



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 3/21/2001

GAIN Report #MX1030

## Mexico

### Product Brief

## The Mexican Market for Fresh Vegetables

### 2001

Approved by:

**Chad R. Russell**

**U.S. Embassy**

Prepared by:

Alfredo Gayou

---

**Report Highlights:** Mexican consumption of fresh vegetables increased slightly from USD \$2.9 billion in 1999 to USD \$3 billion in 2000. Although national production is, by far, the main source of supply for national consumption, imports are growing. In fact, US exports of fresh vegetables to Mexico reached a record USD \$68.8 million in 2000, an impressive 47 percent increase over exports in 1999 (Source for US export data: US Bureau of the Census Trade Data).

---

Includes PSD changes: NoNo  
Includes Trade Matrix: NoNoGay  
Unscheduled ReportUnscheduled Report  
Mexico ATO [MX2]Mexico ATO [MX2], MXMX

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 nor the USDA endorses any firm contained herein. US exporters should take normal commercial cautions when dealing with any potential importer, including checking credit references.

## 1. PRODUCT DEFINITION

The products included in this report are fresh vegetables. These products are classified in sub-chapters 07.01 through 07.09 of the Mexican Tariff System.

## 2. MARKET SIZE

### Production

Based on official Mexican production figures, the production of fresh vegetables in dollar terms decreased from US\$ 3.8 billion in 1998 to US\$ 3.4 billion in 1999, and increased slightly to an estimated US\$ 3.7 billion in 2000. The categories included in these production figures are vegetables and dried legumes which when combined cover 227 crops. These total production figures take into consideration the two main harvest cycles, which are the fall-winter and the spring-fall harvests. The dollar value of production is obtained by multiplying production by the “average annual rural price,” which is the average price producers are paid for their crop. See table 1.

Table 1  
**MEXICAN PRODUCTION OF  
 FRESH VEGETABLES, 1998-2000**  
 (US Million Dollars)

	1998	1999	2000e
<b>Vegetables</b>	<b>2,949.1</b>	<b>2,783.3</b>	<b>2,950.3</b>
<b>Dried Legumes</b>	<b>873.8</b>	<b>662.4</b>	<b>702.1</b>
<b>Total Production of Vegetables</b>	<b>3,822.9</b>	<b>3,445.7</b>	<b>3,652.4</b>

Source: Anuario Estadístico de la Producción Agrícola de los Estados Unidos Mexicanos, 1998 – 1999  
 SAGAR (Statistical Yearbook of Agricultural Production of Mexico, 1998 – 2000 SAGAR),  
 Reporte Oportuno de Producción de Cosecha para 2000 (Preliminary Harvest Production Reports  
 for 2000 SAGAR) 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: 9.2, 9.7 and 9.5 pesos per one US dollar for 1998, 1999, and 2000 respectively.

### Imports

Mexican imports of fresh vegetables increased from US\$ 60.8 million in 1998 to US\$ 62.0 million in 1999, and to US\$ 69.9 million in 2000. Growth in US exports of tomatoes, lettuce and brassicas (cabbage, cauliflower, kale, etc.) accounted for most of the increase between 1999 and 2000. See table 2.

Table 2  
**MEXICAN IMPORTS OF  
 FRESH VEGETABLES, 1998-2000**  
 (US Million Dollars)

<b>Tariff Code Numbers-Products</b>	<b>1998 (Dls.)</b>	<b>1999 (Dls.)</b>	<b>2000e (Dls.)</b>
07.01-Potatoes, fresh or chilled	8.6	9.5	10.7
07.02-Tomatoes, fresh or chilled	4.9	6.5	7.3
07.03-Onions, shallots, garlic, leeks and other alliaceous leguminous vegetables, fresh or chilled	19.4	13.8	15.6
07.04-Cabbages, cauliflower, kohlrabi, kale and similar edible brassicas, fresh or chilled	4.9	5.5	6.2
07.05-Lettuce and chicory, fresh or chilled	14.0	15.9	18.0
07.06-Carrots, turnips, salad beets, salsify, celery, radishes and similar edible roots, fresh/chilled	2.1	2.8	3.2
07.07-Cucumbers and gherkins, fresh or chilled	0	0.1	0.1
07.08-Leguminous vegetables, including unshelled, fresh or chilled	0.2	0.1	0.1
07.09-Other leguminous vegetables, fresh or chilled	6.6	7.8	8.8
<b>Total</b>	<b>60.8</b>	<b>62.0</b>	<b>69.9</b>

