

WORLD TRADE ORGANIZATION

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Committee on Subsidies and
Countervailing Measures

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SUBSIDIES

Updating and New and Full Notifications Pursuant to Article XVI:1 of
the GATT 1994 and Article 25 of the SCM Agreement

MEXICO

The following communication, dated 19 October 1998, has been received from the Permanent Mission of Mexico.

Pursuant to Article XVI, paragraph 1, of the General Agreement on Tariffs and Trade 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures (hereinafter referred to as the "Subsidies Agreement"), Mexico hereby submits an updating of its notification concerning the subsidies that it is currently maintaining.

1. Title of subsidy programme, if relevant, or brief description or identification of the subsidy

Programme of Temporary Imports to Produce Export Goods (PITEX).

2. Period covered by the notification

June 1996 - May 1997.
June 1997 - May 1998.

3. Policy objective and/or purpose of the subsidy

The programme has been created to enable domestic producers of goods for export to import on a temporary basis, without paying foreign trade duties or compensatory fees, machinery and equipment, instruments, moulds and tools intended for the production process: equipment for the handling of materials directly connected with export goods; apparatus, equipment and accessories for research, industrial safety, quality control, communications, staff training and electronic data processing, and for the prevention and control of environmental contamination, and other imports connected with the export goods production process.

4. Background and authority for the subsidy (including identification of the legislation under which it is granted)

The programme is governed by the provisions of the Decree Establishing Programmes of Temporary Imports to Produce Export Goods, Article 5, Sections IV and V and other applicable

provisions, and of the Decree Amending and Supplementing the Decree Establishing Programmes of Temporary Imports to Produce Export Goods, published in the Official Journal of 3 May 1990 and 11 May 1995, respectively.

5. Form of the subsidy (i.e. grant, loan, tax concession, etc.)

Importation under the temporary duty-free-admission regime, i.e. without payment of import duties, of machinery and equipment, instruments, moulds and tools intended for the production process; equipment for the handling of materials directly connected with export goods; apparatus, equipment and accessories for research, industrial safety, quality control, communications, staff training and electronic data processing, and for the prevention and control of environmental contamination, and other imports connected with the export goods production process for the purpose of producing articles for export.

6. To whom and how the subsidy is provided (whether to producers, to exporters or others, through what mechanism; whether a fixed sum or fluctuating amount per unit; if the latter, how determined)

The aforementioned programme applies to exporters who have annual sales abroad to a minimum value of 30 per cent of their total sales and who are classified for the purpose as:

- (a) Direct exporters - natural and legal persons established in the country who produce non-oil goods and export directly; and
- (b) Indirect exporters - suppliers of inputs incorporated into products to be sold abroad by firms in the National In-Bond (Maquiladora) Industry Register, firms registered as having a Programme of Temporary Imports to Produce Export Goods (PITEX) and firms on the Register of Foreign Trade Enterprises.

The percentage referred to in the previous paragraph can also be calculated with respect to specific export plants or projects, in which case the programme will apply only to those plants or projects.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit). Where provision of per unit subsidy information (for the year covered by the notification, the previous year, or both) is not possible, a full explanation.

Pursuant to Article 25.4 of the Subsidies Agreement, Mexico wishes to state that, because the notified programme consists of temporary import, free from the payment of import duties, it cannot be budgeted since it is not possible to determine the quantity of goods which enter Mexican territory in a given year. On the other hand, it is not possible either to obtain figures per unit or the total amount corresponding to this programme for the year covered by the notification or the previous year, since the Ministry of Finance and Public Credit (responsible for maintaining the registers) keeps in a single account all the data concerning temporary imports, including those under the programme being reported. It is not possible to break this information down.

8. Duration of the subsidy and/or any other time limits attached to it, including the date of inception/commencement.

Indefinite. It will be adjusted to the international obligations of Mexico, particularly to Article 27 of the WTO Subsidies Agreement.

9. Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such data is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s).

For the reasons indicated under item 7 above, the information requested is not available and, accordingly, cannot be provided.
