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**Report Name:** Mexico Decree to Exempt Select Importers from Payment of Import Duties and to Facilitate Administrative Procedures for Various Products of the Basic Supply Basket

Country: Mexico

Post: Mexico City

**Report Category:** Sanitary/Phytosanitary/Food Safety, Policy and Program Announcements

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# **Report Highlights:**

On October 19, 2022, the Government of Mexico published a decree to temporarily exempt select importers from payment of import duties for certain goods and to facilitate administrative procedures as applied to the importation of select basic goods (mostly food items). The decree is valid through February 2023 and may be extended until December 2023. The decree establishes a Registry of Importers of the Basic Basket and companies approved to participate become eligible to import products under the special scheme. This report provides an unofficial translation of the announcement.

On October 19, 2022, the Government of Mexico published a decree which temporarily exempts select importers from payment of import duties for certain goods and facilitates administrative procedures. The decree published in Mexico's Federal Register (*Diario Oficial Federal*) entered into force on October 20, 2022, and is applicable through February 2023, but may be extended until December 2023.

The Preamble of the decree reiterates the December 31, 2020, presidential decree calling for a phase-out of the use of genetically engineered (GE) corn by January 2024.

Article I of the decree indicates that certain companies, if included in the *Registry of Importers of the Basic Basket* established by the decree, then will be exempt from the payment of import duties. The registry is administered by the Tax Administration Service (*SAT*) and applies to the importation of select goods (mostly food items) including meat, seafood, dairy, poultry, horticultural products, grains, legumes, pasta, bread, and canned goods (see full list below with corresponding HS Codes). The corn imported under this decree is listed as either white corn or yellow corn for animal consumption.

Article II describes the requirements an importer must comply with in order to become a registrant/licensee under the Decree and references a unique universal license for the importation of the goods identified in the first article of the decree.

Article III states that the select importers approved under the decree may certify in writing their compliance with the corresponding non-tariff regulations or restrictions prior to customs clearance. They must submit a statement, under oath, that imported goods comply with sanitary and food safety requirements and that the importer understands the sanctions and responsibilities incurred in the case providing wrong information. In the case of corn, the importers statement must indicate compliance with biosafety provisions applicable to genetically engineered products.

Article IV requires coordination to implement the decree between SAT, the National Customs Agency of Mexico, the Ministry of Economy, the Ministry of Agriculture and Rural Development through the National Service for Agrifood Health, Safety, and Quality (SENASICA), the Ministry of Health through the Federal Commission for the Protection against Sanitary Risks (COFEPRIS), as well as the other agencies and entities of the Federal Public Administration.

Article V states that the Federal Consumer Attorney's Office (PROFECO) will provide surveillance measures on prices and inflation under the provisions of the decree.

Article VI states that ex officio or at the request of the select importers approved under the decree, authorities may be used to verify compliance with non-tariff regulations and restrictions in accordance with the applicable regulations.

The decree implements the Opening Agreement against Inflation and Scarcity (APECIC) between the Government of Mexico and fifteen private companies (initially announced on October 3) (See GAIN report MX2022-0054). This decree follows the Anti-Inflation and Scarcity Package (PACIC) announced in May 2022 (see GAIN report MX2022-0030).

This report provides an unofficial translation of the announcement.

## **Begin Unofficial Translation**

DECREE by which the payment of import tariffs are exempt and administrative facilitation is granted for various products of the basic basket and supplies.

