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**MEXICO EXPORT  
PREPAREDNESS GUIDE  
EXPORTING AGRICULTURE AND  
AGRI-FOOD PRODUCTS TO MEXICO**

**INDEX TO MODULES**

**MARCH 2006**

**Prepared on Behalf of:**  
Agriculture and Agri-Food Canada

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**Mexico Export Preparedness Guide:** was prepared on behalf of Agriculture and Agri-Food Canada, in partnership with the provinces. It can be found on AAFC's Agri-Food Trade Service (ATS) web site, under Market Information/Mexico at:

<http://ats.agr.ca/info/lac-e.htm#Mexico>

There are eight modules in the Guide, each covering specific topics of interest to Canadian exporters:

- Module 1: Country Overview
- Module 2: Agri-Food Market Overview
- Module 3: Market Entry Strategies
- Module 4: Products: Adaptation, Packaging & Promotion
- Module 5: Distribution
- Module 6: Shipping Samples to Mexico
- Module 7: Practical Experiences
- Module 8: Key Contacts and Further Information

The Mexico Export Preparedness Guide is designed to provide the Canadian exporter with a solid understanding of the key factors and issues involved in exporting agriculture and agri-food products to Mexico. It is not, and cannot be, an exhaustive reference. Rather, it is intended to serve as a useful starting point for Canadian exporters interested in exploring the Mexican market.

The content of these modules is derived largely from secondary sources, including Canadian and foreign government resources, the Government of Mexico and independent third-party research. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be used as the only source of market information on this sector. By necessity, these documents represent a snapshot in time and readers are encouraged to check the accuracy and timeliness of the data before making business decisions about the Mexican market.

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**MEXICO EXPORT PREPAREDNESS**  
**GUIDE**

**EXPORTING AGRICULTURE AND  
AGRI-FOOD PRODUCTS TO MEXICO**

**MODULE 1:**  

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**COUNTRY OVERVIEW**

**MARCH 2006**

**Prepared on Behalf of:**  
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# COUNTRY OVERVIEW

## EXECUTIVE SUMMARY

Canada and Mexico share a relationship which has strengthened since the implementation of the North American Free Trade Agreement (NAFTA), the trilateral agreement between Canada, Mexico and the United States. It has led to the opening of trade and investment between the three countries, as well as contributed to reforms in Mexico's agriculture sector.

- Mexico has a notable presence within the trading community, particularly in Latin America, and has one of the world's most extensive free trade policies.
- The government of Mexico has worked to lessen protectionist measures on areas of the economy such as agriculture and public transportation.
- The Mexican economy is the largest in Latin America and is currently experiencing its longest stretch of rising production since December 2000.
- In January 2003, as scheduled under NAFTA, all customs duties were eliminated on trade of goods between Canada and Mexico, except for tariffs on specific products.

## Canada / Mexico

- Canada is Mexico's 2nd largest merchandise export destination, and Mexico is Canada's 5th most important export market overall.
- Canadian exports to Mexico have increased considerably from \$1.2 billion in 1995 to \$3.3 billion in 2005.
- Canadian direct investment in Mexico reached \$2.8 billion in 2004. Mexican direct investment in Canada amounted to \$427 million in the same year.
- Canada/Mexico bilateral agricultural food trade has been increasing steadily, reaching over \$1.6 billion in trade volume in 2005.
- Canadian agricultural food exports to Mexico totalled more than CAN\$1 billion in 2005.
- According to official import stats reported by the Mexican government, in 2005 Mexico imported CAN\$540 million of bulk goods from Canada, which represented 47% of the total agri-food imports from Canada.
- In 2005, Mexico imported CAN\$461 million of consumer goods from Canada, which represented 40% of the total agri-food imports from Canada.
- Intermediate goods make up the balance of Canadian agri-food exports to Mexico, with 13% of the total, reaching CAN\$155 million.
- Top Canadian agri-food exports to Mexico include seeds, meat, grains, cereals, malt, canola oil, frozen French fries and chocolate, among others.



## ECONOMY

Mexico has a free market economy, increasingly dominated by the private sector. The number of state-owned enterprises has fallen significantly in the past 20 years, to fewer than 200.

The region encircling Mexico City is the cultural and political hub of Mexico and encompasses one quarter of the population as well as the gross national product (GNP). The northern region of Mexico is characterized by industrial growth which shows a strong resemblance to the southwestern US. The southern region is rich in resources but is lacking in infrastructure.

The Mexican economy has shifted from protectionist to liberal in the past two decades. Still, the energy sector remains under strict government control. Privatization will likely be delayed for petroleum, as it is a major contributor to GDP and considered by Mexicans to be a national enterprise.

The Mexican economy is highly dependent upon exports, and since the demand for Mexican exports has revived, GDP growth has rebounded. Agriculture has also contributed to Mexico's GDP growth. The combination of high international prices, good climatic conditions and more planted acreage has added to Mexico's GDP.

### Current situation

The Mexican economy is dominant in Latin America and is currently experiencing its longest stretch of rising production since December 2000. The Mexican peso is vulnerable in the short term, but over the long term, the peso should appreciate against the US dollar.

Economic growth in Mexico stalled in 2001, due to a recession in manufacturing as a result of the slowdown in the US. The Mexican economy's GDP growth has been weak but increasing steadily over the past few years, at 0.8% in 2002, 1.4% in 2003, 4.2% in 2004 and 3.0% in 2005. This reflects the weak US economy. Mexico is more reliant on the US economy than that of Canada. The service and hospitality sector has traditionally been a strong contributor to the country's GDP, accounting for approximately 70% of GDP in 2004.

The official unemployment rate in Mexico for 2005 was 2.1%. This low unemployment rate masks the fact that Mexico suffers from considerable underemployment.

<b>Gross Domestic Product 2005</b>	
<b>GDP</b>	US\$758.9 billion
<b>GDP growth</b>	3.0%
<b>GDP per capita</b>	US\$7183

<b>GDP by Sector for 2004</b>	
Services	69.8%
Industry	28.0%
Agriculture	2.2%

## Government role

As the country moves from economic interventionism to a decentralized system, government involvement in the economy is expected to further decrease. Currently, the role of the Mexican government is to guarantee economic stability. Privatization, market forces and a laissez-faire attitude are the driving forces behind Mexico's current economic growth.

Mexico has made good progress in reforming its regulatory policies and institutions over the last few years, but needs to push forward with reforming key infrastructure sectors in order to make Mexico's economy more competitive. Strong political leadership as well as cooperation among policy-makers and private stakeholders has helped Mexico's economy through these reforms.

Although the government is aware of the need to upgrade infrastructure, modernize the tax system and labor laws, and provide incentives to invest in the energy sector, progress in these areas is slow.

## Forecast

Over the next two years, the pace of economic growth in Latin America is expected to run at a rate of 3.4%, below the long-term potential of 4% for the region. While Argentina and Venezuela may experience some structural setbacks, Mexico and Chile are likely to record the strongest gains in the region. The privatization of industry and transparency of government practices and policy are helping to steer Mexico in this direction.

If the economic situation in Mexico stays positive, Mexico is anticipated to become a first world nation and a new global voice to the world community.

## Consumer market

Mexico is the world's 13th largest importer of agri-food products and nearly 70% of imports are intermediate or consumer goods.

The Mexican population has an affinity for western products and ideas. However, there are also regions in Mexico that have their own unique preferences and purchasing capabilities (middle/upper income bracket). For instance, the consumer markets of northern Mexico are similar to those of the southeastern US in terms of a preference for American-style products, especially near the border.

<b>Demographics for 2005</b>	
<b>Total Population</b>	106 million
<b>Population Growth Rate</b>	1.4%
<b>Breakdown by Age</b>	
0-14 yrs	31.5%
15-64 yrs	63.2%
65 yrs and over	5.2%
<b>Life Expectancy</b>	
Male	72.2 yrs
Female	77.7 yrs
Total	74.9 yrs

Mexico can be divided into three main demographic areas. The northern region has 62% of the territory, but only 26% of the population and 30% of the GNP. The central region, encompassing Mexico City, has 18% of the territory, 50% of the population and 60% of GNP. The region to the southeast has 20% of Mexico's territory, with 16% of the population and only 10% of the GNP. The Northern region is the primary destination of exports to Mexico due to the area's strong manufacturing sector and proximity to the United States.

The urban regions in Mexico are highly concentrated and over 75% of the total population lives in these areas. The number of people around Mexico City alone is estimated at 20 million, making it the largest concentration of people in the world. The three largest cities in Mexico account for over 25% of the population. In Canada, 80% of the total population lives in an urban area, and the three largest cities account for almost one third of the total population.

The nation's middle and upper classes are estimated at more than 20 million people. Producers and consumers are increasingly becoming more sophisticated about the foods they produce and consume. Low-income families, which comprise half of Mexico's population, spend 40% of their disposable income on food. Also, the population in Mexico is young, with 31.5% under 15 years of age.

<b>Major Cities</b>	<b>Population (millions)</b>
Mexico City (metro)	21.2
Mexico City (proper)	8.7
Guadalajara	1.76
Ecatepec	2.03
Puebla	1.34
Nezahualcoyotl	1.25
Monterrey	1.13

## **Geography**

Mexico is strategically located in Middle America, bordering Belize, Guatemala and the southern United States. It also frames the North Pacific Ocean, the Gulf of Mexico, and the Caribbean Sea. The terrain in Mexico features high rugged mountains, low coastal plains, high plateaus, and desert. The climate varies from tropical to desert.

Mexico is a popular tourist destination due to its natural beauty, inviting weather and strong hospitality sector. Despite this appeal, Mexico faces serious environmental problems. Access to natural fresh water resources is limited, and industrial pollutants plague the urban centers. Along the US-Mexico border and in Mexico City, there is serious deforestation, soil erosion and air pollution. Natural hazards include earthquakes that occur in south Mexico, and hurricanes on the coasts of the Gulf and Caribbean.

Mexico is a country rich in minerals. Natural resources found in Mexico are petroleum, silver, copper, gold, lead, zinc, natural gas, and timber. Arable land constitutes 13% of the total land mass, permanent pastures account for 42%, forests and woodland comprise 29%, and permanent crops make up 1%. There is approximately 64,000 sq km of irrigated land in Mexico.

## **Infrastructure**

Mexico's infrastructure suffered in the 1990s as a result of an economic crisis. The Mexican government recognizes the importance of improving infrastructure to increase safety and trade, and thus actively encourages new developments in this sector. Efforts to improve the situation and strengthen the economy have been put in place, including the privatization of Mexico's railroads and airports.

Recognizing the importance of trade, additional highways have been planned to connect Mexico City with major ports. A current trend is the privatization of Mexico's 76 port facilities. In addition, 34 of the country's biggest airports are privatized and an airport law was passed to allow for 50 year concessions to private investors. Fewer restrictions and relaxed government control are leading to improvements and expansion of the industry.

## **Distribution and sales channels**

Distribution of imported products was traditionally concentrated in and around Mexico City, Monterrey, Guadalajara, and the border cities. Over the past few years, expansion has taken place in other secondary cities and there has been a dramatic change in the food distribution practices in the country. Small corner grocery stores or open air markets that were previously the norm have been replaced with large grocery stores and chain supermarkets. Today, nearly 60% of all food products are purchased through supermarket chains.

Imported products are typically sold through supermarket chains and warehouse clubs. Imported food products enter Mexico either directly, through a company-owned office in Mexico, or indirectly through a broker, distributor or processor.

Although brokers are the simplest export option, exporters quickly lose control over their products, making it difficult to build and preserve brand identity. Moreover, final prices to the consumer can be quite inflated, as a result of brokers typically adding a 20% to 30% mark-up.

Distributors represent a safer option, because they typically have an established distribution network. Distribution agreements with Mexican food processors are another potential channel for Canadian exporters to distribute their products.

Exporters to Mexico have the option of shipping by land, air, or water. Canadian trucking companies are now allowed to cross into Mexico, although the farthest they may travel before transferring goods to a Mexican carrier is 20 km within the border.

## **CANADA – MEXICO TRADE AND INVESTMENT**

### **General merchandise trade**

Throughout the 1990s Mexico saw a dramatic change in the composition of foreign trade. The emphasis of Mexican exports shifted from oil products to primarily manufactured goods and agricultural products.

Mexico's economy is highly dependant on trade. In 2005, Mexico exported more than US\$214 billion in goods, mainly to the US, but also to Canada and Germany. Main exports include electrical machinery, vehicles, mineral fuel, oil, furniture, bedding, plastic, woven apparel and vegetables. Mexico imported over US\$221 billion, mainly from the US, China and Japan.

The Canadian-Mexican relationship is defined by their joint membership in NAFTA. Canada's access to the Mexican market has increased considerably since the implementation of NAFTA. Exports and investment have expanded in previously restricted sectors such as manufacturing and electrical equipment, auto parts, financial services, and agricultural food. Trade has nearly tripled between Canada and Mexico, making both countries important trade partners relative to one another.

<b>Canada-World Merchandise Trade (2005)</b>	
Exports	\$435.7 billion
Imports	\$379.6 billion
Balance	\$56.1 billion

<b>Canada-Mexico Merchandise Trade (2005)</b>	
Exports	\$3.2 billion
Imports	\$14.6 billion
Balance	-\$11.3 billion

<b>Canada-Mexico Agri-Food Trade (2005)</b>	
Exports	\$956 million
Imports	\$656 million
Balance	-\$400 million

Merchandise trade with Mexico remains relatively small. Mexico represents 8.8% of Canada's imports from countries other than the US. Mexico is the destination of 4.6% of Canada's exports to places other than the US. However, trade has been growing quickly: exports grew from nearly \$1.2 billion in 1995 to more than \$3.2 billion in 2005, while imports grew considerably faster from \$5.4 billion in 1995 to \$14.6 billion in 2005. The speedy growth of imports relative to exports has led Canada's trade deficit with Mexico to balloon from \$4.2 billion in 1995 to \$11.3 billion in 2005.

Major Canadian exports to Mexico include vehicles, grains, seeds, fruit, machinery, meat, cereals, iron, steel, paper, paperboard, plastic, ores, slag, ash, aluminium, chemical products, mineral fuel and wood pulp.

Major Canadian imports from Mexico include vehicles, electrical machinery, furniture, bedding, oil, iron, steel, vegetables, fruit, nuts, glass, glassware, woven apparel, beverages, organic chemicals, plastic, spices, coffee and tea.

Most of Mexico's trade is with Canada and the United States. Mexico is the United States' second largest trading partner. Mexico is Canada's fifth largest export destination, ahead of such countries as Germany, South Korea and France. Mexico's trade with Canada is continuing to grow under NAFTA.

## **Trade agreements**

Mexico, along with the EU and Israel, is one of the world's foremost free traders. The government of Mexico has been methodically liberalizing its trade policy in an effort to strengthen Mexico's position among international trade circles and hopefully lessen their dependence on the US. Initiated in the early 1990s, this trade policy has led Mexico to gain preferential access to over 30 countries and trade groups, including the European Union, and has made foreign trade one of Mexico's most dynamic sectors. Despite having access to a

potential market of over 870 million through their agreement with the EU, 86% of Mexico's total exports are destined for the United States.

Mexico plays a significant role in a variety of international trade organizations. It is a founding member of the Rio Group, and the fourth largest financial contributor to the Organization of American States (OAS). Inclusion in NAFTA has bolstered Mexico's trading status and discussions are already underway for the establishment of a Free Trade Area of the Americas (FTAA), in which Mexico plays a major role in the decision-making process.

NAFTA is a trilateral agreement between Mexico, Canada, and the United States. This grouping makes up the world's largest market, with more than 350 million consumers. Membership in NAFTA has fostered competition, reform, and positive change for Mexico in areas other than trade, such as worker's rights. Under the agreements of NAFTA, all tariffs on the trade of goods between Canada and Mexico will be eliminated by January 1, 2008.

Mexico has signed free trade agreements with Chile, Costa Rica, Bolivia, Colombia, Venezuela and Nicaragua, as well as the European Union. Other agreements have been signed with Israel, Guatemala, El Salvador, and Honduras. Mexico has also signed agreements with the European Free Trade Association (EFTA), comprised of Norway, Switzerland, Iceland, and Liechtenstein.

The Mexican government reached a free trade accord with Japan in March of 2004. The agreement came into effect as of January, 2005. Mexico is only the second country, after Singapore, with which Japan has signed a free trade agreement (FTA).

Mexico is a founding member of the World Trade Organization (WTO). Mexico is also the first Latin American member of the Asia-Pacific Economic Cooperation forum (APEC).

Mexico hopes to use its current trade agreements as a step towards a free trade agreement with Mercosur, a trade group consisting of Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay.

## **Investment**

Foreign direct investment (FDI) into Mexico has been consistently strong over the past decade. FDI inflows in 2004 were valued at US\$16.6 billion, a 46.0% increase over 2003. This was due to continued integration with the US and Canada under NAFTA, and developments in the financial services and banking sectors.

FDI is prohibited in residential real estate within 50 km of the coastlines and 100 km of the borders. In sectors not subject to restrictions, FDI is automatically approved unless it exceeds US\$25 million, in which case approval is required from the national foreign investment commission.

Possible risks investors face when dealing with Mexico are the effects of economic and political reforms, as well as the current economic recovery in the US, which will greatly impact Mexico. The high dependence of the Mexican government on petroleum for revenue causes Mexico's economy to be highly sensitive to the price of oil, therefore having an effect on investors' confidence.

To encourage foreign investment, Mexico implemented a Constitution and Foreign Investment Law in 1992. Under this law, criteria for investment are liberalized for automatic approval and performance requirements are eliminated.

Many sectors have been opened to investment, including railroads, telecommunications, and satellite transmission. Areas that are still governed by the state include petroleum, petrochemicals, telegraphic and radio telegraphic services, radioactive materials, electric power generation, nuclear energy, coinage and printing of money as well as postal services.

Under the conditions of NAFTA, Canada received 'National' and 'Most Favoured Nation' (MFN) treatment. This means that Canadian companies have the right to international arbitration and the right to transfer funds without restrictions. Direct Canadian investment in Mexico has tripled in the decade since the NAFTA was signed, to over \$4 billion, making Canada Mexico's 4th largest investor. Currently there are an estimated 1,200 Canadian companies with direct investment in Mexico, 50% of which are concentrated in the manufacturing sector.

## **MARKET ACCESS**

NAFTA has a positive effect on promoting trade among the three signatory countries. Customs duties have been reduced significantly, and will gradually be eliminated over a 15-year period as of the date when the agreement was implemented (January 1, 1994). In addition to customs duties, some products, including certain agricultural and food products, remain subject to tariff quotas.

Under NAFTA, nearly all tariff restrictions will be eliminated by 2008. NAFTA will also eliminate many non-tariff barriers to trade, and include provisions on trade rules and dispute settlements.

### Tariffs

For information on the harmonized system code, tariffs and the products affected by tariff quotas, contact the Tariffs and Market Access Division of the Department of Foreign Affairs and International Trade, in Canada.

## **AGRICULTURE AND AGRI-FOOD TRADE**

The food processing industry is one of Mexico's most important industries and dominates the economies of the western states. However, the industry as a whole is badly under-mechanized and outdated. The agricultural sector's problems are primarily centered on high farm debt and the inability to secure loans to update farm equipment. As a result, Mexico's agricultural productivity has been in steady decline.

The Mexican government is working to make its agriculture sector more competitive. Currently, heavy debt hinders both the improvement of the agriculture sector and the attempts of the government to shift to a market-oriented farming industry. Despite Mexico's strong output of agricultural food commodities such as beef and grains, Mexico imports the majority of its food needs.

Over 60% of Mexico's farmers are involved in producing basic foodstuffs. Mexico's main agricultural products include corn, wheat, sorghum, beans, rice, cotton, coffee, fruit, vegetables, beef, pork, poultry, dairy products, and wood products. Mexico is the third largest producer of coarse grains for the Organization for Economic Cooperation and Development, and has the fourth largest beef herd in the world.

Agricultural production varies according to region. The state of Jalisco is considered to be the primary provider of Mexico and it is a leader in almost all basic agricultural food products. It is ranked first in the production of bovine meat, pork meat, tequila, dairy products, eggs and animal feed. It also hosts the annual agricultural trade show AFIA-AGRO.

The state of Nayarit grows sugar cane, coffee, corn, and beans. The state's capital city is an important commercial and distribution centre for fertilizers and agricultural machinery. The state of Guanajuato grows lettuce, broccoli, and other green vegetables. Michoacan is one of the world's largest producers of avocados, and also produces sorghum, wheat, sugar cane, beans, strawberries, watermelon, and mango. The state of Colima grows primarily lemons and sugar cane, while Sinaloa is the top producer of tomatoes and potatoes in Mexico. Sinaloa also has a well-developed aquaculture industry.

There is a continual demand in Mexico for bulk agricultural commodities such as grains and oilseeds. Specific sectors in which there may be opportunities are the bulk and intermediate sectors of wheat, canola, barley, pulses, animal feed, oils and milk powder. Other prospective sectors include beef, pork, selected cheeses, food preparations, apples, pet food, frozen French fries, cookies, sauces, salad dressings, breads, cakes and pastry.

### **Mexico's Agricultural Policy**

The Programa de apoyo directo al campo (PROCAMPO) was introduced in Mexico in October 1993 to facilitate the transition to more market-oriented policies from the previous system of guaranteed prices. Since 1993 it has provided direct cash payments at planting time on a per hectare basis to growers of several crops. These payments will remain constant in real terms until the fall/winter 2007-2008 planting cycle. However, with the initiation of a new system of credit guarantees, farmers will be able to obtain all future PROCAMPO payments in one amount, through credit guarantees. The objective of this new system is to provide capital to farmers so that they can diversify or establish more market-based agribusiness ventures. ASERCA



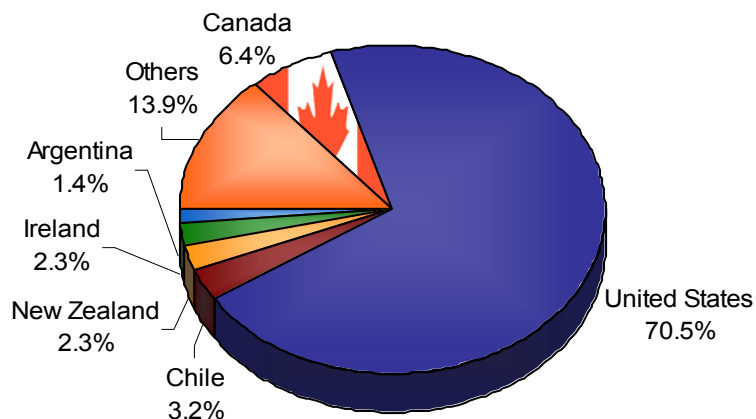
(Support Services for Agricultural Marketing Agency) provides per tonne deficiency payments for wheat, maize, sorghum, rice and some other crops.

Under the ALIANZA program (Alliance for Agriculture) the government has provided incentives to its producers to diversify or establish more market-based agribusiness. This will help the agriculture sector deal with the full implementation of NAFTA, which, in its remaining two years, will see the complete removal of tariffs on all goods. Over the last ten years, Mexico has actively sought to build on the success of the NAFTA, establishing a wide network of 11 free trade agreements, guaranteeing preferential access to 32 countries.

## Agri-Food Import Market Competitors

Canada's principle foreign competition in this market comes from the US, which currently controls 70% of the US\$18 billion agri-food import market. Additional market competition comes from increasingly modern and developing lines of Mexican food products. Of growing concern to Canadian producers is the influence of other competitors, such as the European Union, Australia, New Zealand and South America. These competitors are gaining ground in Mexico as a result of the various Free Trade Agreements signed by Mexico.

### MAIN FOREIGN SUPPLIERS OF AGRI-FOOD PRODUCTS TO MEXICO IN 2005



Source: Mexican Ministry of Economy.

## Canada-Mexico Agri-Food Trade under NAFTA

Mexico continues to be Canada's 3rd largest market and 3rd largest source of agricultural food products. Canada/Mexico bilateral agricultural food trade has been increasing steadily, reaching over \$1.6 billion in 2005. Total agricultural imports from Mexico to Canada increased from 2004 to 2005, to a total of \$656 million. Tomatoes are the leading export from Mexico.

Canada's agri-food exports to Mexico have increased dramatically since the implementation of the NAFTA. Since 1993, the last year before NAFTA came into force, Canadian agri-food exports to Mexico increased significantly. Similarly, Mexican farmers have benefited from improved

trade with Canada, as our imports from Mexico have grown significantly from 1993 to 2003. Over that period, the value of Canada's agricultural trade surplus with Mexico has also increased. Canada's most important agrifood exports to Mexico are canola seed, beef and wheat. Significant imports from Mexico include vegetables, fruit, coffee and beer.

By January 1, 2003, Mexico had eliminated tariffs on virtually all agri-food products, as scheduled under the NAFTA. With this stage of tariff elimination, most Canadian agri-food products now have duty-free access to the Mexican market. Exemptions are poultry, eggs, dairy and sugar, which were excluded from any preferential treatment under NAFTA, and maize (white corn) and beans, which will be subject to tariff rate quotas (TRQs) in the Mexican market until January 1, 2008.

Among the Canadian products with export potential that were previously subject to tariffs or TRQs and as of January 1, 2003, now have duty-free access in the Mexican market are pork, potatoes, apples, barley.

In February 2002, Canada and Mexico announced a three year plan to deepen agricultural ties. A key component of this program will be a study of Canadian practices and programs to determine if they may be applied to Mexico.

## Key Canadian Agri-Food Exports to Mexico

During 2005, Canada was the second largest supplier of agri-food products to Mexico with a share of 6.4% on the total Mexican agri-food imports, only behind the U.S., which is the largest supplier with a share of 70.5%. Other significant foreign suppliers of agri-food products to Mexico during 2005 were: Chile with a share of 3.2%, New Zealand (2.3%), Ireland (2.3%) and Argentina (1.4%).

### Bulk commodities:

From 2002-2005, bulk exports have made up the majority of the \$1.2 billion of Canadian agri-food exports to Mexico. In 2005, bulk exports represented 47% of all agri-food exports to Mexico, reaching CAN\$540 million.

Bulk exports to Mexico have been increasing since 2002. Canada's top three bulk exports are oilseeds, seeds for sowing and fodder and grains, bulk or cereal.

Product	2004	2005	Growth
Canola	398.6	333.1	-16.4%
Soft wheat	177.9	155.1	-12.8%
Canary seed	21.9	18.2	-16.9%
Soybeans	0.0	8.6	---
Sunflower seed	4.4	3.9	-10.3%
Flaxseed	7.5	1.9	-74.6%

Source: Mexican Ministry of Economy.

### Intermediate products:

Intermediate goods have been exported in steady but low numbers for the last four years. Canadian intermediate exports to Mexico include grain products, malt, starches, animal or vegetable fats and oils, margarine, dairy products, eggs and honey. Intermediate exports accounted for 13% (\$155 million) of Canadian agri-food export totals to Mexico in 2005.

