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M A R K E T S U M M A R Y - M E X I C O

Processed Food Products



HIGHLIGHTS

The market for convenience foods is just beginning to develop in Mexico, but it offers good long-term potential for Canadian companies.

- Mexicans who can afford to shop in supermarkets, where most imported foods are sold, make up only 20 percent of the population, but they total more than 18 million.
- Two-thirds of Mexicans are less than 30 years old. They have been exposed to American advertising and have a strong preference for imported foods.
- Two incomes are increasingly needed to maintain a middle-class lifestyle. More and more women are entering the labour force, increasing the demand for easy-to-prepare processed foods.
- Mexican supermarket chains are expanding their refrigerated storage and display capacity, in addition to carrying more chilled and frozen items.
- In the medium term, microwave ovens and freezers will become more accessible to middle-class Mexicans, and convenience food sales will grow further.

Unless indicated otherwise, all monetary amounts are expressed in American dollars at the exchange rate prevailing prior to the December 1994 devaluation of the peso.

THE OPPORTUNITY

The Mexican food processing industry is in a state of transition. The industry developed under an umbrella of protectionism that gave domestic producers little incentive to modernize. The result was an industry structure dominated by small, inefficient, family-owned businesses. In the late 1980s, the government of Mexico launched a sweeping program of

economic reforms. Trade barriers were reduced and restrictions on technology imports were eliminated. Foreign investment regulations were liberalized and government enterprises were sold to private investors. In 1994, the North American Free Trade Agreement (NAFTA) took this process even further.

Mexican food processors were caught in a difficult situation, with insufficient capital to modernize, just as highly-efficient foreign competitors gained access to their market. As a result, imports of processed foods increased from US \$425 million in 1991 to more than US \$500 million in 1994. Many American-based food processing companies took advantage of the relaxed foreign investment rules to buy into Mexican companies or to establish subsidiaries.

Meanwhile, consumer demand for convenience foods is on the increase. The income groups most likely to buy imported food account for less than 20 percent of the Mexican population. But this is still a market of more than 18 million people, and about one-third of them live in the three largest cities. They tend to be well educated and typically have travelled in North America and Europe. They are familiar with imported food products and are very quality conscious.

SUMMARY REPORT

This market information on the Mexican market for processed food products has been produced and published by Prospectus Inc. under contract with DFAIT, along with other market profiles and summaries on business opportunities in Mexico. It is available from:

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© Minister of Supply and Services,
September 1995
Cat. No. E73-9/46-1995-1E
ISBN 0-662-23809-5

Disponible en français.

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Department of Foreign Affairs and International Trade / Ministère des Affaires étrangères et du Commerce international

Increased competition and rising demand, coupled with a reduction in the government's role in the economy, has forced a massive restructuring of the industry. The larger, better capitalized companies have been able to expand their markets and rationalize their production processes through acquisitions or mergers. Smaller companies that were not able to make this transition are struggling to survive. According to the *Cámara Nacional de la Industria de Transformación (CANACINTRA)*, National Chamber of Manufacturing Industry, the number of food processing companies in Mexico declined by 20 percent in 1993 and more failures were expected. New foreign investment combined with aggressive joint-venturing with foreign food processors has made this sector one of the most fiercely competitive in the country.

The sharp devaluation of the peso in December 1994 will not diminish the need to modernize, but it will limit financing. This creates opportunities for Canadian companies to form joint ventures with Mexican firms, as a means of entering the market. The economic crisis that was precipitated by the devaluation cut into consumer spending power, and sharply increased the relative cost of imports. Retail sales for April 1995 were almost one-third lower than the same month in 1994. On the other hand, the devaluation has improved the position of Mexican companies which have export markets. Canadians seeking to move into Mexico should focus on niche markets, and potential joint ventures. Whichever approach they prefer, they will have to adopt a long-term strategy.

THE MEXICAN FOOD PROCESSING INDUSTRY

About 8,000 food processing companies are registered with the *Cámara Nacional de la Industria de Transformación (CANACINTRA)*, National Chamber of Manufacturing Industry. About 19 percent of these firms are classified as "large" or "medium". The rest are small or micro-enterprises which supply 'mom-and-

pop' style stores within a few blocks or a few kilometres of their processing facilities.

This US \$10 billion industry is dominated by a few major players, including *Grupo Industrial Bimbo*, *Grupo Maseca (GRUMA)* and *Herdez*. The 100 largest companies account for about 85 percent of the market and two-thirds of the labour force. Thirty-five food processors are listed in the magazine *Expansión 500*. This includes Mexican family firms that have expanded to become industry leaders, as well as a number of large multinational firms that have subsidiaries or partnerships in Mexico. For example, *Grupo Industrial Bimbo* is the ninth largest corporation in Mexico, and *Compañía Nestlé* is tenth. These rankings are from the annual *Expansión 500* listings, and do not necessarily include privately-held companies that do not publish financial details.

Large foreign food companies typically own and operate Mexican plants, create a joint venture with a Mexican partner, or license their brands to Mexican firms. They generally use Mexican primary food products. International joint ventures formed during 1994 include the following:

- *Herdez*, a major producer of mayonnaise and tomato paste, formed joint ventures with Heinz and Hormel.
- *Kir Alimentos*, a meat processor, became associated with Sara Lee.
- *Grupo Industrial Bimbo*, Mexico's largest bread and pastry manufacturer, established a joint venture with American-based Mrs. Baird.
- *Univasa*, a major poultry producer, sold 20 percent of its business to Con Agra.