ANDRÉS MANUEL LÓPEZ OBRADOR, President of the United Mexican States, in exercise of the powers conferred on me by articles 89, section I, and 131 of the Political Constitution of the United Mexican States; and based on articles 4, sections I and II, and 12 of the Foreign Trade Law; 31, 34, 35 and 39 of the Organic Law of the Federal Public Administration, and 59, section IV, of the Customs Law, and

### **CONSIDERING**

That article 25, first paragraph, of the Political Constitution of the United Mexican States establishes that the State is the stewardship of national development to ensure that it is comprehensive and sustainable, that it strengthens the sovereignty of the Nation and its democratic regime and that, through competitiveness, promotion of economic growth and employment and a fairer distribution of income and wealth, allows the full exercise of freedom and dignity of individuals, groups and social classes;

That article 131, second paragraph, of the Political Constitution of the United Mexican States confers on the Federal Executive the extraordinary power to increase, decrease, or eliminate the export and import tariff quotas issued by the Congress of the Union, and to create others, as well as to restrict and prohibit imports, exports, and the transit of products, articles and effects, when it deems it urgent, in order to regulate foreign trade, the country's economy, the stability of national production or to carry out any other purpose, for the benefit of the country;

That the General Axis III. Economy "Promoting economic reactivation, the internal market and employment" of the National Development Plan 2019-2024, published on July 12, 2019, in the Official Gazette of the Federation (DOF in Spanish), foresees that one of the central tasks of the current administration is to establish a salary recovery policy, which cannot be separated from purchasing power, because in a high inflation scenario, salary recovery is limited by price increases;

That on December 31, 2020, the "Decree establishing the actions to be carried out by the agencies and entities that make up the Federal Public Administration, within the scope of their powers, to gradually replace the use, acquisition, distribution, promotion, and importation of the chemical substance called glyphosate and of the agrochemicals used in our country that contain it as an active ingredient, for sustainable and culturally appropriate alternatives that allow production to be maintained and are safe for human health, biocultural diversity of the country, and the environment", was published on the DOF, decree which provides in Article Six, second paragraph, that the biosafety authorities will revoke and refrain from granting authorizations for the use of genetically modified corn in the diet of Mexican women and men, which implies that maize with these characteristics cannot be imported;

That, in order to avoid damage to the economy, the government has carried out various actions, among which is the gasoline subsidy since March 2022, which is estimated to be around 400 billion pesos at the end of the year;

That on May 4, 2022, the Federal Executive, through the Ministry of Finance and Public Credit, announced the Package Against Inflation and Shortages (PACIC), which has the purpose of reducing inflation and reducing the fall in consumption of Mexican households, through various measures, among which is exempting the payment of import duties on 21 products of the basic basket and five strategic inputs;

That the "Decree that exempts the payment of import duties on the goods indicated", published on May 16, 2022 in the DOF, indicates the products of various tariff fractions that are part of the basic basket as well as of strategic input: corn oil, rice, tuna, pork meat, chicken, beef, onion, jalapeño pepper, beans, corn flour, wheat flour, eggs, toilet soap, tomato, milk, lemon, white corn, apples, oranges, sliced bread, potatoes, pasta for soup, sardines, sorghum, wheat, and carrots; and of other tariff codes that classify the products that are part of the basic consumption of Mexican families: live animals of the species bovine, swine, ovine or goats, roosters and chickens, in order to counteract the effects on prices derived from the inflationary trend;

That the National Institute of Statistics and Geography (INEGI) reported that, during September 2022, annual general inflation in Mexico stood at 8.70%, which meant an increase of 0.62% compared to that of the previous month<sup>1</sup>. On the other hand, the general minimum wage for 2022 was set at 172.87 pesos per day<sup>2</sup>, equivalent to a growth of 22% compared to the previous year. Although this helped to recover purchasing power, its effect was limited by the inflationary scenario;

That, in order to avoid negative economic situations, such as those experienced by the country in the past when annualized inflation reached levels of around 150%, it is pertinent to continue implementing measures that counteract the effects of the inflationary trend, therefore, it is necessary to temporarily exempt the payment of tariffs and establish administrative facilitation for the import procedure of various products that are part of the basic basket, including toilet paper, and other products such as fertilizers and supplies used for the manufacturing of food and beverage containers;

That the exemption from the payment of import duties, as well as the administrative facilitation granted to importers, must be reflected in the price to the end consumer, otherwise, the purpose of this decree would not be accomplished, purpose which consists of counteracting the effects on prices derived from the inflationary trend;

