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**Report Highlights:**

**Mexico is one of the fastest growing markets for US agricultural products and the market offers both opportunities and challenges to interested exporters. Despite a general economic slowdown, US agricultural exports grew more than 13 percent to \$7.9 billion in 2001.**

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Includes PSD changes: No  
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## Section I. Market Overview

Mexico's economy slowed in 2001 to a GDP growth rate of -.3 percent, after a year of record breaking growth in 2000 of 6.9 percent. Between 1996 and 2000, Mexico averaged annual economic growth of 5.5 percent, and retail sales increased almost 5 percent annually. The economic downturn of 2001 was primarily a result of the slump in the US economy, which purchases 85 percent of Mexican exports, contributes 80 percent of the international tourists and accounts for over 65 percent of total foreign direct investment in Mexico. The Mexican economy has rebounded in 2002 and growth rate projections for 2002 range from 1.8 to 2.1 percent.

Mexico continues to be a star in Latin America. On-going economic troubles in Argentina and the uncertainties surrounding Brazil's October elections have not had a negative impact on the Mexican economy, and in fact have diverted investors focused on Latin America to Mexico. In addition, in December 2000, Mexico elected for the first time in 70 years a President from a political party other than the Institutional Revolutionary Party (PRI). Though Mexico is experiencing for the first time true democracy and open debate, which is slowing the pace of political and economic reform, this election and the subsequent peaceful transition of power demonstrate Mexico's strong position as an economic and political power in the Western Hemisphere.

Despite the general macroeconomic slowdown in 2001, the value of US consumer-ready food products exported to Mexico continued to grow.

- Exports of US agricultural, fish and forestry products to Mexico grew more than 13 percent in 2001 to almost \$7.9 billion and exports of consumer-ready products reached a record \$3.2 billion.<sup>1</sup>
- Leading the growth in consumer sales were pet foods, growing 100 percent; dairy products, more than 50 percent; and snack foods, 40 percent. In addition, sales of feeds and fodders (excluding pet foods), fresh fruits and vegetables, processed fruits and vegetables, tree nuts and fish and seafood products also showed record sales.
- From January to June 2002, US exports of consumer-ready products registered approximately \$1.3 billion, down 13 percent from the same period in 2001. This decrease may be the result of the continued sluggishness in the Mexican economy and left-over stocks which were purchased in 2001.

Women continue to join the workplace in larger numbers, which leads to increased demand for consumer-ready food products. Almost four in ten women (15 or older) work outside the home in urban areas where imports are readily available and three in ten work outside the home country-wide. About 50 percent of Mexico's population is between 15 and 44, a population that is moving to the cities in greater numbers, and is purchasing a larger proportion of their food requirements at large retail markets and convenience stores. These retail businesses represent the best sales venues for US exporters. Traditional markets still have a large market segment, but are not as viable of an option for

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<sup>1</sup>According to BICO, derived from US Bureau of the Census statistics.

imported products because of their comparatively small size and limited storage and refrigeration space.

### *Advantages and Challenges for US Exporters in Mexico*

| <b>Advantages</b>   | <b>Challenges</b>   |
|---|---|
| <ul style="list-style-type: none"> <li>— The majority of tariffs on agricultural products will be zero by 2003 because of NAFTA</li> <li>— Mexican consumers recognize US brands and labels and associate US made products with high quality and value</li> <li>— The US has strong reputation for consistency of the quality and supply of US products among the retail chains</li> <li>— Population in urban centers in growing and the rate of employment among women is continuing to grow</li> <li>— Proximity to US market keeps transportation costs to Mexico low</li> <li>— The Mexican peso continues to be stable in its relation to the US dollar, making unexpected price fluctuations due to exchange rate changes less likely</li> <li>— Growth in almost all sectors of the processed food industry in Mexico, and increased investments from national and international based companies, including from the US, will raise the need for inputs</li> <li>— Mexico is one of the world's principal tourist destinations, and projected continued growth of the tourist industry will increase demand for products for the hotel and restaurant industry</li> </ul> | <ul style="list-style-type: none"> <li>— Mexico's government is facing political pressure to protect domestic producers, hence, measures to protect the domestic industry may affect some imported products. Mexico is exploring safeguard and other measures particularly for imports of apples, pork, poultry, dairy, barley, sugar and cotton.</li> <li>— Phytosanitary and technical barriers and labeling requirements can cause border crossing problems and delays as Mexican import regulations can change rapidly and without notice</li> <li>— Mexico has signed 10 trade agreements in the last decade covering 60 percent of the world's GDP, including Europe; thus increasing third country competition</li> <li>— Increasing competition from Mexican food processing companies</li> <li>— Mexican consumers are very price conscious, and imported US processed products in general are 15-40 percent higher in price</li> <li>— Transportation and distribution methods inside Mexico make it difficult to serve and market in multiple regions</li> <li>— Imported products are subject to strict Mexican quality standards (NOMs) and labeling requirements</li> </ul> |

