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Mexico

Product Brief

The Mexican Market for Alcoholic Beverages

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1. PRODUCT DEFINITION AND OVERVIEW

The products included in this report are alcoholic beverages including wine. These products are in Sub-chapters 22.03 through 22.08 of the Mexican Tariff System.

Mexico's alcoholic beverages market faces several challenges that constrain its development, such as high taxes which represent as much as 50 percent of the price charged to consumers; the currently uncontrolled "bootlegging" sector which, for some alcoholic beverages, produces as much volume as the formal industry; contraband; and the still relatively weak purchasing power of the population. Even though there appears to be some initial improvement in retail sales of alcoholic beverages since 1995 due to the generation of new jobs, consumers are still substituting less expensive liquors from domestic sources for expensive drinks, of which most are imported.

In 1999, Mexico's population was estimated at 98.5 million. It is growing at a rate of 1.88 percent, per year, or about 2.2 million people, annually. Mexico's population should reach 100 million by the year 2000. The population is estimated to be almost equally divided between men (49%) and women (51%), with life expectancy of 71 years for men and 77 for women. Approximately 54 percent of the population is under 24 years of age. In general, Mexican consumers like American products; and they recognize most U.S. brands, and associate U.S. products with high quality and value. However, not all segments of the Mexican population can afford to regularly buy imported items. A large part of Mexican nationals are still living in poverty, and overall advances in the economy have not improved their lifestyle. However, a significant and growing share of households, approximately 22 percent or about 21.7 million people, have the purchasing power and disposition to buy imported goods.

The principal consumers of alcoholic beverages range from 18 to 34 years of age. This age group is expected to grow by around 14 percent in the next five years. Unlike the United States, there are no media/advertising restrictions in Mexico for alcoholic products. Therefore, it is not surprising that this sector is one of the media's principal clients. Advertisers invested about 74 percent of their media budget in television, 10 percent in radio, seven percent in newspapers and four percent in magazines.

2. MARKET SIZE

Production

Mexican production of alcoholic beverages increased from 4.7 million liters in 1996 to 4.9 million liters in 1998, representing an annual average increase of 1.5 percent. Mexico's production of alcoholic beverages is primarily composed of beer, tequila and mezcal, brandy, rum, distilled spirits and wine. Mexico does not produce a significant volume of cognac or whiskey.

MEXICAN PRODUCTION OF PRINCIPAL ALCOHOLIC BEVERAGES

(Thousand Liters)

Alcoholic Beverages	1996	1997	1998
Tequila and Mezcal	164,070	177,200	200,122
Rum	66,869	72,160	69,596
Brandy	69,300	72,765	66,216
Liqueurs	14,456	15,372	14,752
Wine	47,617	49,997	47,497
Beer	4,413,500	4,550,000	4,700,150
Grand Total	4,775,812	4,937,494	4,918,333

Source: Instituto Nacional de Estadísticas, Geografía e Informática-INEGI (National Institute of Statistics, Geography and Informatics), Asociación Nacional Vitivinícola (National Association of Wine Growers), Mundo Ejecutivo magazine, December 1997 number 224 and own estimates.

The slight increase in production is attributed to recovering domestic demand and stronger exports. The domestic market is still recovering from the 1995 financial crisis resulting from the devaluation of the peso, and consumers have not recovered their full purchasing power.

It is important to note that while the above production figures are official data published by several trade sources and government agencies, these figures do not take into account illegal production, which for some products is larger than that produced by formal establishments. For example, in the case of wine and brandy, industry representatives estimate that since 1998, the informal sector has produced the same volume as the regulated industry. This is a very serious problem for the industry, considering that only five years ago the informal sector was estimated to produce 20 percent of what it is currently producing.

All dollar values used in reporting Mexican data were calculated according to the average exchange rate of the peso against the dollar for each year: 7.6, 7.9 and 9.2 pesos per one U.S. dollar for 1996, 1997 and 1998, respectively.

Imports

The value of total Mexican imports of alcoholic beverages increased from US\$ 118.6 million in 1996 to US\$ 139.6 million in 1998, representing an annual average increase of 8.8 percent. However, in terms of volume, imports decreased considerably, from 170.9 thousand liters in 1996 to 80.8 thousand liters in 1998.

In terms of dollar value and liters, imports of all the product categories included in this report increased from 1996-1998, except 2208- Ethyl alcohol and other spirits denatured, of above 80 percent alcohol volume (liqueurs, cognacs, brandies, whiskeys, rum, gin, vodka and wine coolers). However, the importance of this category in total imports caused the total volume of liters to sharply decrease. See table 2.

Mexican imports are largely concentrated in three product categories: 2208- Ethyl alcohol and other denatured spirits (liqueurs, cognacs, brandies, whiskeys, rum, gin, vodka and wine coolers) representing 50.6 percent of the total; 2204-Wines (sparkling, fortified, table, fine and champagnes) with 27.7 percent; and 2203-Beer with 15.2 percent, for an accumulated 93.5 percent of all Mexican

imports by value, and 84.5 percent by volume in 1998. See table 2.

Table 2
MEXICAN IMPORTS OF ALCOHOLIC BEVERAGES
1996-1998

(Million Dls., Thousand Liters)

Products	1996		1997		1998	
	Dls.	Liters	Dls.	Liters	Dls.	Liters
2203-Beer	14.6	23,895	19.1	49,879	21.2	35,094
2204-Wine	25.4	7,343	37.7	11,943	38.6	11,893
2205-Vermouth	0.4	0.2	0.3	0.1	0.4	0.2
2206-Cider and other fermented beverages	2.2	2,321	3.2	2,821	3.9	3,055
2207-Ethyl alcohol and other spirits denatured, of below 80 percent alcohol volume	4.2	8,187	4.6	7,727	5.0	9,457
2208-Ethyl alcohol and other spirits denatured, of above 80 percent alcohol volume	71.8	95,682	72.6	24,168	70.6	21,327
Grand Total	118.6	170,988	137.6	95,539	139.6	80,826

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade)

Mexican statistics on foreign trade are divided into three groups: In-bond imports and exports; definite imports and exports; and temporary imports and exports. This report focuses on the definite imports, which are those consumed in the domestic market.

U.S. Exports To Mexico

The value of U.S. exports of alcoholic beverages to Mexico increased from US\$ 24.9 million in 1996 to US\$ 35.2 million in 1998, representing an annual average growth rate of 20.7 percent, or more than twice the growth rate of the total import market.

The overall market share for American products has consequently increased from 21.0 percent in 1996, to 22.0 percent in 1997 to 25.2 percent in 1998. U.S. exporters are the overwhelming leaders in the beer market (the third largest import segment, with market shares in excess of 97 percent); the principal suppliers of cider, with a market share of 90 percent in 1998, and the main exporter of ethyl alcohol denatured spirits of below 80 percent alcohol level, with a 74 percent market share. See table 3. However, the thrust of U.S. exports is centered mainly around beer, for which the Mexican market accounted for 57.0, 61.4 and 58.8 percent of all U.S. beer exports in 1996, 1997 and 1998, respectively. The largest segment of the Mexican market, ethyl alcohol and other denatured spirits (liquors, cognacs, brandies, whiskeys, rum, gin, vodka and wine coolers) has been virtually untapped by American exporters, who only had a 2.4 percent market share in 1998. The reasons U.S. producers have not been able to access this segment more successfully are basically the fierce competition from European suppliers, comparatively more expensive U.S. products in these categories, preference for reputable European brands and a relatively unseasoned consumer base.

Table 3
MEXICAN IMPORTS FROM THE UNITED STATES BY PRODUCT CATEGORIES
1996-1998

(Million Dls., Thousand Liters)

Products	1996		1997		1998	
	Dls.	Liters	Dls.	Liters	Dls.	Liters
2203-Beer	14.2	23,895	18.6	49,281	20.7	34,478
2204-Wine	2.6	1,678	3.4	1,913	3.5	1,737
2205-Vermouth	0.006	2	0.009	4	0.006	5
2206-Cider and other fermented drinks	2.0	2,198	3.0	2,679	3.5	2,753
2207-Ethyl alcohol and other spirits denatured, below 80 percent alcohol volume	4.2	8,162	3.1	6,706	3.7	8,523
2208-Ethyl alcohol and other spirits denatured, above 80 percent alcohol volume	1.8	640	2.2	787	1.7	452
Grand Total	24.9	36,575	30.3	61,370	35.2	47,943

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade)

The market shares of American producers by product category is shown in table 4. For a comparison of the total market shares for other international suppliers, see table 5.

