

PACKAGE AGAINST INFLATION AND FAMINE (PACIC)

PAQUETE CONTRA LA INFLACIÓN Y LA CARESTÍA (PACIC)

MAY 4, 2022

(Unofficial Translation)



HACIENDA

SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO



2022 *Ricardo Flores*
Año de Magón
PRECURSOR DE LA REVOLUCIÓN MEXICANA

1 Production Strategy

(Increase of food supply)

Production Measurements

1 Stabilization of the price of gasoline and diesel, reference prices of LP gas and electricity
It represents an effort of the Federal Government of 330 thousand million pesos.

2 Grain production increase
Sum of efforts of the "Sowing Life" and "Production for Wellbeing" Programs.

3 Provide fertilizers

- Fertilizers Program for Wellbeing, is expanded from 5 to 9 states.
- Emerging Program for the production of organic fertilizers.

4 Elimination of compensatory quota of ammonium sulfate
Suspend countervailing duties on imports of ammonium sulfate for one year.



2 Distribution Strategy

Distribution Measurements

5 Strengthening of the road safety strategy
More than 12,000 elements and 2,300 vehicles will guarantee road safety.

6 No increase in highway tolls (CAPUFE)
CAPUFE and FONADIN highways will not increase rates in 2022.

7 Exemption from the Carta Porte (basic and supplies)
Until October 1, 2022, if necessary it would be extended for another period.

8 No increase in railway rates or for interconnection
Measured for 6 months, applies to transport food, fertilizers and hydrocarbons.



2 Distribution Strategy

Distribution Measurements

9 Reduction in costs and time of customs clearance

- Greater volume of operations in all customs (border, maritime or interior).
- Make customs recognition more expeditious.

10 Agile cargo dispatch in seaports

- Acceleration in preventive dredging and automatic rails.
- 24-hour operation and increase in personnel.

3 Foreign Trade Strategy

Foreign Trade Measures

11 Zero import tariffs (basics and supplies)

- Temporary measure for 6 months.
 - 21 of 24 products of the basic basket and 5 strategic supplies.
-
- **Food:** Corn oil, palay rice, tuna, pork, chicken, beef, onion, jalapeño pepper, beans, egg, toilet soap, tomato, milk, lemon, apple, orange, box bread, potato, pasta for soup, sardine, carrot.
 - **Supplies:** Corn flour, wheat flour, white corn, sorghum, wheat.

4 Other measures

Other measures

12 Constitution of a strategic corn reserve (emergency measure)

Purchase of 800 thousand to 1 million tons of corn with resources from SEGALMEX.

13 Guarantee prices in corn, beans, rice and milk

SEGALMEX will continue to implement the Guarantee Price Program that establishes a minimum purchase price for small producers.

14 Strengthening of the Supply Program (DICONSA /LICONSA).



4 Other measures

Other measures

Private participation in the PACIC

15

- Coordination committed to the government for six months, extendable after the impact assessment.
- It is expected that after the presidential announcement, more companies will join this space for dialogue and agreement.

No increase in prices of Telmex and Telcel services

16

With this measure announced by Telmex on May 2, it stands in solidarity with helping to reduce the generalized inflationary pressure that is affecting most countries, including Mexico.



Budget to be invested by the Federal Government

Budget programs with contributions to control inflation

(Millions of pesos)

Concept
A. Food safety
Sowing Life
Production for Well-being
Guarantee Prices for Basic Food Products
Fertilizers
Milk supply and acquisition
Rural Supply Program by Diconsa
Program for the Promotion of Agriculture, Livestock, Fisheries and Aquaculture
B. Domestic electricity subsidy
C. Gasoline subsidy

Without the IEPS and the additional stimuli, inflation in April 1-Q would have been **10.0%** and not **7.7%** as it turned out.

Contribution of the Federal Government:

14%

of estimated 2022 GDP

Estimated amount.
Source: SHCP



Products of the basic basket (PROFECO)

Proportion in Inflation

- **PROFECO Basket** : **13%** of the General Price Index (INPC).
- **Energy**: **10%** of the INPC.
- **Government authorized rates** : **4%** of the INPC.
- **Total proportion**: **27%** of the INPC.