## Section II. Business Tips for Exporters

### Business culture

Personal relationships are the primary base of Mexican business relationships. Mexicans attach great importance to courtesy in all business endeavors. Many will not want to do business, regardless of the viability of the project, with someone who does not practice general courtesy or is considered rude or disrespectful. A warm handshake combined with conversation about the person's well being, family, or other similar topics prior to launching into any conversation related to business is considered a common courtesy. The concept that "time is money" should be left at the border, and though Mexican businesses are also conscious of the bottom line, courtesy and diplomacy are more important values to most Mexicans than getting immediately "down to business". In the face of a disagreement, Mexicans tend to be skilled at diplomacy and choose to avoid confrontation and loss of face. In a potential confrontation they strive to reach a consensus without having clearly defined winners and losers. These skills of diplomacy are important when approaching all forms of business in Mexico.\*

Personally visit your Mexican clients in Mexico. If a Mexican client visits you in the United States, you are expected to wine and dine him. You will be accorded similar treatment when visiting Mexico.

\*The reference for this section is a book by Eva Kras, Management in Two Cultures, Intercultural Press, Inc, 1995, which provides an excellent comparison of the business cultures in the US and Mexico.

### Entering the Mexican Market

The best way to understand the Mexican market is to visit the marketplace and to talk to buyers, retailers, distributors and other players in order to prepare a more effective entry strategy. US exporters must do their research not only in terms of typical market research, but also finding appropriate business contacts and thoroughly reviewing Mexican import regulations in order to successfully seize market opportunities and overcome market challenges.

US exporters should consider contacting local distributors/importers as an important early step in their efforts to establish themselves in the Mexican market. A good distributor should promote sales and make sure that the imported products are available at points of sale. It is essential to maintain close contact with your representative, especially regarding changes in import procedures and documentation.

An affordable way to investigate the market is to participate in and/or attend Mexican trade shows, particularly US Pavilions organized by the Agricultural Trade Office (ATO) at selected shows. A show can serve as a way to contact local distributors/sales agents, buyers and businessmen, and to become familiarized with local competition. In the case of new-to-market companies, be prepared to provide support for in-store and media promotions to familiarize consumers with your products. If possible, develop product information/promotional pamphlets in Spanish.

More information is available on specific import regulations in the GAIN Report #MX2119 released in August 2002. In addition, GAINS report MX1205 includes information on the processes and

procedures for exporting products across the US-Mexican border. Furthermore, the US Agricultural Trade Offices (ATO) in Mexico City and Monterrey can provide general market and sector specific information, as well as assist US exporters in identifying trade contacts and developing their marketing strategies in Mexico. See Section V for contact information.

### **Section III. Market Sector Structure and Trends**

#### **A. Retail Sector**

In 2001, US exports of consumer-ready products to Mexico reached a record \$3.2 billion, of which an estimated 70 percent, or \$2.24 billion, were sold through the Mexican retail sector. Highlights of the status of the Mexican retail sector are listed below:

- The Mexican retail market was characterized by sales growth, approximately 7.6 percent, and strong competition during 2001.
- Sales in retail markets were \$32.6 billion in 2001, 47 percent, or \$15.3 billion, were food items.
- There are approximately 3,638 retail stores in Mexico. This figure includes outlets for the major retail chains, government and convenience stores.
- The sector's retailers invested approximately \$1.6 billion in 2001 to establish new outlets and to increase floor space. Although there is no official estimate currently available for 2002, industry sources estimate that investments will total approximately \$1.5 billion.
- Wal-Mart's aggressive entry and now strong position within the market is contributing to future mergers, more direct purchasing, and improved distribution within the retail food sector. Wal-Mart is opening eight new stores near the US Mexican border in the next year.
- Gigante, the third largest retailer in Mexico, is expanding into a discount store enterprise with a US investor called Price Smart. The first store will open in 2003.

