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## Mexico

### Product Brief

## The Mexican Market for Processed Frozen Foods

### 2001

Approved by:

**Chad R. Russell**

**U.S. Embassy**

Prepared by:

Alfredo Gayou

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**Report Highlights:** Mexican consumption of frozen processed foods increased from US\$459 million in 1997 to US\$514.2 million in 1999. Local production is the main source of supply for domestic demand. However, the Mexican market for frozen processed foods holds great potential for US exporters, particularly as more Mexican women are working outside of the home, thereby increasing the household per capita income and the demand for easy to prepare meals and foods. In 1999, US exports of frozen processed foods totaled \$46 million, nearly 80 percent of Mexico's total imports of this kind of product.

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Includes PSD changes: No  
Includes Trade Matrix: No  
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This report is for informational purposes only to assist exporters of US produced food and agricultural products in their sales and promotional efforts in Mexico. The data in this report were collected from local trade and government sources and are not necessarily official US Department of Agriculture (USDA) data. While every effort has been made to provide an accurate list of contacts, telephone and fax numbers change frequently in Mexico. Also, there may be other qualified firms in Mexico and the United States, and their exclusion from any lists or directories is unintentional. Neither the US Agricultural Trade Office (ATO) or the USDA endorse any firm contained herein. US exporters should take normal commercial precautions when dealing with any potential importer, including checking references.

## 1. PRODUCT DEFINITION

The products included in this report are frozen processed foods. These products are in Sub-chapters 16.02, 20.04, 20.09 and 21.05 of the Mexican Tariff System.

## 2. MARKET SIZE

### Production

There are no official data on Mexico's production of frozen processed foods. However, based on data on Mexican production of processed foods and information from trade sources, production in dollar terms is estimated to have increased from US\$ 500.1 million in 1997 to US\$ 505.51 million in 1999. See table 1.

Table 1  
**MEXICAN PRODUCTION OF FROZEN PROCESSED FOODS**  
**1997-1999**  
 (US Million Dollars)

	1997	1998	1999
<b>Production</b>	<b>500.1</b>	<b>498.9</b>	<b>505.5</b>

Source: Instituto Nacional de Estadística, Geografía e Informática-INEGI (National Institute of Statistics, Geography and Informatics) and own estimates.

All dollar values used in reporting Mexican data were calculated according to the average exchange rate of the peso against the dollar for each year: 7.9, 9.2 and 9.7 pesos per one US dollar for 1997, 1998 and 1999, respectively.

### Imports

Mexican imports of frozen processed foods decreased from US\$62.6 million in 1997 to US\$59.1 million in 1999. It is important to note that, in many instances, the Mexican Tariff Codes used in this report do not always provide sufficient and/or specific information to describe if the products are frozen, or not. This means that for frozen processed foods can be imported under tariff codes which include non frozen processed foods. The tariff numbers in the first three subchapters (20.04, 20.09 and 21.05) of this report are clearly specified as frozen products. However, in subchapter 16.02, the products are not clearly defined as frozen foods, although according to trade sources, these classifications are used for importing frozen processed products. In order to provide a more accurate picture of the size of the import market, the import values quoted in this report for products in

chapter 16.02 represent 80 percent of the official import data in order to exclude non-frozen processed foods. The import figures for 1999 are from January to October.

Table 2  
**MEXICAN IMPORTS OF FROZEN PROCESSED FOODS**  
**1997-1999**

(US Million Dollars)

Tariff Code Categories	1997	1998	1999a
2004-Prepared Vegetables, Frozen	21.7	27.4	28.0
2009. 1101-Frozen Orange Juice	0.5	0.5	0.3
2105-Ice Cream	15.8	25.2	21.8
1602-Other Prepared or Preserved Meat, Meat Offals or Blood	24.6	26.1	9.0
<b>Total</b>	<b>62.6</b>	<b>79.2</b>	<b>59.1</b>

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade)  
a-January - October 1999 figures

### US Exports To Mexico

Table 3  
**US FROZEN PROCESSED FOOD EXPORTS TO MEXICO**  
**1997-1999**

(US Million Dollars)

Import Code Numbers	1997	1998	1999a
20041001-Frozen potatoes	15.8	20.7	20.6
2004.9001-Antipasto	0	0	0
2004.9002-Beans	0	0	0
2004.9099-Other frozen vegetables	1.1	1.1	1.0
2009.1101-Frozen orange juice	0.5	0.5	0.3
2105.0001-Ice cream and other edible ice	13.0	13.3	11.3
1602.1001-Homogenized meat preparations	0	0	0
1602.1099-Other homogenized meat preparations	0	0	0
1602.2001-Homogenized preparations of liver of chicken and turkey		0	0
1602.2099-Other liver meat preparations	0	0	0
1602.3101-Meat preparations based on turkey	10.5	10.0	3.8
1602.3201-Others	4.8	6.5	4.7

