



OPPORTUNITIES FOR DUTCH BUSINESSES IN THE MEXICAN FOOD RETAIL SECTOR

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Executed by:



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1. MEXICO: A RISING GLOBAL ECONOMY AND A CONSUMER GIANT

Mexico's unique business opportunity for the food industry is determined by three factors: a mixed cultural heritage with European influence, a burgeoning middle-class with spending ability within a stable economy and, a vast well-connected territory with large urban centers.

1.1 Mexico in statistics

1.1.1 Size & Population

- The 2nd largest population in Latin America (125 million)
- The 3rd largest country in size in Latin America (1,972,550 km², or 47 times NL)
- The world's largest population of Spanish speaking people.
- A gender distribution of 51.4% women and 48.6% men.
- An average age of 27, with 75 million inhabitants under or equal to the age of 27.
- 75.5% of the population living in urban areas.

1.1.2 Economy

- 15th economy worldwide in terms of GDP, 2nd in Latin America (after Brazil)
- A GDP of US\$1.18 trillion in 2019, and growth of 2.2% in 2018.
- Retail GDP growth is higher than national GDP growth, with 3.8% in 2018.¹
- 12th exporter worldwide (per 2018).
- 90% of food and beverage exports are destined for the US market.²
- Trade agreements with 46 countries, more than any other country.
- Participant in the North American Free Trade Agreement (NAFTA) with the US and Canada, soon to transition into USMCA agreement.

¹ ANTAD, 2018

² Mexico Business Review 2019, p.232.

- Signatory of the EU Mexico Global (Trade) Agreement, awaiting ratification and full implementation.
- 9/10 most important food and beverage companies have a presence in Mexico.³

1.2 Macro-economic outlook

Due to its open attitude to world trade, readiness to adopt technological innovations, and relative currency stability; Mexico is an economic reference for the rest of Latin America. This drives a long-term positive outlook of the economy, despite some economic, political and social challenges. Apart from having a large domestic consumer base, many large multinationals see Mexico as the gateway to the rest of Latin America. The country's deep economic ties with its northern neighbor, leads to many trends in the US spilling over into Mexico. An example is the recent rise of e-commerce and digitalization of consumer services, driven by major players such as Amazon and Microsoft.

Since 2015, Mexico has had a positive agri-food trade balance. This is due to numerous factors. Global interest in Mexican products, such as avocado, tequila and chili peppers, have spurred export volume. Meanwhile, the agricultural sector has seen improvements in logistics and the application of technology, which has lifted production levels. In addition, improvements in food safety regulations have provided greater access to foreign markets. More demand for Mexican produce abroad has led to improvement in port and transport infrastructure.

The American retail giant Walmart has had a major impact on the development of the food retail sector since its arrival in the country in 1984. *Walmart de Mexico y America Central* (Walmex), the Mexico City-based subsidiary of Walmart, is the largest owner of supermarket chains in the country. It is credited for creating and expanding lower price supermarkets accessible to a wider segment of the population. Before its arrival, supermarket chains in Mexico had far fewer store locations and were seen as exclusive shopping destinations. What is noteworthy, is that supermarkets generally have sections of European goods. Mexico has a strong historical and cultural relationship with Europe. For this reason, European products, including cheese, oil, and wine, are popular.

³ Mexico Business Review 2019, p.230.

1.3 Distribution of metropolitan areas

The principal metropolitan areas by population are:⁴

#	METROPOLITAN AREA	POPULATION
1	Mexico City metropolitan area	+20,000,000
2	Guadalajara	+4,800,000
3	Monterrey	+4,600,000
4	Puebla-Tlaxcala	+2,900,000
5	Toluca	+2,000,000
6	Tijuana	+1,840,00
7	Juárez	
8	Laguna	+1,300,000
9	Querétaro	

Figure 1. Estimated population per metropolitan area for easy reference. INEGI, 2015

The following illustration indicates centers with the largest population:



Figure 2. Illustrative map of population's distribution

Mexico City is one of the world's largest metropolitan areas. The metropolitan area alone accounts for 1/5th of Mexico's GDP and is the eight-wealthiest urban agglomeration globally. Population size is not the only factor which should be

⁴ Inter-Censal Survey 2015. INEGI, 2015.

weighed when considering attractive entry points in the market. Medium sized urban centers, such as Queretaro and Puebla, have seen rapid economic growth with successful manufacturing and assembly industries. This has led to a rise in populations with higher income. There are urban centers with significant expat populations (particularly American and Canadian), such as San Miguel de Allende and Puerto Vallarta, which may prove to be attractive destinations for gourmet European products. In addition, some areas are a major tourist destination, which means hotels and restaurants providing services to foreign tourists are widespread.

1.4 Distribution of socio-economic classes

The way Mexico's economic classes are distributed depends on the criteria used to define the middle class. It may at times be identified as larger or smaller. According to *National Institute of Statistics and Geography* (INEGI), the wealth distribution in 2018 was as follows:⁵

- Lower class 59.13%
- Middle class 39.16%
- Upper class 1.71%

A significant part of the food distribution and purchase in the country takes place at traditional streets and roofed markets, where the products tend to originate from local producers in the region. However, retail supermarkets have been able to increase their reach to a broader segment of the population. As a result, more and more Mexicans have acquired access to other consumer products over the last decade. This is ascribed to increasing availability of diverse products (including imported products), a high urbanization, effective supermarket chain segmentation with different price ranges, and increases in retail store locations due to aggressive chain expansion. Both the higher and lower end of the middle class, with differing degrees, have the capability and desire to purchase supermarket food products. Food consumption, as explained further on, makes up a major part of the spending of Mexican households.

⁵ ENIGH. INEGI, 2019

The wealth distribution is irregular throughout the country, with the north and center of the country generally wealthier than the south. In addition, urban areas, with a higher concentration of higher-earning professionals, have greater spending capacity than rural areas. It is also where we find the most diversity of supermarket chains and the most locations (more about this in chapter ‘Destinations for European Foodstuffs’).

1.5 Distribution of income levels

The average income in Mexico is not representative of the market potential, as it is disproportionately impacted by low wages amongst the lower economic class. Because the country has a strong disparity in wealth between social classes, these figures do not demonstrate precisely the spending potential of the middle class and upper classes.

According to INEGI, the average quarterly income of the population as of 2019, was roughly US\$2660. This makes an annual income average of US\$10,640.⁶ A regional comparison provides an indication of areas with more economic prosperity and a higher spending ability.

1.5.1 Indication of economic disparity:

INCOME LEVEL	CITIES	AVG QUARTERLY INCOME (US\$)	ANNUAL AVG INCOME (US\$)
HIGHEST INCOME	Mexico City	4,208	16,832
	Monterrey	3,669	14,676
LOWEST INCOME	Guerrero (southern state)	1,561	6,244
	Chiapas (southern state)	1,410	5,640

Figure 3. Regional comparison of the average quarterly income of the population. INEGI, 2019

⁶ENIGH. INEGI, 2019

1.6 Spending and consumption behavior of Mexicans

As mentioned earlier, Mexico has a strong food consumption culture. This translates into significant portions of income being spent on food items. According to INEGI, in 2018 the three main categories where Mexicans spend their salaries are:⁷

1. Food, beverages & tobacco (35.3%)
2. Transport; purchase of vehicle, maintenance, accessories and vehicle services; communications (20.0%)
3. Educational services, educational items, recreational items and other recreation expenses (12.1%)

PERIOD	2010	2012	2014	2016	2018
% TOTAL INCOME SPENT ON FOOD, BEVERAGES & TOBACCO	32.8%	34.0%	34.1%	35.2%	35.3%

Figure 4. Percentage of total income spent on Food & Beverage, tobacco in the past 8 years. INEGI, 2018

More specifically, the 'Food, beverage & tobacco' is further divided in the following categories:⁸

FOOD, BEVERAGE & TOBACCO			
FOOD & BEVERAGE	Domestic consumption 76.8%	Meat	23.0%
		Cereals	17.8%
		Vegetables, legumes & seeds	11.7%
		Milk and milk products	10.1%
		Alcoholic & non-alcoholic beverages	8.8%
		Fruits	4.6%
		Eggs	3.6%
		Fish & seafood	2.4%
		Edible legumes	1.6%
		Oils and fats	1.3%
		Sugar and honey	1.1%
		Coffee, tea & chocolate	1.0%
		Spices and dressings	1.0%
	Restaurants	22.7%	
TOBACCO		0.5%	

⁸ ENIGH. INEGI, 2019, p.22

Figure 5. Spending share within the Food & Beverage category in 2018. INEGI, 2019

Several factors are relevant to understanding Mexican consumption behavior:

- The average age in Mexico is 27 years. The younger 'millennial' population is digitally-connected and urbanized.
- Cities have an increasing presence of foreign cuisine restaurants, as well as foreign products arriving in supermarkets.
- There are growing expat communities around the country. Mexico is considered an attractive destination to retire due to its low-living costs, especially amongst US and Canadian nationals.
- After the US, Mexico is the country with the highest obesity rate among adults in the world; part driven by high sugar and fat consumption. In 2014, the Mexican government took action to address this issue by introducing a tax for sugar/sweetened beverages.

The factors above are part of the following tendencies among consumers:

- Interest in food products with new flavors and textures, from other parts of the world.
- Interest in knowing the content of foods, related to product authenticity and/or perceived health benefits.
- Higher interest in organic and sustainably produced products, from the very beginning of the production to the final product. This is marked by the growth in stores with organic products, especially in Mexico City's upscale neighborhoods.
- Expats and tourists have an interest in foreign goods.

2. OVERVIEW OF DUTCH EXPORT TO MEXICO

The Netherlands already exports significant volumes to Mexico. The principal categories are:

PRODUCTS	2015	2016	2017	2018
MINERAL FUELS	1,079	743	738	811
RAW MATERIALS	85	89	112	163
FOOD & LIVE ANIMALS	109	118	135	131
BEVERAGES & TOBACCO	5	5	4	3
ANIMAL & VEGETABLE OILS	1	1	-	-

Figure 6. Top 5 export products from NL to Mexico. (Million euros)

Overall Dutch investment is reflected in the following diagram.

2.1 Dutch investments in Mexico

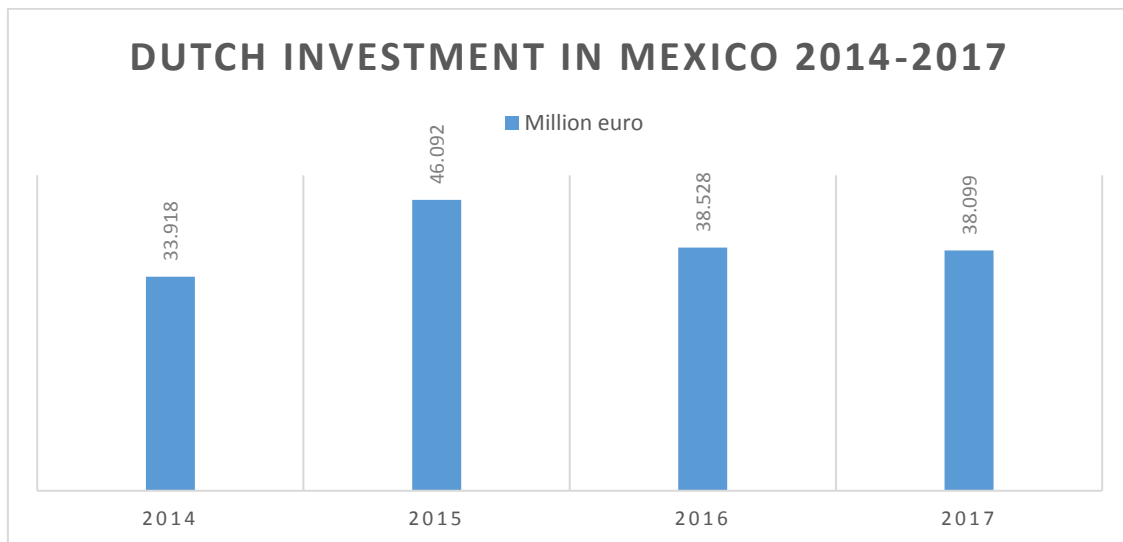


Figure 7. Millions of euros of Dutch Investment in Mexico. (excluding bilateral financial institutions) 2014-2017

The dip of 2016 and 2017 may be attributed to different factors, including a downturn in the oil & gas sector, and the change in political administration bringing uncertainty amongst investors and delay in procedures processed by the government. The retail sector, however, is on the rise. In addition, there is a

sizeable import of Dutch products into Mexico. This means that established routes as well as experience exist.

2.2 Food export from The Netherlands to Mexico

In 2017, The Netherlands' export of foodstuffs to Mexico had a value of US\$59.5 million (excluding animal-based products). It is important to note that a majority of these products are pre-processed, B2B and not for final consumption. The primary foodstuff categories were the following:⁹

⁹ The Observatory of Economic Complexity, 2017

FOOD CATEGORY	TOTAL VALUE (US\$ IN MILLIONS)	PERCENTAGE OF TOTAL FOODSTUFFS EXPORTED TO MEXICO (%)
INFANT FOODS OF CEREALS, FLOUR, STARCH OR MILK	32,1	54,0
COCOA POWDER, UNSWEETENED	5,12	8,6
ANIMAL FEED PREPARATIONS	3,39	5,7
MUSHROOMS, PREPARED OR PRESERVED, NOT IN VINEGAR	3,26	5,5
HOMOGENIZED OR RECONSTITUTED TOBACCO	2,7	4,5
LACTOSE AND LACTOSE SYRUP	2,63	4,4
SUGAR NON-REFINED, INVERT SUGAR, CARAMEL AND ARTIFICIAL HONEY	2,56	4,3
BEER MADE FROM MALT	1,84	3,1
POTATOES, PREPARED, FROZEN	1,45	2,4
COCOA PASTE, NOT DEFATTED	0,77	1,3
ALCOHOLIC LIQUORS	0,58	0,97
SUGAR CONFECTIONARY, NOT CHEWING GUM, NOT COCOA PRODUCTS	0,38	0,63
TEA AND MATE EXTRACTS, ESSENCES AND CONCENTRATES	0,24	0,41
SWEET BISCUITS, WAFFLES AND WAFERS	0,12	0,2
NON-ALCOHOLIC BEVERAGES, EXCEPT FRUIT AND VEG JUICE	0,158	0,27
CEREAL BRAN, SHARPS	0,057	0,096
RUSKS, TOASTED BREAD AND SIMILAR TOASTED PRODUCTS	0,035	0,059

Figure 8. Foodstuffs export from The Netherlands to Mexico in 2017. OEC, 2017

In animal-based products, the distribution of exported goods from the Netherlands to Mexico is as follows:¹⁰

FOOD CATEGORY	TOTAL VALUE (US\$ IN MILLIONS)	PERCENTAGE OF TOTAL ANIMAL-BASED PRODUCTS EXPORTED TO MEXICO (%)
CHEESE EXCEPT FRESH, GRATED, PROCESSED OR BLUE-VEINED	37.7	58
BUTTER AND OTHER FATS AND OILS DERIVED FROM MILK	13.2	20
ANIMALS, LIVE EXCEPT FARM ANIMALS	4.71	7.3
HORSES, LIVE EXCEPT PURE BRED-BREEDING	2.81	4.3
SALMON, SMOKED, INCLUDING FILLETS	2.18	3.4
MILK POWDER <1.5%FAT	861K	1.3

Figure 9. Animal-based products exported from The Netherlands to Mexico in 2017

2.3 Public perception of Dutch food products

The preceding figures are a reference point in terms of foreign trade between the European Union and Mexico, which are the ones that are exchanged in a very large volume, however. It must be taken into account that the volume of high-end products cannot be compared with other categories of trade, but they do have a presence in the Mexican market and it is difficult to find the concentrated data since the product diversification is wide.

