

Required Report: Required - Public Distribution

Date: March 27, 2024

Report Number: MX2024-0016

Report Name: Food Processing Ingredients Annual

Country: Mexico

Post: Mexico City ATO

Report Category: Food Processing Ingredients

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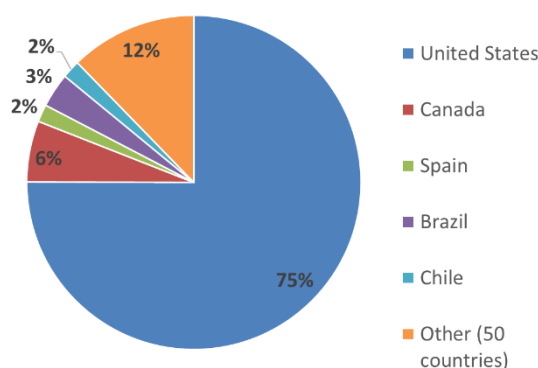
Approved By: Jonn Slette

Report Highlights:

In 2023, Mexico imported \$51 billion of food ingredient products, of which 63 percent were sourced from the United States. Mexico's food processing industry is the second largest in Latin America, behind Brazil, making Mexico a top destination for U.S. food ingredients. Processed meat, dairy, and baking ingredients including confectionary, sweeteners, and flour, make up the largest sectors within Mexico's food processing industry. Additionally, healthier eating and wellbeing continues as a growing trend, paving the way for export opportunities of plant-based products rich in proteins, added vitamins, minerals, and biotics.

Executive Summary: In 2023, Mexico’s gross domestic product (GDP) grew by 3.2 percent reaching \$1.8 trillion¹, and is expected to grow an additional 2.8 percent in 2024. Mexico’s economy ranked 12th globally² in 2023. Also in 2023, Mexico’s top agricultural trading partner was the United States, with over \$74 in total bilateral agricultural trade. 2023 U.S. agricultural exports to Mexico reached \$28.6 billion, making Mexico the second-largest export market for U.S food and agriculture. In 2023, Mexico’s food processing industry was valued at \$35.8 billion.

Mexico’s Consumer-Oriented Agricultural



Imports 2023

Food Retail Industry: In 2023, Mexico’s retail industry reached \$82.2 billion. There are 26 supermarket chains with over 3,300 food retail outlets throughout the country³. Traditional mom & pop stores, public and open-air markets make up nearly 58 percent of Mexico’s food retail sector and distribute primarily local products. In 2022, food retail accounted over 3.3 percent of Mexico’s total GDP⁴. For more information, please see our [Retail Foods](#) report.

Food Processing Industry: Mexico’s food processing industry was worth \$35.8 billion in 2022⁵. In the same year, there were 217,477 economic units⁶ including offices, manufacturing plants, and distribution centers under the industry classification of “Food Processing Industry”, according to the Ministry of Economy ([SE](#)). Food production in Mexico employs 6 million people.

¹ International Monetary Fund (IMF) [World Economic Outlook database 2023](#)

² IMF [World Economic Outlook database 2023](#)

³ Does not include Walmart, which alone has 2700 stores in Mexico.

⁴ [IndicANTAD](#)

⁵ [Statista](#)

⁶ The Mexican government calls “economic units” to all establishments, from a small store to a large factory, permanently established in a location and delimited by buildings and fixed facilities, where the production or marketing of goods and/or services is performed.

Food Service Industry: Mexico’s food service market was valued at \$83.13 billion in 2023, with quick-service restaurants (QSR) accounting for the largest segment.⁷. The QSR segment is highly competitive and includes domestic and international stakeholders.

Quick Facts CY 2022/23

2023 Mexican Consumer-Oriented Product Imports
US \$15 billion (*Trade Data Monitor LLC*)

List of Top 10 Growth Products in Host Country
(*Trade Data Monitor LLC*)

- | | |
|------------------------|-----------------------------------|
| 1) Corn | 7) Bakery Goods, Cereals, & Pasta |
| 2) Soybeans | 8) Soup & Other Food Preparations |
| 3) Distillers Grains | 9) Peanuts |
| 4) Beef | 10) Wheat |
| 5) Sugars & Sweeteners | |
| 6) Pulses | |

Food Industry by Channels (\$U.S. billion)

Source: *Mordor Intelligence, Mexico’s Ministry of Agriculture (SADER)*

Retail Food Industry	\$82.2
Food Service-HRI	\$83.13
Food Processing (2022)	\$35.8
Food and Agriculture Exports	\$51.9

