

Tips on Selecting an Agent or Distributor

- Experienced distributors and agents are difficult to find, especially outside the three main commercial centres.
- Some agents are former manufacturers with established networks. Their networks may, however, be limited to former purchasers.
- Establish the agent's responsibilities clearly and ensure that the agent does not go beyond them. These responsibilities should mesh with your long-term corporate goals.
- The agent may want to use a Canadian business card but it is preferable, initially anyway, for the agent to use his/her own card,

Otherwise, title to the goods would pass from the exporter to the purchaser within Mexico, making the transaction subject to a 10 percent value-added tax (IVA).

In Mexico, contracts between exporters and their agents are not subject to government regulation. However, be careful to define your relationship with your agent clearly so that it

bearing the designation "Agent Representative for XYZ". This way, if the agent makes a mistake, the company's reputation is not irreparably damaged.

- Agents are usually hired on a retainer basis, at least initially. Percentages are negotiated later and tend to be based on varying percentages of transaction values. Do not relinquish access to the client.
- Some companies spend up to a year visiting Mexico to find an agent. A good place to start is the Commercial Division of the Embassy of Canada which may be able to direct you. Industry contacts may also be of assistance.

is not construed as an employer-employee relationship which is subject to tax and labor regulations. If the agent has the power to bind the Canadian exporter legally, this may be construed as an employer-employee relationship. In that case, the exporter would be obliged to provide the agent with a series of statutory benefits and pay taxes on the agent's income to the Mexican government.

Transportation

There are four ways of getting your goods to Mexico: road, rail, ship and air. Of these, road transport is the most popular. In 1990, about 40 percent of Canada's exports to Mexico went by road, 26 percent by rail, 17 percent by water and 17 percent by air. Based on the volume of merchandise shipped, the most important Mexican ports of entry are the following:

1. Vera Cruz and Tampico-Altamira on the Gulf of Mexico for maritime traffic;
2. Manzanillo and Acapulco on the Pacific Coast for maritime traffic;
3. Tijuana in the northwest and Nuevo Laredo in the northeast for land-based traffic; and
4. Mexico City International Airport for air shipments.

The decision as to which mode of transportation to use depends on a combination of factors including the nature of your product, the costs involved, the time it takes to move the goods, the complexity of the procedures involved and the provision of any additional services.

Trucking: Trucking to and from Mexico has grown in importance in recent years. It is both well-developed and adaptable. For example, refrigerated cargo moves almost entirely by truck. Trucking times from southern Ontario to the Mexican border average around 40 hours. In the past,

trucking goods to Mexico suffered from two basic impediments: customs procedures at the U.S.-Mexico border were excessively complex, and Mexican regulations required that all trucking within Mexico be performed by Mexican companies. As a result, there were significant delays at the border as goods were first cleared through customs and then transferred to Mexican carriers. Both of these impediments, however, are being overcome. Mexico has recently reformed its customs procedures as it seeks to encourage trade with the outside world. In addition, the regulations protecting domestic transportation are being changed, particularly with the conclusion of the NAFTA.

Railways: Recent changes have been made in the way cargo shipped by rail is cleared through customs. A new customs pre-clearing system through the San Antonio corridor to Nuevo Laredo has improved efficiency and shortened the time it takes to cross the border. U.S. rolling stock can now cross into Mexico, eliminating the need for re-loading at the border. In addition, rail service is improving with the increasing availability of double-stack trains, express trains, and inter-modal trains transporting containers and trailers. From a Canadian perspective, however, it should be noted that these trains originate in the United States so that the Canadian exporter must first ship the goods there before they can continue on to Mexico.