

June 17, 2021

## International Trade and Customs Practice Group Newsletter



### Trade Continuity Agreement between Mexico and the United Kingdom of Great Britain and Northern Ireland.

On June 1st, 2021, various Agreements were published in the Official Gazette of the Federation (hereinafter "DOF") by the Secretariat of Finance and Public Credit (hereinafter "SHCP"), the Secretariat of Relations Foreign Affairs (hereinafter "SRE") and the Secretariat of Economy (hereinafter "SE"), within the framework of the "Trade Continuity Agreement between the United Mexican States and the United Kingdom of Great Britain and Northern Ireland", whose entry into force will be the same day of its publication.

As established in previous bulletins, the Trade Continuity Agreement follows the withdrawal of the United Kingdom and Northern Ireland from the European Union and aims to preserve the preferential conditions for trade within the framework of the Agreement signed between Mexico and the European Union.

Therefore, a series of modifications were made to various regulations for the entry into force of the aforementioned Agreement, in order to harmonize said instruments and provide legal certainty to the parties.

In this regard, the following amendments stand out:

- **Promulgative Decree of the Trade Continuity Agreement between the United Mexican States and the United Kingdom of Great Britain and**

#### **Northern Ireland, made in Mexico City on December 15, 2020.**

- ◇ This Decree establishes the main objective of preserving the preferential conditions relating to trade between the Parties that resulted from the Global Agreement and to provide a platform for further liberalization of trade between the Parties.
- ◇ Within the provisions of the "Annex (Modifications to the Incorporated Agreement)" the following is highlighted:
  - » Modifications to Annex 1 "Schedule of tariff reduction of the United Kingdom" and Annex II "Schedule of tariff reduction of Mexico" are contemplated.
  - » Movement certificates EUR.1 issued after export must be accompanied by one of the following phrases: "EXPEDIDO A POSTERIORI" or "ISSUED RETROSPECTIVELY", while the duplicate issued in this way must include one of the following expressions: "DUPLICADO" or "DUPLICATE".
  - » The term "European Union" used in this Annex does not cover Ceuta and Melilla.

- **Promulgative Decree of the Agreement relating to Article 12 of the Trade Continuity Agreement between the United Mexican States and the United Kingdom of Great Britain and Northern Ireland.**

- ◇ For the purposes of Article 12 (Entry into force and provisional application) of the Agreement, the Parties have agreed that:

- » The provisions of the Agreement related to preferential tariff treatment, with the determination of the originating status of a product and with the operations carried out in, or in connection with, imports or exports of originating products, will apply **as of January 1st, 2021**, and they will be applied in accordance with the internal procedures of each country.

- **Resolution that establishes the General Rules relating to the application of the customs provisions of the Trade Continuity Agreement between the United Mexican States and the United Kingdom of Great Britain and Northern Ireland.**

- ◇ The provisions regarding certification of origin, EUR.1 certificates, invoice declaration, validity of certification of origin, obligations of the importer and exporter, verification procedures, prohibition of return or exemption from import tariffs and notes are detailed.

- ◇ Likewise, it is established that merchandise from the United Kingdom that comply with the provisions of Annex III of the Decision, of the Continuity Agreement and of this Resolution, may be imported applying preferential treatment, which as of January 2021, would have been in transit to national territory, in deposit with customs or fiscal warehouse in national territory, provided that within the twelve months following the aforementioned date, their definitive importation is made under the Declaration in the invoice or the Certificate issued after exportation.

- ◇ The provisions contained in this Resolution will be applicable to definitive imports made without preferential treatment as of 01/01/2021, provided that they comply with the established provisions.

- **Sixth Resolution of modifications to the General Rules of Foreign Trade for 2020.**

- ◇ Various rules are amended to make mention of the Trade Continuity Agreement between the United Mexican States and the United Kingdom of Great Britain and Northern Ireland. Among them, the following stand out: The procedure for the extraction of assets from the Strategic Fiscal

Area, benefits of companies that have the Registry in the Business Certification Scheme in the form of Authorized Economic Operator, payment of tariffs on temporary import goods, deferral of the payment of the General Import Tax to companies with the IMMEX Program, payment of tariffs for companies with the IMMEX Program in virtual operations, invoicing in third countries when preferential tariff treatment is applied, benefits from the Registry in the Company Certification Scheme in the VAT and IEPS modality, among others.

- **Agreement by which the Applicable Rate of the General Import Tax for merchandise originating in the United Kingdom of Great Britain and Northern Ireland is disclosed.**

- ◇ Goods subject to a preferential tariff and those with exemption from import duties are indicated.

Finally, the following three Agreements were published in which the export quota for the United Kingdom is established:

- **Agreement by which the export quota is disclosed for the United Kingdom of Great Britain and Northern Ireland in the period from July 1 of one year to June 30 of the following year, concentrated frozen orange juice with a degree of concentration greater than 20 ° Brix, originating in the United Mexican States.**

- **Agreement by which the quotas to export various products to the United Kingdom of Great Britain and Northern Ireland, originating in the United Mexican States, are disclosed.**

- **Agreement disclosing the quota and the allocation mechanism for importing processed tuna, except loins, originating in the United Kingdom of Great Britain and Northern Ireland.**

We are at your disposal for any further questions or clarifications you may require in relation to this document.

This newsletter was prepared by Turena Ramírez-Ortiz ([tramirez@sanchezdevanny.com](mailto:tramirez@sanchezdevanny.com)), Eduardo Sotelo-Cauduro ([esotelo@sanchezdevanny.com](mailto:esotelo@sanchezdevanny.com)), Fernando Josué Mancilla-Hinojosa ([fmancilla@sanchezdevanny.com](mailto:fmancilla@sanchezdevanny.com)), Brenda Guerrero-Barrios ([brenda.guerrero@sanchezdevanny.com](mailto:brenda.guerrero@sanchezdevanny.com)), Alejandro Ferro-Fong ([aferro@sanchezdevanny.com](mailto:aferro@sanchezdevanny.com)), and Paloma Palma-Camacho ([paloma.palma@sanchezdevanny.com](mailto:paloma.palma@sanchezdevanny.com)).

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## Contact

*Alberto Campos-Vargas*  
[jacampos@sanchezdevanny.com](mailto:jacampos@sanchezdevanny.com)

*Eduardo Sotelo-Cauduro*  
[esotelo@sanchezdevanny.com](mailto:esotelo@sanchezdevanny.com)

*Turena Ramírez-Ortiz*  
[tramirez@sanchezdevanny.com](mailto:tramirez@sanchezdevanny.com)

### Mexico City:

Av. Paseo de las Palmas #525 Piso 6  
Col. Lomas de Chapultepec, 11000  
Ciudad de México  
T. +52 (55) 5029 8500

### Monterrey:

José Clemente Orozco #335 Piso 4  
Despacho 401 Col. Valle Oriente, 66269  
San Pedro Garza García N.L.  
T. +52 (81) 8153 3900

### Querétaro:

Av. Antea #1088 Torre 2 – Piso 2  
Col Jurica, 76100  
Querétaro, Qro  
T. +52 (442) 296 6400



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[www.sanchezdevanny.com](http://www.sanchezdevanny.com)

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