

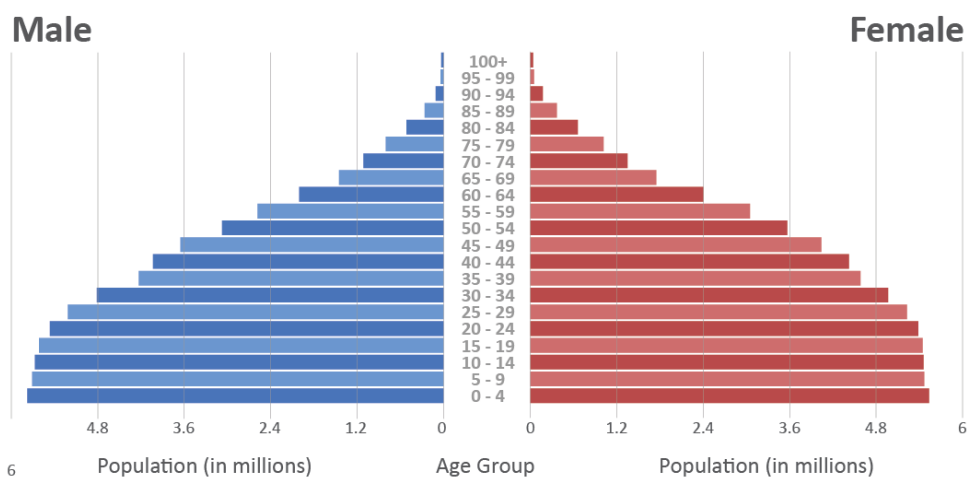
Opportunities for U.S. Agricultural Exports in Mexico

Mexico is the second-largest export market of agricultural products from the United States. Over the last decade, U.S. agricultural exports to Mexico grew 48 percent from \$12.9 billion to \$19.1 billion in 2018. Nearly 14 percent of all U.S. agricultural exports went to Mexico last year. The Mexican market for U.S. farm products is diverse and well-integrated with U.S. supply channels. Open trade with Mexico provides opportunities for cross-border collaboration between businesses, and as a result, United States and Mexico bilateral agricultural trade totaled \$45 billion in 2018. High-value, consumer-oriented products such as dairy and livestock products, fruits, nuts, and processed foods account for the largest share of U.S. agricultural exports to Mexico and were valued at \$8.6 billion in 2018. Mexico also has a strong livestock sector, which depends on U.S. feed grains and oilseeds imports. Overall U.S. bulk commodity exports to Mexico totaled \$6.6 billion in 2018, with Mexico the top market for U.S. corn shipments. Mexico’s livestock sector also provides opportunities for intermediate U.S. products such as soybean meal and distillers’ dried grains. Mexico’s food processing sector is a strong market for U.S. sweeteners, fats and oils, and other food processing inputs. Overall U.S. exports of intermediate products to Mexico totaled more than \$3.9 billion in 2018.

Demographic and Macroeconomic Considerations

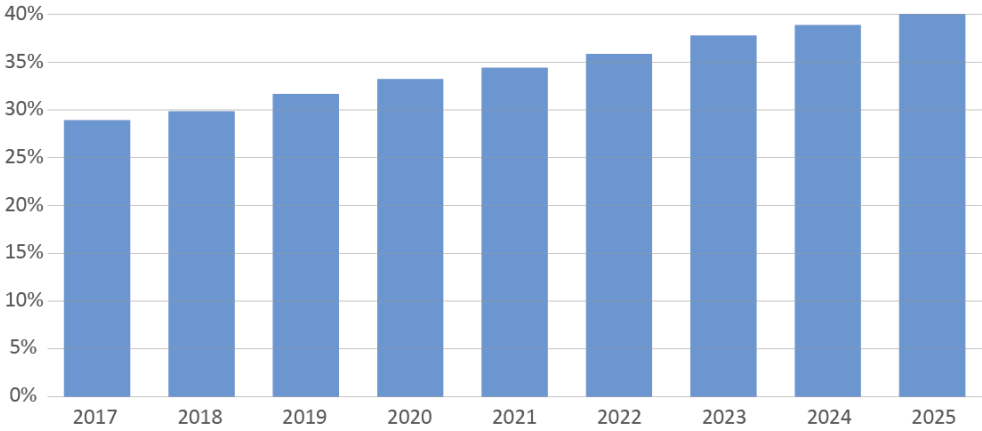
Mexico’s population is the world’s 11th largest at nearly 126 million and skews younger than the United States, with a median age under 29 years old, compared to 38 years old in the United States. A larger portion of Mexico’s population are young adults, or will be young adults soon, with growing consumer incomes. Age demographics matter for new-to-market exporters seeking to establish a customer base. Understanding age trends may also help exporters anticipate changing tastes and preferences in their long-term strategic marketing plans.