Product	2004	2005	Growth
Malt	36.4	27.1	-25.5%
Dry Fructose	5.3	20.3	283.0%
Lentils	15.7	15.2	-3.6%
Canola oil	33.0	13.7	-58.4%
Animal fats	33.5	8.4	-75.0%
Milk/cream in powder	3.5	5.9	66.3%
Breeding swine	3.2	5.7	79.8%
Semi-processed oats	1.6	4.4	175.1%
Peas	3.3	3.6	8.3%
Bovine semen	1.6	3.1	89.2%
Potato flakes	2.7	2.8	3.8%
Active yeasts	0.5	2.6	467.7%

### Consumer products:

Consumer exports reached a total of more than \$461 million (40% of Canadian agri-food exports to Mexico) in 2005. Almost 80% of consumer exports are represented by meat and edible meat offal products.

Product	2004	2005	Growth
Beef*	363.5	201.8	-44.5%
Pork**	153.0	116.3	-24.0%
Frozen French fries	29.5	30.7	4.0%
Chocolate***	27.7	28.3	2.1%
Coffee extracts	6.3	6.6	4.5%
Apples	13.1	6.4	-51.2%
Confectionary prods.	3.0	5.7	85.6%
Non-alcoholic beverages	3.9	5.5	40.8%
Cheese	6.9	4.3	-38.1%
Horse meat	3.9	4.1	4.4%
Prepared food by roasting of cereals	1.9	3.8	107.6%
Cookies	5.1	3.0	-40.6%
Whiskies	1.8	2.1	11.2%
Sauces and seasonings	1.0	1.7	64.3%
Whey	0.2	1.7	612.4%
Tea extracts	1.2	1.3	10.7%

\*Beef= Boneless beef and edible offal, fresh, chilled or frozen (tariff lines: 020130, 020230, 020610, 020621, 020622 and 020629).

\*\*Pork= Carcasses and half carcasses of swine; boneless meat; bone-in meat; edible offals: fresh, chilled or frozen; pig fat; swine meat: dried, salted or in-brine; and swine meat: prepared or preserved (tariff lines: 020311, 020312, 020319, 020321, 020322, 020329, 020630, 020641, 020649, 020900, 021011, 021012, 021019, 021099, 160241, 160242 and 160249).

\*\*\*Chocolate= Cocoa powder; chocolate preparations in blocks over 2 kg; chocolates (filled); chocolates (unfilled); and other cocoa preparations not in bulk (tariff lines: 180610, 180620, 180631, 180632 and 180690).

Source: Mexican Ministry of Economy.

*Quality*  
is in our **nature**



**MEXICO EXPORT  
PREPAREDNESS GUIDE**  
EXPORTING AGRICULTURE AND  
AGRI-FOOD PRODUCTS TO MEXICO

**MODULE 2:**  

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**AGRI-FOOD MARKET  
OVERVIEW**

**MARCH 2006**

**Prepared on Behalf of:**  
Agriculture and Agri-Food Canada

**Written By:**  
Fleishman-Hillard Canada

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<http://ats.agr.ca/info/lac-e.htm#Mexico>

There are eight modules in the Guide, each covering specific topics of interest to Canadian exporters:

- Module 1: Country Overview
- Module 2: Agri-Food Market Overview
- Module 3: Market Entry Strategies
- Module 4: Products: Adaptation, Packaging & Promotion
- Module 5: Distribution
- Module 6: Shipping Samples to Mexico
- Module 7: Practical Experiences
- Module 8: Key Contacts and Further Information

The Mexico Export Preparedness Guide is designed to provide the Canadian exporter with a solid understanding of the key factors and issues involved in exporting agriculture and agri-food products to Mexico. It is not, and cannot be, an exhaustive reference. Rather, it is intended to serve as a useful starting point for Canadian exporters interested in exploring the Mexican market.

The content of these modules is derived largely from secondary sources, including Canadian and foreign government resources, the Government of Mexico and independent third-party research. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be used as the only source of market information on this sector. By necessity, these documents represent a snapshot in time and readers are encouraged to check the accuracy and timeliness of the data before making business decisions about the Mexican market.

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# AGRI-FOOD MARKET OVERVIEW

What is Mexico's agri-food market like?

This module provides an overview of Mexico's agri-food market and focuses on the organization of the sector, key players, trends, the role of government regulation, and common business practices. This module begins with an examination of major customer groups in Mexico's agri-food market: wholesalers, retailers and food service establishments and food processors.

## WHOLESALEERS/DISTRIBUTORS

Wholesalers take title to goods at a pre-agreed point, usually when they arrive at or cross the border or when they are delivered to a warehouse in Mexico. They then re-sell the product, mainly to retailers. They are generally free to set prices and determine their own promotion policies. Wholesalers do not generally expect service, other than honouring product warranties. Some also take all responsibility for marketing within Mexico, which can be an advantage given the wholesaler's understanding of the market and the high level of service that Mexican retailers generally expect. On the other hand, they may carry competing product lines and so may not aggressively, or correctly, promote the product.

Since most Mexican firms sell in a limited area, exporters should consider dealing with wholesalers in multiple cities to broaden distribution and rarely, if ever, grant an exclusive national agreement. Sales performance clauses in an agent/distributor agreement are permitted and failure to meet established standards can be a reasonable cause for contract cancellation.

There are two major categories of wholesalers, varying in scope: those serving national or regional markets; and those serving major urban markets.

## NATIONAL AND REGIONAL WHOLESALEERS/DISTRIBUTORS

The following list of wholesalers/distributors offers a helpful snapshot of the services offered within the Mexican market. It is not an endorsement of these companies.

<b>Company Name &amp; Location</b>	<b>Contact Information</b>
<b>Agro Negocios Latino</b> Rodrigo de Triana # 2920 Guadalajara, Jalisco 44690	Telephone: 52-33-31-24-78-76 Fax: 52-33-31-24-78-77
<b>Operations</b>	Agri-business sector
<b>Warehousing &amp; Trucks</b>	N/A
<b>Temperature Formats</b>	Frozen & Fresh Foods
<b>Products Distributed</b>	Frozen Foods; Fruits; Mexican Foods; Vegetables
<b>Services Provided</b>	Storage; Distribution; Export & Import

<b>Company Name &amp; Location</b>	<b>Contact Information</b>
<b>Grupo Corvi</b> Pico de Tolima No. 29, Jardines en la Montaña México, 14210	Telephone: 56-28-51-00 Fax: 56-45-15-81
<b>Operations</b>	Food and consumer products distribution company
<b>Warehousing &amp; Trucks</b>	Trucking Fleet & Distribution Centers throughout Mexico
<b>Temperature Formats</b>	Container, Frozen & Chilled storage
<b>Products Distributed</b>	Candy, chocolate, grocery products and grain products
<b>Services Provided</b>	Storage & Distribution
<b>How the Company Positions Itself</b>	As one of the largest product distribution company in Mexican, Grupo Corvi has the ability to reach most Mexican markets.

<b>Company Name &amp; Location</b>	<b>Contact Information</b>
<b>Grupo Herdez</b> Monte Pelvoux No. 215, Col. Lomas de Chapultepec C.P. 11000 México, D.F., Mexico	Telephone: 52-55-5201-5655 Fax: 52-55-5202-3519
<b>Operations</b>	Large Mexican fish and vegetable canning company & distributor
<b>Warehousing &amp; Trucks</b>	Plants and distribution centers throughout Mexico; Trucks – N/A
<b>Temperature Formats</b>	Container, Chilled & Frozen
<b>Products Distributed</b>	Diversified line of food, beverages, & personal care products.
<b>Services Provided</b>	Storage & Distribution

<b>Company Name &amp; Location</b>	<b>Contact Information</b>
<b>Sigma Alimentos</b> Avenida Gómez Morín #1111, Colonia Carrizalejo 66254 San Pedro Garza García, Nuevo León, Mexico	Telephone: 52-81-8748-9000 Fax: 52-81-8748-9075
<b>Operations</b>	Producer & distributor of refrigerated and frozen foods
<b>Temperature Formats</b>	Chilled & Frozen Storage
<b>Products Distributed</b>	Processed meat, cheese, yogurt, and frozen prepared meals
<b>Services Provided</b>	Storage & Distribution
<b>How the Company Positions Itself</b>	Sigma has operations in Costa Rica, the Dominican Republic, and El Salvador; as well as a joint venture with a Mexican dairy, Grupo Chen. Opportunities exist for Canadian exporters to access the frozen foods market with the guarantee of proper refrigeration and storage services.



Company Name & Location	Contact Information
<b>Grupo Bimbo</b> Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, Delegación Álvaro Obregón 01210 México, D.F., Mexico	Telephone: 52-55-5268-6600 Fax: 52-55-5268-6847
<b>Operations</b>	Largest food company in Mexican industry.
<b>Warehousing &amp; Trucks</b>	73 plants, 3 marketing companies and a fleet of 29,000 transportation units
<b>Products Distributed</b>	Loaf bread, pastries, cookies, candy, chocolates, sweet and salted snacks, packed cornmeal and wheat flour tortillas, fried tortillas, burnt condensed goat's milk candy (Cajeta) and processed foods
<b>Services Provided</b>	Distributes products to over 29,500 routes within Mexican Market
<b>How the Company Positions Itself</b>	As the largest production and distribution organization within Mexico, Grupo Bimbo presents an opportunity for access to all urban and rural markets within the country.

It is also possible to use a U.S. based distributors. There are many in Texas and California that have sufficient experience in the Mexican market.

## CENTRALES DE ABASTOS

### Contact Information:

Central de Abastos  
Rio Churubusco  
Mexico City, D.F.  
09040  
La Viga o Central de Abastos  
011-52-56-9450-23

*Centrales de Abastos* (terminal markets) exist in every major urban centre. These are public-private wholesale markets, operated by private companies on a site owned and administered by the government. *Centrales de Abastos* supply all types of food-related businesses. The largest of these markets is located in Mexico City. They tend to sell fresh local produce and imported food items such as wine, nuts, pulses, cod, and some produce.

The *Central de Abastos* in Mexico City is comprised of about 6,000 wholesalers, which sell around 22,000 tonnes of agri-food products with a value of 20 million USD daily. It is estimated that 70% of the total sales of special crops in Mexico, for instance, are negotiated through this distribution centre. About 90% of Mexican bean importers are located in the *Central de Abastos*.

## RETAILERS

The Mexican retail sector differs from the Canadian sector in many respects. Most notably, it is highly fragmented and mixes traditional methods with emerging more-sophisticated methods.

Nearly 60% of all food products in Mexico are purchased through supermarket chains. Imported products are typically sold through supermarket chains and warehouse clubs. These products are imported by the retailer through one of their own offices in Mexico (e.g., Wal-Mart), or through a broker, importer or processor (**SOURCE:** Agri-Food Trade Service: [http://atn-riae.agr.ca/latin/3991\\_e.htm](http://atn-riae.agr.ca/latin/3991_e.htm)).

## Informal Sector

The informal sector is dominated by street vendors and small market stalls. This sector provides competition for retailers in the formal sector, because it is not taxed and sells pirated merchandise at lower prices. Vendors include *ambulantes* (itinerant vendors) and *tianguis* ('market' in one of the native languages).

*Tianguis* are open-air markets that set up weekly on an established day and street. Although traditionally associated with providing fresh produce, the *tianguis* are also large marketers of inexpensive clothes, cosmetics, snack foods and curios. The established borough markets provide a much more formal retail experience and handle mostly domestic products and imported contraband. Both informal types within this sector often buy from a *Central de Abastos* or small importers.

## Formal Sector

The formal sector has expanded its market share dramatically over the past five years at a rate of 10% annually, and sector experts predict it will continue to do so in the coming years. The formal sector ranges from *abarrotes* (small, family-owned stores) to mega-markets, hypermarkets, supermarket chains, warehouse clubs and convenience stores.

*Abarrotes* buy their goods from wholesalers and, sometimes, from larger retail stores. They are the traditional retail outlet for neighbourhoods, particularly in smaller and remote towns. This sector, along with *Centrales de Abastos* and government stores, distributes approximately 65% of all food in Mexico.

As of 2003 there were about 5,700 formal retail stores in Mexico selling food and beverages, excluding *abarrotes*. (SOURCE: USDA/GAIN Report -Mexico Exporter Guide Annual - 2004). These larger stores distribute approximately 25% of all food. This sector is classified by size: mega-markets (more than 10,000 m<sup>2</sup>), hypermarkets (more than 4,500 m<sup>2</sup>) and supermarkets (more than 500 m<sup>2</sup>). Warehouse clubs similar to those in Canada and the US (e.g., Costco) are classified as up to 2,500 m<sup>2</sup> and feature no-frills large-volume sales.

Supermarket chains and other stores that retail fresh produce are expanding rapidly and gaining market share. Smaller stores in the formal sector, including *abarottes*, are having difficulty matching the chains' prices or discounts and their market share is slowly eroding.

The top four formal market retailers shown in the table below invested approximately \$847 million in 2003 to establish new outlets and increase floor space. The most upscale retail chains are as modern as any in the U.S. or Canada and cater to middle- and upper-income groups.

<b>Top Mexican Retailers</b>	<b>Net Sales &amp; Growth (as of 2003)</b>
<b>Wal-Mart</b>	9% Net Sales Growth for 2003 \$625 million investment to open 77 new outlets in 2004
<b>Soriana</b>	7% Net Sales Growth for 2003 \$223 million in expansion investments in 2004
<b>Comercial Mexicana</b>	4.9% Net Sales Growth for 2003 \$181 million in 2004 to increase retail space by 10%
<b>Gigante</b>	3.2% Net Sales Growth for 2003

In addition to these top four retailers, convenience stores are starting to make their presence felt in the market. While relatively new in Mexico they are continuing to grow rapidly. 7-Eleven had planned to invest approximately \$30 million in 2005 to expand its operations in Mexico, establishing 100 new stores across the country. As of 2004, 7-Eleven had 500 stores in Mexico with annual sales estimated at approximately \$300 million and growing at a rate of 20% per year. Oxxo, a domestic chain, is also growing very rapidly with 3,260 locations nationwide, 500 of those added in 2004 and growing at a rate of 25% per year.

Some retailers buy products from foreign suppliers, but this is most common with larger supermarket and department store chains, which continue to provide the best point of sale for Canadian exporters. Major retailers are developing increasingly sophisticated distribution and warehousing systems and are trying to simplify their purchasing procedures by dealing with fewer distributors. Private label merchandise is the exception to this trend and despite advances to the system, retail stores still depend heavily on local distributors mostly in the areas of frozen foods and perishables.

The availability of private label goods depends on the category. Comercial Mexicana has reported that 10% of its dry goods are private labels. Carrefour and HEB also import their own private labels from France/South America and the United States respectively. However, there some United States studies show that Mexicans may be more brand-loyal than cost-sensitive. (**SOURCE:** USDA/GAIN Report – Mexico’s Retail Food Sector – 2005)

## **Retail Chains**

Supermarkets have existed in Mexico for decades, but until the 1980s there were few, and they catered principally to upper-income households and expatriates. Consequently, they have had an upscale, high-price image. The market share of large retailers is now increasing as a result of extending the customer base to lower-income households (**SOURCE:** USDA/GAIN Report – Mexico’s Retail Food Sector – 2005).

The following table shows the major chains.

<b>Retailer Name and Outlet Type</b>	<b>Ownership</b>	<b>Sales US\$ Millions</b>	<b>Number of Outlets</b>	<b>Locations City/Region</b>	<b>Purchasing Agent Type</b>
Wal-Mart de México	Wal-Mart, 62.4%	15.71	785	All major cities	Direct, local distributors; importers
Grupo Gigante	Local	2.95	253	All major cities and California	Direct, local distributors; importers
Controladora Comercial Mexicana	Local	3.84	253	Mexico City and Central Mexico	Direct, local distributors; importers
Organización Soriana	Local	4.61	197	All major cities (except Mexico DF and State of Mex.)	Direct, local distributors; importers
Grupo Comercial Chedraui	Local	1.87	112	Major cities in Southern and Central México	Direct and local distributors
Supermercados Internacionales HEB	American	N/A	21	Northern Mexico	Direct, local distributors
Central Detallista "Calimax"	Local	N/A	44	NW Mexico (Baja Cal. and Sonora)	Direct, distributors
Casa Ley	Safeway 49%	N/A	109	Western Mexico	Local Distributors
Comercial VH	Local	N/A	46	Northern Mexico	Direct, local distributors
Super San Francisco de Asis	Local	N/A	35	Southern Mexico	Direct, and local distributors

(SOURCE: ANTAD)

Retail chains benefit from economies of scale in storage, distribution, and marketing. The higher a firm's sales volume, the lower the share of products flowing through central wholesale markets. Supply and distribution of the large chains indicated above is increasingly being centralized with common purchasing and warehouses. The major retailers are developing increasingly sophisticated distribution systems, as shown by the following examples:

- Comercial Mexicana has a facility north of Mexico City that handles approximately 80% of its dry goods.
- Wal-Mart opened a distribution centre in Monterrey in July 2003 and a 2.1 million square foot facility for fresh and frozen goods in late fall 2004.

These chains, as well as Gigante, Soriana and HEB are all able to purchase directly and may often deal with foreign suppliers. Soriana, Gigante and Mexicana recently received approval from the Mexican Anti-Trust Commission to create 'Sinergia de Autoservicios', a

cooperative effort in purchasing and distribution. The intention is to reduce costs and compete with Wal-Mart, which controls 54% of the market. By December 2004, Sinergia controlled 30% of all purchases for the three firms and had already developed a base of about 300 companies ready to enter the suppliers' development program. However, despite these efforts and facilities, retail stores still depend heavily on local distributors, especially for frozen food and perishables. (SOURCES: USDA/GAIN Report – Mexico Exporter Guide Annual 2004 & Agri-food Trade Service - Agri-Food News from Mexico - November 1, 2004 – January 31, 2005)

## FOOD SERVICE

Like retail, the commercial food service sector is split into *formal* and *informal* sectors. There are about 184,000 commercial food service establishments, almost all of which are small independent operations. Sales, however, are almost evenly split between these and the less numerous business-oriented companies (fast food and restaurant chains, hotels, and professionally managed restaurants).

The *formal food service sector* consists of most restaurant and fast food chains that purchase centrally, with all deliveries made on a store-by-store basis. Also in this sector are hotels and institutions, most of which buy food locally. Only the largest hotel chains (e.g., Grupo Posadas, Grupo Situr) have central purchasing; even these require delivery to each unit. However, this sector is growing rapidly, particularly on the Gulf and Pacific Coasts and the Duty-Free Zones. One of these Duty-Free Zones, the Cancun region sees approximately 2.5 million tourists per year and has 100 distributors/importers,

The Mexican restaurant sector represents nearly 200,000 restaurants and had sales of almost \$14 billion in 2004. Approximately 8,000 of the restaurants in Mexico are restaurant chains or large establishments. The remaining restaurants belong to the traditional sector that is comprised of small, family-owned restaurants and cafeterias. There are about 450 franchisers in Mexico of which 58% are Mexican. American restaurant franchises such as McDonald's and Burger King have a strong presence in almost all big cities in the country.

The growth of fast food chains is important because they usually have uniform purchasing practices that might allow a supplier to distribute the same product lines to multiple restaurants in the chain. Restaurants that are classified under the traditional system (i.e. non-chains and/or small chains) rely on suppliers that purchase almost all of their food products from the *Central de Abastos* or other markets. There are very few imported food products found in these establishments.

*Informal food service* is dominated by street vendors and small family-run operations, a market well over 1 million strong, who buy products at their local *Central de Abastos* and sometimes directly from manufacturers. Although food service accounts for only a 10% share of Mexican food sales today and lacks an organized supply system, it is a sector that is growing quickly. Beyond a few emerging dedicated

### More Information:

Agri-Food Trade Service  
<http://atn-riae.agr.ca/latin/e3187.htm#3.4%20Restaurants>

Euromonitor  
[http://www.euromonitor.com/Consumer\\_Foodservice\\_in\\_Mexico](http://www.euromonitor.com/Consumer_Foodservice_in_Mexico) (pay site)

USDA GAIN Report MX0189  
<http://www.fas.usda.gov/gainfiles/200101/65679277.pdf>

food service suppliers, most outlets are supplied by either regional wholesalers, *abarroteros* (wholesalers to the fragmented segment of the market), *Centrales de Abastos* or warehouse clubs. (SOURCE: Promar International – Food Distribution in Mexico 2010)

## FOOD PROCESSORS

The food processing sector is concentrated around the main population centres. It has been estimated that one-quarter of the value of all food processing occurs in Mexico City. The concentration is even higher for certain products such as beer, soft drinks and flour. Intermediate processing and the processing of export products are geographically distributed according to regions of production.

The demand for processed foods is increasing and industry is keeping pace; the sector grew by an average 9.2% annually from 2000 to 2003 (SOURCE: USDA/GAIN Report –Mexico Exporter Guide Annual - 2004). According to the Mexican Secretary of Commerce Business Registry (SIEM), there are 8,111 food manufacturing companies processing a wide range of products. The following sectors experienced the highest growth from 2000 to 2003:

• Baked goods, 55 %	• Dairy, 48 %	• Flour and grains, 17 %
• Beverages, 14 %	• Fish and seafood, 14 %	• Animal feed, 7 %

The industry produced \$39.8 billion worth of goods in 2003 and was expected to produce \$44.9 billion in food and feed products in 2004. Final numbers for 2004 and 2005 are not currently available.

There are some concerns that much of the food processing technology is obsolete. The industry uses modern equipment alongside outdated and nearly obsolete equipment. However, increased competition in retail sales, where most processed foods are found, has resulted in increased competition in the processing industry. The older, more traditional food companies are changing to mass production machinery and equipment. Similarly, producers of fruits and vegetables have found processing (i.e. canning or freezing) a way of extending the shelf life and the value of their products.

A report prepared for the Government of Canada by Hanhausen & Doménech Consultores, S.C. indicated that current and future market conditions in Mexico present solid demand growth for imported food products and food ingredients fuelled by local supply shortages and a clear preference for imported food ingredients and products in many segments. This situation will continue creating food-ingredient sales opportunities in Mexico and justifies the development of a proactive sales and marketing strategy by potential suppliers from Canada.

## GOVERNMENT REGULATION

### SEE OTHER MODULE:

Contact details for the various departments and agencies are in **Module 8: Key Contacts**.

As in Canada, regulations in Mexico affect many elements of the agri-food market: product standards, labelling requirements, import licensing, product quotas, customs duties, general business regulation. These regulations are cited in other modules as they apply. This section provides an introduction to key regulations directly affecting the agri-food sector.

### Product Standards and Labelling Requirements

The Government of Mexico regulates products through *Normas Oficiales Mexicanas* (NOMs), official mandatory standards governing a wide range of consumer and capital goods, both domestic and imported. These NOMs can be issued by any of the Mexican Ministries involved in the regulation of a particular product, such as the Mexican Ministry of the Economy (Economía), the Mexican Ministry of Agriculture (SAGARPA), the Mexican Ministry of Health (SALUD) and the Mexican Ministry of the Environment (SEMARNAT). There are three categories of NOMs that affect products:

- Those specifying product performance or safety or both;
- Those specifying commercial information, such as labelling, that must be made available to the consumer; and
- Those specifying both product performance/safety requirements and product-specific labelling requirements.

Labelling NOMs are enforced at the border (see **Module 5** for additional information); other product NOMs are enforced through inspection. For example, the Mexican Ministry of Health (SALUD) has the authority to conduct random inspections throughout the distribution chain (e.g., in warehouses or retail points of sale) to verify that products comply with applicable NOMs.

### Import Standards

The following Ministries regulate imports of agri-food products:

- Ministry of Agriculture (SAGARPA), which regulates the import of plant and animal products and crustaceans ([www.sagarpa.gob.mx](http://www.sagarpa.gob.mx))
- Ministry of Health (SALUD) which is responsible for regulating imports of fish and seafood, processed food and beverages ([www.ssa.gob.mx](http://www.ssa.gob.mx))
- Ministry of Economy (SE), which establishes the tariff treatment and labelling conditions for imported products ([www.economia.gob.mx](http://www.economia.gob.mx))
- Ministry of the Environment (SEMARNAT), which is responsible for the regulations regarding the import of forestry products ([www.semarnat.gob.mx](http://www.semarnat.gob.mx))

## Import Licensing and Product Quotas

Importers must be registered and some products have NAFTA or WTO quotas. The Secretaría de Economía (SE) manages these regulations.

## Business Regulations

The Secretaría de Economía (SE) is also responsible for general business regulation, other than that strictly applicable to agri-food products.

## CUSTOMS DUTIES, TARIFFS & QUOTA STRUCTURE

### More Information:

The link below provides a search database of HS Codes:

<http://www.statcan.ca/english/tradedata/cec/index.htm>

The link below provides additional general information:

<http://www.aduanas.sat.gob.mx/webadunet/aga.aspx?Q=r21> (Spanish)

In January 2003, under the NAFTA, all customs duties were eliminated on trade of goods between Canada and Mexico, except for tariffs on specific products such as corn and beans, which are subject to tariff rate quotas until 2008 and dairy, sugar and poultry (except for duck meat), which were excluded from tariff preferences. The amount of duties charged is based on the Harmonized Tariff System (HTS) classification number of the good, value and origin. The HTS assigns a tariff classification number for all goods. Mexican tariff items have 8 digits. It is essential to know the correct tariff classification as this will determine the duty rate and establish any applicable non-tariff barriers.

It is important to note that sometimes the information in the various websites can be outdated. Hence, Canadian exporters should be advised to take this information just as a reference and confirm it with their Mexican importers BEFORE shipping any products to Mexico, in order to avoid any potential problems.

## COMMON BUSINESS PRACTICES

### Agents

As in Canada, some companies hire agents to act on their behalf according to an established contract between the two parties. These import agents do not take title to products, but rather find customers for the Canadian company and negotiate contracts.

### Local Importers / Distributors

Distribution of imported products has traditionally been concentrated in and around Mexico City, Monterey, Guadalajara (where the Canadian Embassy and consulates are located) and border cities. Recent expansions have been seen in secondary cities and there have been changes in the food distribution practices in the country, with small grocery stores and open air markets being replaced by large grocery stores, convenience stores and chain supermarkets (e.g., Wal-Mart, Soriana, Comercial Mexicana and Gigante, Chedraui, Casa Ley, HEB).

Imported food products are typically sold through supermarket chains and warehouse clubs. These food products can enter Mexico either

### SEE OTHER MODULE:

For more information on Agents and Distributors, please see **Module 3**.

For contact information, please see **Module 8**.



directly, through a retail chain-owned distribution centre in Mexico, such as those owned by Wal-Mart, Soriana, Gigante and Comercial Mexicana or indirectly through a broker, importer or processor. Currently, supermarket chains import directly if the product has a quick stock turnover. For other products, the cost of storage is transferred to the local importer and the items are then purchased from the importer in the required quantities.

Distributors often carry product lines from different manufacturers that complement each other (e.g., potato chips and dip from various brands). It is also quite common for distributors to provide specific promotion and service activities with the supplier possibly paying a portion of the cost.

