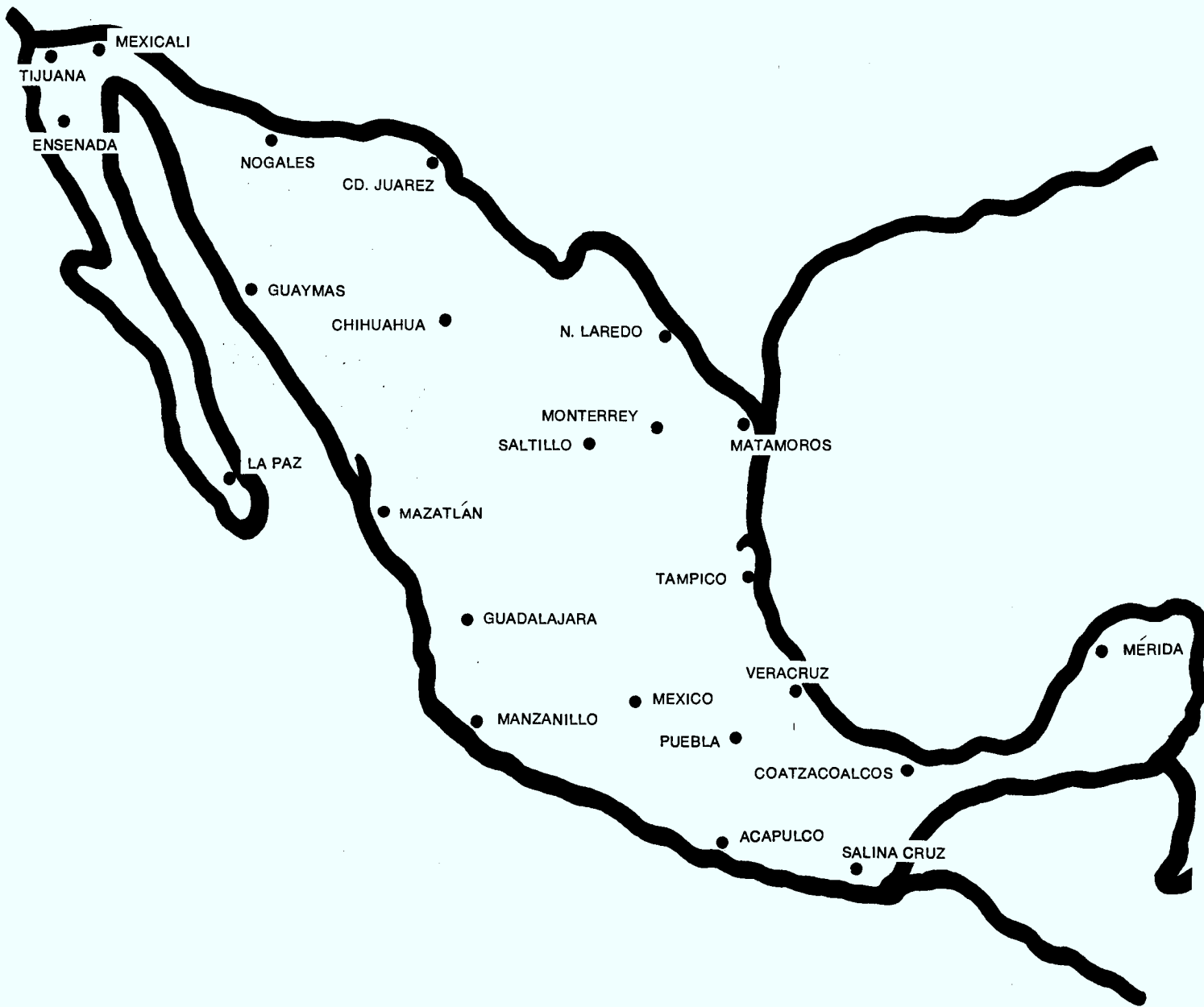


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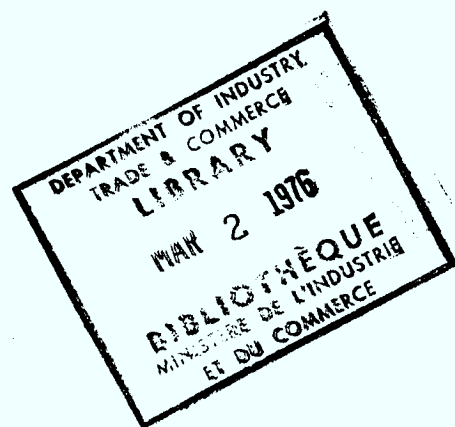
markets  
for canadian  
exporters

MEXICO



# MARKETS FOR CANADIAN EXPORTERS

## MEXICO



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## **I. GENERAL**

### **Area and Geography**

Mexico lies immediately south of the states of California, Arizona, New Mexico and Texas. Having an area of 762,500 square miles, it is equivalent in size to Canada's three prairie provinces combined. Its southern border lies adjacent to Guatemala and British Honduras; to the east and west respectively, Mexico borders the Gulf of Mexico and Pacific Ocean. Two thirds of the population live at altitudes of more than 5,000 feet on the broad altiplano between southward converging ranges of the Sierra Madre Mountains.

### **Climate**

Conditions vary from tropical in the coastal plains to temperate in the central plateaus.

### **Local Time**

Most of the country is on Central Standard Time. Located in northwestern Mexico, the states of Sonora and Sinaloa and the territory of Baja California Sur follow Mountain Standard Time. The state of Baja California, situated in the most northern part of northwestern Mexico, is on Pacific Standard Time.

### **Population**

Estimated at 58,000,000 in 1974, more than half is located within a 200-mile radius of Mexico City. The rate of population increase is more than 3.5 per cent annually and one of the world's highest. Two thirds of the people are Mestizo, a mixture of Spanish and Indian origin.

### **Language**

Mexico's official language is Spanish. However, in the larger urban and commercial centres, many businessmen speak or understand English.

### **Religion**

Complete freedom of religion exists with Roman Catholicism predominating.

### **Principal Cities and Industrial Centres**

Greater Mexico City, which comprises the federal district and adjacent localities, is the political, financial and industrial capital of the country. Its population is approximately 11 million. Estimated in 1974, other important centres include:



<b>Cities</b>	<b>Population</b>
Greater Guadalajara	2,500,000
Greater Monterrey	2,300,000
Puebla	600,000
Leon	454,000
Ciudad Juárez	453,000
Mexicali	390,000
Chihuahua	364,000
Tijuana	335,000
Cludad Madero and Tampico	300,000
Mérida	260,000
Torréon	257,000
Acapulco	251,000
Veracruz	242,000

### **Weights and Measures, Electrical Power**

Metric system. Electricity is 110-125 volt, 50 cycle, three phase in Mexico City; 60 cycle throughout the rest of the country. (Conversion to 60 cycle in Mexico City is being undertaken with completion expected by 1976. All electrical imports and domestic manufactured products are now required to conform to these new standards.)

