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Report Highlights:

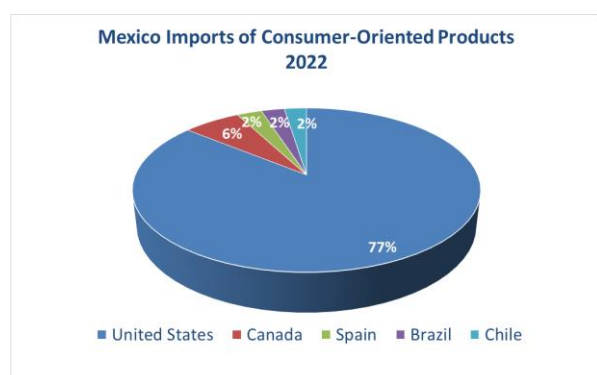
Mexico's food processing industry is the third-largest in the Americas behind the United States and Brazil and is among the top 15 worldwide. Mexico's gross domestic product (GDP) grew by 3.1 percent in 2022 and continues to recover following the COVID-19 pandemic. The slump in Mexico's tourism sector following the outbreak of COVID-19 began to recover in 2021 and rebounded more significantly in 2022, which also drove increased demand for food processing ingredients. Bakery and tortilla production accounted for 25 percent of total food processing in 2021, followed by meat and dairy processing. Food processing ingredient products with strong sales potential include vegetable proteins, non-wheat flours, extracts and functional products, plant-based foods, products with added elements such as vitamins and probiotics, and some dairy products. Mexico is a top global market for U.S. food processing ingredients.

Market Fact Sheet: Mexico

Executive Summary

Mexico's economy grew 3.1 percent in 2022, surpassing the modest projections of last year (1.8 percent). For 2023 the projection is also modest with 1.1 percent. Recovery has been slow but is ongoing, underpinned by favorable consumption; exports benefit from a deep integration into global value chains and a gradual recovery of the tourist sector¹. Mexico's agricultural exports to the United States were US\$43.4 billion in 2022. Bilateral agricultural trade accounted for \$71.87 billion in 2022². Mexico is still an important market for U.S. food and food ingredients.

Imports of Consumer-Oriented Products



Source: Trade Data Monitor, LLC – BICO Consumer Oriented Agricultural Total

Food Processing

According to the National Institute of Geography and Statistics (INEGI), there are 217,320 economic units including offices, manufacturing plants, and distribution centers under the industry classification of “food and beverage manufacturing and processing.” In the third trimester of 2022, this sector contributed \$277.5 million (5.51B MXP) to Mexico's gross domestic product (GDP). Almost two million people are employed in this industry, of which 49.9 percent are women.

Food Retail Industry

According to the Mexican Association of Nationwide Retailers (ANTAD), there are 26 supermarket chains with more than 3,323 stores which carry food products throughout the country. Additionally, there are 13 department chains (2,507 stores) and 52 chains of specialized stores (40,813 units). More than 57 percent of the retail market is covered by traditional trade (mom & pop stores, public and open-air markets) which mostly distribute local products. In 2021 (latest available data), the retail industry represented over 3.2 percent of Mexico's total GDP.

Quick Facts CY 2021/22

Imports of Consumer-Oriented Products (\$US)
\$14.7 billion (2022, [Trade Data Monitor, LLC](#))

Mexico's most imported agricultural products (BANXICO 2022):

- | | |
|-----------------------------|--------------------------------|
| 1. Corn | 6. Turnip or rapeseed seeds |
| 2. Soy seeds | 7. Fish and seafood |
| 3. Wheat | 8. Other fruits fresh or dried |
| 4. Milk and dairy prod. | 9. Rice |
| 5. Other agricultural prod. | 10. Seeds for sowing |

Top five sub-sectors in Food Industry in Mexico 2021:

- Bakery and tortilla making
 - Meat production
 - Beverages*
 - Dairy production
 - Crushing seeds & oil prod.
- *Alcoholic and non-alcoholic, includes water purifying and bottling

Source: [Statista](#)

Leading food companies in Mexico 2021 (by net sales):

- | | |
|----------------------|---------------------------|
| 1. Bimbo | 6. Industrias Bachoco |
| 2. Sigma Alimentos | 7. Nestlé México |
| 3. Gruma | 8. SuKarne |
| 4. Pepsico Alimentos | 9. Pilgrim's Pride México |
| 5. Grupo Lala | 10. Grupo Herdez |

