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Transportation Services between Canada and Mexico

Second Edition



Affaires extérieures et
Commerce extérieur Canada

External Affairs and
International Trade Canada

Canada

TRANSPORTATION SERVICES BETWEEN CANADA AND MEXICO

Dept. of External Affairs
Min. des Affaires extérieures

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Introduction

December 17, 1992 marked an historic moment in Canada's trading relationships. On that date, the Prime Minister of Canada, the President of the United States and the President of Mexico signed the North American Free Trade Agreement (NAFTA). The Agreement features numerous provisions to improve access to the rapidly evolving and expanding Mexican market.

Transportation will play a critical role for exporters preparing to capitalize on the new opportunities. This guide is designed to assist the exporter by describing transportation connections. It contains descriptive and statistical information on Canada's trade with Mexico, and highlights the major changes that NAFTA brings to the transportation industry. A mode by mode analysis of transportation links between Canada and Mexico is provided, together with identification of transportation companies operating between Canada and Mexico. Some important questions are set out for the exporter in selecting a transportation company.

This guide cannot be exhaustive. Individual circumstances, interests and needs will dictate how companies make their particular transport decisions. Freight rates and services are fluid and negotiable. In light of such constantly evolving circumstances, users of this guide are advised to make inquiries and to confirm information when deciding on transport options.

This publication is one in a series devoted to Canadian exporters with regard to the international distribution and transportation of their goods. The series, described in the bibliography, is designed for exporters who are intent on enhancing their competitiveness and efficiency in the international marketplace.

Exports build Canada, and your partner in new markets is External Affairs and International Trade Canada.

Roger Ferland
Director General
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Bureau (TPD)

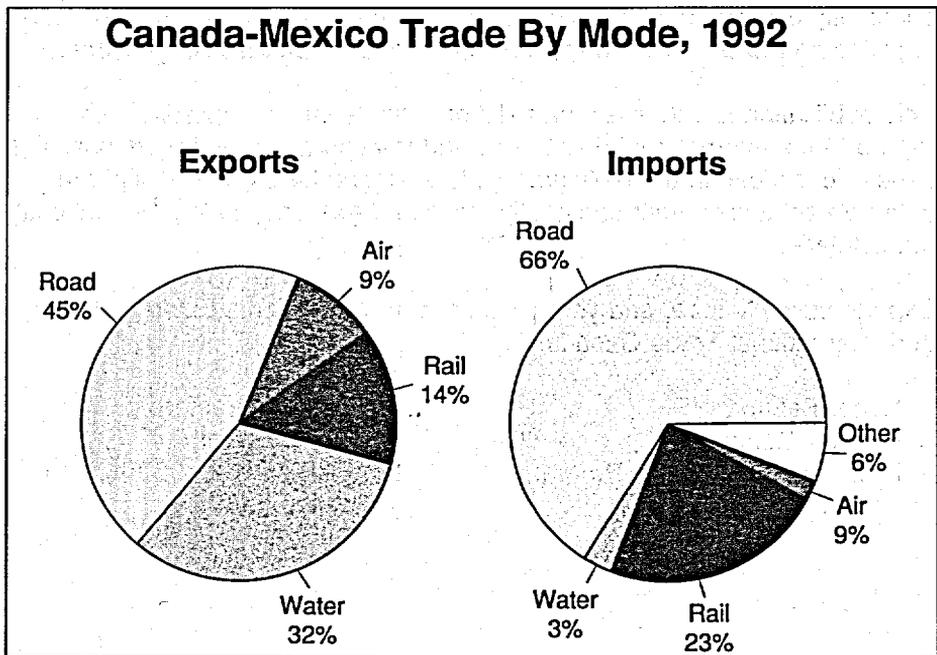
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I. Overview

As in many markets, doing business in Mexico requires a degree of patience and perseverance. Trading activities have benefitted by widespread improvements in Mexico's economic infrastructure and changes in its government regulations. Taken together, these changes have dramatically increased the attractiveness of the Mexican market. In today's climate of trade liberalization, conditions for exporting to Mexico have never been better.

This is also reflected in transportation services, which have undergone tremendous change. As a result, companies should not be dissuaded from exporting due to challenges that existed in the past in making transportation arrangements. Reforms in Mexico's customs procedures and transport legislation have introduced greater competition in the domestic transport industry and improved transit times and services for international traffic. Further improvements will take place.

Road transport is the primary mode for the movement of goods to and from Mexico, handling 45% of Canada's exports (by value) and 66% of imports from Mexico as shown in the following chart.



Exporters' use of trucking has expanded significantly in recent years although other modes remain viable options with the inauguration of new services and other innovations. Over long distances, for example over 1,000 km, rail generally becomes rate competitive with road transport, while maritime services often are economically ideal for many bulk products.

Individual shipping decisions are influenced by a combination of rates, transit times and the overall service package, although transport industry officials report that exporters are generally more concerned with freight rates than with transit times. The exception is air transport which maintains its niche as the primary mode for shipments which must reach the customer in a very short time frame.

Trucking:

- Motor carrier services are well-developed and adaptable although certain Mexican transport regulations and customs delays continue to be bothersome.
- Refrigerated cargo moves almost entirely by truck.
- There is currently no customs preclearing system in place for motor transport across the Mexico-U.S. border.
- Regulations governing the Mexican transport industry were liberalised in the early 1990's. Cabotage rules apply and trucking operations within Mexico must still be performed by a Mexican driver and tractor. To improve service to exporters and to reduce delays at the border, some Canadian trucking lines have established interchange agreements with Mexican trucking companies. These agreements reduce delays as trailer transfer is greatly facilitated, and leads to improved customer service in Mexico.

Rail:

- The customs preclearing system for entry of rail cars into Mexico ("despacho previo") has greatly improved rail efficiency and border-crossing times. Railway cars, and in some cases locomotives, now cross into Mexico with a minimum of delay. As a result, rail shipments can clear the border as fast or faster than truck shipments.

-
- Rail services and traffic are increasing. More and more scheduled intermodal trains (transporting containers and trailers), double-stack trains, express trains and dedicated trains are coming into service.

Marine

- Direct, scheduled service is now available for containerized cargo routed through Saint John, New Brunswick and Veracruz, Mexico.
- Bulk, specialized cargoes and very large shipments make up the vast majority of marine shipments, as road and rail are generally more timely and price/service competitive for other types of goods.

Air

- Direct scheduled commercial air services operate only between Mexico City and Toronto and Vancouver.
- Air services between Canada and Mexico continue to be dominated by charter operations, and are likely to remain so, at least on the passenger side. Passenger charter operations are not normally conducive to cargo movements as cargo space is limited and flights are irregular.

Freight Forwarding

- Freight forwarders can arrange shipments by any transport mode for Canadian exporters shipping to Mexico.
- They offer a unique service package to first-time exporters as well as to established ones. In many instances, and especially for new exporters, freight forwarders can be indispensable as they can simplify the overall business of exporting to Mexico, taking care of details and problems which may not be familiar to the exporter.

Further Comments:

- Most Mexican importers prefer routing road and rail shipments through Laredo/Nuevo Laredo.

-
- Mexican transportation regulations stipulate that the transport, brokerage, insurance and managing of freight within Mexico must be performed by a Mexican company.
 - A 10% V.A.T. (value-added tax) on total freight charges within Mexico must be paid to Mexican authorities.
 - In the past, significant delays were experienced in obtaining Mexican import licenses. However, under recent trade liberalization legislation, just under 200 items require import permits (compared to 11,950 items previously). In addition, the former Mexican official import price system has been eliminated. While delays can occur, they are becoming less frequent.
 - Despite customs inspection delays by the U.S. Drug Enforcement Agency and United States Department of Agriculture officials, transit times are better moving north from Mexico than south into that country.
 - Mexican transport regulations were dramatically liberalized in January 1990 leading to increased competition and improved transport services inside Mexico. The details of these changes are discussed in the transport mode sections of this guide.
 - NAFTA provisions on transportation services should herald an enhancement of quality, timely services to the burgeoning Mexican market.

II. NAFTA Provisions on Transportation

The implementation of the North American Free Trade Agreement (NAFTA), scheduled to be ratified on January 1, 1994, will not only open up more opportunities for Canadian exporters but will also increase opportunities for Canadian carriers. Unlike the Canada-U.S. Free Trade Agreement (FTA), the NAFTA includes comprehensive provisions on land transportation services, particularly trucking. Canada and Mexico continue to maintain the open market for international maritime services.

The most significant changes will occur in the trucking industry as set out in Table 1. NAFTA will allow Canadian trucking firms greater access to the Mexican market and improved investment opportunities in Mexico over a ten year period. This should increase the choices available to Canadian cargo shippers and allow for goods to be delivered directly into Mexico from Canada by one trucking company. Canada will not have to make extensive regulatory changes as there is now an open regime with both Mexico and the United States.

