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# DISTRIBUTION CHANNELS IN MEXICO




 Department of Foreign Affairs and International Trade / Ministère des Affaires étrangères et du Commerce international  
 Latin America & Caribbean Bureau

BUSINESS GUIDE - MEXICO

***Distribution Channels in Mexico*** was developed jointly by the Department of Foreign Affairs and International Trade (DFAIT) and Prospectus Inc. It was researched with collaboration from InfoMex, Mexico City.

This business guide is designed to provide an overview of the range of distribution channels operational in Mexico. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be used as the only source of market information on this sector. We encourage the reader to use this publication as one of several resources for commercial dealings with Mexico.

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© Minister of Supply and Services, February 1997

Catalogue No. E73-9/73-1996E  
ISBN 0-662-25218-7

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Published by Prospectus Inc.  
Printed in Canada.

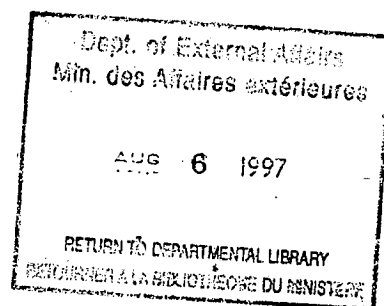
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# BUSINESS GUIDE:

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## DISTRIBUTION CHANNELS IN MEXICO

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*Export*  
MEXICO

# Mexico



## THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

The NAFTA expands Canada's free-trade area of 270 million people into a market of close to 361 million — a market larger than the population of the 15 countries of the European Union and one with a total North American output of more than \$7 trillion.

Mexico is Canada's most important trading partner in Latin America. Two-way merchandise trade with Mexico was just under \$6.5 billion in 1995 and is expected to exceed \$8 billion by the end of the decade.

Canadian direct investment in Mexico is growing rapidly, increasing from \$452 million in 1992 to over \$1.2 billion in 1994.

This guide has been prepared with the problems inherent to the new exporter in mind. However, it is not exhaustive. The differing circumstances, interests and needs of individual companies will influence their strategies for the Mexican market.

Further assistance can be obtained by addressing requests to the International Trade Centres (see Where To Get Help) or contact the InfoCentre at:

Tel.: 1-800-267-8376 or (613) 944-4000

Fax: (613) 996-9709

FaxLink: \* (613) 944-4500

InfoCentre Bulletin Board (IBB):

1-800-628-1581 or (613) 944-1581

Internet: <http://www.dfair-maeci.gc.ca>

\*FaxLink is a faxback system which provides summaries on a range of Mexican markets. It must be contacted through your fax machine. Dial from your fax phone and follow the voice prompt instructions.

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## DISTRIBUTING IN MEXICO

It is possible for Canadian products to be sold to Mexican buyers without the producer actually entering the Mexican market. Commodities like minerals or newsprint are often sold through established worldwide exchanges. Canadian products or services may be incorporated as value added in exports by US-based enterprises with affiliates in Canada. Goods may also be exported by intermediaries or end users who make their purchases in Canada.

For the large majority of Canadian companies, however, selling in Mexico means establishing a presence there. These companies must introduce their products to Mexican buyers, conclude contracts, manage the logistics of exporting and follow up with after-sales service. This means choosing a distribution channel, which may involve a variety of players. The choice must be made with care, because Mexico's business culture possesses its own idiosyncrasies.

Distribution methods may be distinguished by the degree of control that the exporter exercises over the marketing process. At the bottom end of the scale, the Canadian company sells to a Mexican wholesaler who takes immediate title to the goods and who has complete control over resale pricing and marketing methods. At the other end of the scale, the Canadian company establishes a subsidiary corporation in Mexico, hires marketing staff, and perhaps sets up a service department. Between these extremes lie several compromise approaches, such as exclusive agents, distributors, licensing agreements, joint ventures and strategic alliances. Each involves some degree of partnership with a Mexican individual or company.

The method that will work best depends greatly on the nature of the product and the company's overall international trade strategy. In general, the more unique the product is, the more control the company needs. Otherwise, the product may not be presented in its best light or backed with appropriate service. Conversely, if the product is a near-commodity, with little differentiation from competitors' products, price and delivery will be the controlling issues. Many other factors, such as the expected volume of sales, profit margins of intermediaries, actions of competitors and the need to protect proprietary information, will play a role in the decision. More than one distribution method may be needed to cover Mexico's diverse market.

Some Canadian companies approach the Mexican market in an incremental fashion. They start with a minimal approach, perhaps using a distributor. If the product is well accepted, they may retain an exclusive agent or open a Mexican office. This allows them to gain an understanding of the market and their product's position in it before they make large investments. On the other hand, this approach reduces the company's market profile, which can make market penetration more difficult.

## OVERVIEW OF THE MEXICAN DISTRIBUTION SYSTEM

Mexico's distribution system is characterized by a unique mix of traditional and modern methods. Traditional methods include small retailers who go out at dawn to visit *la central de abastos*, central market, and carry their purchases back to the store. They also include complex multi-layered systems of distributors and sub-distributors, based on personal and family contacts. Some intermediaries such as tailors and auto mechanics take their customers to retail stores to pick out materials and parts. In general, these methods seek to minimize inventories and other distribution risks. This contrasts with more modern distribution methods which seek to manage those risks by moving the product smoothly from the factory to the store shelf or end user, arriving "just-in-time."

As Mexico's economy has adjusted to the sweeping economic reforms of the past ten years, there has been increasing demand for integrated national distributors who can deliver those kinds of services. This is especially true for imported goods, which are relatively expensive and must reach a select clientele. Many large US-based retailers and wholesalers have formed joint ventures with Mexican retailers to bring state-of-the-art electronic inventory control systems to Mexico. In addition, the number of layers in the distribution process has begun to fall.

This process was hastened by the sudden devaluation of the peso in December 1994. Within a few weeks, the peso lost half of its value, leaving many distributors and wholesalers of imported goods with dollar payables and peso receivables. Many of them went out of business. For the most part, this amounted to culling weak players who would not have survived trade liberalization. The more sophisticated distributors found ways to survive the crisis. Some of them quickly switched to cheaper domestic products as a means of retaining their customer base until import markets recovered. Some made deals with foreign suppliers to move into other Latin American markets with Mexico as a base. And some received help from foreign suppliers in the form of extended financing, temporarily reduced prices or technical assistance.

For example, one Mexico City lumber importer found itself in dire straits when the construction industry came to a sudden standstill within days of the devaluation. Its solution was to hire an engineer and a pest-control specialist, both from Canada, for two months. These experts inspected previous projects which had used wood from the Mexican importer. Many of the sites required repair or maintenance and the Canadians gave advice about restoration techniques that were not well known in Mexico. They trained Mexican personnel to do the work.



The Mexican company was able to add maintenance and repair to its service line, and continue importing some sophisticated products not available in Mexico. Although still a small player, the company survived, turned a profit in 1996 and is again importing wood in 1997.

This example illustrates how Mexican distributors are learning that they must add value to the distribution chain. In the past, many simply took orders, received a partial payment up front, and imported the product. They did not offer inventory, financing, quick delivery or service to the customer. Many of them handled only imported products and handled regional markets through sub-distributors.

Before the devaluation, larger customers, especially industrial end users and retail chains, began to buy direct from the foreign suppliers to avoid multiple distributor markups and delays. The devaluation has placed a new emphasis on cost control and many of them would like to simplify their purchasing processes even further. This is driving a trend whereby importing agents are joining forces with large distributors. Once it is fully implemented, this approach has several advantages. It can give the Canadian exporter the benefits of an exclusive Mexican agent and at the same time provide efficient national distribution. And from the buyer's point of view, it has the benefit of providing a mix of imported and domestic products from a smaller number of vendors.

The agent-distributor combination described above is only one of many possible configurations. Distribution methods can be conveniently divided into three categories:

- direct sales to end users;
- sales to resellers who take title to the goods; and
- sales through agents or other partners who work on behalf of the exporter.

The following chapters deal with each of these categories separately. This guide further develops the theme of distribution channels by including special considerations for different types of product, as well as a discussion of documentation and logistical issues.

## DISTRIBUTING TO END USERS

Dealing directly to end users has the advantage that the exporter can control both the marketing presentation and after-sales service. This method can also eliminate excessive markups by intermediaries. Sales can be made directly from Canada, or through wholly-owned sales and service offices in Mexico. The other major alternative is to contract with a local firm to provide service, but to make the sale directly from Canada. The best approach depends upon the type of end user involved. Each of the major direct markets is discussed below.

## INDUSTRIAL AND COMMERCIAL CORPORATIONS

Mexico's economy is characterized by a sharp division between large and small enterprises. Of the 125,000 companies which are recorded in the official statistics, more than 80 percent are classified as micro-sized, with 15 employees or less. Only about 2.5 percent are classified as large, with 250 employees or more. In some industries, the micro-sized enterprises make up 95 percent of all companies. Since the economic reforms of the late 1980s, the industrial structure has become more concentrated, as larger firms buy up smaller ones and merge with each other.

Much of Mexico's recent growth has been concentrated in huge conglomerates called *grupos*. These companies are highly diversified, and many of them are publicly-traded, although most of them are family controlled. Of the top 10 *grupos* in a classification compiled by *México Business* magazine, five (*Alfa, Visa, Femsa, Cydsa* and *Pulsar*) are controlled by the Garza Sada family of Monterrey.

If the sales are to be made from Canada, it is practical to sell directly only to the largest corporations, who make high-value purchases. Direct sales are common for high-technology, custom-built equipment that requires complicated installations and after-sales service. They are also used for business services, especially those provided by engineering and design consultants as well as computer software specialists. In both cases, Canadian staff must travel to Mexico to take care of the installation and provide services. Mexican buyers may also have to visit Canada for demonstrations.

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

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

## GOVERNMENT PROCUREMENT

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

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

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

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

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

## MEXICAN SUBSIDIARY

### CONNORS BROS. LTD.

Connors Bros. Ltd., part of the Weston Group, is the largest processor of canned sardines and herring in North America with annual sales of over C \$250 million. It is the sole producer of canned sardines in Canada and its Brunswick brand is the Canadian market leader. The company operates production facilities in New Brunswick, Maine and Scotland.

Connors Bros. products are marketed in more than 40 countries around the globe. Vice President of International Sales, Vince Taddeo, says that the company initially saw Mexico as an opportunity for a joint venture to supply Mexican fish products to the local and export markets. But the Mexican sardine fishery declined between 1990 and 1992, and the age and condition of local processing facilities was also a problem. So the company shifted emphasis towards supplying Mexico with Brunswick products from Canada.

Taste testing and test marketing indicated that the product would be well accepted in Mexico, although it had to be adapted for local tastes. The brand was launched in the fall of 1992. The launch focused on higher income urban customers. The product is positioned as an affordable premium quality product, with pricing about 15 percent above domestic product. Marketing is accompanied by a range of advertising and promotion activities, including television commercials, feature pricing, recipe booklets and point-of-sale flyers and demonstrations.

Connors first entered the Mexican market with agents, but was dissatisfied with the results. The agents involved could not finance inventories, an adequate level of advertising, product placement or other necessary detail work. As a result, a wholly-owned Mexican subsidiary was formed. This company receives Brunswick product and deals directly with a large Mexican distributor.

Mr. Taddeo stresses that the choice of a distributor is one of the most important decisions in entering the Mexican market. He notes that Connors made their mistakes in the beginning, first experimenting with smaller agents. The decision to pick one major distributor rather than split the business between two or three smaller companies has proven to be a good move.

*continued on next page*

## DIRECT RETAIL

Direct retail sales are a new but growing phenomenon in Mexico. Traditionally, the postal system has been grossly inefficient and the phones unreliable. This deprives direct marketers of their two most important tools. Customer lists are not readily available and only about 4 million Mexicans hold credit cards.

In spite of these hurdles, the direct marketing industry in Mexico has grown since the peso crisis. The *Asociación Mexicana de Mercadotecnia Directa (AMMD)*, Mexican Association of Direct Marketing, ended 1996 with 300 members. According to media reports, it is projecting 500 members by the end of 1997. Several American direct marketing firms have moved into Mexico and have reported response rates at triple the typical American level. One observer attributes this phenomenon to the fact that Mexicans do not receive much mail, and certainly not much junk mail, so they tend to read mailed advertising. Commercial mailers can speed up service by pre-sorting mail and delivering it direct to postal substations. Mexico's telephone system is gradually improving since it has been privatized and deregulated. And telemarketers have found that unlike their northern neighbours, Mexicans are too polite to hang up on the caller.

