Regulatory Cooperation - Mexican Perspective

Submitted by: Mexico
Regulatory cooperation –
Mexican perspective.

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Perspective

Regulatory cooperation
Transparency
Harmonization

Tools

Result

BETTER QUALITY REGULATION
Revision of technical regulation:

1. Validate or create
2. Modify to eliminate unnecessary burdens
3. Modify to harmonize with international standards
4. Eliminate

Criteria:

i Mitigates risk
ii Harmonized
iii Unnecessary burdens

Effects of Improving Regulation

QUALITY REGULATION

- Designed around the citizen’s needs
  - Standpoint of consumer
  - Standpoint of regulated person

- Facilitates trade
  - Eliminates unnecessary divergences with
    - Trade partners
    - International standards
    - Helps to organize markets

- Eliminates unnecessary regulatory burdens
  - Producers
  - Distributors
  - Authority

EFFECTS

- Protects and informs consumers increasing their confidence.
- Incentives competition
- Reduces costs
## Working plan for NAFTA region

<table>
<thead>
<tr>
<th>1. Regulatory cooperation agreement.</th>
<th>2. Define counterparts per economy.</th>
<th>3. Integrate initial positions.</th>
<th>4. Set priorities.</th>
<th>5. NAFTA catalogue of standards.</th>
<th>6. NAFTA certifications.</th>
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</thead>
<tbody>
<tr>
<td><strong>Objectives:</strong></td>
<td><strong>Activities:</strong></td>
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<tr>
<td>• Start a working agenda to</td>
<td>• Define economy leaders.</td>
<td>• Focus efforts on areas with</td>
<td>• Analysis of</td>
<td>• Set of standards in the</td>
<td>• Eliminate redundant</td>
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<td>improve regulations and</td>
<td>• Share working methods.</td>
<td>high potential.</td>
<td>impact and</td>
<td>region.</td>
<td>certifications.</td>
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<td>facilitate trade.</td>
<td>• Create government’s working</td>
<td>• Identify areas of opportunity</td>
<td>feasibility.</td>
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<td>groups.</td>
<td>to improve regulations and</td>
<td>• Select actions</td>
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<td>• Start consultation with private</td>
<td>facilitate trade.</td>
<td>of greater</td>
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<td>sector.</td>
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<td>productivity</td>
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<td>• Obtain Presidents and Prime</td>
<td>• Define initial actions for each</td>
<td>• Focus efforts on areas with</td>
<td>• Analysis of</td>
<td>• Set of standards in the</td>
<td>• Eliminate redundant</td>
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<td>Minister commitment with this</td>
<td>economy to build a NAFTA</td>
<td>high potential.</td>
<td>impact and</td>
<td>region.</td>
<td>certifications.</td>
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<td>effort (Guadalajara meeting).</td>
<td>catalogue of standards.</td>
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<td>feasibility.</td>
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<td>facilitate trade.</td>
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<td>• Eliminate unnecessary costs of</td>
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<td>regulations identified.</td>
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## CASE STUDY: Determination of equivalence

- **Objective:** Eliminate redundant certifications to reduce transaction costs in international trade.
- **Implementation:** Governmental determination stating that:
  1. Technical regulations of NAFTA partners fulfill the same objectives of Mexican technical regulations (NOM’s).
  2. Conformity assessment procedures of NAFTA partners provide an assurance that the good complies with the technical regulation equivalent to Mexican procedures.

**Legal:**
- Mexican Constitution (Art. 133)
- NAFTA (Arts. 906.4 y 906.6)
## SUMMARY

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<tr>
<th>Action</th>
<th>Background</th>
<th>Benefits</th>
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<tbody>
<tr>
<td>Elimination of regulatory misalignments to reduce unnecessary</td>
<td>In order to eliminate regulatory misalignments in NAFTA region and to</td>
<td>Certain electronic products (audio and video devices, office electronic appliances and computers and other data processing devices) are able to enter into Mexican territory bearing only the US or Canadian certification of conformity assessment.</td>
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<tr>
<td>transaction costs</td>
<td>reduce unnecessary transaction costs, Mexico analyzed which of its</td>
<td>• Due to the volume of Mexican imports of these products, and the costs related to the redundant certification the savings to the industry are estimated in approximately USD $155,000,000 (MX $2,024 millions of pesos).</td>
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<td>certifications of conformity assessment with technical regulations were</td>
<td>• Increased offer of products mostly needed by small and medium companies.</td>
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<td>redundant with the US and Canadian certifications.</td>
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<td>As a result of this, last August Mexico determined the equivalence of US</td>
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<td>and Canada regulations and conformity assessment procedures with Mexican</td>
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<td>regulations and procedures, for the following electronic products: audio</td>
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<td>and video devices (NOM 001), office electronic appliances (NOM 016) and</td>
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<td>computers and other data processing devices (NOM 019).</td>
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The World Economic Forum ranks economies in three development stages

Development stages:

**Stage 1: Basic requirements**
- Bolivia, Honduras, Nicaragua, India, Ethiopia, Kenya, Philippines, Nepal.

**Stage 2: Efficiency factors**
- Argentina, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Peru, China.
- Venezuela, Guatemala, Paraguay, Saudi Arabia, Egypt, Jamaica, Indonesia.

