The Economic Partnership Agreement between Mexico and Japan: Commercial Ties for the 21st Century

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Introduction

The Economic Partnership Agreement between Mexico and Japan, in effect as of April 1, 2005, ("**EPA**") constituted a major breakthrough in international trade since it was the first commercial agreement executed by countries that do not form part of either the same regional commercial block or free trade area.[2]

The EPA offers trade specialists, government officials, business and lay persons around the world the unique –and historic- opportunity of studying how commerce between two very different and distant nations has brought, nonetheless, their people together through mutual respect and a common goal: shared prosperity and development.

The Japanese and Mexican governments took great strides over the course of five years to meet each other halfway and, in so doing, expand their domestic economies to foster market expansion, promote social growth and enhance bilateral cooperation.[3]

The third and fourteenth largest economies of the world, Japan and Mexico, respectively, have characteristics that make them complementary[4] and award them a competitive advantage in the present-era global trade arena.

By using the network of 18 trade agreements –which include economic development association agreements- that Mexico has executed with various countries[5], in four continents, and which amount to approximately 65% of the world's GDP,[6] Japan can actively participate in economies that have been historically closed to her. With this, Japan effectively signaled to the world its move from multilateral-only trade negotiations –sponsored formerly by the General Agreement on Tariffs and Trade (GATT) and the current World Trade Organization (WTO), to regional and bilateral schemes.[7]

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[2] The World is currently commercially integrated through various regional free trade areas that have granted preferential access to their domestic markets through reciprocal concessions. The main regional free trade agreements or customs unions are: the North American Free Trade Agreement (NAFTA) (not including the initiative for Free Trade in the Americas (FTAA), the Trans-Pacific Partnership (TPP) or the Mexico-Turkey Free Trade Agreement both currently (January of 2014) under negotiations; the European Union which will be celebrating this year the 10th anniversary of its Constitutional Charter; the ASEAN Free Trade Agreement (AFTA) to which Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar and Cambodia are a part of.

[3] Fourteen rounds of negotiations were held to reach the preliminary final draft of the EPA. The EPA was ratified by the Mexican Senate on November 18 of 2004.

[4] *See infra* note 8 at 12.

[5] In order of the respective dates of enactments: **1**. Panama, **2**. Argentina, **3**. NAFTA (United States and Canada), **4**. Costa Rica, **5**. Colombia, **6**. Bolivia, **7**. Nicaragua, **8**. Chile, **9**. Israel, **10** the European Union (15 Countries thereto), **11**. Paraguay, **12**. FTA – TN (North Triangle: Guatemala, Honduras and El Salvador), **13**. the European Free Trade Agreement (4 Countries thereto), **14**. Cuba, **15**. Brazil, **16**. Uruguay, **17**. MERCOSUR (6 Countries thereto) and **18**. FTA **-** Peru. In addition, the trade initiatives of Mexico include its membership in the Asia-Pacific Economic Cooperation (APEC), the Pacific Economic Cooperation Council (PECC), and the Organization for Economic Cooperation and Development (OECD).

[6] *See infra* note 8 at 12.

[7] *See infra* discussion at 5.

Mexico, on the other hand, has profited from Japan's vast experience in developing a healthy domestic market through the establishment of solid small and medium-sized companies that complement the productive supply chain and enhance their general market share. In addition, Mexico has been able to tap into the traditional and substantial Japanese inter-company sales process.

With Japan's ample resources and technology, direct foreign investment in Mexico has increased considerably during the last few years. Meanwhile, Mexico has been able to contribute its land, natural resources and young and cost effective labor force to Japanese companies that have undoubtedly benefited from Mexico's platform to the commercial world.

By taking advantage of its strategic geographical position, a valid and much needed option in the current world market,[8] in order to obtain commercial benefits aside from the global talks held in the Doha (Qatar) rounds of the WTO, Mexico has been able to somewhat reduce the significant and historic trade deficit with Japan.[9]

Historical Background and Commercial Trends

Mexico and Japan enjoy more than a century of diplomatic relations[10] and traditionally both have been fond of the other's ample cultural past. The Treaty of Friendship, Commerce and Navigation, done at Washington, D.C. on November 30, 1888 formally established relations between Mexico and Japan and enabled the island nation to revise various treaties ratified with other countries since Mexico was the first country from the west to recognize its status as an independent state.[11]

