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Dear Liam,

Update on the Rules of Origin – Extended Cumulation of Origin provisions in the UK-Mexico Trade Continuity Agreement

I am writing to update you on the rules of origin provisions in the UK-Mexico Trade Continuity Agreement (“TCA”).

As part of the TCA, the UK and Mexico agreed to allow UK businesses to use EU inputs in their exports to Mexico. Trade experts often refer to this as ‘extended EU cumulation’ because it relates to being able to cumulate a series of EU materials or processing, into a final product before it’s exported to Mexico as a UK good and qualify for preferential tariff treatment.

Expiry of these extended cumulation arrangements before the entry into force of a new free trade agreement (“FTA”), with updated rules of origin provisions, would have created a gap in coverage during which traders may not have been able to meet rules of origin and could lose access to preferential tariff treatment. As my recent updates to your committee have set out, our engagement with Mexico over three negotiation rounds on the new FTA have been positive, demonstrating a clear shared goal for a comprehensive and modern bilateral agreement. However, both Parties agree that more time is needed to complete our negotiations. Round 4 is expected to take place in 2024.

Therefore, to ensure that any such gap in coverage is avoided, the UK and Mexico have agreed to extend the current extended EU cumulation arrangements until a new FTA enters into force. These arrangements have been extended by a Decision of the Joint Committee of the TCA, which was signed on 1 November 2023 by Chief Negotiators from both the UK and Mexico, as Joint Committee Representatives of the Trade Continuity Agreement. It will enter into force from 1 January 2024, and shall be implemented domestically through a

Statutory Instrument set to be laid on the 8 December 2023. To note, this Decision will not be subject to CRaG scrutiny, as the Joint Committee is exercising a power provided to it under the corresponding provisions of the TCA to extend the period of extended EU cumulation arrangements.

I have attached a copy of the decision for the Committee's information.

In line with previous commitments, the Government will publish the Joint Committee Decision alongside the Trade Continuity Agreement on GOV.UK, as well as being laid in Parliament's Treaty Series in the new year for information.

I look forward to discussing progress on our new UK-Mexico Free Trade Agreement with you in more detail in due course.

Yours sincerely,



Nusrat Ghani MP

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