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Mexico Implements New System to Monitor Steel, Textile Imports

by LADB Staff
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The Secretaria de Comercio y Fomento Industrial (SECOFI) has implemented a new system to monitor imports of steel, clothing, footwear, and textiles from Asian and Eastern European countries and South Africa to ensure that these products are not being sold in Mexico at less-than-fair-market value.

Under the new system, announced in the government's daily register (Diario Oficial de la Federacion) on July 27, Mexican importers of these products must submit a detailed description of the products to SECOFI at least 10 days before their arrival in Mexico. Previously, importers could submit this paperwork as long as two weeks after the merchandise arrived in Mexican territory. The directive applies to imports of the specified products from Pacific Rim countries, Russia, the Czech Republic, Bulgaria, South Africa, Yugoslavia, Romania, Ukraine, and Kazakhstan.

Deputy Trade Secretary Raul Ramos Tercero said the new directive responds to complaints from the Camara Nacional de la Industria del Hierro y del Acero (CANACERO) and the Camara Nacional de la Industria Textil (CANAINTEX). These chambers were concerned that a growing percentage of steel, textile, and apparel imports from Asia and Eastern Europe were being sold at less-than-fair-market value in Mexico, resulting in lost sales for domestic manufacturers.

Steel, textile industries fight mislabeling of imports

CANACERO president Jose Antonio Gomez said his chamber requested the government's intervention because a surge in Asian steel imports, many illegally mislabeled as US products, has pushed down the price of flat steel in Mexico by about 10%. Under terms of the North American Free Trade Agreement (NAFTA), Mexico charges lower tariffs on imports of US steel products. Similarly, CANAINTEX president Tito Kuri Slim said some imports of Asian denim and cotton textiles were being sold in Mexico at one-third their actual value. Kuri said the cotton industry incurred a trade deficit of US$100 million in January-May of this year, equivalent to its total deficit in 1997.

CANAINTEX said exporters from Asia, including Hong Kong, China, Taiwan, and South Korea, have been shipping their products via the US and Latin American countries with whom Mexico has a trade agreement. The possibility for abuse has increased this year, since the US and Mexico recently announced an agreement under NAFTA to accelerate the elimination of duties for about US$500 million in textile products traded between the two countries. Under the new tariff schedule, effective Aug. 1, duties will not be charged on about US$167.6 million in US textile exports to Mexico.

The US will allow duty-free imports for US$338 million in Mexican textiles. On a related matter, SECOFI has extended countervailing duties ranging from 165% to 1,105% on imported footwear

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from China. The duties, in place since December 1993, will remain in effect through May 2002. (Sources: The Journal of Commerce, 06/08/98, 07/13/98; Bloomberg News, 07/19/98; The Miami Herald, 07/20/98; El Financiero International, El Economista, 07/27/98; El Universal, 07/27/98, 07/28/98)

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