<b>1602.3999-Other poultry preparations</b>	1.0	0.4	0.2
<b>1602.4101-Meat preparations based on swine ham</b>	2.4	2.2	1.3
<b>1602.4201-Meat preparations based on shoulder cuts from swine</b>	0	0	0
<b>1602.4901-Pig skin, cooked in pellets</b>	0.7	0.8	0.7
<b>1602.4999-Other swine meat preparations including mixtures</b>	2.0	2.6	2.1
<b>1602.5099-Other swine meat offals</b>	2.7	2.6	0
<b>Total</b>	<b>54.5</b>	<b>60.5</b>	<b>46.0</b>

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade)  
a- January - October 1999 figures.

In a random store check conducted in the Mexico City Metropolitan Area, the following frozen prepared foods brands/suppliers from the United States were identified: FROZEN MEALS: ConAgra Frozen Foods, FRENCH FRIES: McCain, Interstate Potato Packers, T.J. Farms, Ore-Lda Foods Inc., La Plaza, ConAgra; PIZZAS: Pizza Ent. Inc., K.W. Foods; DAIRY PRODUCTS: Fieldcrest, Hygeia, Dean Foods, Kraft Foods Int. Inc.; FROZEN PASTRIES AND BREAKFAST PRODUCTS: Sara Lee, Pillsbury, McCain, Continental Mills, Kellogg's, Tofutti Brands, Pepperidge Farm Inc.; POULTRY AND POULTRY PRODUCTS: Maple Leaf Farms Inc., Sunday House Foods Inc., Tyson; SEAFOOD: Higher Liner Foods Inc., VEGETABLES: Green Giant; RED MEATS: Hillshire Farm, Oscar Mayer, Kahn's; CHINESE FOODS: Chung's Gourmet Food; KOSHER PRODUCTS: Best Kosher Foods Corp., Sinai Kosher and Empire Kosher.

### Other Foreign Competitors

Official Mexican import statistics listed 22 other countries as exporting frozen processed foods to Mexico during the 1997-1999 period. Export sales, by principal countries, and their respective market shares are listed below. See table 4.

Table 4  
**MEXICAN IMPORTS OF FROZEN PROCESSED FOODS BY COUNTRY, 1997-1999**  
(US Million Dollars and Percentage)

<b>COUNTRIES</b>	<b>1997</b>	<b>1998</b>	<b>1999a</b>
<b>United States</b>	<b>\$54.5</b>	<b>\$60.5</b>	<b>\$46.0</b>
<b>Percentage Market Share</b>	<b>87.1</b>	<b>76.4</b>	<b>77.8</b>
<b>Canada</b>	<b>\$5.4</b>	<b>\$6.2</b>	<b>\$4.0</b>
<b>Percentage Market Share</b>	<b>8.6</b>	<b>7.8</b>	<b>6.8</b>
<b>Spain</b>	<b>\$0.9</b>	<b>\$2.7</b>	<b>\$3.9</b>
<b>Percentage Market Share</b>	<b>1.4</b>	<b>3.4</b>	<b>6.6</b>
<b>Chile</b>	<b>0</b>	<b>\$4.1</b>	<b>\$4.9</b>
<b>Percentage Market Share</b>	<b>0</b>	<b>5.2</b>	<b>8.3</b>

<b>Others</b>	<b>\$1.8</b>	<b>\$5.7</b>	<b>\$0.3</b>
<b>Percentage Market Share</b>	<b>2.9</b>	<b>7.2</b>	<b>0.5</b>
<b>Total</b>	<b>\$62.6</b>	<b>\$79.2</b>	<b>\$59.1</b>

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade)  
a-January-October 1999

### Domestic Consumption

Mexican consumption of frozen processed foods increased from US\$459 million in 1997 to US\$514.2 million in 1999. Local production is the main source of supply for the domestic market. In 1997, imports represented 13.6 percent of domestic consumption; this share remained stable at 13.8 percent in 1999. See table 5.

