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Report Highlights:

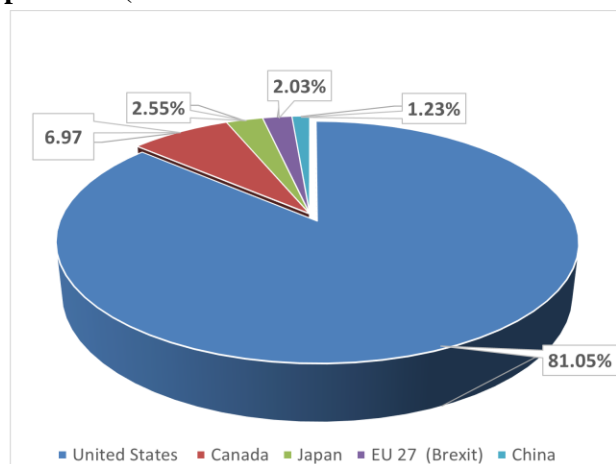
With a growing population and a market-oriented agricultural and food sector that is open to international trade, Mexico is an important agricultural trading partner for the United States. In 2021, exports of U.S. agricultural and related products to Mexico totaled \$25.5 billion, showing an increase of 34.9 percent versus 2020 when U.S. agricultural and related exports to Mexico totaled \$18.9 billion. Despite the challenges of the COVID-19 pandemic and shortages in supply chain, Mexico remains one of the largest and most consistent markets for U.S. agricultural products, especially those destined for retail.

Market Fact Sheet Mexico

Executive Summary

The Mexican government expected GDP to grow to 6.3 percent in 2021, but it fell short, reaching only 4.8 percent mainly due to external shocks such as geopolitical conflicts, international supply-chain disruptions, and rising inflation. Mexico's top trading partner in 2021 was the United States, buying 82 percent of all Mexican agricultural exports and provided Mexico with 69 percent of its imports ([USDA ERS](#)). Mexico was the 16th largest economy in the world in 2021 (one step down from 2019). The Mexican food and beverage industry contributed \$35.1 billion to its 2020 GDP.

Origin of Mexico's Imports of consumer-oriented products (202



Food Processing

According to the National Institute of Geography and Statistics ([INEGI](#)), there are 216,685 economic units including offices, manufacturing plants, and distribution centers under the industry classification of "food and beverage manufacturing and processing." In the second half of 2021, 1.96 million people worked in this sector, of which 50.1 percent were women.

Food Retail Industry

According to the Mexican Association of Nationwide Retailers ([ANTAD](#), 2021), there are 31 supermarket chains with 3,284 stores. Additionally, there are 2,507 department stores (apparel, furniture) and 40,599 specialized stores (pharmacies, hardware) that carry food products throughout Mexico. More than 56 percent of the retail market is covered by traditional trade (mom & pop stores, public and open-air markets) which usually only distribute local products. ANTAD also reported that retail sales in supermarkets grew steadily by approximately 7.7 percent per year (2020).

Quick Facts

Total Imports Consumer Products (INEGI 2021):

\$ 62,017.60 million

Mexico's most imported agricultural products (BANXICO 2021):

- | | |
|-----------------------------|--------------------------------|
| 1. Corn | 6. Turnip seeds |
| 2. Soy seeds | 7. Seeds |
| 3. Other agricultural prod. | 8. Cotton |
| 4. Milk and dairy prod. | 9. Other fresh or dried fruits |
| 5. Fish and seafood | |

Top ten sub-sectors in Food Industry in Mexico 2021:

- | | |
|-------------------------------|--------------------------------|
| 1. Bakery and tortilla making | 6. Sugar, chocolate, sweet |
| 2. Meat production | 7. Pet Food |
| 3. Beverages* | 8. Preserved and prepared food |
| 4. Dairy production | 9. Fish and seafood** |
| 5. Crushing seeds & oil prod. | 10. Other |

*Alcoholic and non-alcoholic, includes water purifying and bottling

**Preparation and packaging

Source: [Statista](#)

