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Proposal for a

COUNCIL DECISION

on the conclusion, on behalf of the European Union, of the Political, Economic and Cooperation Strategic Partnership Agreement between the European Union and its Member States, of the one part, and the United Mexican States, of the other part

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 Political, Economic and Cooperation Strategic Partnership Agreement between the European Union and its Member States, of the one part, and the United Mexican States, of the other part (also known as the Modernised Global Agreement and hereinafter referred to as ‘MGA’ or ‘the Agreement’). It also authorises the provisional application of parts thereof.

Relations between the European Union (‘EU’) and the United Mexican States (‘Mexico’) are currently based on the Economic Partnership, Political Coordination and Cooperation Agreement (hereinafter ‘the Global Agreement’) between the European Community and its Member States, of the one part, and the United Mexican States, of the other part, 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, according to 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 adopted Decisions authorising 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 Council Working Party on Latin America and the Caribbean. The Trade Policy Committee was consulted on the trade-related parts of the Agreement. The European Parliament has been informed about the outcome of the negotiations.

Following the political conclusion of negotiations of the political and cooperation pillar in 2018, an agreement was reached on 17 January 2025 for the trade and investment pillar. Trade negotiations were conducted to unfold the full potential of the bilateral relationship and help meet current global challenges.

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.

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

1. The Modernised Global Agreement ('MGA'), which includes a) the political and cooperation pillar and b) the trade and investment pillar (inclusive of investment protection provisions); and
2. the Interim Agreement on Trade ('ITA') covering trade and investment liberalisation.

The ITA is intended to be signed at the same time as the MGA. The ITA will expire and be replaced by the MGA upon the MGA's full entry into force, following its ratification.

The present proposal concerns the legal instrument authorising the conclusion of the MGA.

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

The MGA provides a modernised, comprehensive, legal framework for EU-Mexico relations and replaces the current Global Agreement, including any subsequent decision by its institutional bodies, except for Decision No 5/2004 of the EU-Mexico Joint Council of 15 December 2004 adopting, pursuant to Article 17(3) of Decision No 2/2000, an Annex to the said Decision on mutual administrative assistance in customs matters⁴. During the period of provisional application, in so far as the provisions of the Global Agreement are not covered by the provisional application of the MGA, the provisions of the Global Agreement continue to apply. The Agreement also replaces, upon its entry into force, 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')⁵.

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

From the date of its full entry into force, the MGA will replace and supersede the bilateral investment treaties between Mexico and EU Member States that are listed in Annex 10 C of the MGA.

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

In addition, the trade and investment pillar of the MGA 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.

⁴ OJ L 66, 12.3.2005, p. 15-21.

⁵ OJ L 152, 11.6.1997, p. 16-26.

- **Consistency with other Union policies**

The MGA is fully consistent with EU 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 MGA 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 MGA fully safeguards public services and ensures that the right of governments to regulate in the public interest is fully preserved by the Agreement and constitutes a basic underlying principle to it.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Procedural legal basis**

In accordance to Article 218(6) of the Treaty on the Functioning of the European Union (TFEU), where the agreement envisaged does not relate exclusively or principally to the common foreign and security policy, the Commission shall submit a proposal to the Council. The Council shall adopt a decision authorising the signing of the agreement.

Pursuant to Article 218(6) TFEU, where the agreement does not relate exclusively to the CFSP, the Council can only take the decision concluding the agreement either after obtaining the consent of the European Parliament (Article 218(6)(a) TFEU), or after consulting it (Article 218(6)(b) TFEU).

Given that Article 91, Article 100(2), Article 207(4), first subparagraph, and Article 209(2) TFEU are the substantive legal basis, the Council is to adopt the decision concluding the agreement after obtaining the consent of the European Parliament.

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 MGA. The Commission should be authorised to approve modifications or rectifications to be adopted by the Joint 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 Wines 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 (Modification and Rectification 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 this Agreement, which list the Geographical Indications of the EU and Mexico.

Therefore, the procedural legal bases for the proposed decision on concluding the MGA is Article 218(6), second subparagraph, point (a), TFEU, and Article 218(7) TFEU.

