

CARGO LIABILITY INSURANCE IN MEXICO

A North American supply chain pain point



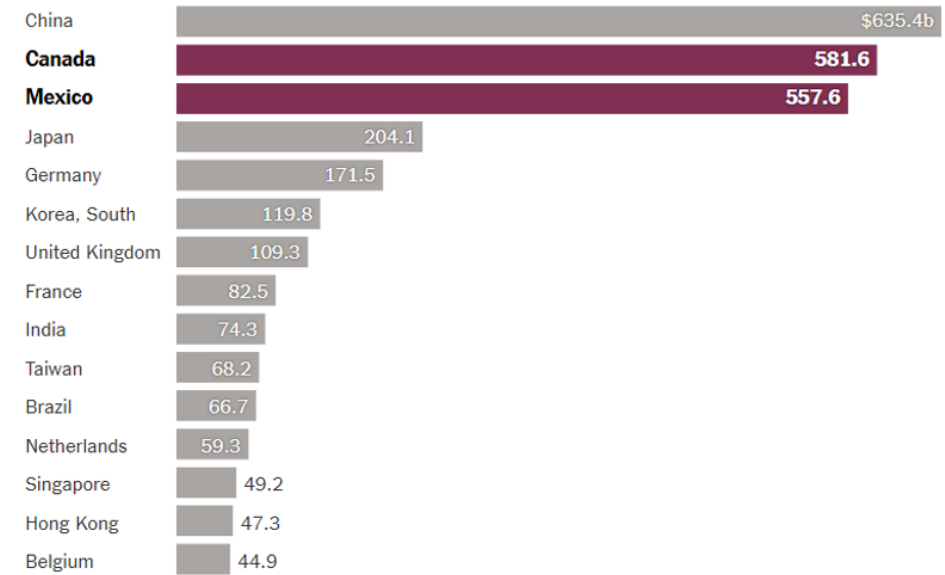
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U.S., Canadian and Mexican companies have made huge investments across the border to build up the highly competitive and integrated North American production platform that now exists.

The United States-Mexico trade relationship has grown enormously from what had been about an \$80 billion dollar relationship just before NAFTA to \$550 billion in 2017, making Mexico the third-largest trading partner for the U.S. and, recent trade changes represents no signs of slowing.

With recent changes to NAFTA (now USMCA) and Trump’s duties on Chinese goods and products, these same companies have active initiatives to increase their footprint in Mexico. In addition, multiple companies without presence in Mexico are actively evaluating the relocation of their manufacturing products or sourcing from a closer, low cost neighbor country.

Value of imports and exports with America's top trading partners in 2017 (in billions).



By The New York Times | Source: United States Census Bureau

Manufacturing companies domiciled in the United States and Canada, who have a large or growing presence in Mexico, are constantly looking for reliable and qualified Mexican trucking companies and freight brokerage partners.

Mexico cross-border shipments involve a mix of trade compliance and transportation matters which are complicated, due primarily to the fact that border processes and systems are so different from one to the next. Automation is one of the main discrepancies among the three countries.

Mexico freight moves bring additional challenges, particularly with security. Most Mexican carriers and freight brokers lack the ability to provide visibility or tracking of their freight as well as cargo insurance, and questions frequently arise about the liability of Mexican motor carriers for cargo loss or damage.



Generally speaking, shippers pay special attention to trade and transportation matters, however, many shippers are unaware cargo coverage is not standard for Mexico shipments with most logistics providers. It is also very common to find that shippers are unaware of how cargo insurance in cross border shipments typically works.

So – [how does cargo liability in cross border transportation typically work?](#) Typically, the liability rules of the origin country will control the outcome of a claim. Therefore, if a shipment being transported from the United States to Mexico under a through Bill of Lading, such shipment is subject to cargo liability under the American rules. In the U.S., the carrier’s liability would generally be subject to the terms of 49 U.S.C. 14706 (the current version of the Carmack Amendment to the Interstate Commerce Act).



U.S.-Mexican Border Land-Freight Gateways: Number of Incoming Truck Container Crossings

2014		2015		2016		2017	
Total U.S.-Mexican border	5,313,783	Total U.S.-Mexican border	5,536,865	Total U.S.-Mexican border	(R) 5,765,003	Total U.S.-Mexican border	6,900,116
Total top 5 gateways	4,285,646	Total top 5 gateways	4,486,128	Total top 5 gateways	(R) 4,623,982	Total top 5 gateways	5,505,680
Laredo, TX	1,923,085	Laredo, TX	1,992,876	Laredo, TX	2,049,183	Laredo, TX	2,537,573
Otay Mesa/San Ysidro, CA	813,099	Otay Mesa/San Ysidro, CA	831,645	Otay Mesa/San Ysidro, CA	901,963	El Paso, TX	916,699
El Paso, TX	696,611	El Paso, TX	763,939	El Paso, TX	(R) 747,367	Otay Mesa/San Ysidro, CA	897,558
Hidalgo, TX	520,087	Hidalgo, TX	551,134	Hidalgo, TX	564,056	Hidalgo, TX	724,682
Nogales, AZ	332,764	Calexico East, CA	346,534	Calexico East, CA	361,413	Calexico East, CA	429,168

