

## The NAFTA

The North American Free Trade Agreement (NAFTA) expands Canada's free-trade area of 270 million people into a market of 360 million - a market larger than the population of the 15 countries of the European Union and one with a total North American output of $\$ 7$ trillion.

Mexico is Canada's most important trading partner in Latin America. Two-vway merchandise trade with Mexico exceeded $\$ 5.5$ billion in 1994 and is expected to exceed $\$ 7$ billion by the end of the decade.

Canadian direct investment in Mexico is growing rapidly, increasing from $\$ 452$ million in 1992 to over $\$ 1.2$ billion in 1994.

This guide has been prepared with the problems inherent to the initiating exporter in mind, but it is not exhaustive. The differing circumstances, interests and needs of individual companies will influence their strategies for the Mexican market.

Further assistance can be obtained by addressing requests to:

Department of Industry (DI) through the provincial International Trade Centres (see Where to Get Help) or to the InfoCentre at:

TeL: 1-800-267-8376 or (613) 944-4000
Fax: (613) 996-9709
FaxLink: (613) 944-4500
InfoCentre Bulletin Board (IBB):
1-800-628-1581 or (613) 944-1581

## Table of Contents

An Industry in Transition ..... 7
The Mexican Food Processing Industry ..... 8
Industry Growth ..... 10
Subsectors ..... 11
Imported Food and Beverages ..... 11
Product Trends ..... 12
Food Processing and Packaging Equipment ..... 13
The Role of Imports ..... 15
Customers ..... 16
Baked Goods ..... 17
Beverages ..... 18
Canned Products ..... 19
Confectionery and Candy ..... 20
Dairy Products ..... 21
Edible Oils ..... 23
Processed Meats ..... 24
Salty Snacks ..... 25
Opportunities for Equipment Sales ..... 25
Baked Goods ..... 26
Beverages ..... 27
Canned Products ..... 27
Candy and Confectionery ..... 27
Dairy Products ..... 28
Edible Oils ..... 28
Processed Meat ..... 29
Salty Foods ..... 29
Market Entry Strategies ..... 30
Establishing a Local Presence ..... 30
Finding an Agent or Distributor ..... 30
Promoting the Product ..... 31
Trade Shows ..... 31
Trade Magazines ..... 32
Sales Visits ..... 32
Service ..... 33

Opportunities in Mexico:

Food and Beverage Processing and Packaging Equipment