#### Company Profiles of Major Retailers

| <b>Retailer Name and Outlet Type</b>   | <b>Ownership</b>                      | <b>Market Share</b>   | <b>Number of Outlets</b> | <b>Locations City-Region</b>                | <b>Purchasing Agent Type</b>                  |
|--|---------------------------------------|-----------------------|--------------------------|---|---|
| Wal-Mart:<br>Megamarkets, hyper markets, supermarket, clubs, warehouses        | Wal-Mart majority US; remaining local | 42                    | 229                      | All major cities                            | Direct purchasing                             |
| Comercial Mexicana:<br>Hyper markets, megamarkets, supermarkets and warehouses | Local                                 | 21                    | 168                      | All major cities                            | Importers, wholesalers and direct purchasing  |
| Gigante:<br>Hyper markets, warehouses & supermarket                            | Local                                 | 17                    | 184                      | All major cities                            | Direct purchasing, and local distributors     |
| Soriana:<br>Hypermarkets, megamarkets and supermarkets                         | Local                                 | 16                    | 100                      | Major cities in Northern and Central Mexico | Direct purchasing                             |
| HEB  | U.S.- privately held                  | Monterrey region 22.5 | 17, plans for 35 more    | Northern Mexico                             | Importers, wholesalers and direct purchasing  |
| Casa Ley: Hyper, megamarkets and supermarkets                                  | Local                                 | N.A.                  | 95                       | Northern part of Mexico                     | Direct purchasing and local distributors      |
| Chedraui:<br>Hyper, Megamarkets and Supermarket                                | Local                                 | N.A.                  | 49                       | Gulf States                                 | Importers and wholesalers                     |
| Carrefour:<br>Megamarkets  | French                                | N.A.                  | 17                       | Only major cities                           | Importers , wholesalers and direct purchasing |

Convenience stores are a sometimes overlooked and growing sub-sector of retail sales in Mexico. These stores are located in major and medium sized cities and are primarily located in middle-class neighborhoods and in business districts. Though sales data are not available for this sub-sector, it is

believed by owners of retail businesses in Mexico that convenience stores are the fastest growing segment of the retail sector. As in the US these outlets offer a wide variety of products, long business hours, and are known in Mexico for good service. The volume of imported products in the stores is growing and is expected to expand further. Typical imported products in convenience stores include: snacks, candies, pet food, cookies, alcoholic beverages, prepared dinners and cake mixes.

### Company Profiles of Select Convenience Stores

| <b>Retailer Name and Outlet Type</b>          | <b>Number of Outlets</b> | <b>Locations City/Region</b>                            | <b>Purchasing Agent Type</b> |
|---|--------------------------|---|------------------------------|
| Cadena Comercial Oxxo, Convenient             | 1,487                    | Large and medium sized cities                           | Importers and wholesalers    |
| 7-Eleven, Convenient                          | 420                      | Mexico City, Guadalajara, Reynosa, Monterrey and Merida | Direct purchasing            |
| Comextra (formerly 12 +12 stores), Convenient | 178                      | Mexico City and medium size cities                      | Importers                    |

### Competition in supplying products to the retail sector

Local producers are the main suppliers of consumer-ready products. Mexico has a relatively strong food processing industry which supplies most of the country's consumer-ready product needs. For example, of the top 500 companies in the country in 2000, the largest sector is composed of food processing companies (78), with 42 companies in the beverage group. Some of these companies include Grupo Industrial Bimbo (bread products), Nestle (food products in general), Herdez (food products in general), Grupo Industrial Lala (dairy products), Jugos del Valle (canned fruit juices), Grupo Bafar (red meats), Productos del Monte (preserves), Martin Cubero (peanuts), Grupo Mac'Ma (cookies), and Formex-Ybarra (sardines and food ingredients), among others. There are also several American and multinational producers/importers in Mexico, including: Campbell's, Bacardi, Fud, General Mills, Gerber, Kellogg's, Kraft Foods, Procter & Gamble, Frito Lay-Pepsico, Pilgrim's Pride, Purina, and Tyson Foods.