## TRADING HOUSES

### More Information:

The following links provide further information on trading houses:

<http://www.caftha.ca/>

<http://www.oath.on.ca/>

Another option is to contract with a trading house. Trading houses or export management companies are domestic intermediaries that market Canadian goods abroad. A full service trading house handles all aspects of exporting, including conducting foreign market research, arranging merchandise transportation, appointing overseas distributors or agents, exhibiting products at trade shows, advertising and arranging documentation. The trading house can take full responsibility for exporting on behalf of Canadian companies that generally lack direct experience in this area. However, this type of company will take title to the goods being shipped. While this can mean quick returns on export sales it can also mean a loss of control of the product.

Some trading houses may be able guarantee a certain level of sales, but will insist that the manufacturer maintain inventories at certain levels or guarantee delivery times. The trading house may also wish to make agreements about advertising, packaging, pricing and financing.

### EXPORTER TIP:

Be prepared for customers to cancel a load, using a 'just-in-time' inventory mentality. This requires changing the labelling for a new destination, and updating other shipping documentation.

## ADVERTISING

Mexico has a well developed and sophisticated media infrastructure. Around 86% of homes have at least one radio and 87% have at least one TV. Radio has the widest coverage, and there are 384 FM and 758 AM radio stations throughout Mexico. Consumers are very influenced by the various media surrounding them.

As in Canada, advertising is a critical element in product promotion. Most retailers expect advertising to be done by the product supplier, except in the case of private brands. Advertising can be targeted locally, regionally or nationally. For those exporters willing to incur larger costs, most global advertising agencies have offices in Mexico. Many smaller independent firms also do specialist advertising work for companies operating in niche markets.

Television, radio and bill-boards are the most popular forms of advertising. Daily newspapers do not have the large circulation

numbers such as those that exist in Canada or the United States, although targeted advertising in specific papers can be effective in certain markets. Data from the National Chamber of the Publishing Industry states that as of September 2003, there are more than 420 newspapers and 1600 magazines published in Mexico. Advertising in print media is usually more expensive than in Canadian and American cities.

Advertising can be negotiated in detail with the distributor.

## TRADE SHOWS

### More Information:

The links below provide additional information on the 2006 Alimentaria trade show:

[http://ats.agr.ca/events/4089\\_e.htm](http://ats.agr.ca/events/4089_e.htm)

To become familiar with the Mexican market and how to promote products within it, Canadian exporters should utilize the various industry trade fairs as an effective market entry tool. For the most part, trade shows focus specifically upon certain industries and niche markets. By attending trade shows, Canadian exporters will have the opportunity to display merchandise, network and make business contacts within the market, research the market environment, and learn more about competitors their products and the local business culture to do business. Canadian exporters should be prepared to provide pricing to buyers as a first step to attract attention and start discussion either on the process of potentially being represented by a Mexican company or the intention of the buyer to further evaluate products displayed at the show.

### SEE OTHER MODULE:

For a listing of Mexican trade shows in 2006/2007 and how to obtain further information about these shows, see **Annex A**.

Within Mexico, local distributors, agents and manufactures frequently attend trade shows. This same group can attend shows in other countries as well. The Canadian Embassy in Mexico and the consulates in Monterrey and Guadalajara often operate a booth dedicated to Canadian interests which is available for Canadian companies to use as a means for operation, without having to dedicate the time or cost commitments for their own booth.

## PAYMENT CONCERNS, COMMON TERMS, TIMELINES

Four main payment methods exist for exporters of goods to Mexico:

- **Advance Payment.** This low-risk method is perhaps the ideal scenario for smaller or new exporters. The exporter avoids credit risk since payment is usually received prior to the transfer of ownership of the goods.
- **Letter of credit.** This is another low-risk method in which the Issuing Bank gives a payment promise or undertaking in the form of a letter of credit, assuring the exporter that payment will be made. This is one of the most secure instruments available to exporters. However, it does assume mutual goodwill among parties and does not necessarily protect against fraud. (SOURCE: Market Research Centre, 2005, [www.infoexport.gc.ca](http://www.infoexport.gc.ca))

### SEE OTHER MODULE:

See **Module 3: Market Entry Strategies**, for information on the role of Canada's Export Development Corporation in assisting exporters with financing

**EXPORTER TIP:**

If possible, get payment in advance. Expect smaller distributors to be less structured in payment than larger chains, which typically pay within 90 days.

- **Bill of Exchange.** This is an unconditional order in writing from one party requiring another, if it accepts the order, to make payment on demand on the due payment date. In export transactions, a bill of exchange is drawn up by the exporter and accepted by the importer, who then is responsible for paying on presentation of the bill at the appropriate time. These items are more secure than open account or advance payment transactions since they shift the burden of risk almost completely to the importer, but considerably less secure than letters of credit because the role of the bank is specific and limited. (SOURCE: [www.edc.ca/edcapp/ExportFinanceGuide/eff.xml](http://www.edc.ca/edcapp/ExportFinanceGuide/eff.xml))
- **Open Account.** Under Open Account terms the parties agree that the exporter will ship the goods and transfer ownership to the importer, prior to payment. This is the highest risk option for an exporter since the exporter could easily lose control of goods and should only be used in the most secure of trading relationship.

Selection of payment type will depend on various circumstances including acceptable levels of risk and/or security and experience. It is recommended that an exporter seek advice from an experienced financial counsellor/institution.

Some Mexican distributors prefer to deal with suppliers who will provide an extended credit of 90 days, rather than paying with a letter of credit. Most imports to Mexico are financed through 60 – 90 day lines of credit; smaller or infrequent importers may be required to pay cash-in-advance.

*Quality*  
is in our **nature**



**MEXICO EXPORT  
PREPAREDNESS GUIDE**  
EXPORTING AGRICULTURE AND  
AGRI-FOOD PRODUCTS TO MEXICO

**MODULE 3:**  

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**MARKET ENTRY  
STRATEGIES**

**MARCH 2006**

**Prepared on Behalf of:**  
Agriculture and Agri-Food Canada

**Written By:**  
Fleishman-Hillard Canada

**Mexico Export Preparedness Guide:** was prepared on behalf of Agriculture and Agri-Food Canada, in partnership with the provinces. It can be found on AAFC's Agri-Food Trade Service (ATS) web site, under Market Information/Mexico at:

<http://ats.agr.ca/info/lac-e.htm#Mexico>

There are eight modules in the Guide, each covering specific topics of interest to Canadian exporters:

- Module 1: Country Overview
- Module 2: Agri-Food Market Overview
- Module 3: Market Entry Strategies
- Module 4: Products: Adaptation, Packaging & Promotion
- Module 5: Distribution
- Module 6: Shipping Samples to Mexico
- Module 7: Practical Experiences
- Module 8: Key Contacts and Further Information

The Mexico Export Preparedness Guide is designed to provide the Canadian exporter with a solid understanding of the key factors and issues involved in exporting agriculture and agri-food products to Mexico. It is not, and cannot be, an exhaustive reference. Rather, it is intended to serve as a useful starting point for Canadian exporters interested in exploring the Mexican market.

The content of these modules is derived largely from secondary sources, including Canadian and foreign government resources, the Government of Mexico and independent third-party research. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be used as the only source of market information on this sector. By necessity, these documents represent a snapshot in time and readers are encouraged to check the accuracy and timeliness of the data before making business decisions about the Mexican market.

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# MARKET ENTRY STRATEGIES

How can your company access the Mexican agri-food market?

This module discusses the various strategies that Canadian exporters can use, and have used, to access the formal sectors of the Mexican agri-food market as described in **Module 2**. Marketing goods within the informal sectors is difficult for Canadian exporters: there is little control at the point-of-sale and little consistency within those market sectors.

The primary focus in this module is on providing practical tips for using the most common market entry strategies: agents, distributors, and other business models like partnering and licensing or franchising. The module concludes with some tips on accessing support for Canadian exporters.

## METHODS OF MARKET ENTRY

As discussed in **Module 2**, Mexico's agri-food sector is fragmented. As a result, Canadian exporters may find that the best market entry strategy is to use many of the methods described in this section, tailoring the strategy to fit the product, the end-market, and the marketing infrastructure.

The best way to understand the Mexican market is to visit the marketplace and talk to buyers, retailers, distributors and other players. This will position you to prepare an effective entry strategy. For example, because few importers/distributors have national 'reach', it may be necessary to establish agreements with several importers, each focused on a specific region or market sector.

The following hints will help new exporters familiarize themselves with the market and establish initial contacts:

- Find appropriate business contacts and review Mexican import regulations.
- Maintain close contact with your representative (agent or distributor), especially regarding changes in import procedures and documentation.
- Attend Mexican trade shows, particularly Canadian Pavilion organized by Agriculture and Agri-Food Canada (AAFC) and or International Trade Canada (ITCan).
- Use trade shows to contact distributors/agents or representatives and to understand the local competition.

The following sections describe the available market entry strategies:

- Market entry strategies to individual consumers
- Selling to end users
- Using local importers as wholesalers/distributors
- Using agents

- Establishing partnerships
- Entering licensing agreements

## DIRECT MARKETING TO CONSUMERS

Market entry strategies means selling directly to individual consumers. The intent is to create and continue a direct relationship between an organization and its customers on a one-to-one basis. Market entry strategies techniques include mail, telemarketing, direct sales by television (e.g., the shopping channel and K-Tel models of merchandising), and electronic mail initiatives. This approach allows firms to eliminate the middleman and reap the benefits of direct contact: higher margin and better knowledge about product users.

Two models exist:

- **Conducting your own direct marketing.** However, to be successful, the exporter must be extremely knowledgeable about the Mexican market. This is not an option recommended for new exporters.
- **Using a Mexican direct marketing firm.** While these companies typically prefer exclusive agreements for managing brand names or product lines of products, exporters should carefully consider any exclusive agreement. Most direct marketers lack national coverage and often specialize in one or two sub-sectors or offer products for particular aspects of Market entry strategies (e.g. call centers).

## SELLING TO END USERS

Like market entry strategies to consumers, selling to end users eliminates the middleman and provides an opportunity to capture more mark-up. However, cost is also a consideration, as sales representatives may have to travel extensively to and within Mexico. While some Mexican firms employ English-speaking staff, it is a good idea for exporters to employ Spanish-speaking sales representatives.

This market entry strategy can be useful where the end market for a product is relatively restricted, simplifying the sales and marketing task. Where exporters can leverage existing relationships (e.g., with a Canadian or American affiliate of the Mexican firm being targeted), it can also be an effective strategy. Exporters should assess whether their knowledge of the market and their resources will allow them to serve their end customers effectively.

## USING LOCAL IMPORTERS AS WHOLESALERS/DISTRIBUTORS

Local importers, often referred to as wholesalers or distributors, can be used to distribute products in various regions or to distribute to several product lines. This market entry strategy can be cost-effective for new and experienced exporters alike. At its best, it draws on the experience and knowledge of an importer to increase sales and promote the product effectively. Exporters should expect to

### More Information:

Industry Canada

<http://strategis.ic.gc.ca/epic/internet/inimr-ri.nsf/en/gr113804e.html>



spend time supervising performance, and will have to accept a higher risk of non-payment or late payment than if negotiating directly with end users.

Helpful hints for managing the relationship are as follows:

- **Avoid exclusive agreements.** Distributors commonly ask to exclusively represent your product in all of Mexico. This commitment should be avoided. Since very few have full-country distribution networks, distributors may instead sell to sub-distributors, adding to mark-ups. It is more effective to define the key markets and contract with a distributor in each of those (**SOURCE:** USDA Foreign Agricultural Service).
- **Avoid consignment agreements.** Some distributors prefer not to take title to goods but to handle them on a consignment basis. Since this provides the exporter with a less-certain cash flow and little control, it is recommended not to use consignment sales unless there is a written commitment to ensure that sales volumes are achieved.
- **Include key terms and expectations in the contract.** Distribution agreements should specify limits on prices, geographic areas covered and how competing products may be handled. Specific marketing activities, levels of effort, and sales targets should also be specified. Remember that for products to be distributed in supermarket chains, the key is to ensure that your distributor negotiates a suitable agreement with the supermarket: one that specifies product placement and promotion. Your contract can and should specify the use of clauses that 'flow through' to the next link in the distribution chain.
- **Investigate candidates thoroughly.** Distributors represent your interests in Mexico; those who take title to goods determine how they will be promoted, resold and to whom. Errors or delays by the distributor can reflect badly on the exporter even though marketing is done in the name of the distributor with the Canadian firm taking a lower profile. Reputable Mexican distributors are in short supply. Specific areas to investigate include the distributor's staff levels, financial position, warehouse capacity, ability to provide after-sales service (where applicable).
- **Monitor performance.** Exporters should closely monitor their distributors' activities by traveling to the market, going on customer calls and supporting distributor promotional activities.

## USING AGENTS (BROKERS)

As described in **Module 2**, agents represent your interests but do not take title to goods. Through contractual arrangements, they are empowered to negotiate sales contracts on your behalf. Many companies that export to Mexico enter into an agreement with a Mexican agent.

**SEE OTHER MODULE:**

For more information on Agents and Distributors, please see **Module 2**.

Mexico's tax structure is one of the main reasons for the widespread use of agents. All sales where the title passage occurs within Mexico are subject to income and value-added sales taxes. Many exporters, therefore, establish agreements that do not give the agent the power to bind the Canadian company to sales agreements. Rather, the agent promotes the exporter's goods on an exclusive basis. When the goods are shipped to Mexico, the buyer (not the agent) receives the goods from customs. Otherwise, title to the goods would pass from the exporter to the Mexican agent, making the transaction subject to various taxes.

Agents can act on behalf of a Canadian company only when a legal contract has been signed by both parties, establishing the terms of representation and the benefits for the agent. The agent is an exclusive representative who has the right to act on the Canadian company's behalf and according to terms established in the contract. The agent is also the Canadian company's visible presence in Mexico and acts as a liaison between potential Mexican customers and the Canadian exporter. This individual/firm will remain in regular contact with government authorities and buyers to resolve issues and maintain corporate profile.

As a factor critical to the success of your export sales, agents must be carefully evaluated. Specific suggestions include the following:

- Make full use of local sources to identify prospective agents:
  - Mexican industry associations
  - Canadian Embassy in Mexico City and the consulates in Monterey and Guadalajara (see section 8 for contact information)
  - Trade shows
  - Competitors' agents
- Get the following information from prospective agents:
  - Qualifications and experience, including customer list and references
  - Product and market knowledge
  - Other products represented (looking for complementary and competing lines)
  - Sales force: size, how compensated?
  - Sales record
  - Sales promotion: techniques used (e.g., advertising media)
  - Physical territory and customer groups covered
  - Draft marketing strategy for your product and sales forecast
  - Their expectations
  - Ancillary services offered (e.g., translation/interpretation services; warehouse facilities)
- Negotiate a detailed contract that meets your needs. Be sure to quantify the agent's commitment to market your product (e.g., volumes over a set time period, in a particular area, assuming you have assigned exclusivity for an area, or time period). Get sound legal advice (Canadian and Mexican)

**More Information:**

Agri-Food Trade Service  
[http://atn-riae.agr.ca/latin/3991\\_e.htm](http://atn-riae.agr.ca/latin/3991_e.htm)

<http://www.atn-riae.agr.ca/latin/e3187.htm#3%20Distributing%20Your%20Product%20in%20Mexico>

before entering any contracts. If there is any possibility of establishing an employer/employee relationship, ensure that you get advice on the provisions of Mexican labour law.

Agents must be listed in the Secretaria de Economia (SE) National Register of Importers and Exporters which is managed by the Ministry of Finance –Secretaria de Hacienda y Credito Publico. Agents must be Mexican citizens or employees of a local corporation (**SOURCE:** 2001 Agrifood Export Business Guide – Mexico) Membership in the registry authorizes the company or individual to carry out imports or exports.

## ESTABLISHING PARTNERSHIPS

Most Canadian exporters export directly, using one of the methods described above. However, various forms of partnerships or strategic alliances can enable exporters to achieve greater levels of integration, flexibility and responsiveness to the market.

Partnerships can provide Canadian exporters with the following opportunities:

- Access to new technologies and additional expertise
- Access to larger capital resources while also sharing costs and the risks of business
- Access to new markets without creating additional corporate structures

Partnerships are successful to the extent that firms can establish and manage relationships. However, it is important that companies protect themselves within partnership arrangements. The legal advice and services of a reputable firm should be obtained when discussing matters such as the protection of intellectual property.

**Joint ventures.** As one of several types of partnerships which may be of interest to Canadian exporters, joint ventures are defined as an independent business formed through the cooperation of two or more parent firms. Ownership usually reflects the partners' size and capabilities. A joint venture is a distinct corporate entity, separate from its parent organizations, and is organizationally more complex than direct exporting. The joint venture agreement includes provisions specifying how the parties will cooperate to develop their business and how contributions of capital, resources or services will be handled.

Canadian exporters should consider forming a joint venture if the project requires commitments from the partners which are more complex and comprehensive than what their abilities will allow, and anything more complex than what a simple contract can address. If a project requires a longer-term arrangement (e.g., joint product development, ongoing manufacturing and marketing), then a joint venture may be the best option.

Examples of joint ventures within the Mexican market include Cifra and Wal-Mart, and Comercial Mexicana and Price Costco.

**More Information:**

Mexico Connect –  
[www.mexconnect.com/business/mex2000incorporation.html](http://www.mexconnect.com/business/mex2000incorporation.html)

Mexico Information Centre  
<http://www.mexico-trade.com>

Mexican Registry of Importers and Exporters in Mexico (available in Spanish only)  
[www.siem.gob.mx/portalsiem](http://www.siem.gob.mx/portalsiem)

Promar International - Report on Food  
[www.promarinternational.com/pdfs/IndustryStrategicStudies/DistributionPOS/Food%20distribution%20in%20Mexico%20man%20sum.pdf](http://www.promarinternational.com/pdfs/IndustryStrategicStudies/DistributionPOS/Food%20distribution%20in%20Mexico%20man%20sum.pdf)

Mexico Data Online –  
[www.mexicodataonline.com](http://www.mexicodataonline.com)  
Mexico Online  
[www.mexonline.com](http://www.mexonline.com)

**More Information:**

Embassy of Mexico in Canada: <http://www.embamexcan.com>

Hieros Gamos – Worldwide Legal Directory  
[http://www.hierosgamos.org/hg/db\\_lawfirms.asp?action=search&subcategory=Licensing&country=Mexico](http://www.hierosgamos.org/hg/db_lawfirms.asp?action=search&subcategory=Licensing&country=Mexico)

International Licensing Agency  
<http://www.latinlicensing.com/index.html>

**Please note that the inclusion of these links here does not constitute an endorsement of the agencies or firms listed; the links are provided for information purposes only**

**More Information:**

Franchising in Mexico  
[www.managingip.com/?Page=10&PUBID=34&ISS=12561&SID=471351&TYPE=20](http://www.managingip.com/?Page=10&PUBID=34&ISS=12561&SID=471351&TYPE=20)

Status of Franchising in Mexico  
[www.allbusiness.com/periodicals/article/475703-1.html](http://www.allbusiness.com/periodicals/article/475703-1.html)

Industry Canada  
<http://strategis.ic.gc.ca/ejic/internet/inimr-ri.nsf/en/gr111828e.html>

US Department of State  
[www.aqbuscenter.ifas.ufl.edu/export/revised%20primers/Mexico2004.pdf](http://www.aqbuscenter.ifas.ufl.edu/export/revised%20primers/Mexico2004.pdf)

List of Mexican franchises & businesses for sale:  
<http://mexico.franchisesolutions.com/index.cfm>

**ENTERING LICENSING AGREEMENTS**

Licensing and cross-licensing are arrangements that allow exporters to benefit from their external counterpart's valuable technologies and processes. The majority of licensing and cross-licensing agreements in Mexico are with American firms, but nothing precludes Canadian companies from using this market entry mechanism.

**FRANCHISING**

Franchising is a form of licensing that is a growing segment of the market in Mexico. With more than 500 franchises operating in the country, Mexico is one of the 10 largest franchise systems in the world. About 40% of franchises are foreign and most of these are American, due to their superior name recognition. Recent changes to Mexican law provide increased protection for intellectual property.

The Mexican Franchise Association holds the following position: (SOURCE: <http://www.managingip.com>)

*The Mexican Franchise Association (MFA) has voted for the need to have a law with more precise terms and rules for the operation of the franchises and the regulation of the relationship between the franchisor and the franchisee. In the efforts for having a new legislation, the MFA has submitted a proposed bill to the Mexican Congress in order to implement to the existing legal framework a better and more certain treatment for the franchise figure. Basically, the proposals attempt to define more clearly the responsibilities and rights of the franchisor and, likewise, they pretend to have a more defined scheme for the contents of franchise agreements*

The following regulations apply to franchising in Mexico:

- Pre-sale disclosure of information to prospective franchisees is required
- Pre-sale filing of information about the franchisor is required
- Registration of the transmission of trademark rights to the franchisee. Such transmission of rights is to be registered at the Ministry of Commerce and Industrial Development

## EXPORT DEVELOPMENT CORPORATION

### More Information:

Export Development  
Corporation  
[www.edc.ca](http://www.edc.ca)

The Export Development Corporation (EDC) is a Crown corporation that provides trade finance and risk management services to Canadian exporters and investors in up to 200 markets worldwide. EDC helps Canadian exporters by providing credit insurance, bonding and guarantees, direct loans to buyers and lines of credit.

The EDC also assists Canadian exporters by providing financing to their prospective foreign customers. It does so through medium- and long-term financing such as the following:

- **Direct Loans** – Typically a financing agreement between EDC and the foreign buyer of Canadian capital goods and/or services over seven to ten years with fixed and floating rate portions.
- **Lines of Credit** - For a foreign company which intends, over a period of time, to buy goods and/or services from Canada. Lines of credit can accommodate ongoing purchases of any size and occur only after the transaction, buyer and exporter have been approved.
- **Note Purchase and Forfeiting** – These are usually applied to small- and medium-sized transactions over a period of two to five years.

A line of credit from the EDC can be particularly useful for small and medium-sized exporters wanting to finance sales of capital goods to Mexico. However, EDC financing is not automatic. The approval process can be complex with the EDC considering the following factors, before proceeding with the transaction:

- Research and development potential
- Quality of the jobs created
- Employment growth
- Number of start-up firms created
- Dividends, royalties, licensing fees, etc.
- Maintenance of or growth in market share (particularly for new products or technologies)
- Number of primary/lead contractor designations for projects
- Experience in the market including success stories of small customers becoming larger, or large companies becoming more successful

EDC will also investigate the credit worthiness and reliability of foreign buyers or financial institutions before granting approval. Details of the financing support will be requested and for larger projects, feasibility studies, additional details of consortia arrangements and financial projections.

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**MEXICO EXPORT  
PREPAREDNESS GUIDE  
EXPORTING AGRICULTURE AND  
AGRI-FOOD PRODUCTS TO MEXICO**

**MODULE 4:  
Products: Adaptation,  
Packaging & Promotion**

**MARCH 2006**

**Prepared on Behalf of:**  
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**Written By:**  
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- Module 4: Products: Adaptation, Packaging & Promotion
- Module 5: Distribution
- Module 6: Shipping Samples to Mexico
- Module 7: Practical Experiences
- Module 8: Key Contacts and Further Information

The Mexico Export Preparedness Guide is designed to provide the Canadian exporter with a solid understanding of the key factors and issues involved in exporting agriculture and agri-food products to Mexico. It is not, and cannot be, an exhaustive reference. Rather, it is intended to serve as a useful starting point for Canadian exporters interested in exploring the Mexican market.

The content of these modules is derived largely from secondary sources, including Canadian and foreign government resources, the Government of Mexico and independent third-party research. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be used as the only source of market information on this sector. By necessity, these documents represent a snapshot in time and readers are encouraged to check the accuracy and timeliness of the data before making business decisions about the Mexican market.

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# PRODUCTS: ADAPTATION, PACKAGING & PROMOTION

Making your product 'right' for Mexico.

This module provides an overview of the key steps in adapting your product for the Mexican market. The focus is on meeting regulatory requirements; adapting the product, packaging and labelling to suit Mexican preferences and uses; and promoting and merchandising the product effectively. First, it is necessary to provide some regulatory framework.

The Government of Mexico regulates products through *Normas Oficiales Mexicanas* (NOMs), official mandatory standards governing a wide range of consumer and capital goods, both domestic and imported. These NOMs can be issued by any of the Mexican Ministries involved in the regulation of the particular product, such as the Mexican Ministry of the Economy (Economía), the Mexican Ministry of Agriculture (SAGARPA), the Mexican Ministry of Health (SALUD) and the Mexican Ministry of the Environment and Natural Resources (SEMARNAT), among others.

There are three categories of NOMs that affect products:

- Those specifying product performance or safety or both;
- Those specifying commercial information, such as labelling, that must be made available to the consumer; and
- Those specifying both product performance/safety requirements and product-specific labelling requirements.

Labelling NOMs are enforced at the border (see **Module 5** for additional information); other product NOMS are enforced through inspection. For example, the Mexican Ministry of Health (SALUD) has the authority to conduct random inspections throughout the distribution chain (e.g., in warehouses or retail points of sale) to verify that products comply with applicable NOMs.

## PRODUCT ADAPTATION

The first question for any Canadian exporter is whether their product must be adapted to meet Mexico's regulatory requirements. The most common NOMs, related to labelling, applicable to agri-food products are as follows:

- NOM-050-SCFI-1994 – Provides general provisions for consumer products not covered by another more-specific NOM.
- NOM-051-SCFI-1994 – Applies to pre-packaged foods and non-alcoholic beverages. This NOM also sets out definitions of food, additives, sugars, processing agents and best-before dates, and sets standards for calculating nutrients and labelling requirements with regard to nutritional information and language.

### More Information:

Full and updated listing of all NOMs, use this Government of Mexico site

<http://www.economia-noms.gob.mx/> (available in Spanish only)

### EXPORTER TIP

When considering the use of any promotional products, exporters should keep in mind that Mexico prohibits the entrance of textile products made in China. For example, some exporters who brought promotional products (including t-shirts which were made in China) had these products refused at the border.

- NOM-142-SSAI-1995 – Applies to alcoholic beverages, which are defined as any beverage with an alcoholic level ranging from 2% to 55% at 20 degrees Celsius. This NOM was published in July 1997 and includes health standards as well as labelling.

Remember that NOMs apply not just to the primary product but also to promotional products.

After ensuring that your product meets regulatory requirements, the next step is to consider whether it can compete effectively in the Mexican market. It might be necessary to modify a product from a formulation that is successful in Canada. This is called 'tropicalization' of the product to the target market.

Given the diversity of Canadian agri-food products, it is not possible to provide specific product adaptation advice here. However, the following checklist gives exporters questions to consider when determining whether tropicalization is necessary in their case.

