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Zedillo Administration Expedites Imports Of Used U.S. Pickup Trucks

by LADB Staff
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President Ernesto Zedillo's administration has formalized a decision to allow used pickup trucks to be imported into Mexico. Effective April 1, the government will allow imports of pickup trucks that are at least 10 years old as long as the owner pays a fee of US$200 or more. The decision, announced late last year but only formalized this month, advances by nine years a provision in the North American Free Trade Agreement (NAFTA) that would have required Mexico to ease restrictions on imports of pickup trucks in 2009. The Secretaria de Comercio y Fomento Industrial (SECOFI) said the new policy will give rural residents the means to acquire affordable vehicles for agriculture-related activities. The measure also helps Mexicans residing in the US who want to help their home communities by providing them with vehicles, SECOFI said. But the measure is also designed to boost the Mexican Treasury's coffers.

The Secretaria de Hacienda y Credito Publico (SHCP) said the government stands to collect about 673 million pesos (US$72 million), once owners of imported pickup trucks pay the applicable fee. SECOFI issued the guidelines on pickup imports at the same time it announced its intention to crack down on other motor vehicles brought into the country illegally. These vehicles, known as "autos chocolates," are often acquired by Mexicans who reside in the US for at least part of the year. The new regulations on autos chocolates give owners until Sept. 13 to either return the vehicles to US territory or to a narrow zone along the US-Mexico border. After that date, unregistered vehicles will be confiscated, SECOFI said. The decision to crack down on autos chocolates created a rift between federal authorities and governors from northern and central states last year. The dissenters included Chihuahua Gov. Patricio Martinez of Zedillo's Partido Revolucionario Institucional (PRI), who threatened to legalize 2 million unregistered cars within his state's borders (see SourceMex, May 26, 1999). Federal authorities eventually pressured Martinez to drop his threat.

Last year, the government attempted to discourage imports of unregistered vehicles by announcing a controversial plan to require drivers of US-registered cars to pay an US$800 deposit to drive into Mexico. But the plan was withdrawn after one day because of strong criticism in both Mexico and the US (see SourceMex, November 10, 1999, December 8, 1999). SECOFI spokespersons said the government has taken other steps to discourage illegal importation of US vehicles, such as creating a national vehicle registry to help buyers of used cars determine whether the cars are in the country legally. Some federal legislators, particularly members of the center-right Partido Accion Nacional (PAN), have also opposed Zedillo's policies on the autos chocolates. Some legislators had intended to introduce a bill in the current legislative session to legalize 2.5 million of the cars. But legislative leaders said the bills were not included in the agenda for the regular legislative session, which began March 15. Motor vehicle industry opposes initiative The SECOFI actions received mixed reviews from the Mexican motor vehicle sector. Organizations such as the Asociacion Mexicana de Distribuidores de Automotores (AMDA) and the Asociacion Mexicana de la Industria Automotriz (AMIA) said they were pleased with the administration's commitment to crack down on autos...
chocolate. But they were also angry at the decision to ease restrictions on pickup trucks, even though SECOFI said this would be accomplished with "minimal impact" on domestic manufacturers.

Speaking to reporters, AMIA president Carlos Flores Esquivel called easing restrictions on pickups a "political maneuver" clearly intended to ensure support in rural areas for PRI candidate Francisco Labastida in the July 2 presidential elections. "This was not a measure intended to promote industrial development," said Flores Esquivel. The AMIA, AMDA, and other industry organizations demanded that the administration take actions to offset the increased competition from imported pickups, such as eliminating the sales tax (impuesto sobre automobiles nuevos, ISAN) on domestic trucks. The controversy on truck imports comes during a relatively prosperous period for the motor vehicle sector. In a report released earlier this year, the AMIA said domestic sales last year set a record at more than 708,000 units, an increase of 5.6% over 1998. The AMIA said the total included more than 682,000 automobiles and about 26,000 trucks. At the beginning of this year, the AMIA had projected a modest increase of 3% in total sales for 2000. But strong production levels and sales during January led the organization to revise its forecast, predicting an increase of 5% to 7% in total sales. AMIA statistics show more than 36,000 of the 128,000 motor vehicles assembled in Mexico during January were intended for the domestic market. This is an increase of 44% from a year ago, the association said. The motor-vehicle industry has also experienced strong export sales. The AMIA said a record 1.07 million cars and trucks were exported in 1999. The motor-vehicle sector surpassed the petroleum industry as the largest source of export revenues last year, the AMIA said. Auto-industry analysts said the export growth is in large measure a result of a strong US economy, but also of the expansion of the motor-vehicle industry in recent years. In addition to the five major companies Daimler Chrysler, General Motors, Ford, Nissan, and Volkswagen Honda, Peugeot, and Mercedes Benz have recently established assembly capability in Mexico.

[Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on March 22, reported at 9.29 pesos per US$1.00] (Sources: Reuters, 01/11/00; Excelsior, 01/12/00, 02/09/00; Associated Press, 02/14/00; La Jornada, 03/14/00; Reforma, 03/14/00, 03/15/00; The News, 03/15/00; El Universal, 01/20/00, 03/16/00; Notimex, 03/19/00; El Economista, 01/12/00, 01/13/00, 02/02/00, 02/08/00, 02/14/00, 03/13/00, 03/14/00, 03/16/00, 03/20/00; El Financiero, 02/08/00, 02/11/00, 02/14/00, 03/14–16/00, 03/20/00)