

Alert | International Trade



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EU-Mexico Trade Agreement May Create Opportunities for Port Services Providers

After nearly two years, Mexico and the European Union (EU) have concluded negotiations of a new trade agreement. The last outstanding element was the scope of the opening of their public procurement markets. According to the agreement, Mexico will now grant EU countries more access than it offers under both the U.S.-Mexico-Canada Agreement (USMCA) and the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). One area where EU companies may now potentially have an advantage is in providing goods and services to port managers.

According to the latest drafts of the agreement made available to the public, Mexico will now allow companies from EU countries to present bids to its government-owned entities which manage the four largest Mexican ports: Altamira and Veracruz in the Gulf of Mexico, and Manzanillo and Lázaro Cárdenas in the Pacific coast.

Government-owned port management companies (Administradoras Portuarias Integrales, API) did not previously allow non-Mexican bidders to participate in procurements of good and services until the sector was opened to private investment in 1994. Even then, government APIs allowed non-Mexican participants to participate in the bidding process only for high-value contracts, where access to capital and expertise were required for the construction and operation of port facilities, terminals, and installations. In other situations, such as consultancy, engineering, environmental, and technical services, government APIs often restricted their procurement process to Mexican companies.

Once the new trade agreement comes into effect, which may be later this year or early 2021, EU-based companies will be allowed to participate in the bidding process of the aforesaid APIs if the value of the supplies is equal to or exceeds the following thresholds (set for 2018 value and subject to inflation adjustment):

- USD \$79,507 for goods and services, and
- USD \$10,335,931 for construction services and public private partnership projects.

This may present new opportunities for port consultants and advisors based in the EU, to provide specialized services to the managers of the four largest Mexican ports.

** This GT Alert is limited to non-U.S. matters and law.*

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