PROFECO basket represents

46%

in food inflation

No	Product	Unit*
1	Canola or corn oil	1 piece of 946 ml
2	Grain rice	1 kg
3	Canned tuna	2 cans of 140g
4	Brown sugar	1 kg
5	Beef steak	1 kg
6	Onion	1 kg
7	Jalapeño pepper	1 kg
8	Pork chop	1 kg
9	Beans in grain	900 g
10	White chicken egg	18 pieces
11	Toilet soap	1 piece
12	Saladette tomato	1 kg
13	Milk	5 liters
14	Lemon	1 kg
15	Apple	1 kg
16	Orange	1 kg
17	Box bread	1 package of 680g
18	Potato	1 kg
19	Toilet paper	1 bag of 4 pieces
20	Pasta for soup	1 package of 220 g
21	Whole chicken	1 kg
22	Canned sardine	1 can of 425g
23	Corn tortilla	4 kg
24	Carrot	1 kg

From **7.5%** of March inflation:

- **Food** was **3.8 pp.**
- The **PROFECO basket** represented **1.9 pp.**





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PRECURSOR DE LA REVOLUCIÓN MEXICANA

(UNOFFICIAL TRANSLATION)

Official Gazette of the Federation: 16/05/2022

Decree that exempts the payment of import taxes on the goods indicated.

In the margin a seal with the National Shield, which says: United Mexican States.- Presidency of the Republic.

ANDRÉS MANUEL LÓPEZ OBRADOR, President of the United Mexican States, in exercise of the powers conferred on me by articles 89, section I, and 131 of the Political Constitution of the United Mexican States; and based on articles 4, section I, and 12 of the Foreign Trade Law, 31 and 34 of the Organic Law of the Federal Public Administration, and

CONSIDERING

That article 25, first paragraph of the Political Constitution of the United Mexican States establishes that the State is responsible for guiding national development to ensure that it is integral and sustainable; strengthen the sovereignty of the Nation and its democratic regime and that, through competitiveness, the promotion of economic growth and employment and a fairer distribution of income and wealth, the full exercise of freedom and dignity of individuals, groups and social classes will be allowed;

That article 131, second paragraph, of the Political Constitution of the United Mexican States confers on the President of the Republic the extraordinary power to increase, decrease or eliminate the export and import tariff quotas issued by the Congress of the Union and to create others; as well as to restrict and prohibit imports, exports and the transit of products, articles and effects, when it deems it urgent, in order to regulate foreign trade, the country's economy, the stability of national production or to carry out any other purpose, for the benefit of the country;

That on July 12, 2019, the National Development Plan 2019-2024 was published in the Official Gazette of the Federation (DOF), which provides in its General Axis III. Economy, "Promote economic reactivation, the internal market and employment", for which one of the central tasks of the current administration is to establish a salary recovery policy, which cannot be separated from purchasing power, since in a scenario of high inflation, wage recovery is limited by price increases;

That on July 1, 2020, the Law on General Import and Export Taxes was published in the DOF, which establishes the tariff rate applicable to the import and export of goods in national territory, modified by Decrees published in the DOF on December 24, 2020, February 22, 2021, July 16, 2021, October 22, 2021, November 18 and 22, 2021;

That the National Institute of Statistics, Geography and Informatics (INEGI) reported that, for the first fortnight of April 2022, annual inflation in Mexico stood at a rate of 7.72%, with a growth of 0.16%, compared to the previous fortnight (1). On the other hand, the general minimum wage for 2022 was set at 172.87 pesos per day, equivalent to a growth of 22%, compared to the previous year, which, although it helps to recover purchasing power its effect was limited by the inflationary scenario;

That on May 4, 2022, the Federal Executive, through the Ministry of Finance and Public Credit, announced the Package Against Inflation and Famine, through which the Federal Government, with the purpose of reducing inflation and the fall in the consumption of Mexican households, through various measures, among which is exempting 21 products from the basic basket and 6 strategic inputs from import taxes;

