

Frozen Food - Market Brief Mexico

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Quick Facts

Market Highlights

- The frozen food market in Mexico is estimated at over US\$900 million
- In Mexico, a significant part of frozen food is consumed in restaurants.
- Household consumption of frozen foods in Mexico is growing due to increasing purchasing power, ownership of refrigerators and microwave ovens, and decreasing meal preparation time due to busier daily schedules

Opportunities

- Canadian exporters can find solid export opportunities in the Mexican market for frozen baked goods, frozen meat-based meals, frozen vegetables, frozen snacks and pastas, among others.
- Canadian exporters should concentrate efforts in major cities such as Mexico City, Monterrey and Guadalajara, where demand for frozen foods is highly concentrated
- Canadian frozen foods exporters can take advantage of NAFTA benefits when exporting to Mexico

Key Players

- The U.S. is the main supplier of frozen foods to Mexico
- Private labelling is a good market access strategy: It eliminates additional product promotion costs
- The Mexican company, Sigma Alimentos, is a leader in the frozen food market

Export Checklist

- Under NAFTA, since January 1, 2003, all Mexican import duties applied to Canadian agri-food products (including frozen foods) were eliminated (except dairy, poultry, eggs and sugar, which were excluded from the Agreement. Corn and beans are also subject to tariff rate quotas until 2008).
- Canadian exports of frozen food products to Mexico must comply with sanitary regulations imposed by the Mexican authorities, which vary for each product.
- Canadian exporters must maintain close contact with the importer and customs broker, to fulfill all requirements and to avoid border entry problems

Market Overview

The frozen food market in Mexico is estimated at over US\$900 million and is expected to grow at an average of 13% over the next few years. Consumption of frozen foods is concentrated in major cities such as Mexico City, Guadalajara and Monterrey.

A significant part of the frozen food in Mexico is consumed in restaurants. The Mexican restaurant industry is comprised of 221,427 establishments. Mexico City has the largest amount of restaurants with approximately 31,000 establishments.

Mexican restaurant franchises depend heavily on frozen foods. During the last decade, restaurant franchising has increased dramatically. The main chains in Mexico include Kentucky Fried Chicken, Pizza Hut, McDonald's, Domino's Pizza, Burger King and Benedetti's Pizza.

The preference for frozen foods among Mexican consumers is also growing. During the 1980's, it was commonly perceived in Mexico that frozen foods were old and tasteless.

It took nearly fifteen years to change this thinking, with the help of new freezing technologies, mass marketing and communication strategies directed at consumers.

Mexican consumers, especially the younger generation, are rapidly adapting to an international lifestyle, and are purchasing more imported goods.

Household consumption of frozen foods in Mexico is increasing due to growth in purchasing power, ownership of refrigerators and microwave ovens; and less meal preparation time due to busier work schedules. Traditionally, Mexicans take a two-hour lunch break at home, before returning to work or school. In recent times, big-city traffic congestion makes it impossible for most urban families to gather at mid-day. Therefore, increasingly, Mexicans are resorting to quick, ready-to-eat meals.

The Mexican frozen food market is mainly composed of the middle and upper social classes, which represent approximately 25% of Mexico's total population of approximately 100 million people. This combined class has the strongest purchasing power of the entire Mexican population, and is the largest consumer of imported goods. According to figures from the Mexican Institute of Statistics, Geography and Informatics (INEGI), approximately 16.7 million families own refrigerators. This is an indicator of the potential for frozen food products in Mexico. Furthermore, INEGI figures show that Mexican production of frozen food increased from 505.5 million US\$ in 1999 to 578.5 million US\$ in 2001, indicating market expansion.

The four leading frozen food processors in Mexico in order of importance are Grupo Bimbo, Nestlé-Mexico, Sigma Alimentos and Corporativo Unilever. Frozen foods are sold mainly in local supermarket chains such as Wal-Mart, Gigante, Comercial Mexicana, Soriana, Chedraui, Carrefour, HEB and Casa Ley. All have significantly increased freezer section space in recent years. Even convenience stores (i.e. Oxxo, 7-Eleven) have installed in-store freezing units to satisfy customers' growing preference for ready-to-eat snacks and meals.

It is important to note that Mexico has traditionally been a price driven market and that distribution costs in Mexico can represent up to 25% of the retail price of frozen foods. Therefore, low-priced foods, produced domestically, or by third-country producers (i.e. US, Spain), are the largest selling frozen foods purchased in Mexico.

Opportunities

The main frozen food products consumed in Mexico are baked goods (waffles, cakes, cookies, pies, pizza), meat products (chicken wings, nuggets, BBQ ribs and hamburgers), fish products (frozen breaded shrimp and breaded fish), vegetables (peas, spinach, sweet corn, carrots), snacks (French fries, onion rings, breaded cheesesticks), heat-and-serve Italian and Mexican dishes (macaroni and cheese, spaghetti, tacos, tamales, burritos), ice cream and frozen deserts.

