

CLIENT ALERT

**Proposed Reforms to Mexico's Customs Law and
General Import and Export Duty Law**



September 16, 2025

Executive Summary

On September 8, a bill was introduced in the Mexican Congress to reform both the Customs Law and the General Import and Export Duty Law as part of the Executive's 2026 federal budget proposal (commonly referred to as the "Economic Package").

In Mexico, these two laws are closely intertwined: the Customs Law dictates who is obligated to pay customs duties (subject), what constitutes a taxable event (object), and what elements are taxable (base), while the General Import and Export Duty Law establishes the applicable percentages or fixed amounts payable (rate/tariff).

The proposed reforms arise in the context of more than forty years of paradigm shifts in global trade and the anticipated renegotiation of the United States-Mexico-Canada Agreement (USMCA).

The proposal to modify the Customs Law aims to address the growing need for secure, transparent, and efficient customs management, while continuing the transfer of authority to the armed forces under the National Customs Agency (ANAM).

Meanwhile, the Import and Export Duty bill proposes tariff increases to Most Favored Nation (MFN) rates, in some cases raising them by up to 50%. These increases suggest an alignment with the United States' adoption of protectionist trade policies, as they will apply to all imports originating from countries with which Mexico does not have an existing free trade agreement.

Customs Law

The initiative responds to:

- Increasing pressures on global supply chains, requiring faster customs clearance.
- National security concerns, including smuggling, drug trafficking, and tax evasion.
- The government's commitment to digital transformation and alignment with international standards.
- The ongoing political and economic cycle, where customs efficiency is directly linked to competitiveness, tax collection, and trade facilitation.

Objectives of the Reform

Modernization and Digitalization

Over the past two decades, the Mexican government has attempted to leverage technology to address its lagging and often bureaucratic customs processes, with limited success. Through this initiative, the National Customs Agency (ANAM) is doubling down on such efforts by proposing:

- Expanded use of electronic systems and online customs platforms for merchandise control and their interface with customs authorities.
- Reduced reliance on paper-based procedures and in-person clearances.
- Implementation of interoperable systems with international customs authorities.

Customs Security and Control

Since customs is a main revenue source for the Mexican government (accounting for approximately 25% of total collections in 2024), it needs to ensure that the duties and taxes are computed in accordance with the existing legal framework. The initiative therefore contains provisions pursuant to:

- Strengthen classification and valuation mechanisms for goods, and provide certainty regarding the observance of advance rulings on origin under trade agreements.

- Reinforce measures against illicit trade, fraud, and tax evasion—significantly tightening penalties, which are quadrupled in several cases.
- Improve coordination with tax and security authorities to detect high-risk shipments.

Trade Facilitation and Competitiveness

Although Mexico has been part of the Trade Facilitation Agreement since 2016, it has yet to implement many of its obligations under the agreement. As a result, this initiative includes:

- New rules related to the assignment of Customs Broker Licenses, including limitations to their validity (up to 10 years) for certain applicants.
- Simplified customs procedures for importers and exporters, and new operating schemes for courier and transport companies.
- Fast-track clearance guidelines for low-risk operators and trusted companies, particularly under origin verification schemes.
- Adjusted valuation methodologies in line with novel WTO and WCO standards.

Infrastructure and Technological Innovation

The initiative also includes a series of measures stemming from ANAM’s spinoff from the Tax Administration Service (SAT). One of the major hurdles relates to the lack of direct access to revenue generated for the use of customs systems by ANAM (as these have traditionally been administered by SAT).

Accordingly, the initiative dictates new provisions that:

- Define revenue sources for ANAM to invest in modern inspection facilities and non-intrusive technology, and to collect revenue due to the issuance of credentials for customs brokers and representatives involved in clearance, among other administrative functions.
- Promote data analytics and risk modeling to reduce physical inspections.
- Establish training guidelines for customs personnel in digital transformation.

Legal Adjustments and Compliance

Although penalties for customs infractions in Mexico have historically been high compared to other administrative breaches, the initiative proposes an important increase in penalties. It is also worth noting that this year's proposed reform to the Federal Tax Code also incorporates new crimes related to illicit customs activity (such as using a false certificate of origin under the USMCA). Accordingly, the proposed text:

- Clarifies the responsibilities of importers, exporters, and carriers. Several exclusions of liability to customs brokers are eliminated.
- Substantially increases penalties for fraud, false declarations, and simulated operations.
- Provides legal certainty in alignment with the USMCA and other international agreements.