That the administrative facilitation to prove compliance with non-tariff regulations and restrictions contemplated in this decree do not exempt natural or legal persons importing products referred to in this decree from complying with the obligations and with the necessary quality to protect the life and safety

<sup>2</sup> https://www.gob.mx/cms/uploads/attachment/file/686336/Tabla de Salarios M nimos vigentes a partir del 1 de enero de 2022.pdf

<sup>&</sup>lt;sup>1</sup> https://www.inegi.org.mx/contenidos/saladeprensa/boletines/2022/inpc\_2q/inpc\_2q2022\_10.pdf

of all people, particularly those applicable in the phytosanitary and zoo-sanitary field, which is reflected in the commitment they assume when stating, under protest to tell the truth, that the goods comply with the appropriate sanitary and food safety conditions, that they have the corresponding certifications, that they know the sanctions and responsibilities that they would incur for declaring false data before the authority, and that the data set forth in the aforementioned statement are true;

That, the natural or legal persons importing products referred to in this decree, in case they do not avail themselves of the benefit indicated in the previous paragraph, may choose to request the competent authorities to carry out the procedure to verify the aforementioned compliance, in accordance with the applicable regulations, in this case the authorized authorities must verify compliance with non-tariff regulations or restrictions and ensure that the goods comply with the safety, health, hygiene, and food safety conditions required by the applicable legal provisions and, if applicable, suspend or cancel the benefits provided for in this decree;

That, in order to benefit from the benefits of this decree, it will be necessary for importers to have the Universal Single License, for which they must be registered and active in the register that will be created for such purposes, made up of those who meet the requirements established by this decree and by the general rules that are issued for this purpose, among which it is worth noting the ones that have previously imported the goods in question and, therefore, have experience in complying with non-tariff regulations and restrictions and in the acquisition of products with standards or certifications that ensure said compliance, which reflects their commitment to food safety and to consumers and their interest in maintaining the quality of their products;

That the rights and interests of the end consumer must be safeguarded by the Federal Consumer Attorney's Office, to protect them from lucrative practices that are detrimental to the economy of Mexican families, such as price increases or the hoarding of products for basic needs;

That, in order to administratively implement the aforementioned facilitation for the benefit of importers, and at the same time respect the rights of consumers, coordination between various competent authorities of the Federal Public Administration is necessary;

That the natural and legal persons referred to in this decree may commercially agree, in a single business transaction, to carry out various imports to satisfy their periodic needs in their production or distribution processes. For this reason, it is considered appropriate to extend the application of this decree to imports that are carried out due to obligations of a contractual nature acquired in the period comprehended from the entry into force of this instrument and until February 28, 2023, and

That, in compliance with the provisions of the Foreign Trade Law, the provisions referred to in this instrument have the opinion of the Foreign Trade Commission, I have seen fit to issue the following

## **DECREE**

**First Article.** The purpose of this decree is to establish that, of the products identified in the tariff fractions of the Law of General Import and Export Taxes, published in the Official Gazette of the Federation (DOF) on July 1, 2020 and its subsequent modifications which are indicated below, and that enter the national territory to be allocated to the Definitive Import customs regime by a "Basic Basket Products Import Company" registered in the Registry of Importers of the Basic Basket, are exempt from payment of import duty:

