

broker deals with an associated U.S. broker to obtain a Transit and Exportation (T&E) bond, which allows the goods to travel through the United States. This bond must be cancelled by U.S. authorities at the export yard, before the goods cross into Mexico. The Canadian broker also sends the necessary documents to the Mexican broker, before the shipment arrives at the border. The specific documents involved are discussed in detail in section 6. Some Canadian brokers verify receipt of the documents by the Mexican broker before the shipment leaves Canada.

CLEARANCE AT THE MEXICAN BORDER

When a shipment arrives at the border, it becomes the responsibility of the Mexican customs broker. If the goods arrive by truck, a forwarding agent takes possession on the U.S. side of the border, usually at Laredo or Brownsville. The broker closes the Transit and Exportation (T&E) bond, and calculates the amount of duty payable. This may involve unloading the truck, especially for less-than-truckload (LTL) shipments. The broker notifies the importer and arranges for payment of the duty and taxes. Ideally payment will have been pre-arranged. The broker or the importer transfers the funds to Mexican customs, and the broker issues a *pedimento aduanal*, import petition.

If the shipment involves food or agricultural products, it will be inspected by the *Secretaría de Agricultura, Ganadería y Desarrollo Rural (SAGAR)*, Secretariat of Agriculture, Livestock and Rural Development, officials on the U.S. side of the border. The health and phytosanitary certificates will be checked before the official issues a "certificate of import", which must be attached to the *pedimento* before clearing customs. There is an extra fee for this certificate.

Although Canadian tractors are allowed to travel a short distance into Mexico, it is often more convenient to transfer the trailer to a "drayage" tractor, which hauls it over the bridge into Mexico. The broker's dispatcher meets the drayage driver at Mexican Customs and arranges the clearance into Mexico.

About one truck in ten is randomly selected by computer and gets a red light pulling it off for a customs inspection, which means unloading the trailer.

In some cases, the Canadian trailer is transferred to a Mexican tractor when it reaches the Mexican side of the border. Some trucking companies do not allow their trailers to travel in Mexico, and the goods are unloaded and reloaded into a Mexican truck. Shipments arriving at the border usually clear customs the next day, but with early-morning arrivals same-day clearance is possible, provided that the documentation has been prepared in advance.

Rail shipments are similar to truck shipments, except that U.S. rolling stock can now enter Mexico and the goods are not normally unloaded/reloaded. Shipments arriving by sea are unloaded at government docks and kept in a customs warehouse until they are cleared. Air shipments must initially enter a bonded storage area in the airport, normally operated by the air carrier or a customs broker. Customs clearance from either customs warehouses or airport-bonded storage are otherwise similar to the procedures described for trucks.

SELECTING A CUSTOMS BROKER

When selecting a customs broker, talk to other companies, use personal referrals, if possible, and take the time to make a thorough assessment. Look for evidence of the broker's reliability and reputation, and don't forget to make cost/service comparisons between several candidates.

Questions to ask a prospective customs broker:

- How long has the broker been in business?
- Does the broker specialize in certain commodities and/or shipping methods?
- What resources does the broker have for clearing and delivering goods?
- What kind of physical facilities does the broker have? Do they include secure areas for high value commodities or hazardous materials?
- Are the offices of the broker located in the major ports of entry that will be used?
- What kind of security systems and procedures does the broker have?
- What insurance coverage is carried by the broker for facilities and operations?
- What records maintenance does the broker offer?
- Can the broker's bond be used to provide the necessary surety coverage?
- What are the terms of payment and financial arrangements?
- What is the broker's financial stability?
- How does the broker advise clients of delays in handling or clearance and will the broker offer suggestions on how to avoid such delays?

When you find a good customs broker, remain loyal and do not try to go around the broker, even if the services cost more than doing it yourself. Think of your broker as a representative and a partner in your business. It is not appropriate, for example, to contact Customs directly if you have engaged a customs broker.