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

## US Exports To Mexico

Table 3  
**U.S. EXPORTS TO MEXICO 1998-2000**  
 (U S Million Dollars)

<b>Tariff Code Numbers-Products</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
07.01-Potatoes, fresh or chilled	8.4	9.4	10.8
07.02-Tomatoes, fresh or chilled	4.9	6.5	7.5
07.03-Onions, shallots, garlic, leeks and other alliaceous leguminous vegetables, fresh or chilled	18.0	9.0	10.4
07.04-Cabbages, cauliflower, kohlrabi, kale and similar edible brassicas, fresh or chilled	4.8	5.4	6.2
07.05-Lettuce and chicory, fresh or chilled	14.0	15.6	17.9
07.06-Carrots, turnips, salad beets, salsify, celeriac, radishes and similar edible roots, fresh/chilled	2.1	2.7	3.1
07.07-Cucumbers and gherkins, fresh or chilled	0.0	0.1	0.1
07.08-Leguminous vegetables, including unshelled, fresh	0.2	0.1	0.1

or chilled.			
07.09-Other leguminous, fresh or chilled	6.4	7.5	8.6
<b>TOTAL</b>	<b>58.8</b>	<b>56.3</b>	<b>63.9</b>

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

Some of the fresh vegetables presentations/brands from the United States found in Mexican retail outlets and public markets include the following: Romaine Salad-Salad Time; Tomato Santa Fe-Salad Time, Baby Carrots, American Classic Salads, European Classic Salads, Mini Carrots, Santa Fe Salad with Cheddar Cheese; Baby Spinach, Oriental, Caesar, Garden, Spinach and Ranch Salads; Peeled Carrots, Mixed Bell Peppers, Green Bell Peppers, C.H. Robinson, Tanimura & Antle Inc., Master's Touch, Grimmway Farms.

### Other Foreign Competitors

Official Mexican import statistics listed 28 other countries as exporting fresh vegetables to Mexico during 1997-1999. Export sales, by principal countries, and their respective market shares are listed below. See table 4.

Table 4  
**MEXICAN IMPORTS  
 OF FRESH VEGETABLES, BY COUNTRY  
 1998-2000**

(US Million Dollars and Percentage)

<b>COUNTRIES</b>	<b>1998</b>	<b>1999</b>	<b>2000e</b>
<b>United States</b>	<b>58.8</b>	<b>56.3</b>	<b>63.9</b>
<b>Percentage Market Share</b>	<b>96.7</b>	<b>90.8</b>	<b>91.4</b>
Chile	1.1	4.8	5.3
Percentage Market Share	1.8	7.7	7.6
Canada	0.2	0.2	0.3
Percentage Market Share	0.3	0.4	0.4
Other Countries	0.7	0.4	0.4
Percentage Market Share	1.2	0.8	0.6
<b>Total</b>	<b>60.8</b>	<b>62.0</b>	<b>69.9</b>

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade) and own estimates

### Domestic Consumption

Mexican consumption of fresh vegetables decreased slightly from US\$ 3.3 billion in 1997 to US\$ 3.0, billion in 2000. National production, is the main source of supply for national consumption, and was negatively impacted by poor weather conditions in the 1999 growing season. Hence, the increase in imports. Imports during this period maintained a very small, but slowly growing, presence in the market, representing 1.9 percent and 2.3 percent of local consumption in 1998 and 2000, respectively. See table 5.

Table 5  
**MEXICAN CONSUMPTION OF  
 FRESH VEGETABLES, 1998-2000**  
 (US Million Dollars)

	1998	1999	2000e
Production (1)	3,822.9	3,445.7	3,652.4
<b>Imports (2)</b>	<b>60.8</b>	<b>62.0</b>	<b>69.9</b>
Exports (2)	617.0	605.7	714.7
<b>Consumption</b>	<b>3,266.7</b>	<b>2,902.0</b>	<b>3,007.6</b>
<b>Imports as percent of consumption</b>	<b>1.9</b>	<b>2.1</b>	<b>2.3</b>

Sources: (1)-SAGAR and own estimates

(2)- Banco Nacional de Comercio Exterior-BANCOMEXT and own estimates

### 3. DOMESTIC COMPETITION

Mexico's agricultural sector has registered positive growth rates during the last three years, although below those registered by Mexico's overall economy. Similarly, during the first semester of 2000, the Mexican agricultural sector maintained a good performance with a 4.0 percent growth rate, but again below the 7.8 percent growth rate of the Mexican economy, as a whole. See table six.