### **B. Food Processing Sector**

Mexico offers good opportunities for suppliers to the processed foods sector. The Mexican market for processed foods has been growing rapidly since 1995 and the processing sector has kept pace; the industry expanded 41 percent between 1996 and 2000. There are 13,177 registered food processing firms in Mexico with a total production of \$30 billion in 2000.



Data on the Mexican food processing industry is slow to be published by the Mexican Statistical Office, so the most recent full year data on firms available is through 2000.

The industry is divided into ten sub-sectors, most of which are dominated by a few large companies. The following chart shows strong growth in each sector, with the exception of basic grains, edible oils and fats, and sugar, which have shown negative growth. From 1999 to 2000, the most significant growth occurred in the beverage (soft drink), confectionery, cocoa and chocolate, and dairy products sectors.

| Product Category                       | 1996<br>(US\$000) | 1997<br>(US\$000) | 1998<br>(US\$000) | 1999<br>(US\$000) | 2000<br>(US\$000) | %<br>Growth<br>99-2000 | %<br>Growth<br>96-2000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------|------------------------|
| Meat Industry                          | 1,723,040         | 1,991,942         | 1,992,422         | 2,120,066         | 2,440,168         | 15%                    | 42%                    |
| Dairy Products                         | 2,952,713         | 3,451,794         | 3,724,457         | 4,416,912         | 5,131,077         | 16%                    | 74%                    |
| Preserved Foods                        | 1,666,361         | 1,879,584         | 2,016,646         | 2,314,316         | 2,487,777         | 7%                     | 49%                    |
| Grains and other Agricultural products | 2,731,822         | 2,232,259         | 1,908,943         | 1,753,055         | 1,722,684         | -2%                    | -37%                   |
| Bread Products                         | 1,847,028         | 1,978,946         | 2,094,790         | 2,258,313         | 2,561,746         | 13%                    | 39%                    |
| Edible Oils and Fats                   | 2,086,266         | 2,009,166         | 2,034,145         | 2,000,872         | 1,970,172         | -1.5%                  | -6%                    |
| Sugar                                  | 2,007,362         | 1,944,535         | 1,828,749         | 1,884,996         | 1,842,418         | -2%                    | -8%                    |
| Cocoa, Chocolate,<br>Confectionery     | 456,151           | 535,674           | 577,218           | 727,887           | 864,820           | 19%                    | 90%                    |
| Other Processed Foods                  | 2,986,349         | 3,409,587         | 3,788,678         | 4,428,233         | 4,959,330         | 12%                    | 66%                    |
| Beverage Industry (soft drinks)        | 3,248,708         | 3,583,299         | 4,060,868         | 4,801,069         | 6,100,756         | 27%                    | 88%                    |
| <b>TOTAL</b>                           | <b>21,705,800</b> | <b>23,016,786</b> | <b>24,026,916</b> | <b>26,705,719</b> | <b>30,080,948</b> | <b>13%</b>             | <b>41%</b>             |

Source: INEGI, Mexico's Office of National Statistics

Following are some general characteristics of the Mexican food processing industry:

- ❑ *Mexico's agricultural system lacks efficiency.* Farms are numerous and small, for example, 2.3 million out of 3.8 million plots are less than five hectares. Less than half of Mexican farmers use tractors or modern seeds. Yields per acre are extremely low compared to countries with modern farm technology. For example, corn yields two metric tons per acre compared to eight metric tons in the United States. Mexico's agricultural sector is also under-mechanized. When used at all, most agricultural machinery and equipment is antiquated, often between 15 – 25 years old.
- ❑ *Food processing facilities range from large, modern installations to small, mom & pop operations.* Of the 13,000 food processing facilities, only 292 employ more than 250 employees while the vast majority have fewer than 15 employees. Many of the largest firms can be classified among the most efficient and mechanized in the world.
- ❑ *Packaging* for many products is generally less sophisticated than in the United States in terms of attractiveness and convenience. However, to comply with the increase in demand for processed

and packaged foods, Mexican manufacturers are modernizing and purchasing high-tech processing and packaging equipment.