Leading food and beverage companies in Mexico 2020

(by net revenue):

- | | |
|---------------------|--------------------------|
| 1. Bimbo | 6. Grupo Modelo AB-InBev |
| 2. Coca-Cola FEMSA | 7. PepsiCo Alimentos |
| 3. Arca Continental | 8. Grupo Lala |
| 4. Sigma Alimentos | 9. Heineken México |
| 5. Gruma | 10. Nestlé México |

Source: [Statista](#)

Top ten retailers in Mexico 2021:

- | | |
|--------------|--------------------------|
| 1. Walmart* | 6. Mercado Libre |
| 2. Oxxo | 7. Farmacias Guadalajara |
| 3. Soriana* | 8. Costco |
| 4. Coppel | 9. The Home Depot |
| 5. Liverpool | 10. Chedraui* |

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

*Supermarkets

GDP/ Population:

Population: 127.8 million (2021, estimated)

Median age ([INEGI](#)): 29

GDP 2021 (USD): \$1.7 trillion ([INEGI](#))

GDP Real Growth 2021: 5.02% ([INEGI](#))

Food Industry GDP USD (2020): 39.4 billion

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Or visit FAS Mexico's [website](#) and the FAS [homepage](#).

SECTION I. MARKET OVERVIEW

Economy Overview

Mexico is the second largest export market for U.S. agricultural and related products and continues to be a strong and consistent partner, representing one of the largest consumer markets in the world for U.S. goods. Overall, Mexico's top trade partner by far is the United States, which imports 80 percent of all Mexican exports and provides Mexico with 50 percent of its total imports. Since the North American Free Trade Agreement (NAFTA) was implemented in 1994, total agricultural exports to Mexico increased from \$4,674 billion to \$25,517 billion in 2021.

In 2021, the U.S. exported \$7,282 billion in processed foods to Mexico.¹ The top five exports were dairy products, food preparations, syrups and sweeteners, processed vegetables and pulses, margarines and oils.² Imports of processed foods from Mexico in 2021 were valued at \$17,538 billion.³ The top five imports from Mexico were alcoholic beverages, snacks, chocolate and confectionary, non-alcoholic beverages, and processed fruits.⁴

After the Mexican economy depressed by 8.2 percent in 2020 caused in part by the COVID-19 pandemic, Mexico showed signs of recovery in 2021 with a growth of 4.8 percent. There was growth in the three main contributors to the economy. Agriculture grew by 2.9 percent, industry grew by 6.5 percent (its recovery was aided by the return to operations of non-essential industries that were closed during the high peaks of the pandemic in 2020 and by the loosening of restrictions that had reduced capacity in certain industries and services), and the service industry grew 4.0 percent. This industry also includes the hospitality industry that showed signs of recovery due to the availability of vaccines in mid-2021. However, the second half of 2021 was impacted by the Delta and Omicron variants, which caused supply chain delays that impacted retail services and hospitality.

Supermarkets were considered essential businesses, maintaining regular operation hours with some capacity limitations. Supermarkets maintained their sales as the population concentrated on acquiring basic staples in food and personal care. According to the National Survey of Income and House Spent (ENIGH) which is conducted every other year, in 2019 Mexicans spent MXP \$3,750 (\$187.5 monthly in foods and beverages. The 2021 surveyed showed that the monthly expenses on basic food staples was MXP \$3,793 (\$189.65). Supermarkets, discount stores and price clubs were the biggest beneficiaries during the pandemic. Food and beverage sales grew as more Mexicans cooked and consumed at home due to remote work and schooling. There was also an increase in sales of healthy products as Mexicans sought to prevent diseases and improve their eating habits.

Retail Industry in Mexico

The National Retailers and Department Stores Association (ANTAD) reported that retail in Mexico has 3,284 supermarkets, 2,507 department stores and 40,559 specialized stores. Figure 1 shows how retail sales are distributed in Mexico.