### **Public Holidays and Business Hours**

New Year's Day	January 1
Constitution Day	February 5
Juárez Birthday	March 21
Easter Week	
Labour Day	May 1
Anniversary of the Battle of Puebla	May 5
Independence Day	September 16
Columbus Day	October 12
All Saints Day	November 1
Day of the Dead	November 2
Anniversary of the Revolution	November 20
Guadalupe Day	December 12
Christmas Day	December 25

Hours of business vary considerably; usually 7 1/2 hours between 8:30 a.m. and 7:00 p.m., often with a long lunch period. Business lunches are popular. Government offices and some businesses close for the day at 2:30 p.m.

Banking hours are 9:00 a.m. to 1:30 p.m., Monday to Friday. No banking on Saturdays. Statutory shopping hours are 10:00 a.m. to 6:00 p.m., but many stores remain open in the evenings.

### **Government System**

Mexico is a federal republic of 31 states, and one federal district. Legislative power is vested in a congress composed of a senate and chamber of deputies. Two senators are elected from each state and the federal district for six-year terms. Deputies are chosen on a population basis and



serve three years. The president, who has wide legislative as well as executive powers, serves a six-year term and may not succeed himself. State governments are considerably less powerful than in Canada or the United States.

## Historical Background

Great Indian civilizations flourished in Mexico for many centuries before Columbus discovered the New World. When Cortés conquered the Aztecs in 1519, this era ended and three centuries of Spanish colonial rule ensued.

Ties with Spain were broken in 1810 and except for a five-year period of French control in the 1860s, Mexico has since been independent. However, territories comprising more than half its former area were lost by conquest or cession to the United States. (These territories are now California, Florida and the American Southwest.)

## II. ECONOMY AND FOREIGN TRADE

### General

Mexico's natural and industrial resources today are among the most highly developed in Latin America. The country is principally agricultural and produces grain, livestock, industrial crops, fruits and vegetables. There has been considerable industrial development — actively encouraged by the government — since the end of World War II. Mining is also important, particularly base and precious metals. The country's infrastructure has received impetus with increasing development of the highway and railway systems, power and ports. Greater emphasis is being placed on joint ventures with majority participation by Mexican interests.

In previous years the economy has averaged an annual growth rate of 6.8 per cent. However, in 1974, the increase was between 5.7 per cent and 6.3 per cent. The per capita income in 1974 amounted to more than U.S. \$1,168 and the GNP for 1974 totalled U.S. \$65 billion.

The Mexican economy in 1974 was stimulated by a sizable increase in internal spending. High growth was observed in the basic sectors such as petroleum, petrochemicals, mining and electricity generation. Manufacturing and construction showed a downward trend in comparison with 1973. The agricultural sector is still an area of prime interest and investment by the government.

Total federal expenditures for 1975 have been budgeted at U.S. \$23,873.6 million, an increase of \$4,780 million (25 per cent) over 1974 expenditures. Ministries that have received substantial allocations for the 1975 period include:

U.S. \$Millions			
MINISTRY (Federal Sector)	Budget 1974	Budget 1975	Increase Per Cent over 1974
Agriculture and Livestock	176.4	265.8	50.6
Communications and Transport	280.5	351.2	25.2
Education	1,675.5	2,321.9	38.6
Health and Welfare	310.7	380.9	22.6
Navy	161.9	228.0	40.9
Hydraulic Resources	680.9	884.7	29.9
Agrarian Reform and Colonization	58.8	73.1	24.2

About 17 per cent of Mexico is forested. Ten million acres of tropical and temperate woods are being worked for lumber and pulp — the foundation of the long-established and expanding woodworking and paper industries.

Mexico is a leading world producer of silver and lead and has proven petroleum reserves that will exceed domestic needs. Development of a chemical complex is underway. Almost every known mineral can be found in Mexico.

Manufacturing has grown rapidly in recent years and brought the country to an intermediate state of industrialization. Almost all consumer products and many capital goods are now made locally, often by subsidiaries of foreign firms. However, much heavy capital equipment and a variety of raw materials must still be imported.

## **Foreign Investment**

The regulations pertaining to access of foreign investment are subject to, and in accordance with, priorities established by the government. The Commercial Division of the Canadian Embassy should therefore be consulted to determine any recent changes in order to most effectively tailor an appropriate course of action.

In Mexico, foreign domination of certain sectors of the economy is prohibited or limited. Some sectors, such as petroleum, electrical utilities and railways, are reserved for 100 per cent Mexican government ownership. Mexican ownership is required in certain other sectors such as radio broadcasting, motion picture production, transport services, publishing, soft drink manufacturing as well as the tobacco industry. In lumber and forest industries, agriculture, mining and petrochemicals, a majority-Mexican ownership is required. It should be noted that many joint venture companies operate very successfully under majority-Mexican ownership.

Among incentives to investment in Mexico are: lack of exchange controls, extension of tariff exemptions for imports to establish and operate "new and necessary industries," low-cost labour, tariff and licensing protection and access to countries in the Latin American Free Trade Association. Moreover, any company that locates outside of the federal district and the adjacent heavily industrialized parts of the state of Mexico is eligible for decentralization incentives from the Mexican federal government. Local governments also offer some assistance for land, water, power and transportation.

There are several areas in which recent legislation affecting foreign interests in Mexico has been passed or is being considered. Income tax will be charged on the gross payments by a Mexican resident to a foreign entity for anything classified as "technical assistance". This could be of particular importance to consultants and companies interested in joint ventures or licensing agreements.

The border industries concept, which permits duty-free importation for manufacturing for export, has been expanded geographically so that this incentive is now available throughout Mexico with the exception of the heavily industrialized areas. New transfer of technology legislation was introduced on December 28, 1972, and imposes restrictions on the type of licensing agreement that can be undertaken by a Mexican company. The amount of royalties, value of the technology and limits on its use will all be considered before the contract is binding under Mexican law.

## **Commercial Policy**

Local industry and resources are protected by a combination of tariffs and import controls. Mexico is not a member of the GATT and can therefore impose regulations without international negotiation. The export of finished goods is being particularly encouraged.

Mexico is one of the original members of the Latin American Free Trade Association, a group that has been experiencing gradually reduced trade barriers among members.

Mexican-Canadian trade relations are governed by a 1946 trade agreement exchanging Most-Favoured-Nation tariff treatment. Apart from LAFTA, any advantages Mexico or Canada extend to other Most-Favoured-Nation countries automatically extend to each other. As of July 1, 1974, Canada extended general preferential import tariff rates to Mexico since Mexico is considered a developing country.