- Are there local, regional or national taste differences that apply? Even within Canada there are regional differences in food preferences and eating habits, and product formulations can vary from one region to another (e.g., cereal manufacturers are reported to add more sugar to their products for the Québec market). Especially for prepared foods, are there differences in preferences that would affect marketing success (e.g., for degrees of sweet, sour, salty, or spicy; use of specific spices or flavours; varying textures)?
- Does the name of the product have to be changed or translated for intended users? A classic example of a miscue in this area was Chevrolet's introduction of the Nova in Latin America. In Spanish, 'no va' means 'it doesn't go'. To ensure that product names convey the intended image, it is important to go beyond the basics of translation by working with a translator whose first language is Spanish and who understands the market.
- What is the basis of your product's competitiveness in Canada (e.g., price, quality, timeliness, delivery, after-sales service)? Will that have the same impact in the Mexican market and can it be duplicated there against a new set of competitors? If not, what other product features might provide competitive advantages?
- Are your Canadian competitors active in Mexico? If so, have they made changes to their products?

Successful introduction of Canadian products in Mexico also requires attention to product packaging and labelling requirements, which are discussed next.

## PACKAGING AND LABELLING

As with product adaptation, changes to packaging and labelling are of two kinds: those required to meet regulatory requirements and those required to adapt packages or label design to meet local needs and preferences. Each of these is explained below.

## REGULATIONS

The product labelling criteria defined by NOMs are enforced at the border. Mexican Customs will deny entry to any shipment not accompanied by certification that the product label complies with NOMs. See **Module 5** for additional information on NOMs documentation required or advisable at the border.

Labelling-specific NOMs are as follows:

- NOM-051-SCFI-1994 – Applies to labelling of pre-packaged foods and non-alcoholic beverages (nutritional information and language), including setting standards for calculating nutrients.
- NOM-142-SSAI-1995 – Applies to labelling of alcoholic beverages (which are also defined by this NOM).
- NOM-155-SCFI-2003 – Applies to commercial information for milk and dairy products.
- NOM-158-SCFI-2003 – Applies to commercial information for hams.
- NOM-186-SSAI/SCFI-2002 – Applies to all commercial information for cocoa, chocolate and derived products.
- NOM-187-SSAI/SCFI-2002 – Applies to commercial information for pastry, dough and prepared flour for bakery products.
- NOM-086-SSA1-1995 – Applies to goods and services and nutritional specifications for foods and non-alcoholic beverages with a modified composition. This NOM is voluntary unless a claim of nutritional benefit about the product is made. NOM 051, however, is undergoing its five-year review and mandatory inclusion of nutritional information will likely be included in the revision.

While exporters should review the current NOMs that apply to their products (see link below), the following list indicates general labelling requirements set out by NOM-051-SCFI-1994. All information must be in Spanish.

- Product name
- Brand name or trademark
- Product description
- Batch or lot number
- Exporter's name and address
- Country of origin
- Importer's name, address, phone number and RFC (taxation) number
- List of ingredients
- Net content in metric units

**More Information:**

Full and updated listing of all NOMs, use this Government of Mexico site

<http://www.economia-noms.gob.mx/> (available in Spanish only)

- Expiration date and any special conditions required for preservation if the validity of the date depends on these conditions (e.g., 'Keep refrigerated', 'Keep frozen')
- Preparation instructions

Whether working with experienced or novice Mexican importers, Canadian exporters must take responsibility for meeting current labelling regulations. Amongst other things, they are encouraged to review and understand the applicable NOMs for the products they intend to export to the Mexican marketplace.

## LOCAL CONDITIONS

Packaging and labelling should also be reviewed to determine whether changes are required to meet local market conditions. The following checklist provides a starting point:

- Do different consumption or usage patterns drive different packaging sizes than in Canada?
- Do different storage challenges (e.g., higher average temperature and humidity) require different packaging techniques or materials?
- Will transportation modes (to or within Mexico) require different packaging materials?
- Are there differences in cultural reactions to package shape or to label design (e.g., font, font size, graphical elements) and colours used in both packaging materials and on labels?

Since local market knowledge is critical in these determinations, exporters should ensure that they have access to informed advice, whether from their agent/distributor/importer, or a local consultant who is familiar with the market. There are also commercially available services that test labels for exporters on a fee-for-service basis. Product labels can either be verified during the customs process or labeled in an authorized or private warehouse by Authorized Verification Units (Unidades de Verificación Autorizadas or UVAs). For example, Logyx ([http://www.logyx.com.mx/T\\_VerificacionI.htm](http://www.logyx.com.mx/T_VerificacionI.htm)) is a UVA accredited by the Mexican Agency for Accreditation and endorsed by the General Directorate for Standards as a Verification Unit. Most verification units provide a complete service for a fee that includes the verification, printing and correction of labels, to ensure they comply with the applicable NOMs. Once the label is in order, the verification unit issues a compliance certificate (dictamen de cumplimiento), which should be presented when the product arrives at the Mexican border.

A list of authorized verification units can be obtained at the following web site: <http://www.economia-noms.gob.mx> (On the left hand side of this page, click on "Acreditación", then click on "Unidades de Verificación" and finally, download the PDF document related to NOM-051-SCFI).

## PRODUCT PROMOTION

As in Canada, product promotion includes advertising and in-store merchandising. Cultural context plays an even bigger role in promotion than it does in product formulation, packaging or labelling. This section provides useful tips and links, but exporters are strongly encouraged to work with people who understand local market conditions.

In Mexico, product advertising is usually the responsibility of the product supplier rather than the retailer. For Canadian exporters, this means that it is important to consider provisions for advertising support in contracts with distributors/importers (see **Market Entry Strategies**, for further information). Here are some advertising best practices to remember:

- Adapt sales literature and materials to the Mexican market. Use straightforward language, rather than slang words or phrases that Mexican consumers will not understand.
- Ideally, advertising should be written in Spanish, not simply translated from English or French. Canadian exporters should not rely on the same methods used in domestic advertising.
- If translation is necessary, use a translator who has worked with international commercial and business materials. All materials should be reviewed by someone whose first language is Spanish and who understands the target market.
- Communicate your message and the product's use clearly by using illustrations and pictures where applicable. Consider whether the product will be used the same way as in Canada (e.g., as a main dish or a side dish, as an everyday food or for festive occasions, as a standard offering or exotic fare), as this affects the advertising message.

Merchandising programs present the product to the Mexican retail sector by maintaining communication and relationships with store personnel. Merchandising should increase sales in each individual retail location by ensuring that products and product placement offer the best presentation to the customer while maximizing communication within the allotted product space and providing appropriate feedback to the retailer. For the most part, Mexican retailers expect merchandising to be done by the supplier, except in the case of private brands.

Merchandising programs focused on increasing the ability of store personnel to effectively market a product include the following:

- Making service visits
- Supporting new store set-ups
- Conducting product re-sets (periodically adjusting product placement throughout the store to enhance sales)
- Providing product training for retail personnel

### More Information:

Mex Connect

[www.mexconnect.com](http://www.mexconnect.com)

Doing Business in Mexico

[www.executiveplanet.com/business-etiquette/Mexico.html](http://www.executiveplanet.com/business-etiquette/Mexico.html)

Camara Mexicana de la Industria Editorial (available in Spanish only)

[www.caniem.com](http://www.caniem.com)

National Association for Retail Marketing Services

[www.narms.com](http://www.narms.com)

U.S.D.A Foreign Agricultural Service

[www.fas.usda.gov/info/agexporter/1999/articles/makinait.html](http://www.fas.usda.gov/info/agexporter/1999/articles/makinait.html)

Office World News Magazine

[www.officeworldnews.com/article.asp?id=542](http://www.officeworldnews.com/article.asp?id=542)

MEXonline.com

<http://www.mexonline.com/business.htm>

- Providing plan-o-gram designs (schematic drawing or blue prints that illustrate product placement in a commercial space)

Merchandising programs focused on presenting new products to consumers are as follows:

- In-store demonstrations and tastings
- Promotional product distribution
- Value-added handouts (e.g., recipe cards, fridge thermometers, information CDs)

*Quality*  
is in our **nature**



**MEXICO EXPORT  
PREPAREDNESS GUIDE  
EXPORTING AGRICULTURE AND  
AGRI-FOOD PRODUCTS TO MEXICO**

**MODULE 5:**  

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**DISTRIBUTION**

**MARCH 2006**

**Prepared on Behalf of:**  
Agriculture and Agri-Food Canada

**Written By:**  
Fleishman-Hillard Canada

**Mexico Export Preparedness Guide:** was prepared on behalf of Agriculture and Agri-Food Canada, in partnership with the provinces. It can be found on AAFC's Agri-Food Trade Service (ATS) web site, under Market Information/Mexico at:

<http://ats.agr.ca/info/lac-e.htm#Mexico>

There are eight modules in the Guide, each covering specific topics of interest to Canadian exporters:

Module 1: Country Overview  
Module 2: Agri-Food Market Overview  
Module 3: Market Entry Strategies  
Module 4: Products: Adaptation, Packaging & Promotion  
Module 5: Distribution  
Module 6: Shipping Samples to Mexico  
Module 7: Practical Experiences  
Module 8: Key Contacts and Further Information

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# DISTRIBUTION

## How do I get my products to Mexico?

### TIP

While the information here provides a good overview of what is required and of the exporter's responsibilities in the process, it is no substitute for experience. Exporters should consider using the services of a freight forwarder to handle the documentation required for exporting products. Forwarders specialize in this process and can add value by expediting processing and reducing time lost to delays caused by inaccurate or incomplete documentation. Moreover, documentation requirements and standards for products change frequently. It is always necessary to confirm current requirements. To find a freight forwarder, visit [www.ciffa.ca](http://www.ciffa.ca).

This module addresses the key steps required to get your product to Mexico. It covers required documentation, shipping requirements and practices, and border crossing procedures.

### DOCUMENTATION

Successful export of Canadian goods to Mexico requires documentation for both Canadian and Mexican authorities. This section explains which documents are required and by which authorities. For new exporters, there are two additional points:

- An Export Account Number (EAN) is required from the Canada Revenue Agency (call 1-800-959-5525), in order to export goods from Canada.
- Guides exist that provide an overview of the entire exporting process. One such guide is the Canadian Border Services Agency's (CBSA) *Exporting Goods From Canada*. This guide explains the process, requirements, differences between exporting to the United States and other jurisdictions, and when, where and how to report exports. The guide can be found at the following address: (<http://www.cbsa-asfc.gc.ca/E/pub/cp/rc4116/rc4116-05e.pdf>)

### USEFUL CONTEXT

The following requirements affect the overall process; even where they do not result in specific documentation requirements, they are useful context for exporters:

- Mexican companies wanting to import products must register on the Mexican Government's Importers Rosters at the Tax Administration Service. This roster was created to obtain and generate statistical information that identifies the 'who, what, how much, and where from' of importing.
- For all transactions exceeding 1,000 USD, a customs broker licensed in Mexico must be involved. Some importers are also registered as customs brokers and some work through professional customs brokers who specialize in this service. The customs broker's role is to ensure compliance with Mexico's customs regulations, thereby expediting transit of the shipment.
- Mexican customs law is very strict regarding proper submission and preparation of customs documentation. Errors in paperwork, including not providing original documentation, can result in fines and even confiscation of merchandise as contraband. Exporters are thus advised to ensure that their Mexican clients employ competent, reputable Mexican importers or customs brokers. Because customs brokers are subject to sanctions if they violate customs laws, some are very strict in their interpretation of Mexican regulations and standards.

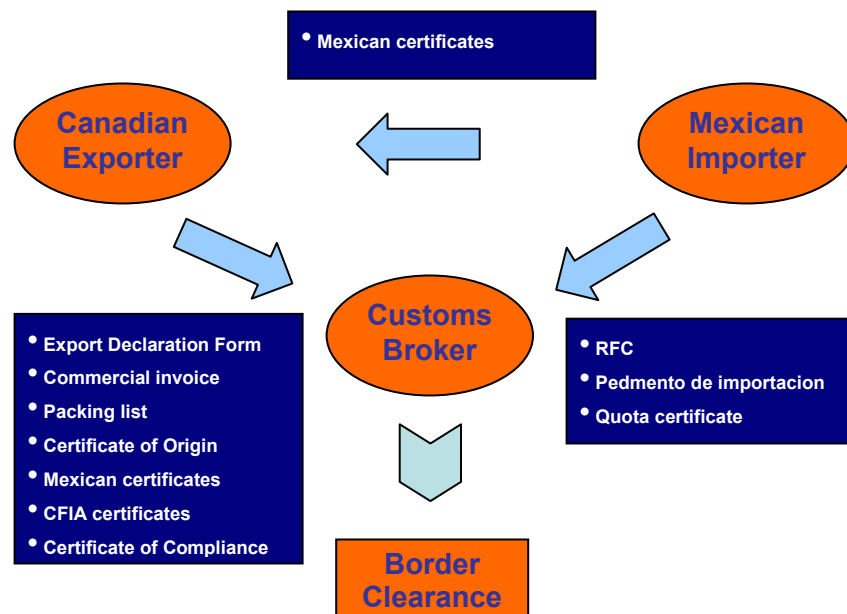
### TIP

In most cases, exporters send their documentation to the customs broker (particularly one experienced with the export product) for review *in advance* of preparing their goods for shipment. After reviewing, the customs broker then sends the documentation back to the exporter who makes the final changes to the original documents. These documents are then sent with the product to the broker who has them on hand when the goods are to be cleared by the border authorities. While this is a time-consuming process, exporters' experience has shown that it is far better to dedicate resources to a seamless transition at the border than face penalties, major delays or even confiscation. Refer to Annex B for broker contacts or contact the BCR or the Canadian Embassy in Mexico.

- Some products still have import quotas under the Harmonized Tariff System. Importers must have a quota certificate to import these products without incurring large duties. If quotas apply to your product, we recommend asking the importer to fax you a copy of their certificate so you are sure that all required documentation is in order.

## BORDER CLEARANCE DOCUMENTATION

The diagram below shows the typical flow of information and documents. Each element is first listed and then explained on the following pages.



**Necessary** information and documentation includes the following:

- From the **importer**:
  - Mexican Federal Tax ID Number (Registro Federal de Contribuyentes - RFC), and compliance with all the Ministry of Finance's requirements
  - Pedimento de importación
  - Sanitary or phytosanitary certificates of requirement from the applicable Mexican department
- From the **exporter**:
  - Export Declaration Form (required by Canadian authorities)
  - Commercial invoice
  - Packing list
  - Certificate of origin
  - Certificate of compliance with NOMs labeling requirements
  - Sanitary and phytosanitary certificates from the Canadian Food Inspection Agency (CFIA) indicating product's compliance with Mexican requirements

**Where applicable**, the following documentation is also required:

- From the **importer**:
  - Quota certificates for applicable products
- From the **exporter**:
  - US Transit and Exportation Bond, (for exports traveling through the US)
  - Additional US requirements including U.S. registration and prior notice (also for exports traveling through the US)
  - Bill of lading (for exports traveling by sea)
  - Airway bill of lading (for exports traveling by air)
  - Documents demonstrating guarantee of payment of additional duties for undervalued goods if applicable
  - Documents demonstrating compliance with Mexican product safety and performance regulations

**TIP**

Canadian exporters are encouraged to contact the BCR services of Luis Perez who can assist with many of their border clearance challenges. Mr. Perez's services will be available until at least September 2006. It is advised that he be contacted well in advance of shipping any samples or loads.

Additional information on these requirements is provided below.

**Mexican Federal Tax ID Number (RFC)** Immediately after incorporation, companies established in Mexico must register the company with the Federal Taxpayer's Registry (Registro Federal de Contribuyentes, RFC) at the Secretariat of Finance and Public Credit (Secretaría de Hacienda y Crédito Público, Hacienda). The company's RFC number is necessary for tax and accounting records, and it must be printed on all company invoices.

**More Information:**

Government of Mexico -  
Ministry of Finance  
(Available in Spanish only)

<http://www.sat.gob.mx/nuevo.html>

To obtain an RFC, an application that includes a certified copy of the charter, as recorded by the notary, must be filed with the Ministry of Finance and Public Credit ("*Secretaría de Hacienda y Crédito Público*" or "Hacienda"). The application for the RFC must be signed by someone empowered by the Mexican company to do so. The RFC should be obtained from the regional office of Hacienda where the Mexican company is located. If the RFC is obtained elsewhere, a conforming filing must be made at the appropriate regional office.

**Pedimento de importación.** This is the basic entry document in Mexico, indicating the merchandise to be imported.

Only brokers, who are legal representatives of the importing firms, can clear products for entry into Mexico, and they alone can give a shipment its critical documentation, the *pedimento*. The *pedimento* will be checked numerous times throughout the clearance process. In Nuevo Laredo, on the Mexican side of the border, brokers can transfer *pedimentos* electronically

Upon payment of the invoice by the consignee, the Mexican custom house broker prepares the Pedimento de Importacion.

**Export Declaration Form.** The Export Declaration Form is key to exporting goods from Canada. Using one of the following export declaration mechanisms, exporters must report exports before the goods leave the country:

- **Canadian Automated Export Declaration (CAED).** CAED is an electronic method for reporting exports which allows an exporter, or their customs service provider, to prepare export declarations quickly and transmit the information directly to

the Government of Canada. The CAED software is available free of charge and anyone who has the necessary computer equipment can register to participate in the program. Exporters can find a demonstration of CAED and information on how to register on the Statistics Canada website (<http://www.statcan.ca/english/exports>). See **Module 8** for contact details.

- **G7 Electronic Data Interchange (EDI) Export Reporting.**

This is another electronic method that allows exporters to report exports. The G7 was set up to report transactions between the G7 countries (i.e., Britain, Canada, France, Italy, Japan, Germany and the United States). The CBSA has expanded this reporting method to include the report of goods that are being exported to any country for which an export declaration is required. To register for G7 EDI Export Reporting, exporters must have a valid Business Number and complete the G7 application form: the G7 EDI Export Participants' Requirement Document (PRD) is on the CBSA website (<http://www.cbsa.gc.ca/eservices/g7/exporting-e.html>). See **Module 8** for contact details.

- **Form B13A, Export Declaration.**

This is a paper-based reporting method in which exporters complete Form B13A. This form with completion instructions is available on the CBSA Web site (<http://www.cbsa.gc.ca>) under "Publications and forms". The actual form is available at the following address, though without instructions (<http://www.cbsa-asfc.gc.ca/E/pbg/cf/b13a/b13a-fill-04b.pdf>). Exporters should ensure they are using the latest version of the export declaration.

- **Summary Reporting.**

This program is reserved for exporters of low-risk goods who export on a regular basis and who have met specific CBSA requirements. It enables exporters to summarize required export data and submit it monthly in writing five business days after the end of the month in which the goods are exported. To report in this manner, exporters need prior written authorization from the CBSA. They can contact their local export reporting office for an application form or for additional information. **Note:** If the goods require a permit, exporters also need authorization from the appropriate official responsible for administering the permit. Restricted goods generally do not qualify for this program.

**Commercial Invoice.** Invoices must accompany every shipment of goods and must be in Spanish (if the original is prepared in any other language, the Spanish translation can follow the original text on the invoice). The invoice must contain the following information:

- Place and date of issuance
- Complete name and address of buyer or importer in Mexico and delivery address, if different
- Complete name and address of exporter

**More Information:**

Export Declaration Form

<http://www.cbsa-asfc.gc.ca/E/pbg/cf/b13a/b13a-fill-04b.pdf>

- Detailed description of the merchandise
- All relevant data on brand name, model, marks, serial numbers, manufacturers, weight; etc.
- Unit value and total value of each item listed on the invoice
- Signature of seller, name and position
- Shipper's invoice number and customer's order number

**Packing List.** When more than one package is being shipped, a packing list is necessary unless the commercial invoice is detailed enough to provide this information. It includes:

- Number of packages and a detailed list of the contents of each package
- Net, gross and legal weight of each package, as well as of the total shipment (all in metric units)
- Volume or measurement of each package and of the total shipment (all in metric units).

A minimum of four and up to seven copies may be needed, depending on the mode of transportation.

**Certificate of Origin.** According to NAFTA, goods made in the US or Canada may be eligible for duty free treatment or reduced duty rates when entering Mexico. The importer must provide proof of origin to Customs in the form of a Certificate of Origin and/or country of origin marking on the goods (this certifies that the goods to be imported qualify as originating from one of the three member countries). The manufacturer or seller should be able to provide the importer with a certificate of origin. This document does not need to be validated or formalized, and it can be obtained at the following web site: <http://www.cbsa-asfc.gc.ca/E/pbg/cf/b232/b232-fill-05e.pdf>.

**More Information:**

Certificate of Origin

<http://www.cbsa-asfc.gc.ca/E/pbg/cf/b232/b232-fill-05e.pdf>.

**Certificate of Compliance.** This certificate (*dictamen de cumplimiento*) verifies that product labels comply with applicable NOMs. It can be issued by the Customs official at the border based on his inspection, or it can be obtained in advance. The Ministry of the Economy (Economía) approves verification units which, for a fee, will review labels, correct errors and issue a Certificate of Compliance. If products arrive at the border with the Certificate of Compliance, Customs officials will accept that the labels comply with all applicable NOMs, without having to verify the labels again. Compliance certificates can thus help to avoid significant delays in the customs clearance procedure. A list of authorized verification units can be found on Economía's website at the following address: <http://www.economia-noms.gob.mx> (On the left-hand side of the screen, click on "Acreditación", then click on "Unidades de Verificación".)

**More Information:**

Government of Mexico -  
Ministry of the Economy -  
Authorized Verification Units

<http://www.economia-noms.gob.mx>

**Sanitary and Phytosanitary Certificates.** Different types of sanitary and phytosanitary certificates are required by the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación - SAGARPA) on shipments of livestock, animal, seeds,

plant and plant by-products and crustaceans. In the case of fish and seafood products, specific sanitary certificates are required by the Mexican Ministry of Health (SALUD). Because of the detail associated with this topic, it is addressed in its own section at the end of this list.

**US Transit and Exportation Bond.** If the shipment will travel by land through the US, the Canadian broker must contact an associated American broker to obtain a transportation and exportation (T&E) bond. This bond must be cancelled by American authorities at the export yard, before the goods enter Mexico. Transportation must be made by a bonded courier.

**Additional US Requirements.** As of August 13, 2004, enforcement of the *US Bioterrorism Act Food Regulations* requires that shippers also have the following documents in-hand, should they be crossing into the US:

**More Information:**

Proof of US registration of a food facility

<http://www.cfsan.fda.gov/~furls/ovffreg.html>

**More Information:**

Proof of prior notice to food imports into/through the US

<http://www.cfsan.fda.gov/~pn/pnoview.html>

- **Proof of US registration of their food facility.** Facilities that manufacture, process, pack, distribute, receive or hold food and animal feed for consumption in, or *transit through*, the US must register with the US Federal Department of Agriculture (USFDA). There is no fee for this registration and it can be done online at: <http://www.cfsan.fda.gov/~furls/ovffreg.html>
- **Proof of having provided prior notice of food imported into (or through) the US.** The USFDA must also receive prior notice for all food and feed shipped to and *via* the US. Prior notice must be received and confirmed online by the USFDA (<http://www.cfsan.fda.gov/~pn/pnoview.html>) no more than five days before arrival and no fewer than: two hours if by road; four hours if by rail; eight hours if by water. The shipment must be accompanied by confirmation of FDA receipt of prior notice (which is sent back to the exporter electronically after they give notice online) and registration.

**Bill of Lading.** Endorsed by the transport company, this document is the shipper's acknowledgement that the goods have been received. It should include:

- The weights and measurements of the packages and their types (all in metric units)
- The names and addresses of the shipper and the Mexican importer, consignee or customs broker
- The ports of origin and destination
- A description of the goods
- A list of freight and other charges
- The number of bills of lading in the full set
- The carrier's official acknowledgement of receipt on board of the goods for shipment

This procedure is required on *maritime* shipments and generally consists of three original documents (the exporter should keep one

set of documents, one should go to the importer and one to the customs broker) with copies submitted in triplicate as well. The information on the bills of lading must correspond exactly with that shown on the invoice and the packing list.

The duplicate or non-original copies of bills of lading are marked "Memorandum" and are intended for informational purposes only.

Bills of lading for ocean shipments differ in that there are two types of bills of lading: a straight bill of lading which is non-negotiable and a negotiable or shipper's order bill of lading. The latter can be bought, sold, or traded while the goods are in transit. The customer usually needs an original as proof of ownership to take possession of the goods.

**Airway Bill of Lading or Air Waybill.** If exporting by air freight, the exporter normally begins by completing an air-consignment note, or letter of instruction, to the airline. This note gives basic details of the cargo, the customer's name and address and services the exporter requires, such as COD or special insurance arrangements. From these instructions the airline prepares the airway bill of lading or air waybill.

This document includes the following:

- A receipt from the airline acknowledging that it has received the consignment from the shipper
- A contract between the shipper and the airline for moving the goods
- An instruction sheet
- A customs declaration
- A bill for the freight
- A certificate of insurance, if the amount and extent of insurance are included in it.

The airway bill is an internationally standardized document and is printed in English and the language of the carrier. Unlike the bill of lading, the airway bill does not give title to the goods.

The air waybill must be filled in either by the shipper himself, the air cargo agent or the airline, and becomes a valid document when both the shipper and the airline representative have signed it.

With each shipment to Mexico, the document consists of three originals and nine copies. The first original is intended for the carrier and is signed by an export agent; the second original, the consignee's copy, is signed by an export agent and accompanies the goods; the third original is signed by the carrier and is handed to the export agent as a receipt for the goods after they have been accepted for carriage.



**More Information:**

Government of Mexico

Ministry of Agriculture

<http://www.conasagw.conasag.sagarpa.gob.mx/asp/hoja.asp>

Ministry of Health

<http://www.ssa.gob.mx>

Ministry of the Economy

<http://www.economia.gob.mx>

Ministry of the Environment

<http://www.semarnat.gob.mx>

**Documents demonstrating guarantee of payment of additional duties for undervalued goods.** This document guarantees payment of additional amounts that may arise if the declared value of a good is less than the 'estimated price' established by the Mexican government. Estimated prices were introduced in Mexico in 1994 to detect and rectify problems of under-valued imports, including foodstuffs and beverages. Estimated prices are based on international prices, the value and volume of import and export transactions, and the cost of marketing such goods under free market conditions.

When a good is subject to the estimated price mechanism *and* the customs value declared by the importer is lower than the estimated price, then the importer must provide security to cover the difference between the duty paid and the duty payable if the value of the imported goods is found to be equivalent to the estimated price. Importers have various payment options for providing this security. The government regularly monitors estimated prices to ensure they are adapted to the economic changes affecting the price of imported goods. This monitoring can also result in goods being excluded from application of the measure. The following link allows exporters to determine whether their goods are subject to the estimated price mechanism.

## SANITARY AND PHYTOSANITARY INSPECTIONS AND CERTIFICATIONS

**Mexican requirements.** Mexico has measures in place to prevent such things as the introduction of diseases, pests, etc. by foreign food products. Importers of agri-food products must also comply with Mexican regulations, *Normas Oficiales Mexicanas* (NOMs). These NOMs can be consulted online (<http://www.economia-noms.gob.mx>) and regulate both labelling and product requirements.

