

## FOREIGN TRADE\*

May 2005

This **Foreign Trade Report** is an executive summary of the main foreign trade reforms in Mexico published in the Federal Official Gazette during March 2005, 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. Amendments to Exhibit 401 of NAFTA

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On May 3, the Ministry of Foreign Affairs ordered publication in the Federal Official Gazette of the Amendments to Exhibit 401 of NAFTA, which eliminates and replaces several rules of origin for various products. Important among those products that suffered amendments are: Precious metals, like gold, silver, palladium and rodium; speed controllers, modular circuit assemblies; small appliances, speakers, thermostats and toys.

### 2. Benefits for companies that are certified as Maquila or Pitex

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On May 9, the Ministry of Economy (SE) published in the Federal Official Gazette the Agreement whereby specific benefits are provided for certified companies that have adopted a Maquila for Export or a Temporary Importation for the Manufacturing of Export Articles Program. Such benefits are:

- ✓ Authorization of all tariff headings for temporary importation of goods that are required for conduction of their productive processes, without the need to apply for an extension of the program before the SE.
- ✓ Exemption from compliance with the Agreement whereby specific requirements are provided for the temporary importation of goods, except from the provisions of Article 3, sections I and II; in which case, certified companies that have adopted a program may submit to the exceptional cases provided by section II.
- ✓ Exemption from compliance with Article 4 of the Agreement whereby the activities that may be performed by service maquiladora companies are provided.
- ✓ They will only be obligated to report to the SE data on the value of total sales and value of exports within their annual report on foreign trade operations. Invoicing for the sale of goods and the rendering of services shall be deemed total sales. This benefit shall also be applicable to the Sector Promotion Program, to the Registry of High-Exporting Companies, and to the Registry of Foreign Trade Companies, when a certified company also has adopted any of these.

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- ✓ The foregoing does not excuse certified companies that have adopted a program from the obligation of maintaining the automated inventory control systems referred to in the Customs Law, as well as maintaining the relevant documentation at the disposal of the SHCP pursuant to the terms and during the time provided by the Federal Tax Code.

### **3. National Standardization Program 2005**

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On May 9, the SE published in the Federal Official Gazette the National Standardization Program for 2005, which calls for planning, reporting and coordinating national standardization activities, both from a mandatory and a voluntary perspective. Of particular importance are amendments to the following Mexican Official Standards (NOMs) issued by the National Consultation Committee on the Standardization of User Security, Commercial Information and Trade Practice (*Comité Consultivo Nacional de Normalización de Seguridad al Usuario, Información Comercial y Prácticas de Comercio*):

- ✓ NOM-020-SCFI-1997 Commercial information – Labeling of natural skins and furs, and synthetic or artificial materials with such appearance, shoes, leather ware, as well as products manufactured with such materials.
- ✓ NOM-051-SCFI-1994 General specifications for the labeling of pre-bottled non-alcoholic foods and beverages.
- ✓ NOM-015-SCFI-1998 Commercial information – Labeling of toys (Five-year review)
- ✓ NOM-024-SCFI-1998 Commercial information for packaging, instruction manuals and warranties of electronic, electric and electronic appliance products (Five-year review)

### **4. Amendments to the agreement on tariff heading that are subject to compliance with NOMs**

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On May 17 the SE published in the Federal Official Gazette the Agreement that amends a similar agreement that identifies the TIGIE tariff headings where goods that are subject to compliance with NOMs for entry into the country, as well as their exit, are classified. The following is of importance:

- ✓ Article 1 is amended, as regards the following goods: tires, sharpeners, home fans, aluminum rims, electronic race tracks.
- ✓ Article 3 is amended solely regarding the following goods: tuna, fish fillets, crabs, drills, wood furniture, toys or assortments for children.
- ✓ Article 10 is amended to provide that in case of NOMs issued by the SE, the customs application used for importation of samples shall be accompanied by a document that identifies them as such, issued by the certification entity that is referred to in the standard that is sought to be complied with; and, only in the absence thereof, by the SE. In case of NOMs issued by other entities, the provisions issued by them shall govern the procedures for the evaluation of conformity.

### **5. Final resolution on the antidumping investigation on newsprint**

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On May 17, the SE published in the Federal Official Gazette the Final resolution on the antidumping investigation of importations of newsprint with a weight of 47.8-49.8g/m<sup>2</sup>m, generally known as newsprint with a base weight of 48.8g/m<sup>2</sup>, which goods are currently classified under tariff heading 4801.00.01 of the General Import and Export Tax Law (TIGIE), from the USA and Canada, which did not provide for the determination of antidumping duties. Our firm represented the national industry during this investigation.

**6. Resolution on the initiation of an antidumping investigation on canned mushrooms from Chile and China**

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On May 25, the SE published in the Federal Official Gazette the Resolution on the initiation of an antidumping investigation on the importation of canned mushrooms from the Republic of Chile and the People's Republic of China, which goods are currently classified under tariff heading 2003.10.01 of the TIGIE, providing for a period of investigation from January 1 to June 30, 2004, as well as term of 28 business days for importers, exporters, foreign entities and any other person that deems to have a legal interest for appearing during the investigation.

**7. Appointment of Director General of the WTO and Sixth Ministerial Meeting in December 2005**

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On May 26, the 148 members of the WTO officially elected Pascal Lamy of France as the fifth Director General of the Organization. The decision was adopted by a consensus of the General Council. Mr. Lamy shall commence his 4-year, renewable, term on September 1.

Likewise, the WTO has informed of the guidelines for participation of Non-Governmental Organizations during the Sixth Ministerial Meeting that will be held in Hong Kong during the month of December 2005. Our firm was present during the Fifth Ministerial Meeting on behalf of several NGOs, and invites Mexican producer and entrepreneurial associations to participate in this multilateral event through our firm's representation ■