## Foreign Trade

### Mexican Foreign Trade Statistics

	(U.S. \$Millions CIF)		
	1972	1973	1974
Total Mexican Imports	2,935	4,145	6,516

### Chief Imports During 1973 (Percentage)

Machinery and mechanical equipment	20.0
Electrical and electronic equipment	10.0
Automotive parts and accessories	7.7
Petroleum and derivatives	6.6
Organic chemical products	5.9
Iron and steel foundry products	4.1
Control and measuring instruments	2.7
Plastic raw materials	2.1
Railway equipment and rolling stock	1.6
Inorganic chemical products	1.5

### Chief Suppliers in 1973 (Percentage)

United States	60.4
Federal Republic of Germany	9.0
Japan	3.9
Canada	3.4
Britain	3.2
France	2.8
Switzerland	2.3
Spain	2.0
Italy	1.6
Sweden	1.6

	(U.S. \$Millions FOB)		
	1972	1973	1974
Total Mexican Exports	1,825	2,452	3,409

#### Chief Exports During 1974 (Percentage)

Machinery parts	7.0
Electrical equipment and materials	5.6
Coffee	5.5
Automotive parts	4.6
Sugar	4.6
Raw cotton	4.5
Fruits and vegetables	4.0
Shrimp	3.0
Clothing	2.8
Fresh meat	2.3

#### Chief Export Markets in 1974 (Percentage)

United States	65.0
Japan	4.8
Canada	3.0
Venezuela	2.5
Federal Republic of Germany	2.3
Brazil	2.1
Italy	1.2
Britain	1.0

NOTE: The large gap between imports and exports during 1974 was largely offset by net revenues from tourism and sales to tourists at border points which in 1974 amounted to U.S. \$616.3 million.

### CANADA-MEXICO TRADE

	(Can. \$Millions)			
	1971	1972	1973	1974
Canadian Exports to Mexico	79.0	99.1	118.6	187.1

#### Major Canadian Exports to Mexico 1972 to 1974

	(Can. \$Thousands)		
	1972	1973	1974
Skim milk powder	11,669	12,692	24,988
Parts and accessories for motor vehicles	19,820	26,817	24,673
Newsprint	13,609	10,395	23,220
Rapeseed	4	4,102	12,540
Wood pulp	1,559	3,776	10,154
Railway, street roll stock	542	2,326	9,852
Asbestos milled fibres	4,870	7,735	9,593
Red spring wheat except seed	—	—	8,455

	1972	1973	1974
Railway rails	—	5,320	4,799
Sheet and strip steel	1,486	2,657	4,718
Crude bituminous substances	—	—	3,042
Card punch sort tab computers and parts	—	999	2,721
Motor vehicles, engines and parts	903	1,409	1,944
Combine reaper — threshers	1,953	1,101	1,777
Nickel anodes, cathodes, ingots	1,048	1,265	1,775
Non-metallic minerals, crude titanium	1,162	1,817	1,629
Parts for pulp and paper industry machinery	109	41	1,620
Purebred cattle	2,353	3,557	1,514
Woodland log-handling equipment	—	185	1,177
Mining quarry machinery	51	76	1,125
Telephone apparatus equipment and parts	28	336	1,071
Power boilers	7,540	1,228	1,021
Railway track materials	—	7	818
Aluminum pig, ingots, shote slabs	—	481	776
Commercial telecommunications equipment	35	307	664

(Can. \$Millions)

	1971	1972	1973	1974
Canadian Imports from Mexico	50.2	52.9	83.3	114.1

### Leading Mexican Exports to Canada 1972 to 1974

(Can. \$Thousands)

	1972	1973	1974
Baler twine	2,584	4,231	9,939
Fresh tomatoes	7,982	9,245	8,286
Green coffee	4,414	7,815	8,145
Flour spar	2,777	5,365	6,856
Strawberries, frozen	3,020	4,506	5,227
Men's and boys' cotton pants	29	1,515	5,171
Raw cotton	5,036	4,253	3,987
Cotton denims	598	1,491	3,893
Calculating machines and parts	23	1,325	3,275
Parts and accessories for motor vehicles	1,232	2,344	2,807
Silver	—	1,404	2,271
Motor vehicles, engines	—	478	2,215
Frozen orange juice concentrate	876	1,670	2,107
Lead oxide, red lead mineral orange	409	445	1,888
Tuners	397	835	1,852
Toys and parts	576	815	1,671
Fresh cantaloupes and muskmelons	1,023	1,382	1,555
Fresh cucumbers	1,237	1,450	1,459
Metal ores, concentrates, scrap	—	1,200	1,233
Fresh, frozen shrimp and prawns	1,776	2,314	1,193
Diesel, semi-diesel engines	—	—	1,162
Canned tomato paste	63	395	899
Zinc slab, blocks, pigs, anodes	—	—	897
Corduroys, cotton, unbleach, bleach	3	121	879

	1972	1973	1974
Semiconductors, transistor-type	211	414	612
Capacitors, electronic and parts	110	161	540
Electronic equipment components	397	96	529

NOTE: Some 120,000 Canadian tourists visiting Mexico spent \$55 to \$60 million in goods and services. This offsets the gap between imports and exports.

### **III. DOING BUSINESS IN MEXICO**

#### **Opportunities for Canadian Products and Services**

Some 80 per cent of Mexico's imports are machinery, chemicals or raw materials. Good opportunities exist for Canadian suppliers of these products if prices are competitive with those from the United States, Western Europe and Japan. The following items and services have good prospects in Mexico:

- Purebred cattle and other livestock
- Insecticide raw material
- Sulphite wood pulp
- Sawmill and woodworking machinery
- Industrial chemicals
- Specialized machinery
- Plastic raw material
- Hydro-electric generation equipment
- Electric transmission equipment
- Railway equipment
- Mining machinery
- Telecommunications equipment
- Fine and specialty papers
- Electronic equipment
- Fishing industry equipment
- Biologicals
- Specialized agricultural machinery
- Industrial electric equipment
- Automotive parts
- Specialized engineering services
- Technical know-how
- Joint ventures in manufacturing

#### **Merchandising and Distribution**

This increasingly follows the pattern in Canada and the United States. Mexico City is by far the most important wholesale, distribution and industrial centre. Most country-wide purchasing offices are located there.

Consumer goods for the customs-free zones of the northwest and southeast and for the northern extremities of the country are generally distributed from regional centres such as Tijuana, Ciudad Juárez, Monterrey and Mérida.

Government purchases are supervised by the Ministry of National Patrimony. Supplies are purchased locally, where available, if the price differential is not more than 10 to 15 per cent. Foreign suppliers, through their local representatives, must be listed in the directory of official sources.

