



FAQ

CUSTOMS CLEARANCE WHEN SHIPPING TRUCKLOAD TO MEXICO

Whom do I contact when shipping to Mexico?

Tranco Global will coordinate with both the US and Mexican carriers to provide a door-to-door shipping solution. For info on shipping to, from or within Mexico, please contact Tranco Global at (423) 803.4700 or mexico@trancoglobal.com.

What is a customs broker?

A customs broker is licensed by the host government to act as an agent on behalf of the importer of record (IOR) in the clearing of goods. Tranco Global is a licensed customs broker in the United States. A customs broker licensed in Mexico will be required for clearance and will always be selected by the Mexican IOR.

If I am a US company or individual, can I be the IOR in Mexico?

No. Mexican customs require that the IOR be a company or individual in Mexico. This means that your consignee or buyer in Mexico will always be the importer. Unlike Canada and the US, non-resident importer (NRI) status is prohibited in Mexico.

Who selects the Mexican customs broker?

The IOR will always select the customs broker in Mexico. The IOR pays the broker fees and all duties or taxes. You must understand who the customs broker is for your consignee in advance of shipping to Mexico. The customs broker will be an intermediate consignee at the border.

Who will the Mexican customs broker invoice for duties, taxes, and clearance services?

The IOR that selects the customs broker will be invoiced for all charges associated with the import broker fees, duties, and taxes.

What is the major difference between Mexican and US customs clearance?

The customs broker inspects almost every shipment going into Mexico. Unlike the US where the customs broker has an arms-length responsibility for verifying shipment accuracy, the customs broker in Mexico is directly responsible for authenticating the description and value for the reported entry. This means that, in almost every circumstance, the Mexican customs broker will offload the freight and open all sealed units. Exhibit 1 shows a truckload of freight that has been offloaded by the broker and cut open for inspection.



Exhibit 1



If my shipment was previously inspected by the Mexican customs broker, could it also be inspected by Mexican customs?

Yes. After the customs broker has inspected the freight, Mexican customs has the authority to perform a government inspection to validate the broker's entry.

What paperwork does the shipper need to provide at the time of pickup?

It is important for the shipper to know who the IOR's customs broker is before shipping, as the paperwork needs to include the Mexican customs broker's name, address and contact information. The shipper will typically need to provide the carrier with the following documents:

- Commercial invoice either attached to the bill of lading or sent directly to the customs broker with proper notation on the bill of lading.
- Bill of lading that specifies:
 - Shipper
 - Consignee
 - Mexican customs broker address (US side) and contact info.
- NAFTA Certificate of Origin (C/O) (optional)
- Packing List (optional): a packing list can assist the Mexican customs broker with their inspection process
- Additional documents as required for "special commodities."

What is the freight flow when shipping to Mexico? (Exhibit 2)

1. The shipper loads the freight and provides the bill of lading with all necessary paperwork (i.e., commercial invoice, NAFTA C/O, etc.).
2. When the shipment arrives at the border, the US truck will deliver the freight to the Mexican customs broker's facility on the US side of the border as specified by the Mexican IOR and clearly identified on the bill of lading.
3. The Mexican broker will:
 - a. Inspect the freight authenticating descriptions and values to ensure they coincide with the commercial invoice. If the freight is in a trailer or dry van, it will typically be unloaded for inspection. If the freight is readily accessible in the van or on a flatbed, the broker may be able to perform the inspection without extensive rehandling. The unloading decision is entirely at the Mexican broker's discretion.
 - b. Fill out a Mexican entry form known as a "pedimento."
 - c. Assist in filing an Export Declaration.
 - d. Notify the Mexico carrier to pick up the load once it's ready to cross.
4. Tranco's Mexico carrier will cross the shipment into Mexico and present the pedimento to customs. If everything is in order, the shipment will clear at the border. In some circumstances, Mexican customs will require an inspection at a secondary facility.
5. After customs release, the shipment will continue en route to final delivery in Mexico.

Will the tractor and trailer that I load in the US be going into Mexico?

No. US and Mexico tractors are only allowed to operate freely within a narrow commercial zone along the border. Instead of traveling directly to Mexico, the US truck will deliver the originating trailer at the Mexican customs broker's facility on the US side of the border. However, since freight is typically offloaded by the customs broker for inspection, it is many times less expensive to "cross-dock" from the US trailer to a Mexican trailer at the broker's location. This cross-docking is typically charged to the importer as part of the customs clearance process.



