

60 percent was directed at TV advertising, 20 percent was spent on radio, 15 percent on print and 5 percent on outdoor advertising. Advertising is relatively expensive. One minute of prime-time advertising on Televisa, the largest TV network, costs \$US10,000. A one-page ad in El Universal, a large daily with a circulation of 1.2 million, costs up to \$US6,000.

Pricing Strategies: Standard cost-pricing formulas should not be relied upon in Mexico since they may lead to over-pricing. Market research should be conducted to determine what prices will be accepted by the market. Once a market niche is established, more flexibility on pricing may be possible.

Credit and Collection: Most sales to Mexico are made on a cash or letter-of-credit basis. Many suppliers advance credit to better known clients to become more competitive, but extreme caution should be exercised when exploring the option. A firm's ability to investigate credit worthiness, collect accounts, or retrieve unpaid debts is limited. Mexican banks are in a position to assist with credit checks, and there are private companies, such as Dun & Bradstreet, which specialize in that area. Lines of credit and export insurance may also be available through Canada's Export Development Corporation in the case of sales of particular types of goods and services.

Debt Collection

Many Mexican companies use couriers or collection agencies to pick up receivables, partly because of the inefficiencies of the mail. Traditionally, many clients wait until the bill-collector is at the door before paying their accounts. In the words of one official with Moore Corporation, "You need a collection staff if you want to get paid. You could mail statements out forever, but the company will only pay when someone comes and stands there with a hand out." Moore has produced business forms at its San Luis Potosi plant for the Mexican and export markets since 1949.

Export Financing

Commercial Banks: Canadian Commercial Banks were highly exposed at the time of the economic crisis in the early 1980s. They eventually agreed to renegotiate the terms of the loans and credits that they had extended to the Mexican government. Mexico's recent economic turnaround promises a gradual reduction in overall levels of this sovereign debt. In terms of financing private ventures, commercial banks are interested in Mexico's possibilities and are receptive to business proposals which they will review on a case-by-case basis. The Bank of Montreal, the Royal Bank, the Bank of Nova Scotia and the Canadian Imperial Bank of Commerce all maintain offices in Mexico. They support the activities of their clients with traditional trade financing instruments and they are well positioned to assume a larger role in the future.

Export Development Corporation (EDC): EDC makes financial support or export insurance available to Canadian exporters. It has also extended 13 lines of credit valued at \$US820 million to Mexican financial institutions for which sales of Canadian capital goods or services in excess of \$100,000 may qualify. This financing mechanism has proven especially important in supporting market entry by new exporters who have been able to direct their customers to the Mexican banks that have access to EDC credit facilities.

Lines of credit may be acted on with relative ease and transactions may be finalized in a matter of weeks. EDC will

finance up to 85 percent of the value of a commercial contract under a line of credit. An exporter who believes that an anticipated transaction may be eligible for financing should approach EDC when the transaction is first being negotiated. Before committing itself, however, EDC will need the following documentation:

- a copy of the proposed commercial contract;
- a set of the exporting company's financial statements; and
- a completed Canadian Content form — the minimum eligible Canadian content is 60 percent and EDC will assess whether Canadian content is being optimized.

During this period, the Mexican importer should approach banks in Mexico which offer financing through EDC's lines of credit. The importer should establish the willingness of the bank to accept the credit risk of the Mexican buyer and the terms of the commercial contract. Assuming the transaction and the transacting parties meet the conditions of the lender (EDC) and the borrower (the Mexican bank), these two entities will then confirm their participation and extend the commitment. EDC disburses directly to the Canadian exporter once the latter has complied with the terms of the commercial contract.

A commitment under a line of credit involves costs which are borne by both the exporter and the importer. The