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CANADIAN COMPANIES GO TO MARKET

MEXICO CITY – The Prime Minister of Canada and the President of Mexico sent a strong message to the people of both their countries when, as Mexico confronted the horror of an assassination, while still in the midst of an ongoing political crisis, they declared that the show must go on. Canada's largest-ever trade show, *Canada Expo 94*, saw 430 Canadian companies and about 600 exhibitors in Mexico City's huge Exhibimex to seek markets for an impressive variety of Canadian products and services. The hall was a true demonstration of Canadian ingenuity, application and enterprise.

The thousands of Mexicans who came to visit were introduced to products ranging from delicate bottles of perfume to huge industrial saws, from displays featuring tourism, education opportunities and transportation options to tables where visitors could taste smoked salmon, fresh spring water, cheese or french fries. (The latter, and related, booths were very popular, given the long lineups at the busy snack bar).

Exhibitors came from all over the country, from a cross-section of age groups, businesses and experience. There was a tremendous energy inside the hall from March 22-25, an electric atmosphere of activity, innovation, curiosity and exchange.

Exporters from Canada had vari-

ous reflections on the largest trade mission this country has ever mounted. Their tangible achievements throughout the show varied, but many said that they found it an invaluable experience. A few felt it was not the right venue for them or their businesses, at least at this particular moment, but did not express regret at having learned that on-site.

Martin Lavoie, of *Canada Pure Water Company, Ltd.* of Weston, had a successful *Canada Expo*. "We had walk-in interest because of the show," he said. The company attends many trade shows in the United States and Mexico, but at *Expo* entered "the biggest deal we've ever struck besides in the U.S." As a manufacturer of carbonated beverages, Canada Pure is considering licensing out, and is "looking to be able to provide turnkey operations" in the foreseeable future.

A company with no previous experience in Mexico, *Breakwater Books Ltd.* of St. John's, also stimulated "a tremendous amount of interest" in Mexico, according to its President, Clyde Rose. Breakwater produces books aimed at the Canadian school system, but also, in partnership with *IDON Corporation*, makes a program known as "Softwaves", which offers "electronic courseware technology." Mr. Rose was in Mexico basically to introduce the product: "We are selling a technology that can be designed to fit their own edu-

cational programs; it's a way to uplift technological standards." Before the show, he had sent out lots of brochures, catalogues, faxes, in order to set the ground for anticipated meetings with interested Mexicans. "Several more appointments were made on-site," he said, and he achieved part of his main strategic objective in coming to Mexico: "to establish a contact. So much will depend on that."

Les Parfums Simon Chang of Montreal also had a successful show. "We are on target here — we have made contact with all three major department store chains," said their representative, Alain Quintal. "We have good leads as a result of *Canada Expo*, and we will be starting to build up a demonstration network in late spring and summer. We will be going for direct sales by October and November, in time for the Christmas trade." The Chang booth was another popular one, with visitors attracted by the chance to be sprayed with Chang's upmarket scent, *Kimono* — or to take away an attractive sample in an eye-catching bag.

Dawn Sullivan of *Med-I-Pant* in Toronto had a different reaction to the trade show. Her company produces products for incontinent patients in hospitals, and basically has 85% of the Canadian market, as well as many U.S. customers, so it is

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CANADIAN TRUCKS MAY NOW ENTER MEXICO

MEXICO CITY — Goods moving across borders. That's where the rubber hits the road. Canadian truckers will be powering their rigs on to Mexican soil as a result of a Canada-Mexico deal announced by Canada's Ambassador David Winfield as the gates opened on *Canada Expo 94*.

The *Memorandum of Understanding* (MOU), to let Canadian trucks travel 20 km. into Mexico, took effect March 1. Trucks originating in Canada may now load further goods in the United States for drop-off in Mexico and, even more usefully, load goods in Mexico for distribution in the U.S. as well as Canada on the way back. This is going to improve the economics of the business. The quantity of trucked goods directly from Mexico for Canadian receivers is relatively light; having products for U.S. markets makes the return journey more viable. It is the first time any foreign trucks have been allowed into Mexico.

While some U.S. truckers have complained about a perceived advantage to Canada in this arrangement, Canadian officials say

that what has happened is only a levelling of the playing field as U.S. trucks may already ship to both Canada and Mexico. Previously, as Canadian trucks had to turn inside the U.S. border, cabotage laws prevented them from dropping off shipments in the U.S.

(In less than two years — on December 17, 1995 — commercial trucking to virtually any area in North America will be open to trucks from the NAFTA countries.)

"This is a great victory for the Canadian trucking industry," said Gilles Bélanger, President of the Canadian Trucking Association. "It now puts Canadian trucking firms in a position to properly serve manufacturers, and to properly serve the increasing trade between Canada and Mexico. Previously we could not balance the traffic — trucks had to come back to Canada empty. It was bad economics, and now that situation can improve. Our trading with Mexico is a growth industry, but it cannot grow if the transportation is not in place."

