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## Mexico

**Post:** Mexico

### Mexico Reduces Trucking Retaliation against Agricultural Products

**Report Categories:**

Agriculture in the News  
Country/Regional FTA's  
Policy and Program Announcements  
Trade Policy Monitoring

**Approved By:**

Allan Mustard

**Prepared By:**

Zaida San Juan

**Report Highlights:**

On July 7, 2011, the Secretariat of Economy published an [announcement](#) modifying the import tariffs on 99 U.S. agricultural and industrial products. This tariff modification reduced retaliatory duties imposed by the Government of Mexico (GOM) due to dissolution of the U.S.-Mexico Cross-Border Trucking Demonstration Project. The list includes 54 agricultural products worth an annual trade value of \$1.5 billion.

## Executive Summary:

On July 7, 2011, the Secretariat of Economy (SE) published in the *Diario Oficial* (Federal Register) an [announcement](#) modifying the import tariffs on 99 U.S. agricultural and industrial products. This tariff modification is a reduction of the retaliatory duties imposed by the Government of Mexico (GOM) due to dissolution of the U.S.-Mexico Cross-Border Trucking Demonstration Project. This reduction is the first step in the elimination of the tariffs and it comes after the signing of a [bilateral memorandum of understanding](#) on July 6, 2011. The list includes 54 agricultural products worth an annual trade value of \$1.5 billion.

## General Information:

**Introduction:** This report summarizes an announcement that modifies the General Import and Export Tax Law from the Secretariat of Economy published in Mexico's *Diario Oficial* (Federal Register) on July 7, 2011.

**Disclaimer:** This summary is based on a cursory review of the subject announcement 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:** The Secretariat of Economy (SE) published on July 7, 2011, in the *Diario Oficial* (Federal Register) an [announcement](#) modifying the import tariffs on 99 U.S. agricultural and industrial products and reducing the prior *Diario Oficial* announcement of August 18, 2010 (see [MX0054](#)). Table 1 includes the value of these imports based on official Mexican data from 2010 and the new tariff.

HS Code	Description	2010	2010 Tariff	New 2011 Tariff
0203.12.01	Swine meat, fresh, chilled or frozen. Hams, shoulders and cuts thereof, with bone in	554,957,957	5%	2.5 %
0203.22.01	Swine meat, fresh, chilled or frozen. Hams, shoulders and cuts thereof, with bone in	12,856,138	5%	2.5%
0406.10.01	Fresh (Unripened or Uncured) Cheese, Including Whey and Curd	38,351,493	25%	12.5%
0406.30.99	Processed cheese not grated or powdered. Other	1,734,421	25%	12.5%
0406.90.04	[Cheese and curd. Other cheese. Hard or semi-hard.] , Parmegiano-Reggiano or Grana, containing not more than 40% fat by weight, containing not more than 47% by weight of water in solids not fat; Danbo Edam, Fontal, Fontina, Fynbo, Gouda, Havarti, Maribo, Samsoe, Esrom, Italian, Kernhem, Saint-Nectaire, Saint-Paulin and Taleggio, containing not more than 40% fat by weight, with a content of water by weight in solids not fat of no less than 47% but not exceeding 72%.	5,140,547	20%	10%
0406.90.99	[Cheese and curd.] Other cheese	93,420,142	25%	12.5%
0604.91.02	Christmas Trees	11,829,453	20%	10%
0703.10.01	Onions	17,309,435	10%	5%
0705.11.01	Cabbage Lettuce	6,550,398	10%	5%
0710.40.01	Sweet Corn. Vegetables, whether cooked by steaming or frozen	5,678,947	15%	7.5%