The Ministries that regulate imports of agri-food products are as follows:

- Ministry of Agriculture (SAGARPA) regulates the import of plant, animal and crustaceans. (<http://www.senasica.sagarpa.gob.mx>)
- Ministry of Health (SALUD) regulates imports of fish and seafood, processed food and beverages. (<http://www.salud.gob.mx>)
- Ministry of the Economy (Economia or SE) establishes the tariff treatment and labelling conditions for imported products (<http://www.economia.gob.mx>)
- Ministry of the Environment and Natural Resources (SEMARNAT) regulates the import of forestry products (<http://www.semarnat.gob.mx>)

Mexican importers will require a Zoosanitary Import Certificate (abbreviated as HRZ; for animals and animal products) or a Phytosanitary Import Certificate (abbreviated as HRF; for plants and

**TIP**

Having the standards in advance not only ensures compliance with Mexican regulations, but also speeds up the border clearance process as border authorities do not need to verify at the border that the products comply with the appropriate NOM.

plant products) issued by the Animal and Plant Health, Food Safety and Food Quality National Service (SENASICA). The importer provides the exporter with a copy of the HRZ or HRF, so that the exporter can obtain a CFIA export certificate that complies with the Mexican requirements. The export certificate provided by CFIA must comply exactly with the HRZ or HRF from SENASICA, or the product will be rejected at the Mexican border. Note that the HRZ or HRF also specifies the port of entry.

**Zoosanitary Import Certificates (HRZs)**

Following is the procedure that Mexican importers need to complete in order to obtain an HRZ. Canadian exporters are advised to confirm with their Mexican importers that they are following the proper procedures to request an HRZ. In addition, Canadian exporters should be aware of these procedures, so that when selecting their Mexican importers, they can ensure that the importers know and understand the procedures for importing animal/meat products into Mexico:

The Mexican importer has to apply for an HRZ before shipping. In this form which has no cost, SENASICA establishes the zoosanitary requirements that need to be certified for exporting the product to Mexico and the authorized ports of entry for the product to be imported. The HRZ can be obtained in the State Delegations of SENASICA or in the following address:

San Lorenzo No. 1151,  
Col. Santa Cruz Atoyac  
C.P. 03310, México, D.F.  
Contact: Patricia Sánchez  
Tel. (52-55) 9183-1000 ext. 33964 / 33973

The importer must provide the exporter with a copy of the HRZ, so that the exporter can obtain a CFIA export certificate that complies with the requirements. It is very important that the export certificate provided by CFIA comply exactly with the HRZ from SENASICA. Otherwise, the product would be rejected at the Mexican border.

The HRZ might apply for several shipments; however, it is only valid for a two-month period. The product can only be imported through the ports of entry specified in the HRZ. For a general reference of HRZ, the exporter can access the following website in Spanish: <http://senasicaw.senasica.sagarpa.gob.mx/hojaweb/>

The CFIA export certificate and the HRZ must be presented for the customs clearance of the shipment at the port of entry.

Before exporting to Mexico, Canadian meat plants must be registered to export to Mexico. This is a procedure the Canadian company must follow through the Canadian Food Inspection Agency (CFIA). Once the meat plant is approved by Mexican Authorities (SENASICA), the company can start shipping meat products to Mexico.

Meat and animal products imported into Mexico must also comply with NOM-030-ZOO-1995, which establishes labelling and quality specifications for imported meat products and with the provisions of Article 24 of the Animal Health Law, which establishes the information that must be included in the labels and documentation of imported meat products. This document can be consulted in the following website: [http://senasicaw.senasica.sagarpa.gob.mx/portal/html/senasi-ca\\_principal/importaciones\\_y\\_exportaciones/importaciones\\_y\\_exportaciones.html](http://senasicaw.senasica.sagarpa.gob.mx/portal/html/senasi-ca_principal/importaciones_y_exportaciones/importaciones_y_exportaciones.html)

### **Phytosanitary Import Certificates (HRFs)**

Following is the procedure that Mexican importers need to complete in order to obtain an HRF. Canadian exporters are advised to confirm with their Mexican importers that they are following the proper procedures to request an HRF. In addition, Canadian exporters should be aware of these procedures, so that when selecting their Mexican importers, they can ensure that the importers know and understand the procedures for importing seeds and plant products into Mexico:

In order to import plants and plant products, the Mexican importer has to apply for an HRF. In this form, SENASICA, establishes the phytosanitary requirements that need to be certified for exporting the product to Mexico and the authorized ports of entry for the product to be imported. In order to request an HRF, the importer needs to present a completed application for the HRF and the receipt of the fees that have to be paid (201 MX pesos) to obtain this document.

The application for an HRF can be found in the following website: <http://senasicaw.senasica.sagarpa.gob.mx/reqfito/HRF2.pdf>

Among the information that the importer needs to include in the application for an HRF is: the legal name and coordinates of the importer; a description of the product to be imported including quantity, approximate value, final use and HS Code; the country of origin, port of entry into Mexico and final destination.

The fees to obtain an HRF can be paid at any Mexican bank, using a special format (SAT-05) from Hacienda. The instructions of how to make this payment are included in the following website: <http://senasicaw.senasica.sagarpa.gob.mx/reqfito/>

The HRF can be obtained in the State Delegations of SAGARPA or in the following address:

Ventanilla Unica  
Guillermo Pérez Valenzuela No. 127,  
Col. Del Carmen, Deleg. Coyoacán.  
C.P. 04100, México, D.F  
Tel. (52-55) 5554-0341 xt. 236

Once SENASICA receives the completed application for the HRF and the receipt of the payment of the fees, they have the obligation to

issue the HRF in a maximum period of 10 working days. Nevertheless, the HRFs are usually issued in less time (5 or 6 days). SENASICA suggests that the importer be in constant communication with them to check when the HRF is issued.

The importer must provide the exporter with a copy of the HRF, so that the exporter can obtain a CFIA export certificate that complies with the requirements. It is very important that the export certificate provided by CFIA comply exactly with the HRF from SENASICA. Otherwise, the product would be rejected at the Mexican border.

The product can only be imported through the ports of entry specified in the HRF. For a general reference of HRF, the exporter can access the following website in Spanish:

<http://senasicaw.senasica.sagarpa.gob.mx/reqfito/Formulario.aspx>

The CFIA export certificate and the HRF must be presented for the customs clearance of the shipment at the port of entry.

In the case of grains and seeds (not for planting) classified under NOM-028-FITO-1995: "Phytosanitary requirements for the importation of grains and seeds except sowing" and fresh produce classified under NOM-008-FITO-1995: "Phytosanitary requirements and specifications for the importation of fresh produce", the importer is not required to obtain an HRF. Nevertheless, the products have to comply with the specific import requirements included in these NOMs.

In case that there are no import requirements available for the product to be imported, SAGARPA will conduct a Pest Risk Assessment to determine the applicable phytosanitary requirements. This is a long process that might take months.

### **Fish, Seafood and Processed agri-food products**

Imports of fish, seafood and certain processed agri-food products are subject to a sanitary import permit from the Federal Commission for the Protection against Sanitary Risks (COFEPRIS), which is part of the Mexican Ministry of Health (SALUD). Only a Mexican importer registered at SALUD can require this import permit. In order to obtain the permit, the Mexican importer needs to submit an application before SALUD attaching the following documents:

- Health Certificate issued by the sanitary authority of the country of origin (in the case of Canadian fish and seafood: a Certificate of Fish Health and Hygiene for Mexico from CFIA and in the case of processed agri-food products: a Manufacturer's Declaration signed by CFIA)
- Original label of the product
- Label of the product in Spanish
- Original and 2 copies of the receipt of payment of the fees to obtain this document (the fees to obtain a sanitary import permit can be paid at any Mexican bank, using a special format (SAT-05) from Hacienda)

Note: If there is no Health Certificate available, the importer can attach the following documents:

- Original and copy of a free sale certificate
- Physicochemical, microbiological or physical analysis (according to each case).

The above documents have to be presented in the following address:

Centro Integral de Servicios  
MONTERREY 33  
Colonia:ROMA  
Código postal: 06700, MEXICO, D.F.  
Phone: (52-55) 5080-5440  
Fax: (52-55) 5207-5521  
E-mail: [contacto\\_cofepris@salud.gob.mx](mailto:contacto_cofepris@salud.gob.mx)  
Monday to Friday from 9:00 am to 5:00 pm.

COFEPRIS is obliged to provide an answer in a maximum of 5 working days, except for fresh and live products in which the maximum response period is 24 working hours (3 working days). The sanitary import permit issued by COFEPRIS has a validity of 30 days, except for fresh and live products, in which case the validity of the permit is only for 15 days. It is important to note that the sanitary import permit is only valid for one shipment, so for every shipment the importer will have to request a new sanitary import permit.

The sanitary import permit and all the documents attached to the application must be presented once the product arrives to the border.

It is important to note that imports of crustaceans into Mexico are also regulated by the National Fisheries Commission (CONAPESCA), which is an agency from the Mexican Ministry of Agriculture (SAGARPA).

The NOM from CONAPESCA that regulates the importation of crustaceans into Mexico is: NOM-030-PESC-2000 "Requirements to determinate the presence of viral diseases in live and dead crustaceans, their products and by-products in any presentation and, Artemia (Artemia spp.), for their introduction into the country".

In order to import crustaceans into Mexico it is required an import permit from CONAPESCA. To obtain this import permit, the Mexican importer needs to submit an application at CONAPESCA HQs located at:

Av. Camarón Sábalo S/N  
Col. Country Sábalo  
C.P. 82100  
Mazatlán, Sinaloa  
Tel. (669) 9156923  
Fax. (669) 9130930

E-mail: [rbelmontesa@conapesca.sagarpa.gob.mx](mailto:rbelmontesa@conapesca.sagarpa.gob.mx)

The application to be submitted by the importer, must include the following information:

1. Name, address, telephone and fax of the importer
2. Scientific name of the species of crustaceans to be imported
3. Country of origin and/or exporting country
4. Name, address, telephone and fax of the exporter
5. Number of crustaceans or kilograms to be imported
6. Estimated date when the importation will take place
7. Mexican port of entry through which the crustaceans will be imported
8. Location of the processing plant or the final destination of the crustaceans

The Mexican importer needs to attach to his application the Fish Health Certificate issued by the sanitary authority of the country of origin.

Note: The importer is advised to use a pre-paid courier for sending the documents to CONAPESCA.

If all the documentation is in order, in a maximum of 15 working days, CONAPESCA will issue the import permit for the crustaceans, which must be presented once the product arrives to the border.

In the case of certain processed agri-food products such as olive oils and certain energy drinks, the Mexican importer is required to present only a sanitary import notice (aviso sanitario de importación) at COFEPRIS. In these cases, the importer just needs to present his application and attach the Health Certificate or Free Sale Certificate of the product. Furthermore, the importer can proceed with the importation without the need of an official response from COFEPRIS. It is important to note that sometimes these procedures can be delayed if there is any missing documentation.

**Canadian certification of products.** To have a product certified for export (all products must be inspected, though to varying degrees), an inspector from the CFIA must inspect the goods to ensure that they meet the standards of the Mexican government (as laid out in the corresponding Mexican certification). Note: the only exception is with most fresh fruits and vegetables [some kinds of apples are an exception], where the dealer must either be licensed or be a member of the Dispute Resolution Corporation, a tripartite organization that spans Canada, the US and Mexico.

The products requiring inspection as well as the fees for inspection vary depending on the product. These are laid out in the *Canadian Food Inspection Agency Act, Fees Notice*, which can be found at the following site:

<http://www.inspection.gc.ca/english/reg/cfiaacia/feesfrais/feesfraise.shtml>

An inspection can be arranged by contacting the CFIA at 1 (800) 442-2342. Depending on the type of product, the caller will be directed to the appropriate person at their local CFIA office who will then arrange a time for the inspection. In light of the varying regulations governing different products, inspection and certification may take several weeks or more, depending on whether the product meets the related standards.

**Finding registered establishments.** CFIA issues certificates only to products from 'registered establishments' in Canada. Exporters who *are not* the product manufacturer can find a list of establishments registered to export various products to various countries. (Note: the CFIA does not have lists of registered establishments for all product types. For those not found below, CFIA recommends calling 1 (800) 442-2342.)

*Federally Registered Meat Establishments*

<http://www.inspection.gc.ca/english/anima/meavia/regliste.shtml>

*Inspecting Facilities that Export Grain and Field Crops*

<http://www.inspection.gc.ca/english/plaveg/grains/pi-001/pi-001e.shtml>

**Getting registered.** Exporters who *are* the product manufacturer and who wish to apply to have their establishment registered must complete and submit the following form(s) that corresponds to the products listed in the table below.

Exporters can also find more information on the details and/or the forms required in the registration process at the following website:  
<http://www.inspection.gc.ca/english/for/mpppe.shtml>

**More Information:**  
 For general inspection manuals, please access this Canadian Food Inspection Agency website  
<http://www.inspection.gc.ca/english/toc/inspe.shtml>  
 Some inspection and certification forms are available online, including:  
*Application for Export Inspection and Phytosanitary Certification*  
<http://www.inspection.gc.ca/english/for/pdf/c3369e.pdf>

Product	Application Form
<b>Meat</b>	<a href="http://www.inspection.gc.ca/english/for/pdf/c4155e.pdf">http://www.inspection.gc.ca/english/for/pdf/c4155e.pdf</a> <a href="http://www.inspection.gc.ca/english/for/pdf/c4198e.pdf">http://www.inspection.gc.ca/english/for/pdf/c4198e.pdf</a> <a href="http://www.inspection.gc.ca/english/for/pdf/c5369e.pdf">http://www.inspection.gc.ca/english/for/pdf/c5369e.pdf</a>
<b>Dairy</b>	<a href="http://www.inspection.gc.ca/english/anima/dailai/cdnrege.shtml#estab">http://www.inspection.gc.ca/english/anima/dailai/cdnrege.shtml#estab</a>
<b>Fruit &amp; Vegetables</b>	<a href="http://www.inspection.gc.ca/english/for/pdf/c2645e.pdf">http://www.inspection.gc.ca/english/for/pdf/c2645e.pdf</a>
<b>Fish</b>	<a href="http://www.inspection.gc.ca/english/anima/fispoi/manman/fimmii/ch2su1appse.shtml">http://www.inspection.gc.ca/english/anima/fispoi/manman/fimmii/ch2su1appse.shtml</a>
<b>Processed Foods</b>	<a href="http://www.inspection.gc.ca/english/plaveg/protra/est/introe.shtml">http://www.inspection.gc.ca/english/plaveg/protra/est/introe.shtml</a> <a href="http://www.inspection.gc.ca/english/for/pdf/c3382e.pdf">http://www.inspection.gc.ca/english/for/pdf/c3382e.pdf</a>

Getting registered also requires that the product manufacturer meet the CFIA requirements for their particular product. To find out the exact requirements and arrange an inspection by the relevant local



office of the CFIA, product manufacturers are advised to contact the CFIA at 1 (800) 442-2342.

The following table summarizes sanitary requirements by product type: animal and animal products, plant and plant products, fish and seafood, and processed foods. It also indicates specific requirements for some sub-categories, illustrating the complexity and detail of the process. If a plant product is being imported into Mexico for the first time, there will be no established import requirements. SAGARPA will conduct a Pest Risk Assessment to determine the applicable phytosanitary requirements. This process might take months.

<b>Category/NOM</b>	<b>Mexico</b>	<b>Canada</b>
<b>Animals &amp; animal products</b> NOM-030-ZOO-1995	HRZ: zoosanitary certificate specific to animal or product; from SENASICA	Certificate corresponding to HRZ; from CFIA
Dairy products NOM-155-SCFI-2003	HRZ: zoosanitary certificate specific to animal or product; from SENASICA	Certificate of inspection or Manufacturer's Declaration of compliance
<b>Plants and plant products</b>	HRF: phytosanitary certificate specific to plant or product; from SENASICA	International Phytosanitary Certificate corresponding to HRF; from CFIA
Fresh produce NOM-008-FITO-1995	No HRF required—must meet NOM	International Phytosanitary certificate from CFIA according to the requirements of the NOM
Grains/seeds not for planting NOM-028-FITO-1995	No HRF required—must meet NOM	International Phytosanitary certificate from CFIA according to the requirements of the NOM
<b>Fish, seafood and processed products</b>	Sanitary certificate from Federal Commission for the Protection against Sanitary Risks (COFEPRIS), an agency of the Ministry of Health (SALUD)	Certificate of Fish Health and Hygiene for Mexico; from CFIA
Crustaceans NOM-030-PESC-2000	Must meet NOM and sanitary certificate from National Fisheries Commission (CONAPESCA), an agency of the Ministry of Agriculture (SAGARPA)	Certificate of Fish Health and Hygiene for Mexico; from CFIA
Bi-valve molluscs NOM-031-SSA1-1993	Must meet NOM and sanitary certificate from the Ministry of Health (SALUD)	Laboratory tests certifying product is free of disease and complies with metal limits of NOM. (NOTE: CFIA is in the process of negotiating with SALUD the



Category/NOM	Mexico	Canada
		elimination of this requirement, so before shipping, exporters should confirm with the CFIA if the laboratory tests are still required or not.)
Processed foods	Sanitary certificate from COFEPRIS	Manufacturer's Declaration; signed by CFIA

Additional NOMs applicable to agri-food products are discussed in **Module 4**, Products: Adaptation, Packaging & Labelling.

#### More Information

NOMs (available in Spanish only)

<http://www.economia-noms.gob.mx/>

*Animal and animal products*

[http://web2.senasica.sagarpa.gob.mx/xportal/dgsa/trser/Doc2012/Art\\_24-Actualizada-13-septiembre-2005.pdf](http://web2.senasica.sagarpa.gob.mx/xportal/dgsa/trser/Doc2012/Art_24-Actualizada-13-septiembre-2005.pdf)

*Dairy products*

<http://www.inspection.gc.ca/english/anima/dailai/cdnrege.shtml#inspec#inspec>

*Processed foods*

<http://www.inspection.gc.ca/english/plaveg/protra/cdnrege.shtml#qr>

*CFIA certificates:*

<http://www.inspection.gc.ca/english/directory/offbure.shtml>

In addition to the above requirements, Canadian exporters are advised that the Mexican Ministry of Health (SALUD) has announced modifications to import regulations for agri-food products, which entered into force in February 2005. Under these modifications, the import requirements for certain agri-food products will be increased or reduced according to the potential risk to human health that SALUD attributes to each product. As a result, Canadian exporters are advised to work closely with their importers to ensure that the new SALUD regulations are properly fulfilled.

## SHIPPING REQUIREMENTS AND PRACTICES

This section provides an overview of how to ship goods for export in general and how to ship to Mexico specifically, including packing tips, and requirements for exterior labelling of boxes. Labelling of product packaging is addressed in **Module 4: Products**.

### Export Packaging: General Requirements

When shipping any product, keep in mind the following four areas of concern with regard to packaging:

- Breakage
- Damage due to moisture
- Theft
- Excess weight

If the buyer does not specify packaging requirements, follow these general guidelines:

- Pack product in strong containers which are appropriate and adapted to best suit the products you are exporting.
- Distribute weight evenly, regardless of container size, to ensure proper bracing.
- Palletize goods; containerize them where possible.
- Use moisture-resistant material for packages and packing filler.

#### TIP

Certification requirements can change without notice. Nevertheless, Mexican authorities enforce strict adherence to standards without providing a grace period. Exporters have found that using a Mexican customs broker minimizes problems in this area

**TIP**

When shipping products internationally, use a heavier gauge of cardboard and corner strap the pallets for reinforced packaging

- Reduce pilferage by not writing contents or brand names on packages. Other safeguards include using straps, seals, and shrink wrapping.
- Use a temperature monitor to record temperature variation for refrigerated products.
- Observe any product-specific hazardous materials packing requirements.

A popular method of shipment is to use containers, either bought or leased from carriers or private companies. Containers vary in size, material, and construction and can accommodate most cargo, but are best suited for standard package shapes and sizes. Refrigerated and liquid bulk containers are also usually readily available. Often, larger containers are no more than semi-truck trailers lifted off their wheels, placed on a vessel at the point of export and then transferred to another set of wheels at the point of entry.

While air shipments require less heavy packing than ocean shipments do, they should still be adequately protected. In many instances, standard domestic packing is acceptable, especially if the product is durable and there is no concern for display packaging. In other instances, high-test (considered to be at least 250 pounds per square inch) cardboard or tri-wall construction boxes are more required.

Transportation costs are determined by volume and weight and as a result, specially reinforced and lightweight packing materials have been developed specifically for exporting. Packing goods to minimize volume and weight while reinforcing them will save money and ensure that the goods are properly protected. It is recommended that a professional firm be hired to pack the products if the supplier is not equipped to do so.

It is crucial that Canadian exporters verify with their Mexican importers if the port of entry they are planning to use is authorized by Mexican Customs to allow the importation of their products and if the Mexican Ministry of Agriculture (SAGARPA) and/or the Mexican Ministry of Health (SALUD) (depending on the product) can provide inspection services at this port of entry.

## Product Packaging Checklist for Exporters

The Canadian Trade Commissioner Service's publication, 'Export Packaging: A Guide for Exporters', is available online at <http://www.infoexport.gc.ca/shipping/menu-e.htm> The following packaging checklist is drawn from that guide.

- **Before sending a shipment**, determine the following:
  - **Mode of shipping.** Does it make sense to use air or sea? Will you have to use road or rail for part of the journey? Look into the options and conduct a cost/benefit analysis.
  - **Direct or indirect shipment?** Will your goods be sent to the buyer directly? Is there a distributor or

warehousing facility involved in the process? How will this affect your costs and ability to fulfil the order?

- **Suitable packaging.** This will depend on the mode of shipping, the destination, the number of stops (and storage), the fragility of the goods, and their sensitivity to environmental changes. It is critical to use suitable internal protection as well as a durable container. You may also want to consider shock and tilt indicators for packages that may be susceptible to overzealous handling.
- **To prepare a shipment, do the following:**
  - **Apply appropriate markings to the package.** While it does not guarantee damage-proof shipping, handling labels may minimize damage to your shipment. Handling labels are most effective when the people handling the packages understand the language or symbols used.
  - **Mark all relevant information on packages.** This information includes port of destination, transit instructions, contact information of the consignee, package dimensions and weight, package number, and invoice/order number.

#### More Information

Agri-Food Trade Service  
[http://atn-riae.agr.ca/latin/3770\\_e.htm](http://atn-riae.agr.ca/latin/3770_e.htm)

**International Carriage Symbols.** Exporters can purchase self-adhesive labels with international carriage symbols (ICS). These are cautionary symbols providing carriers and handlers with instructions on the correct manipulation and handling of your shipment. ICS are common symbols such as the wine glass (fragile) and the umbrella with the raindrops (keep dry). There are also more obscure symbols, such as the penguin inside a box (keep frozen) or the penguin inside a box with a diagonal line intersecting it (do not freeze). When an export shipment involves transfers through different countries with different languages, symbols may act as the universal language that protects your goods.

## SPECIFIC LABELLING REQUIREMENTS FOR MEXICO

The following exterior labelling requirements apply when shipping certain products to Mexico.

### Fresh/frozen meat and poultry

As indicated before, meat and animal products imported into Mexico must comply with NOM-030-ZOO-1995 and Article 24 of the Animal Health Law. Among the information that needs to be included in the labels of meat and poultry are:

- Country of origin (Spanish/English)
- Name, establishment number, and physical location of the producing establishment. Use same as the establishment number identified on the boxes. (English)

- Specific destination - Use name and city of consignee entered on the health certificate. (English)
- Name of product according to the tariff classification (Spanish/English)
- "Keep Refrigerated or Keep Frozen," as applicable (Spanish/English)
- Net Weight. Use metric as unit of measurement. (English)
- Slaughter date (in dd/mm/yyyy format)
- Slaughter establishment number.
- Pack date – (in dd/mm/yyyy format)
- Lot number. (English)
- A 3 X 8 cm space so that the stamp of approval or rejection, as appropriate, can be applied to the box.

**TIP**

Again, Canadian exporters are encouraged to contact the BCR services of Luis Perez who can provide valuable advice and insight into customs procedures and border clearance. His services will be available until at least September 2006.

**Processed products.** Include the following information (English only is acceptable, except where otherwise indicated):

<p><b>Required information</b></p>	<ul style="list-style-type: none"> <li>• Country of origin (Spanish/English)</li> <li>• Name, establishment number, and physical location of the producing establishment (Same as the establishment number identified on the boxes).</li> <li>• The importer's name and address</li> <li>• Slaughter establishment number(s)</li> <li>• Processing dates (in dd/mm/yyyy format)</li> <li>• Packing date(s) (in dd/mm/yyyy format)</li> <li>• Expiration date (in dd/mm/yyyy format)</li> <li>• Lot number(s)</li> <li>• Importer's Ministry of Finance Taxation number (RFC)</li> </ul>
<p><b>May be required (confirm with importer)</b></p>	<ul style="list-style-type: none"> <li>• Name of manufacturer</li> <li>• The product's commercial name</li> <li>• The trademark of commercial name brand</li> <li>• Description of raw material involved</li> <li>• Instructions for use and care</li> <li>• Product description whenever the product is packed such that it is not visible</li> <li>• A generic description in Spanish</li> <li>• A generic description in English</li> </ul>



## CUSTOMS PROCEDURES AND BORDER CLEARANCE

Exporters to Mexico have the option of shipping by land, air, or water. Under Mexican law, exports to Mexico that are transported by truck must be cleared by a Mexican customs broker on the U.S. side of the border. This is unique to truck shipments entering Mexico. Rail freight is pre-cleared prior to entering Mexico while air and ocean freight are cleared after arriving in the country.

Under Mexican law, only a licensed Mexican broker can clear products for import into Mexico. The Mexican broker is the legal representative working on behalf of the importer.

The role of a good broker is to ensure that all import requirements are satisfied and the shipments clear the border without penalty for a successful entry into Mexico. The Mexican importer has to send a letter of instructions (*carta de instrucciones*) to the customs broker with all the information about the products to be imported (quantity, value, port of entry, etc.). In this letter of instructions, the importer should also ask the customs broker to conduct a previous recognition (*reconocimiento previo*) of the products and their documentation to verify that everything is in order BEFORE presenting the products to the Mexican authorities. This previous recognition is usually conducted in the warehouse of the customs broker or in a private warehouse (*recinto fiscalizado*).

This previous recognition is “extremely important” because it would allow the customs broker to fix any errors in the labeling, packaging or documentation before the products are presented to the Mexican authorities, saving significant costs and delays to the exporter and the importer. Canadian exporters are advised to always check with their Mexican importers that this previous recognition is conducted before presenting the goods to the Mexican authorities.

### Land

In the case of truck and rail transport, customs duties are collected by Mexican customs offices along the US-Mexican border. All customs duties must be paid by the customs broker (or the Mexican importer) immediately when the goods cross the border.