Several Canadian trucking firms are poised and ready to take advan-

tage of this new situation. Russel Marcoux, President of N.Yanke Transfer of Saskatoon, said, "It's very positive for us — it opens up a whole new territory by giving us access to the U.S. out of Mexico." Marcoux has recently visited Dallas researching the potential of the border market, and feels N.Yanke, which already ships to the U.S., is ready to have a presence in the U.S., and will probably open an office that can serve the company for its Mexico business.

Marcoux was in Mexico City during *Canada Expo*, along with others in the business, and said he felt "the strength of the partnership relationship we can have with Mexico. They have the infrastructure." From his previous forays into Mexico, Marcoux has been impressed with the state of readiness of Mexican counterparts in the trucking industry. "I expect results from this," he says with conviction.

A reciprocal agreement was also signed on commercial drivers' licences, which means that valid Canadian licences will be recognized in Mexico.

Mexico: The 'Customs' of the Country

Paperwork, paperwork, paperwork! The passage of the North American Free Trade Agreement might have led exporters to expect an easier passage of their goods from Canada into Mexico, but as a number of companies participating in *Canada Expo 94* discovered, there are clear rules, and they are enforced very rigorously.

Though most exhibitors received their display materials in time for the show, some were held up, and the principal problem seems to have been that the paperwork was improperly filled out.

Several NAFTA working groups are examining customs and documentation requirements in all three

partner countries, with a view to streamlining and harmonizing them, but until any changes are made, Canadian exporters must deal with Mexico's demanding provisions for the admission of foreign goods.

Around 60 of the more than 430 companies participating in *Canada Expo 94* experienced problems in receiving their shipments of samples, displays or models. By the end of the trade show, all but about 10 firms had received all or most of their items from Mexican customs. On the whole, the problems did not detract from the success of individual exhibitors. But a lot of questions were being asked in *Exhibimex* at the time, and the Department of

Foreign Affairs and International Trade is looking for answers.

Early findings suggest a primary culprit: incomplete paperwork. Whether by accident of haste, carelessness or omissions, in most cases where shipments were held up, documentation did not accurately describe the goods being shipped. Five units shipped where three are acknowledged tends to ring alarms for customs officials in any country, however innocent the discrepancy. In specific cases related to agri-food shipments, some were missing the necessary phyto-sanitary certificates (provided by Agriculture Canada

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upon the request of the exporter). At least one set of papers carried the signature of a principal of the company in question in two places, but clearly signed by two different hands. While a receiver elsewhere in Canada might make the assumption that one of the signatures was by an assistant acting for the principal (though even the useful note "for" was not appended), this may have confused Mexican customs.

As always, DFAIT advises exporters that paperwork requirements in Mexico are followed to the letter; requirements are specific and available. The unluckiest exhibitors were those who met the requirements but whose shipments accompanied some of the problem ones in a consolidated load. They, too, encountered delay, through no fault of their own.

Although DFAIT held various seminars and prepared a handbook in order to drive home the urgency of accurate paperwork for Mexico, officials are reviewing what they must do for the next major trade event to help drive the message home.

The freight forwarding companies are also examining their approach. Should they have been more severe on exhibitors, opening every box

to compare documentation to contents? Rather than discourage the exporters, "perhaps they were too lenient." Their recommendations and findings will be scrutinized by DFAIT.

From its post-mortem, DFAIT will take steps to communicate more effectively the absolute seriousness of the Mexican customs officials that paperwork be complete, accurate and consistent. Exporters will have learned from their own experience and that of others they consulted. As a first step, DFAIT has prepared a guide entitled *Export Documentation and Foreign Collections*. Contact InfoCentre at 1-800-267-8376 to obtain a copy.

It may be heartening to all interested in trading in Mexico to know that the tri-lateral working group addressing customs procedures has met recently and, in addition to its long-

term objectives of reaching a simplified procedure, does address problems as they arise. Revenue Canada, in cooperation with the Association of International Brokers Agency and the Canadian Society of Customs Brokers, has been conducting a series of seminars on how to deal with customs and excise issues when exporting to the U.S. and Mexico. For information on these in your region, call Revenue Canada's NAFTA Information Line at 1-800-661-6121.

Many exporters are surprised by the extent of the paperwork required to send any goods into Mexico, particularly those who have export experience in other, less demanding, countries. But it should be remembered that if you take the time to do it right the first time, subsequent shipments will require only minor amend-

ments and should ensure that products enter Mexico with minimal effort and no delays. This point is constantly on the table at working groups. But it is reasonable to bear in mind that, whether simple or complex, customs requirements are generally followed strictly everywhere. The hope is that the NAFTA subcommittees engaged in refining customs procedures, particularly paperwork standards, realize the urgency of this issue to the export constituency.

Upcoming Events

SOLID WASTE MANAGEMENT SOLO SHOW AND MISSION (Canada Business Centre, Mexico City with seminars in Guadalajara and Monterrey) July 1994.

EXPO ALIMENTOS (Monterrey; National Stand) August 1994 — Focus on food processing, packaging, labelling, bottling, arranged in cooperation with Investment Canada & industry associations.

EXPO SPORT (Mexico City; Info Booth) August 1994 — Sports and leisure products trade show.

Details on these and other events may be obtained from Latin American and Caribbean Trade Division, Department of Foreign Affairs and International Trade. Facsimile: (613) 944-0479.