Afterwards, on January 30, 1969 both countries signed a Commerce and Navigation Treaty to better promote their commercial exchange and the volume of the corresponding bilateral commerce grew significantly in the years that followed the referred accord. Such increase in the presence of Japanese companies, including important banking institutions[12], in Mexico brought forth the Technical Cooperation Agreement between the two governments executed in Tokyo on December 2, 1986.[13]

As to the commercial inclinations between the two countries, given their long trade relationship, several significant shifts in both countries' imports and exports have taken place. The so-called historical exports from Mexico to Japan, *i.e.* raw materials such as cotton, petroleum, and shrimp prevailed during the first half of the twentieth century.[14] In addition, during such time and until the 1970's, Japan oriented its exports and foreign investment in Mexico towards the creation of a domestic market that would purchase Japanese products. Such was the case with Nissan Motor Co. Ltd., the first major Japanese Company to establish itself in Mexico (September 11, 1961).[15]

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[8] *See* Reid, Michael, The Loneliness of Latin America (translation by the author) in the July 2004 issue of *Poder* Magazine, at 14, US, 2004.

[9] Since 1991 Mexico has had a trade deficit which, at one of its high marks, amounted to $4.3 billion dollars back in 1999. S*ee* Solís, Mireya, *Mexico and Japan: The Opportunities of Free Trade*, at 16 (translation by author), (Study prepared for the Under-Secretariat of the then Mexican Ministry of Commerce and Industrial Procurement, now Mexican Ministry of Economy, Mex. 2000).

[10] *Ibid.* at 9 (translation by author)

[11] de Icaza, Carlos, *Strengthening the Mexico-Japan Relation*, at 1 (translation by author), (Article published in the April issue of the *Economic Trend* magazine of the Nippon Keidanren, Jap. 2003) (For further discussion, see Portilla Gómez, Juan Manuel, *Anuario Mexicano de Derecho Internacional*, Volume I, at 462-463 and 469-470, Mex. 2001.)

[12] During the course of five years (1978-1982) Japan was the second-largest foreign lender to Mexico, with a total public debt of $8.1 billion dollars. For example, the Mexican Debt represented 83% of Bank of Tokyo's equity, 53.6% of the Long Term Credit Bank's, and 28.3% of Mitsui Bank's. *See supra* note 9 at 12 and 13.

[13] *See supra* note 9 at 10.

[14] *Ibid.* at 14-15.

[15] *Id.*

The period that followed Mexico's late 1970's oil expansion, represented by a deep recession in the early and mid 1980's, brought forth, and in some cases perfected, innovative ways through which the country's strict import/export and fiscal provisions were legally circumvented.

Mexico found in the *maquiladora* sector, as defined below, a prosperous way to advance its fortunate geographical position and employ its then –and still- cheap, trained, labor.[16]

Such *maquiladora* plants, tax-wise, were not considered as permanent establishments for purposes of the Income Tax Law (*Ley del Impuesto sobre la Renta*) and thus payment of income taxes was lifted (transitional facilities). In addition, Value Added Taxes (VAT) (*Impuesto al Valor Agregado* or *IVA*, its Spanish acronym) on all items, machinery and equipment involved in export output were waived by the Mexican government.

The in-bond program or *maquiladora* program –as it is known in Spanish-allows the temporary entrance into Mexico of certain materials used in a productive process, without such materials being considered as imports, and later re-exported, as part of finished products, to the United States and other countries.[17]

In 1965, Mexico initiated the international subcontracting process through the Border Industrialization Program which sought a double purpose: increase the employment levels in the northern border region of the country and reduce the illegal immigration into the United States.[18]

In 1971 the Border and Free Zone Areas Development Program was announced by the Mexican government and the rules for the export *maquiladora* industry were established. Later on, in 1983, a decree was published in Mexico's Official Gazette (*Diario Oficial de la Federación*)[19] through which several restrictions and requirements to qualify as part of the export *maquiladora* industry were instituted.[20]

The current Mexican legal framework stems from the Decree for the Procurement and Operation of the *Maquiladora* Export Industry (the Decree), as reformed throughout the years, published originally in the Official Gazette on June 1, 1998. Under such Decree, the *maquila* process, as roughly outlined above, is defined as the activity consisting mainly in receiving raw materials from abroad and transforming these, through certain industrial processes, into finished manufactured products which are returned to the country of origin or exported to a third country.