Special Regimes and Border Dynamics

With the purpose of availing itself of additional revenue sources, the initiative:

- Adjusts the legal framework for foreign trade zones, bonded facilities, and border areas, establishing the obligation to guarantee import duties triggered by manufacturing operations in strategic bonded facilities.

General Import and Export Duty Law

Through this initiative, the Mexican government exercises its constitutional authority to adjust tariffs with the objectives of supporting household purchasing power, protecting vulnerable industries, regulating used vehicle imports, and fostering domestic development.

The proposal covers 1,463 tariff lines across 17 sectors considered strategic by the Mexican government. According to Mexican authorities, the value of affected imports amounts to US\$52 billion, representing 8.6% of total imports. The average tariff on these goods would rise from 16.1% to 33.8% (see **Appendix 1**).

In Mexico, Congress delegates the authority to modify tariffs to the Executive Branch through the Foreign Trade Law. In this case, however, President Claudia Sheinbaum proposed the

tariff increase through amendments to the Law on General Import and Export Duties, which require congressional approval. This approach seeks to legitimize the measure and underscore that it is neither arbitrary nor driven by U.S. pressure.

This initiative represents a significant overhaul of Mexico’s tariff regime as it notably targets vehicles, auto parts, textiles, and other goods—particularly those originating from China. In addition, the legislative proposal seeks to reform the tariff system to correct trade imbalances and raise additional revenue, estimated at 70 billion pesos.

It is worth noting that the reform particularly addresses challenges in the footwear sector, which has faced declining production and job losses, resulting in new import restrictions—including those destined for temporary importation under IMMEX programs.

After the bill was introduced, President Sheinbaum reaffirmed that all measures will comply with international trade agreements, including WTO and FTA obligations, while pledging to maintain diplomatic channels with affected countries.

The measure must also be understood in the broader context of ongoing tariff negotiations with the United States and the upcoming 2026 USMCA review. Within U.S. political discourse, though not supported by evidence, Mexico is often considered as a platform for Chinese exports into the U.S. market to circumvent U.S. trade measures. The measure clearly intends to strengthen Mexico’s negotiating position with the United States. Whether this is the right time to secure maximum leverage remains uncertain.

Likely Net Effects: Who Gains and Who Loses

- Consumers likely see higher prices, especially for durable goods (cars, electronics) and other imports. Lower-middle-income and poorer households will be disproportionately affected by rising prices.
- The proposed tariff increases could have significant effects on Mexico’s “maquiladora sector,” which relies heavily on imported inputs. Higher costs may reduce the price competitiveness of maquiladora exports—especially to the U.S. market—potentially impacting orders and profit margins.
- Automotive firms that rely on imports (especially from China) will suffer. Tesla, BYD, and similar companies are particularly exposed.

- Domestic producers of cars, auto parts, textiles, steel, and other goods could benefit, especially if they can scale up and maintain quality. Success may require investment, access to capital, and in some cases tariff exclusions or exemptions.
- Government revenues could rise through tariff collections, providing additional fiscal space—though this depends on effective enforcement and whether higher duties significantly reduce import volumes.
- Inflation and monetary policy: If inflation rises, the central bank might feel pressure to raise rates, which could dampen growth in other sectors.
- Trade relationships might shift: Mexico may seek to deepen or forge new trade agreements to offset the negative impacts from countries facing tariffs. At the same time, there is a risk of retaliation or strained relations with China, South Korea, India, Indonesia, Thailand, and Turkey (key countries exporting to Mexico without a trade agreement).

Key Takeaways

The proposed reform to the Customs Law lays the groundwork for increased revenue from tax collection, driven by a proposed increase to import duties (contained in the initiative to modify the Import and Export Duty Law) and by heightened scrutiny of import and export operations by ANAM.

Companies should closely review their tariff classifications and valuation guidelines to ensure full compliance with the proposed regulatory framework. Higher tariffs on goods from non-FTA countries will increase costs and could affect supply chain strategies, particularly in the automotive, textile, and electronics sectors.

For multinational firms, Mexico remains strategically important due to its extensive free trade network and proximity to the U.S. market. Successfully navigating the evolving tariff regime, however, is essential to maintain competitiveness, optimize cost structures, and ensure regulatory compliance.