Mexican marketing specialists say that high-end retail products can do well using catalogues and private deliveries. For example, Victoria's Secret distributes exclusively by catalogue in Mexico and delivers within 48 hours by courier from the United States. In the principal cities, personal messenger services can be hired for as little as US \$0.50 per delivery if the volume is substantial.

## SUBSIDIARY COMPANIES

Some companies have international reputations and receive unsolicited inquiries from Mexican buyers. Some monitor bid requests from government entities. Some have met Mexican buyers at trade shows in Canada. Others have been successful in advertising in Mexican media, dealing with enquiries from Canada and sending sales personnel to Mexico to negotiate contracts. For the most part, these approaches are most effective for small-volume, high-value sales of highly technical equipment or services, or for large sales of bulk commodities.

Companies who are seeking a more sustained market, or a broader mix of clients often elect to set up a marketing office in Mexico. This requires that they set up a Mexican subsidiary, because only persons or corporations resident in Mexico, and holding a *Registro Federal de Causantes (RFC)*, taxation registration number, can import into that country.

## MEXICAN SUBSIDIARY CONNORS BROS. LTD.

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The company's principal distributor is a major force in the Mexican retail food industry, with 16 warehouses and the financial strength to carry the product. It has a staff of 580 sales people and 200 promoters. This is an issue for companies selling into the Mexican retail food market because competition for shelf space is much more intense than in Canada. As well, the US commissions on distribution are higher than in Canada and the US to cover the higher levels of personnel required to ensure that products are both placed and treated properly in the store.

Rubén Acevedo, administrative manager of *Brunswick de México*, says that market objectives must determine the type of presence to establish in Mexico, regardless of the type of management style the company would prefer to follow for other reasons. In *Brunswick's* case, he says, the intention to take on the national market was the determining factor. "If you plan to sell heavily, establish your own offices; if not, try another alternative."

He also noted that physical distribution is the most pressing problem, and that promotional efforts on behalf of exporters should be directed at the distributors and retailers rather than with the end consumer. "Quality and flexible pricing sell themselves," he said, "but regional presences are important if all the large retail/supermarket chains are to be stocked."

Mr. Taddeo adds that Connors Bros. does not perceive itself to be simply an exporter into the Mexican market. They see themselves as a locally-engaged Mexican company that imports some product and also ships Mexican product to other parts of the world. But he suggests that this approach may differ from market to market. This is because Connors Bros. is deeply involved in the market and understands its intricacies. This fact, rather than simply sending product to a market and letting others handle it, has been central to the company's success.

Since the need to provide service is usually part of the motivation for this approach, Mexican subsidiaries usually include technical personnel as well as sales staff. Warehousing operations can also be maintained, simplifying the logistics of importing and distributing. More specialized products may be shipped directly from Canada to the customer, under the coordination of the Mexican office.

A Mexican office has the advantage of providing a visible local presence, demonstrating a long-term commitment to the market. It allows for better customer service, especially for high-technology products. It makes it more feasible to set up showrooms and demonstration equipment. It can also facilitate communications, since Mexican agents are not always skilled in using the latest technology.

The disadvantage of setting up a Mexican subsidiary is high fixed costs. This method is appropriate mainly for products with a substantial expected sales volume. Many companies test the market using distributors or agents before they make this commitment.

Establishing a sales office in Mexico does not necessarily involve direct sales to end users. Some companies handle their own importing through a local office and then sell through distributors or wholesalers. Others use an agent to handle imports and use their local office just to provide service. These methods allow the Mexican office to focus on needs that may not be adequately handled by Mexican associates or partners, while still taking advantage of their other abilities.

Setting up a Mexican subsidiary is fairly straightforward, although the labour regulations in Mexico can be complex. Mexican law makes it difficult to terminate employees, and they are entitled to mandatory profit sharing. In addition, Canadians who work for a business with a permanent establishment in Mexico will be taxed in Mexico. Moreover, Canadians are protected from double taxation under a tax treaty between Canada and Mexico. These issues are discussed in detail in the publication *Key Legal Aspects of Doing Business in Mexico*, which is part of the Department of Foreign Affairs and International Trade (DFAIT) *Export i Mexico* series and available through the InfoCentre.

## DISTRIBUTING THROUGH RESELLERS

Resellers are intermediaries who distribute the product by buying it from the supplier, taking title to it, and then reselling it to end users or other intermediaries. Resellers include retailers, wholesalers and distributors, as well as some manufacturers. From the supplier's perspective their main attraction is that they reduce the risk of market entry. Normally they pay for the goods in dollars and they take responsibility for most of the logistics of importing and distributing. Not all of them offer the same services, however, and in many cases they are combined with other techniques.

### RETAILERS

Mexico's retail sector differs from Canada's in a number of respects. At one end of the market, there is a large "informal sector," dominated by street vendors and operators of small market stalls. These businesses provide intense competition for stores in the formal sector, because they are untaxed and often sell pirated merchandise. The least formal retail element is known as the *tianguis*, the word for market in one of the native languages. These are open-air markets that set up once a week on an established day and street. Although traditionally known for fresh produce, the *tianguis* are also large marketers of inexpensive clothes, cosmetics, snack foods and all sorts of knickknacks. Established borough markets are only slightly more formal. They handle mostly domestic product and imported contraband. Both types often buy from *la central de abastos* or small importers.

At the other end of the spectrum are the megamarkets (more than 10,000 square metres), hypermarkets (more than 4,500 square metres), and supermarkets (more than 500 square metres). Warehouse stores of up to 2,500 square metres feature no-frills volume sales. Department stores, super pharmacies, membership clubs and specialty stores round out the formal sector. Convenience stores are relatively new in Mexico, but they have grown rapidly. These stores cater to relatively affluent Mexicans, and many of them are operated in partnership with US-based retailers.

Some of these retailers purchase directly from foreign suppliers. This is most common for the larger supermarket and department store chains. Increasingly, retailers are trying to simplify their purchasing procedures by dealing with a smaller number of distributors. Privately-branded merchandise is a notable exception to this trend. When they do buy direct, most retailers expect to take title to the goods at their premises, and they commonly expect separate deliveries to each store.

A good source of information about retail outlets in Mexico is the *Asociación Nacional de Tiendas de Autoservicios y Departamentales (ANTAD)*, National Association of Supermarket and Department Stores. It publishes a detailed directory of all of the retailers listed in the accompanying tables and holds a large annual trade show in Guadalajara, Jalisco, usually in the spring.

## RETAIL STORES IN MEXICO, 1996

	Number of Stores	Sales Area in Square Metres
<b>Megamarkets</b>	<b>23</b>	<b>314,269</b>
K-Mart de México	4	37,605
Wal-Mart de México	19	276,664
<b>Hypermarkets</b>	<b>404</b>	<b>2,233,524</b>
Aurrerá	35	225,315
Casa Ley	72	314,424
Gigante	152	688,900
Operadora Comercial Mexicana	92	585,254
Organización Soriana	53	419,631
<b>Supermarkets</b>	<b>431</b>	<b>926,893</b>
Alimentos y Despensas Populares	8	15,400
Almacenes de Mérida Faraón	4	3,950
Almacenes Zaragoza	10	26,308
Aurrerá (Superama)	36	52,968
Auto Mercado de Las Fuentes	6	8,000
Auto Servicios Gutiérrez Rizo	3	4,698
Autoservicios Ajusco	1	960
Azcunaga Hermanos	10	11,470
Carlos Aramburo	3	2,750
Central Detallista	37	100,058
Centro Comercial Californiano	2	6,200
Centro Comercial Coloso Chaveña	8	11,160
Centro Comercial Visión	1	3,500
Centros Comerciales Del Norte	7	7,450
Comercial Ah-Kim-Pech	3	5,880
Comercial Pronto	11	1,940
Comercial V.H.	32	106,650
Comercializadora La Bonanza	2	2,000
Corporativo San Diego	3	5,500
Distribuidora Sukarne	18	2,049
Economax	3	3,300
Fénix	13	12,900
Galerías el Alba	6	3,550
Gigante Fleming	4	10,393
Impulsora Comercial El Camino	3	3
Javier Ruíz Bonifaz y Sucesores	4	3,400
La Luna Unidad Comercial	7	19,870
Operadora Futurama	21	52,580
Operadora Merco	14	44,271
Operadora Supermercados	17	13,678
Pastelerías Elizondo	3	1,500

*continued on next page*

## RETAIL STORES IN MEXICO, 1996

continued from page 13

	Number of Stores	Sales Area in Square Metres
Plaza Coloso	10	25,310
Rialfer	4	11,050
Smart & Final Del Noroeste	3	5,329
Super Bodega de Córdoba	11	19,100
Super San Francisco de Asís	22	38,515
Superastur Los Molinos	6	2,020
Supertiendas Modelo	7	8,289
Tienda de Descuento Arteli	13	29,115
Tiendas Chedraui	27	189,660
Tiendas de Autoservicio de Poanas	6	2,600
Tiendas Garces	13	14,419
Tiendas Gran'd	7	27,150
Unidad Comercial de Todo	2	10,000
<b>Warehouse Stores</b>	<b>129</b>	<b>548,234</b>
Aurrerá (Bodega)	56	275,894
Bodega Gigante	35	126,964
El Chorro	14	15,195
Operadora Comercial Mexicana	24	130,181
<b>Convenience Stores</b>	<b>861</b>	<b>84,693</b>
7-Eleven México	198	21,393
Cadena Comercial Oxxo	624	59,500
Tiendas de Conveniencia Primher	39	3,800
<b>Department Stores</b>	<b>480</b>	<b>1,467,074</b>
Casa Rodoreda	3	11,407
Chapur	3	10,400
Compañía Comercial Cimaco	4	18,000
Comercial Las Galas	10	57,581
Coppel	55	159,326
Departamental José Ramírez	34	20,500
El Nuevo Mundo México	8	40,950
El Palacio de Hierro	5	97,246
El Puerto de Liverpool	10	199,884
Hemsa	3	4,770
JC Penney Operadora	2	29,900
La Colonial de México Icalzingo	2	7,500
La Perla de La Paz	1	3,500
Mazón Hermanos	5	14,204
Nivel Consolidado	20	43,268
Operadora Comercial las Nuevas Fábricas, SA. de C.V	8	31,623
Operadora Grandalia	2	11,660
Salinas y Rocha	105	186,111
Hermanos Sanborns	87	82,270
Sears Roebuck de México	48	207,562
Suburbia	34	169,683
Tiendas Garces	2	8,778
Woolworth Mexicana	29	50,951

continued on next page



## RETAIL STORES IN MEXICO, 1996

continued from page 14

	Number of Stores	Sales Area in Square Metres
<b>Super Pharmacies</b>	<b>787</b>	<b>188,591</b>
Deña	50	4,107
Droguería y Farmacia el Fénix	51	14,426
Farmacia Farmax	60	8,125
Farmacia Guadalajara	64	27,819
Farmacia La Miniatura	17	3,615
Farmacia Vida Suprema	20	1,868
Farmacias ABC de México	18	2,362
Farmacias Rotter	11	2,775
Farmacias San Francisco de Asís	55	5,182
Organización Benavides	413	113,429
Profr. O.F. Luis Flores Sarmiento	18	3,150
Servifarmacias San Gregorio	10	1,733
<b>Specialty</b>	<b>514</b>	<b>242,422</b>
Centro Doméstico	18	11,704
Compañía Mercantil El Refugio	27	12,571
Comercial Todo Fácil	7	10,676
Deportes Martí	28	12,443
Ferreter~A Calzada	19	12,200
Foot Locker de México	19	2,970
Grupo Hecali	40	11,650
High Life	17	5,944
Home Mart México	5	46,300
Operadora y Comercializadora Man	1	5,000
Orsapur	20	6,191
Por Distinción	82	28,807
Radio Shack de México	42	5,264
San Francisco de Asís	9	7,600
Singer Mexicana	166	38,010
Super Hogar	5	4,400
Total Home de México	3	17,000
Zara México	6	3,692

Source: Asociación Nacional de Tiendas de Autoservicios y Departamentales (ANTAD), National Association of Supermarket and Department Stores, 1996.

## FOOD SERVICE ESTABLISHMENTS

The food service marketplace includes more than 150,000 outlets. There is a wide range of marketing styles catering to different socioeconomic groups. *Fondas* are traditional Mexican restaurants, which cover a wide price range. *Cantinas* are bars, where traditional food is served free as long as the customer drinks. *Comida Corrida* are restaurants that have a limited selection of food at a fixed price. *Taquerías* are taco restaurants.

