

Decree restricting temporary the importation of hydrocarbons

Mexico City, October 25, 2023

The Mexican government imposes limitations on the importation of certain fuels and hydrocarbons to fight the illicit fuel market as of October 23, 2023.

Through the recently enacted regulations, the Executive branch seeks to temporarily restrict the importation of certain fuels and hydrocarbons listed below, under the argument of fighting the illicit fuel market, preventing smuggling, as well as avoiding imminent injury to the environment, injury to the health and safety of the population near fuel handling centers, and negative impacts on private and public transportation vehicles:

- Fuels, mineral oils, and products of the high-temperature coal tar distillation
- Crude oils of petroleum or bituminous mineral: heavy, medium, light, and those not included in the previous three categories
- Non-crude oils of petroleum or bituminous mineral
- Light oils (and preparations)
- Vaseline, paraffin, and similar products
- Coke, bitumen, and other residues of petroleum oils
- Hydrocarbons and their halogenated, sulfonated, nitrated, or nitrosated derivatives
- Cyclic and acyclic hydrocarbons
- Alcohols and their derivatives (methanol, propane, among others)
- Ethers, alcohol peroxides, and similar products
- Biodiesel and its mixtures

Any interested party who needs to import any of the listed goods, must request and prove to the Undersecretariat of Hydrocarbons of the Ministry of Energy that the volume and purpose of the goods are necessary for the production process authorized as part of their business activities.

For those who, prior to the new regulations, held an import license for any of the goods referred to in the list, they may continue importing them. However, such authorized companies must inform the Undersecretariat of Hydrocarbons of the Ministry of Energy of their intention to

continue importing using those import licenses, and the operation must correspond to the previously authorized volumes and purposes and be necessary for conducting their production processes.

This new regulation was enacted by the Mexican State considering the urgency to take actions that ensure that hydrocarbons and goods that are routinely mixed and/or tainted comply with the specifications established in industrial and safety operational standards, environmental standards, and exposure to the population with high levels of environmental contamination, since their importation into the Country.

It is also pointed out that the improper use of hydrocarbons irregularly mixed with other additives, chemicals, or hydrocarbons of different nature leads to inefficient combustion in vehicle engines, causing highly harmful pollution to the population, ecosystems, and the ozone layer, in addition to making vehicles susceptible to risks of explosions, fires, spills, and gas emissions, although the regulation specifies that it is not meant to restrict the commercialization of gasoline and diesel as finished products that comply with applicable regulations, although its importation is indeed temporarily prohibited.

Upon the entering into effect of this import prohibition (October 24, 2023), the Ministries of Economy and Energy must implement non-tariff regulations and control measures upon the importation and traceability of the listed goods, within the following 10 business days.

Similarly, federal authorities are ordered to adjust the records, registries, physical or electronic systems and platforms used in the importation and traceability of the listed goods, as well as make necessary adjustments to the regulation or any other action required for the effective compliance of the new regulation, within the following 30 business days.

Federal authorities are also instructed to increase inspection and verification of transfer facilities, intermodal terminals, storage, warehouses, or any other facility or means of transport where the listed goods are stored, to ensure compliance with the current regulations and those issued by the Ministries of Energy and Economy.

The temporary import restriction will remain in effect until the federal authorities comply with the orders detailed in the regulation. This means that once the non-tariff regulations and restrictions imposed on the importation of the listed hydrocarbons become permanent, the temporary import restriction are to be revoked.

You can review the official version of the decree as published in the Official Gazette at the following link:



https://www.dof.gob.mx/nota_detalle.php?codigo=5706285&fecha=23/10/2023#gsc.tab=0

For further information regarding the content of this foreign trade restriction, please consult with specialists in the area of Customs and International Trade at the Firm:

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