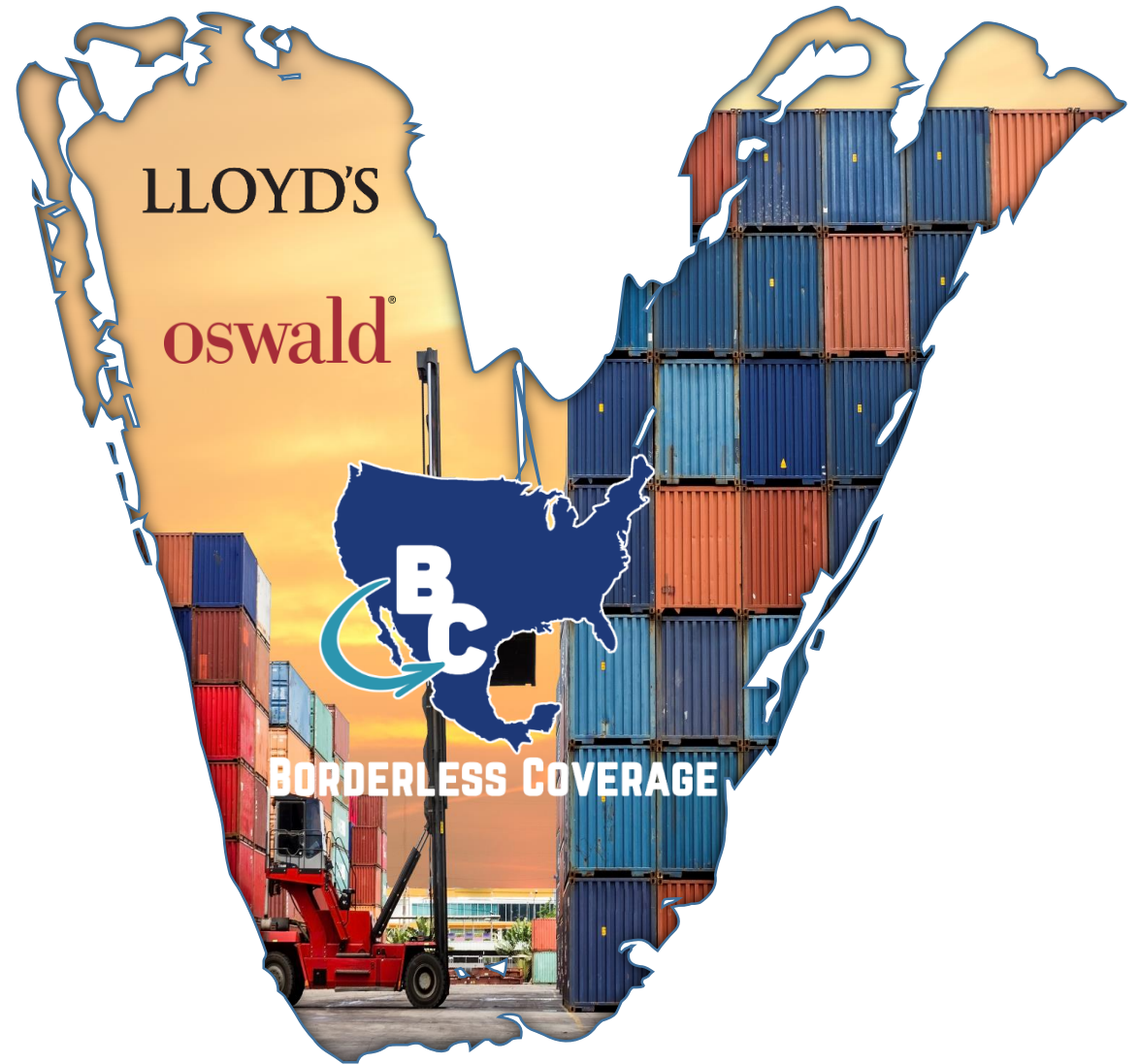
<https://www.bts.gov/content/us-mexican-border-land-freight-gateways-number-incoming-truck-or-rail-container-crossings>

The mentioned rule set is hard to apply in an economy impacted by several factors including strong domestic freight demand, the explosion of cross-border e-commerce in the United States and the challenges of the recently ELD mandate. This has created some serious issues for shippers, carriers, and logistics companies, adding a lot of pressure on cross-border trucking capacity between Mexico and the US. This combination of pressure and capacity has created a growing demand for trans loading cargo at the border.

DISCOVER THE JOY OF SUPPLY CHAIN MANAGEMENT

Vitti Logistics has taken a proactive approach to address this crucial North American supply chain pain point. Vitti is proud to partner with Borderless Coverage and Oswald Companies to accomplish this need for our North American clients. Borderless Coverage, through Oswald Companies, now provides Shipper's Interest Cargo Insurance from the moment of pickup in the US/Canada to delivery in Mexico.

The Borderless Coverage product is wholly backed by Lloyds of London, they have eliminated the insurance discrepancies at the border, and is truly reducing the friction associated with cross-border commerce. Vitti is among the first logistics companies to take these objections out of the Mexican freight discussion. We continue to “build stronger bridges” across the border with our US and Canadian-based partners and look forward to increasing trade relationships between USMCA/NAFTA countries.



With growing cross-border business and increased dependency on transportation among b2b in NA, the need for a seasoned, reliable and experienced cross border logistics provider is a fact. Discover the joy of supply chain management, Vitti Logistics is here to help, give us a call and talk to one of our experts, we can certainly design a supply chain solution according to your specific requirements. In and outbound transportation, customs brokerage and contract logistics are our three main products. Learn more about how Vitti can be your partner of choice, contact us at direccionbd@vittilog.com or visit our website for additional information vittilog.com

By Antonio Luna, Managing Partner

**We would love
to hear from you**

USA +1 877 414 1765

Mexico +01 800 872 0351

vittilog.com

