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**Report Highlights:**

Exports from the United States of agricultural and related products to Mexico totaled \$20 billion in 2019. Mexico is still one of the largest and most consistent markets for U.S. agricultural products. With the geographical advantage of a long land border and a new Foreign Trade Agreement that has eliminated duties on all agricultural and food products, Mexico is a natural market for U.S. exporters.

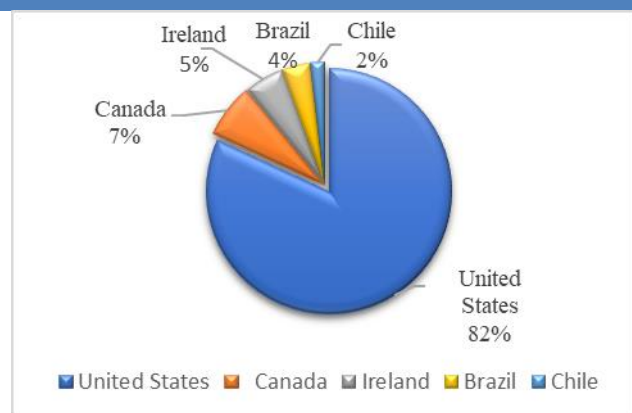
## Market Fact Sheet Mexico

### Executive Summary

Mexico is the 15th largest economy in the world and the second largest economy in Latin America. Mexico saw no economic growth in 2019 in part due to budget cuts and the expansion of social programs. The average exchange rate was \$19.21 MXP.

Mexico's top trading partner is by far the United States; 2019 U.S. imports of Mexican goods represented 79 percent of all Mexican exports and provided Mexico with 91 percent of its total imports.

### Imports of Agricultural and Related Products



Source: Trade Data Monitor- BICO USDA Imports of Agricultural and Related Products 2019

### oHRI Industry

Major hospitality multinationals as well as local companies will continue to expand throughout Mexico, launching more sustainable and practical formats to capture new visitors (international and locals). During 2019 the number of international visitors increased to 44.7 million with an average expenditure of \$496.26 USD

### Retail Industry

The National Retailers and Department Stores Associations (ANTAD) reported that retail in Mexico comprises 3,263 supermarkets, 2,467 department stores, and 56,389 specialized stores. Traditional trade remains important due to its convenience and long-standing tradition. Retail is adopting an omnichannel strategy to maximize the consumer experience and improve their services at different points of sales.

### Food Processing Industry

The food processing industry in Mexico is the 9th most important in the world and the 3<sup>rd</sup> most important in Latin America after United States and Brazil. According to INEGI, there are 187,347 economic units including offices, manufacturing plants and distribution centers under an industry classification of "food and beverage manufacturing and processing." The food industry employs more than 800,000 workers.

#### Top 10 HRI Players

1. Intercontinental Hotel Group
2. Marriott International
3. Hyatt Group
4. Hilton Hotels & Resorts
5. NH Hotels
6. Hoteles Misión
7. Grupo Posadas
8. City Express Hotels
9. Hotel One
10. Boutique Hotels (Independent)

#### Top 10 Retail Players

1. Walmart
2. Oxxo
3. Soriana
4. Chedraui
5. Comercial Mexicana
6. HEB
7. Calimax
8. Casa Ley
9. Superama
10. Seven Eleven

#### Food and Beverage Trends in Mexico 2019

Mexicans are becoming conscious about their health and are now more curious about what is behind the brand, product and brand history, and processing methods. Indulge is also important, creating opportunities for snacks and alcoholic beverages.

#### GDP/Population

Population: 127.5 million  
 GDP: \$1.2 trillion (2019)  
 GDP Real Growth: -0.1% (2019)

Sources: Global Trade Atlas, Euromonitor, World Bank

#### **CONTACT**

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## **Report Highlights**

Exports from the United States of agricultural and related products to Mexico totaled \$20 billion in 2019. Mexico is still one of the largest and most consistent markets for U.S. agricultural products. With the geographical advantage of a long land border and a new Foreign Trade Agreement that has eliminated duties on all agricultural and food products, Mexico is a natural market for U.S. exporters.

## **Executive Summary**

*This report is for informational purposes only to assist exporters of U.S. food and agricultural products in their sales and promotional efforts in Mexico. U.S. exporters should take normal commercial precautions when dealing with any potential business contract, including checking references.*

## **SECTION I. MARKET OVERVIEW**

Mexico is the 15th largest economy in the world and the second in Latin America, representing one of the most important consumer markets in the world for U.S. products. Overall, Mexico's top trading partner is by far the United States. In 2019, U.S. imports of Mexican goods represented 79 percent of all Mexican exports and provides Mexico with 91 percent of its total imports. Since NAFTA implementation in 1993 until 2017<sup>1</sup> the total bilateral trade increased from 88.3 billion to 522.2 billion.

