THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

The NAFTA expands Canada's free-trade area of 270 million people into a market of close to 361 million — a market larger than the population of the 15 countries of the European Union and one with a total North American output of more than \$7 trillion.

Mexico is Canada's most important trading partner in Latin America. Two-way merchandise trade with Mexico was just under \$6.5 billion in 1995 and is expected to exceed \$8 billion by the end of the decade.

Canadian direct investment in Mexico is growing rapidly, increasing from \$452 million in 1992 to over \$1.2 billion in 1994.

This guide has been prepared with the problems inherent to the new exporter in mind. However, it is not exhaustive. The differing circumstances, interests and needs of individual companies will influence their strategies for the Mexican market.

Further assistance can be obtained by addressing requests to the International Trade Centres (see Where To Get Help) or contact the InfoCentre at

Tel:: 1-800-267-8376 or (613) 944-4000 Fax: (613) 996-9709 FaxLink:* (613) 944-4500

FaxLink.* (613) 944-4500 InfoCentre Bulletin Board (IBB): 1-800-628-1581 or (613) 944-1581 Internet: http://www.dfait-maeci.gc.ca

•FaxLink is a faxback system which provides summaries on a range of Mexican markets. It must be contacted through your fax machine. Dial from your fax phone and follow the voice prompt instructions.

TABLE OF CONTENTS

DISTRIBUTING IN MEXICO	5
OVERVIEW OF THE MEXICAN DISTRIBUTION SYSTEM	6
DISTRIBUTING TO END USERS	8
Industrial and Commercial Corporations	8
Government Procurement	9
Direct Retail	10
Subsidiary Companies	10
DISTRIBUTING THROUGH RESELLERS	12
Retailers	12
Food Service Establishments	16
Wholesalers	16
Distributors	17
Manufacturers	18
Licensing	18
DISTRIBUTING THROUGH PARTNERS	19
Agents	19
Joint Ventures	21
PRODUCT CONSIDERATIONS	22
Retail Goods	22
Intermediate Goods and Raw Materials	23
Capital Goods	24
Services	24
DOCUMENTS AND LOGISTICS	25
Documentation	25
Logistics	25
Collection	27
FINDING AGENTS, PARTNERS AND DISTRIBUTORS	28
Trade Shows	28
Canadian Government Assistance	28
Advertising and Promotion	29
Managing the Distribution Relationship	29

