion and respect of human rights, on the effective implementation of International Labour Organisation (ILO) core labour standards and on the progress towards ratification of the fundamental ILO Convention on the right to organise and collective bargaining not yet ratified by Mexico.

Furthermore, the SIA carried out during the negotiations provides a comprehensive assessment of the potential economic, social and environmental impacts of increased trade liberalisation under the ITA in the EU and Mexico. The SIA also analyses the potential impacts of the modernisation on human rights and on the manufacturing, agriculture and services sectors. The terms of reference, interim report and final report are available on the DG TRADE website:

http://ec.europa.eu/trade/policy/policy-making/analysis/policy-evaluation/sustainability-impact-assessments/index_en.htm

The EU and Mexico have reached an ambitious agreement in line with the most recent trade agreements such as those concluded by the EU with Canada, Japan, New Zealand and Chile. The Agreement will open new opportunities for trade and investment in both markets and support jobs in the EU.

The ITA will *inter alia* remove most customs duties, extend access to public contracts, open up the services’ market, offer predictable conditions for investors and help prevent illegal copying of EU innovations and traditional products. The ITA also contains all the guarantees to ensure that the economic gains do not come at the expense of fundamental rights, social standards, governments’ right to regulate, environmental protection or consumers’ health and safety.

- **Regulatory fitness and simplification**

The ITA is not subject to REFIT procedures. It nevertheless contains a framework for simplified trade and investment procedures, and reduced export and investment related costs and will therefore increase trade and investment opportunities for small and medium-sized enterprises (SMEs). Among the expected benefits are increased transparency, less burdensome technical rules, compliance requirements, customs procedures and rules of origin, enhanced protection of intellectual property rights and geographical indications, better access

⁵ http://ec.europa.eu/smart-regulation/impact/ia_carried_out/docs/ia_2015/swd_2015_0290_en.pdf

⁶ http://ec.europa.eu/smart-regulation/impact/ia_carried_out/docs/ia_2015/sec_2015_0498_en.pdf

to procurement tender procedures, as well as a special chapter to enable SMEs to maximise the benefits from the Agreement.

- **Fundamental rights**

The proposal does not affect the protection of fundamental rights in the Union.

4. BUDGETARY IMPLICATIONS

The ITA would have very limited effects on national budgets and the EU budget, notably through the loss of own resources in the form of foregone customs duties, as most of the customs duties are already eliminated under the current Global Agreement. The loss from tariff revenue could be around EUR 18.75 million based on current trade flows. Indirect positive impacts are expected in terms of increases in resources linked to value added tax and gross national income.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The ITA includes institutional provisions that set up bodies tasked with monitoring its implementation, operation and impact.

The institutional provisions of the ITA establish the specific functions and tasks of the Trade Council and Trade Committee which will monitor the implementation and application of the ITA.

The Trade Committee will assist the Trade Council in the performance of its function and supervise the work of all Sub-Committees and other bodies established under the ITA. The Trade Committee will be comprised of representatives of the EU and Mexico with responsibility for trade-related matters who will meet on dates to be mutually agreed.

- **Explanatory documents (for directives)**

Not applicable.

- **Detailed explanation of the specific provisions of the proposal**

The ITA broadens the scope of the current bilateral framework and adjusts it to the new global political and economic challenges, to the new reality of the EU-Mexico partnership and to the level of ambition of recently concluded trade agreements and negotiations conducted by the EU and Mexico.

The ITA creates a coherent, comprehensive, up-to-date and legally binding framework for the EU's trade relations with Mexico. It will foster trade and investment by contributing to the expansion and diversification of economic and trade relations.

For the first time, the ITA includes a civil society consultation mechanism extended to the whole Agreement to allow civil society on both sides to make its voice heard on all the provisions in the Agreement.

The ITA includes a review clause to allow certain specific elements of the agreement to be discussed again three years after its entry into force.

In line with the objectives set by the negotiating directives, the ITA will seek to fulfil the aims listed below:

Provide important market access for agricultural and fisheries exports and improved rules

Under the current Global Agreement, all industrial goods and a considerable amount of agricultural and fisheries products had already been liberalised. With the modernisation, the chapter on Trade in Goods fully liberalised more than 98.7% of all tariff lines and removes 95% of the remaining Mexican tariffs on agricultural products.