## **Representation and Agents**

More than 300 Canadian firms are represented and/or are doing business in Mexico, mainly through local agents. The Commercial Division of the Canadian Embassy can usually recommend suitable and potentially interested agents for any Canadian product. Appointment is recommended for a trial period.

Most Mexican importers retain customs brokers at border points of entry to arrange re-shipment, Mexican insurance and clearance. Their fees are prescribed by law.

## **Advertising and Promotion**

The usual facilities and media employed in Canada and the United States are also available in Mexico. Preferably advertising literature should be in Spanish although English is understood in the larger centres. The Canadian firm's name and complete address, telephone and telex numbers should be clearly marked on catalogues and other promotional material.

There are five daily newspapers in Mexico City, each having a circulation of more than 100,000. These are also distributed throughout the country. There is also one Mexico City English language daily, The News, which has a wide circulation among English-speaking residents.

## **Credit Information**

On request, the Commercial Division of the Canadian Embassy will obtain status reports.

## **Price Quotations**

Prices should be quoted in the equivalent of U.S. dollars FOB port of origin, CIF or C and F Mexican port of entry.

## **Usual Terms and Methods of Payment**

Payment performance of most of the established Mexican importers is good. Financial status can be checked through your bank, a mercantile agency or the Commercial Division of the Canadian Embassy. Strong competition from international suppliers makes terms of from 120 to 180 days common on good accounts. Long-term financing is increasingly sought after for purchases of major capital equipment.

## **Banking Facilities**

No Canadian banks operate branches in Mexico, although the Bank of Montreal, Toronto-Dominion Bank and the Bank of Nova Scotia maintain non-banking offices. The other Canadian banks all have correspondents. The Mexican banking system is well organized and somewhat similar to Canada's with the Banco de Mexico corresponding to the Bank of Canada. Among the most prominent of the more than 90 commercial banks are:

- Banco Nacional de Mexico, S.A.
- Banco de Londres y gmexico, S.A.
- Banco Internacional, S.A.
- Banco de Comercio, S.A.
- Banco Comercial Mexicano, S.A.
- Banco Mexicano, S.A.



## **Shipping Services**

Apart from the United States, Mexico is the only foreign market linked to Canada by regular overland freight services as well as by sea and air.

### **By Sea**

From Canadian Pacific Coast Ports:

Prudential-Grace Lines  
Westfal Larsen Lines  
Orient Overseas Lines

From Canadian Atlantic Coast and St. Lawrence Ports:

Mexican Line

### **By Rail**

Good connections are available to the main centres. Shipment is over United States lines to the border points of Nuevo Laredo, Piedras Negras, Ciudad Juárez and Nogales and thence over Mexican track.

### **By Road**

S. H. Davis Forwarding Limited with head offices in Toronto provides direct bonded terminal to terminal service from Toronto to Mexico City. Nu-Way Freight Lines, with head office in Sarnia, Ontario and terminals in London and Toronto, provides direct motor-transport service between Ontario and Mexico. (Cargo is transferred to Mexican carriers through the company's bonded warehouse in Laredo, Texas.)

### **By Air**

CP Air operates regular flights from Montreal, Toronto and Vancouver to Mexico City, Acapulco and Guadalajara. Aeronaves de Mexico also provides regular service from Toronto to Mexico City and Acapulco. Both have air cargo capacity.

## **Internal Transportation**

Almost all bulk commodities move by rail over the extensive government-operated railway system.

A considerable and increasing amount of freight is being carried by the approximately 150 trucking lines that operate over the 30,000-mile, all-weather highway grid.

A variety of air services is available to all parts of the country. Limited quantities of freight are carried by coastal shipping services.

## **Trademarks and Patents**

Trademark registration is valid for 10 years, renewable for 10 years. Registration must be indicated in reasonably close juxtaposition to the reproduction of the registered trademark, giving name and number.

Patents are valid for 15 years. They are not renewable. Penalties are provided for infringements.



## **Currency and Exchange Rate**

Mex. \$1.00 Peso = 100 centavos = U.S. 8 cents. U.S. \$1.00 = Mex. \$12.50 Pesos. There are no currency exchange controls in Mexico. Currency of any kind in any amount may be transferred in or out of Mexico without restriction.

## **IV. CUSTOMS REGULATIONS AND DOCUMENTATION**

### **Import Controls**

Importers must obtain permits from the Ministry of Commerce and Industry for more than half the items in the Mexican tariff.

Usual criteria for issuance are that the goods are not currently available in sufficient quantity or are available locally only at substantial disadvantage to the buyer in terms of quality, price or delivery.

A few items, such as shoes, whiskey, cigarettes and vehicles, are subject to import quotas. Agricultural and forestry products require the additional approval of the Ministry of Agriculture. Certain other items must conform to other departmental regulations, e.g. electrical equipment must be registered with the Ministry of Industry and Commerce. Prohibitions for public security, health and morals apply to the usual range of goods.

### **Customs Duties**

Mexico has a single-column tariff based on the Brussels Customs Nomenclature. No tariff preferences are extended apart from the mutual reductions being negotiated among the countries in the Latin American Free Trade Association. Imports are subject to ad valorem duties. Rates on non-essentials and luxury goods are high. Duties on essential imports are more moderate. Used goods generally are dutiable at the same rates as new. Rule 14 under which imports of machinery were granted a 65 per cent subsidy of the regular tax has been abolished. Similar incentives exist within the framework of the New and Necessary Industries Law, the Industrial Decentralization Decree, etc.

Details of the Mexican Customs Tariff classifications are available from either the Latin America Division, Western Hemisphere Bureau, Department of Industry, Trade and Commerce, Ottawa or from the Commercial Division of the Canadian Embassy in Mexico. Tariff rulings may be obtained from the Director General of Customs in Mexico through an agent, a customs broker or the Commercial Division of the Canadian Embassy, all of whom can advise you on the requirements for the product in question.

### **Value for Duty**

Ad valorem duty is levied on the invoice value or the Mexican official valuation as stated in the tariff, whichever is higher. This, in effect, establishes a minimum rate of duty. Discounts or charges other than freight and insurance shown on the invoices are considered part of the value for duty.

A surcharge of 1 per cent is assessed on the value of all imported items (excluding 350 special items).

A surtax of 3 per cent of the duty is levied on all imports except those sent by post which pay a surtax of 10 per cent of the duty.

## **Customs-Free Zones**

The northwestern State of Baja California, including the cities of Mexicali, Tijuana and Ensenada, part of the state of Sonora and the state of Baja California Sur are designated customs-free zones because of their remoteness from Mexican production centres. Additionally, the cities of Nogales and Agua Prieta, Sonora, and several small areas in the territory of Quintana Roo are "free perimeters." Tariffs and controls apply only to certain items imported into these areas for consumption. As Mexican import substitutes become increasingly available, tariffs and controls applying to the rest of Mexico are gradually being extended to these areas. Mexican manufacturers are given tax and freight subsidy incentives to ship to the border areas.

