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*Mexico eliminates certain tariff preferences under NAFTA  
and increases tariffs on various products originating  
from the United States of America.*

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By executive order published today, Mexico proceeded to deny tariff preference under the North American Free Trade Agreement (NAFTA) and impose retaliatory tariffs on various products originating from the United States of America (U.S.), among which include flat steel (hot and cold sheet, including coated and certain pipes), lamps, pork shanks and blades, sausages and prepared foods, apples, grapes, blueberries and cheeses. The retaliatory tariff varies among 7%, 15%, 20% and 25% on the customs value and will be in force as of today and as long as the tariffs imposed by the U.S. on Mexican steel and aluminum stay in effect.

Essentially, Mexico considered that when the U.S. imposed tariffs on Mexican steel and aluminum it violated its international commitments regarding safeguards contained in various treaties including NAFTA, the General Agreement on Tariffs and Trade and the Agreement on Safeguards under the World Trade Organization. According to Mexico, such violation gives it the right to impose tariff measures on the U.S. with substantially equivalent effects.

Furthermore, in order to counteract the imminent increase in the imports of steel products to our country, as a result of the increase in U.S. tariffs, Mexico increased the tariffs on 186 tariff classifications of steel products, of the families of plates, sheet plate, rolled plate, cold rolled sheet, hot rolled sheet, wire rod, seamless pipes, seam pipes, coated sheet, rods and profiles.

Regardless of Mexico's arguments for imposing retaliatory tariffs, it must be verified that in its desire to stand firm in the international political sphere it has not violated its own international commitments. In Von Wobeser y Sierra, S.C. we are analyzing the possible alternatives for the imports that could be affected by this new measure.

The Executive Order, with the complete list of affected merchandise by tariff classification and new tariff can be consulted at the following link <http://www.leginfor.com.mx/sections/products/DiarioOficial/download2.aspx?y=2018&m=06&d=05&e=1&s=3&sc=1&g=DOF-LEYSDCYFI&p=1&t=1>.



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*To obtain additional information contact our experts:*

Luis Miguel Jiménez, Partner:  
+ 52 (55) 5258 1058, [lmjimenez@vwys.com.mx](mailto:lmjimenez@vwys.com.mx)

María de Lourdes Salazar y Vera, Associate:  
+ 52 (55) 5258 1058, [mlsalazar@vwys.com.mx](mailto:mlsalazar@vwys.com.mx)

Sincerely,

***Von Wobeser & Sierra, S.C.***

Mexico City, June 5<sup>th</sup>, 2018.