The text on Trade in Goods contains additional and more extensive rules that will facilitate trade between the EU and Mexico. This includes provisions on fees and formalities, import and export licensing, prohibition of export duties, and binding of tariffs for which full duty elimination is not envisaged (standstill). It also contains new-generation provisions on export competition, remanufacturing, goods entered after repair and provisions to facilitate the temporary admission of goods.

Simplify Rules of Origin

The Rules of Origin (RoO) have been reviewed and, in some cases, simplified to take into consideration the need of industry, for example, for key industrial products such as cars and pharmaceuticals.

Modernise and simplify border procedures

The ITA contains an ambitious Chapter on Customs and Trade Facilitation based on the provisions of the WTO Agreement on Trade Facilitation (TFA) and goes even further in certain areas. The EU and Mexico undertake to apply simplified, modern and where possible automated procedures for the efficient and expedited release of goods through streamlined requirements on data and documentation, pre-arrival processing of customs documentation and information, and effective and non-discriminatory risk management.

Ensure fair trade and business conditions

In order to be able to deal efficiently and effectively with unfair trading practices, improved disciplines regarding trade remedies have been agreed. In addition, the ITA contains provisions to protect domestic industries in the event that increased imports of a product arising from the Agreement are causing, or risk causing, serious injury to that industry. The ITA also contains a subsidy chapter which helps to level the playing field between EU and Mexican companies through (i) increased transparency for subsidies to both goods and services, (ii) consultations in case subsidies risk having a negative effect on trade, and (iii) rules on the most harmful subsidies (restructuring aid without restructuring plan and unlimited guarantees).

The ITA also ensures that companies respect the basic competition principles: no abuse of a dominant position, no agreements between companies that restrict competition, and scrutiny of the competitive effects of a merger. At the same time, the ITA will ensure a level playing field between public and private companies on the market. State-owned enterprises, enterprises granted special rights or privileges, and designated monopolies must act in a non-discriminatory manner and in line with commercial considerations when buying and selling goods and services on the market.

Enhance trade and investment in Critical Raw Materials

The ITA maintains tariff-free trade of critical raw materials, securing cheaper access and reduced costs for these materials essential for the EU's green and digital transitions. Moreover, the new agreement will prohibit export monopolies and unjustified government intervention in the price setting of raw materials and will ban export or dual pricing where

export prices are set above domestic prices. There are also specific provisions laid down for cooperation with Mexico in the raw materials value-chains.

Ensure sustainability and gender equality

The ITA contains an ambitious and comprehensive chapter on Trade and Sustainable Development, to better integrate sustainable development into the Parties' trade and investment relationship through legally binding commitments on environmental protection, climate change and labour rights, provisions on cooperation and dialogue including with civil society, as well as dispute settlement procedures. This chapter also includes a review clause which requires the Parties to discuss possible further improvements of the sustainability provisions, including the provision of countermeasures in case of breaches and the possibility to consider the inclusion of the Paris Agreement as an essential element of the agreement. The review will be launched upon entry into force of the agreement and should be concluded within 12 months.

The Parties have also agreed on a Joint Declaration on trade and gender equality which includes provisions on the effective implementation of the international obligations addressing gender equality and women's rights, and to strengthen cooperation on trade-related aspects of gender equality policies and measures. The Joint Declaration forms an integral part of the Agreement.

Focus on the needs of smaller businesses

The ITA requires the EU and Mexico to set up a website for SMEs which will make it easier for them to access information and therefore benefit from all provisions of the Agreement. Contact points in the EU and Mexico will work together to take into account the specific needs of SMEs and identify ways they can take advantage of new opportunities in each market.

Provide opportunities for service suppliers and rules for digital trade

The ITA contains comprehensive disciplines covering market access for services and investment in all sectors of the economy, and specific disciplines covering digital trade. It aims to create a level playing field especially for EU service suppliers involved in sectors such as telecommunications and financial services, as well as in areas such as delivery services and maritime services. The ITA also provides a framework for the Parties to recognise each other's qualifications in regulated professions such as architects, accountants, lawyers and engineers in the future. In digital trade, the Agreement establishes disciplines that apply horizontally (to online trade in goods, services, etc.) and that are indispensable for the proper functioning of trade online.