These traditional operations are being challenged by a number of modern outlets. They include cafeteria restaurants, chain restaurants and fast-food outlets.

Cafeterias include *Sanborn's*, *Lyni's*, *Vips*, *Wings* and *Toks*. Chain restaurants include *Grupo Polinesio*, *Grupo Anderson*, and *Angus/Yuppies*. Fast food outlets include KFC, McDonald's, Burger King, What a Burger, Dominoes and Pizza Hut.

By law, all restaurants are supposed to be registered with the *Cámara Nacional de la Industria de Restaurantes y Alimentos Condimentados (Canirac)*, National Association of the Food and Restaurant Industry. Other associations cater to specific sections of the industry.

## WHOLESALERS

Wholesalers take title to the goods at a pre-agreed point, usually when they cross the border or when they are delivered to a warehouse in Mexico. They re-sell the product on their own account, mainly to retailers. They are generally free to set prices and determine their own promotion policies. Wholesalers do not generally expect service, other than honouring warranties. They take all of the responsibility for marketing within Mexico. This is an advantage considering the relatively large amount of service that Mexican retailers require. Their disadvantage is that they carry competing lines, and they may not aggressively — or correctly — promote the product.

There are about 22,000 small wholesalers focused on supplying about 400,000 *abarroteros*, corner convenience stores. Some of them also sell to retail customers. While manufacturers can sell directly to these wholesalers, it is more common to use distributors.

Club stores, which are relatively new to Mexico, have become an important form of wholesale distribution. The two largest are Sam's Club with 28 units and Price Club with 13 units. They target mainly the grocery, food service and business supplies markets. Sam's has become a major player in the restaurant industry, serving more than 31,000 restaurants.

Traditional Mexican wholesalers, large and small, can be found in *central de abastos*, terminal markets. Small retailers or food service establishments visit these markets, make their purchases and arrange for delivery or carry their purchases away. This method assures freshness and reduces inventory requirements and thus most food retailers and restaurants use it to some degree.

Mexico City's *Central de Abastos*, is reportedly the largest market in the world. It has been estimated that 40 percent of all fruits and vegetables produced in Mexico and 80 percent of all those consumed in Mexico City pass through this market.

## DISTRIBUTORS

Like wholesalers, distributors take title to the goods when they arrive in Mexico and sell on their own account. One distinction between a wholesaler and a distributor is that the former usually carries many competing lines. Distributors carry lines from different manufacturers, but they are generally complementary products. Another distinction is that it is common for distributor agreements to provide for specific promotion and service activities, and the supplier may pay a portion of the cost. Distributors usually work on a percentage markup set out in the distribution agreement. This gives the supplier some control over prices.

Some distributors specialize in imported products. Their main advantage is the ability to get the product to end users or resellers on a broad scale. This can require considerable resources, since even large retail chains often expect separate delivery to each store.

Some Canadian companies have been disappointed with the performance of the distributors they initially chose. It is essential to ensure that the company has sufficient resources to give proper exposure to the product and to carry adequate inventories. The most common reason cited by retailers for the failure of imported product lines is the inability to provide supply continuity and on-time delivery. Companies selling to Mexican businesses have found that distributors are sometimes unable to provide adequate after-sales service.

The distributor should have warehouse space in the market areas where the product will be marketed and it should have enough staff to handle customer service. One disadvantage of using a distributor is that the marketing is done in the name of the distributor and the Canadian company takes a lower profile than with more direct methods. Another disadvantage is that errors or unethical practices by the distributor may reflect badly on the exporter. For this reason, some Canadian companies supplement their distributor's efforts with their own promotional efforts.

### MEXICAN DISTRIBUTOR

#### GS COMUNICACIONES

*GS Comunicaciones* is an exclusive distributor for two Canadian companies: Newbridge and Nortel. The distributor has worked with Newbridge for 12 years and Nortel for 5 years and does not handle any competing lines.

Guadalupe Ledesma, director of purchasing and accounting for *GS*, says that the Canadian products are superior to competing products from the United States and Japan, and is very positive about her experiences in dealing with Canadians. She says that although many Canadians do not speak Spanish, they make a genuine effort to understand Mexicans and treat Mexicans as equals. This has not been her experience with many visitors from the US and Japan who, she says, can be arrogant and impatient.

Ms. Ledesma says that although there were some growing pains, the physical movement of goods from Canada now runs very smoothly. The North American Free Trade Agreement (NAFTA) certificate of origin is sometimes difficult to complete because Newbridge imports many components from Asia. The problem is compounded by the fact that the Mexican implementation of the Harmonized System of commodity classifications (HS) is constantly being revised. And, since duties are being phased out under NAFTA, they change every year. The Mexican distributor has to educate both the Canadian exporter and the Mexican customs broker on how to properly describe the products.

Transportation is not a problem, because all imports come by air. This takes only two days door-to-door, but it requires proper paperwork to be efficient.

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## MEXICAN DISTRIBUTOR

### GS COMUNICACIONES

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In this rapidly-changing high technology business, another major responsibility of a Mexican distributor of imported products is to inform end users about new product lines. There is a time lag between the introduction of new technologies in Canada and Mexico and it is important to avoid a premature product launch. The key is to keep key clients informed about what is in the development pipeline long before the product is actually introduced to the Mexican market.

Financing is also a major issue for Mexican distributors, according to Ms. Ledesma. The Mexican market is highly dependent on trade credit, because no one has adequate working capital. This means that if GS's clients are slow to pay, then they are limited in their ability to pay Newbridge or Nortel. GS has a credit line with both suppliers but the lines can be inadequate if end users are slow to pay. This factor, more than any other, slows down the distribution process in Mexico.

Technical support, on the other hand, has not been a problem. Both Nortel and Newbridge have offices in Mexico City with well-trained staff available to give technical support. Also, GS sends its own engineers on two- to four-week training courses to Ottawa. Providing support can be a bigger problem for exporters who do not have support staff in Mexico.

Product availability has sometimes limited business opportunities. Mexican demand for high technology products is erratic and is, therefore, difficult to predict. Sales can be lost due to "stock outs," because Mexican distributors keep only minimal inventories.

According to industry observers, the success of this particular distribution arrangement is partly due to the fact that GS and its two Canadian suppliers have developed a working synergy and have streamlined their communications. It also helps that the product is both high value and low weight, and can be shipped by air, minimizing stocking problems in Mexico. And finally, both Newbridge and Nortel are well-respected brand names in a market where Canadian brands are generally not well known.

## MANUFACTURERS

Many Mexican manufacturers act as resellers of imported products. They do this to fill gaps in their product lines. In most Mexican industries, the level of technology lags far behind Canada and the US, and manufacturers have difficulty producing high-quality products for the domestic market. If they have agreements with distributors or large retailers to provide full lines, they prefer to fill gaps themselves rather than have their customers go to competitors. This practice is common, for example, in the textile industry. The products are not necessarily identified as imports. Demand from manufacturers is usually for specialized products or those requiring high technology production processes. Another consideration is the cost of raw materials. One Mexican manufacturer of men's ties imports silk ties from Canada, because the low cost of Mexican labour is more than offset by the waste of expensive imported silk caused by poor quality control. Through a cross-marketing agreement, the Canadian tie manufacturer imports low-cost polyester ties from the Mexican manufacturer.

## LICENSING

Some products have special value because of their unique design or a proprietary technology that was used to make them. In some cases, they can be manufactured in Mexico more efficiently than they can be imported from Canada. Licensing allows the Canadian firm to sell its intellectual property, without exporting the product. Raw materials and technological or management services may also be imported from Canada on an ongoing basis. There are also many ways for companies to cross-license or co-manufacture each other's products.

Mexico liberalized its franchising law in 1990, and this form of licensing has grown rapidly since then. Previously, the 1982 Transfer of Technology Law gave franchisees substantial rights beyond those set out in the franchise agreement. The government began to change its policies in January 1990, and in June 1991, the *Ley de Fomento y Protección de la Propiedad Industrial*, Promotion and Protection of Industrial Property Law, went into effect. The new law recognized franchises as a form of licensing, and all of the earlier restrictions were repealed. Government regulation of franchises was discontinued and the parties are now free to make their own arrangements, which are binding on the franchisee. Industrial secrets and intellectual property are fully recognized in Mexican law.

# DISTRIBUTING THROUGH PARTNERS

## CHECK OUT POTENTIAL AGENTS CAREFULLY

An agent is an exclusive representative of the Canadian exporter who has the right to act on the company's behalf and conclude contracts. The agent is also responsible for the Canadian company's visible presence in Mexico. It is, therefore, important to check out potential agents very carefully before concluding a representation contract.

- Check with Mexican industry associations in the sector to learn who the most reputable agents are.
- Attend trade shows and interview a selection of prospects.
- Question candidates carefully to assess their knowledge of the product and the market.
- Obtain credit references through a financial intermediary.
- Ask the agent to name existing clients and call on them to learn about their experience.
- Tour the agent's premises, including warehouse facilities and transportation equipment if these are relevant to the deal.
- Review the other products represented by the agent and look for potential conflicts.
- Verify key details of the agent's résumé or corporate profile, to make sure that all the experience claimed is genuine.
- Ask the Canadian Embassy in Mexico City and the consulates in Monterrey and Guadalajara for any information available about the agent.
- Get to know the agent to make sure that business philosophies, long-term objectives and methods of doing business are compatible.

Many Canadian exporters have found that distributing through resellers does not give them adequate control over the marketing of the product. Especially if the product is new to Mexico, resellers may fail to appreciate its innovative characteristics. Some companies find that the large markups demanded by Mexican distributors inflate the final product price, especially if there are multiple layers of distributors. These exporters may be reluctant to enter the market directly, because of language and cultural barriers or because their anticipated volume cannot support the costs.

Many companies in this position have found that partnering is an effective way to enter the Mexican market. These forms of distribution are distinguished by the fact that the partners act on behalf of the exporter and not on their own account. There are two principal forms of partnership. An agent is the exclusive representative of the Canadian company, who acts on the supplier's behalf, and has the power to commit it to binding agreements. A joint venture is an agreement between two or more companies to set up a freestanding enterprise, which furthers the common interests of the partners. Other forms of partnership exist, but they are mainly variations on these two types. More detailed advice on the partnering process can be found in the publication *How to Partner*, which is part of the Department of Foreign Affairs and International Trade (DFAIT) *Export to Mexico* series and available through the InfoCentre.

## AGENTS

Companies that want to import on their own behalf, and thereby have control over the importation and physical distribution process, often do so through an agent. This may be an individual who works exclusively for the supplier. Or, it may be a company that handles complementary lines which agrees to handle the exporter's product on an exclusive basis. Either way, the agent does not take title to the goods and is usually paid on commission. The agent follows the supplier's instructions regarding promotion activity and is compensated for out-of-pocket expenses.

For some products, such as capital goods and bulk sales of intermediate products, the agent may deal directly with the end user. This is always the case for government tenders because the procurement law requires that the seller be represented by an agent with documented powers of attorney. More commonly, the agent works through distributors or wholesalers.

## JOINT VENTURE

### THE WOODBRIDGE GROUP

The Woodbridge Group is a Canadian-based, international manufacturer of urethane foam components, just-in-time (JIT) assemblies for the automotive industry, and urethane components for specialty consumer and industrial markets. Woodbridge has grown from one plant in 1978 to employ more than 3,700 people in 32 facilities in the US, Canada, Germany, England, Australia, Brazil and Mexico. In Mexico, Woodbridge joint ventures supply 70 percent of the foam seat pads produced for the domestic market.

Activity in Mexico began in 1988 with a joint venture between Woodbridge and *Grupo Industrial Summa (GUS)* to build a facility known as *Poli Uretanos Summa Woodbridge* in Naucalpan, close to Mexico City. In October 1994, Woodbridge formed another joint venture in Saltillo with *GUS* called *Poli Uretanos Mexicano Woodbridge*. The two companies do similar things in different regions, since the foam product they produce is bulky and cannot be shipped over long distances. In each case, Woodbridge contributed technology to the joint venture, while *GUS* contributed local knowledge of banking, legal and government matters, and assisting with language and cultural issues.

Major customers of these joint ventures are Tier 1 suppliers, who deal directly with the major auto makers, while Tier 2 suppliers like Woodbridge supply them with intermediate products. In each of these cases, high product quality and JIT inventory standards are imposed down the production chain. As a result, productivity, product quality and shipping time are virtually identical in the Mexican plants and those in Canada and the United States.