Imports into the customs-free areas in 1971 amounted to \$348.5 million, or 11.6 per cent of Mexico's total imports. The one million people in the northern customs-free areas have the country's highest average purchasing power. Almost all present imports come from the United States through distribution centres such as Tijuana, Mexicali and Ensenada. Canadian exporters should be able to make greater inroads. The Commercial Division of the Canadian Embassy can provide names of principal buyers. Normal documentation procedures should be followed.

## **Free Ports**

Coatzacoalcas and Salina Cruz, at either end of the Isthmus of Tehuantepec, are free ports in the internationally accepted sense. All imports except spirits, tobacco, cosmetics, certain fabrics and clothing may be landed free of duty and import controls for re-manufacture and export.

## **Temporary Importation**

Apparatus, animals and other effects needed for exploration, development or scientific work may be imported under bond for one year, extendable under certain conditions.

## **Documentation**

Pay careful attention to Mexican documentation requirements in order to avoid fines, delays in clearing the goods or return of shipments at the exporter's expense.

All commercial shipments to Mexico require a *certificate of origin* (Declaracion del Vendedor); a *commercial invoice* in up to eight copies; *consular legalization* for all shipments except those by air or post and those valued at less than Ps. \$1,000; and *bills of lading* — both maritime and/or rail or airway bills.

It is difficult to place too much emphasis on the need for strict adherence to Mexican documentation formalities. Full details on the requirements for each product and method of shipment are available from your customs broker, the Latin America Division of the Department of Industry, Trade and Commerce, or the Commercial Division of the Canadian Embassy in Mexico.

## **Special Regulations and Procedures**

There are special requirements for documentation and clearance through customs for goods or shipments in the following classifications:

- items requiring import permits
- single shipments containing goods of various kinds

- food, beverages, animals or animal products
- air cargo shipments
- postal shipments
- in-transit shipments
- patent medicines, biological and pharmaceutical products, medical apparatus and hygienic preparations
- insecticides, germicides and fungicides.

There are also regulations governing the use of trademarks, labelling, packing and shipping marks, the clearing of goods at warehouses in the interior, re-export of goods and export drawbacks and subsidies.

Again, full information on these regulations and procedures can be obtained from any of the sources listed in the preceding section.

### **Gifts**

Gifts are dutiable at the same rates as commercial shipments and likewise subject to import permits, where applicable. Visitors entering by air may bring with them, duty free, up to six gifts having a combined value not exceeding Ps. \$1,000 (\$86).

### **Samples and Advertising Material**

Mexico has a fourth class parcel post category exclusively for commercial samples not exceeding one pound in weight and under U.S. \$17 in value. Provided the package carries the notation "MUESTRAS SIN VALOR" (Samples — no commercial value), no duties will be levied or import licences required, even if larger shipments are restricted.

Larger sample shipments of most merchandise, whether carried personally or mailed, will be admitted duty free when of no commercial value or when mutilated or incomplete so as to be unsalable or unusable. When accompanied by normal documentation, samples having commercial value may be temporarily imported for up to one year under bond of 110 per cent of the normal duty. They must be re-exported unless special permission is obtained.

Advertising material, sales brochures and catalogues are subject to high rates of customs duty.

### **Insurance**

Insurance on shipments should be arranged for the importer's account since under Mexican law, once title passes to a Mexican buyer, the shipment must be insured by a Mexican company.

## **V. YOUR BUSINESS VISIT TO MEXICO**

### **Advise and Consult the Commercial Counsellor**

When planning your first business visit to Mexico, advise the Commercial Division of the Canadian Embassy in Mexico City well in advance of your departure. Inform them of the objective of your visit and include several copies of product brochures. It is extremely helpful if you work out the CIF prices on at least part of your product range. You should also list any contact you may already have made with Mexican businessmen.

With this information at their disposal, the commercial staff will be pleased to arrange a tentative itinerary and make appointments on your behalf which you can confirm upon arrival. Because of the increasing number of businessmen visiting our posts abroad, we recommend that you leave the arrangements for hotel reservations in the hands of your travel agent.

### **When to Go**

Almost any season is opportune since much of Mexico is spring-like the year round. Tourist facilities are a little less crowded in the summer but this is also becoming an increasingly popular time to visit. Owing to the different altitudes and latitudes, northern Mexico is very warm in summer and occasionally cold in winter, while coastal and southern Mexico can be uncomfortably hot and humid in summer. From May through September, Mexico City and the surrounding area usually receive a brief rainfall each day.

### **How to Get There**

Many businessmen spread costs by including Mexico as the first or last stop on a South American, Central American or Caribbean circuit. The distance to Mexico City from any major Canadian centre is less than from one Canadian coast to the other.

### **By Air**

CP Air operates regular flights from Montreal, Toronto and Vancouver to Mexico City, Acapulco and Guadalajara. Aeronaves de Mexico also provides regular service from Toronto to Mexico City and Acapulco. Both have air cargo capacity.

### **By Rail**

Train connections may be made at the border cities of Laredo, El Paso and Nogales. One daily through-service runs to Mexico City from St. Louis, Missouri.

### **By Sea**

There are no scheduled passenger services from Canada.

### **By Bus**

Major United States services connect with their first-class Mexican counterparts at border points.

### **By Car**

Excellent highways converge on Mexico City from Brownsville, Texas (635 miles); Laredo, Texas (750 miles); El Paso, Texas (1,245 miles); and Nogales, Arizona (1,470 miles). The major centres have good motels and hotels. Complete touring information is available from reputable service stations and motels at the border. Also obtain temporary automobile insurance. Policies written by Canadian and U.S. firms are not valid in Mexico. North American gasoline credit cards are not accepted at service stations in Mexico.

## Internal Travel

Daily air services link the major centres. Car or first-class bus travel amidst Mexico's magnificent scenery is recommended if time permits. U-drive or chauffeured cars can be hired for intercity motoring. Within the main centres, taxis are cheap and convenient. It's important to have the full address of your destination. Negotiate fares with unmetered cabs. Tips for other services are the usual 10-15 per cent.

The Canadian government has only one office in Mexico and the services of British vice-consuls in the interior are not available to Canadians in emergencies. In addition to the Canadian Embassy, the Canadian Government Travel Bureau also maintains an office in Mexico City.