Top 5 Mexico Food Retailers

- | | |
|------------|-------------|
| 1. Walmart | 4. Costco |
| 2. Oxxo | 5. Chedraui |
| 3. Soriana | |

Source: [Statista](#), based on estimated value of chain retail sales

GDP/Population

Population (*millions*): 130.1 (estimate) 2022
 GDP (*USD*): \$1.8 trillion ([World Bank](#)) 2023
 GDP per capita (*USD*): \$11,091 ([World Bank](#)) 2022

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
Mexico’s economy is highly integrated with that of the United States. Trends in the U.S. reach Mexico quickly.	In smaller towns or rural areas, the transportation and distribution methods are still underdeveloped.
Opportunities	Threats
The vast presence of U.S. industry and government representatives in Mexico facilitates transactions and the identification of trade opportunities.	Problems at the border (migrant surges, transportation strikes, etc.) are common and can delay clearances by causing operations to stop or backlog and result in loss of money and time.

⁷ Mordor Intelligence.

Section I: Market Overview

The United States was Mexico's top agricultural trading partner in 2023 with U.S.-Mexico bilateral trade surpassing \$74 billion, a 2.7 percent increase over 2022⁸. Of this, U.S. agricultural exports to Mexico totaled \$28.6 billion, making Mexico the second largest export market for U.S. agricultural products⁹. According to the International Monetary Fund (IMF), Mexico's economy ranked as the 12th largest globally¹⁰ in 2023, and the second largest in Latin America. Mexico's 2023 GDP grew 3.2 percent, reaching \$1.8 trillion, and is projected to grow an additional 2.8 percent in 2024. In June 2024, Mexico will conduct its largest-ever national election. In addition to the presidential election, the national election will feature over 20,000 electoral seats in all 32 states for gubernatorial, national, and state congressional and senatorial, and municipal positions.¹¹ Mexico's election, coupled with the U.S. national elections in November, could potentially impact the Mexican economy in late 2024 and 2025.

In 2022¹², the food processing sector in Mexico totaled \$35.8 billion, making it among the country's top manufacturing industries, with the bakery products ranking as the largest subsector, totaling \$10.4 billion¹³. U.S. baking ingredients maintained a large presence in the Mexican market and experienced continued growth in 2023. For example, last year half of all the powdered milk produced in the United States was exported to Mexico, exports valued at upwards of \$1 billion. Other U.S. baking ingredients with strong export opportunities include sweeteners such as dextrose, with exports to Mexico reaching \$227 million, a 34-percent increase in 2023. Additionally, U.S. meat product exports also have growth potential in Mexico's food processing industry and remain a staple in the Mexican diet. For example, U.S. pork exports to Mexico in 2023 were \$2.4 billion, a 15 percent increase from the previous year while beef also saw a growth of 23 percent, reaching \$1.2 billion in exports to Mexico in 2023¹⁴.

In 2023, as the 10th largest food producer in the world, Mexico's food processing industry employed more than six million people¹⁵. The success of Mexico's processing sector can be attributed to a series of factors, such as geographic location and accessibility to U.S. products, Mexico's ample natural resources which facilitate production of varied crops and increased state-of-the-art facility and production investments from multinational and national companies.

Quality Over Price: Mexican consumers, particularly the 40 percent of Mexico's overall population that that accounts for its middle- and upper-class, tend to shop more often in retail stores and tend to look for higher quality products. According to Mintel¹⁶, the largest global market intelligence agency, many Mexican consumers are willing to pay more for tasty products that are perceived as healthful and/or have a reduced environmental impact.

Environmentally Consciences: Many Mexican consumers are increasingly look for products featuring clean labels, natural ingredients, and environmental sustainability. Products perceived as environmentally friendly more frequently determine consumer decisions while at the supermarket.

⁸ USDA, [Global Agricultural Trade System](#) (GATS)

⁹ USDA, [FAS](#)

¹⁰ International Monetary Fund (IMF) [World Economic Outlook database 2023](#)

¹¹ [Mexico Election Process 2024](#)

¹² Latest available data.

¹³ [Statista](#)

¹⁴ USDA GATS.

¹⁵ [Forbes Mexico](#) with information from INEGI.

