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Summary

The duty drawback program is designed for Mexican companies that import products from the U.S. – typically raw materials or component parts. It allows Mexican importers to claim refunds of duties paid on those imports, which typically are processed and assembled into a finished product, that are exported out of Mexico. The program benefits also apply to products and/or equipment that need to be repaired or modified after they have been imported under the definitive import regime.

In almost all the cases, the Mexican buyer is responsible for obtaining permits, making payments to Mexican authorities, and contracting a Mexican custom broker agent. It is also true that it is very useful for U.S. exporters to understand the basics of the Mexican import process.

Learning about the Mexican import process and programs may provide the U.S. exporter a key advantage over competitors. Why? Because understanding how the process works for your Mexican partner, combined with clear channels of communication, can limit potential problems – including delays.

What is the DRAWBACK Program?

The Drawback Program in Mexico is based on the “decree that establishes the import duty refund to Mexican importers that export”.

It allows beneficiaries to recover the **general import duty** (GID) paid in the importation of the following items:

- Inputs, raw materials, parts and components, packaging and containers, fuel, lubricants and other materials incorporated into the product exported
- Goods that are returned in the same physical condition
- Goods used for repair or alteration

To benefit from this program, goods imported by a Mexican company, must be exported within a year from the date in which they were initially imported.

Products subject to Drawback benefits

- Inputs originating according North America Free Trade Agreement (NAFTA) criteria, which have been incorporated into products exported to the United States (U.S.) or Canada.
- Goods which have been exported under the same physical conditions in which they were imported in Mexico.
- Inputs incorporated into goods exported to countries different from the U.S. or Canada.
- Goods from the U.S. or Canada, which will be repaired or altered in Mexico and subsequently they will be exported to the same country of import.

How to apply for Drawback benefits

Mexican importers must submit to the Ministry of Economy the application form SE-03-001, attaching the import declaration (“pedimento”) for the goods, as well as the export “pedimento”, among other documents. You can find more information and the official forms and formats on: <http://www.economia.gob.mx/comunidad-negocios/industria-y-comercio/instrumentos-de-comercio-exterior/draw-back>

The application must be submitted during the 12 months following the date of the import “pedimento” and within 90 working days from the date of the export “pedimento” or the document certifying the transfer, as appropriate.

How to obtain Drawback’s benefit for companies located in the U.S.

According to the U.S. Customs and Border Protection, The NAFTA provisions on drawback and duty deferral applies to goods imported into the U.S. and subsequently exported to the other country (i.e., Canada or the U.S.) on or after January 1, 1996.

The NAFTA provisions on drawback and duty deferral applies to goods imported into Canada or the U.S. and subsequently exported to Mexico, or imported into Mexico and subsequently exported to Canada or the U.S., on or after January 1, 2001.

Under NAFTA, the amount of customs duties that will be refunded, reduced or waived is the lesser of the total amount of customs duties paid or owed on the goods or materials when imported into a NAFTA country and the total amount of customs duties paid or owed on the finished good in the NAFTA country to which it is exported.

For exports to Mexico, the Mexican Customs form “pedimento” must be kept to establish proof of export in order to apply for Drawback program benefits.

Caution before sending products to Mexico

It is highly recommended that U.S. exporters verify the full set of import requirements with their foreign customers, who are normally best equipped to research such matters with local authorities, before any goods are shipped. Final import approval of any product is subject to the importing country's rules and regulations as interpreted by border officials at the time of product entry. Remember, each trade operation in Mexico still requires a custom broker to facilitate the transaction. A Mexican Customs Broker Agent remains the only authorized entity who can validate the customs declaration.

Solving Problems at Mexican Ports

In the event that a shipment is detained or rejected, or if exporters have a general questions, the U.S. Commercial Service in Monterrey, Mexico, can assist them in clarifying problems and determining how best to proceed in resolving the issue.

Disclaimer

Every effort has been made to ensure the accuracy of this document at the time of publication, but the comments herein are necessarily of a general nature, and for information purposes only. Information is subject to change as regulatory requirements change. Readers are urged to seek specific advice on matters of concern to their specific needs.

Resources & Contacts

U.S. Government

U.S. Commercial Service: www.BuyUSA.gov/mexico
U. S. Department of Commerce: www.export.gov/mexico
U.S. Trade Representative: www.ustr.gov
Trade Information Center: www.trade.gov/td/tic
CBP – U.S. Customs and Border Protection: www.cbp.gov

Mexico Government

Drawback Program Official Website: <http://www.economia.gob.mx/comunidad-negocios/industria-y-comercio/instrumentos-de-comercio-exterior/draw-back>

Mexican Customs Agency:

http://www.sat.gob.mx/aduanas/importando_exportando/Paginas/default.aspx

Tax Administration Service (SAT): www.sat.gob.mx

Secretariat of the Economy: www.economia.gob.mx

For More Information:

The U.S. Commercial Service in Monterrey, Mexico can be contacted via e-mail at: Manuel.Velazquez@trade.gov Phone: +5281 8047-3124; Fax: +5281 8047-3124; or visit our website: www.BuyUSA.gov/mexico

The U.S. Commercial Service — Your Global Business Partner

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Comments and Suggestions: We welcome your comments and suggestions regarding this market research. You can e-mail us your comments/suggestions to: Customer.Care@trade.gov Please include the name of the applicable market research in your e-mail. We greatly appreciate your feedback.

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