Department for International Trade

Department for Business, Energy & Industrial Strategy

Lord Grimstone of Boscobel, Kt
Minister of State for Investment

Department for International Trade
King Charles Street
Whitehall
London
SW1A 2AH

T +44 (0) 20 7215 5000
E grimstone.correspondence@trade.gov.uk
W www.gov.uk/dit

The Rt Hon Lord Goldsmith QC
Chairman
International Agreements Committee
House of Lords
London
SW1A 0PW

16 December 2020

Dear Peter,

I am pleased to confirm the UK and Mexico have signed a trade deal locking in the benefits of our current terms of trade - and protecting our existing trade flows - from 1 January 2021. Both countries have committed to start negotiating a new United Kingdom-Mexico trade deal next year too, which will aim to secure even greater benefits for British businesses.

In addition, this agreement 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. Joining CPTPP will put the UK at the centre of an increasingly influential and modern trade network of 11 dynamic economies in the Indo-Pacific region.

Mexico is an important trading partner with total trade worth £5.3 billion in 2019. The OECD expects Mexico to become a top 10 economy by 2050, with a market of over 130 million consumers. The deal will maintain duty savings estimated at around £59 million on British exports to Mexico, including in valuable industries such as manufacturing; pharmaceuticals; and food and drink. This agreement provides British businesses the certainty they need to operate in the Mexican market and places the automotive industry for both countries at the heart of our trading relationship. Car exports to Mexico were worth £46 million in 2019.

I am sure you will agree with me that the commitment to negotiate a new FTA is an exciting prospect too. It will allow us to get a deal with Mexico that is far more beneficial to Britain than the current continuity agreement, as it will be tailored to the British economy. It will cover the full range of modern FTA issues such as services, digital, data, intellectual property, procurement and support for small and medium-sized enterprises.

In under two years, the UK government has agreed trade agreements with 58 countries. Total UK trade with these countries was worth £198 billion in 2019. 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.

The Government of Mexico will be publishing a copy of the text of this FTA shortly. We understand that timely parliamentary scrutiny is essential, and we wish to preserve the convention that Parliament is the first to see text of any trade agreement we sign. I am therefore enclosing a copy of the United Kingdom-Mexico FTA. We will lay a copy of this agreement in Parliament - alongside an Explanatory Memorandum and a Parliamentary Report - to explain our approach to delivering continuity shortly. I hope this is helpful.

Best wishes,

Lord Grimstone of Boscobel, Kt
Minister of State for Investment
Department for International Trade