

In the case of used machinery, equipment or cars, a valuation letter must be issued by the exporter to the importer or 'to whom it may concern' showing a full description of the equipment or product, the number of years it has been used, the original cost and the present cost of a similar item (3). This letter needs to be legalized abroad and endorsed by a Mexican Consul (see Appendix 5).

The prior import permit, as the license is officially called, is issued by the Secretariat of Commerce and Industrial Development (Secretaría de Comercio y Fomento Industrial SECOFI). The usual criterion for the issuance of an import license is that the goods, or a close substitute thereof, are not currently manufactured or available in Mexico, or only at a substantial disadvantage to the buyer. The application is considered by one or more committees within the Secretariat, which often also rely on industry chambers and associations for advice, and on other Secretariats depending on the items to be imported. The import license must be applied for by the Mexican importer or purchaser. The applicant must be registered with the National Register of Importers and Exporters. This register now corresponds to the tax register (Registro Federal de Causantes). The filled out application form must be accompanied by the invoice (or a pro forma invoice or a letter from the applicants describing the goods) and a catalog of the product. Processing time for import license applications is usually between one and two months. Licenses are valid for nine months. Exporters should avoid shipping until the issuance of the license has been confirmed.

II. TARIFFS AND TAXES

Since December 1987, the maximum ad valorem import duty rate was set at 20% on the F.O.B. invoice value. Duty rates range from 0% to 5%, 10%, 15% and 20%. No intermediary rates are applicable. Mexico uses the Harmonized System of Tariff Nomenclature and applies its tariffs on a non-discriminatory basis, with the exception of preferential duty rates offered to members of the Latin American Integration Association (LAIA or Asociación Latinoamericana de Integración ALADI) (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela). A certificate of origin, certified by the Mexican Consul, is necessary when goods are imported from one of the LAIA countries.

3. Since often no similar equipment or machinery is presently manufactured and the new items have electronic or other state-of-the-art components and are therefore much more expensive, the present valuation should not be based on the cost of the new model, but on an estimated cost of the old machinery if it was to be sold new today. This is important, since import duties are calculated based on this cost.