

RAIL

The use of rail transportation for exports to Mexico has declined in recent years from about 20 percent of total exports in 1988 to less than 14 percent in 1993. Rail transportation is used mostly for bulk commodities, intermodal traffic and "double stack" loads.

The Canadian exporter must first ship the goods to the United States before they can continue on to Mexico, since the trains to Mexico originate there. A customs pre-clearing system called *despacho previo* at Laredo is more efficient and has shortened the time it takes to cross the border. Shipments can, with correct preclearing procedures, move across the border in less than 24 hours. High-priority trains, such as those carrying auto parts, have benefited more from this system than others. Trains carrying products that have been designated as low priority, or are not classified as "just in time" shipments, may still experience delays.

Nevertheless, U.S. and Canadian rolling stock can cross into Mexico, eliminating the need for re-loading at the border. Rail service is improving with the increasing availability of double stack trains, express trains and intermodal trains. In addition, rail traffic congestion is being alleviated with the construction of new facilities on the American side of the border and the slow, but continuous, upgrading of the Mexican railway system. In particular, *Ferrocarriles Nacionales de México (FNM)*, Mexico National Railways, has been developing "rail-ports" which allow truck-rail intermodal transportation.

INTERMODAL TRANSPORTATION

Increasingly, Canadian exporters are choosing multiple modes of transportation to get their product to the Mexican market. Several carriers have attempted to meet this increasing demand. Highway trailers can be shipped by rail, and marine transporters offer linkages with both rail and truck transporters. Intermodal transport will be facilitated by CN North America's decision to construct a new tunnel under the St. Clair River between Sarnia and Port Huron, and the recent enlargement of the Detroit-Windsor tunnel.

Intermodal operators, which include shippers agents, offer a complete transportation package on a contract basis. These operators will negotiate freight rates with railway and truck operators on behalf of the exporter. Transit time from Montreal or Toronto to the Mexican border can be as little as four or five days. Intermodal operators providing services between Canada and Mexico include: Interamerican, Sunac America and Wheels International.

MARINE

Marine transportation has enjoyed varying popularity in recent years. In 1988, marine shipments accounted for almost half of all Canadian exports to Mexico. The use of this mode fell off to 17 percent in 1990, but then recovered to 32 percent in 1992. Marine transport rates are currently quite competitive with both truck and rail. The disadvantage is that marine transport requires at least ten days of transit time plus an additional four or five days for customs clearance and warehouse storage. Nonetheless, some cargo is well suited to shipment by sea, particularly bulk shipments such as grains and oil.