Table 1
NAFTA Trucking Liberalization Provisions
Access to Mexico and Investment in Mexican Trucking Firms
By Canadians

	December 17 1995	January 1		
		2000	2001	2004
Access ¹	Mexican border states only	entire territory of Mexico	—	—
Investment ²	49%	—	51%	100%
¹ International traffic only ² International carriers only				

Domestic carriers within each country will maintain exclusive rights to haul domestic cargo on domestic routes. However, for international traffic, on December 17, 1995 Canadian and U.S. truck operators will be able to provide cross-border truck deliveries of international cargo to, and pick up international cargo in, all the Mexican border states (Baja California, Chihuahua, Coahuila, Nuevo Leon, Sonora and Tamaulipas). Operators will also be permitted to enter and depart Mexico through different ports of

entry in these states. On January 1, 2000, Canadian and American trucking firms will be allowed to make cross-border pickups and deliveries of international cargo to or from any point in Mexico.

The level of investment permitted by Canadians in Mexican trucking firms which transport international cargo will be increased over ten years, from 49% on December 17, 1995 to 100% on January 1, 2004.

Under the NAFTA, Canadian and U.S. railroads will continue to be able to market their services in Mexico, own and dispatch unit trains with their own locomotives and construct and own terminals. Mexico will continue to enjoy full access to the Canadian and U.S. railroad systems.

Canada struck an agreement with Mexico to maintain the two countries' relatively open international maritime shipping services. Canadian and Mexican international maritime shipping firms can operate into each other's markets. Mexico has undertaken liberalization for the foreign ownership and operation of terminals which should facilitate the introduction of new services.

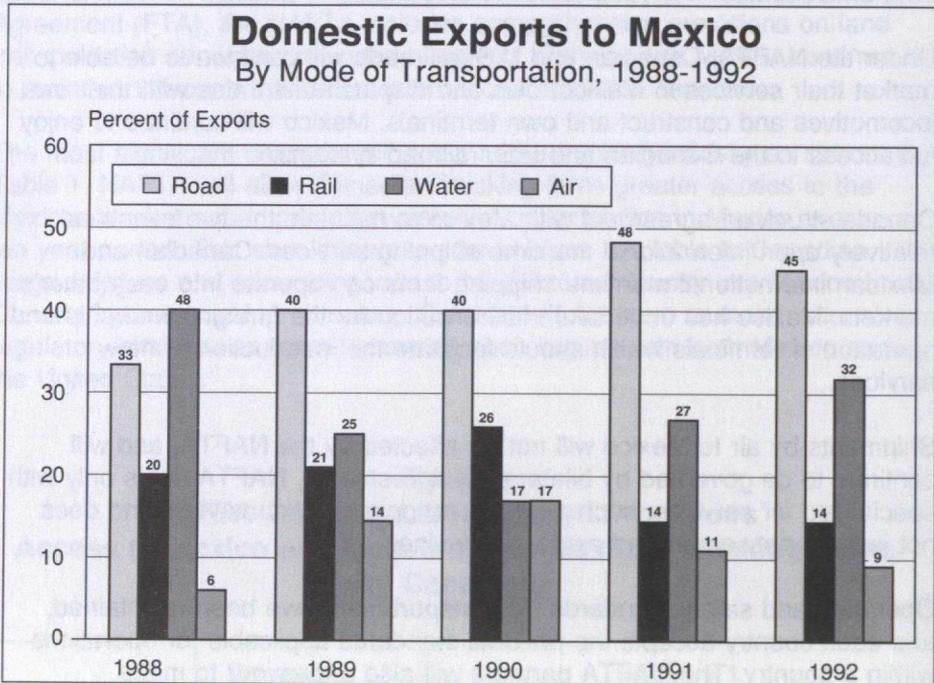
Shipments by air to Mexico will not be affected by the NAFTA, and will continue to be governed by bilateral air agreements. NAFTA deals only with specialized air services, such as aerial mapping and surveying, and does not include passenger and cargo air services.

Operating and safety standards for transportation have been maintained, and each country accepts the national standards applicable for operations within a country. The NAFTA partners will also endeavour to make compatible, over a period of six years, their standards-related measures, such as driver standards and vehicle standards, with respect to motor carrier and rail operations, and the handling of dangerous goods.

The impact of these changes for exporters is the anticipated development of enhanced service levels for shipping to Mexican clients. Canadian transportation service providers are establishing close operating, marketing and joint venture links with Mexican and U.S. enterprises to meet exporters' service needs as outlined in the next section.

III. Transportation Services to Mexico

In the face of the many service changes, exporter preference has changed in more recent years, with more exports (by value) being moved by road and marine, as illustrated in the following chart.



Trucking and rail carriers have introduced innovative and extremely competitive services. Some trucking companies have been quick to see the advantages of having partnerships or interchange agreements with Mexican carriers and have established operating agreements which allow for more rapid transshipment at the border.

Exporters can also reduce delays by having intermodal shipments move on double-stack, express or dedicated trains, as these trains have generally better transit times and fewer customs delays. Recent service innovations by rail carriers give exporters a variety of choices. The practical effect is to allow shippers to deal with one carrier for the total transportation package, including rates, documents and tracing.

Exporters can purchase transport services to Mexico in two basic ways. They can contact directly the actual provider of transport services, such as

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.

(b) Trucking

Trucking is the primary transport mode used to move goods between Canada and Mexico. Appendix A provides a series of statistics indicating that road has the largest, and growing, share of two-way trade (in value terms, approximately 45% of exports and 65% of imports in 1992). Within Mexico itself, nearly 90% of all freight is carried by truck.

A comprehensive range of goods are shipped by road, with only large quantities of bulk commodities being outside the domain of truck transport. Nearly all refrigerated cargo is carried on specially equipped trucks. Trucking is also the principal mode of transport for small, less-than-truck-load (LTL) shipments of general merchandise. Rail caters mainly to carload shipments and air targets high value goods.

In general, road transport from major Canadian cities to Laredo takes 3 to 7 days and once customs have been cleared, 1 to 2 days are needed to reach Mexico City. Laredo is the principal border crossing between Mexico and the United States, but trucks have a choice of several other points. The flurry of new trucking services and infrastructure developments (new bridges, expanded lanes, etc.) at numerous border crossings has vastly improved the flow of motor traffic and increased the prospects for faster interchanges at U.S.-Mexico crossings. For example, according to statistics collected by a U.S. trucker, loaded truck shipments through the Laredo gateway in both directions grew from about 400,000 trailers in 1989 to about 670,000 in 1992.

Numerous trucking companies transport goods to Laredo but not all of them have affiliations with Mexican carriers. Consequently, exporters must assure themselves that appropriate arrangements are made for a Mexican trucking company to take over the cargo at the border. This should be closely monitored as border crossings can involve lengthy time delays (from 2 to 6 days) as additional customs procedures and transshipment occur.

Some trucking companies make arrangements to simply transfer their trailer to a Mexican tractor which decreases the time spent at the border. Others lose time as their cargo is transferred from one trailer to another. Recently, Canadian trucking companies have concluded interchange or partnership agreements with Mexican trucking companies. Others are working to develop similar arrangements. Some American firms, including companies operating in Canada, also have established interchange agreements with Mexican firms or have established subsidiary companies in Mexico. In any case until NAFTA provisions come into effect, Mexican regulations state that a Mexican driver and tractor must transport all goods within that

country, so some form of transfer is inevitable. Exporters should know the arrangements that their trucker has in place.

In any event, it is strongly recommended that the transfer of goods from one trailer to another be avoided. The potential for loss, damage or delay to goods is greatly increased compared to movements which take place in a single trailer from origin to destination.

There is currently no customs preclearing system in place for motor transport across the Mexico-U.S. border. Depending on customs and transshipment delays, total transit times from major Canadian cities to Mexico City can range between 6-15 days.

Trucks carrying bonded shipments to the maquiladoras (Mexican export-assembly plants along the U.S. border) are an exception. They are cleared through Mexican customs faster than normal shipments and within 24 hours (including transshipment) goods are usually on their way into Mexico.

When the Mexican government enacted new federal transport regulations which dramatically liberalized the domestic transport industry in January, 1990, the trucking sector was opened up to new competition, licensing procedures were simplified and route and freight restrictions were eliminated. Mexican shippers are now free to book transport services with the carrier of their choice. Exclusive agreements with carriers are no longer mandatory, freight rates are set by market forces and the maximum length of semitrailers has been extended from 40 to 48 feet. Lastly, the system of granting exclusive licenses for freight handling in the border zone was eliminated, although to date no non-Mexican trucking lines have obtained operating licenses to service the maquiladoras directly. In total, these sweeping changes introduced a significant improvement in trucking services in Mexico.

Canadian truckers and the Canadian Trucking Association have become very active in exploring and entering the Canada/Mexico trucking market. Several Canada-based truckers have integrated operations through a variety of arrangements such as strategic or interlining agreements with U.S. and Mexican truckers. Canadian truckers providing a complete transport package include *Cabano-Kingsway*, *Can Pac International Freight Service*, *Canadian Freightways*, *Challenger Motor Freight*, *Frederick Transport*, *Future Fast Freight* and *Trimac*.

