

Trading With Mexico

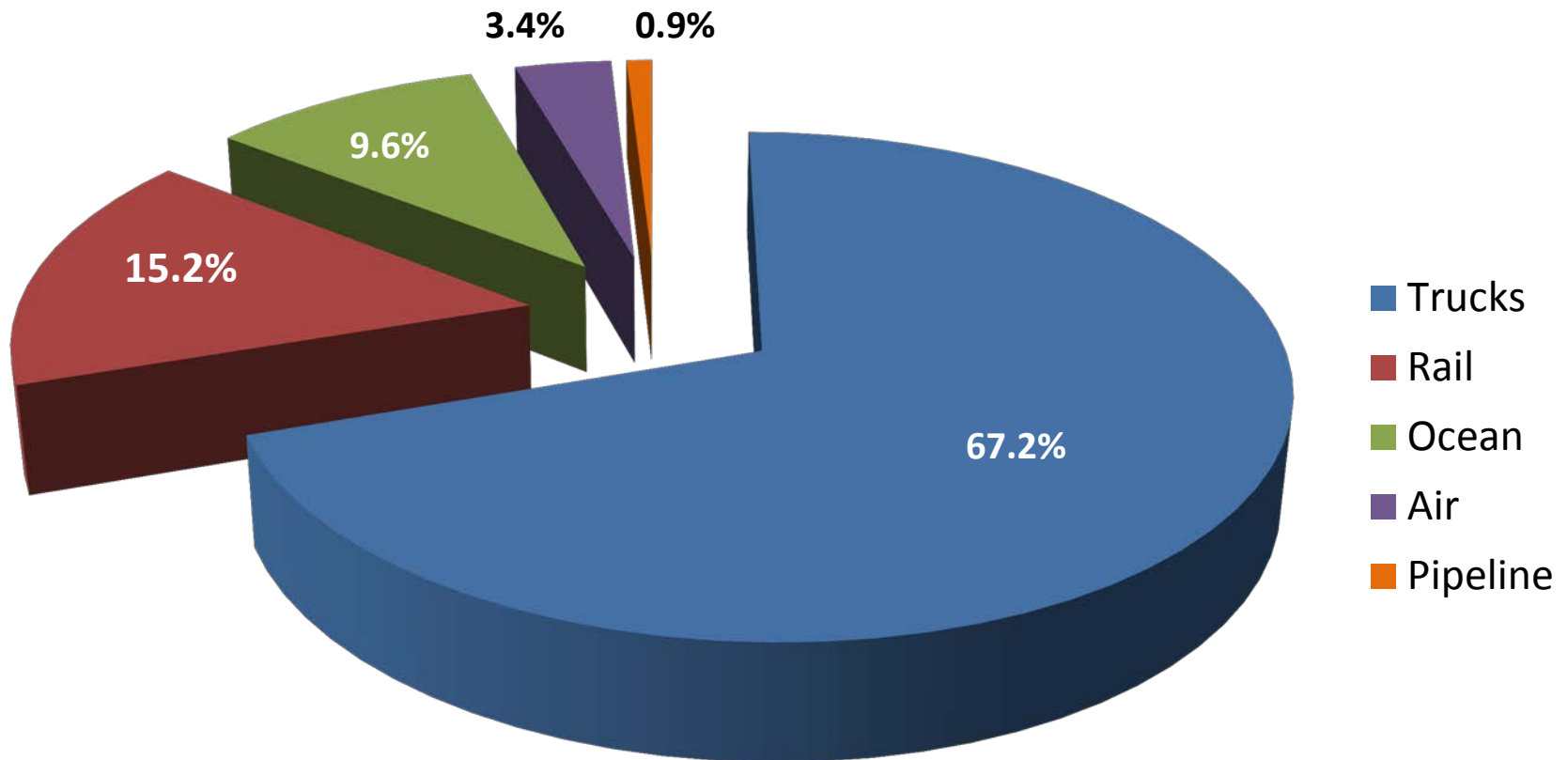
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***Value of commodities moved by pipeline increased by 66.1%**

- **Involved parties:**
 - **Importer** (consignee, recipient, owner, designated agent)
 - **Customs broker**
 - **Customs** (SAT/Tax Administration Service)
 - **Transportation companies** (linehaul carrier, drayage carrier, logistics company)
 - **Others** involved in handling, storing, etc. of foreign trade goods (**freight forwarder, warehousemen**)

- Customs clearance
 - Acts and formalities must be satisfied prior to or upon the entry of goods into Mexican territory.
 - To be performed before the Customs House (***Aduana***) at the port of entry into Mexico.
 - Formalities may vary according to the traffic mode and applicable customs regimes.

