Agriculture and Agri-Food Canada   Agriculture et Agroalimentaire Canada

Agri-Food Country Profile

Mexico

May 2006

Canada

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Canada

Mexico

Agri-Food Country Profile – Mexico

May 2006

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 nearly $1 billion in 2005.
- More than 53% of Canada's agricultural food exports to Mexico are bulk goods, reaching roughly $521 million in 2005.
- Consumer goods are also a significant Canadian agri-food export to Mexico, making up 36% of export totals ($342 million) in 2005.
- Intermediate goods make up the balance of Canadian agri-food exports to Mexico, with 11% of the total.
- Top Canadian agri-food exports to Mexico include seeds, meat, grains and cereals.

Economy

Overview

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. Although there is underemployment, the minimum wage has increased substantially in recent years, and as a result, domestic consumption has risen.

Gross Domestic Product 2005	
GDP	US$758.9 billion
GDP growth	3.0%
GDP per capita	US$7183
GDP by sector for 2004	
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.

Demographics for 2005	
Total Population	106 million
Population Growth Rate	1.4%
Breakdown by age	
0-14 yrs	31.5%
15-64 yrs	63.2%
65 yrs and over	5.2%
Life Expectancy	
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.

Major Cities	Population (millions)
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.

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. Primary imports to Mexico are electrical machinery, vehicles, plastic, mineral fuel, oil, iron, steel and organic chemicals.

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. 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.

Excise Tax

Excise tax is calculated based on the CIF (cost + insurance + freight) value of selected exports to Mexico.

Value Added Tax

A 15% Value Added Tax (VAT) is assessed to goods excluding medication, books and foods. The VAT is 10% for products within the northern Mexico border region. In addition, there is a 0.8% customs processing fee for products that do not qualify for NAFTA preferential tariff treatment. For more information: http://www.fedex.com

Import Licenses

Required documentation for imports going into Mexico include a commercial invoice in Spanish, a bill of lading, a packing list, and a number of other special certificates, as applicable. A Declaration of Value is also required, and import documentation preparation and submission must be done by a licensed Mexican customs broker.

Market Constraints

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.

Canadian exporters are advised to work closely with their importers to ensure that the new Salud regulations are properly fulfilled.

Product Labelling

Products that legally require labels should have the information in Spanish. Some of the information that must be included is the product name, list of ingredients, quantity, manufacturer's name and address, country of origin, lot number, the expiration date, storage conditions, nutritional information, and the importer's name and registry number.

Preparation and usage instructions should also be included, if appropriate. Multiple packages do not require individual labelling; however the package must be labelled "not for individual sale." Lastly, each unit must contain the expiration date and lot number.

Market Constraints

There is some opposition to NAFTA among the population of Mexico. Controversy exists over the elimination of tariffs and the effects of free trade on Mexico's agriculture industry. The agriculture sector is shrinking, and Mexico is becoming more dependent on food imports. Other market constraints include political instability, widespread poverty and inadequate infrastructure.

Agriculture and Agri-Food Overview and Outlook

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.

Agricultural Policy

In addition to opening the sector to private investment, the Mexican government is continuing to promote Programa de Apoyos Directos al Campo (PROCAMPO), a rural support program. In effect until 2008, PROCAMPO provides a fixed pay per hectare of cropland to the approximately 3.5 million farmers who produce basic commodities. In return, the government will no longer maintain support prices for basic crops such as corn and beans.

Mexico's federal government has launched a program to improve regional wholesale markets and transform them into logistical hubs in order to increase sellers' competitiveness when negotiating with supermarkets. This program started in the city of Monterrey and will extend to Guadalajara, Mexico City, and five other states within the course of next year. The idea is to make positive changes in the way that agriculture and food products are being traded, managed and sold, making the "Centrales de Abasto" a distribution hub rather than just large wholesale markets.

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.

Canada-Mexico Trade and Investment

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.