Table 4
**MARKET SHARE OF U.S. EXPORTS BY
 PRINCIPAL PRODUCT CATEGORIES, 1996-1998**
 (Percentage)

Products	1996	1997	1998
	Share of Imports By Value	Share of Imports by Value	Share of Imports by Value
2203-Beer	97.2	97.4	97.6
2204-Wine	10.2	9.0	9.1
2205-Vermouth	15.0	30.0	15.0
2206-Cider and other fermented drinks	90.9	93.8	89.7
2207-Ethyl alcohol and other spirits denatured, below 80 percent alcohol volume	99.9	67.4	74.0
2208-Ethyl alcohol and other spirits denatured, above 80 percent alcohol volume	5.9	3.0	2.4
Grand Total	21.0	22.0	25.2

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade)

In a random store/restaurant check conducted in the Mexico City Metropolitan Area, the following alcoholic beverage brands/suppliers from the United States were identified: **BEERS**: Old Milwaukee, Bud Light, Colt 45, Schlitz, Red Bull, Budweiser, Lone Star, Stroh's, Mickey's, O'doul's; **WINE COOLERS**: Boone's, Burtles & Jaynes; **WHISKEYS AND LIQUEURS**: Jim Beam, Jim Beam bourbon whiskey and cola, Jack Daniels, Evan Williams, Sutter Home, Southern Comfort; **WINES**: Korbel, Kedem, Andre', Woodbridge, Kikkoman Plum Wine, Texson, J. Lohr, Turning Leaf, Ruby Hill, Gallo de Sonoma, Carlo Rossi, Ernest & Julio Gallo, Buena Vista, Haywood, Chalk Hill, Marimar Torres, David Bruce, Kendall-Jackson, Chateau Montelena, Sterling Vineyards, Fre', Monticello, Chateau Ste. Michelle, Wente, Fetzer, Concannon and Murrieta's Well.

Other Foreign Competitors

Official Mexican import statistics listed 98 countries as exporting alcoholic beverages to Mexico during the period 1996-1998. The competition from other foreign suppliers is very fierce. During 1998, the principal countries that exported to Mexico were Spain, with an overall market share of 17.8 percent; Great Britain-Ireland, 16.8 percent; France, 16 percent; Italy, 7.3 percent; and Chile, with 5.2 percent.

Exports from these six countries represented 91.6 percent of Mexico's total imports of alcoholic beverages for 1998. See table 5.

Table 5
**MEXICAN IMPORTS OF ALCOHOLIC BEVERAGES
BY PRINCIPAL EXPORTING COUNTRIES, 1996-1998**

(U.S. million., Thousand Liters)

Country	1996		1997		1998	
	Dls.	Liters	Dls.	Liters	Dls.	Liters
United States	24.9	36,575	30.3	61,370	35.2	47,943
% Market Share	21.0	21.4	22.0	64.2	25.2	59.3
Spain	15.0	4,131	24.2	7,610	24.8	6,339
% Market Share	12.6	2.4	17.6	8.0	17.8	7.8
Great Britain and Ireland	17.4	3,164	22.3	4,843	23.5	6,511
% Market Share	14.7	1.9	16.2	5.1	16.8	8.1
France	20.8	5,972	42.7	2,719	22.3	2,924
% Market Share	17.5	3.5	31.0	2.8	16.0	3.6
Italy	22.2	16,021	9.0	4,843	10.2	6,511
% Market Share	18.7	9.4	6.5	5.1	7.3	8.1
Chile	3.0	1,388	6.5	2,939	7.2	3,622
% Market Share	2.5	0.8	4.8	3.1	5.2	4.5
Grand Total	118.6	170,988	137.6	95,539	139.6	80,826

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade)

These countries are strongly positioned in well-defined product categories, and maintain a leading role within these segments. For example, Spain is the absolute leader in brandies and also a formidable contender in wines; Great Britain-Ireland is almost the sole exporter of whiskeys; France is the overall supplier of wines and cognacs; Italy leads in liqueurs and also competes favorably in wines; and Chile is gaining market share in the wine category.

Since 1996, Chilean wines have enjoyed a zero tariff and have adopted an aggressive pricing strategy, which has contributed to their growing market presence. U.S. wines have an 8 to 10 percent tariff and are approximately 25-35 percent more expensive than Chilean wines. In only four years, Chile moved from being Mexico's fifth international wine supplier in 1994 with a market share of 8.5 percent, to become the third leading supplier with an 18.6 percent share in 1998, surpassing Germany and the United States. The other main wine competitors, France (with a market share of 33.6 percent in 1998), Spain (23.9 percent), Germany (4.8 percent) and Italy (5.6 percent) face 20 percent tariffs. Despite a price disadvantage in the case of European wines, the favorable perception by consumers seems to offset this difference, making them good selling items.

There are three foreign export-promotion agencies in Mexico: SOPEXA, from France, which is very active in promoting their national wines together with other fine food products; Prochile, from Chile, which is almost exclusively dedicated to wine marketing/promotion; and the Agricultural Trade Office-ATO, of the United States, which assists U.S. producers of agricultural, fishery and forest products in the promotion and market development of their products. These organizations have introduced several companies to the Mexican market and helped Mexican buyers to familiarize themselves with U.S. products.

Import Prices

The following table compares the average prices of U.S. alcoholic beverages imported into Mexico versus the average price of the same products imported into Mexico from all other countries during 1996-1998.

Table 6
COMPARISON OF AVERAGE IMPORT PRICES
U.S. VS. WORLD SUPPLIERS, 1996-1998

(U.S. Dls. Per Liter)

Products	1996		1997		1998	
	WORLD	U.S.	WORLD	U.S.	WORLD	U.S.
2203.-	0.61	0.61	0.38	0.38	0.61	0.60
2204.-	3.46	1.53	3.16	1.77	3.26	2.02
2205.-	2.47	2.99	2.78	2.24	2.71	1.22
2206.-	0.97	0.93	1.15	1.11	1.28	1.27
2207.-	0.51	0.51	0.60	0.46	0.53	0.43
2208.-	0.75	2.88	3.00	2.79	3.31	3.81

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade)

As shown above, the average prices for U.S. products are the lowest in every product category, with the exception of group 2208 (Liquors, cognacs, brandies, whiskeys, rums, gin, vodkas and wine coolers), where the market share of U.S. products is also the lowest.

Domestic Consumption

Mexico's overall consumption of alcoholic beverages increased from 4.8 million liters in 1996 to 5.0 million liters in 1998, representing an annual average growth rate of 1.8 percent. Domestic sources are the overwhelming supplier of alcoholic beverages, with approximately 99 percent of the market.

Table 7
MEXICAN CONSUMPTION OF
ALCOHOLIC BEVERAGES, 1996-1998

(Thousand Liters)

	1996	1997	1998
Production (1)	4,775,812	4,937,494	4,918,333
Imports (2)	36,575	61,370	47,943
Exports (2)	23,672	70,860	43,598
Consumption	4,836,059	5,028,636	5,008,987
Imports as % of consumption	0.8	1.2	1.0

Sources: 1) Instituto Nacional de Estadística, Geografía e Informática INEGI (National Institute of Statistics, Geography and Informatics) and own estimates 2) Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade)

3. DOMESTIC COMPETITION

The principal alcoholic beverages produced in Mexico are rum, with approximately 33 percent of sales; brandy (31 percent); tequila (16 percent); table wines (7 percent); and other distilled spirits such as vodka, gin and liqueurs (3 percent). These products represent 90 percent of total production. The principal producers are Domecq, Bacardi and Cuervo, which produce, import and distribute a wide range of products and brands. Mexico does not produce whiskey or cognac.

Mexico's alcoholic beverages industry represents 0.1 percent of Mexico's GDP, with sales of \$8,700 million pesos in 1997 (or about U.S. 1.1 billion dollars at an average exchange rate of 7.9 during 1997), and generating almost 8,000 jobs. There are 478 registered producers, although it appears there are many additional illegal producers. The sector's GDP increased every year during 1996-1998, after decreasing 16 percent in 1995. See table 8.

Table 8
GDP OF ALCOHOLIC BEVERAGES, 1996-1998

	(Percentages)		
	1996	1997	1998p
Alcoholic Beverages	8.0	1.5	2.5

P: Preliminary

Source: INEGI and Alto Nivel magazine, Num. 224 Dec.1997

The average price for locally produced alcoholic beverages is 60 pesos (about U.S. \$6.32, at the average exchange rate of 9.50 pesos per one U.S. dollar in 1999), of which almost 50 percent represents taxes.

