

Voluntary Report – Voluntary - Public Distribution

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Report Name: Mexico Announces Unilateral Rice TRQs

Country: Mexico

Post: Mexico City

Report Category: Agricultural Situation, Grain and Feed, Country/Regional FTA's, Trade Policy Incident Report, Trade Policy Monitoring, WTO Notifications

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Report Highlights:

On August 7, 2020, the Secretariat of Economy (SE) published in Mexico's Federal Register ("Diario Oficial" – DOF) an agreement establishing the specific provisions governing the unilateral tariff rate quotas (TRQs) that were published on June 8, 2016 in the DOF. The new TRQs will allow 105,000 MT of rice from any origin to enter Mexico duty-free (30,000 MT until December 31, 2020 and 75,000 MT from January 31, 2021 until December 31, 2021).

Executive Summary: On August 7, 2020, the Secretariat of Economy (SE) published in Mexico's Federal Register (*Diario Oficial* – DOF) an agreement establishing the specific provisions of the unilateral Tariff Rate Quota (TRQ), which was published in DOF on June 8, 2016 (See 2016 GAIN Report [MX6025](#))

Disclaimer: This summary is based on a cursory review of the subject announcements 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.

General Information:

Title: [Agreement by which the multi-year quota to import paddy rice \(2020-2021\) is disclosed.](#)

Products Affected:

- Paddy rice.

Important Dates:

1. **Publication Date:** August 7, 2020.
2. **Enforcement Date:** August 8, 2020.

Justification to Establish TRQs:

The arguments to justify the implementation of the unilateral TRQs are the following:

- According to the SE's analysis, based on information released by the Agri-food and Fisheries Information System (SIAP), the 2019 domestic production of paddy rice decreased 13.6 percent compared to 2018 (decreased from 283,762 to 245,217 MT), as a result of the drought that impacted producing areas.
- According to the National Consumer Price Index calculated by the National Institute of Statistics and Geography (INEGI), consumer rice prices increased by 9.23 percent in the period 2017-2019; from January to July 2020 the increase was of 20.3 percent from the same period of the previous year and in July 2020, it increased 4.1 percent compared to the previous month.
- The volatility in the value of the peso affects the increase in final consumer prices. In July 2020, the exchange rate was 22.40 Mexican pesos per dollar, 17.6 percent higher than the same month of the previous year (from 19.05 to 22.40 Mexican pesos per dollar) and 16.3 percent higher than the average in 2019 (from 19.26 to 22.40 Mexican pesos per dollar).
- On March 30, 2020, Mexico published in the DOF an agreement declaring a health emergency, due to force majeure, stemming from the SARS-CoV2 virus (COVID-19), which has gravely affected various regions throughout Mexico's territory in matters of general health and social, educational and economic activities.
- The paddy rice growing demand, due to the health emergency caused by COVID-19, the 2019 drought conditions and the variation in the peso - dollar exchange rate, make it necessary to keep supply options available from third countries, which contribute to the economic and social

stability of the country, to promote price stability and encourage the well-being of Mexican families, especially those living in poverty.

- According to the National Council for the Evaluation of Social Development Policy (CONEVAL), rice is part of the basic food basket, defined by the INEGI.

Also, the SE stated that the rice TRQ seeks to increase the domestic productive capacity, encourage investment in the country, strengthen the agri-food chain, maintain sources of employment, and gradually reduce dependence on imports.

Additionally, SE indicates that the procedure to allocate the unilateral TRQs will be "first-come, first serve, and there is a maximum quota allocation of 3,000 MT for the rice requestor in 2020 and 7,500 MT for 2021. The current non-quota tariff rate is nine percent.

Operational Rules:

Article 1, establishes the volume for importing beef and rice under the unilateral TRQs published in the DOF on June 8, 2016 as follows:

HTS	Description	Volume (Tons)	Period
1006.1001	Paddy Rice	30,000	From September 1 st until December 31, 2020.
		75,000	From January 1 st to December 31, 2021

The TRQ allocation will be made according to the following criteria:

I. Whichever is less between:

- a) The amount requested;
- b) The amount indicated in the commercial invoice and bill of lading, the waybill or air waybill, as the case may be;
- c) 10 percent of the total annual volume of the quota, or
- d) The balance of the quota.

II. When the applicant has been a beneficiary of three allocations of the quotas, to authorize subsequent allocation, she/he must demonstrate the total exercise of at least one of the allocations previously granted. In such a way that, during the period of validity of the TRQ, recipients have no more than two unverified allocations.

For additional information on the original June 8, 2016 quota announcement, please see GAIN Report [MX6025](#).

For More Information

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Attachments:

No Attachments.