

## Mexico Q&A

### Question 1. What are the potential risks associated with higher tariffs and what mitigation strategies are recommended given the current state of affairs?

The most significant risk is the potential loss of market access. We recommend that clients stay closely informed about daily announcements and assess how these may affect their exports to the U.S. It is crucial to consult with your customs broker regarding any regulatory issues that could lead to economic losses.

Key strategies include:

- Reviewing supply chain alternatives
- Reassessing rules of origin
- Re-evaluating customs valuation

### Question 2. Enforcement Strategies and What to Avoid

Ensure thorough compliance with rules of origin and maintain detailed, accurate records. It's critical to avoid any practices that could be seen as trying to bypass trade regulations – for example, misrepresenting the origin of goods to reduce duties. Maintain strict oversight of your supply chain to prevent potential violations.

More than ever, it is essential to work with experienced trade professionals who can guide you through these complex requirements.

### Question 3. Practical Tips and Case Studies – Current Observations

Include contract clauses that assign responsibility in the event origin status is denied and duties or penalties are imposed. Consider adding alternative dispute resolution mechanisms.

Canadian and Mexican companies exporting to the U.S. must be ready to comply with USMCA regulations. Additionally, they should monitor efforts by Canadian provinces to reduce internal trade barriers and labor mobility costs, which may offer opportunities for sourcing within Canada.

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