Encourage investment

The ITA contains provisions liberalising investment, following the same approach as that set out in the most ambitious EU trade agreements concluded so far. In particular, all substantive disciplines under the investment chapter will apply to both services and non-services sectors. In particular, investors and their investments will be able to benefit from the commitment to provide non-discriminatory treatment in comparison to domestic or third country investors and investments, as well as from the ambitious disciplines for market access (addressing quantitative restrictions such as monopolies and exclusive rights, quotas, and economic needs tests), as well as prohibition of certain performance requirements. On the energy sector, the ITA ensures that the Most Favoured Nation principle will be applied both in case of past and future FTAs that Mexico has entered or will enter into. The agreement therefore ensures that EU investors will be treated on a par with investors from Mexico's other preferential trading partners.

Provide access to Mexican public tenders

The ITA provides for more opportunities for bidders for public procurement contracts. Mexico has opened up its government tenders to EU companies to a greater extent than to any of its other trading partners. EU companies will be able to bid to provide goods and services not only at federal level but also to the most economically important Mexican states, being the first non-Mexican companies to be able to do so. The EU and Mexico also undertake to subject their public procurement procedures to a modern set of rules, applying high standards of transparency, non-discrimination and equal treatment.

Set better protection for innovation and creative works

The ITA creates a level playing field by ensuring that Mexico and the EU also follow a common approach on enforcing Intellectual Property Rights (IPRs) and by ensuring that both sides will take action to fight against counterfeiting, piracy and uncompetitive practices. It ensures a high level of protection and enforcement of IPRs. It also includes the reciprocal protection of a selected list of Geographical Indications (GIs) of the EU and Mexico. In the case of the EU, 336 EU GIs will be protected. This is in addition to the EU spirits GIs already protected under the 1997 EU- Mexico Spirit Agreement, which is incorporated and made part of the ITA and will enjoy the same level of protection.

Ensure that safe agri-food products are traded without any unnecessary SPS constraints

The ITA include a comprehensive Chapter on Sanitary and Phytosanitary matters (SPS) providing many specific trade facilitation measures (including the elimination of pre-clearance). This should enable faster yet safe trade. Both the EU and Mexico keep their right to set the level of protection they consider appropriate.

Ensure that technical regulations, standards, and conformity assessment procedures are non-discriminatory and do not create unnecessary obstacles to trade

The ITA reiterates the commitment of the EU and Mexico to base their technical regulations on international standards and to agree on an open list of international standards setting organisations. On conformity assessment, the ITA recognises the different approaches of the Parties to conformity assessment and their relevant trade facilitation measures: for the EU the use the supplier's declaration of conformity and for Mexico the recognition of product certification carried out in the EU.

Ensure transparency and good regulatory practices

The ITA includes a Chapter on Transparency with ambitious provisions on the publication, administration, and review and appeal of measures of general application related to trade matters and a chapter that lays down a set of good regulatory practices that EU and Mexico will use when developing regulations.

Implement modern procedures on dispute settlement

The ITA includes a Chapter on State-to-State Dispute Settlement that lays down effective and transparent modern procedures grounded in due process to prevent and solve any disputes between Mexico and the EU.

Proposal for a

COUNCIL DECISION

**on the conclusion, on behalf of the European Union, of the Interim Agreement on Trade
between the European Union and the United Mexican States**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union ('TFEU'), and in particular Article 91(1), Article 100(2), and Article 207(4), first subparagraph, in conjunction with Article 218(6), second subparagraph, point (a), and Article 218(7) thereof,

Having regard to the proposal from the European Commission,

Having regard to the consent of the European Parliament⁷,

Whereas:

- (1) In accordance with Council Decision No [XX]⁸, the Interim Agreement on Trade between the European Union and the United Mexican States (hereinafter 'the Agreement') was signed on [XX XXX 2025], subject to its subsequent conclusion.
- (2) Pursuant to Article 218(7) of the TFEU, it is appropriate for the Council to authorise the Commission to approve on the Union's behalf certain modifications to the Agreement.
- (3) The Agreement, in accordance with Article 33.14 thereof, does not, within the Union, confer rights or impose obligations on persons, other than those created between the Parties under public international law. The Agreement therefore cannot be directly invoked before the courts of the Union or of the Member States.
- (4) The Agreement should be approved on behalf of the Union,