The automobile industry has become increasingly integrated on a continental basis, and Mexican relationships are part of this wider picture. The joint ventures get their customers through a web of relationships that stretches back to the head offices of the automobile makers and Tier 1 suppliers in North America. Similarly, Woodbridge tends to buy its Mexican raw materials from companies it has relationships with in Canada and the United States. More and more decision making is made in Canada and the US, and coordinated through the local operations in Mexico.

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If the agent is a company employing a group of representatives, the Canadian exporter needs to be sure that it does not carry competing lines. The agent must not act as the exclusive representative of the exporter under such circumstances. If the agent is to be responsible for physical distribution, it must also have adequate warehouse and related facilities.

The agent is the importer of record, but does not necessarily physically handle the product. Government entities and large end users, for example, typically take delivery at the border and handle their own customs clearance. In other cases, shipments might go directly from Canada to distributors, with the agent managing logistics, but not the product. In these circumstances some companies hire individuals to act as their agents. If so, the exporter should take precautions to avoid establishing an employment relationship, since this can make termination difficult, even if the agent fails to meet his or her contractual obligations. A related risk is that the exporter can be legally bound by the actions of the agent.

Depending on the product, the agent may deal with a number of distributors in order to achieve regional coverage. Nonetheless, trade liberalization and the devaluation have given a boost to large national distributors. Smaller distributors and agents are being forced to consolidate ties in other regions in order to remain competitive. In the long term, this will be advantageous to Canadian exporters.

A good example of this issue is imported wine. The three principal markets for wine are Mexico City, the border cities (including Monterrey), and the coastal tourist resorts. Each of these markets has different ways of importing, and distributors in Mexico City are not always in a good position to import directly to places like Cancún or Monterrey. Alliances of centralized import agents and regional distributors are developing to better serve this market on behalf of foreign wineries. In this example, an agent might handle a Canadian wine exclusively, and work in partnership with distributors in each of the three markets.

## JOINT VENTURE THE WOODBRIDGE GROUP

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This reality is reflected in the way that Woodbridge does business in Mexico. Their initial contact with GUS came from recommendations and introductions from customers (Tier 1 suppliers) already in Mexico and wanting to expand. In essence, the significant players in this industry are the same as they are in North America, and relationships established over a period of years in Canada and the US are likely to be continued in Mexico.

Woodbridge executive Rob Todd says there is a learning curve involved in doing business in Mexico and that the early stages of any such enterprise are likely to be marked by a number of mistakes. He adds that Woodbridge would not think of going into the market alone, and would always select a local partner to deal with local issues. This includes cultural differences and specific business practices such as dealing with banks and regulatory authorities. Just as important, the company would not think of doing business in Mexico without empowering someone in the joint venture to deal with the range of complex issues involved. Woodbridge has a full-time Mexican employee on staff at the joint venture. Mr. Todd notes that selecting a good partner takes time, even though the special nature of the relationships in the automobile industry can shorten this.

The staff of the joint venture itself are mostly Mexicans who have received supplementary training in Canada or the United States. For instance, at the start-up phase of each of the joint ventures, the entire engineering staff was brought to the head office for a two- to three-month period, to see how Woodbridge does things and to get specific orientation training.

Mexican partners bring local knowledge to the operation, but Mr. Todd stresses that Canadian staff cannot expect to operate in Mexico, or to deal with Mexican partners, without extensive background in Mexican culture, some of which is best obtained in that country. Language is not an issue, since most of the business communication is in English.

Woodbridge sees the Mexican operation as an extension of its international network of relationships and has put a lot of priority on maintaining good relationships with its suppliers in Mexico as in other markets. As the Mexican market expands, it is likely that Woodbridge will be investing further in Mexico, but always in conjunction with local partners.

## JOINT VENTURES

A joint venture is an independent business formed through the cooperation of two or more parent firms. It is a distinct corporate entity, separate from its parents. Therefore, it requires an administrative structure as well as relatively complex arrangements for sharing decisions between partners in Canada and Mexico. Joint ventures tend to force specific commitments from the partners. Therefore, they are appropriate mainly for ventures that are expected to have a relatively long lifetime.

The advantage of joint ventures is that they give the Canadian company immediate access to an established market. They can also be very responsive to customer needs, since products can be more readily adapted close to the source. Joint ventures also make it possible to use low-cost Mexican value added, while maintaining the technological advantages of the Canadian-made components.

The main disadvantage of this form of partnership is that it takes a great deal of time and resources to manage. The partners must synchronize their business styles to some extent, and develop effective communication links. Another potential problem is the need to protect intellectual property.

A joint venture can require a year or more to set up. It is not only a matter of matching Canadian technology with the Mexican need, but also reconciling corporate cultures. Canadians who have succeeded at this task invariably say it took longer than they expected.

## PRODUCT CONSIDERATIONS

The characteristics and needs of the buyer are the most important factors in the selection of a distribution system. Other considerations involve the supplier's concerns, including the markups of intermediaries, the need to control proprietary information, importation logistics, and the time horizon of the market entry strategy. These factors vary greatly for different types of product.

## RETAIL GOODS

A large proportion of manufactured goods imported into Mexico are destined for retail sale. For the most part, these goods occupy up-market price points. Food, textiles and apparel are among the most popular products. While the Mexican population is expected to reach 100 million by 2000, the attractiveness of the retail market is limited by the fact that average incomes are low.

Imported products appeal mainly to more affluent Mexicans, perhaps the top 20 percent of the income distribution. According to data published by the Mexico City consulting firm *SIGMA Consultores*, households with an annual income of over US \$9,680 in 1996 make up just over one-fifth of the population. These consumers reside almost entirely in the major cities. Middle- and upper-income households include almost 30 percent of the populations of Mexico City, Guadalajara and Monterrey. Those three cities include one-third of all Mexicans in those income groups, creating a market of about 7.5 million people who can afford imported products. Other relatively affluent cities with a population of one million or more include Toluca, Puebla, León and Torreón.

Many Canadian products have intrinsic appeal to Mexican consumers who can afford to pay for them, but they are often unknown in the market. The overriding requirement of the distribution system, therefore, is to ensure that the product reaches the store shelf, and that the retailer receives the necessary support to present the product in its best light. Otherwise, poor sales will quickly lead to loss of shelf space in this highly competitive market.

Large supermarkets and department stores often enter into direct purchase agreements, especially where they require private branding. These retailers have a reputation for demanding high levels of service from suppliers, including in-store marketing support and compensation for spoiled or damaged merchandise. Some of them also demand separate deliveries to multiple stores.



## CO-MANUFACTURING

### AMPTech

AMPTech is a Canadian company specializing in contract manufacturing of enclosure systems for telecommunication and electronic products. It was established in 1967, and does business throughout the US and Canada as well as Mexico. The company recently merged with an American company, Triquest Precision Plastics, which does similar work in the United States.

AMPTech moved into the Mexican market several years ago with a co-manufacturing operation called Phoenix International in Guadalajara. As a result of the recent merger, Phoenix has been spun off as a separate company affiliated with the Triquest group, but still maintains close relations with AMPTech. The two companies share information, technology and, in some cases, equipment.

Guadalajara is a centre for high technology and electronics manufacturers, some of which had been AMPTech customers in Canada and the United States. Geoff Shorten, vice president of operations at AMPTech, describes Guadalajara as a "hotbed" of potential clients, all looking for reliable suppliers who can guarantee precision plastics products.

Communication between partners in Canada, Mexico and the US is critical to this type of operation. Senior AMPTech and Triquest officials visit Mexico frequently, and Mr. Shorten notes that at any given time there is someone from Canada or the US on rotation through the Mexican operations. Face-to-face relationships are important in the Mexican way of doing business. Communications are done by telephone and fax, but e-mail is rarely used, and Mr. Shorten says that it would be rare to discuss really important issues on the telephone. In these circumstances, it is better to go down for a face-to-face meeting, even if the meeting is very short. This is expected behaviour in the business community in Guadalajara, which is a tightly knit community, where personal relations are important.

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Direct-to-retail sales have diminished as a result of the devaluation. Most of the large supermarkets and department stores are trying to streamline their delivery networks by dealing with fewer suppliers. Another factor is the desire to reduce currency risk, which is inherent in dealing directly with foreign suppliers.

Another characteristic of retail goods is that advertising plays an important role in the market. Except for private brands, retailers generally expect this to be done by the supplier. In many cases, new products are introduced through point-of-sale demonstrations. Promotion and advertising has a high cultural content, and Mexican associates who are familiar with the market are essential.

For these reasons, agents and distributors are the most common method of distributing retail goods. If the product is unique or requires special promotion efforts, an agent is probably more effective than a distributor. An agent can work with more than one distributor to ensure coverage of targeted regions. Multiple distributors may also be needed for products which target both retail and intermediate markets. Alternatively, the Canadian supplier may deal with a distributor, but independently promote the product with retailers. This requires a substantial Mexican presence.

## INTERMEDIATE GOODS AND RAW MATERIALS

Mexican manufacturers and processors import large volumes of raw materials, either because domestic equivalents are unavailable in sufficient quantities or because the quality of the domestic product is inadequate. Many of these products are commodities, where quality can be judged by technical specifications and hence, brand preference is not an issue. But predictable delivery is essential since the products are inputs into the customers' production process. Flexible pricing and reliability of supply are, therefore, the key requirements of the distribution system. Some bulk commodities such as newsprint, petroleum products and grain are sold directly to government agencies or large private users. For example, *Productores e Importadores de Papel S.A. (PIPSA)* buys Canadian newsprint, and *Petróleos Mexicanos (Pemex)*, the national oil company, buys Canadian mineral fuels. Otherwise, agents are the most common method because they deal directly with the end user.

Some intermediate products are custom-made for each client, requiring a close technical relationship with the buyer. Others are high-volume, low-value raw materials where shipping costs are a constraining factor. In both cases, some companies have elected to set up manufacturing facilities in Mexico, either on their own or as part of a joint venture. This gives them the advantage of Canadian technology combined with relatively low production and shipping costs, as well as direct access to the customer.

## CAPITAL GOODS

Many Mexican manufacturers lack the technology they need to take advantage of the current export boom. Canadian expertise with flexible manufacturing and electronic design systems have wide application. Capital equipment tends to incorporate relatively sophisticated technology, and the overriding demand placed on the distribution system is the need to provide a high level of service.

The large Mexican *grupos*, family-controlled conglomerates, have been able to lead the market because they have access to foreign capital through affiliations in other countries, most notably with the United States. The *grupos* are important customers for many Canadian products. They tend to deal directly with foreign suppliers for relatively large deals and with exclusive agents or distributors for smaller sales. If an agent is involved, it must have a high level of technical expertise and be thoroughly familiar with the product. Some Canadian companies in this category import through distributors but establish their own service departments in Mexico. Others set up their own operations, including showrooms, in Mexico.

Sales of capital goods are often limited because many Mexican firms do not have access to capital and cannot afford the latest technology. Joint ventures with small- to medium-sized Canadian companies are one solution. In these cases, Canadian companies exchange technology for immediate access to an established market. The provision of capital is usually a large component of this type of deal.

### CO-MANUFACTURING

#### AMPTECH

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While technical support comes from Canada and the US, the Mexican partners are responsible for dealing with Mexican suppliers or customers. This takes maximum advantage of their proximity to the market. The general manager of the operation, to whom all staff report, is a Mexican, hired for his local knowledge. Technical staff from AMPTech and Triquest are almost always on-site and report to the general manager of Phoenix.

Mr. Shorten's advice to other Canadian businesses entering the Mexican market is to research their potential partners carefully. Pay special attention to their degree of local knowledge. At the same time, the Canadian firm must be able to devote substantial resources to understanding both the local market and Mexican ways of doing business.

## SERVICES

A typical service exporter is a consulting company which provides engineering, design, software or other technical services for business and government. A market is emerging for services to consumers but so far there have been relatively few opportunities for foreign companies. Language schools are one example of consumer service where Canadian companies have been successful.

Delivering services involves considerable interaction with the end user. Many Canadian companies contract their services directly to the end user, including government entities and large companies. This, however, involves language and cultural barriers, and many companies choose to set up joint ventures with Mexican service providers. For example one Canadian company is working with a Mexican partner to provide exclusive travel management services to *Cementos Mexicanos (Cemex)*.

