

International Trade and Customs Bimonthly Newsletter

January - February



1. General Foreign Trade Rules for 2024.

On January 1st, 2024, the General Foreign Trade Rules ("GFTR") for 2024 (with certain exceptions), published in the Federal Official Gazette ("Official Gazette"), on December 28, 2022, became effective. The most relevant updates of the GFTR for 2024 are highlighted below:

- Two additional grounds for suspension from the importers' registry were added: a) when the importer does not correct its tax situation as a result of a negative resolution based on the outcome of an origin verification procedure for the application of preferential treatment; and b) when the authority determines that Value Added Tax ("VAT") withholdings were not made in accordance with the VAT Law.
- The rules related to the Decree that exempts the payment of the General Import Tax ("IGI", for its acronym in Spanish) and grants administrative facilities to several goods of the families' food basket, published in the Official

Gazette on December 27, 2023, are extended until December 31, 2024 and March 31, 2025, as applicable, in order to continue with the implementation of measures to counteract the effects of the inflationary trend.

- Rule 3.1.41 is added, which provides the instructions for filling out the customs declaration that is established in Annex 22.
- It is clarified that operations carried out by diplomatic and consular missions and their foreign personnel are considered to be carried out by foreigners.
- It is added that those who import products from a country party of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP") may pay the fixed rate of the Customs Processing Duty ("DTA", for its acronym in Spanish) as long as: (i) the country of origin/destination is declared in the customs declaration, the code of the country

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party of the CPTPP, along with the information of the seller/buyer; and (ii) the document to be transmitted has been issued in a country party of the CPTPP.

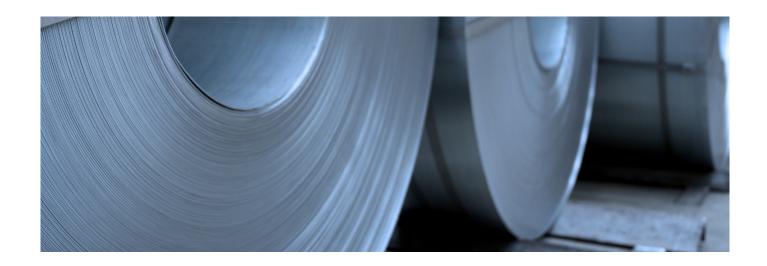
On the same date, Annex 13 of the GFTR for 2024 entered into force, which incorporates the procedure for the updating of fines and amounts established in the Customs Law and its Regulations, considering the accumulated percentage increase of the National Consumer Price Index.



2. Explanatory Note to the Resolution that declares the initiation of the sunset review proceeding and the *ex-officio* review of the undertakings assumed by the exporters Posco and Hyundai Hysco Co. Ltd. on imports of cold rolled steel sheet originated in Korea, regardless of the country of export.

On January 5, 2024, it was published in the Official Gazette the Explanatory Note to the Resolution that declares the initiation of the sunset review proceeding and the *ex-officio* review of the undertakings assumed by the exporters Posco and Hyundai Hysco Co. Ltd. on imports of cold-rolled sheet originated in Korea, regardless of the country of export, published in the Official Gazette on December 22, 2023.

By means of the Explanatory Note, the Ministry of Economy amended the period of analysis stating that the correct period is from October 1st, 2018, to September 30, 2023 (instead of the period from October 1st, 2019 to September 30, 2023).





3. Explanatory Note to the Final Resolution of the anti-dumping investigation proceeding on imports of cold-rolled steel sheet originated in Vietnam, regardless of the country of export origin.

On January 5, 2024, it was published in the Official Gazette the Explanatory Note to the Final Resolution of the anti-dumping investigation proceeding on imports of cold rolled steel sheet originated in Vietnam, regardless of the country of export, published in the Official Gazette on December 28, 2023.

In accordance with the Explanatory Note, importers who can prove the country of origin of the products is other than Vietnam, instead of People's Republic of China ("China"), as originally stated in the Resolution will be exempt from paying these duties.