In 2019, Mexico suffered an economic contraction with a GDP of 0.1 percent, impacted by several budget cuts, the expansion of social programs, and the cancellation of important infrastructure projects that caused investment uncertainty. Factors that prevented a critical slowdown were private consumption and remittances. The average exchange rate was 19.21 MXP per USD.

Mexico ranks as the 11th most populous country with a population of 127 million inhabitants. Most of its population is young with a median age of 27. Seventy-nine percent of its population lives in urban areas. Ten percent of the population is considered wealthy, 43 percent middle class and 44 percent lives in poverty.

Mexicans have an average monthly income of \$872 according to the 2018 National Household Income and Expenditure Survey<sup>2</sup>. With monthly expenses of \$787, this leaves only \$40 for saving. The main source of income is work, followed by wire transfers (including social programs and remittances), housing rental, property leasing, side jobs. Food and beverages represent 35 percent of the household expenses, followed by 20 percent transportation and communications.

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<sup>1</sup> Latest available data. Source: Mexico Ministry of Economy <https://www.gob.mx/se/prensa/tlcan-inicia-el-ano-26-de-su-entrada-en-vigor>

<sup>2</sup> The National Household Income and Expenditure Survey is conducted by INEGI and it is updated every other year. The results for 2020 have not been released at the moment of editing this report.

Mexican consumers tend to be very family-oriented, and this shows up in their consumption habits. The opinion and approval of family members is important in purchasing decisions. Housewives are generally in charge of selecting and buying groceries based on family needs and preferences. Children are an important part of the decision-making process, and they are considered an important target for companies. “Millennials” are also company targets as they demand more information about products such as the brand history and production process.

Advantages and Challenges for U.S. Exporters in Mexico

Advantages	Challenges
<ul style="list-style-type: none"> <li>• The United States and Mexico are highly integrated economies and Mexicans are familiar with U.S. business practices.</li> <li>• The proximity of Mexico to the United States, cross-cultural awareness and strong bilateral relationships throughout the public and private sectors facilitate trade.</li> <li>• The new USMCA Trade Agreement will provide better market access as several terms were updated in terms of customs operations, intellectual property, and anti-corruption measures.</li> <li>• Import procedures are becoming more standardized.</li> <li>• Extensive presence of U.S. industry representatives facilitates the identification of trade opportunities.</li> <li>• Mexican consumers recognize U.S. brands and labels and associate them with high consistent quality and value.</li> <li>• Population in urban centers is growing and the rate of employment among women is continuing to grow which creates opportunities for pre-cut vegetables, ready to cook products, and ready to eat products.</li> <li>• Major retailers are developing increasingly sophisticated distribution systems, which will provide more space and better cold chain technology for high value imports.</li> <li>• Local investment from restaurant chains continues to grow. Increasing number of fast-food restaurants and</li> </ul>	<ul style="list-style-type: none"> <li>• Violence and crime associated with illicit drugs have a negative economic impact and discourage some U.S. exporters from visiting Mexico.</li> <li>• Mexican consumers are price sensitive; imported products in general are higher in price. Exchange rate fluctuations have generally made U.S. products more expensive.</li> <li>• Transportation and distribution methods inside Mexico are undeveloped in many regions.</li> <li>• Technical barriers and labeling requirements can cause border crossings problems and delays as Mexican import regulations can change rapidly and without notice.</li> <li>• Mexico is the country with the most free trade agreements in Latin America, opening the door to many third-country competitors.</li> <li>• Mexican retailers are demanding more locally delivered products, with local servicing and attention.</li> <li>• Lower end, smaller supermarkets, and convenience stores are the fastest growing segments in retail, which are not primary locations for imported U.S. products.</li> <li>• Local producers and food processors are rising to the challenge of producing quality goods with an increase in variety, learning and adapting to consumer demands.</li> <li>• Mexico exports large volumes of organic produce, offering direct</li> </ul>

<p>casual dining restaurants mainly from the United States.</p> <ul style="list-style-type: none"> <li>• Continued growth in almost all the processed food industry in Mexico, will increase the need for inputs.</li> <li>• Greater knowledge about organic and specialized products is opening new product opportunities at retail level; likewise, increase awareness of obesity issues is creating greater demand for healthier products.</li> </ul>	<p>competition to American organic producers.</p> <ul style="list-style-type: none"> <li>• U.S. business sometimes are not familiar with Mexican business culture.</li> </ul>
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**SECTION II. EXPORTER BUSINESS TIPS**

**Business Culture**

Personal relationships are essential to Mexican business relationships. Mexicans attach great importance to courtesy in all business endeavors. 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.

