

Sectoral Study

The sell-off of government-owned assets by the Salinas administration has transformed telecommunications into a vibrant, innovative and opportunity-laden sector that is thriving on private investment.

The Mexican market has been opened to significant sales of foreign telecommunications equipment. From 10 per cent in 1984, the import share rose to about 20 per cent in 1986, partly as a result of increased investments in conjunction with the 1986 World Cup in soccer. Gradual increases continued, and by 1990, as a result of the decrease of import duties and the elimination of required import licences, imports reached 48 per cent. By 1994, imports are expected to represent 53 per cent of demand in the sector.

Mexico's telecommunications equipment market is expected to

Telecommunications

grow by 10 per cent annually, as one of the country's stated goals is to double the number of its phone lines in the next five years. This will require about \$10 billion in expenditure. Telmex (Teléfonos de Mexico) alone expects to spend about \$2 billion this year to improve service and install new lines.

Northern Telecom has had a plant in Mexico since 1991. Bell Canada and Mitel have interests there. Other Canadian companies are already engaged in the development of a cellular telephone network in Mexico. Over U.S. \$100 million in sales have been realized annually by Canadian firms since 1991.

Provisions in the North American Free Trade Agreement (NAFTA) recognize the importance of trade in the telecommunications sector. All tariffs on telecommunications equipment will be phased out over a ten-year period after implementation. Even in the interim, Canada and the United States will enjoy preferential tariff rates over non-NAFTA suppliers. On July 1, 1995, the market will be fully open for Canadian companies established in Mexico (or on a previously-banned cross-border

basis) to provide enhanced telecommunication and computer services.

Competition for what is perceived to be a lucrative and long-term market will be fierce. As things stand, the United States is the largest single supplier of telecommunications equipment to Mexico, followed, in order, by Japan, Sweden, Germany, France, and Canada. Clearly, companies will have to maintain a strong dedication to research and development in their own fields in order to achieve continuing success in the Mexican market.

The Europeans and Japanese are aggressively pursuing the attractive market opportunities in Mexico. Price and financing are the most important factors affecting Mexican demand. Canadian companies can now take advantage of Export Development Corporation lines of credit: a \$100 million credit line has been established with Telmex.

The climate is welcoming, the need great, and the expertise ours. There can hardly be a better combination for entering or expanding in a new market. Mexico is calling, and there are many Canadian firms well equipped to answer that call.

Shipping - from page 1

These are provided by various Canadian government agencies, and the original must be notarized by a Mexican consulate in Canada prior to shipment.

Weights and measures should be indicated in metric equivalents. Values should be notated in the original currency, as the exchange rate and Mexican peso equivalency are calculated from the date the goods reach Mexico.

A packing list should be sent to the buyer or customs broker as consignee, with the number of copies depending upon the means of trans-

portation. It should include:

- number of packages in shipment;
- detailed list of goods contained in each package, as described on the invoice;
- net, gross and legal weight of each package and of the total shipment; and
- volume of measurements of each package and of total shipment.

The types of bills of lading vary according to the mode of transport. Air shipments should be accompanied by their documentation. In the case of maritime shipments, the commercial invoice, packing list and bill of lading should be sent to the importer through an international messenger service. It is advisable

to send copies to the customs broker; otherwise the importer must do so. The same procedure applies to land shipments. These papers should be sent by expedited service in advance of the shipment of goods, to allow for document revision and special permits. The use of mail is not advised, as there could be a delay of 2-3 weeks.

The most important thing to remember, once the accuracy of documents has been checked, is to make sure that they are all absolutely consistent with one another.

InfoEx distributes an excellent publication on this subject — request "Export Documentation and Foreign Collections."