FOREWORD

The North American Free Trade Agreement (NAFTA), which went into effect on January 1, 1994, includes an entire chapter on customs procedures. Partly in response to these requirements, Mexico has streamlined many of its customs procedures. Nonetheless, customs administration continues to be a very serious matter. Mexican officials may delay shipments for seemingly minor deficiencies in the paperwork.

Although many customs procedures continue to be simplified, enforcement of some other regulations has been stepped up. For example, in 1994, Mexico began enforcing its labelling laws and standards certification requirements at the border, placing the onus for compliance on the exporter for the first time.

For these reasons, it is essential that the Canadian exporter pay careful attention to every detail of the documentation process. As it is elsewhere, systematic planning and preparation is the key to successful customs clearance in Mexico.

The first decision is whether to export directly or indirectly. Then the mode of transportation must be chosen. Other decisions include the selection of a freight forwarder or a customs broker and the identification of any special permits required. Finally, there are detailed customs regulations that must be strictly adhered to. They include rules covering documentation, marking and product labelling. This guide provides advice on all of these issues.

1. DISTRIBUTION

EXPORTING TO MEXICO: STEP-BY-STEP

- choose a distribution channel;
- select the transportation mode;
- prepare Spanish labels;
- hire a forwarder or broker;
- obtain special permits, if required;
- prepare shipping documents; and
- dispatch and track the shipment.

INDIRECT DISTRIBUTION

A firm exporting to Mexico for the first time, or with limited resources, may choose to use the services of an intermediary to perform the actual exporting function. This way, the exporter avoids the complexities associated with transportation, customs clearance and distribution. Intermediaries include export-managing companies, trading houses, brokers and foreign purchasing agents.

Indirect exporting demands little or no knowledge of the Mexican market, no international experience, few resources and, therefore, lower risk. However, there is a price to be paid for these benefits. The exporter accepts a smaller return because of the fees paid to intermediaries. The exporter also has less control of the product, including how it is marketed in Mexico. Considering these disadvantages, the choice of many firms is to export to Mexico directly.

DIRECT DISTRIBUTION

Direct distribution requires that the exporter establish a relationship with an importer. Under Mexican law, goods may be imported only by a person or company that is listed in the Importers Registry and has a taxation registration number called *Registro Federal de Causantes (RFC)*. The importer must have a business address in Mexico.