Nearly 50 percent of the alcoholic beverage market is controlled by Pedro Domecq, founded by the multi-national Spanish company Pedro Domecq, and which was acquired by the large European conglomerate, Allied Lyons, in 1994. In Mexico, this organization has three bottling and five distilling plants, with a storage capacity of 400,000 barrels. Pedro Domecq markets 200 presentations for 45 products, and its work force consists of 2,500 persons. This firm has two companies, Tequila Sauza (tequila producer) and Usero Puig y Compañía, S.A. de C.V., which imports wines from Spain. The second largest company in the sector is Bacardi, which has two plants and employs 750 persons. This company markets 20 products throughout the country.

Mexico has traditionally had a negative trade balance in alcoholic beverages, but since 1994 it has been able to reverse this trend as a result of its tequila exports. Mexico's principal exports during 1998 were tequila (63 percent), denatured alcohol spirits (11 percent), rum (10 percent), brandy (7 percent) and beer (1 percent).

Wine

The major wine producing centers are located mainly in the state of Baja California. Other producing areas are in the states of Aguascalientes, Coahuila and Queretaro. There are many small local wineries, but the main producers who dominate the table wine market are Casa Pedro Domecq, Productos de Uva, and Casa Cuervo. In 1995, because of the economic recession, the Mexican wine industry faced a severe financial crisis, and several companies went bankrupt. In 1986, there were 82 registered producers; however, by 1997 this number had plummeted to only 11 companies that perform the complete wine production process, from harvesting to marketing, even though some do not have their own vineyards. Land cultivated by wine growers has been declining since 1984 when there were 70,250 hectares, as compared to 44,750 hectares cultivated in 1995. However, it appears that this decline has leveled off in the last couple of years. In previous years, to compensate for lower levels of red wine production, Casa Cuervo and Pedro Domecq imported high quantities of bulk wine from Chile and sold it under Mexican brand names. This tactic is estimated to have placed an additional 7,000 HL of Mexican wine on the national market. The wine varieties produced in Mexico include: Cabernet Sauvignon, Ruby Cabernet, Zinfandel, Grenache, Mision and Cariñena (reds);

Chenin Blanc, Palomino, Riesling, Sauvignon Blanc, Semillon, French, Colombart, Saint Emilion and Malaga (whites).

Per capita wine consumption in Mexico is estimated to be less than one liter, per year. A higher preference for other alcoholic beverages and an underdeveloped consumer awareness of wine partially reflects this very low per capita consumption. Wine is not considered a popular beverage and is consumed almost exclusively among the middle and high income segments of the population. However, considering that these socio-economic brackets represent about 22 million Mexicans, per capita consumption for this exclusive segment is about four liters, per year, or about 1.03 gallons.

In a recent newspaper article, the National Association of Mexican Wine Growers said that the Treasury Ministry is seriously considering reducing the tax on this industry from 50 percent to 44 percent which, according to local producers, has placed the industry in a difficult position. According to local producers, production and sales have decreased and the formal industry is losing the market to informal producers.

Tequila

The importance of tequila within the sector has grown rapidly over the past few years, with production increases above the industry's average. There are currently 80 producers of tequila in Mexico, of which the market leaders are Sauza and Cuervo. Nearly one-third (24) of these producers are export-oriented. Around 50 percent of total output is sold internationally. There are over 500 brands in the market. This trend has been most visible in the relatively large shelf-space retailers are allocating to tequila..

Beer

In 1997, sales of beer in the domestic market grew 3.5 percent, while sales to foreign countries climbed 16 percent. For 1998, sales grew 4.8 percent for the domestic market and 14 percent for foreign markets. In 1996, 1997 and 1998, the beer industry registered total sales of U.S. \$2.2 billion, U.S. \$2.3 billion and U.S. \$2.5 billion, respectively. There are two major beer producers in Mexico: Grupo Modelo, which has 54 percent of the domestic market and 81 percent of the export market; and, Cerveceria Cuauhtemoc-Moctezuma, which has the other 46 percent of the domestic market and 19 percent of the export market. Grupo Modelo includes eight beer plants, three malt growers, three paperboard firms, one glass factory and five other companies providing support services to the group. It produces the following brands: Corona, Negra Modelo, Modelo and Coronita. This organization was classified as number 18 in the top 500 firm in Mexico, with a total of 28 subsidiary companies in 1998.

Cerveceria Cuauhtemoc-Moctezuma is part of Fomento Empresarial Mexicano, S.A., a diversified industrial conglomerate that includes a soda division, Coca Cola franchises, a convenience store chain, and a packaging division, among other commercial interests. Cerveceria Cuahtemoc-Moctezuma has three plants: one near Toluca, another near Puebla and a third in Orizaba. It sells beer under the following brands: Carta Blanca, XX, XX Lager, Sol, Nochebuena and Tecate. This company was ranked as number 40 in the top 500 firms during 1998, and controls 93 subsidiaries.

Overall, imported beers hold less than one percent of the Mexican beer market. Popular American beers such as Budweiser, Coors and Old Milwaukee have a tough time competing with lower priced

domestic beers. Mexican brands such as Corona and Carta Blanca have an established reputation for quality, and consuming them is associated with a sense of national pride. Most Mexican beer-drinkers fall into the lower income brackets, making price a real consideration. Only 7.6 percent of homes in Mexico consume the more expensive imported beers.

American beers are served primarily at expensive tourist restaurants, although they have recently begun occupying more shelf space at drive-up liquor stores and large supercenters such as Wal-Mart. If imported beers begin to compete price-wise, they may become more widely consumed in Mexico. For now, however, the Mexican consumer's preference is still toward domestic beers, a trend which is likely to continue in the immediate future.

Brandy

The main Mexican producers of brandy are Compañía Vinicola del Vergel, Casa Pedro Domeq, Casa Madero, and Cia. Vinicola de Aguascalientes. One of the reasons for the high percentage of brandy sales is that Mexico is the only country where it is combined with cola soft drinks to prepare a popular mixed drink called a "cuba libre."

4. IMPORT REQUIREMENTS

Tariffs

Mexican import duties are classified according to the Standard International Harmonized System, as established under the provisions of the North America Free Trade Agreement (NAFTA). Sub-Chapters 22.03 (Beer), 22.04 (Wine), 22.05 (Vermouths), 22.06 (Ciders), 22.07 (Ethyl alcohol and denatured spirits, below 80 percent alcohol volume level) and 22.08 (Ethyl alcohol and spirits denatured above 80 percent alcohol volume level) of the Mexican Tariff System contain the tariffs for alcoholic beverages. In total, there are 34 specific tariff codes related to this product category. U.S. exporters should take note that Mexican foreign trade data for alcoholic beverages does not necessarily correspond with U.S. trade data. Different criteria to subdivide the 6 digit Harmonized Code categories and the inclusion of additional product categories account for these inconsistencies.

As part of the NAFTA agreement, 24 products have reached zero tariffs and no longer are subject to import duties. These are:

Products	Tariff Code
Fortified wine	2204.2101
Champagne	2204.2104
Vermouths, 2 Lts. bottles	2205.1001
Other vermouths, 2 Lts. bottles	2205.1099
Other vermouths	2205.9001
Vermouths	2205.9099
Ciders	2206.0001
Ethyl alcohol and spirits denatured, below 80 percent alcohol level volume	2207.1001
Ethyl alcohol and spirits denatured any alcohol grade	2207.2001
Extracts and concentrates	2208.1001

Other extracts and concentrates	2208.1099
Cognac	2208.2001
Canadian whiskey	2208.3001
Whiskey above 40 grades GL	2208.3003
Tennessee or bourbon whiskey	2208.3004
Other whiskeys	2208.3099
Rum	2208.4001
Rum-tafia type	2208.4002
Gin	2208.5001
Vodka	2208.9001
Ethyl alcohol	2208.9002
Alcoholic beverages below 14 grades GL	2208.9003
Wine coolers	2208.9004
Other ethyl alcohol	2208.9099

During 1999, the following products were subject to an eight percent ad valorem import duty, which will decrease two percentage points, per year, until reaching zero on January 1, 2003.

Products	Tariff Code
Beer	2203.0001
Sparkling wine	2204.1001
Table wine	2204.2102
Claret wine	2204.2103
Other wines for retail	2204.2199
Other wines	2204.2999
Brandy	2208.2002
Brandy in bulk	2208.2003
Other liquors	2208.2099

In addition to NAFTA, Mexico has signed trade agreements with several countries that export wine to Mexico, such as Argentina and Chile. Since 1996, under the Chilean Trade Agreement, the tariff rates for Chilean wines under the categories HS 2204.21.02 (rose, white and claret wines) and HS 2204.21.03 (sparkling wines) have been zero.