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Commercial Office

May 16th, 2021

That in order to counteract the effects on prices derived from the inflationary trend, it is necessary and urgent to temporarily exempt the payment of import taxes for products classified in 66 tariff items that are part of the basic basket and the following products: corn oil, rice, tuna, pork, chicken, beef, onion, jalapeño pepper, beans, corn flour, wheat flour, egg, toilet soap, tomato, milk, lemon, white corn, apple, orange, box bread, potato, pasta for soup, sardine, sorghum, wheat and carrot;

That it is also necessary and urgent to temporarily exempt the payment of import taxes for products classified in 6 tariff items that are part of the consumption of Mexican families: live animals of the bovine, porcine, ovine or caprine species, roosters and chickens;

That the establishment of the measures provided in this Decree does not relieve importers of the obligation to comply with all regulations and non-tariff restrictions on merchandise, as well as with the quality and efficiency characteristics necessary to protect life and safety of all people, particularly those applicable in the phytosanitary and zoosanitary field, and

That the tariff measures referred to in this Decree are applicable based on the opinions of the Foreign Trade Commission in accordance with the provisions of the Foreign Trade Law, for which I have seen fit to issue the following

DECREE

First article. The tariffs of the tariff fractions of the Rate of the Law of General Import and Export Taxes, published in the Official Gazette of the Federation on July 1, 2020 and its subsequent modifications, are modified, only with regard to the importation of goods in accordance with the following:

CODE	DESCRIPTION	UNIT	FEE (TARIFF)		LIMIT
			IMP	EXP	
02.01	Meat of animals of the bovine species, fresh or refrigerated.				
0201.10.01	Carcasses and half-carcasses.	Kg	Ex	Ex	
0201.20.99	Other cuts (pieces) without bone.	Kg	Ex	Ex	
0201.30.01	Boneless.	Kg	Ex	Ex	
02.04	Meat of animals of the ovine or caprine species, fresh, chilled or frozen.				
0202.10.01	Carcasses and half-carcasses.	Kg	Ex	Ex	
02.02	Meat of bovine animals, frozen.				
0202.20.99	Other cuts (pieces) without bone.	Kg	Ex	Ex	
0202.30.01	Boneless.	Kg	Ex	Ex	
02.03	Meat from animals of the porcine species, fresh, chilled or frozen.				
0203.11.01	Carcasses and half-carcasses.	Kg	Ex	Ex	
0203.12.01	Legs, shoulders, and their pieces, without bone.	Kg	Ex	Ex	
0203.19.99	Others.	Kg	Ex	Ex	
0203.21.01	Carcasses and half-carcasses.	Kg	Ex	Ex	
0203.22.01	Legs, shoulders, and their pieces, without bone.	Kg	Ex	Ex	

