

# New Business Opportunities in Mexico for Textile and Apparel Exporters

December 7, 2016





# Mexico Textile & Apparel Imports, 2015

HS Commodity	Description	Value (USD millions)	% of Imports	% Change 2015/2014
50-63	Textiles and Apparel	\$10,508.7	100.0%	+1.7%
61	Apparel Articles And Accessories, Knit Or Crochet	\$1,864.4	17.7%	+6.8%
62	Apparel Articles And Accessories, Not Knit Etc.	\$1,597.4	15.2%	+4.2%
54	Manmade Filaments, Including Yarns & Woven Fabrics	\$1,155.8	11.0%	+9.5%
59	Impregnated Etc Text Fabrics; Tex Art For Industry	\$1,133.8	10.8%	-2.2%
52	Cotton, Including Yarn And Woven Fabric Thereof	\$1,044.3	9.9%	-9.1%
56	Wadding, Felt Etc; Sp Yarn; Twine, Ropes Etc.	\$841.9	8.0%	+3.3%
60	Knitted Or Crocheted Fabrics	\$806.3	7.7%	+7.5%

Source of Data: INEGI [2006-present]



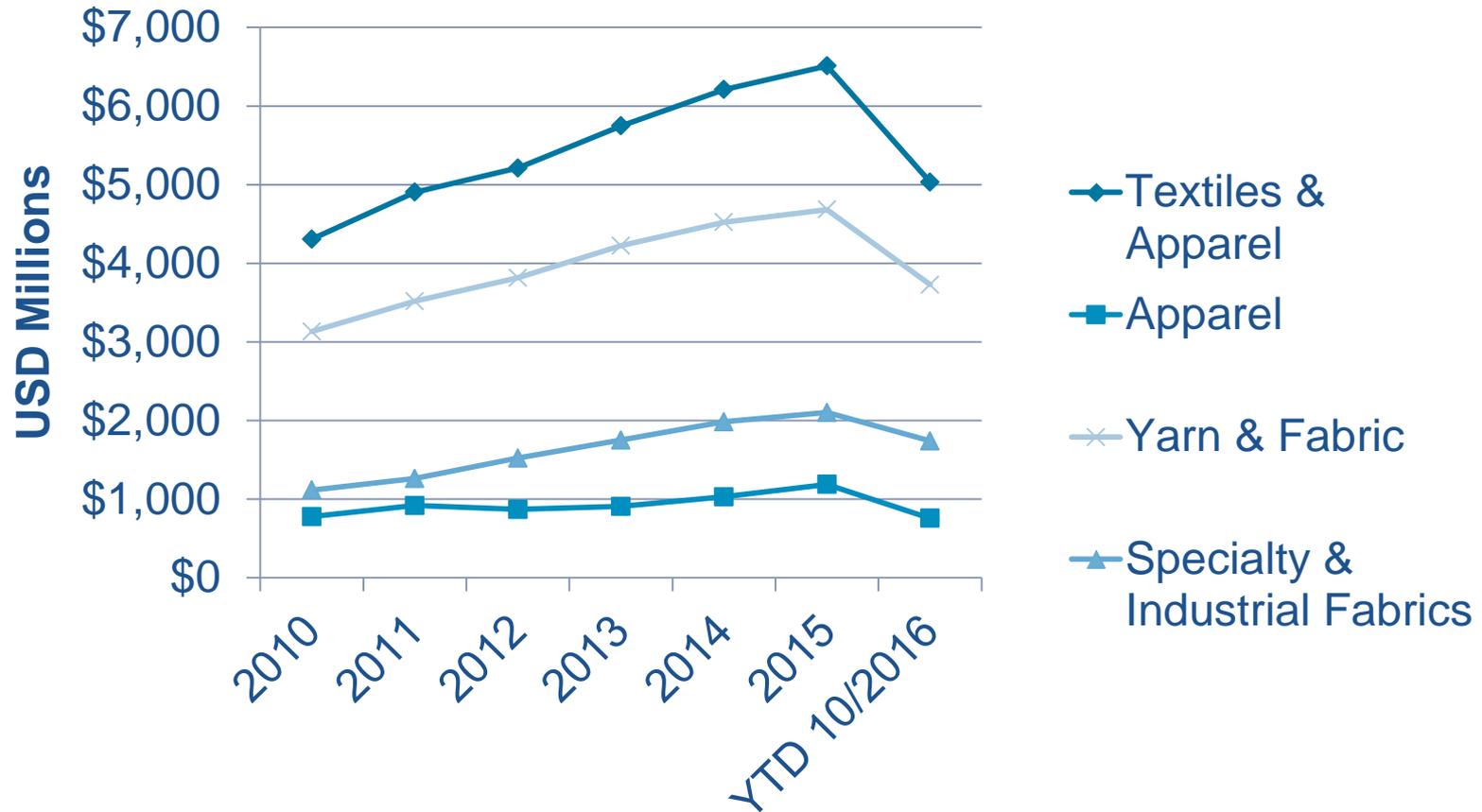
# U.S. Textile & Apparel Exports to Mexico