4. Resolution of the initiation of the sunset review proceeding and the *ex-officio* review of the anti-dumping duty on imports of ceramic tableware and individual pieces of ceramic tableware, including porcelain tableware, originated in China.

On January 12, 2024, the Unit of International Trade Practices of the Ministry of Economy ("UPCI", for its acronym in Spanish) announced in the Official Gazette the initiation of the administrative proceeding for the sunset review and *ex-officio* review of the anti-dumping duties applied to imports of ceramic tableware and single pieces of ceramic tableware, including porcelain tableware, originated in China. This measure covers Harmonized Tariff System ("HTS") codes 6911.10.01 and 6912.00.01 and arises from the Final Resolution of the anti-dumping investigation of January 2014, which established a definitive anti-dumping duty on imports of ceramic tableware, including porcelain tableware, excluding imports of mugs, with a polymer/polyester coating, that do not have any decoration or printing and are subjected to a sublimation printing process.



On September 2023, Cinsa S.A. de C.V., Dolorenses Artisans Association, S.C. ("AADSC", for its acronym in Spanish) and José Julio González Landeros Tubos de Acero de México, S.A. expressed their interest in having the Ministry of Economy initiate the anti-dumping duties sunset review, proposing the review period from January 1st to December 31, 2023. AADSC's request was not taken into account since it did not prove the legal capacity of its attorney before the UPCI. The Ministry of Economy decided to initiate the proceeding, setting such period as the object of examination and *ex- officio* review, with a retrospective analysis from January 1st to December 31, 2023.

The definitive anti-dumping duty will remain in force during the proceeding, and the interested parties have 28 business days to prove their legal interest and submit answers, arguments and relevant evidence.



5. Publication in the Official Gazette of various Annexes of the GFTR for 2024.

On January 19, 2024, Annexes 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29 and 30 of the GFTR for 2024 were published in the Official Gazette. These annexes are the following:

- Annex 3: Customs offices and customs sections that have technological integration components for the use of technological devices.
- Annex 4: Customs hours of operation.
- Annex 5: Compilation of normative and nonbinding criteria in customs and foreign trade matters.
- Annex 6: The operational guidelines for the Tariff Classification Council and compilation of tariff classification criteria and the Commercial Identification Numbers ("NICO", for its acronym in Spanish).
- Annex 7: Goods for which common landholders (ejidatarios) do not require registration in the Importers' Register and, if applicable, in the Importers' Register of Specific Sectors.

- Annex 8: Goods for the exclusive use of the importer for which registration in the Importers' Register and, if applicable, in the Importers' Register of Specific Sectors is not required.
- Annex 9: Goods which are not subject to payment of IGI and medical equipment whose importation does not require registration in the Importers' Register and, if applicable, in the Importers' Register of Specific Sectors.
- Annex 10: Goods subject to registration in the Importers' Register of Specific Sectors or in the Sectorial Exporters' Register.
- Annex 11: Authorized fiscal routes for the international transit of goods from Ensenada or Guaymas to the United States of America.
- Annex 12: Goods that may leave the national territory under the temporary export regime.
- Annex 14: Importation or exportation of hydrocarbons, petroleum products, petrochemical products and sulfur, through weekly or monthly customs declarations.



- Annex 15: Distances and transit time limits in calendar days for transit arrivals.
- Annex 16: Customs offices authorized to process the customs clearance of goods that begin international transit at the northern border and end at the southern border of the country or vice versa, as well as the fiscal routes authorized for this purpose.
- Annex 17: Goods for which international transit through national territory is not allowed.
- Annex 18: Goods that cannot be subject to the customs procedure of tax warehouse.
- Annex 19: Inaccurate, false or omitted data for which the infringement established in article 184, section III of the Customs Law is triggered.
- Annex 20: Goods subject to the declaration of nominative or mixed marks.
- Annex 21: Customs offices exclusively for processing the customs clearance of certain types of goods.
- Annex 22: Instructions for filling out the customs declaration.
- Annex 23: Dangerous goods or goods that require special facilities or equipment for sampling or both.
- Annex 24: Minimum information to be contained in the automated inventory control system.
- Annex 25: Review points for the introduction of goods coming from the border strip or region to the rest of the national territory.