Canadians providing services in Mexico are subject to Mexican immigration and taxation laws. However, if they remain in Mexico for less than 183 days and receive their income from a business that does not have a permanent establishment in Mexico, they will be considered non-residents and will not be taxed. But they will require a migration permit known as the *Forma Migratoria 3 (FM3)*. These issues are described in detail in the publication *Marketing Your Services in Mexico*, which is part of the Department of Foreign Affairs and International Trade (DFAIT) Export *i* Mexico series and available through the InfoCentre.

## DOCUMENTS AND LOGISTICS

The responsibilities of the Mexican agent, distributor-importer include obtaining any necessary permits in advance, advising on labelling and documentation requirements, and arranging for the physical clearance of the goods through Mexican customs. Depending on the product this can be very simple or quite complex. Most of the Mexican regulations affecting imports are binding on the importer of record. But compliance with some of them requires support from the exporter. Seemingly small errors in documentation can cause serious delays at the border. Therefore, as a practical matter, the onus on compliance often falls on the Canadian exporter.

### DOCUMENTATION

In addition to the standard documents required for all international trade, shipping to Mexico may require any or all of the following:

- A certificate of compliance for goods which are subject to Mexico's system *Normas Oficiales Mexicanas (NOMs)*, official standards.
- Sanitary or phytosanitary certificates are required by *Secretaría de Agricultura, Ganadería y Desarrollo Rural (Sagar)*, Secretariat of Agriculture, Livestock and Rural Development, for a wide variety of unprocessed animal and plant products.
- Import permits from the *Secretaría de Salud (SS)*, Secretariat of Health for a variety of foods, beverages, chemicals, pesticides, fertilizers and personal or health care products, including cosmetics.
- A North American Free Trade Agreement (NAFTA) certificate of origin, if the goods will receive preferential treatment under that treaty.

In addition, products must have labels affixed which meet the requirements of the Mexican labelling decree. These requirements are subject to frequent change and the exporter should rely on the distributor to advise of all requirements well before shipping. Documentation issues are discussed in detail in the publication *Documents and Regulations for Exporting to Mexico*, which is part of the Department of Foreign Affairs and International Trade (DFAIT) *Export i Mexico* series and available through the InfoCentre.

### LOGISTICS

Except for bulk commodities, most Canadian goods are shipped to Mexico by truck, most frequently via Laredo or Brownsville, Texas. All goods must be cleared through customs at the US-Mexico border by a Mexican customs broker. Typically the goods are received by a forwarding agent or logistics company on the US side of the border. In most cases, a transportation and exportation (T&E) bond will have been issued by an American broker at the Canada-US border. The US broker closes the T&E at the US-Mexico border. The Mexican broker notifies the

## SERVICE DISTRIBUTORS

### CANADA LANGUAGE CENTRE

The Canada Language Centre (CLC) is one of Canada's leading private English-as-a-second-language (ESL) schools. The company began targeting Mexico in 1992, having formerly relied almost entirely on Asian students.

The Mexican venture has been highly successful, with Mexican students making up about one-quarter of enrollment in Canada in 1994. The devaluation of the Mexican peso in December 1994 cut the number of students in 1995. Nonetheless, learning English is considered a major career success factor for young Mexicans in today's liberalized economic environment, and the company continued to draw customers from the more affluent groups.

Andrew Emson, former Latin America director of the CLC, says that the company's relationships with Mexican distributors were also a major factor in surviving the economic crisis. The company was fortunate to have high quality distributors. Mr. Emson says that in Mexico, "Everyone and his cousin is a potential ESL representative." Most of these people work out of their homes, have no infrastructure, no concept of education as a product and no idea of what Canada is really like.

On the other hand, top-quality distributors such as *Redca*, *Tecma*, *Ayusa*, and *Intercamp* have a constant client base in addition to the contacts to keep qualified customers coming in. The best distributors are essentially travel agencies that specialize in education travel. They are recognized wholesalers, and other travel agents will go to them for a school contract and split the commission.

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importer and arranges for payments of duty and taxes. Ideally, payment will have been pre-arranged by the distributor. Once the transfer of funds by the broker or importer is made to Mexican customs, the broker issues a *pedimento aduanal*, import petition.

Food or agricultural products will be inspected by the *Secretaría de Agricultura, Ganadería y Desarrollo Rural (Sagar)*, Secretariat of Agriculture, Livestock and Rural Development, on the US side of the border. The health and phytosanitary certificates will be checked before officials issue a "certificate of import." This must be attached to the *pedimento* before clearing customs. There is an extra fee for this certificate.

Although Canadian tractors are allowed to travel a short distance into Mexico, it is often more convenient to transfer the trailer to a "drayage" tractor, which hauls it over the bridge into Mexico. The broker's dispatcher meets the tractor at Mexican customs and arranges the clearance into Mexico.

Shipments arriving at the border usually clear customs the next day, but with early-morning arrivals, same-day clearances may be possible, provided that the documentation has been prepared in advance.

Rail shipments are similar to truck shipments, except that American rolling stock can now enter Mexico and the goods are not normally unloaded or reloaded. Shipments arriving by sea are unloaded at government docks and kept in a customs warehouse until they are cleared.

Air shipments must initially enter a bonded storage area in the airport, normally operated by the air carrier or a customs broker. Customs clearance from either customs warehouses or airport-bonded storage are otherwise similar to the procedures described for trucks.

Once inside Mexico, almost all freight traffic is by truck. The trucking industry has been deregulated and has become much more efficient in recent years. A system of modern, privately operated toll roads links all of the major cities and transshipment points. The toll roads are expensive, but they save considerable time and are safer than the free highways.

On the other hand, rail shipping remains under government control, through *Ferrocarriles Nacionales de México (FNM)*, the Mexican national railway. It is considered reliable only for large companies in the border region, who have special arrangements with the government for just-in-time (JIT) delivery systems. The government plans to privatize the entire rail system in 1977 and it is likely to be extensively modernized.

## SERVICE DISTRIBUTORS CANADA LANGUAGE CENTRE

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Mr. Emson says that the better distributors know the business thoroughly and negotiate aggressively for expense allowances. Canadian schools must supply marketing materials, and most distributors also want a promotion budget. The top distributors control the market so they can play one customer off against another but this can be resolved through negotiations. For instance, some schools will pay an extra amount for marketing only when a sale is made. Another strategy is to pay for part of advertising costs only on presentation of a receipt showing that it was actually paid for.

A good distributor can also compensate for cultural differences. In the case of language schools, there is a problem that Mexicans tend to do things slowly and some students find themselves without visas or other essential preparation only days before a scheduled flight to Canada. Often, Mr. Emson adds, it is useful to bring distributors to Canada and show them how the service is provided there. In that way, they can provide a better bridge between the Mexican end user and the Canadian service provider.

The agent or distributor must be a registered importer and is responsible for sending a *Registro Federal de Causantes (RFC)*, taxation registration number, in advance to the local Mexican customs officials where the shipment will cross the border. This is checked against an importer database that is maintained at each port of entry. The importer is responsible for the payment of all duties, taxes and fees, and is ultimately accountable for any errors.

On the other hand, seemingly minor mistakes can lead to serious delays and severe penalties. There is no allowance for human error, and any irregularities are automatically assumed to be misrepresentations. Moreover, the regulations are in a constant state of revision and sometimes even the customs officials are not aware of recent changes. These conditions call for the utmost care on the part of the exporter to ensure that all documentation is properly prepared before the shipment leaves Canada. A Canadian logistics company can advise the exporter on the exact requirements. These companies also provide detailed tracking services and have relationships with American brokers to clear the shipment through the United States. Nonetheless, good communications with the agent, distributor (or other importer) are essential to ensure that Mexican regulations are strictly adhered to.

## COLLECTION

In the current economic environment, many Mexican buyers are slow to pay. Terms of 120 days or more are not uncommon when dealing with distributors, who themselves are faced with slow-paying customers. Large end-user corporations and government entities typically pay by irrevocable letter of credit, but exporters who demand this method from smaller customers will lose sales. Some distributors use their own employees to handle collections. In this approach, an employee delivers the invoice in person and makes an appointment to return at a later date to receive payment. This is common in Mexico and does not generally create the kind of negative response that it might in Canada.

## FINDING AGENTS, PARTNERS AND DISTRIBUTORS

When a Canadian company has chosen a preferred distribution method, the next step is to identify candidates to fill the Mexican role and to negotiate an agreement with one of them. If distribution will be direct to an end user or retailer, this usually involves no more than agreeing on shipping methods and other logistics. But if a reseller or partner is involved, it will take time to identify and qualify a number of candidates and to firm up a deal.

### TRADE SHOWS

Trade shows in Mexico have good participation from local distributors agents and manufacturers, and some of them also attend shows in other countries. Another source of information are the Market Profiles in the Department of Foreign Affairs and International Trade (DFAIT) Export *i* Mexico series, most of which identify the major trade shows per industry. Another approach is to contact the major industry associations.

Some visiting Canadian companies elect to participate as exhibitors. Others prefer to remain free to meet with prospective associates. At some major shows, the Canadian Embassy in Mexico City and the consulates in Monterrey and Guadalajara operate a Canada Booth, which Canadian companies can use as a base of operations, without the dedication of major resources for their own booth.

### CANADIAN GOVERNMENT ASSISTANCE

The Economic and Commercial Division of the Canadian Embassy in Mexico City and the consulates in Monterrey and Guadalajara offer support services to visiting Canadian companies. Under recent policy changes, trade promotion activities in Mexico are moving away from event-driven activities such as trade shows, where most Canadian companies do not need assistance. Instead, the commercial officers will concentrate on gathering current market information and intelligence. They are prepared to advise Canadian companies on issues such as locating agents, but they expect the company to have first prepared an export strategy in Canada. Government assistance in Canada is available across the country, through the International Trade Centre offices.

## ADVERTISING AND PROMOTION

One of the difficulties faced by Canadian companies moving into Mexico is that Canada and Canadian companies are not well known. Advertising and promotion is one way for Canadian companies to raise their profile in Mexico, prior to seeking representation there. This works best in well-defined industries, where trade journals reach a highly targeted audience. Many industry associations publish monthly journals which contain advertisements. Lists of such publications are provided in the contacts sections of DFAIT's sectoral Market Profiles. Direct contact with industry associations is another way to identify them.

In general, advertisements should feature the technical and innovative aspects of the products. Mexican executives are keen to know about new technologies in other countries. Some companies follow up advertising by providing technical seminars. Industry association officials can help to publicize such events.

## MANAGING THE DISTRIBUTION RELATIONSHIP

When a potential distributor or partner has been located, the next step is to negotiate a contract. This requires perseverance and patience. Successful Canadian companies almost always comment that this process took longer than they expected. In general, Mexican business people like to get to know prospective partners before they get down to serious business. Moreover, failure to choose the right partner is the most frequently cited reason for the failure of Mexican ventures.

Canadian executives contemplating negotiations with prospective Mexican partners are advised to read the publication *Key Cultural Aspects of Doing Business in Mexico*, which is part of the DFAIT Export *i* Mexico series and available through the InfoCentre.

Successfully distributing Canadian goods and services in Mexico requires that the exporter take account of important differences between the Canadian and Mexican ways of doing things. Some of the methods used in Mexico reflect longstanding traditions that are slowly changing. Some are the result of shortcomings in Mexican infrastructure. Some are the result of legal and political realities that require a greater degree of trust between business associates than is the case in Canada. Still others are a consequence of the Mexican culture, with its strong emphasis on the family and personal friendships. All of these factors must be taken into account when building a distribution network with the help of Mexican associates.

## WHERE TO GET HELP

### CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN CANADA

#### DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE (DFAIT)

DFAIT is the Canadian federal government department most directly responsible for trade development. The InfoCentre should be the first contact point for advice on how to start exporting. It provides information on export-related programs and services, acts as an entry point to DFAIT's trade information network, and can provide copies of specialized export publications and market information to interested companies.

##### InfoCentre

Tel.: 1-800-267-8376 or (613) 944-4000

Fax: (613) 996-9709

FaxLink:\* (613) 944-4500

InfoCentre Bulletin Board (IBB):

Tel.: 1-800-628-1581 or (613) 944-1581

Internet: <http://www.dfait-maeci.gc.ca>

\*FaxLink is a faxback system which provides summaries on a range of Mexican markets. It must be contacted through your fax machine. Dial from your fax phone and follow the voice prompt instructions.