Canada-World Merchandise Trade (2005)	
Exports	$435.7 billion
Imports	$379.6 billion
Balance	$56.1 billion
Canada-Mexico Merchandise Trade (2005)	
Exports	$3.2 billion
Imports	$14.6 billion
Balance	-$11.3 billion
Canada-Mexico Agri-Food Trade (2005)	
Exports	$956 million
Imports	$656 million
Balance	-$400 million

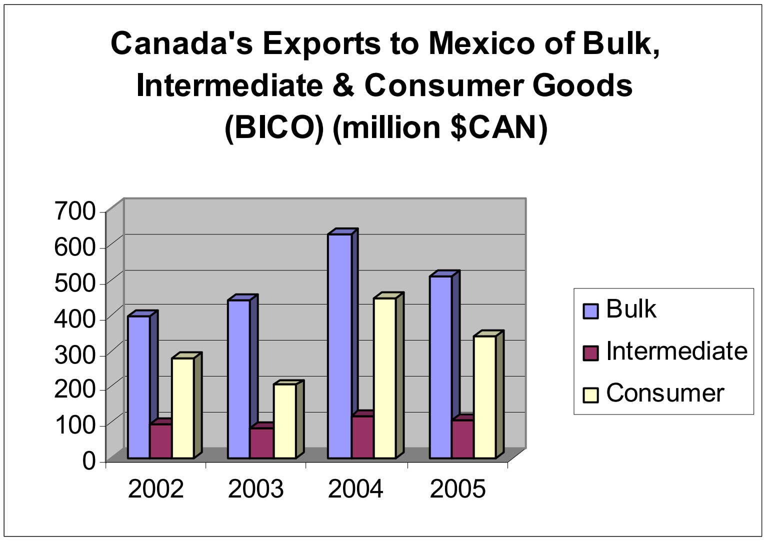
Merchandise trade with Mexico remains relatively small. Mexico represents 8.8% of Canada's imports from countries other than the US. Mexico is the destination of 4.6% of Canada's exports to places other than the US. However, trade has been growing quickly: exports grew from nearly $1.2 billion in 1995 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.

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.

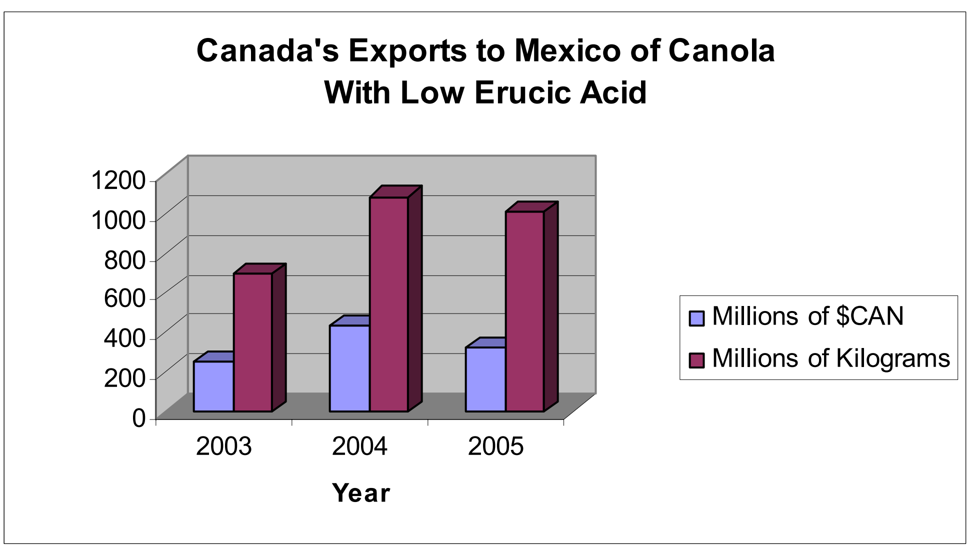
In February 2002, Canada and Mexico announced a three year plan to deepen agricultural ties. A key component of this program will be a study of Canadian practices and programs to determine if they may be applied to Mexico.



