

Direct sales from Canada are also feasible for high-value orders for bulk commodities, such as minerals, grains and newsprint. Such products are distributed through established channels, are sold by specification and do not involve service.

For direct sales to a broader cross-section of Mexican corporations, Canadian companies often set up their own Mexican operations. This allows them to provide continuous customer contact and a high level of service; it also simplifies shipping and importing logistics.

## GOVERNMENT PROCUREMENT

Mexican government secretariats and other government entities are subject to the *Ley de Adquisiciones*, Procurement Law. Procurement has recently been decentralized and many entities now set their own purchasing policies within the structure of the federal law. Smaller procurements can be sole-sourced or put up for local tender. But over certain thresholds, they must be put up for international tender.

Procurements by *paraestatales*, government-owned corporations, are treated in a similar way. Privatization was a major part of the Mexican government's economic reform package, but the government has retained some of its holdings, mainly in the energy sector. *Petróleos Mexicanos (Pemex)*, the national oil company, is Mexico's largest corporation. The *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, is the other major holding in the energy sector. Both corporations make large purchases of imported products.

Under the terms of the North American Free Trade Agreement (NAFTA), Canadian companies are entitled to bid on most government and *paraestatal* projects on the same terms as national suppliers. The rules, however, are complex and can seem arcane to Canadians, who are accustomed to much simpler procedures. The bidding procedures, for example, include formal bid-opening ceremonies. A company can forfeit its right to appeal if it is not present, or if it is represented by an agent who has been formally issued with a power of attorney.

Distribution of goods sold to the government is usually fairly simple, because the government maintains its own warehouses on the US side of the border at Laredo and other points of entry. But there are complex procedures for receiving permission to ship the goods, which may include inspections of the product in Canada.

These issues are described in detail in the publication *Government Procurement in Mexico: A Canadian Bidder's Handbook*, which is part of the Department of Foreign Affairs and International Trade (DFAIT) Export *i* Mexico series and available through the InfoCentre.