Table 5  
**MEXICAN CONSUMPTION OF FROZEN PROCESSED FOODS**  
**1997-1999**  
(US Million Dollars)

	<b>1997</b>	<b>1998</b>	<b>1999</b>
Production (1)	<b>500.1</b>	<b>498.9</b>	<b>505.5</b>
<b>Imports (2) (a)</b>	<b>62.6</b>	<b>79.2</b>	<b>70.9</b>
Exports (2) (a)	<b>103.7</b>	<b>155.3</b>	<b>62.2</b>
<b>Consumption</b>	<b>459.0</b>	<b>422.8</b>	<b>514.2</b>
Imports as % of consumption	<b>13.6</b>	<b>18.7</b>	<b>13.8</b>

Sources: (1)-Secretaria de Agricultura and own estimates (2)- Banco Nacional de Comercio Exterior-BANCOMEXT  
a-Estimated annual figures for 1999

### 3. DOMESTIC COMPETITION

The Mexican food processing industry is composed of approximately 95,000 companies, according to the Industrial Census of 1994, the last year for which there are official figures. Official GDP figures indicate that the "Food, Beverages and Tobacco" sector grew 10 percent in 1997, 7.4 percent in 1998 and 3.9 percent in January-September of 1999. The food processing sector is one of the principal industrial activities in Mexico; this is the largest sector in the top 500 companies with 93 companies listed.

Some of the principal brands/companies producers of frozen processed foods in Mexico include: Sigma Alimentos, Delimex, Lonchibon, Suandy, Nestle, Lily Ann, Maristmo, La Iberica, Holanda, Helados Bing, Daly & Bagel, El Gran Portal, Campo Fresco and Gema Agro Distribuidora.

Local producers are the principal suppliers to this market. The Mexican food processing sector is a favorite industry for direct foreign investment, which according to the latest figures has totaled around US \$6 billion during last five years, representing about 25 percent of total investment. Ninety percent of raw materials in this industry are sourced domestically, although 80 percent of production

machinery and equipment are imported from the United States and Europe.

Most of the leading Mexican producers of processed foods belong to the Camara Nacional de la Industria de Conservas Alimenticias-CANAICA (National Chamber of the Food Preserves Industry), which is composed of approximately 300 companies. Other food processing trade organizations include the Coordinating Council for Food Industries (CANACINTRA) and the Association of Food Technologists of Mexico. See section nine for contact information

According to CANAICA, 60 percent of the companies in the sector participate in exports, mainly to the United States and Central America. Principal exports of frozen foods include seafood (shrimp, lobster, tuna), juices, fruits and vegetables.

#### **4. IMPORT REQUIREMENTS**

##### **Tariffs**

Mexican import duties are classified according to the Standard International Harmonized System, as established under the provisions of the North America Free Trade Agreement (NAFTA). Sub-Chapters 2004, 2009, 2105 and 1602 of the Mexican Tariff System contain the tariffs for frozen processed foods. In total, there are three specific tariff codes related to this product category, plus several other tariff codes that are used to import "processed, prepared and conserved foods" which might include frozen processed foods. US exporters should take note that Mexican foreign trade data for frozen processed foods does not necessarily correlate with US trade data.

As part of the NAFTA agreement, the frozen food products which have reached zero tariffs and are no longer subject to import duties are the following:

<b><u>TARIFF CODES</u></b>	<b><u>PRODUCTS</u></b>
2004.9001	Antipasto
2004.9002	Beans

As of 2000, the following products have a six percent import duty, which will be reduced to zero duties as of January 1, 2003:

<b><u>TARIFF CODES</u></b>	<b><u>PRODUCTS</u></b>
2105.0001	Ice cream and other edible ices
1602.1001	Homogenized meat preparations
1602.1099	Other homogenized meat preparations
1602.2001	Homogenized preparations of liver of chicken and turkey
1602.2099	Other liver meat preparations
1602.3101	Meat preparations based on turkey
1602.3201	Others
1602.3999	Other poultry preparations
1602.4101	Meat preparations based on swine ham
1602.4201	Meat preparations based on shoulder cuts from swine

1602.4901	Pig skin, cooked in pellets
1602.4999	Other swine meat preparations including mixtures
1602.5099	Other swine meat offals
2004.1001	Frozen potatoes; has an in-quota tariff rate to which a six percent duty is applied in 2000, and will decrease two percent, annually until reaching zero on January 1, 2003. The quota for 2000 is 3,594 MT, and is increased yearly by three percent.

As of 2000, the following product has a 5.25 percent ad valorem duty, which will drop to zero on January 1 of 2003:

**TARIFF CODES**                      **PRODUCTS**

2004.9099                      Other frozen vegetables.

Frozen orange juice, which is included under tariff code number 2009.1101, is levied a 6.29 US cents, per liter ad valorem duty from January 1, 1999-2004; 4.71 US cents, per liter, from January 1, 2004-2005; 3.14 US cents, per liter, from January 1, 2005-2006; 1.57 US cents, per liter, from January 1, 2006-2008; and will finally reach zero duties on January 1, 2008. Frozen orange juice is subject to annual quotas with slightly lower in-quota duties. Imports within the annual fixed quota of 734,670 liters are levied a 10 percent ad valorem duty, or 4.625 US cents, per liter, whichever is lower. Imports above the quota are levied an ad valorem duty, or a 20 percent ad valorem duty, per liter, whichever is lower, as described above. These duties will drop to zero as of January 1, 2008.

