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## Mexico

**Post:** Mexico

### Mexico Announces Tariff-Free Access for Certain Ag Products

**Report Categories:**

Agriculture in the News

Citrus

Competitor

Vegetables

Country/Regional FTA's

Policy and Program Announcements

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**Report Highlights:**

On May 15 and 16, the Secretariat of Economy announced modifications to Mexico's import tariff regime, establishing duty free access for green tomatoes, limes, and poultry meat. The poultry TRQ volume is set at 300,000 metric tons. Sanitary, phyto and zoo-sanitary requirements, as established by SAGARPA, will need to be followed. Post analysis indicates that these changes are not likely to significantly impact U.S. exporters, although Brazil may have an opportunity to initiate poultry sales.

## General Information:

On May 15, 2013, Mexico's Secretariat of Economy (SE) announced a modification to the General Import and Export Tax Law to allow the duty-free import of green tomatoes —*Physalis ixocarpa*— and certain varieties of limes. It also established duty-free import of poultry meat, via a tariff rate quota (TRQ) certificate. As a follow-up to this decree, on May 16, 2013 SE published two announcements which confirm the addition of a new tariff line for green tomatoes and the amount of poultry meat to be imported under the TRQ.

**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 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.

This report summarizes three publications:

1. “Decree that modifies the General Import and Export Tax Law” published in Mexico’s *Diario Oficial* (Federal Register) on May 15, 2013.
2. “Agreement that modifies the classification and codification of merchandise whose import is subject to guidelines of the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) under the surveillance of The National Service of Health, Food Safety, and Food Quality” published in Mexico’s *Diario Oficial* (Federal Register) on May 16, 2013.
3. “Agreement that indicates the TRQ to import, under the tariff-quota, poultry meat” published in Mexico’s *Diario Oficial* (Federal Register) on May 16, 2013.

On May 15, 2013, the SE published an announcement modifying the import tariffs of green tomato - *Physalis ixocarpa*-and limes. Due to the harsh weather conditions in different regions of Mexico and adverse phytosanitary conditions caused by freezing temperatures and citrus greening disease (also known as Huanglongbing (HLB)), domestic prices increased significantly, prompting the SE to allow duty-free imports of these commodities to expand domestic supplies. Therefore, article 1 of this decree creates a new tariff line to allow the duty-free import of green tomatoes as follows:

HTS	DESCRIPTION	Units	TAX	
			IMP.	EXP.
0702.00.02	<i>Physalis ixocarpa</i> (“green tomatoes”).	Kg.	Exempt	Exempt

On May 16, 2013, an SE publication confirmed the creation of this new tariff line and indicates that the import of such products is subject to guidelines of the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) under the surveillance of the National Service of Health, Food Safety, and Food Quality.

Article 2, of the May 15, 2013, publication modifies the import duties of Mexican limes, Persian limes and “other”, allowing duty-free import:

HTS	DESCRIPTION	Units	TAX	
			IMP.	EXP.
0805.50.01	Mexican lime <i>Citrus aurantifolia</i> Christmann Swingle	Kg.	Exempt	Exempt
0805.50.02	Persian lime (seedless) <i>Citrus latifolia</i>	Kg.	Exempt	Exempt
0805.50.99	Other.	Kg.	Exempt	Exempt

Through the provisions of Article 3, of the May 15, 2013 publication, SE establishes the TRQ for the duty-free import of the following products, provided via a TRQ certificate issued by SE. According to SE, this TRQ is in response to increased prices due to the lack of domestic poultry meat, which is being driven by the AI outbreak in producing regions during mid 2012 and early 2013.

