

BAJA STUDIOS

THE PROCESS OF EXPORTING GOODS INTO MEXICO

The production company submits (by fax) a *pro-forma shipping invoice* to its U.S. broker representative at the border a day before a shipment is to cross the border. The procedure is as follows:

a) The information from the pro-forma shipping invoice is translated into Spanish and sent to your Mexican Customs agent (on the Tijuana side of the border), where a *pedimento* is issued. The *pedimento* is your official Mexican shipping document, and all items listed on a single *pedimento* must be coded. Unless a consolidated (single) code is authorized in advance, each type of item listed on the *pedimento* will be assigned an individual code. Your custom agent will assist with coding item in the invoice.

b) Once the *pedimento* has been completed, a working copy is faxed back to the U.S. broker rep's office.

c) The broker will issue a *Shipper Export Declaration* if shipments are valued at more than \$2,500 and/or are *temporary exports*. You can be fined up to \$500 for not having a Shipper Export Declaration when necessary. For temporary exports valued at less than \$2,500, the pro-forma shipping invoice will be stamped "*No SED Required*".

d) Temporary exports also require a completed U.S. Form No. 5504, a registration of your merchandise, which is needed to return the goods back into the U.S. U.S. Customs will stamp this on the way out of the country, and it should be kept on file with the proforma and *pedimento*.

e) Your shipment should arrive at your broker rep's warehouse in Otay Mesa first thing the next day via truck. The truck should arrive between 8:00 and 9:00 am, the later it arrives, the less chance there is of crossing the border that day.

f) If you are bringing a trailer or flatbed that cannot be driven into Mexico, the trailer is dropped off and later towed across the border by a Mexican tractor, driven by a Mexican driver. If necessary, the load will be transferred onto a Mexican truck.

g) The content of the truck is checked against the information you submitted on your proforma shipping invoice. It is the responsibility of your broker to make sure you shipment will clear Customs, so if the paperwork does not match the load in any way, the shipping documents must be amended or the load possibly separated. Temporary and Definite exports must also be separated, as they are not allowed to cross in the same shipment. The items in the trucks need to be labeled and easy to spot-check. No crate should be secured so tightly that it cannot be opened and inspected. Trunks and cabinets with keys should be unlocked, or the driver should have the keys.

h) Duties for definite exports are paid before the truck leaves. Once the broker ascertains that the merchandise listed on the *pedimento* is correct, the duty is electronically transferred from their bank to Mexican Customs.

i) After the merchandise has been checked, duties paid and the load is approved for clearance, the driver will be handed a copy of the pro-forma shipping invoice, the *pedimento*, and as necessary -- the Shipper Export Declaration, the registration forms

and any other supporting documentation needed for this particular shipment. The driver is then directed into line at U.S. Customs' export facility.

j) U.S. Customs will not generally inspect out-going loads other than "in-bond" shipments and heavy machinery (such as cranes). U.S. Shipper Export Declarations and registration forms are presented and stamped at this time.

k) Once cleared through U.S. Customs, the drivers will pass through a gateway into the Mexican Customs compound, where they will be met, by a runner from your customs broker, with an original *pedimento*.

l) At Mexican Customs, the original *pedimento* will be stamped (with the date and time) by a computer, which, at the same time, will randomly determine if this shipment is to receive a green light or red light.

m) If green lighted, and the customs officer feels satisfied that everything is in order, the truck will be allowed to proceed into Mexico. If red lighted, the truck will be directed toward a secondary inspection area. The actual inspection could range from a quick cursory look into the truck to having every item in the truck taken out, opened up and thoroughly gone through. Once a truck has passed its inspection, it must pass through another green-light, red-light station and is subject to a second random inspection.

n) From the time your truck arrives at your broker's office in the morning until the time it crosses into Mexico could take as little as an hour or as long as eight hours, depending on:

- 1) The size of your shipment.
- 2) How long it takes to spot-check the load against your pro-forma shipping invoice.
- 3) How long the line of trucks is that particular day leaving the U.S.
- 4) Your luck in catching green lights (or not) while crossing through Mexican Customs, and, if red-lighted, the amount of time it takes for Mexican Customs to inspect the load.

There is little that can be done to alter this process. So be patient and have your trucks arrive as early and as prepared as possible.