This includes products such as fine cheeses, sausages/hams, wine and spirits. Domestic products are perceived as medium to high-quality products (depending on the brand); however, the reputation of European products is above average. An example is Gouda cheese, which is also produced by several producers in Mexico, but not considered as desirable as the imported Dutch Gouda cheese. It is worth noting that Mexico has a very distinct food culture with products that are

¹⁰ The Observatory of Economic Complexity, 2017

unique in Mexico (like corn tortilla, mezcal and cactus-type vegetables). Reversely, many European products that are imported have little or no domestic production in Mexico. In other words, these products are not being produced in Mexico and therefore need to be imported if demand exists.

The most widely associated product with The Netherlands is cheese. Recognition of cheese and other typical Dutch produce helps boost their popularity. In recent years, the *stroomwafel* has found a small niche in Mexico, being sold at select locations (Starbucks, Costco Wholesale and Liverpool and non-foodstuff related locations such as Mix-Up, a chain of stores selling technology products), as well as being made fresh by local Dutch expats. The reach of this product, however, remains very limited. There are Dutch products being sold in Mexico which are not necessarily associated with The Netherlands, such as Melba style toast. These products fill a demand because there are no Mexican producers. The market potential of Dutch products can thus be measured by their unique association with Holland, or by the extent to which they are meeting a specific demand in Mexico. In the following chapter, 'Food Categories', we delve deeper in the potential for Dutch products in several food categories.

3. FOOD CATEGORIES

In this chapter we will look at four food categories which provide opportunities for Dutch export to Mexico: 'Bread & Bakery', 'Dairy', 'Fine & Organic Food' and 'Meat & Meat Substitutes'.

3.1 Bread & bakery

Based on the number of establishments registered and personnel employed, bread & other bakery products are one of the most important food sectors in Mexico, only after the corn tortilla industry. The corn tortilla price is taken as an indicator for the status of the economy due to its high daily consumption in Mexican families, who spend up to US\$150 on tortillas per month.¹¹

More than half of the economic activity of businesses in this segment is concentrated in the following 7 states of the country:¹²

- State of Mexico
- Veracruz
- Puebla
- Oaxaca
- Mexico City
- Sonora
- Michoacán

There are over 60,000 establishments that sell bread & bakery products:

- 80% are labeled as informal commerce (no target for European products)
- 97% are small to medium sized businesses (SMEs)
- Hand-crafted bakery occupies 20% of the industry in Mexico, offering lower-calorie and sugar-free products, not necessarily European style bread.

The annual per capita consumption of baked goods is 33.5 kg, distributed as follows:

- 70-75% white and whole meat bread¹³
- 25-30% sweet bread, biscuit and cakes.

¹¹ National Commission for the Protection and Defense of Financial Services Users (CONDUSEF), 2012.

^{13,15} Ministry of Economy, 2017

3.1.1 Bread

A widely consumed product is the so-called "bolillo" -type of white bread bun- which accompanies many Mexican dishes. In most Mexican restaurants it will be in the center of the table to stimulate appetite while the ordered dishes arrive. It is a product bought by individuals, and small or large families, of any social class.

It is noteworthy that most bread consumption in Mexico is white bread. Darker multi-grain type breads, as well as sour-dough breads, are less available. Due to their perceived higher nutritional value, the demand for these types of products is increasing especially amongst urban middle and upper classes. There are small bakery establishments which produce these types of breads. However, these types of breads remain scarce in supermarkets with the exception of highly processed and sugar-containing packed loafs.

White bread, box bread and sweet bread are part of the basic food basket and the most popular form of bread consumption. There is currently a wide variety of products available at the points of sale. The variants can be from the base of the dough or as added elements. Some examples:

- Wholegrain White bread
- Flaxseed bread
- Soft honey bread
- Wheat and 100% whole wheat bread
- Rye-based
- Multigrain added (wheat, sunflower seed, corn, rye, oatmeal, barley)

Relevant characteristics:

- These variations can be found in both soft and toasted bread.
- Box-bread is sold in pre-sliced presentations. These presentations can go from small packaging (15 slices approx.) to large packaging (23 slices). It all depends on the brand, but these are the most common.
- Adapted packaging for wholestore model goes up to 43 slices.
- Almost all variations announce in the package that vitamins and minerals have been added for a healthier dough.
- Prices do not vary much between brands or points of sale.

Nowadays, small, medium and large bakeries, supermarkets and wholesales stores are baking their own bread at their facilities to offer a fresher product. The

most available products at the different points of sale are pre-sliced bread box, baguette-style bread or western style bread.

The most significant holidays in Mexico have bread as a centerpiece to celebrations. For example, the Day of the Dead, recognized since 2003 by UNESCO as intangible heritage of humanity. Another example is Rosca de Reyes celebrated on January 6th for the arrival of The Three Kings.

How does sweet bread look in Mexico?

Mexican sweet bread – pan dulce in Spanish- can encompass from pastries to cookies. With more than 2,500 different types of bread, its consumption is part of the daily life of the Mexican population throughout the country.

Sweet bread has been adopted mainly from French pastries and modified over the years ending up in Mexican unique creations of flavors, textures, and shapes. Sweet bread is consumed among all ages, social classes and places. Its popularity lies on the practicality and low cost.

In big cities and small towns, the majority of the bakeries have fresh bread as it is baked every day. These bakeries are usually self-service style. Nevertheless, companies like Bimbo have sweet baked pastries that are well-accepted products within the market as they are handier and more adaptable to the fast pace of life.

3.1.1.1 Bimbo

The biggest player in the bread sector is Bimbo. This global company, based in Mexico City, produces fresh and frozen sliced bread, buns, cookies, snack cakes, English muffins, bagels, pre-packed foods, tortillas, salted snacks and confectionery products. It is the world's largest producer of bread products with 197 production plants spread across each continent and sales of over US\$15 billion.

Bimbo products are known throughout the entire country. Its basic products, such as white box bread and whole meal bread are a staple in the daily diet of Mexican families. As a company, they have an extensive distribution system that reaches rural remote areas. They also have some stores which offer '*expedio*', products that have a close-expiration date and a much lower price than in normal stores. This means that they take advantage of each of the products manufactured and

do not have significant losses with respect to consumption rates. Mexicans trust the brand, especially because Bimbo has worked hard on their branding-story as a Mexican-family-business; which creates a common feeling of loyalty to the brand. Bimbo products can be found in supermarkets including *Soriana*, *Walmart*, *Superama*, *Chedraui*, *La Comer*, *Aurrera*, but also in little convenience stores in the streets. Bimbo has made adaptations to the packaging and presentation of the product to be sold in wholesale stores such as *Costco & Sam's Club*.

3.1.2 Biscuits, cakes and other confectionary goods

The national percentage of consumption of sweet bread, biscuits and cakes indicates a sale opportunity for biscuit, cake/cookie mix, or confectionary bakery goods. According to Statista, the confectionary market has been on the rise, with a current value of US\$5,852 million and an expected annual growth of 3.1 percent.¹⁴ Categories included in this measurement are chocolate confectionary, sugar confectionary and cookies & crackers. The largest segment is sugar confectionary with over 30 percent. It is important to point out, however, that supermarkets generally have a broad selection of both Mexican and American made bake mixes and confectionary goods.

Suggestions for Dutch bread & bakery producers

Due to the low price of bread and popularity of fresh Mexican-made white breads, in addition to the presence of a processed bread giant (Bimbo), fresh bread is not an interesting market for Dutch producers. In this specific case, the opportunity for Dutch companies would be in biscuits, toast, cake/biscuit mixes, confectionary products or other products that have a long shelf life or that can be sold in fine foods stores. As mentioned earlier, American and Mexican confectionary products already have a strong presence in the market. However, there are other products which do not. The Melba toast, for example, is dominated by European producers, specifically Dutch companies. This product, however, is sold in limited locations, namely higher price rate supermarkets. It is also often placed in the sections of gourmet foods. Mexico has a strong tradition of sweet baked goods, such as the

¹⁴ Statista, 2019

pan de muerto, as previously mentioned. The low price and wide availability of such sweet baked goods will continue to challenge a greater reach for Dutch specialties such as *stroomwafels*, nevertheless, the fact that stroomwafels are sold in a wholestore in large packaging indicates that the Mexican consumers are willing to try and keep buying these type of products. In addition, other European sweet baked goods already have presence in several Mexican supermarket chains. A notable example is the French brand Bonne Maman. Hanseatik is an importer and distributor in Mexico for their products, and also imports Dutch baked toast such as melba toast. This could provide a suitable channel to reach the target retail clients.

3.2 Dairy

In Mexico, the consumption of dairy products is popular throughout the country. In 2018, 10.1 percent of Mexican household spending was on milk and dairy products.¹⁵ Generally, domestic milk production meets the national demand, especially when it comes to milk beverages, which tops consumption in this category along with yoghurt products. Milk is generally cheap, supported by a large domestic production. Mexican dairy group Lala, for example, is one of the largest dairy producers in the world, with a major presence in the US market through its subsidiaries. In Mexican supermarkets, the presentations of dairy products vary in so many ways that when one observes a supermarket shelf you will see many variations of the same product (not only per brand, but also in sizes). It is important to mention that in Mexico there are many dairy products with a lactose-free version (yoghurt, milk, cheese, etc.) as well as light or sugar-free. There are certain dairy based products which are produced by foreign brands, and in some cases imported. Perhaps the strongest example is Arla, from Denmark. The presence of foreign-owned dairy non-cheese products is particularly strong in processed goods, such as baby-powder, milk-powder and reduced milk.

¹⁵ ENIGH. INEGI, 2019

In 2017, according to CANILEC (National Chamber of Dairy Industry), Mexico imported US\$2.085 billion dollars of dairy products, exported \$534 million dollars and therefore had a trade deficit of US\$1.551 billion.¹⁶

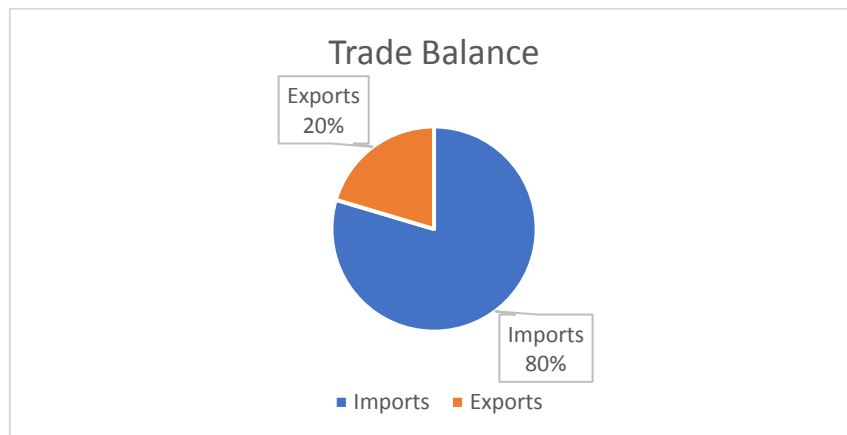


Figure 10. Trade Balance in 2017 for dairy imports and exports in Mexico. CANILEC, 2017

Mexico is not focused on exporting dairy products as most of its production is intended for domestic consumption. This explains the deficit in trade balance in recent year shown in figure 10. The dairy products Mexico imports from other countries include skimmed-milk powder, butterfat, grated or powdered cheese, semi-hard cheese, other types of cheese, casein and other dairy products. The following figure provides a visual illustration:

¹⁶ CANILEC, 2017

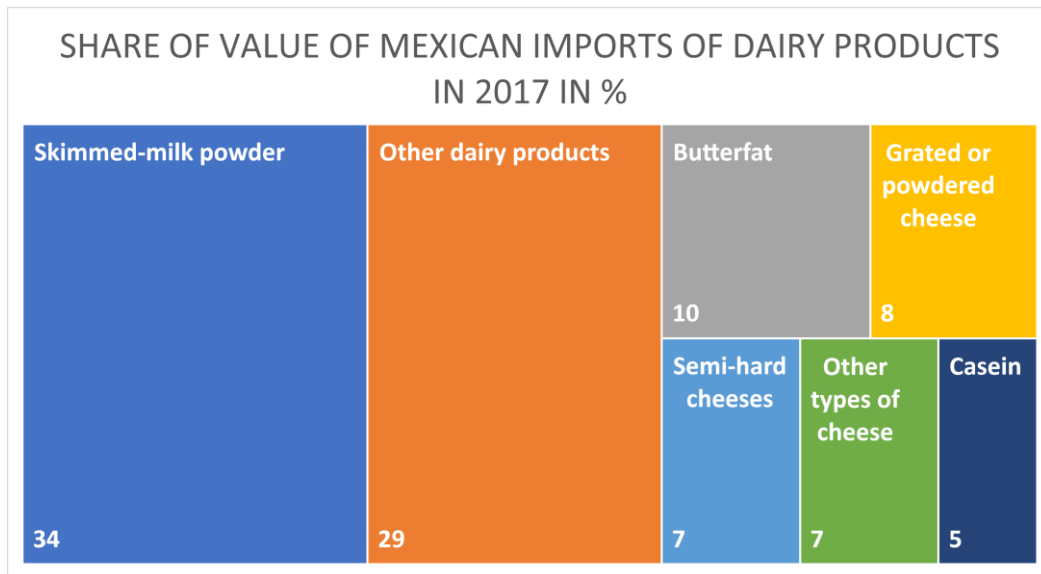


Figure 11. Percentage in 2017 per dairy product imported in Mexico. CANILEC, 2017

Two-thirds of dairy imports, in value terms, come from the US, which supplies Mexico with mostly skimmed-milk powder and cheeses. The main countries which Mexico imports from are:

- 65% - US
- 13% - New Zealand
- 5% - Spain
- 17% - Other countries

A lot of raw material is imported for further processing in Mexico.

