

## FOREIGN TRADE\*

May 2004

This **Foreign Trade Report** is an executive summary of the main foreign trade reforms in Mexico published in the Federal Official Gazette in May 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](mailto:adrian@vazqueztercero.com) or Verónica Vázquez Bravo: [veronica@vazqueztercero.com](mailto:veronica@vazqueztercero.com).

### 1. Determination amending the estimated price annex

- ✓ On May 11, it was published in the Federal Official Gazette the Determination that adds to, amends and repeals the determination providing the annex thereto containing the mechanism to guarantee the payment of import duties on goods subject to estimated prices (customs valuation) by the Ministry of Finance published as of March 29, 2002. The Determination modifies estimated prices of rolled steel pipes.

### 2. Final determination on the review to determine the continued application of antidumping duties on baby strollers from the People's Republic of China and Taiwan

- ✓ On May 21, the Ministry of the Economy published in the Federal Official Gazette the Final determination of the sunset review of the antidumping duties on the importation of baby strollers, under MexHTS 8715.00.01, originating from the People's Republic of China and Taiwan. The order will continue to be effective for **five additional years**, starting from September 9, 2002. Our Firm played an important role in this matter representing the Mexican juvenile products association.

### 3. Decree approving the National Standardization Program for 2004

- ✓ On May 24, it was published in the Federal Official Gazette the National Standardization Program for 2004, which is used to inform and coordinate national standardization activities so they can be disseminated among the interested public. Such program informs about the NOMs that will be amended, as well as about the drafts of new NOMs. It is important that the interested parties refer very carefully to the program, as there are many of them that affect foreign trade, such as labeling information and safety standards for products with strong trade exchange.

---

\* The Foreign Trade Report of **Vázquez Tercero y Asociados** is a free monthly publication for our clients and friends. It is not intended to provide specific legal or economic advice, which shall be obtained according to the particular case and the client's particular needs. Reproduction or dissemination of the Foreign Trade Report for commercial purposes is strictly prohibited.

**4. Notice of extension of the application of NOM-EM-144-SEMARNAT, which provides for the technical specifications of the fitosanitary measures (treatment) and marks for wood packaging materials used in international trade**

---

- ✓ On May 25, SEMARNAT published in the Federal Official Gazette the notice for the extension of NOM-EM-144-SERMARNAT, which provides for the technical specifications of the fitosanitary measures (treatment) and the use of marks proving the application thereof on wood packaging materials used in international trade, published on November 26, 2003, for a 6-month period beginning on May 27, 2004, that is until November 27, 2004, as it would expire on May 27, 2004 and a final standard has not been issued yet.
- ✓ It is worth mentioning that on the last NAPPO meeting held last month, Mexico, Canada and the United States recognized that they have not been able to implement the international standards for fitosanitary measures (NIMF No. 15), whose purpose is to attain implementation in each country by mid 2005.

**5. Decree approving the FTA between Mexico and Uruguay**

---

- ✓ On May 26, the Ministry of Foreign Affairs published in the Federal Official Gazette the Decree approving the Free Trade Agreement between Mexico and Uruguay, signed in Santa Cruz de la Sierra, Bolivia, on November 15, 2003, in line with Mexico's international commercial negotiation policies. Its benefits include: i) preferred access to the Uruguayan market whereby it is intended to compete with products imported by Uruguay from Brazil and Argentina; ii) full and immediate liberalization of all products in the industrial sector, except for footwear, and iii) liberalization of 240 products of the agricultural and livestock sector, except for sensitive products, such as corn, beans, poultry meat and animal fats.

**6. First Determination containing amendments to General Foreign Trade Rules for 2004 and annexes 10, 18, 21, and 29**

---

As we stated in our past Report, the General Foreign Trade Rules for 2004 were published on March 29, 2004. This time, on May 26, it was published in the Federal Official Gazette the First Determination containing amendments to the General Foreign Trade Rules for 2004 and to annexes 10, 18, 21 and 29 thereto, including the following:

- ✓ **Regularization of Goods**  
It is provided that no VAT will be updated nor it will cause penalties for the regularization of temporary imports of goods whose term in the country has expired.
- ✓ **Working Hours of Customs Houses**  
As of June 16, the working hours on which the authorized customs houses may dispatch the importation of goods included in the new **Annex 29**, including goods in the specific sectors of alcoholic beverages, cigarettes, textiles, footwear, toys, poultry by-products, bovine meat, lamb meat, fish, beans, apples, corn, sugar and petroleum oils, will finish at 1400 hours.