¹⁶ Sources: [Mintel's 2024 Global Food and Drink Trends](#) and [Ingredient Consumer Food Preference Trends](#). Mintel is the world's leading market intelligence agency, funded in 1972 in London and with offices in 12 cities around the world.

Healthful Foods: Although Mexican consumers maintain a zest for sweets, many are also becoming more aware of the benefits of healthful eating healthy. Low or reduced sugar, added fiber (and other ingredients promoting digestive health), are becoming more popular in Mexico, particularly among younger consumers.

Table 1: Advantages and Challenges

ADVANTAGES	CHALLENGES
U.S. and Mexican economies are highly integrated, and Mexican companies are familiar with U.S. business practices, brands, and products; they have easy access to obtain quality ingredients from the U.S.	Problems at the border are common and can delay clearances. Migrant surges, transportation strikes (both rail and trucks), and other issues can cause border operations to stop or backlog and result in loss of money and time.
During 2023, the strong peso resulted in purchasing power of U.S. imports, allowing for increased volume of imported U.S. food ingredients.	The extensive presence of transnational criminal organizations can negatively affect commerce and can discourage food processors from investing in Mexico.
The updated U.S.-Mexico-Canada Agreement (USMCA) provides better market access, particularly in terms of customs operations, intellectual property, sanitary requirements, and anti-corruption measures.	Logistics in some Mexican small towns and rural areas remain underdeveloped which could hinder the capacity of small processors from sourcing imported food ingredients.
Extensive U.S. industry and government presence helps to facilitate and identify business opportunities.	Mexico’s trade agreements with over 40 countries create competition for U.S. products. There is also increased competition from local food producers and processors.
U.S. products are regarded as safe and high quality. Mexican consumers are familiar with U.S. food trends, making it easier for companies to use seek U.S.-origin ingredients.	Introducing new foods and trends, could require lengthy consumer education, making the process pricey and time consuming.
Consistent investments in equipment and logistics allows for reliable deliveries, preserving product quality, and strengthening the supply chain network between both countries.	Differences in sanitary/labeling requirements between Mexican and U.S. authorities for certain food ingredients, especially chemicals, can be time consuming and require pricey modifications to the product formulas or labels.
	The “buy local” trend is strong among younger consumers.

Section II: Roadmap for Market Entry

U.S. exporters should consider contacting local distributors/importers as an important early step to become established in the Mexican market. For most products, Mexican buyers or importers are responsible of obtaining permits, paying fees, and contracting a customs broker to complete the import process¹⁷. A good distributor will be aware of local policies (i.e., payment terms and schedules which can vary from company to company) and Government of Mexico (GOM) regulations that apply to specific product(s), as well as promote sales, and make sure that products are available at points of sale. They should also be aware of possible issues such as transportation lapses due to highway insecurity,

¹⁷ See information from the [U.S. Commercial Service](#)

problems at the border, etc. It is essential to maintain open channels of communication with these local partners, especially regarding changes in import procedures and official documentation requirements.

Chart 1: Exporting to Mexico

EXPORTING TO MEXICO

DEFINE PRODUCT CLASSIFICATION (HS CODE)	COMPLY WITH OFFICIAL REGULATIONS	COMPLY WITH REQUIRED DOCUMENTATION	BUYER AND CUSTOMS BROKER	COMMON MISTAKES
<p>The HS code will determine the official requirements to comply with, what permits you need to have, taxes to pay, duties, restrictions, trade barriers, and eligibility to export to Mexico. For this step you need to work closely with your buyer in Mexico and the Customs Broker.</p>	<p>Official regulations to comply with will depend on your product, but they could include (not limited to) the following:</p> <ol style="list-style-type: none"> 1. Correct HS code 2. Comply with applicable Mexican Official Standards (Norma Oficial Mexicana or NOM in Spanish), including labeling. 3. Comply with Intellectual Property laws, if applicable. 4. Comply with sanitary requirements. 	<p>The required documentation will depend on your product, but there are 5 basic documents all import processes require:</p> <ul style="list-style-type: none"> • Mexican Entry Form (Pedimento Aduanal). • Commercial Invoice (Factura Comercial). • Bill of Lading (Conocimiento de Embarque). • Certificate of Origin (Certificado de Origen). • Packing List (Lista de Empaque) 	<p>Your buyer in Mexico will obtain permits needed, will make payments to Mexican authorities and will have a Customs Broker that will follow up on the import process. Communication is key, the advise is to check with your Mexican counterparts all requirements before any shipments are made.</p>	<ol style="list-style-type: none"> 1. Lack of documentation 2. Violation or non-compliance of sanitary and phytosanitary requirements 3. Non-compliance with NOMs, especially labeling NOMs.

