

Mexico's Bogor Goals Progress Report (as at 13 August 2012)*

Highlights of Achievements and Areas for Improvement

- Mexico's simple average tariff at the HS 8-digit level is falling and expected to reach 6.09 percent by the end of 2012. However, some agricultural products are still subject to high MFN tariffs.
- Some export/import licenses still remain.
- Increased flexibility in the operability of telecommunication services.
- Mexico is actively negotiating investment agreements on avoidance of double taxation and information exchange to fight against tax evasion.
- In terms of foreign investment, some sectors are still restricted to the State or to Mexicans.
- Efforts to prevent overregulation. Active involvement in implementing regulatory reform programs.
- Initiatives to implement conformity assessment and equivalence agreements at the bilateral and sub-regional levels.
- Implementation of programs to facilitate trade, by making customs procedures simpler, such as the Single Window, ATA Carnet and Authorized Economic Operators program, among others.
- The government procurement system includes domestic tenders (only for Mexicans) and international tenders (either for Mexicans and those from FTA signatory partners with a government procurement chapter; or open regardless of origin).
- Laws, regulations, procedures and administrative rulings of general application are published daily at the Official Gazette of the Federation and easily available via internet.
- Mexico's comprehensive FTA network is being enhanced.

Summary of Updates

Tariffs

Between 2010 and 2011, Mexico increased tariff rates related to refined and unrefined vegetable oils and aluminum goods, and reduce tariff rates concerning clock and watches, mucilages, some chemical compounds and fungicides, as well as some steel and aluminum goods. By the end of 2011, the simple average tariff rate at the HS 8-digit level was equal to 6.4 percent. It is expected to fall to 6.09 percent by the end of 2012. However, MFN tariff peaks beyond 50 percent still remain for some agricultural products.

Non-Tariff Measures

Mexico has implemented some changes in its export/import licensing regimes. For example, in September 2010, export and import licenses for gas oil, diesel oil and its blends were established, but lubricating oils and additives were exempted. Also, in June 2011, import requirements to allocate import licenses for cocoa were simplified. Moreover, in June 2011, the Ministry of

* This brief report was prepared with information from Mexico's submission of 2012 APEC Individual Action Plan (IAP) template and Mexico's 2010 submission of APEC Bogor Goals Fact Sheets on Trade and Investment Liberalization and Facilitation Efforts

Economy established export licenses to conventional weapons, including technology and software to produce weapons of mass destruction. However, in December 2011, exemptions were granted to the export of technology and software available to the general public.

Services

Telecommunications services are becoming more flexible. In February 2011, the rules on number portability were implemented, which allow consumers to change mobile phone operators and keep their numbers. In addition, an Agreement on Interconnection of Fixed Telecommunications Services was approved by the regulatory entity in June 2011. Also, the concession program for FM radio broadcasting started in July 2011.

Regarding financial services, the regulatory framework for investment funds specialized in retirement savings now allows to invest in commodities and in overseas mutual funds from eligible economies. Efforts to fight money laundering and financing of terrorism have been enhanced.

Mexico and the United States signed a Memorandum of Understanding over long-haul, cross-border trucking services, which will allow carriers from both places to receive provisional and permanent authority to operate these types of services in the other country.

Investment

Mexico has been active in negotiating international agreements to avoid double taxation and prevent tax evasion. Between 2010 and 2011, one agreement on double taxation was renegotiated, whereas three new ones were signed. Five agreements were put in force and two more were approved by the Mexican Senate. In addition, six agreements on information exchange were signed and three were implemented.

Some sectors are still restricted to the State or to Mexicans or Mexican companies.

Standards and Conformance

Mexico is adopting a tree decision mechanism to prevent overregulation. In this regard, during 2011, many regulations were modified to eliminate unnecessary costs, modified to harmonize them with international standards.

In terms of conformity assessment, a trilateral agreement for telecommunications equipment was signed with Canada and the United States. Similarly, an equivalence agreement for medical device with competent authorities from Canada and the United States simplifies the process to grant registrations for devices that have already been approved in the other two economies.