- **Substantive legal basis**

The MGA covers areas which fall within the scope of the common commercial policy, transport, and development cooperation. The substantive legal bases of the proposed decision should therefore be Articles 91, 100(2), 207(4), first subparagraph, and 209(2) TFEU.

Therefore, the legal bases of the proposed decision should be Article 91 TFEU, Article 100(2) TFEU, Article 207(4), first subparagraph TFEU and Article 209(2) TFEU, in conjunction with Article 218(6)(a) TFEU and Article 218 (7) TFEU.

Given the subject matter of the envisaged agreement, it is appropriate for the Commission to submit the proposal to the Council.

- **Subsidiarity (for non-exclusive competence)**

On 4 May 2016, the Council 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. It was considered that action at Union level was to be more effective than action at national level.

- **Proportionality**

This initiative directly pursues the objectives of the Union's external action and contributes to the political priority of 'the 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 objectives on trade and economic and technical cooperation with third countries.

Negotiations for the MGA 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 for a Council decision is submitted in accordance with paragraph 6 of Article 218 TFEU, which provides for the adoption by the Council of a decision concluding an international agreement after the consent of the European Parliament. There is no other legal instrument that could be used in order 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**

As regards the trade provisions, 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 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 MGA negotiations.

During the negotiations, meetings were also 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 were carried out in consultation with the Council's Working Party on Latin America and the Caribbean on the political and cooperation aspects of the Agreement, and in consultation with the Trade Policy Committee on the trade aspects of the Agreement, 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, and the Committee on Foreign Affairs. 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 2016⁶ which received a positive opinion⁷.

⁶ http://ec.europa.eu/smart-regulation/impact/ia_carried_out/docs/ia_2015/swd_2015_0290_en.pdf.

⁷ http://ec.europa.eu/smart-regulation/impact/ia_carried_out/docs/ia_2015/sec_2015_0498_en.pdf.

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 MGA 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 MGA will *inter alia* remove most of the 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 MGA also contains all the guarantees to ensure that the economic gains do not come at the expense of fundamental rights, social standards, the right of governments to regulate, environmental protection or consumers' health and safety.

- **Regulatory fitness and simplification**

The MGA 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 (i) increased transparency; (ii) less burdensome technical rules, compliance requirements, customs procedures and rules of origin; (iii) enhanced protection of intellectual property rights and geographical indications; (iv) investment protection; (v) better access to procurement tender procedures; and (vi) 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. On the contrary, the Parties undertake to cooperate on the promotion and protection of human rights, including with regard to the ratification and implementation of international human rights instruments, and to strengthen democratic principles and the rule of law, promoting gender equality and combatting discrimination in all its forms.

4. BUDGETARY IMPLICATIONS

Modernising the trade pillar of the Global Agreement 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 MGA includes institutional provisions that set up bodies tasked with monitoring its implementation, operation and impact.

For the political and cooperation part, the MGA incorporates the EU-Mexico Summit as the highest political level of dialogue. The institutional structure is composed of a Joint Council, a Joint Committee, a Subcommittee for Development and International Cooperation, and a Subcommittee on Anti-Corruption on Trade and Investment. The Joint Committee may set up other subcommittees and bodies.

The Agreement also sets out the specific functions and tasks of the Joint Council and Joint Committee in trade configuration, which will continuously monitor the implementation and application of the trade and investment part of the Political, Economic and Cooperation Strategic Partnership Agreement.

The Joint Committee will assist the Joint Council in the performance of its function regarding trade-related matters and supervise the work of all subcommittees and other bodies set up under the trade part of the Political, Economic and Cooperation Strategic Partnership Agreement. The Joint Committee in trade configuration will be comprised of representatives of the EU with responsibility for trade-related matters and representatives of the Ministry of Economy of Mexico, who will meet every year or at the request of either side.

The following subcommittees and other bodies will be set up under the auspices of the Joint Committee in trade configuration: (a) Committee on Trade in Goods; (b) Subcommittee on Agriculture; (c) Subcommittee on Trade in Wine and Spirits; (d) Subcommittee on Customs Trade Facilitation and Rules of Origin; (e) Subcommittee on Sanitary and Phytosanitary Measures; (f) Joint Working Group on Animal Welfare and Antimicrobial Resistance; (g) Subcommittee on Technical Barriers to Trade; (h) Subcommittee on Services and Investment; (i) Subcommittee on Financial Services; (j) Subcommittee on Public Procurement; (k) Subcommittee on Intellectual Property; (l) Subcommittee on Trade and Sustainable Development.