- Preliminary steps
 - Compliance with non-tariff requirements - (certificates of compliance with “NOMS” (official Mexican standards), labeling & phytosanitary inspections/certificates)
 - Responsible Party: Importer; freight forwarder, or other designated agent

- Electronic transmission to Customs of cargo and transportation information (general rules):
- To chambers of commerce or sector associations
 - **Maritime Shipping Companies:**
 - 24 hours before loading at origin
 - **International Forwarders:**
 - 24 hours after the ship has sailed

- Electronic transmission to Customs of cargo and transportation information (general rules):
- To Customs
 - **Air Carriers**
 - Before departure (America) or
 - 4 hours prior to landing (rest of the world)
 - **Railroads:**
 - Prior to arrival to the customs house of exit (12- 2 hours before)
- No motor carrier requirements

- Verification of documents (invoice, bill of lading, certificate of origin, packing list, etc.) vs. goods
 - Customs broker

- Elaboration of COVE (proof of electronic customs value) -Electronic signature required
 - Customs broker

- Determination of importation duties and taxes to be paid upon importation
 - Customs broker

Preliminary Steps (cont'd)

- Preparation of import declaration
 - Customs broker
- Bank account funding (for duties payment)
 - Importer
- Electronic submission of import declaration via VUCEM (International Trade Single Window) (Electronic signature required)
 - Customs broker
- COVE, Certificate of Origin, Bill of Lading, qualifying certificates, etc. must be submitted/transmitted to Customs
 - Customs broker

- Electronic verification and authorization of import declaration - **Customs authorities** through Customs Electronic Service (SEA)
- Duties and Taxes Payment through Customs Electronic Payments System - **Importer**

- Once payment performed, goods physically submitted to Customs for verification - **Customs broker**
- Upon physical submission, automated random selection system activated, determining whether shipment will be inspected or not - **Customs**
- If selected for inspection, import declaration and other documents are verified to detect inconsistencies - **Customs**

- Depending on the specific product and its tariff classification, **Importer** must comply with particular regulations like:
 - Zoosanitary (animal health certificate) or phytosanitary (plant health control certificates) (**SENASICA**)
 - Sanitary authorization (**COFEPRIS**)
 - Aquatic health certificate
 - CITES certificate, environmental authorization (**SEMARNAT**) & environmental inspection (**PROFEPA**)

Clearance of Hazardous materials

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- When transmitting cargo and transportation information, class, division, UN No. & emergency telephone must be provided – **Shipper & Carrier**
- Customs entry (Importation declaration) must also indicate class, division, UN No. & emergency telephone
- Material safety data sheets must be presented at time of cargo verification