- Annex 26: Missing or inaccurate data related to compliance with Mexican Official Standards on commercial information for which products may be withheld.
- Annex 27: HTS codes and NICO, whose importation does not require the payment of VAT.
- Annex 28: Goods that may be imported by companies that are registered in the Company Certification Scheme, VAT and Special Tax on Production and Services modality.
- Annex 29: Goods that cannot be allocated to the following regimes: temporary import regimes for manufacturing, transformation or repair in maquila or export programs; tax warehouse; manufacturing, transformation or repair in bonded warehouses and strategic bonded warehouses.
- Annex 30: Credit and Guarantee Account Control System.





6. Resolution of the initiation of the sunset review and the exofficio review of the anti-dumping duties on imports of emulsion polybutadiene styrene rubber, originated in the United States, Korea and Japan.

On January 29, 2024, the UPCI published in the Official Gazette the initiation of the sunset review and *ex-officio* review of the anti-dumping duties imposed on imports of emulsion polybutadiene styrene rubber originated in the United States of America, Korea and Japan. This measure covers HTS codes 4002.19.01, 4002.19.02, 4002.19.03 and 4002.19.99 and arises from the Final Resolution of the anti-dumping investigation of January 2019, which established several definitive anti-dumping duties for imports originated from the United States and Korea, except those exported by LG Chem Ltd; and, from Japan.

On December 2023, Industrias Negromex, S.A. de C.V. expressed its interest in having the Ministry of Economy initiate the sunset review of the anti-dumping duties, proposing the review period from January 1st to December 31, 2023. The Ministry of Economy decided to initiate the proceeding, setting such period as the object of the examination and ex-officio review, with a retrospective analysis from January 1st to December 31, 2023.

The definitive anti-dumping duty will remain in force during the proceeding, and the interested parties have 28 business days to prove their legal interest and submit answers, arguments and relevant evidence.





7. Agreement that establishes the procedure that importers must follow before the Ministry of Energy in order to prove compliance with the quality of petroleum products.

On January 26, 2024, the Ministry of Energy published in the Official Gazette the Agreement establishing the procedure that importers must follow to prove compliance with "NOM-016-CRE-2016, Quality Specifications for Petroleum Products".

Importers must attach to the import declaration a quality certificate issued by laboratories approved by the Energy Regulatory Commission ("CRE", for its acronym in Spanish), or by foreign laboratories with current authorization.

Approved laboratories must send the information of the quality certificates issued to importers to the e-mail address designated by the Ministry of Energy. This information must be filled in a specific format and must include the volume of the goods to be imported. Subsequently, the Hydrocarbons Undersecretariat, through the General Directorate of Petroleum Products, will validate the information and forward it to the Integral Automated Customs System.

The General Directorate of Petroleum Products is responsible for issuing the validations of the documentation submitted by the laboratories within a maximum period of three working days, as long as it complies with the specifications established in NOM-016-CRE-2016. In case the documentation does not comply with the quality requirements, it will be rejected within the same term.

Validations issued by the General Directorate of Petroleum Products are valid for 90 calendar days from the date of publication on the Ministry of Energy website. The agreement became effective on January 28, 2024.





8. Resolution accepting the request of an interested party and declaring the initiation of the countervailing investigation proceeding on imports of metformin hydrochloride originated in India.

On January 29, 2024, the UPCI published in the Official Gazette the Resolution accepting the request of interested parties and declaring the initiation of the countervailing investigation proceeding on imports of metformin hydrochloride originated in India. In August 2023, Sinbiotik S.A. de C.V. ("Sinbiotik") requested the initiation of the investigation arguing that the prices of metformin from India are significantly lower than international prices and export prices from India to other countries. This could be linked to subsidy practices to Indian producers, which would affect the domestic production of metformin in Mexico. Sinbiotik alleged that it was forced to reduce its prices to compete in the Mexican market, which would affect its ability to maintain its market share if subsidized imports continue.