The core of the sector currently is still heavily concentrated in the northern states that share the border with the United States (States of Baja California 35%, which holds the world's first place in the production and assembly of flat screen televisions, Chihuahua 12%, Tamaulipas 11%, Sonora 8%, Coahuila 8%, and Nuevo León 4%), although during the last twenty five years the geographic location of the *maquiladora* plants has changed substantially and now covers practically all the center-region states where approximately 22% of the total *maquiladora* plants in Mexico are presently found.[21]

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[16] *See supra* discussion at 2.
[17] *Id.* The tariff system of the United States exempts for tax purposes products originating from *maquiladoras* of third Countries due to the US content of such products, without taking into account the proportion of the third Countries' content.
[18] *See* Abascal Sherwell, Manuel, *Fiscal and Customs Effects in the Maquila Process* in JURÍDICA (Yearbook of the Law Department of the Universidad Iberoamericana, Mex.), No. 29 at 123 (translation by the author), (1999).
[19] Mexico's Official Gazette. It is the approximate equivalent of the Federal Register of the United States in which all laws, regulations, treaties and decrees must be published in order to fulfill the legislative process after their enactment and go into effect.
[20] *Id.*
[21] *See infra* note 19 at 471.

Importantly, the concept of foreign direct investment (FDI) that is used by the Mexican Ministry of Economy, which involves three general items: flows of new investment, profit reinvestment, and intra-firm accounts, also specifically includes fixed assets imports by *maquiladoras*.

Such foreign investment, in accordance with the Foreign Investment Law, is recorded with the National Foreign Investment Registry (*Registro Nacional de Inversiones Extranjeras)*, an institutional mechanism dependent on the General Office of Foreign Investment (*Dirección General de Inversiones Extranjeras*) of the Ministry of Economy, which aids the federal government in adjusting its public policy programs related to foreign trade and investment.[22]

Due to NAFTA commitments, the *maquiladora* industry has paid the standing import tax, although Mexico, a major consumer of imported machinery and equipment, has since developed industry-wide programs to balance the access conditions of these types of good with those of the United States and Canadian importers.

In essence, and in order to avoid that Mexico be used as an export triangle,[23] for exports outside the NAFTA region, tax-free temporary imports used in the *maquiladora* industry have been maintained and for exports within the NAFTA region, tax payments were waived for the smallest of the following items: the tariff applied by Mexico to the imported input or the tariff applied by the United States or Canada to the final imported product.

In the wake of the EPA, the importance of the *maquiladora* sector, which has already accounted for 60% of total FDI in Mexico,[24] has been imperative in continuing the investment trend of Japanese companies in Mexico.[25]

Under the present *maquiladora* scheme, Japanese exports and investments in Mexico shifted to allocate its resources and strategies to the United States market rather than Mexico's domestic market, thus the operation of the *maquiladoras* capitalized on the need to economically rely on a much less volatile destination market, particularly in manufacturing.[26]

As an example of Japan's revised economic goals, the number of industrial plants which opened in Mexico between 1976 and 1980 rose to 18, only 5 of which were *maquiladoras*; however, between 1981 and 1990 more than half of the 56 new industrial plants incorporated were precisely *maquiladoras*.[27]

Currently, Mexico is undergoing a substantial transformation in its economic –for example the opening of the petroleum sector to private investment- and political arenas which is also having profound effects in its mid and long-term financial strategy.

The results are mixed and the country faces a difficult transition period internally but seems keen on taking advantage of its worldwide platform as a renewed champion for free trade.

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[22] *See* Álvarez Soberanis, Jaime, *The National Foreign Investment Registry (RNIE)* in JURÍDICA (Yearbook of the Law Department of the Universidad Iberoamericana, Mex.), No. 19 at 451-453 (translation by the author), (1988).
[23] *See infra* discussion at 13.
[24] *See* Ministry of Trade and Industrial Procurement, now Ministry of Economy, public economic figures published at 473 (1999). Such figure considers only new investments plus fixed asset imports by *maquiladoras* and was based on data furnished by the National Statistics, Geography and Information Institute (*Instituto Nacional de Estadística, Geografía e Informática* or *INEGI*).
[25] *See infra* discussion at 6.
[26] *See supra* note 17 at 473.
[27] Székely, Gabriel "In Search of Globalization: Japanese Manufacturing in Mexico and the United States", in *Manufacturing Across Borders and Oceans. Japan, the United States and Mexico*, edited by Gabriel Székely. San Diego: Center for U.S.-Mexican Studies. No. 36, San Diego, California, 1991.

