



# Mexico's Apparel Tariffs Are Closing a Circumvention Loophole

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## TRADE COMPLIANCE

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By Sayari Analyst Team · Published August 2025

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In January 2025, Mexico's government implemented new tariffs and restrictions targeting a specific sector: apparel and textiles. The numbers were precise. Thirty-five percent tariffs on finished apparel products. Fifteen percent on textile inputs. Both were temporary, lasting until April 2026. But the timing and specificity revealed the real target: a circumvention loophole that had been open for three years. The loophole involved Mexico's IMMEX (Programa de Industria Manufacturera, Maquiladora y de Servicios de Exportación) program. IMMEX allowed manufacturers to import raw materials and intermediary goods into Mexico duty-free, provided those goods were re-exported as finished products. The theory was sound: encourage manufacturing in Mexico by eliminating tariffs on inputs. The practice became a tariff evasion pipeline. Here is how it worked. A Chinese textile company exports yarn to a Mexican maquiladora. Under IMMEX, no tariff is paid on entry. The Mexican facility dyes the yarn, knits it into fabric, and then exports finished apparel to the United States. Because the finished good was manufactured in Mexico, it is labeled as Mexican-origin. U.S. importers buying Mexican apparel avoid the 25 percent Section 301 tariff that applies to Chinese textiles. The Chinese exporter, the Mexican processor, and the U.S. importer all benefit. The tariff is evaded.

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## How the Loophole Became Systemic

This scheme became endemic in Mexico's apparel sector by 2023. Chinese textile companies, facing catastrophic tariff increases on direct U.S. exports, shifted their processing to Mexico. Mexican maquiladoras, suddenly unable to source Chinese inputs at competitive cost, restructured to accept duty-free imports under IMMEX. U.S. importers, facing margin pressure from tariffs, shifted sourcing from direct China to Mexico. The result was that Section 301 tariffs, intended to pressure Chinese manufacturers, instead created a Mexican tax on tariff evasion. Mexican customs authorities saw this happening. U.S. Customs and Border Protection saw it happening. But under existing rules, the process was technically compliant. The goods were actually manufactured in Mexico. The origin marking was legally valid. IMMEX was operating exactly as designed—it was just being designed around. The decree that went into effect January 1, 2025, changed that calculus.

## Closing the Loophole with Tariff Leverage

The Mexican government's response was to amend IMMEX. Starting January 1, 2025, goods classified under three specific HTS chapters—Chapter 61 (knitted apparel), Chapter 62 (non-knitted apparel), and Chapter 63 (other textile products)—are no longer eligible for IMMEX duty-free treatment. They can still be imported, but they will face tariffs on entry. This is the key leverage. A Chinese exporter can no longer send yarn to Mexico under IMMEX. The yarn will be tariffed on entry at 15 percent. A Mexican processor can no longer absorb that cost and compete with direct sourcing from compliant suppliers. The cost structure that made the evasion scheme work no longer works. The loophole closes. The decree also inserted a secondary restriction: goods that are processed under IMMEX using materials sourced outside the approved list cannot be exported duty-free. This language is designed to catch sub-tier sourcing. A processor that imports materials under IMMEX and then uses prohibited inputs discovered downstream will lose the duty-free status retroactively. The compliance risk became retroactive.

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## Enforcement and Cascading Compliance Risk

The CBP has been investigating IMMEX-related transshipment schemes in parallel. Cases under the Enforce and Protect Act (EAPA) target importers and customs brokers who use maquiladora routes to evade tariffs. EAPA allows domestic competitors to file for investigations and recovery of duties paid by importers who are using evasion schemes. These investigations move slowly, but they are moving. A supply chain that was compliant under the old IMMEX rules can still face retroactive duty assessments if CBP determines the sourcing was misrepresented. The compliance challenge for apparel brands is multi-layered. Your tier-1 supplier may be a Mexican maquiladora that is now subject to new tariffs. Your tier-1 supplier may tell you that inputs are now more expensive—which is true, because IMMEX tariffs are being added. But your tier-1 supplier may not tell you where those inputs originated or whether they are using IMMEX-ineligible sub-tier sourcing. The supply chain opacity that created the evasion loophole is still there. A Mexican maquiladora's supplier relationships typically involve dozens of sub-tier nodes. Textile dyes, threads, buttons, labels—each involves a separate sub-tier sourcing decision.

## Visibility and Liability in a New Compliance Regime

Companies that can answer the question "where did every input in my apparel come from, and did it use IMMEX treatment?" have a compliance advantage. Companies that cannot are operating blind. Additionally, the CBP Enforce and Protect Act precedents suggest that importers have an affirmative duty to verify that their suppliers are not using tariff evasion schemes. Ignorance is not a defense. A U.S. apparel brand buying from a Mexican maquiladora can be held liable for tariff evasion committed by that supplier if the brand failed to detect it or, worse, failed to have visibility into the sourcing. The new decree also creates a second phase: if CBP escalates investigations under EAPA or if Mexican customs increases enforcement, the compliance risk for any company using Mexican apparel supply becomes acute. A relationship that was compliant 60 days ago can be exposed as non-compliant retroactively. Remediation requires visibility that most apparel companies do not have. Mexico's apparel tariff decree is a technical response to a structural problem. It closes a tariff evasion loophole by making the loophole expensive. But it also forces apparel companies to make a choice: accept higher input costs by sourcing compliant materials, or run the risk of EAPA investigations and retroactive duty assessments. Companies that want to run resilient, auditable supply chains need tier-N visibility into where materials come from and whether their sourcing is compliant under the new rules.

Sayari's supply chain mapping helps apparel and textile companies trace sourcing through multiple tiers, identify which suppliers are exposed to tariff changes, and build compliance visibility into complex sub-tier relationships. Explore Sourcing & Procurement to see how brands map supplier networks beyond tier-1, review Global Trade Compliance to understand tariff and import regulation tracking, and request a demo to see your apparel supply chain the way Mexican customs and CBP now examine it-with full tier-N visibility.

Please visit [sayari.com](https://sayari.com) to learn more.

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