



Import procedures in Mexico (DDP& EXW shipments)

Every government in each country is responsible for the protection of the fauna, flora, citizens and all the goods produced and consumed in their territories. This is the reason why each country issues rules and regulations for the importation or exportation of goods. Sometimes all of us involved in international trade have difficulties understanding the reason behind some of the rules. We can only accept them and abide them, believing that there is a reason for their existence or at least that they are the best way that the government has found to try to fix a problem in its country.

Mexico is no different than all other countries, it has its own rules and regulation, but because of its geographical location as the last country and border of North America to the rest of the Americas, Mexico is unfortunately the only drug pass to North America. This is the reason why the government tries to control the importers, as well as the cargo they are importing.

One of the regulations enforced by the Mexican government, and probably one that causes a lot of trouble for foreigners to understand is the one that states that only Mexicans or Mexican companies are allowed to import cargo into Mexico with the only exception of the households owned by foreigners moving into Mexico. This rule directly affects Shipments under the following Incoterms: Delivery Duties Paid (DDP) & Ex Works (EXW) when importing into Mexico, strictly speaking this rule forbids DDP & EXW Shipments due to the fact that there has to be a Mexican (person or company) responsible for the cargo and the payment of the necessary duties in order to start the importation customs procedures. These Mexican companies must be registered as importers; also they must name in advance the Customs Broker or Brokers they will use to clear their cargoes.

Must people involved in international commerce, and with the experience and knowledge of the ways that other countries operate to facilitate the commerce between countries, may find this rule antiquated, especially because it makes things more complicated for new products to be launched into Mexico. Instead of allowing a company to offer their product in Mexico by themselves for anyone to buy, they have to wait for a Mexican to be interested in their product, to contact them and buy the product and import directly as a Mexican.

If a Shipper is interested in selling their products in DDP or EXW bases to Mexico there are a couple of things they can try. Unfortunately there is no way around the rule that forbids foreigners to be legally responsible for the importation of the product. So the first question to ask is, if the cargo has been already sold to a Mexican person or company. If this is the case, then the battle is half won, as there is a person that may fulfill the requirements necessary to import the cargo, the only thing that remain is to check if they are registered as importers and officially name the Customs Broker they will use and cover the Importation Charges (Duties, Taxes and Customs Agent Fees). Here is where the Forwarding Agents come to play, if the consignee is a regular importer then he should be registered and have a pre-named Customs Broker; the Forwarder then may approach the Consignee's Broker to check if he is willing to receive Duties, Taxes and the payment for his services from the Forwarder on behalf of the consignee, this will allow the Shipper to cover the costs

as stipulated by the DDP, EXW incoterms. In case the consignee is new to the international commerce, then the Forwarder may help him register as importer, obtain the necessary permits and recommend a Customs Broker, as the Broker is recommended by the Forwarder, there should be no problem in him accepting the Import Charges on behalf of the consignee allowing as before the Shipper to cover the importation cost. It is important to highlight that in both of these cases the Consignee will be the person legally responsible for the Cargo, not the Shipper, but at least the financial burden will fall under the Shipper.

There might be that case in which the Consignee might not fill the necessary requirements to import the cargo, or even the case in which the cargo has not been sold to a person in Mexico yet. In those cases the only way left to import the cargo to Mexico is to ask the Forwarder to hire the services of a “Comercializadora” a Marketing/Trading Company that already is registered as importer and has the permits and requirements necessary to import the cargo. They usually charge a percentage of the invoice value, to import the cargo on their name, they will be legally responsible for the cargo, and once the Shipper sells the cargo whole or partially, they will provide a new invoice to the buyer so that he may take legal position of the cargo. This process allows the Shipper to sell their products on DDP and EXW terms, but the costs are higher because besides the Importation Charges (Duties, Taxes and Customs Agent Fees) there will also be the costs of the “Comercializadora”.

A third but more uncommon option: The Shipper may ship the cargo to Mexico and store it in a Customs Bonded Warehouse, where it can wait indefinitely until the shipper finds a buyer, then either one of the two previous options can apply in order to finalize the importation. This option is uncommon because it is the most expensive of them all.

These three options may help you position your cargo into Mexican markets but always remember that a Forwarder Agent is the perfect ally for any international seller and/or buyer. They can always give you in advance the requirements and permits necessary for importing or exporting to or from any country. Talking to their Forwarder Shipper and Consignee will avoid Demurrages, Storages, fines, etc. or in some cases the total loss of the Cargo.

Global Transport Link, S.A. de C.V.

References: Incoterms 2015, Mexican Customs Law 2015.