3.2.1 Cheese

Cheeses are an attractive product category for Dutch companies for the reason that they have a longer shelf life and the Netherlands is known for its expertise due to traditions in making high-quality cheeses.

Cheeses in Mexican cuisine are generally used in a melted form, grated form or as an accompaniment to a dish. In typical everyday-life dishes and special occasion Mexican dishes, cheese is one of the main protagonists. Two factors to consider: First, for the popular, typical and everyday Mexican gastronomy, the ingredients that are used are of national origin. And despite certain variations in the recipes, the base ingredients do not change throughout the country, which makes this market well covered by national production. Second, Mexican cuisine is deeply rooted throughout the country and covers every social class in Mexico.

Derived from the above, it can be understood that it could be destined for more specific and segmented gastronomy and final-presentations ought to be targeted to high-end stores whose sales are determined by the quality-driver rather than the price.

This fact should be considered since it is a great sales opportunity for all cheese producers. It is worth mentioning that already sliced cheese, packaged in plastic form, are very common in supermarkets.

In 2017, domestic cheese production was 397,983 tons in total.¹⁷ Most of the Mexican cheese production is focused on the domestic market with the following cheeses as the main ones consumed in the country. Notably, these cheeses are not comparable to Dutch cheeses. Below is a list of the main cheeses consumed in Mexico (alphabetical order):

- Amarillo
- Chihuahua
- Crema (cream cheese)
- Doble Crema (cream cheese)
- Fresco (white young cheese)
- Manchego Type (sheep, both domestically produced and imported from Spain)
- Oaxaca (white young cheese)
- Panela (white young cheese)
- Other types of cheese

¹⁷ CANILEC, 2017

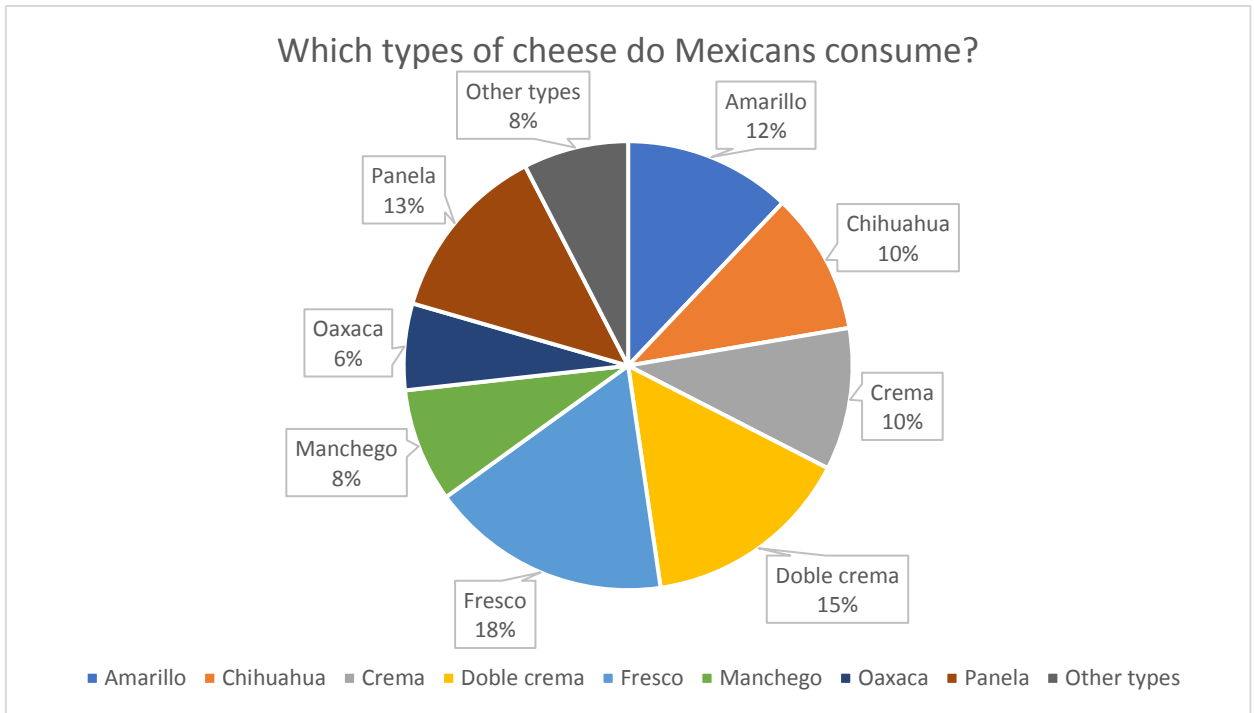


Figure 12. Most popular types of national cheese consumed in Mexico.. CANILEC, 2017

Supermarkets offer a variety of imported cheeses. A large part is occupied by Italian, French and Dutch cheeses. One notable brand of cheeses imported from the Netherlands is Kroon. There are some Mexican produced Gouda style cheeses, which are marketed under names such as ‘La Holandesa’, or the Dutch lady. The Mexican variety is also placed in the section of European goods. These tend to be sold at a lower price.

3.2.2 Yoghurt products

In 2017, the total production of yoghurt was 714,964 tons.¹⁸ The Mexican market, in general, is well-served with brands such as *Lala*, *Alpura*, *Santa Clara* by *Femsa/Coca-Cola & Nestlé*. In addition, several supermarket chains have their own store-brands which are distributed by themselves and nowadays have a much broader reach. A strong example is the brand *Great Value* of Walmart, which offers a lower price with a very basic packaging. The expansion of the *Great Value* brand into other types of products demonstrates its success among customers in

²² CANILEC, 2017

North America, including Mexico. The principal types of yoghurt consumed in Mexico are:

- 14.43% Sweetened-natural flavor
- 32.96% With fruits and/or cereals
- 50.28% Ready-to-drink yoghurt
- 2.33% Blended yoghurt

As illustrated by the following figure:

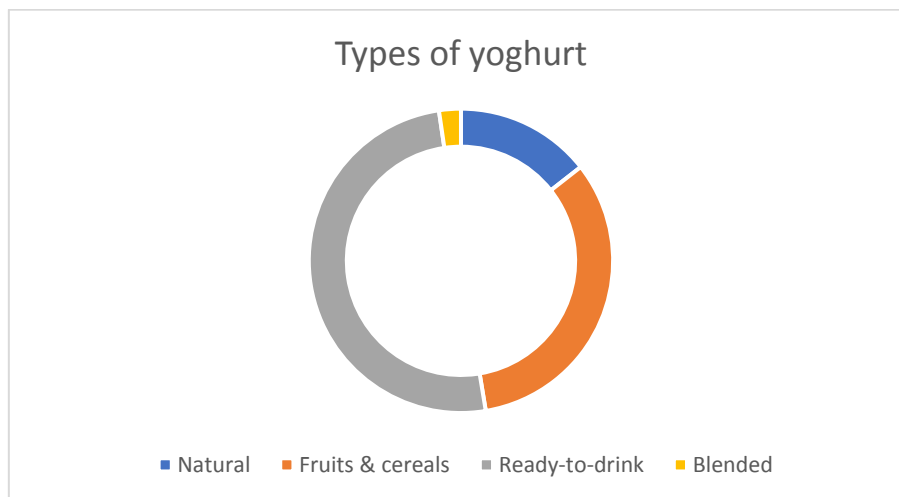


Figure 13. What types of yoghurt do Mexicans consume? CANILEC, 2017

There is a popular belief in Mexico that dairy products are good for growing up healthy and with *strong bones*. For this reason, many of these products are aimed at infants, which influences the design of the packaging (images, colors, and presentations). As for the presentation of the product, many dairy products are designed to be consumed on-the-go. People look for practical design, easy-to-hold by hand and are not cumbersome. Most of these dairy products contain a large amount of sugar, nevertheless, they are still popular as they are affordable for Mexican customers due to their low prices.

Suggestions for Dutch producers

The Mexican market for fresh dairy is saturated with large Mexican brands. However, foreign brands like *Arla* have found an ability to bring fresh dairy products to the Mexican market. *Arla*, based in Denmark, imports a variety of products, including blue cheeses, camembert of Rosenborg, Feta Cheese of Apetina, Gouda cheese, Swiss type Arla cheese and butter under the brand of

Lurpak. Until now, Dutch dairy products from Dutch producers have found a small niche belonging to the gourmet products. The growth of Arla could be an example of how dairy export from the Netherlands to Mexico could be upscaled. *Arla*, however, does not produce fresh milk for the market.

Part of the Mexico-EU agreement (2018) covers products in the dairy segment. For example, a range of European cheeses will be given preferential access to the Mexican market. Equally relevant, is the securement of 30,000 tons of milk powder, which will be allowed into Mexico from the EU to be applied when the agreement comes into force. (More information concerning the agreement in chapter 5. *New EU-MEX Free Trade Agreement*.) For more details over. More can be read about these conditions in the chapter 'Import process from EU to Mexico'.

A good opportunity for Dutch producers and distributors in terms of dairy products for final consumption is in powder and canned products such as baby powder. These have a long shelf-life and are not produced widely by domestic Mexican brands. Already available baby-powders are Nestlé, Friso products (FrieslandCampina) And the most-recent entry of *Kabrita* of Ausnutria. As demonstrated in the chapter 'Overview of Dutch export to Mexico', the Netherlands exports a significant volume of infant foods to Mexico, with a large segment being baby milk powder. In terms of milk, and fresh dairy products, an opportunity would be to work with a local Mexican producer.

3.3 Meat & meat substitutes

Meat is a main staple of the Mexican diet, served in a wide variety of dishes. The price range depends on the type of meat (poultry is cheaper than pork, and much cheaper than beef) as well as the source of the meat. The majority of nationally consumed meat is produced by national producers. Of this, a majority is sold through markets and butcher's shops that cater to the population with a lower income. Another segment is sold in supermarkets, where it is generally subject to greater quality control and certification requirements.

The difference in price is significant to the degree that a loss in general consumer confidence tends to drive chicken and eggs sales up, and other types of meat down. Having said this, pork remains a very popular staple, particularly as part of

regional dishes. The north is known for its grilling culture where beef is the centerpiece.

According to the *Mexican Meat Council*, in 2018, total meat consumption in Mexico reached 8,8 million tons, of which 47 percent was chicken. The average overall meat consumption is 65 kg a year. The production of meat in Mexico reached 6,9 million tons, of which chicken was 48 percent. Mexico exported 236,000 tons of beef and imported 197,000 tons.¹⁹

The following data demonstrates annual per capita meat consumption. For the purpose of comparison, data from The Netherlands has been added:

TYPE OF MEAT	PER CAPITA CONSUMPTION (KG) IN MEXICO ²⁰ (2018)	PER CAPITA CONSUMPTION (KG) IN THE NETHERLANDS ²¹ (2018)
POULTRY	31.4	22.5
PORK	18.8	36.6
BEEF	14.8	15.5

Figure 14. Annual per capita meat consumption. Comparison between NL and MX.-COMECARNE, 2018

The following diagram represents drivers for buying meat depending on the socioeconomic level:

FACTS	HIGHER INCOME	LOWER INCOME
BUYING DRIVER	Quality and freshness	Price
PREFERRED POINTS OF SALE	Supermarket	Butcher's shop (<i>Carnicerías</i>)

Figure 15. Meat buying driver depending on the socioeconomic level. COMECARNE, 2018

¹⁹ COMECARNE, 2018
²⁰ COMECARNE, 2018
²¹ WUR, 2018

3.3.1 Chicken

In supermarkets, chicken is found in a range of forms (fresh or frozen):

- Whole chicken
- Breast with bone
- Breast without bone
- Individual parts
- With and without skin
- Chicken gizzards

Chicken can be pre-packed or be packed at the butcher section of supermarkets. Domestic production meets the national demand.

3.3.2 Beef

Beef production in 2020 is forecasted at nearly 2.1 million metric tons (MMT), as the beef industry is expected to continue its slow but steady growth rate of just over 2 percent during the next year. Production has increased 2 to 3 percent per year since 2016. The Mexican beef industry wants to continue with its steady but cautious growth to avoid overproduction and a subsequent drop in beef prices.²²

In terms of national production, the following states contribute most significantly to the beef industry: Veracruz, Jalisco, San Luis Potosí, Chiapas and Sinaloa meet 42% of the national production.²³ The quality-certifications of TIF and USDA are also seen as influential factors in the buyer's purchase decision. In Mexico, 60% of the total beef production is processed in TIF facilities and sold in supermarkets and other chain stores. Since beef is an expensive type of meat, its consumption is higher among middle and high-income consumers. Some middle-class consumers are switching some of their purchases to lower-priced proteins such as pork or poultry.²⁴ Mexican consumers still perceive beef as an expensive good, therefore "unaffordable" in a daily diet.

Mexico continues to import flank steak, shank, and other low value cuts for processing such as enhancing or mincing. Imports of lower-valued cuts should

²² USDA, 2019.

²³ COMECARNE, 2018

²⁴ COLPOS, 2012

experience higher demand as Mexico needs supplies for processing to offset rising exports of higher value products. Beef from Argentina is perceived as a high-quality product; the other significant share of imported beef comes from the US. The imported high value cuts such as rib eyes, New York strips and T-bones continue to be offered by some big retailers or in the restaurant and hotel industry. However, volumes are relatively small as the population that can afford the high prices is limited. Imported meat is seen as a high-quality product, better than the national meat. The most well-known Mexican producer of high-end beef (including dry-aged) cuts is Rancho el 17, based out of Sonora. Recently a program called “Mexican beef-grading” was created loosely based on the US prime beef concept.