## Hotels

Mexico has many excellent hotels and motels. Obtain advice on accommodation in tourist centres like Acapulco from the Mexican Government Travel Bureaus in Montreal and Toronto or from your travel agent. Among commercial hotels most convenient and suitable for Canadian businessmen are:

### Mexico City

Alameda  
Bamer  
Chateau Royal  
Del Paseo  
Del Prado  
Geneve  
Maria Isabel  
Reforma  
San Francisco  
Camino Real

### Veracruz

Emporio  
Veracruz

### Mérida

Mérida

### Chihuahua

Palacio Hilton  
Victoria

### Guadalajara

Del Pargue  
Fenix  
Gran Hotel  
Roma  
Motel Camino  
Real  
Guadalajara  
Hilton

### Mexicali

Hotel del Norte

### Tijuana

Ceasar Hotel

### Monterrey

Ambassador  
Ancira  
Rio

It is recommended that you reserve accommodation in advance.

## Currency

There are no restrictions on the amount of currency that may be brought into or taken out of Mexico. U.S. travellers cheques and currency are suggested for use rather than their Canadian equivalents which are not readily recognized. Obtain Mexican currency from a bank for a fixed U.S. dollar rate. Carry a few pesos at all times as taxi drivers are often not able to change de-

nominations larger than ten pesos. Personal cheques will not be accepted without being put through for clearance—which may take considerable time. Telegraphic transfers may also take several days. Better known North American credit cards are widely accepted at hotels, restaurants and gift shops.

### **Travel Documents**

Businessmen intending only to survey the market and make contacts generally require only a tourist card and valid passport. Businessmen intending to actually write orders or engage in other directly remunerative activities may require a business visa, application for which should be made well in advance. Tourist cards may be obtained, upon presentation of passport, from the Mexican Embassy or nearest Mexican Consulate, Mexican Government Tourist Bureaus in Montreal and Toronto, CP Air when using their service, or from Mexican Consulates and certain travel firms in the United States. The single entry tourist card is valid for six months and available gratis. Entry permits for automobiles, valid for six months, may be obtained free at the port of entry.

### **Business Calls and Entertainment**

Generally two to three calls a day, Monday through Friday, are all that are possible—one probably being in the form of a business lunch. Allow 30 to 45 minutes travel time when visiting offices or factories in some outer suburbs of Mexico City. Most businessmen speak English or have English-speaking staff members. Usual entertainment includes lunch, cocktails or dinner at a hotel or restaurant and, to a limited extent, private clubs if a Mexican is host. Foreign business visitors are seldom invited to Mexican homes.

The Embassy may be used as a mailing address for letters, cables and any non-dutiable materials.

### **Baggage**

Personal effects in normal quantities are admitted duty free. These include a still camera, movie camera, six rolls of film for each, tape recorder, radio, television set, camping equipment and sporting goods as well as personal clothes. Baggage must accompany the visitor, otherwise considerable delay and expense may be experienced in clearing it through customs.

### **Clothing**

Canadian spring and fall weights are suitable the year round. Dress is conservative—dark suits are appropriate for business calls and evening socializing. Sportswear is usually appropriate only at resorts like Acapulco. Carry a raincoat or umbrella from May through September.

## **VI. CANADIAN GOVERNMENT ASSISTANCE TO CANADIAN EXPORTERS**

The Canadian government provides various services directly or indirectly intended to assist the exporter in his endeavours. The Department of Industry, Trade and Commerce permanently maintains in Mexico three trade commissioners who are at the disposal of businessmen for preliminary assessment of the market, possibilities for a given product, contacts and general information on trade.



Market intelligence and opportunities are compiled monthly and published in the department magazine, Canada Commerce. Firms interested in exporting can subscribe free of charge by writing to the Editor, Canada Commerce, Department of Industry, Trade and Commerce, Ottawa, Ontario, K1A 0H5.

Other support is offered by institutions such as the Export Development Corporation and specific programs administered by the Department of Industry, Trade and Commerce including the Export-Oriented Training Program and certain techniques of market development activities.

## **Export Development Corporation**

The Export Development Corporation (EDC) is a Crown Corporation empowered by federal statute to insure Canadian firms against non-payment when Canadian goods and services are sold abroad; to make loans to foreign purchasers of Canadian capital equipment and technical services; to guarantee financial institutions against loss when they are involved in an export transaction either by financing the Canadian supplier or the foreign buyer; and to insure Canadians against loss of their investments abroad by reason of political actions.

## **Export Credits Insurance**

EDC may insure contracts involving consumer goods and miscellaneous general commodities sold on short-term credit up to a maximum of 180 days; and capital goods, such as heavy machinery, on medium-term credit up to a maximum of five years. EDC may also insure earnings from the rendering of service to a foreign customer.

In the case of goods and services sold on short-term credit, a comprehensive policy is issued which covers an exporter's entire export sales for one year. For goods and services sold on medium-term credit, specific policies are issued for each transaction.

There are two types of policies: a Contracts Policy which protects from the time an exporter receives the order until he is paid, and a Shipments Policy which protects him from the time of shipment only. The Contracts Policy is designed for the exporter who manufactures goods to particular specifications, or goods which are so marked or stamped that they are of no value except to the original buyer. If an exporter does not need to protect himself against the risk of loss before shipment, he should then take a Shipments Policy.

The main risks covered under a policy are the insolvency of a foreign buyer or his failure to pay, within six months after the due date, for goods he has duly accepted; blockage of funds or transfer difficulties; war or revolution in the buyer's country; cancellation or non-renewal of an export or import permit.

EDC does not cover trade disputes or risks that can be and normally are insured with commercial insurers.

The transaction should normally have a Canadian material / labour content of at least 60 per cent.

To obtain spread of risk, an exporter generally insures his exports to all countries, excluding sales made against irrevocable letters of credit and those paid for in advance. He may also exclude sales to buyers in the United States. EDC is prepared to consider exclusion of other countries, provided those remaining to be insured provide EDC with sufficient spread of risk. EDC normally covers a maximum of 90 per cent of the amount of the loss.

To assist him in financing for exports, a policyholder may request EDC to assign the proceeds of any losses payable under a policy to a bank or other agent providing financing in respect of export sales. An exporter may assign an individual bill or he may make a blanket assignment of all his foreign accounts receivable.

A further aid in financing in the case of medium-term credit sales is available in the form of unconditional guarantees to chartered banks or other lenders who agree to provide non-recourse supplier financing. Such guarantees may be issued in respect of insured or insurable sales of capital goods and services. Guarantees may also be provided to banks for specific loans made to cover the material and labour costs involved in the manufacture of capital goods insurable as medium-term export transactions.

## **Export Financing**

EDC makes loans to foreign purchasers, or guarantees private loans to foreign purchasers, in support of Canadian exports of capital equipment and related services when extended credit terms are required to meet international competition and when commercial financing is not available.

In addition, where international competition so requires, EDC may guarantee local cost financing provided by the private sector, or may finance directly, using EDC or government resources, up to a maximum of 20 per cent of the value of the goods and services exported from Canada in respect of a financed project.