The Mexico Division, Latin America and Caribbean Bureau promotes trade with Mexico. There are several trade commissioners at the Embassy of Canada in Mexico City, as well as in the satellite offices in Monterrey and Guadalajara. Trade commissioners can provide a range of services including introducing Canadian companies to potential customers in Mexico, advising on marketing channels, assisting those wishing to participate in trade fairs, helping to identify suitable Mexican firms to act as agents, and compiling strategic business intelligence on potential foreign customers.

#### Latin America and Caribbean Bureau — Mexico Division (LMR)

Department of Foreign Affairs and International Trade

Lester B. Pearson Building

125 Sussex Drive

Ottawa, ON K1A 0G2

Tel.: (613) 996-5547

Fax: (613) 996-6142

#### INTERNATIONAL TRADE CENTRES (ITCs)

International Trade Centres have been established across the country as a convenient point of contact to support the exporting efforts of Canadian firms. The centres operate under the guidance of DFAIT and all have resident trade commissioners. They help companies determine whether or not they are ready to export, assist firms with market research and planning, provide access to government programs designed to promote exports, and arrange for assistance from the trade commissioners in Ottawa and trade officers abroad. Contact the International Trade Centre nearest you:

##### Newfoundland

International Trade Centre  
P.O. Box 8950  
Atlantic Place  
215 Water Street  
Suite 504  
St. John's, NF A1B 3R9  
Tel.: (709) 772-5511  
Fax: (709) 772-2373

##### Prince Edward Island

International Trade Centre  
P.O. Box 1115  
Confederation Court Mall  
134 Kent Street  
Suite 400  
Charlottetown, PE C1A 7M8  
Tel.: (902) 566-7443  
Fax: (902) 566-7450

##### Nova Scotia

International Trade Centre  
P.O. Box 940, Station M  
1801 Hollis Street  
Fifth Floor  
Halifax, NS B3J 2V9  
Tel.: (902) 426-7540  
Fax: (902) 426-2624

##### New Brunswick

International Trade Centre  
P.O. Box 1210  
1045 Main Street  
Unit 103  
Moncton, NB E1C 1H1  
Tel.: (506) 851-6452  
Fax: (506) 851-6429



Quebec International Trade Centre  
5 Place Ville-Marie  
Suite 800  
Montreal, PQ H3B 2G2  
Tel.: (514) 283-6328  
Fax: (514) 283-8794

Ontario International Trade Centre  
Dominion Public Building  
1 Front St. West  
Fourth Floor  
Toronto, ON M5J 1A4  
Tel.: (416) 973-5053  
Fax: (416) 973-8161

Manitoba International Trade Centre  
P.O. Box 981  
400 St. Mary Avenue  
Fourth Floor  
Winnipeg, MB R3C 4K5  
Tel.: (204) 983-5851  
Fax: (204) 983-3182

Saskatchewan International Trade Centre  
The S.J. Cohen Building  
119-4th Avenue South  
Suite 401  
Saskatoon, SK S7K 5X2  
Tel.: (306) 975-5315  
Fax: (306) 975-5334

International Trade Centre  
1919 Saskatchewan Drive  
Sixth Floor  
Regina, SK S4P 3V7  
Tel.: (306) 780-6124  
Fax: (306) 780-6679

Alberta  
*\*Edmonton office is  
also responsible for  
Northwest Territories*  
International Trade Centre  
Canada Place  
9700 Jasper Avenue  
Room 540  
Edmonton, AB T5J 4C3  
Tel.: (403) 495-2944  
Fax: (403) 495-4507

International Trade Centre  
510-5th Street S.W.  
Suite 1100  
Calgary, AB T2P 3S2  
Tel.: (403) 292-6660  
Fax: (403) 292-4578

British Columbia International Trade Centre  
P.O. Box 11610  
*\*Vancouver office is also  
responsible for the Yukon*  
300 West Georgia Street  
Suite 2000  
Vancouver, BC V6B 6E1  
Tel.: (604) 666-0434  
Fax: (604) 666-0954

## WORLD INFORMATION NETWORK FOR EXPORTS (WIN EXPORTS)

WIN Exports is a computer-based information system designed by DFAIT to help Canada's trade development officers abroad match foreign needs to Canadian capabilities. It provides users with information on the capabilities, experience and interests of more than 24,000 Canadian exporters. For general information, call (613) 944-4WIN(4946); to register on WIN Exports, call (613) 996-2057, or fax 1-800-667-3802 or (613) 944-1078.

## PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD)

PEMD is DFAIT's primary export promotion program. It supports a variety of activities to help Canadian companies expand into export markets.

PEMD shares up to 50 percent of eligible expenses. Program financial assistance is a repayable contribution, not a grant, and must be approved in advance. Funded activities include:

- Market Development Strategies, which consist of a package of support for visits, trade fairs, and market support initiatives, under one umbrella of the company's marketing plan.
- New to Exporting Companies, which provides a vehicle for these companies to seek out individual export opportunities, either through a market identification visit or participation in an international trade fair.
- Capital Projects Bidding for specific projects outside Canada involving international competition/formal bidding procedures.
- Trade Association Activities undertaken by non-sales national trade or industry associations on behalf of their member companies.

For general information, call the InfoCentre at 1-800-267-8376. For applications for assistance through this program, call the International Trade Centre nearest you. In Quebec, PEMD is administered by the 13 regional offices of the Federal Office of Regional Development (FORD Q), listed separately below.

## INTERNATIONAL FINANCING

DFAIT helps Canadian exporters interested in pursuing multilateral business opportunities financed by international financing institutions (IFIs). Canadian exporters and trade associations can access market data, obtain a better understanding of the competition, and determine if an IFI-funded market opportunity is practical and worth pursuing. DFAIT can provide information and advice on the availability of Canadian government-funded assistance programs and can assist companies in developing effective export marketing. For further information, contact:

### International Financing Division

Department of Foreign Affairs and International Trade  
Lester B. Pearson Building  
125 Sussex Drive  
Ottawa, ON K1A 0G2  
Tel.: (613) 944-0910  
Fax: (613) 943-1100

## TECHNOLOGY INFLOW PROGRAM (TIP)

Managed by DFAIT and delivered domestically by the Industrial Research Assistance Program, National Research Council, TIP is designed to help Canadian companies locate, acquire and adopt foreign technologies by promoting international collaboration. Industry Canada (IC) also helps in program promotion. TIP officers respond to requests to identify technology sources and opportunities for cooperation between Canadian and foreign firms. The Program also helps Canadian firms make exploratory visits abroad to identify and gain first-hand knowledge of relevant foreign technologies, as well as how to negotiate to acquire them. For information, call (613) 993-5326.

## INDUSTRY CANADA (IC)

IC was created with a broad mandate to make Canada more competitive by fostering the growth of Canadian businesses, by promoting a fair and efficient marketplace for business and consumers, and by encouraging commercial ventures in scientific research and technology. In the area of small business, it has been given specific responsibility to:

- develop, implement and promote national policies to foster the international competitiveness of industry; the enhancement of industrial, scientific and technological development; and the improvement in both the productivity and efficiency of industry;
- promote the mobility of goods, services, and factors of production within Canada;

- develop and implement national policies to foster entrepreneurship and the start-up, growth and expansion of small businesses;
- develop and implement national policies and programs respecting industrial benefits from procurement of goods and services by the Government of Canada; and
- promote and provide support services for the marketing of Canadian goods, services and technology.

The regional offices of IC work directly with Canadian companies to promote industrial, scientific and technological development. They help clients recognize opportunities in a competitive international marketplace by providing services in the areas of business intelligence and information as well as trade and market development. IC also promotes and manages a portfolio of programs and services.

The following are areas in which IC regional offices have special competence:

- access to trade and technology intelligence and expertise;
- entry points to national and international networks;
- industry-sector knowledge base;
- co-location with International Trade Centres connected to DFAIT and Canadian posts abroad;
- client focus on emerging and threshold firms; and
- business intelligence.

### Business Service Centre

Industry Canada  
235 Queen Street  
First Floor, East Tower  
Ottawa, ON K1A 0H5  
Tel.: (613) 941-0222  
Fax: (613) 957-7942

### NAFTA Information Desk

Industry Canada  
235 Queen Street  
Fifth Floor, East Tower  
Ottawa, ON K1A 0H5  
Fax: (613) 952-0540

## STRATEGIS

Canada's largest business web site, Strategis, gives business direct access to the latest information on specific industries, export opportunities, company capabilities, international intelligence and business contacts via the Internet. It also includes information on new technologies and processes, management experts, market services, government programs, micro-economic research and much more. In addition to these information resources, Strategis provides businesses with easy access to Industry Canada experts. Canadian companies will be able to browse the site to find out about market opportunities in Canada and abroad, new state-of-the-art technologies, key alliances, training resources and government programs. The International Business Information Network, one section of the site, contains first-hand information on products in demand, market conditions, competitors and business opportunities abroad.

### Strategis

Industry Canada  
235 Queen Street  
Ottawa, ON K1A 0H5  
Tel.: (613) 954-5031  
Fax: (613) 954-1894  
Internet : <http://www.hotline.service@strategis.ic.gc.ca/>

## REVENUE CANADA

Revenue Canada, Trade Administration Branch provides service and information on NAFTA regulations in English, French and Spanish. Revenue Canada publications and customs notices are also available by calling or faxing the NAFTA Information Desk.

### NAFTA Information Desk

Revenue Canada, Trade Administration Branch  
555 Mackenzie Avenue  
First Floor  
Ottawa, ON K1A 0L5  
Tel.: 1-800-661-6121, or (613) 941-0965  
Fax: (613) 952-0022

## CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

An important possible source of financing for Canadian ventures in Mexico is the special fund available through CIDA under the Industrial Cooperation Program (INC). This program provides financial contributions to stimulate Canadian private-sector involvement in developing countries by supporting long-term business relationships such as joint ventures and licensing arrangements. INC supports the development of linkages with the private sector in Mexico by encouraging Canadian enterprises to

share their skills and experiences with partners in Mexico and other countries. A series of INC mechanisms help enterprises to establish mutually beneficial collaborative arrangements for the transfer of technology and the creation of employment in Mexico.

There are five INC mechanisms that help eligible Canadian firms to conduct studies and that provide professional guidance and advice to potential clients. Where a project involves environmental improvement, technology transfer, developmental assistance to women, job training or job creation, early contact with CIDA's Industrial Cooperation Division is suggested. An important CIDA criterion is that the project creates jobs in Mexico without threatening jobs in Canada. In fact, most CIDA-assisted projects have produced net increases in Canadian jobs. For more information, contact:

### Industrial Cooperation Division

Canadian International Development Agency  
200 Promenade du Portage  
Hull, PQ K1A 0G4  
Tel.: (819) 997-7905  
Fax: (819) 953-5024

## ATLANTIC CANADA OPPORTUNITIES AGENCY (ACOA)

Atlantic Canadian companies seeking to develop exports to Mexico may be eligible for assistance from the ACOA. The Agency works in partnership with entrepreneurs from the Atlantic region to promote self-sustaining economic activity in Atlantic Canada.

ACOA provides support to businesses as they look to expand existing markets through the development of marketing plans. Efforts include monitoring trade opportunities arising from global economic change, communications efforts to promote the region, trade missions and associated activities, as well as better coordination with federal and provincial bodies that influence trade and investment opportunities. For more information, contact:

### Atlantic Canada Opportunities Agency

Blue Cross Centre  
644 Main Street  
P.O. Box 6051  
Moncton, NB E1C 9J8  
Tel.: 1-800-561-7862  
Fax: (506) 851-7403

## **THE FEDERAL OFFICE OF REGIONAL DEVELOPMENT (QUEBEC), (FORD Q)**

FORD Q is a federal regional economic development organization. Through its commitment to provide services tailored to its clients, FORD Q supports the development of the economic potential of all regions of Quebec and the creation of viable jobs by promoting a business climate in which small- and medium-sized enterprises (SMEs) can grow and prosper. FORD Q uses the relevant and sought-after expertise of the federal government to work with the entrepreneurial spirit of Quebecers in every region and improve their competitive position. It also seeks, through strategic activities and partnerships in the community, to improve the business climate, an essential factor in the growth of SMEs.

FORD Q provides one-stop access to federal services and programs aimed at SMEs, particularly with regard to innovation, research and development (R&D), design, market development and entrepreneurship. Through its 13 Small Business Access Centres, FORD Q provides access to Team Canada export services and programs in the areas of awareness, export preparation, information, networking, advice and counselling, funding and access to funding.

