

## FOREIGN TRADE REPORT \*

November 2004

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

### 1. Sunset review on toys from China

On November 22, the Ministry of the Economy published in the Federal Official Gazette the Determination providing for the initiation of the sunset review of antidumping duties on toy imports, goods classified under several items of chapter 95 of the Tariff of the General Import and Export Law, from the People's Republic of China, stating that the period under review shall be from July 1, 2003 to June 30, 2004. Our Firm is currently representing the domestic industry.

### 2. Determination amending the exclusive toy mechanism

On November 22, the Ministry of the Economy published in the Federal Official Gazette the Determination amending the "exclusive toy mechanism" provided for under the final determination of the antidumping investigation of toy imports, goods classified under several items of chapter 95 of the Tariff of the General Import and Export Law, originating from the People's Republic of China, published on November 25, 1994, which Determination shall enter into effect on December 6 adding the following requirements to the filing of applications:

- ✓ Product catalog or clear color pictures of the products;
- ✓ Original or certified copy of the company's charter of incorporation;
- ✓ Original or certified copy of the public deed or power of attorney;
- ✓ Original or certified copy of the agreement, authorization, permit or license for the use or exploitation of the patent rights on characters, mechanisms, exclusive designs or on any specific feature of the goods included in the application, and
- ✓ CD-R's containing the form provided by the Secretary of Economy, duly filled out in MS Word.

The proposed amendments have ceased to include requirements such as product trademark and end sale price. With this publication, the Ministry of the Economy invites the interested parties to submit their comments within the sunset review of the antidumping duties.

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### 3. Resolution initiating scope procedure on hand tools

On November 29, the Ministry of the Economy published in the Federal Official Gazette a Determination accepting the request to initiate a scope procedure on the final determination of the antidumping investigation on hand tool imports from China, goods classified under different tariff classifications under items 8201 to 8206 of the Tariff of the General Import and Export Law, including tools identified as wrenches, adjustable spanners, axes, pliers, files, rasps, screwdrivers, hammers, mallets, rakes, handsaws and stool screws. The parties interested in participating in this procedure must do so before the Ministry of the Economy within 28 days from the date of this publication to file their position thereon. Our Firm currently represents the national industry.

### 4. Fourth Amendment to the Foreign Trade Rules

On November 30, the Ministry of Finance published in the Federal Official Gazette the Fourth Amendment to the General Foreign Trade Rules for 2004, as follows:

- ✓ **Requirements for the introduction of goods under the strategic bonded warehouse regime**  
A rule was added to provide that the property shall be of at least 10 hectares of duly fitted area and have at least another 10 hectares of usable land for expansion. An economic survey shall also be submitted to prove the economic and financial viability of the project, which survey shall be attached with a favorable opinion of the Banco Nacional de Obras y Servicios Públicos SNC.
- ✓ **Strategic bonded warehouse**  
Amended to state that the obligations provided for under this regime can be secured with a copy of the insurance policy issued in favor of the *Servicio de Administración Tributaria* (Mexican Revenue Service), in the amount of \$10, 000,000.00, which shall be renewed on a yearly basis. Past practice was to secure such obligations with a bond.
- ✓ **Period for the application of temporary import permit issued to Mexican passengers entering the country on ground transportation**  
It is provided that from **January 22, 2004 to January 10, 2005**, Mexican passengers coming from a foreign country who enter by **ground transportation**, may import goods under their free allowance for up to US\$ 300 or their equivalent value in Mexican pesos or other foreign currency.
- ✓ **Goods not requiring Customs Brokerage services (application period for international passengers)**  
Addition to this rule to provide that **from November 22, 2004 to January 10, 2005**, international passengers may import goods without the services of a Customs Broker in an amount of up to US\$ 3,000, excluding the free allowance.
- ✓ **Certified Companies (registration requirements)**  
Amended to state that any entities requesting their registration as certified companies or that have already obtained such authorization, may not appoint any Customs Brokers or Customs Representatives subject to license suspension or cancellation procedures, to promote their foreign trade transactions.
- ✓ **Agreement to Develop Multimodal Transit Areas (international transit)**  
Additions to this rule to provide that international transit by railroad may be promoted in the following multimodal transit areas:

- 1.- From the Lázaro Cárdenas Customs Station to the Nuevo Laredo Customs Station.
- 2.- From the Manzanillo Customs Station to the Ciudad Juárez Customs Station.
- 3.- From the Manzanillo Customs Station to the Nuevo Laredo Customs Station.

The following rules shall be followed:

Sea transportation companies, when wiring their data to the system of the trade association where their freight agents or vessel consignees belong, must identify the containers that will be used for international transit.

The Customs Broker or Representative shall file the transit request to the bank booth in the customs house where transportation begins, in order to certify the amount of the duties and to activate the automated selection mechanism. In this case, it will not be necessary to activate the second acknowledgement.

On the other hand, it is provided that in addition to the information required in the fill-out instructions for the transportation request, the following must be provided:

1. General Import Duty (GID) as determined under rule 3.7.3.
2. Commercial value of the goods.
3. The Customs Agent shall write a legend in the bottom of the document containing the signature of the shipper's legal representative (which legend shall provide for the several liability for the tax credits arising from any infringements or breaches of Article 133 of the Customs Law).

Security must be provided for the payment of foreign trade duties, any supplements and possible fines, as well as any other taxes and countervailing duties imposed on the goods (customs account). In order to close transit, the railroad company shall submit the transit request to the officer appointed by the Customs House Administrator.

When the railroad company does not submit the close transit request, the customs broker who initiated transit may submit an additional copy to the shipper so the customs house office may finish the transaction in the system. Evidence must be given of the fact that the goods arrived at the outbound customs house and left Mexican territory.

Transit will be closed when the goods leave the country and, if the goods are submitted to customs acknowledgement, it will be done using the pictures obtained by using gamma rays. The goods that may be transported in international transit under this rule are those referred to in sections I, VIII and IX of Annex 17 to the General Foreign Trade Rules.

✓ **Strategic Bonded Warehouse**

These are the rules for the removal of goods for final importation, in case of domestic or nationalized goods to enter into Mexican territory.

It also provides that the favorable opinion of the Ministry of the Economy shall be required when:

- a) The GID applicable to the tariff classification of the foreign goods exceed the GID applicable to the tariff classification of the goods resulting from the manufacturing, transformation or repair processes.
- b) The GID applicable to the tariff classification of the foreign goods is a specific or mixed foreign trade duty.
- c) When the tariff classification of the foreign goods is subject to antidumping duties. ■