**ESF views on EU-MExico Revised FTA**

**INTA Monitoring Group on MEXICO - 26 March 2025**

1. **Presentation of ESF & reminder of many ESF position paper**
2. **Importance of EU trade in services in the MEXICO (€25.7 Bio)**

EU exports of services to Mexico in 2023: €17.2 Bio. (+147% since 2013)

EU Imports of services from Mexico in 2023: €8.5 Bio (+177% since 2013)

EU Trade in services surplus: €8.7 Bio

26.2% of total of EU trade to Mexico (Goods and services) are services (Less that EU world average: 35.4%) - 24.% of total of Mexico trade to EU (Goods and services) are services (More than Mexico world average: 8%) - Mexico is the 16th EU Trading Partner for trade in services.

Main services exports sectors by the EU to Mexico:

* Other Business Services (professional services, management consulting services, research & development services, etc.) = 25.8%
* Transport services = 20.6% of total services)
* ICT (Information, Computer services & Telecom services)= 20%
* Charges for the use of Intellectual property rights = 10%

While for Mexico, the main exports are 1) Other Business Services (30.4%); 2) Travel & Tourism (28.7%) and Transportation (15%).

EU is a major investor in Mexico (€208 Bio in 2023), of which an average of +70% are invested by services sectors, including financial activities.

1. **Services and Investment Chapter in EU-MEXICO FTA**

The Chapter is welcomed by ESF. It includes all the various sections that are include by the EU in all its FTA (Market access – services sectors require to remove equity caps and support full ownership) & MFN provisions; Cross-border trade in services – beyond maritime transport, the mode 1 knows a high rate of growth in digital trade -; Temporary Mobility of professionals – important for services companies that want to move senior managers and reduce residency requirements - ; Regulatory framework (transparency, domestic regulation) and the sector specific sub-sections (express delivery services; Telecom services; Financial services; maritime services, Digital Trade).

The Schedule of Commitments by Mexico for cross border trade (GATS Mode 1) and for commercial presence abroad (GATS Mode 3 – FDI) is excellent and similar in many instances to what Mexico has undertaken in the CP-TPP deal. The FTA will offer new business opportunities for EU businesses, in particular in business services, in financial services, in telecoms and in transport services.

We would have preferred to have a more modern, state of the art Digital Trade Chapter like the ones in EU-UK TCA, or EU-NZ FTA, or the more recent Digital Trade Agreements with Japan, Singapore and Korea two weeks ago. We welcome the fact that the E-Commerce Chapter does include the moratorium on customs duties on electronic transmissions. And the fact that the agreement does include a three-year review to negotiate later updated rules for cross border data flows, and data protection and data privacy provisions.

1. **Many other chapters of the agreement are important for the services sector**

The Chapter and schedule of commitments on **Public Procurement** in the EU-MEXICO FTA is very important for the services sector. In addition of the “services” components of the agreement, the provisions and commitments in “works” (i.e. public infrastructures like roads, bridges, rail, public hospitals and universities, etc.) are all linked to construction services and related services like architecture services, engineering services, urban planning services, etc.” So, one can consider that 2/3 of all the provisions on government procurement are related to the services sector. The FTA will create more opportunities for European companies, by ensuring they can bid for more public contract on the Mexican market. ESF particularly welcomes the fact that the agreement includes contracts for Public Private Partnerships.

The Chapters on Competition, on subsidies, on State Owned Enterprises (SOEs), on IPR protection and on Capital movement are all very important for the services sector.

Finally, the Trade and Sustainable Development chapter of the Agreement is also welcomed by the services industries. Our companies are moving abroad with their culture and values, as well as with their know-how. The development of EU environmental services and energy & energy saving services into the MEXICO will contribute to fighting climate change and improve sustainability.

1. **General support by ESF for the ratification of the EU-Mexico Revised FTA**
* ESF supports the deal. It is urgent that, in the current geopolitical turmoil, the EU reaffirms that it is in favour of the rule of law. An FTA is first and foremost a tool to legally bind the parties.
* The EU needs to diversify if supply chain and Mexico is a perfect opportunity to do so with partners that largely share the same values as the EU and has a large market of 130 million consumers.
* Mexico is a liable trading partner and is member of the three important plurilateral Joint Statement Initiatives that have been negotiated in the WTO, namely the Disciplines on Services Domestic Regulation, the Investment Facilitation for Development and the Agreement on Electronic Commerce.
* As always, the agreement could have been better in some market access for the EU services sectors, but the FTA with Mexico is very good for the services sectors. We also support the deal because experience shows that when trade in goods increases, trade in services also automatically increases.
* The fact that the openness of a service sector is not fully bound under the FTA does not mean that the market is closed, and the huge investment by EU services sectors in Mexico shows that European companies trust the market environment.

**Conclusion**

* **ESF strongly support the ratification and the entry into force of the EU-Mexico Revised FTA**.
* A fourth of the EU exports to Mexico is services trade and two-thirds of EU Outward FDI going to Mexico come from the services sectors. **The trade in services dimension of the agreement must be taken into account by the European Parliament**.
* ESF urges the European Parliament to allow the splitting of the agreement and gives its consent to ensure that the FTA can enter into force as soon as possible. The Investment protection part of the deal will follow its ratification course with the Members states.

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