Demographics of Mexico, 2018



Mexico’s economy is the world’s 11th largest with a gross domestic product of nearly \$2.5 trillion in 2018, on a purchasing power parity basis. Middle- and high-income households in Mexico are expected to grow from 30 percent of all households in 2018 to over 40 percent of all households by 2025¹. This is good news for U.S. exporters since consumer demand patterns shift toward a greater diversity of higher quality meats, produce, and processed foods when incomes rise. This trend will provide new opportunities for U.S. farmers, ranchers, and food processors to expand their consumer base in Mexico and increase sales.

Percentage of Mexican Household with Middle and High Income



Source: 2019 IHS Markit

U.S. Agricultural Export Composition to Mexico

Mexico ranked as the top U.S. export market in 2018 for: corn (\$3.1 billion), dairy products (\$1.4 billion), poultry meat & eggs (\$1.1 billion), sugars & sweeteners (\$649 million), distillers dried grains (\$415 million), and rice (\$262 million). Mexico was also the second or third largest market for 25 other major commodity groups ranging from bulk commodities like soybeans (\$1.8 billion) and wheat (\$662 million), to intermediate goods like vegetable oils (\$311 million) and malt (\$210 million), and finally a wide range of high-value, consumer-oriented products like pork and pork products (\$1.3 billion), beef and beef products (\$1.1 billion), fresh fruit (\$619 billion) and other prepared foods.

¹ IHS Markit consumer market projection

U.S. Agricultural Product Export Composition to Mexico (January – December, Million USD)						
	2014	2015	2016	2017	2018	2017-18 % Change
Total U.S. Agricultural Exports	19,364	17,695	17,827	18,598	19,096	3
Consumer-Oriented Total	9,271	8,378	8,051	8,341	8,590	3
Dairy Products	1,644	1,280	1,218	1,312	1,398	6
Prepared Grocery Foods ²	1,222	1,256	1,277	1,214	1,319	9
Pork & Pork Products	1,555	1,268	1,360	1,514	1,311	-13
Beef & Beef Products	1,166	1,092	977	979	1,058	8
Poultry Meat & Prods. (ex. eggs)	1,280	1,029	931	933	956	2
Fresh & Processed Fruit	704	679	613	690	745	8
Fresh & Processed Veg.	443	425	399	443	429	-3
Tree Nuts	222	269	253	256	371	45
<i>Other Misc. Consumer Oriented</i>	<i>1,035</i>	<i>1,080</i>	<i>1,023</i>	<i>1,000</i>	<i>1,003</i>	<i>0</i>
Intermediate Products Total	4,091	3,942	4,065	4,062	3,939	-3
Soybean Meal	848	800	801	579	665	15
Sugar, Sweeteners, Bev. Bases	630	633	621	665	649	-2
Distillers Grains	374	346	356	374	416	11
Planting Seeds	238	251	298	265	247	-7
Animal Fats & Veg Oils	695	678	664	626	544	-13
<i>Other Intermediate</i>	<i>1,306</i>	<i>1,234</i>	<i>1,325</i>	<i>1,553</i>	<i>1,418</i>	<i>-9</i>
Bulk Commodities Total	6,002	5,376	5,710	6,194	6,567	6
Corn	2,255	2,302	2,550	2,645	3,061	16
Soybeans	1,817	1,432	1,462	1,574	1,822	16
Wheat	857	651	612	852	662	-22
Cotton	411	332	340	404	372	-8
Rice	325	284	266	292	268	-8
<i>Other Bulk Commodities</i>	<i>337</i>	<i>375</i>	<i>480</i>	<i>427</i>	<i>382</i>	<i>-11</i>
<i>Data Source: U.S. Census Bureau Trade Data, BICO-HS10</i>						

Growth Opportunities

Mexico will remain an important and growing export market for U.S. agricultural products as its economy and middle class develops and expands. U.S. exports of prepared grocery foods grew by nearly \$100 million over the last 5 years. Key items include snack foods (\$320 million), condiments & sauces (\$215 million), soups (\$210 million), and other processed foods. This increase is expected to parallel the growth of Mexico's retail food and beverage sectors. Retail food sales in Mexico were valued at \$159 billion in 2018 and the sector is projected to grow by 32 percent to over \$200 billion by 2024, according to IHS Markit data. Non-alcoholic beverage sales were \$20 billion in 2018 and expected to surpass \$26 billion by 2024. Alcoholic beverage sales were nearly \$19 billion in 2018, with beer accounting for 75 percent of the total and

² Prepared Grocery Foods include breakfast cereals, condiments & sauces, snack foods, and prepared foods.

projected to grow by nearly 29 percent by 2024. Overall, as Mexico's economy continues to develop and the number of middle-class households increases, Mexico will remain an important and growing export market for U.S. agricultural products.

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