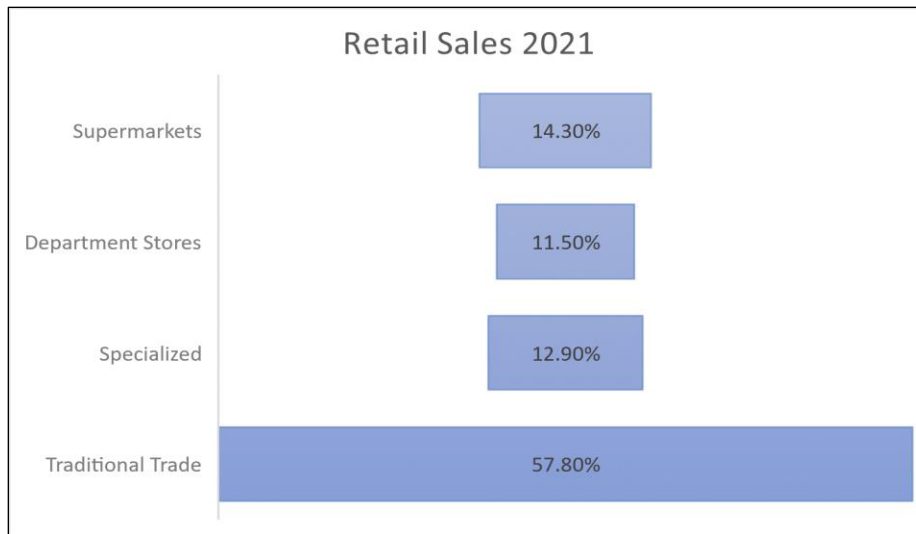
¹ Source: [U.S. Census Bureau Trade Data](#) – U.S. Exports of Processed Food Total – CY 2015-2021

² Source: [U.S. Census Bureau Trade Data](#) – U.S. Imports of Processed Food Total – CY 2015-2021

³ Source: [U.S. Census Bureau Trade Data](#) – U.S. Imports of Processed Food Total CY 2015-2021

⁴ Source: [U.S. Census Bureau Trade Data](#) – U.S. Imports of Processed Foods from Mexico Total – CY 2015-2021

Figure 1
Retail Sales in Mexico 2021



Source: ANTAD Economic studies department

Traditional trade is very important for food distribution in Mexico. Open air and public markets (mercados publicos), and mom and pop stores (tienditas) offer convenience and lower prices and exist mainly in middle and low-income neighborhoods. Mexican consumers have a great appreciation for these types of establishments since they have existed in their neighborhoods for years and are local and family-owned businesses. Many companies produce brands and promotions specific for these types of establishments.

These local markets were not abandoned during the pandemic, but they have faced competition from supermarkets and departments stores. During the pandemic, consumers' preferences shifted slightly away from the traditional markets to newer markets for the sake of "one-stop shopping" and for the relative cleanliness and adherence to sanitary measures social distancing played a role, too.

ANTAD classifies the various types of retail outlets according to their size, product lines and additional services they offer.

- A) Megamarkets: Surface area of 10,000 m² and sell all lines of merchandise such as groceries, non-food items, perishable products, clothing, furniture, personal care, computer equipment, etc. They also offer additional services such as pharmacy, restaurants, banking services, among others. Megamarkets in Mexico are *Mega* (Soriana), *Selecto* (Chedraui), *City Market* (La Comer).
- B) Hypermarkets: Surface area between 4,500 and 10,000 m²; hypermarkets handle almost all the merchandise lines mentioned above and provide some services. *Walmart Supercenter* and *HEB* are examples of hypermarkets in Mexico.
- C) Supermarkets. Surface area of 500 to 4,500 m². The products at these stores are mainly groceries and perishables such as fruit, vegetables, and frozen foods. Generally, they offer pharmacy services as well. There are also regional supermarket chains with important presence in Mexico

according to its location, some of them are Casa Ley (Pacific), Calimax (Baja California), Super San Francisco de Asis (South Mexico), among others.

