

## International Trade and Customs Newsletter October 2, 2019

### Amendments to the LIGIE Tariff and various decrees applicable to steel products

On September 20, 2019, the Ministry of the Economy published in the Federal Official Gazette the "Decree modifying the General Imports and Exports Taxes Act Tariff (TIGIE), the Decree establishing the General Importation Tax (IGI) for the border region and the northern border strip (Border Decree), the Decree establishing various Sector Promotion Programs (PROSEC Decree) and the Decree for the Promotion of Manufacturing, Maquila and Export Services Industry (IMMEX Decree)", (together, the "Decree").

The Decree entered into force on September 22, 2019, and by virtue of it, several tariff items were created, amended and eliminated, as well as their descriptions and/or their tariffs. These products correspond to the steel industry, including products such as steel plates, rolled steel plates, cold rolled steel sheet, hot rolled steel sheet, wire rod, tubes, rebar, and steel profiles, among others.

The creation, amendment, and elimination of tariff items took place to favor comparability between trade flows in the steel sector between Mexico and the United States, for purposes of meeting commitments made between both countries to monitor the foregoing, as part of the Agreement of May 17, 2019, which eliminated U.S. tariffs imposed on Mexican steel and aluminum imports (Section 232), and the retaliatory measures imposed by Mexico against U.S. imports ([see "Newsletter about the Elimination of Section 232 Tariffs"](#)).

By virtue of the foregoing, the Border, PROSEC and IMMEX Decrees were amended, to align them to the modifications made to the TIGIE.

Additionally, the Decree concludes with the arrangement, initiated in October 2015, imposing and renewing every six months, import tariffs on various steel products. Instead, a medium and long term policy is established, starting with a 15% tariff rate set forth in the Decree, and based on a tariff reduction scheme established for the different tariff items, as shown in the annex to this newsletter ([see here](#)).

Derived from these amendments to the TIGIE, it is important to monitor potential adjustments to various provisions, such as the annex corresponding to goods subject to compliance with Mexican Official Standards at the point of entry or exit of the country (Annex 2.4.1), automatic import notices for steel products, sector importers' registry, among others.

Finally, by means of the Decree, an Explanatory Note of national implementation is added to Chapter 72 of the TIGIE called "Foundry, iron and steel", which specifies what will be considered as "tool degree steel".

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It is advisable for importers and exporters of steel products to review the Decree in order to identify those amendments that have an implication in their foreign trade operations.

Likewise, it is essential to confirm the correct tariff classification of goods in this sector, in order to avoid contingencies derived from omitted contributions, lack of compliance with non-tariff regulations and restrictions, or with obligations related to foreign trade programs and certifications, incorrect determination of origin, among others.

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Our team of experts in the foreign trade and customs practice group will be at your full disposal to analyze the amendments made by the Decree and the impact they may have in your foreign trade operations.

This newsletter was prepared by José Alberto Campos-Vargas ([jacampos@sanchezdevanny.com](mailto:jacampos@sanchezdevanny.com)), María Luisa Mendoza-López ([mmendoza@sanchezdevanny.com](mailto:mmendoza@sanchezdevanny.com)), Juan Carlos Jiménez Labora Mateos ([jclabora@sanchezdevanny.com](mailto:jclabora@sanchezdevanny.com)), Laura Elisa Sánchez-Barrón ([lesanchez@sanchezdevanny.com](mailto:lesanchez@sanchezdevanny.com)) and Ernesto Vega-Zaldívar ([evega@sanchezdevanny.com](mailto:evega@sanchezdevanny.com))

**Contact:**

**José Alberto Campos Vargas**  
[jacampos@sanchezdevanny.com](mailto:jacampos@sanchezdevanny.com)

**Turenna Ramírez Ortiz**  
[tramirez@sanchezdevanny.com](mailto:tramirez@sanchezdevanny.com)