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DOMESTIC SCOPE

Entry into force of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP") for Brunei Darussalam and modification of the Applicable Rate of General Import Tax ("GIT") for goods originated in the CPTPP region, corresponding to Australia, Canada, Chile, Japan, Malaysia, New Zealand, Peru and Singapore.

On July 12, 2023, the Ministry of Foreign Affairs published in the Federal Official Gazette ("Official Gazette") the Agreement announcing the entry into force of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP") for Brunei Darussalam.

CPTPP entered into force for Australia, Canada, Mexico, Japan, New Zealand and Singapore on December 30, 2018, for Vietnam on January 14, 2019, for Peru on September 19, 2021, for Malaysia on November 29, 2022, and for Chile on February 21, 2023. CPTPP establishes that for all the signatories for which the treaty has not entered into force, it will begin to take effect 60 days after the date on which the conclusion of its applicable legal procedures is notified. The Ministry of Foreign Affairs announced the entry into force of the CPTPP for Brunei Darussalam, given that on May 13, 2023 it was notified the conclusion of its applicable legal procedures for compliance with the CPTPP.

In this context, on July 12, 2023, the Ministry of Economy published in the Official Gazette the amendment to the Agreement by which the Applicable Rate of the GIT for goods originated in the region comprising Mexico, Australia, Brunei, Canada, Chile, Japan, Malaysia, New Zealand, Peru, Singapore and Vietnam, which corresponds to Australia, Canada, Chile, Japan, Malaysia, New Zealand, Peru and Singapore, is disclosed. The agreement entered came into effect on July 12, 2023.

Following this amendment and in light of the CPTPP coming into force for Brunei Darussalam, it became imperative to apprise operators and customs authorities of the tariff conditions and mechanisms that will govern the importation of goods originating from the signatory countries of the aforementioned Treaty.

Third resolution of amendments to the General Foreign Trade Rules for 2023 and annexes.

On July 25, 2023, the Tax Administration Service ("SAT", for its acronym in Spanish) under the Ministry of Finance

and Public Credit published in the Official Gazette the Third Resolution of Amendments to the General Foreign Trade Rules for 2023 and Annexes 2, 4, 21, 22 and 27.

This resolution resulted in modifications to nine rules, the glossary, and five annexes, and the abrogation of three rules. Notable changes include:

- **Customs declaration of cash.** Removal of the reference to the French translation of the "Outgoing Passenger Cash Declaration" form.
- **Use of exclusive customs.** Inclusion of a reference to the Customs of the International Airport Felipe Angeles for the definitive importation of used vehicles with an antiquity equal or greater than thirty years prior to the current year.
- **Filing of appeals of revocation.** Amendment of the first paragraph to specify the SAT authority, with an additional paragraph indicating that, if the challenged act was issued or executed by an administrative unit of the National Customs Agency of Mexico ("ANAM", for its acronym in Spanish), the appeal for revocation may be filed with the Legal General Direction of Customs of ANAM, provided another administrative unit lacks such authority.
- **Annex 1. Foreign Trade Forms and Models.** Although Annex 1 was not disclosed, it is anticipated that forms D2 "Customs declaration for passengers coming from abroad (Spanish and English)" and D3 "Customs declaration for outgoing passengers (Spanish and English)" will undergo modifications effective from August 25, 2023.

Final resolution of the investigation on imports of aluminum cookware, originated in China, regardless of the country of export.

On July 25, 2023, the Unit of International Trade Practices of the Ministry of Economy ("UPCI", for its acronym in Spanish) published in the Official Gazette the Final Resolution of the antidumping investigation on imports of aluminum cookware, originated in the People's Republic of China, regardless of the country of export. This Final Resolution is in compliance with the rulings of July 10, 2018, July 16, 2020 and January 7, 2021, issued by the Second Section of the Superior Chamber of the Federal Court of Administrative Justice in the administrative contentious lawsuits 531/17-EC1-01-4/4097/17-S2-07-01, 1809/17-EC1-01-4/2030/18-S2-06-01 and 780/17-EC1-01-2/223/19-S2-07-01, respectively.

As background, Vasconia Brands, S.A. de C.V. ("Vasconia" or the "Applicant") initiated the administrative proceeding on December 2, 2014, requesting an investigation into unfair international trade practices, specifically price discrimination, on imports of aluminum cookware, originated in China, regardless of the country of export.

The Resolution of Initiation of the antidumping investigation was published on April 15, 2015 in the Official Gazette. The period of investigation was set as October 1, 2020 to September 30, 2021, and the injury analysis period was set as July 1, 2011 to June 30, 2014.

On October 13, 2016, the Ministry of Economy preliminarily determined based on the analysis of arguments and evidence, to continue the investigation and impose provisional antidumping duties proportional to the calculated margins of price discrimination.

