Provided the correct preclearing procedures have been followed, shipments can now move across the border in less than 24 hours.

In an effort to maintain and encourage this efficiency, *Union Pacific* gives customs brokers 72 hours to clear trains once they reach San Antonio, after which demurrage charges are levied. The entire "despacho previo" concept represents a significant change in Mexican customs procedures and a positive move by the Mexican government in the spirit of the current free trade talks. It should be noted, however, that certain high priority trains, like those moving automotive parts from Chicago-Laredo, have benefitted more from this system than others. Trains carrying products which are not given high priority by the rail carrier or the Mexican authorities, or which are not usually classified as "just in time" shipments (for example, milk powder, scrap paper or chemicals) may still experience delays despite the implementation of preclearing.

The new Mexican federal transport regulations mentioned in the previous section also impact favourably on the rail industry. Freight rates on intermodal containers are now set by market forces, without any price fixing arrangements.

Rail traffic congestion is being confronted both in the United States and Mexico. New facilities are being constructed on the American side, but the Mexican authorities and rail companies in general lack the necessary funds to significantly upgrade their services. The Mexican rail system requires more passing tracks, yard tracks and locomotives, is burdened by overly labour intensive loading/unloading procedures, and lacks a computerized tracking system. This infrastructure problem is a serious source of concern to all rail carriers. Recent encouraging events, however, have been FNM's upgrading of its Nuevo Laredo facilities and the purchase of a computerized tracking system from *Union Pacific* (to be phased in during the next few years).

Once through Laredo, an average transit time of 2 days is required to reach Mexico City.

Shippers should also note that a 15% V.A.T. (value-added tax) on total freight charges within Mexico must be paid to the Mexican authorities at the border.

The following summarizes the services offered by principal Canadian and American railways. Note that in nearly all instances, *Canadian Pacific (CP)* or *Canadian National (CN)* will handle the Canadian portion of a rail shipment before handing it over to an American rail carrier. For final shipment down to Laredo and on into Mexico, CN and CP move goods to major interchange centres in the United States. Currently, both Canadian carriers do not favour their rolling stock crossing into Mexico. The