- D) Price Clubs: Surface area is greater than 4,500 m² and sell groceries, perishables, clothing, and general merchandise (furniture, gifts, personal care products, household appliances, among others); domestic or imported, some of the products are seasonal or single occasion purchases. The stores are not decorated. Most of the products are intended for wholesale or hospitality purposes. Some of the services include pharmacy, optical stores, and soda fountain. Price Clubs in Mexico are led by Sam's Club, Costco, and City Club.
- E) Discount Stores: Also known as *Bodegas* (Warehouses), their surface areas is around 2,500 m². They manage most product lines with less varieties. Their prices are lower due to the lack of decoration and services offered at the stores. *Bodega Aurrera* (Walmart) is led in sales among all supermarket categories, as they have several formats like Bodega Aurrera Express which is like a convenience store located in low-income neighborhoods and *Mi Bodega* located in small cities.
- F) Convenience Stores: Surface is less than 500 m², functioning 24 hours. Their sales rely mainly on "on-the-go" purchases while commuting. Convenience stores offer a wide variety of services like cell phone credit, bank deposits, and food courts. Oxxo is the most important chain followed by 7-Eleven, Circle K, and Supercity (Soriana).
- G) Mini Markets: Located in venues with less than 250 m² offering basic staples, frozen and refrigerated products. Some examples are Walmart Express (Walmart) and Sumesa (La Comer). In the last decade, the Mexican government and some food and beverage companies have offered support to Mini Markets to enhance their venues, training on best practices and incorporation to the electronic payment system.
- H) Specialty Stores: Refers to stores that carry clothing, footwear, medicines, sporting goods, generally non-food items.

Since 2020, retailers 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. Supermarket chains invested in e-commerce, but also partnered with delivery apps to expand their consumers.

Since 2019, some startups developed online only supermarkets, or "dark stores." Online only supermarkets offer grocery deliveries at competitive prices. They do not have a physical store where the consumer can buy products directly. Orders are placed through a website or mobile application; a delivery driver picks up the order at warehouses located in different parts of the city. These online supermarkets are currently available only in Mexico City, though there are plans to expand to populated cities like Monterrey and Guadalajara in 2022.

During the pandemic, the Mexican Government created SEGALMEX, an entity that falls under the direction of the Ministry of Agriculture and Rural Development. SEGALMEX stands for Mexican Food Safety and is the key agency guaranteeing prices for key agricultural products for medium to small farmers. SEGALMEX makes bulk purchases of food and other items deemed basic necessities and distributes them to stores that are run by local communities who have to apply and qualify to open a store. There are a total of 35,000 stores and 300 truck stores that visit remote and marginalized communities. The consumer needs a license to buy at these stores. The government's intention is to provide 36 basic food products through this program.

Figure 2
Top Ten Consumer Trends in Mexico for 2022

1		Consumers need to trust brands and companies need to be more transparent in disclosing information about their products, such as what they contain, where they were produced, and where the ingredients came from.
2		The trend of plant-based products is increasing in Mexico. Consumers are becoming vegan or adding plant-based products to their diets due to health and environmental concerns.
3		Food choices are now signals or one's entire lifestyle as personal values intervene with purchase decisions.
4		Consumers increasingly favor the flavor and authenticity of local foods.
5		Consumers are looking for products featuring health benefits.
6		Accelerated by the pandemic, consumers are hungry for new food and beverage experiences.
7		The pandemic reshaped existing eating occasions and launched new ones, like eating-at-home gastronomy.
8		Ingredients that were once considered waste are now being given a new lease in life in a circular economy.
9		Consumers are calling the shots and expecting more engagement with brands.
10		Technological advances have created serious innovation opportunities for the entire food and beverage industry.