Mexico also has a fifteen percent value-added tax (VAT, or "IVA" in Spanish). Mexican Customs collect the VAT on foreign transactions upon entry of the merchandise into the country. As of July, 1999, the nominal customs processing fee of 0.08 percent which Mexican Customs used to charge has been eliminated, as part of the NAFTA agreement. Customs brokers use this total figure to calculate their fees, which usually are 0.5 percent, on average, plus any storage and handling fees. The following example illustrates how these duties are calculated as compared to a locally produced item.

	Imported Products	Domestic Products
F.O.B. Invoice value	\$100.00	\$100.00

Ad-Valorem duty (6 percent)	<u>6.00</u>	<u>N.A.</u>
Sub-total	\$106.00	\$100.00
Value-added tax (15 percent)	<u>15.90</u>	<u>15.00</u>
Total	<u>\$121.90</u>	<u>\$115.00</u>

The basic Mexican import document is the Pedimento de Importacion (customs entry document), which should be presented to Mexican Customs, along with the commercial invoice in Spanish, a bill of lading and the Sanitary Import Notice. Products qualifying as "North American" must use the NAFTA certificate of origin to receive preferential treatment. This is issued by the exporter and does not have to be validated or formalized. As in the case with U.S. Customs laws, Mexican customs law are also very strict regarding proper submission and preparation of customs documentation. Errors in paperwork can result in fines and even confiscation of merchandise as contraband. Exporters are advised to employ competent, reputable Mexican importers or custom brokers.

Other Taxes

Alcoholic beverages, whether produced locally or imported, are also subject to the Impuesto Especial de Productos y Servicios-IEPS (Special Tax on Products and Services). This tax, which went into effect on April 1, 1997, and was later modified on December 31, 1998, affects a series of products such as alcoholic beverages, tobacco and gasoline, among other products and services. In the case of alcoholic beverages, the tax is levied according to the alcohol content of the product. See table 9.

Table 9
IEPS TAX LEVELS ON ALCOHOLIC BEVERAGES
 (Alcoholic Beverage and Percentage of Tax Level)

ALCOHOLIC BEVERAGES	IEPS TAX PERCENT
With alcohol content of up to 13.5 percent	25
With alcohol content from 13.5-20 percent	30
With alcohol content above 20 percent	60

Source: Secretaria de Hacienda y Credito Publico (Ministry of the Treasury)

This tax is calculated over the invoice value. After paying the IEPS tax, importers receive a marbete, or fiscal label, as proof of this payment. These marbetes are affixed individually on the bottles and only after this process can they be sold in the market. The bottles remain in a fiscal warehouse until the labels have been affixed.

Sanitary Requirements

Alcoholic beverages do not require an import license. However, they require a written sanitary import notice (Aviso Sanitario de Importacion). This is a free-style letter, written in Spanish, that must contain the following information: name of product; trade brand; specific quantity; name and address of producer; name and address of importer; port of entry and import tariffs numbers. This document, written on the company's letterhead, should be addressed to the Secretaria de Salud; Direccion General de Calidad Sanitaria de Bienes y Servicios, and presented at the port of entry. In addition, the invoice, airway bill and a Sanitary Statement (Constancia Sanitaria) are required. The sanitary statement must come from the exporting country's respective sanitary authorities, or a FDA-certified laboratory declaring that the products, identified by production lot, are safe and fit for human consumption; indicating their physical-chemical analysis; microbiological analysis; and, if applicable, specific

analysis; country of origin and expiration date.

Labeling

All imported products destined for retail sale in Mexico must be labeled according to Mexican government specifications as outlined in NOM-142-SSA1-1995, of July 9, 1997, later modified on July 22, 1998. This Mexican norm on labeling states that alcoholic beverage labels should include the following commercial and sanitary information. A sticker can be affixed in the country prior to retail.

1) Commercial information:

- # Brand or commercial name
- # Name or generic name of product
- # In the case of Brandy, the word "Brandy" and the legend "100% de uva" (100% from grape) should stand out clearly, and must be provable.
- # Exporter's name and address
- # Indication of the quantity in accordance to NOM-030-SCFI (use metric units)
- # Producer's name and address which, in the case of imported products, will be provided to SECOFI by the importer
- # Country of origin (i.e., Producto de EE.UU.)
- # Importer's name, company name and address
- # In the case of beer and wine coolers, the labels should contain: name, address and taxation code of the importer

2) Sanitary information:

- # All alcoholic beverages should read "EL ABUSO EN EL CONSUMO DE ESTE PRODUCTO, ES NOCIVO PARA LA SALUD" (The abuse in the consumption of this product is hazardous to your health)
- # Alcohol content
- # Indicate the percent of alcohol in volume at 20 degrees centigrade displayed as follows: (Number) % Alc. Vol.
- # Lot number
- # Alcoholic beverages with aspartame should read:
Fenilcetonuricos: contiene fenilalanina
- # Those beverages that represent more than 50 grams or more in the daily consumption of orbital should read: Contiene sorbitol: el abuso de este edulcorante puede causar efectos laxantes; (Contains sorbitol: the abuse of this sweetener may cause laxative effects)
- # Alcoholic beverages classified as "bajo en calorías" (light) and "sin calorías" (without calories) should include only these legends according to the reduction of calories. Beverages with at least 24 percent less calories than the original product are considered as "light." Those with less than 36 percent calories than the original beverage can be considered as "without calories."
- # Only prepared drinks and cocktails should include a list of ingredients, which should be listed under the heading "Ingredientes," and they

should be listed in the decreasing order of their percentage of the product's total composition.

This information must be in Spanish and may also appear in the original language. The information referring to the brand, type of beverage and quantity should appear on the main label. The other information can be included on any other part of the label or product container. The Mexican Health Ministry has an address on the Internet [Http://www.ssa.gob.mx/nom/index.html](http://www.ssa.gob.mx/nom/index.html) where more information on these NOMS can be obtained.

Temporary Imports

Mexican import legislation does not recognize temporary imports, which are meant for sampling or for "give aways" during trade shows or other promotional events. According to Mexican legislation, all temporary imports must return in the same condition that they were in when introduced into the country. Therefore, this ruling does not allow temporary imports of wines or similar products which will be consumed or used-up during their stay in Mexico. Imported wines which are to be promoted during an event in Mexico are subject to import duties. Imported products must obtain a marbete, a fiscal label which ensures that the import duties and IEPS tax have been covered, before the products are imported and consumed in the country. This administrative procedure must be done before importing the goods into Mexico.

Mexican companies which import alcoholic beverages into Mexico must be inscribed in the Mexican Registry of Importers-MRI. Foreign suppliers of alcoholic beverages must have a Mexican importer or a representative registered in the MRI of the Secretary of Finance and Public Credit (SHCP) in order to export to Mexico.

5. WHO BUYS IMPORTED PRODUCTS IN MEXICO

The principal buyers of alcoholic beverages in Mexico are the retail, hotel and restaurant sectors.

Retail Sector

The Mexican retail sector is the most significant buyer of alcoholic beverages in Mexico. The major part of this sector is represented by the large retail chains and convenience stores, which for the most part are well organized, use modern retailing and marketing techniques and face fierce domestic competition, and account for approximately 60 to 70 percent of total retail sales. The leading retail companies are members of the Asociacion Nacional de Tiendas de Autoservicio y Departamentales-ANTAD (National Association of Retail and Department Stores). The other part of this sector is comprised of "mom and pop stores" which represent the traditional retail system, and which accounts for approximately 30 to 40 percent of retail sales.

Sector analysts estimate Mexico's total retail sales in 1998 at U.S. \$ 80-85 billion. It is projected that sales will reach U.S. \$100 billion by 2000. Sales of large retail chains, estimated at US\$19.2 billion, represent about 4.5 percent of Mexico's overall GDP. The "mom and pop" stores represent sales of around U.S.\$20 billion, and the remaining balance, U.S. \$40.8 billion, are sales by the informal segment or street vendors. At the national level, Cifra, Comercial Mexicana and Gigante are the most important retail chains. At the regional level, Organización Soriana, Grupo Chedraui and Casa Ley are the leading organizations.

The Cifra Wal-Mart group has 410 establishments, of which 191 are retail outlets (Bodegas Aurrera, Sam's, Wal-Marts, Aurrera and Superamas). The floor space for Cifra's retail outlets is by far the largest in Mexico with 1.4 billion square meters (12.2 billion square feet). For 1999, Cifra's plans include investments of U.S. \$250 million to open 43 new outlets, 15 of which will be retail stores. For the year 2000, an additional U.S. \$350 million will be channeled towards building new stores and increasing floor space by 14 percent, annually. Cifra currently has a 42 percent share of the market and operates in 33 cities. Cifra buys through direct purchasing.