Source: [Statista](#)

Top ten retailers in Mexico 2021:

- | | |
|--------------|--------------------------|
| 1. Walmart* | 6. Mercado Libre |
| 2. Oxxo | 7. Farmacias Guadalajara |
| 3. Soriana* | 8. Costco |
| 4. Coppel | 9. The Home Depot |
| 5. Liverpool | 10. Chedraui* |

Source: [Statista](#), based on estimated value of chain retail sales
*Supermarkets

GDP/Population

Population (*millions*): 130 million (2022, [World Bank](#) estimate)
GDP 2022 (*USD*): \$2.48 trillion (Estimate)
GDP per capita 2022 (*USD*): \$ 10,204 (Estimate)

Strengths/Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
Mexico's economy is highly integrated with that of the United States.	Transportation and distribution methods are underdeveloped in rural areas/smaller towns.
Opportunities	Threats
Extensive presence of U.S. industry and government representatives facilitates the identification of trade opportunities.	Negative impact of violence and crime associated with illicit drugs, discouraging people from investing in/visiting Mexico.

Data and information sources:

World Bank, USDA ERS, Trade Data Monitor LLC, INEGI, ANTAD, BANXICO, Statista.

¹ [OECD, Mexico's economic perspective \(June 2022\).](#)

² Source: United States Census Bureau.

SECTION I. MARKET SUMMARY

Mexico is the 16th largest economy in the world, the second-largest economy in Latin America, and one of the most important international markets for U.S. food and agricultural exports. Despite rising inflation on both sides of the border, Mexico and the United States continued to enjoy the world's largest food and agricultural bilateral trade relationship in 2022, with total two-way agricultural trade achieving \$71.89 billion¹. U.S. 2022 food and agricultural exports to Mexico reached \$28.45 billion², an 11.8 percent increase over 2021, led by grains and feeds, oilseeds, livestock and meat, horticulture, and dairy products. The U.S. market accounted for 80 percent Mexican food and agricultural exports in 2022, while 70 percent of its agricultural imports were sourced from the United States³. The average peso/dollar exchange rate in 2022 was 20.11 MEX/\$1.00 USD.

Mexico's food processing industry is the third largest in the Americas behind the United States and Brazil and is among the top 15 worldwide. Food processing is one of Mexico's leading industries, contributing \$39.4 billion to Mexico's GDP in 2020.

Key Market Drivers and Consumption Trends

1. Mexico is a price-sensitive market overall, although there is a well-established (but still niche) premium-product segment, particularly in large urban areas. During times of uncertainty (e.g., pandemics or inflationary periods), most Mexican consumers will switch to lower-cost alternatives. According to a 2022 consumer trends study by Ernst & Young⁴, recent food price inflationary trends drove demand for bulk products and/or low-cost brands (downtrading). Consumption patterns seen during the COVID-19 pandemic, which tended to prioritize value, remain among price sensitive consumers due to inflation.
2. The Mexican market can be divided in two segments:
 - a. Upper and upper-middle socioeconomic levels with more disposable income tend to seek out products based on perceptions of high-quality and functionality.
 - b. Middle, lower-middle, and lower socioeconomic levels tend to purchase mostly on price. About 45 percent of Mexicans live below the poverty line⁵.
3. Demand for products perceived as healthful increased during the pandemic and remains strong:
 - a. Gluten/soy free
 - b. Vegetarian/vegan/plant-based
 - c. Sugar free
 - d. Organic
 - e. Allergen-free
 - f. Kosher
 - g. Fat-free, keto
 - h. Superfoods and ancient grains
 - i. Added minerals and vitamins

¹ Source: [GATS USDA](#)

² Source: [USDA Global Agricultural Trade System](#)

³ Source: [USDA Economic Research Service](#)

⁴ Source: [Tres Tendencias de Consumo en México](#). EY 2022.

⁵ Source: [El Economista](#), with data from CONEVAL.