Mexico also has a fifteen percent value-added tax (VAT, or IVA in Spanish). Mexican Customs collect the VAT on foreign transactions upon entry of the merchandise into the country. As of July 1999, Mexican Customs used to charge a nominal customs processing fee of 0.08 percent which has been eliminated as part of the NAFTA agreement. The following example illustrates how these duties are calculated as compared to a locally produced item.

	<b><u>Imported Products</u></b>	<b><u>Domestic Products</u></b>
F.O.B. Invoice value	\$100.00	\$100.00
Ad-Valorem duty (6 percent)	<u>6.00</u>	<u>N.A.</u>
Sub-total	\$106.00	\$100.00
Value-added tax (15 percent)	<u>15.90</u>	<u>15.00</u>
<b>Total</b>	<b><u>\$121.90</u></b>	<b><u>\$115.00</u></b>

Customs brokers use this total figure to calculate their fees which are usually 0.5 percent, on average, plus any storage and handling fees.

The basic Mexican import document is the Pedimento de Importacion (customs entry document), which should be presented to Mexican Customs together with the commercial invoice in Spanish, a bill of lading and the Sanitary Import Notice. Products qualifying as "North American" must use the NAFTA certificate of origin to receive preferential treatment. This form is available from the US Customs Service, freight forwarders, local US Chambers or State Departments of Agriculture and

does not have to be validated or formalized. Mexican Customs Law is very strict regarding proper submission and preparation of customs documentation. Errors in paperwork can result in fines and even confiscation of merchandise as contraband. Exporters are advised to employ competent, reputable Mexican importers or custom brokers.

### **Sanitary Requirements**

Under NAFTA, Mexican imports of frozen processed foods do not require import permits. However, frozen processed food exports into Mexico require a written sanitary import notice (Aviso Sanitario de Importacion). This is a free-style letter, written in Spanish, that must contain the following information: name of product; trade brand; specific quantity; name and address of producer; name and address of importer; port of entry and import tariffs numbers. This document, written in the company's letterhead, should be addressed to the Secretaria de Salud; Direccion General de Calidad Sanitaria de Bienes y Servicios and presented at the port of entry. Additionally, the invoice, airway bill and a Sanitary Statement (Constancia Sanitaria) are required. The sanitary statement must come from the exporting country's respective sanitary authorities or a FDA-certified laboratory, and must declare that the products, identified by production lot, are safe and fit for human consumption: Also, the Statement must indicate their physical-chemical analysis, microbiological analysis, and, if applicable, specific analysis; country of origin and expiration date.

### **Labeling**

A "Norma Oficial Mexicana"(NOM) is the official standard that specifies the sanitary requirements that a food or agricultural product should comply with. Labeling is subject to a NOM requirement. The principal and specific NOM for labeling is NOM-051-SCFI-1994, published in the Diario Oficial (Official Gazette) on January 24, 1996. This Mexican standard applies to frozen processed foods, both from local production and foreign sources. The general requisites of this NOM specify that labels must contain the following information in Spanish: name of product, list of ingredients clearly specified, net content and drained mass (not necessary when product contains only one ingredient); name and fiscal address of importer; country of origin; production lot and expiration date.

Information on nutrition values is voluntary and only becomes obligatory when these values are enhanced either in a quantitative or qualitative form. For additional information on NOMS on labeling, interested exporters can review NOMS: 002-SCFI (Prepackaged products; net content; tolerances and verification methods); 008-SCFI (General system of measurement units) and 030-SCFI (Commercial information-quantity statements and specifications in labels). The Mexican Government has issued 900 NOMS in total since its conception in 1992, of which 76 are for food and 9 for beverages. The Health Ministry has an address in the Internet [Http://www.ssa.gob.mx/nom/index.html](http://www.ssa.gob.mx/nom/index.html) where more information on these NOMs can be obtained.

## **5. WHO BUYS IMPORTED PRODUCTS IN MEXICO**

The principal buyer of frozen processed foods is the retail sector. A brief description of this sector follows.

### **Retail Sector**

The retail sector is the most important buyer of frozen processed foods in Mexico. The organized

part of this sector is represented by the large retail chains and convenience stores, which for the most part are well organized, use modern retailing and marketing techniques and face fierce domestic competition. They represent around 50 to 55 percent of total retail sales in Mexico. The leading retail companies are members of the Asociacion Nacional de Tiendas de Autoservicio y Departamentales-ANTAD (National Association of Retail and Department Stores). The other part of this sector is comprised of the "mom and pop stores," which represent the traditional retail system, and which account for approximately from 50 to 45 percent of total retail sales, but are not yet a viable distribution channel for frozen processed foods because they do not have sufficient on-site refrigeration/freezer capacity.