THE ROLE OF IMPORTS

Mexico is relatively self sufficient in processed foods. Import penetration in 1994 was only 5.6 percent, which is very low compared with other sectors. Domestic production, however, is heavily concentrated in products with relatively little processing. The market for highly-processed foods, featuring

advanced packaging, is only beginning to develop in Mexico. Imports have done well in a number of niche markets. This includes deli-products, processed fish and pasta, as well as snack foods and confections.

Major Mexican Food Processing Companies

	1993 Sales N\$ '000 pesos
Grupo Industrial Bimbo	5,096,866
Compañía Nestlé	4,205,000
Grupo Industrial Maseca	1,924,648
Anderson Clayton	1,348,732
Industrias Bachoco	1,223,651
Ganaderos Productores de Leche Pura	1,005,966
Herdez	881,491
Sigma	733,531
Agrobios	597,774
Promotora Industrial Azucarera	580,605
Pasteurizadora Laguna	457,678
Lechera Guadalajara	420,630
Danone de México	402,691
Ingenio Tres Valles	391,500
Tablex	368,592
Corporación Azucarera de Tala	359,384
Helados Holanda	277,081
Productos de Leche	274,811
Pasteurizadora del Nazas	270,187
Molinos Azteca	267,356
Ultra Lala	231,495
Derivados de Maíz Alimenticio	203,648
Ingenio Adolfo López Mateos	183,738
Compañía Azucarera del Río Guayalejo	168,326
Laboratorios y Agencias Unidas	159,134
Pasteurizadora de Acapulco	117,735
Productos Chata	108,919
Compañía Industrial Azucarera San Pedro	91,552
Chocolatera de Jalisco	80,089
Lala Derivados Lacteos	76,320
Conservas La Torre	55,339
Birds Eye de México	51,082
Martín Cubero	50,254
Refre-Mex	48,810
Pizza del Rey de Chihuahua	12,475
Total	22,727,090

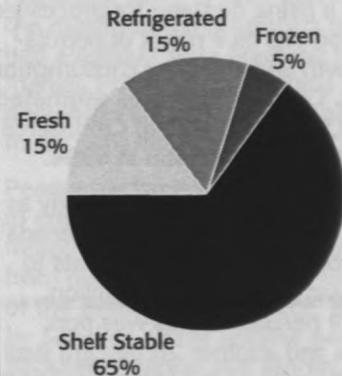
Source: *Expansión*, August 1994.

Mexican Imports Prepared Foods from Canada, 1993-94

(US \$ thousands)	1993	1994
Processed Meat	1,660	2,438
Sausages	168	554
Homogenized preparations of meat products	35	0
Livers	1	0
Turkey	37	12
Poultry, except turkey	443	676
Pork	959	1,176
Beef	17	20
Processed Fish	1,685	5,061
Salmon, not minced	134	67
Herring, not minced	341	346
Sardines, not minced	1,185	1,092
Tuna, skipjack and bonito, not minced	0	0
Anchovies, not minced	3	0
Miscellaneous fish, not minced	0	3,474
Fish, including products containing meat of crustaceans, molluscs	1	2
Caviar and caviar substitutes	0	4
Crab, shrimp, prawns, and crustaceans including products containing fish meat	6	44
Molluscs and other aquatic invertebrates (clams, abalone, scallops, squid, etc)	15	32
Snacks and Confections	154	360
Chewing gum	75	222
Sugar confectionary, not containing cocoa	0	25
Cocoa preparations, not in bulk form	79	113
Pasta	29	119
Pasta, uncooked, not stuffed or otherwise prepared	0	41
Pasta, stuffed, whether or not cooked or otherwise prepared	4	5
Pasta, prepared	25	73
Baked Goods	488	1,397
Bread, pastry, cakes, biscuits and similar baked products, and puddings	488	1,397
Grand Total	4,016	9,375

Source: Secretariat of Commerce and Industrial Development, Bureau of Standards (SECOFI) 1994.

Figure 1
Shelf Space in Major Mexican Food Stores



Percentage of space for all food products.

15 percent of the food products are refrigerated and about 5 percent frozen. Retailers are expected to double their refrigeration capacity within the next few years because of the increasing demand for chilled and frozen products.

Retail stores buy most of their imported foods from intermediaries. Unlike Canada and the United States, there are relatively few large food distributors and they are concentrated in Mexico City. The dominance of supermarket chains in the marketing of imported foods provides an opportunity for direct sales by Canadian suppliers. About 14 percent of all food imports are sold directly to retail stores.

There are three national grocery chains: *Grupo CIFRA*, *Gigante* and *Comercial Mexicana*. Several others operate regionally. Although name brands appeal to many Mexicans, price competition has led to a greater use of private brands, such as *marca libre*, no name, using products imported directly by the chains. Most chains now carry as many as 60 privately branded products.

PROCESSED MEATS

The Mexican processed meat industry is comprised of about 1,264 firms, of which only 460 are members of the *Consejo Nacional de Empacadores de Carnes Frías y Embutidos*, National Council of Cold Meat Packers.