Commercial Mexicana has 189 establishments, of which 154 are retail stores. The retail stores under this group are: Comercial Mexicana, Bodegas, Mega, Sumesa & Price Costco. During 1998, this group invested U.S. \$80 million and opened eight outlets, of which five were for their retail business. For 1999, Comercial Mexicana will invest another U.S. \$80 million to build nine new stores and U.S. \$100 million in the year 2000 for 11 new stores. This group has 959.7 thousand square meters of floor space (10.3 million square feet). Comercial Mexicana controls 19 percent of the market, and does some its buying through direct purchasing.

The Gigante Group has 285 outlets, of which 184 are retail stores. The stores in this group include: Tiendas Gigante, Bodegas Gigante and Super G, with 812.4 thousand square meters (8.7 million square feet) of floor space. During 1998, Gigante inaugurated five new retail stores and remodeled 24 others. For 1999, this group will invest U.S. \$132 million to remodel 14 retail stores and open three new stores, of which two will be located in the United States in California. Gigante has 16 percent of the market, and buys through direct purchasing.

Among the regional chains, Soriana is the leading organization with 74 outlets, the majority of which are located in the northern and central parts of Mexico. Their plans for 1999 include opening 12 new stores, which will add 17.5 percent to their current floor space of 685 thousand square meters (7.4 million square feet). The Soriana group holds 13 percent of the market and buys through direct purchasing. During the first six months of 1999, this organization maintained the highest sales record among the large and medium retail stores in Mexico and will probably finish the year with very good results. See table 10.

Table 10
MEXICAN RETAIL SECTOR BY PRINCIPAL UNITS-1999
 (Companies and Number of Units)

ORGANIZATION NAME	NUMBER OF UNITS
(National Coverage)	
Gigante	<u>184</u>
Tiendas Gigante	117
Bodegas Gigante	40
Super G	26
Grupo Cifra	<u>191</u>
Bodegas	63
Sam`s	30
Wal-Mart	27
Aurrera	33
Superama	36
Comercial Mexicana	<u>154</u>
Comercial Mexicana	81

Bodegas	26
Megas	14
Price	16
Carrefour	19
Government stores	832
Northern Mexico	
Casa Ley (State of Sinaloa)	80
Soriana (City of Monterrey)	74
Gulf States	
Chedraui (State of Veracruz, Tamaulipas, Quintana Roo)	47
Mexico City	
Sumesa - (Comercial Mexicana)	17
Retail Stores - SUBTOTAL	1,294
Convenience Stores	
Cadena Comercial OXXO	748
Seven Eleven	237
Convenience Stores SUBTOTAL	1,900
GRAND TOTAL	3,239

Source: ANTAD; and own estimates

The traditional "mom and pop stores" (tiendas de abarrotes, ultramarinos & vinaterias) represent many small units, approximately 400,000 stores, scattered across the country, that are a potentially important market sector. This is a very fragmented sector for selling alcoholic beverages which does not currently employ modern marketing or merchandising methods. Not all of these stores sell alcoholic beverages; only the outlets classified as "vinaterias" and "ultramarinos" sell these kind of products. It will take time for these retail units to incorporate up-to-date retail systems.

Hotel Sector

In 1998, the Mexican hotel industry had 9,544 registered establishments, with almost 400,000 hotel rooms and generating approximately 205,000 jobs. During that year, there were 98 new hotels built in the country, mostly in the four and five star categories, adding 7,800 new rooms. Room occupancy was 56.6 percent for the top 48 recreation centers in 1998. See table 11.

The hotel sector contributes 1.5 percent of Mexico's GDP, and 30 percent of the GDP of the tourism sector. Most of the leading international hotel chains which are actively doing business in Mexico include: Hyatt, ITT Sheraton, Westin, Howard Johnson, Four Seasons, Marriot, Nikko, Mission, Best Western, Calinda, Presidente Inter-Continental, Quinta Real, etc. The principal hotel chain is Grupo Posada, operator of the Fiesta Inn (with hotels at 12 destinations) and Fiesta Americana hotels (13). They also recently purchased the Caesar Park properties, for a total of 11,216 rooms. The Camino Real (14), Krystal (4), Marriot (3) and Hyatt chains (4) follow. Among the top 500 companies in Mexico, 20 hotel companies are listed. The Asociacion Mexicana de Hoteles y Moteles (Mexican Association of Hotels and Motels) is the principal trade association for the sector.

Table 11
MEXICAN HOTELS
CLASSIFIED BY CATEGORY- 1998
 (Establishments and Rooms)

Category	Hotels	%	Rooms	%
Special Class	27	0.2	5,010	1
Grand Tourism	20	0.2	7,039	2
Five Star	406	4	67,790	17
Four Star	811	9	73,044	18
Three Star	1,430	15	66,558	17
Two Star	1,465	15	47,410	12
One Star	1,568	16	42,943	11
Non-Classified	3,865	41	85,626	22
Grand Total	9,545	100	397,970	100

Source: Asociacion Mexicana de Hoteles y Moteles, SECTUR and own estimates

The Special Class, Grand Tourism, Five Star and Four Star hotels cater to international and wealthy local tourists. These hotels are the primary buyers of imported products. Purchasing departments contact different suppliers and compare their products and services. Suppliers are selected based on these results and a directory is used by the Purchasing Department. These directories will include possible substitute suppliers for each item and comparisons are made at regular intervals to update their price-quality-service relationship.

As is the case with most high-level hotels, Five Star hotels purchase their products from specialized companies and directly from the manufacturer. However, they also deal with large central wholesale markets that specialize in fish and seafood products. In the case of Four Star hotels, they deal with specialized companies, manufacturers or their distributors, central wholesale markets, specialized wholesale markets (fish and seafood), and bakeries. The smaller hotels usually don't deal with suppliers offering delivery service; sometimes they have to send their own personnel to pick up an order.

Restaurant Sector

The Mexican restaurant industry is made up of 183,782 establishments that generate 525,000 direct positions and 408,877 indirect jobs, representing 1.9 percent of total employment in Mexico and contributing with three percent of Mexico's GDP. For each new job in this sector, a total of 0.77 jobs are generated in other related industries of the economy such as soft drinks/beverages, kitchen furniture, building construction, food processing, etc. After two difficult years in 1995 and 1996, sales for the restaurant sector increased 22 percent in 1997, and 15 percent in 1998.

Total sales in 1997 were \$104.6 billion pesos (U.S. \$13.2 billion at the average exchange rate of 7.9 in 1997), and approximately U.S. \$15.2 billion in 1998. However, it is important to note that sales are not evenly distributed throughout the industry. For example, the top five percent of the restaurants, chains and luxury establishments in Mexico, represent 45.1 percent of sales and 56 percent of employment in the sector. These are the companies considered to be of "international tourism quality" with excellent cuisine, promotional campaigns and usually with 30 or more employees. Mexico City has the largest concentration of restaurants, with approximately 31,000 establishments (of which 2,500 are international tourism quality) and employing 293,000 persons. Restaurants are an important sector for generating foreign currency income since it is estimated that 30 percent of a tourist's total expenses are for food. The trade association that represents this sector is the Camara Nacional de la Industria de Restaurantes y Alimentos Condimentados-CANIRAC (National Chamber of the Restaurant and Condimented Food Industry).

Depending on factors such as size, prestige and cuisine specialty, restaurants source their food products from specialized companies, manufacturers, wholesale centers, local markets, and smaller vendors (butcher shops, seafood merchants, fruit and vegetable vendors, etc.). Most restaurants, especially those that offer very traditional cuisine, have employees in charge of shopping at the wholesale centers and local markets.

Some traditional restaurants have a central purchasing department called "Comisariato" (commissary). This unit selects suppliers through a competitive bidding process in which the quality-price-service relationship is carefully analyzed. The different sections of the chain send their requests to the comisariato, which then secures the products needed.

6. DISTRIBUTION OF PRODUCT IN MEXICO

There are a few distributors with national coverage, and it is not unusual for an international producer to have several local distributors (as many as five or six) to supply the major regional markets. U.S. firms wishing to penetrate the Mexican market must have a locally based distributor/representative in order to operate and to establish a successful business relationship with domestic buyers.

At the retail level, nearly half of all alcoholic beverages are sold through supermarkets, the balance moving through convenience or liquor (vinaterias) and ultramarinos stores. However, only some of the retail chains are set up to import directly. Most alcoholic beverage products are purchased through Mexican-based distributors enabling retail chains to keep inventories at a minimum, thereby avoiding investments in large centralized storage and bypassing the hassles of importing. This system of indirect purchasing is expected to change over the next few years but currently it is the dominant business practice.

