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Report Highlights:

Mexico is the 15th largest economy in the world and the second largest economy in Latin America. Mexico's total GDP for 2018 was US \$1.2 trillion (International Monetary Fund) showing a moderate growth of 2 percent. The average exchange was \$19.25 MXP. Mexico imported \$122 billion USD worth of processed food products in 2018 with \$8.9 billion USD (over 60 percent) of the products coming from the United States, making it by far the largest supplier to Mexico. Mexico exported \$27.2 billion of processed food with nearly \$22 billion heading to the United States. The biggest categories were beer, tequila, and baked goods. The key players in the HRI sector in Mexico are Alsea (operating 18 casual eating brands including the ones previously owned by Walmart), CMR (operating 11 brands, nice casual eating and one signature dining), IHG (operating 12 brands), Marriott International (operating 14 brands), Hyatt Group (operating 7 brands) and Hilton Hotels (operating 7 brands). Nevertheless, independent restaurants

Hotel Restaurant and Institutional Guide 2019

Market Fact Sheet Mexico

Executive Summary

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bladder wrack that is affecting the Yucatan Peninsula were Cancun and the Mayan Riviera are located.

Quick Facts

Imports of Consumer-Oriented Ag. Products 2018:

US \$12.2 Billion

Top 10 Players

1. IHG (InterContinental Hotels 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)

Food and Beverage Trends in Mexico for 2019:

Foods across all age groups; organic foods, ethnic and natural products; visitors being more knowledgeable regarding food and drinks quality demand better and more specialized products.

GDP/Population

Population: 124.7 million (2018, latest available data)

GDP: \$1.2 Trillion (2018)

GDP Real Growth: 2.0% (2018)

Sources: Global Trade Atlas, Euromonitor, World Bank

Imports of Consumer-Oriented Agricultural Products



HRI 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 2018 the number of international visitors decreased to 41.5 million with an average expenditure of \$409 USD.

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I. Market Summary

Tourism in Mexico is one of the main macroeconomic activities contributing 8.8 percent to the GDP. It is also one of the major sources of employment creating 4 million direct jobs in 2018.

Table 1. Mexico: Economy at a Glance

INDICATORS	2015	2016	2017	2018
GDP (% Growth)	2.5%	2.9%	2.1%	2.0%
Inflation (% Growth)	2.7%	2.8%	6.0%	4.9%
Exchange rate (Pesos)	\$15.86	\$18.66	\$18.87	\$19.25
Total Imports to U.S. (Billions of USD)	186.80	179.58	194.54	215.81
Total Exports to U.S (Billions of USD)	308.85	302.64	326.96	344.31

Source: Euromonitor / Internal Information from ECON Section US Embassy Mexico City

In 2017, the number of international visitors arriving to Mexico was 99.6 million representing a 5 percent growth in comparison to 2016. However, data from SECTUR (Mexico Ministry of Tourism) reflected that in 2018 there was a notable decrease in visitors having 41.5 million and in average expenditure from 909.4 USD in 2017 to 490 USD in 2018. The main causes of these decrease are the travel warnings regarding security issues and the bladder wrack that is affecting the Yucatan Peninsula.

In order to incentivize the economy, SECTUR created a strategy of five projects that will take place from 2019-2024 promoting tourism domestically and internationally. The main project is the *Mayan Train* that will run across five states of Southern Mexico having a total of 190 touristic stops. Regional tourism will be strengthened with eight macro regions covering mainly the Mexican Coasts and Central Mexico adding 134 touristic destinations. Domestic Tourism represented 242 million tourists in 2018; for this purpose two programs were created to promote domestic travel *Disfruta Mexico* (Enjoy Mexico) that will promote low cost travel, and *Sonrisas por Mexico* (Smiles around Mexico) a social program that offers free tours for vulnerable communities and the low income population as part of their rights for rest and recreation.

Mexico will promote its touristic destinations among countries that considers with high-income population including the United States, United Kingdom, France, Italy, United Arab Emirates, India, China, Korea, Japan, and Russia.

In addition, the Secretary of Agrarian, Territorial and Urban Development (SEDATU) will be assisting on the improvement and rescue of urban and tourist areas, mainly in maintenance and repair of housing, potable water, drainage, electricity and other basic infrastructure elements.

