
the trucking company, railway sales office, airline cargo office or marine shipping agent, or alternatively, they can use a freight forwarder to arrange the whole transport package.

Regardless of which option is selected, exporters should carefully compare the rates and services offered by transportation companies and forwarders, especially in light of service requirements established by the Mexican importer. The exporter should question his carrier or freight forwarder to ensure that the firm has experience in moving goods to and within Mexico. Experience and established contacts (or actual local offices) are critical to the successful handling of shipments to Mexico. Possession of these qualities is the best guarantee available that the exporter's needs will be satisfied.

(a) Terms of Sale and Choice of Transportation

The terms of sale determine the elements of an export transaction, including the transportation component. Exporters have three main options for the terms of sale: FOB the Canadian plant; CIF at the U.S.-Mexico border; or CIF at the Mexican destination.

Under the first option, the exporter shifts all responsibility for transportation to the importer, but at the same time loses control over choice of carrier, routing, freight rates and transit time.

Under the second option, CIF at the U.S.-Mexico border, the exporter's responsibilities end when the shipment reaches a border crossing, for example, Laredo. Matters such as customs clearing, import licensing, import duties, and transportation, warehousing and distribution within Mexico become the responsibility of the Mexican importer.

Increasingly the exporter is being asked to offer the third option, a landed price at the Mexican destination. In this case, the services of either a carrier offering door-to-door service or a freight forwarder will be especially useful. Mexican transportation regulations stipulate that the transport, brokerage, insurance and managing of freight in Mexico must be performed by a Mexican company and the freight forwarder should have the necessary contacts in Mexico to arrange for these services.

Exporters should be aware that there is a 10% V.A.T. (value-added tax) on total freight charges within Mexico.