HAS ADOPTED THIS DECISION:

Article 1

The Interim Agreement on Trade between the European Union and the United Mexican States ('the Agreement') is hereby approved on behalf of the Union. *

Article 2

1. For the purpose of Article 2.22(4) of the Agreement any modification of product definitions, oenological practices and restrictions under Part A and B of Annex 2-E of the Agreement shall be approved by the Commission on behalf of the Union.

⁷ OJ C , , p. .

⁸ [Reference to be inserted]

* The text of the Agreement is published in OJ L, XXXXX, ELI

2. For the purpose of article 2.24(8) of the Agreement any modification to the documentation and certification under Part D of Annex 2-E shall be approved by the Commission on behalf of the Union.

Article 3

For the purposes of Article 21.18 of the Agreement, any modification or rectification to commitments under Annexes 21-A and 21-B to the Agreement shall be approved by the Commission on behalf of the Union.

Article 4

For the purpose of Article 25.35 of the Agreement, any modification or rectification to the list of geographical indications under Annex 25-B of the Agreement and Annexes I and II of the 1997 Spirits Agreement, incorporated in the Agreement pursuant to Article 25.41, shall be approved by the Commission on behalf of the Union. Where interested parties cannot reach an agreement following objections relating to a geographical indication, the Commission shall adopt a position on the basis of the procedure laid down in Article 57(2) of Regulation (EU) No 1151/2012 of the European Parliament and of the Council.

Article 5

This Decision shall enter into force on

Done at Brussels,

For the Council
The President

**LEGISLATIVE FINANCIAL STATEMENT 'REVENUE'- FOR PROPOSALS
HAVING BUDGETARY IMPACT ON THE REVENUE SIDE OF THE BUDGET**

1. NAME OF THE PROPOSAL:

Proposal for a Council Decision on the conclusion of the Interim Agreement on Trade between the European Union and the United Mexican States.

2. BUDGET LINES:

Revenue line (Chapter/Article/Item): Chapter 12, Article 120

Amount budgeted for the year concerned (2025): EUR 21 082 004 566

(only in case of assigned revenues):

The revenues will be assigned to the following expenditure line (Chapter/Article/Item):

3. FINANCIAL IMPACT

☐ Proposal has no financial implications

☒ Proposal has no financial impact on expenditure but has a financial impact on revenue

☐ Proposal has a financial impact on assigned revenue

The effect is as follows:

(EUR million to one decimal place)

Revenue line	Impact on revenue	12 months	Year 2026
Chapter 12/Article 120	<i>EUR 18.75 mn</i>	Entry into force expected beginning 2026	0
Chapter 12/Article/120			

Situation following action					
Revenue line	[N+15]	[N+16]	[N+17]	[N+18]	[N+19]
Chapter 12/Article 120	<i>EUR 1 billion</i>	<i>EUR 1 billion</i>	<i>EUR 1 billion</i>	<i>EUR 1 billion</i>	<i>EUR 1 billion</i>
Chapter/Article/Item ...					

(Only in case of assigned revenues, under the condition that the budget line is already known):

Expenditure line ⁹	Year N	Year N+1
Chapter/Article/Item ...		
Chapter/Article/Item ...		

Expenditure line	[N+2]	[N+3]	[N+4]	[N+5]
Chapter/Article/Item ...				
Chapter/Article/Item ...				

4. ANTI-FRAUD MEASURES

5. OTHER REMARKS

The proposed Regulation does not incur additional costs (expenditure) in the EU budget.

The ITA will have a financial impact on the EU budget on the side of the revenues. The ITA will lead to an estimated loss of duties of EUR 18.75 million at the entry into force of the Agreement.¹⁰

Indirect positive impacts are expected in terms of increases in resources linked to value added tax and gross national income.

⁹ To be used only if necessary.

¹⁰ The estimated amount of revenue losses at EUR 18.75 mn is net of collection costs (a 25% has been deducted from the estimated revenue loss of EUR 25 mn).