3.3.3 Pork

Globally, Mexico is the 10th largest pork meat producer. In 2018, 1,310 tons of pork were produced, however, the levels of imports are also significant: 1,175 tons in the same period. This makes Mexico one of top five importing countries of pork meat.²⁵

In 2018 Mexico exported, 377 thousand tons of meat products and imported 2.3 million of tons.

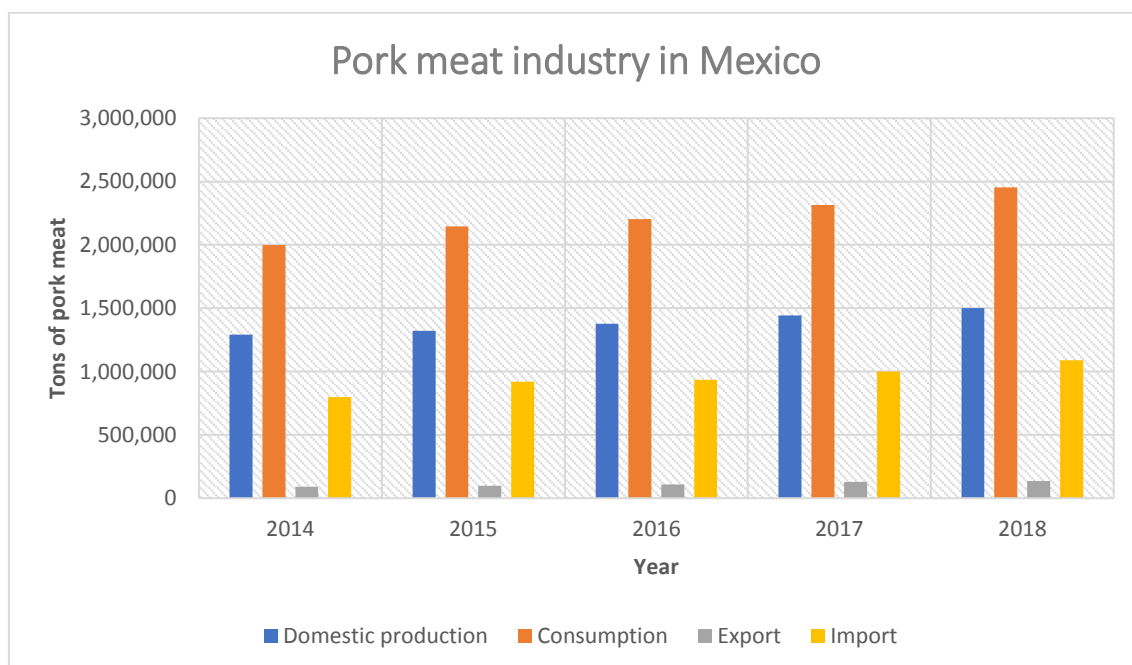


Figure 16. Pork: Domestic production, export, import & consumption levels. COMECARNE, 2018

²⁵ COMECARNE, 2018

Consumption levels determine the market dynamic: Most of the pork meat is produced in Mexico, nevertheless it is necessary to import as consumption levels are high and domestic production cannot meet the local demand. These imports come from three countries in particular: US (83%), Canada (15%) and Chile (1%).²⁶ Export is not the principal focus of the Mexican pork meat industry. The majority of demand is in fresh pork cuts, as pork is consumed in typical Mexican dishes, such as the famous ‘tacos al pastor’, a taco with marinated pork sliced in a ‘kebab’ style.

From the European Commission (EC) the Health and Food Safety Commission department is responsible for EU policy on food safety and health and for monitoring the implementation of related laws. Concerning the situation on the African Swine Fever (ASF) the EC launched the regionalization strategy that aims to ensure the best possible disease control and minimize the negative impact in the EU (intra-commerce) and on exports.

The first cases of African Swine Fever (ASF) happened in 2007. Since then, outbreaks have been reported in some parts of Europe, South America -and the Caribbean- and Africa. According to the World Organization for Animal Health:

It is a highly contagious hemorrhagic viral disease of domestic and wild pigs. The epidemiology of ASF is complex and varies depending on the environment, types of pig production systems, the presence/absence of competent tick vectors, human behavior, and the presence/absence of wild pigs. ASF represents no risk for human health.

In view of the previous mentioned outbreaks, regionalization is applied in the EU in line with the World Organization for Animal Health (OIE) and seeks to provide scientific-based criteria and measures to be adapted to the specific epidemiological situation.

Mexico a free-ASF country, has implemented some import barriers to have more control over the live pigs or pork products that enter to the country.

²⁶ COMECARNE, 2018

The HS codes affected are:

- 0203: Meat of swine, fresh, chilled or frozen
- 1601: Sausages and similar products, of meat, meat offal or blood; food preparations based on these products

This trade barrier created in April 2017 is still active and the last official update was made on October, 2019. In Mexico, the Sanitary and Phytosanitary measure is named “Lack of recognition of EU regionalization measures for African Swine Fever (ASF)” implying that the country does not recognize the regionalization measures introduced by the EU in response to outbreaks of African Swine Fever (ASF) in several Member States. Countries from which Mexico forbids the import of pork are Belgium, Bulgaria Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Latvia.

As The Netherlands is a country free of outbreaks, it can export pork meat with an import duty of 20% (HS Code: 0403) meeting the certifications required by the National Health Service, Food Safety and Quality (SENASICA), ruled by the Ministry of Agriculture and Rural Development (SADER).

3.3.4 Meat substitutes

A 2016 study by Nielsen found that Mexico has a rate of vegans about twice the regional average of Latin America. They place the rate at 9% of the population, though the reality is likely to be much lower and this figure may have been inflated as the method for the investigation was based on an internet questionnaire.²⁷ However, what is clear is that veganism, and vegetarianism, have been growing in popularity over the last year in line with global trends. Alfredo Cordero, director of Amor de Vegano and cofounder of Veganauta, states that 28% of the Mexican population is choosing to drastically reduce meat consumption.²⁸

Carlos Torres Romay, director of Technology Transfer and Productivity at Natura Mexico, estimated that 70 % of vegans in Mexico are women, and the segment with the most growth is millennials.²⁹ Millennials are central to driving the growth

²⁷ Mundo Ejecutivo (2019)

²⁸ Grupo Expansión (2019)

²⁹ Mundo Ejecutivo (2019)

of the industry. Flexitarians, which we know as consumers who are looking to reduce their consumption of meat without stopping it fully, form an important part of the consumption of meat alternatives. As an example, 90 % of the products sold last year by Impossible, an American producer of meat substitutes were bought by flexitarians. The meat substitute industry has had a boost recently as investors have been intrigued by their improved ability to imitate meat. This is reflected in the spectacular rise of the stock value of Beyond Meat, another US meat substitute company, as investors bet on the future growth of the product.³⁰

In Mexico, the meat substitute sector was slower to enter the Mexican market than other markets. Mr. Tofu, one of the first online webshops which imports and distributes meat substitutes in Mexico, was founded only in 2014. However, since then the store has recorded growth rates of 80 % annually. The company expects to double its sales in the coming years, particularly of products based on vegetables. However, physical stores focused on meat alternatives and other “vegan foods”, have been popping up in urban centers, particularly in Mexico City, where we find the biggest market. Apart from Mr. Tofu, which now also has several physical locations, there are multiple non-chain locations such as Gold Taco. These stores are predominantly located in the wealthier urban areas of Mexico City which have large affluent young populations.

Webshops, like Mr. Tofu, Tierra Vegana, Green Paradise and Jüsto, sell a range of predominantly imported products.³¹ Brands already available in the market include: La Chata, Maika, Planet Vegan, Sabori, Lightlife, Daiya, Miracle, Soyamiga, Gardein, Tofurku, Soi-Yah, Impossible, and Beyond Meat. Webshops and physical locations focused on soy and other vegetable-based products, have a greater variety of foreign products than supermarkets. Most supermarkets have several options, but also sell tofu in an elementary form. There is a variety in the brands different supermarkets offer. Beyond Meat, the vegetable-based meat products which include ‘minced beef’, and ‘burgers’, only entered the market in 2018. Whilst first only being distributed exclusively by Mr. Tofu, the brand is now sold at larger retailers such as Superama, and Walmart. Notably, not all supermarkets have these brands, and the market for meat substitutes is still very much in the process of consolidation. It is worth noting that products like Beyond

³⁰ Merca 2.0 (2019)

³¹ DaP (2018)

Meat are sold at a higher price range than real meat. The chance that people with lower income, who are less likely to visit these supermarkets, will consume these products, is smaller. Other popular meat alternatives in Mexico include mushrooms, which have seen growing interest in recent years.³² Particularly production of the oyster mushroom has been growing. Other alternatives to meat are a range of vegetables that are frequently eaten on taco's, such as zucchini flower, nopal and huitlacoche (an edible corn fungus). These products have a long tradition in Mexican cuisine.

Suggestions for Dutch producers

The most interesting segment is pork, as demand from abroad is high. However, the current import in Mexico originates from the Americas, and European supply remains low. However, the recent trade agreement between Mexico and the EU is expected to provide duty-free conditions on almost all pork products, allowing the EU to substantively increase pork export to Mexico. With a very strong export market in the Netherlands, the opportunities are there.

³²CONACYT (2016)

3.4 Organic & Fine-food

Many European products find their way into fine food sections in supermarkets. In this section we look at two classes of food which are considered exclusive, and face a rising demand.

3.4.1 Organic foods

Due to the demographic curve of a high youth population density that is placed in the middle-class category, the concern for well-being and sustainability has increased. This is reflected in an increasing demand in the organic food sector, which serves as complementing a lifestyle along with exercise and mental well-being. In the last 10 years, the organic food market in Mexico has grown with an average 10 percent annually.³³ People are becoming more conscious of what enters their body and they know that organic products are free of chemicals, such as pesticides, fertilizers, and other substances, hence they buy healthier options. According to a recent study by millennial Marketing, 70% of Mexicans between 16-35 years old were informing themselves more about the contents of food, using apps to determine the contents of foods, and showing increasing preference for ecologically packed foods.³⁴

In Mexico, 'GMO-free' claims are growing, this indicates the consumer interest in transparency over genetically modified crops. The topic has been addressed several times as a campaigning tool by the current government. In the annex you will find local brands that are popular with the consumers and that can be found in supermarkets. Some have *jumped* to e-commerce.

Mexican domestic production of organic foods

According to information from the *Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA)*, Mexico is the fourth largest producer of organic food in the world with one million acres exclusively allocated for the planting of 45 different agricultural products.³⁵ States of Mexico where activity focused on organic products are concentrated are Oaxaca, Chiapas, Michoacan, Chihuahua and Nuevo Leon. The primary organic products produced

33 Milenio Noticias, 2016

34El Economista, 2017

35 PROFECO, 2018

in Mexico are corn, coffee and other vegetables. However, for export to the EU, the primary products are corn tortillas, mole (a traditional Mexican sauce) and tequila.

In Mexico the organic market is seen as gaining more and more potential. Two fast growing Mexican producers of organic products are Aires de Campo, which produces: cereals and flours, dressings, eggs, grains and seeds, juices, milk, oils and vinegars, snacks, sugar and substitutes, tea and coffee and Flor de Alfafa, which produces: fresh cheese (panela, otomí, rollo), cava cheese (pomelo, campanelo, indiano, montañés albahaca, montañés al vino, provolone, provoleta, romano), cream (cultured cream, butter), yoghurt (natural, Greek type, with fruit) and several sweet products.

3.4.2 Fine Foods

Mexico counts several fine food chains and high-end food markets (see list of supermarkets). These chains sell predominantly European products which include Dutch cheeses and toast. Their price is significantly higher compared to local products in the same food categories, and the store locations are limited to wealthier urban areas. The phenomenon of gourmet sections, however, has also been adopted by supermarkets. Lower priced supermarket chains, such as Aurrera, still have very limited selections of gourmet products as the prices are seen as out of reach for lower class consumers.

Hanseatik is one importer-distributor of gourmet imported products. They import to Mexico from 16 different countries. From the Netherlands they have an offer of 4 brands, with 19 products. Their offer is the following: Roka. The original Dutch cheese biscuits, Van der Berg. Craft Bakery, Van der Meulen and Van Rooy.

Suggestions for Dutch producers

Given the growing concentration of local organic producers, the opportunity for Dutch producers lies in the areas of organic produce which are not already being produced substantially in Mexico and could be introduced as innovative products. The Netherlands exports significant amounts of organic products. The majority, however, are products not meant for final consumption by a retail customer. In the area of fine foods, there are opportunities for products that have

little presence in Mexico. One example of a product which has found a niche is toasted bread. In both areas, organic and fine food, the products will struggle to exit the niche segment to reach the wider customer. It would be useful to consult a specialty importer/distributor about the ability to reach a greater customer base.

Field Research Organic Products

Introduction

Small field research was conducted in Mexico City, in a well-known high-income area within the city: Polanco. It aimed to analyze the current supply of organic products in the city, hence a representative sample could be obtained. It is intended to be a comparison with the offer of organic products in Dutch supermarkets and based on this information, identify opportunities for Dutch businesses.

Two points of sale were analyzed: The Green Corner, a fully organic supermarket that targets high-income population & Chedraui Selecto, a supermarket which has a big focus on gourmet portfolio, selling organic and non-organic products.

Observations

Organic products are becoming more popular in Mexico. They are more expensive because of their production process and therefore, the points of sale are placed in higher-income areas. The buyer persona for organic products can be described as follows: aware of the ingredients, production process and health effects of the products they purchase, willing to contribute to a better environment and high-income.

Keeping in mind the demands of the target group, it is a strategic move to offer many vegetarian and vegan products. Based on the observations, the offer of organic vegetarian and vegan products is still rather limited. In the all-organic supermarket, there are several options such as meat alternatives, plant-based milk and, vegan dairy. However, in the normal supermarket, we observed that most of the vegetarian/vegan products are not organic.

The way organic products are marketed varies between 'gourmet' and 'sustainable'. In the normal supermarket they are portrayed as gourmet. Organic products can be found in the 'natural food section', close to the gourmet section. Within this 'natural food section' organic products as well as, sugar-free / gluten-free / non-chemical / Kosher certified products. The customer has to look carefully whether a product from this section is organic or not. The packaging of the organic products is designed to look high-quality and not sustainable. In the all-organic supermarket, focus shifts from gourmet to sustainable. There you can find many products with packages made of recycled material and even products sold without packaging.

