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Mexico Announces Rice Import Tariffs

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Report Highlights:

On December 10, 2014 the Secretariat of Economy (SE) published in the Diario Oficial (Mexico's Federal Register) a decree that modifies the Tariff of the General Import and Export Tax Law for imported rice. The decree imposes a 9 percent tariff on imported paddy rice and a 20 percent tariff on husked, long grain and other imported rice. For several months the Mexican Rice Council (MRC) had been lobbying the SE and the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA), requesting for the re-establishment of rice import tariffs from all countries that Mexico does not have free trade agreements (see 2014 GAIN Report [MX4073](#) "Grain and Feed October Update Mexico"). The United States is exempt from the announced tariffs because of the North America Free Trade (NAFTA) Agreement it has with Mexico.

General Information:

On December 10, 2014 the Secretariat of Economy (SE) published in the Diario Oficial (Mexico's Federal Register) a decree that modifies the Tariff of the General Import and Export Tax Law for imported rice. The decree imposes a 9 percent tariff on imported paddy rice and a 20 percent tariff on husked, long grain and other imported rice. For several months the Mexican Rice Council (MRC) had been lobbying the SE and the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA), requesting for the re-establishment of rice import tariffs from all countries that Mexico does not have free trade agreements (see 2014 GAIN Report [MX4073](#) "Grain and Feed October Update Mexico"). The United States is exempt from the announced tariffs because of the North America Free Trade (NAFTA) Agreement it has with Mexico.

Introduction: This report summarizes a decree that modifies the Tariff of the General Import and Export Tax Law published for the SE in Mexico's "Diario Oficial" (Federal Register) on December 10, 2014.

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 regulations 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 December 10, 2014, the SE published in the Diario Oficial (Mexico's Federal Register) a long awaited decree by many in Mexico's rice industry that modifies the Tariff of the General Import and Export Tax Law, first published on May 27, 2008. The SE decree states that during the period 2000-2013 Mexico's paddy rice production declined by 50 percent, while domestic consumption had increased 12 percent. Therefore, the Government of Mexico determined it was necessary to adapt this import tariff policy in order to promote production, processing, and marketing of domestic rice and thus strengthen the overall competitiveness of Mexico's rice industry. The SE indicated that was appropriate to amend the rice import tariffs rates for the following HTS codes:

- 1006.10.01(paddy rice)
- 1006.20.01(husked rice)
- 1006.30.01 (long rice)
- 1006.30.99 (other rice)
- 1006.40.01(broken rice)
- Nullifies the tariff reduction of fraction 1006.40.01 scheduled for January 1, 2015.

In light of this decree, there now appears to be further opportunity for domestic rice growers and the rice industry in general to take advantage of this more favorable supply and demand situation. Additionally,

this decree is expected to help boost U.S. rice exports to Mexico.

Article 2 of the Decree establishes the following modifications:

H.T.S.	DESCRIPTION	UNIT	TAX	
			IMP.	EXP.
1006.10.01	Rice in the husk (paddy or rough)	Kg	9	Ex.
1006.20.01	Husked (brown) rice	Kg	20	Ex.
1006.30.01	Describe as long grain (relation 3:1 or greater than, between long and width of grain)	Kg	20	Ex.
1006.30.99	Other	Kg	20	Ex.
1006.40.01	Broken rice	Kg	20	Ex.

Background: Until 2007, Mexico had a 9 percent import tariff on paddy rice imports, while husked, long grain and other rice had a 20 percent import tariff (which the United States was exempt due to the North America Free Trade Agreement - NAFTA). Because of the substantial increase in world prices in 2007 and 2008, the Mexican Government decided to eliminate tariffs on rice and other commodities (See 2008 GAIN Report [MX8038](#) "Mexico Publishes Tariff Modifications on Basic Commodities"). However, the MRC had been lobbying with the SE and SAGARPA, urging them to re-establish import tariffs on rice imported from all countries that Mexico does not have free trade agreements. Finally, the Mexican government supported this plea and re-established the rice import tariffs to be implemented through publication of this Decree.

Important Dates:

1. **Publication Date:** December 10, 2014
2. **Effective Date:** January 9, 2015

For More Information:

FAS/Mexico Web Site: We are available at www.mexico-usda.com.mx or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

Other Relevant Reports Submitted by FAS/Mexico

Report Number	Title of Report	Date Submitted
MX4073	Grain and Feed October Update Mexico	10/17/2014
MX4059	Grain and Feed July Update	07/31/2014
MX4020	2014 Grain and Feed Annual	03/14/2014
MX4009	Low Prices Help Drive Down Mexico Corn Production, While Sorghum, Rice and Dry Bean Production Up	01/31/2014

MX3078	Extreme Weather conditions Bring Mixed Result to Mexico's Grain Production	10/31/2013
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