Competition at the retail level in Mexico is critical, as is competition for retail shelf space. Consequently, some domestic producers offer table wines to supermarket chains on a consignment basis. Mexican consumers prefer to purchase wines at supermarkets because supermarkets mark down prices during promotions.

For a complete list of importers and distributors in Mexico, we recommend contacting the Asociacion de Importadores de Representantes de Alimentos y Bebidas, A.C. (Association of Importers and Representatives of Food and Beverage Products). See section 8 of this report, Key Trade Contacts.

7. TRADE EVENTS AND SPECIALIZED PUBLICATIONS

Trade Events

The principal trade shows in Mexico for beverages are:

- **"Beber Expo,"** scheduled for Oct. 12-14, 1999 at the Sports Palace in Mexico City; organized by Conexpro, contact: Cecilia Rojas, Tel: (011)(525) 682-8667; Fax: 687-7315
- **"International Exhibition of Food, Drinks and Snacks,"** which will be held during December 2-5, 1999, at the Exhibimex Hall in Mexico City; organized by Duncan y Ventas, Tel: (011)(525) 564-6525;
- **"Expo Tequila,"** scheduled for July 27-29, 2000 at the World Trade Center in Mexico City; organized by C.E.P., contact: Roberto Hernandez, Tel: (011)(525) 682-8667, Fax: 687-7315.

The leading events for the foodservice and retail sectors are:

- **"Resthotel Abastur,"** targeting the foodservice industry, which is held annually in October (October 6-8, 1999) in Mexico City at the World Trade Center. The organizer of this event is Remex, which can be contacted at Tel: (011)(525) 237-9988; Fax: 657-5926. The U.S. Agricultural Trade Office (ATO) in Mexico City will organize a U.S. pavilion at ABASTUR 2000. American firms interested in participating should contact the ATO at Tel: (011)(525)280-5291; Fax: (525)281-6093.
- **"ANTAD,"** which is takes place every March in Guadalajara. This event, which is Mexico's biggest retail and supermarket show, is organized by the National Association of Retail and Department Stores (Asociacion Nacional de Tiendas de Autoservicio y Departamentales, A.C.-ANTAD), which can be contacted at Tel: (011)(525) 580-1772; Fax: 395-2610. Since 1998, the ATO in Mexico has organized a U.S. pavilion at ANTAD to promote business contacts with local distributors and buyers. American firms interested in participating should contact the ATO at Tel: (011)(525) 280-5291; Fax: (525) 281-6093.

Other trade events include: **"Expo de las Americas,"** which focuses on the HRI sector and is scheduled for February 22-24, 2000; organizers are E.J. Krause of Mexico, Tel: (011)(525) 669-2570; and **"EXPHOTEL 2000"** scheduled for June 14-16, 2000, in Cancun, and which also targets the foodservice sector; organizers are Trade Shows, Tel: (011)(298) 83-3766. The ATO will organize a U.S. pavilion at EXPHOTEL '2000. American firms interested in participating should contact the ATO at Tel: (011)(525) 280-5291; Fax: (525) 281-6093.

Specialized Trade Publications

Throughout Mexico, there are specialized trade magazines that are distributed among food-beverage companies and food stores/distributors. These publications can be an effective tool to reach potential clients/agents/distributors or to conduct a direct mail campaign. The leading publications, by sector, are:

-for beverages, in general:

- **"Bebidas Nacionales,"** published bimonthly by Alfa Editores Tecnicos, S.A. de C.V.; Tel: (011)(525) 579 3333;
- **"Bebidas,"** published by the Asociacion de Productores de Refrescos y Aguas Carbonatadas, A.C. (Association of Softdrinks and Carbonated Waters), Tel: (011)(525) 2812496.

-for retail business:

- **"Cadenas,"** a monthly publication targeting managers and directors in the retail trade; published by Editorial Multicolor, contact: Javier Ortiz Camorlinga, General Manager; Tel: (011)(525) 5456860 & 5310690; Fax: 52508824;
- **"Abarrotes y Mas,"** a bimonthly magazine for small and medium retail businesses published by Servialimentos Publishing, S. de R.L. de C.V.; Tel: (011)(525) 514-8010; Fax: 208-7864;

-for the hotel sector:

- **"Alta Hoteleria,"** published by Alta Hoteleria, S.A. de C.V.; Tel: (011)(525) 611-0898.

-for the foodservice sector:

- **"Servialimentos,"** which is published bi-monthly with national coverage by Servialimentos Publishing, S. de R.L. de C.V.; Tel: (011)(525) 514-8010; Fax: 208-7864;

The leading buyer's guide for foodservice is Abastomatic, published by M.E. Publicidad & Publicaciones, contact: Monica Paloma Garcia, General Manager; Tel: (011) (525) 522-2207; Fax: 542-7367.

Some of the leading general business publications in Mexico are:

- **"Business Mexico,"** published monthly, in English, by the American Chamber of Commerce of Mexico; Tel: 011(52) 5724-3800 ext. 3335; Fax: (52) 5703-2911; contact: Ms. Diane Hemelberg de Hernandez, Editor, or Ms. Cristina Bustos, Advertising Dept.;
- **"MB,"** published monthly, in English, by Hemisphere Publishers Group Inc.; contact: Ms. Lorena Jimenez, Advertising Director; Tel: (011)(52) 5540-7977; and Fax: 5202-8478.

8. KEY TRADE CONTACTS

As of February 1999, a number five was added to telephone numbers in the Mexico City area. However, for long distance calls from the United States, this additional five is not dialed.

U.S. Embassy

Agricultural Trade Office-ATO, USDA

Jaime Balmes 8-201; Col. Los Morales Polanco
Mexico, 11510, D.F.

Tel: (011)(525)2805291, 280-5277, 281-6586; Fax: (525) 281-6093

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

Contact: Chad R. Russell, Director

Office of the U.S. Department of Agriculture which assist U.S. firms in the promotion and market development of their agricultural, fishery and forestry products.

Secretaria de Salud (Health Secretariat)

Sanitary Qualification Office

Donceles 39-PB

Mexico 06010, D.F.

Tel: (011)(525)5182692; <http://www.ssa.gob.mx/nom/index.html>

Contact: Dr. Jose Meljem Moctezuma, Director

Office of the Health Secretariat that regulates specific NOMS on health related issues.

Secretaria de Comercio y Fomento Industrial-SECOFI Direccion de Normas

(Secretariat of Commerce and Industrial Promotion, Norms Office)

Puente de Tecamachalco 6; Lomas de Tecamachalco

Edo. Mexico 53950

Tel: (011)(525)2296100-X4158; <http://www.secofi.gob.mx>

Contact: Lic. Jorge Hernandez, Direccion de Normas

This office of SECOFI issues the norms on quality standards and labeling.

Secretaria de Comercio y Fomento Industrial-SECOFI

Informacion Comercio Internacional

Alfonso Reyes 30-PB; Col. Hipodromo Condesa,

Mexico 06710, D.F.

Tel: (011)(525)2296100-X3395 & 4949; <http://www.secofi.gob.mx>

Contact: Rocio Ruiz Chavez, Director

Office of SECOFI which provides general information related to NAFTA.

American Chamber of Commerce-AMCHAM

Lucerna 78 – 4

Mexico 06600

Mexico

Tel: (011)(525)7243800; Fax: (525)703-2911

e-mail: chawkins@amchammex.com.mx

Contact: Christine Hawkins, International Trade and Investment Consulting, Director

A non-profit organization which assists U.S. companies in their business activities in Mexico.

Asociacion Nacional de Vitivinicultores, A.C. (National Association of Wine Growers)

Calzada de Tlalpan 3515

04650, Mexico, D.F.

Mexico

Tel: (011)(525) 666-1331, 606-9724; Fax: (525)606 9724

Contact: Lic. Rafael Almada, General Director

Mexican association of wine producers.

Asociacion de Importadores y Representantes de Alimentos y Bebidas, A.C. (Association of Importers and Representatives of Food Products and Beverages)

Tuxpan 41-202

06760 Mexico, D.F.

Mexico

Tel: (011)(525) 584-2609, 564-2770; Fax: (525)564-5341

Contact: Lic. Jesus Alarcon, Manager

Trade associatoin of wine and food importers/representatives.

