
Logistics

What is in this Section?

This section covers the logistical issues involved in physically shipping products to Mexico. This includes insurance, credit and Mexican customs procedures, as well as warehousing and distribution within Mexico. The section concludes with a discussion of the issues involved in selecting a logistics company.

The term logistics comes from the military term for the science of moving and quartering troops and supplies. As transportation firms have gradually broadened their offerings of sophisticated services, some of them have begun calling themselves “logistics companies”. Some integrate the services otherwise available from insurance agents, customs brokers, forwarding agents and transportation carriers. Other firms, such as customs brokers and freight forwarders, tend to be more specialized, but they may also offer a wide range of services, even though they retain their traditional designations. To avoid any suggestion that one type of company is preferable to another, the terms “transportation professional” and “logistics company” are used in this manual to describe providers of all types of logistical service. Some exporters may choose to deal with more than one transportation professional.

Insurance

Many exporters limit their exposure to risk during transportation by shipping to the US-Mexico border, for example “CIP Laredo, Texas”. That way, the buyer takes title to the goods on the American side of the border and assumes all the risks that occur within Mexico.

If the Mexican buyer insists on carriage and insurance paid to (CIP) a Mexican destination however, the exporter has to deal with the fact that insurance covering transit in Mexico must be purchased from a Mexican insurance company, unless goods are on a through bill of lading (B/L). There is no difficulty in purchasing insurance that is valid in both Canada and the United States. But the regulations governing insurance in Mexico are substantially different. Shippers should consult their transportation professional about the differences and the ability to collect for loss or damage.