CUSTOMERS

Mexican consumers buy food from a wide range of retailers, ranging from public markets and family-owned businesses to major supermarkets. Intermediaries handle about 85 percent of food imports. Another 14 percent is imported directly by retailers, and 1 percent by food-service establishments.

SUPERMARKETS

About two-thirds of all sales of imported foods take place in supermarkets or hypermarkets, usually large chains. Supermarkets are stores which carry as many as 45,000 items. Hypermarkets are those carrying as

many as 65,000. About 70 percent of these stores are in the large cities. Although they distribute only about 20 percent of all processed foods, they are often the best outlets for imported foods because they cater to upper-income consumers. In the larger cities, such as Mexico City, they represent less than 25 percent of the outlets, but account for three-quarters of food sales by value. Specialty stores are located mainly in upper class neighborhoods and account for about 15 percent of imported food sales.

About 30 percent of supermarket shelf space is devoted to food, with the remainder being health and beauty aids and other non-food products. About

Production in this category is dominated by four major firms that claim more than three-quarters of the total market.

There is a rising demand for processed meat products as a result of population growth and changing consumption patterns. Consumption was estimated by the U.S. Department of Commerce at about US \$600 million in 1994.

Imports are not growing as quickly as in some other food subsectors. Canada's 1994 exports of processed meats to Mexico were only US \$2.4 million. About 49 percent of this was pork products and another 28 percent was poultry. In spite of the lackluster export performance, Mexican meat proces-

Major Private Supermarket Chains

Chain	Number of Stores
CIFRA	
CIFRA	50
Aurrera	35
Superama	38
Sam's Club	20
Wal-Mart	12
GIGANTE	
Gigante	156
Bodega Gigante	34
Super G, Carrefour	9
Comercial Mexicana	
Price Club	17
Mega	2
Bodega	27
Sumesa	17
K Mart	4
De Todo	2
Soñana	48
Automercado	14
Grupo Zaragoza	32
Casa Ley	55
CALIMAX	32
San Francisco Asis	22
Comercial V.H.	17
Almacenes Coppel	14
Super Mercado Modemo	13
Azcunaga	9
Super Maz	6
Las Nuevas Fábricas	7
Casa Cholita	7
Chedraui	25

Note: Excludes about 400 government-owned stores operated by IMSS and ISSSTE.

Source: Canadian Embassy in Mexico.

Processed Food Consumption in Mexico, 1992-1993 US \$ '000s

	1992	1993	Percentage change
Milk, packaged	371,874.6	375,479.0	1.0
Milk, concentrated	59,402.3	80,702.5	35.9
Yoghurt	141,589.0	164,803.0	16.4
Butter	56,961.1	76,455.0	34.2
Cheese	232,726.8	239,559.0	2.9
Ice cream	169,255.8	219,171.0	29.5
Processed fish	148,912.6	184,341.5	23.8
Processed meat	520,787.2	558,971.0	7.3
Vegetables, frozen	89,510.3	127,425.0	42.4
Vegetables, dried	25,225.6	26,334.5	4.4
Vegetables, prepared	686,788.2	705,085.0	2.7
Fruits, frozen	7,323.6	9,344.5	27.6
Fruits, dried	148,912.6	161,405.0	8.4
Fruits, prepared	160,304.8	165,652.5	3.3
Juices	137,520.4	162,254.5	18.0
Nuts, mixed	309,217.4	298,174.5	-3.6
Nuts, prepared	59,402.3	73,057.0	23.0
Coffee and tea	70,794.5	62,013.5	-12.4
Coffee and tea extracts	16,274.6	18,689.0	14.8
Spices	144,843.9	156,308.0	7.9
Vegetable fats	289,687.9	295,526.0	2.0
Sugar and maple syrup	2,441.2	5,097.0	108.8
Confectionery	596,464.1	588,703.5	-1.3
Cocoa	197,736.4	227,666.0	15.1
Chocolate, canned	67,539.6	76,455.0	13.2
Chocolate bars	1,012,280.1	976,925.0	-3.5
Baby foods	26,853.1	27,184.0	1.2
Flour for pastry	111,481.0	137,619.0	23.4
Diet products	67,539.6	98,542.0	45.9
Pasta	53,706.2	54,368.0	1.2
Cereals	289,687.9	309,218.0	6.7
Bread and cookies	478,473.3	466,375.5	-2.5
Sauces, mustard	422,325.9	410,308.5	-2.8
Soups	255,511.2	275,238.0	7.7
Other	760,023.8	736,516.5	-3.1
Total	8,189,378.9	8,550,967.0	4.4

Source: U.S. Department of Commerce, International Trade Administration.

sors with capital to invest are developing new consumer-ready lines which have been posting healthy growth rates. This suggests opportunities for joint ventures between Canadian and Mexican producers.

Traditionally, Mexicans have purchased cold cuts at the local market where they can see them being trimmed for sale. Changing lifestyles have left Mexican households with less time to shop, and prepackaged products are gaining in popularity. Increased nutritional awareness is also driving sales of lean cold cuts and processed meats

made of turkey or chicken. Every supermarket now has a well-stocked deli counter with meat loaf and packaged meats. Deli cases are also appearing in the fast growing convenience store sector and even in "mom-and-pop" stores around the country.

