

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Post: Mexico

Mexico Increases Import Tariffs on Vegetable Oils

Report Categories:

Oilseeds and Products

FAIRS Subject Report

Policy and Program Announcements

Approved By:

Carlos Gonzalez

Prepared By:

Benjamin Juarez

Report Highlights:

Recent changes to Mexico's tariff system for a number of processed vegetable oils could create a market opening for U.S. oils and oilseeds. The Secretariat of Economy (SE) announced tariff increases on September 23, 2010, to third-country suppliers with the purpose of strengthening and supporting the domestic oilseeds industry. This decree reverses a December 2008 decision to lower tariffs on these commodities.

General Information:

Introduction: This report summarizes a SE decree announcing an increase of duties to specific products in Chapter 15 of the Harmonized Tariff Schedule (HTS). SE published the decree in Mexico's *Diario Oficial* (Federal Register) on September 23, 2010. This decree should have little direct impact on U.S. exports of oil and oilseeds, but may create an opportunity for the United States as third-country suppliers will face added difficulty in entering the Mexican market.

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.

Decree that Modifies Diverse Duties of the General Import and Export Tariff Law

Executive Summary: SE published a decree in the *Diario Oficial* on September 23, 2010, that modifies the duties applied, under the General Import and Export Tariff Law, to specific Chapter 15 HTS codes. The Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA), SE, and the oilseeds industry believes it is necessary to support and strengthen the domestic oilseeds production and processing industry. The justification for these modifications, an increase in the import duty rate, is to protect the Mexican cultivation, harvesting and marketing of oilseeds. Additionally, this measure may displace imported vegetable oils with oils derived from domestically-produced oilseeds, thereby strengthening the competitiveness of the domestic vegetable oil industry. Table 1 lists the current applied duty rates:

Table 1. Mexico: Tariff Duty Rates on Select Oils from HTS Chapter 15

HTS	DESCRIPTION	DUTY PERCENT	
		IMPORT	EXPORT
1507.10.01	Crude soybean oil, whether or not degummed	5	Exempt
1507.90.99	Other (excl. chemically modified and crude)	10	Exempt
1511.10.01	Crude palm oil	5	Exempt
1511.90.99	Other (excl. chemically modified and crude)	10	Exempt
1512.11.01	Crude sunflower seed or safflower oil	5	Exempt
1512.19.99	Other (excl. crude)	10	Exempt
1513.11.01	Crude coconut oil	5	Exempt
1513.19.99	Other (excl. crude)	5	Exempt
1513.21.01	Crude palm kernel and babassu oil	5	Exempt
1513.29.99	Other (excl. crude)	5	Exempt
1516.20.01	Vegetable fats and oils and their fractions.	10	Exempt

Important Dates

Publication Date: September 23, 2010.

2. Enforcement Date: September 23, 2010.

FAS/Mexico Comment: On December 16, 2008, SE published a decree in the *Diario Oficial* that lowered the applied duties on imports of vegetable oils. Duties, as established in that announcement, would gradually be reduced to zero over a 60-day period for countries with most favored nation (MFN) status (See GAIN Reports [MX8086](#) and [MX9018](#)). This modification irritated the Mexican oil industry, as it believed that it faced unfair competition from South American countries who allegedly received oil export subsidies. As a result, several vegetable oil manufacturers and crushers filed court injunctions against the 2008 decree. These injunctions along with lobbying by the vegetable oil manufacturers and crushers before SE, SAGARPA, and the Mexican Congress led the Government of Mexico to reverse the 2008 decree with this new announcement.

For More Information

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.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work
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Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Subject	Date Submitted
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MX9091	November Oilseeds Update	12/04/09
MX9070	September Cotton and Oilseeds Update	10/1/09
MX9060	August Oilseeds Update	09/04/09

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.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.