

SERVICE DISTRIBUTORS

CANADA LANGUAGE CENTRE

The Canada Language Centre (CLC) is one of Canada's leading private English-as-a-second-language (ESL) schools. The company began targeting Mexico in 1992, having formerly relied almost entirely on Asian students.

The Mexican venture has been highly successful, with Mexican students making up about one-quarter of enrollment in Canada in 1994. The devaluation of the Mexican peso in December 1994 cut the number of students in 1995. Nonetheless, learning English is considered a major career success factor for young Mexicans in today's liberalized economic environment, and the company continued to draw customers from the more affluent groups.

Andrew Emson, former Latin America director of the CLC, says that the company's relationships with Mexican distributors were also a major factor in surviving the economic crisis. The company was fortunate to have high quality distributors. Mr. Emson says that in Mexico, "Everyone and his cousin is a potential ESL representative." Most of these people work out of their homes, have no infrastructure, no concept of education as a product and no idea of what Canada is really like.

On the other hand, top-quality distributors such as *Redca*, *Tecma*, *Ayusa*, and *Intercamp* have a constant client base in addition to the contacts to keep qualified customers coming in. The best distributors are essentially travel agencies that specialize in education travel. They are recognized wholesalers, and other travel agents will go to them for a school contract and split the commission.

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importer and arranges for payments of duty and taxes. Ideally, payment will have been pre-arranged by the distributor. Once the transfer of funds by the broker or importer is made to Mexican customs, the broker issues a *pedimento aduanal*, import petition.

Food or agricultural products will be inspected by the *Secretaría de Agricultura, Ganadería y Desarrollo Rural (Sagar)*, Secretariat of Agriculture, Livestock and Rural Development, on the US side of the border. The health and phytosanitary certificates will be checked before officials issue a "certificate of import." This must be attached to the *pedimento* before clearing customs. There is an extra fee for this certificate.

Although Canadian tractors are allowed to travel a short distance into Mexico, it is often more convenient to transfer the trailer to a "drayage" tractor, which hauls it over the bridge into Mexico. The broker's dispatcher meets the tractor at Mexican customs and arranges the clearance into Mexico.

Shipments arriving at the border usually clear customs the next day, but with early-morning arrivals, same-day clearances may be possible, provided that the documentation has been prepared in advance.

Rail shipments are similar to truck shipments, except that American rolling stock can now enter Mexico and the goods are not normally unloaded or reloaded. Shipments arriving by sea are unloaded at government docks and kept in a customs warehouse until they are cleared.

Air shipments must initially enter a bonded storage area in the airport, normally operated by the air carrier or a customs broker. Customs clearance from either customs warehouses or airport-bonded storage are otherwise similar to the procedures described for trucks.

Once inside Mexico, almost all freight traffic is by truck. The trucking industry has been deregulated and has become much more efficient in recent years. A system of modern, privately operated toll roads links all of the major cities and transshipment points. The toll roads are expensive, but they save considerable time and are safer than the free highways.

On the other hand, rail shipping remains under government control, through *Ferrocarriles Nacionales de México (FNM)*, the Mexican national railway. It is considered reliable only for large companies in the border region, who have special arrangements with the government for just-in-time (JIT) delivery systems. The government plans to privatize the entire rail system in 1977 and it is likely to be extensively modernized.