Rail shipments are usually the least impeded of shipments because of changes in procedures and policies to facilitate trade. Under a pre-clearance program for railcars, called *despacho previo*, U.S. freight forwarders and Mexican customs brokers must pre-clear import documents and pay fees and duties prior to a shipment’s arrival at the border. Thus, once a shipment of grain or other bulk agricultural commodity arrives at the border, it crosses almost immediately.

Truck shipments arriving at the border usually clear customs the next day but can be cleared the same day if they arrive early in the morning, and if all the documentation has been prepared and is in

order. For example, at Laredo crossing point, shipments arriving between 8:00am and 10:00am usually are able to cross the same day between 4:00pm and 8:00pm.

Trucks are randomly selected by computer and pulled over for customs inspections, which involves unloading the trailer. Rail shipments are treated similarly, except that goods transported on American rolling stock are not normally unloaded and reloaded.

Canadian trucking companies are now allowed to cross into Mexico, although the farthest they may travel before transferring goods to a Mexican carrier is 20km within the border. For a detailed look at the border clearance process, see the diagram on the following page.

## **Sea**

Shipments arriving by sea are unloaded at government docks and kept in a customs warehouse until they are cleared. From here, customs clearance procedures are similar to those for goods brought in by land.

Mexico has 22 commercial ports. Of the goods imported into Mexico, 29% arrive by sea. The four main ports, which handle 60% of the traffic, are Altamira and Veracruz in the Gulf of Mexico and Manzanillo and Lazaro Cardenas on the Pacific Coast. Other important ports include Puerto Vallarta, Guaymas, Tampico, Topolobampo, Mazatlan and Tuxpan.

## **Air**

Air shipments go to a bonded storage area, which is normally operated by the carrier or by a customs broker. Again, from here, customs clearance procedures are similar to those for goods brought in by land.

Mexico has the most developed airport infrastructure in Latin America, with airports in every city of more than 500,000 inhabitants. Among the 83 airports in the country, 53 handle international flights. The seven main airports (including Mexico City, Cancun, Guadalajara, Monterrey, Acapulco, Tijuana and Puerto Vallarta) handle 90% of the air traffic.



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**MEXICO EXPORT  
PREPAREDNESS GUIDE  
EXPORTING AGRICULTURE AND  
AGRI-FOOD PRODUCTS TO MEXICO**

**MODULE 6:**  

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**SHIPPING SAMPLES  
TO  
MEXICO**

**MARCH 2006**

**Prepared on Behalf of:**  
Agriculture and Agri-Food Canada

**Written By:**  
Fleishman-Hillard Canada



**Mexico Export Preparedness Guide:** was prepared on behalf of Agriculture and Agri-Food Canada, in partnership with the provinces. It can be found on AAFC's Agri-Food Trade Service (ATS) web site, under Market Information/Mexico at:

<http://ats.agr.ca/info/lac-e.htm#Mexico>

There are eight modules in the Guide, each covering specific topics of interest to Canadian exporters:

- Module 1: Country Overview
- Module 2: Agri-Food Market Overview
- Module 3: Market Entry Strategies
- Module 4: Products: Adaptation, Packaging & Promotion
- Module 5: Distribution
- Module 6: Shipping Samples to Mexico
- Module 7: Practical Experiences
- Module 8: Key Contacts and Further Information

The Mexico Export Preparedness Guide is designed to provide the Canadian exporter with a solid understanding of the key factors and issues involved in exporting agriculture and agri-food products to Mexico. It is not, and cannot be, an exhaustive reference. Rather, it is intended to serve as a useful starting point for Canadian exporters interested in exploring the Mexican market.

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# SHIPPING SAMPLES TO MEXICO

How do I get product samples to interested buyers in Mexico?

This module describes how to ship samples into Mexico for promotional purposes. Providing samples for interested buyers can be an important marketing tool, especially when the customer is not familiar with the product or exporter or both. Samples can quickly and credibly demonstrate product quality while also further establishing relationships within the Mexican market.

It is important to note that **all** commercial imports into Mexico must be executed by a customs broker. This process can often be as equally time consuming and costly as sending full shipments of their products across the border. The following information is intended to provide agri-food exporters with the information and tools necessary to maximize the benefits of sending product samples to Mexico while also reducing the time and costs to the exporter.

## OVERVIEW

The general rule is that product samples are subject to the same regulations and requirements as the products themselves. While there are some exceptions, exporters will not go wrong by following the procedures for products. The list below provides links to applicable content in other modules:

- Compliance with NOMs (product formulation, packaging, labelling): [Module 4](#)
- Documentation required: [Module 5](#)
- Packing and shipping tips: [Module 5](#)

## ADDITIONAL REQUIREMENTS, EXCEPTIONS AND SPECIFICS

**Value exemption.** Samples of no value (less than 1 USD) can be permanently imported into Mexico duty-free. However, such goods must be truly valueless. This means that they must be cut, marked, torn, or otherwise unusable for retail sale within the country. For additional information, it is important that exporters directly contact a Mexican customs broker. (SOURCE: [www.mexconnect.com/business/mex2000customsquestions.html](http://www.mexconnect.com/business/mex2000customsquestions.html))

**Labelling exemption.** For samples, the Mexican customs broker can present a letter to Mexican customs authorities asking them to exempt the samples from the compliance with the Mexican NOMs related to labelling.

**Commercial Invoice.** In addition to the information required for products (see module 5), the exporter must send the importer an

#### **EXPORTER TIP**

If the exporter is not using the entry channel provided by the trade show, then he/she must verify that the trade show premises are considered fiscal warehouses. It is easier for the customs broker to make the clearance since fiscal warehouses have a specific customs treatment.

Organizers of many trade shows in Mexico often make arrangements to bring merchandise into Mexico via a single freight forwarder. Using this channel is highly recommended!

Regulations change. Use an experienced customs broker and maintain close contact to avoid problems.

invoice indicating that the samples have no commercial value, and indicating their intended use.

**Sanitary and phytosanitary certificates.** In the case of animal and plant products, the Mexican importer needs to present a letter to SENASICA to request a permit to import the samples. The letter should indicate the characteristics of the samples, total quantity to be imported, port of entry and final use of the samples, among other information. On the other hand, in the case of fish, seafood and processed agri-food products, the importer needs to present an application for a sanitary import permit from COFEPRIS. The following documents must be attached to the application:

1. Invoice or receipt from the manufacturer showing that the samples do not have any commercial value, or the air waybill or bill of lading of the samples to be imported.
2. Letter indicating the use to be given to the product.

**Packaging.** The exterior of the box should be clearly labelled with "Sample" in large letters.

**Coding.** The Mexican customs broker has to classify the samples under HS Code: 9801.00.01, which covers the importation of samples not for commercial use. Canadian exporters are advised to ask their Mexican importers to ensure that the customs broker classifies the samples under this HS Code. Otherwise, the import requirements would be different.

**Shipping Options for Low-value Samples.** If a sample shipment is under 2000 USD, then exporters may choose to send samples to Mexico via a courier/package delivery service using informal customs procedures. The exporter must secure assurance from the courier company that products will be cleared in Mexico without problems. If the courier company does not assure this, it would be risky to pay the service. For more information on this process, exporters must consult NAFTA standards and requirements regarding this issue.

**General Challenges in Shipping Samples to Mexican Customers by Courier/Package Delivery Services.** When shipping samples to Mexican customers, exporters are advised that some courier/package delivery services will not handle food products. Chilled or frozen food products are of particular note (e.g., dry ice packing specifically is problematic). Often, a successful sample shipping solution is to use a courier service to a US/Mexico border customs broker on the US side who will act as the Mexican importer. The broker will then send the sample on to the Mexican customer destination. (More information on this practice can be obtained from the exporter's courier service and the BCR service provided by Luis Perez).

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**MEXICO EXPORT  
PREPAREDNESS GUIDE  
EXPORTING AGRICULTURE AND  
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**MODULE 7:  
PRACTICAL EXPERIENCE**

**MARCH 2006**

**Prepared on Behalf of:**  
Agriculture and Agri-Food Canada

**Written By:**  
Fleishman-Hillard Canada

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# PRACTICAL EXPERIENCE: DISCUSSIONS WITH CANADIAN EXPORTERS & MEXICAN IMPORTERS

## What Can I Learn from Others?

The following section provides additional information and advice developed from the practical experiences of Canadian exporters and Mexican importers. This section will supply Canadian exporters with detailed information regarding the issues and challenges common to the export process and aims to provide insight and tips about how best to succeed when exporting agri- and agri-food products to Mexico. Topics discussed will range from general information about the export process to detailed advice regarding logistics, packaging, payment, market entry strategies, documentation and compliance, as well as provide Canadian exporters with anecdotal and situational examples.

### GENERAL TIPS & SOLUTIONS

To assist Canadian exporters and ensure the successful entrance of Canadian products into the Mexican market, the following general tips and solutions were offered:

- a) Research and understand the process in advance of product shipment;
- b) Understand the Mexican culture and manner of conducting business;
- c) Establish strong personal relationships with Mexican contacts via telephone conversations and visits to Mexico;
- d) Utilize the resources provided by the Border Crossing Representative; and
- e) Establish a strong working relationship with the Canadian Embassy in Mexico

### OBSTACLES, CHALLENGES AND SOLUTIONS

Throughout discussions with both exporters and importers alike, common challenges and obstacles were frequently mentioned when discussing their experiences within the Mexican market. The most prevalent challenges and obstacles facing both groups fall into the following categories:

- Payment & Insurance
- Market Entry Strategies
- Labelling
- Documentation & Compliance
- Logistics
- Samples



## ANECDOTES

The interviews conducted with Canadian exporters and Mexican importers provided an abundance of anecdotal experiences about various areas of the export process. In every section are specific examples of situations encountered by Canadian exporters as they relate to the challenges, obstacles and solutions previously discussed.

## PAYMENT & INSURANCE

All of the Canadian exporters interviewed cited payment and insurance issues as a detrimental obstacle within the Mexican export process.

The first and most common obstacle encountered in this area concerns the issue of receiving payment. Within the Mexican market, many wholesalers operate with a “just in time” inventory approach. As such, shipments are often cancelled under last minute circumstances or upon delivery. This leaves the Canadian exporter to deal with unexpected transportation costs as well as the additional expense of distribution of the product to the Mexican market under tight time constrictions.

Most large Mexican chains such as Soriana, Costco or Wal-Mart will guarantee payment within 90 days but it is often harder to ensure reliable and on time payment from smaller wholesalers and chains.

In addition to this, as Mexico is a country without a great deal of credit, it is harder to insure products being exported there. A common challenge cited by many Canadian exporters concerning the issue of insurance arose from the difficulty of obtaining insurance through the EDC. (*See Module 5 for additional information about the EDC*)

To obtain insurance from the EDC, Canadian exporters require a *pagares*, which is a promissory note or guarantee of payment. In terms of operating capital, most Canadian banks will also require a *pagares* when dealing with exporters in terms of operating capital as well. However, without established contacts or reliable sources in Mexico, it is often hard for new Canadian exporters to obtain a *pagares*.

## SOLUTIONS & TIPS

Tips and solutions provided by Canadian exporters and Mexican importers related to Payment and Insurance were:

- Always try to obtain payment in advance of shipping your product.
- Where possible, use a letter of credit for payment. This is the easiest and most reliable means of ensuring payment.

- Most Customs Brokers will provide product insurance (especially for products which have closer expiration dates) and it is less expensive to have the broker insure the product than for the exporter to incur the cost.
- Be sure to cultivate relationships with customers in Mexico. After 4-5 years of doing business in the country, it is easier to receive EDC insurance.
- To make obtaining insurance coverage from the EDC easier, many Mexican companies also have branch offices in America. Many exporters interviewed suggested having the invoice sent to the US office if possible, instead of the Mexican facilities.

## **MARKET ENTRY STRATEGIES**

The most commonly cited response when asked about the challenges pertaining to market entry strategies was that of cost. For the most part, Canadian exporters felt that a certain financial commitment had to be made by the exporter in advance to achieve successful results within the market. Tactics such as trade shows, market demonstrations and information handouts, while producing successful results, also created higher costs for the Canadian exporter.

Product demonstrations are the most popular and overwhelmingly successful tactic used within the Mexican market. Interviewees felt that it is important to show the Mexican consumer what the product is and provide tangible evidence for future reference and recall. In-store product tasting and demonstrations are able to do just that and provide the best and least expensive of all the marketing options discussed.

## **SOLUTIONS & TIPS**

The following market entry strategies and tips were offered:

- The majority of exporters cited the ANTAD and Alimentaria trade shows as the most useful and informative for agri-food products.
- One exporter suggested visiting between numerous trade shows for the best results possible.
- A good Mexican broker will provide marketing tools such as product demonstrations, point of sale materials, product leaflets and overall merchandising assistance.
- One Canadian exporter recommends getting involved in government organized trade missions which will allow new exporters to easily make and establish the initial contact with Mexican distributors, wholesalers and chains.

## **ANECDOTE**

Another Canadian exporter who has been shipping apples to Mexico for ten years had the following positive experience with partnerships when exporting to Mexico:

*A few years ago the demand for Canadian apples within the Mexican market was huge. Unable to meet the demands for their product, a mid-size Ontario apple producer joined forces with two of the top apple producers to combine efforts, products and resources to meet demands. Together in one year, the three companies shipped over \$2 million worth of apples to Mexico. All three companies were also recognized by various levels of government for their successful partnership and success in the Mexican market.*

A Canadian exporter who has been exporting dried and cured Italian meats to Mexico for approximately fourteen years explained the following market differences between Canada and Mexico:

*A Canadian exporter sells their salami for \$1.00 per pound while the Mexican distributor sells the same salami for \$9.00 per pound. The Mexican price is higher because of the cost for marketing teams who will provide demonstrations for the distributor in the retail environment as well as the risk that if the product does not sell, it will be pulled from the shelf and the distributor will have to absorb the cost of the product.*

## **LABELLING**

Labelling also presented a common challenge within the export process. An overwhelming majority of those interviewed stated that it is crucial for Canadian exporters to know and understand the Mexican labelling requirements. As with issues of documentation and compliance, there is no leniency from Mexican officials with regard to labelling errors or oversights.

Before a product can enter Mexico, it must receive “*constancia*” i.e. label approval. Products are only allowed access to the Mexican border once this approval has been granted. It is imperative that labels contain the correct and required information, so as to avoid lengthy border delays and additional costs to exporters.

An integral part of the labelling process relates to the requirements as specified under the applicable NOMs. Interviewees frequently stated that Spanish language requirements are often the most difficult part of meeting the NOMs requirements. (See Module 4 for detailed information on NOMs)

## **SOLUTIONS & TIPS**

As a result of their experiences, interviewees were able to provide the following label related solutions and tips for new Canadian exporters:

- Utilize the services of a Label Expediter. For a fee, the Label Expediter (will approve (in advance) the label in Spanish and then send it back to you for verification before it is affixed to the product packaging.
- Label Expeditors are also helpful if a shipment of products reaches the border and is not permitted entry due to incorrect or missing information. Again, for a cost (smaller than the cost of sending the shipment back to Canada) the Label Expediter will change, re-print and affix the labels to the shipment at their facilities which are located at the border.
- When shipping produce to Mexico labels require the following information (in addition to the usual labelling requirements as specified under the applicable NOMs): country of origin, size and the room number in which the product was certified.
- Use label stickers where possible as they are successful and work with all different types of packaging.

## **ANECDOTES**

A Canadian exporter of chocolate and candy who has been shipping his products to Mexico for approximately five years had encountered the following situation:

*Three years ago a shipment of chocolate was being sent to Mexico. It appeared that the all of the label requirements had been met and the label appeared perfect. The product was shipped and upon inspection at the border it was discovered that the expiration date had not been printed on the label in Spanish. The fine for this error was US \$1 per package. As a result of a good client relationship, the Mexican retail chain where the chocolate was being shipped permitted the exporter an extra 4 days to re-label and fix the shipment. The additional costs of labour, a warehouse facility at the border and trucks to re-ship the product cost an additional CDN\$9,000.00*

A Canadian exporter who has been exporting gourmet meats (such as salami, hams and linked sausages) for 14 years encountered the following situation when exporting to Mexico:

*A shipment of salami and pork products coated with parmesan cheese is shipped regularly to four retail chains in Mexico. Within Mexico, inspectors approve these products for sale within the commercial market. In three of the four stores, the inspectors approved and allowed the product to be sold. At the fourth store, the inspector did not allow the chain to sell the product because it contained dairy products and was not labeled accordingly.*

## Documentation & Compliance

All parties interviewed spoke about the challenges of documentation and compliance when sending or bringing products into Mexico. An overwhelming majority of those interviewed discussed the need for absolute compliance and the lack of leniency regarding documentation errors during the border crossing process.

A minor error or any type of missing documentation is considered to be non-compliant with Mexican standards. Unlike the Canadian or American systems in which an error can be corrected with the signature or initials beside a mistake, this practice is not permitted with regard to required export documentation. One exporter interviewed cited a situation in which a minor error resulted in a week long delay before the product was allowed access to the Mexican market.

With regard to specific documentation and compliance issues, the phytosanitary documentation required of many fruits and vegetable products was often cited by Canadian exporters. The documentation for this area is especially complex and detailed and as a result, the margin for error is greater. It is crucial that exporters know and understand the process for phytosanitary documentation (such as the requirement that documentation must be completed when the product is loaded on to the truck) in order to be successful when shipping to Mexico.

### SOLUTIONS & TIPS

Various Canadian exporters looking for solutions to common documentation and compliance issues listed above, as well as for tips on how to expedite the export process, should remember the following advice as shared by their experienced counterparts:

- It is best to send the full set of documentation and paperwork approximately a week in advance of sending the shipment to a reliable Customs Broker. The Broker can identify any errors or areas in which information is missing before loading and shipping the products to Mexico.
- If possible, utilize the services of a Freight Forwarder who knows the Mexican market. This type of service will also ensure your documentation is compliant with Mexican standards. One exporter stated that finding a reliable Freight Forwarder is not easy but believes that it is a necessary step towards success.
- When sending products which require phytosanitary documentation, always remember that the documentation is completed when the product is loaded on the truck and that the original version of the document must accompany the shipment to the border.

- Use the resources of the Border Crossing Representative (BCR) to ensure that the product shipment meets all current documentation standards. Standards and requirements change frequently without prior notice, so it is crucial that exporters have a source that can provide current knowledge.
- Be certain to send original copies of all documentation with the product shipment.

### **ANECDOTE**

A Canadian exporter of gourmet meats such as salami, hams and linked sausages who has been shipping products to Mexico for 14 years encountered an additional challenge when exporting to Mexico:

*Mexico does not allow poultry products from the US into the commercial market. However, the Canadian exporter was not aware of this change in regulations. Therefore, a Canadian load of poultry products that passed through the US on its way to Mexico was considered to be contaminated as a result of its transportation through America.*

### **LOGISTICS**

When asked about logistics related challenges, interviewees had a broad range of common issues. The logistical challenges most frequently mentioned were those related to packaging, shipping, border crossing procedures and retail chain stores.

One of the most common logistical challenges discussed was that of packaging. Many exporters reported additional costs for packaging being incurred because of new legislation which requires all wood pallets to undergo a rigorous sanitization process. Under this new process the cost of pallets has risen from approximately \$3.00 per pallet to approximately \$8.00 per pallet. Other issues related to packaging were concerned product quality as a result of deficient or cheaper packing materials and packaging compliance with regard to Mexican requirements. Many Canadian exporters had full product shipments denied entry at the border because one portion of the shipment did not meet packaging requirements. As with documentation and labelling, there is no leniency permitted for errors or oversights.

One exporter noted that the cost of sending product shipments by truck has risen approximately 15% in the last few years. As well, the higher fuel surcharge charged by most transport companies and the fact that fewer Canadian or American companies are willing to take their equipment across the border into Mexico have created additional challenges when shipping products to Mexico. The exporter cited a common practice called transloading as a way to offset increased prices.

Transloading is the process by which a shipment is unloaded from the truck it arrives at the border in, and is then either loaded directly on to a waiting truck for delivery into Mexico or to a nearby warehouse where it is stored while waiting for an available truck to transport it across the border. This process has become quite common and allows the Mexican officials from SAGARPA to inspect the load before it crosses the border at the same time. However, this process can also delay delivery of the product if there is a trucking shortage or lack of availability, and add costs for the warehousing facility to store the product while it undergoes inspection and waits to be reloaded.

Additionally, issues surrounding border crossings also arise. Most exporters have cited an increase in these types of issues following the events of September 11, 2001 in America. Products passing through the US to Mexico are stopped and inspected much more frequently now.

Another issue relates to large Mexican retail chain stores which will expect the Canadian exporter to deal with logistical details and to send product shipments directly to the store's distribution centers. This can create additional challenges for the exporter, who is located in Canada especially where the product is perishable and must be delivered within certain time constraints.

## **SOLUTIONS & TIPS**

Experienced Canadian exporters were able to offer the following information and tips regarding the logistical details of exporting to Mexico:

- A Canadian exporter with almost fifteen years in the export business suggests that exporters spend more money on expensive packaging which will ensure the products arrives in the condition it was shipped. While this means a larger cost, it will also save money in the long run as it will ensure product quality is maintained throughout the shipping process.
- When shipping products to Mexico, use a heavier gauge of cardboard and corner strap the pallets for reinforced packaging that will maintain product integrity.
- When shipping fruits or vegetables to Mexico, such as apples, there can be no leaves, wood or soil anywhere on the product or the whole shipment will be refused entry into the country.
- Be sure that all produce shipments are sealed by Agriculture Canada before they leave the country and that the seal remains intact when it arrives at the Mexican border.

- If a seal is broken, be sure that the driver transporting the shipment has clear instructions and is aware that they must stop and not go any further with the load.
- Canadian exporters listed the following Mexican border crossings as the most reliable and quickest means for product entry into the country: Veracruz, Laredo, Macallen and Nogales.
- To deal effectively with border crossing delays when transporting a product through the US to Mexico, Canadian exporters should obtain a Transport and Export bond, placing the product in “bond” as it travels through the country. When in bond, the product is considered to be in transit without entry into the commercial market and thus avoiding additional border delays.
- If possible, Canadian exporters should deal with wholesalers instead of directly with large chain stores in Mexico. Wholesalers have current knowledge and contacts within the market and once the product reaches the border, can assume all responsibility for its delivery and distribution. If the product arrives and is not accepted by the customer, the wholesaler will also take responsibility for finding another destination for the product. This is especially common when dealing with perishable products.

## **SAMPLES**

When asked about the process of shipping samples to Mexico, both Mexican importers and Canadian exporters expressed their frustrations with this issue. One exporter called the process a “complicated and infrequently used” method of entering and reaching the Mexican market. In addition to this, samples are often stopped and confiscated at the border, resulting in an overall loss for the Canadian exporter.

The process of shipping samples to Mexico requires all of the same documentation and compliance with standards as does shipping a full load.

## **SOLUTIONS & TIPS**

The following solution was provided by a Canadian exporter when asked about the practice of shipping samples to Mexico:

- When sending a full product shipment to Mexico, add some samples to the load and alert your Freight Forwarder. If the Freight Forwarder is aware that samples have been included in the load, they can ensure the products cross the border and reach their intended destination without complication.



*Quality*  
is in our **nature**



**MEXICO EXPORT  
PREPAREDNESS GUIDE**  
EXPORTING AGRICULTURE AND  
AGRI-FOOD PRODUCTS TO MEXICO

**MODULE 8:**  

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**KEY CONTACTS**

**MARCH 2006**

**Prepared on Behalf of:**  
Agriculture and Agri-Food Canada

**Written By:**  
Fleishman-Hillard Canada

**Mexico Export Preparedness Guide:** was prepared on behalf of Agriculture and Agri-Food Canada, in partnership with the provinces. It can be found on AAFC's Agri-Food Trade Service (ATS) web site, under Market Information/Mexico at:

<http://ats.agr.ca/info/lac-e.htm#Mexico>

There are eight modules in the Guide, each covering specific topics of interest to Canadian exporters:

- Module 1: Country Overview
- Module 2: Agri-Food Market Overview
- Module 3: Market Entry Strategies
- Module 4: Products: Adaptation, Packaging & Promotion
- Module 5: Distribution
- Module 6: Shipping Samples to Mexico
- Module 7: Practical Experiences
- Module 8: Key Contacts and Further Information

The Mexico Export Preparedness Guide is designed to provide the Canadian exporter with a solid understanding of the key factors and issues involved in exporting agriculture and agri-food products to Mexico. It is not, and cannot be, an exhaustive reference. Rather, it is intended to serve as a useful starting point for Canadian exporters interested in exploring the Mexican market.

The content of these modules is derived largely from secondary sources, including Canadian and foreign government resources, the Government of Mexico and independent third-party research. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be used as the only source of market information on this sector. By necessity, these documents represent a snapshot in time and readers are encouraged to check the accuracy and timeliness of the data before making business decisions about the Mexican market.

Any errors, omissions or opinions found in this Guide should not be attributed to the Government of Canada nor to Fleishman-Hillard Canada. Neither the authors, the publishers, nor the collaborating organizations assume any responsibility for commercial loss due to business decisions made based on the information contained in this Guide.

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# KEY CONTACTS

Where Can I Get More Information?

## CANADIAN GOVERNMENT DEPARTMENTS AND SERVICES

### AGRI-FOOD TRADE SERVICE (ATS)

The Agri-Food Trade Service of Agriculture and Agri-Food Canada provides centralized access to market information, trade counselling and export support activities, which will take the exporter from initial enquiry to foreign market.

<http://ats.agr.ca/>

Agriculture and Agri-Food Canada  
930 Carling Avenue, Room 737  
Ottawa, ON  
K1A 0C5

#### General Inquiries

Tel: (613) 759-7686

[westb@agr.gc.ca](mailto:westb@agr.gc.ca)

#### Agri-Food Trade Service in Mexico

<http://ats-sea.agr.gc.ca/mexico/>

The regional offices are responsible for providing single-window access for regional clients and stakeholders to all of the Markets and Trade Team programs and services, as well as some services from other branches and departments.