- *Foreign investment.* Mexico has been a prime destination for foreign investment; almost \$8.5 billion was invested in the food and beverage processing industry from 1994 through March 2001.
- *The total market for raw materials in this sector is growing.* Raw inputs to the food processing sector are primarily supplied by Mexican firms. Nevertheless, the import market for these ingredients has been growing steadily for the past three years: from \$36.3 million in 1998 to \$46.4 million in 2000. The growth in demand for raw products is due, in part, to the increased local production of processed products that are in high demand and are expensive to ship long distances.

### Sector Trends

The food processing sector is undergoing changes in every aspect of its business. Listed below are some important trends:

#### Market Size

- *Growth in the market in general.* Mexico's food processing sector has been expanding at an average rate of over nine percent per year over the last three years.
- *Loosening of government controls.* Mexico has been moving toward liberalizing the agricultural sector, which is creating new opportunities for foreign companies in the food processing industry.

#### Retailing and Distribution of Food Products

- *Bigger stores with more refrigerated / freezer space.* Foreign investment in Mexico's retail sector has meant that stores are modernizing and increasing their capacity in the refrigerated and frozen foods sections. Food distribution practices have changed over the past five years as multi-national chains have brought modern logistics and technology to the sector.
- *Consolidation of the retail sector.* Power in the retail sector is increasingly concentrated among relatively few major chains such as Gigante, Comercial Mexicana, and Wal-Mart.
- *Direct retail purchases from producers.* Major retail chains are increasingly side-stepping distributors and purchasing directly from processed food producers.

#### Raw Materials for the Industry

- *Increased local production of some traditionally imported foods.* Snack foods, salad dressings, pasta sauces, and other processed foods that are relatively inexpensive but have high freight costs will be increasingly produced locally. Similarly, foods whose elaboration requires large amounts of sugar will also be increasingly produced in Mexico.
- *Increased exports of Mexican foods to the United States to serve a growing Hispanic market.* Mexican food processors are capitalizing on the demand for their products among the large Mexican-American population across the border. This trend increases production in Mexico.

- *Use of imported ingredients.* The United States dominates Mexican imports of whey protein, tallow, edible lactose, seasonings, sweeteners, colorings, and flavors. Buyers turn to the U.S. for innovative products.
- *Move toward higher quality ingredients.* There is a sector-wide trend toward better quality ingredients instead of ingredients chosen on the sole basis of their cost, although cost remains a determining factor in selecting ingredient suppliers.
- *Increased whey protein consumption levels.* A source at Land O' Lakes suggests that as U.S. food processors increase protein levels in their products, their Mexican counterparts will follow suit.

#### Investment

- *Foreign investment.* Foreign investment is strong with almost \$8.5 billion dollars going to the food processing sector since 1990. The industry is the third most popular sector for foreign investors, representing 19 percent of total foreign direct investment.
- *Investment in capital equipment.* In 2000 Mexican companies imported \$184 million of food packaging equipment in order to increase the efficiency of their operations.
- *Major acquisitions in the sector.* There is a trend toward acquisitions among major food processors. For example, International Flavors & Fragrances (IFF) bought out Bush Boake Allen, and ConAgra acquired Sigma Alimentos.

For more information on the food processing sector, please see GAINS Report MX1221 from 2001.

### **C. Hotel, Restaurant, Institutional (HRI) Sector**

In 2001, US exports to the HRI sector in Mexico reached a record \$2.34 billion, an estimate based on 30 percent of all agricultural sales. Highlights of the status of the Mexican HRI sector are listed below.

The Mexican food industry is currently the main supplier to the HRI sector and is the major competitor for US products. There are many large companies in food processing which supply products to this sector, including multinational firms such as Bacardi, Campbell's, Del Monte, General Mills, Nestle, and Unilever. US exporters are considered to be suppliers of high quality products and are the leaders in supplying the HRI sector for specific products such as red meat, poultry, and certain dairy products, as well as other niche high-value processed food products.

#### Hotels and Resorts

According to the Mexican Association of Hotels and Motels, the principal trade association of the sector, total foreign investment in the hotel sector increased from eight percent in 1992 to 20 percent in 2000. In 2001, the Mexican hotel industry had 10,979 registered establishments, with over 452,000 hotel rooms. Most of the leading international hotel chains are in Mexico, including: Hyatt, ITT

Sheraton, Westin, Howard Johnson, Four Seasons, Marriot, Nikko, Mission, Best Western, and Presidente Inter-Continental.