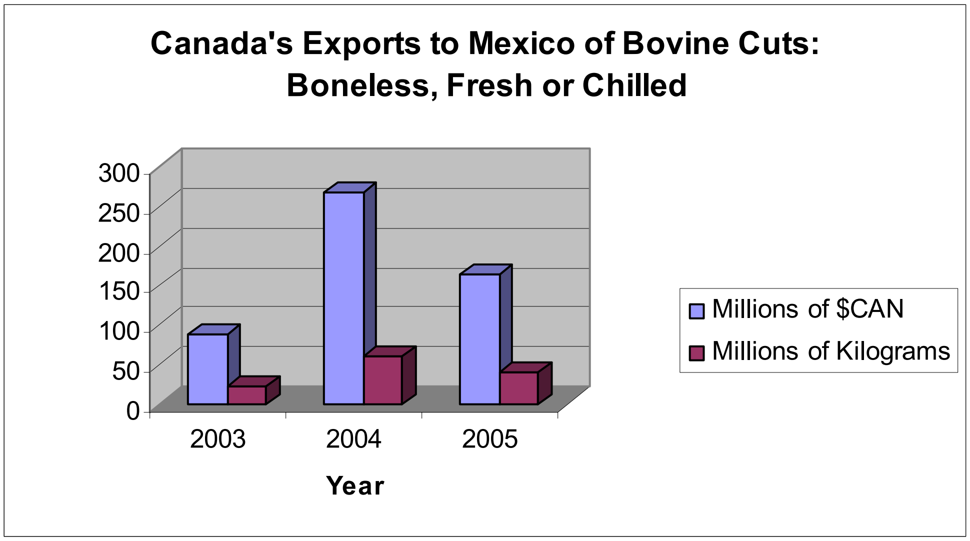
From 2002-2005, bulk exports have made up the majority (over 53%) of the $956 million of Canadian agri-food exports to Mexico. Bulk exports to Mexico have been increasing since 2002. Canada's top three bulk exports are oilseeds, seeds for sowing and fodder and grains, bulk or cereal.

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 11% (just over $105 million) of Canadian agri-food export totals to Mexico in 2005.

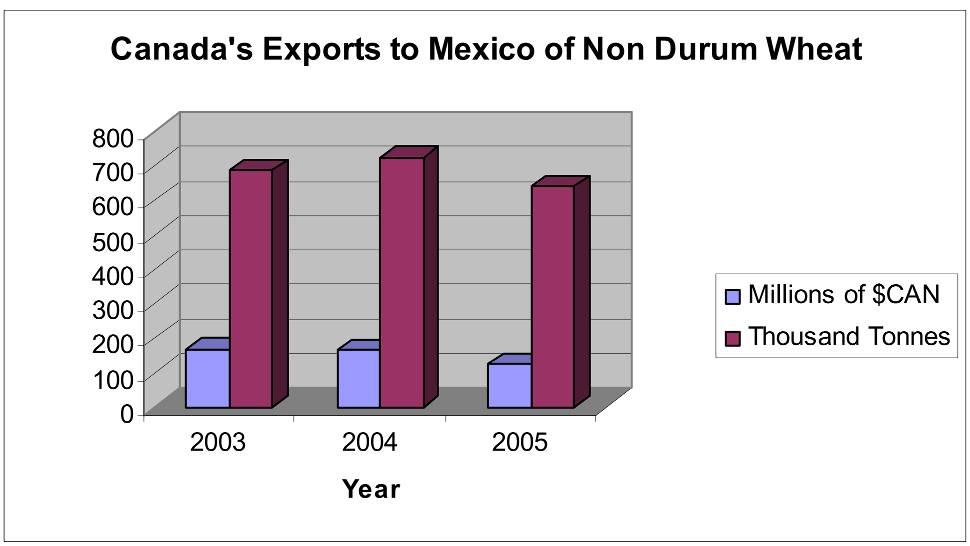
Consumer exports reached a total of more than $342 million (36% of Canadian agri-food exports to Mexico) in 2005. Almost 80% of consumer exports are represented by meat and edible meat offal products.