The Mexican frozen baked goods market offers promising trade opportunities to Canadian exporters. Over the last 5 years, Mexican imports of biscuits, waffles and

cookies registered a growth of 153.7%, from US \$24.6 million in 1998 to US \$62.4 million in 2002. In the same time period, Canada has demonstrated strong growth in this market sector. Since 1998, Canadian exports of frozen baked goods to global buyers have increased 31%, reaching US \$255.2 million in 2002. Still, Canada's market share in the Mexican market of biscuits, waffles and cookies is only 10.4% (exports valued at US \$6.5 million).¹

Cakes, pies and pizzas are among the most demanded frozen products in Mexico. During the period 1998-2002, the Mexican imports of these products increased from 44.7 million US\$ to 57.6 million US\$. Canada supplies about 1% of these imports even though Canada's export potential for these products has substantially increased over the last few years.

It is important to note that even though the trade statistics do not differentiate between frozen and non-frozen baked goods, a significant portion of baked goods imported by Mexico are sold as frozen foods in supermarket chains.

Canadian Export Potential in the Mexican Market of Frozen Bakery Products (Million US\$)					
Product	1998	1999	2000	2001	2002
Biscuits, waffles and cookies ¹					
Mexican imports from the world	24.6	32.1	46.1	55.3	62.4
Mexican imports from Canada	4.6	5.8	4.6	4.9	6.5
Canadian Exports to the world	195.5	226.7	245.4	240.4	255.2
Cakes, pies, pizzas and similar products ²					
Mexican imports from the world	44.7	43.4	46.4	49.0	57.6
Mexican imports from Canada	0.4	1.1	0.4	1.0	0.5
Canadian Exports to the world	143.3	162.9	201.4	258.7	323.9

1Includes HS Codes: 1905.30, 1905.31 and 1905.32.

2Includes HS Code: 1905.90.99 for Mexican imports and HS Code: 1905.90.10 for Canadian Exports.

Source: Mexican Ministry of Economy and Statistics Canada.

As demand for prepared and semi-prepared meals is increasing, Mexico's meat-based frozen foods market provides solid opportunities for Canadian exporters.

Mexican imports of prepared poultry meals such as nuggets and wings have increased from 8.1 million US\$ in 1998 to 15.3 million US\$ in 2002. Canadian exports of these products to global buyers have also increased from 5.2 million US\$ in 1998 to 34.4 million US\$ in 2002. However, Canada's minimal participation in the Mexican market is mainly due to NAFTA's exclusion of poultry products from preferential tariff treatment. In the case of prepared pork meals, such as BBQ ribs, Mexican global imports nearly doubled during the last five years. However, again, Canadian participation in this market is limited, although Canada exports approximately US\$20 million of pork-based products to global buyers.

In 2002, Mexican imports of prepared beef dishes, including hamburgers, reached US\$6.6 million. During the same year, Canadian exports of beef products reached US\$16.3 million, with only a limited quantity sold to Mexican buyers. Furthermore, trade statistics do not indicate the difference between frozen and non-frozen products, although most of these products are sold frozen in the Mexican market.

Canadian Export Potential in the Mexican Market of Frozen Meat Products (Million US\$)					
Product	1998	1999	2000	2001	2002
Prepared poultry meals (includes chicken nuggets and wings) ¹					
Mexican imports from the world	8.1	7.2	15.2	15.7	15.3
Mexican imports from Canada	0.03	0.05	0.02	0.02	0.02
Canadian Exports to the world	5.2	10.2	17.6	27.4	34.4
Prepared pork meals (includes BBQ ribs) ²					
Mexican imports from the world	3.4	3.6	4.5	5.2	6.2
Mexican imports from Canada	0.03	0.04	0.02	0.02	0.01
Canadian Exports to the world	17.0	17.4	23.1	22.2	20.2
Prepared beef meals (includes hamburgers) ³					
Mexican imports from the world	4.5	3.9	5.1	7.0	6.6

Mexican imports from Canada	0.02	0.04	0.07	0.05	0.06
Canadian Exports to the world	14.1	18.1	18.9	15.8	16.3

1 Includes HS Code: 1602.32.

2 Includes HS Code: 1602.49.99 for Mexican imports and HS Code: 1602.49.00 for Canadian Exports.

3 Includes HS Code: 1602.50.99 for Mexican imports and HS Code: 1602.50 for Canadian Exports. Source: Mexican Ministry of Economy and Statistics Canada.

Mexico's frozen fish market is also promising for Canadian fish producers. Between 1998 and 2003, Mexican imports of prepared fish (including breaded fish), registered a growth of 79.2%, jumping from US \$9.6 million to US \$17.2 million. Currently, Canada's presence in this part of the Mexican market is quite small.