Although under no circumstances will a US truck be allowed to operate in Mexico beyond the commercial zone, it is possible for trailers, flatbeds, tanks, and other equipment to be interchanged between US and Mexico carriers. Again, unless the cargo has characteristics that will allow the broker to access and inspect the freight without offloading, most truckload shipments will be removed from the trailer and placed on the warehouse floor for verification by the Mexican customs broker (see Exhibit 1 above). Of course, there are numerous reasons why a shipper may not want their freight transloaded at the border. For instance, in the case of flatbed and out-of-scale shipments that require significant blocking and bracing, rehandling may involve significant risk to the cargo. Your Tranco Global sales representative will be happy to assist in developing innovative solutions specific to your shipping needs.

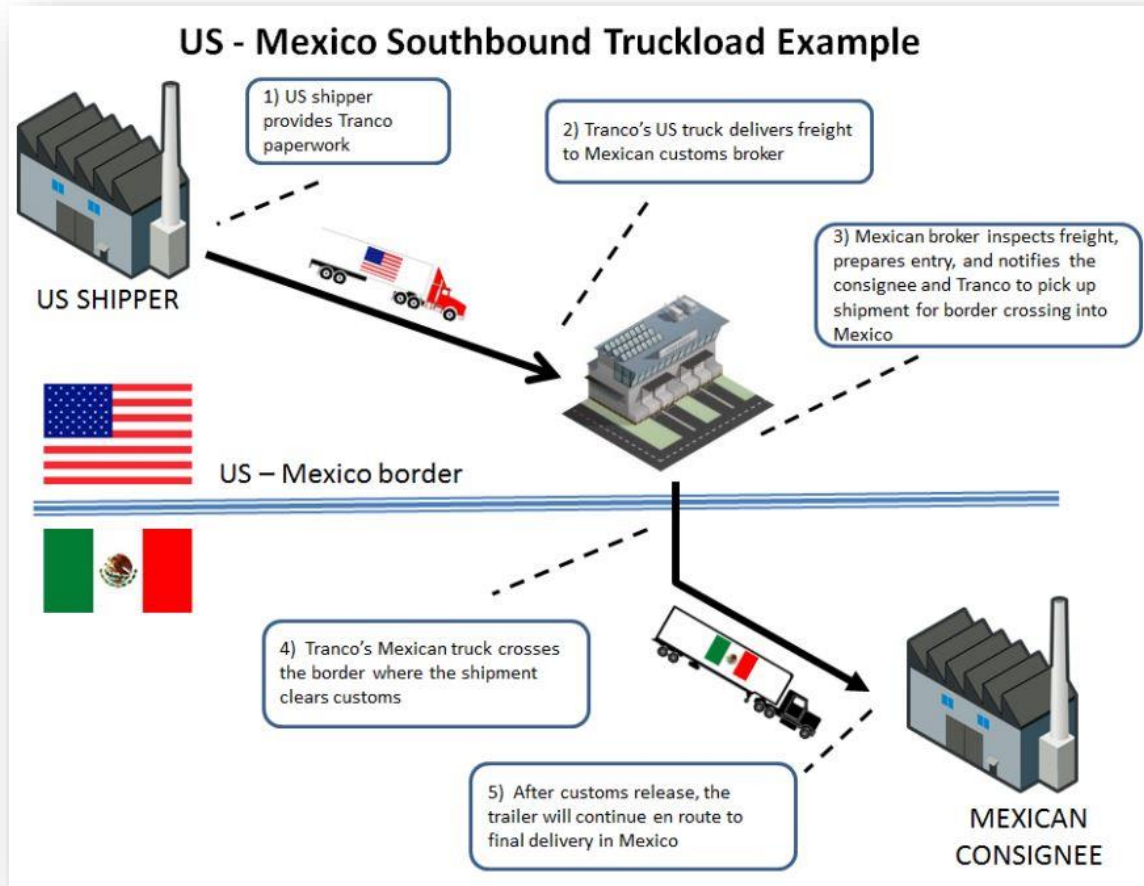


Exhibit 2