Source: U.S. Commercial Service Mexico – Simplified Export Process.

For a deeper look, see publicly available reports on the U.S. Department of Agriculture, Foreign Agricultural Service (FAS), Global Agricultural Information Network (GAIN) [website](#), specifically the [Exporter Guide](#) which provides general recommendations for first time exporters to Mexico. Also available is the chapter on [Business Customs](#) within the U.S. Department of Commerce’s (DOC) Country Commercial Guide.

More information on product requirements, labeling issues, and other relevant topics is available via the FAS GAIN system where you will find useful reports such as the [Food and Agricultural Import Regulations and Standards \(FAIRS\) Export Certificate](#) and the [FAIRS Country Report Annual](#). Exporters can find information from the U.S. DOC regarding its simplified export process [here](#), and relevant information about the USMCA [here](#).

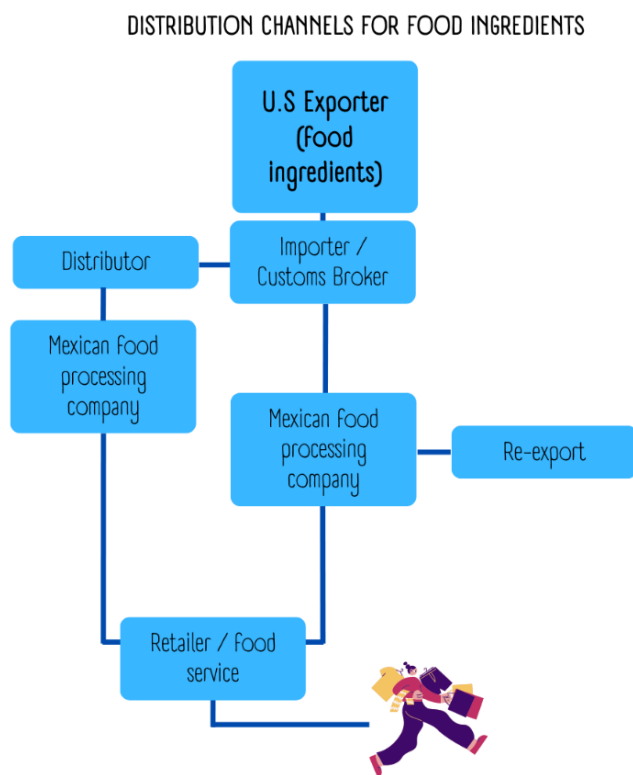
Additionally, for many companies entering or expanding into Mexico, trade shows are an ideal opportunity to gain insight into the Mexican market, establish new contacts and build relationships with importers, distributors, potential processors, and to gain firsthand insight to Mexico’s food trends and infrastructure. Below are key trade shows in Mexico to help U.S. companies break or expand further into the market:

[Food Tech Summit & Expo](#): The largest food ingredient and processing show held annually in Mexico City with over 350 exhibitors. The show specializes in food ingredients, additives, and machinery for the food and beverage processing industry.

[ANTAD](#): The largest retail trade show in Mexico located in Guadalajara. Members of ANTAD include the largest food manufacturers and ANTAD organizers offer a match making service.

[ABASTUR](#): The largest hospitality trade show in Mexico, located in Mexico City.

Chart 2: Distribution Channels for Food Ingredients in Mexico



The top 10 most profitable food and beverage companies by revenue in Mexico in 2022¹⁸ (latest available data) are:

1. [Grupo Bimbo](#)
2. [Coca-Cola Femsa](#)
3. [Arca Continental](#)
4. [Sigma Alimentos](#)
5. [Gruma](#)
6. [PepsiCo Alimentos México](#)
7. [Grupo Lala](#)
8. [Nestlé México](#)
9. [Mondeléz México](#)
10. [Pilgrim's Pride México](#)

These multinational companies have investment footprints in Mexico and throughout the region. For example, Bimbo is present in 34 countries and produces over 100 brands. Gruma has over 72 production sites around the world, reaching over 100 markets, while Lala currently has operations in six countries.

¹⁸ [Statista](#) – Principales Empresas en el sector alimenticio según su facturación 2022.

Arca Continental is in five countries, while Femsa and Sigma Alimentos each have presence in 18 countries.

