



México
PROCESSED FOODS

PROMÉXICO is the Mexican Government institution that promotes the export of Mexican products and services, the internationalization of national companies, and the attraction of foreign investment. ProMéxico drives Mexico's active participation in the international economic arena. Through a network of 48 offices in 31 countries and 29 offices in the country it offers a wide range of specialized services and support.

WHEREVER *you* **ARE,** *it's* **HIGHLY**
PROBABLE *that* **SOMETHING** **AROUND**
you has **BEEN MADE** *in* **MEXICO.**

WHAT ARE PROCESSED FOODS?

Processed foods are the ones that **have gone through some kind of process** before their consumption and **thanks to canning or packaging**, they **prevent** undue **manipulation of foods** and **guarantee their quality** and **health**.

Today's lifestyle demands **processed foods**, which allow for **quicker and simpler preparation**, and also afford us the opportunity of **acquiring seasonal foods** throughout the year.

Mexico possesses the technology, the **raw materials**, the **infrastructure** and the **necessary processes** to provide the domestic and world markets with **safe foods** that **preserve their unique flavor**.

In **2014, MEXICO**
EXPORTED AROUND
4 LITRES of MEZCAL
EVERY MINUTE.



MAIN EXPORT PRODUCTS

Table 1. Main Products Exported by Mexico, 2014

Tariff Code	Description	Export Value 2014 (md)	% Growth 2013-2014	% Share in Total Industry Exports 2014	Main Export Destinations and % Share
1701	Cane or beet sugar & sucrose	907	-30.4%	11.0	US 81.4% UK 5.5% CA 4.6% MA 2.4% LY 1.6%
1905	Bread, cake & biscuit products	786	4.3%	9.5	US 86.2% CA 5.9% GT 1.4% DO 1.0% PA 0.9%
1704	Confectionery items without cocoa	605	6.9%	7.3	US 87.4% GT 2.8% CR 1.8% DO 0.9% CA 0.9%
1806	Chocolate	565	-5.5%	6.8	US 86.1% CA 6.6% GT 0.9% CR 0.7% CO 0.6%
0306	Shellfish (peeled, live, fresh & refrigerated)	461	16.8%	5.6	US 84.2% HK 9.1% VN 3.8% JP 0.9% FR 0.8%
0901	Coffee (roasted or decaffeinated)	407	-16.9%	4.9	US 64.8% PR 5.8% ES 4.7% BE 4.4% CA 3.2%
0802	Fresh or dried nuts (almond, hazelnut, walnut, chestnut, pistachio, macadamia & pine nuts, among others)	385	57.1%	4.7	US 80.8% HK 13.9% VN 4.5% ES 0.2% RU 0.1%
020329	Frozen pork	359	-8.7%	4.4	JP 85.5% US 8.0% KR 6.1% CA 0.3% CN 0.03%
1901	Malt extract	356	-10.4%	4.3	VE 26.8% US 8.7% PE 7.4% CO 6.9% GT 6.8%
2008	Prepared & preserved fruits	348	7.5%	4.2	US 85.4% UK 2.9% NL 2.7% ES 1.4% JP 1.2%
	Others	3,082	3.5%	37.3	
	Total	8,261	-2.2%	100%	

- In 2014, the leading product exported from Mexico was **sugar cane**, with **bakery products** in second place followed by **confectionery** and **chocolate**.

- It is worth noting the growth of other products in 2013, such as **nuts** at a rate of **57%**, **shellfish** at **17%** and **prepared and preserved fruits** at **8%**.

- The categories with the **highest number of export companies in 2013** were: **food preparations** with **602 units**, **sauce preparations** with **437**, **prepared or preserved fruits** and **vegetables** with **353**, **confectionery without cocoa** **339** and **chocolate** **258**.

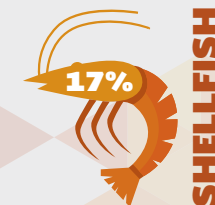
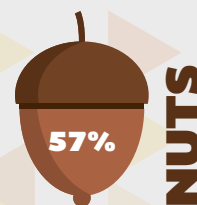
Source: ProMéxico con base en Global Trade Atlas.

US United States
UK United Kingdom
CA Canada
MA Morocco
LY Libya
GT Guatemala

DO Dominican Republic
PA Panama
CR Costa Rica
CO Colombia
HK Hong Kong
VN Vietnam

JP Japan
FR France
PR Puerto Rico
ES Spain
BE Belgium
RU Russia

KR South Korea
CN China
VE Venezuela
PE Peru
NL Netherlands



INDUSTRY INDICATORS IN MEXICO



- 2nd largest **processed food supplier** to the USA (2014)
- 3rd largest **processed food producer** in the Americas (2013)

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- 9 of the **ten** most important companies in the global industry have a presence in **Mexico**



- Total personnel employed in the food industry: **793,826**



- Production 2013: **\$135.293 bd**
- AAGR 2013-2020: **6.4%**



- Consumption 2013: **\$137.112 bd**
- AAGR 2013-2020: **6.2%**



- FDI (2004-2014): **\$16.392 bd**
- FDI 2014: **\$433 md**



- Top investor countries from 2004 to 2014: **Netherlands, USA, Switzerland, Japan** and **Luxembourg**.



- Exports 2014: **\$8.261 bd**



- Main export products: cane sugar, bread, chocolate and confectionery without cocoa.