Brands & Origins

The most popular organic brands are the following: Aires de Campo, La Cocina Verde and Campo Vivo. All three are Mexican. Based on the observations, most of the offered products are made in Mexico. However, when looking at the brands it is observed that approximately 45% of the brands are imported. The majority of the imported brands come from the USA and some from Europe; European brands offered are mainly gourmet products, such as pasta from Italy or wine from France. During the observations we encountered 1 Dutch product, namely canned mushrooms.

Conclusions as a result of field research

Based on the observations and on current knowledge about organic products offered in Dutch supermarkets such as Ekoplaza or Albert Heijn, several missing products / product groups:

- Cookies & other pastry: based on the previous paragraphs, this product group is an opportunity for Dutch food producers. The current offer of organic cookies and pastry is extremely low. During the observations, we encountered only 1 brand selling cookies.
- Meat alternatives: in the all-organic supermarket there is a small variety of soy and bean-based meat alternatives. However, compared to the Dutch

offer the options are still limited. In the normal supermarket, there are only non-organic meat alternatives sold.

- Plant-based milk: the offer is rather limited whereas this product group is very important in Dutch organic supermarkets.
- Soda: soda is a popular product among the Mexican population. However, there are barely any organic options offered. The only available products observed are three types of Whole Earth soda, in the gourmet section of Chedraui.
- Sprouts: in the Dutch supermarkets there are many variations of organic sprouts sold. During the observations we only encountered alfalfa. Selling other types of sprouts is a possible opportunity.
- Vegan Cheese & Dairy: organic variants of these products are still missing.
- Vegetable spreads: in The Netherlands, this is a well-sold product type in organic supermarkets. However, based on the observations this product is missing in the Mexican supermarkets. The only type currently sold is hummus.
- Wine: the current offer is very low. In the all-organic supermarket, there is no wine sold and in the normal supermarket there were only 3 types.

4. DESTINATIONS OF EUROPEAN FOODSTUFFS

The largest retail chain in Mexico is *Walmart México y Centroamérica* (also known as Walmex), which owns several other supermarket brands. The group's total market share is 68 percent³⁶. Other large chains which do not belong to Walmex with a country wide presence are Soriana and Chedraui. In addition, some, such as S-Mart, have a regional presence in a particular part of the country. European products are also sold through specialty stores and fine food events, namely at La Europea, La Naval, City Market, Liverpool, Palacio de Hierro. Many are imported by the association Hanseatik. Because Mexico is a very large country, it may be beneficial to divide the country into regions and focus on one region. Below, you will find a list with selected supermarket chains and associations which sell European foodstuffs. It is important to consider that prices may vary slightly between supermarkets of the same chain depending on locations. Equally the product portfolio may have variations.

Supermarkets are open the 365 days of the year, even on special holidays. Most of them open from 7.00 to 23.30 with shorter hours in the weekend. There are convenience stores that are part of the daily life of the Mexican society. Oxxo, a very fast-growing convenience store chain, owned by FEMSA, the Mexican beverage and retail company which is the second largest shareholder of Heineken N.V. Oxxo stores sell a variety of products, of which the wine, spirits and confectionary section hold several foreign brands. These stores are open 24-hours, 365 days per year.

³⁶ Opportimes, 2017

4.1 Overview sales points for European foodstuffs

	Store chain	Price position in the market (average price supermarket brand product) ⁱ	Parent Company and Country	Market share	Number of locations (2018) ⁱⁱ	Number of states (Mexico City included)	States
Wholesale	Costco (Wholesale)	Medium, membership only	Costco, USA	n/a	38 ⁱⁱⁱ	21	Mexico City and 21 states
	Sam's club (Wholesale)	Medium, membership only	Walmart Inc., USA	See Walmart	162	32	Mexico City and all 31 states
Supermarket	Bodega Aurrera	Low to medium prices	Walmart Inc., USA	See Walmart	1,820	32	Mexico City and all states
	Merza Tradicional and Mega	Low to medium prices	Grupo Merza, Mexico	n/a	237	29	Baja California Sur, Sonora, Sinaloa, Jalisco, Colima, Estado de Mexico

	Fresko	Medium prices	La Comer, Mexico	See La Comer	n/a	7	Mexico City, Estado de Mexico, Jalisco, Guanajuato, Morelos, Baja California Sur, Queretaro
	La Comer	Medium prices	La Comer, Mexico	2%	54	13	Mexico City, Estado de Mexico, Jalisco, Michoacan, Guanajuato, Queretaro, Puebla, Nayarit, Colima, Baja California Sur, Guerrero, Queretaro, Morelos
	S-Mart	Medium prices	Mexico	n/a	n/a	3	Tamaulipas, Nuevo Leon, Chihuahua
	H-E-B Mexico	Medium	H-E-B, USA	n/a	n/a	7	Nuevo Leon, Coahuila, Guanajuato, Tamaulipas, San Luis Potosi, Aguascalientes, Queretaro
	Soriana	Medium prices	Organizacion Soriana, Mexico	19%	817	32	Mexico City and all states

	Chedraui	Medium prices	Chedraui, Mexico	11%	296 (includes different formats) ^{iv}	24	Mexico City, Guanajuato, Jalisco, Puebla, Queretaro, Yucatan, Veracruz, San Luis Potosi, Estado de Mexico, Aguascalientes, Yucatan, Tabasco, Chiapas, Oaxaca, Quintana Roo, Campeche, Guerrero, Baja California, Baja California Sur, Zacatecas, Nayarit, Morelos, Michoacan, Hidalgo
	Sumesa	Medium prices to high prices	La Comer, Mexico	n/a	n/a	3	Mexico City, Estado de Mexico, Morelos
	Superama	Medium to high prices	Walmart Inc., USA	See Walmart	94	27	Mexico City and 26 states
	Walmart	Medium to high prices	Walmart Inc., USA	68%	270	32	Mexico City and all states
	City Market	High end	La Comer, Mexico	n/a	n/a	7	Mexico City, Morelos, Nuevo Leon, Jalisco, Estado de Mexico, Queretaro, Puebla

Fine Food Stores	La Europea	High end	Mexico	<0.01%	n/a	12	Mexico City, Estado de Mexico, Morelos, Baja California Sur, Jalisco, Guerrero, San Luis Potosi, Guanajuato, Queretaro, Campeche, Yucatan, Quintana Roo
	La Naval	High-end	Mexico	<0.01%	n/	1	Mexico City
	Mercadoroma	High-end	Mexico	<0.01%	n/a	1	Mexico City
	Liverpool	High-end	Mexico	n/a	n/a	31	Mexico City and all the states
	Palacio de Hierro	High-end	Mexico	n/a	n/a	9	Mexico City, Durango, Querétaro, Tabasco, Jalisco, Nuevo León, Puebla, Quintana Roo, Guerrero

Figure 17. Overview sales points for European foodstuffs.

ⁱ SciELO, 2012

ⁱⁱ Opportimes, 2017

^{iv} Grupo Chedraui, 2019

4.1.2 How to be a supplier for supermarkets

Instructions on how to become a supplier vary per supermarket chain. Below you will find a link to a page with information and instructions for each chain. Bear in mind that some chains fall under the same group. This may mean that the application process to become a supplier goes through the same channel.

Documentation regarding your company as well as specific information on the product will be asked by most of the stores. All legal requirements need to be met, including labeling requirements and the norms and licenses which apply to the product (see chapter 'Import process from EU to Mexico'). Some supermarket chains, like Walmart and Chedraui, have a digital application platform for suppliers. Others provide the necessary documentation to fill out but will require you to send this to a vendor support office. The specialty products group Hanseatik has sales representatives in several locations of the country which can be reached through separate contact details. It is advised to have all documentation prepared in advance and to be very clear about what product you are selling.

Instructions per supermarket/store

- Walmart Mexico, including the supermarkets Bodega Aurrera, Sam's Club, *Superama* and Walmart, with special page for importers. (proveedores check separate site)
 - https://www.walmartmexico.com/media-library/document/suppliers-19/_proxyDocument?id=0000016e-1d5a-d902-a9fe-3fdf47f80000
- Soriana
 - http://www.organizacionsoriana.com/requisitos_alta_proveedores.html
- Chedraui
 - <http://grupochedraui.com.mx/proveedores/>
- H-E-B supermarkets as a small to medium sized business
 - <https://www.heb.com.mx/pymes>
- Costco supermarkets as a small to medium sized business
 - <https://www.syndigo.com/costco-mexico/>
- Hanseatik representatives in nine locations around the country
 - <http://hanseatik.com/acerca-de/>

5. IMPORT PROCESS FROM EU TO MEXICO

The Mexican legal framework regarding customs and import requirements is complex and subject to constant modifications, which makes it difficult to keep track of all obligations. However, the Ministry of Economy is directing its efforts to simplify the system (by digitalizing the whole process), and the government has in recent years stressed this as a primary priority.

Mexico maintains a regime of import and export permits for a range of 'sensitive products', in order to protect national security, public health and the heritage of what are deemed culturally-important products. Depending on the product, permission is granted by one or more secretariats and agencies.

Currently, import duties for European products are relatively high and it is a complex business scenario for fair competitiveness considering the new UMSCA (previously NAFTA) where most of the products have a 0 percent import duty. With the ratification of the new EU-Mexico trade agreement, European food and drink products will become more competitive.

5.1 Overview of the EU-Mexico Free Trade Agreement

The original EU-Mexico trade agreement was signed in 2000. This trade deal had a significant impact on the volume of traded goods between the EU and Mexico. Imports of European products rose from US\$13.729 billion in 2000 to \$48.114 billion in 2018.³⁷

In 2018, the main EU trading partners were: ³⁸

1. Germany
2. Spain
3. Italy

The main EU investors in Mexico were:

1. Spain

³⁷ El Universal, 2019

³⁸ Forbes, 2020

2. Germany
3. Belgium

EU investment has primarily concentrated on five Mexican regions³⁹: Mexico City, State of Mexico, Nuevo León, Jalisco, and Puebla. For Mexico, the treaty with the EU offered diversification of markets, greater trade certainty and a decrease in dependency on its trade relationship with the US. Still, the US receives 80 percent of Mexico's exports.

5.2 New EU-Mexico Free Trade Agreement

In 2015, it was agreed that changes needed to be made to the original EU-Mexico agreement to facilitate the evolving conditions of the trade relationship and global trade dynamics. Discussions for the modernization started in May 2015 and in total, there have been 9 rounds of negotiations that have taken place in Europe and in Mexico. Talks covered topics on how to promote a business climate to strengthen productivity and competitiveness especially for SMEs of both parties. The possibility for European companies to participate in public tenders at state level and federal level, was also proposed. The EU and Mexico reached an 'agreement in principle' on the trade part of a modernized EU-Mexico Global Agreement in April 2018. If implemented, this upgrade will have significant impact on lowering the level of protectionism still practiced by the Mexican government.

Broadly speaking, the new deal will:

- Scrap high Mexican tariffs on European food and drinks;
- Allow EU firms to sell more services to Mexico;
- Pledge to protect workers' rights and the environment;

In January 2020, Mexican Economy Minister Graciela Márquez stated that Mexico has already sent the report to the European Council to be revised and approved. Regarding the political and labor conditions sections, the ratification of all EU 28 member countries could take several years. However, the elimination of tariffs on products from both parties can already take place on the basis of the non-

³⁹ Forbes, 2020

ratified agreement. The EU has signaled that it will give green light with respect to the commercial section by the end of 2020. The periods of tariff elimination for foodstuffs are expected to be lengthier than those in industrial goods. Some agricultural products considered as 'sensitive' by the Mexican government are not subject to the tariff reduction schedule: meat, grain, and several dairy products (note: not European cheeses).

The products that would benefit from the tariff reduction were classified into several groups. (A, B, B+ and C). The consultation of the annexes may require technical expertise in customs matters. Beyond the political circumstances and conditions, working groups should be established on both sides to deal with specific issues that correspond to the current reality in terms of customs, documentation, tariffs and market trends, so that these adjustments truly facilitate trade between the EU and Mexico.

5.2.1 Specific benefits for European food producers

The modernized treaty would cover farm products, investment, and government procurement. Practically, the majority of tariff on goods will drop to 0%, including products like Mexican chicken and European dairy products. The products that would get the highest benefit would be agricultural exports from the EU to Mexico such as poultry, cheese, chocolate, pasta, and pork.

Until January 2020, there is no established official date for the trade agreement to be ratified, hence information of the tariff drop and its terms is not determined yet but these are some official proposals that have been discussed concerning which concern the food sector create several opportunities for Dutch food exporters to Mexico:⁴⁰

- Duty-free conditions on almost all pork products. This will allow the EU to significantly increase pork export to Mexico.
- Preferential access for European cheeses. Cheeses like Roquefort and Gorgonzola currently have an import tariff of 20 percent. In addition,

⁴⁰ European Commission, 2018

other cheeses that are not included will be given preferential access with annual quotas on allowed import.

- A securement of export of 30,000 tons of milk powder from the EU to Mexico in the first year of the treaty coming into force. This will increase to 50,000 tons in five years.
- Tariffs will be eliminated on a range of products. Examples are pasta (currently up to 20%) and chocolate (currently up to 20%).
- There will be measures to protect against the imitation of 340 distinctive European foods and drink products in Mexico. This will include for example Comté cheese from France or Szegedi szalámi from Hungary, which all have a denomination of origin status.

5.3 Relevant government bodies & legal frameworks

The Mexican Office of Standards (Directorate General of Standards, DGN) is responsible for the management and coordination of Official Standards in Mexico (NOMs) in general. The legal framework for the regulatory process in Mexico is the General Law of Metrology and Standardization. This law gives authority to the competent Ministries of Mexico and organizations to establish norms related to the protection of human, animal and plant health, as well as the environment.

The General Health Law deals with all aspects related to the promotion and protection of human health. It has the authority by law to require previous import authorization based on health risks. In case of a waiver of this authorization, the importer must present all the documentation required by the General Health Law, and a sanitary certificate must be issued by the authorities in the country of origin. They can also take random samples and inspect imported products to ensure compliance with Mexico's requirements. Mexican regulations related to human health are issued through the health regulatory agency, which is the Federal Commission for Protection against Health Risks (COFEPRIS).

