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Government Imposes New Restrictions On Imports Of Used Automobiles

by LADB Staff
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Bowing to pressure from Mexico's automobile distributors, President Felipe Calderon's administration imposed strict guidelines on the importation of used cars. Effective in March, automobile imports will be restricted to vehicles that are 10 years old. In other words, only 1998 models will be allowed this year. This will be the case in subsequent years, when only models from 10 years earlier will be allowed to be imported legally. The restriction tightens the existing regulation that allowed used cars as old as 15 years into the country. The Secretaria de Hacienda y Credito Publico (SHCP) said the restriction was imposed primarily to discourage wholesale imports, but it also affects individuals bringing in their own personal vehicles. The Asociacion Mexicana de Distribuidores de Automotores (AMDA) said it pushed for the changes because Mexico was quickly becoming "the world's biggest automotive garbage dump." Previously, importers were able to bring in cars that were 10 to 15 years old.

Newer cars were already restricted to protect the domestic industry, while vehicles older than 15 years were not allowed in the country because of environmental and safety concerns. Mexico originally proposed regulations to control imports of used cars from the US, known as "autos chocolates," during the administration of former President Ernesto Zedillo (SourceMex, April 21, 1999). The plan to legalize imports met with strong resistance from the auto industry (SourceMex, January 24, 2001), but the proposal was approved by Congress in 2000 and signed into law by ex-President Vicente Fox in 2001 (SourceMex, March 21, 2001). The latest changes to the law are intended to provide some relief to the auto industry, which experienced a slump in sales in 2007 and into the first part of 2008 (SourceMex, February 20, 2008).

Imports restricted to units that are 10 years old

The regulations were announced with only about a month's notice, prompting many importers to expedite purchases of used automobiles during February. A total of 200,000 used vehicles were imported during the second month of the year, compared with the monthly average of 120,000 units, AMDA reported. "These were panic purchases," said Guillermo Rosales, AMDA's director for governmental relations. The total for February was twice as high as the 104,000 vehicles that had crossed into Mexico in January, with roughly 65% of those vehicles older than 10 years, said the Mexico City daily newspaper Reforma, citing data obtained from the Mexican customs agency. Because of the short notice, officials at one border crossing in New Mexico reported that as many as 1,550 vehicles that had been destined for Mexico did not cross the border before the original deadline of March 1, said El Diario de Juarez. The SHCP later extended the deadline to March 18 to allow some of those vehicles to cross. About 1.3 million used vehicles were imported into Mexico, primarily from the US, during 2007, the organization reported.
The changes in regulations caused some confusion in other parts of Mexico, including concerns that the federal government would begin to crack down on vehicles that were older than 1998, many of which were brought into the country and not registered. In Michoacan state, the Union Campesina Democratica (UCD) organized a large march in the capital city of Morelia to demand that Gov. Leonel Godoy intervene to prevent federal authorities from taking their cars, said the Morelia-based newspaper Cambio de Michoacan. A large percentage of Mexican emigrants to the US hail from Michoacan (SourceMex, February 15, 2006). Those expatriates often return to the country in vehicles acquired in the US, which they leave with relatives.

UCD leader Abimael Aniceto Calixto said the organization already has an agreement with the federal government to register all 1998 to 2000 used cars imported into the state. However, the UCD leader raised concerns that the government would seize vehicles that did not fit in that category. The UCD is raising its concerns as the government prepares to inaugurate a new Registro Publico Vehicular (REPUVE), which will list all the vehicles that have been registered in Mexico. The new database, developed in cooperation with all the state governments and the Federal District, will eventually list about 23 million vehicles. Under the program, which will be managed by the Sistema Nacional de Seguridad Publica (SNSP), all vehicles in the database must display a sticker with a special microchip. The REPUVE is expected to help consumers by reducing the risk of theft, which would lower insurance costs. "We are very pleased with this program because it will make it more difficult for an automobile to be stolen," said Recaredo Arias, director general de la Asociacion Mexicana de Instituciones de Seguros (AMIS).

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