Major continental carriers — which are U.S. based — have made great strides in establishing local customer services, subsidiaries, joint ventures and/or operating or interlining agreements; examples are *ABF*, *Roadway Express* and *Yellow Freight System*.

Appendix B provides information on trucking companies operating out of Canada handling Mexican-bound shipments. In addition, Appendix D contains the names of provincial trucking associations for enquiries on services to Mexico.

(c) Rail

Rail transport to Mexico encompasses traditional rolling stock for bulk or bulky commodities, as well as intermodal traffic (TOFC or trailer on flat car, COFC or container on flat car, and double-stack, ie. containers two-high on a flat car). Virtually no mechanical refrigerated cars operate into or out of Mexico due to low rates of return on investment and servicing problems.

Mexico's liberalized transportation regulations have impacted favourably on rail and intermodal services. Domestic freight rates on intermodal containers are now set by market forces and the rapidly growing trade has led to several new service offerings.

Rail traffic congestion is also being alleviated. New facilities are being constructed on the American side, and despite funding shortfalls, the Mexican railway is being upgraded progressively. The Mexican rail system requires more passing tracks, yard tracks and locomotives, and is burdened by overly labour intensive loading/unloading procedures. Recent encouraging events include FNM's upgrading of its Nuevo Laredo facilities and the purchase of a computerized tracking system.

There are ten border points in the United States from which rail shipments can cross into Mexico. The primary three crossings are in Texas: Laredo, El Paso and Eagle Pass. Laredo handles the largest amount of annual traffic (an estimated 50% of total rail traffic between Mexico and the United States/Canada). FNM, Mexico's principal railway company, has improved and expanded rail services at Nuevo Laredo, just opposite Laredo.

Union Pacific Railroad (UP), which handles the majority of rail traffic at Laredo, has also expanded its own Laredo yards. *Texas-Mexican Railway* is the other carrier operating through Laredo, providing the final leg for shipments on the Burlington Northern. *Southern Pacific Railroad (SP)*, a major competitor, has pushed for the development of El Paso and Eagle Pass, backing this up with new lift facilities at both sites. *Santa Fe Railway* has also upgraded services through the El Paso gateway.

Transit times from major Canadian cities to Laredo can take anywhere from 4 to 12 days depending on the originating city and the routing. However, several days can be added to this transit time when lines are congested near the border or in Mexico. In general, TOFC and COFC train shipments are faster and are given higher priority than box car shipments of bulk goods. Once through Laredo, an average transit time of 2 days is required to reach Mexico City.

Upon reaching Laredo, customs procedures and the transfer of railcars to FNM for transport to destinations within Mexico used to take an average of 5 to 6 days. Since January 1990, however, "despacho previo" has been implemented and railcars are premanifested (with an important 10-day grace on their import permits) allowing for railcar crossings seven days a week (even when customs brokers are not working), less switching by FNM at the border as many trains are delivered in precleared Mexican destination blocks, and a significant overall improvement in border-crossing times.

Provided the correct preclearing procedures have been followed, shipments can now move across the border in less than 24 hours.

The "despacho previo" concept represents a significant change in Mexican customs procedures and a positive move by the Mexican government. It should be noted, however, that certain high priority trains, like those moving automotive parts, have benefitted more from this system than others. Trains carrying products which are not given high priority by the rail carrier or the Mexican authorities, or which are not usually classified as "just in time" shipments (for example, milk powder, scrap paper or chemicals) may still experience delays despite the implementation of preclearing.

Shippers should also note that a 10% V.A.T. on total freight charges within Mexico must be paid to the Mexican authorities.

The following summarizes the services offered by principal Canadian and American railways. *CP Rail System* or *CN North America* will handle the Canadian portion of a rail shipment before handing it over to an American rail carrier, for example in Chicago.

CN North America recently signed an agreement with *Burlington Northern (BN)* and *Ferrocarriles Nacionales de Mexico (FNM)* to provide an integrated network of services covering Canada, the U.S. and Mexico. In addition *CN* has entered into strategic alliances with *JB Hunt* which will facilitate shipments to Mexico. Also, *CN* has made a major commitment to intermodalism in its Sarnia tunnel project scheduled for opening in 1994.

Meanwhile, *CP Rail System* is upgrading the Windsor-Detroit tunnel for improved intermodal service.

The following total transit times to Laredo were provided by *CN North America* and *CP Rail System*. Please note that these transit times are approximations and exact shipping and routing information must be obtained from the different rail carriers on a case by case basis:

<i>From</i>	<i>Estimated Transit Times to Laredo, Texas</i>
Vancouver, B.C.	via Chicago: 10-11 days
Calgary, Alta.	via Chicago: 9-10 days
Toronto, Ont.	via Detroit: 6-7 days
Montreal, Que.	via Detroit: 7-8 days

Comparable transit times can be achieved for traffic originating in British Columbia and Alberta via *BN*, from Vancouver, B.C. or Sweetgrass, Montana. Shipments with *BN* would transfer to *SP* at Eugene, Oregon for border destinations like Mexicali, Nogales or El Paso or at Chicago, Illinois for Eagle Pass or Laredo. The *BN* since April 1993 offers a rail-barge service between Texas and major Mexican ports to provide another competitive option for shippers.

The *UP* interlines with *CN North America* and *CP Rail System*, and offers similar transit times from major Canadian cities to Laredo. The *UP* is the principal railroad handling Mexican-bound shipments through the United States. It runs shipments through Laredo, Brownsville and El Paso. Approximate *UP* transit times within the United States are Chicago-Laredo in 4 days and Detroit-Laredo in 5 days.

The *Southern Pacific (SP)* operates lines as far north as Portland and as far east as Chicago. *SP* is one of *UP*'s main competitor for Mexican-bound traffic, operating six of the ten rail crossings into Mexico (El Centro, Nogales, Douglas, El Paso, Eagle Pass and Brownsville). *SP* also routes through Laredo with *Texas-Mexican Railway*. In two recent moves, *SP* has sought to heighten its share of the market by initiating a twice-weekly double-stack service from Los Angeles to El Paso and by signing an agreement to loan *FNM* locomotives running on specific *SP/FNM* transportation corridors in Mexico.

Sante Fe Railway, another competitor for Mexican traffic, serves Canada and Mexico via El Paso through partnerships with major Canadian, U.S. and Mexican railways and trucking companies, such as *JB Hunt*. In addition, *Santa Fe* provides intermodal service to Mexico through alliances with a variety of motor carriers and Canadian intermodal marketers.

(d) Intermodal

In the past, the majority of exporters relied on a single mode to move a shipment to Mexico. For the most part, this meant either rail or truck. More and more, however, carriers themselves are combining the strengths of competing modes to offer "intermodal services": motor carriers are shipping highway trailers by rail; railways are marketing container and trailer services to truckers and shippers, while ocean carriers are offering intermodal interface with rail and truck.

These initiatives cover both domestic and international traffic and are graphically illustrated in *CN North America's* decision to construct a new tunnel under the St. Clair River between Sarnia and Port Huron to handle double stack rail cars. Similarly, *CP Rail System* is enlarging the Detroit-Windsor tunnel in order to handle tri-level rail cars.

Both construction programs underscore the commitments that the Canadian railway industry has made to intermodalism, all of which is designed to provide shippers with a more efficient means of reaching markets in the United States and Mexico.

Quite apart from operating road and rail carriers, there are other companies which contract transport services and provide a through transport package for exporters. Appendix B lists some of these companies, frequently called intermodal operators (they are also called third party carriers or shippers agents). Certain of these companies have been in intermodal service for well over ten years.

For large cargo volumes, freight rates would be negotiated with the railways and truckers on behalf of the exporter. Trailers and containers would be loaded onto flat cars in either Canada or the U.S., depending which is the most effective and economic. Transit time from Montreal or Toronto to Laredo would take 4 or 5 days, with another 3 to 5 days for Mexican clearance.

As an illustration of their services, one major intermodal operator provides a door-to-door service between Canada and Mexico, providing TOFC (45' and 48' trailers) and COFC (40', 45' and 48' containers), a tracing service and insured carriers, and offers an "800" number for customers across Canada. Intermodal operators providing services between Canada and Mexico include *Freight Connection*, *Interamerican*, *Sunac* and *Wheels International* which may be contacted as shown in Appendix B.

(e) Marine

For containerized cargo *Lykes Lines* provides direct scheduled service between Saint John, New Brunswick and Veracruz, Mexico. The eight-day all water service includes three multipurpose vessels, providing a 23-day frequency for containers, as well as project and breakbulk cargo service.

Maritime shipping rates are very competitive with rail and road rates, although marine shipping is slower. For some shipments however (e.g. bulk grains, oil, etc.), marine transport is highly suitable, and for particularly large shipments of any kind, marine transport rates can be more competitive.

For general cargo entering Mexico by sea, exporters can expect a 4 to 5 day delay, in addition to transit times of 10-20 days, as goods are custom cleared and moved to an importer's warehouse. Most marine shipments are transferred to trucks at Mexican ports for shipment into the interior.

Early in 1993 a rail-barge service was inaugurated by *BN* and *Protexa* between Galveston, Texas and several Mexican ports for onward movement by *FNM*.