- j. High-fiber, high-protein
 - k. Products that help boost the immune system or improve digestive health (e.g. probiotics)
 - l. Supplements
4. More Mexican consumers pay attention to food ingredients, with many changing their eating habits for products perceived as ‘cleaner’, less processed, non-artificial, containing fewer additives, colorants, etc.
 5. Pandemic-driven social distancing and teleworking also increased demand for prepared and pre-packaged foods, as well as savory snacks.
 6. Mexico experienced significant growth in e-commerce and food delivery apps during the pandemic, particularly in urban areas. Those trends have continued in Mexico’s post-pandemic food retail landscape.
 7. Young consumers are concerned about their ecologic fingerprint and favor socially responsible companies whenever possible. Plant-based food and beverages are increasingly popular, as are products with voluntary labels like “GMO-free” or sustainability certifications.
 8. Single/two-person households are increasingly common in urban areas.

Table 1: Advantages and Challenges for U.S. Exporters in Mexico

Advantages	Challenges
<ul style="list-style-type: none"> • The most obvious advantage continues to be geography. U.S. and Mexican economies are highly integrated, and Mexicans are familiar with U.S. business practices and products. • Shared Mexican and U.S. cultural, historic, and familial ties create and facilitate opportunities for trade. • The United States-Mexico-Canada Agreement (USMCA) updates provide better market access, particularly in terms of customs operations, intellectual property, and anti-corruption measures. • Extensive presence of U.S. industry representatives facilitates the identification of trade opportunities. • Mexican consumers recognize U.S. brands and labels and associate them with consistent high quality and value. • Strong demand for organic, functional, and products perceived as healthful are opening new retail and market 	<ul style="list-style-type: none"> • Violence and crime associated with transnational criminal organizations negatively affect commercial activities and discourage people from visiting/investing in Mexico. • Imported products often cost more and Mexican consumers are price sensitive. Higher inflation and the strong U.S. dollar make U.S. products more expensive. • There is a perceived tendency to diversify supply away from the United States. • Logistics in some Mexican small towns and rural areas remain underdeveloped. • Mexican technical barriers and labeling requirements can cause delays at the border. Import regulations can change without notice and can be subject to interpretation by border officials. • Mexico’s trade agreements with over 40 countries create competition for U.S.

Advantages	Challenges
<p>opportunities.</p> <ul style="list-style-type: none"> • Urban consumers often look for imported and/or trendy products. • Mexican retailers, hotels, and restaurant chains are familiar with U.S. products and regard U.S. brand as high quality. Americans comprise a large majority of tourists in Mexico and often look for familiar products while visiting. 	<p>products.</p> <ul style="list-style-type: none"> • More Mexican food producers and processors can increasingly compete with U.S. imports. • Some U.S. businesses are unfamiliar with Mexican business culture or face language barriers. • Some products require consistent consumer education, which can be pricey and time consuming.

SECTION II. MARKET STRUCTURE AND ENTRY

Many U.S. companies seeking to export to Mexico attend trade shows such as [Abastur](#) (hospitality), [ANTAD](#) (retail), and the [Food Tech Summit & Expo](#) (food processing ingredients). Although these trade shows were cancelled and/or scaled back in 2020 and 2021, they generally resumed in 2022 and look to be robust in 2023. These shows provide ideal opportunities to gain insight into the Mexican market, establish new contacts, conduct trade servicing, and get to know potential buyers, business partners, importers, distributors, etc.

In addition to recognizing the differences between the Mexican and U.S. [business culture](#), it is important for U.S. exporters to consider regional purchasing patterns. Some products with strong potential in certain geographical regions may not be as successful in others. For example, turkey meat is widely consumed in southern Mexico and the Yucatan Peninsula throughout the year in traditional dishes, while in other regions, turkey consumption is seasonal (i.e., mainly around Christmas).

It is important for U.S. companies to find experienced and professional importers and distributors. These local partners should be able to provide guidance with issues related to Mexican regulations, procedures, labeling, and customs clearance. Large hotel and restaurant chains have their own purchasing and importing departments. Companies attempting to approach large chains should have enough production capacity to meet the large product volumes required.

See our [Exporter Guide 2022](#), as well as the [Food and Agricultural Import Regulations and Standards \(FAIRS\) Export Certificate](#) and the [FAIRS Country Report](#). Also, the Agricultural Trade Office (ATO) in Mexico City launched a series of educational videos that are available on the [ATO's website](#). More information on product requirements, labeling issues, and other relevant topics is available via the [FAS GAIN system](#). Exporters can find information from the U.S. Commerce Department regarding its simplified export process [here](#) and relevant information about USMCA [here](#).