**Stage 3: Innovation**
- Australia, Canada, United States, Germany, France, Spain, England, Belgium, Austria.
- Mexico, Chile, Uruguay, Russian Federation, Croatia, Hungary, Poland, Romania, Turkey.

### Mexico’s actions to eliminate unnecessary regulatory burden and transaction costs

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| Meat inspection coming from the United States only do on-site Audit for TIF Certification | • Inspections for imported meat from the United States were done in the border.  
• This caused a waiting time of at least 4 hours per truck, with an estimated cost of 15 USD per hour. This also had repercussion on the quality of the meat that could get defrosted during the wait time. | The 17th August President, Felipe Calderón, announced the trustable user figure, in which meat imported from the United States and addressed to Federal Inspection Slaughterhouses, shall be inspected no more in the border but in these slaughterhouses.  
With the trustable user figure, logistic operation efficiency is increased and phytosanitary risk are reduced by maintaining the cold chain.  
Now, the wait time has been reduced to less than an hour, generating savings of 37 per cent. |

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| Harmonization of Pre-Packaged Foods and Non-Alcoholic Beverages labeling (NOM 051-SCFI-1994) | • NOM-051 came in force since 1996. During 12 years, it regulated the product labeling, without being updated.  
• The NOM was outdated due to technological advances and the appearance of new food ingredients and additives in the marketplace, especially those related to health and weight-reducing products.  
• The lack of updating of NOM-051 affected the government, business and consumers because they faced incomplete commercial information, it imposed unnecessary compliance costs on industry and gave little certainty and transparency in regulation. Furthermore, the lack of harmonization of NOM-051 with internationally accepted practices affected the competitiveness of industry. | The updated Mexican Official Regulation NOM-051-SCFI/SSA1-2010 was published on the Official Gazette last April. Further action to harmonize it with FDA regulation on nutrition labeling of food is taking place.  
The new NOM will provide consumers with adequate commercial information and places a special emphasis on restricting the use of “confusing” terms in labels that might mislead consumers. The revision also requires uniform, measurable information on ingredients and nutritional values.  
Another, adjustment is the change in the NOM’s concept, evolving from a reference for commercial information only to a more descriptive label, including sanitary information, such as nutritional values, allergy-related ingredients and expiration dates, that is harmonized with U.S. requirements.  
The harmonization of the product labeling requirements:  
• Reduces unnecessary transaction costs (relabeling)  
• Facilitates trade in the region  
• Enhances the protection of human health, as well as the protection for consumers giving them more certainty in their purchase decision  
• Provides more certainty to industry about what is (not) allowed to advertise on the labels of their products. |
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| Harmonization of the General System of Measurement Units NOM-008-SCFI-2002 | • The NOM established the mandatory use of a comma (,) as the decimal placeholder.  
• U.S. regulation requires the use of a point (.), which obliges relabeling.  
• Mexico modified the NOM to allow the use of the point (.) or the comma (,) as the decimal placeholder.  
• This will make NOM-008 consistent with the international standard. | • The harmonization of the NOM:  
  o Reduces the costs of relabeling.  
  o Facilitates trade in the region. |

### Other Mexican regulations already modified due to misalignments with relevant standards in the region

- **Labeling for pre-packed perfume and beauty products NOM-141-SSA1-1995**
  - Requires that these products information be in Spanish, including ingredients.
  - In the U.S. and Canada it is feasible to describe the ingredients using a nomenclature internationally accepted.
  - The NOM-141 entails unnecessary costs of relabelling. It will be modified.

- **Pneumatic wheels for trucks NOM-086/1-SCFI-2001**
  - Sorts pneumatic wheels by vehicle which are designed for instead of its ability to load and performance as does the 119, "New pneumatic wheels" of the U.S. Department of transportation security standard.
  - The NOM-086/1 generates an unnecessary cost due to the reclassification of pneumatic wheels for trucks that has to be done when entering Mexico.