Appendix B provides a listing of maritime services.

(f) Air

Air transport is often used for the movement of high-value items (e.g. electronics, aircraft parts, pharmaceuticals, precious stones and metals, flowers) between Canada and Mexico. At present, most direct air traffic between the two countries is charter vacation traffic to sunspot destinations in Mexico which does not lend itself well to cargo transport (little traffic to Mexican business centres, lack of cargo space and irregular scheduling). Charter companies operating to Mexico include *Air Transat* and *Canada 3000*.

Commercial airlines, however, do provide direct scheduled flights from Toronto and Vancouver to Mexico City. *Canadian Airlines International* operates a direct flight four times per week between Toronto and Mexico City. *Japan Airlines (JAL)* flies direct twice weekly from Vancouver to Mexico City.

In addition to direct scheduled air services between Canada and Mexico, Canadian shippers can increase their capacity and frequency options to Mexico by using *Air Canada* or *Canadian Airlines* in conjunction with the

interline services of U.S. carriers such as *American Airlines, Delta, Northwest* and others to connect from points in the United States to points in Mexico.

With all the uncertainties facing the international airline community, it is difficult to project the future of air routes to Mexico other than to say that charters will most likely continue to dominate the market, at least on the passenger side. One should also note that flight schedules to Mexico have historically been subject to frequent change by commercial carriers.

Administrative and customs clearing procedures at Mexican airports can be accomplished within hours with the proper documentation, otherwise the procedure can take up to 3 days.

(g) Freight Forwarders

In many instances, and especially for new exporters, the services of a freight forwarder are recommended. The freight forwarder can consolidate shipments as needed, advise on the mode of transport that best serves the exporter's needs, and arrange for customs documentation, the services of a Mexican customs broker, and transport, warehousing and distribution within Mexico.

While individual transport companies can in some cases make similar arrangements, they are often geared more towards exporters with large, frequent shipments and do not always offer the full range of services provided by a freight forwarder.

Freight forwarders offer a unique service package to first-time exporters as well as established ones. For example, when individual shipments do not fill a truck trailer, railcar or marine container, the exporter could use a freight forwarder, who will consolidate a variety of small shipments bound for Mexico. By consolidating many small shipments, the forwarder may be able to obtain cost savings for the exporter on his transportation bill.

In many instances, and especially for new exporters, freight forwarders can be indispensable as they can simplify the overall business of exporting to Mexico.

With the recent reform of Mexican transport regulations, the system of granting exclusive licenses for freight handling in the border zone has been eliminated and freight forwarders (through Mexican affiliates) are increasingly active in Mexico. Increased competition has also led to better service.

Many freight forwarders are active in the Canada-Mexico market and several others are seriously contemplating establishing themselves in this trade in view of the growth of traffic that has been forecast as a result of NAFTA. Forwarders presently employed by an exporter probably have the requisite connections for shipments to Mexico. Exporters could also contact the Canadian International Freight Forwarders Association at the address shown in Appendix B for additional advice on available forwarding services.

IV. Distribution Considerations within Mexico

The Commercial Division of the Canadian Embassy in Mexico can be contacted for general information on contacts, facilities and services of Mexican distribution, insurance and warehousing companies. Further information on warehousing and entry of goods into Mexico can be found in the departmental publication *Shipping Documents and Customs Regulations for Selling to Mexico* mentioned in the Bibliography (Appendix C).

(a) Mexican Transport Entities

Transport, brokerage and managing of freight within Mexico must be performed by a Mexican company. In many instances, the trucking, rail or freight forwarding company the exporter is dealing with in Canada will know how and with whom to arrange shipment of goods in Mexico. In fact, the selection of an experienced carrier or forwarder which emphasizes through routes and rates should be the key consideration for Canadian companies exporting to Mexico.

Specifically, the exporter should know if the carrier handling the transportation arrangements can perform a complete or "seamless" transportation move. That is, can the carrier or forwarder provide door-to-door service from the Canadian plant to the Mexican customer's place of business? Does it handle or arrange for documentation and customs clearance? How long has it been doing this?

(b) Warehouse Facilities

Unit transportation costs can often be lowered if shipment sizes are increased. Hence, the availability of reasonably priced, secure, duty-free warehousing in Mexico is important. At such facilities, merchandise shipped in quantity can be stored for varying lengths of time before distribution in Mexico. Warehouse stocks can be particularly useful in allowing exporters to shorten order response times. This is especially important when shipments are caught up at congested border crossings. Exporters seeking information on warehousing in Mexico should contact the Canadian Embassy as shown in Appendix D.

(c) Insurance in Mexico

Exporters may be inclined to quote terms of sale that limit the seller's responsibilities to delivery at the Mexico-U.S. border (c.i.f. Laredo). However, exporters should be aware that if goods are being sold at a delivered price at a Mexican destination, Mexican regulations stipulate that insurance covering transit in Mexico must be purchased from a Mexican insurance company.

Shippers should examine this aspect very closely as the Mexican insurance regulations governing transportation of goods do not mirror those in Canada. Coverage could vary considerably in the two countries and the exporter may find that his ability to collect for loss and damage in Mexico is somewhat constrained. It is best to look into this area at the very beginning of an export quotation.

V. Making the Decision on Transportation

While carriers and forwarders can provide convincing evidence of their ability and service, exporters should involve themselves in thorough and detailed internal planning of all the transportation factors involved in reaching the Mexican market. Carriers are an essential complement to this task, but the exporter must first establish a realistic target of service and then see if the carriers or forwarders can meet it.

Carriers and forwarders should be asked questions such as: what are your customs procedures at the U.S./Mexico border; who is your Mexican interchange partner and how extensive is its Mexican network; what are the transit times; what equipment is available; what are the language requirements on documentation and who takes care of it (Spanish is required in many instances); who are the company contacts; and can you provide references from other shippers.

(a) Transportation Selection Check List

The following list of questions is designed to help exporters assess their transportation needs and make informed transportation decisions:

Questions for the Mexican customer:

- Does the customer want an all-inclusive delivered price quote or does he wish to pay for freight and duty charges on top of the cost of the goods?
- Does the customer prefer to arrange and pay for the transportation?
- How urgently (within how many days) is the shipment required?
- Will the customer slightly increase or decrease the order size to fit standard shipping sizes such as pallets or containers?
- Does the customer have space available in a private fleet of trucks returning from deliveries of products in Canada?
- Can the customer recommend a good transportation organisation with which it is already doing substantial business and receiving excellent service and competitive prices?

-
- Does the customer have a truck loading dock or rail siding or is it located near an airport?
 - What documentation is required?

Questions exporters should ask themselves:

- Have you checked with your production department and sales people to see if there are several shipments going to Mexico which can be consolidated into a larger load?
- Is there a nearby company that might be interested in pooling shipments with you to get a better rate?
- Do your sales forecasts allow you to offer carriers large and regular volumes over time in return for lower rates?
- Have you prepared an accurate description of your goods so that they may be properly classified by carriers?
- Is your product susceptible to damage and does it require special packaging or crating and insurance for a long distance haul?
- Can your product be knocked down and packaged as compactly as possible?
- Is the best mode of transport being used? Have you checked with colleagues in your industry or with transportation consultants in the private sector and federal and provincial governments?
- Can you prepare all the necessary export documentation yourself or would you prefer having an intermediary do it on your behalf for a small fee? Moreover, what is the proper documentation and what languages are required?
- If you have your own fleet of trucks, can you spare one for a long haul and will you be able to arrange a return load?
- Is your own fleet of trucks available to haul the goods short distances to a carrier's local or American border terminals?
- If you are thinking of using your own fleet, have you worked out a "per mile" truck operating cost to compare rates charged by carriers and intermediaries?

3. Have you found new carriers because of this publication? Yes No

If yes, what mode(s)? _____

4. What other topics would you like to see included in the next edition?

5. Based on your own experience using transportation services between Canada and Mexico, do you have any hints or experiences of your own related to the shipment of goods that would be of use to fellow exporters or to the authors of the next edition of this publication?

Reader Survey

Your opinions will help us produce future editions of *Transportation Services Between Canada and Mexico* that are more useful to you. We would greatly appreciate if you could answer this short questionnaire and return it to External Affairs and International Trade Canada in the attached self-addressed envelope.

Please answer the following question by putting a checkmark in the box that best represents your response.

1. Which of the following best describes your exporting activity to Mexico?

(a) an Exporter

Now exporting to Mexico

Not exporting to Mexico

Considering exporting to Mexico

Have exported to Mexico in prior years

(b) a Carrier

Providing services to Mexico

Not providing services to Mexico

(c) a freight forwarder, a third party vendor

(d) Other (please specify) _____

2. Please indicate how useful you find the following types of information concerning the transportation of goods and services to and from Mexico by circling the appropriate number.