It is important to visit your potential clients in Mexico. If a current or potential 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.

For more information regarding business culture in Mexico, please visit the U.S. Department of Commerce - Country Commercial Guide with a detailed chapter on Business Culture at the following [link](#).

**Entering the Mexican Market**

U.S. 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. For a deeper look, refer to our [video series](#) that walks through some of the different components involved in entering the market.

**Recommendations**

- Carry out market research, not only in terms of typical market research, but also in finding appropriate business contacts and thoroughly reviewing Mexican import regulations in order to successfully seize market opportunities and overcome market challenges.

- Participate in and/or attend Mexican trade shows, particularly U.S. pavilions organized at selected shows. A list of main trade shows in Mexico is available in Section VI of this report. A trade show can serve to contact local distributors/sales agents, buyers and businessmen, and to become familiar 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. Another option is state/regionally organized trade missions.
- If no trade shows are of interest, plan a preliminary visit to talk to buyers, retailers, distributors and other players in order to prepare a more effective entry strategy.
- Investigate if you will be able to adapt your product to local preferences, if required; prepare product information/promotional material in Spanish and assign specific budget to promote your product locally.
- Carry out background checks before entering into contractual agreements with potential importers.

### SECTION III. IMPORT FOOD STANDARDS AND REGULATIONS

In recent decades, Mexico has become a very pro-trade country. Mexico currently has trade agreements with over forty countries, providing varying levels of market access. Since the implementation of NAFTA in 1994, tariffs on U.S. agricultural and food products were gradually eliminated. On May 17, 2019 the United States reached an agreement between Canada and Mexico to remove Section 232 tariffs for steel and aluminum imports from those countries and for the removal of all retaliatory tariffs imposed on American goods by those countries, which affected some U.S. agricultural products. Any retaliation by Canada and Mexico would then be limited to steel and aluminum products.

Information on import regulations, customs procedures, and other requirements for exporting to the Mexican market are detailed in our annual Food and Agricultural Import Regulations and Standards Report (FAIRS). Please review the latest edition, available at our Global Agricultural Information Network: <https://www.fas.usda.gov/data/mexico-fairs-country-report-6>

### SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

#### **Market Trends**

1. Traditional retail sales are changing rapidly due to expansion, consolidation, mergers, and acquisitions.
2. Mexican consumers are aware of what is happening globally thanks to social media and look for same products at their local stores.
3. Women in the labor force spend their incomes mainly to support the household. They seek products that ease their domestic chores and frequent stores in convenient locations near to their work or home.
4. Mexicans are loyal to brands and buy them even if the price is slightly higher. This is mainly for products that are part of their daily life, such as sodas. Even if taxes on sweetened beverages are high, Mexican consumer still buy them.
5. Retail expansion in rural and small communities is creating new markets for consumer products. Restaurants and entertainment services are also opening smaller formats in small communities. Urban areas are increasingly adopting e-commerce. Grocery and food delivery apps are gaining popularity.

6. Mexico has concerns on obesity and cardiovascular diseases. The labeling regulations for food and beverage products attempt to discourage calorie intake, mainly of sugar and trans fats. Due to such regulations, manufacturers are reformulating and resizing products.
7. The young population is including more consumption into their lifestyles. Highly influenced by social media, they are looking for new and different products. Growing categories for this target are craft beers, snacks, fast-food restaurants, and casual-dining restaurants.
8. Mexicans like to indulge themselves with premium products. As well, the *nostalgia* marketing is driving mid-age adults to buy products that remind them of their childhood and teenage days. Products from the 80s and 90s are coming back, even local fast-food chains. Premium products are mainly for special occasions such as holidays or important celebrations, where extra money is spent on wine and spirits, gourmet, or delicacies.
9. Food processors are increasing their offerings of health and wellness packaged foods, such as breakfast cereals, processed fruits and vegetables, and yogurt.
10. Safer packaging options allow children to handle products on their own, and smaller packaging options geared towards younger consumers as well as less affluent consumers are becoming more prevalent. Prepared or ready-to-eat meal substitutes and products with easy preparation, such as microwavable products, are also growing.

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

The National Retailers and Department Stores Associations (ANTAD) reported that retail in Mexico comprises 3,263 supermarkets, 2,467 department stores and 56,389 specialized stores. Traditional Trade (public markets, mom & pops, wet markets) remain important in Mexico due to its convenience and tradition, mainly for the middle and low-income population.