Table 6  
**GROWTH OF MEXICAN ECONOMY AND  
 AGRICULTURAL SECTOR, 1997-1999**  
 (Percentages)

	1998	1999	2000
<b>Mexican Economy</b>	<b>4.8</b>	<b>3.7</b>	<b>7.5</b>
<b>Mexican Agricultural Sector</b>	<b>0.5</b>	<b>3.5</b>	<b>4.2</b>

Source: INEGI

Agriculture contributed with 5.8 percent of Mexico's gross domestic product (GDP) in 1998 and 1999, and it is estimated it will represent a very similar figure in 2000. This sector also employs about 22 percent of the labor force or approximately 8 million workers. However, only 12 percent or about 230 thousand square kilometers of Mexico is arable land.

A significant agricultural trend in Mexico has been the shifting of agricultural production away from grains and toward vegetables, fruits and fresh flowers. According to sector specialists, this trend will continue as fresh produce and flowers are more profitable crops. Currently, only about nine percent of Mexico's cultivated land is used for the production of fruits, vegetables and fresh flowers, although this output accounts for 34 percent of the value of Mexican agricultural production. Conversely, 67 percent of the cultivated land is used for grains, but accounts for only 36 percent of output, by value.

Of the total production of fresh vegetables in Mexico, approximately 52 percent is obtained in the fall harvest and 48 percent in the summer. The principal states in Mexico producing fresh vegetables by cultivated, harvested land and production volumes are Sinaloa, Guanajuato, Puebla and Chihuahua, which together represent 53 percent of total production. There are 227 crops of vegetables and legumes registered in Mexico, of which the most important in the fall harvest are cabbage, onion, red tomatoes, pumpkins, garlic and cucumbers. In the summer harvest carrots, green tomatoes, green peppers and potatoes are among the most important crops. In the top 500 companies in Mexico there are only two agricultural companies producing fresh vegetables. These are: Empacadora Rojo Gomez and Frutas y Verduras Selectas.

### 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 07.01 through 07.09 of the Mexican Tariff System contain the tariffs for fresh vegetables. In total, there are 35 specific tariff codes related to this product category. US exporters should take note that Mexican foreign trade data for fresh vegetables does not necessarily correlate with US trade data.

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

Tariff Code	Fresh Vegetables
07.03.10.99	Other onions
07.03.20.99	Garlic
07.03.90.01	Leeks and other alliaceous vegetables
07.04.20.01	Brussels sprouts
07.04.90.99	Other edible brassicas
07.05.21.01	Witloof chicory
07.05.29.99	Others lettuces and artichoke
07.06.10.01	Carrots and turnips, fresh or chilled
07.06.90.99	Other carrots, turnips, salad beets, salsify, celeriac, radishes, and similar edible roots
07.08.10.01	Peas, fresh or chilled
07.08.20.01	Beans
07.08.90.99	Other leguminous vegetables
07.09.10.01	Artichokes
07.09.20.01	White asparagus
07.09.30.01	Eggplant

Tariff Code	Fresh Vegetables
07.09.52.01	Truffles
07.09.60.01	Chile "bells"
07.09.70.01	Spinach (including New Zealand spinach) and orache spinach
07.09.90.99	Other legumes vegetables, fresh or chilled
07.09.51.01	Mushrooms

The following products will be duty-free as of January 1, 2003. During 2001 they will be subject to a two percent ad-valorem duty, and to one percent ad-valorem duty during 2002.