During 1999, sector analysts estimated total retail sales in Mexico at US\$ 80-85 billion, and they project that this figure will grow to US\$100 billion by 2000. Sales of large retail chains, estimated at US\$19.2 billion, represent about 4.5 percent of Mexico's overall GDP. The "mom and pop" stores represent around US\$20 billion in sales, and the remaining balance, US\$40.8 billion, are sales by the informal segment or street vendors.

During 1999, ANTAD announced that the companies in the retail sector invested close to US\$1.5 billion in expansion projects. ANTAD represents the top 100 chains in the sector, of which 45 are in the retail business, 23 are department stores and 32 are classified as specialized stores (sports, gifts, etc.). In total, ANTAD has 4,466 members of which 1,077 are in the retail business and represent the leading firms in terms of sales and product coverage.

At the national level, Cifra, Comercial Mexicana, Gigante and Carrefour are the most important retail chains. At the regional level, Organización Soriana, Grupo Chedraui and Casa Ley are the leading organizations.

Table 12  
**MEXICAN RETAIL SECTOR BY PRINCIPAL UNITS-1999**  
 (Companies and Number of Units)

ORGANIZATION NAME	NUMBER OF UNITS
<b>Gigante</b>	<b><u>184</u></b>
Tiendas Gigante	117
Bodegas Gigante	40
Super G	26
<b>Grupo Cifra</b>	<b><u>191</u></b>
Bodegas	63
Sam`s	34
Wal-Mart	27
Aurrera	33
Superama	36

<b>Comercial Mexicana</b>	<b><u>158</u></b>
Comercial Mexicana	81
Bodegas	26
Megas	14
Price	16
<b>Carrefour</b>	<b><u>17</u></b>
<b>Government stores</b>	<b><u>226</u></b>
<b>Northern Mexico</b>	
<b>Casa Ley</b> (State of Sinaloa)	<b><u>80</u></b>
<b>Soriana</b> (City of Monterrey)	<b><u>74</u></b>
<b>Gulf States</b>	
<b>Chedraui</b> (State of Veracruz, Tamaulipas, Quintana Roo)	<b><u>47</u></b>
<b>Mexico City</b>	
<b>Sumesa</b> - (Comercial Mexicana)	<b><u>17</u></b>
<b>Retail Stores - SUBTOTAL</b>	<b><u>688</u></b>
<b>Convenience Stores</b>	
<b>Cadena Comercial OXXO</b>	<b><u>748</u></b>
<b>Seven Eleven</b>	<b><u>237</u></b>
<b>Convenience Stores SUBTOTAL</b>	<b><u>1,900</u></b>
<b>GRAND TOTAL</b>	<b><u>2,551</u></b>

Source: ANTAD; and own estimates

The Cifra Wal-Mart group has 410 establishments, of which 191 are retail outlets (Bodegas Aurrera, Sam's, Wal-Marts, Aurrera and Superamas). The floor space for Cifra's retail outlets is by far the largest in Mexico, with 1.4 billion square meters (12.2 billion square feet). For 1999, Cifra's investments were US\$250 million opening 43 new outlets, 15 of which will be retail stores. For the year 2000, an additional US\$350 million will be channeled in building new stores and increasing floor space by 14 percent, annually. Cifra currently has a 42 percent share of the market and operates in 33 cities. Cifra buys through direct purchasing. The basic indicators for the Cifra Group are as follows:

#### **BASIC INDICATORS-CIFRA GROUP, 1998**

<b>Ranking in Top 500 Companies</b>	<b>Sales 1998</b>	<b>Sales Increase over 1997</b>	<b>Origin of Foreign Capital</b>	<b>Number of Employees</b>	<b>Year Established</b>
5	US\$5.6 Billion	31.9	US Stock Exchange	61,145	1958

Source: Expansion, number 770, July 21, 1999.

Commercial Mexicana has 189 establishments, of which 154 are retail stores. The retail stores under this group are: Comercial Mexicana, Bodegas, Mega, Sumesa & Price Costco. During 1998, this group invested US\$80 million and opened eight outlets, of which five were for their retail business. For 1999, Comercial Mexicana invested US\$80 million building nine new stores and plans to invest US\$120 million in the year 2000 for 11 new stores. This group has 959.7 thousand square meters of floor space (10.3 million square feet). Comercial Mexicana has 19 percent of the market share and does some of their buying through direct purchasing. The basic indicators for the Controladora Comercial Mexicana Group are as follows:

**BASIC INDICATORS-  
CONTROLADORA COMERCIAL MEXICANA, 1998**

<b>Ranking in Top 500 Companies</b>	<b>Sales 1998</b>	<b>Sales Increase over 1997</b>	<b>Origin of Foreign Capital</b>	<b>Number of Employees</b>	<b>Year Established</b>
14	US\$2.6 Billion	10.3	US Stock Exchange	31,389	1930

Source: Expansion, number 770, July 21, 1999.