Although there was a decrease in tourist income, investment will continue for the next 5 years as 300 hotels will be added from the 14 main hotel chains in Mexico like Grupo Posadas, City Express, AM Resorts, IHG, Marriot International; focusing on urban lifestyle hotels, business hotels and Grand Tourism resorts.

The Mayan Rivera, Cancun and Cabo are still the main destinations for international visitors. Nevertheless, Mexico City, Monterrey and Guadalajara as well as the “Bajío” region (Queretaro, Guanajuato, Jalisco and Aguascalientes) are showing hotels expansion and big investment opportunities for its industrial nature installing business hotels.

IHG (InterContinental Hotels Group) is the leading hotel chain in Mexico in hotels and rooms. It is expected that for 2021 IHG will have 200 hotels in Mexico accounting a total of 30,000 rooms in its 12 different brands.

Marriott International Mexico represents one of its most important markets with 86 hotels. Their plans for the upcoming years are the opening of 50 properties in Mexico adding 8,000 rooms in different cities like Mexico City, Queretaro, Mexicali, Ciudad Juarez, Guadalajara, Cancun, Puerto Vallarta and Cabo. The company expanding plans include business hotels, luxury leisure resorts in beach destinations, and small hotels like *Four Points* and *Courtyard* in secondary cities.

Hyatt Group during the last 10 years the group has expanded in Mexico in 330% with new investments and hotel rooms. Mexico has 7 of the 14 brands of the group and its expected that its eight brand *Park Hyatt* opens in Cabo and in 2021 in Mexico City.

Hilton Hotels & Resorts celebrates in 2019 its centennial anniversary and will open its hotel number 100 in Mexico in 2022. Hilton operates 70 hotels in Mexico with seven own brands and representing ten others that are under Hilton’s development like *Homewood Suites by Hilton*; that will debut in 2021 at San Miguel de Allende.

Spanish hotel groups have an important presence in the Mayan Riviera, most of them are under the *All-Inclusive* formats that started its popularity in 1997 being **RIU Hotels & Resorts** and **Iberostar** the pioneers in this concept followed by other Spanish groups like **Barceló**, **Oasis**, **Meliá**, **NH** and **Catalonia**.

The Spanish group **NH Hotels** has 16 properties in the country seven under the brand “Collection” and the other eight as “NH Hotels”. The expansion strategy for the next years is to develop more Mexico City, Cancun, Monterrey and Merida trying to reach business and leisure tourists.

Mexican groups such as **Hoteles Misión**, **Grupo Posadas** and **City Express Hotels** are expanding and investing to open more than 300 new properties.

II. Mexico: Advantages and Challenges for U.S. Exporters

ADVANTAGES	CHALLENGES
Industry leaders are hiring and partnering with sophisticated security companies to ensure tourist areas keep safe and businesses continue interrupted.	Security issues are real and extreme in some states of the country, but businesses continue operating.
Constant flow of visitors—international and Mexican—in all socioeconomic levels.	New jobs creation in Mexico is not keeping pace with the population growth, keeping unemployment rates practically unchanged.
Mexican hotel and restaurant chains are very familiar with U.S. retail best practices.	Local manufacturers are adapting quickly to meet hospitality industry needs and specifications bringing new competition to U.S. products.
Industry practices are becoming more sophisticated insuring: <ul style="list-style-type: none"> - Cold chain distribution for wider penetration nationwide. - Increased use of technology. 	While cold chain distribution is now available nationwide, it has not been implemented throughout lower levels of the distribution chain, such as wet markets. Regional distribution south of Mexico City is still being developed.
Greater knowledge about organic products from the visitors is opening new product opportunities at the hospitality level.	Mexico exports large volumes of organic produce, offering direct competition to American organic producers.
Industry-wide investments are continuously	Lower-end, smaller hotels and AirBnB are the

being made, insuring the better infrastructure and logistics.	fastest growing segments in hospitality, which are not the primary locations for more expensive U.S. products.
Local producers are rising to the challenge of producing quality goods with an increase in variety, learning, and adapting to growing demands.	Mexico is the country with the most free trade agreements in Latin America, opening the door to many competitors delivering products into the market with few to no tariff barriers.
Increased awareness in health and body care generates greater demands for healthy products, positioning U.S. produce and its huge array of products at an advantage.	Due NAFTA renegotiation, Mexico is looking to diversify its imports away from the United States. Mexico has been expediting a free trade agreement with the EU.