Camara Nacional de la Industria de la Transformacion-Canacindra (National Chamber of Manufacturing Industries)

San Antonio 256; Col. Ampliacion Napoles

03849 Mexico, D.F.

Mexico

Tel: (011)(525)563 - 3400; Fax: (525)598-9467

An umbrella chamber which represents all types of manufacturing industries, including alcoholic beverages.

Asociacion Nacional de Fabricantes de Cerveza (National Association of Beer Producers)

Av. Horacio 1556; Col. Chapultepec Morales

11570 Mexico, D.F.
Mexico
Tel: (011)(525)280- 9850; Fax: (525)280- 0201
Contact: Lic. Arturo Guerrero Alvarado, Manager
Mexican association of beer producers.

Retail Sector:

Auchan S.A. de C.V.

Miguel Angel de Quevedo No. 443; Col. Romero de Terreros
04310 Mexico, D.F.
Mexico
Tel: (011)(525) 422-0301, 422-0300 ext. 114; Fax: (525) 422-0345
Contact: Gabriel Rojas, Purchasing Manager for Alcoholic Beverages

Aurrera, S.A. de C.V.

Av. Universidad 936-A
03310 Mexico D.F.
Mexico
Tel: (011)(525) 420-0311; Fax: (525)420-0354
Contact: Javier Miranda, Purchasing Manager for Alcoholic Beverages

Cadena Comercial OXXO, S.A. de C.V.

Edison 1253 Norte; Col. Talleres
64480 Monterrey, N.L
Mexico
Tel: (011)(528)3892121; Fax: (528)3337030

Carrefour-Grandes Superficies de Mexico, S.A. de C.V.

Av. Pte. Mazarik 216-2; Col. Polanco
Mexico D.F. 11579
Mexico
Tel: (011)(525)2832900; Fax: (525)2832926, Martfdeza htmil.com
Contact: Sr. Javier Lanes

Casa Ley, S.A. de C.V.

Carr. Int. Nte. Deportiva Km. 1434
Humaya
80020 Culiacan, Sinaloa
Mexico
Tel: (011)(567)591000; Fax: (567)505010

Club Aurrera, S.A. de C.V. (Sam's Club)

Av. Ejercito Nacional 559
11520 Mexico D.F.
Mexico
Tel: (011)(525) 325-0915; Fax: (525)326-0961

Contact: Rafael Olmos, Purchasing Manager for Alcoholic Beverages

Gigante, S.A. de C.V.

Av. Ejercito Nacional 769-A

11520, Mexico D.F.

Mexico

Tel: (011)(525) 724-8000; Fax: (525)724-8365, 7248365

<http://www.telbip.com.mex>

Contact: Adolfo Venegas, Purchasing Manager for Alcoholic Beverages

Jetro

Galileo 55; Col. Chapultepec Polanco

11560, Mexico, D.F.

Mexico

Tel: (011)(525)2810006, (525)2821578; Fax: (525)2810798

Nueva Wal Mart, S.A. de C.V.

Av. Nextengo 78; Santa Cruz Acayucan

Mexico, D.F. 02770

Mexico

Tel: (011)(525) 327-9311; Fax: (525)723-7574, 371-9901; walmart.com

Contact: Jorge Hernandez, Purchasing Manager for Alcoholic Beverages

Operadora de Comercial Mexicana

Fdo. de Alva Ixtixochitl 27, Col. Obrera

06800 Mexico D.F.

Tel: (011)(525)7237111, 723 7461; Fax: (525)723-7574, 7237495,

www.comercialmexicana.com.mex

Organización Soriana, S.A. de C.V.

Alejandro de Rodas 3102-A; Cumbres Sector 8

64610 Monterrey, N.L.

Mexico

Tel: (011)(528)3299000; Fax: (528)3299180, Jcortezasoriana.com.mex

Seven-Eleven Mexico, S. A. de C.V.

Av. Munich 195-B; Col. Cuauhtemoc

66450 San. Nicolas de los Garza, Monterrey, N.L.

Mexico

Tel: (011)(528)3721572; Fax: (528)3762171

Tiendas Chedraui, S.A. de C.V.

Priv. Antonio Chedraui Caram S/N; Encinal

91180 Xalapa, Veracruz

Mexico

Tel: (011)(528)144700; Fax: (528)144806

Tiendas de Conveniencia Primher 12+12 Serviplus

Roma 1; Col. Juarez

06600 Mexico, D.F.

Mexico

Tel: (011)(525)5660053; Fax: (525)5660164

Asociacion Nacional de Tiendas de Autoservicio y Departamentales-ANTAD (National Association of Retail and Department Stores)

Horacio 1855-6; Col. Polanco

Mexico D.F. 11560

Mexico

Tel: (011)(525)5801772, (525) 5800641; Fax: (525)3952610

www.antad.org.mx

Contact: Efren Casas

Distributors:

Antonio Fernandez y Compañía, S.A. de C.V.

Av. 1 de Mayo #190

54030 Tlanepantla, Edo. Mex.

Mexico

Tel: (011)(525) 565 7100, 5657104; Fax: (525) 5633105

Contact: Sr. Juan Hector Pedraza, General Director

Bacardi y Compañía, S.A. de C.V.

Autopista Mexico Queretaro No. 4431; Col. San Antonio Tultitlan

54900 Tultitlan, Edo. Mex.

Mexico

Tel: (011)(525) 899-0900; Fax: (525) 899-0999

Contact: Lic. Carlos M. Martinez, Marketing Vicepresident

Bodegas de Santo Tomas, S.A. de C.V.

Av. Miramar No. 666; Col. Centro

22800 Ensenada, B.C.

Mexico

Tel: (011)(52)6178-2509, 8-3333, 4-0652; Fax: (52) 617 8-3671

Contact: Mr. Hugo E. D'Acosta Lopez, General Director

Bodega La Negrita, S.A. de C.V.

Lago Hielmar 78

11320 Mexico, D.F.

Mexico

Tel: (011)(525)250 4855; 5250-4037; Fax: (525)203-9992

Contact: Eduardo Rodriguez, General Director

Importer and distributor of wines, liquors and canned products.

Calidad en Vinos Importados

Pitagoras 578
Mexico D.F. 03020
Tel: (011)(525) 543-4255; Fax: (525)687-3457
Contact: Francisco Pulido, Sales Manager
Importer and distributor of wines.

Casa Cuervo, S.A. de C.V.
Rio Churubusco No. 213; Col. Granjas Mexico
08400 Mexico, D.F.
Mexico
Tel: (011)(525) 625-4400; Fax: (525) 625-4408
Contact: Lic. Rogelio Renzoli, Marketing Manager

Casa Madero, S.A.
Emilio Carranza 732 Sur, Piso 8
64000 Monterrey, N.L.
Mexico
Tel: (011)(528) 345 5095; Fax: (528)343-5002
Contact: Jose Milmo Garza, General Director
Producer of wines and liquors; importer and distributor of table wines.

Casa Pedro Domecq, S.A. de C.V.
Av. Mexico No. 151; Col. Coyoacan
04100 Mexico, D.F.
Mexico
Tel: (011)(525) 325-9292; Fax: (525) 554-4432
Contact: Lic. Jaime Costa Lavin, General Director

Cancun Vinos y Licores
Calle Uaxacatun 22
Manzana 5, lote 28
77515 Cancun, Q.R.
Mexico
Tel/Fax: (011)(5298) 86-5888
Liquors distributor.

Coframex S.A. de C.V.
Gob. Rafael Rebollar No.: 67 Col.San Miguel Chapultepec
11850, Mexico D.F.
Mexico
Tel:(011)(525) 273-9203 Fax: 5273-6683
Francisco Domenech, Director

Comercial en Vinos y Abarrotes de Tula, S.A. (COVATSA)
Allende 4
42800 Tula, Hidalgo

Mexico

Tel: (011)(52773) 20314, 20379, 22665; Fax: (52773)23926

Contact: Lic. Jose Guadalupe Garrido, General Manager

Importer and distributor of wines and liquors.

Compañía Destiladora, S.A. de C.V.

Plaza de San Lazaro 21

15100, Mexico D.F.

Mexico

Tel: (011)(525)522-2510; Fax: 5522-3203; 55225639

Contact: Marcial Ibarra Faz, Manager

Manufacturer, importer and distributor of wines and liquors.

Compañía Mexicana Importadora y Exportadora, S.A. de C.V.

Reynolds Aluminio 39

54080 Tlalnepantla, Edo. Mexico

Tel: (011)(525) 3613149; 3620524; Fax: (525)361-0524

Contact: Lic. Jose Luis Zaid, General Manager

Trading company: importer of beers, wines and other food products.