The Gigante Group has 285 outlets, of which 184 are retail stores. The stores in this group include: Tiendas Gigante, Bodegas Gigante and Super G, with 812.4 thousand square meters (8.7 million square feet) of floor space. During 1999, this group invested US\$132 million remodeling 14 retail stores and opened three new stores, of which two were located in the United States in California. Gigante has 16 percent of the market share and buys through direct purchasing. Gigante will also invest US\$120 million in 14 new units in 2000.

**BASIC INDICATORS-GIGANTE, 1998**

<b>Ranking in Top 500 Companies</b>	<b>Sales 1998</b>	<b>Sales Increase over 1997</b>	<b>Origin of Foreign Capital</b>	<b>Number of Employees</b>	<b>Year Established</b>
19	US\$2.1 Billion	-4.2	N.A., Stock Exchange	31,298	N.A.

Source: Expansion, number 770, July 21, 1999.

Among the regional chains, Soriana is the leading organization with 74 outlets, the majority of which are located in the northern and central part of Mexico. Their plans for 1999 included opening 13 new stores which added 17.5 percent to their current floor space of 685 thousand square meters (7.4 million square feet). For 2000 they have announced an investment program of US\$200 million to

open 11 new stores. The Soriana group holds 13 percent of the market and buys through direct purchasing. During the first six months of 1999, this organization held the highest sales growth record and finished the year with very good results. The principal indicators for Grupo Soriana are as follows.

**BASIC INDICATORS-GRUPO SORIANA, 1998**

<b>Ranking in Top 500 Companies</b>	<b>Sales 1998</b>	<b>Sales Increase over 1997</b>	<b>Origin of Foreign Capital</b>	<b>Number of Employees</b>	<b>Year Established</b>
22	US\$1.8 Billion	17.4	N.A., Stock Exchange	23,730	1968

Source: Expansion, number 770, July 21, 1999.

The large US retailer, HEB, has announced that they will open 35 additional stores in Mexico over the next five years. The company already has five stores in Monterrey in the state of Nuevo Leon and will shortly open an outlet in the City of Saltillo, Coahuila. The new stores are planned for the states of Tamaulipas, Chihuahua, San Luis Potosí, Aguascalientes and Guanajuato.

## **6. DISTRIBUTION OF PRODUCT IN MEXICO**

Competition at the retail level in Mexico is critical since almost all sales of frozen processed foods are through supermarkets. However, only some of the retail chains are set up to import directly. This system of indirect purchasing or buying through local distributors/representatives is expected to somewhat change over the next few years but currently is the dominant business practice.

Only a few of the major retailers import directly from producers. The following retail organizations-- Gigante, Cifra, Comercial Mexicana, Soriana, Casa Ley, Carrefour and 7/Seven-- have organized their own distribution centers and are importing directly, at least to some degree.

Distribution in the foodservice sector is done exclusively through importers/distributors. These companies import frozen processed foods and maintain them in their freezers. They will visit their customers according to their needs and will also provide training and information on prices and new products. There are very few distributors with national coverage and it is not unusual for an international producer to have several local distributors (as many as five or six) to supply the major regional markets. The main geographical markets for the foodservice sector are Mexico City, Cancun, Puerto Vallarta, Guadalajara, Monterrey and La Paz.

US firms wishing to penetrate the Mexican market must have a locally based distributor/representative in order to operate and to establish a successful business relationship with domestic buyers. For the majority of small and medium sized US food companies, it is probably best to tap into a preexisting distribution network, either that of a distribution company or a Mexican food processor.

US exporters starting to sell to Mexico should make sure that their distributors/sales representatives have proper trucking and refrigeration facilities for transporting frozen processed foods from border to warehouses to stores in order to maintain the quality of their products.

## 7. TRADE EVENTS AND SPECIALIZED PUBLICATIONS

### Trade Events

The leading events for the foodservice and retail sectors are:

- **"ANTAD,"** the annual retail show which takes place every March at Guadalajara. This event is organized by the National Association of Retail and Department Stores (Asociacion Nacional de Tiendas de Autoservicio y Departamentales, A.C.-ANTAD), which can be contacted at Tel: (011)(52) 5580-1772; Fax: (011)(52) 5395-2610. The Agricultural Trade Office (ATO) in Mexico organizes a US pavilion at ANTAD promoting business contacts with local distributors and buyers. American firms interested in participating should contact the ATO at: Tel: (011)(52) 5280-5291; Fax: (011)(52) 5281-6093.