While it remains uncertain whether the Mexican government will pursue additional duty increases, foreign companies should evaluate potential price impacts, explore local sourcing options, and monitor legislative reforms to anticipate risks and opportunities. In particular, it is important to identify critical items that are sourced outside of North America.



Overall, Mexico's tariff strategy reflects a balance between domestic protection and international obligations. Foreign companies must adapt quickly to mitigate risks while leveraging Mexico's position as a manufacturing and trade hub.

Although adjustments may occur as the bill is debated in Congress, it is safe to assume that the initiative will be passed in the coming days.

Monarch can help assess how these modifications will affect import and export operations. Additionally, our firm is well-positioned to assist companies in assessing the impact of higher duties on their operations and in proposing alternatives to lower such impacts under certain conditions.

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Appendix 1

Annex: Tariff Increase by Strategic Sector

Strategic Sector	Tariff Lines (#)	% of Total	Current Tariffs (%)	Proposed Tariffs (%)	Estimated implications
1 Auto parts	141	9.60%	0-35	10-50	Increases production costs for domestic auto makers; protects local suppliers.
2 Light vehicles	13	0.90%	15-20	50	Hits imported EVs (e.g. Chinese brands); may shift demand to NAFTA-built vehicles.
3 Apparel	308	21.10%	10-35	35-50	Could benefit domestic textile/apparel producers; likely retail price increases.
4 Plastic	79	5.40%	0-35	10-35	Affects packaging and manufacturing; cost pressures likely passed to consumers.
5 Steel	248	17.00%	0-50	20-50	Supports domestic steel mills; raises costs for auto, construction, and infrastructure.
6 Domestic appliances	18	1.20%	0-35	35	Could reduce competition from imported brands; raises appliance prices.
7 Toys	37	2.50%	0-15	35	Major impact on low-cost imports (e.g. China); parents face higher prices.
8 Textiles	398	27.20%	0-35	10-50	Supports domestic mills; importers and exporters may face complexity and higher input costs.
9 Furniture	28	1.90%	0-35	35	Likely to raise furniture prices; minor domestic production gains possible.
10 Footwear	49	3.30%	0-35	35	Benefits national producers; low-cost shoe prices may rise.
11 Leather goods	18	1.20%	0-20	35	Strengthens local luxury/leather production; prices of imports rise.
12 Paper & cardboard	47	3.20%	0-35	15-50	Impacts packaging industry; broad-based effects on logistics and exports.
13 Motorcycles	8	0.50%	0-15	35	Hits low-cost Asian imports; may protect local assemblers.
14 Aluminum	21	1.40%	0-5	35	Strategic input for many industries; sharp increase could raise costs in construction and electronics.
15 Trailers	1	0.10%	0	35	Minor sectoral impact; slight increase in logistics costs.
16 Glass	25	1.70%	0-35	35-50	Key input for construction, auto, packaging; prices likely to rise across sectors.
17 Soaps, perfumes, cosmetics	24	1.60%	10-15	35-50	Imported personal care goods will be more expensive; possible market share gains for local brands.
TOTAL	1463	100.0%	16.1 avg	33.8 avg	Broad inflationary pressure; protectionist pivot; likely supply chain and trade effects.

Source: MGS with information from the Ministry of Economy



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The Monarch Global Strategies Team

Michael C. Camuñez

President & CEO

mcamunez@monarch-global.com

Los Angeles

James R. Jones

Chairman

jjones@monarch-global.com

Washington, D.C.

Luis Ricardo Rodríguez

Managing Partner

lrodriguez@monarch-global.com

Monterrey

Geoffrey G. Jones

CFO & SVP Development

gjones@monarch-global.com

Washington, D.C.

Pamela K. Starr

Senior Advisor

pstarr@monarch-global.com

Los Angeles

Juan Pablo López Rojas

Senior Analyst

jplopez@monarch-global.com

Washington, D.C.

Pedro Niembro

Senior Director

pniembro@monarch-global.com

Mexico City

Juan Casillas

Senior Advisor

jcasillas@monarch-global.com

Mexico City

Gerardo de la Peña

Senior Advisor

gdelapena@monarch-global.com

Mexico City

Begoña Sánchez

Director

bsanchez@monarch-global.com

Monterrey

Patricio M. Martínez

Senior Associate

pmartinez@monarch-global.com

Monterrey

Gabriel Cavazos

Senior Advisor

gcavazos@monarch-global.com

Monterrey / Mexico City

Washington, D.C. | Los Angeles | Mexico City | Monterrey

www.monarch-global.com