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Committee on Import Licensing

Original: Spanish

## IMPORT LICENSING SYSTEM OF MEXICO

### REPLIES FROM MEXICO TO QUESTIONS POSED BY THE UNITED STATES

The following communication, dated 24 June 2016, is being circulated at the request of the delegation of Mexico.

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Mexico notified the Import Licensing Committee in 2014 of its requirement that imports of certain steel goods be accompanied by a licence (see G/LIC/N/2/MEX/2, amended by G/LIC/N/2/MEX/4). The procedures notified appear to fall within the definition of import licensing in Article 1 of the Agreement on Import Licensing Procedures. We understand that the purpose of this requirement is to provide for improved statistical monitoring to combat Mexico's concerns regarding tariff misclassification of goods, undervaluation and inappropriate claims regarding the steel goods' origin.

Is receipt of an import licence a condition of entry for the subject steel products?

**Reply:** Yes, it is a requirement for imports. However, it is an automatic licence.

Mexico's notifications indicate that this requirement is an automatic licensing procedure. The Agreement on Import Licensing Procedures requires, among other things, that applications for automatic import licences be approved immediately upon receipt of a complete application whenever feasible. However, US exporters report that shipments of steel have been subject to delays and additional costs because licences were not approved by the time the steel goods reached Mexico. Can you explain how Mexico's import licensing system for steel goods meets the procedures for automatic licensing as prescribed by the Agreement?

**Reply:** The procedure to apply for an automatic import licence for steel goods (through the Automatic Notice of Importation system) is the following:

The application (Automatic Notice of Importation) is submitted through the Digital Window and the applicant immediately receives confirmation of receipt. As long as the information required under Rule 2.2.20 of the "Amendment to the Agreement under which the Ministry of the Economy issues general rules and criteria in respect of foreign trade" has been provided, the necessary code will be issued within three working days of receipt of the application.

The Secretariat approves all Automatic Notices of Importation from natural or legal persons who fulfil the administrative requirements for engaging in foreign trade operations.

The Official Journal of the Federation contains information on the procedures for submitting an application, the administrative bodies to be approached and the list of products subject to the licensing requirement. This information is publicly available and can be accessed by any company interested in engaging in import operations.

This procedure is in conformity with the WTO Agreement on Import Licensing Procedures, in particular Article 2(a)(iii), which states that "applications for licences when submitted in appropriate and complete form are approved immediately on receipt, to the extent administratively feasible, but within a maximum of 10 working days".

What is the expected duration of this steel import licensing requirement?

**Reply:** The Automatic Notice of Importation allows for the statistical monitoring of goods, which in domestic economic activity are essential for the growth of the country as they supply important sectors, such as those concerned with motor vehicles, construction, household electrical goods, machinery and equipment. Such monitoring also helps to prevent and combat the existence of an illegal economy, advancing actions to avoid illegality in the importation, distribution, and marketing of foreign goods. For these reasons, an expiry date for the measure has not been established.

This is consistent with Article 2(b), which states that, "Members recognize that automatic import licensing may be necessary whenever other appropriate procedures are not available. Automatic import licensing may be maintained as long as the circumstances which gave rise to its introduction prevail and as long as its underlying administrative purposes cannot be achieved in a more appropriate way".

At this time, the United States requests the information identified above.

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