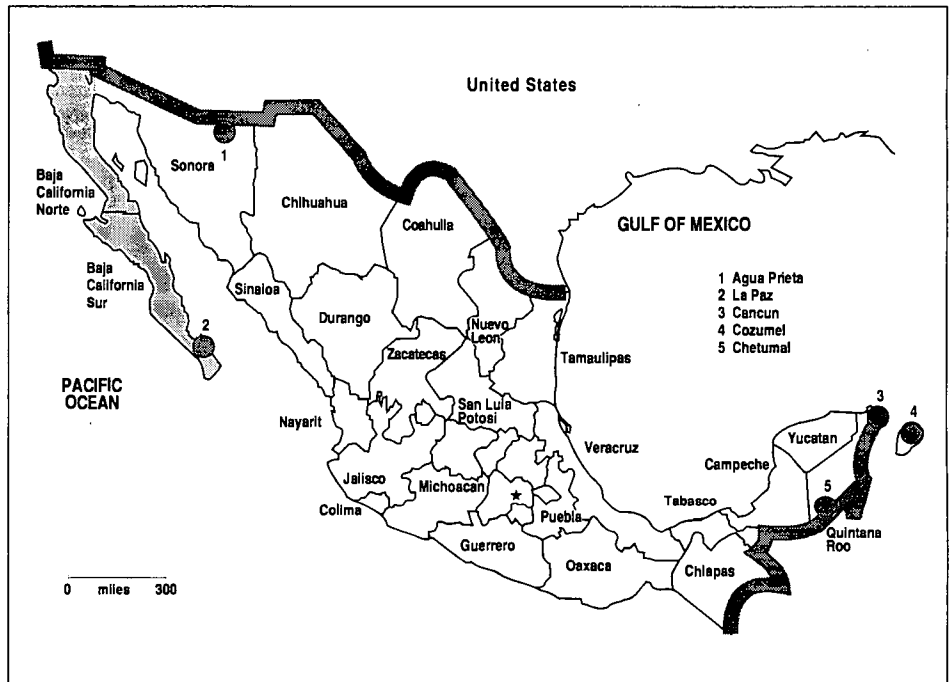


## BONDED WAREHOUSES

Canadian exporters seeking to avoid paying duties up-front may arrange to store their goods in one of the many bonded warehouses operated by private companies under government regulations. Import duties are payable only when the goods are withdrawn from storage. This procedure often results in a substantial reduction of the funds needed to ship goods to Mexico. Moreover, once the goods are in the bonded warehouse, they are immune to any subsequent limitations on imports or changes in the customs duties charged. The value of the merchandise for the purpose of assessing import duties is frozen when the merchandise enters the warehouse. Any subsequent devaluation of the Mexican currency does not increase the dutiable value in pesos. This provision is especially useful considering that the Mexican inflation rate remains relatively high by Canadian standards.

## FREE TRADE ZONES IN MEXICO



There are several border zones in Mexico that have been established as free trade zones. They include 20 kilometres along the United States-Mexico border, the Mexico-Guatemala border and the ports of Cancun, Cozumel, Chetumal and La Paz. They include the state of Baja California, the city of Agua Prieta and an area in the state of Sonora. When entering these zones, certain products are exempted from some or all taxes and duties and import permit requirements. The products covered may vary from time to time in each of these regions.