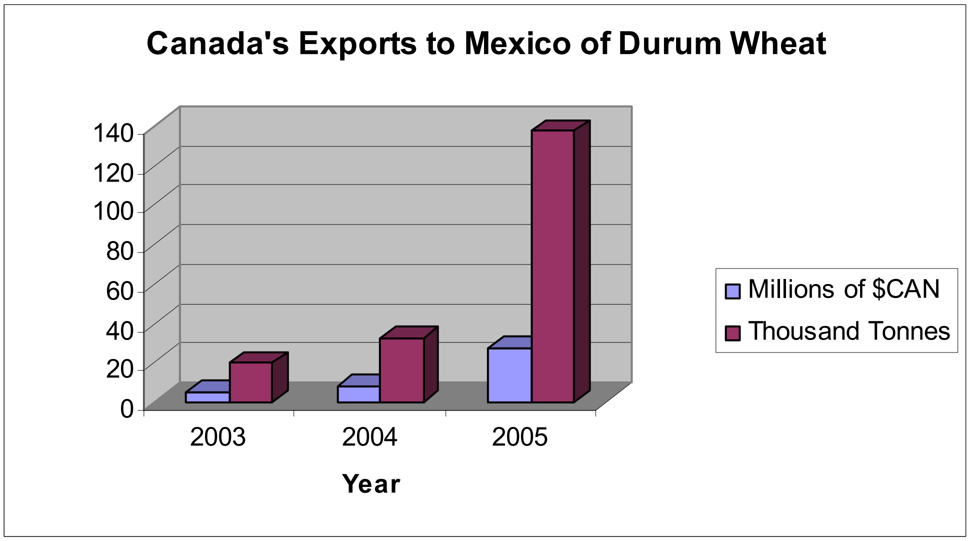
Canola seeds with low erucic acid were Canada's largest agricultural export to Mexico in 2005. Accounting for over 34% of total agricultural exports to Mexico, canola seeds amounted to more than $322 million in 2005, a decline of 25% from 2004. Mexico is presently Canada's 2nd largest market for this product.



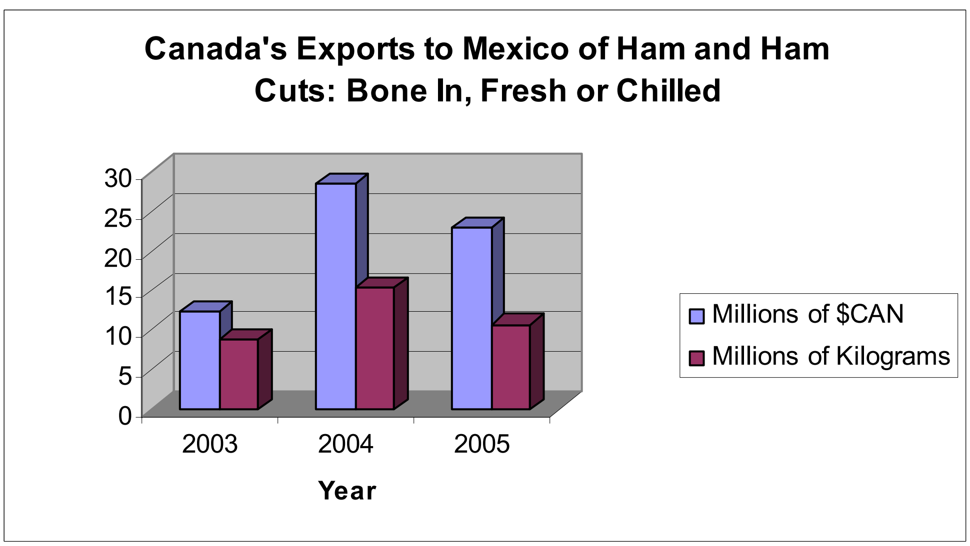
Bovine cuts (boneless, fresh or chilled) were Canada's 2nd largest agricultural export to Mexico in 2005, and accounted for over 17% of total agricultural exports from Canada to Mexico. Total exports of this product reached more than $164 million in 2005, a decline of 39% from 2004. Mexico is currently Canada's 2nd largest market for this product.



