As of February 28, 1979 the tariff listed 7,455 items. Ad valorem duty rates range from 0 to 100 percent, becoming progressively higher as they move from raw materials to luxury products (Table 10). If a product can be completely or partially substituted by local industry, the official "rule of thumb" is that tariffs are set at 30-40 percent, with higher rates levied on dumped products or on those benefitting from other unfair pricing practices. Further processed goods generally receive higher tariffs, especially in the case of consumer products whose rates vary from 50 percent for basic goods to 100 percent for those in the luxury class.

Most items in the tariff are subject to a 2 percent surtax with the exception of some 360 items. Imports are also assessed a tax of 3 percent of the amount of the duty. A number of private sector luxury imports are subject to compensated interchange surcharge ranging from 1.5 percent to 17 percent, while on public sector imports it is 1 percent. Most imports are also subject to a value-added tax (VAT) of 10 percent based on customs value and tariff with the exception of a few products such as basic foods, agricultural machinery and equipment, fertilizers, and books and periodicals.

Traditionally, Mexico has operated a system of official prices to determine a uniform dutiable base, a system which constituted a significant restriction to trade. However, to complement the import permit liberalization measures in the late 1970's, a customs valuation scheme was put in force on July 1, 1979 which determines, as a basic criterion for merchandise valuation, the normal value of goods on an F.O.B. basis. However, for products which could damage domestic industry or the national economy, official prices may be established as a minimum dutiable value to be used in determining duties. The change has resulted in higher import duties in some instances, especially with intra-company transfers, and has put an effective end to double invoicing. Official prices are maintained for approximately 800 items, representing 6 percent of the total value of imports, and act as anti-dumping safeguards.

Continued, gradual elimination of prior import license requirements in favour of tariff protection is forecasted except for products under government control, certain capital goods with national production projects of limited duration, products under import quotas, controls to prevent massive purchases, licenses for national defence or security considerations or for health/sanitary reasons, and products of industries extremely sensitive to import penetration. However, although the Mexican government has moved to increase the number of items not requiring import licences from 1,098