Not at

Only

*Moderately
useful*

*Very
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*Not
relevant*



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**External Affairs and Affaires
International Trade Canada Commer**

**125 Sussex Drive
Ottawa, Ontario
K1A 0G2**



~~Not relevant to your company~~

Very useful

Moderately useful

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	<i>or</i> <i>useful</i>	<i>marginally</i> <i>useful</i>	<i>Moderately</i> <i>useful</i>	<i>Very</i> <i>useful</i>	<i>Not</i> <i>relevant</i> <i>to your</i> <i>company</i>
Information concerning:					
NAFTA	1	2	3	4	5
Trucking services	1	2	3	4	5
Rail services	1	2	3	4	5
Intermodal services	1	2	3	4	5
Marine services	1	2	3	4	5
Air services	1	2	3	4	5
Freight forwarders	1	2	3	4	5
Mexican transport entities	1	2	3	4	5
Warehouse facilities	1	2	3	4	5
Insurance in Mexico	1	2	3	4	5
Important questions to ask customers, carriers, etc.	1	2	3	4	5
Negotiating rates and services	1	2	3	4	5
Documentation of shipments	1	2	3	4	5
Trade statistics	1	2	3	4	5
Carriers offering services	1	2	3	4	5
Publications for exporters	1	2	3	4	5
Sources of information	1	2	3	4	5

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6. OPTIONAL - Respondent information (PLEASE PRINT)

Name: _____

Organization: _____

Address: _____

City: _____

Province: _____ Postal Code: _____

Telephone: () _____

Questions for or about carriers:

- Is the carrier well established and experienced (i.e. does it have a track record)? Can it provide references?
- Is there more than one company offering service on a particular route and, if not, are alternate routings and carriers available?
- Have you sought out carriers which would normally return to Mexico or the Southern U.S. empty and which are willing to offer attractive rates on backhauls?
- Does the carrier have legally licensed operating authority to haul goods on the route?
- Does the transportation company offer:
 - through rates and bills of lading?
 - proper equipment on demand?
 - computerized shipment tracing?
 - a guaranteed delivery schedule?
 - sufficient insurance coverage (liability)?
 - discount plans?
 - customs brokerage and export documentation services?
 - other unique services?
- Will the goods be shipped directly from origin to destination by the carrier, and if not, how many (and which) carriers will be involved?
- If several carriers are to be involved, who has responsibility (liability) for the safe delivery of the goods?
- Has the company quoted you an all-inclusive rate and guaranteed delivery time? (Avoid companies that will not commit themselves to a rate or that will let you know how much the cost is after the fact.)
- What extra costs (if any) will you have to incur beyond the cost quoted?
- Are you satisfied that the transportation company rather than your company will be fully liable for the safe delivery of the goods?
- Have you checked with more than one carrier before making a decision to ship?

Questions to ask after the initial movement:

- Did the customer receive the shipment on time and in good order?
- If you used an intermediary for your first few shipments, are you now familiar enough with the territory, or are your sales volumes growing enough for you to deal with carriers directly?
- After a few shipments, are you still comparing rates between carriers or current rates to past rates to make sure you are getting a good deal?
- If you have regular movements and regular service requirements, have you considered negotiating specific commodity rates (as opposed to class rates) with common carriers?
- Are you reading trade and transportation publications, and generally keeping your eyes open for new, innovative and perhaps cheaper transportation alternatives?

(b) Rate and Service Negotiations:

Detailed attention to transportation costs and service can yield substantial competitive benefits to Canadian exporters. Exporters should, in addition to an internal review of corporate transportation policies and procedures, consider rate and service negotiations with carriers. Carriers are willing to discuss rates and services, but the exporter should be prepared to answer probing questions on volumes, values and characteristics of various commodities as well as willingness to commit a substantial portion of the exporter's business to that carrier.

In deciding to negotiate, the exporter should keep a "logistics" approach in mind, remembering that transportation costs are not the only or even the most important element in the equation. That is, the exporter should look at inbound and outbound movements, warehousing, customer service requirements and quality of the carrier. In today's competitive environment it is usually possible to wring rate concessions from one carrier or another. But unless rates are factored into a host of service considerations, the exporter may be only laying the groundwork for long-term problems.

During the negotiations, exporters should approach the carrier in a positive light. That is, look at the carrier as a prospective partner whose goal is similar to yours, which is to develop, retain or enlarge its share of the Mexican market — yours is for a product, the carrier's is for a service. The carrier is interested in your business and wants you to succeed — your success will translate into the carrier's success.

Be realistic:

- Are long-term discounts really available? Perhaps short-term discounts to allow the exporter to establish in the market would be accepted.
- Are you prepared to make volume commitments to the carrier, say for 75-80% of all traffic?
- Are your service requirements attainable by a conscientious carrier? Forty-eight hour service between Toronto and Monterrey may just not be possible.

Be prepared:

- Have all the information about the commodity and service levels at your finger tips. The carrier will want to know the generic name and the characteristics (dimensions, weight, special requirements) of the product, the origins and destinations, price range of product, packaging, competition for your product from other suppliers, frequency and volume of movement and the proposed rate.

Be insistent:

- Assuming your rate/service demands are realistic, state your service and rate requirements and stick with them. Your customer in Mexico really sets them so you must meet them if you are to stay in the market.

VI. Documentation of Shipments to Mexico

Any shipment to Mexico will entail three basic documents, namely:

- **Commercial invoice**
- **Packing list, and**
- **Bill of lading,**

and, depending on the commodity, there may be a requirement for:

- **Special certificates, and**
- **Import permit.**

The special certificates would be for a limited range of products, such as agricultural goods needing a phytosanitary certificate, while the import permit would be necessary for an ever diminishing number of goods (now about 200 commodities), and scheduled for further liberalization under NAFTA. In some sales, the Mexican importer may want certain additional documentation, such as a pro-forma invoice or a certificate of origin.

When preparing a shipment, exporters are advised to consult the Department's guide "Shipping Documents and Customs Regulations for Exports to Mexico", which is periodically up-dated, any of the commercial reference books listed in the bibliography, or to obtain current advice from the Mexican importer and Canadian trade officers. Exporters will learn that some documentation in Spanish or in English with a Spanish translation will be necessary.

Of the documents listed above, a transportation company usually has its own forms for the bill of lading, provides these to the exporter, and can advise exporters on proper completion. The bill should include full information on the marks, serial numbers, quantity of packages, kind of packages, and the gross weight in units of the metric system. The bill customarily should include the name and address of the shipper, name and address of the Mexican importer, consignee or customs broker, port of origin and port of destination, description of the goods, listing of freight and other charges, number of bills of lading in the full set and date and signature of the carrier's official acknowledging receipt on board of the goods for shipment.

For a **maritime shipment**, there should be three originals, plus three copies. These should be sent through an international messenger service to the importer in Mexico or the customs broker.

In the case of an **air shipment**, an airway bill will be issued and would accompany the shipment.

For a **rail shipment**, it is presently most common to ship under a local bill of lading to the border, to be reshipped to the customer in Mexico by a custom-house broker or forwarding agent at the point of entry. A trend is developing to the through bill of lading, where these are offered by the carrier.

When there is a **road shipment**, Mexican law (until provisions of the NAFTA are fully implemented) restricts trucking in Mexico to Mexican companies. Therefore, the bill of lading issued by a Canadian or American trucker will be only to the point of entry in Mexico unless the trucker has a partnership with a Mexican company. If not, a second set of documents, including the bill of lading would be prepared by the company looking after the shipment at the Mexican border.

For a **postal shipment**, a postal declaration is completed and affixed to the shipment.

In all cases, the shipper is advised to retain a copy of all documents.

Use of electronic data interchange (EDI) in trade into Mexico is presently not widespread either in communications with corporate clients or in an interface with government documentary or statutory requirements.

Appendix A.1: Canadian Exports to Mexico by Mode of Transport, 1988-1992

Domestic Exports to Mexico (\$CDN thousands)

	Road	Rail	Water	Air	Other	Total
1988	162,004	98,349	196,223	29,933	5	486,556
1989	242,388	125,153	150,457	85,929	3	603,959
1990	240,132	155,455	101,704	97,990	45	595,326
1991	250,286	73,853	140,622	59,745	36	524,544
1992	347,216	111,813	250,369	66,496	26	775,922

Domestic Exports to Mexico (percent)

	Road	Rail	Water	Air	Other	Total
1988	33.3	20.2	40.3	6.2	0.0	100.0
1989	40.1	20.7	24.9	14.2	0.0	100.0
1990	40.3	26.1	17.1	16.5	0.0	100.0
1991	47.7	14.1	26.8	11.4	0.0	100.0
1992	44.7	14.4	32.3	8.6	0.0	100.0

Source: Statistics Canada, *Exports — Merchandise Trade, 1988-1992, #65-202.*

Appendix A.2: Canadian Imports from Mexico by Mode of Transport, 1988-1992

Imports from Mexico (\$CDN thousands)

	Road	Rail	Water	Air	Other *	Total
1988	663,500	400,234	119,283	115,866	20,837	1,319,782
1989	860,448	493,790	98,249	227,465	24,842	1,704,796
1990	1,038,945	469,860	146,777	67,699	25,699	1,748,980
1991	1,545,322	689,251	189,968	69,040	86,200	2,579,783
1992	1,793,642	649,236	86,829	66,982	174,140	2,770,831

Imports from Mexico (percent)

	Road	Rail	Water	Air	Other *	Total
1988	50.3	30.3	9.0	8.8	1.6	100.0
1989	50.5	29.0	5.8	13.3	1.5	100.0
1990	59.4	26.9	8.4	3.9	1.5	100.0
1991	59.9	26.7	7.4	2.7	3.3	100.0
1992	64.7	23.4	3.1	2.4	6.3	100.0

* The high figures in the "Other" mode of transport are due to incomplete import documentation and oil imported via pipeline.