- ✓ **Importers' Registry for Specific Sectors**  
Registration will not be allowed when the taxpayer's registered office is under the assumptions of unlocated address, suspended activities or when a cancellation in the Taxpayer's Federal Registry (RFC) notice has been submitted.
- ✓ **Suspension in the Importers' Registry and in the Importers' Registry for Specific Sectors**  
The suspension will apply when the taxpayer does not register in the RFC the establishments where it performs foreign trade transactions, when it has unsecured tax credits, when it has not filed its federal tax returns, when its registered office is under the assumption of unlocated address or when the address of its different establishments is under the assumption of unlocated address, or when the SE cancels the export promotion program that gave rise to its registration with the importers' registry.
- ✓ **Tariff classification for garments**  
It was provided that as of June 16, the tax authorities may only impose fines for \$993.00 to \$1,419.00 when due to differences in the interpretation of the General Import and Export Tax Law, the tariff classification referred to in the import entry summary format or in the certificate of origin does not correspond with the goods, provided that the stated description allows for full identification of the imported garments.
- ✓ **Mergers or Spin-offs of maquiladoras or PITEX**  
Maquiladoras or PITEX companies that disappear or are extinguished as the result of a merger or spin-off with or into another maquiladora or PITEX company, shall transfer temporary imports to the surviving or new maquiladora or PITEX company. The transfer shall be made through virtual return orders made by the disappearing company and temporary import requests made by the company receiving the goods, in a term of 6 months for raw materials, parts and components, and 12 months for containers, trailer boxes, tools, machinery and equipment. Such terms will be computed as of the date on which the program is cancelled.
- ✓ **Return of temporary imports with A1 code (definitive)**  
Export summary formats may be amended in order to include J1 or J2 codes (returns), including when customs authorities have begun their verification exercise, provided that they meet different conditions, including:
  - Proving to the customs office of the location where the amendment will be made, that temporary imports were returned within the legal term and that the exported products were registered in the maquila or PITEX program on the date of exportation.
  - The maquiladora or PITEX company shall submit to the customs office a briefing whereby it states under oath that its automated inventory control system faithfully reflects that temporary imports were incorporated into the exported products.
  - If necessary, determine and pay the General Import Tax applicable to non-original materials, as provided in Articles 303 of NAFTA, 14 of Annex III of Decision 2/2000, and 15 of the FTA with European States.
- ✓ **Taxes on New Automobiles**  
Vehicle assemblers and traders are allowed to pay the ISAN (Tax on New Automobiles) until the time when finally imported automobiles are first sold to the end consumer.

## **7. Decree on amendments to Annex 401 of NAFTA**

---

- ✓ On May 28, it was published in the Federal Official Gazette the Decree of amendments to Annex 401 (Specific Rules of Origin) of NAFTA, which were formalized by an exchange of communications between the governments of the United States, Canada and Mexico. This means that the amendments to the Annex on Specific Rules of Origin have been approved, without been published yet. We will continue to report on this issue.

## **8. Determination terminating the antidumping investigation on the importation of several pork products and notice of initiation of antidumping investigation on pork hams imports from the United States of America**

---

- ✓ On May 31, the SE published in the Federal Official Gazette the Preliminary Determination terminating the antidumping investigation on the imports of several **pork products** originating from the United States **without imposing antidumping duties**, because while price dumping margins were found during the investigated period, the petitioner did not provide objective and factual information to prove the alleged injury or threat of injury. Our Firm played an important role in this matter by representing the interests of several American exporters.
- ✓ At the same time, it was published in the Federal Official Gazette the notice of initiation of the antidumping investigation on imports of **pork hams (fresh or frozen)** from the United States. The period of investigation is from January 1 to December 31, 2003, and the analyzed period will be January 1, 2001 to December 31, 2003. A 28-business day term is granted to importers, exporters, foreign entities or any other interested party in the outcome of the investigation.