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0203.29.99	Others.	Kg	Ex	Ex	
02.07	Meat and edible offal, of poultry of heading 01.05, fresh, chilled or frozen.				
0207.11.01	Uncut, fresh or chilled.	Kg	Ex	Ex	
0207.12.01	Uncut, frozen.	Kg	Ex	Ex	
0207.13.04	Chunks and offal, fresh or chilled.	Kg	Ex	Ex	
0207.14.99	Others.	Kg	Ex	Ex	
03.02	Fresh or chilled fish, except fillets and other fish meat of heading 03.04.				
0302.43.01	Sardines (<i>Sardina pilchardus</i> , <i>Sardinops</i> spp.), sardines (<i>Sardinella</i> spp.) and sprats (<i>Sprattus sprattus</i>).	Kg	Ex	Ex	
03.03	Frozen fish, excluding fillets and other fish meat of heading 03.04.				
0303.53.01	Sardines (<i>Sardina pilchardus</i> , <i>Sardinops</i> spp.), sardines (<i>Sardinella</i> spp.) and sprats (<i>Sprattus sprattus</i>).	Kg	Ex	Ex	
03.04	Fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen.				
0304.87.01	Tunas (of the genus <i>Thunnus</i>), stripe-bellied skipjack (<i>Euthynnus (Katsuwonus) pelamis</i>).	Kg	Ex	Ex	
04.01	Milk and nata (cream), not concentrated, without added sugar or other sweetener.				
0401.10.02	With a fat content less than or equal to 1% by weight.	L	Ex	Ex	
0401.20.02	With a fat content greater than 1% but less than or equal to 6%, by weight.	L	Ex	Ex	
0401.40.02	With a fat content greater than 6% but less than or equal to 10%, by weight.	L	Ex	Ex	
0401.50.02	With a fat content greater than 10% by weight.	L	Ex	Ex	
04.02	Milk and nata (cream), concentrated or with added sugar or other sweetener.				
0402.10.01	Powdered or pill milk.	Kg	Ex	Ex	
0402.10.99	Others.	Kg	Ex	Ex	
0402.21.01	Powdered or pill milk.	Kg	Ex	Ex	
0402.21.99	Others.	Kg	Ex	Ex	
0402.29.99	Others.	Kg	Ex	Ex	
04.07	Bird eggs in shell (shell), fresh, preserved or cooked.				
0407.29.01	For human consumption.	Kg	Ex	Ex	
07.01	Potatoes (potatoes) fresh or chilled.				
0701.90.99	Others.	Kg	Ex	Ex	
07.02	Fresh or chilled tomatoes.				
0702.00.03	Fresh or chilled tomatoes.	Kg	Ex	Ex	

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07.03	Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled.				
0703.10.02	Onions and shallots.	Kg	Ex	Ex	
07.06	Carrots, turnips, salad beets, salsify, celeriac, radishes, and similar edible roots, fresh or chilled.				
0706.10.01	Carrots and turnips.	Kg	Ex	Ex	
07.09	Other vegetables, fresh or chilled.				
0709.60.99	Others.	Kg	Ex	Ex	
07.10	Vegetables, even if they are cooked in water or steam, frozen.				
0710.10.01	Potatoes (potatoes).	Kg	Ex	Ex	
0710.80.01	Onions.	Kg	Ex	Ex	
07.12	Dried vegetables, including cut, sliced, mashed or pulverized, but not further prepared.				
0712.20.01	Onions.	Kg	Ex	Ex	
07.13	Dried shelled pod vegetables, even if peeled or split.				
0713.33	Beans (porotos, alubias, judías, fréjoles) (Phaseolus vulgaris).				
0713.33.99	Others.	Kg	Ex	Ex	
08.05	Fresh or dried citrus fruits.				
0805.10.01	Oranges.	Kg	Ex	Ex	
0805.50.03	Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia).	Kg	Ex	Ex	
08.08	Apples, pears and quinces, fresh.				
0808.10.01	Apples.	Kg	Ex	Ex	
08.13	Fruits and other fruits, dry, except those of headings 08.01 to 08.06; mixtures of fruits or other dried fruits or nuts of this Chapter.				
0813.30.01	Apples.	Kg	Ex	Ex	
09.04	Pepper of the genus Piper; fruits of the genera Capsicum or Pimenta, dried, crushed or powdered.				
0904.21.02	Dry, without crushing or pulverizing.	Kg	Ex	Ex	
0904.22.02	Crushed or powdered.	Kg	Ex	Ex	
10.01	Wheat and meslin (tranquillón).				
1001.11.01	For planting.	Kg	Ex	Ex	
1001.19.99	Others.	Kg	Ex	Ex	
1001.91.99	Others.	Kg	Ex	Ex	
1001.99.99	Others.	Kg	Ex	Ex	
10.05	Corn.				
1005.90.04	White corn (flour).	Kg	Ex	Ex	