In January 2024, the Ministry of Economy notified the Government of India that it had received a request to initiate a countervailing investigation on imports of metformin originated in that country, and therefore, in accordance with Article 13.1 of the Agreement on Subsidies and Countervailing Measures ("ASCM"), it was invited to hold consultations on a date and time convenient to both parties.

After analyzing the information submitted by Sinbiotik, the UPCI determined that there is sufficient evidence to suspect that imports of metformin from India could be subsidized and could be a threat to domestic production.

The Ministry of Economy established an investigation period from July 1st 2022 to June 30, 2023, as well as an injury analysis period from July 1st 2020 to June 30, 2023.

Domestic producers, importers, exporters, foreign legal entities or any other person that may have a legal interest in the outcome of the investigation have 23 business days to submit their response in the official form, as well as relevant arguments and evidence.





9. Resolution accepting the request of an interested party and declaring the initiation of the anti-dumping investigation proceeding on imports of polyester resin originated in China.

On January 29, 2024, the UPCI published in the Official Gazette the Resolution accepting the request of interested party and declaring the initiation of the anti-dumping investigation proceeding on imports of polyester resin ("PET") originated in China. On August 2023, Alpek Polyester México, S.A. de C.V. and Indorama Ventures Polymers México, S. de R.L. de C.V. (the "Petitioners") requested the initiation of the investigation procedure for unfair international trade practices, in its modality of price discrimination, and proposed as period of investigation from April 1st 2022 to March 31, 2023 and as period of injury analysis from April 1st, 2020 to March 31, 2023.

The Petitioners argued that, during the proposed period of analysis and especially during the investigated period, imports of PET from China experienced a significant increase in both absolute and relative terms, while the prices of these imports, subject to price discrimination, were reduced, putting downward pressure on domestic prices. Furthermore, they claimed that this situation was causing significant injury to the domestic industry.

After an initial analysis, the Ministry of Economy determined that the Chinese PET manufacturing industry had significant export capacity compared to the Mexican market and that imports of PET from China were increasing at prices below those in the domestic market. These factors, together with the possibility that Chinese exports were being directed to the Mexican market due to the existence of anti-dumping measures in other countries, led to the

conclusion that there was a substantial likelihood that imports would continue to increase in the immediate future and cause injury to the domestic industry.

Based on the results of this analysis, the Ministry of Economy accepted the Petitioners' request and officially declared the initiation of the anti-dumping investigation on the imports of PET originated in China. It established as period of investigation from July 1st, 2022 to June 30, 2023, and as period of injury analysis from July 1st, 2020 to June 30, 2023. Domestic producers, importers, exporters, foreign legal entities or any other person that proves to have a legal interest in the outcome of the investigation have a period of 23 business days to submit their response to the official form, as well as relevant arguments and evidence.

The Ministry of Economy may apply the definitive anti-dumping duties, as applicable, imposed on imports of polyester resin originated in China that have been imported during the 3 months prior to the date of application of the provisional measures.





10. Notice communicating the available amounts of refined sugar export quotas for the 2023-2024 sugar cycle.

On February 27, 2024, the Ministry of Economy published in the Official Gazette, having made available to interested sugar mills or sugar groups or consortiums the amount of 6,752.702 metric tons of raw value of domestic refined sugar to be allocated for export to the United States.

In accordance with the Notice, the interested sugar mills or sugar groups or consortiums had to submit their request for additional allocation of refined sugar for export to the United States during the first five business days following the publication of the Notice in the Official Gazette and in the National Foreign Trade Information System ("SNICE", for its acronym in Spanish). The Ministry of Economy will make the allocation according to the criteria indicated in the Agreement by which sugar exports are subject to prior permit and a maximum quota for its export is established.



REGIONAL SCOPE

11. Agreement announcing Decision No. 117 of the Administrative Commission of the Mexico-Colombia FTA, adopted on December 15, 2023.

On February 6, 2024, the Ministry of Economy published in the Official Gazette the Agreement that announces Decision No. 117 of the Administrative Commission of the Free Trade Agreement between the United Mexican States and the Republic of Colombia ("Mexico-Colombia FTA"), adopted on December 15, 2023.