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looking to expand. "We are not yet ready to do business in this market," she said. "We came because it was a chance to meet people, to learn about our marketability, about funding, about Mexico's health care system. But this is not exactly the right place for us to learn all those things — we should have done more detailed market research before coming here." However,

Ms. Sullivan felt the experience was positive. "The turnout was overwhelming," she noted. "But for us, it was spending a lot of time without being able to sit down with the right people. I blame only ourselves for not knowing exactly what to expect."

All week, there were reports of meetings arranged, deals struck or at least initiated, and — perhaps the greatest immediate benefit of events like this — contacts established. A number of exhibitors noted

that one of their aims was to meet other Canadian companies with compatible or complementary interests, and some relationships were formed. Despite problems at customs (see page II), the heat in *Exhibimex* and the sombre aftermath of the assassination of Sr. Colosio, there were few complaints voiced. The overwhelming reaction to *Canada Expo* was that it had been worth coming, that it had been well run, and that it would be worth doing again.



Canadian Exporters: Profile

Robert Koerber • Rutherford Controls Ltd. • Cambridge, Ontario

Robert Koerber came to Mexico "on a flyer", as he says, to take a preliminary look at a new market for Rutherford Controls, Ltd., the Cambridge-based firm for which he is international sales consultant.

"I'm pretty green," he says. "I haven't seen any big orders yet. But there are lots of plans."

Koerber is new to his company, as he acknowledges, and new to the region. But his natural response to the Mexicans already had the personal touch respected in Mexican business. He noted that one of the Mexican business people he dealt with, who was very helpful to him, had expressed great interest in the fact that he had a year-old child. In writing to thank her for her assistance in Mexico, he instinctively enclosed a picture of his daughter. Green or not, he has an approach that is likely to be appreciated in Mexico.

Arriving in Mexico a couple of days before the show opened, Koerber took advantage of some free time to tour the Aztec Pyramids at Teotihuacan and to visit the Shrine to the Virgin of Guadalupe. Initially he ignored the shuttle bus offered to exhibitors to walk to Exhibimex from one of the hotels, in order to get a better grasp of what the city was like (once he realized the distance involved, he decided upon the shuttle!). He considered that catching the flavour of the place could only add to his ability to do business here.

He had a busy Expo, and "I regard it as a success for us," he says. He came back from Canada Expo "full of ideas and enthusiasm," and with at least the prospect of a substantial sale of magnetic locks, one of the company's key products.

Rutherford Controls is a family business. Founded in 1923, the firm's head office in Cambridge and sister company in Virginia Beach, Va. are both run by granddaughters of the founder. In the beginning, the locks that are its main product line were simpler, but in the last decade or so it has seen the product evolve into sophisticated, electronic devices to secure properties.

"We specialize in designing quality electric locking products to the hardware, locksmith, access control and alarm markets. Our products are designed with the specific installers' and end users' requirements in mind. Most products are assembled in our two facilities to meet industrial requirements and provide immediate delivery."

His first foray into Central America was a recent mission to Panama, El Salvador and Guatemala, related to the security industry. Mexico was new terrain for Koerber and Rutherford. The previous trip led to "some work in progress," so, unlike many exporters, Rutherford has entered other parts of the region before coming to Mexico rather than identifying Mexico as its gateway to Latin America. But Canada Expo 94 seemed like a logical step.

"I didn't get all the contacts I wanted at the show," Koerber said. "But I

gave out a lot of literature and got some interest. In the three full days, I went out to ten meetings with clients around the city."

One of the potential clients asked for a quote on 100 of the aforementioned magnetic locks, and Koerber is now sending follow-up literature. "I have contacted them since, but haven't heard back yet," he said about a week after the trade fair ended. But, though new to Mexico, he has listened to others who are there, and to the briefings.

"Yes, we know how to be patient. Rutherford is in Mexico for the long run, and things will take time. I'll be going back down in late summer or early fall. I feel positive about it — I may take my wife and daughter this time so we can vacation there afterward — a working holiday."

In the meantime, fired by enthusiasm for the company's prospects, Koerber is preparing suggestions and drafting literature for "the next time" in Mexico. Looking to the future, he is also taking a Revenue Canada course on customs and excise rules in the NAFTA markets, plans to take a GEO-FITT seminar in May in Toronto, and has enrolled in a Spanish-language course.

The "flyer" on which he came to Mexico may earn him "frequent flyer" points in the company's newest potential market.

Access

Access, the newsletter of the new Access North America (ANA) program, is published monthly and only in *CanadExport*. Subscribers to *CanadExport* automatically receive *Access*. It examines opportunities for Canadian businesses, introduces some Canadians already operating in the Mexican and U.S. markets, profiles specific sectors, and notifies readers of forthcoming events related to doing business in Mexico.

Your feedback is welcome. Comments and correspondence should be sent to the International Trade Department of Foreign Affairs and International Trade, Ottawa, Ont., K1A 0G2, Canada, or by fax, (613) 992-5791.

For further information on the program, or a copy of a brochure on Access North America, contact InfoEx at 1-800-267-8376 (In Ottawa 944-4000).

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