Table 2. Mexico’s Imports and Exports 2018

Major export destinations	2018 Share (%)	Major import sources	2017 Share (%)
Exports to North America	82.6	Imports (cif) from North America	48.8
Exports to Europe	6.0	Imports (cif) from Asia Pacific	34.4
Exports to Latin America	5.1	Imports (cif) from Europe	12.6
Exports to Asia Pacific	5.4	Imports (cif) from Latin America	3.2
Exports to Africa and the Middle East	0.4	Imports (cif) from Africa and the Middle East	0.8
Exports to Australasia	0.3	Imports (cif) from Australasia	0.1

Note: Import vales include the total of cost, insurance, and freight (cif).

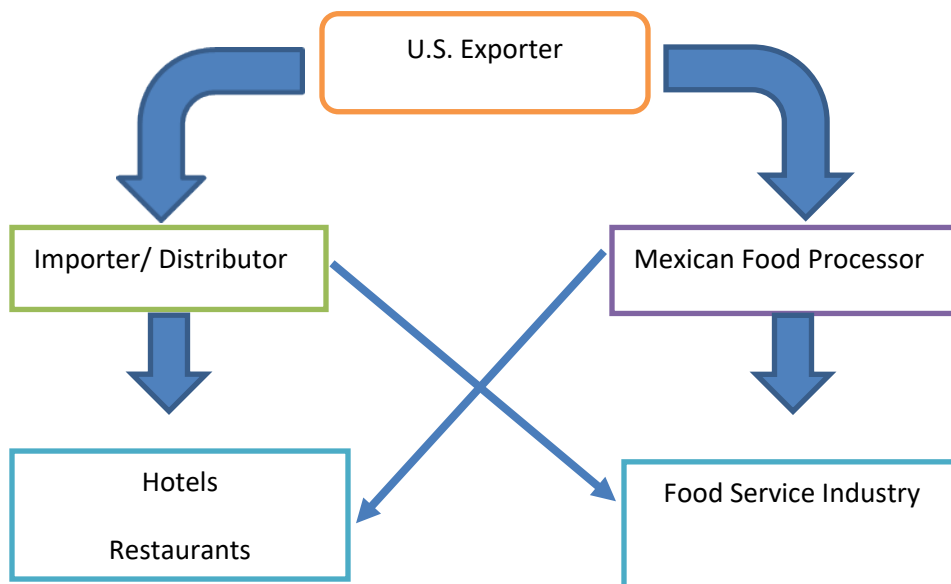
III. Road Map for Market Entry

Many U.S. companies seeking to export to Mexico attend [Abastur](#) and [Expo Hotel](#) (the biggest HRI shows in Mexico) to get insight on the Mexican market, establish new contacts, and get to know buyers, potential business partners, importers, and distributors. In addition to recognizing the differences between Mexican and U.S. business culture, it is important for U.S. exporters to consider regional purchasing patterns. Some products might fit perfectly in a region, but not in the whole country.

It is important for U.S. companies to find an experienced and professional importer or distributor as local partner. Distributors or importers will help with issues related to regulations, procedures, labeling, and customs clearance. Big hotel and restaurant chains have their own purchasing and importing departments. Companies attempting to approach large chains should have enough production capacity to meet the large product volumes they typically require.

Additional information on product requirements, labeling issues, and other topics is available via the [FAS GAIN](#) system.

Diagram I: Distribution Channels for Processed Food/Fresh Products in Mexico



Total Imports of Selected Products into Mexico and Main Competitors 2018

Mexico Import Statistics		
Commodity: Consumer-Oriented Agricultural Total, (2018)		
Calendar year: January - December		
Partner Country	United States Dollars	
	2017	2018
World	\$11,821,372,026	\$12,235,324,821
United States	\$8,663,513,375	\$8,935,739,564
Canada	\$482,075,013	\$568,170,650
Chile	\$354,772,823	\$356,691,472
Brazil	\$273,486,731	\$270,438,991
Spain	\$277,635,695	\$235,264,939

Source: Global Trade Atlas

Mexico Import Statistics		
Commodity: 08, Edible Fruit and Nuts; Peel Of Citrus Fruit Or Melons		
Annual Series: 2017-2018		
Partner Country	United States Dollars	
	2017	2018
World	\$1,013,618,047.00	\$1,185,474,101
United States	\$840,317,677.00	\$982,133,303
Chile	\$85,747,722.00	\$103,398,876
Peru	\$24,888,113.00	\$27,937,552
Turkey	\$20,206,677.00	\$17,518,059
Argentina	\$8,535,818.00	\$12,909,729