CODE	DESCRIPTION	COMMENT
01.02	Live bovine animals	
0102.29.99	Other	
02.01	Meat of bovine animals, fresh and chilled.	
0201.10.01	Carcasses and half-carcasses.	
0201.20.99	Other cuts with bone in.	
0201.30.01	Boneless.	
02.02	Meat of bovine animals, frozen.	
0202.10.01	Carcasses and half-carcasses.	
0202.20.99	Other cuts with bone in.	
0202.30.01	Boneless.	
02.03	Meat of swine, fresh, chilled, or frozen.	
0203.11.01	Carcasses and half-carcasses.	
0203.12.01	Hams, shoulders, and cuts thereof, with bone in.	
0203.19.99	Other.	
0203.21.01	Carcasses and half-carcasses.	
0203.22.01	Hams, shoulders, and cuts thereof, with bone in.	
0203.29.99	Other	
02.07	Meat and edible offal, of the poultry of heading 01.05, fresh, chilled, or frozen.	
0207.11.01	Not cut in pieces, fresh, or chilled.	
0207.12.01	Not cut in pieces, frozen.	
0207.13.04	Cuts and offal, fresh or chilled.	
0207.14.99	(0207.14.00 Cuts and offal, frozen) Other.	
03.02	Fish, fresh or chilled, excluding fish fillets and other fish meat of heading 03.04.	
0302.43.01	Sardines (Sardina pilchardus, Sardinops spp.), sardinella (Sardinella spp.) and brisling or sprats (Sprattus sprattus).	
03.03	Fish, frozen, excluding fish fillets and other fish meat of heading 03.04.	
0303.42.01	Yellowfin tunas (Thunnus albacares).	

CODE	DESCRIPTION	COMMENT
0303.53.01	Sardines (Sardina pilchardus, Sardinops spp.), sardinella (Sardinella spp.) and brisling or sprats (Sprattus	
	sprattus).	
04.01	Milk and cream not concentrated nor containing added sugar or other sweetening matter.	
0401.10.02	Of fat content, by weight, not exceeding 1%.	
0401.20.02	Of a fat content, by weight, exceeding 1% but not exceeding 6%.	
0401.40.02	Of a fat content, by weight, exceeding 6% but not exceeding 10%.	
0401.50.02	Of a fat content, by weight, exceeding 10%.	
04.02	Milk and cream concentrated or containing added sugar or other sweetening matter.	
0402.10.01	In powder, granules, or other solid forms.	
0402.10.99	Other.	
0402.21.01	In powder, granules, or other solid forms.	
0402.21.99	Other.	
0402.29.99	Other.	
04.07	Bird eggs, in Shell, fresh, preserved o cooked.	
0407.21.02	Of fowls of the species Gallus domesticus.	
0407.29.01	For human consumption.	Only chicken.
07.01	Potatoes, fresh, or chilled.	
0701.90.99	Other.	
07.02	Tomatoes, fresh or chilled.	
0702.00.03	Tomatoes, fresh or chilled.	
07.03	Onions, shallots, garlic, leeks, and other alliaceous vegetables, fresh or chilled.	
0703.10.02	Onions and shallots.	Only onion.
07.06	Carrots, turnips, salad be etroot, salsify, celeriac, radishes, and similar edible roots, fresh or chilled.	
0706.10.01	Carrots and turnips.	
07.09	Other vegetables, fresh or chilled.	
0709.60.99	Other.	
07.10	Vegetables (uncooked or cooked by steaming or boiling in water), frozen.	
0710.10.01	Potatoes.	
0710.80.01	Onions.	
07.12	Dried vegetables, whole, cut, sliced, broken or in powder, but nor further prepared.	
0712.20.01	Onions.	
07.13	Dried leguminous vegetables, shelled, whether or not	

CODE	DESCRIPTION	COMMENT
	skinned or split.	
0713.31.01	Beans of the species Vigna mungo (L) Hepper o Vigna radiata (L) Wilczek.	
0713.32.01	Small red (Adzuki) beans (Phaseolus o Vigna angularis).	
0713.33.99	Other.	
0713.34.01	Bambara beans (Vigna subterránea o Voandzeia subterránea).	
0713.35.01	Cow peas (Vigna unguiculata).	
0713.39.99	Other.	
08.05	Citrus fruit, fresh or dried.	
0805.10.01	Oranges.	
0805.50.03	Lemon (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia).	
08.08	Apples, pears, and quinces, fresh.	
0808.10.01	Apples.	
08.13	Fruit, dried, other than that of headings 08.01 to 08.06; mixtures of nuts or dried fruits of this chapter.	
0813.30.01	Apples.	
09.04	Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the genus Pimenta.	
0904.21.02	Dried, neither crushed nor ground.	
0904.22.02	Crushed or ground.	
10.01	Wheat and meslin.	
1001.11.01	Seeds (for sowing).	
1001.19.99	Other.	
1001.91.99	Other.	
1001.99.99	Other.	
10.05	Maize (corn).	
1005.90.04	White corn (for flour).	
1005.90.99	Other.	Only yellow corn for animal consumption.
10.06	Rice.	
1006.10.99	Other	
10.07	Grain sorghum	
1007.90.01	When the operation is performed in the period covered between December 16 and May 15.	
1007.90.02	When the operation is performed in the period covered between May 16 and December 15.	
11.01	Wheat flour or meslin flour.	
1101.00.01	Wheat flour or meslin flour	
11.02	Cereal flours other than that of wheat or meslin.	