#### British Columbia Regional Office

Agriculture and Agri-Food Canada  
Suite 420, 4321 Still Creek Drive  
Burnaby BC V5C 6S7  
Tel: (604) 666-6344  
Fax: (604) 666-7235  
Web:

[www.ats.agr.gc.ca/region/british\\_columbia\\_e.htm](http://www.ats.agr.gc.ca/region/british_columbia_e.htm)

#### Alberta & Territories Regional Office

Agriculture and Agri-Food Canada  
9700 Jasper Avenue, Suite 720  
Edmonton AB T5J 4G5  
Tel: (780) 495-4141  
Fax: (780) 495-3324  
Web:

[www.ats.agr.gc.ca/region/alberta\\_territories\\_e.htm](http://www.ats.agr.gc.ca/region/alberta_territories_e.htm)

**Saskatchewan Regional Offices**

401 - 1800 Hamilton Street  
Regina SK S4P 4K7  
Tel: (306) 780-5545  
Fax: (306) 780-7360  
7th Floor, 123 - 2nd Avenue South  
Saskatoon SK S7K 7E6  
Tel: (306) 975-5842  
Fax: (306) 975-5334  
Web:  
[www.ats.agr.gc.ca/region/saskatchewan\\_e.htm](http://www.ats.agr.gc.ca/region/saskatchewan_e.htm)

**Ontario Region**

Agriculture and Agri-Food Canada  
174 Stone Road West  
Guelph ON N1G 4S9  
Tel: (519) 829-9400  
Fax: (519) 837-9782  
Web: [www.ats.agr.gc.ca/region/ontario\\_e.htm](http://www.ats.agr.gc.ca/region/ontario_e.htm)

**Quebec Regional Offices**

Agriculture and Agri-Food Canada  
901, rue du Cap-Diamant, Floor 3  
Québec QC G1K 4K1  
Tel: (418) 648-4775  
Fax: (418) 648-7342  
Web: [www.ats.agr.gc.ca/region/quebec\\_e.htm](http://www.ats.agr.gc.ca/region/quebec_e.htm)

**Manitoba Regional Office**

Agriculture and Agri-Food Canada  
303 Main Street, Room 402  
Winnipeg, MB R3C 3G7  
Tel: (204) 983-4583  
Fax: (204) 983-3032  
Web: [www.ats.agr.gc.ca/region/manitoba\\_e.htm](http://www.ats.agr.gc.ca/region/manitoba_e.htm)

**Quebec Regional Offices**

Agriculture and Agri-Food Canada  
2001, University, Room 746-M  
Montréal QC H3A 3N2  
Tel: (514) 283-8888  
Fax: (514) 496-3966  
Web: [www.ats.agr.gc.ca/region/quebec\\_e.htm](http://www.ats.agr.gc.ca/region/quebec_e.htm)

**Atlantic Regional Office**

Agriculture and Agri-Food Canada  
1800 Argyle Street, 5th Floor  
Halifax NS B3J 2  
Tel: (902) 426-6151  
Fax: (902) 426-3439  
Web: [www.ats.agr.gc.ca/region/atlantic\\_e.htm](http://www.ats.agr.gc.ca/region/atlantic_e.htm)

**THE TRADE COMMISSIONER SERVICE (TCS)**

The TCS was established as a convenient point of contact to support the exporting efforts of Canadian firms. The centres operate under the guidance of the Department of Foreign Affairs and International Trade. They help companies implement export strategies, assist firms with market research and planning, provide access to government programs designed to promote exports, recommend international trade fairs and trade missions that will match a company's needs, work with partners to organize seminars and events in Canada and arrange for assistance from the trade commissioners in Ottawa and abroad.

<http://www.infoexport.gc.ca/Entry.jsp>

1-800-551-4946  
(613)944-4946 (Ottawa)

**British Columbia** (also responsible for Yukon Territory)  
International Trade Canada Regional Office  
Suite 2000, 300 West Georgia Street  
Vancouver BC V6B 6E1  
Tel: (604) 666-0434  
Fax: (604) 666-0954  
Email: [itc-vancouver@ic.gc.ca](mailto:itc-vancouver@ic.gc.ca)  
Local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Trade Team BC](#)

**Alberta**  
International Trade Canada Regional Office  
400, 639 - 5th Avenue S.W.  
Calgary AB T2P 0M9  
Tel: (403) 292-4575  
Fax: (403) 292-4578  
Email: [clgry@international.gc.ca](mailto:clgry@international.gc.ca)  
Contact your local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Trade Team Alberta](#)

**Saskatchewan**  
International Trade Canada Regional Office  
320-1801 Hamilton Street  
Regina, Saskatchewan  
S4P 3N9  
Tel: (306) 780-6124  
Fax: (306) 780-8797  
Email: [rgina@international.gc.ca](mailto:rgina@international.gc.ca)  
Local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Trade Team Saskatchewan](#)

**Ontario**  
International Trade Canada Regional Office  
4th Floor 151 Yonge Street  
Toronto ON M5C 2W7  
Tel: (416) 973-5053  
Fax: (416) 973-8161  
Email: [itc-toronto@ic.gc.ca](mailto:itc-toronto@ic.gc.ca)  
Local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Canada-Ontario Export Forum](#)

**Alberta**  
International Trade Canada Regional Office  
Suite 725 Canada Place  
9700 Jasper Avenue  
Edmonton AB T5J 4C3  
Tel: (780) 495-2944  
Fax: (780) 495-4507  
Email: [edmtn@international.gc.ca](mailto:edmtn@international.gc.ca)  
Local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Trade Team Alberta](#)

**Saskatchewan**  
International Trade Canada Regional Office  
7th Floor Princeton Tower  
123 - 2nd Avenue South  
Saskatoon SK S7K 7E6  
Tel: (306) 975-5315  
Fax: (306) 975-5334  
Email: [ssktn@international.gc.ca](mailto:ssktn@international.gc.ca)  
Local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Trade Team Saskatchewan](#)

**Manitoba** (also responsible for Nunavut and Northwest Territories)  
International Trade Canada Regional Office  
4th Floor 400 St. Mary Avenue  
Winnipeg MB R3C 4K5  
Tel: (204) 983-5851  
Fax: (204) 983-3182  
Email: [wnnpg@international.gc.ca](mailto:wnnpg@international.gc.ca)  
Local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Manitoba Trade and Investment](#)

**Quebec**  
International Trade Canada Regional Office  
Suite 800, 5 Place Ville-Marie  
Montréal, Quebec  
H3B 2G2  
Tel: (514) 283-6328  
Fax: (514) 283-8794  
Email: [itc-montreal@ic.gc.ca](mailto:itc-montreal@ic.gc.ca)  
Contact your local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Quebec Regional Trade Network](#)

**New Brunswick**

International Trade Canada Regional Office  
Unit 103, 1045 Main Street  
Moncton NB E1C 1H1  
Tel: (506) 851-6452  
Fax: (506) 851-6429  
Email: [mnctn@international.gc.ca](mailto:mnctn@international.gc.ca)  
Local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Trade Team New Brunswick](#)

**Nova Scotia**

International Trade Canada Regional Office  
P.O. Box 940 Station M  
1800 Argyle Street, Fifth Floor  
Halifax NS B3J 2V9  
Tel: (902) 426-7540  
Fax: (902) 426-5218  
Email: [hlfax@international.gc.ca](mailto:hlfax@international.gc.ca)  
Local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Trade Team Nova Scotia](#)

**Prince Edward Island**

International Trade Canada Regional Office  
P.O. Box 1115  
75 Fitzroy Street, 2nd floor  
Charlottetown PE C1A 7M8  
Tel: (902) 566-7382  
Fax: (902) 566-6859  
Email: [chltn@international.gc.ca](mailto:chltn@international.gc.ca)  
Local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Trade Team PEI](#)

**Newfoundland and Labrador**

International Trade Canada Regional Office  
10th Floor John Cabot Building  
10 Barter's Hill  
P.O. Box 8950  
St. John's NL A1B 3R9  
Tel: (709) 772-5511  
Fax: (709) 772-5093  
Email: [stjns@international.gc.ca](mailto:stjns@international.gc.ca)  
Local [ITCan Regional Office staff](#)  
Regional Trade Network site: [Trade Team Newfoundland & Labrador](#)

**EXPORT DECLARATION AGENCIES****Canadian Automated Export Declaration**

The Canadian Automated Export Declaration (CAED) gives registered Canadian exporters and agents the opportunity to report goods electronically to the Federal Government of Canada instead of via paper-based reporting methods.

CAED Help Line  
International Trade Division  
Statistics Canada  
9th floor, Jean Talon Building  
Tunney's Pasture  
Ottawa ON K1A 0T6  
Telephone: (613) 951 6291 or 1 800 257 2434  
Facsimile: (613) 951 6823 or 1 888 269 5305  
Email: [export@statcan.ca](mailto:export@statcan.ca)

**G7 Electronic Data Interchange (EDI) Export Reporting**

Through the G7 Electronic Data Interchange (EDI) Export Reporting service, Canadian exporters are able to file export declarations

electronically for each shipment, using electronic data interchange (EDI).

This service is available by contacting:

Electronic Commerce Unit  
Major Project Design and Development  
Innovation, Science and Technology Branch  
Canada Border Services Agency  
15th floor, Sir Richard Scott Building  
191 Laurier Avenue, West  
Ottawa ON K1A 0L8  
Telephone: 1-888-957-7224 (within North America)  
(613) 946-0762 (outside North America)  
Facsimile: (613) 952-9979

Exporters must submit their completed registration form to Statistics Canada by facsimile or mail at:

International Trade Division  
Statistics Canada  
9th floor, Jean Talon Building  
Tunney's Pasture  
Ottawa ON K1A 0T6  
Facsimile: 1-888-269-5305 or (613) 951-6823

**Please Note:** If an exporter is a CAED or G7 EDI participant and they are exporting restricted goods, they must also present a paper copy of the CAED or G7 EDI export report together with the accompanying permit before export. This requirement does not apply if the CBSA has granted an exemption for those goods, or if automated permits are in place and the CBSA has the required access to them.

## PROVINCIAL GOVERNMENTS CONTACTS

### British Columbia

Small Business BC is British Columbia's main resource centre for business information and services and provides one-on-one export coaching, assessing readiness and export potential and planning.

601 West Cordova Street  
Vancouver BC V6B 1G1  
Tel: 604-775-5525, 1-800-667-2272  
Fax: 604-775-5520

<http://www.smallbusinessbc.ca/bizEstablished-exportPlan.php>



## **Alberta**

Alberta Economic Development is the export development agency of the Government of Alberta. They provide geographic market and sector information including intelligence and information on exporting, the government's international trade and investment strategy, statistics on exports and market intelligence profiles

6th Floor, Commerce Place  
10155 - 102 Street  
Edmonton AB T5J 4L6  
Tel: (780) 310-0000  
Fax: (780) 422-1759

David Nygaard  
Managing Director, Alberta Mexico Office  
Alberta Economic Development  
Calle Schiller No. 529  
Colonia Polanco  
Mexico City Mexico D. F. 11560  
Tel: 52.555.387-9302  
Fax: 52.555.724-7913  
Email: david.nygaard@international.gc.ca

<http://www.alberta-canada.com/export/index.cfm>

## **Saskatchewan**

The Department of Industry and Resources provides consultants in regional offices to assist companies in the developing stages of becoming export ready.

1925 Rose Street  
Regina SK S4P 3P1  
Tel: (306) 787-1605  
Fax: (306) 787-1620

[www.ir.gov.sk.ca](http://www.ir.gov.sk.ca)

As well, Saskatchewan Trade and Export Partnership, a public-private partnership provides its members with custom export solutions which include: market intelligence, trade development and international finance and logistics support.

Saskatchewan Trade and Export Partnership  
P.O. Box 1787  
320-1801 Hamilton St.  
Regina SK S4P 3C6  
Tel: (306) 787-9210  
Fax: (306) 787-6666

Saskatchewan Trade and Export Partnership  
500 - 402 21<sup>st</sup> Street E.  
Saskatoon, SK S7K 0C3  
Tel: (306) 933-6551  
Fax: (306) 933-6556

<http://www.sasktrade.sk.ca/>

### **Manitoba**

Manitoba Trade and Investment provides international and local market information, sector-specific expertise including trade development and support for new and emerging exporters and tools such as seminars, trade missions and shows.

1100-259 Portage Ave.  
Winnipeg MB R3B 3P4  
Tel: (204) 945-2466, 1-800-529-9981  
Fax: (204) 957-1793  
Email: [mbtrade@gov.mb.ca](mailto:mbtrade@gov.mb.ca)

<http://www.gov.mb.ca/trade/export/>

### **Ontario**

The Ontario Food Exports unit assists Ontario Agri-Food companies to develop export sales in the United States and Internationally. This is accomplished through trade promotion programs, export missions, incoming trade delegations and the provision of market intelligence to Ontario producers and processors.

5th Floor NW, 1 Stone Road West  
Guelph, Ontario, Canada  
N1G 4Y2  
Telephone: (519) 826-4210  
1-888-466-2372 ext 6-4210 (Ontario only)  
Fax: (519) 826-3460  
Email: [goexport@omafra.gov.on.ca](mailto:goexport@omafra.gov.on.ca)

<http://www.omafra.gov.on.ca/english/food/export/index.html>

### **Quebec**

Développement économique, Innovation et Exportation assists companies with financial assistance, training, use of the internet (for exporting), export goods or services, preparation, processes and transporting merchandise.

710, place D'Youville, 3<sup>e</sup> étage  
Québec (Québec) G1R 4Y4

Tel: (418) 691-5950, 1-800-363-1363  
Fax: (418) 644-0118

Delegacion General de Quebec en Mexico  
Avenida Taine 411  
Col. Bosque de Chapultepec, 11580 Mexico D.F.  
Tel: 011-52-55-5250-8222

<http://www.mdeie.gouv.qc.ca/page/web/portail/en/exportation>

### **New Brunswick**

The Export Development branch of Business New Brunswick provides a range of export services to companies such as export awareness and export readiness, as well as orientation of trade activities, identification of potential opportunities through market reconnaissance and market intelligence, individual company export counselling and identification of export financing sources. Collaborate with other Federal/Provincial departments to deliver a comprehensive service package.

Centennial Building  
P. O. Box 6000  
Fredericton NB E3B 5H1  
Tel: (506) 453-2875  
Fax: (506) 453-3783

<http://www.newbrunswick.ca/export/index.html>

### **Nova Scotia**

Trade Team Nova Scotia provides export advice including export-readiness assessment, export plan development and implementation and market entry support. Many programs are delivered in conjunction with the Government of Canada.

Nova Scotia Business Inc.  
1800 Argyle Street, Suite 701  
PO Box 2374  
Halifax, NS B3J 3E4  
Tel: (902) 424-6650  
Fax: (902) 424-5739, 1.877.297.2124  
Email: [nsbi@gov.ns.ca](mailto:nsbi@gov.ns.ca)

<http://ttns.gov.ns.ca/inside.asp?cmPageID=71>

### **Prince Edward Island**

Prince Edward Island Business Development, in partnership with the Atlantic Canada Opportunities Agency and Industry Canada assists

firms through various stages of exporting. However, the prime target market is New England.

P.O. Box 910  
Charlottetown PEI C1A 7L9  
**Tel:** (902) 368-6300, 1-800-563-3734  
**Fax:** (902) 368-6301

<http://www.gov.pe.ca/infopei/index.php3?number=20048>

### **Newfoundland and Labrador**

Trade Team Newfoundland and Labrador (TTNL) is a federal/provincial partnership of federal and which assist active and potential exporters. Services include product development related websites, trade financing and market information sites, export development strategies and opportunities.

Confederation Building, West Block  
P.O. Box 8700  
St. John's NL A1B 4J6  
Tel: (709) 729-5632  
Fax: (709) 729-3208

<http://www.ttnl.ca/>

### **Yukon Territory**

The Department of Economic Development provides support through the Enterprise Trade Fund program for export market research and export market promotion, participating and supporting trade shows, missions, events, etc., and in co-ordination with the Government of Canada.

Yukon Electrical Building  
1st Avenue & Elliott Street  
Box 2703,  
Whitehorse YT Y1A 2C6  
Tel: (867) 393-7014 or 1-800-661-0408  
Fax: (867) 393-6944  
[ecdev.bt@gov.yk.ca](mailto:ecdev.bt@gov.yk.ca)

[http://www.gov.yk.ca/services/departments/export\\_development%20.html](http://www.gov.yk.ca/services/departments/export_development%20.html)

## CANADIAN CONTACTS IN MEXICO

### **Border Clearance Representative (BCR)**

Luis A. Pérez, Nuevo Laredo, Mexico  
Tel : (011 52 (867) 719-0003  
Mobile : 1 (956) 206-8771  
Fax : (011 52 867) 719-0764  
Email : [luispere@prodigy.net.mx](mailto:luispere@prodigy.net.mx)

### **Canadian Embassy**

Commercial Section  
The Embassy of Canada in Mexico  
Calle Schiller No. 529, Colonia Polanco  
Mexico, D.F., 11560, Mexico  
Tel: (011 52 55) 5724-7900  
Fax: (011 52 55) 5724-7982

#### **Contacts :**

Murray Pearson, Trade Commissioner  
Marcello DiFranco : Trade Commissioner  
Alejandro Ruiz, Trade Commissioner  
Adriana Carrillo, Trade Commissioner Assistant  
Cesar Urias, Trade Commissioner Assistant

Email : [mexico.commerce@international.gc.ca](mailto:mexico.commerce@international.gc.ca)

<http://www.canada.org.mx>

### **Canadian Consulate**

Edificio Kalos C-1.  
Suite 108 A Zaragoza 1300 Sur,  
Monterrey, Nuevo León, 64000, Mexico  
Tel: (011-52-81) 8344-3200/2753  
Fax: (011-52-81) 8344-3048

#### **Contact:**

Jean-Charles Joly, Trade Commissioner

Email : [monterrey@international.gc.ca](mailto:monterrey@international.gc.ca)

<http://www.canada.org.mx>

### **Canadian Consulate**

Hotel Fiesta Americana  
Local 31, Aurelio Aceves No. 225 Col. Vallarta Poniente,  
Guadalajara, Jalisco, 44100, Mexico  
Tel: (011-52-33) 3615-6215/6266/6270  
Fax: (011-52-33) 3615-8665

#### **Contact:**

Juan Carlos Muñoz, Trade Commissioner  
Email: [gjara@international.gc.ca](mailto:gjara@international.gc.ca)

<http://www.infoexport.gc.ca/mx/gdl>

**EXPORT DEVELOPMENT CANADA**

Doug Fortney (Chief Representative)  
Miguel Gonzalez (Assistant)  
The Embassy of Canada in Mexico  
Calle Schiller No. 529, Colonia Polanco  
Mexico, D.F., 11560, Mexico  
Tel: 011-52-55-5387-9316  
Fax: (011) 52-55-5387-9317  
Email: [dfortney@edc.ca](mailto:dfortney@edc.ca)

Noé Elizondo  
Regional Manager  
Edificio Kalos C-1.  
Suite 108 A Zaragoza 1300 Sur,  
Monterrey, Nuevo León, 64000, Mexico  
Tel: (011) 52-81-8344-3200  
Fax: (011) 52-81-8340-7703  
Email: [nelizondo@edc.ca](mailto:nelizondo@edc.ca)

## **MEXICAN GOVERNMENT DEPARTMENTS AND SERVICES**

### **Embassy of the United Mexican States in Canada**

45 O'Connor Street  
Suites 1000 and 1030  
Ottawa ON K1P 1A4  
Tel: (613) 563-0733  
Fax: (613) (613) 235-9123  
Email: aamezcua @agrimexcan.com

[www.embamexcan.com](http://www.embamexcan.com)

### **Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (SAGARPA)**

Municipio Libre 377, esq. Cuauhtémoc, Col. Santa Cruz Atoyac.  
Delegación Benito Juárez.  
03310, México, DF  
Tel : 011-52-55-9183-1000  
Fax: 011-52-55-9183.1000 ext. 33057  
Email comusoc@sagar.gob.mx

<http://www.sagarpa.gob.mx>

### **Secretaría de Economía (SE)**

Av. Alfonso Reyes 30, 2º piso, Col. Hipódromo Condesa  
06170, México, DF  
Tel:011-52-55-5729-9100  
Fax: 011-52-55- 5229-61-34

<http://www.economia.gob.mx>

### **Secretaria de Comercio y Fomento Industrial Direccion General de Normas (SECOFI)**

Secretariat of Commerce and Industrial Development, Bureau of Standards  
Av. Puente de Tecamachalco No. 6  
Col. Fuentes de Tecamachalco  
53950 Tecamachalco, Estado de Mexico, Mexico  
Tel: 011-52-55-5729-9300  
Fax: 011-52-55-5729-9477

<http://www.economia.gob.mx/index.jsp?P=85>

### **Secretaría de Salud Dir. Gral. De Calidad Sanitaria de Bienes y Servicios (Salud)**

Secretariat of Health, Goods and Services Health Control Division  
Lieja No. 7 1er. piso

Col. Juárez Deleg. Cuauhtémoc D.F. C.P. 06600  
06010 México, D.F. México  
Tel: 011-52-55-5521-3050, 521-9134  
Fax: 011-52-55-5512-9628

[www.salud.gob.mx](http://www.salud.gob.mx)

**Secretaría del Medio Ambiente, Recursos Naturales  
(SEMARNAT)**

Periférico Sur 4209, 3° piso, Col. Jardines en la Montaña  
14210, México, DF

Tel: 5628.0891

Fax : 5628.0778

<http://www.semarnat.gob.mx>



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**MEXICO EXPORT  
PREPAREDNESS GUIDE**  
EXPORTING AGRICULTURE AND  
AGRI-FOOD PRODUCTS TO MEXICO

**ANNEX A:**  

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**KEY TRADE SHOWS**

**MARCH 2006**

**Prepared on Behalf of:**  
Agriculture and Agri-Food Canada

**Written By:**  
Fleishman-Hillard Canada

**Mexico Export Preparedness Guide:** was prepared on behalf of Agriculture and Agri-Food Canada, in partnership with the provinces. It can be found on AAFC's Agri-Food Trade Service (ATS) web site, under Market Information/Mexico at:

<http://ats.agr.ca/info/lac-e.htm#Mexico>

There are eight modules in the Guide, each covering specific topics of interest to Canadian exporters:

- Module 1: Country Overview
- Module 2: Agri-Food Market Overview
- Module 3: Market Entry Strategies
- Module 4: Products: Adaptation, Packaging & Promotion
- Module 5: Distribution
- Module 6: Shipping Samples to Mexico
- Module 7: Practical Experiences
- Module 8: Key Contacts and Further Information

The Mexico Export Preparedness Guide is designed to provide the Canadian exporter with a solid understanding of the key factors and issues involved in exporting agriculture and agri-food products to Mexico. It is not, and cannot be, an exhaustive reference. Rather, it is intended to serve as a useful starting point for Canadian exporters interested in exploring the Mexican market.

The content of these modules is derived largely from secondary sources, including Canadian and foreign government resources, the Government of Mexico and independent third-party research. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be used as the only source of market information on this sector. By necessity, these documents represent a snapshot in time and readers are encouraged to check the accuracy and timeliness of the data before making business decisions about the Mexican market.

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## ANNEX A – KEY TRADE SHOWS

The following lists the most relevant Mexican trade shows for Canadian agri-food exporters in 2006/2007.

SHOW	LOCATION	DATE	INDUSTRY	Web Link
APEA Expo	Poliforum León León Mexico	Note: Postponed until Winter 2007	Feed, livestock, poultry, swine, dairy and aquaculture	<a href="http://apea-expo.com">apea-expo.com</a>
Alimentaria México 2006	Mexico City	June 6, 2006 – June 8, 2006	Agri-food, fish/seafood and beverage products	<a href="http://www.alimentaria-mexico.com/en/global/portada.htm">http://www.alimentaria-mexico.com/en/global/portada.htm</a>
Exphotel 2006	Centro de Convenciones Cancun Mexico	June 14, 2006 - June 16, 2006	Hotel, Restaurant, Bar Industries	<a href="http://www.exphotel.net">www.exphotel.net</a>
CONFITEXPO 2006	Expo Guadalajara Center Guadalajara Mexico	August 1, 2006 - August 4, 2006	Confectionery	<a href="http://www.confitexpo.com">www.confitexpo.com</a>
Abastur 2006	Centro Banamex Mexico City Mexico	September 27, 2006 - September 29, 2006	Hospitality Sector	<a href="http://www.remexexpos.com/abasturresthotel.com">www.remexexpos.com/abasturresthotel.com</a>
Expo-Agro Sinaloa 2006	Campo Experimental Carretera Culiacan Mexico	February 7, 2007 – February - 10, 2006	Agriculture	<a href="http://www.expoagro.org.mx">www.expoagro.org.mx</a>
Expo Carnes 2007	Cintermex Monterrey Mexico	February 22, 2007 - February 24, 2007	Meat Industry	<a href="http://www.expocarnes.com">www.expocarnes.com</a>
Antad 2007	TBC	TBC	Retail	<a href="http://www.antad.org.mx/">http://www.antad.org.mx/</a>
Anipron	TBC	TBC	Agriculture	<a href="http://www.anipron.org.mx">www.anipron.org.mx</a>

Source: Agri-Food Trade Service - [http://www2.agr.gc.ca/Events/search/key\\_e.asp?input=Mexico&B1=Search](http://www2.agr.gc.ca/Events/search/key_e.asp?input=Mexico&B1=Search)

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**MEXICO EXPORT  
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**ANNEX B:**  

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**MEXICO CUSTOMS  
BROKERS  
ASSOCIATIONS**

**MARCH 2006**

**Prepared on Behalf of:**  
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**Written By:**  
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## ANNEX B: MEXICO CUSTOMS BROKERS ASSOCIATIONS

*Please note that this list is not an endorsement of these custom brokers, but is merely provided for your information and convenience.*

### **Asociacion de A.A. de Cancun**

President: A.A. Lic. Rodolfo Oneto  
Toussaint  
Av. Coba No 05,  
S.M. 4, 1er. Piso, Local A-45,  
Plaza America,  
77500 Cancun Q.R.  
Tel: 011-52-91-9887-5701  
Fax: 011-52-91-9887-5699

### **Asociacion de A.A. de Cd. Acuña**

President: A.A. Reginaldo Ramon  
Sanchez  
Av. Hidalgo y Bravo S/No,  
Col. Centro,  
26200 Cd. Acuña, Coah.  
Tel: 011-52-91-8772-2753  
Fax: 011-52-91-8772-2753

### **Asociacion de A.A. de Cd. del Carmen, Camp.**

President: A.A. Lic. Jose F. Conde Abreu  
Calle 20 No 134,  
Col. Centro,  
24100 Cd. Del Carmen, Camp.  
Tel: 011-52-91-9382-7443  
Fax: 011-52-91-9382-7444

### **Asociacion de A.A. de Cd. Juarez**

President: A.A. Anastasio SanMiguel  
Valles  
Carlos Villarreal Esq.,  
Juan de la Barrera No 279,  
Col. Margaritas  
32300 CD. Juarez, Chih.  
Tel: 011-52-91-1629-2400, 01, 04, 05  
Fax: 011-52-91-1616-0301

### **Asociacion de A.A. de Ciudad Hidalgo**

President: A.A. Rosa L. Cuevas de  
Zamora  
2a Calle Oriente No 6-F,  
30840 Cd. Hidalgo, Chis.  
Tel: 011-52-91-9628-0127, 8-0285

### **Asociacion de A.A. de Coatzacoalcos**

President: A.A. Amelia M. Jimenez  
Absalon  
16 de Septiembre No 1204,  
Col. Centro,  
96400 Coatzacoalcos, Ver.  
Tel: 011-52-91-9212-1000, 2-0125  
Fax: 011-52-91-9212-0257

### **Asociacion de A.A. Ensenada**

President: A.A. Petra Montejano Vda. De  
Ortiz  
Calle Virgilio Uribe No 433,  
Zona Centro,  
22800 Ensenada, B.C.  
Tel: 011-52-91-6178-2177, 4-0935, 8-  
1084  
Fax: 011-52-91-6174-0735

