

with infrastructure requirements, production, industrial development and sector programs, and making the trees and vegetation to be cut.

The creation of roads, production and distribution, warehousing, as well as industrial plants require certain permits and are subject to specific regulations in order to be allowed to operate.

The transposition of timber and raw materials extracted from forests requires special permits to supervise the conformity with exploitation permits for the area.

In general terms, it can be said that the regulations are very limiting. Every aspect of forestry exploitation is subject to permits, studies and a myriad of requirements. This has made exploitation difficult and also costly, reason for which imported products are very competitive in Mexico.

6. MARKET ACCESS

Sales in Mexico are usually made through local agents and distributors, normally operating on a commission basis. Decisions should be taken on whether to use an agent, joint venturing or licensing with a Mexican company. Mexico's market is highly competitive and companies which maintain an active presence in the market and establish a good track record by virtue of product performance, competitive prices and service will do well.

All suppliers of equipment or services, whether local or foreign, to a Mexican Government entity must be registered with the Secretariat of Programming and Budget (SPB) and with the Purchasing Department of the agency itself. All purchases over a specified minimum are subject to bidding.

As a result of Mexico's accession to GATT, the Mexican Government has gradually opened the economy to international suppliers. Import duties have been lowered from a maximum 100% in 1983 to 20% since December, 1985. The official import price system has been totally eliminated and import permits are required on only 325 of the total 11,520 items in the Mexican Tariff Act, none of which correspond to the industry. Mexico adopted the Harmonized System of Tariff Nomenclature on July 1, 1988.

The import conditions for forestry and woodworking machinery and equipment have improved significantly as a result of the commercial liberalization. Maximum duty rates have been reduced to 20% and most import permits are no longer required on items in this category.

Imports of forestry and woodworking equipment are subject to a 0% to 20% ad valorem duty assessed on the F.O.B. invoice value. In addition, a 0.5% customs processing fee is assessed on the invoice value. A 15% value added tax is then assessed on the cumulative value of invoice plus the above taxes.

There are no official metric requirements applicable to imports into Mexico. However, since the metric system of units is by law the official standard of weights and measures in Mexico, importers will usually require metric labeling for packaged goods, although the English system is also used. Dual labeling is acceptable. Imported products should be labeled in Spanish containing the following information: name of the product, trade name and address of the manufacturer, net contents, serial number of equipment, date of manufacture, electrical specifications, precautionary information on dangerous