In the final resolution published on October 13, 2016, the Ministry of Economy imposed antidumping duties in the following terms:

- I. Antidumping duty applied to imports with an import price lower than the reference price of \$10.6 U.S. dollars per kilogram.
- II. Maximum antidumping duty set at \$5.65 dollars per kilogram for Zhejiang Sanhe Kitchenware Co., Ltd., and \$7.73 dollars per kilogram for other exporting companies.
- III. Imports exceeding the reference price of \$10.6 dollars per kilogram were exempt from antidumping duties.

On March 31, May 18 and December 14, 2017, Comercializadora México Americana, S. de R.L. de C.V., Sears Operadora de México, S.A. de C.V. and Coppel, S.A. de C.V. respectively, contested the resolution, arguing that the arguing that it was illegal as the Ministry of Economy has designated Brazil as a surrogate country without demonstrating its market economy.

Rulings on July 10, 2018, July 16, 2020, and January 7, 2021, by the Second Section of the Federal Court of Administrative Justice declared the invalidity of the resolution. It mandated the Ministry of Economy to restart the procedure from the violation's occurrence; reinstating the investigation from the beginning and allowing freedom in determining whether Brazil qualifies as a surrogate country for China.

The Final Resolution on July 2013 aligns with these rulings, and the Ministry of Economy, through the Final Determination, concluded that Brazil fulfills the criteria of Article 48 of the Foreign Trade Law Regulations, qualifying as a market economy country and serving as a substitute country for China. Consequently, the antidumping investigation was declared concluded.

Modification to the Tariff of the Law of General Import and Export Taxes.

On August 15, 2023, the Decree modifying the Tariff of the General Import and Export Tax Law was published in the Official Gazette.

This Decree introduces temporary amendments to the tariffs of goods categorized under 392 tariff codes, encompassing items such as steel, aluminum, bamboo, rubber, chemical products, oils, soap, paper, cardboard, ceramic products, glass, electrical materials, musical instruments, and furniture, among others. These changes take effect from August 16, 2023, until July 31, 2025. During this period, the General Import and Export Tax tariffs applicable to these goods will range from 5% to 25%.

REGIONAL SCOPE

U.S. and Canada request consultations with Mexico on energy sector policies.

On July 20, 2023, the United States requested consultations with Mexico under Article 31.4 of the Agreement between the United Mexican States, the United States of America and Canada ("USMCA"). The consultations were requested concerning Mexico's energy policy, with the United States contending that these measures are inconsistent with the USMCA. The scope of the request encompasses various energy resources, including natural gas, electricity, and renewable energy sources.

The United States argued that the measures in question appear to favor Mexican state-owned companies over U.S.

companies and U.S.-produced energy, allegedly breaching Mexico's commitments under multiple chapters of the USMCA and impacting climate objectives.

Subsequently, Canada joined the United States in seeking consultations to address the disputes arising in the energy sector due to Mexico's policies.

These consultations mark the initial (non-contentious) phase of the dispute resolution mechanism outlined in the USMCA. Following the initiation of consultations, both countries had a 75-day period to resolve the dispute before the possibility of establishing a Panel under the USMCA dispute settlement mechanism. However, the 75-day period expired on October 3, 2023, without Mexico taking any action to modify its energy policy.

As of now, there has been no official statement from either the Mexican or U.S. governments. The United States has not yet exercised its right to request the establishment of a Panel to examine the disputed measures, which represents the subsequent step in the USMCA dispute resolution process. Consequently, the next steps to be taken by the governments involved in this dispute remain pending.

Announcement of Decision No. 15 of the Free Trade Commission of the Additional Protocol to the Framework Agreement of the Pacific Alliance.

On July 31, the Ministry of Economy published in the Official Gazette the Agreement announcing Decision No. 15 of the Free Trade Commission of the Additional Protocol to the Framework Agreement of the Pacific Alliance. Update of Annex 4.2 (Specific Origin Requirements) to the Harmonized System 2022, as adopted on November 24, 2022 along with its Annex.

Through this decision, the updated Annex 4.2 (Specific Origin Requirements) of the Additional Protocol to the VII Amendment to the Harmonized System is adopted. This Agreement came into effect on the day of its publication in the Official Gazette.

Request for Binational Panel Review of Antidumping Duties under the USMCA

On August 14, 2023, the Ministry of Economy published in the Official Gazette a Notice regarding the Request for Binational Panel Review of the Final Resolution issued by the Department of Commerce of the United States of America. This Resolution pertains to the imposition of antidumping duties on steel bar for concrete reinforcement originating from Mexico during the period from November 1, 2020, to October 31, 2021.

This action is taken in accordance with the stipulations outlined in Chapter 10 of the USMCA. Notably, this marks the first instance where the Ministry of Economy will undergo a review before a binational panel concerning the imposition of antidumping duties.

Canada joins U.S. in panel against Mexico over genetically modified corn

On August 25, Canada announced its decision to join the United States in the panel and technical consultations concerning the Decree issued by the Mexican government regarding the revocation and abstention in granting permissions for the use of genetically modified ("GMO ") corn in Mexico.