Tariff Code	Fresh Vegetables
07.04.10.01	Cauliflower and broccoli, sliced, fresh or chilled
07.09.40.01	Celery, other than celeriac, cut

The following products have quotas, over-quotas, and varying tariff rates depending on the season of the year they are imported into Mexico. US exporters are advised to familiarize themselves with the respective tariffs pertaining to the following products:

Tariff Code	Fresh Vegetables
07.01.90.99	Other potatoes, fresh or chilled
07.02.00.01	Cherry tomatoes, fresh or chilled
07.02.00.03	Other tomatoes
07.03.10.01	Onions, fresh or chilled
07.04.10.99	Other cauliflower and broccoli
07.04.90.01	Sprouting broccoli
07.04.90.02	Kohirabi, kale and similar edible brassicas
07.05.11.01	Head lettuce, fresh or chilled
07.05.19.99	Other lettuce
07.07.00.01	Cucumber and gherkins, fresh or chilled
07.09.20.99	Other asparagus
07.09.40.99	Other celery
07.09.60.99	Other chili peppers

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>Imported Products</b>	<b>Domestic Products</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 usually are 0.5 percent on the 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 U.S. Chambers or State Department 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, US imports of fresh vegetables do not require import permits. However, imports of vegetables, in general, are subject to several Mexican Official Standards (NOM's). Mexico's current regulatory process is based on its "Federal Law of Metrology and Standardization," originally published in Mexico's Diario Oficial (Federal Register) on July 1, 1992. Before introducing imported goods into Mexico, the importer/distributor has to prove that the products comply with the corresponding NOM. The NOM's that imported vegetables have to comply with are:

**NOM-006-FITO-1995**, "Minimum requirements to import vegetables, vegetable products and by-products not regulated in a specific norm," which was published 2/26/96.

**NOM-008-FITO-1995**, "Phytosanitary requirements and specifications for the importation of fresh produce," published on 7/8/96.

**NOM-028-FITO-1005**, "Phytosanitary requirements for the importation of grains and seeds except sowing," published on 10/12/98.

**NOM-057-FITO-1995**, "Phytosanitary requirements and specifications for importation of vegetables, vegetable products and sub-products by mail or international carrier," published on 1/16/98.

US exporters should be familiar with these NOMs, and identify which one of these NOM's applies to their products.

### **Labeling**

Labeling is also 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 pre-packaged fresh vegetables, 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; 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 products.

To obtain a NOM certification, the Mexican manufacturer/importer must send samples to a Mexico-based test laboratory accredited by the General Office of Standards of Secretaria de Economia (Secretariat of Economy).

The Mexican Health Ministry has an address in the Internet [Http://ww.ssa.gob.mx/nom/index.html](http://ww.ssa.gob.mx/nom/index.html) where more information on these NOMs can be obtained. Also, current information in English can be obtained from the NAFTA Office Tel: 800-USATRADE (800-872-8723).

### **Cargo Unloading, Transport and Storage Fees**

Cargo unloading fees vary depending on the weight, number of pieces, type of merchandise and location. These fees are usually charged according to pre-established tables. However, whenever possible, shippers should compare prices between



service providers. In general, cargo-unloading fees in Mexico are slightly higher than those in the United States for comparable services.

Trucks are the most reliable method of delivery within Mexico, accounting for approximately 60 percent of cargo volume. Rail and maritime shipping is more widely used for bulk commodities, and airfreight is only used for highly perishable items. Trucking companies cannot bring merchandise directly from the United States to Mexico. A US trucking company drives the shipment to the border and transfers its trailer to a Mexican rig. The best way to ship by truck is to use an internationally bonded carrier that has relationships with Mexican carriers. Mexican trucking companies generally determine their fees by mileage or distance, weight and type of merchandise.

Practically all transport companies and freight forwarders offer a basic insurance plan, which cover transport and handling of cargo. When selecting a transporter, it is recommended to check their claim history and any complaints they might have received. While shippers will find that truck transportation is more expensive than "Container in Flat Car" (COFC) or "Trailer Flat Car" (TOFC), in general, transport fees are lower in Mexico by as much as 10 percent. The ability to ship by truck to Mexico gives the United States an advantage in shipping costs over third-country competitors. The main Mexican highways run north to south.

