

Voluntary - Public

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## Mexico

**Post:** Mexico

### **SE to Change the Sugar Temporary Export Permits Program**

**Report Categories:**

Sugar

Agriculture in the News

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**Report Highlights:**

Due to the growing concern of Mexico's use of Temporary Export Permits (TEPs) for sugar exports to the United States, the Secretariat of Economy (SE) is modifying the *Agreement That Entitles the SE to Issue Rules and Standards of Foreign Trade*. SE was authorized by the Federal Commission for Regulatory Improvement (COFEMER) to modify portions of this agreement to grant them more authority over sugar TEPs. It is unclear when the revisions will be published in Mexico's Federal Register (*Diario Oficial*).

**General Information:**

On June 22, 2009, COFEMER received a proposal from the SE requesting that they be allowed to modify the *Agreement That Entitles the SE to Issue Rules and Standards of Foreign Trade*, which was first published on July 6, 2007. The SE was seeking to promote a regulatory framework that would provide more certainty and order to foreign trade. Since COFEMER oversees regulation changes from all government of Mexico (GOM) agencies, the SE had to work with COFEMER on modifications. On July 6, 2009, COFEMER issued their final decision to the SE, which among other topics, addressed point 3.8.1 of the current agreement.

The authorized and proposed language for the modification of point 3.8.1 is:

3.8.1 - To be in compliance with what was outlined in article 116, Fraction IV of the Customs Law, regarding the harmonized tariff schedule (H.T.S.): 1701.11.01, 1701.11.02, 1701.11.03, 1701.12.01, 1701.12.02, 1701.13.03, 1701.99.01, 1701.99.02, 1701.99.99, 1806.10.01 and 2106.90.05, the opinion of the SE to allow the temporary export of sugar must be requested in writing. The petition must contain the following information:

- a. Destination of the temporary export;
- b. H.T.S.;
- c. Volume and value expressed in U.S. dollars;
- d. Timeframe of temporary export;
- e. Country of return, and
- f. Justification of the petition.

The SE will notify the interested party in less than 10 business days and will take into consideration the supply and type of sugar.

Through its petition to COFEMER, the SE justified this regulatory action by stating that it complied with paragraph 17 of NAFTA Annex 703.2. Thus, COFEMER — through the final decision document — authorized the SE to proceed with the legal process to publish their modifications in the Mexican Federal Register (*Diario Oficial*). At this point, it is unknown when the announcement will be published, but it is expected to occur this year.

#### **COMMENTS:**

Through these modifications, the SE is seeking to have more control over the appropriate use of the TEP mechanism. However, the SE does not establish whether these modifications will switch sugar exports from the temporary export category to the permanent export category. The Sugar Chamber has indicated that from its point-of-view, interested parties are encouraged by the Customs Law to use the TEP mechanism. Furthermore, the Sugar Chamber states that the use of TEPs is a decision made by interested parties, not a decision by the government. As a result, the TEP mechanism complies with NAFTA regulations.