106TH CONGRESS
1ST SESSION

H. CON. RES. 70

Expressing the sense of the Congress that there should be parity among the countries that are parties to the North American Free Trade Agreement (NAFTA) with respect to the personal allowance for duty-free merchandise purchased abroad by returning residents, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1999

Mr. BONILLA (for himself, Mr. ORTIZ, Mr. REYES, Mr. SKEEN, Mr. HINOJOSA, Mr. BILBRAY, Mr. PASTOR, Mr. KOLBE, and Mr. RODRIGUEZ) submitted the following concurrent resolution; which was referred to the Committee on Ways and Means

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CONCURRENT RESOLUTION

Expressing the sense of the Congress that there should be parity among the countries that are parties to the North American Free Trade Agreement (NAFTA) with respect to the personal allowance for duty-free merchandise purchased abroad by returning residents, and for other purposes.

Whereas the duty-free allowance for returning residents is an important element of trade and tourism;

Whereas the United States provides each United States resident who is returning from Mexico after a stay of any duration a personal exemption from duty on merchandise valued at up to $400 once every 30 days (or up to $200 if the individual has claimed an exemption within 30 days before his or her arrival in the United States), including in both instances 1 liter of liquor, wine, or beer, and 200 cigarettes and 100 cigars;

Whereas Mexico has a 2-tiered duty-free allowance for its returning residents, set at the equivalent of $50 for border zone residents of a 25 kilometer strip along Mexico's northern border and the equivalent of $300 for residents who live in the interior of Mexico;

Whereas interior residents of Mexico are also permitted up to 3 liters of wine, beer, or liquor and up to 20 packs of cigarettes, or 25 cigars, or 200 grams of tobacco, while border zone residents of Mexico are only permitted up to 1 liter of beer, wine, or liquor, and 10 packs of cigarettes or 25 cigars;

Whereas border zone residents of Mexico in 1995 were permitted a second allowance that, in addition to the $50 per trip allowance, permitted a $400 duty-free personal exemption that may be used once per month for clothing, footwear, food products, personal and household hygiene products, and medicines, and in any case, personal exemptions may be pooled with other members of the family;

Whereas Canada provides each returning Canadian resident absent for more than 7 days a duty-free allowance on merchandise valued at up to the equivalent of $500; after an absence of 48 hours, a returning Canadian resident has a duty-free allowance of the equivalent of $200, and after an absence of 24 hours the Canadian allowance is the equivalent of $50; and Canadian residents returning after an absence of at least 48 hours are also provided a duty-free allowance for 1.14 liters of distilled spirits or wine, or 8.5 liters of beer, and up to 200 cigarettes, 200 tobacco sticks, 50 cigars, and 200 grams of manufactured tobacco;

Whereas in 1995 Mexico announced that duty-free stores will be established at multiple locations on the Mexican side of the United States-Mexico border, which will sell their merchandise to United States residents traveling to Mexico and will benefit from the generous United States duty-free allowance afforded to its residents;

Whereas with the advent of duty-free stores on the Mexican side of the border serving United States residents, the inequity between the duty-free allowances of the 2 countries is further exacerbated, placing United States retail establishments which serve Mexican residents at an unfair competitive disadvantage;

Whereas minimal progress has not been made by Mexico to educate Mexican border officials and shoppers and United States retailers about the $400 per person allowance for border zone residents of Mexico and the procedures to follow to take advantage of such allowance;

Whereas Mexico's development of a magnetic card to be used by returning border zone residents to claim their duty-free allowances is not fully operational as had been expected by December 1998;

Whereas the United States entered into the North American Free Trade Agreement (NAFTA) with Mexico and Canada with the intent of phasing out tariff barriers among the 3 countries; and

Whereas it violates the spirit of the NAFTA for the countries to maintain restrictive duty-free allowance policies which are not reciprocal: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That—

(1) the United States Trade Representative and the Secretary of the Treasury, in consultation with the Secretary of Commerce, should—

(A) initiate discussions with officials of the Governments of Mexico and Canada to achieve parity in the duty-free allowance structure of the United States, Mexico, and Canada;

(B) accelerate negotiations with the Government of Mexico to ensure that the expanded allowance enacted in 1995 for border zone residents of Mexico will be given effective implementation; and

(2) in the event that parity in the duty-free allowances of the 3 countries is not reached within 1 year after the date on which this concurrent resolution is adopted, the United States Trade Representative and the Secretary of the Treasury should submit recommendations to the Congress on whether legislative changes are necessary to bring the United States duty-free allowance to a lower amount to conform to the allowance levels established in the other

countries that are parties to the North American Free Trade Agreement.

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