

When shipping to Mexico, exporters have three main options for the terms of sale:

- Ex Works (EXW) Canadian plant
- Carriage and insurance paid to... (CIP) at the US-Mexico border
- Carriage and insurance paid to... (CIP) at the Mexican destination

EXW means Ex Works. The exporter shifts all responsibility for transportation to the importer, but at the same time gives up control over choice of carrier, routing, freight rates and transit time.

CIP means carriage and insurance paid to... the named place. For example, "CIP Laredo, Texas" means that the exporter's responsibilities end when the shipment reaches that port of entry on the American side of the border. Responsibility for customs clearance, import licensing, import duties, transportation, warehousing and distribution within Mexico rests with the Mexican importer.

Increasingly, the exporter is being asked to offer the third option: the CIP-Mexican destination. In this case, the services of a logistics company offering door-to-door service will be especially useful. Mexican transportation regulations stipulate that the transportation, brokerage, insurance and management of freight in Mexico must be performed by a Mexican company. In addition, the freight forwarder should have the necessary contacts in Mexico to arrange for these services.

Full details about these and other Incoterms can be obtained from a transportation professional.