Mexican imports of prepared shrimp have been growing substantially over the last few years, reaching US \$16.7 million in 2002. Canada has 19.2% share of this market (exports valued at US \$3.2 million). However, this figure amounts to only 4% of total Canadian exports of prepared shrimp in 2002 (US \$74.2 million).

Canadian Export Potential in the Mexican Market of Frozen Fish Products (Million US\$)

Product	1998	1999	2000	2001	2002
Prepared fish (including breaded fish) ¹					
Mexican imports from the world	9.6	11.8	14.7	18.2	17.2
Mexican imports from Canada	0.1	0.0	0.1	0.01	0.1
Canadian Exports to the world	35.8	41.5	41.2	40.4	44.2
Prepared shrimp (including breaded shrimp) ²					
Mexican imports from the world	3.1	3.6	7.2	12.2	16.7
Mexican imports from Canada	0.1	0.0	0.3	1.2	3.2
Canadian Exports to the world	42.4	70.3	95.3	78.0	74.2

1 Includes HS Code: 1604.19 and 1604.20.

2 Includes HS Code: 1605.20.01

Source: Mexican Ministry of Economy and Statistics Canada.

One of the fastest growing segments of Mexico's frozen foods market is the frozen snacks industry, due to their timesaving convenience and general low cost. Mexico also has a significant demand for frozen French fries. Since domestic production is virtually non-existent, this is a market that should be exploited by Canadian exporters. Over the last five years Mexican imports of frozen French fries increased 120%, from 26.3 million US\$ in 1998 to 57.8 million US\$ in 2002.

Canada is a major supplier of frozen French fries to Mexico, with a market share of around 25% in 2002 (exports valued at 13.7 million US\$). However, Canada has the export potential to increase even more its presence in Mexico. During 2002 the Canadian global exports of frozen French fries reached US \$455.9 million.

Major export opportunities also exist for frozen cheese sticks. These products are included in the same HS code as other dairy-based products. However, to understand the size of the market, in 2002 Mexico imported US \$113.2 million of these products, of which 5% were produced in Canada. However, with its great export potential, Canada could easily increase its sales to Mexico (see market access conditions under the section Export Checklist).

The frozen vegetables sector, in particular, onion rings, is another promising market. In 2002 Mexico imported close to US\$2 million of frozen prepared vegetables. Canadian global exports of frozen vegetables products reached US\$8.1 million in that same year. However, only 1.2% of these products were sent to Mexico.

Canadian Export Potential in the Mexican Market of Frozen Snacks (Million US\$)

Product	1998	1999	2000	2001	2002
Frozen French Fries ¹					
Mexican imports from the world	26.3	33.0	43.7	48.9	57.8
Mexican imports from Canada	5.6	6.7	8.7	11.3	13.7
Canadian Exports to the world	311.3	382.6	432.2	459.0	455.9
Preparations based on dairy products (includes breaded cheesesticks) ²					
Mexican imports from the world	54.9	80.3	112.7	105.5	113.2
Mexican imports from Canada	1.6	1.5	0.2	0.1	5.5

Canadian Exports to the world	52.8	62.5	65.2	71.8	87.5
Prepared vegetables (includes onion rings) ³					
Mexican imports from the world	1.3	1.4	1.7	1.7	1.8
Mexican imports from Canada	0.02	0.02	0.02	0.09	0.1
Canadian Exports to the world	6.0	3.3	7.0	6.2	8.1

1 Includes HS Code: 2004.10

2 Includes HS Codes: 1901.90.03 and 1901.90.05 for Mexican imports and 1901.90 for Canadian Exports

3 Includes HS Code: 2004.90.99 for Mexican imports and 2004.90.90 for Canadian Exports
Source: Mexican Ministry of Economy and Statistics Canada.

Mexican consumers are increasingly concerned about maintaining a healthy diet. Therefore, the demand for frozen vegetables has been increasing, creating export opportunities for Canadian exporters.

Among the main frozen vegetables consumed in Mexico are peas and sweet corn. Over the last five years, Mexican imports of peas have doubled, reaching US\$3 million in 2002. Canada has a market share of 2% in this market. However, in 2002, total Canadian exports reached US\$9 million, showing strong export potential.

Regarding sweet corn, in 2002, Mexican imports of these products were US\$2.2 million. Currently, Canada owns a very small part of this market, although it has good exportable output.

In the case of other frozen vegetables, Mexican imports in 2002 reached US\$3 million. Canada's exports of these products global buyers are US\$22 million.