Retail (supermarkets, price clubs, convenience stores) adopted an omnichannel strategy to maximize the consumer experience and improve their services at different points of sale. It is common in Mexico to find physical stores and digital platforms. Mexico's main retail chains are *Walmart*, *Soriana*, *Chedraui* and *Grupo La Comer*. Regional supermarket chains play an important role as well, such as *Casa Ley* (Pacific Coast), *Merza* (Central), *Calimax* (Baja), *Alsuper*, (Northeast), and *HEB* (Northeast and Central), among other.

For a more specific and thorough analysis of the Mexican retail sector, please review our latest [Retail Foods GAIN Report](#)

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

Tourism in Mexico is one of the main macroeconomic activities, contributing 8.7 percent to overall GDP. It is also one of the major sources of employment. In 2019, 45 million international visitors traveled to Mexico, representing an 8.9 percent growth in comparison to 2018. Data from SECTUR (Mexico Ministry of Tourism) reflected a slight increase in average expenditure in 2019 of \$496.26 from \$490 in 2018.

Industry key players are Alsea, who operates 18 casual dining brands, followed by FEMSA-OXXO with 19,558 convenience stores where fast foods are sold. CMR operates 12 brands casual eating and one signature dining. According to INEGI there are a total of 500,000 establishments that prepare foods and beverages. Micro and small enterprises make up 96 percent of the restaurant industry in Mexico. Independent operators are moving to virtual restaurants and offering its services via delivery apps, which are increasing its value in the market, offering conveniences to place orders and online payments.

U.S. suppliers continue to enjoy favorable market conditions as American restaurants and hotel chains expand operations in Mexico. U.S. products dominate imports, with the main competition coming from local firms. Please refer to our [Food Service - Hotel, Restaurant, Institutional GAIN Report](#) that will guide you in how to access this industry.

### C. Food Processing Sector

The food processing industry in Mexico is the 9th most important, and it's the 3<sup>rd</sup> most important in Latin America after United States and Brazil. According to INEGI, there are 187,347 economic units including offices, manufacturing plants and distribution centers under an industry classification of "food and beverage manufacturing and processing." The food industry employs more than 800,000 workers.

Since a new class of Mexican consumers is demanding products that are healthy, convenient, and innovative, food processors are adjusting to seek innovative inputs or, in some cases, establish business relationships with foreign food processors in order to exchange technological innovation for their knowledge of the market. Although the majority of the food processing sector in Mexico is dominated by multinational (both domestic and foreign) corporations, there is a large and growing opportunity for small to medium companies to participate in this industry.

A more complete and exhaustive analysis of the food processing sector is available in our [Food Processing GAIN Report](#)

#### BEST HIGH VALUE PRODUCT PROSPECTS

In 2019, the top ten consumer-oriented products exported by the United States to Mexico were:

#	Product	2019 exports (in million USD)
1	Dairy products	1,545.6
2	Pork & pork products	1,278.4
3	Beef & beef products	1,106.6
4	Poultry meat & products (ex. Eggs)	1,076.8
5	Fresh fruit	610.2
6	Processed vegetables	296.8



<b>7</b>	Fresh vegetables	193.3
<b>8</b>	Eggs & Products	181.4
<b>9</b>	Processed Fruits	134.5
<b>10</b>	Meat products NESOI	84.4

Source: GATS/ U.S. Exports of Agricultural and Related Products to Mexico. CY 2013-2019

## SECTION V. AGRICULTURAL AND FOOD IMPORTS

Table A. Key Trade & Demographic Information

Agricultural imports from all countries / U.S. market share <sup>1/</sup>	\$23.5 billion / 68.8%
Total population / Annual growth rate <sup>2/</sup>	127.5 millions /1.09%
Urban population <sup>2/</sup>	102.6 million
Number of major metropolitan areas (> 1 million inhabitants) <sup>2/</sup>	12
Per Capita Gross Domestic Product <sup>2/</sup>	\$9,863.07
Unemployment rate <sup>2/</sup>	3.48%
Percentage of Food Expenditures from total income <sup>3/</sup>	35.3%
Female population employed <sup>4/</sup>	17,9 million
Exchange rate <sup>5/</sup>	US\$ 1.00 = 19.2

1/ Source: Trade Data Monitor

2/ Source: World Bank

3/ Source: INEGI, National Household Income and Expenditure 2018 Survey

4/ Source: INEGI, Phone Survey of Employment and Occupation May 2020

5/ Source: Mexico Central Bank

Table B. Mexico, Top 15 Suppliers of Agricultural and Related Products (value in USD)