Comercializadora de Vinos, Licores y Cervezas

SM 73 Manzana 5, Lote 101

77515 Cancun, Q.R.

Mexico

Tel/Fax: (011)(5298) 883940; e-mail: cabican@qrool.telemex.net.mx

Contact: Ricardo Perez

Liquors distributor.

Charcuterías, S.A. de C.V.

Av. Universidad No. 1894; Col. Oxtopulco

04310 Mexico, D.F.

Mexico

Tel: (011)(525) 658-7776, 658-1541; Fax: (525) 554-2926

Contact: C.P. Pedro Contreras, Commercial Director

Compañía Destiladora, S.A. de C.V.

Plaza San Lazaro No. 21; Col. Centro

15100 Mexico, D.F.

Mexico

Tel: (011)(525) 522-2328, 522-0528, 522-2510; Fax: (525) 522-3203

Contact: Lic. Omar Treviño Llaguno, Director for Exports and Imports

Compañía Vinícola de Aguascalientes, S.A. de C.V.

Km. 543 Carr. Internacional Mexico-Juarez

20320 Aguascalientes, Ags.

Mexico

Tel: (011)(5249) 73-0370, 73-0375; Fax: (5249) 73-0380
Contact: Lic. Samir Manzur Nuñez, General Director

Distribuidora Dolgo, S.A. de C.V.

Indiana No. 52; Col. Napoles
03810 Mexico, D.F.
Mexico
Tel: (011)(525) 536-2530; Fax: (525) 682-1872
Contact: Ing. Jose Luis Rodriguez, General Director

Distribuidora Lastra Mexicana, S.A. de C.V.

Km. 17 Carr. Cancun-Toluc, Bodega 83
77500 Cancun, Q.R.
Mexico
Tel: (011) (5298) 86 2086; Fax: (5298) 862076
Contact: Kurt Crim
Liquors distributor.

E & J Gallo Winery

Pitagoras 737 Col. Del Valle
03020 Mexico, D.F.
Mexico
Tel:(011)(525)687-1966; Fax: (525) 543-9875
Contact: Hector Melendez, Sales Manager

Exclusivas Benet, S.A. de C.V.

Ixnahualtongo 96
15820 Mexico, D.F.
Mexico
Tel: (011)(525) 552-7477; Fax: (525) 552-8421
Contact: Ramon Benet Marsa, President
Importer and distributor of wines and liquors.

Ferrer y Asociados S.A. de C.V.

Laguna de Terminos N0. 66; Col. Anahuac
11320 Mexico, D.F.
Mexico
Tel: (011)(525) 203-6611 Fax: (525) 203-8886
Mark Bourelli, Richard Clair

La Madrileña, S.A. de C.V.

Arroz 506
03300 Mexico, D.F.
Mexico
Tel: (011)(525) 670 5599, 581 6355; Fax: (525) 670 0034, 581 1326
Contact: Luis Arturo Aguinaga, Sales Manager

Importer and distributor of wines.

La Puerta del Sol, S.A. de C.V.

Alhambra 506

03300 Mexico, D.F.

Mexico

Tel: (011)(525) 532-3171, 532-1619, 532-1552; Fax: (525) 532-4344

Contact: Avelino Soberon Pascual, General Director

Importer and distributor of wines, liquors and other food products.

La Naval, S.A. de C.V.

Insurgentes Sur No. 373; Col. Hipodromo Condesa

06100 Mexico, D.F.

Tel: (011)(525) 584-3411, 564-4026; Fax: (525) 564-9320

Contact: Mr. Juan Otegui Gutierrez, General Director

La Valenciana, S.A. de C.V.

Manuel Payno No. 100; Col. Obrera

06800 Mexico, D.F.

Mexico

Tel: (011)(525) 740-1222, 740-4588, 740-1184; Fax: (525) 740-1496

Contact: Lic. Joaquin Carreño, Director

Luga Monterrey, S.A. de C.V.

Privada Constituyentes del 57 -116

64260 Monterrey, N.L.

Mexico

Tel: (011)(528) 331-0721; 351-7870

Contact: Felipe Orduña Lara, Sales Manager

Importer and distributor of wines.

Mercury International Corporation

347 North Oak Street

Inglewood CA 90302 (Mexico office is in Merida)

Tel:(310) 412-1331; Fax: (310) 412-0142

Represents various boutique California wineries

Meyerick S.A. de C.V.

Almirano No. 58-A ; Col. San Rafael

06470 Mexico, D.F.

Mexico

Tel: (011) (525) 591-0761; (525) 591-0761

Contact: John Meyer, President

Palm Bay Importers

Angel Urraza 311

Mexico, D.F.
Mexico
Tel/Fax: (011)(525) 523 2134, 523 2295
Contact: Eduardo Gomez, Commercial Director
Importer and distributor of California wines.

Preci, S.A. de C.V.
Ingenieros Militares 38
53390, Mexico D.F.
Mexico
Tel: (011)(525) 557 7822, 395-0978; Fax: (525)557-9235, 395-1185
Contact: Maurice Jacquemin, Director Wines Department
Importer and distributor of wines.

Productos de Uva, S.A. de C.V.
Antonio M. Rivera No. 25; Col. Industrial San Nicolas
54030 Tlalnepantla, Edo. Mex.
Mexico
Tel: (011)(525) 390-0506, 390-0277; Fax: (525) 565-2526
Contact: Lic. Enrique Zertuche, Marketing Director

Seagram's de Mexico, S.A. de C.V.
Gov. Reyes Veramendi No. 6; Col. San Miguel Chapultepec
11850 Mexico, D.F.
Mexico
Tel: (011)(525) 278-0200; Fax: (525) 272-7852
Contact: Lic. Jesus Navarijo, Commercial Director

Sismart Servicio Institucional Martinez, S.A. de C.V.
Calz. De la Viga 1214
Mexico, D.F. 09430
Mexico
Tel: (011)(525)784 7752, 784 1263; Fax: (525) 785-5924
Contact: Lic. Pablo Martinez Gama, General Manager
Importer and distributor for Buena Vista Winery.

Sismart Food Service S.A. de C.V.
Priv. de Gobernacion No. 15; Col. Federal
15700 Mexico,D.F.
Mexico
Tel: (011) (525) 784-1263; Fax: (525) 785-5924
Contact: Jose Carlos Velazquez

Tequila Cuervo La Roje a, S.A. de C.V.
Circunvalacion Sur No. 44-A; Col. Las Fuentes
45080 Zapopan, Jal.

Mexico

Tel: (011)(523) 631-3091; Fax: (523) 634-8893

Contact: Ing. Enrique Legorreta Peyton, General Director

Tequila Herradura, S.A. de C.V.

16 de Septiembre No. 635; Sector Juarez

44180 Guadalajara, Jal.

Mexico

Tel: (011)(523) 613-1698, 614-6917; Fax: (523) 614-0175

Contact: Lic. Ramon Valdez Gonzalez, Commercial Director

Tequila Sauza, S.A. de C.V.

Av. Vallarta No. 3273; Sector Juarez

44100 Guadalajara, Jal.

Mexico

Tel: (011)(523) 679-0600, 679-0670; Fax: (523) 679-0691

Contact: Lic. Jorge Camacho Ornelas, General Director

United Distillers de Mexico, S.A. de C.V.

Sinaloa No. 237; Col. Roma

06700 Mexico, D.F.

Mexico

Tel: (011)(525) 256-2885; Fax: (525) 553-8524

Contact: Alejandro de los Rios, Marketing Director

Usero Puig y Compañía, S.A. de C.V.

Paris No. 255; Col. del Carmen Coyoacan

04100 Mexico, D.F.

Mexico

Tel: (011)(525) 659-6131; Fax: (525) 554-2874

Contact: Mr. Ismael Ochoa Castillo, General Director

Vinos, Licores y Ultramarinos Marybety, S.A. de C.V.

Calzada del Campesino 1195

44110 Guadalajara, Jal.

Mexico

Tel: (011)(523) 650 2550, 650 2551, 650-2552; Fax: (523)650-2250

Contact: Eduardo Ibarra Herrera, General Manager

Distributors of wines.

Vininter, S.A. de C.V.

Vicente Eugia 9

11850, Mexico. D.F.

Mexico

Tel: (011)(525)273-7714, 515-3142; Fax: (525)272-6009, 202-9435

Contact: Alessandro Picone

Importer of wines, pasta, olive oil and gourmet foods.

Vinoteca, S.A.

Av. San Francisco 95

53566, Naucalpan Edo. De Mexico

Mexico

Tel: (011)(525) 576-6900; Fax: (525)359-1113;

e-mail:emorales@mail.internet.com.mx

Contact: Eduardo Morales, General Director