Canadian Export Potential in the Mexican Market of Frozen Vegetables (Million US\$)

Product	1998	1999	2000	2001	2002
Frozen peas ¹					
Mexican imports from the world	1.5	1.6	1.6	2.2	3.0
Mexican imports from Canada	0.06	0.08	0.01	0.03	0.06
Canadian Exports to the world	8.5	8.9	9.6	9.0	8.8
Frozen sweet corn ²					
Mexican imports from the world	1.6	1.3	1.0	1.5	2.2
Mexican imports from Canada	0.1	0.07	0.04	0.05	0.01
Canadian Exports to the world	13.3	12.1	10.0	9.2	12.6
Other frozen vegetables ³					
Mexican imports from the world	1.9	2.2	1.5	2.9	3.0
Mexican imports from Canada	0.03	0.02	0.0	0.0	0.05
Canadian Exports to the world	17.9	24.9	21.1	19.1	21.7

1 Includes HS Code: 0710.21

2 Includes HS Code: 0710.40

3 Includes HS Code: 0710.80.99 for Mexican imports and 0710.80.00 for Canadian Exports
Source: Mexican Ministry of Economy and Statistics Canada.

Mexican consumers enjoy the flavour and textures of Italian food. Based on this, the consumption of frozen pastas such as macaroni and cheese, spaghetti, lasagne, ravioli and cannelloni dishes have increased over the last few years.

Between 1998 and 2002 Mexican imports of uncooked pasta registered a growth of 69.2%, jumping from US\$5.2 million to US\$8.8 million. Canada has strong export potential in these products. However, its market share in Mexico is presently very small (less than 1%).

In the case of cooked pasta, Mexican imports grew from US\$1.9 million in 1998 to US\$5.5 million in 2002. During 2002, Canadian exports of these products to the world reached a record US\$62.8 million. However, Canada did not register any exports of cooked pasta to Mexico in that same year.

Canadian Export Potential in the Mexican Market of Frozen Pastas (Million US\$)

Product	1998	1999	2000	2001	2002
Uncooked pasta ¹					
Mexican imports from the world	5.2	6.2	6.3	7.6	8.8
Mexican imports from Canada	0.0	0.01	0.03	0.01	0.06
Canadian Exports to the world	60.1	81.7	82.3	54.2	43.7
Cooked pasta ²					
Mexican imports from the world	1.9	2.6	3.9	4.8	5.5

Mexican imports from Canada	0.03	0.06	0.09	0.03	0.0
Canadian Exports to the world	12.4	20.7	16.5	24.7	62.8

1 Includes HS Codes: 1902.11 and 1902.19

2 Includes HS Codes: 1902.20 and 1902.30

Source: Mexican Ministry of Economy and Statistics Canada.

Mexico has a high consumption of ice cream, which is one of the favourite desserts among the Mexican population.

During 2002, total Mexican imports of ice cream and other frozen desserts (sherbets) reached US\$28 million, representing an increase of 16% from 2001 imports.

Canadian exports of ice cream and other frozen desserts (sherbets) to the world have almost doubled over the last five years. However, none of these exports were sent to Mexico, a market that should be explored by Canadian exporters.

Canadian ice cream products do not have tariff preferences under NAFTA in the Mexican market, while U.S. and Chilean ice cream products do. However, Canada can compete with European countries, which do not have preferential duties and are important suppliers of these products to Mexico (see section **Key players** and **Export checklist**).

Canadian Export Potential in the Mexican Market of Ice Cream and Ice-based desserts (Million US\$)

Product	1998	1999	2000	2001	2002
Mexican imports from the world	25.2	23.4	19.1	24.2	28.0
Mexican imports from Canada	0.0	0.02	0.0	0.0	0.0
Canadian Exports to the world	9.0	21.2	15.6	14.7	17.4

1 Includes HS Code: 2105.00

Source: Mexican Ministry of Economy and Statistics Canada.

It is important to note that Canadian companies that want to export frozen food products must consider contacting frozen food wholesalers that have established distribution systems.

Some retail chains do import directly but it is still highly recommended that companies work with an agent or representative when doing business in Mexico. In many cases, imported products are stocked in warehouses and are not properly displayed on store shelves. For these and other sales/marketing issues, the local agent or representative provides an essential service.

Primarily, Canadian exporters should concentrate in large cities such as Mexico City, Monterrey and Guadalajara, where demand of frozen food is highest. As well, hotels and restaurants located along Mexico's coastal resorts (such as Cancun and Acapulco) are also important consumers of frozen food.

The Mexican frozen food market is large enough to warrant specialized flavours, but mixed preparations should not exceed four flavours and 400 grams. It is recommended that consumer prices should be kept below US\$3.40 per unit in order to be competitive. Also, it is important to keep in mind that the elimination of duties on agri-food products under NAFTA provides an excellent opportunity for increasing the Canadian exports of frozen food to Mexico (see section: **Export checklist**).

Key Players

It is estimated that the U.S. has approximately 80% of the import market for frozen foods in Mexico, followed by Canada with 13%, Chile (4%) and Spain (3%). These shares vary depending on the product.

The U.S. holds a 45% market share in Mexico's frozen biscuits, waffles and cookies market, with Kellogg's as the leading exporter. They are followed by Brazil with 24% and Denmark with 7.7%. Currently, Canada plays a negligible role in this part of the market.