PROCESSED SEAFOOD

Mexicans are important consumers of processed seafood, particularly canned fish. The most popular products are canned sardines and tuna, but shrimp,

Major Meat Packers

- **Alimentos KIR**

A large producer of cold cuts; English- and Mexican-style *chorizo* sausages; and bacon.

- **Donfer**

Obrador de Salchichonería y Tocinería Donfer and related firms (*El Riojano, Obrador Elvira* and *Frigoríficos Iztapalapa*) market under the *Donfer, Riojano* and *Alpino* brands.

- **Sigma**

A member of the *Alfa* industrial conglomerate, *Sigma* is licenced to distribute the products of American-based *Oscar-Meyer*. It has 34 percent of the processed meat market and also produces some dairy products. *Sigma* markets its products under the names of *Fud, Iberomex, San Rafael* and *Chimex*.

- **Parma**

Under the *Nestlé* corporate umbrella, it produces high-quality processed meats, including smoked ham.

- **Zwanenberg**

With an estimated 20 percent of the market, *Zwanenberg* produces several varieties of hams, sausages, patés, bologna, *chorizo* sausages, salami, bacon and pepperoni for the middle- to high-income consumer.

oysters, clams and crab are also growing in popularity. Total consumption of processed seafood was estimated at about US \$200 million for 1994.

Upper-income Mexicans tend to buy products imported from Spain, which are relatively expensive. Norway is the most important supplier of smoked salmon. In the middle price range, popular brands of canned seafood include *Portanet* from Thailand and *Brunswick* from Canada.

Canada's 1994 sales of US \$5.1 million include about US \$1.1 million worth of sardines. Processed salmon and herring are the only other significant products, although recently Canadian producers of anchovies, molluscs, shrimp, crab and crustaceans have begun to make inroads.

PASTA

Pasta is a very important part of the Mexican diet. Pasta is consumed either in soup or mixed with sauces or butter. It is seen as an alternative to beans and rice, and has rapidly become standard fare for the middle class. Supermarket buyers have identified pasta as one of the products with the best potential. Macaroni and cheese casseroles are popular and are considered a convenience meal that can be made at home. American-based *Kraft* has capitalized on this preference with its familiar packaged product, *Kraft Dinner*, which sells well in Mexico.

At the higher end of the market, most pasta brands are imported from Italy. One of the largest importers of Italian foods is a company called *Importadora Madonna*. In 1994, Canada exported about US \$119,000 worth of prepared and stuffed pasta. There were no sales of raw pasta.

SNACK FOODS AND CONFECTIONS

Street vendors selling all manner of quick snacks have a long tradition in Mexico. Recently, some of their market share has been eroded by the big snack food marketers. For example, *PepsiCo* sells snack foods under the *Sabritas* and *Frito-Lay* labels. Another major competitor is *Grupo Industrial Bimbo*, with the brand names *Barcel* and *Chips*.

The market leader is *Sabritas*, which employs more than 5,000 workers in plants that run at virtually full capacity. There is no hypermarket, supermarket, convenience store or country sales outlet that their trucks do not visit. This superb distribution network has made the company phenomenally successful. Nonetheless, it faces stiff competition from *Barcel* which is also very effective in getting its product to market.

Both firms have plants in northern Mexico that produce for export, and have plans for expansion throughout the Americas and the Caribbean.

They invest heavily in image, with aggressive advertising and eye-catching packaging. Indeed, their marketing savvy is such that even the major foreign producers have had a difficult time breaking into the market. *Pringles* potato chips is the only imported product that attracts much supermarket shelf space.

Peanut packagers have also managed to create their own market niche in mixed nuts, with little competition from outside. *Mafer* claims 60 percent of the available shelf space, followed by *Sabritas*. Other leading peanut packagers, *Nipón* and *Martín Cubero* have excellent distribution systems, but do not achieve sales volumes comparable to *Mafer's*.

Canada's sales of snacks and confections have been limited mainly to cakes and pastry, with sales of almost US \$360,000 in 1994. The baked goods market is dominated by *Grupo Industrial Bimbo*, which claims 90 percent of supermarket shelf space in this category. Nonetheless, there is a niche market for specialty cookies, snack cakes and other baked confections.

Smaller sales were posted for chewing gum and cocoa preparations (mostly chocolate bars and chocolate-coated nuts). Mexican candy manufacturers tend to use unsophisticated packaging and a number of foreign countries have established niche markets for upper-income consumers.

There is a small but rapidly growing market for maple syrup in Mexico. Mexicans are very fond of sweet desserts. Many traditional desserts such as flan, crepes and poached fruit call for some type of syrup, sometimes fortified with liquor. Many upper-income Mexicans have discovered maple syrup as an alternative to the usual corn syrup. Consumption doubled to about US \$5 million between 1992 and 1993. So far, Canada has not captured a significant share of this market. Sales have ranged from about US \$5,000 to \$10,000, but no exports were recorded for 1994.

TRENDS AND OPPORTUNITIES

Convenience foods have not traditionally been a big part of the Mexican diet, but consumption patterns are beginning to change. One American observer compares the market to that of the United States in the 1950s: it is mostly untapped and has immense potential.

Several trends underlie the new interest in processed food products. The population is young and rapidly growing. Younger Mexicans are exposed to a wide variety of American media and have developed tastes for foreign products. Women are playing a greater role in the labour force and have less time for meal preparation. Until recently, supermarkets were rapidly displacing "mom-and-pop" convenience stores as the main distributor of food products. Because of the devaluation, local stores are expected to gain some strength this year, as the cost of transportation is seen as an obstacle to supermarket shopping.