0802.12.01	Almonds, shelled	19,029,788	20%	10%
0802.50.01	Fresh Pistachios	9,719,223	20%	10%
0802.50.99	Pistachios-Other	365,645	20%	10%
0804.10.01	Fresh Dates	168,347	20%	10%
0804.10.99	Dates, Other	157,711	20%	10%
0805.10.01	Oranges	5,562,838	20%	10%
0805.40.01	Grapefruit	370,278	20%	10%
0806.10.01	Grapes, fresh	30,330,391	20%	10%
0808.10.01	Apples Fresh	193,041,116	20%	10%
0808.20.01	Pears	39,011,451	20%	10%
0809.10.01	Apricots, fresh	1,029,569	20%	10%
0809.20.01	Cherries, fresh	2,038,473	20%	10%
0810.10.01	Strawberries, fresh	10,724,587	20%	10%
0813.30.01	Apples Dried	1,498,767	20%	10%
0813.50.01	Mixtures of Nuts or Dried Fruits of this chapter	4,961,470	20%	10%
1104.12.01	Rolled or flaked grains of Oats	8,225,848	10%	5%
1602.49.01	Swine Skin cooked in pellets	17,187,290	20%	10%
1704.10.01	Chewing Gum whether or not sugar-coated	2,186,888	20%	10%
1806.31.01	Chocolate and other containing cocoa and filling	12,595,810	20%	10%
1806.32.01	Chocolate and other containing cocoa and without filling	6,127,206	20%	10%
1902.19.99	Pasta, Uncooked, Not Stuffed Etc., NESOI, Other	6,844,261	10%	5%
2004.10.01	Potatoes, prepared etc., no vinegar etc. frozen	37,851,785	5%	2.5%
2005.40.01	Peas, prepr or presvd, other than by vinegar, acetic acid or sugar, not frozen	253,774	20%	10%
2008.11.99	Peanuts, prepared or preserved, other	3,818,043	20%	10%
2008.19.01	Prepared nuts, almonds	2,994,211	20%	10%
2008.19.99	Other prepared nuts	33,444,049	20%	10%
2008.60.01	Cherries, prepared or preserved	3,516,517	20%	10%
2009.80.01	Juice of single veg/fruit, unfermented, only vegetable juices, not containing added alcohol	6,281,127	20%	10%
2009.90.01	Juice, mixture, unfermented, only veg	238,639	20%	10%
2009.90.99	Juice, mixture, unfermented, fruit and veg	7,367,414	20%	10%
2103.10.01	Soy sauce	5,359,629	20%	10%
2103.20.01	Tomato Ketchup	11,474,764	20%	10%
2103.90.99	Condiments and seasonings, mixed only	82,631,773	20%	10%
2104.10.01	Soups and broths	138,495,496	10%	5%
2106.90.06	Juice concentrate from single fruit, legumes, or vegetable	35,006	15%	7.5%
2106.90.07	Mixed juice concentrates from fruit, legumes, or vegetable	412,349	15%	7.5%
2106.90.08	Prepared food, containing milk solids exceeding 10% by weight	13,185,311	15%	7.5%
2201.10.01	Mineral water	3,077,331	20%	10%
2204.10.99	Sparkling wine of fresh grapes, other	838,324	20%	10%
2204.21.02	Wine, red, pink, claret, or white	4,953,739	20%	10%
2206.00.99	Other fermented beverages	7,653,534	20%	10%
2306.30.01	Oilcake from sunflower seeds	148,842	15%	7.5%
2306.49.99	Rape/Colza seed oilcake, solid residue, other	19	15%	7.5%

2309.10.01	Pet food, dog or cat	37,090,200	10%	5%
<b>TOTAL</b>		<b>\$1,520,127,764</b>		

Source: SAGARPA/SIAP, Secretariat of Agriculture, Rural Development, Fisheries and Food. Agro-Food and Fisheries Information Service.

Furthermore, this announcement provides legal statements justifying an increase in the import tariffs on U.S. products. Among these statements are the following:

- That the North America Free Trade Agreement (NAFTA) was approved by the Mexican Senate on November 22, 1993, according to the decree published in the Diario Oficial on December 8, 2003. This decree of promulgation was published on December 20, 2003, in Mexico's Federal Register and came into force on January 1, 1994;
- That NAFTA sections 1108 and 1206 and Annex I, "Reservations About Existing Measures and Liberalization Commitments" provide for the opening of freight services in the border states between Mexico and the United States as of December 18, 1995, and throughout the two countries as of January 1, 2000;
- That in accordance with NAFTA Chapter XX, which establishes procedures for resolving disputes, a panel was requested by Mexico on February 2, 2000, to determine the failure of the United States to meet its obligations under Annex I, as well as in the areas of national treatment and the most favored nation treatment under articles 1102, 1103, 1202 and 1203 of the Agreement on Cross-Border Transport Services;
- On February 6, 2001, the arbitration panel issued its final report and found that the United States failed to fulfill its obligations, and the panel recommended that the United States conduct the actions necessary to comply with its NAFTA commitments;
- That from the date indicated in the above considerations, the GOM and the United States made several efforts to ensure the opening of cross-border transport services under NAFTA, without obtaining the desired results;
- As part of the efforts mentioned above, on April 27, 2007, the GOM and the United States agreed to implement a demonstration project for trucking access (Trucking Demonstration Project) for a period of one year, extended by agreement of both countries until 2010, which would allow a limited number of companies from both countries to provide cross-border transport services;
- That during the approval of the Omnibus Appropriations Act for FY 2009, the U.S. Congress prohibited the use of U.S. Department of Transportation (DOT) funds to establish or operate the Demonstration Program. As a result, DOT has ceased to operate this Program;
- That the cancellation of the Demonstration Program is evidence that the United States and Mexico have failed to reach a mutually-satisfactory settlement of trans-boundary movements in accordance with NAFTA articles 2018 and 2019, and that the United States continues to not honor its international obligations under NAFTA and the recommendations of the arbitration panel referred to above;
- That paragraph 1 of NAFTA Article 2019 states that if a panel has determined that a measure is inconsistent with the obligations of this Agreement, and if the defendant has not reached

agreement with the complainant on a mutually-satisfactory resolution, the complainant may suspend the application of equivalent benefits for the defendant until such time as they have reached agreement on a resolution of the dispute;