For cookies, cakes and pies, the U.S. supplies more than 86% of Mexican imports. Other key suppliers are Italy, holding a market share of 5.1%, and El Salvador with 3.5% of the pie. Among the main brands of frozen baked goods sold in Mexico's supermarkets are Sara Lee and Great Value (Wal-Mart's private label).

Private labelling is a good market access strategy, since the exporter does not have to pay additional product promotional fees; in addition, the exporter benefits from product distribution in all supermarket locations that own the private label.

Currently, the U.S. supplies 87% of Mexico's frozen pork products. Denmark follows with 10.7%. In the case of poultry-based products (chicken nuggets and wings) the U.S. supplies around 92% of Mexico's imports. The Tyson Chicken Company is the leading U.S. supplier. Chile follows with a market share of 7.8%. The U.S. is also the main supplier of frozen beef products, with a market share of 93.2%. Nicaragua is second, accounting for 3.1% of the market.

The Mexican company Sigma Alimentos has a strong national presence in the frozen foods market. In July 2001 U.S. based ConAgra Foods bought 50% of Sigma Alimentos. ConAgra has strengthened its presence in the Mexican frozen foods market, by producing some products at Sigma's Mexican facilities and continuing to import products from the U.S.

Mexican imports of prepared fish (frozen breaded fish), come mainly from the U.S. (77%), followed by Spain (11.9%) and China (5.2%). For prepared shrimp (frozen breaded shrimp), the U.S. is the main supplier, holding a market share of 54.5%, followed by Canada (19.0%), Thailand (14.6%) and India (8.9%). The company High Liner Foods has a strong presence in this market.

The U.S. is the main supplier of frozen French fries to Mexico with a market share of 76.6%. As mentioned before, Canada has also a strong presence in this market with McCain being one of the leading suppliers of frozen French fries to Mexico. McCain supplies French fries to all McDonald's restaurants in Mexico. Other Canadian companies have also increased sales of frozen French fries to Mexico.

For dairy-based products (including frozen cheesesticks), the U.S. supplies around 26.8% of total Mexican imports. The rest is divided between European countries such as Germany (13.5%), Ireland (11.5%), Netherlands (9.2%) and Poland (8.1%). For prepared vegetables (including frozen onion rings), the U.S. market share is 92.9% and Canada has a share of 6.7%. The Mexican company Delimex is one of the main frozen snacks companies in Mexico. The U.S. company Heinz recently became a Delimex partner.

Mexican imports of frozen peas are largely from the U.S. (87.3%), followed by Guatemala (5.2%) and China (4.4%). For frozen sweet corn, almost all the Mexican imports come from the U.S. (99.0%); other frozen vegetables are supplied by the U.S. (79.6%), Belgium (12.0%) and China (5.1%). Among the main brands of frozen vegetables in the Mexican supermarkets are La Huerta, Green Giant and other private labels.

The U.S. leads Mexico's market of frozen uncooked pasta, with a market share of 48.5%, followed by Italy with 34.5%. For frozen cooked pasta, the U.S. has a market share of 77.6% in the Mexican market, followed by Spain with 12.4% and Italy with 5.1%.

For ice cream, the U.S. supplies around 80% of the total Mexican imports, followed by Chile with 10%, Spain (4.5%) and Switzerland (3.0%). Nestle is one of the leading brands of ice cream in the Mexican market.

Promotion is an important strategy to increase market share. Canadian exporters should be prepared to allocate funds for promotion of frozen foods in Mexico. Another affordable method is to participate in, and/or attend Mexican trade shows. A show can serve as a way to contact local distributors/sales agents, buyers and businessmen, and to become familiar with local competition. Some of the trade shows useful to Canadian exporters of frozen foods include:

Alimentaria 2004

June 9-11, 2004

Banamex Convention Center, Mexico City

Contact: Richard Clegg, AAFC's Senior International Marketing Officer, Mexico

Tel: (613) 759-7743

Fax: (613) 759-7506

Email: cleggr@agr.gc.ca

Show Type: One of the most important international food and beverage shows in Mexico

Note: Canada hosts a pavilion at this show.

Abastur Rest-Hotel 2004

September 29 - October 1, 2004

Banamex Convention Center, Mexico City

Contact: Hugo Hernandez or Ivan Martinez

Tel: (011-52 55) 5237-9924 or 5237-9925

Fax: (011-52 55) 5637-9926

Email: hh@remex-cie.com, imartinez@remex-cie.com

Show Type: One of the most important hotel, restaurant and hospitality international shows in Latin America with more than 18,000 participants. Includes a large equipment component.