In terms of access to funding, PEMD, with the exception of the component on preparing projects for submission, is delivered through the Small Business Access Centres. IDEA-SME, a FORD Q program, can also support firms during the export process. In addition, through alliances with banks, Small Business Access Centre advisors can facilitate access to funding for foreign marketing strategy projects.

Small Business Access Centre  
Abitibi/Témiscamingue  
906 5th Avenue  
Val d'Or, PQ J9P 1B9  
Tel.: (819) 825-5260  
Fax: (819) 825-3245

Small Business Access Centre  
Bas Saint-Laurent/Gaspésie/Îles-de-la-Madeleine  
212 Belzile Street  
Suite 200  
Rimouski, PQ G5L 3C3  
Tel.: (418) 722-3282  
Fax: (418) 722-3285

Small Business Access Centre  
Bois-Francs  
Place du Centre  
150 Marchand Street  
Suite 502  
Drummondville, PQ J2C 4N1  
Tel.: (819) 478-4664  
Fax: (819) 478-4666

Small Business Access Centre  
Côte-Nord  
701 Laure Boulevard  
Suite 202B  
P.O. Box 698  
Sept-Îles, PQ G4R 4K9  
Tel.: (418) 968-3426  
Fax: (418) 968-0806

Small Business Access Centre  
Estric  
1335 King Street West  
Suite 303  
Sherbrooke, PQ J1J 2B8  
Tel.: (819) 564-5904  
Fax: (819) 564-5912

Small Business Access Centre  
Île de Montréal  
800 Place Victoria Tower  
Suite 3800  
P.O. Box 247  
Montreal, PQ H4Z 1E8  
Tel.: (514) 283-2500  
Fax: (514) 496-8310

Small Business Access Centre  
Laval/Laurentides/Lanaudière  
Tour du Triomphe II  
2540 Daniel-Johnson Boulevard  
Suite 204  
Laval, PQ H7T 2S3  
Tel.: (514) 973-6844  
Fax: (514) 973-6851

Small Business Access Centre  
Mauricie  
Immeuble Bourg du Fleuve  
25 des Forges Street  
Suite 413  
Trois-Rivières, PQ G9A 2G4  
Tel.: (819) 371-5182  
Fax: (819) 371-5186

Small Business Access Centre  
Montérégie  
Complexe Saint-Charles  
1111 Saint-Charles Street West  
Suite 411  
Longueuil, PQ J4K 5G4  
Tel.: (514) 928-4088  
Fax: (514) 928-4097

Small Business Access Centre  
Nord-du-Québec  
800 Place Victoria Tower  
Suite 3800  
P.O. Box 247  
Montreal, PQ H4Z 1E8  
Tel.: (514) 283-5174  
Fax: (514) 283-3637

Small Business Access Centre  
Outaouais  
259 Saint-Joseph Boulevard  
Suite 202  
Hull PQ J8Y 6T1  
Tel.: (819) 994-7442  
Fax: (819) 994-7846

Small Business Access Centre  
Quebec City/Chaudière/Appalaches  
905 Dufferin Avenue  
Second Floor  
Quebec City, PQ G1R 5M6  
Tel.: (418) 648-4826  
Fax: (418) 648-7291

Small Business Access Centre  
Saguenay/Lac-Saint-Jean  
170 Saint-Joseph Street South  
Suite 203  
Alma, PQ G8B 3E8  
Tel.: (418) 668-3084  
Fax: (418) 668-7584

## WESTERN ECONOMIC DIVERSIFICATION CANADA (WD)

WD is responsible for federal economic development activities in Western Canada. The Department works in partnership with the western provinces, business, industry associations and communities to stimulate the western Canadian economy.

WD's "New Directions" program will work to enhance the export position of western companies by boosting their competitiveness in domestic and global markets.

The Department no longer provides repayable loans to individual companies, but seeks new innovative partnerships within both the public and private sectors. These partnerships will address the needs of small- and medium-sized enterprises for information, business services and capital, particularly for high growth industries critical to Western Canada's economic diversification.

One of WD's new products focused on export development is the International Trade Personnel Program. This federal-provincial initiative links export-focused western firms with recent post-secondary graduates. The program accomplishes

two important socio-economic goals: it gives companies the extra person-power they need to penetrate new markets, and it gives recent graduates valuable work experience. Under the new program, the length of export-development projects may vary from one to three years. Approved projects will be eligible for assistance ranging from C \$7,500 for one year, to a maximum of C \$37,500 per graduate over the three-year period. For more information, contact:

**Western Economic Diversification Canada**  
The Cargill Building  
240 Graham Avenue  
Suite 712  
P.O. Box 777  
Winnipeg, MB R3C 2L4  
Tel.: (204) 983-4472  
Fax: (204) 983-4694

## EXPORT DEVELOPMENT CORPORATION (EDC)

EDC helps Canadian exporters compete in world markets by providing a wide range of financial and risk management services, including export credit insurance, financing to foreign buyers of Canadian goods and services, and guarantees.

EDC's products fall into four main categories:

- export credit insurance, covering short- and medium-term credits;
- performance-related guarantees and insurance, providing cover for exporters and financial institutions against calls on various performance bonds and obligations normally issued either by banks or surety companies;
- foreign investment insurance, providing political risk protection for Canadian investments abroad; and
- export financing, providing medium- and long-term export financing to foreign buyers of Canadian goods and services.

EDC has established relationships with leading commercial and public sector institutions in Mexico and Latin America. For more information on the range of services available, please refer to the customer teams below.

Base and Semi-Manufactured Goods Team:  
Tel.: (613) 598-2823  
Fax: (613) 598-2525

Consumer Goods Team:  
Tel.: (613) 597-8501  
Fax: (613) 598-2525

Emerging Exporters Team:  
Tel.: 1-800-850-9626  
Fax: (613) 598-6871

Financial Institutions Team:  
Tel.: (613) 598-6639  
Fax: (613) 598-3065

Forestry Team:  
Tel.: (613) 598-2936  
Fax: (613) 598-2525

Engineering and Professional Team:  
Tel.: (613) 598-3162  
Fax: (613) 598-3167

Industrial Equipment Team:  
Tel.: (613) 598-3163  
Fax: (613) 597-8503

Information Technologies Team:  
Tel.: (613) 598-6891  
Fax: (613) 598-6858

Transportation Team:  
Tel.: (613) 598-3164  
Fax: (613) 598-2504

For information on the full range of EDC services, contact any of the following EDC offices:

**Ottawa** Export Development Corporation  
151 O'Connor Street  
Ottawa, ON K1A 1K3  
Tel.: (613) 598-2500  
Fax: (613) 598-6858

**Vancouver** Export Development Corporation  
One Bentall Centre  
505 Burrard Street  
Suite 1030  
Vancouver, BC V7X 1M5  
Tel.: (604) 666-6234  
Fax: (604) 666-7550

**Calgary** Export Development Corporation  
510-5th Street S.W.  
Suite 1030  
Calgary, AB T2P 3S2  
Tel.: (403) 292-6898  
Fax: (403) 292-6902

**Winnipeg** Export Development Corporation  
330 Portage Avenue  
Eighth Floor  
Winnipeg, MB R3C 0C4  
Tel.: (204) 983-5114  
Fax: (204) 983-2187

**Toronto** Export Development Corporation  
National Bank Building  
150 York Street  
Suite 810  
P.O. Box 810  
Toronto, ON M5H 3S5  
Tel.: (416) 973-6211  
Fax: (416) 862-1267

**London** Export Development Corporation  
Talbot Centre  
148 Fullarton Street  
Suite 1512  
London, ON N6A 5P3  
Tel.: (519) 645-5828  
Fax: (519) 645-5580

**Montreal** Export Development Corporation  
Tour de la Bourse  
800 Victoria Square  
Suite 4520  
P.O. Box 124  
Montreal, PQ H4Z 1C3  
Tel.: (514) 283-3013  
Fax: (514) 878-9891

**Halifax** Export Development Corporation  
Purdy's Wharf, Tower 2  
1969 Upper Water Street  
Suite 1410  
Halifax, NS B3J 3R7  
Tel.: (902) 429-0426  
Fax: (902) 423-0881

## **NATIONAL RESEARCH COUNCIL (NRC)**

Canadian companies hoping to succeed in the Mexican marketplace may require additional technology to improve their competitiveness. The NRC works with Canadian firms of all sizes to develop and apply technology for economic benefit. The Council manages the Industrial Research Assistance Program (IRAP), a national network for the diffusion and transfer of technology.

The IRAP network, working primarily with small- and medium-sized Canadian firms, supports the process of developing, accessing, acquiring, implementing and using technology throughout Canadian industry. IRAP has a 50-year history of providing technical advice and assistance to Canadian firms and has acquired a reputation as one of the most flexible and effective federal programs. IRAP takes advantage of the advice of industrial technology advisors who are situated in more than 165 different locations within approximately 90 communities across Canada, including numerous provincial technology centres, the NRC's own laboratories and research institutes, federal government departments, and technology transfer offices in Canadian universities. For further information, contact:

### Industrial Research Assistance Program

National Research Council  
Montreal Road  
Building M-55  
Ottawa, ON K1A 0R6  
Tel.: (613) 993-1790  
Fax: (613) 952-1079

### CANADIAN COMMERCIAL CORPORATION (CCC)

CCC, a Crown corporation, provides Canadian exporters with valuable assistance when they are selling to any foreign government, or to an international organization. In such sales, CCC acts as a prime contractor and guarantor for the sale of Canadian goods and services to the foreign customer.

CCC certifies the Canadian exporter's financial and technical capabilities, and guarantees to the foreign buyer that the terms and conditions of the contract will be met. CCC's participation in a sale provides Canadian suppliers with the tangible backing of their own government,

enhancing their credibility and competitiveness in the eyes of foreign customers. This can often lead to the negotiation of more advantageous contract and payment terms.

The Progress Payment Program, developed by CCC in cooperation with Canada's financial institutions, makes pre-shipment export financing more accessible to small- and medium-sized exporters. The program allows an exporter to draw on a special line of credit, established by his or her principal banker for a particular export sale. In most instances, the borrowing costs will approximate those associated with a typical demand line of credit. The program is available for transactions with foreign government and private sector buyers.

For more information about CCC and its programs, contact:

#### Canadian Commercial Corporation

50 O'Connor Street  
Eleventh Floor  
Ottawa, ON K1A 0S6  
Tel.: (613) 996-0034  
Fax: (613) 995-212

## KEY CONTACTS IN CANADA

### BUSINESS AND PROFESSIONAL ASSOCIATIONS

#### Canadian Council for the Americas (CCA)

The Council is a non-profit organization formed in 1987 to promote business interests in Latin American as well as Caribbean countries. The CCA promotes events and programs targeted at expanding business and building networking contacts between Canada and the countries of the region.

#### Canadian Council for the Americas

Executive Offices  
360 Bay Street  
Suite 300  
Toronto, ON M5H 2V6  
Tel.: (416) 367-4313  
Fax: (416) 367-5460

#### Alliance of Manufacturers and Exporters Canada

99 Bank Street  
Suite 250  
Ottawa, ON K1P 6B9  
Tel.: (613) 238-8888  
Fax: (613) 563-9218

#### Alliance of Manufacturers and Exporters Canada

75 International Boulevard  
Fourth Floor  
Etobicoke, ON M9W 6L9  
Tel.: (416) 798-8000  
Fax: (416) 798-8050

#### The Canadian Chamber of Commerce

55 Metcalfe Street  
Suite 1160  
Ottawa, ON K1P 6N4  
Tel.: (613) 238-4000  
Fax: (613) 238-7643

#### Forum for International Trade Training Inc.

155 Queen Street  
Suite 608  
Ottawa, ON K1P 6L1  
Tel.: (613) 230-3553  
Fax: (613) 230-6808

#### Language Information Centre

240 Sparks Street RPO  
Box 55011  
Ottawa, ON K1P 1A1  
Tel.: (613) 523-3510

**Open Bidding Service**  
P.O. Box 22011  
Ottawa, ON K1V 0W2  
Tel.: 1-800-361-4637 or (613) 737-3374  
Fax: (613) 737-3643

**Canadian Standards Association**  
178 Rexdale Blvd.  
Etobicoke, ON M9W 1R3  
Tel.: (416) 747-4000  
Fax: (416) 747-4149

**Standards Council of Canada**  
45 O'Connor Street  
Suite 1200  
Ottawa, ON K1P 6N7  
Tel.: (613) 238-3222  
Fax: (613) 995-4564

## **MEXICAN GOVERNMENT OFFICES IN CANADA**

The Embassy of Mexico and Mexican consulates can provide assistance and guidance to Canadian companies in need of information about doing business in Mexico. For more information, contact:

**Embassy of Mexico**  
45 O'Connor Street  
Suite 1500  
Ottawa, ON K1P 1A4  
Tel.: (613) 233-8988  
Fax: (613) 235-9123

**Mexican Consulate in Ottawa**  
45 O'Connor Street  
Suite 1500  
Ottawa, ON K1P 1A4  
Tel.: (613) 233-6665  
Fax: (613) 235-9123

## **OTHER MEXICAN CONSULATES GENERAL IN CANADA**

**Consulate General of Mexico**  
2000 Mansfield Street  
Suite 1015  
Montreal, PQ H3A 2Z7  
Tel.: (514) 288-2502/4916  
Fax: (514) 288-8287

**Consulate General of Mexico**  
199 Bay Street  
Suite 4440  
P.O. Box 266, Station Commerce Court West  
Toronto, ON M5L 1E9  
Tel.: (416) 368-2875/8141/1847  
Fax: (416) 368-8342

**Consulate General of Mexico**  
810-1130 West Pender Street  
Vancouver, BC V6E 4A4  
Tel.: (604) 684-3547/1859  
Fax: (604) 684-2485

**MEXICAN FOREIGN TRADE COMMISSIONS**  
*Banco Nacional de Comercio Exterior (Bancomext)* is the Mexican Foreign Trade Commission and has offices in Canada. It offers credits, export guarantees and counselling services to Mexican companies seeking to do business in Canada.