According to Mexican government statistics, in 1995, about two-thirds of the population are under the age of 30 and 44 percent are under 20. These young people are exposed daily to television and print advertising from the United States. They are impressed with foreign food trends and are eager to try new products.

The rising role of women in the Mexican workforce is another factor behind the increased demand for convenience foods. There has been a sharp growth in two-income families with the disposable income to buy processed food and little time for meal preparation. About 25 percent of women between the ages of 25 and 30 now work outside the home.

Few Mexican families have a freezer or microwave oven. These appliances are much more expensive than in Canada or the United States. Nonetheless, prices for freezers and microwave ovens will fall as North American Free Trade Agreement (NAFTA) tariff reductions are phased in and they become commodities in the market. Greater

demand for frozen and microwaveable foods will follow.

Abarrotes, small corner stores, are being replaced by convenience store chains, supermarkets, hypermarkets and even discount stores, offering a wide variety of domestic and imported products. The large discount clubs offer mini-wholesale packages, ideal for typically large Mexican families. Modern stores include deli-counters and sophisticated displays of foreign products.

The main constraint on this potential demand is the economic crisis which was precipitated by the sharp devaluation of the peso in December 1994. Real income has been reduced substantially. According to the *Instituto Nacional de Estadística, Geografía e Informática (INEGI)*, National Institute for Statistics, Geography and Informatics, retail sales in Mexico's three largest metropolitan areas during the first five months of 1995 declined by 23 percent compared with the same period in 1994. The *INEGI* statistics showed retail sales declined in real terms by 26.5 percent in Guadalajara, 23.5 percent in Mexico City, and 19.5 percent in Monterrey. This has choked off sales of both imported food products and the appliances that are needed to make them more attractive.

The devaluation is also making it more difficult for stores to upgrade their refrigeration and storage facilities.

In spite of these difficulties, some products are gaining from the devaluation, as hard-pressed consumers switch from more to less expensive products. In the processed food area, medium-priced Canadian products may gain at the expense of higher-end European goods, such as Norwegian smoked salmon, Italian pasta and Swiss chocolate.

MARKET ENTRY STRATEGIES

Any strategy for introducing Canadian processed food into the Mexican market must be based on the understanding that only about 20 percent of the Mexican population can even

potentially afford the product. Therefore, niche marketing is the key to success.

Mexicans like to do business with familiar companies, with a demonstrated commitment to the local market. For this reason, potential rivals should be seen as possible joint-venture partners or distributors. Many Mexican food processors are interested in filling out their lines either with imports or through some form of coproduction. Typically, these processors have their own distribution mechanisms.

Direct imports are almost entirely handled by intermediaries, including distributors, importers, agents and brokers. Most Canadian companies that sell processed food products in Mexico do so through exclusive distributors. Some Canadian exporters have been able to sell privately branded products directly to supermarkets. This is difficult for small volumes, however, because Mexican supermarkets typically have no central warehouses and they expect separate shipments to each store. The supermarkets are also very demanding in terms of in-store support from their suppliers.

Successful Canadian exporters to Mexico invariably stress the need for personal contact in Mexican business dealings. They note that multiple visits and extended negotiations are usually needed before agreement is reached with distributors. Selecting the right distributor is critical. The distributor must have a good knowledge of food products, access to the facilities needed to handle refrigerated products, and strong financial backing. It is also important to find a distributor who sells complementary product lines and has a good distribution system for both retail stores and food-service establishments.

Canadian companies are advised to take special care to check out potential distributors, but they must also sell themselves and their product. There are only a few very good distributors in Mexico, and they are very selective about taking on new lines.

According to a recent Agriculture and Agri-Food Canada study, Mexican distributors are looking for high-

quality products which are new to Mexico, have a good track record in their home markets, are competitively priced and can be adapted to Mexican tastes, if necessary.

Shipment to Mexico is usually by truck via Laredo, Texas. Several Canadian trucking companies can arrange through shipment to major Mexican cities. A few companies have begun to offer less-than-truckload shipments. Some exporters ship full truck loads to bonded refrigerated warehouses in Mexico and distribute from there.

Attending trade shows is an excellent way to introduce new products and make contact with potential customers or partners. The annual *ANTAD* show in Guadalajara is the main show for food products, while the industrial side of the food industry is covered by *Expo Alimentos*. This show is held annually in August in Monterrey. Trade shows are also organized by the Canadian Business Centre in Mexico City. Canada Food Week is scheduled for November, 1996.

THE REGULATORY ENVIRONMENT

STANDARDS AND LABELLING

In 1994, a new labelling decree changed Mexico's requirements for imported consumer goods. In the past, Canadian producers were able to satisfy the regulations by providing the Mexican importer with stick-on Spanish labels. In addition, products covered by *Normas Oficiales Mexicanas (NOMs)*, official standards, had to be accompanied by certificates of compliance and meet the labelling requirements specified in those *NOMs* when they arrived at the border.