The most important tourist destinations in Mexico are Cancun, Mexico City and Los Cabos. With 670 hotels and 47,000 rooms, Mexico City has the largest number of hotels in the country. However, as of 2001, only 55 hotels in the city were classified as International Tourism Quality, with 14,570 room capacity. Country-wide occupancy rates which were 55 percent in 2000, dropped to 52 percent in 2001 due to the terrorist acts of September 11, 2001, and have yet to rebound in 2002, currently averaging just over 51 percent.

### Restaurants

The Mexican restaurant industry is comprised of 221,427 establishments that contributes 3 percent to Mexico's GDP. The Mexican restaurant industry reported sales of US \$14.5 billion in 2001, an increase of 7 percent over 2000.

Mexico City has the largest concentration of restaurants with approximately 31,000 establishments (of which 2,500 are International Tourism Quality). The sector is segmented by size: 96 percent are part of the traditional sector, which represent micro and family businesses, while only four percent are considered to be medium and large sized operations. Of the grand total, 19,482 restaurants in Mexico are certified as Tourism Quality.

### Institutional Food Service Segment

The institutional food service market in Mexico has great growth potential that has been virtually untapped. Although there are no official data available, industry representatives estimate that the institutional market prepares around six million meals, per year. Currently, this market segment is not purchasing imported food products but, with the changes in the food service industry, this could change in the medium-term. This market is basically composed of two types of companies: those which provide meal preparation services under contract/concession, and those companies which prepare their own meal needs for their respective staff.

There are approximately ten institutional companies that control 65 percent of the contract/concession sector. This segment is more active and has greater growth potential. On the other hand, the number of companies which prepare their own meals is also very large, has a captive clientele, and also offers interesting export opportunities for US food producers in the near future.

The institutional market is concentrated in Mexico City and its metropolitan area, as well as the State of Mexico, Monterrey, Ciudad Juarez, Tijuana, Mexicali and other major industrial cities.

For additional information on the HRI sector, please refer to the Mexico GAINS report MX1177 which was released in October 2001.

#### Section IV. Best High Value Product Prospects

The best sales opportunities for consumer ready food products, which represent the fastest growing sector for US food and agricultural product exports, are through Mexico's retail sector and hotel and restaurant industry. US consumer-oriented agricultural product exports to Mexico grew 25 percent in 2001. Listed below are the products that have experienced the fastest growth in most recent years, and we project continued growth in Mexico for these products.

##### U.S. EXPORTS OF CONSUMER READY FOOD PRODUCTS TO MEXICO (In Thousands of U.S. Dollars; Calendar Year Information)

| Product                                 | 1999    | 2000    | 2001      |
|---|---------|---------|-----------|
| 1. Pet Food<br>(cat and dog)            | 62,862  | 116,113 | 234,860   |
| 2. Snack Foods<br>(excluding nuts)      | 134,568 | 234,898 | 330,893   |
| 3. Fresh Fruit                          | 163,577 | 219,337 | 235,752   |
| 4. Dairy Products                       | 175,961 | 164,169 | 249,126   |
| 5. Red Meats<br>(fresh/chilled/frozen)  | 675,721 | 845,944 | 1,037,381 |
| 6. Tree Nuts                            | 40,037  | 51,660  | 53,544    |
| 7. Fresh Vegetables                     | 44,922  | 68,221  | 74,871    |
| 8. Fruits and Vegetables<br>(processed) | 146,557 | 256,798 | 314,796   |
| 9. Seafood                              | 38,378  | 50,176  | 64,855    |

## **Section V. Key Contacts and Further Information**

The primary mission of the US Agricultural Trade Office (ATO) in Mexico City is to assist in the market development and promotion of US food and agricultural products in the Mexican market. There are a wide variety of activities and services that the ATO, along with other private sector representatives called “cooperators,” make available to help develop US agricultural interests in Mexico. If you have any questions or comments regarding this report or need assistance exporting US food and beverage products to Mexico, please contact the ATO in Mexico City at the following address:

