

Decree for the productivity, competitiveness and combat of undervaluation practices of the Shoe Industry.

Derived from the faculties of the President to legislate on Foreign Trade matters, for several administrations various measures have been implemented to protect certain industries that have a high regional impact and generate employment, such as the footwear industry.

As part of the National Development Plan for 2013-2018, dated August 29, 2014 published in the Official Gazette, the "Decree for the productivity, competitiveness and combat of undervaluation practices of the footwear industry" the "Decree" was published, its main purpose is to promote actions to increase the productivity of the footwear industry, as well as preventing and combating harmful business practices, such as the undervaluation in the importation of this product.

It is important to mention that undervaluation practices affect the performance of the domestic industry, causing parallel effects such as loss of jobs, low investment, growth of informal trade and less tax revenue.

Therefore, by means of this Decree it is expected that the Ministry of Finance and Taxes and the Ministry of Economy, to take actions by issuing general regulations and within the scope of its faculties, in order to increase productivity and competitiveness of the sector and to combat undervaluation practices, such as:

- To define measures to facilitate the access to financial support for productive projects of this industry.
- To promote and support integral schemes for the training, development and certification of entrepreneurs and labor force of the industry.
- To obtain relevant data for preventing, detecting and sanctioning undervaluation practices.
- To improve the risk analysis method, inclusively by means of designating authorized customs for the importation certain types of merchandise.
- To establish tariff and non-tariff regulations in importation, such as previous automated permits.
- To foresee mechanisms in order to monitor the customs value of the merchandise, even through the implementation of guarantees for securing the tax interest.

In addition to the above, the Ministry of Economy, upon request, will be able

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securing the tax interest.

In addition to the above, the Ministry of Economy, upon request, will be able to advise the Chambers of the Industry on the feasibility of requesting the initiation of an investigation on unfair foreign trade practices or safeguards.

Register of Sectorial Importers for the Shoe Industry.

On 29 August, 1 and 2 September 2014 the Ministry of Finance and Taxes published the General Rules on Foreign Trade Matters for 2014 with its attachments.

One of the major changes that had these rules in respect of those for 2013, is the obligation of the footwear importers to be part of the "Register of Sectorial Importers for the Shoe Industry."

Indeed, persons importing shoes or footwear products classified under several tariff from Chapter 64 of the Tariff of the General Law of Import and Export Tax, will be obliged to be part of the "Register of Sectorial Importers for the Footwear Industry."

This regulation will be effective immediately dated October 1st 2014.

Resolution amending that one that establishes the mechanism to guarantee the payment of taxes of merchandise subject to estimate prices by the Ministry of Finance and Taxes.

In connection with the above, on September 5, 2014 it was published in the Federal Official Gazette the "Resolution amending that one that establishes the mechanism to guarantee the payment of taxes of merchandise subject to estimate prices by the Ministry of Finance and Taxes.

This resolution has the following purposes:

- To publish the estimated applicable prices to several tariff codes from the footwear industry.
- To establish that the estimated prices may be used as reference by the Federal Government in exercise of their faculties.
- To foresee that the importers could choose a global guarantee covering a 6 months trial period instead of having to guarantee each operation.

Due to these changes it is important that persons and entities involved in the footwear industry, implement the measures needed in order to be able to continue their daily operations.

Members of Portilla Ruy-Díaz y Aguilar, S.C. will be pleased assisting you for the discussion and actions to implement for said purposes.

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