Source: Innova Market Insights – Top Trends in Mexico 2022

Key Drivers and Consumer Trends

Mexico remains a price-sensitive market overall even though there are consumers willing to pay for premium quality products. The Mexican market is divided into two segments:

- High-end consumers: Covering high and middle socioeconomic levels demanding quality and functional products (normally imported).
- Regular consumers: Covering middle- to low socioeconomic levels principally purchasing based on price. (According to the World Bank, 53 percent of Mexico's population lives on less than 100 USD a month).

FAS Mexico conducted a study in 2021 to assess Mexican's purchasing habits following COVID-19 pandemic. The survey focused on how consumer habits changed during the confinement, consumer perceptions about imported products, and the effect of the new Front of Pack Labeling Law (NOM-051) has in consumer purchasing decisions. Please consult our [GAIN report](#) for additional information.

Figure 3

Advantages and Challenges for U.S. Exporters

<u>Advantages</u>	<u>Challenges</u>
Increased awareness of health and body care generated greater demand for healthy food products.	In 2020, the Government of Mexico implemented new mandatory Front of Pack Labeling Regulations. Products that exceed specified nutrition thresholds for calories, fats, salts, and sugars must display a warning label. Please refer to our GAIN Report on NOM 051 standard.
Consistent private-public supply chain investments ensure reliable and timely deliveries of perishables, preserving product quality and adding to U.S.-Mexico supply chain connections by land, air, and sea.	The costs in logistics increased during the pandemic due to the closures of ports and lack of containers. Air cargo is not well consolidated in Mexico for certain products.
Industry practices are gaining in sophistication to ensure end-to-end cold chain distribution nationwide.	Cold chain distribution remains limited at the “last mile” of delivery and in Southern Mexico, where distribution hubs remain undeveloped.
The shared border between the United States and Mexico gives U.S. exporters a competitive logistical advantage over other third country suppliers.	With Mexico’s food distribution network continuing to improve, Mexico’s market becomes attractive for other countries trying to export their products.

SECTION II. ROAD MAP FOR MARKET ENTRY

Market Entry and Structure

It is important for U.S. companies to find an experienced and professional importer or distributor as a local partner. Distributors or importers will help with issues related to regulations, procedures, labeling, and customs clearance. The main supermarket 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. We encourage you to check our [Exporter Guide](#) and [Food Processing Ingredients Report](#) for a detailed view. In addition, the ATO Mexico City launched a series of educational videos available on the following [website](#).

Strategies for entering the Mexican market vary depending on the specific product, competition, and the market. Small-to-medium sized potential exporters can work with U.S. State Regional Trade Groups (SRTGs) to take advantage of the SRTG’s resources for marketing and promotion support in Mexico. To learn about more services available from the SRTGs, find the SRTG for your geographic region in the list below and visit the website.

- Western U.S. Agricultural Trade Association (WUSATA)
- Southern U.S. Trade Association (SUSTA)
- Food Export-Midwest (previously named MIATCO) (Food Export)
- Food Export-Northeast (previously named Food Export USA) (Food Export)

Many U.S. companies seeking to export to Mexico attend trade shows such as [Expo ANTAD](#) (retail) to gain 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 certain regions, but not in the whole country.

Entry Strategy

To get started, companies interested in exporting should:

- Read available literature on the Mexican market to determine if there is demand for product. FAS Mexico City has several reports available via [FAS GAIN](#) system.
- Ensure production capacity is sufficient to meet consumer and buyer demands.
- Begin to develop relationships with Mexican buyers. This can be done by participating in a local trade show or by contacting ATO Mexico City.
- Ensure financial and non-financial (staff, time, etc.) resources are available to actively support efforts.
- Evaluate whether the product needs to be tailored specifically for the Mexican market.
- Evaluate whether the product meets all Mexican requirements. Additional information on product requirements, labeling issues, and other topics is available via [FAS GAIN](#) system.
- Ensure necessary knowledge to ship product, such as selecting an international freight forwarder, managing climate controls, and navigating letters of credit. Regional SRTGs and commodity-specific industry groups, such as Cooperators can assist new-to-exporting U.S. suppliers.