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## Appendix I. Statistics

**Table A. Key Trade and Demographic Information**

|   |   |
|---|---|
| Agricultural Imports from All Countries       | \$10,292 million                                      |
| US Market Share (1)                           | 74 percent  |
| Consumer Food Imports from All Countries (1)  | \$4,769 million                                       |
| US Market Share (1)                           | 68 percent  |
| Edible Fishery Imports from All Countries (1) | 117 million   |
| US Market Share (1)                           | 36 percent  |
| Total Population/Annual Growth Rate (2)       | 97.483 million/ 1.53 percent                          |
| Urban Population (INEGI Census 2000)          | 74.6 million  |
| Number of Metropolitan Areas (3)              | 8   |
| Size of the Middle Class (4)                  | 31 percent of total population                        |
| Per Capita Gross National Product             | \$6,337   |
| Unemployment Rate                             | 3.1 percent   |
| Percent of Female Population Employed (5)     | 30 percent country-wide;<br>40 percent in urban areas |
| Exchange Rate                                 | US\$1 = \$9.8 Mexican<br>Peso (9/05)                  |

*Footnotes*

- (1) United Nations Statistical Data
- (2) Figures from 2000, but average growth rate from 1990-2000 was 1.9 percent; figures from INEGI, the National Institute on Statistics Geography and Information
- (3) Population in excess of 1,000,000; in order from largest: Mexico City, Guadalajara, Monterrey, Puebla, Leon, Toluca, Ciudad Juarez, Tijuana
- (4) This measurement is from 1996, new data from 2000 census not yet released, it measures the percent of the population in the middle two income brackets
- (5) Source: INEGI, 2000

**Table B. Consumer Food and Edible Fishery Product Imports**

| <b>Mexico Imports</b><br>(In Millions of Dollars) | <b>Imports from the World</b> |       |        | <b>Imports from the U.S.</b> |       |       | <b>U.S. Market Share</b> |      |      |
|---|-------------------------------|-------|--------|------------------------------|-------|-------|--------------------------|------|------|
|   | 1998                          | 1999  | 2000   | 1998                         | 1999  | 2000  | 1998                     | 1999 | 2000 |
| <b>CONSUMER-ORIENTED AGRICULTURAL TOTAL</b>       | 3,119                         | 3,524 | 4,769  | 2,253                        | 2,460 | 3,249 | 72                       | 70   | 68   |
| Snack Foods (Excl. Nuts)                          | 130                           | 171   | 233    | 75                           | 96    | 133   | 58                       | 56   | 57   |
| Breakfast Cereals & Pancake Mix                   | 28                            | 27    | 30     | 28                           | 24    | 29    | 97                       | 90   | 96   |
| Red Meats, Fresh/Chilled/Frozen                   | 759                           | 879   | 1,279  | 689                          | 751   | 1,012 | 91                       | 85   | 79   |
| Red Meats, Prepared/Preserved                     | 99                            | 102   | 145    | 94                           | 96    | 138   | 95                       | 95   | 96   |
| Poultry Meat                                      | 226                           | 199   | 259    | 226                          | 196   | 249   | 100                      | 99   | 96   |
| Dairy Products (Excl. Cheese)                     | 471                           | 442   | 566    | 146                          | 142   | 139   | 31                       | 32   | 25   |
| Cheese  | 83                            | 99    | 143    | 24                           | 25    | 50    | 29                       | 25   | 35   |
| Eggs & Products                                   | 49                            | 23    | 27     | 48                           | 22    | 27    | 98                       | 98   | 98   |
| Fresh Fruit                                       | 188                           | 268   | 417    | 128                          | 195   | 306   | 68                       | 73   | 74   |
| Fresh Vegetables                                  | 67                            | 70    | 112    | 61                           | 57    | 97    | 92                       | 81   | 87   |
| Processed Fruit & Vegetables                      | 192                           | 242   | 320    | 140                          | 158   | 204   | 73                       | 65   | 64   |
| Fruit & Vegetable Juices                          | 12                            | 20    | 39     | 10                           | 15    | 32    | 80                       | 74   | 82   |
| Tree Nuts   | 41                            | 56    | 56     | 37                           | 48    | 47    | 90                       | 85   | 83   |
| Wine & Beer                                       | 60                            | 76    | 89     | 24                           | 28    | 36    | 40                       | 37   | 41   |
| Nursery Products & Cut Flowers                    | 40                            | 43    | 47     | 29                           | 32    | 33    | 73                       | 74   | 70   |
| Pet Foods (Dog & Cat Food)                        | 58                            | 67    | 89     | 57                           | 66    | 87    | 99                       | 99   | 98   |
| Other Consumer-Oriented Products                  | 615                           | 740   | 918    | 435                          | 508   | 629   | 71                       | 69   | 69   |
| <b>FISH &amp; SEAFOOD PRODUCTS</b>                | 85                            | 124   | 117    | 32                           | 32    | 42    | 38                       | 26   | 36   |
| Salmon  | 4                             | 5     | 7      | 1                            | 1     | 2     | 20                       | 18   | 24   |
| Surimi  | 1                             | 1     | 1      | 1                            | 1     | 1     | 22                       | 59   | 65   |
| Crustaceans                                       | 22                            | 21    | 29     | 10                           | 7     | 14    | 46                       | 35   | 48   |
| Groundfish & Flatfish                             | 16                            | 19    | 28     | 4                            | 7     | 7     | 23                       | 36   | 24   |
| Molluscs  | 14                            | 9     | 9      | 3                            | 4     | 4     | 25                       | 42   | 40   |
| Other Fishery Products                            | 29                            | 70    | 43     | 14                           | 13    | 16    | 48                       | 19   | 37   |
| <b>AGRICULTURAL PRODUCTS TOTAL</b>                | 8,657                         | 8,645 | 10,292 | 6,689                        | 6,569 | 7,626 | 77                       | 76   | 74   |
| <b>AGRICULTURAL, FISH &amp; FORESTRY TOTAL</b>    | 9,268                         | 9,385 | 11,294 | 7,155                        | 7,076 | 8,247 | 77                       | 75   | 73   |