Warehousing costs vary depending on the space required and any specific product needs, such as refrigeration. Warehousing fees follow general market trends of supply and demand; however, it is advisable to compare prices, facilities and reputation, and negotiate before contracting. The three most important industrial centers are located in Mexico City where average warehouse rental fees are around US\$3.90 m<sup>2</sup>, per month; US\$ 3.00 in the Guadalajara area and approximately US\$ 5.80 per m<sup>2</sup> in Monterrey and surrounding areas. The Mexico City Metropolitan Area has six major industrial corridors (Iztacalco/Iztapalapa; Los Reyes/Tlahuac/Tlalpan; Naucalpan; Tlanepantla; Toluca/Lerma and Vallejo); Guadalajara has five (Guadalajara; El Salto; Periferico; Old Industrial and Belenes/San Juan Ocotlan) and Monterrey has five (Apodaca/Miguel Aleman; Santa Catarina; San Nicolas; Guadalupe/La Silla and Escobedo). Average rental fees per month in other locations are: Tijuana US\$5.90; Puebla US\$ 3.90; Queretaro US\$3.40 and State of Mexico US\$2.70. In-bond storage facilities are a popular storage method used by exporters by which duties are not paid on the items stored until they are released from the facility for distribution in the market. NOTE: Any merchandise placed in a warehouse should be insured. A basic insurance policy can be secured from the warehouse administrator or a more comprehensive policy from a private insurance company.

## 5. WHO BUYS IMPORTED PRODUCTS IN MEXICO

The most important buyers of imported fresh vegetables in Mexico are the retail and the foodservice sectors.

### **Retail Sector**

The Mexican retail sector is the most significant buyer of fresh vegetables in Mexico. Roughly 50-60 percent of all vegetable sales are made through major retail chains, 60-40 percent are sold through public/street markets and the Central de Abasto, and the balance (five percent) through mom/pop (abarrotes) stores. 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, and represent around 55 to 65 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 by public markets, street

markets, "mom and pop stores" and "verdulerias" which, in total, represent approximately around from 35 to 45 percent of total retail sales.

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.

Preliminary data for 2000 indicates that retail sales (same number of stores) grew two percent over the same period of last year. Big promotions and price discounts continue to be the sector's main sales strategy, which is compensated by more efficient operations, better distribution methods and costs savings, in general. Two of the largest retail chains showed positive sales figures. Walmex, posted a 3.5 percent same-stores sales increase during 2000, while Comercial Mexicana enjoyed growth of 2.6 percent.

For 2001, it is expected that same-stores sales for the sector will reach seven percent, as salaries are expected to maintain their real purchasing power. However, the slower growth rate of the US economy, on which Mexico is highly dependant, will be a more decisive factor in how Mexican retail sales grow in the short term.

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

Table 9  
**MEXICAN RETAIL SECTOR BY PRINCIPAL UNITS-1999**  
 (Companies and Number of Units)

<b>ORGANIZATION NAME</b>	<b>NUMBER OF UNITS</b>
<b>(National Coverage)</b>	
<b>Gigante</b>	<b><u>183</u></b>
Tiendas Gigante	117
Bodegas Gigante	40
Super G	26
<b>Grupo Walmex (Cifra)</b>	<b><u>226</u></b>
Bodegas	82
Sam`s	38
Wal-Mart	30
Aurrera	36
Superama	40
<b>Comercial Mexicana</b>	<b><u>137</u></b>
Comercial Mexicana	81
Bodegas	26
Megas	14
Price	16
<b>CarrefourCarrefour</b>	<b><u>17</u></b>
<b>Government stores</b>	<b><u>226</u></b>
	<b>Northern Mexico</b>
<b>Casa Ley (State of Sinaloa)</b>	<b><u>80</u></b>
<b>Soriana (City of Monterrey)</b>	<b><u>100</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>1033</b>
<b><u>Convenience Stores</u></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>985</u></b>
<b>GRAND TOTAL</b>	<b>2,018</b>

Source: ANTAD; and own estimates

The Cifra Wal-Mart group has 496 establishments of which 226 are retail outlets (Bodegas Aurrera, Sam's, Wal-Marts, Aurrera and Superamas). Eighty eight percent of their earnings come from retail sales. The floor space for Cifra's retail outlets is by far the largest in Mexico, with approximately 1.4 billion square meters (12.2 billion square feet. During 2000, US\$350 million was channeled in building new stores and increasing floor space by 14 percent, through the construction of 30 new retail