The Ministry of Economy coordinates the regulation process through its DNG. Although other Mexican federal agencies may develop regulations under their jurisdiction, they must coordinate and work through the Ministry of Economy. Electronic versions of all valid names are available on the website:

<http://www.economia-noms.gob.mx>. These NOMS are coded by subject and are reviewed every 5 years.

5.4 Specific requirements list

What do you need to do to export to Mexico? If you work with a local importer/distributor, it is expected that they will either fully carry out or assist in the acquiring the correct documentation. NOTE: All documentation must be filled out in Spanish. This is a general guide; it may vary depending on product and import mode.

1. From the national SAT (Federal Tax Administration Service), the following documents can serve as a guide:
 - a. Import Guide;
 - b. Import Requirements;
 - c. Obligations for import;
2. The following documents or processes are a requirement:
 - a. A legal entity established in Mexico and up-to-date tax payments;
 - b. Registration on the List of Importers;
 - c. Request the business partner (European exporter):
 - d. Commercial invoice
 - e. Certificate of origin or EUR 1:
 - i. Certificate of Movement (EUR 1) only necessary when the cargo has a value greater than 6,000 Euros, otherwise the certificate of origin is essential.
 - ii. Sanitary, phytosanitary and / or animal health certificate of the competent authority of the country of origin and, where appropriate, of the European Union.
 - iii. The certificate must be in accordance with the phytosanitary standards of Mexican legislation.
 - iv. Air or shipping bill of lading
 - v. Payment terms (INCOTERMS)
3. Permits from COFEPRIS (if/when applicable)
4. NOMs and certifications

It is advisable to hire a customs agent with expertise in duties and import requirements. Especially in Mexico, where customs agents are licensed for operating under the Mexican Law.

5.5 Tariff restrictions

5.5.1 HS code system in Mexico

The nomenclature of the Harmonized System (HS) is used in Mexico for the classification of the products for customs purposes. It is a system that uses six-digit codes that are recognized at international level as all countries classify the products in the same way. In Mexico, as in some other countries, two digits are added for a more specific classification. The *LIGIE* (Law on General Taxes on Imports and Exports) is the law that applies for the tariff regulations. This means that whether you are exporting or importing, for customs procedures in Mexico you shall have an eight-digit HS code. The eight digits can be broken down into four parts.

The following is a detailed example of the HS code used for the import of *Gouda cheese*, which import duty is 20% according to the *LIGIE*.

HS CODE FOR GOUDA CHEESE	0406.90.04	
CHAPTER	04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included
HEADING	06	Cheese and curd
SUBHEADING	90	Dairy produce: cheese (not grated, powdered or processed),
TARIFF CODE	04	Grana or Parmegiano-Reggiano, of a fat content by weight not exceeding 40%, with a water content by weight in the non-fatty matter not exceeding 47%; Danbo, Edam, Fontal, Fontina, Fynbo, Gouda, Havarti, Maribo, Samsøe, Esrom, Italico, Kernhem, Saint-Nectaire, Saint-Paulin or Taleggio, of a fat content, by weight, not exceeding 40%, and a water content, by weight, in the non-fatty matter exceeding 47% but not exceeding 72%.

5.6 Non-tariff restrictions

Non-tariff restrictions are not related to customs but requirements such as needed certificates, labeling conditions, among others.

There are different ministries of the Mexican government that hold responsibilities with regard to regulation of food safety, hygiene requirements, human health and wellness. The Ministry of the Economy is behind the management of laws and rules of food safety. Mexican Official Standards (known as NOMs) are published in official government journals. NOMs apply for national and imported products. Imported products must meet the requirements asked by the Ministry of the Economy, Health, amongst others. In the annex there is an example of the required label of a product.

NOM-120:

This NOM covers the requirements for hygienic and sanitary practices in processed food and beverages (processing, manufacture, mixing, conditioning, packaging, preservation, handling, storage, distribution)

5.6.1 Labeling

NOM-051:

This NOM is applicable to all pre-packaged food and non-alcoholic beverages of national and foreign manufacture destined for the Mexican market.

The main objective is to safeguard the health of the Mexican population. The principle method is to demand food companies to publicly declare the ingredients and processes of the products offered.

Why, what and how to present nutritional information about the product to be sold is explained in NOM-051, this include: characteristics and definitions of ingredients, suggested daily intake, units of measurement, references to nutritional values, portion values, best-before date, expiration date, etcetera.

A modification to the NOM-051 was recently agreed by the Mexican government. There are different opinions as to whether it will really be an improvement with respect to public health. The main objective is that Mexicans have more clarity when reading the label, its ingredients and the amounts per portion, so they can make the best decision for a more balanced diet.

There are experts who believe that it is not the best solution to guide people to a healthy lifestyle, that there are other ways to introduce fruits and vegetables in greater proportion in the diets of Mexicans. However, importers must align with the new requirements that will be set.

Specific labelling requirements are available for some products, such as meat (NOM-030- ZOO-1995, NOM-034-SSA1-1993, and NOM-122-SSA1-1994), as well as milk.

6. TRANSPORTATION METHODS AND DESTINATIONS PORTS

Mexico is a leading global logistics center, mainly due to its 13 trade agreements with 50 countries and strategic geographic location Ranked no. 51 out of 160 countries on logistics efficiency⁴¹ In Mexico, transportation-logistics represent 8 to 15 percent of a product's costs, compared to 5 to 7 percent in the U.S.A. However, the production costs are also far lower in comparison, which indicates that the real prices are lower than the US. According to the Mexican Secretariat of Communications and Transportation (SCT) Mexican products for domestic consumption travel by:

- 60% by land on trucks
- 14% by land on train
- 26% by ship

The country's infrastructure is summarized by the following statistics:

- ±390,000 km of highways and roads
- ±26,700 km of railroads
- 64 international commercial airports
- Nearly 500 heliports
- +27,000km of oil & gas pipelines
- 110 seaports



Figure 18. This image provides an impression of the scale of the Mexican territory compared to the European continent.

⁴¹ World Bank Group, 2018

6.1 Highways

Mexico has a modern highway system, primarily comprising toll roads, connecting the main industrial areas located in the Mexico City–Guadalajara–Monterrey triangle with large seaports. In general, road transportation is functional and efficient. In some other areas, could be more challenging but still working out. Heists of cargo and robbery of transport drivers are a growing problem in Mexico. Many transport companies are voicing their concern about the inability and perceived indifference of the government in addressing this problem. Logistics companies have taken up the use of technology to track cargo, determine the safest routes and communicate with authorities in the event of an incident. These tools are making it easier to anticipate delays in transport and minimize the risks. In addition, transport agencies have protocols in place designed to protect the safety of the driver.⁴² The transport sector keeps growing due to rising demand. For Dutch goods, the security status of the route between the port of Veracruz and Mexico City is of most relevance. It is suggested to have commercial insurance for any means of logistical transportation within the country, either by rail or road.

6.2 Ports

Along its 11,500 km of coastline, Mexico has 117 functional ports:

Ports in Mexico's Pacific Coast

- Lázaro Cardenas
- Manzanillo
- Ensenada
- Salina Cruz

Ports in Mexico's Gulf Coast

- Altamira, Tampico & Matamoros
- Coatzacoalcos
- Dos Bocas
- Frontera
- Progreso
- Tuxpan
- Veracruz

⁴² Mexico Business Review 2019, p. 230.

Lázaro Cárdenas and Veracruz are considered super-ports due to their size, operations and economic impact. All the ports mentioned have the infrastructure and equipment to facilitate intermodal and door-to-door merchandise transportation. The main maritime route from Europe in general is from Rotterdam, NL to the Port of Veracruz. The estimated time of transportation via maritime from the port of Rotterdam, NL to the port of Veracruz, Mexico varies depending on the shipping company, but it can go from 18 to 23 days. When you ask the shipping company for a quote, be sure to include the costs of the land transport Mexico.

7. RELEVANT EVENTS, CONTACTS IN FOOD SECTOR IN MEXICO

7.1 Events & conferences

WHEN?	EXPO	WHERE?	WEBSITE
FEBRUARY			
	Dairy & Meat Expo (Expo Carnes y Lácteos)	Monterrey, Nuevo León	https://www.expocarnes.com/
MARCH			
	International Animal Meat and Protein Congress (Congreso Internacional de la Carne y Proteína Animal)	León, Guanajuato	http://congresodelacarne.com/2020/
	Pastry and Bread Expo (Expo Repostería y Pan)	Mexico City	https://exporeposteria.mx/
	Expo ANTAD & Alimentaria	Guadalajara, Guadalajara	https://www.alimentariamexico.com/
JULY			
	Expo Pack	Mexico City	https://exporestaurantes.mx/
	Expo Restaurantes	Mexico City	
	Bakery Expo	Monterrey, Nuevo León	http://expopanificacion.com/

	Expo (Panificación Monterrey)		
AUGUST			
	Expo Café	Mexico City	https://www.expocafe.mx/
	Agave Fest	Mexico City	https://www.agavefest.info/
SEPTEMBER			
	Abastur Expo	Mexico City	https://abastur.com/ABASTUR
	FoodTech Summit & Expo	Mexico City	http://foodtechnologysummit.com/

7.2 Etiquettes doing business in Mexico

To have key-relationships is one of the most important factors when doing business in Mexico. A network, facilitated by a local distribution partner can help avoid unforeseen obstacles, and prevent delays.

For business meetings:

- Punctuality in Mexico is not as serious as in the Netherlands. Even in business meetings there is a tolerance time (15-25 minutes). It is suggested to be patient.
- Small presents are appreciated as a fine detail from the interested party (box of chocolates, something typical from the country, bottle of wine, etcetera). This is part of the Mexican culture as when there are reunions -with family or friends- small presents are also given to “not arrive with empty hands”.
- Expensive presents are not well perceived as it could be misunderstood as buying the other person.
- Casual business and formal outfits are appreciated for meetings
- Mexicans are not direct people, do not push too soon for having a final answer.
- One cheek-kiss (cheek to cheek, not mouth to cheek) is culturally accepted.

8. HOW TO START ON THE MEXICAN MARKET

8.1 To-do list to export to Mexico

To do in the Netherlands

1. Study the market. Think about how your product or service will add value to the lives of Mexican consumers
2. Review your product portfolio and select the best matching products
3. Check pricing including transport costs, import duties and local costs. Consider that Mexico is a very large country with a highly-developed to medium-developed infrastructure, so local costs can be high.
4. Carefully check import duties and restrictions. HHM can help with classifying products and when necessary refer you to a third-party specialist.
5. Sanitary regulations (for products with animal- and/or dairy content) are very strict in Mexico. Incompliance always leads to containers being blocked in seaports at high cost. Make sure you are well prepared and well protected.
6. Prepare your business case for the long term. Mexico is a very large and attractive market, that is also complex and highly competitive.

Prepare first visit to Mexico

1. Ideally plan your visit in combination with a trade mission or trade show. Ask HHM for possible timings.
2. Visit markets and stores to understand distribution channels (modern trade vs traditional, the large convenience channels or e-commerce)
3. Review geographical areas where you want to start business. Due to its size you would want to focus on one region first. Mexico City is a logical starting point but for various reasons you might want to consider a secondary city or region.
4. Meet potential distributors/ importers. Make sure you check these very carefully (HHM can help) as non-compliance is common in Mexico. HHM can also help you with matchmaking for this phase.
5. Double check legal requirements (sanitary, duties).

6. Labeling requirements are very strict and explicit in Mexico. Check the requirements carefully and make sure you comply. In case of doubt, check with HHM.
7. Get a feel for the culture and consumers to increase your understanding of the market.

After your visit

1. Be patient during follow-up. Mexican companies work differently than Dutch businesses, and it is common that you do not receive replies or receive them very late. Do not despair. The concept of time is very different in Mexico than it is in The Netherlands.
2. Prepare your product, packaging and labeling for export.
3. Do a small trial shipment (by air) to check the system, documentation and labels. Even if everything has been checked there can be small undetected details. The best preparation is a real-life sample.

Extra advice on starting your first business with Mexico

- a. Be patient. In Mexican culture, trust is crucial and often more important than a contract, but trust is built over time.
- b. Finding the right partners can make or break your success, but it can be hard to find them. Make sure you invest time and effort to select the right partners; trustworthy and productive. HHM can help you with this.
- c. Make sure you have a clear contract/ sales agreement that is verified by a Mexican lawyer.
- d. Minimize risks; start on a small scale.
- e. Be careful with payments. Mexico is notorious for late and incomplete payments, so make sure you are prepared for long waits.

8.2 List of importers-distributors

The following alphabetical list contains importers and distributors. The order of the information is name/product categories (not necessarily limited to)/website/location of head offices. In this case, Mexico City is depicted as CDMX. For more information on local importing/distribution partners, we refer you to the National Association of Importers and Exporters (also known as ANIERM). This association has a directory of importers/distributors and provides consultancy services in the field.

