Bonded Warehouses

Canadian exporters seeking to avoid paying duties up-front, may arrange to store their goods in one of the many bonded warehouses operated by private companies under government regulations. For goods in such warehouses, import duties are payable only once the goods are actually withdrawn from storage. This procedure often results in a substantial reduction of the funds needed to ship goods to Mexico. Moreover, once the goods are in the bonded warehouse, they are immune to any subsequent limitations on imports or changes in the customs duties charged. The value of the merchandise for the purpose of assessing import duties is frozen at the moment when the merchandise enters the warehouse. Any subsequent devaluation of the Mexican currency does not increase the dutiable value in pesos. The last provision is especially useful in a country where the rate of inflation (and the corresponding devaluation of the peso) remains relatively high by Canadian standards.

Apart from bonded warehouses, the state of Baja California, the city of Agua Prieta and an area in the state of Sonora, as well as a number of ports in the southern part of Mexico in the state of Quintana Roo, have been established as free zones to which merchandise and equipment may be shipped free of customs duties and with a minimum of control, as long as they do not enter the rest of the country. There is no limit to the length of time equipment or materials may remain in these free zones.

Re-export

Mexican customs regulations contain extensive provisions allowing for the temporary import of goods. These rules allow exporters to avoid import duties on merchandise. There are four basic categories of rules governing temporary imports:

1. the general temporary import regime;
2. rules governing the temporary import of goods that are to be returned abroad in the same state or condition (i. e. containers, exhibits, rental equipment);
3. the temporary import of goods for transformation, processing, or repairs; and
4. goods destined for designated industrial areas where they are to be incorporated into manufactured products destined for export from Mexico.

In general, temporary imports require the posting of a bond or other means of guaranteeing payment of the duties that would apply if the goods were to be imported on a permanent basis. If, during the term of the temporary import (including extensions), the importer wishes to change the status of the goods from temporary to permanent import, he or she should notify the authorities, comply with any import permit requirements, file the import declaration, and pay the duties and other taxes that may apply in accordance with the rates, valuation and other statues in force on the date the import becomes definitive. Upon customs clearance, the original bond will then be cancelled.

Selling

Promotion and Advertising: Mexican companies do not pay as much attention to promotion and advertising as their Canadian or American counterparts. Given the strong Mexican preference for imports, especially from the United States, much of Mexico's advertising is typically North American.

The *Consejo Nacional de Publicidad* (the National Advertising Council), a private organization funded through its 125 member-associations and -companies, coordinates public service campaigns and is the media's biggest customer in Mexico. Mexico has a well-developed advertising infrastructure focusing on the press, magazines and broadcast publicity. About 320 newspapers and 200 major magazines are published in Mexico. Total newspaper circulation is close to 10 million copies a day.

Approximately 10 million households have television sets. Seven TV networks operate throughout the republic. Some areas of the country receive transmissions from the U.S. via cable or satellite dish. Over 900 radio stations operate throughout the country and most are commercial. Estimates put the number of radios in Mexico at 22 million. Of the $US2.17 billion spent on advertising in Mexico in 1991,