

FOREIGN TRADE*

April 2004

This **Foreign Trade Report** is an executive summary of the main foreign trade reforms in Mexico published in the Federal Official Gazette in April 2004, which also contains general foreign trade news that will impact Mexican foreign trade. For further information on the topics addressed in this paper or for any questions arising from it, please write to Adrián Vázquez Benítez: adrian@vazqueztercero.com or Verónica Vázquez Bravo: veronica@vazqueztercero.com.

1. Agreement extending the application of rules of origin established in notes 2 and 3 to Appendix II (A) of Schedule III to Decision 2/2000 of the Joint Council of the Interim Agreement on Trade and Trade-related Matters between Mexico and the European Community

- ✓ On April 12, it was published in the Federal Official Gazette the Agreement extending the application of the rules of origin established in notes 2 and 3 to Appendix II (A) of Schedule III to Decision 2/2000 of the Joint Council of the Interim Agreement on Trade and Trade-related Matters between Mexico and the European Community, in order to extend the application of rules of origin to chemicals classified under items 2914 and 2915 established in notes 2 and 3 to Appendix II (A) of Schedule III of the Decisions as on July 1, 2003 and until June 30, 2006 as the conditions that gave rise to their establishment still prevail.

2. Criteria on prior importation permits for steel inputs, machinery and equipment

- ✓ On April 13, the Ministry of the Economy (*Secretaría de Economía*, SE) published in the Federal Official Gazette the criteria on prior importation payments for steel inputs, machinery and equipment through tariff classifications 9802.00.13 and 9802.00.26 of the Tariff of the Law of General Import and Export Taxes (Rule 8th.) for manufacturers with an authorization in effect to operate as direct or indirect manufacturer in the Steel Industry Sector Promotion Program. The Agreement provides the guidelines from granting permits under Rule 8th., and it is especially worth mentioning the fact that prior consultation with the domestic manufacturing industry in order to determine whether domestic supply is insufficient or does not exist at all. In practice, such guidelines prevent steel transformers (service centers) to access the mechanism set out under Rule 8th.

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3. Decree approving the Foreign Trade and Investment Promotion Program

- ✓ On April 14, it was published in the Federal Official Gazette the Decree approving the Foreign Trade and Investment Promotion Program, which is mandatory for all Federal Government entities and defines the strategy, purpose and vision of national development in order to attain growth with quality in the first twenty-five years of the 21st century. The Program is announced in the framework of the National Development Plan, which sets forth the need to create an environment leading to progress and well being within a macroeconomic scenario that provides opportunities for everyone. In order to attain growth with quality, the Program intends to increase and expand the country's competitiveness and promote balanced regional economic development through:
 - Programs and activities that allow building on trade policy achievements;
 - Integral strategies for the promotion of foreign trade and investment, which entails establishing mechanisms for smooth and efficient coordination mechanisms between different federal government entities and their agencies abroad, and
 - Increasing the participation of different regions and sectors of the country in the exporting industry.

Furthermore, it is also being analyzed the need to set up a legal and regulatory framework aimed at promoting entrepreneurial activities and facilitating exporters' operations in order to contribute directly to creating a business environment that is more attractive to direct foreign investment.

4. Agreement identifying the tariff classifications of the Tariff of the Law of General Import and Export Taxes providing for goods subject to compliance with the Mexican Official Standards at their point of exit

- ✓ On April 15, it was published in the Federal Official Gazette, the Agreement amending and adding to the agreement identifying the tariff classifications of the Tariff of General Import and Export Taxes under which the goods subject to compliance with the Official Mexican Standards in their point of entry and point of exit are to be classified. It is worth mentioning the addition of tariff classifications corresponding to HTS item 8716, Trailers and Semi-trailers to be submitted to compliance with NOM-EM-010-SCFI-2003 in the point of entry.

5. Agreement that cuts down the response time to the processing of the Annual Foreign Trade Operations Report for ALTEX and ECEX

- ✓ On April 15, it was published in the Federal Official Gazette, the Agreement that cuts down the SE's response time with regard to the processing of the Annual Foreign Trade Operations Report for ALTEX and ECEX, which shall be of 15 business days from the date of submission. If by the end of such term the

relevant determination has not been made available to the interested party, it shall be deemed to have been approved.

6. Final determination on the antidumping investigation on seamless carbon steel pipes originating from the Russian Federation and Romania

- ✓ On April 21, it was published in the Federal Official Gazette, the Final determination on the antidumping investigation on imports of seamless carbon steel pipes originating from the Russian Federation and Romania, terminating the investigation and imposing final antidumping duties of 42% for Romania and 79.65% for Russia, as the existence of dumping, injury to the domestic production and causation were proven ■