



Voluntary Report - public distribution

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GAIN Report #MX1111

## Mexico

### FAIRS Product Specific

## Mexico Tightens Re-Export Program

### 2001

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#### Report Highlights:

**On June 13, 2001, Mexico's Secretariat of Economy (SE) announced reforms to its re-export program, which is known by its Spanish initials as "PITEX." This program allows products to be imported duty-free provided they are re-exported as a processed product within three months. The announced changes are designed to ensure that importers comply with the re-export requirements.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1], MX

**Introduction:** This report summarizes an agreement published in Mexico's "*Diario Oficial*" (Federal Register) on June 13, 2001, from the Secretariat of Economy.

**Disclaimer:** This summary is based on a  *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

**FAS/Mexico's Executive Summary:** On June 13, 2001, Mexico's Secretariat of Economy (SE) announced reforms to its re-export program, which is known by its Spanish initials as "PITEX." This program allows products to be imported duty-free provided they are re-exported as a processed product within three months. Under the recent reform, the following products are no longer eligible to participate in the program,: 1) shortening (0209.99.99); 2) dry beans (0713.33.99); 3) pig fat (including lard) and poultry fat other than that of heading 0209 or 1503); 4) animal fats and oils and their fractions. The products that remain eligible for the program are: 1) poultry meat and mechanically deboned meat (MDM); 2) table eggs; 3) hatching eggs; 4) certain types of coffee; 5) sugar; 6) fructose; and, 7) plywood. See Appendix "A" for a detailed list. (FAS/Mexico Comment: It was widely known in the trade that some importers of the products eliminated from the program were not complying with the re-export requirement. End Comment.)

The new requirements include the normal information of the importing company, data and volume of the imported products, data and volume of the new products that will be elaborated with the imported commodities, descriptions of production processes and installed capacity of the plant elaborating the products, and fiscal and tax information. The authorization will be valid for three months, and after that the final product must be exported. This term can be extended by presenting justification for an extension to the SE.

**Title:** Agreement that Establishes Specific Requirements for the Temporary Imports of Merchandise

### **Important Dates**

**1. Publication Date:** June 13, 2001

**2. Effective Date:** June 14, 2001

**Products Affected:** Shortening, beans, poultry meat and MDM, table eggs, hatching eggs, certain varieties of coffee, corn, sugar, fructose, and plywood.

**Agency in Charge:** Secretariat of Economy

**Trade Concerns: Trade Concerns:** In the subject announcement, the Government of Mexico (GOM) justified the above mentioned changes to control products that were imported under PITEX and were not complying with re-export requirements.

*Dry Beans and Pork Fat.* These products, are subject to NAFTA tariff rate quotas (TRQs). So, in addition to evading customs duties, these illegal imports under the PITEX program were circumventing the NAFTA TRQs. Most of the imports of these products will now be imported under the corresponding TRQ's. The announcement also indicates that companies with PITEX authorization previous to this regulation, can import these products as long as they comply with the new specific requirements. The validity of authorizations vary in length.

*Poultry Meat.* FAS/Mexico's poultry contacts indicated that very few companies imported products under PITEX, so the impact of these changes on their industry will be minimal. The main problem, however, remained with whole poultry and poultry cuts that were destined to the Mexican border areas. (Note: Since Mexico does not export poultry meat to the U.S. because of SPS issues, the industry can now look to other international markets to re-export processed products with U.S. poultry inputs.) The industry also mentioned, that chicken carcasses should not have been included in this program due to the sanitary risks it implies when re-exported. Poultry products trade and TRQ's are expected to continue unaffected. A new requirement for poultry products is that all importing companies should be under the Federally Inspection Slaughter System or TIF system.

*Other Products:* Sugar, powder milk, table eggs, corn, wood products and coffee. Since these products imported under PITEX, were difficult to track if the final product was re-exported, these new regulations will help stop illegal trade and the GOM will have a better control of movements through the border.

**For More Information:**

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**Internet Connections**

*FAS Mexico Web Site:* We are available at <http://www.atomexico.gob.mx> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

*Useful Mexican Web Sites:* Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at [www.sagar.gob.mx](http://www.sagar.gob.mx) and Mexico's equivalent of the Department of Commerce (SE) can be found at [www.economia.gob.mx](http://www.economia.gob.mx) These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.

**APPENDIX "A"**  
**List of Agricultural Products That Can Be Imported Under the  
 Temporary Import Programs**

<b>HS Code</b>	<b>Description</b>
0207.13.02	Chicken Carcasses
0207.14.03	Chicken Carcasses
0207.26.02	Chicken Carcasses
0207.27.03	Chicken Carcasses
0207.11.01	Not cut in pieces, fresh or chilled.
0207.12.01	Not cut in pieces, frozen.
0207.13.01	Mechanically deboned.
0207.13.99	Other poultry.
0207.14.01	Mechanically deboned.
0207.14.99	Other poultry.
0207.24.01	Not cut in pieces, fresh or chilled.
0207.25.01	Not cut in pieces, frozen.
0207.26.01	Mechanically deboned.
0207.26.99	Other poultry.
0207.27.01	Mechanically deboned.
0207.27.99	Other poultry.
0207.32.01	Not cut in pieces, fresh or chilled.
0207.33.01	Not cut in pieces, frozen.
0207.35.99	Other poultry, fresh or chilled.
0207.36.99	Other poultry.
0402.10.01	Milk in powder or tablets.
0402.21.01	Milk in powder or tablets.
0407.00.01	Fresh eggs, including fertile.
0901.11.01	Coffee Not decaffeinated.
0901.11.99	Other coffee.
1005.90.99	Other corn.

1701.11.01	Sugar, with a dry sucrose content that has a polarization of 99.3 degrees but not exceeding 99.5 degrees.
1701.11.99	Other sugar.
1701.12.01	Sugar, with a dry sucrose content that has a polarization of 99.3 degrees but not exceeding 99.5 degrees.
1701.12.99	Other sugar.
1701.91.01	Containing added flavoring or coloring matter.
1702.20.01	Maple sugar and maple syrup.
1702.90.01	Refined liquid sugar and inverted sugar.
1806.10.01	With a sugar content weighing not less than 90%.
2106.90.05	Flavored syrups or with added coloring matter.
4412.13.01	Plywood with at least one outer ply of the following tropical woods: Dark Red Meranti, Light Red Meranti, White Lauan, Sipo, Limba, Okume, Obeche, Acajou d'Afrique, Sapelli, Mahogany, Standing Palisander ( <i>Palisandre de Para</i> ), River Palisander and Rose Palisander.
4412.13.99	Other Plywood.
4412.22.01	With at least one ply of tropical wood specified in subheading note 1 to this chapter.