Eligible transactions cover the power, transportation, communications and other capital goods industries as well as services related to appraisal and development (but not feasibility studies) of natural resources and projects for public utilities and primary and secondary industry.

The \$1 million minimum is no longer rigidly enforced.

It is usually the Canadian exporter and not the foreign borrower who submits the loan application to EDC. The Canadian exporter, or the one acting as prime contractor for the project if more than one exporter is involved, should approach EDC for an opinion as to the eligibility of an export sale for financing before a commercial agreement is signed.

The transaction should have a Canadian material / labour content of at least 80 per cent.

The borrower need not be the importer in the transaction as, for example, when a government might borrow on behalf of one of its agencies or a bank on behalf of one of its clients.

EDC may make loans to foreign national development banks for relending to importers in their respective countries to enable them to buy Canadian capital goods.

## **Foreign Investment Insurance**

To open new markets to Canadian businessmen by bringing the manufacture or assembly of goods nearer potential markets and to contribute to the advancement of less-developed nations, EDC offers insurance against certain political risks of loss of Canadian investment abroad.

The program offers facilities covering three broad political risks:

- (1) expropriation
- (2) inconvertibility, or inability to repatriate earnings or capital
- (3) insurrection, revolution or war.

The investor can elect to take out a policy covering any, or all, or any combination of the three political risks.

The program calls for the investor to carry a percentage of the liability; the remainder is borne by EDC. This co-insurance requirement is extended to all contracts regardless of investor or country. The normal co-insurance to be carried by the investor is 15 per cent.

Any person, including private companies, government agencies, partnerships and organizations, carrying on business or other activities in Canada, and wishing to insure a new in-



vestment, should approach EDC as early as possible in the planning stages of the investment for an opinion as to the eligibility of the proposed investment for foreign investment insurance.

The above outlines the activities of the EDC. Not all aspects will, of course, apply to every country. For more detailed information businessmen should consult the EDC directly. Headquarters are located in Ottawa with branches in Montreal, Toronto and Vancouver.

### **Export-Oriented Training Program**

The Department of Industry, Trade and Commerce will purchase round-trip economy air transportation for a foreign trainee who is interested in scientific or technical training with a Canadian company in Canada. Applications from Canadian firms (or trade associations) are accepted and judged according to the following criteria:

- it should demonstrate how the training might result in enhanced export business
- the trainee must be an employee of a potential customer or a person in a position to influence sales. (He cannot be on the payroll of the Canadian applicant)
- he should be of a calibre or in a position to influence buying decisions
- the training should be a minimum of two weeks.

Applications should be submitted to the Office of Export Programs and Services, Department of Industry, Trade and Commerce, Ottawa, K1A 0H5.

### **New Program for Export Market Development**

In April 1971, the Department of Industry, Trade and Commerce introduced a new program of incentives for export market development.

Four main principles underly the new program. First, the intention of the program is to "help companies help themselves." Second, the program aims to bring about company initiatives that would not have been taken without the program. Third, the program is intended to assist a company through a barrier, not to offer a prop; that is, the company involved must propose a project that makes "good business sense." Finally, the potential effectiveness of a project is a condition for obtaining funds. "Effectiveness" is measured in terms of the dollars obtained for new exports compared with dollars spent.

The above-mentioned principles have led to a program of the following general form.

- a) The expenses eligible for sharing with the government will be those necessarily and actually incurred in the pre-contractual phases: costs of exploratory visits and studies, preparing proposals and preparing bids, etc. The government contribution will be 50 per cent of transportation and of special and unusual costs, and \$70 per day toward personnel costs.
- b) In order to meet our obligations under the GATT, the government's contribution is repayable if the company is successful in obtaining the additional business sought.
- c) The program is composed of a number of sections each tailored to a particular type of marketing action.

The objective of section A, "Incentives for Participation in Capital Projects Abroad," is to increase Canadian participation in foreign capital projects by sharing with companies expenses incurred when competing during the pre-contractual phases of approved projects. The objective of Section B, "Market Identification" and "Marketing Adjustment," is to bring about a sustained increment in the export of Canadian products, especially manufactured goods.

Section C of the program, "Incentives for Participation in Trade Fairs Abroad," is intended to bring about a sustained increment in the export of Canadian goods and services by increasing the level of participation by Canadian companies in trade fairs outside Canada. The purpose of

Section D, "Incoming Buyers," is to bring about a sustained increment in the export of Canadian products, especially manufactured goods, by aiding companies financially in projects that bring potential foreign buyers to the plant(s) of the Canadian firm(s) involved. Section E, "Formation of Export Consortium", aims at assisting in the formation and early operation of a permanent consortium as a means of improving the competitive position of Canadian industry.

- d) A company applies in advance, against published criteria. Each proposal gets the best advice available from specialists in the department, and, in some cases, outside agencies. In approved cases, a legal agreement is made.

Applications should be sent to, and further information may be obtained from:

Office of Export Programs and Services  
Program Office, Export Market Development  
Department of Industry, Trade and Commerce  
Ottawa, Canada K1A 0H5  
Tel: (613) 995-7481

## **VII. USEFUL ADDRESSES**

The Canadian Embassy in Mexico:

Commercial Counsellor  
Canadian Embassy  
Apartado Postal 5-364  
Melchor Ocampo 463, 7th Floor  
Mexico 5, D.F., Mexico  
Phone: (905) 533-0610  
Telex: 017-71191  
Cable: CANADIAN

In Canada:

Latin American Division  
Western Hemisphere Bureau  
Department of Industry, Trade and Commerce  
Ottawa, Canada K1A 0H5  
Phone: (613) 996-5546

## **Mexican Government Offices**

Embassy of Mexico  
130 Albert Street  
Suite 206  
Ottawa, Ontario K1P 5G4  
Phone: (613) 233-8988

Consulate General of Mexico  
3450 Drummond Street  
Suite 1501  
Montreal, Quebec H3G 1Y1  
Phone: (514) 288-2502  
(514) 288-4916

Consulate of Mexico  
1055 West Georgia Street  
Royal Centre  
Suite 1402  
P.O. Box 11108  
Vancouver, British Columbia  
V6E 3P6  
Phone: (604) 684-3547

Consulate of Mexico  
2040 Terrasse Stuart  
Sillery, Quebec G1T 1H8  
Phone: (418) 527-1374

Consulate of Mexico  
Commerce Court West  
Suite 2701  
King and Bay Streets  
P.O. Box 255  
Toronto, Ontario M5L 1E9  
Phone: (416) 368-5798  
(416) 368-5792

Office of the Commercial  
Counsellor for Mexico  
Commerce Court West  
Suite 2725  
P.O. Box 235  
Toronto, Ontario M5L 1E8  
Phone: (416) 364-4770