Comercial Mexicana is the second retail chain in revenue and third in sales floor space. This organization has 189 establishments, of which 154 are retail stores. The retail stores under this group are: Comercial Mexicana, Bodegas, Mega, Sumesa & Price Costco. During 2000, they invested US\$120 million in 11 new stores. In their plans for 2001, they have announced an expansion program of 16 new stores and 13 restaurants, with an investment of US\$140 million. This group has approximately 959.7 thousand square meters of floor space (10.3 million square feet. Comercial Mexicana has 21 percent of the market share and does some of their buying through direct purchasing. 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 approximately 812.4 thousand square meters (8.7 million square feet) of floor space.. Gigante invested US\$150 million (US\$120 million in 1999) in 14 new units in 2000, increasing by six percent their floor space.

Among the regional chains, Soriana is the leading organization with 100 outlets, the majority of which are located in the northern and central parts of Mexico. Their current floor space is approximately 685 thousand square meters (7.4 million square feet). For 2000 they invested US\$200 million to open 11 new stores, thereby reaching the 100 stores mark. The Soriana group holds 15.7 percent of the market and buys mostly through direct purchasing.

The large US retailer, HEB, is currently carrying out an expansion program in which they will be opening 35 stores in Mexico in the 1999–2004 period. The new stores are planned for the states of Tamaulipas, Chihuahua, San Luis Potosí, Aguascalientes and Guanajuato. The company already has 11 stores in Monterrey in the state of Nuevo Leon, and will shortly open seven more (6 in Monterrey and one in Tampico) by October 2001. Other regional retailers include Arteli, Calimax, S Mart, Gran'D, Tiendas Leal, Azcunaga, Comercial VH, etc.

## 6. DISTRIBUTION OF PRODUCT IN MEXICO

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 mediums 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.

The distribution of fresh vegetables in Mexico follows traditional methods. There are several importer/distributor/brokers that specialize in a product or series of products, and who sell to other distributors and major processors and occasionally to packers and food processors. In the case of fresh vegetables, distributors/importers are the key to success since major retailers and foodservice chains do not import directly, and are serviced by these suppliers. These companies are usually located in the Central de Abasto or central markets where they have their offices, samples of the products they market, and a storage area. There are few of these importer/distributor/brokers which really have national coverage, as well as adequate installations to properly store and deliver fresh vegetables.

The central markets are found in almost every major city in Mexico and represent the most important distribution network for Mexican and imported fresh vegetable products. There are currently more than 26 of these supply centers in Mexico. These terminal or central markets serve as a major source of supply for all types of food related businesses: supermarkets, wholesalers, corner grocers, restaurants and occasionally food processors and packers. For example, the largest wholesale market in Mexico is the one found in Mexico City, which services the city's needs plus those of the cities in the four surrounding states. It is reported that 40 percent of all fruit and vegetables produced in this country, and 80 percent of those consumed in Mexico City, pass through this market. This is a well accepted form of business, and the principal way small and medium size food related establishments procure many of their food products. Also, the Central de Abasto is the best way to reach the traditional retail market known as the "abarrotes" market or "verdulerias," in the specific case of produce.

Traditionally, fresh vegetables reach the end consumer through these "abarrotes or "verdulerias" which are small corner grocery stores. There are over 400,000 of these types of stores in Mexico. They serve their immediate neighborhood and carry a limited range of goods. In some cases, imported items are found in these outlets and represent an important potential sales point. However, convenience store chains are increasingly replacing these small corner stores and small outlets, as they typically have facilities, offer a wider variety of products and also employ promotions and discounts.

## **7. TRADE EVENTS AND SPECIALIZED PUBLICATIONS**

### **Trade Events**

The leading events for the retail sector and fruit/vegetables produce are:

**"ANTAD,"** Mexico's largest retail exhibition which is scheduled annually every March in 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 to promote business contacts for US exporters with local distributors and buyers. American firms interested in participation should contact the ATO at: Tel: (011)(52) 5280-5291; Fax: (011) (52) 5281-6093.