Partner Country	United States Dollars			% Share		
	2017	2018	2019	2017	2018	2019
World	\$30,325,860,647	\$31,656,974,929	\$31,968,826,975	100.00	100.00	100.00
United States	\$19,790,417,583	\$20,641,251,145	\$20,841,972,508	65.26	65.2	65.2
Canada	\$1,859,355,855	\$1,969,409,360	\$1,833,341,904	6.13	6.22	5.74
Ireland	\$1,260,957,279	\$1,306,055,472	\$1,311,817,022	4.16	4.13	4.1
Brazil	\$785,756,377	\$768,855,436	\$1,172,430,018	2.59	2.43	3.67
Chile	\$738,162,154	\$764,986,771	\$768,086,829	2.43	2.42	2.4
China	\$688,728,699	\$819,221,267	\$748,283,970	2.27	2.59	2.34
Spain	\$489,147,851	\$479,452,529	\$500,279,472	1.61	1.52	1.57
New Zealand	\$305,095,451	\$240,086,191	\$350,016,753	1.01	0.76	1.1
Guatemala	\$353,052,505	\$317,692,253	\$305,279,762	1.16	1	0.96
Uruguay	\$272,906,961	\$270,069,965	\$266,768,892	0.9	0.85	0.83
Netherlands	\$217,325,291	\$258,848,655	\$253,439,407	0.72	0.82	0.79
France	\$194,839,481	\$217,948,186	\$245,543,577	0.64	0.69	0.77

Germany	\$215,131,919	\$234,638,724	\$241,304,960	0.71	0.74	0.76
United Kingdom	\$227,614,035	\$225,080,752	\$240,785,130	0.75	0.71	0.75
Peru	\$133,025,471	\$170,406,959	\$200,631,564	0.44	0.54	0.63

Source: Trade Data Monitor

For additional information on U.S. agricultural and related product exports to Mexico, including reports on exports in each main product category, please visit the Global Agricultural Trade System at: <https://apps.fas.usda.gov/gats/default.aspx>.

## SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

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

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## MAIN TRADE SHOWS IN MEXICO

Trade Show	Description	Website
Expo ANTAD	Trade show organized by the National Retailers and Department Stores Association. Takes place annually in Guadalajara.	<a href="#">Expo ANTAD</a>
ABASTUR	Hospitality industry trade show. Takes place annually in Mexico City.	<a href="#">ABASTUR</a>
Exphotel	Hospitality industry trade show. Takes place annually in Cancun.	<a href="#">Exphotel</a>
Expo Restaurantes	Restaurants and restaurant suppliers trade show. Takes place annually in Mexico City.	<a href="#">Expo Restaurantes</a>
Confitexpo	Confectionary industry tradeshow. Takes place annually in Guadalajara.	<a href="#">Confitexpo</a>
Mexipan	Bakery industry trade show. Takes place every other year in Mexico City.	<a href="#">Mexipan</a>
Expo Café	Trade show related to coffee and coffee shops suppliers. The show has two editions per year one in Guadalajara and the second one in Mexico City.	<a href="#">Expo Cafe</a>
Gourmet Show	Trade show related to gourmet products, including new categories like vegan, organic, wines and spirits and chocolate products.	<a href="#">Gourmet Show</a>
Expo Cerveza Mexico	Craft beer trade show. Takes place annually in Mexico City.	<a href="#">Cerveza Mexico</a>
Agro Baja	Agricultural and Fishery exhibition. Takes place annually in Mexicali.	<a href="#">Agro Baja</a>
Food Tech Summit	Food ingredients and food additives trade show. Takes place annually in Mexico City.	<a href="#">Food Tech Summit</a>
Feria Internacional del Helado	Ice-cream manufacturers and ingredients trade show. The tradeshow has 2 editions one in Guadalajara and one in Mexico City.	<a href="#">Feria del Helado</a>
Expo Carnes y Lacteos	Beef, Pork, Poultry meat and dairy trade show. The event takes place annually in Monterrey.	<a href="#">Expo Carnes</a>

## ADDITIONAL INFORMATION

**FAS/ Mexico Web Site:** We are available at: <http://www.mexico-usda.com.mx/> or visit the FAS headquarters' home page at: <http://www.fas.usda.gov> for a complete selection of FAS worldwide agricultural reporting.

**Useful Mexican Web Sites:** Mexico's equivalent to the U.S. Department of Agriculture (SADER) can be found at <https://www.gob.mx/agricultura> and Mexico's equivalent to the U.S. Department of Commerce (SE) can be found at <https://www.gob.mx/se> These websites are mentioned for the readers' convenience, but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.

### **Attachments:**

No Attachments