### **Asociacion de A.A. de Guadalajara**

President: A.A. Lic. Rodolfo Gil y Gil  
Av. De Los Agentes Aduanales  
Modulo Central Aeropuerto  
Internacional Miguel Hidalgo  
Municipio Tlajomulco de Zuñiga, Jal.  
Tel: 011-52-91-3688-5031, 3688-6007  
Fax: 011-52-91-3688-6008

**Asociacion de A.A. de Guaymas**

President: A.A. Gabriel Vejar Garcia  
Calle 12 No 27 Sur,  
Col. Centro,  
85400 Guaymas, Son.  
Tel: 011-52-91-6222-9570/71, 2-1030,  
2-1665  
Fax: 011-52-91-6222-9666

**Asociacion de A.A. de la Aduana de Mexico, D.F.**

President: A.A. Juan M. Puente Lamas  
Ferrocarri Central No 594,  
Edif. 15, Depto. 101,  
Col. Cosmopolita,  
Delegacion Azcapotzalco,  
02670 Mexico, D.F.  
Tel: 011-52-55-5563-7445  
Fax: 011-52-55-5563-6613

**Asociacion de A.A. de la Aduana Fronteriza de Colombia, N.L.**

President: A.A. Lic. Salvador Daw Vidal  
Carretera A Piedras Negras KM. 35.5,  
Puente Internacional Solidaridad,  
Modulo de Exportacion  
Colombia, N.L.  
Envio de Correspondencia:  
Av. Palacio de Justicia No 555,  
Local "E", 2a Piso,  
Col. Anahuac,  
San Nicolas de los Garza, N.L.  
Tel: 011-52-87-3400-56  
Fax: 52 (873) 400-55

**Asociacion de A.A. de Lazaro Cardenas**

President: A.A. Lic. Manuel Mendoza Horta  
Av. Melchor Ocampo No 32, 2a Piso,  
2a Sector de Fidelac  
Edificio Curacreto,  
60950 Lazaro Cardenas, Mich  
Tel: 011-52-91-7537-2001  
Fax: 011-52-91-7537-2001

**Asociacion de A.A. de H. Matamoros**

President: A.A. Ing. Francisco J. King  
Cancino  
Calle Sexta No 2005  
Entre Galeana y Allende  
87330 Matamoros, Tamps.  
Tel: 011-52-91-8812-2018  
Fax: 011-52-91-8812-2088

**Asociacion de A.A. de la Aduana de Toluca**

President: A.A. Alfonso Nogueira Novelo  
Paseo Tollocan Ote.No 160,  
Fracc. Arcos II, Casa 42,  
52140 Metepec, Edo. de Mex.  
Envio de Correspondencia:  
Cuernavaca No 62,  
Col. Condesa,  
06140 Mexico, D.F.  
Tel: 011-52-91-7216-1066, 16-0788  
Fax: 011-52-91-7216-1066, 16-0788

**Asociacion de A.A. del Aeropuerto de Mexico**

President: A.A. Lic. Jose A. Robles  
Sahagun  
-Oficinas Revolucion  
Av. Revolucion No 1005,  
Col. Mixcoac  
03910 Mexico, D.F.  
Tel: 611-29-43, 611-90-29, 611-87-99,  
611- 88-54  
Fax: 563-90-18, 611-87-49  
-Oficinas Aeropuerto  
A.V. 602 S/No,  
1er Piso de la Aduana del Aeropuerto  
Internacional de la Cd. De Mexico  
Zona Federal  
15620 Mexico, D.F.  
Tel: 628-15-06, 628-15-00

**Asociacion de A.A. del Puerto de Manzanillo, Colima**

President: A.A. Guillermo Woodward Rojas  
Constitucion No 45  
Col. Burocrata,  
28200 Manzanillo, Col.  
Tel: 011-52-91-3332-3218  
Fax: 011-52-91-333-2-3258

**Asociacion de A.A. del Puerto de Veracruz**

President: A.A. Lic. Salvador Alverdi  
Carmona  
Constitucion No 288  
Zona Centro,  
Apartado Postal No 406  
91700 Veracruz, Ver.  
Tel: 011-52-91-2934-1574  
Fax: 011-52-91-2938-1363

**Asociacion A.A. de Mexicali**

President: A.A. Jose E. Ulloa Pesqueira  
Av. Brasil No 415  
Col. Alamitos,  
21120 Mexicali, B.C.  
Tel: 011-52-91-6565-2700  
Fax: 011-52-91-6565-2706

**Asociacion de A.A. de Nogales**

President: A.A. Oscar Mayer Ballesteros  
Camino Libramiento No 4950  
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Col. Kennedy,  
84000 Nogales, Son.  
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Fax: 011-52-52-6313-2560

**Asociacion de A.A. de Nuevo Leon**

President: A.A. Lic. Raul Vidales Resendez  
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Col. Anahuac, 66450 San Nicolas de los  
Garza, N. L.  
Tel: 011-52-52-8352-8957  
Fax: 011-52-52-8352-8958

**Asociacion de A.A. de Piedras Negras**

President: A.A. Ing. Benito Martinez  
Guajardo  
Hidalgo No 502, Sur.  
Col. Centro,  
26000 Piedras Negras, Coah.  
Tel: 011-52-91-8782-0081  
Fax: 011-52-91-8782-2461

**Asociacion de A.A. de Mazatlan**

President: A.A. Lic. Jose A. Ruelas Solis  
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Col. Centro,  
82000 Mazatlan, Sin.  
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Fax: 011-52-91-6982-5712

**Asociacion de A.A. de Miguel Aleman**

President: A.A. Ing. Artemio Ramirez de  
Luna  
Calle 1a Norte No 213-D  
88300 Cd. Miguel Aleman, Tamps.  
Tel: 011-52-91-8972-0587  
Fax: 011-52-91-8972-0587

**Asociacion de A.A. de Nuevo Laredo**

President: A.A. Rafael Pedraza  
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Col. Mexico,  
88280 Nuevo Laredo, Tamps.  
Tel: 011-52-52-8715-5080  
Fax: 011-52-52-8715-3210

**Asociacion de A.A. de Ojinga**

President: A.A. Dr. Severo Santiago  
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Apartado Postal No 13,  
32881 Ojinga, Chih.  
Tel: 011-52-91-1453-2630  
Fax: 011-52-91-1453-0139

**Asociacion de A.A. Puebla**

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Parque Industrial Puebla 2000,  
72220 Puebla, Pue.  
Tel: 011-52-91-2282-7226  
Fax: 011-52-91-2282-7224



**Asociacion de A.A. Queretaro**

President: A.A. Lic. Felipe Lara Beltran  
Blvrd. Bernardo Quintana No 168  
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Col. Carretas,  
76050 Queretaro, Qro.  
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Fax: 011-52-91-4213-5594

**Asociacion de A.A. de Subteniente Lopez**

President: A.A. Pedro M. Azueta Cardenas  
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77900 Subteniente Lopez, Q. Roo  
Tel: 011-52-91-9832-8310  
Fax: 011-52-91-9831-0810

**Asociacion de A.A. de Tampico y Altamira**

President: A.A. Lic. Diego A. Hinojosa  
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Isauro Alfaro No 108,  
Norte 3er y 4o piso  
Zona Centro  
Entre Calle Altamira y Carranza  
89000 Tampico, Tamps  
Tel: 011-52-91-1212-7741  
Fax: 011-52-91-1214-0386

**Asociacion de A.A. Tuxpan**

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Tel: 011-52-91-8922-6484  
Fax: 011-52-91-8922-6215

**Asociacion de A.A. De San Luis R.C., Sonora**

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83400 San Luis Rio Colorado, Son.  
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Fax: 011-52-91-6534-9721

**Asociacion de A.A. de Tijuana y Tecate**

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10232  
Despacho 403  
Zona Urbana Rio Tijuana  
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Tel: 011-52-91-6682-8555  
Fax: 011-52-91-6682-4573

**Asociacion de A.A. de Yucatan**

President: A.A. C.P. Jorge C. Cervera  
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Col. Garcia Gineres,  
97000 Merida, Yucatan  
Tel: 011-52-91-9925-4104  
Fax: 011-52-91-9920-0342

**SOURCE:** NAFTA Facts Document #8402 <http://www.mac.doc.gov/NAFTA/8402.htm>

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**MEXICO EXPORT  
PREPAREDNESS GUIDE  
EXPORTING AGRICULTURE AND  
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**ANNEX C:  
GLOSSARY OF TERMS  
AND ACRONYMS**

**MARCH 2006**

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## ANNEX C: GLOSSARY OF TERMS AND ACRONYMS

Abarroteros	Wholesalers whose primary function is to reach the fragmented segment of the market. Most often located in CEDAs
Abarrotes	Small, non-chain, family-owned stores i.e. mom & pop
Ambulantes	Street vendors
ANTAD	<i>La Asociación Nacional de Tiendas de Autoservicio y Departamentales</i> (National Association of Retail and Department Stores)
ATS	Agri-Food Trade Service of Agriculture and Agri-Food Canada
CEDA	<i>Central de Abastos</i> (terminal markets)
CFIA	Canadian Food Inspection Agency
CIF value	Cost, Insurance and Freight value
Constancia	Certificate of compliance
ECONOMIA	<i>Secretaría de Economía</i> (Ministry of the Economy)
EDC	Export Development Corporation
FOB	Free on Board - A trade term requiring the seller to deliver goods on board a vessel designated by the buyer
HRF	<i>Hoja de Requisitos Fitosanitarios</i> (Phytosanitary Requirements Form)
HRZ	<i>Hoja de Requisitos Zoonitarios</i> (Zoonitary Requirements Form)
HTS	Harmonized Tariff System
IMPI	<i>Instituto Mexicano de la Propiedad Industrial</i> (Institute of Industrial Property - government agency in charge of industrial property matters)
IVA	<i>Impuesto al Valor Agregado</i> (Value Added Tax)
Maquiladora	free trade zone

MFA	Mexican Franchise Association
NAFTA	North American Free Trade Agreement
NOM	<i>Normas Oficiales Mexicanas</i> (Official Mexican Standards)
Pagares	promissory note of payment (guarantees payment whereas an invoice does not in Mexico)
RFC	<i>Registro Federal des Contribuyentes</i> (Taxation Registration Number)
SAGARPA	<i>Secretaría de Agricultura, Ganadería y Desarrollo Rural, Pesca y Alimentación</i> (Ministry of Agriculture, Livestock, Rural Development and Agri-Food)
SALUD	<i>Secretaría De Salud</i> Ministry of Health
SE	<i>Secretaría de Economía</i> (Ministry of the Economy)
SEMARNAT	<i>Secretaría del Medio Ambiente y Naturales Recursos</i> (Ministry of Environment and Natural Resources)
SRE	<i>Secretaria de Relaciones Exteriores</i> (Ministry of Foreign Affairs)
TCS	Trade Commissioner Service
Tianguis	Mobile street markets
WTO	World Trade Organization

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**MEXICO EXPORT  
PREPAREDNESS GUIDE**  
**EXPORTING AGRICULTURE AND  
AGRI-FOOD PRODUCTS TO MEXICO**

**ANNEX D:**  

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**SOURCES**

**MARCH 2006**

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**Written By:**  
Fleishman-Hillard Canada

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The content of these modules is derived largely from secondary sources, including Canadian and foreign government resources, the Government of Mexico and independent third-party research. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be used as the only source of market information on this sector. By necessity, these documents represent a snapshot in time and readers are encouraged to check the accuracy and timeliness of the data before making business decisions about the Mexican market.

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# ANNEX D - SOURCES

## DOCUMENTS

***Agri-Food Country Profile – Mexico – April 2005***, Agriculture and Agri-Food Canada

***Steps Towards Entering the Mexican Market***, July 2003, Market Research Centre and the Canadian Trade Commissioner Service, Department of Foreign Affairs and International Trade

***Mexico's Retail Food Sector, 2005***, USDA Foreign Agricultural Service GAIN Report

***Mexico, Food and Agricultural Import Regulations and Standards Country Report 2005***, USDA Foreign Agricultural Service GAIN Report

***Mexico Exporter Guide Annual, 2004***, USDA Foreign Agricultural Service GAIN Report

***The Mexican Market for the Retail Food Sector, 2000***, USDA Foreign Agricultural Service GAIN Report

***Mexico - Hotel, Restaurant and Institutional Food Service Sector, 2000*** - USDA Foreign Agricultural Service GAIN Report

***Country Commercial Guide – Mexico, 2003***, U.S. & Foreign Commercial Service and U.S. Department of State

## WEBSITES

### GENERAL

[http://www.atn-riac.agr.ca/mexico/welcome\\_e.htm](http://www.atn-riac.agr.ca/mexico/welcome_e.htm)  
Government of Canada - Agri-Food Trade Service – Country Guide: Mexico website

<http://www.infoexport.gc.ca/ie-en/MarketProspect.jsp?cid=002&oid=51> -  
Government of Canada - Trade Commissioner Service – Market Prospect reports

[http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/trade8327](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/trade8327)  
Government of Alberta – Agriculture, Food and Rural Development – reports on exporting to Mexico



<http://www.usmcoc.org/>  
U.S.-Mexico Chamber of Commerce – general information

<http://www.embamexcan.com>  
Government of Mexico – Mexican Embassy in Canada

## **AGRI-FOOD MARKET OVERVIEW**

### **Wholesalers/Distributors**

[http://atn-riae.agr.ca/latin/3991\\_e.htm](http://atn-riae.agr.ca/latin/3991_e.htm)  
Government of Canada – Agri-Food Trade Service - market information on Latin American and Caribbean countries, April 2005

### **Food Service**

<http://atn-riae.agr.ca/latin/e3187.htm#3.4%20Restaurants>  
Government of Canada – Agri-Food Trade Service - Agri-Food Export Business Guide

[http://www.euromonitor.com/Consumer\\_Foodservice\\_in\\_Mexico](http://www.euromonitor.com/Consumer_Foodservice_in_Mexico)  
Euromonitor International - Consumer Foodservice in Mexico report

<http://www.fas.usda.gov/gainfiles/200101/65679277.pdf>  
United States Department of Agriculture - GAIN Report Hotel, Restaurant and Institutional Food Service Sector

### **Customs Duties, Tariffs & Quota Structure**

<http://www.economia.gob.mx/index.jsp?P=2262#>  
Government of Mexico – Ministry of the Economy - customs

<http://www.economia.gob.mx/index.jsp?P=805>  
Government of Mexico – Ministry of the Economy – HTS codes

<http://www.aduanas.sat.gob.mx/webadunet/aga.aspx?Q=r21>  
Government of Mexico - Customs

[http://www.cbsc.org/servlet/ContentServer?pagename=CBSC\\_FE/display&c=Regs&cid=1081944191836&lang=eng](http://www.cbsc.org/servlet/ContentServer?pagename=CBSC_FE/display&c=Regs&cid=1081944191836&lang=eng)  
Government of Canada – Canada Border Services Agency - reporting exports

<http://www.nationsencyclopedia.com/Americas/Mexico-CUSTOMS-AND-DUTIES.html>  
Encyclopedia of the Nations – customs and duties

<http://www.mexicolaw.com/LawInfo05-A.htm>  
Penner and Associates - customs regulations and rules in Mexico

### **Trading Houses**

<http://www.oath.on.ca/>  
Ontario Association of Trading Houses

## MARKET ENTRY STRATEGIES

### Market Entry Strategies

[www.mexconnect.com/business/mex2000incorporation.html](http://www.mexconnect.com/business/mex2000incorporation.html)

Mexico Connect – business advice and information

<http://www.mexico-trade.com>

Mexico Information Centre for the Trade Commission of Mexico in Los Angeles - various information including partnership opportunities, how to export to Mexico, Mexican Importers and various other sources of information useful to exporters.

[www.siem.gob.mx/portalsiem](http://www.siem.gob.mx/portalsiem)

Government of Mexico - Mexican Registry of Importers and Exporters in Mexico (in Spanish)

[www.promarinternational.com/pdfs/IndustryStrategicStudies/DistributionPOS/Food%20distribution%20in%20Mexico%20man%20sum.pdf](http://www.promarinternational.com/pdfs/IndustryStrategicStudies/DistributionPOS/Food%20distribution%20in%20Mexico%20man%20sum.pdf)

Promar International - report which discusses exporting products to Mexico until 2010, the current market, market changes and overall what the future of exporting to Mexico could look like

[www.mexicodataonline.com](http://www.mexicodataonline.com)

Mexico Business Directory - resource for Canadian, American and Mexican companies and businesses looking to do business under NAFTA.

[www.mexonline.com](http://www.mexonline.com)

Mexico Online - general guide to Mexico, the culture, the market and business practices – including joint ventures & partnerships.

### Merchandising in Mexico

[http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/trade2276?opendocument](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/trade2276?opendocument)

[http://www.findarticles.com/p/articles/mi\\_m3723/is\\_12\\_15/ai\\_113758883](http://www.findarticles.com/p/articles/mi_m3723/is_12_15/ai_113758883)

### Agents

<http://www.unzco.com/basicguide/c4.html>

Unzco – Developing an Export Strategy

<http://atn-riae.agr.ca/latin/e3187.htm>

Government of Canada – Agri-Food Trade Service - Agents

### Licensing and Cross Licensing

[www.embamexcan.com](http://www.embamexcan.com)

Government of Mexico - Embassy of Mexico in Canada - various areas of information for exporters

[www.hierosgamos.org/hg/db\\_lawfirms.asp?action=search&subcategory=Licensing&country=Mexico](http://www.hierosgamos.org/hg/db_lawfirms.asp?action=search&subcategory=Licensing&country=Mexico)

Hieros Gamos, the Worldwide Legal Dictionary - definitions of legal terminology in Mexico

[www.latinlicensing.com/index.html](http://www.latinlicensing.com/index.html)

Latin Licensing - an international licensing company which assists with trademark and licensing services in Latin America & the Caribbean.

### **Franchising**

[www.allbusiness.com/periodicals/article/475703-1.html](http://www.allbusiness.com/periodicals/article/475703-1.html)

AllBusiness - article about the status of franchising in Mexico

<http://strategis.ic.gc.ca/epic/internet/inimr-ri.nsf/en/gr111828e.html>

Government of Canada (Industry Canada) - 2002 Report on the Status of Franchising in Mexico

[www.agbuscenter.ifas.ufl.edu/export/revised%20primers/Mexico2004.pdf](http://www.agbuscenter.ifas.ufl.edu/export/revised%20primers/Mexico2004.pdf)

United States Department of State - 2004 Report on Exporting to Mexico

<http://mexico.franchisesolutions.com/index.cfm>

FranchisesInternational - list of Mexican franchises & businesses which Canadian exporters can purchase

<http://www.unidroit.org/english/guides/1998franchising/country/mexico.htm>

International Institute for the Unification of Private Law - legislation and regulations relevant to franchising

<http://www.e-moeller.com/Ingles/htm/Legislation-Mexico-02.htm>

Moeller & Co. - Mexican Industrial Property Law

[www.dlapiper.com/files/upload/FranCast\\_060213.htm](http://www.dlapiper.com/files/upload/FranCast_060213.htm)

Piper Rudnick Gray Cary - Mexican Franchise Law

### **Incoterms**

<http://www.export.gov/incoterms.html>

Government of the United States - Export Portal - Incoterms

<http://www.iccwbo.org/incoterms/understanding.asp>

International Chamber of Commerce - Incoterms

<http://www.1800miti.com/links/page87.html>

1800miti.com - Incoterms

<http://www.shipst.com/shipping/incoterms.asp>

Skelton Tomkinson Shipping - Incoterms

### **International Carriage Symbols**

<http://exportsource.ca/gol/exportsource/site.nsf/en/es02733.html>

Government of Canada - Export Source - carriage symbols

### **Joint Ventures**

<http://www.agr.gc.ca/mad-dam/e/bulletine/v15e/v15n20e.htm>

Government of Canada – Agriculture and Agri-Food Trade Canada – trade bulletin

<http://www.dfait-maeci.gc.ca/tna-nac/stories18-en.asp>

Government of Canada – International Trade Canada – joint ventures

**Partnerships/Businesses/Incorporations**

<http://www.mexonline.com/business-info1.htm>

Mexico Business Directory – starting a business in Mexico

[http://www.solutionsabroad.com/d\\_setbusinessmexico.asp](http://www.solutionsabroad.com/d_setbusinessmexico.asp)

Solutions Abroad – corporate law information

**Merchandising & Product Promotion**

[www.narms.com](http://www.narms.com)

National Association for Retail Marketing Services - an international association for the merchandising, marketing, sales and service industry

[www.fas.usda.gov/info/agexporter/1999/articles/makingit.html](http://www.fas.usda.gov/info/agexporter/1999/articles/makingit.html)

United States Department of Agriculture - Foreign Agricultural Service website

[www.officeworldnews.com/article.asp?id=542](http://www.officeworldnews.com/article.asp?id=542)

Office World News Magazine Merchandising Article - product merchandising

<http://www.mexonline.com/business.htm>

Mexico Business Directory – general information on doing business in Mexico

[www.mexconnect.com](http://www.mexconnect.com)

Mexico Connect – business advice and information

[www.executiveplanet.com/business-etiquette/Mexico.html](http://www.executiveplanet.com/business-etiquette/Mexico.html)

Executive Planet - business etiquette when in Mexico

**Trademarks**

[http://mexico.usembassy.gov/mexico/IPRtoolkit\\_overview.html](http://mexico.usembassy.gov/mexico/IPRtoolkit_overview.html)

Government of the United States – Embassy of the United States in Mexico – Intellectual Property Rights

<http://tumarca.com.mx/eng/terms>

Tumarca – Mexican trademark registration

[www.impi.gob.mx/impi/jsp/indice.jsp](http://www.impi.gob.mx/impi/jsp/indice.jsp)

Government of Mexico - Institute of Industrial Property – government agency in charge of industrial property matters (available in Spanish only)

**Intellectual Property Laws**

[www.mondaq.com/i\\_article.asp\\_Q\\_articleid\\_E\\_37814](http://www.mondaq.com/i_article.asp_Q_articleid_E_37814)

Piper Rudnick Gray Cary - Recent Changes to Mexico’s Franchise Law

<http://strategis.ic.gc.ca/epic/internet/inimr-ri.nsf/en/gr111828e.html>

Government of Canada – Industry Canada: Strategis – franchising in Mexico

[www.franchisetimes.com](http://www.franchisetimes.com)

Franchise Times.com – general information on franchising including intellectual property laws

### **Payment**

<http://www.infoexport.gc.ca/ie-en/MarketProspect.jsp?cid=002&oid=51>

Trade Commissioner Service - Market Research Centre, 2005, reports on services, resources and other exporting issues that Canadian exporters should be aware of when exporting to Mexico.

[www.edc.ca](http://www.edc.ca)

Government of Canada –Export Development Canada – general information on exporting

## **PRODUCTS: ADAPTATION, PACKAGING & PROMOTION**

### **Product Specific Labelling Requirements**

<http://www.fsis.usda.gov/OFO/export/MEXICO.htm>

Government of the United States – Food Safety and Inspection Service – export requirements

### **NOMs**

[www.economia-noms.gob.mx](http://www.economia-noms.gob.mx)

Government of Mexico – Mexican product safety and performance regulations

### **Export Packaging**

<http://www.unzco.com/basicguide/c10.html>

Unzco – packaging for export

[www.infoexport.gc.ca/shipping/menu-e.htm](http://www.infoexport.gc.ca/shipping/menu-e.htm)

Government of Canada – International Trade Commissioner Service Guides and tips for international cargo shipments

## **DISTRIBUTION**

### **Border Crossing Process**

[http://atn-riae.agr.ca/latin/3770\\_e.htm](http://atn-riae.agr.ca/latin/3770_e.htm)

Government of Canada - Agri-Food Trade Service -- Understanding the U.S./Mexico Border Crossing Process - 2004

<http://apps.cbp.gov/bwt>

Government of the United States – US Customs and Border Patrol – Border wait times

<http://www8.cpr.ca/cms/English/Customers/Existing+Customers/Border+Services/Mexico/Customs/Pre-clearing+Mexican+customs.htm>

Canadian Pacific Railway – crossing the Mexican border

<http://www.fas.usda.gov/info/agexporter/1999/articles/wherethe.html>  
Government of the United States – Foreign Agricultural Service – crossing the Mexican border

<http://www.vitalexpress.com/international.php>  
Vital Express Courier - crossing the Mexican border

<http://www.unzco.com/basicguide/c10.html>  
Unzco - crossing the Mexican border

[http://www.otaymesa.org/CustomsProced\\_Export\\_Mexico.doc](http://www.otaymesa.org/CustomsProced_Export_Mexico.doc)  
Otay Mesa Chamber of Commerce – customs procedures and glossary

[http://www.fita.org/countries/mexico.html?ma\\_rubrique=marche](http://www.fita.org/countries/mexico.html?ma_rubrique=marche)  
Federation of the International Trade Associations – import regulations and customs duties

### **Packing List**

<http://www.tdctrade.com/mktprof/america/mpmex.htm>  
Hong Kong Trade Development Council – Mexico -market profiles

<http://www.unzco.com/basicguide/c10.html>  
Unzco - basic guide to shipping

### **Bill of Lading/Airway Bill of Lading**

<http://www.itds.treas.gov/glossary5.html>  
International Trade Data System – International Trade Terms glossary

[http://www.export.gov/shipping\\_documentation\\_and\\_requirements/exp\\_com\\_mon\\_documents.asp](http://www.export.gov/shipping_documentation_and_requirements/exp_com_mon_documents.asp)  
US Government Export Portal – Shipping documentation and requirements

<http://www.tradetnt.com/airwaybill.shtml>  
Trinidad & Tobago website – good resource for explaining airway bills, an internationally standardized document

[http://resources.alibaba.com/article/33/Air\\_waybills.htm](http://resources.alibaba.com/article/33/Air_waybills.htm)  
Alibaba (private company) – a good resource for explaining airway bills, an internationally standardized document

### **Export Controls**

<http://www.dfait-maeci.gc.ca/eicb/menu-en.asp>  
Government of Canada – International Trade Canada – Export and Import Controls

### **Registro Federal des Causantes (Taxation Registration Number)**

<http://www.davidspencerlaw.com/Mexincorpchecklist.html>  
David D. Spencer, Attorney at Law – Information checklist

[http://www.mexconnect.com/mex\\_/businesssetup.htm](http://www.mexconnect.com/mex_/businesssetup.htm)

Mexico Connect – business advice and information – setting up a business in Mexico

<http://www.fas.usda.gov/info/agexporter/1999/articles/mexconnect.html>

Government of the United States – Foreign Agricultural Service – crossing the border

<http://www.mac.doc.gov/nafta/8307.htm>

Government of the United States – Market Access Compliance – Guide to Export Financing

## **SHIPPING SAMPLES**

[www.mexconnect.com/business/mex2000customsquestions.html](http://www.mexconnect.com/business/mex2000customsquestions.html)

Mexico Connect – business advice and information with commonly asked questions about shipping products to Mexico and the border and sample process