- That based on these findings, Mexico deems it appropriate to suspend equivalent benefits to the United States via the March 18, 2010, announcement in the Diario Oficial, which eliminates certain preferential tariffs to imports of certain goods originating from the United States granted by NAFTA;
- That since the United States continues to neglect its obligations in the area of cross-border transportation as well as the arbitration panel's decision, it is necessary for Mexico to reinforce the temporary suspension of benefits to the United States to adjust the composition of the list of U.S. products slated for retaliation, and;
- That in order to begin a mutually satisfactory solution to the dispute, the United States made new arrangements with Mexico to achieve the opening of cross-border transport services under NAFTA and thereby fulfilling both, its international obligations and the panel recommendations referred above;
- As part of the efforts mentioned above, DOT and the Secretariat of Communications and Transportation of Mexico (SCT) signed the Memorandum of Understanding on Cross-Border Motor Trucking (MOU), which allows the United States to move towards compliance with its obligations regarding cross-border transport services under NAFTA.
- In accordance with the instrument referred to in the previous paragraph, both parties established an early stage, not exceeding three years from its entry into force, which will allow providing long distance services to carriers domiciled in the territory of another country, provided that such carriers comply with the procedures establish in the MOU and its Annex;
- That, in order to obtain a mutually satisfactory solution to the problem in terms of cross-border transport with the United States, on June 10, 2011 the Secretariat of Economy and the USTR signed an Agreement, which determines to modify the temporary suspension of the benefits aforementioned, conditioning such modification to the fulfillment by the United States to the MOU mentioned above;
- Based on the information above, the GOM considers desirable to adjust the temporary suspension of benefits on certain goods originating in the United States established by the Decree issued on August 18, 2010 through the modification of the import tariffs that apply to these products;
- That pursuant to the Foreign Trade Law, this Decree has received a favorable opinion from the Foreign Trade Commission.

**Title:** Decree amending Article 1 that establishes the Applicable Rate during 2003 of the General Import Tax, for goods originating in North America, with respect to goods originating from the United States of America, published on December 31, 2002.

**Important Dates**

**1. Publication Date:** July 7, 2011

## 2. Effective Date: July 8, 2011

**Background:** The Trucking Pilot Program (Mexico Cross-Border Trucking Demonstration Project) was an accommodation reached with Mexico after years of dispute regarding the delay to implement the NAFTA trucking obligations. It was set up in 2007 as a step towards implementation of the NAFTA trucking provision. It allowed up to 100 trucking firms from Mexico to transport international cargo beyond the commercial zones along the U.S.-Mexico border and up to 100 U.S. trucking firms to transport international cargo into Mexico. Bus companies and hazardous material carriers were excluded. The Trucking Pilot Program began on September 6, 2007, and was originally designed to run for one year. By an exchange of letters between the U.S. and Mexican Transportation Secretaries on August 4, 2008, the Trucking Pilot Program was extended up to an additional two years to ensure that it could produce sufficient data to evaluate its safety impact. In 2007, Mexico-domiciled motor carriers crossed into the United States approximately 4.8 million times, transporting an estimated \$215 billion of freight.

Mexican Government modified the General Import and Export Tax Law published on March 18, 2009 due to the dissolution of the U.S.-Mexico Cross-Border Trucking Demonstration Project (see [MX9010](#)). Later, on August 18, 2010 the Secretariat of Economy (SE) published in the Federal Register an additional announcement which was spurred by the perceived inability or disinterest of the United States Congress to respond to the initial retaliation (see [MX0054](#)).

### For More Information

FAS/Mexico Web Site: We are available at [www.mexico-usda.com](http://www.mexico-usda.com) 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.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work  
<http://www.youtube.com/user/ATOMexicoCity>

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 (COFEPRIS) can be found at [www.cofepris.gob.mx](http://www.cofepris.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.

The U.S. Department of Transportation press release on this action can be seen [here](#). That page contains links to related documents. The U.S. *Federal Register* notice is [here](#).

The SCT press release and related documents can be found [here](#). The Spanish text of the MOU is [here](#). The *Diario Oficial* notice regarding establishment of the program is [here](#), and that regarding reduction of the import tariffs is [here](#).