Section III: Competition

The Mexican food processing industry traditionally sources most of its inputs from local suppliers. Domestic ingredient suppliers enjoy certain competitive advantages, such as deeper understanding of local retail and related supply chains, and the logistical intricacies. However, smaller Mexican stakeholders may face issues of quality, traceability, or the inability to meet larger quantity orders and rely on imports of food ingredients to meet demand.

The United States remains Mexico’s primary supplier of imported food processing ingredients, totaling \$32 billion or 63 percent of Mexico’s \$51 billion imports of food ingredients¹⁹ in 2023. U.S. ingredient products generally enjoy a good reputation among Mexican companies and end-users for consistent quality, stable supply, and ease of proximity. However, third countries, most notably Canada, China, and Brazil²⁰, make up nearly one-third of Mexico’s food processing ingredient imports, resulting in added competition to U.S. products.

Table 2 shows Mexico’s 2023 imports of ingredient products by general categories (HS codes) from the world and from the United States, as well as market share for 2022 and 2023. The annex at the end of the report provides a detailed table on specific ingredient products.

Table 2: 2023 Mexican Food Ingredient Imports (\$USD)

HS Code	Product	Mexico’s imports from World	Imports from U.S.	Main competitors	U.S. Market Share 2022	U.S. Market Share 2023
02	Meat end edible meat offal	\$ 6.4 billion	\$ 4.9 billion	-Canada -Brazil	75 %	76%
03	Fish and crustaceans, mollusks, and other aquatic invertebrates	\$ 820 million	\$ 23.7 million	-China -Chile -Vietnam	6%	3%
04	Dairy produce; birds’ eggs; natural honey; edible products of animal origin, N.E.S.O.I. ²¹	\$ 2.9 billion	\$ 2.4 billion	-New Zealand -Brazil -Netherlands	84%	79%
05	Products of Animal Origin, N.E.S.O.I.	\$ 384.6 million	\$ 292.6 million	-Canada -Spain	72%	76%
07	Edible vegetables and certain roots and tubers	\$ 968 million	\$ 735 million	-Canada -Argentina -China	76%	76%
08	Edible fruit and nuts; peel of citrus fruit or melons	\$ 1.6 billion	\$ 1.2 billion	-Peru -Chile	76%	72%
09	Coffee, tea, mate, and	\$ 537 million	\$ 54.7 million	-China	10%	10%

¹⁹ The HS code included here as food ingredients are: 02, 03, 04, 0504, 07, 08, 09, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, 21, 2209, 29, and 35.

²⁰ Trade Data Monitor LLC consulted March 15, 2024.

²¹ N.E.S.O.I.: Not Elsewhere Specified or Included

HS Code	Product	Mexico's imports from World	Imports from U.S.	Main competitors	U.S. Market Share 2022	U.S. Market Share 2023
	spices			-Sri Lanka -Peru		Ranked 4
10	Cereals	\$ 8.6 billion	\$ 6.6 billion	-Brazil -Canada	82%	78%
11	Milling industry products; malt; starches; inulin; wheat gluten	\$ 905 million	\$ 566.8 million	-Canada -Belgium -China	58%	63%
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds, and fruits; industrial or medicinal plants; straw and fodder	\$ 5.8 billion	\$ 3.2 billion	-Brazil -Canada -Australia	65%	55%
13	Lac; gums; resins and other vegetable saps and extracts	\$ 202 million	\$ 49.5 million	-Spain -China -France	24%	24%
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	\$ 2 billion	\$496 million	-Argentina -Canada -Spain	27%	24%
16	Edible preparations of meat, fish, crustaceans, mollusks, or other aquatic invertebrates	\$ 658 million	\$474.6 million	-China -Unidentified countries -Ecuador	65%	72%
17	Sugar and sugar confectionary	\$ 1.5 billion	\$ 1 billion	-Brazil - China -Guatemala	82%	70%
18	Cocoa and cocoa preparations	\$ 699.8 million	\$ 261.5 million	-Cote d'Ivoire -Ecuador	34%	37%
19	Preparations of cereals, flour, starch, or milk; bakers' wares	\$ 1.1 billion	\$ 603 million	-Canada -Netherlands -Spain	54%	55%
20	Preparations of vegetables, fruit, nuts, or other parts of plants	\$ 1.4 billion	\$ 757.6 million	-Chile -Canada -Belgium	53%	56%
21	Miscellaneous edible preparations	\$ 2.1 billion	\$ 1.6 billion	-Unidentified countries -Colombia -Spain	78%	78%
2209	Vinegar and substitutes for vinegar obtained from acetic acid	\$ 12.5 million	\$ 7.2 million	-Italy -France -China	55%	58%
29	Organic chemicals	\$ 11 billion	\$ 6.5 billion	-China	57%	59%

