

AGREEMENT ON IMPORT LICENSING PROCEDURES

Notification under Articles 1.4(a), 8.2(b) and 7.3

MEXICO

The following communication, dated 29 September 2004, is being circulated at the request of the delegation of Mexico.

Pursuant to Articles 1.4(a) and 8.2(b) of the Agreement on Import Licensing Procedures, the Permanent Mission of Mexico to the WTO has the honour to notify herewith information concerning import licensing procedures. Attached, in fulfilment of Article 7.3 of the above-mentioned Agreement, are the replies to the questions listed in document G/LIC/3.

Notification under Articles 1.4(a) and 8.2(b) of the Agreement

1. Pursuant to Articles 1.4(a) and 8.2(b) of the Agreement, the Permanent Mission of Mexico has the honour to notify the rules and full information on import licensing procedures. The relevant provisions are issued under the Foreign Trade Act and its Regulations and published in the *Diario Oficial de la Federación (DOF)*, the official journal of the Mexican Government.
2. Annexed hereto are the Foreign Trade Act (LCE) and its Regulations, and the ministerial agreements containing the basic provisions that apply to import licensing (prior licensing) in Mexico and include the lists of products that require import licences.¹ Also attached is the import licence application form (SE-03-018) - a transparency requirement set by the Law on Transparency and Access to Governmental Public Information, which we also attach for the Committee's information.
3. For more information on prior licensing, please refer to Mexico's notification in its "*Replies to the Questionnaire on Import Licensing Procedures*" which is also submitted herewith to the Committee on Import Licensing.

¹ DOF 26-03-2002 ("Agreement on the Classification and Codification of Goods the Import and Export of which are subject to prior authorization by the Ministry of the Economy") and modifications thereto dated: 03-07-2002, 03-12-2002, 31-12-2002, 24-02-2003, 30-06-2003, 18-11-2003, 15-12-2003, 30-12-2003 and 14-05-2004.

Replies to the questionnaire on import licensing procedures²

Notification under Article 7.3 of the Agreement

Outline of system

1. The import licensing system is based on the premise that imports into the country are exempt from this requirement except for specific products that are subject to automatic and non-automatic import licensing. The system is based on the Foreign Trade Act and its Regulations, which are the basic legal texts governing Mexico's international trade. The list of products subject to licensing is established in ministerial agreements issued by the Ministry of the Economy, published in the *Diario Oficial de la Federación (DOF)*, the official journal of the Mexican Government, and represents less than 1 per cent of Mexico's tariff headings.

The prior licensing system is administered by the Ministry of the Economy. Licences are put to the consideration of the Foreign Trade Commission (COCEX) of the Ministry of the Economy, which works as a consultative inter-agency body to all entities of the Federal Public Administration in matters concerning trade policy formulation.³ The COCEX is responsible for issuing non-binding opinions and recommendations on these matters, for which it may also hold public consultations with interested parties. The rules on import licensing procedures are neutral, clear and easily applied and are administered properly and fairly.

Purpose and coverage of licensing

2. Automatic import licensing procedures are an important management and monitoring tool for maintaining a statistical record of foreign trade transactions and implementing trade policies.⁴

The non-automatic import licensing system (prior licensing) is used by the Mexican Government in the import (and export) of sensitive goods to regulate trade in products in accordance with the provisions of the international treaties and agreements to which Mexico is party. Other aims of the system include protection of morals, security and law and order, the use of natural resources and the conservation of flora and fauna.

3. The prior licensing regime is applied to products from all countries on a most-favoured-nation basis.

4. The prior licensing regime is not intended to restrict the quantity or value of imports. Its aim is to regulate trade in specific products and protect consumers, health and the environment.

² See document G/LIC/3, Annex, for the questionnaire.

³ The COCEX comprises representatives of the Central Bank, the Federal Competition Commission and the ministries of: Foreign Affairs; Finance and Public Credit; Social Development; Economy; Energy; Agriculture, Livestock, Rural Development, Fisheries and Food; Environment and Natural Resources; and Health. Other federal or state agencies may be invited to participate in meetings when COCEX is discussing specific sectoral issues within their areas of responsibility.

⁴ The only automatic licence applied by Mexico, known as the "Automatic Notice of Importation", and its list of products, was published in the DOF on 27 July 1998 and notified to the WTO in document G/LIC/N/2/MEX/1. It was reproduced in the Agreement published in the DOF on 26 March 2002 (Article 14) and notified to the Committee under Article 8.2(b) of the Agreement. For further references see the section entitled "Import Restrictions and Licensing" in the Secretariat's 2002 report on Mexico's TPR (WT/TPR/S/97).