## **MEXICAN BANKS WITH OFFICES IN CANADA**

*Banco Nacional de México (Banamex)*, *Banca Serfin* and *Banca Confia* are private-sector banks which offer specialized services through their international trade information centres. The centres participate in a computerized communications network with access to numerous economic, governmental and financial databases throughout the world. These banks are located throughout Mexico and maintain offices in Toronto.

*Banco Nacional de México (Banamex)*  
1 First Canadian Place  
Suite 3430  
P.O. Box 299  
Toronto, ON M5X 1C9  
Tel.: (416) 368-1399  
Fax: (416) 367-2543

*Banca Serfin*  
BCE Place  
Canada Trust Tower  
161 Bay Street  
Suite 4360  
P.O. Box 606  
Toronto, ON M5J 2S1  
Tel.: (416) 360-8900  
Fax: (416) 360-1760

*Banca Confia*  
150 York Street  
Suite 408  
Toronto, ON M5H 3A9  
Tel.: (416) 955-9233  
Fax: (416) 955-9227



## CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES IN MEXICO

### TRADE AND ECONOMIC DIVISION

#### THE EMBASSY OF CANADA IN MEXICO

The Trade and Economic Division of the Canadian Embassy in Mexico can provide vital assistance to Canadians venturing into the Mexican market. The trade commissioners are well-informed about the market and will respond in whatever measures possible to support a Canadian firm's presence in Mexico.

#### Trade and Economic Division

The Embassy of Canada in Mexico

Schiller No. 529

Col. Polanco

11560 México, D.F.

México

Tel.: (52-5) 724-7900

Fax: (52-5) 724-7982

#### Canadian Consulate

Edificio Kalos, Piso C-1

Local 108-A

Zaragoza y Constitución

64000 Monterrey, Nuevo León

México

Tel.: (52-8) 344-3200

Fax: (52-8) 344-3048

#### Canadian Consulate

Hotel Fiesta Americana

Local 30-A

Aurelio Aceves No. 225

Col. Vallarta Poniente

44110 Guadalajara, Jalisco

México

Tel.: (52-3) 616-6215

Fax: (52-3) 615-8665

## KEY CONTACTS IN MEXICO

### GOVERNMENT

#### Secretariat of Agriculture, Livestock and Rural Development

*Secretaría de Agricultura, Ganadería y Desarrollo Rural (Sagar)*

Insurgentes Sur No. 476, Piso 13

Col. Roma Sur

06760 México, D.F.

México

Tel.: (52-5) 584-0990/8190

Fax: (52-5) 582-0268

#### Secretariat of Health

*Secretaría de Salud (SS)*

Licja No. 8, Piso 5

Col. Juárez

06600 México, D.F.

México

Tel.: (52-5) 553-7670/7940

Fax: (52-5) 286-5497

#### Secretariat of Commerce and Industrial Development

##### Bureau of Standards

*Secretaría de Comercio y Fomento Industrial (Secofi)*

*Dirección General de Normas*

Av. Puente de Tecamachalco No. 6

Col. Lomas de Tecamachalco

53950 Tecamachalco, Estado de México

México

Tel.: (52-5) 729-9300

Fax: (52-5) 729-9484

#### Federal Electricity Commission

*Comisión Federal de Electricidad (CFE)*

Río Ródano No. 14

Col. Cuauhtémoc

06598 México, D.F.

México

Tel.: (52-5) 553-7133, 207-3962/3704

Fax: (52-5) 553-6424

#### Mexican National Railway

*Ferrocarriles Nacionales de México (FNM)*

Av. Jesús García Corona No. 140

Col. Buenavista

06358 México, D.F.

México

Tel.: (52-5) 541-4004, 547-9317

Fax: (52-5) 547-0959

#### National Oil Company

*Petróleos Mexicanos (Pemex)*

Av. Marina Nacional No. 329

Col. Huasteca

11311 México, D.F.

México

Tel.: (52-5) 250-2611

Fax: (52-5) 625-4385

**Paper Producer and Importer**  
*Productora e Importadora de Papel, S.A. (PIPSA)*  
Poniente 140 No. 840  
Col. Industrial Vallejo  
02300 México, D.F.  
México  
Tel.: (52-5) 729-7001 through 99  
Fax: (52-5) 567-4482/1555

## ASSOCIATIONS

**Mexican Association of Direct Marketing**  
*Asociación Mexicana de Mercadotecnia Directa (AMMD)*  
Av. Morelia No. 107-502  
Col. Roma  
06700 México, D.F.  
México  
Tel.: (52-5) 208-1207  
Fax: (52-5) 514-7954

**National Association of Supermarket and Department Stores**  
*Asociación Nacional de Tiendas de Autoservicios y Departamentales (ANTAD)*  
Av. Homero No. 109 Piso 11  
Col. Polanco  
11560 México, D.F.  
México  
Tel.: (52-5) 254-6770/1714, 545-8803  
Fax: (52-5) 203-4495, 250-2536

**National Association of Importers and Exporters of the Mexican Republic**  
*Asociación Nacional de Importadores y Exportadores de la República Mexicana (ANIERM)*  
Av. Monterrey No. 130  
Col. Roma  
06700 México, D.F.  
México  
Tel.: (52-5) 584-9518, 564-8618  
Fax: (52-5) 584-5317

**National Association of the Food and Restaurant Industry**  
*Cámara Nacional de la Industria de Restaurantes y Alimentos Condimentados (Canirac)*  
Av. Aniceto Ortega 1009  
Col. del Valle  
03122 México, D.F.  
México  
Tel.: (52-5) 604-0418, 688-9147, 604-0238  
Fax: (52-5) 604-4086

**The Mexican Restaurant Association**  
*Asociación Mexicana de Restaurantes*  
Av. Torcuato Tasso No. 325-Desp. 103,  
Col. Polanco,  
11560 México, D. F.  
México  
Tel.: (52-5) 531-3834/3047, 250-1146,  
Fax: (52-5) 545-8671

**National Council of the In-Bond Manufacturing Industry**  
*Consejo Nacional de la Industria Maquiladora de Exportación*  
Río Tiber No. 18,  
Col. Cuauhtémoc  
06500 México D.F.  
México  
Tel.: (52-5) 511-6065, 514-0421  
Fax: (52-5) 525-2484

**National Chamber of the Manufacturing Industry**  
*Cámara Nacional de la Industria de la Transformación (Canacintra)*  
Av. San Antonio No. 256  
Col. Ampliación Nápoles  
03849 México, D. F.  
México  
Tel.: (52-5) 563-3400  
Fax: (52-5) 563-5388

**National Chamber of Commerce for Mexico City**  
*Cámara Nacional de Comercio de la Ciudad de México (Canaco)*  
Paseo de la Reforma No. 42  
Col. Centro  
06030 México, D.F.  
México  
Tel.: (52-5) 592-2677/2665  
Fax: (52-5) 592-3571

## SELECTED MEXICAN COMPANIES

**Grupo Alfa**  
Av. Gómez Morín No. 1111  
Col. Carrizalejo  
66254 Garza García, Nuevo León  
México  
Tel.: (52-8) 335-3535  
Fax: (52-8) 335-8135

**Grupo Cemex**  
Av. Constitución No. 444 Pte.  
Apartado Postal 392  
64000 Monterrey, Nuevo León  
México  
Tel.: (52-8) 328-3000  
Fax: (52-8) 345-2025  
Internet: <http://www.cemex.com/>

*Grupo Cydsa*

Av. Ricardo Margain Zozaya 325  
Col. Bahía de Campestre  
66260 Garza García, Nuevo León  
México  
Tel.: (52-8) 335-9090/8242  
Fax: (52-8) 335-5033

*Grupo Pulsar*

Plaza Comercial Las Villas  
Río Caura 358 Oriente, Altos  
Col. del Valle  
66220 Garza García, Nuevo León  
México  
Tel.: (52-8) 399-0812/0800/0801  
Fax: (52-8) 356-7332

*Grupo Femsa*

Av. General Anaya No. 601 Pte.  
Col. Bella Vista  
64410 Monterrey, Nuevo León  
México  
Tel.: (52-8) 328-6000  
Fax: (52-8) 328-6420

*Grupo Vitro*

Av. Roble No. 660  
Col Valle del Campestre  
66250 Garza García, Nuevo León  
México  
Tel.: (52-8) 329-1200  
Fax: (52-8) 335-7991

*Expansión*

Av. Sinaloa No. 149, Piso 9  
Col. Roma Sur  
06700 México, D.F.  
México  
Tel.: (52-5) 207-2176  
Fax: (52-5) 511-6351

**Directory of Advertising Media**

*Medios Publicitarios Mexicanos, S.A. de C.V.*  
Av. México No. 99-303  
Col. Hipódromo Condesa  
06170 México, D.F.  
México  
Tel.: (52-5) 574-2604/2858  
Fax: (52-5) 574-2668

**MEDIA AND PUBLICATIONS**

*CADENAS*

National Association of Supermarket and Department  
Stores

*Asociación Nacional de Tiendas de Autoservicios y  
Departamentales (ANTAD)*

*Editorial Multicolor*

Lago Mayor 186  
Col. Granada  
11320 México, D.F.  
México  
Tel.: (52-5) 545-4236  
Fax: (52-5) 250-8824

**Franchise Directory**

*Mercamétrica Ediciones, S.A.,*  
Av. Universidad No. 1621, Piso 3  
Col. Hacienda de Guadalupe Chimalistac  
01050 México, D.F.  
México  
Tel.: (52-5) 661-6293/9286,  
Fax: (52-5) 662-3308

# HELP US TO SERVE YOU BETTER

We are interested in your views on this publication. Please take a few minutes to respond to the questions below.

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- very useful
- useful
- moderately useful
- not useful

2. Please provide your assessment of each of the following aspects of this publication.

a) Quality of text discussion (mark one only):

- excellent
- good
- fair
- poor

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- good
- fair
- poor

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- good
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3. If this publication were updated, revised and re-issued in the future, would you be interested in receiving a copy?

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- not sure

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- yes, definitely
- to some extent
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- provided less quantitative information
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10. Will this publication assist you in your business development?

yes  no

11. a) Does your company currently export?

- Yes, go to 11 b)
- No, go to 11 c)

b) If yes, to which foreign markets?

- U.S.A.  Europe  Japan
- Mexico  Latin America
- Other (please specify) \_\_\_\_\_

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- Yes, where?
  - U.S.A.  Europe  Japan
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  - Other (please specify) \_\_\_\_\_

12. What is the approximate size of your company?

- under \$1 million
- \$1 to 5 million
- \$5 and \$10 million
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To discuss this evaluation may we contact you? If so,

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Tel.: \_\_\_\_\_ Fax.: \_\_\_\_\_

**Please return the completed survey by fax to (613) 996-6142 or to the address below:**

Latin America and Caribbean Bureau  
Department of Foreign Affairs and International Trade  
Lester B. Pearson Bldg., 125 Sussex Drive  
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