Customs Procedures

Multiple efforts to facilitate trade through more expedite customs procedures have been implemented recently, such as the Single Window system, the Authorized Economic Operator program, the acceptance of the ATA carnet for temporary admission of imports and the adoption of a new alert system to identify irregularities for the importation of sensitive goods.

Intellectual Property Rights

Mexico is implementing processes to ensure the expeditious granting of IP rights. For example, the Mexican competent authority put in force bilateral Patent Prosecution Pilot Programs signed with counterparts from the United States, Japan and Spain. In addition, Mexico has developed tools for consultation on issues related to IPR, such as the Document Viewer of Industrial Property (Vidoc) to access public records on industrial property and Marcanet, which provides information on trademarks, trade names and slogans already registered and pending.

Activities to enforce IPR continue. Raids have been carried out to fight illegal practices. Reforms in the Federal Criminal Code and the Industrial Property Law in June 2010 allow the competent authority to act ex-officio and prevent the sale of counterfeit goods in public places. Activities to promote innovation and develop technological information continue as well as awareness campaigns aimed to protect intellectual property.

Mexico also participated in the negotiations of the Anti-Counterfeit Trade Agreement and is discussing the possible signature and ratification by the Senate in the near future. Mexico is also holding interagency consultations in order to develop legislation aiming to implement the WIPO Internet Treaties.

Competition Policy

In May 2011, several amendments to the Federal Law of Economic Competition (FLEC) were approved by Congress. The amendments brought the FLEC in line with international best practices by providing the Commission with better instruments to investigate and sanction violations to the FLEC, simplifying compliance and adding legal certainty.

Specifically, the reforms introduced: i) higher fines (up to 10 per cent of the offender's annual sales); ii) criminal sanctions (3-10 years of imprisonment for individuals responsible of ordering or committing cartel offenses); iii) on-site searches without prior notification; iv) cautionary measures (temporary suspension of a conduct during the course of an investigation to prevent irreversible damage to the markets); v) early termination (in cases of abuse of dominance a fine reduction or the withdrawal of any charges by the authority may happen in exchange of commitments to cease the conduct and/or restore competition conditions in the market); vi) oral hearings; vii) simplification of mergers notification; viii) upgrading of the leniency program (extended to employees of the firms involved in cartel offenses); ix) additional transparency and accountability obligation (impact assessment reporting and the issuance of technical criteria); and x) creation of specialized tribunals in competition issues to review the Mexican Federal Competition Commission's resolutions (to be fleshed out in future legislative process).

Government Procurement

Mexico's government procurement system includes domestic public tenders and international public tenders. The domestic public tenders are only open for Mexicans and the goods must have at least 50 percent of domestic content. The international public tenders are either open to only Mexicans and those from signatory parties with a government procurement chapter in an FTA; or open to any party regardless of origin.

Deregulation/Regulatory Review

The Regulatory Improvement Federal Commission (COFEMER) is in charge of coordinating and supervising regulatory reforms in Mexico. By law, all Federal Ministries and agencies have to formulate and submit a regulatory reform program to COFEMER for consideration. Subsequently, COFEMER submits its opinion to these institutions on the reform proposals. COFEMER also works jointly with state and municipal governments to build legal frameworks to promote competitiveness in a transparent environment.

Mexico is implementing the Rapid Business Start-Up System which simplifies the process to start a business. Through this system, low-cost businesses may start a business in a maximum time of 72 hours.

Transparency

All laws, regulations, procedures and administrative rulings of general application are published daily at the Official Gazette of the Federation, which is not only available in print, but also is available in electronic format via internet.

RTA/FTAs

As at the end of 2011, Mexico had already in place a network of RTA/FTAs with 43 economies. Mexico already liberalized around 95 percent to 100 percent of its tariff lines under these agreements, with the exception of the Economic Partnership Agreement with Japan, in which phase-out periods are still in place.

Mexico signed an FTA with Peru, which entered into force in February 2012. In addition, the FTA with Central America (unique process in which three FTAs were merged into one) was approved by the Mexican Congress in December 2011.