

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Mexico

**Post:** Mexico

### The Phasing In Of Mexican Retaliatory Tariffs

**Report Categories:**

Agricultural Situation

Trade Policy Monitoring

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**Report Highlights:**

On Thursday, July 5, 2018, Mexico continued to phase in their retaliatory tariffs in response to U.S. Section 232 action. This second phase, which was outlined in the original announcement, raised tariffs further on U.S. pork and cheese products. Please note that this does not signal an announcement of new tariffs, but is rather a continuation of those announced on June 5, 2018.

## **Mexican Retaliatory Tariffs Summary**

As part of Mexico's response to U.S. Section 232, tariffs were placed on a number of U.S. products, from U.S. steel and aluminum to a number of U.S. agricultural products (See GAIN [MX8028](#)). As previously reported, these tariffs affect \$2.6 billion of U.S. agricultural exports to Mexico. The affected U.S. agricultural products include pork and cheese, several products of which faced a phased in retaliatory tariff, reaching the final amount on July 5, 2018.

### **The Pork Adjustment**

From June 5 through July 4, 2018, pork under Mexican HS codes of 02031201, 02031999, 02032201 and 02032999, faced a 10 percent tariff rate, which changed to 20 percent on July 5, 2018. These codes refer to pork "legs, shoulders, and their pieces, with bone," as well as "other," and are generally fresh or chilled. The higher rate implemented on July 5, 2018, is equivalent to Mexico's Most Favored Nation rates. These four products are the same codes listed the duty-free tariff rate quota Mexico established on June 5, 2018, for 350,000 metric tons (MT) of pork. Other pork products (Mexican HS codes: 16010002, 16024101, 16024201) faced an immediate tariff of 15 percent, 20 percent, and 20 percent, respectively on June 5, 2018. The rates for these last four products have not changed since June 5, 2018.

### **Pork Tariff Rate Quota (TRQ) Tracking**

As reported in GAIN [MX8028](#), Mexico has put in place a duty-free tariff rate quota for 350,000 MT of pork (Mexican HS codes: 02031201, 02031999, 02032201, 02032999) until December 31, 2018. The quota is principally for established Mexican processors who import pork. The Government of Mexico (GOM) publishes the allocation of the quota approximately every two weeks. As of July 9, 2018, around 84 percent of the quota had been allocated (or 292,365 MT). Quota allocations are valid for 60 days.

The official updates on the allocation of the quota from the GOM, including processors to whom the quota has been allocated, can be found here:

<https://www.snice.gob.mx/cs/avi/snice/cuposinfosensibles.html>

### **The Cheese Adjustment**

Similarly, tariffs on cheese products saw an increase on July 5, 2018. In the June 5, 2018 announcement fresh cheese (Mexican HS code 04061001) and "other" cheese (04069099) initially saw a 15 percent tariff, which rose to 25 percent on July 5, 2018. Grated and powdered cheese (04062001) and a number of other cheeses (04069004)<sup>1</sup> started at 10 percent, and rose to 20 percent on July 5, 2018.

### **Author Defined:**

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<sup>1</sup> Grana or Parmegiano-reggiano, with a fat content by weight less than or equal to 40%, with a water content by weight, in non-fat material, less than or equal to 47%; Danbo, Edam, Fontal, Fontina, Fynbo, Gouda, Havarti, Maribo, Samsøe, Esrom, Italic, Kernhem, Saint-Nectaire, Saint-Paulin or Taleggio, with a fat content by weight of less than or equal to 40%, a content by weight of water, in non-greasy matter, greater than 47% without exceeding 72%.

**FAS/Mexico Web Site:**

We are available at [www.fas.usda.gov/regions/mexico](http://www.fas.usda.gov/regions/mexico) or visit the FAS headquarters' home page at [www.fas.usda.gov](http://www.fas.usda.gov) for a complete selection of FAS worldwide agricultural reporting.

**Useful Mexican Web Sites:**

Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at [www.sagarpa.gob.mx](http://www.sagarpa.gob.mx), equivalent to the U.S. Department of Commerce (SE) can be found at [www.economia.gob.mx](http://www.economia.gob.mx) and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at [www.salud.gob.mx](http://www.salud.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.