ANTAD 2004

March 13-15, 2004

Expo Guadalajara, Mexico

Contact: Miriam Madrigal

Tel: (01152-33) 3121-4577

Fax: (01152-33) 3121-5437

Email: antadguadalajara@megared.net.mx

Internet: www.antad.org.mx

Show Type: Mexico's largest retail and supermarket show

Exphotel 2004

June 9-11, 2004

Cancun Convention Center, Cancun Quintana Roo, Mexico

Contact: Marco Antonio Vidal

Tel: (011-52 55) 5077-4742 or (011-5255) 5077-4743

Fax: (011-52 55) 5077-4745

Email: ventas@ts.com.mx or ts@ts.com.mx

Internet: www.TS.com.mx

Show Type: Largest international hotel and restaurant industry show in Mexico's East Coast and in one of the most important tourist destinations in Mexico

Export Checklist

Market Access Conditions

Under NAFTA, as of January 1, 2003, all Mexican import duties applied to Canadian agri-food products (including frozen food) have been eliminated (except dairy, poultry, eggs and sugar, which were excluded from the Agreement. Also corn and beans, which are subject to tariff rate quotas until 2008). For those agri-food products that were excluded from NAFTA, Canadian exporters must pay the Most Favoured Nation (MFN) duty that Mexico has established for all World Trade Organization (WTO) members.

In the case of poultry meals such as chicken nuggets and wings (NAFTA excluded items), Mexico has assigned a 23% MFN duty on imports from WTO members (including Canada).

For dairy-based products (also excluded from NAFTA), such as breaded cheesesticks, Mexico has a TRQ to import these types of products from WTO countries with a 0% duty. The TRQ for 2003 is 44,200 tonnes. For imports above this TRQ, Mexico applies a duty of 109%. Around 70% of this TRQ is allocated using a mechanism of direct assignment and 30% is allocated through auctions. The permits to import these products under the TRQ are granted by the Mexican Ministry of Economy. Only Mexican companies can apply for these permits. Therefore, Canadian exporters who want to sell these types of products to Mexico must ensure that their importers have this permit.

For ice cream (also excluded from NAFTA), the MFN duty that Mexico applies to imports from WTO countries (including Canada) is 20% ad-valorem plus US\$ 0.39586 per Kg. of sugar. It is important to note that sherbets are included under the same HS Code for ice cream (2105.00.01). However, if the sherbet does not contain sugar, then the 2nd duty is not applied.

It is important to note that under NAFTA the U.S. has 0% duty on its exports of chicken nuggets and ice cream (U.S. does not pay the sugar tax) and its exports of dairy-based products to Mexico are not subject to TRQs.

Sanitary Requirements

Canadian exports of frozen food products to Mexico must comply with the sanitary regulations imposed by Mexican authorities. These regulations vary by product. In principle, the importer bears the responsibility for obtaining any necessary permits, while compliance with Mexican regulations falls to the exporter.

In the case of frozen biscuits, waffles, cookies, french fries and pastas, the Mexican importer has to submit a Sanitary Import Notice to the Mexican Ministry of Health (Salud). This Sanitary Import Notice is a letter, written in Spanish, which must include: name of product, trade brand, specific quantity, name and address of producer, name and address of importer, port of entry and import tariff numbers. This document, written on the company's letterhead, must be addressed to the Secretaría de Salud; Dirección General de Calidad Sanitaria de Bienes y Servicios (Ministry of Health; General Directorate of Quality Health of Goods and Services) and presented at the port of entry. Also required are the invoice, airway bill and a Sanitary Statement (Constancia Sanitaria).

In the case of Canada, the sanitary statement can be a copy of the Manufacturer's Declaration signed by the Canadian Food Inspection Agency to guarantee the safety of the products. If Canadian pastas exported to Mexico contain meat, the importer will also need to attach a Sanitary Certificate for Meat from CFIA.

For frozen prepared fish and shrimp, the Mexican importer is required to submit an application for a Sanitary Import Permit to the Health Department (Salud). Again, only importers that are registered with Salud can submit this application. They must attach to the application a copy of the Certificate of Fish Health and Hygiene for Mexico signed by the Canadian Food Inspection Agency (CFIA).

In the case of frozen poultry, pork and beef products, as well as dairy-based products, the importer must apply for a sanitary requirements form (Hoja de Requisitos Zoonosanitarios: HRZ) at the Animal Health Department of the Mexican Ministry of Agriculture (SAGARPA). In this HRZ, SAGARPA will establish the sanitary requirements that must be met. The importer should provide a translated copy of this HRZ to the exporter in order to obtain a CFIA certificate of compliance. It is important to note that if the CFIA sanitary certificate does not match exactly with the HRZ, the product will be rejected or detained at the Mexican border.

It is also important to note that Canadian meat production plants must be registered to export to Mexico. This is a procedure the Canadian company must follow through the CFIA.

Imports of frozen vegetables are subject to a visual inspection from the SAGARPA inspectors at the border.