-A-

- Abastos Teleno S.A. de C.V./ Spices, seeds /www.abastosteleno.com" / CDMX
- Alazan S.A. de C.V. / Cereals and processed food and vegetables / www.alazan.com.mx / CDMX
- Alceda S.A. de C.V./ Various foodstuffs/ <http://www.alceda.com.mx/nosotros/> Guadalajara
- Alexanderson Congelados S.A. De CV/ Frozen food and vegetables / CDMX
- AM Resources S.A. de C.V./Beef, pork, chicken, potato / Hermosillo
- Amurol Mexico S.A. De CV / Bakery goods / www.lasdelicias.com.mx /Guadalajara
- Autenta Foods/ Snacks/ contacto@autentafoods.com / CDMX

-C-

- Café Marino/ coffee, confectionery, frozen seafood/ www.cafemarino.com.mx / CDMX
- Carne Finas San Andres S.A. de C.V. / Fine meats/ Chihuahua
- **Carnes America de Monterrey S.A. de CV / Selected meats / Cancun**
- Centro Abarrotero del Bajío/ Processed food & vegetables, snacks/ www.centroabarroterodelbajio.com / Queretaro
- Centro Comercial Soriana/ Retail food and beverages/ www.soriana.com / Monterrey
- CICAPSA / Beef, pork, chicken and fish / www.cicapsa.com / CDMX
- Comercializadora El Sargazo Import/ Retail food and beverage / www.sargazo.com / Ensenada

- Comercializadora Garcasi, S.A. de CV/ Processed food and vegetables / CDMX
- Compañía Continental De Comercio S.A. de CV/ Processed fruit and vegetables and dairy / CDMX
- CON Alimentos Import/ Foodstuffs / www.con-alimentos.com.mx / CDMX
- Ciemsa Foodservice / Foodstuffs / www.ciemsamexico.com.mx / State of Mexico
- COSTCO Wholesale/ Wholesale food and beverage / www.costco.com.mx / CDMX

-D-

- Distribuidora Dolgo/ Foodstuff/ www.casagoenaga.com.mx / CDMX
- Dogale Comercio Exterior/ Cereals, seeds and spices / www.dogale.com.mx / Guadalajara

-E-

- Elizondo Agroalimentos, S.A. de CV / Cereals, dried fruit and vegetables and more/ www.elizondomexico.com / Monterrey
- Enlace Comercial Internacional S.A. De CV / Foodstuff / CDMX

-G-

- Grupo Dermet / Citric acid, milkwhey/ www.dermet.com.mx / CDMX
- Grupo Novelda / Foodstuff/ www.gruponovelda.com / Puebla
- Grupo Premier/ Dried fruit/ www.gpopremier.com / CDMX
- GVM Alimentos / Bakery, chocolate and confectionery/ www.gvmprueba.blogspot.com / State of Mexico
- Hanseatik Import/ Gourmet foodstuff/ www.hanseatik.com / CDMX (and other locations)

-I-

- Importadora y Distribuidora La Canasta/ Meat and cheese / <https://carnicerialacanasta.com.mx> Tijuana

- Importadora Grezon / Chocolate and confectionary / State of Mexico

-K-

- Kadosa Internacional S.A. De C.V./ Dairy / CDMX
- KUA Import/ Gourmet food, chocolate and more/ www.kuamexfoods.com / CDMX
- Hanan Distribuciones/ Dried foodstuff/ www.grupohanan.com / Cancun

-H-

- HB Alimentos / Meat and dairy / www.hbalimentos.com / Monterrey

-I-

- Innova Alimentos S.A. de C.V. / Food ingredients/ www.innova-alimentos.mx / Puebla
- ITG Importacion / Cheese / CDMX

-L-

- La Europea/ Gourmet foodstuff/ www.laeuropea.com.mx / CDMX
- La Pasiega/ Confectionery, bakery, processed food and vegetable and more/ www.lapasiega.mx / CDMX

-M-

- Marinter / Cheese, ham and more/ www.marinter.com.mx / CDMX
- Mercantil MX / Processed meat/ www.mercantilmx.com / State of Mexico
- New York Deli S.A. de C.V. / Bakery/ www.newyorkdelibagel.com / CDMX
- Noriega Y Lavalle S.A. de C.V./ Cereals, fruit / Guadalajara

-S-

- Sigma Alimentos S.A. de CV/ Foodstuff and processing of/ www.sigma-alimentos.com / Monterrey
- Simplot / E-commerce foodstuff/ www.simplot.com.mx / CDMX
- Strategia / Food and beverages / www.strategia-inter.com.mx / State of Mexico
- Super Brands S.A. de C.V. / Foodstuff/ www.superbrands.mx / CDMX
- Superama/ Retail foodstuffs/ www.superama.com.mx / Monterrey

-T-

- Tiendas Chedraui / Retail foodstuff/ www.chedraui.com.mx / Xalapa-Enriquez

-V-

- Vyacsa Foods/ Processed fruit and vegetables and milk/ www.vyacsa.com / CDMX

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Note: All photos in this document were taken by the author at the indicated point of sale.

Example labeling for imported products



Following NOM-051

The following is an example of imported package of cookies sold at *La Comer* in Mexico City.

The original language of the package is French as they are Canadian cookies. Original packaging was not modified, rather a label in Spanish was added to meet the requirements of NOM-051.

Figure 1. Canadian cookies with extra label following NOM-051

Observations:

- Spanish is mandatory
- The sentence indicating the country of origin must be as follows:
 - Hecho en... (made in) Producto de... (product from)
 - Fabricado en... (produced in)
- The location of the official document (Spanish): <http://bit.ly/NOM-051>, on following the *Norma Oficial Mexicana 142* (NOM-142-SSA1/SCFI-2014).

Food Products

Stroopwafels

STROOPWAFELS	
DUTCH COMPANY	Aviateur Patisserie
SOLD IN	Costco Wholesale
IMPORTED BY	Importadora PRIMEX.
PACKAGING	46 stroopwafels in total: 23 individual packages with 2 stroopwafels each
PRICE PER BOX	US \$9.09



Figure 2



Figure 3



Figure 4



Figure 5

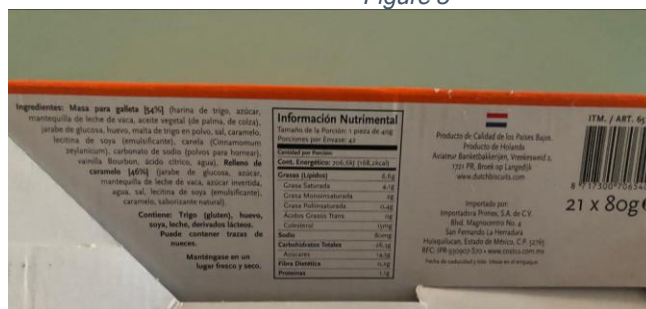


Figure 6

STROOPWAFELS	
BRAND	Stroopwafel & Co. (Goudeliërs)
IMPORTED BY	ANDESMX
SOLD IN	MixUp
PACKAGING	Mini stroopwafels. 200g
PRICE PER PACKAGE	US \$5.99



Figure 7



Figure 8

STROOPWAFELS	
BRAND	Stroopwafel & Co. (Max & Alex)
SOLD IN	MixUp
IMPORTED BY	ANDESMX
PACKAGING	8 pieces. 250g
PRICE PER BOX	US \$5.99



Figure 9



Figure 10

STROOPWAFELS	
BRAND	Stroopwafel & Co.
IMPORTED BY	ANDESMX
SOLD IN	MixUp
PACKAGING	Mini stroopwafels. 200g
PRICE PER BOX	US \$7.43



Figure 11



Figure 12

Cheese

CHEESE	
DUTCH BRAND	Anker Cheese
IMPORTED BY	Distribuidora de Lácteos Algil
BRAND IN MEXICO	President
SOLD IN	La Comer
PACKAGING	Individual package
PRICE PER KILO	US \$12.57



Figure 13

CHEESE	
BRAND	Rembrandt Gourmet
IMPORTED BY	Mexideli
SOLD IN	Costco Wholesale
PACKAGING	Individual pre-weighed package
PRICE PER KILO	US \$28.23



Figure 14



Figure 15

Milk

MILK - FRESH MILK	
UPPER AREA	
BRAND	Silk
CHARACTERISTICS	Chocolate almond milk
SOLD IN	Costco Wholesale
PACKAGING	4 tetra-pak, 946ml each
PRICE PER 4-PACKAGE	US \$7.22

LOWER AREA	
BRAND	Almond-breeze
CHARACTERISTICS	Almond milk
SOLD IN	Costco Wholesale
PACKAGING	2.8L gallon
PRICE PER GALLON	US \$6.68



Figure 16

MILK- FRESH MILK	
UPPER AREA	
BRAND	Bové
CHARACTERISTICS	Organic fresh milk
SOLD IN	Costco Wholesale
PACKAGING	4 bottles of 960ml each
PRICE PER WHOLE PACKAGE	US \$5.20

LOWER AREA	
BRAND	Bové
CHARACTERISTICS	Lactose-free
SOLD IN	Costco Wholesale
PACKAGING	4 bottles of 960ml each
PRICE PER WHOLE PACKAGE	US \$5.80



Figure 17

MILK - PASTEURIZED MILK	
BRAND	Bové
CHARACTERISTICS	Lactose-free
SOLD IN	Costco Wholesale
PACKAGING	12 bottles of 1L
PRICE PER PACKAGE	US\$ 14.9



Figure 18

BRAND	LALA
CHARACTERISTICS	Organic milk
SOLD IN	Costco Wholesale
PACKAGING	12 bottles of 1L
PRICE PER 4-PACKAGE	US\$ 113.3



Figure 19

	LEFT	RIGHT
BRAND	Calahua	Silk
CHARACTERISTICS	Coconut milk	Chocolate almond milk
PACKAGING	6 tetra-pak of 1L each	24 tetra-pak of 190ml each
PRICE	US\$ 9.5	US\$ 10.1



Figure 20

Costco's own brand Kirkland is recognized as high-quality product.

	LEFT	RIGHT
BRAND	Kirkland	Kirkland
CHARACTERISTICS	Light milk	Non-dairy drink, lactose-free, soja-free, sugar-free
PACKAGE PRESENTATION	12 tetra-pak of 1L	12 tetra-pak of 946ml
PRICE	US\$ 10.3	US\$ 23.87



Figure 21

Yoghurt

Most of the products have high-sugar level as they are broadly accepted. As previously explained in the report, consumers are looking now for more sugar-free products or *light* and/or organic products. These photos exemplify how the freezers and shelves look like when it comes to dairy products, specifically milk and yoghurt and yoghurt-like products.

Remarkable notes:

- Variations of the products: Original, lactose-free, *light*, low-sugar and these combined.
- Some brands offer the yoghurt accompanied with some cereals ready to mix.
- The *on-the-go* presentation is popular, mostly because in general, it adapts to the Mexican lifestyle.



Figure 22



Figure 23



Figure 24



Figure 25

When it comes to organic yoghurt products, domestic production has adapted to the Mexican market demands and are available also at the main supermarkets. These photos are from *La Comer*. The average price per kilo of organic yoghurt is US\$2.50.

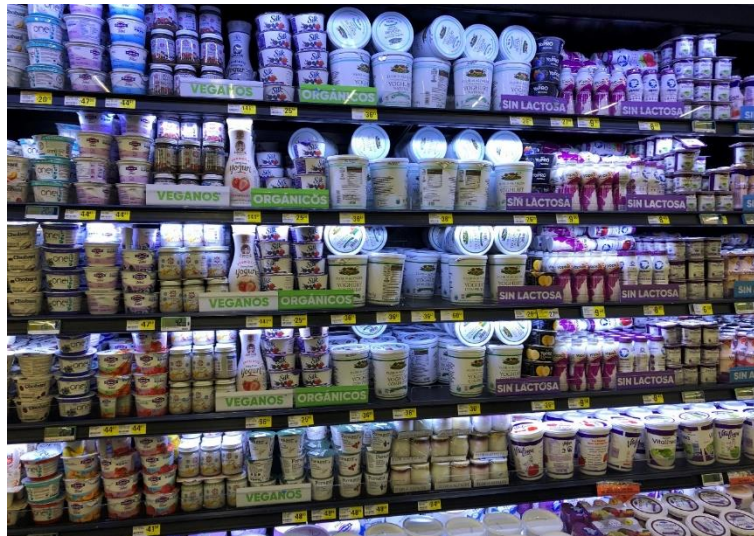


Figure 26



Figure 27



Figure 28

Fine-food

TOAST	
BRAND	Melba Toast
SOLD IN	Hanseatik website
PACKAGING	70g
PRICE PER PACKAGE	US \$5.14

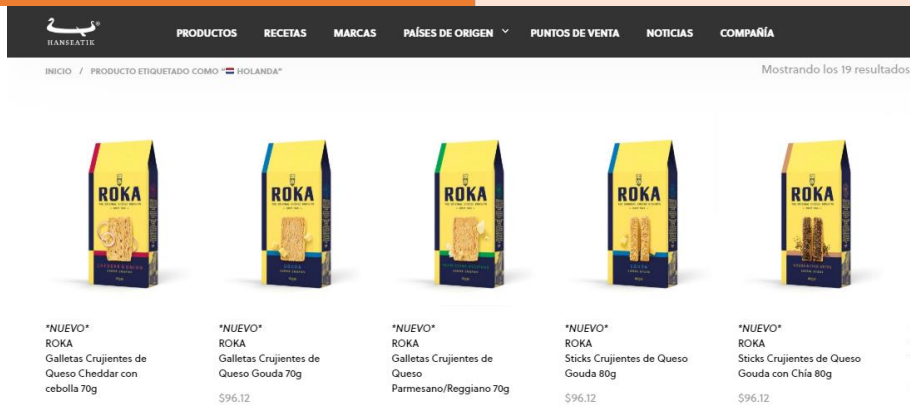


Figure 29

Liverpool:

TOAST	
BRAND	Melba Toast
SOLD IN	Liverpool
PRICE PER PACKAGE	US \$5.29



Figure 30



Figure 31

TOAST	
BRAND	Van der Meulen
SOLD IN	Specialty stores such as Liverpool Hanseatik website
PACKAGING	Depends on the product. See example
PRICE PER PACKAGE	Depends on the product. See example

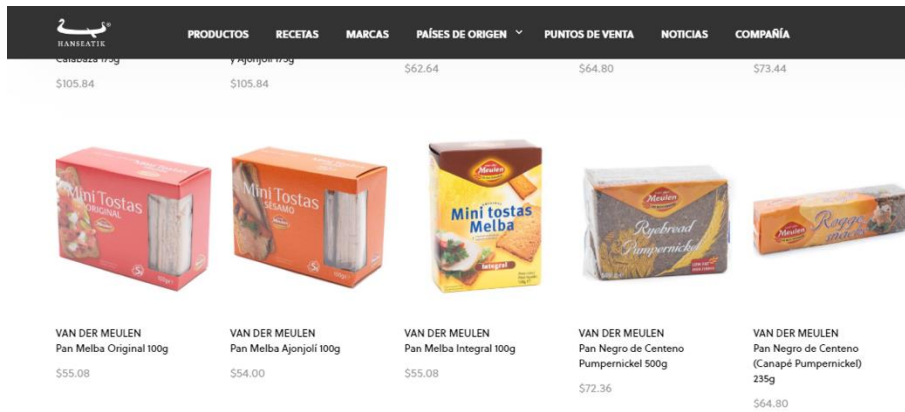


Figure 32

THIN CRACKERS PUMPKIN SEEDS / FLAXSEED AND SESAME SEEDS	
BRAND	Van der Berg
SOLD IN	Specialty stores such as Liverpool Hanseatik website
PACKAGING	175g
PRICE PER PACKAGE	US \$5.66



Figure 33

SWEET PRETZELS	
BRAND	Van der Berg
SOLD IN	Specialty stores such as Liverpool Hanseatik website
PACKAGING	200g
PRICE PER PACKAGE	US \$5.89



NUEVO
VAN DEN BERG
 Pretzels Azucarados 200g

\$110.16

Figure 34

SWEET PRETZELS	
BRAND	Van Rooy
SOLD IN	Hanseatik website
PACKAGING	60g
PRICE PER PACKAGE	US \$5.89



NUEVO
VAN ROOY
 Mini Canastilla Canapé 60g

\$64.80



NUEVO
VAN ROOY
 Mini Volován 60g

\$73.44

Figure 35

Points of sale

Costco Wholesale



Figure 36

A membership, coined “associate” must be paid to enter the store and to be able to buy. Costco sells products in larger volume and bigger in size. It is intended for business (HoReCa) but has gained popularity among middle and upper classes as the portfolio of products are of well-recognized brands and high-quality.