SPECIAL CERTIFICATES

Many food products are covered by *Normas Oficiales Mexicanas (NOMs)*, official standards, and some require prior import authorization. Any Mexican government department may issue *NOMs*, but those affecting food products are the responsibility of two departments:

- The *Secretaría de Agricultura, Ganadería y Desarrollo Rural (SAGAR)*, Secretariat of Agriculture, Livestock and Rural Development. The products covered include unprocessed agricultural and animal products. These regulations include a general requirement for phytosanitary and animal health certificates, as well as special regulations requiring a prior "sanitary authorization" for specific shipments of certain products.
- The *Secretaría de Salud (SS)*, Secretariat of Health. These regulations affect all fish and fish products, as well as many processed foods and materials used to produce food, such as fertilizers and pesticides. Specified products must be approved for import before they can enter Mexico and must be accompanied by a sanitary authorization.

These regulations do not generally apply to processed foods, but they are subject to frequent change. Mexican authorities accept most Canadian health certificates, including those issued by the agriculture, fisheries and health and welfare departments. The exporter should begin consultations with the Mexican agent or distributor and provide the necessary information at least three months in advance of the planned shipment.

LABELLING

The Mexican consumer protection law requires that all information contained on any consumer product or its labels, containers and packages must be in Spanish.

Food and beverages are presently covered by specific *Normas Oficiales Mexicanas (NOMs)*, official standards, or by other regulations issued by the *Secretaría de Salud (SS)*, Secretariat of Health, in addition to the generic labelling requirements that apply to all products.

Beginning in 1995, these requirements will be replaced by general regulations covering all food and beverage products, except those sold in bulk. Draft regulations were published in June 1994 and were to become

effective upon final publication, expected in late 1994. Grace periods for compliance were anticipated to extend into early 1995.

The product description must reveal the product's basic components. Food and beverage labels have to include a list of ingredients, the lot number, the expiry date and special instructions for preservation. A "best before" date is optional, and nutritional information is required only if a particular nutritional quality is claimed or advertised.

Outside packages or wrappers must contain all of the required information, or must allow for the visibility of inside labels.

The new regulations also specify certain claims that may not be made on a food or beverage label. They include claims to the effect that a balanced diet does not supply adequate nutrition, claims that cannot be proven, and claims that contravene the Mexican health law.

KEY CONTACTS

CANADA

Canadian Government

Department of Foreign Affairs and International Trade (DFAIT) is the Canadian federal government department most directly responsible for trade development. The *InfoCentre* is the first contact point for advice on how to start exporting. It provides information on export-related programs and services; helps find fast answers to export problems; acts as the entry point to DFAIT's trade information network; and can provide companies with copies of specialized export publications.

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FaxLink: (613) 944-4500
InfoCentre Bulletin Board (IBB):
Tel.: 1-800-628-1581 or
(613) 944-1581



Commercial Division of the Embassy of Canada in Mexico City promotes trade with Mexico. There are several trade commissioners at the Embassy, and there is a satellite office in Monterrey. Trade commissioners can provide a range of services including introducing Canadian companies to potential customers in Mexico; advising on marketing channels; assisting those wishing to participate in trade fairs; helping identify suitable Mexican firms to act as agents; and compiling credit and business information on potential foreign customers.

Note: to telephone Mexico City, dial: 011-52-5 before the number shown below. For contacts in other cities in Mexico, consult the international code listing at the front of your local telephone directory for the appropriate regional codes, or contact the international operator.

Commercial Division
The Embassy of Canada in Mexico
Schiller No. 529
Col. Polanco
Apartado Postal 105-05
11560 México, D.F.
México
Tel.: 724-7900
Fax: 724-7982

Canadian Business Centre
Centro Canadiense de Negocios
Av. Ejército Nacional No. 926
Col. Polanco
11540 México, D.F.
México
Tel.: 580-1176
Fax: 580-4494

Canadian Consulate
Edificio Kalos, Piso C-1
Local 108-A
Zaragoza y Constitución
64000 Monterrey, Nuevo León
México
Tel.: 344 3200
Fax: 344-3048

International Trade Centres have been established across the country as a convenient point of contact to support the exporting efforts of

Canadian firms. Co-located with the regional offices of the Department of Industry (DI), the centres operate under the guidance of DFAIT and all have resident trade commissioners. They help companies determine whether or not they are ready to export; assist firms with marketing research and market planning; provide access to government programs designed to promote exports; and arrange for assistance from the Trade Development Division in Ottawa and trade officers abroad. Contact the International Trade Centre nearest you.

Agriculture and Agri-Food Canada
Meat and Poultry Products
930 Carling Avenue
Ottawa, ON K1A 0C5
Tel.: (613) 952-8000, ext. 4659
Fax: (613) 998-0958

SPONSORING ORGANIZATIONS

Baker & McKenzie
Baker & McKenzie is one of the largest international law firms with offices in 35 countries. They presently have four offices in Mexico, in the cities of Juárez, Mexico City, Monterrey and Tijuana. In addition to providing legal advice, the firm's offices in Canada and Mexico work to assist Canadian companies to find the right partner to enable them to establish or expand their activities in Mexico.