In the case of cakes, pies and pizzas, the Canadian exporters must comply with the Mexican Official Standard NOM-147-SSA1-1996, which establishes sanitary specifications for imports of bakery products. This NOM can be found at:

<http://www.economia-noms.gob.mx/>

Finally, for ice creams, the importer must apply for a HRZ at SAGARPA and must submit a Sanitary Import Notice to Salud.

Canadian frozen food exporters should also take into account NOM-051-SCFI-1995, which establishes the general labeling specifications for prepackaged food and non-alcoholic beverages. Products for institutional use are not subject to this NOM. All information on the label must be in Spanish and must include the following data:

- Country of origin
(i.e., Producto de Canada)
- Importer's name, address
and RFC number (taxation number)
- Commercial/brand name
- Exporter's name and address
- Product description in English
- *Nutritional Information
- Ingredients
- Producer's name and address
- Product description in Spanish
- Preparation and handling instructions
- Date of expiration

-Special warnings

-Net weight in metric units

*On June 19, 2003 the Mexican Ministry of Health (Salud) determined that the inclusion of nutritional information on labels of food and non-alcoholic beverages will be mandatory. Salud indicated that the authorities in their areas of responsibility would have 2 years to modify their regulations, Mexican Mandatory Technical Regulations (NOMs) and any other applicable provisions, in order to comply with this provision. Currently, NOM-051 specifies that the inclusion of nutritional information on labels is voluntary, unless a nutritional claim is made (e.g. product boosts your energy). However, this NOM is up for its five-year revision and it is likely that the mandatory inclusion of nutritional information on labels will be included in the revised version of this NOM.

An English version of this NOM can be obtained at: <http://www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=275>.

In order to ensure that the labels comply with NOM-051, Canadian exporters can send one label to an authorized verification unit. Most verification units provide a complete service that might include the verification, printing and fixing of the labels in order to comply with NOM-051. Once the label completed, the verification unit will issue a compliance certificate, which should be presented when the product arrives at the Mexican border. A list of authorized verification units can be obtained at the following website: http://www.economia.gob.mx/work/normas/Aprobacion/Unidades_de_verificacion/SECOFI/nom-051-scfi-1994.doc

It is important to note that the Canadian government has a Border Clearance Representative (BCR) that provides pre-clearance and border assistance to Canadian companies shipping products to Mexico (see section of Key contacts for more information).

Key Contacts

Canadian Government Contacts

Canadian Embassy in México

Contact: Kim O'Neil / Alejandro Ruiz

Agri-Food Counsellor / Agri-Food Commercial Officer
Commercial Officer

Tel: (52-55) 5724-7934 / (5255) 5724-7989

Fax: (5-255) 5724-7982

E-mail: kim.oneil@dfait-maeci.gc.ca / alejandro.ruiz@dfait-maeci.gc.ca

Department of Foreign Affairs and International Trade

Contact: Marcello DiFranco

Trade Commissioner

Mexico Division (NMX)

Tel: (613) 996-8625

Fax: (613) 996-6142

E-mail: marcello.difranco@dfait-maeci.gc.ca

Agriculture and Agri-Food Canada

Contact: Richard Clegg

Senior International Marketing Officer, Mexico

Tel. (613) 759-7743

Fax. (613) 759-7506

E-mail: cleggr@agr.gc.ca

Border Clearance Representative

Contact: Luis Perez

Tel. (52-867) 719-0003

Cel. (956) 206-8771

Fax. (52-867) 719-0764

E-mail: luispere@nlaredo.globalpc.net

Mexican Government Contacts

Mexican Ministry of Health (Salud)
Contact: Silvia Hernández
Imports Department
Tel: (52-55) 5208-0915
Fax: (52-55) 5080-5200 ext. 1343
Mexican Ministry of Agriculture (SAGARPA) Animal Health Division
Contact: Lourdes Molina
Imports Department
Tel: (52-55) 9183-1000 ext. 34309
Fax: (52-55) 9183-1000 ext. 33964
E-mail: lourdes.molina@sagarpa.gob.mx
Mexican Ministry of Agriculture (SAGARPA) Plant Health Division
Contact: Juan José Ornelas
Imports Department
Tel: (52-55) 5554-5064
Fax: (52-55) 5658-0696
E-mail: dgsv.escv@sagarpa.gob.mx
Mexican Ministry of Agriculture (SAGARPA) Inspection Division
Contact: Martín Valencia
Imports Department
Tel: (52-55) 9183-1000 ext. 34106
Fax: (52-55) 9183-1000 ext. 34179