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

**Table C. Top 15 Suppliers of Consumer Foods & Edible Fishery Products****MEXICO IMPORTS****CONSUMER-ORIENTED AG TOTAL (\$1,000)**

|                | 1998    | 1999    | 2000    |
|----------------|---------|---------|---------|
| United States  | 2252989 | 2459678 | 3248593 |
| Canada         | 117791  | 178610  | 270282  |
| Chile          | 100652  | 152115  | 208809  |
| New Zealand    | 144827  | 131488  | 143800  |
| Germany        | 48352   | 52743   | 112813  |
| Australia      | 56060   | 53761   | 78069   |
| Netherlands    | 51297   | 56441   | 63923   |
| Ireland        | 21128   | 35030   | 63398   |
| France         | 60759   | 57770   | 54957   |
| Spain          | 31281   | 37030   | 50250   |
| Uruguay        | 10436   | 20510   | 49325   |
| Poland         | 10909   | 15618   | 48146   |
| Argentina      | 16947   | 28487   | 45951   |
| United Kingdom | 19199   | 27866   | 40503   |
| Sri Lanka      | 28889   | 27595   | 28822   |
| Other          | 147819  | 188885  | 261064  |
| World          | 3119372 | 3523668 | 4768741 |

**FISH & SEAFOOD PRODUCTS (\$1,000)**

|               | 1998  | 1999   | 2000   |
|---------------|-------|--------|--------|
| United States | 32091 | 32251  | 42479  |
| Chile         | 7717  | 7540   | 15690  |
| Spain         | 3318  | 5052   | 7887   |
| Canada        | 3979  | 3722   | 6463   |
| Ecuador       | 6971  | 41200  | 6331   |
| China         | 1754  | 2119   | 4084   |
| Norway        | 4653  | 5503   | 3555   |
| Taiwan        | 2223  | 4506   | 3340   |
| Argentina     | 5051  | 3130   | 3101   |
| India         | 1655  | 1749   | 2716   |
| Peru          | 3424  | 2370   | 2530   |
| Venezuela     | 469   | 2845   | 2294   |
| Thailand      | 646   | 1336   | 1723   |
| Costa Rica    | 27    | 542    | 1650   |
| Areas NES     | 992   | 1050   | 1572   |
| Other         | 10171 | 9190   | 11620  |
| World         | 85148 | 124117 | 117052 |

Source: United Nations Statistics Division