CODE	DESCRIPTION	COMMENT
1102.20.01	Maize (Corn) flour.	
15.15	Other fixed vegetable fats and oils (including jojoba oil), and their fractions, whether or not refined, but not chemically modified.	
1515.29.99	Other.	
16.04	Fish preparations and preserves; caviar and caviar substitutes prepared from fish roe.	
1604.13.02	Sardines, sardines, and sprats	Only sardine.
1604.14.99	Others.	Only sardine.
1604.20.03	Other prepared and preserved fish.	Only sardine.
19.02	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, noodles, macaroni, tagliatelle, lasagna, gnocchi, ravioli, cannelloni; couscous, whether or not prepared.	
1902.11.01	Those containing egg.	
1902.19.99	Other.	
1902.30.99	Other pastas.	
19.05	Bread, pastry, cakes, biscuits, and other bakers wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products.	
1905.40.01	Toast and similar toast products.	Only sliced bread.
1905.90.99	Other.	Only sliced bread.
20.02	Tomatoes prepared or preserved otherwise than by vinegar or acetic acid	
2002.10.01	Tomatoes whole or in pieces.	
20.04	Other vegetables prepared or preserved (except by vinegar or acetic acid), frozen, other than products of heading 20.06	
2004.10.01	Potatoes.	
20.05	Other vegetables prepared or preserved (except by vinegar or acetic acid), not frozen, except products of heading 20.06	
2005.20.01	Potatoes.	
31.04	Mineral or chemical fertilizers, potassic.	
3104.20.01	Potassium chloride	
34.01	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in liquid or cream form, ready for retail sale, whether or not containing soap; paper, wadding, felt and non-woven fabric, impregnated, covered, or coated by	

CODE	DESCRIPTION	COMMENT
	soap or detergents.	
3401.11.01	Toilet soap (including medicinal)	Except medicinal.
48.18	Toilet paper and similar paper, cellulose wadding, or webs of cellulose fibers, of a kind used for household or sanitary purposes, in rolls of a width not exceeding 36cm, or cut to size or shape; handkerchiefs, cleansing tissues, towels, tablecloths, napkins, sheets and similar products for domestic use; toilet paper, hygienic or hospital paper, apparel and clothing, of paper pulp, paper, cellulose wadding, or webs of cellulose fibers.	
4818.10.01	Toilet paper.	
72.10	Flat-rolled products of iron or non-alloy steel, of a width of 600mm or more, clad, plated, or coated.	
7210.70.02	Painted, varnished, or coated with plastic.	Only when used for the manufacturing of containers for food and beverages.
72.12	Flat-rolled products of iron or non-alloy steel, of a width of less than 600mm, clad, plated or coated.	
7212.40.04	Painted, varnished, or coated with plastic.	Only when used for the manufacturing of containers for food and beverages.

Registry of Importers of the Basic Basket is created, under the Tax Administration Service (SAT in Spanish), which will be composed by the importers that register to it. For these purposes, the applicant must prove that:

It is understood by "Basic Basket Products Import Company," the natural or legal person that is registered and active in the Registry of Importers of Products of the Basic Basket indicated in the previous paragraph, under a Single Universal License for the importation of the goods identified in the first article of this decree.