Selected Mexican Importers of Frozen Food

Alimentos Prácticos y Selectos
Address: Av. De las Granjas 365 Interior 3 y 4, Barrio San Sebastián, México D. F., C.P. 02040
Contact. Lic. Arturo Mayorga Purchase Manager
Ing. Miguel Olivier Sanchez, General Manager
Tel: (52-55) 5353-9795 with eight lines
Fax: (52-55) 5353-9795 exts. 120 and 127
E-mail: <http://www.apys.com.mx> / gmpcomer@prodigy.net.mx
Alexanderson Congelados, S.A. de C.V.
Address: Trabajo y previsión social # 163, Col. Federal, México, D.F., CP 15700
Contact: Alberto Lozano Alexanderson (General Manager) and Ernesto Lozano
Tel: (52-55) 5784-3533
Fax: (52-55) 5785-0997
Email: elozano@alexanderson.com.mx
Organizadora de Importaciones ORDI
Address. Shakespeare No. 15 Quinto Piso
Colonia Anzures, Delegación Miguel Hidalgo
C.P. 11590 México, D.F.
Contact. Baris Kabuloglu Pla
General Manager
Tel : (52-55) 5203-3292
Fax : (52-55) 5203-3861
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DISCONTALSA S.A de C.V.
Address: Fresno #2121-A, Col. Moderna C.P. 64530, Monterrey N.L., México
Contact: Omar Zárate, Purchasing Manager
Tel: (52-81) 8331-0140
Fax: (52-81) 8331-4477
E-mail: info@discontalsa.com / ozarate@discontalsa.com
<http://www.discontalsa.com>

Grupo Almos, S.A. de C.V.
Address. Industria No. 10
Col. Azcapozalco, C.P. 02000
México, D.F.

Contacts: Moisés Shamosh, Director General
David Shamosh and Daniel Shamosh

Tel: (52-55) 5233-1500

Fax: (52-55) 5236-3775

E-mail: moises@grupoalmos.com.mx

grupoalmos@prodigy.net.mx

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WAL MART SUPERCENTER

AURRERA, SUPERAMA

Address. Av. Universidad # 936 A

Col. Santa Cruz Atoyac, C.P. 03310

México, D.F.

Contacts: Vanesa de Navarro

Frozen Food Purchasing Manager

Tel: (52-55) 5420-0200 Ext.5679, 5676

Fax. (52-55) 5420-0202

mkdenav@wal-mart.com

mffflor@wal-mart.com

COMERCIAL MEXICANA, S.A. de C.V.

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Col. Industrial Vallejo

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Contact: Eugenio Romero

Frozen Food Purchasing Manager

Tel: (52-55) 5270-9666

Fax. (52-55) 5270-9599

E-mail: eromero@mail.comerci.com.mx

<http://www.comercialmexicana.com.mx>

COSTCO DE MEXICO S.A. de C.V.

Address. Boulevard Magnocentro No. 4

Col. San Fernando la Herradura, C.P. 52760

Huixquilucan, Estado de México

Contact: Carlos Basaguren

Frozen Food Purchasing Manager

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Fax. (52-55) 5246-5571

E-mail: cbasaguren@costco.com.mx

<http://www.costco.com.mx>

SAM'S CLUB, S.A. DE C.V.

Address: Av. Ejercito Nacional # 559

Col. Granada, C.P. 11520

México, D.F.

Contact: Eugenio San Feliz

Frozen Food Purchasing Director

Tel: (52-55) 52632000 ext. 7906

Fax. (52-55) 52832024 (52-55) 52632000 ext.7918

E-mail: mesanfe@wal-mart.com

CARREFOUR

Address. Presidente Masarik # 219

1 y 2 piso, Col. Chapultepec Morales

C.P. 11560, México, D.F.

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Tel: (52-55) 5283-2919

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GIGANTE, S.A. de C.V. / BODEGA GIGANTE
SUPER G

Address. Ejercito Nacional # 769 A

Col. Nueva Granada, C.P. 11520, México, D.F.

Contact: Srita. Susana Ramasko

Frozen Food Purchasing Director

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Soriana

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Frozen Food Purchasing Director

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HEB

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CP 64060, Monterrey, N.L.

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Frozen Food Purchasing Manager

Tel: (52-81) 8153-1128 / (52-81) 8153-1119

calvarez@hebmex.com / <http://www.hebmexico.com>

Chedraui

Address: Av. Rojo Gómez No. 400

Col. Barrio Sn. Pedro Iztapalapa

Iztapalapa, 0900, México, D.F.

Contact: Maria Grasso Carvajal

Frozen Food Purchasing Manager

Tel. (52-55) 5624-8000, (52-55) 5604-2000

Fax. (52-55) 5624-8034

References

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Contact: Oscar González

Tel. (305) 569-9133 ext. 205, E-mail: foodbev@infoamericas.com

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Contact: Juan J. Cutillas

Tel. (52-55) 3454-9319, E-mail: ntmjuan@yahoo.com

USDA, Foreign Agricultural Service, "Mexico, Product Brief, Frozen Foods Market Brief, 2003", June 18, 2003

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¹ The Mexican imports from the world and Canada are based on the figures reported by the Mexican Ministry of Economy and the Canadian exports to the world are based on the figures reported by Statistics Canada
