

## III. Doing Business With Mexico

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### *Market Opportunities*

The information in Chapters I and II is intended to familiarize the reader with Mexico so that a preliminary assessment of the country's market opportunities for products and/or services can be made. Canadian exporters will find opportunities in almost all sectors, including transportation (rail, ports, roads, airports); telecommunications; energy (oil and gas); electric power generation and transmission; automotive parts; agriculture and food; mining; environmental services and equipment; and consumer goods.

### *Foreign Exchange System*

Mexico currently (February 1995) does not maintain currency controls on foreign exchange and there are no federal restrictions relating to the transfer of dollars or other foreign currencies out of the country. There are no restrictions on the repatriation of capital, dividends, royalties, technical assistance fees or profits, although there are taxes that will apply.

### *Customs*

It is important to remember that the NAFTA creates a free trade area, not a common market; that is, customs administrations will still exist for both NAFTA originating and non-originating goods.

Mexican tariffs are calculated on an ad valorem basis; that is, they are assessed on the value of merchandise when it arrives in Mexico. The tariff is usually calculated on the basis of the original cost of the merchandise plus the cost of insurance and freight to the Mexican border. Mexico also collects a value-added tax (IVA) of 10 percent, similar to Canada's GST, whenever the ownership of the goods changes. In addition, a customs processing fee (CPF) of 0.8 percent is calculated on the same ad valorem basis as tariffs. All customs duties must be paid at the time the goods clear Mexican Customs. Customs will not release the goods until the import declaration (*Pedimento de Importación*) is presented, proving payment of import duties and other taxes. Canadian exporters may consult the Latin America and Caribbean Trade Division at the Department of Foreign Affairs