**"AgriFreshProduce Mexico,"** exhibition which is scheduled every other year. The second edition of this show is planned for November 8-11, 2001 and will take place at the World Trade Center in Mexico City. HPP International Group organizes this event, and can be contacted at Tel: (011)(52)56580938 & 56590661; Fax: (011)(52)56589111; Sr. Arturo Cardenas or Ms. Teresa Nava. Show organizers expect to have 180 exhibitors and 10,000 registered trade visitors.

### **Specialized Trade Publications**

There are several trade magazines related to vegetables and fruits and agricultural topics that circulate in Mexico. The leading publications are:

"**Agro-Sintesis**," published monthly by Agrosintesis; Tel: (011)(52) 56693125; contact: Ing. F. Gonzalez Iñigo;

"**2000 Agro**," published quarterly by Publicaciones Sayrols, S.A., Tel & Fax: (011)52 56603533, E-mail: teorema@adf1.telmex.net.mx; contact: Wendy Coss;

"**Enlace**," published monthly by ASIA, Tel: (011) 52 5610-2533; Fax: (011) 52-55492483; contact: Marcel Morales;

"**Al Grano**," published quarterly by ASTECA, Tel (011)43 144514; Fax: (011)43 144698; contact: Luis M. Zuarth;

"**CPM**," published bi-monthly by United Agri Products <http://www.crop-net.com>; contact: Jeffry Powell.

The leading buyer's guides in the industry is "Directorio de la Comercializacion de las Hortalizas y Frutas Mexicanas," published annually by the Union Nacional de Organismos de Productores de Hortalizas y Frutas; Tel: (011)(52) 40225 and Fax: 40626; Contact: Ing. Mario Robles Escalante and "Guia de la Industria Alimentaria," published annually by Informatica Cosmos, S.A. de C.V.; Tel: (011)(52) 5677-6043, fax: 5679-3575 and E-mail: [online@cosmos.com.mx](mailto:online@cosmos.com.mx).

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

### U.S. Embassy-Agricultural Trade Office-ATO, USDA

Jaime Balmes 8-201; Col. Los Morales Polanco

Mexico 11510

Mexico

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

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

Contact: Chad R. Russell, Director

Office of the U.S. Department of Agriculture which assist 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 Economia- Direccion de Normas**

(Secretariat of Economy, formerly Commerce and Industrial Promotion, Office of Norms)

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 Economy 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 Economia**

Informacion Comercio Internacional

(Secretariat of Economy, formerly known as Commerce and Industrial Promotion, Foreign Trade Information)

Alfonso Reyes 30-PB; Col. Hipodromo Condesa,

Mexico 06710, D.F.

Mexico

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

Contact: Rocio Ruiz Chavez, Director

This office provides general information related to NAFTA.

**Secretaria de Agricultura, Ganaderia, Desarrollo Rural, Pesca y Alimentos-SAGARPA**

Sanidad Vegetal

(Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food; Office of Vegetable Sanitation)