On its part, Japan is coming out of a decades-long recession and is finally having a positive economic outlook for a developed country.[28] In this process of foreseeable financial expansion, Japan expects to reap a good return on the policy change it fostered back in 1980 by revising her status under the Foreign Exchange and Trade Control Law (Law No. 228, December 1st, 1949) as a "prohibition in principle" to "freedom in principle" for foreign trade and other external transactions of the island nation,[29] as was also anticipated in the early 1970's when Japan was already seeking the Chinese market, as a form of expansion, due to the then existing and restrictions on Japanese imports on behalf of the United States government.[30]

Legal Framework under the WTO

As noted previously,[31] Japan had continually stressed the need for new international commercial guidelines through multi-state agreements and rarely sought commercial pacts with other nations aside from the GATT sponsored rounds and, more recently, under the auspices of the WTO.

The current WTO structure, to which both countries are parties to, enabled the EPA to be executed between Mexico and Japan under the provisions of article XXIV of the WTO Charter.[32] The Customs Unions and Free Trade Areas constitute an exception to the fundamental WTO principles of Most-Favored Nation status and National Treatment, through which any favorable concession granted to a member state, must also be awarded to all others within such WTO commercial structure.

In essence, the WTO provisions established, as recognition of necessity and desirability of member states, the increase of freedom of trade through the development of voluntary agreements for closer economic integration, even though such agreements were not multilateral in nature, a cornerstone of its general economic policy.[33]

Arguably, such provision has inspired all of the post-World War II, bilateral, multilateral, and regional trade –including customs unions- and development agreements executed between the various states of the international community apart from the negotiations arrived upon during the GATT rounds, the 1994 Marrakesh Agreement and more recently the WTO rounds.

It is to be noted that among the top 30 countries, which account for 90% of the world's Gross Domestic Product (GDP), only Japan, before the EPA, China, Korea and Taiwan were not involved in some type of regional commercial agreement. The general tendency worldwide is pointing towards regional integration and free trade agreements.[34]

The world has begun to see, roughly ten years after its enactment the palpable rewards of the EPA. Fortunately, Mexico and Japan, early in the 21st century, did not throw caution to the wind and embraced their common commercial future.

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[28] Emmond, Kenneth "Mexico-Japan free trade pact" in the *El Universal*/The Herald Newspaper, Mexico City, June 6, 2004. It has registered, for example, economic performances during the last decade in the area of 1.7 percent, her best showings since 1991.
[29] *See* GATT Secretariat Report: Trade Policy Review – Japan, Volume 153 at 156-157 (1990) as cited in Jackson, John H., et. al, at 216 *Legal Problems of International Economic Relations, Cases, Materials and Text*, 3rd edition, West Publishing Company, Saint Paul, Minnesota, 1995.
[30] *See* Zuckermann, Conrado, *Dawn or Abyss, Impressions on China and Japan,* (translation by the author), 1st Edition, Casas Imprenta, S.A., Mexico, 1973.
[31] *See supra* discussion at 2.
[32] Article XXIV was also found in the original GATT 1947 Agreement.
[33] *See* Jackson, John H., et. al, at 48, 1995 Documents Supplement to *Legal Problems of International Economic Relations*, third edition, West Publishing Company, Saint Paul, Minnesota, 1995.
[34] Mexico-Japan Joint Study Group on the Strengthening of Economic Bilateral Relations, Final Document, Mexican Ministry of Economy, Japanese Ministry of Foreign Affairs; (translation by the author); at 1 (Mex. 2002)

Conclusions

We find in the EPA a vivid example of forward commercial thinking, which definitely broke the traditional regional integration mold and set the standard for the current and future global commercial integration. Following, are five general ideas, in the form of brief specific conclusions, which can summarize our views on the EPA and its impact on the global commercial scene, on Japan and Mexico and, even more importantly, on private investors, the catalyst of all economic progress.

1. The EPA has enhanced economic growth and prosperity for Mexico and Japan by strengthening their domestic economies and creating a healthy environment in order for new and culturally diverse businesses and strategic alliances to be created.

2. By reducing tariffs and other trade barriers, the EPA has contributed in the development of Japan and Mexico's economies and aid in becoming more efficient domestic economies and has dramatically advanced the number of exports and general investments.