Source: Global Trade Atlas

Mexico Import Statistics		
Commodity: 0808, Apples, Pears and Quinces, Fresh		
Annual Series: 2017-2018		
Partner Country	United States Dollars	
	2017	2018
World	\$363,079,781	\$382,793,443
United States	\$352,205,028	\$371,173,161
Argentina	\$4,554,493	\$5,076,024
Chile	\$4,853,512	\$4,300,783
China	\$505,773	\$758,133
Canada	\$677,228	\$689,495

Source: Global Trade Atlas

Mexico Import Statistics		
Commodity: 0207, Meat and Edible Offal Of Poultry (Chickens, Ducks, Geese, Turkeys And Guineas), Fresh, Chilled Or Frozen		
Annual Series: 2017-2018		
Partner Country	United States Dollars	
	2017	2018
World	\$1,112,658,717	\$1,061,591,170
United States	\$841,426,844	\$822,494,367
Brazil	\$217,534,178	\$200,317,089
Chile	\$53,123,381	\$37,945,663
Canada	\$295,608	\$672,407
Austria	\$0	\$61,262

Source: Global Trade Atlas

Mexico Import Statistics		
Commodity: 0202, Meat of Bovine Animals, Frozen		
Annual Series: 2017-2018		
Partner Country	United States Dollars	
	2017	2018
World	\$49,762,025	\$42,361,020
United States	\$39,174,745	\$31,668,035
Nicaragua	\$2,046,186	\$3,580,678
Australia	\$5,064,999	\$2,803,688
Canada	\$1,025,617	\$2,457,195
New Zealand	\$1,912,957	\$1,543,137

Source: Global Trade Atlas

Mexico Import Statistics		
Commodity: 0201, Meat of Bovine Animals, Fresh Or Chilled		
Annual Series: 2017-2018		
Partner Country	United States Dollars	
	2017	2018

World	\$739,366,542	\$802,430,682
United States	\$614,475,888	\$672,817,528
Canada	\$81,539,688	\$80,481,387
Nicaragua	\$41,289,203	\$44,750,515
Australia	\$428,119	\$1,607,244
Japan	\$326,069	\$1,442,823

Source: Global Trade Atlas

Mexico Import Statistics		
Commodity: 2204, Wine of Fresh Grapes, Including Fortified Wines; Grape Must (Having An Alcoholic Strength By Volume Exceeding 0.5% Vol.) Nesoi		
Annual Series: 2017-2018		
Partner Country	United States Dollars	
	2017	2018
World	\$250,049,216	\$271,812,159
Spain	\$72,809,334	\$79,175,580
Chile	\$42,994,318	\$48,208,646
France	\$46,954,679	\$47,806,714
Italy	\$41,386,705	\$44,310,710
Argentina	\$20,156,350	\$22,993,077

Source: Global Trade Atlas

IV. Best Products Prospects

A more educated population, expansion of urban lifestyle in small cities, credit availability, and the booming number of Double Income No Kids (DINK) couples in urban areas, all open several possibilities for imported products of high quality and value.

Foodservice trends in Mexico include consumer experiences linked with limited-time menus/products as well as seasonal products. Differentiation in drinks like sophisticated cocktails and super drinks including super foods are becoming popular. Convenience stores are becoming important outlets for fast food as consumer can find easily fresh brew coffee, grab & go food at low prices.

As mentioned above, the hospitality industry is expanding on the high-end/sustainable formats, where imported products are a major draw for consumers. Given the rapid expansion of hotels and restaurants in this niche, in order to maintain visitors coming and expand the market, HRI industry needs to offer products in the following categories:

- Health and wellness products (Power foods, vegan and gluten free products).
- Gourmet products.

- Fresh food (Organic, Non-GMO).
- Ethnic foods (Spices, food bases, cereals and condiments)
- Wines/Spirits/Craft Beer.
- Specialized dairy products.

V. Key Contacts and Further Information

For further information and to learn more about the services provided by the Agricultural Trade Offices (ATO) in Mexico, please contact us at:

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Attachments:

No Attachments