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Mexico Announces a Sunset Review on Compensatory Duties for U.S. CLQs Imports

Report Categories:

Poultry and Products

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Report Highlights:

The Secretariat of Economy (SE) recently published a notification in Mexico's Federal Register (*Diario Oficial*) informing interested parties that the compensatory duties applied to several products, including U.S. chicken leg quarters (CLQs), will end in 2017. SE is requesting any interested party who believes that the termination of these compensatory duties will affect their interests, to submit their concerns in writing in order to initiate a legal procedure. However, due to the outbreak of Avian Influenza in Mexico, the compensatory duties on CLQs were never applied.

General Information:

On November 25, 2016 the Secretariat of Economy (SE) published a notification in Mexico's Federal Register (*Diario Oficial de la Federacion- DOF*) informing interested parties that the compensatory duties applied to several products from various countries, including U.S. chicken leg quarters (CLQs), under H.T.S. codes 0207.13.03 and 0207.14.04, will end in 2017. However, it is important to note that due to the outbreak of Highly Pathogenic Avian Influenza (HPAI) Type A (Subtype: H7N3) in Mexico beginning in 2012, and its distortionary effects on leg and muscle prices, the compensatory duties were never applied for CLQs.

Through this announcement, SE is requesting that all parties who believe that the ending of these compensatory duties will affect their interests to provide a written request for SE to initiate an examination procedure. This procedure would explore the consequences and impact of the ending of the compensatory duties. SE requires that the interested parties propose an examination period of 6 to 12 months. The interested parties must submit a letter to the Unit of International Commercial Practices (UPCI), at least 25 business days in advance of the termination of the enforcement.

Product	H.T.S.	Country of Origin	Final day of Application	Deadline to Submit Letters
Chicken leg quarters	0207.13.03 0207.14.04	United States of America	August 7, 2017	June 30, 2017

Background:

The volume of CLQ's imported from the United States in 2005 was 127,266 tons, while in 2015, the amount increased to 372,439 tons, a growth of 192.65 percent (Source: INEGI). Under NAFTA, tariffs on poultry meat reached zero in 2008.

On August 6, 2012, SE, through UPCI, issued a final resolution on the antidumping investigation on U.S. CLQs. SE concluded that U.S. exporters employed unfair trade practices, which justified the imposition of compensatory duties, and Mexico proceeded to establish compensatory duties applied to U.S. companies as follows:

Product	H.T.S.	Country of Origin	Date of publication	Companies	Compensatory Duties
Chicken leg quarters	0207.13.03 0207.14.04	United States of America	August 6, 2012	Simmons Prepared Foods, Sanderson Farms, Tyson Foods and Pilgrim's Pride	25.7%
				Other Companies	127.5%

As noted, due to the crisis in the poultry sector caused by the HPAI H7N3 outbreak in Mexico in early 2012, SE decided not to enforce the compensatory duties until the situation was under control. It was established that enforcement of the duties would be announced in Mexico's Federal Register following agreement with the Foreign Trade Commission. As of today, no announcement has been published, and no compensatory duties have been applied to U.S. CLQs.

FAS comment:

In legal terms, this announcement is considered part of a “Sunset review”, which is a common practice in regards to compensatory duties, and must be conducted every 5 years. The competent authority requests that interested parties submit in writing their justification if they believe that the termination of a compensatory duty could affect their interests. After an analysis is conducted, if it is found that the damage to the interested party is null, the compensatory duty will end.

SECRETARÍA DE ECONOMÍA**AVISO sobre la vigencia de cuotas compensatorias.**

Al margen un sello con el Escudo Nacional, que dice: Estados Unidos Mexicanos.- Secretaría de Economía.

AVISO SOBRE LA VIGENCIA DE CUOTAS COMPENSATORIAS

Con fundamento en los artículos 1, 2, inciso B, fracción III y 15 fracciones I y IV del Reglamento Interior de la Secretaría de Economía; 11.3 del Acuerdo relativo a la Aplicación del Artículo VI del Acuerdo General sobre Aranceles Aduaneros y Comercio de 1994; 21.3 del Acuerdo sobre Subvenciones y Medidas Compensatorias; último párrafo del artículo 3, 70, 70 A y 70 B de la Ley de Comercio Exterior (LCE), y 12 del Código Fiscal de la Federación de aplicación supletoria a la LCE, se comunica a los productores nacionales y a cualquier otra persona que tenga interés jurídico, que están próximas a expirar las cuotas compensatorias definitivas impuestas a los productos que se identifican en este Aviso.

Cualquier productor nacional de tales mercancías podrá expresar a la Secretaría de Economía, por escrito, su interés de que inicie un procedimiento de examen para determinar las consecuencias de la supresión de la cuota compensatoria que corresponda. En tal caso, deberá proponer un periodo de examen de 6 meses a un año comprendido en el tiempo de vigencia de la cuota compensatoria. La manifestación de interés deberá presentarse a más tardar 25 días hábiles antes del término de la vigencia que corresponda, en la oficina de partes de la Unidad de Prácticas Comerciales Internacionales, de las 9:00 a las 14:00 horas.

PRODUCTO	FRACCIÓN ARANCELARIA*	PAÍS DE ORIGEN	ÚLTIMO DÍA DE LA VIGENCIA	FECHA LÍMITE PARA RECIBIR LA MANIFESTACIÓN DE INTERÉS
ELECTRODOS DE GRAFITO PARA HORNO DE ARCO ELÉCTRICO	8545.11.01	China	02 de marzo de 2017	24 de enero de 2017
MALLA CINCADA (GALVANIZADA) DE ALAMBRE DE ACERO EN FORMA HEXAGONAL	7314.19.03 7314.19.99 7314.31.01 7314.41.01 7314.49.99	China	25 de julio de 2017	19 de junio de 2017
PIERNA Y MUSLO DE POLLO	0207.13.03 0207.14.04	Estados Unidos	07 de agosto de 2017	30 de junio de 2017
CABLE COAXIAL DEL TIPO RG (RADIO GUIDE O GUÍA DE RADIO), CON O SIN MENSAJERO	8544.20.01 8544.20.02 8544.20.99	China	11 de agosto de 2017	06 de julio de 2017
DICLOXACILINA SÓDICA	2941.10.08	India	18 de agosto de 2017	13 de julio de 2017
ETER MONOBUTÍLICO DEL ETILENGLICOL	2909.43.01	Estados Unidos	12 de septiembre de 2017	07 de agosto de 2017
AMOXICILINA TRIHIDRATADA	2941.10.12	India	28 de noviembre de 2017	20 de octubre de 2017

* Nota: Fracción arancelaria por la que ingresa el producto objeto de la cuota compensatoria de acuerdo con la Tarifa de la Ley de los Impuestos Generales de Importación y de Exportación.

Para mayor información dirigirse a la Unidad de Prácticas Comerciales Internacionales de la Secretaría de Economía, sita en Insurgentes Sur 1940, planta baja, Col. Florida, C.P. 01030, en la Ciudad de México, o bien, a los teléfonos (55) 52 29 61 00, Ext. 33100 y 33104.

Ciudad de México, a 17 de noviembre de 2016.- El Jefe de la Unidad de Prácticas Comerciales Internacionales, Víctor M. Aguilar Pérez.- Rúbrica.

For further information see:

Other Relevant Reports Submitted by FAS/Mexico

Report Number	Subject	Date Submitted
MX2058	Chicken AD Final Resolution	8/1/2012

Author Defined:

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at 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, equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at 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.