Commodity Description	Last 12 months through 10-2016 (USD millions)	Percent Change 10-2016/10-2015	Percent of U.S. Exports
Textiles and Apparel	\$5,976.7	-8.6%	26.7%
Apparel	\$919.6	-23.9%	16.2%
Yarn	\$5,057.1	-5.2%	30.3%
Fabric	\$591.9	-12.4%	13.1%
Specialty & Industrial Fabrics	\$3,816.7	-5.0%	44.5%
Made-Up Articles	\$648.6	+1.7%	18.2%

Source of Data: OTEXA



# U.S. Exports to Mexico 2010-Present



Source of Data: OTEXA



# Exporting to Mexico: The NAFTA Benefit

## Textile and Apparel Provisions

- Duty free market access = no tariffs!
  - General Rule of Origin: “Yarn-forward”
- Tariff Preference Levels (TPLs)
- Customs Cooperation (anti fraud)





# SAT Verification of Origin Audits

- Focus on textiles & apparel began in 2011 in an effort to combat illegal transshipment.
- Many affected companies contacted USG to request assistance because of the broad scope and nature of the documentation SAT requested.
- In February 2012, SAT committed to adopt an improved, less burdensome process for audits.
- New procedures have been implemented on a case-by-case basis, including the use of “selective sampling.”

# SAT Audits: Best Practices

- Keep all documentation related to NAFTA transactions on file for at least 5 years.
- Read the letter carefully and contact SAT immediately with any questions.
- Respond within the designated timeframe (usually 30 calendar days).
- Ask the designated SAT contact person if your company is eligible for an audit under streamlined procedures, which include the use of selective sampling on a case by case basis.
- Keep detailed records of all communications with SAT.





# Online Resources

- NAFTA Verification/Audit Manual:  
<https://www.cbp.gov/trade/nafta/verification-audit-manual>
- SAT Verification of Origin Website:  
[http://www.sat.gob.mx/verificaciondeorigen/Paginas/default\\_eng.htm](http://www.sat.gob.mx/verificaciondeorigen/Paginas/default_eng.htm)





# Mexico's Import Measures for Textiles, Apparel, and Footwear

- Introduced in late 2014
- 6 major elements
  - Registration in national registry of importers (“Padrón Sectorial”)
  - Automatic import licensing
  - Establishment of estimated price catalog
  - Monitoring of importers with prior history of undervaluation
  - 10-digit HTS classifications for all textiles/apparel
  - Tariff cuts on 80 HTS lines delayed until January 1, 2019
- NAFTA-qualifying goods are exempt





# Early Concerns & Current Status

- Early concerns
  - Delays in obtaining automatic import licenses
  - Problems with importer registration
  - Uneven enforcement depending on port of entry
  - Estimated prices too high
- Current status
  - Importer registrations and automatic import licenses now seem to be issued in timely manner
  - 10 digit HTS codes still pending action by Mexican Congress
- **WE NEED YOUR HELP!** Please contact us if you continue to experience problems when shipping to Mexico.



# OTEXA Website: Your Textile and Apparel Resource

- Trade Data
  - U.S. Imports
  - U.S. Exports
  - FTA Data
  - Trade Preference Programs
- Free Trade Agreements
  - Summary of the Agreements
  - Legal Texts and Documents
  - Trade Data
  - Safeguards
  - Commercial Availability
- Trade Preference Programs
  - AGOA
  - CBTPA
  - HOPE Act
- Export Information

<http://otexa.trade.gov>

The screenshot shows the OTEXA website homepage. At the top, there is a navigation bar with links for 'Contact Us', 'About OTEXA', 'Site Map', and 'Home'. The main header reads 'OFFICE OF TEXTILES AND APPAREL (OTEXA)'. Below this, there are several sections: 'Trade Data' (Textiles and Apparel, Footwear, Leather & Travel Goods, The Textile Correlation), 'Trade Agreements' (Free Trade Agreements, CAFTA-DR, FTAs, Cumulation, Trade Preference Programs, AGOA, ATPDEA, CBTPA, Haiti, U.S. Imports/TRQs, Earned Import Allowance, Dem. Rep. 2 x 1, Haiti 2 x 1, Commercial Availability, Australia FTA, Bahrain FTA, CAFTA-DR, Colombia TPA, Korea FTA, NAFTA, Peru TPA, Singapore FTA, AGOA/ATPDEA/CBTPA, Wool TRQ, QIZs), 'Export Information' (Export Opportunities), 'Announcements' (dated Monday, Nov. 4, 2013 4:02:08 PM), 'Free Trade Agreements' (Summary of the Agreements, Legal Texts and Documents, Trade Data, Safeguards, Commercial Availability), and 'Export Information' (Export Opportunities, Going Global Guide, OTEXA Trade Events, Market Reports/Tariffs, Hot Issues). There is also a 'Trade Preference Programs' section at the bottom.