Mexican National Tourist Consul  
Toronto-Dominion Bank Tower  
700 West Georgia Street  
Suite 1225  
Vancouver, British Columbia V7Y 1B6  
Phone: (604) 682-0551

Mexican Government Tourism Department  
3 Place Ville Marie  
Montreal, Quebec H3B 2E3  
Phone: (514) 866-4079

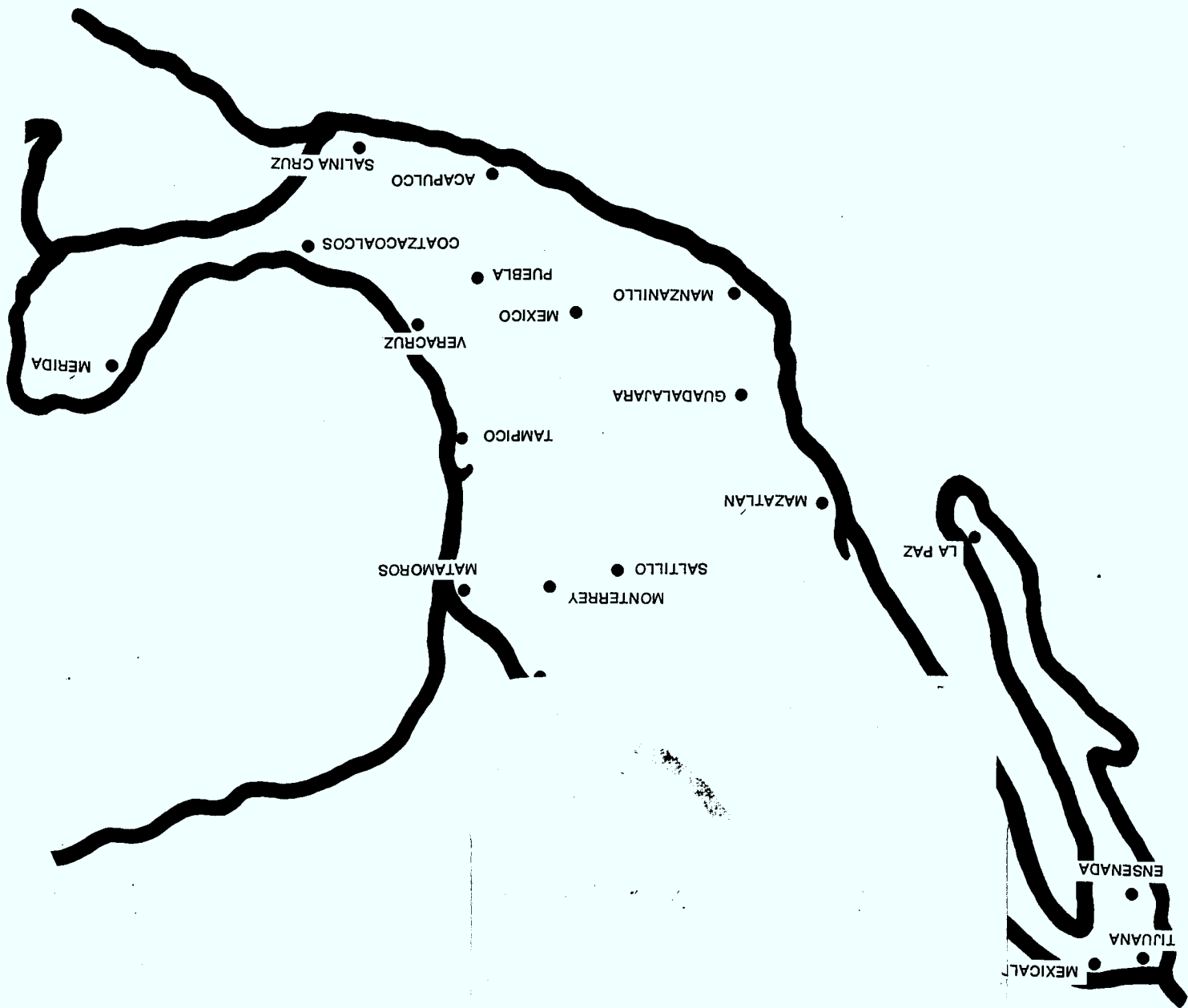
Mexican Government Tourism Department  
85 Richmond West  
Toronto, Ontario M5H 2E1  
Phone: (416) 364-2455

Mexican National Tourist Consul  
Suite 2409  
1 Place Ville Marie  
Montreal, Quebec H3B 3M9  
Phone: (514) 871-1052

## REGIONAL OFFICES

IF YOU HAVE NOT PREVIOUSLY MARKETED ABROAD, CONTACT THE NEAREST REGIONAL OFFICE OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE IN YOUR AREA.

NEWFOUNDLAND LABRADOR	Director 210 Water Street St. John's, Newfoundland A1C 1A9	Tel: (709) 722-6074 Telex: 016-4749
NOVA SCOTIA	Director Suite 1124, Duke Tower 5251 Duke Street, Scotia Square Halifax, Nova Scotia B3J 1N9	Tel: (902) 426-3851 Telex: 019-21829
NEW BRUNSWICK PRINCE EDWARD ISLAND	Director Suite 642, Eastern Canada Building 440 King Street Fredericton, New Brunswick E3B 5H8	Tel: (506) 454-9707 Telex: 014-46140
QUÉBEC	Le directeur Bureau 2124, Place Victoria C.P. 257 Tour de la Bourse Montréal (Québec) H4Z 1J5	Tél: (514) 283-6254 Télex: 012-0280
	Le directeur Suite 620 2, Place Québec Québec (Québec) G1R 2B5	Tél: (418) 694-4726 Télex: 011-3312
ONTARIO	Director Commerce Court, West 51st Floor P.O. Box 325 Toronto, Ontario M5L 1G1	Tel: (416) 369-3711 Telex: 022-1691
MANITOBA	Director Suite 1104, Royal Bank Building 220 Portage Avenue Winnipeg, Manitoba R3C 0A5	Tel: (204) 985-2381 Telex: 07-57624
SASKATCHEWAN	Director Room 980, Avord Tower 2002 Victoria Avenue Regina, Saskatchewan S4P 0R7	Tel: (306) 569-5020 Telex: 071-2745
ALBERTA NORTHWEST TERRITORIES	Director 500 Macdonald Place 9939 Jasper Avenue Edmonton, Alberta T5J 2W8	Tel: (403) 425-6330 Telex: 037-2762
BRITISH COLUMBIA YUKON	Director P.O. Box 49178 Suite 2743 Bentall Centre, Tower III 595 Burrard Street Vancouver, British Columbia V7X 1K8	Tel: (604) 666-1434 Telex: 04-51191



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