Baker & McKenzie
Barristers & Solicitors
BCE Place
181 Bay Street
Suite 2100
Toronto, ON M5J 2T3
Tel.: (416) 865-6910/6903
Fax: (416) 863-6275

Business and Professional Associations

Machinery and Equipment
Manufacturers' Association of Canada
116 Albert Street
Suite 701
Ottawa, ON K1P 5G3
Tel.: (613) 232-7213
Fax: (613) 232-7381

Canadian Council for the Americas
Executive Offices
145 Richmond Street West
Third Floor
Toronto, ON M5H 2L2
Tel.: (416) 367-4313
Fax: (416) 367-5460

Canadian Exporters' Association
99 Bank Street
Suite 250
Ottawa, ON K1P 6B9
Tel.: (613) 238-8888
Fax: (613) 563-9218

Embassy of Mexico, Mexican trade commissioners in Canada, and Mexican consulates can provide assistance and guidance to Canadian companies in need of information about doing business in Mexico.

Embassy of Mexico
45 O'Connor Street
Suite 1500
Ottawa, ON K1P 1A4
Tel.: (613) 233-8988
Fax: (613) 235-9123

MEXICO

Government Departments

Secretariat of Commerce and Industrial Development
Secretaría de Comercio y Fomento Industrial (SECOFI)
Dirección General de Servicios al Comercio Exterior
Alfonso Reyes No. 30, Piso 12
Col. Hipódromo Condesa
06170 México, D.F.
México
Tel.: 729-9256/9257
Fax: 729-9343

Secretariat of Commerce and Industrial Development
Bureau of Standards
Secretaría de Comercio y Fomento Industrial (SECOFI)
Dirección General de Normas (DGN)
Av. Puente de Tecamachalco No. 6
Col. Lomas de Tecamachalco
53950 Tecamachalco
Estado de México
México
Tel.: 729-9300
Fax: 729-9477

**National Institute for Statistics,
Geography and Informatics**
*Instituto Nacional de Estadística,
Geografía e Informática (INEGI)*
Edificio Sede
Av. Héroe de Nacosari No. 2301 Sur
Fraccionamiento Jardines del Parque
20270 Aguascalientes, Aguascalientes
México
Tel.: 918-6947
Fax: 918-6945

**National Council for Low-Income
Food Support**
*Compañía Nacional de Subsistencias
Populares (CONASUPO)*
Av. Insurgentes No. 489, Piso 4
Col. Hipódromo Condesa
06100 México, D.F.
México
Tel.: 272-2614/0472, 271-1131
Fax: 272-0607

Secretariat of Health
Secretaría de Salud (SS)
Lleja No. 7, Piso 1
Col. Juárez
06600 México, D.F.
México
Tel.: 553-7670
Fax: 286-5497

**Secretariat of Agriculture, Livestock
and Rural Development**
*Secretaría de Agricultura, Ganadería y
Desarrollo Rural (SAGAR)*
Insurgentes Sur No. 476, Piso 13
Col. Roma Sur
06760 México, D.F.
México
Tel.: 584-0786/0271/6288
Fax: 584-2699

**Associations and Chambers in
Mexico**

**National Chamber of the Preserved
Foods Industry**
*Cámara Nacional de la Industria de
Conservas Alimenticias (CANAINCA)*
Calderón de la Barca No. 359-200
Col. Polanco
11560 México, D.F.
México
Tel.: 531-5939, 250-8929, 203-3987
Fax: 203-6798

**National Chamber of the Tortilla
Production Industry**
*Cámara Nacional de la Industria de
Producción de Masa y Tortilla*

(CNIPMT)
Av. Juárez No. 97-401
Col. Centro
06040 México, D.F.
México
Tel.: 510-0850, 518-3240

**National Chamber of the Restaurant
and Seasoned Foods Industry**
*Cámara Nacional de la Industria de
Restaurantes y Alimentos
Condimentados*
Aniceto Ortega No. 1009
Col. del Valle
03100 México, D.F.
México
Tel.: 604-3546, 688-9378
Fax: 604-4086

**National Chamber of the Bakery
Industry**
*Cámara Nacional de la Industria
Panificadora*
Dr. Liceaga No. 96
Col. Doctores
06220 México, D.F.
México
Tel.: 578-9277
Fax: 761-8924

**National Chamber of the Fishing
Industry**
*Cámara Nacional de la Industria
Pesquera*
Manuel María Contreras No. 133-401
Col. Cuauhtémoc
06500 México, D.F.
México
Tel.: 566-9411, 546-5234
Fax: 705-1102

**National Chamber of the Sugar and
Alcohol Industries**
*Cámara Nacional de las Industrias
Azucarera y Alcohólica*
Río Niágara No. 11
Col. Cuauhtémoc
06500 México, D.F.
México
Tel.: 533-3040 through 49
Fax: 511-7803, 207-6592

National Chamber of Processed Corn
*Cámara Nacional del Maíz
Industrializado*
Londres No. 39-101
Col. Juárez
06600 México, D.F.
México
Tel.: 514-1220, 533-0704
Fax: 533-0704

**National Council of Cold Meat
Packers**
*Consejo Nacional de Empacadores de
Carnes Frías y Embutidos*
Miguel Angel de Quevedo No. 350
Col. Coyoacán
04000 México, D.F.
México
Tel: 658-1120/8347
Fax: 658-3688

**National Chamber of Manufacturing
Industry**
*Cámara Nacional de la Industria de
Transformación (CANACINTRA)*
Av. San Antonio No. 256
Col. Ampliación Nápoles
03849 México, D.F.
México
Tel.: 563-3400/0510
Fax: 598-5888, 611-0633