### Specialized Trade Publications

There are trade magazines that are distributed among retail trade companies. These publications can be an effective tool to reach potential clients/agents/distributors or to conduct a direct mail campaign. The leading publication is:

- **"Cadenas,"** a monthly directed to the Managers and Directors of the retail trade; published by Editorial Multicolor, contact: Javier Ortiz Camorlinga, General Manager, Tel: (011)(52) 5545-6960; Fax: (011)(52) 5250-8824;

Some of the leading general business publications in Mexico are:

- **"Business Mexico,"** published monthly, in English, by The American Chamber of Commerce of Mexico-Tel: 011(52) 5724-3800 ext. 3335, Fax: (011)(52) 5703-2911, contact: Ms. Diane Hemelberg de Hernandez, Editor or Ms. Cristina Bustos, Advertising Dept.;
- **"MB,"** published monthly, in English, by Hemisphere Publishers Group Inc., contact: Ms. Lorena Jimenez, Advertising Director, Tel: (011)(52) 5540-7977 and Fax: (011)(52) 5202-8478.

## 8. KEY TRADE CONTACTS

The primary mission of the ATO in Mexico City is to assist in the market development and promotion of US food and agricultural products in the Mexican market. There are a wide variety of activities and services that the ATO, along with other private sector representatives called "cooperators," make available to help develop US agricultural interests in Mexico.

## GOVERNMENT, ASSOCIATIONS AND CHAMBERS

### US Embassy-Agricultural Trade Office-ATO, USDA

Jaime Balmes 8-201; Col. Los Morales Polanco

Mexico 11510

Mexico

Tel: (011)(52)5280-5291, 5280-5277, 281-6586; Fax: (011)(52) 5281-6093

<http://www.atomexico.gob.mx>

Contact: Chad R. Russell, Director

Office of the US Department of Agriculture which assists U.S. firms in the promotion and market development of their agricultural, fishery and forestry products in Mexico.

**Secretaria de Salud (Health Secretariat)**

Sanitary Qualification Office

Donceles 39-PB

Mexico 06010, D.F.

Tel: (011)(52)5518-2692; <http://www.ssa.gob.mx/nom/index.html>

Contact: Dr. Jose Meljem Moctezuma, Director

Office of the Health Secretariat that regulates specific NOMS on health related issues.

**Secretaria de Comercio y Fomento Industrial-SECOFI Direccion de Normas**

(Secretariat of Commerce and Industrial Promotion, Norms Office)

Puente de Tecamachalco 6; Lomas de Tecamachalco

Edo. Mexico 53950

Mexico

Tel: (011)(52)5229-6100-X4158; <http://www.secofi.gob.mx>

Contact: Lic. Jorge Hernandez, Direccion de Normas.

The Secretariat of Commerce and Industrial Development (SECOFI) is charged with a wide range of duties including: registration of all licensing agreements; granting import licenses and controlling foreign trade; general investment incentive policies; authorization for plant construction; regulating consumer product labeling and advertising; and examinations necessary for patent and trademark grants. This office of SECOFI issues the norms on quality and labeling.

**Secretaria de Comercio y Fomento Industrial-SECOFI**

Informacion Comercio Internacional

(Secretariat of Commerce and Industrial Promotion, Foreign Trade Information)

Alfonso Reyes 30-PB; Col. Hipodromo Condesa,

Mexico 06710, D.F.

Tel: (011)(52)5229-6100-X3395 & 4949; <http://www.secofi.gob.mx>

Contact: Rocio Ruiz Chavez, Director

Office of SECOFI which provides general information related to NAFTA.

**American Chamber of Commerce-AMCHAM**

Lucerna 78 – 4

Mexico 06600

Mexico

Tel: (011)(52)5724-3800; Fax: (011)(52)5703-2911

e-mail: [chawkins@amchammex.com.mx](mailto:chawkins@amchammex.com.mx)

Contact: Christine Hawkins, Director, International Trade and Investment Consulting

A non-profit organization which groups U.S. companies in their business activities in Mexico.