- **Explanatory documents (for directives)**

Not applicable.

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

The MGA 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 agreements and negotiations conducted by the EU and Mexico.

The MGA creates a coherent, comprehensive, up-to-date and legally binding framework for the EU's relations with Mexico. It undertakes to establish a strengthened strategic partnership, reinforce political dialogue and deepen and enhance cooperation on issues of mutual interest. At the same time, the MGA will foster trade and investment by contributing to the expansion and diversification of economic and trade relations.

For the first time, the MGA 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, including the human rights provisions of the political part.

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

The MGA is divided into four parts. The objectives and general principles of the Agreement are outlined in Part I (General Provisions). Respect for democratic principles, human rights and fundamental freedoms, respect for the principle of the rule of law, and the clause on the non-proliferation of weapons of mass destruction constitute essential elements of the MGA.

In Part II (Political Dialogue and Cooperation), the EU and Mexico undertake to deepen dialogue and to cooperate in the following areas:

- political dialogue, international peace and security
- international and regional organisations
- freedom, security and justice
- sustainable development
- environment, climate change and energy
- agriculture, maritime affairs and fisheries
- economic policy
- education, culture and social issues
- research, innovation and digital economy.

Emphasis is put on a wide range of crucial issues, including rule of law, human rights and gender equality, migration, drugs and transnational organised crime, environmental protection, climate change, renewable energy, ocean governance, corporate social conduct, digital transformation, and research and innovation. The provisions in Part II will allow for a more coordinated and common action in new areas such as public health, state modernisation, management of migration flows, non-proliferation of weapons of mass destruction, money laundering, financing of terrorism and cybercrime.

This will translate into a stronger partnership at global level (e.g. on the Agenda 2030, action against climate change, ocean governance) and on issues of global democratic governance, human rights, migration, peace and security.

Part II also contains provisions to deepen the dialogue and cooperation on anti-corruption matters. For the first time, the Agreement contains a Protocol that includes provisions to combat and prevent corruption in trade and investment.

The provisions of this Protocol are intended to prevent corruption in trade and investment through different measures, notably by promoting integrity in the private and public sector, stepping up internal controls, external auditing and financial reporting, and strengthening the

fight against corruption pursued already through international conventions, in particular the United Nations Convention against Corruption (UNCAC).

In this regard, the Parties reiterate their commitment to make corruption a criminal offence for government officials and to also consider making corruption an offence for businesses. The two sides have agreed to certain disciplines to tackle money laundering.

The Protocol also promotes the active participation of civil society in the prevention and fight against corruption. In addition, it provides for a consultation mechanism if there is disagreement on the interpretation or implementation of the anti-corruption provisions.

In Part III (Trade and Investment), in line with the objectives set by the negotiating directives, the MGA 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 liberalises 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 also 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 and 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 MGA contains an ambitious Chapter on Customs and Trade Facilitation based on the provisions of the World Trade Organization 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 MGA 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 MGA 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 MGA 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 MGA 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 MGA 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 MGA contains an ambitious and comprehensive Chapter on Trade and Sustainable Development, to better integrate sustainable development into the Parties' trade and investment relationship through (i) legally binding commitments on environmental protection, climate change and labour rights; (ii) provisions on cooperation and dialogue including with civil society; and (iii) dispute settlement procedures. This chapter also includes a review clause which requires the Parties to discuss possible further improvements of the sustainability provisions, including providing for countermeasures in the event of breaches and the possibility to consider including the Paris Agreement as an essential element of the MGA. The review will be launched when the Agreement enters into force 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 MGA requires the EU and Mexico to set up a website for SMEs which will make it easier for SMEs to access information and therefore benefit from all the 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 MGA 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 MGA 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 MGA 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 this chapter will apply to both services and non-services sectors. In particular, investors and their investments will be able to benefit from (i) the commitment to provide non-discriminatory treatment in comparison with domestic or third country investors and investments; (ii) the ambitious disciplines for market access (addressing quantitative restrictions such as monopolies and exclusive rights, quotas, and economic needs tests); and (iii) the prohibition of certain performance requirements. On the energy sector, the MGA ensures that the Most Favoured Nation principle will be applied in the case of both past and future free trade agreements 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.