5. The system of approval of licensed imports is governed by the Foreign Trade Act (Title IV, Chapter II, Section I, Article 20, and Section II, Articles 21 and 22) and its Regulations (Title III, Chapter II), and the ministerial agreements setting out basic provisions for import licensing in Mexico and the products that require import licences. Publication in the DOF of the tariff items subject to import licences, as required by the Foreign Trade Act, makes the system transparent.

Procedures

6. I-XI. Relevant information on the import licensing regime, or periods of application and administrative procedures, are published by the Ministry of the Economy in the DOF. The latter is available to any person, firm or institution.

In order to be processed, a licence application form⁵ must be submitted to the Public Services counter at the General Directorate of Foreign Trade of the Ministry of the Economy (Avenida Insurgentes Sur No. 1940, piso 12, Colonia Florida, Mexico, Distrito Federal). The licensing procedure is as follows:

- I. Any natural or legal person seeking prior authorization for import, export or modification must submit a duly substantiated application and attach the supplementary documentation in accordance with the instructions on the application.
- II. After review of the application and the supplementary documentation, by Ministry personnel, the information is recorded in the computer system (SICEX-PEXIM), which issues a printed record to be signed and kept by the applicant as acknowledgement of the procedure.
- III. A receipt stamp and the application serial number generated by SICEX-PEXIM are printed on the front of the application (original and copies).
- IV. The application and the supplementary documentation are then sent for review, either to the General Directorate of Heavy Industries and High Technology in the case of industrial products, or to the General Directorate of Basic Industries, in the case of agricultural products. Once the review is complete, the General Directorate in question sends its decision to the Issuing Department of the General Directorate of Foreign Trade.
- V. The decision document is issued through the SICEX-PEXIM computer system as follows:
Approval: The import (or export) licence is issued on security paper.
Refusal: Issued on white paper where applications fail to meet the set criteria and requirements.
- VI. Once issued, the decision is sent to the Public Services counter.
- VII. The decision is delivered to the applicant, who signs a record sheet in acknowledgement of receipt. If the decision document is a licence, it is sent electronically to the Ministry of Finance and Public Credit (SHCP).
- VIII. The procedure has been totally decentralized to the 52 offices of the Ministry of the Economy located throughout the country.

⁵ The form can be obtained from the General Directorate of Foreign Trade, the Ministry of the Economy's offices in the various states or the website of the Federal Regulatory Improvement Commission (COFEMER), at www.cofemer.gob.mx.

7. Not applicable.

8. An application for a licence may not be refused if it satisfies the established criteria. In the event of refusal, the interested party may apply to the Ministry of the Economy for review.

Eligibility of importers to apply for a licence

9. All persons, firms and institutions are eligible to apply for licences. The Legal Affairs Unit of the Ministry of the Economy issues the "Proof of Accredited Identity".

Documentational and other requirements for application for licence

10. For the purposes of Article 7.VIII of the Law on Transparency and Access to Governmental Public Information, the form used to apply for an import licence is a "Formato", bearing the Federal Register of Formalities and Services number SE-03-018. The application form for a licence, extension or modification contains the usual information on the importer, and, where appropriate, the technical specifications of the goods and the documentation identifying them. The following documents must be submitted with the application:

- The original or a certified copy and an informal copy of the firm's articles of incorporation with the most recent amendments, if any;
- simple power of attorney granted by the natural person or his legal representative before two witnesses, specifying authority to process and sign import (or export) licences, as the case may be;
- for legal persons, the federal tax identification number (RFC) and RFC code ('homoclave') (two copies). For natural persons with a business activity, in addition, a copy of the RFC registration form;
- in the case of vehicles, a copy of the ownership certificate or invoice or pro-forma invoice;
- proof of payment of administrative fees;
- other documents, as set forth in the Agreements of the Federal Departments (e.g. sanitary or phytosanitary certificates for the import of agricultural products, CITES certificates or import authorization for wild plant and animal species).

11. No other documents are required.

12. To obtain an import licence costs 212.00 pesos in processing fees and 1,012.00 pesos in issuing fees. The fees are updated on a six-monthly basis. Payment can be made at any authorized banking institution by completing the form normally used for paying fees.

13. No deposits or advance payments are required for the issue of licences.

Conditions of licensing

14. Licences are valid for one year from the date of issue, unless the government body approving the licence indicates otherwise. Extensions may be requested, as long as the original licence has not expired and has the authorized remaining balance.

15. There are no penalties for the non-utilization of a licence or a portion of a licence.
16. Prior authorizations/licences are issued to the licensee and are non-transferable between importers. They are issued on security paper for electronic download.
17. There are no other conditions attached to the issuing of a licence.

Other procedural requirements

18. Imports are not subject to any administrative procedures other than those already described.
 19. There is no relation between the import licensing regime and the foreign exchange system.
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