

All customs duties are paid by the Mexican importer or by a customs broker on his behalf at the time the goods clear Mexican customs. The goods will not be released until the importer or the customs broker presents the import declaration proving payment of import duties and other taxes.

Mexican companies or individuals involved in exporting can, in some cases, be eligible for a refund or drawback of duties or taxes paid on imports of raw materials, parts and components incorporated into merchandise for export. Components and raw materials imported for use in the in-bond (maquiladora) industry are also exempt from duties. The items eligible for these duty drawbacks change often and importers must meet complex requirements to qualify for these benefits. It is therefore important to check with the importer and the customs broker for specific product information.

Mexico's border zones, including 20 kms along the U.S.-Mexico border and the Mexico-Guatemala border, and the ports of Cancún, Cozumel, Chetumal and La Paz are considered free trade zones. These measures were taken to avoid supply problems to these areas by the centralized Mexican distribution system. When entering these zones, certain products are exempted of certain or all taxes and duties and import permit requirements. Products vary from location to location and from time to time. It is therefore necessary to check on current regulations when exporting to these areas.

III. EXCHANGE CONTROLS

In December 1982, the Mexican government established a dual foreign exchange regime, in which a controlled rate and a free rate were determined. All imports, both temporary and definite, except those made by the in-bond or maquiladora industry, are included in the controlled exchange market. At present, the free and controlled rates only differ by Mex\$45 pesos (1.6%) and therefore there is effectively no exchange control. The controlled rate is also used as an economic indicator to signal the equilibrium rate. Small trade transactions are usually made using the free rate to avoid the necessary formalities. The bulk of transactions, however, is made with the controlled rate.

The foreign currency amount to which the importer is entitled is the commercial invoice value of the goods to be imported, plus expenses associated to the importation, if they do not exceed 6% of the F.O.B. value (3). In order to obtain the currency, the importer needs to certify that the amount will be used to pay for imports, or their associated expenses, through a Certificate of Use or Refund of Foreign Currency (Compromiso de Uso o Devolución de Divisas CUDD) before his local bank. The bank provides the currency amount applied for and the importer needs to bring the merchandise into the country within the following 180 days (an extension can be obtained). In case the importer does not use the total amount applied for, the remainder must be returned to the bank for its refund in Mexican pesos.

IV. CUSTOMS BROKERS

According to Mexican Law, all imports valued at more than U.S.\$1,000 dollars need to be handled by a Mexican customs broker, since only they are authorized to make a petition for import (pedimento aduanal) when the goods reach the country. The

3. In certain cases, a larger amount of importation expenses are payable under the controlled exchange provisions.