Source: Statistics Canada, *Imports — Merchandise Trade, 1988-1992*, #65-203.

Appendix A.3: Canada's Trade with Mexico by Province and by Mode of Transport, 1992

Domestic Exports to Mexico, 1992 (\$CDN thousands)

Province of Origin	<u>Mode of Transport When Crossing the Canadian Border</u>					Total
	Road	Rail	Water	Air	Other	
Newfoundland	0	0	18,379	0	0	18,379
P.E.I.	7	0	0	17	0	24
Nova Scotia	578	0	42,559	512	0	43,649
New Brunswick	361	836	6,147	3	0	7,348
Quebec	23,285	21,588	3,946	33,863	22	82,706
Ontario	279,705	60,836	10,052	25,493	3	376,091
Manitoba	6,363	4,902	23,939	295	0	35,499
Saskatchewan	18,377	10,153	62,155	43	0	90,730
Alberta	12,595	8,528	50,222	4,647	0	75,994
B.C.	5,943	4,967	32,967	1,614	0	45,492
Yukon/NWT	0	0	0	5	0	5

Source: Statistics Canada, *Exports — Merchandise Trade*, 1992, #65-202

Appendix A.3 cont.:

Imports from Mexico, 1992 (\$CDN thousands)

Mode of Transport When Crossing the Canadian Border

Province of Clearance	Road	Rail	Water	Air	Other	Total
Newfoundland	114	0	55	13	0	183
P.E.I.	68	0	0	9	1	79
Nova Scotia	594	0	22,533	76	0	23,204
New Brunswick	6,266	456	0	11	7	6,740
Quebec	45,083	23,789	20,800	10,982	171,420	272,075
Ontario	1,627,303	618,852	3,252	49,979	2,259	2,301,647
Manitoba	13,224	2,249	0	478	37	15,990
Saskatchewan	5,732	567	0	21	157	6,479
Alberta	30,319	880	1,289	2,197	10	34,696
B.C.	64,924	2,440	38,898	3,209	247	109,720
Yukon/NWT	10	0	0	1	0	12

Source: Statistics Canada, *Imports — Merchandise Trade*, 1992, #65-203.

Appendix A.4: Top Ten Canadian Exports to Mexico by Mode of Transport, 1991 (includes re-exports)

(\$CDN thousands)

Commodity	Road	Rail	Water	Air	Other	Total Value
Transmissions for motor vehicles	40,289	6,139		16		46,445
Motor vehicle parts	35,161	1,082	14	339		36,598
Newsprint, rolls or sheets	246	9,452	24,790			34,489
Diesel powered trucks with gross vehicle weight between 5 tonnes and 20 tonnes	26,876					26,876
Wheat and meslin			25,038			25,038
Parts & accessories of bodies for motor vehicles	19,868	206	25	1,824		21,924
Sulphur, crude or unrefined			18,868			18,868
Parts of electrical apparatus for line phone or line telegraphy	16,576			1,560	33	18,171
Aircraft weighing between 2,000 & 15,000 kgm				17,322		17,322
Petroleum oils & oils obtained from bituminous minerals, other than crude			16,109			16,109
Subtotal						261,840
Others						281,788
TOTAL EXPORTS (INCLUDES RE-EXPORTS)						543,628

Source: Statistics Canada.

Appendix A.5: Top Ten Canadian Imports from Mexico by Mode of Transport, 1991

(\$CDN thousands)

Commodity	Road	Rail	Water	Air	Other	Total Value
Autos with reciprocating piston engine displacing between 1500 cc and 3000 cc	29,404	333,849	107,511	14,127	185	485,079
Parts and accessories of bodies for motor vehicles	316,348	18,078		403		334,831
Engines, spark ignition	88,345	116,202				204,548
Autos with reciprocating piston engines displacing > 3000 cc	2,447	146,387				148,835
Ignition wiring sets & other wiring sets used in vehicles, aircraft, etc.	104,869			94		104,964
Digital process units	83,287			9,193		92,481
Petroleum oils & oils obtained from bituminous minerals, crude			13,139		77,118	90,258
Nondriving axles & parts for motor vehicles	89,904					89,904
Parts of air conditioning machines	56,852	4		1		56,858
TV Receivers	44,295	1,770		184	4	46,255
Subtotal						1,654,013
Others						925,770
TOTAL IMPORTS						2,579,783

Note: Most petroleum oil is imported via pipeline.

Source: Statistics Canada.

Appendix B: Carriers Offering Service to Mexico

(a) Trucking

Several factors render it difficult to identify all of the many trucking companies operating in Canada which could handle Mexican-bound shipments. In particular, not all provincial trucking associations keep an inventory of trucking companies operating from Canada to the U.S./Mexico border. Moreover, many Canadian trucking companies haul cargo to transshipment points in the United States, where it is interlined with a U.S. carrier for onward transportation to Mexico.

Check with your regular carriers to see if they provide service in your area to Mexico, either through interlining or directly. The Transportation Services Division (EMT), External Affairs and International Trade Canada would be pleased to assist in cases where information on transportation to Mexico is not otherwise readily accessible. Exporters may also wish to contact provincial trucking associations listed in Appendix D for local information.

A number of Canadian based companies are understood to be offering highway services to the U.S./Mexico border, and onward into Mexico through established arrangements with Mexican truckers. Published and informal trade sources include the following companies:

ABF FREIGHT SYSTEM, INC.

Montreal, Que.
Tel: (514) 636-1490
Fax: (514) 636-4611

CENTRAL-MCKINLAY TRANSPORT

Brampton, Ont.
Tel: (416) 458-6672
Fax: (416) 458-6510

CABANO-KINGSWAY

Saint-Laurent, Que.
Tel: (514) 332-4341
Fax: (514) 332-2886

CHALLENGER MOTOR FREIGHT INC.

Cambridge, Ont.
Tel: (519) 658-5154
Fax: (519) 658-9112

CAN PAC INTERNATIONAL FREIGHT SERVICE

Mississauga, Ont.
Tel: (416) 677-9607
Fax: (416) 677-8011

FREDERICK TRANSPORT, LTD.

Dundas, Ont.
Tel: (416) 628-4000
Fax: (416) 628-2021

CANADIAN FREIGHTWAYS

Calgary, Alta.
Tel: (403) 243-7701
Fax: (403) 287-3352

FUTURE FASTFREIGHT INC.

Oakville, Ont.
Tel: (416) 849-6350
Fax: (416) 849-6526

Note that on **October 4, 1993**, all southern Ontario communities served by the 416 area code, with the exception of Toronto, will switch to a new area code 905.

ROADWAY EXPRESS CANADA INC.

Mississauga, Ont.
Tel: (416) 624-5660
Fax: (416) 624-8163

TRIMAC LIMITED

Calgary, Alta.
Tel: (403) 298-5100
Fax: (403) 298-5330

YELLOW FREIGHT SYSTEM OF ONTARIO INC.

Agincourt, Ont.
Tel: (416) 297-5025
Fax: (416) 298-6919

(b) Rail

The transcontinental railways have customer service centres across Canada, and the nearest office should be contacted for information on services and rates to Mexico. Representatives for the regional railways can respond to local exporter inquiries. Central telephone numbers for the two largest Canadian railroads, as well as those U.S. railroads having sales representation in Canada are as follows:

CN NORTH AMERICA

Montreal, Quebec
Tel: (514) 399-6835
Fax: (514) 399-8459

SOUTHERN PACIFIC

Brampton, Ont.
Tel: (416) 796-8107
Fax: (416) 796-8105

CP RAIL SYSTEM

Montreal, Quebec
Tel: (514) 395-6819
Fax: (514) 395-7965

UNION PACIFIC RAILROAD

Toronto, Ont.
Tel: (416) 757-0259
Fax: (416) 757-4964

BURLINGTON NORTHERN

Vancouver, B.C.
Tel: (604) 520-5223
Fax: (604) 439-6736

SANTA FE RAILWAY

Montreal, Quebec
Tel: (514) 691-8428
Fax: (514) 691-7163

(c) Intermodal Services**FREIGHT CONNECTION INC.**

Toronto, Ont.
Tel: 1-800-563-5107
or in Toronto area (416) 798-4965
Fax: (416) 798-4929

SUNAC INTERNATIONAL

(a) Winnipeg, Man.
Tel: (204) 783-4517
Fax: (204) 772-4041

INTERAMERICAN TRANSPORT SYSTEMS INC.

