

Demurrage is the additional time a ship has to remain in a port for loading or unloading goods that go beyond the number of days that have been foreseen. Demurrage charges are the penalty paid to the ship owner by the firm chartering the ship. This also applies to containers not returned to the carrier within the time allowed by the carrier. In shipping to Mexico, consider the special storage requirements that may not be necessary or usual in Canada, such as refrigeration or packing for a dry climate.

If items are being shipped to a joint venture partner as components for a finished product, there may be tax implications or restrictions on the repatriation of profits that must be factored into the transaction. These may be compensated for by deferral or waiving of customs fees on items destined for re-export. There may also be investment incentives that offset some of the costs of the joint venture.

PRICING

Once a firm has a clear idea of the costs involved in a transaction, it can determine what price to charge for its goods or services. Proper pricing is a key to successful exporting — but it remains challenging, even for the most experienced traders.

Pricing is generally more of an issue for product exporters than it is for service exporters. In many professional service contracts, for example, pricing is determined by the exporter's daily rate plus expenses. The crucial pricing decision revolves around the extent to which that rate is competitive with what other companies charge for similar types of expertise. More complex, however, are service contracts that also involve the sale of products as part of the same package.

In pricing goods, the exporter should gather information that can help to answer the following questions:

- What prices are other suppliers (and exporters) charging for the product? (Can copies of competitors' price lists be obtained?)
- How strong is local demand for the product?
- How fast is local demand growing?

These questions can be answered through careful market research. Talking to potential foreign customers, foreign agents and distributors, other intermediaries can provide a reasonably good understanding of local market conditions.

If the calculated price for the export is higher than prevailing prices in the Mexican market, the exporter can still compete by differentiating the product. It can be positioned as offering superior quality, better service, or some other unique attribute that gives it an edge over the competition.