3. The EPA set the pace and served as a global model for current and future commercial agreements, be it in the form of reciprocal financial/investment alliances, treaties or bilateral o multilateral economic agreements

4. Given the fact that Mexican exports to the rest of the world are counter to those directed to the Japanese market, *i.e.* manufactured products, Mexico was able to focus on diversifying its exports to Japan and thus boosting the export of light manufactures such as processed foods, furniture, clothing, and non-metallic mineral products. Likewise, Japan took advantage of its high-technology sector and established industrial plants targeted to the United States market, but qualifying, under the rules of origin of NAFTA as Mexican products.

5. The current and modest levels of local content registered in Japanese *maquiladoras* in Mexico evidence the ample opportunities under the EPA that pointo to the integration of Mexican suppliers in the production chains,[35] especially in the Japanese assembly plants established under the *maquiladora* program.

[35] *See supra* discussion at 2.

Appendix

General Provisions of the EPA

Below we find the main topics that the EPA touches upon.

The EPA comprises not only the elements of a free trade agreement, but also includes numerous provisions for bilateral cooperation and mutual involvement in social and economic issues.

Rules of Origin and Customs Procedures

The procedures set forth for rules of origin are similar to those found in similar modern agreements. Such rules have been established in other agreements entered upon by Mexico (as is the case with NAFTA). The rules established in NAFTA, which comply with the provisions of the WTO, for customs purposes, are incorporated into the EPA so that the country of origin determination is based upon the location whereby the product was wholly obtained or where it underwent its last substantial transformation, i.e. changed its tariff classification.

Emphasis has been provided for the establishment of clear and safe procedures for the certification of origin of goods, as well as clear guidelines to ensure an expedited verification of compliance of such procedures of rules of origin and avoiding, to the maximum extent possible, trade triangulation and providing legal certainty to producers, exporters and importers.

Health and Phytosanitary Measures

The agreement preserves the right for each state to adopt health and phytosanitary measures to protect human, animal and vegetable life against risks derived from diseases, plagues, additives, or contaminants, provided that these are scientifically justified and do not constitute disguised trade barriers.

Rules, Technical Regulations and Evaluation Procedures

The agreement provides for the: technical cooperation among the parties, the designation of contact points and the incorporation of a subcommittee that reviews and implements the corresponding chapter, which also serves as a background for the discussion and solution of these topics before they turn into trade disputes.

Safeguards

Bilateral safeguards are strictly tariff-based. The maximum duration of these measures are four years and do not apply to the negotiated quotas under the agreement; however, each party has the ability, in case of emergency, to apply such safeguards to those amounts that enter above the agreed upon quotas.

In the event domestic production is under critical circumstances, provisional bilateral safeguard measures may be applied for a maximum duration of 200 days.

Services

In this area, trade has been liberalized significantly to extend to the negotiated commitments on the multilateral level. With this, foreign investment by Mexican and Japanese service companies has been allowed.

The following general provisions are emphasized: (i) national treatment obligation, (ii) most-favored nation status and (iii) the degree of openness was adjusted in order to ensure that neither of the two countries implements more restrictive legislation in the future.

Temporary Entrance for Businesspersons

This Chapter purports to establish the criteria for the entrance and the temporary stay of persons with business purposes.

The facilitated entrance and departure of businesspersons between the two countries is thereby fostered for the benefit of a more expedited and dynamic exchange. The immigration authorities may not delay more than 30 calendar days the issuance of such document.

Investment

Among the topics and elements of this heading, the following provisions are emphasized: (i) national treatment obligation, (ii) most-favored nation status; (iii) ban on minimum production outputs; (iv) liberty of transfers; and (v) dispute resolution provisions between the individual investor and the state. The purpose is to provide legal certainty for investors in both countries.

Preferential System

A Generalized System of Preferences ("GSP") between Mexico and Japan was negotiated, as found in other commercial arrangements between Europe and her former African and American colonies and among the United States, several Central and South American countries, as well as the Caribbean basin. Through the GSP, certain preferences for Mexico were unilaterally granted by Japan in the EPA.

Government Purchases

This chapter ensures that the Mexican and Japanese providers of goods and services have access to each of their government procurement market under national treatment conditions.

With respect to Mexican government purchases excluded under the agreement, Mexico granted Japan a similar treatment to that offered to the United States, Canada and the European Union. In essence, foreign suppliers from these nations and arguably from others enjoy the same benefits and are subject to the same obligations as Mexican suppliers.