SECTION III. COMPETITION

The Mexican food processing industry traditionally sources most of its inputs from local suppliers. Domestic ingredient suppliers enjoy certain competitive advantages, such as deeper understandings of local retail and related supply chains, and logistical advantages. However, smaller Mexican stakeholders may face issues of quality, traceability, or lack of ability to meet larger quantity orders.

The United States remains Mexico’s primary supplier of imported food processing ingredients. U.S. ingredient products generally enjoy a good reputation among Mexican end-users for consistent quality, stable supply, and ease of proximity. In 2021 Mexico was the top market for U.S. milk powder exports (\$921 million), as Mexico imports on average 70 percent of its milk. Another example is U.S. flavors, which saw exports to Mexico reach \$652.7 million in 2020⁶, and it is forecast to grow at a 7.7 percent through 2028. Key drivers of this growth are Mexican production of sauces, seasonings, and growing consumer demand for foods and beverages with functional ingredients. Younger consumers are willing to try new cuisines and tend to be interested in foods perceived to boost immunity, as well as vegan and vegetarian products.

While the European Union, Japan, Chile, Brazil, Uruguay, and other third countries continue to make inroads in Mexico for some food processing ingredients like poultry, dairy products, and rice, the United States maintains its commercial, geographical, and logistical advantages. For example, a U.S. exporter may be able to ship one truckload or train car for an urgent order, while such a small shipment would be economically/logistically unviable via a third-country shipper, who generally ship multiple containers or bulk ocean-freight consignments. Resolving ongoing logistical and supply chain constraints will be fundamental in the medium-term.

Table 2: Competitive Situation for Selected Food Ingredients During 2022

HS Code	Product	Mexico’s total imports 2022 (USD)	Imports from U.S. 2022 (USD)	Main competitors in 2022	U.S. Market Share 2021	U.S. Market Share 2022
040210	Milk and cream, whether or not sweetened, in Powder, granules or other solid forms	1,102,874,252	1,102,107,684	-Canada - United Kingdom	91%	99.9 % #1
210690	Food Preparations	582,401,876	501,379,085	-Uruguay -Guatemala	71%	86% #1
1702	Sugars include. chemically pure lactose, maltose, glucose, and fructose in solid form; sugar syrups; artificial honey; caramel	780,368,878	702,397,095	-China -Germany	92%	90% #1
2103	Sauces and preparations; mixed condiments and mixed seasonings; mustard flour and prepared mustard	444,755,227	406,003,557	-Spain -Guatemala	90%	91% #1
0802	Treenuts	312,842,784	308,077,622	-Chile -Turkey	92%	98% #1

⁶ Source: EMR [Mexico Flavors Market Outlook](#)

HS Code	Product	Mexico's total imports 2022 (USD)	Imports from U.S. 2022 (USD)	Main competitors in 2022	U.S. Market Share 2021	U.S. Market Share 2022
1806	Chocolate & other food preparations containing Cocoa	283,701,983	212,648,487	-Canada -Germany	68%	75% #1
280920	Phosphoric acid and polyphosphoric acid	55,571,907	55,311,309	-Morocco -Senegal	45%	99% #1
1202	Peanuts (not roasted or cooked)	220,405,969	200,986,914	-Nicaragua -China	84%	91% #1
1302	Vegetable Saps and extracts; pectic substances, pectinates, and pectates; Agar-Agar and Other Mucilage and Thickeners, Derived from Vegetable Products	135,793,091	53,833,752	-Spain -Germany	28%	39% #1
2936	Provitamins and vitamins, natural or synthetic, derivatives thereof used primarily as vitamins, and intermixtures of the foregoing	188,400,430	21,010,406	-China -Switzerland	8%	11% #5
350790	Enzymes and prepared enzymes	61,916,627	35,191,011	-Denmark -France	31%	56% #1
1904	Cereals (ex. Corn) & Prep Foods	61,686,724	56,644,484	-Canada -Spain	85%	91% #1
3503	Gelatin; isinglass; other glue of animal origin (except casein)	31,908,328	28,251,797	-Brazil -Sweden	40%	88% #1
350220	Milk albumin, including concentrates of two or more whey proteins	14,377,614	14,377,614	-Denmark -New Zealand	53%	100% #1
291811	Lactic Acid	28,408,929	5,607,340	-Spain -China	20%	19% #2
292320	Lecithins and other phosphoaminolipids	13,917,065	12,531,363	-Argentina -Brazil	66%	90% #1
290544	D-Glucitol (Sorbitol)	12,225,839	11,828,929	-China -Germany	86%	96% #1
0910	Ginger, saffron, turmeric, thyme,	5,234,616	909,563	-India -Peru	13%	17% #3