Mississauga, Ont.
Tel: 1-800-268-4575
or in Toronto area (416) 821-8700
Fax: (416) 821-8938

(b) Mississauga, Ont.
Tel: (416) 569-6734
Fax: (416) 569-8131
CANADA WATTS: 800-387-8127

(c) Boucherville, Que.
Tel: (514) 641-3030
Fax: (514) 641-1118

Note that on **October 4, 1993**, all southern Ontario communities served by the 416 area code, with the exception of Toronto, will switch to a new area code 905.

**WHEELS INTERNATIONAL FREIGHT
SYSTEMS INC.**

Etobicoke, Ont.

Tel: 1-800-663-6331

or in Toronto area (416) 620-5995

Fax: (416) 620-1384

(d) Maritime

For scheduled service to Mexico contact the following:

LYKES LINES: Canadian agent in the
Maritimes is *Kent Line*, Tel.(506) 632-1886.
Canadian agent in Quebec and Ontario is
Bernar Transportation Services, Inc.,
Tel. (514) 499-1588 and (416) 238-0598.

The following list details the general cargo carriers or shipping agents that will connect through to Mexican ports:

MARCH SHIPPING, Tel. (514) 842-8841,
Fax (514) 288-737, Montreal.
Inducement sailings from Montreal to
Tampico for cargo of several thousand
MT.

HOEGH LINES, Tel. (212) 246-0562, Jersey
City, N.J.
Container and break bulk vessel sailings
every 3 weeks from New York to
Tampico. Transit time of 14 days.

MEXICAN LINE (TMM), Tel. (201) 750-1881,
New York City.
Sailings every 10 days from Los Angeles
to Mexican Pacific ports (including
Guaymas, Manzanillo and Salina Cruz). 8
days transit time down to Manzanillo. 2-3
day trucking into Mexico City from coastal
ports can be arranged. Container cargo
can be unloaded at San Francisco, then
go by rail or road to Los Angeles.

ARVIDA SHIPPING LTD., Tel. (514) 866-
6521, Montreal.

Inducement sailings of 2000-5000 MT
from Montreal to Coatzacoalcos,
Progreso, Tampico or Veracruz. Roughly
21 days transit time. From Vancouver,
Arvida offers inducement sailings with
Vancouver Anchor Shipping Lines to
Mexican Pacific ports.

REDBURN INC., Tel. (514) 861-0511,
Montreal.

Inducement sailings of at least 2000 MT
from Montreal, Toronto, Halifax or
Vancouver to any major Mexican port.

NAVICANA LINES, Tel. (604) 689-3129, c/o
Greer Shipping, Vancouver.

Inducement sailings between Vancouver
and Mexican Pacific coast ports via Los
Angeles on shipment contract of \$US
100,000 value and up. Does not normally
extend up to Vancouver.

(e) Air (Cargo Sales and Booking)

CANADIAN AIRLINES INTERNATIONAL
Toronto, Ont.
Tel: (416) 612-2746

JAPAN AIRLINES
Vancouver, B.C.
Tel: (604) 276-5868

Note that on **October 4, 1993**, all southern Ontario communities served by the 416 area code, with the exception of Toronto, will switch to a new area code 905.

(f) Freight Forwarders

Most freight forwarders have the requisite networks to arrange shipments world-wide, but many specialize in certain geographic areas, products or type of transportation (eg air forwarder). Continual change in the range of services and the composition of the forwarding industry hampers the preparation of a detailed and current list of all forwarding companies in a publication of this nature.

Hence, exporters may wish to contact the following for the most current information on freight forwarders:

**CANADIAN INTERNATIONAL FREIGHT
FORWARDERS ASSOCIATION**

Box 929
Streetsville, Ontario
Tel: (416) 567-4663
Fax: (416) 542-2716

**BUSINESS OPPORTUNITIES
SOURCING SYSTEM**

Industry, Science and Technology
Canada (ISTC)
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel: (613) 954-4079

Note that on **October 4, 1993**, all southern Ontario communities served by the 416 area code, with the exception of Toronto, will switch to a new area code 905.

Appendix C: Annotated Bibliography

The following publications should be of assistance to exporters in planning shipments to Mexico.

I. External Affairs and International Trade Canada publications:

These publications are available by contacting InfoExport toll free at 1-800-267-8376, or 944-4000 in the Ottawa area, or at your nearest International Trade Centre listed in Appendix D, except where noted.

In addition, contact the Latin America and Caribbean Trade Division (telephone 613-996-5546) for Mexican marketing guidance, sectoral studies and lists of trade shows.

(a) General trade and transportation:

CanadExport

A bi-monthly publication which provides information on key trade matters and international market opportunities to exporters and the Canadian business community.

Directory of the Canadian Trade Commissioner Service

A listing of External Affairs and International Trade Canada's Trade Commissioners in the International Trade Centres across Canada, in sectoral trade divisions, trade policy divisions and geographic trade divisions in Ottawa, and in Trade Missions Abroad.

Export Documentation and Foreign Collections, 1992.

Provides a comprehensive description of the basic export documentation required for most overseas export shipments and a review of the different methods of payment for the international sale of goods. Appendices contain useful addresses and export related publications.

Export Guide: A Practical Approach

A guide that discusses developing an export strategy, methods of export pricing, transportation, financing, credit and collections for exports, trade

terms and export support facilities available from federal and provincial governments.

Exporter's Guide to Transportation, 1992.

Provides basic information on export transportation and documentation to Canadian companies shipping to international markets.

Safe Stowage, 1993.

A guide for Canadian exporters and shippers to facilitate safe, effective and efficient stowage of cargo.

Selecting and Using Foreign Agents and Distributors

A publication to assist exporters in identifying potential agents or distributors, evaluating their suitability, developing and negotiating a proper contract, working with the agent/distributor and terminating the arrangement.

So You Want To Export

A booklet prepared to help a company decide if it is ready to export. It provides an overview of what is involved in exporting and provides a list of important contacts.

(b) The Market in Mexico:

Marketing Data for the Canadian Transportation Services Industry: Canada-Mexico Trade 1991, Parts I, II and III, 1993.

Parts I and II of the three part series about Canada-Mexico trade show the top commodities traded by different modes of transportation and region. Part III of the series estimates weights in metric tonnes for the top ten exports and imports by region and mode of transportation. Available by contacting the Transportation Services Division of External Affairs and International Trade Canada at (613) 996-0245, or fax (613) 996-1225.

Mexico: A Guide for Canadian Exporters, 1992

An overview of the country, the economy and foreign trade, basic information on doing business in Mexico including documentation, customs, transportation, etc., tips for business visits and federal export assistance available. Also includes a list of sectoral market studies for Mexico.

Shipping Documents and Customs Regulations For Exports to Mexico, 1992.

Provides a description and examples of export documentation and regulations for export shipments to Mexico. Also contains lists of Mexican customs brokers, freight forwarders, bonding companies and Mexican consulates in Canada.

(c) NAFTA:

NAFTA: What's It All About?, 1993.

A comprehensive guide to NAFTA.

North American Free Trade Agreement: At A Glance, 1993.

Brief overview of sectoral and provincial benefits of NAFTA.

II. Commercially produced publications:

Exporters' Encyclopaedia, 1992-93. Dun & Bradstreet Information Services, (new edition annually plus updates throughout the year).

Contains a brief country profile and sections on communications, key contacts, trade regulations, documentation, marketing data, transportation and business travel.

Mexico: A Primer for Canadian Business, First Edition. Laurier Trade Development Centre, Wilfrid Laurier University, Waterloo, Ontario. June 1992.

This publication addresses topics such as the Mexican economy and politics, free trade, a guide for exporting (including Canadian case studies), the Mexican business environment, industry sector opportunities in the Mexican economy and opportunities for Canadians. Also included are a listing of useful contacts and references.

Mexico-Canada: Partnering for Success. Sponsored by External Affairs and International Trade Canada, Atlantic Canada Opportunities Agency and the Bank of Montreal. September, 1992.

A basic primer to assist Canadian firms pursuing business opportunities in Mexico. It describes how to develop export strategies, find suitable contacts

in Mexico, negotiate agreements and avoid common pitfalls. A general overview of Mexico and existing business opportunities are also included. A detailed list of relevant contacts (government and business associations in both Canada and Mexico) are provided.

Migra's Canadian Export Guide. Migra International Limited.

A quarterly publication providing general information about exporting to foreign countries.

