

Memorandum

Date: September 24, 2024

To: Holly Alfano, Independent Lubricant Manufacturers Association

From: Holland & Knight Mexico, S.C.

Re: Regulatory Update

This memorandum provides a brief update on regulatory activity in Mexico. In particular, we refer to the decree jointly published on September 18, 2024 (the “**Decree**”) by the Ministry of Economy and the Ministry of Energy amending the import and export permit requirements for hydrocarbons and fuel products, among others (available at: [DOF - Diario Oficial de la Federación](#)).

By way of background, the Decree was originally issued on December 26, 2020 (as amended on November 22, 2022 and on November 6, 2023) by the current government administration, as an effort to replace a similar decree that resulted from the 2013 Energy Reform, issued on December 29, 2014 (as amended on December 30, 2015, September 8, 2017, December 4, 2017 and February 22, 2019). It is worth noting that the Decree returns the possibility of requesting 20 year export permits, which option had been eliminated by the current government administration in 2020.

Also, note that Import and Export Permits apply when the product is related to the energy industry, or derives or is produced from hydrocarbons. For Lubricants and Additives, recent regulatory amendments have made it necessary to obtain a Permit for the import of such products, when classified under certain specific tariff codes.

Find below an executive summary with the main highlights of the Decree

Executive Summary

- **Context and Justification:** The Agreement aims to update and simplify the procedures for obtaining prior permits for the import and export of hydrocarbons and petroleum products, providing greater legal certainty and clarity to interested parties. It seeks to facilitate compliance with obligations by considering the type of merchandise, its use, and the quantities requested.
- **Term of Permits (Article 29 Bis):** Permits are granted for different validity periods that vary based on the nature of the merchandise and its intended use. For merchandise intended for sporting events and research trials, both for import and export, the validity is sixty days. Standard permits for one year and five years may also be requested. Furthermore, **export permits** may be granted for periods exceeding **five to twenty years**, provided the need for such permits is justified in the interest of social and economic benefit, subject to approval by the Ministry of Energy (SENER).
- **Application Processing (Article 32):** Applications for prior import and export permits, as well as their renewals, must be submitted through the Digital Window, adhering to the procedures established in the Federal Registry of Procedures and Services.

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- **Specific Requirements (Articles 39 to 42):** Articles 39 to 42 establish specific requirements for obtaining prior import and export permits, clearly differentiating the requirements based on the validity of each type of permit. Each article outlines the conditions and necessary documentation corresponding to its duration, ensuring that applicants comply with the specific regulations applicable to their situation.
- **Permit Renewals (Article 52):** Renewals are governed as follows: permits granted for one year may be renewed up to two times for the same validity, while five-year permits may be renewed once for the same duration. For permits exceeding five years intended for export, the renewal will be singular and may extend up to half of the original validity; in the case of twenty-year permits, the renewal will be limited to the same proportion. It is important to note that permits granted for sixty days are not renewable.
- **Transitional Provisions:** Applications submitted prior to the entry into force of this Agreement shall be processed in accordance with the regulations in effect at the time of submission. Prior permits issued shall remain valid until their expiration or until the authorized volume is exhausted, governed by the applicable regulations in effect on their issuance date.

For more information regarding the Decree and related topics, please contact:

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