Cheese section



Figure 37



Figure 38

The cheese *queso Oaxaca* is one of the most popular and most used throughout the country. In *figure 38* two products of this type of cheese are shown. On the left side the natural version and on the right side *queso Oaxaca with red paprika and parsley*. This is a good example of how spicy variations can easily be accepted by the Mexican market and the importance to adapting to the culture and its gastronomy.

La Comer Supermarket

La Comer is medium-high priced supermarket which has its own gourmet area, with wines and fine European products.



Figure 39



Figure 40



Figure 41

Cheese section

The following images represent cheese sections at different retail locations. They show foreign cheeses grouped together in specially assigned 'gourmet' sections.



Figure 42



Figure 43



Figure 44



Figure 45



Figure 46

Chedraui Selecto

Chedraui Selecto is a supermarket chain part of the Chedraui group. The image below represents an extensive gourmet hall with gourmet products such as wine, and fine food products from Europe.



Figure 47

Specialty organic brands

Flor de Alfafa is a Mexican brand of organic products. Their products are offered at supermarkets as well as online through their web shop. The images below were sourced from their website and provide a visual representation.

Flor de Alfafa website



Leche Orgánica Semidescremada
Deslactosada Sabor Chocolate Bové
\$14.00



Leche Orgánica Descremada
\$29.00



Leche Orgánica Entera
\$29.00

Figure 48



Aceite de Coco Orgánico Extra Virgen
\$ 120.00



Aceite de Cártamo Orgánico
\$ 109.00



Aderezo Orgánico de Guayaba
\$ 101.00

Figure 49



Figure 50



Figure 51

Liverpool

Liverpool is a mid-to-high end retailer which operates the largest chain of department stores, operating 136 stores throughout the country.

Within their recent opening of the *gourmet area* they offer:

- Cookies and Snacks
- Drinks and Infusions
- Health Products
- Oil, Vinegar and Condiments
- Sweet and salty preserves

National and imported products can be offered within the gourmet area. High-quality ingredients and a unique selling point per product are a must. The following pages contain images of their food section, a potential target for Dutch biscuits and other treats.



Figure 52



Figure 53

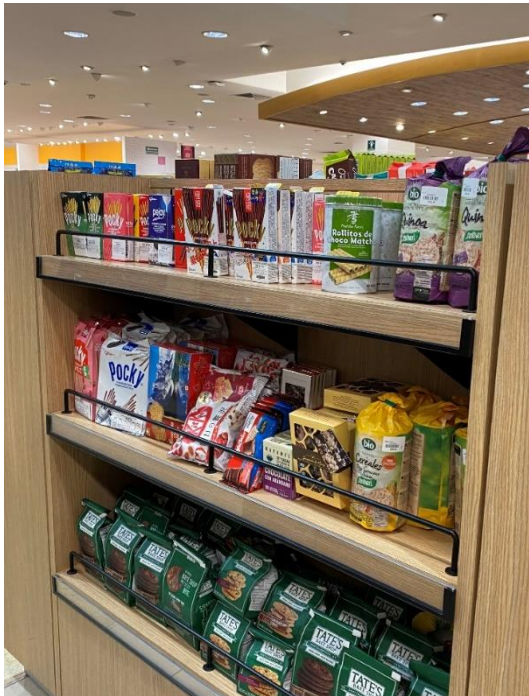


Figure 54



Figure 55



Figure 56



Figure 57



Figure 58



Figure 59



Figure 60



Figure 61



Figure 62



Figure 63

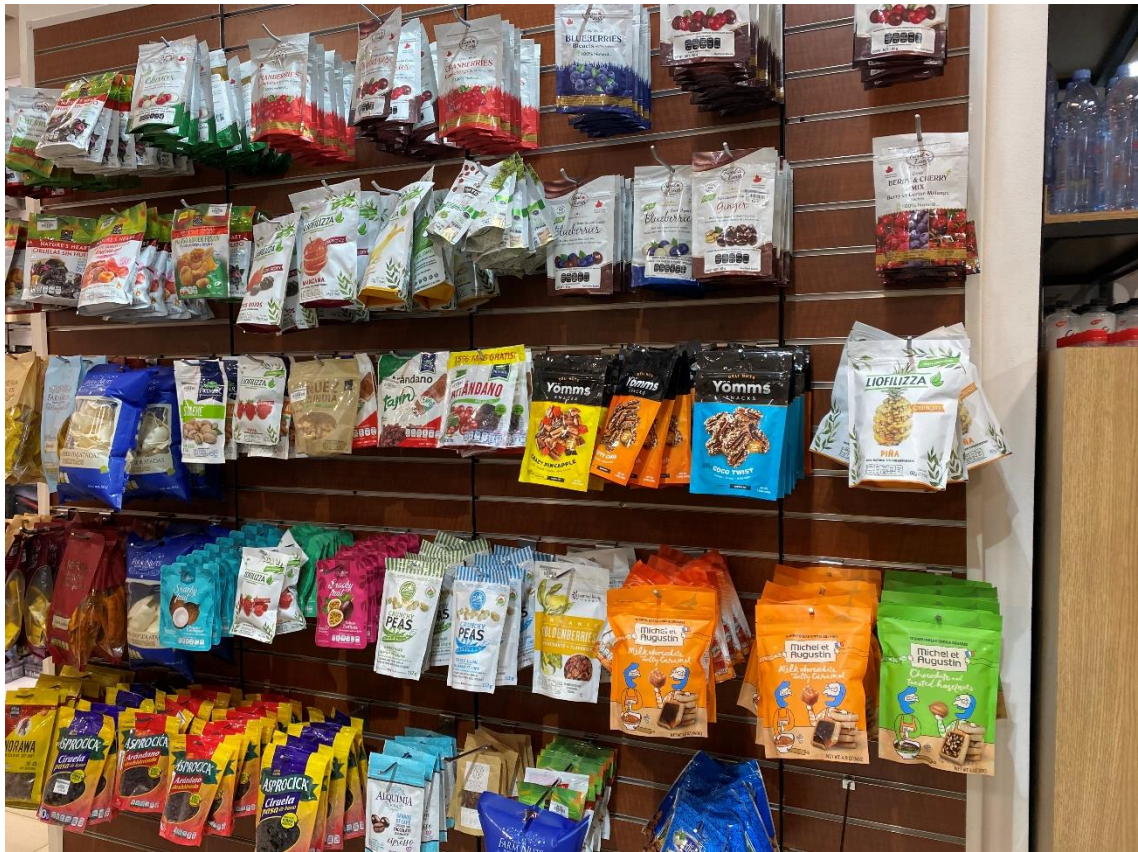


Figure 64



Figure 65

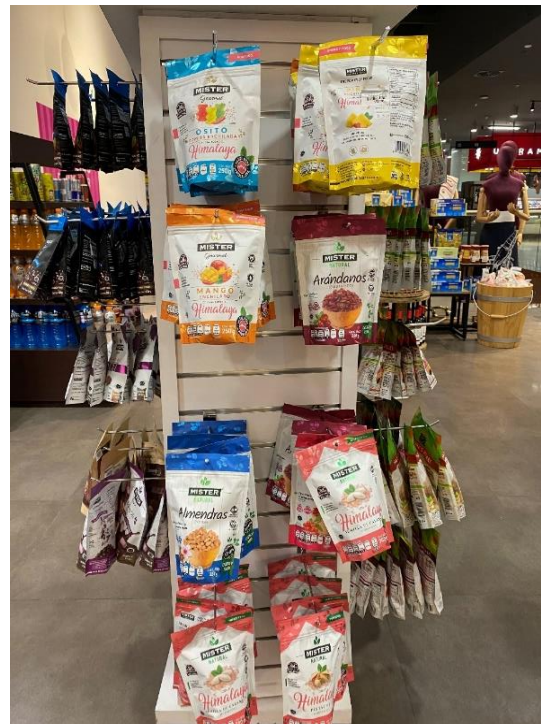


Figure 66



Figure 67



Figure 68



Figure 69

MixUp

MixUp is an example of a non-food retail store which offers several food items, particularly sweet snacks. They offer a *stroopwafel* product.

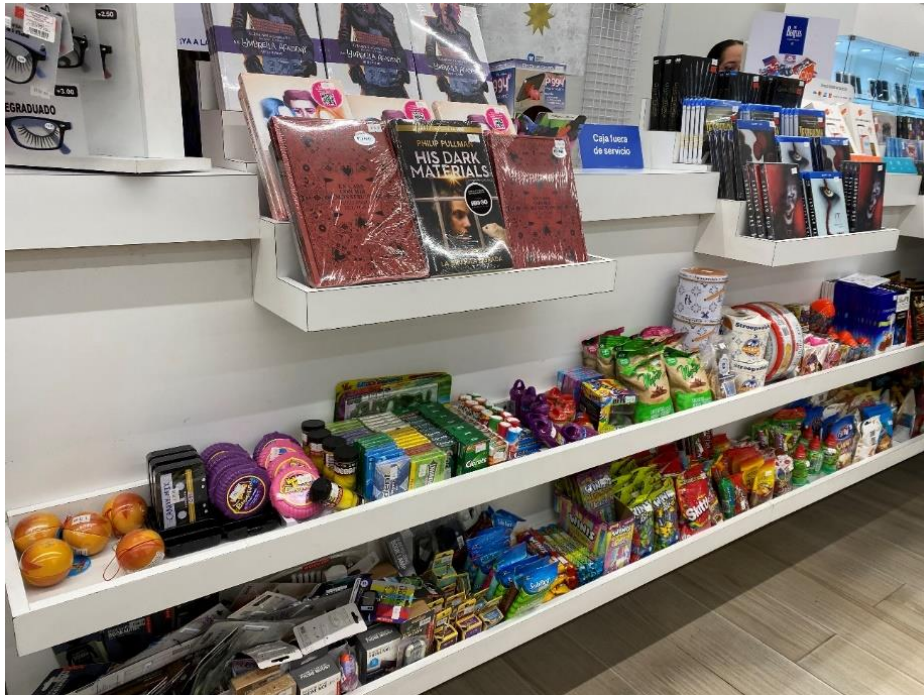


Figure 70

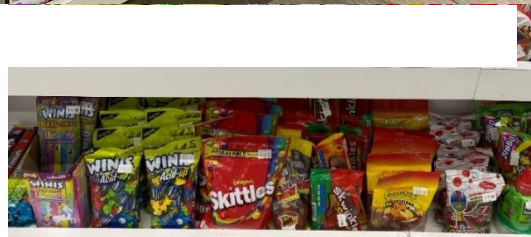


Figure 71

Farmacia San Pablo

The pharmacy chain San Pablo is another example of a chain which is specialized in non-food items, but has sections of food. In this case they offer products which are considered complementary to a healthy lifestyle. They are chosen based on nutritional value and organic production processes.

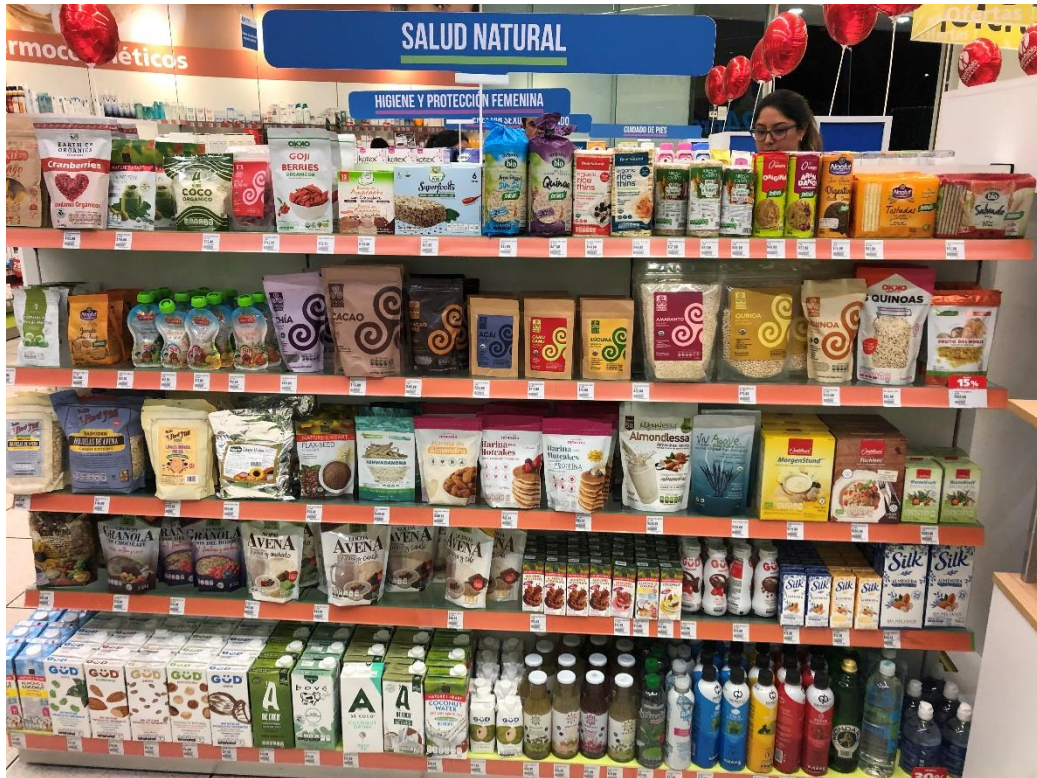


Figure 72