Ensure a transparent and accountable resolution of disputes through an Investment Court System

The MGA includes all the innovations of the EU's new approach on investment and its dispute settlement mechanism, thus meeting stakeholders' expectations for a fairer, more transparent and institutionalised system for the settlement of investment disputes. It introduces important innovations in this field, ensuring a high level of protection for investors while fully preserving the right of governments to regulate and pursue legitimate public policy objectives such as the protection of health, safety or the environment. It removes ambiguities that made the old system open to abuses or excessive interpretations and creates an independent investment court system, consisting of a permanent tribunal and an appeal tribunal that will conduct dispute settlement proceedings in a transparent and impartial manner.

Provide access to Mexican public tenders

The MGA 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 MGA 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 MGA and will enjoy the same level of protection.

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

The MGA includes 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 MGA 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 MGA recognises the different approaches of the Parties to conformity assessment and their relevant trade facilitation measures: for the EU the use of 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 MGA 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 the EU and Mexico will use when developing regulations.

Implement modern procedures on state-to-state dispute settlement

The MGA 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.

The institutional structure of the relations is set out in Part IV (Institutional and Final Provisions). Part IV builds on existing arrangements and incorporates the EU-Mexico Summit as the highest political level of dialogue. The institutional structure is composed of a Joint Council, which oversees the fulfilment of the MGA's objectives and supervises its implementation, and a Joint Committee, which assists the Joint Council in the performance of its duties and will be responsible for the general implementation of the MGA, including the definition and supervision of the sectoral dialogues.

The Joint Committee may set up subcommittees and other bodies to assist in the exercise of its functions and to address specific tasks or subject matters.

The Joint Parliamentary Committee will be the forum to meet and exchange views and to foster relations between members of the European Parliament and members of the Congress of Mexico. Each Party shall create one or more domestic advisory groups to advise the Party concerned on issues covered by the Agreement. In addition, a Civil Society Forum will be set up to provide space for public dialogue on matters of relevance to this Agreement.

Proposal for a

COUNCIL DECISION

on the conclusion, on behalf of the European Union, of the Political, Economic and Cooperation Strategic Partnership Agreement between the European Union and its Member States, of the one part, and the United Mexican States, of the other part

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 91, Article 100(2), Article 207(4), first subparagraph and Article 209(2), 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 Parliament⁸,

Whereas:

- (1) In accordance with the Council Decision [number of Decision] of [date], the EU-Mexico Global Agreement ('the Agreement') was signed at [place] on [date], subject to its conclusion at a later date and has been provisionally applied from ... , pending its entry into force.
- (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) In accordance with Article 2.11 of Chapter 2 of Part IV of the Agreement, nothing in the Agreement shall be construed in the Union as conferring rights or imposing 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,

HAS ADOPTED THIS DECISION:

Article 1

The Political, Economic and Cooperation Strategic Partnership Agreement between the European Union and its Member States, of the one part, and the United Mexican States, of the other part, is hereby approved on behalf of the Union. *

⁸ OJ C , , p. .

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

Article 2

For the purposes of Article 21.18 of Part III the Agreement, the position of the Union on the modifications or rectifications to commitments under Annexes 21-A and 21-B to the Agreement shall be taken by the Commission.

Article 3

Decisions of the Joint Council pursuant to Article 25.35 of Part III of the Agreement modifying 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 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 4

Decisions of the Joint Council pursuant to Articles 2.22(4) and 2.24(8) of Part III of the Agreement modifying product definitions, oenological practices and restrictions under Part A and B of Annex 2-E of the Agreement and documentation and certification under Part D of Annex 2-E, respectively, shall be approved by the Commission on behalf of the Union.

Article 5

The Agreement shall not be construed as conferring rights or imposing obligations which can be directly invoked before Union or Member States courts or tribunals.

Article 6

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 Political, Economic and Cooperation Strategic Partnership Agreement (MGA) between the European Union and its Member States 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 MGA will have a financial impact on the EU budget on the side of the revenues. The MGA 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).