**National Chamber of Commerce of
Mexico City**
*Cámara Nacional de Comercio de la
Ciudad de México (CANACO)*
Paseo de la Reforma No. 42
Col. Centro
06048 México, D.F.
México
Tel.: 592-2677/2665
Fax: 592-3571

Mexican Companies

*Operadora Comercial Mexicana, S. A.
de C.V.*
Chabacano No. 43
Col. Asturias
06850 México, D.F.
México
Tel.: 723-7111
Fax: 723-7495

Gigante, S.A. de C.V.
Av. Ejército Nacional No. 796-A
Col. Granada
11520 México, D.F.
México
Tel.: 724-8000
Fax: 724-8380/81

Bodegas Gigante
Av. Jardín No. 245
Col. Tlatilco
02860 México, D.F.
México
Tel.: 724-9000
Fax: 556-4220



Aurrera
Av. Nextengo No. 78
Col. Santa Cruz Acayucan
02770 México, D.F.
México
Tel.: 328-3500/3506
Fax: 328-3531

Casa Ley, S.A. de C.V.
Carretera Internacional y Calle
Deportiva
Kilómetro No. 1434
80020 Culiacán, Sinaloa
México
Tel.: 59-1000
Fax: 50-5010/5052

Casa Ley, S.A. de C.V.
Montes Urales No. 635-101
Col. Lomas de Chapultepec
11000 México, D.F.
México
Tel.: 202-0256/0447
Fax: 202-0501

Grupo Chedraui
Av. Javier Rojo Gómez No. 400
Col. Barrio de San Pedro
09000 México, D.F.
México
Tel.: 686-9022, 685-5322
Fax: 685-0211

Purchasing Office
Av. Antonio Chedraui Caram s/n
Col. Encinal
91180 Jalapa, Veracruz
México
Tel.: 14-4700
Fax: 14-4896

McCormick Pesa, S.A. de C.V.
Monterrey No. 420
Col. Piedad Narvarte
03000 México, D.F.
México
Tel.: 639-1745/2745/3745
Fax: 639-2936

McCormick de México, S.A. de C.V.
San Bartolo Naucalpan No. 360
Col. Argentina Poniente
11230 México, D.F.
México
Tel.: 576-3100
Fax: 576-6962

Anderson Clayton & Co., S.A. de C.V.
Jaime Balmes No. 11, Torre C, Piso 6
Col. Polanco
11510 México, D.F.
México

Tel.: 326-0300/0301
Fax: 395-0224

Grupo Maseca
Paseo de la Reforma No. 300, Piso 8
Col. Juárez
06600 México, D.F.
México
Tel.: 227-4700
Fax: 514-3728

Grupo Industrial Bimbo
Etienne Cabet No. 1000
Col. Santa Fe
01210 México, D.F.
México
Tel.: 229-6600
Fax: 229-6710

Compañía Nestlé, S.A. de C.V.
Av. Ejército Nacional No. 453
Col. Granada
11520 México, D.F.
México
Tel.: 250-9944
Fax: 254-8264

Herdez, S.A. de C.V.
San Bartolo Naucalpan No. 360
Col. Argentina Poniente
11230 México, D.F.
México
Tel.: 576-3100
Fax: 576-6962

Productos Carnation, S.A. de C.V.
Av. Ejército Nacional No. 453
Col. Granada
11520 México, D.F.
México
Tel.: 250-9944
Fax: 254-8264

Productos del Monte, S.A. de C.V.
Av. Colonia del Valle No. 615, Piso 3
Col. del Valle
03100 México, D.F.
México
Tel.: 536-3040 through 49
Fax: 687-5986

Alimentos del Fuerte, S.A. de C.V.
Zaragoza No. 44 Norte
Esquina Callejón Rubí
Col. Centro
81200 Los Mochis, Sinaloa
México
Tel.: 8-5051
Fax: 5-0070/0575

La Costeña
Antigua Carretera a Pachuca Km 19.5
55400 Tulpetlac, Estado de México
México
Tel.: 775-5249/5999
Fax: 775-1940

Campbell's de México, S.A. de C.V.
Calle del Triunfo s/n
Carretera Libre a Celaya
76900 Villa Corregidora, Querétaro
México
Tel.: 25-0673
Fax: 25-0767

Kraft General Foods de México
Poniente No. 116 No. 553
Col. Industrial Vallejo
02300 México, D.F.
México
Tel.: 325-0999
Fax: 587-7979

**Obrador de Tocinería y Salchichonería
Donfer, S.A. de C.V.**
Javier Rojo Gómez No. 1341-B
Col. Guadalupe del Moral
09300 México, D.F.
México
Tel.: 686-9927
Fax: 686-8350

Sigma Alimentos Centro, S.A. de C.V.
Ernesto Pugibet No. 2
Fraccionamiento Industrial Xalostoc
55340 Xalostoc, Estado de México
México
Tel.: 227-1700
Fax: 714-7072

Zwanenberg de México
Estacas No. 34, Esquina Primavera
Col. López Mateos
53070 Naucalpan, Estado de México
México
Tel.: 729-4200, 358-4266
Fax: 729-4245/4246

Trade Show

EXPO ALIMENTOS
Av. Fundidora No. 501
Primer Nivel, Local 22
Col. Obrera
64010 Monterrey, Nuevo León
México
Tel.: 369-6660/6969
Fax: 369-6660