HTS	DESCRIPTION	Units	TAX	
			IMP.	EXP.
0207.11.01	Meat and edible offal of chickens. Not cut in pieces, Fresh or Chilled	Kg.	Exempt	N/A
0207.12.01	Meat and edible offal of chickens. Not cut in pieces, Frozen	Kg.	Exempt	N/A
0207.13.03	Legs, Thighs Or Legs And Thighs In One Piece	Kg.	Exempt	N/A
0207.13.99	Other.	Kg.	Exempt	N/A
0207.14.04	Legs, Thighs Or Legs And Thighs In One Piece	Kg.	Exempt	N/A
0207.14.99	Other.	Kg.	Exempt	N/A

The May, 16, 2013 SE publication establishes an aggregate quota to import duty-free during 2013, fresh, chilled or frozen poultry meat in the following amounts:

HTS	DESCRIPTION	MT
0207.11.01	Meat and edible offal of chickens. Not cut in pieces, Fresh or Chilled.	300,000
0207.12.01	Meat and edible offal of chickens. Not cut in pieces, Frozen	
0207.13.03	Legs, Thighs Or Legs And Thighs In One Piece	
0207.13.99	Other.	
0207.14.04	Legs, Thighs Or Legs And Thighs In One Piece	
0207.14.99	Other.	

SE indicates that 50 percent of the TRQ is to be assigned under the direct allocation mechanism using the “first come first serve” modality. The amount allocated will be the lesser of:

- a. The solicited amount;
- b. The amount indicated in the commercial bill or airway bill or,
- c. 20,000 MT or,
- d. The remains of the TRQ

The validity of the TRQ certificates will be up through December 31, 2013. It is important to note that in the 30 days following the publication of this announcement, SE will evaluate the demand from interested parties and determine the allocation mechanism of the remaining 50 percent of the TRQ.

**FAS/Mexico Analysis:** This announcement is about the exemption of duties for imports from other countries with which Mexico does not have an FTA. Although these actions are intended to cope with weather, phytosanitary and zoo-sanitary issues, it is important to consider other motivating factors. While Mexico is an important producer and exporter of fruits and vegetables, it is also a traditional importer of poultry meat.

Given the fact that the United States is a net importer of Persian Limes and Mexican Limes from Mexico, it is not likely that Mexico will import much from the U.S. but could import from Argentina and Chile. Other limes like “Italian” are usually sourced from the U.S. It appears that domestic producers of limes do not agree with SE’s actions, as their view is that the government should be concentrating on the intermediaries and supermarkets who are accused of increasing prices. Lime producers indicate that, in fact, Mexico has an oversupply of limes, which does not justify the current high prices.

On the other hand, Mexico’s import trend of poultry meat from the United States is likely to continue. Under NAFTA, imports from the U.S. are exempt from the effects of this announcement. It is not expected that U.S. exports will face significant additional international competition in the Mexican market from Chilean firms taking advantage of the FTA Chile has with Mexico. Chilean exports to Mexico have significantly decreased in recent years. With this opening, Mexico is looking to expand its opportunities to import poultry meat from international markets apart from the U.S. Brazil is emerging as a strong candidate but the lack of a zoo-sanitary protocol between the two countries would seem to prevent Mexico from importing Brazilian products in the near term, assuming standard timelines are followed for establishing zoo-sanitary protocols.

**Important Dates**

**“Decree that modifies the General Import and Export Tax Law”**

- 1. **Publication Date:** May 15, 2013.
- 2. **Implementation Date:** May 15, 2013.

**“Agreement that modifies the classification and codification of merchandise whose import is subject to observe the guidelines of the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) under the surveillance of The National Service of Health, Food Safety, and Food Quality”**

- 1. **Publication Date:** May 16, 2013.
- 2. **Implementation Date:** May 23, 2013.

**“Agreement that indicated the TRQ to import, under the tariff-quota, poultry meat”**

- 1. **Publication Date:** May 16, 2013.
- 2. **Implementation Date:** May 16, 2013.
- 3. **Validation date for TRQ certificates:** until December 31, 2013

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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.

**Other Relevant Reports Submitted by FAS/Mexico:**

<b>Report Number</b>	<b>Subject</b>	<b>Date Submitted</b>
MX3026	Broiler Meat Update	3/22/2013
MX2096	Dairy Blends TRQ Announced – Little Effect on U.S. Forecast	12/21/2012
MX2074	Dairy and Products Annual – High Input Prices Continue to Pressure Domestic Production	10/26/2012
MX2031	New NOMS for Dairy Products May Shift Import Patterns	5/16/2012

**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 site.