Economic Competition

Generally, collaboration between the corresponding authorities in order to avoid unfair trade practices is sought. Included are several provision related to non-discrimination, clear legal and regulatory application, confidential information treatment and technical cooperation between the corresponding authorities of Mexico and Japan.

Dispute Resolution Mechanisms

Disputes are handled in two stages: (i) consultative non-binding nature stage, and (ii) contentious, binding nature stage before an arbitral tribunal. The final arbitral award is binding on the parties and the claiming party may suspend benefits equivalent to those set forth in the corresponding final resolution if the responsible party has not complied with the resolution within the time period established by such tribunal in the award.

Bilateral Cooperation

With regards to small and medium-sized companies, the main purpose was –and is- to draw on Japan's experience in order for it to contribute in the competitiveness increase of Mexican companies, integrate them into the productive chain of larger companies, and promote their export ability.

An increase in cooperation and involvement in the science, technology, education and labor training areas is sought. Additionally, business relations are fostered in order to increase through exchange of experts, better access to information regarding laws, regulations and practices related with the trade and investment areas; organization of fairs and seminars; business opportunity identification and strategic alliance promotion, amongst others.

Specifically Negotiated Points:

Japan released 91% and in the mid-term 4% of the tariffs that it applied to Mexico of 95% of the tariff sections.

The remaining 5% of the tariff section consists of products that Japan expressed concern in. Notwithstanding, some items within such products have been able to enter, under quotas, without tariffs: leather shoes and dress garments.

Mexico released 44% of the tariff sections it applied to Japan. Included within such 44% of the tariff sections are mainly articles which are not produced domestically and inputs for the domestic industry such as high technology products, precision equipment, heavy machinery, capital assets, certain chemical inputs, computer equipment, and consumer electronics, amongst others.

Mexico, five years after the enactment of the EPA opened 9% of certain tariff sections which include selected products of the chemical, photography, textile, and automotive (engine parts) sectors, among others.

This year (2014), Mexico will gradually open 47% of the tariff sections of those sectors where domestic production exists (pharmaceutical, cosmetics, soaps, photography articles, rubber, wood, steel, paper, and glass, among others).

Special Cases:

a) **Automotive Sector**

Japan gained access to an amount equivalent to 5% of the Mexican domestic automotive market. Under the prior Mexican legal and regulatory framework for the promotion of the national automotive industry, approximately 3% of the Mexican domestic market was being imported tariff-free from Japan.

b) **Steel**

An immediate release upon entry into effect of the agreement was negotiated for specialized steel products which are not produced in Mexico and that are used in the manufacture of automotive parts, electronics, appliances, machinery and heavy equipment.

Ordinary Japanese steel, which competes with Mexican domestic production, maintained the then-existing tariff during the first 5 years of the EPA's efficacy.

c) Agricultural and Fisheries

This sector represented one of the main interests for Mexico in connection with the EPA and access of Mexican farming products into Japan was sought and secured.

Japan is the main importer of agricultural, fishing and farming products in Asia and one of the principal ones in the world. Mexican sales have represented 1.1% (approximately 395.1 million United States dollars or USD) of the total agricultural and farming Japanese imports.

Commitments were reached in 796 tariff sections, which represent 99.8% of the total Mexican exports to Japan (approximately 394.3 USD). Such sections have preferential access and Mexico has tariff advantages over the U.S., Brazil and certain Asian countries.

It is to be noted that in the medium term other tariffs for agricultural products will be –finally- eliminated.

Important quotas for the Mexican productive sector were obtained in pork, beef, and poultry products, oranges, honey, and tomatoes, among others.

Mexican green coffee, lemons, beer, avocados, pumpkins, asparagus, tequila, mangos, pectin, and fresh broccoli enter Japan tariff free.

A large percentage of Mexican fishing exports (76.7%) to Japan were negotiated and included in the agreement and among the products that have tariff-free access are the fresh and canned yellow fin tuna, shrimp, some crustaceans, mollusks and octopuses. Sardines and squids are under designated quotas.

Tariffs for products of great interest for the Mexican economy were eliminated, such is the case of some horticulture products and fruits like tomatoes, garlic, onions, cauliflowers, eggplants, legumes, guavas, papaya, mezcal, wines, tobacco and eggs, primarily.