

The program initially included nine basic crops: corn, sorghum, wheat, soybeans, cotton, rice, barley, safflower and dry beans. Farmers with land planted in these crops were entitled to \$440 Mexican pesos per hectare for the 1995 to 1996 season. The plan applies only to land that was included in a special agricultural census conducted in 1993. Once they qualified for *Procampo*, the eligible area was fixed, and farmers were free to grow other crops on the subsidized land, in response to market forces. The 1995 changes included the expansion of the program to include livestock producers.

*Procampo* was explicitly designed to comply with the requirement of Article 704 of the North American Free Trade Agreement (NAFTA), which stipulates that member countries move towards agricultural support measures with "minimal or no trade distorting or production effects." Given the gradual removal of import duties on agricultural products under NAFTA, it would have been impossible for Mexico to maintain prices that exceeded international levels. Domestic corn, for example, sold for three times the international level in 1993.

## REGULATORY ENVIRONMENT

Many agricultural products imported into Mexico are subject to a series of health regulations administered by the *Secretaría de Salud (SS)*, Secretariat of Health. Animal foods are not generally subject to these regulations at time of importation, although they are subject to general health regulations. The chief executive officer of *Purina de México* was jailed briefly in March 1996 before being released on bail on charges that the company sold contaminated chicken feed to farmers in Chiapas.

Prepared animal food formulations must be registered with *Secretaría*

*de Agricultura, Ganadería y Desarrollo Rural (Sagar)*, the Secretariat of Agriculture, Livestock and Rural Development. The regulations are subject to sudden changes. In June 1994, for example, the Mexican government suddenly imposed regulations requiring that shipments of cattle feed from the US had to be certified as free from sheep derivatives. Exporters should arrange for their agent or importer to verify the specific regulations that might apply to a particular product prior to export.

All products destined for retail sale, such as pet food, must be labelled in accordance with government regulations. A new set of rules was set out in the *Diario Oficial*, National Gazette, on 26 December 1995. These regulations have been in a state of constant revision since 1994, and exporters should verify the requirements with the importer prior to shipment. Spanish-language labels must be affixed to the product before they can enter Mexico.

## MARKET ENTRY STRATEGIES

Most animal foods are sold in Mexico through distributors or agents. Some Canadian firms in other sectors have found that joint ventures with potential competitors can also be an effective entry strategy. Some of them have gaps in their product lines, and others are seeking technical assistance.

Potential distributors or partners can be identified by participation at agricultural trade shows or through contact with Mexican industry associations. For example, the balanced animal feed section of *Cámara Nacional de la Industria de la Transformación (Canacintra)*, National Chamber of the Manufacturing Industry, publishes a directory of its members. The associations representing beef, dairy, hog and poultry producers are familiar with distri-

butors operating in those subsectors. The Canadian Embassy in Mexico City can also help with market intelligence and introductions, as can the consulates in Guadalajara and Monterrey.

## KEY CONTACTS

### CANADA

#### Canadian Government

#### Department of Foreign Affairs and International Trade (DFAIT)

DFAIT is the Canadian federal government department most directly responsible for trade development. The **InfoCentre** should be the first contact point for advice on how to start exporting. It provides information on export-related programs and services, acts as an entry point to DFAIT's trade information network, and can provide copies of specialized export publications and market information to interested companies.

#### InfoCentre

Tel.: 1-800-267-8376 or  
(613) 944-4000

Fax: (613) 996-9709

FaxLink:\* (613) 944-4500

InfoCentre Bulletin Board (IBB):

Tel.: 1-800-628-1581 or  
(613) 944-1581

Internet: <http://www.dfait-maeci.gc.ca>

\*FaxLink is a faxback system which provides summaries on a range of Mexican markets. It must be contacted through your fax machine. Dial from your fax phone and follow the voice prompt instructions.

**The Trade and Economic Division of the Embassy of Canada** in Mexico can provide vital assistance to Canadians venturing into the Mexican market. The trade commissioners are well-informed about the market and will respond in whatever measures possible to support a Canadian firm's presence in Mexico.