HS Code	Product	Mexico's total imports 2022 (USD)	Imports from U.S. 2022 (USD)	Main competitors in 2022	U.S. Market Share 2021	U.S. Market Share 2022
	bay leaves, curry, and other spices					
292511	Saccharin and its salts	3,026,368	383	-South Korea -China	1.2%	0.01% #4
282720	Calcium chloride	4,707,392	2,216,538	-China -Germany	13.5%	47% #3
1208	Flours and meals of oil seeds or oleaginous fruits, other than those of mustard	1,249,184	1,249,184	-Canada -Israel	77%	100% #1
210230	Baking powders	449,976	407,637	-China -Canada	82%	90% #1

Source: Trade Data Monitor, LLC

SECTION IV. BEST PRODUCT PROSPECTS

The pandemic changed how Mexican consumers eat and shop for food, with many becoming increasingly focused on healthful lifestyles and balanced diet. Although high inflation may negatively affect some commercial opportunities, other opportunities continue to appear as the processing sector diversifies and consumers demand more convenient, healthful, and high-quality foods. Ingredients perceived as healthful or for function foods and beverages are increasingly in demand as many consumers are seeking to be more mindful of nutritional choices, particularly following COVID-19. A deeper dive into changing Mexican consumer trends can be found in the ATO's 'Mexican Food and Beverage Consumption Following COVID-19 2021 Consumer Survey' [here](#).

Based on Post assessments, some products with potential in the Mexican market are:

- Milk, soy, and chickpea protein.
- Dairy products with added health benefits (with probiotics or lactose free), including whey.
- Natural, organic, and dehydrated ingredients.
- Premium products.
- Flours (wheat, oat, rice, almond, etc.).
- Herbal extracts and functional products.
- Canola protein meal.
- Sucralose, erythritol, and similar products.
- Cereals and pseudocereals (amaranth, quinoa).

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

The primary mission of the ATOs in Mexico City and Monterrey is to assist the market development and promotion of U.S. food and agricultural products in the Mexican market. The ATOs and our

cooperator partners make available a wide variety of activities and services to help develop U.S. agricultural interests in Mexico. If you have any questions or comments regarding this report or need assistance exporting U.S.-origin agricultural products, foods, beverages, and food processing ingredients to Mexico, please contact the ATO in Mexico City or Monterrey.

For all available USDA programs please visit this [website](#). Please review Appendix 1 for useful Mexican government websites and other useful GAIN reports. Please review [FAS Mexico website](#) for a current list of cooperators working in Mexico. Please also consult the [FAS website](#) for more general information on what FAS does for American producers and exporters.

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Appendix 1: Useful Websites and GAIN Reports

- International Trade Administration: [Mexico Country Commercial Guide](#)
- [COFEPRIS](#) (Federal Commission for the Protection against Sanitary Risks)
- [SENASICA](#) (National Department of Health, Food Safety and Food Quality)
- [SADER](#) (Mexico's Ministry of Agriculture and Rural Development)
- Mexico's Ministry of [Economy](#)
- Mexico's Customs Authority ([SAT](#))
- USDA Mexico home Page: <https://mexico-usda.com.mx/about-en/>
- [GAIN](#) example reports:
 - [Exporter Guide 2022](#)
 - [Food Service - Hotel Restaurant Institutional](#)
 - [Retail Foods](#)
 - [Exporting Alcoholic Beverages to Mexico - Summary of Process and Requirements](#)
 - [Mexico Decree to Exempt Select Importers from Payment of Import Duties and to Facilitate Administrative Procedures for Various Products of the Basic Supply Basket](#)
 - [Mexico Announces New Anti-Inflationary Program](#)
 - [Mexico Detains Products Citing Front-of-Package Labeling Non-Compliance](#)
 - [Mexican Food and Beverage Consumption Following COVID- 2021 Consumer Survey Summary](#)

Attachments: [BANXICO 2022 Balance of Agricultural Products.xlsx](#)