As background, on February 13, 2023, the Mexican government published in the Official Gazette a decree outlining measures related to the trade and use of GMO corn. Key measures included:

- (i) Federal Public Administration's abstention from acquiring, using and importing GMO corn.
- (ii) Directives for biosafety authorities to revoke and refrain from granting permits for the use and importation of GMO corn for human consumption, as well as for the use of its seeds.; and
- (iii) Implementation of actions for the gradual substitution of GMO corn used for animal and industrial purposes in Mexico.

On August 17, 2023, the United States formally requested the establishment of a Panel under the USMCA to address disputes between Mexico and the United States concerning GMO corn.

The allegations from the United States and Canada revolve around Mexico's purported failure to comply with Chapter 9 of the USMCA regarding Sanitary and Phytosanitary Measures. While the Mexican government argues that GMO corn poses risks to native varieties and may have adverse health effects, the United States and Canada contend that there is a lack of scientific evidence supporting Mexico's claims and that such restrictions violate the trade relations asymmetry outlined in the USMCA.

If the Panel rules in favor of the United States and Canada, Mexico may be required to modify its regulations regarding GMO corn. Failure to comply could result in the imposition of retaliatory measures on Mexican products by the United States and Canada.

MULTILATERAL SCOPE

The WTO makes public two panel reports relating to disputes between India and the United States that were resolved through a mutually agreed solution between the two countries.

On August 8, the World Trade Organization ("WTO") publicly disclosed two reports issued by panels in connection in response to trade disputes raised by India and the United States. These disputes were titled: "United States - Specific Measures Relating to Steel and Aluminum Products" and "India - Additional Taxes on Certain Products from the United States."

The first dispute involved measures that the United States adopted in 2018 to restrict imports of steel and aluminum. India contended that these measures violated the Agreement on Safeguards and the General Agreement on Tariffs and Trade 1994 ("GATT 1994").

In the second dispute, India imposed additional duties on certain products imported from the United States in 2019. The United States argued that these duties were discriminatory and violated the GATT 1994.

On July 13, both countries informed the WTO that they had reached a mutually agreed solution to address the concerns raised in both disputes, in terms of Article 3.6 of the Dispute Settlement Understanding ("DSU").

While the terms of the mutually agreed solutions were not disclosed, the panel circulated its reports to WTO Members on August 8, 2023. In line with Article 12.7 of the DSU, the panel reports provided a brief account of the cases, indicating that a settlement had been reached.

Indonesia filed a complaint against the duties imposed by the European Union on biodiesel.

On August 15, 2023, Indonesia requested for WTO consultations with the European Union ("EU") regarding those countervailing duties imposed by the EU on imports of biodiesel from Indonesia.

Indonesia contends that the countervailing duties and the related investigations conducted by the EU are inconsistent with various provisions of the WTO Agreement on Subsidies and Countervailing Measures and the GATT 1994.

The areas of concern outlined in the consultation request include:

- (i) Determinations regarding the oil palm plantation fund.
- (ii) Determinations related to alleged government support for the supply of crude palm oil.
- (iii) Determinations regarding the existence of a threat of material injury and a causal link.
- (iv) Rejection of a price undertaking offer.

By filing for consultations, Indonesia is taking the initial step in the WTO dispute settlement process to address its concerns regarding the EU's countervailing duties on biodiesel imports.

Dispute settlement panel issues report on duties imposed by China on steel and aluminum products from the United States.

On August 16, 2023, the WTO circulated a report prepared by a dispute settlement panel in the case "China - Additional Duties on Certain Products from the United States".

This dispute originated from a request by the United States to China concerning China's imposition of additional duties on certain products originating in the United States, specifically steel and aluminum products imported into the United States. The United States argued that these measures were inconsistent with GATT 1994.

The Panel's findings indicate that China's additional duty measure violated Article I.1 of GATT 1994. This violation occurred because China did not immediately and unconditionally grant the benefit of lower tariffs to U.S. products, as it did for products imported from other countries. Additionally, the measure was found to violate Articles II.1(a) and II.1(b) of GATT 1994. This was because it resulted in the imposition of tariffs exceeding those specified in China's Schedule, and it provided less favorable treatment to U.S. imports compared to the provisions outlined in that Schedule.

Publication of the panel report on China's duties on Australian barley.

On August 24, 2023, the WTO published the panel report on the case initiated by Australia in the dispute titled "China - Antidumping and Countervailing Duty Measures on Barley from Australia".

In December 2020, Australia initiated consultations with China raising concerns about measures that imposed antidumping and countervailing duties on barley imported from Australia. Australia alleged that the measures were inconsistent with the Antidumping Agreement; the Agreement on Subsidies and Countervailing Measures; and GATT 1994.

The published panel report indicated that a solution had been reached between the parties involved, bringing an end to the dispute over China's antidumping and countervailing duty measures on Australian barley.

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