In accordance with this Decision, a temporary waiver is granted for new textile goods manufactured entirely in Colombia using materials produced or obtained outside the free trade zone in order for them to receive the preferential tariff treatment established in the Mexico-Colombia FTA.



This waiver shall apply only to Colombia HTS code 5402.44.00.10, which consists of synthetic filament yarn (other than sewing thread) not put up for retail sale, including synthetic monofilament yarn of less than 67 decitex, as well as other single yarns untwisted or with a twist of 50 turns per meter or less: of elastomers. The temporary waiver will enter into force on February 16, 2024 and will expire on February 15, 2026.



MULTILATERAL SCOPE

12. Thirteenth Ministerial Conference ("MC13") of the World Trade Organization ("WTO")

The MC13, held in Abu Dhabi from February 26 to March 2, 2024, brought together Ministers representing the various WTO member countries. During this meeting, a number of ministerial decisions were adopted, which are binding for WTO members, addressing issues ranging from renewing the commitment to a fully operational dispute settlement system to issues related to e-commerce.

Following are the key points reached in the various Ministerial Declarations:

1. Accessions

Comoros and Timor-Leste joined the WTO multilateral trading system. In this regard, since 2016, the WTO has included two least-developed countries to the organization. With this development, there are now 166 member countries in the WTO which represents 98% of world trade.

2. E-commerce

E-commerce as a topic was introduced at the WTO in 1998 during the Second Ministerial Conference, with the adoption of the Declaration on Global Electronic Commerce. This urged the WTO General Council to establish a work program to examine issues related to e-commerce. Since then, WTO members have periodically agreed to extend the "moratorium on electronic transmissions", which prevents the imposition of customs duties on electronic transmissions. The latest extension was agreed in June 2022 during the Twelfth WTO Ministerial Conference ("MC12").

At the MC13, it was decided to maintain the current practice of not imposing customs duties on electronic transmissions until the fourteenth session of the Ministerial Conference or until March 31, 2026, whichever is earlier.



The WTO also decided to continue to revitalize the work within the Work Program on Electronic Commerce with special attention to its development dimension. This involves considering the economic, financial and development needs of developing and least developed country members.

3. WTO Reform

During the MC12 in June 2022, WTO members agreed for the first time to conduct a comprehensive review of the functions of the WTO. This review was proposed to improve the organization's ability to address current challenges in the multilateral trading system and to capitalize opportunities in the global trading arena. An outcome document was adopted that outlined a roadmap for WTO reform, highlighting the need to have a fully functional and operational dispute settlement system in place by 2024.

Since then, four informal meetings have been held to discuss reform proposals submitted by individual members and groups of members. These proposals cover a wide range of areas, from improving the deliberative functions of the WTO to institutional issues, transparency, working procedures and overall organizational development. A pivotal focus of these deliberations has been the dispute settlement system, whose functioning has been hindered by the blocking of the appointment of new Appellate Body members, mainly due to objections from the United States. The necessity of achieving a fully functional dispute settlement system accessible to all members by 2024 was reiterated at the MC13.

In this sense, at the MC13, the need to move forward with the process of reforming the dispute settlement system was highlighted. They held discussions on draft reforms to the system, which were the result of an informal process led by facilitators. Ministers instructed officials to accelerate discussions in an inclusive and transparent manner, building on the progress made to date.

Furthermore, progress have been achieved in the assessment of the deliberative and negotiating roles of the WTO. Efforts have been directed towards enhancing the operations of the Councils, Committees and Negotiating Groups, alongside endeavors to augment the overall efficiency and efficacy of the organization. These efforts will continue, with progress reports presented at future ministerial conferences, such as the Fourteenth Ministerial Conference.



4. Intellectual Property

Two main issues related to intellectual property were discussed at the MC13:

A. Extension of the Decision on the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS"):

Following the landmark agreement reached at the MC12 on the exemption of certain obligations for COVID-19 vaccines, the possibility of extending this decision to COVID-19 treatments and diagnostics was discussed.