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10.06	Rice.				
1006.10.99	Others.	Kg	Ex	Ex	
11.01	Wheat or meslin flour (tranquillón).				
1101.00.01	Wheat or meslin flour (tranquillón).	Kg	Ex	Ex	
11.02	Cereal flour, except wheat or meslin (tranquillón).				
1102.20.01	Cornmeal.	Kg	Ex	Ex	
15.15	Other fixed vegetable fats and oils (including jojoba oil), and their fractions, whether or not refined, but not chemically modified.				
1515.29.99	Others.	Kg	Ex	Ex	
16.04	Prepared and preserved fish; caviar and its substitutes prepared with fish roe.				
1604.13.02	Sardines,sardinella and sprats.	Kg	Ex	Ex	
1604.14.99	Others.	Kg	Ex	Ex	Only: Tuna.
1604.20.03	Other prepared and preserved fish.	Kg	Ex	Ex	Only: Sardines.
19.02	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, noodles, macaroni, tagliatelle, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared.				
1902.11.01	Contain egg.	Kg	Ex	Ex	
1902.19.99	Others.	Kg	Ex	Ex	
1902.30.99	Other pasta.	Kg	Ex	Ex	
19.05	Bakery, pastry or biscuit wares, whether or not containing added cocoa; wafers, empty seals of a kind used for medicaments, sealing wafers, dried pastes of flour, starch, or starch, in sheets, and similar products.				
1905.40.01	Toasted bread and similar toasted products.	Kg	Ex	Ex	Only: box bread.
1905.90.99	Others.	Kg	Ex	Ex	Only: box bread.
20.02	Tomatoes prepared or preserved (except in vinegar or acetic acid).				
2002.10.01	Whole or diced tomatoes.	Kg	Ex	Ex	
20.04	Other vegetables prepared or preserved (other than by vinegar or acetic acid), frozen, excluding products of heading 20.06.				
2004.10.01	Potatoes (potatoes).	Kg	Ex	Ex	
20.05	Other vegetables prepared or preserved (other than by vinegar or acetic acid), not frozen, except products of heading 20.06.				

2005.20.01	Potatoes (potatoes).	Kg	Ex	Ex	
34.01	Soap; organic surface-active products and preparations used as soap, in bars, breads, pieces or molded or die-cut pieces, even if they contain soap; organic surface-active products and preparations for washing the skin, liquid or cream, put up for retail sale, whether or not containing soap; paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent.				
3401.11.01	Toiletries (including medicinal ones).	Kg	Ex	Ex	

Second Article. The tariffs of the tariff fractions of the Rate of the Law of General Import and Export Taxes, published in the Official Gazette of the Federation on July 1, 2020 and its subsequent modifications, are modified, only with regard to the importation of goods in accordance with the following:

CODE	DESCRIPTION	UNIT	FEE (TARIFF)	
			IMP	EXP
01.02	Live animals of the bovine species.			
0102.29.99	Others.	Piece	Ex.	Ex.
01.03	Live animals of the porcine species.			
0103.91.99	Others.	Head	Ex.	Ex.
0103.92.99	Others.	Head	Ex.	Ex.
01.04	Live animals of the ovine or caprine species.			
0104.10.99	Others.	Piece	Ex.	Ex.
0104.20.99	Others.	Head	Ex.	Ex.
01.05	Roosters, hens, ducks, geese, turkeys (gallipavos) and guinea fowl, of domestic species, live.			
0105.11.99	Others.	Piece	Ex.	Ex.

TRANSITORY

FIRST.- First Article of this Decree will enter into force the day after its publication in the Official Gazette of the Federation and will be in force for one year, which may be extended for an equal period.

SECOND.- Second Article of this Decree will enter into force the day after the Ministry of Economy communicates, through publication in the Official Gazette of the Federation, that it has the opinion of the Foreign Trade Commission in accordance with the Foreign Trade Law, and will be in force until the same date in which the First article is in force, in terms of the First Transitory of this Decree.

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Commercial Office

May 16th, 2021

Given at the residence of the Federal Executive Branch, in Mexico City, on May 12, 2022.- **Andrés Manuel López Obrador**.- Signature.- The Minister of Finance and Public Credit, **Rogelio Eduardo Ramírez de la O**.- Signature. - The Minister of Economy, **Tatiana Clouthier Carrillo**.- Signature.

1 https://www.inegi.org.mx/contenidos/saladeprensa/boletines/2022/inpc_1q/inpc_1q2022_04.pdf

Source: http://dof.gob.mx/nota_detalle.php?codigo=5652070&fecha=16/05/2022