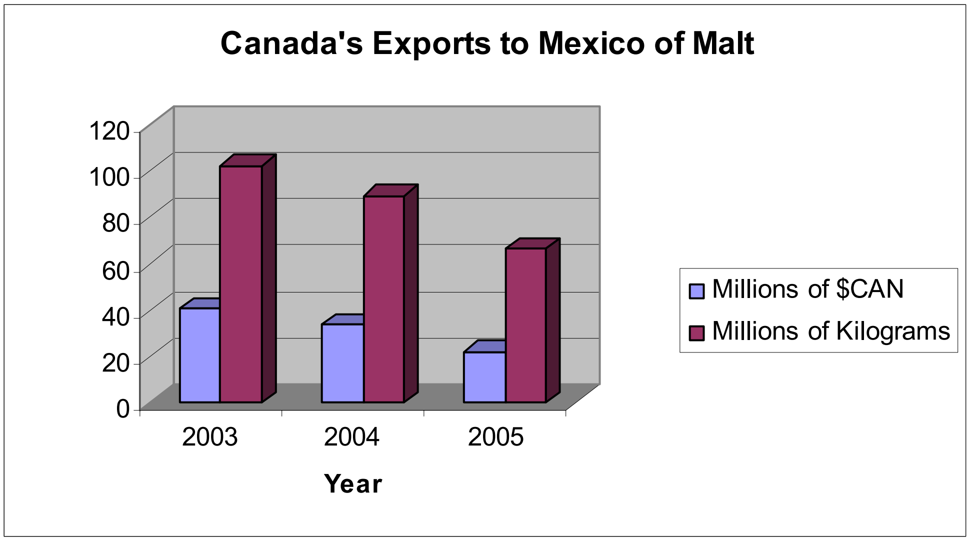
Non durum wheat was Canada's 3rd largest agricultural export to Mexico in 2005, accounting for over 13% of Canada’s total agricultural exports to Mexico. Canadian exports of non durum wheat to Mexico have decreased in recent years. This could be partly due to a trend towards bread replacing corn tortillas among Mexican consumers. Total trade of non durum wheat reached $124 million in 2005, down from $165 million in 2004. Mexico is currently Canada's 6th largest market for this product.



Durum wheat was Canada's 4th largest agricultural export to Mexico in 2005, accounting for nearly 3% of total agricultural exports from Canada to Mexico. Total trade of this product was over $27 million in 2005, an increase of 248% from 2004. Mexico is currently Canada's 9th largest market for this product.



Ham and ham cuts (bone in, fresh or chilled) were Canada's 5th largest agricultural export to Mexico in 2005, accounting for 2.4% of total Canadian agricultural exports to this country. Total trade of this product reached over $23 million in 2005, a decline of 20% from 2004. The market for ham and ham cuts has increased five times since 2001. Mexico is currently Canada's 2nd largest market for this product.



Malt was Canada's 6th largest agricultural export to Mexico in 2005, accounting for 2.3% of total agricultural exports to Mexico. Malt amounted to more than $22 million in exports in 2005, a decline of 35% from 2004. Mexico is presently Canada's 4th largest market for this product.

Additional Information

Promotional Venues

Antad
March 9-12, 2005
Expo Guadalajara Centro de Exposiciones
Guadalajara , Mexico
Internet: www.antad.org.mx/

Alimentaria México 2005
June 1-3, 2005
Centro Banamex
Mexico City
more information ...

Exphotel 2005
June 15-17, 2005
Place Convention Center
Cancun
Internet: www.exphotel.net/index_ingles.htm

CONFITEXPO 2005
August 2-5, 2005
Expo Guadalajara Center
Guadalajara
Internet: www.confitexpo.com/

Contacts in Canada

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Internet: www.bdc.ca

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