Although the efforts made by members to discuss this issue were acknowledged, no consensus was reached. Developing and least developed countries argued that the manufacturing concentration affected equity in the deployment of diagnostics and treatments, while other members questioned whether intellectual property was the cause of the access problem.

Two reports summarizing these discussions were adopted, acknowledging the efforts, but indicating the lack of consensus on the extension of the Decision. Therefore, these regulations will not be used for compulsory licensing for the manufacture of diagnostic and treatment products for COVID-19. Ministers urged to continue to explore the lessons learned from the COVID-19 pandemic and to develop effective solutions for future health emergencies.

B. Non-infringement claims and claims in cases where another situation exists under TRIPS:

The possibility of adopting a recommendation on this issue for the MC13 was discussed, but members were unable to reach agreement on non-violation claims and claims in cases where another TRIPS situation exists.

Despite an earlier recommendation at the MC12 that the TRIPS Council continue to examine this issue and provide recommendations for the MC13, the lack of substantial discussion led the Chair of the Council to suggest extending the moratorium on these claims until the Fourteenth Ministerial Conference ("MC14").

Non-violation claims and claims in cases where another situation exists refers to whether and under what conditions members should be able to bring claims before the WTO when they consider that the action of another member, or a particular situation, has deprived them of an advantage provided under a WTO Agreement, even though no obligation under that Agreement has been breached.

The moratorium on these claims, which was initially foreseen for the first five years of the WTO's existence, has been extended at each Ministerial Conference since then. In this regard, it was suggested to extend the moratorium on such claims until the MC14 due to the lack of consensus among members.

5. Technical barriers to trade

The WTO MC13 Ministerial Decision on Technical Barriers to Trade recognized the



crucial contribution of the Committee on Technical Barriers to Trade ("TBT Committee") in promoting and maintaining the Agreement on Technical Barriers to Trade ("TBT Agreement") since 1995. Good practices in transparency, management of trade interests, decisions and recommendations, information exchange and use of digital tools were highlighted.

The relevance of the TBT Agreement in addressing modern trade challenges, such as climate change, the digital economy and pandemics, was reaffirmed. The importance of the Committee in promoting good regulatory practices for developed and developing members was also emphasized.

The mandate of the TBT Committee to consult on any matter related to the operation of the TBT Agreement was recalled and the importance of the Committee in promoting transparency, regulatory cooperation and collaboration among Members was highlighted.



The MC13 underlined the importance of regulatory cooperation to avoid and reduce unnecessary barriers to trade, especially in emerging areas such as the digital economy and climate change. It called for the early exchange of comments on regulatory projects and the promotion of digital tools to improve the business environment.

Members were encouraged to strengthen technical assistance and training to address the challenges of transparency and infrastructure quality, as well as to promote international recognition agreements for accreditation.

6. Fishing subsidies.

At the MC12, WTO Members reached an Agreement on Subsidies in Fisheries ("AFS"). This agreement prohibits granting or maintaining subsidies to companies involved in illegal, unreported and unregulated fishing activities or in the capture of overfished species. This agreement stands out as the first WTO agreement with a primarily sustainability-oriented approach. Its objective is to preserve the world's fishery resources.

Entry into force of the agreement requires formal adoption by two-thirds of WTO Members. As of March 2024, 71 Members had ratified this agreement, with 39 additional ratifications still needed for it to enter into force.

7. Agriculture and food security.

WTO Members have been working on updating the rules governing world trade in agricultural products and foodstuffs since 2000. Over the years, some progress has been made, but there are still a number of outstanding issues to be resolved.



WTO Members have different priorities and views on how to address these issues. Some countries, especially those with competitive agricultural exports, advocate reducing trade-distorting government support for agriculture. Meanwhile, developing countries seek greater equity in agricultural trade and emphasize the importance of reforms in the cotton sector.

Negotiations on agriculture have stalled on several points, such as public stockholding for food security purposes and market access. The least developed countries are also seeking a special safeguard mechanism to protect their producers in case of import surges or price drops.

Throughout the MC13, ministers encountered difficulty reaching consensus on the scope, balance and timetable for the agricultural negotiations.

Sincerely,

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