SECTION III. COMPETITION

Mexico's retail sector is a crowded and highly competitive marketplace. A largely self-sufficient domestic market that can source about 90 percent of its inputs locally, including fruits, vegetables, and packaging materials. For the remaining 10 percent, the United States is the supplier of choice. U.S. agricultural exports enjoy a sterling reputation in Mexico due to consistent product quality, stable supplies, and proximity. Additionally, preferential market access under the NAFTA signed in 1994 and USMCA (the United States-Mexico-Canada Trade Agreement), its successor agreement which entered into force in July 2020, further enhance bilateral trade.

Other major exporters to Mexico include Canada, Ireland, Brazil, Chile, and China. Since joining NAFTA, Mexico has negotiated trade agreements with more than 45 countries. The latest agreements include the new 11-member Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), formally created in March 2018. The agreement entered into force in Canada, Australia, Japan, Mexico, New Zealand, and Singapore on December 30, 2018.

Table 1. Top Imports of Consumer-Oriented Products to Mexico and Global Competition in 2021

Annual Series: January-December 2021		
Commodity	Partner Country	Value in \$ Millions
Agricultural Products	World	\$37,293
	United States	\$24,968
	Canada	\$ 2,613
	Ireland	\$ 1,364
Dairy Products	World	\$ 2,474
	United States	\$ 1,733
	New Zealand	\$ 163,2
	Unidentified	\$ 152,3
Pork and Pork Products	World	\$ 2,430
	United States	\$ 1,979
	Canada	\$ 400,9
	Spain	\$ 35,5
Poultry and Poultry Products	World	\$ 1,607
	United States	\$ 1,327
	Brazil	\$ 161,6
	Chile	\$ 90,7
Beef and Beef Products	World	\$ 1,249
	United States	\$ 946,4
	Canada	\$ 144,3
	Nicaragua	\$ 117,5
Soups and Other Food Preparations	World	\$ 968,4
	United States	\$ 743,6
	Guatemala	\$ 44,5
	Uruguay	\$ 37,2

Source: INEGI and Trade Data Monitor

SECTION IV. BEST PRODUCT PROSPECTS

Current U.S. export sales trends indicate that intermediate-and-consumer oriented products will drive future growth. Niches of opportunity continue to appear as Mexico's domestic processing sector diversifies and consumers shift to demand healthy, convenient, and high-quality foods, as indicated by recent consumer habits during the COVID-19 pandemic.

Based on Post assessments, the U.S. food and agricultural products with the highest sales potential are:

- Healthy and environmentally friendly processed foods (i.e., lower sodium, fat, sugar, etc.).
- Dairy products-functional yogurts, added with probiotics, and lactose-free.
- Plant-based beverages and products-e.g., soy, almond, coconut, rice, oat, beverages/yogurt/pudding/ice-cream products.
- Convenience Foods-such as ready-to-eat, meal helpers, and frozen foods.
- Family-size packaging for household and food products.
- Pet foods (80 percent of households in Mexico own at least one pet).

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.	Expo ANTAD
Confitexpo	Confectionary industry tradeshow. Takes place annually in Guadalajara.	Confitexpo
Mexipan	Bakery industry trade show. Takes place every other year in Mexico City.	Mexipan
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.	Expo Cafe
Gourmet Show	Trade show related to gourmet products, including new categories like vegan, organic, wines and spirits and chocolate products.	Gourmet Show
Expo Cerveza Mexico	Craft beer trade show. Takes place annually in Mexico City.	Cerveza Mexico
Agro Baja	Agricultural and Fishery exhibition. Takes place annually in Mexicali.	Agro Baja
Expo Carnes y Lacteos	Beef, Pork, Poultry meat and dairy trade show. The event takes place annually in Monterrey.	Expo Carnes

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 (SAGARPA) can be found at <http://www.sagarpa.gob.mx> and Mexico's equivalent to the U.S. Department of Commerce (SE) can be found at <http://www.economia.gob.mx>. 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

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