HS Code	Product	Mexico's imports from World	Imports from U.S.	Main competitors	U.S. Market Share 2022	U.S. Market Share 2023
35	Albuminoidal substances; modified starches; glues; enzymes	\$ 1.4 billion	\$ 656.6 million	-India -Germany -China -Ireland -Germany	43%	47%

Source: Trade Data Monitor LLC consulted March 15, 2024.

Section IV: Best Product Prospects

Ingredients perceived as healthful, as well as functional foods and beverages, are increasingly in demand as many consumers are seeking to be more mindful of nutritional choices. Based on Post assessments of Mexico's imports and market trends²², best products with potential in the Mexican market include the following:

- Dairy products (including whey), especially those with added health benefits (with probiotics, lactose free, that boost digestive health, etc.).
- Functional ingredients such as biotics (probiotics, prebiotics, symbiotics, postbiotics), vitamins and minerals, which can be added to both beverages and food.
- Natural, organic, and dehydrated products, for example, fruits, nuts, vegetables.
- Plant-based products that are rich in proteins and not only imitate meat products but offer new, different flavors.
- Herbal extracts and functional ingredients such as mushrooms and adaptogens.
- Functional flours (pea, lentil, chickpea, fava beans, etc.).
- Sweeteners such as sucralose, erythritol, dextrose, etc.
- Gelling agents such as carrageenan.
- Some premium products, for example prime beef versus select beef: a recent survey²³ found that 48 percent of Mexicans were willing to purchase premium food products in 2023 even if the cost was higher, as long as they were high quality.

Mexico is a very important partner for the United States and its supply chain is highly integrated, so most products are free of significant entry barriers. In terms of products not present in market but with potential:

- **Hemp:** Some hemp products are prohibited for import to Mexico. Please access GAIN report on the subject [here](#).

²² [TheFoodTech.com](https://www.thefoodtech.com)

²³ [México: 48% planea comprar alimentos "de lujo" en 2023.](#)

Table 3: Other important food processing companies in Mexico.

FOOD	BEVERAGES
Bachoco	Constellation Brands
Danone Mexico	Heineken Mexico
Kellogg's Mexico	
Mars	
Nestlé Mexico	

Section V: Key Contacts and Further Information

<p>Agricultural Trade Office Mexico City</p> <p>Address: Liverpool 31 Col. Juarez Del. Cuauhtémoc Mexico City, CP 06600</p> <p>http://www.fas.usda.gov</p>	<p>Phone: +52 (55) 5080-2000 ext. 5282</p> <p>Email: AgMexico@usda.gov</p>
<p>Agricultural Trade Office Monterrey</p> <p>Address: Prol. Av. Alfonso Reyes #150 Col. Valle Poniente Santa Catarina N.L. 66196</p> <p>http://www.fas.usda.gov</p>	<p>Phone: +52 (81) 8047-3100 ext. 3232</p> <p>Email: AgMexico@usda.gov</p>

Visit this [website](#) for available USDA programs, and consult the [FAS website](#) for more general information on FAS services.

Table 4: GOM Agencies Responsible for Food Import Policies

Acronym and Website	Authority	Topics
ANAM	Mexico's Customs National Agency	Customs authority
COFEPRIS	Federal Commission for the Protection against Sanitary Risks	FDA's counterpart in Mexico. Depends on the Ministry of Health (SS)
NOMs	<u>Catalogue of Official Mexican Standards (Normas Oficiales Mexicanas)</u>	Available catalogue of all Mexican Standards.
SADER	Mexico's Ministry of Agriculture and Rural Development	USDA's counterpart
SAT	Mexico's Tax Authority	Tax authority
SE	Mexico's Ministry of Economy	Oversees Mexico's economy, international trade, small and

Acronym and Website	Authority	Topics
		medium enterprises, Mexico's trade agreements
<u>SENASICA</u>	National Department of Health, Food Safety and Food Quality	Plant health Animal health Food safety

Attachments: [Competitive Situation for Selected Food Ingredients 2023.pdf](#)