Appendix D: Sources of Information

(a) Contacts in External Affairs and International Trade Canada

For questions relating directly to transportation:

Transportation Services Division
(EMT)
External Affairs and International
Trade Canada
Lester B. Pearson Building
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Tel: (613) 996-0245
Fax: (613) 996-1225

In Mexico:

The Commercial Division
Canadian Embassy
Calle Schiller No. 529
Col. Polanco
11560 Mexico, D.F.
Tel: (011-525) 254-32-88
Fax: (011-525) 545-17-69

Further assistance covering all facets of trade with Mexico:

Latin America and Caribbean Trade
Division (LGT)
External Affairs and International
Trade Canada
Lester B. Pearson Building
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Tel: (613) 996-8625
Fax: (613) 943-8806

(b) International Trade Centres:

BRITISH COLUMBIA
(Includes responsibility for Yukon Territory)

INTERNATIONAL TRADE CENTRE
Industry, Science and Technology Canada
Scotia Tower
900-650 West Georgia Street
P.O. Box 11610
Vancouver, British Columbia
V6B 5H8
Tel: (604) 666-0434
Fax: (604) 666-8330
Telex: 045-1191

ALBERTA
(Includes responsibility for Northwest Territories)

Edmonton
INTERNATIONAL TRADE CENTRE
Industry, Science and Technology Canada
Canada Place
Suite 540
9700 Jasper Avenue
Edmonton, Alberta
T5J 4C3
Tel: (403) 495-2944
Fax: (403) 495-4507
Telex: 037-2762

Calgary
INTERNATIONAL TRADE CENTRE
Industry, Science and Technology Canada
11th Floor
510 - 5th Street S.W.

Calgary, Alberta
T2P 3S2
Tel: (403) 292-6660
Fax: (403) 292-4578

SASKATCHEWAN

INTERNATIONAL TRADE CENTRE
Industry, Science and Technology Canada
Suite 401, 119-4th Avenue South
Saskatoon, Saskatchewan
S7K 5X2
Tel: (306) 975-5315
Fax: (306) 975-5334
Telex: 074-2742

MANITOBA

INTERNATIONAL TRADE CENTRE
Industry, Science and Technology Canada
8th Floor, 330 Portage Avenue
P.O. Box 981, Newport Centre
Winnipeg, Manitoba
R3C 2V2
Tel: (204) 983-8036
Fax: (204) 983-2187
Telex: 07-57624

ONTARIO

INTERNATIONAL TRADE CENTRE
Industry, Science and Technology Canada
Dominion Public Building
4th Floor
1 Front Street West
Toronto, Ontario
M5J 1A4
Tel: (416) 973-5053
Fax: (416) 973-8161

QUEBEC

INTERNATIONAL TRADE CENTRE
Industry, Science and Technology Canada
Stock Exchange Tower
800 Victoria Square
Suite 3800
P.O. Box 247
Montreal, Quebec
H4Z 1E8
Tel: (514) 283-8185
Fax: (514) 283-8794
Telex: 055-60768

NEW BRUNSWICK

INTERNATIONAL TRADE CENTRE
Industry, Science and Technology Canada
Assumption Place
770 Main Street
P.O. Box 1210
Moncton, New Brunswick
EIC 8P9
Tel: (506) 851-6452
Fax: (506) 851-6429
Telex: 014-2200

PRINCE EDWARD ISLAND

INTERNATIONAL TRADE CENTRE
Industry, Science and Technology Canada
Confederation Court Mall
134 Kent Street, Suite 400
P.O. Box 1115
Charlottetown, Prince Edward Island
C1A 7M8
Tel: (902) 566-7400
Fax: (902) 566-7450
Telex: 014-44129

NOVA SCOTIA

INTERNATIONAL TRADE CENTRE
Industry, Science and Technology Canada
Central Guarantee Trust Tower
1801 Hollis Street
P.O. Box 940, Station M
Halifax, Nova Scotia
B3J 2V9
Tel: (902) 426-7540
Fax: (902) 426-2624

NEWFOUNDLAND

INTERNATIONAL TRADE CENTRE
Industry, Science and Technology Canada
215 Water Street, Suite 504
P.O. Box 8950, Atlantic Place
St. John's, Newfoundland
A1B 3R9
Tel: (709) 772-5511
Fax: (709) 772-2373
Telex: 016-4749

(c) Contact for Information on Freight Forwarders:

Canadian International Freight Forwarders
Association
Box 929
Streetsville, Ontario
Tel: (416) 567-4663
Fax: (416) 542-2716

**(d) Contact for Information on Warehousing and Distribution Services
within Mexico:**

Contact the Canadian Embassy as set out
above.

(e) Contacts for Information on Trucking Between Canada and Mexico

Atlantic Provinces Trucking Association
1 Trites Road, Suite 14
Riverview, N.B.
E1B 2V5
Tel: (506) 387-4413
Fax: (506) 387-7424

Alberta Trucking Association
6940 Fisher Rd. SE, Suite 310
P.O. Box 5520, Station A
Calgary, Alberta
T2H 1X9
Tel: (403) 253-8401
Fax: (403) 255-2724

British Columbia Trucking Association
P.O. Box 381
Port Coquitlam, B.C.
V3C 4K6
Tel: (604) 942-3200
Fax: (604) 942-3191

Canadian Trucking Association
130 Albert St., Suite 300
Ottawa, Ontario
K1P 5G4
Tel: (613) 236-9426
Fax: (613) 563-2701

Manitoba Trucking Association
25 Bunting St.,
Winnipeg, Manitoba
R2X 2P5

Tel: (204) 632-6600
Fax: (204) 694-7134

**Northwest Territories Motor Transport
Association**
P.O. Box 574
Yellowknife, NWT
X1A 2N4
Tel: (403) 873-2831
Fax: (403) 255-2724

Ontario Trucking Association
555 Dixon Rd.
Etobicoke, Ontario
M9W 1H8
Tel: (416) 249-7401
Fax: (416) 245-6152

Private Motor Truck Council of Canada
924 The East Mall, Suite 105
Etobicoke, Ontario
M9B 6K1
Tel: (416) 620-0164
Fax: (416) 620-7923

Quebec Trucking Association
6450 Notre Dame Ouest
Le Bureau 200
Montreal, Quebec
H2C 1V5
Tel: (514) 932-0377
Fax: (514) 932-1358

Note that on October 4, 1993, all southern Ontario communities served by the 416 area code, with the exception of Toronto, will switch to a new area code 905.

Saskatchewan Trucking Association

1335 Wallace St.,
Regina, Saskatchewan
S4N 3Z5
Tel: (306) 569-9696
Fax: (306) 781-7066

**Canadian Cooperative of Independent
Truck Owner-Operators**

204-79 Eagle Drive
Winnipeg, Manitoba
R2R 1V4
Tel: (204) 633-1861
Fax: (204) 633-1890

**Coopérative Canadienne des Propriétaires
de Camion Remorques Indépendant**

9930 Côte de Liesse
Lachine, Quebec
H8T 1A1
Tel: (514) 636-3090
Fax: (514) 636-5216



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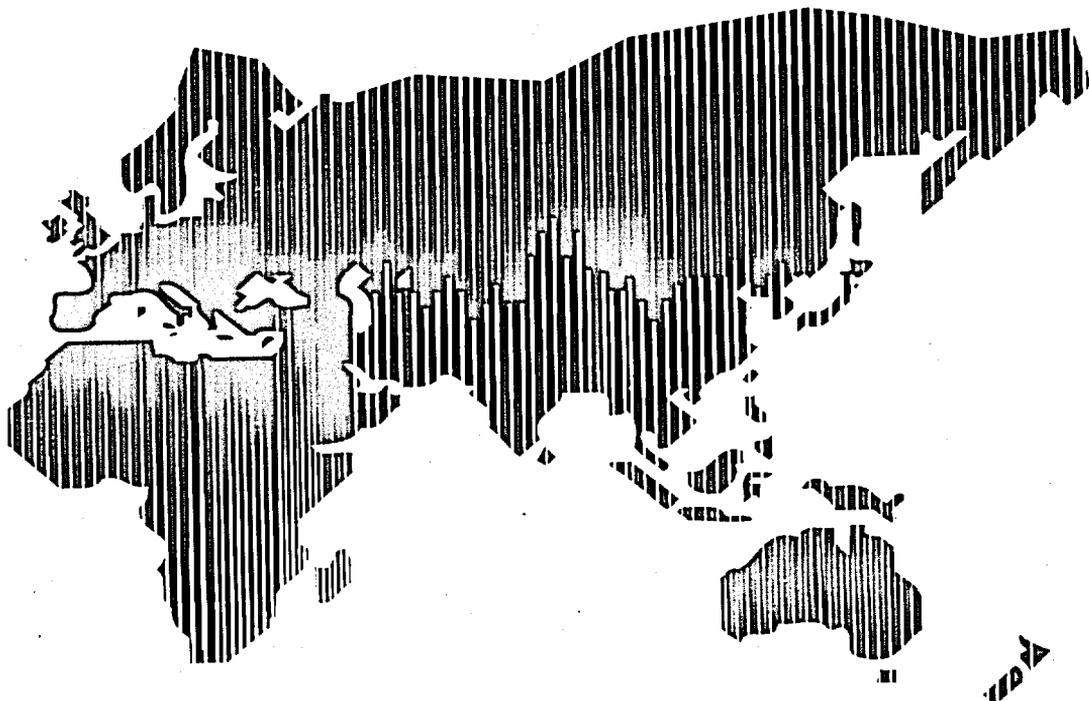
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Transportation services between

Canada and Mexico

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External Affairs and
International Trade Canada

Affaires extérieures et
Commerce extérieur Canada