# Mexico Market Report



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**TRADE**  
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## OFFICE OF TEXTILES AND APPAREL (OTEXA)

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### Trade Data

Textiles and Apparel  
Footwear, Leather & Travel Goods  
The Textile Correlation

### Trade Agreements

Free Trade Agreements  
CAFTA-DR  
TPLs  
Cumulation  
Trade Preference Programs  
AGOA  
ATPDEA  
CBTPA  
Haiti  
U.S. Imports/TRQs  
Earned Import Allowance  
Dom. Rep. 2 x 1  
Haiti 2 x 1  
Commercial Availability  
Australia FTA  
Bahrain FTA  
CAFTA-DR  
Chile FTA  
Colombia TPA  
Korea FTA  
----- FTA

## Market Reports/Tariffs Textiles, Apparel, Footwear and Travel Goods

### Mexico

- » [Import Tariffs](#)
- » [Documentation/Procedures](#)
- » [Restrictions](#)
- » [Standards](#)
- » [Labeling](#)
- » [Intellectual Property Rights](#)
- » [Market Information](#)

Last updated on 04/30/2015

If you have any questions about the following information, please contact Laurie Mease at the U.S. Department of Commerce- Office of Textiles and Apparel at 202-482-3400 or click [here](#) for e-mail access.

**\*\*The following information is provided only as a guide and should be confirmed with the proper authorities before embarking on any export activities.\*\***

### Import Tariffs - Mexico

Textile and apparel goods manufactured in the United States enter Mexico duty free under the North American Free Trade Agreement (NAFTA) if they qualify under the rules of the Agreement. For more information see [NAFTA in the FTA section](#)



# NAFTA Summary



## OFFICE OF TEXTILES AND APPAREL (OTEXA)

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[FTA Home](#)

[Australia](#)

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[CAFTA-DR](#)

[Chile](#)

[Colombia](#)

[Israel](#)

[Jordan](#)

[Korea](#)

[Morocco](#)

[NAFTA](#)

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[OTEXA Home](#)

### Free Trade Agreements

#### Summary of the North American Free Trade Agreement

**\*\*The information presented on this website is meant to serve as a guide. Only the agreement text and the customs regulations issued to implement the agreement are definitive. For complex issues or where interpretation is required, U.S. exporters should seek legal assistance or an advanced ruling from the customs administration in the country to which they are exporting.\*\***

If you have any questions about this Agreement, please contact Laurie Mease at the U.S. Department of Commerce Office of Textiles and Apparel at 202-482-3400 or by [email](#).

Status: Implemented January 1, 1994

#### ***How U.S. Textile and Apparel Companies Benefit***

The North American Free Trade Agreement (NAFTA) is a trade agreement among the United States, Canada, and Mexico that liberalizes restrictions on trade among the three countries. Under the NAFTA, U.S. textile and apparel exporters benefit from duty-free entry on all qualifying products into Canada and Mexico, the two largest export markets for U.S. textile and apparel products. NAFTA promotes opportunities for U.S. fiber, textile and clothing manufacturers to expand sales and increase production, to make full use of economies of scale and take advantage of complementary resources in the three countries to enhance export potential.

#### **Tariff Elimination**

Under the NAFTA, qualifying U.S. textile, apparel, footwear, leather and travel goods enter into Canada and Mexico duty-free. To qualify for duty-free entry, these products must meet origin criteria as set out in the Agreement (see Qualifying Products/Rules of Origin section below). However, for textile and apparel products, there are exceptions to the basic rules. One such example is the Tariff Preference Levels (TPLs), which were developed primarily to alleviate short supply problems, especially as they relate to manufacturers' inputs.

Tariff Preference Levels--TPLs provide duty-free access for specified quantities of yarns, fabrics, apparel and made-up textile goods that do not meet the origin criteria (i.e., non-originating goods), but that are subject to significant processing in one or more NAFTA countries. The TPLs are agreed upon annual levels that vary by product and by NAFTA Partner as



# Thank You

Robert Carrigg, OTEXA

202-482-2573

[Robert.Carrigg@trade.gov](mailto:Robert.Carrigg@trade.gov)

Sylvia Montaña, USCS Mexico

011-52-55-51402633

[Sylvia.Montano@trade.gov](mailto:Sylvia.Montano@trade.gov)

Laurie Mease, OTEXA

202-482-2043

[Laurie.Mease@trade.gov](mailto:Laurie.Mease@trade.gov)

Lorie Gross, Show Director

ExpoProducción

404-334-4583

[Lorie.gross@Expodevco.com](mailto:Lorie.gross@Expodevco.com)



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