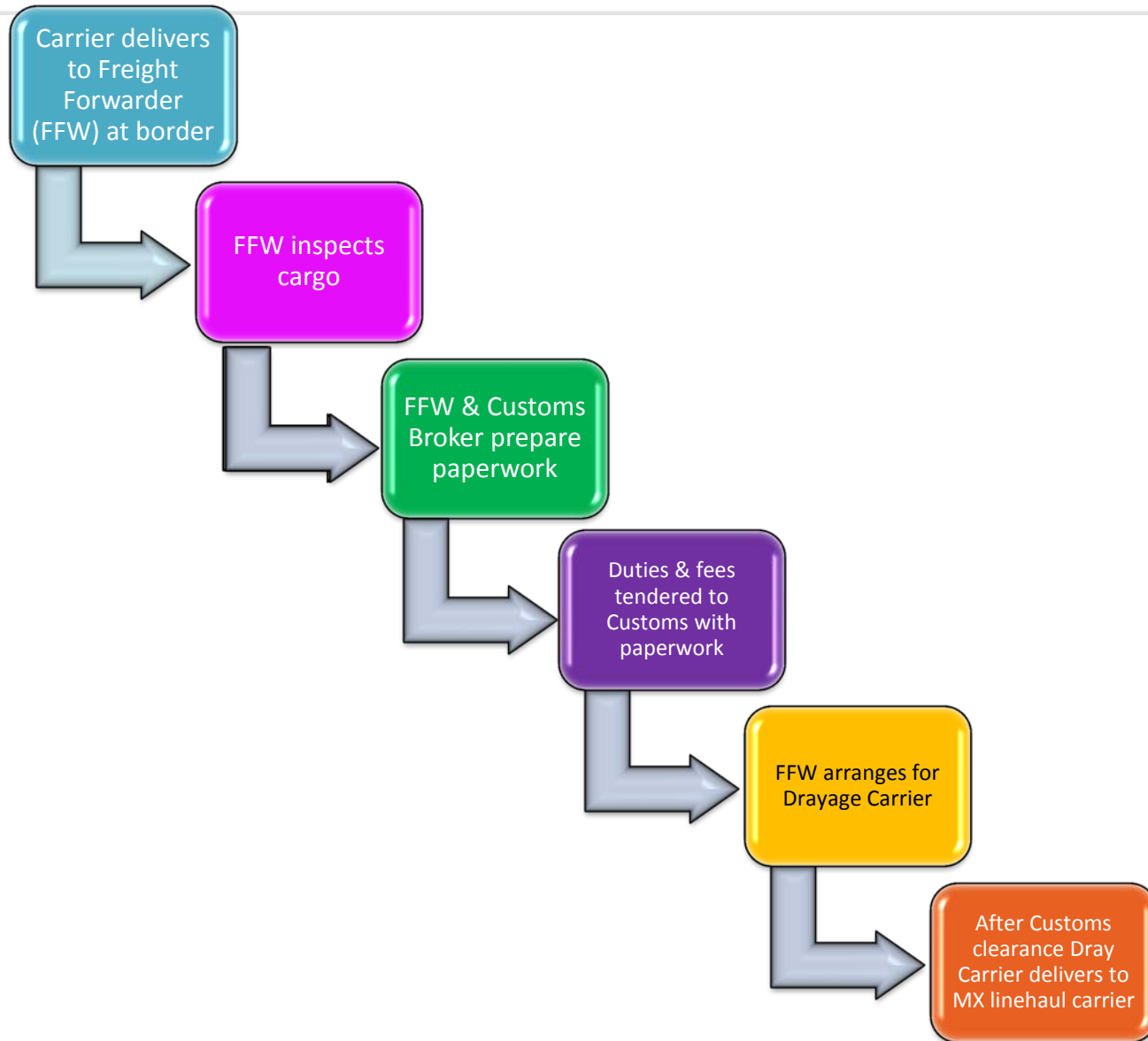
- ***When materials require special facilities or equipment in order to obtain samples*** for customs analysis, **Importer** obligated to provide samples in advance (Customs won't extract samples)
- Exemption available if Importer registered with the Dangerous and Hazardous Goods Sampling Registry

- Goods should be kept at in-bond facilities within Customs premises by **Importers / Customs brokers**, during clearance process
- Not all in-bond warehouses are equipped to handle hazardous materials or perishable food products
- Hazardous and dangerous materials must be stored in suitable and safe places

- When goods are not extracted from in-bond facilities for clearance purposes, they will be deemed abandoned in favor of the Mexican Treasury:
 - 2 months (general rule)
 - 3 days: hazardous and dangerous materials, as well as perishable food products, among others

Southbound Transportation Flow

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- Mexican federal authorization (**SCT**) required for carriers to enter Mexico on cross-border basis (not available for HazMat carriers)
- Use of drayage companies
- SCT prescribes insurance levels & safety requirements

- Air & Maritime cargo liability – per international conventions
- Limited cargo liability for surface carriers ...

Surface Carriers' Mexican Cargo Liability

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- Applicable Mexican Law: *Ley de Caminos Puentes y Autotransporte Federal* (*Diario Oficial* Dec. 22, 1993)
- Responsible for value of cargo up to amount declared, if declared in advance & agreement reached to pay for additional charges required to secure insurance coverage for such value

Questions?

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