**Camara Nacional de la Industria de Conservas Alimenticias - CANAICA**

(National Chamber of the Food Preserves Industry)

Calderon de la Barca 359-200

Mexico D.F. 11560

Mexico

Tels: (011)(52) 5203-9587; 5250-0507; Fax: (011)(52) 5203-6798

Contact: Manuel Marcos Morales, Presidente

### **Consejo Coordinador Alimenticio**

(Coordinating Council for the Food Processing Industries)

San Antonio 256, Col. Ampliacion Napoles

Mexico D.F. 03849

Mexico

Tels: (011)(52) 5563-3400; Fax: (011)(52) 5598-9467

### **Asociacion de Tecnologos en Alimentos de Mexico, A.C.**

(Association of Food Technologists of Mexico)

Indianapolis 63-2, Col. Napoles

Mexico D.F. 03810

Mexico

Tels: (011)(52) 5536-4201, Fax: (011)(52) 5523-3247

### **Camara Nacional de la Industria de Restaurantes Y alimentos Condimentados - CANIRAC**

(National Chamber of the restaurant Industry and Seasoned Foods)

Aniceto Ortega 1009

Mexico D.F. 03100

Mexico

Tels: (011)(52) 5604-0418; 5604-0478 Fax: (011)(52) 5604-4086

### **Retail Sector**

<b>Organization</b>	<b>Section</b>	<b>Address</b>	<b>Telephone/Fax/ Internet</b>
Embassy of the United States of America	US Agricultural Trade Office-ATO	Jaime Balmes 8-201 Col. Los Morales Polanco Mexico D.F. 11510 México	Tels:(011)(52)52805291, 52805277, 52816586 Fax: (011)525 816093 ATOMexico@fas.usda.gov
Nueva Walmart de Mexico, S.A. de C.V.	Victoria Alvarez, Director of Imports	Av. Universidad 936-A Mexico, D.F. 03310; México	Tel: (011)(52)5420-0200 X 5242 Fax: (011)(52)54200209 Aurrera.com; Walmart.com
Gigante, S.A. de C.V.	Federico Bernaldo Quiroz; Checker Karam; Jaime Alverde, Commercial Directors	Av. Ejercito Nacional 769-A Col. Nueva Granada Mexico D.F. 11520 México	Tel: (011)(52)52698244; 8177; 8105 Fax: (011)(52)52698381 Http:www.telbip.com.mex
Operadora de Comercial Mexicana	Srita. Ana Sanchez del Toro, Import Purchasing	Fdo. de Alva Ixtixochitl 27 Col. Obrera Mexico D.F. 06800; México	Tel: (011)(52)53717212 Fax: (011)(52)53717574 acsanche@mail.comerci.com.mx

Seven-Eleven Mexico, S.A. de C.V.	Lic. Francisco Mendoza, or Lic. Marta Gabriela Bonilla	Av. Munich 195-B Col. Cuauhtemoc San. Nicolas de los Garza 66450, Monterrey, N.L.; Mexico	Tel: (011)(52)83721572 Fax: (011)(52)83762171
Cadena Comercial OXXO, S.A. de C.V.	Sergio Estrada, Purchasing Director	Edison 1253 Norte. Col. Talleres Monterrey, N.L.64480; Mexico	Tel: (011)(52)83892121 Fax: (011)(52)83337030

Comextra (Formerly 12+12 Serviplus)	Lic. Antón Martinez or Pilar Corrales	Lic. Antón Martinez or Pilar Corrales	Tel: (011)(52)5768-5050 X104 Fax: (011)(52)57644103
Tiendas Chedraui, S.A. de C.V.	Sr. Primo Alavarez or Patricio Joo Gonzalez, Purchasing Department	Priv. Antonio Chedraui Caram S/N Encinal Xalapa, 91180 Veracruz Mexico	Tel: (011)(52)56248000 X 8038 Fax: (011)(52)52648000 (phone and fax in México City; ask for fax tone)
Organización Soriana, S.A. de C.V.	Sr. Mario Garcia	Alejandro de Rodas 3102-A Cumbres Sector 8 Monterrey, N.L. 64610; Mexico	Tel: (011)(52)83299000 Fax: (011)(52)83299180 Mgarciaoriana.com.mex
Casa Ley, S.A. de C.V.	Alvaro Ley, Director	Carr. Int. Nte. Deportiva Km. 1434 Humaya Culiacan, 80020 Sinaloa; México	Tel: (011)(567)591000 Fax: (011)(567)505010
Carrefour-Grandes Superficies de Mexico, S.A. de C.V.	Srita. Katia Gallardo, Imports Dept.	Av. Pte. Mazarik 216- 2 Col. Polanco Mexico D.F. 11579 México	Tel: (011)(52)52832900 X2760 Fax:(011)(52)52832926 katiagallardo@carrefour.c om.mx

Asociación Nacional de Tiendas de Autoservicio y Departamentales-ANTAD (National Association of Retail and Department Stores)	Sr. Efrén Casas	Horacio 1855-6 Col. Polanco Mexico D.F. 11560 México	Tel: (011)(52)55801772; (52)55800641 Fax: (011)(52)53952610 <a href="http://www.antad.org.mex">www.antad.org.mex</a>
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