

Government talks up benefits for North East as Mexico trade negotiations kick off

The Government says there will be new opportunities for North East companies from talks starting on a new free trade agreement (FTA) with Mexico.

As Mexican Secretary of Economy, Tatiana Clouthier was in the UK to meet with International Trade Secretary and Berwick MP Anne-Marie Trevelyan, the Department for Trade said a new deal with the second largest economy in South America would help the 225 North East firms that sell £46m of goods to Mexico.

It also pointed to the region's exporting of machinery and transport equipment – which it said made up 64% of North East trade with the country – and claimed preferential automotive tariffs on the negotiating table would help.

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In a briefing to journalists, Minister for International Trade, Ranil Jayawardena, did not say whether Mexican delegations would be invited to the region during the negotiation process, but said he was “sure” Mexican firms would be looking to do business in the North East.

Mr Jayawardena said: “There is significant investment from outside flowing in to North East England and we want to grow that further. We're convinced there will be new opportunities to do that and for Mexican businesses to base themselves in Britain, to make in Britain and to sell to the world and take advantage of our agreements with 70 countries around the world plus the EU.

“I’m sure that because there will be negotiations taking place in both countries, involving both sides, will spark the interest of investors from Mexico who will say ‘yes, both governments are determined to get a better deal, create new jobs and boost wages in both economies’, and therefore I’m sure they’re going to look to the North East of England to do business.”

Mexico’s growing population means demand for imports is set to grow by 35% by 2035 and the Government hopes to grow the £4bn of trade with the South American country by building on a deal negotiated by the EU more than 20 years ago.

UK negotiators will look to go further and deeper in areas like services and technology with hopes an agreement could increase trade flows across the financial, creative, digital and technology services sectors thanks to advanced services provisions.

It is the third major FTA negotiations launched by Trade Secretary Anne-Marie Trevelyan this year, following visits to kick off talks in India in January and Canada in March.

Ms Trevelyan said: “This enhanced deal would transform our relationship with Mexico, making the most of the immense opportunities its dynamic business landscape and young, growing population offer.

“From autonomous vehicle manufacturers in the West Midlands, to Wales’ green tech businesses and Scotland’s thriving food and drink sector, companies of all shapes and sizes across the UK stand to benefit.

“Trade deals like this are vital to growing the economy to address the cost of living, as they support jobs, help businesses thrive and spur investment. We’ve already kickstarted negotiations with India and Canada and are close to joining the CPTPP free trade area, with a combined GDP of £9trn, of which Mexico is a key member.”

The UK is aiming for a dedicated chapter on small and medium-sized enterprises to reduce red tape and make buying and selling goods and services online and product standards recognition processes smoother. The Government also said it wanted to lock in tariff reductions of £57m per year secured under existing agreements to ensure tariff-free trade on 97% of UK goods.

Negotiators will also aim to help workers move between the two countries more easily and enhance opportunities for UK firms to bid for contracts in Mexico, supporting major UK industries such as infrastructure and business services.

Head of trade policy at the British Chambers of Commerce, William Bain, said: "Mexico is a key market for exporting firms, particularly in Northern Ireland and the North-East of England, from business services to food and drink.

"We want to see an ambitious new agreement that focuses on the growing market in green trade, as well as future proofing access for further expansion in services."

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