The importers registered in the register referred to in the previous paragraph, will be suspended or permanently removed from it when they fail to comply with the requirements, commitments, and obligations indicated in the first paragraph of this article, as well as in the cases in accordance with the procedures provided by the general rules issued for this purpose by the Tax Administration Service.

The Tax Administration Service must make known on its website the list of persons registered in the registry discussed in this article.

**Third article.** Prior to customs clearance, in the definitive importation of the goods indicated in this decree, the "Basic Basket Products Import Company" may certify compliance with the corresponding non-tariff regulations or restrictions before the Tax Administration Service in written form (free format) that contains:

I. The description of the merchandise that is intended to be imported;

- II. The non-tariff regulations or restrictions to which it is subject and the customs office or customs section through which the import operation will be carried out;
- III. The product's certifications, and
- IV. The statement, under oath, that:
- a) The goods comply with the sanitary and food safety conditions required by non-tariff regulations and restrictions, including, in the case of corn, the biosafety provisions of genetically modified organisms and, therefore, that the importer is responsible compliance with said conditions, and
- b) [The importer] knows the sanctions and responsibilities that would be incurred by presenting documentation and declare false information before the authority.

The "Basic Basket Products Import Company" will be responsible in accordance with the applicable legal provisions when the imported products do not meet the characteristics and requirements necessary for their importation and necessary to safeguard food safety.

Fourth Article. The Tax Administration Service, the National Customs Agency of Mexico, the Ministry of Economy, the Ministry of Agriculture and Rural Development through the National Service for Agrifood Health, Safety and Quality (SENASICA) the Ministry of Health through the Federal Commission for the Protection against Sanitary Risks (COFEPRIS), as well as the other agencies and entities of the Federal Public Administration, within the scope of their respective competences, must coordinate to implement the facilitation granted by this decree. The aforementioned, notwithstanding that these authorities exercise, within the scope of their respective attributions, the control, surveillance, detection, and verification of the merchandises object of this decree.

**Fifth Article.** The Federal Consumer Attorney's Office (PROFECO) must implement, within the scope of its attributions, the necessary surveillance measures to comply with the provisions on prices, in order to counteract the effects on prices derived from the inflationary trend under the provisions of this decree.

**Sixth Article.** The competent authorities, ex officio or at the request of the "Basic Basket Products Import Company", will carry out the procedure to verify compliance with non-tariff regulations and restrictions in accordance with the applicable regulations.

### **TRANSITIONAL**

**First.** This decree will entry into force the day after its publication in the Official Federal Gazette and will be in force until February 28, 2023.

**Second.** The validity of this decree may be extended until December 31, 2023, provided that the "Basic Basket Products Import Company" proves that it has signed a contract during the term referred to in the First transitory article of this decree.

**Third.** The Tax Administration Service will issue the general rules, and the National Customs Agency of Mexico will issue the rules of operation, necessary for the due and correct application of this decree.

**Fourth.** The references made to the codes and descriptions indicated in the First article of this decree will remain without effect and will be replaced by those of the Law of General Import and Export Taxes, published on June 7, 2022 in the Official Gazette of the Federation, from its entry into force.

Given at the residence of the Federal Executive Branch, in Mexico City, on October 19, 2022.- Andrés Manuel López Obrador.- Signature.- The Secretary of Finance and Public Credit, Rogelio Eduardo Ramírez de la O.- Signature.- The Secretary of Economy, Raquel Buenrostro Sánchez.- Signature.- Secretary of Agriculture and Rural Development, Víctor Manuel Villalobos Arámbula.- Signature.- Secretary of Health, Jorge Carlos Alcocer Varela.- Signature.

#### **End Unofficial Translation**

#### **Attachments:**

<u>Mexico Decree to Exempt Select Importers from Payment of Import Duties and to Facilitate Administrative</u> Procedures for Various Products of the Basic Supply Basket.pdf