Guillermo Perez V. 127; Coyoacan

Mexico D.F. 04000

Mexico

Tel: (011)(52)5554-5147; <http://www.sagar.gob.mx>

Contact: Ing. Jose Juan Ornelas, Director

**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](mailto:chawkins@amchammex.com)

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

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

**Retail Sector:**

Organization	Section	Address	Telephone/fax Internet
Nueva Walmart de Mexico, S.A. de C.V.	Purchasing	Av. Universidad # 936 A Col. Santa Cruz Atoyac Delegación Benito Juárez Director Compras Abarrotes CP 03310 México D. F.	Tel: (011)(525)327-9311 Fax: (011)(525)420 02 09 Aurrera.com ó Walmart.com
Gigante, S.A.de C.V.	Purchasing	Av. Ejercito Nacional 769-A Nueva Granada 11520 Mexico D.F.	Tel: (011)(525)255-9998 Fax: (011)(525) 269-8381
Operadora de Comercial Mexicana	Purchasing	Av. Adolfo López Mateos #201-4o. Piso Col.Santa Cruz Acatlán 53140 Naucalpan, Edo. Mex.	Tel: (011)(525) 5371 7446 Fax: (011)(525) 5371 7495 Http://www.comercialmexicana.com.mx
Seven-Eleven Mexico, S.A. de C.V.	Lic. Francisco Mendoza, Purchasing Director	Av. Munich 195-B Col. Cuauhtemoc 66450 San. Nicolas de los Garza, Monterrey, N.L.; Mexico	Tel: (011)(528) 158 0711 372 1572 Fax: (011)(528) 376-2171
Cadena Comercial OXXO, S.A.de C.V.	Sergio Estrada, Purchasing Director	Edison 1253 Norte. Col. Talleres 64480 Monterrey, N.L.; Mexico	Tel: (011)(528)389-2121 Fax: (011)(528)333-7030
CUMEXTRA, S.A. de C.V.	Lic. Antón Martínez	Cuitláhuac #116 Col. Lorenzo Boturini 15820, México, D.F.	Tel: (011)(525) 768 5050 Fax: (011)(525) 764 4103
Tiendas Chedraui, S.A. de C.V.	Sr. Primo Alavarez, Purchasing Director	Priv. Antonio Chedraui Caram S/N Encinal 91180 Xalapa, Veracruz; Mexico	Tel: (011)(528)14-4700 Fax: (011)(528)14-4806
Organización Soriana, S.A. de C.V.	Sr. Mario Garcia	Alejandro de Rodas 3102-A Cumbres Sector 8 64610 Monterrey, N.L.; Mexico	Tel: (011)(528)329-9000 Fax: (011)(528)329-9301 Jcortezasoriana.com.mx
Casa Ley, S.A. de C.V.	Alvaro Ley, Director	Carr. Int. Nte. Deportiva Km. 1434 Humaya 80020 Culiacan, Sinaloa; Mexico	Tel: (011)(567)59-1000 Fax: (011)(567)50-5052

Carrefour-Grandes Superficies de Mexico, S.A. de C.V.	Sr. Xavier Lannes	Av. Pte. Mazarik 216-2 Col. Polanco Mexico D.F. 11579 Mexico	Tel: (011)(525)283-2900 Fax:(011)(525)283-2926 Martfdeza@hotmail.com
Asociacion Nacional de Tiendas de Autoservicio y Departamentales- ANTAD (National Association of Retail and Department Stores)	Efren Casas	Horacio 1855-6 Col. Polanco Mexico D.F. 11560 Mexico	Tel: (011)(525)580-1772 (525) 580-0641 Fax (011)(525)395-2610 www.antad.org.mex

### Fresh Vegetable Distributors:

#### Frutimundo, S.A. de C.V.

Tlapaleros 22

Mexico, D. F. 90300

Mexico

Tel/fax: (011)(52)5685-4657

Sr. Ricardo Gonzalez, Owner

Frutimundo is a supplier to Comercial Mexicana and Superama of imported vegetables.

#### C.H. Robinson de Mexico, S.A. de C.V.

Bldv. M. Avila Camacho 1706-2

Mexico D.F. 53160

Mexico

Contact: Sr. Pedro Torres, Ventas

Tel: (011)(52)5211-6335; Fax: (011)(52) 5600-7771

C.H. Robinson de Mexico is a supplier of vegetables and fruits to Comercial Mexicana and Superama.

#### Vidimport

Central de Abasto, Bodega K-111

Colinia Ejido del Moral

Mexico, D.F. 09040

Mexico

Sr. Juan Luis Garcia, Director

Tel: (011)(52) 5694-9472; Fax: (011)(52) 5694-6881

e-mail: jgarcias@att.net.mx

Vidimport is a supplier of vegetables to Comercial Mexicana. Also, this company is a large fruit importer and is listed in the Blue Book.

#### Disfrusel, S.A. de C.V.

Bodega L-116

Central de Abasto

Colinia Ejido del Moral

Mexico, D.F. 09040

Mexico

Tel: (011)(52) 5694-1626; Fax: (011)(52) 5694-1626 with tone



e-mail: [disfrusel@spin.com.mx](mailto:disfrusel@spin.com.mx)

Contact: Javier Flores de la Mota, Director

Disfrusel sells apples and vegetables to Comercial Mexicana, Gigante and Aurrera.

**Fidel Pedrasa Ancer**

Central de Abasto Bodega Q-65

Colonia Ejido del Moral

Mexico, D.F. 09040

Mexico

Contact: Sr. Sergio Lopez Aguirre, Gerente

Tel: (011)(52) 5694-2886; Fax: (011)(52)5694-2826

This company imports tomatoes and sells to most retail chains in Mexico.