DESTINATIONS:



US 68%



JP 5.5%



CA 2.5%



HK 2.2%

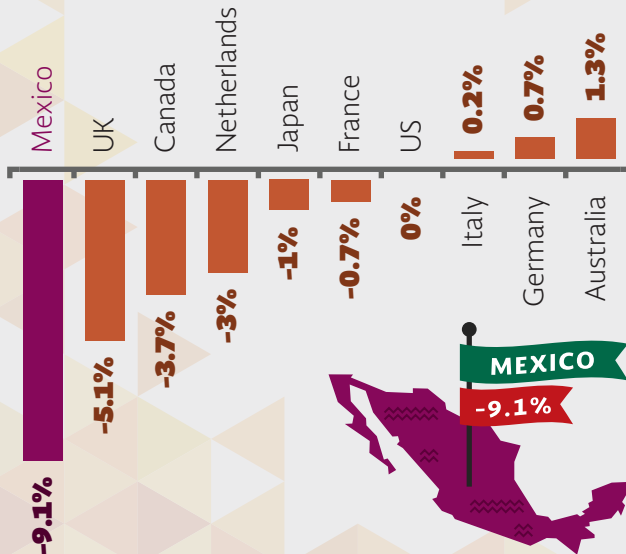


GT 2.1%

COMPETITIVE COSTS

Mexico is a **profitable country** for locating **food industry production units**; during **2013**, net operating **profits** in **Mexico** reached **37.1 bd**, representing **10%** of the **global industry indicator**.

Graph 7. Index of Cost Savings for the Processed Food Industry, 2014



NET OPERATING
PROFITS IN
MEXICO
REACHED
37.1 BD
— representing —

10%
of the
**GLOBAL
INDUSTRY**

SIZE OF THE MARKET IN MEXICO

Table 2. Value and Volume of Processed Food Sales in Mexico during 2014

Categories	Market value 2014 (md)	AAGR 2014-2019	% share in total value 2014
Bread	27,177	3.6%	40.3%
Dairy	13,221	4.8%	19.6%
Confectionery	4,764	4.0%	7.1%
Sauces, dressings & condiments	4,046	4.1%	6.0%
Sweet and savory snacks	3,670	4.4%	5.4%
Dehydrated processed dry foods	2,477	4.0%	3.7%
Refrigerated foods	2,127	5.5%	3.2%
Oils and fats	2,182	4.7%	3.2%
Canned foods	2,251	3.6%	3.3%
Baby foods	1,190	4.4%	1.8%
Frozen foods	883	4.2%	1.3%
Pasta	660.1	4.7%	1.0%
Spreads	523.4	5.5%	0.8%
Ice cream	601.3	2.0%	0.9%
Snack bars	410.3	8.2%	0.6%
Noodles	388.7	5.4%	0.6%
Ready to eat foods	385.8	5.2%	0.6%
Food substitutes	326.5	5.8%	0.5%
Soups	167.2	2.5%	0.2%
Total	67.451	4.1%	100%

- In **2014**, the size of the **processed food market*** in **Mexico** was worth **67.451 billion dollars**. The market value is expected to grow at an **AAGR of 4.1%** between **2014 and 2019**.
- The biggest selling categories in the **Mexican market in 2014** were **bread, dairy** and **confectionery**, with a joint **share of 67% of the domestic market**.

* Note: Refers to industry sales on the domestic market. Source: Euromonitor.

WHERE *are they* LOCATED?



* Economic units refer to offices, manufacturing plants and distribution centers.

TEQUILA *was the*
EIGHTH
MOST-EXPORTED
SPIRIT *in the* WORLD.

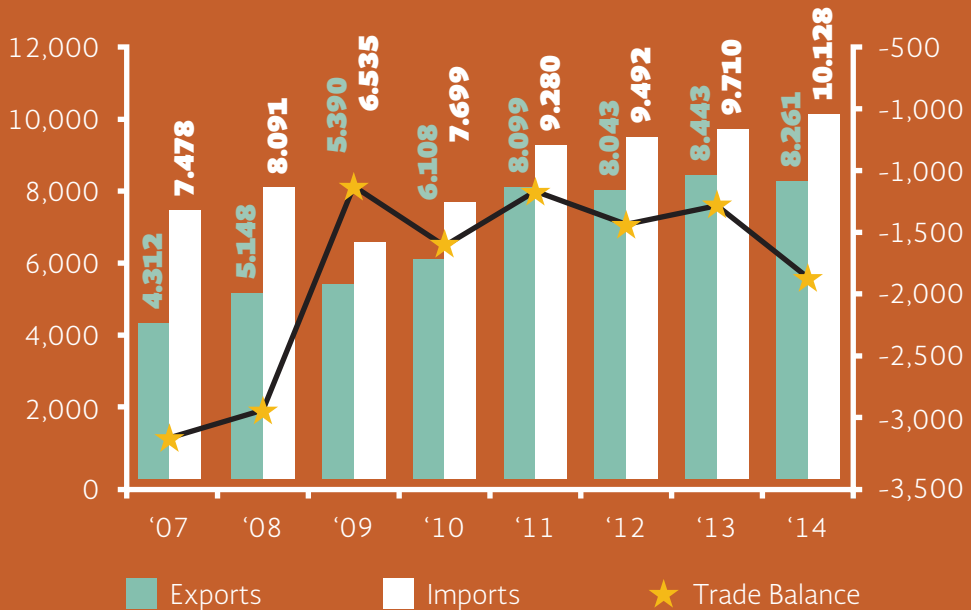
In 2014, **119** COMPANIES
in **MEXICO** EXPORTED TEQUILA.



MEXICAN TRADE: EXPORTS VALUE

- In **2014**, Mexican exports from the industry reached a value of **8.261 bd**, representing an **AAGR of 10%** between **2007** and **2014**.

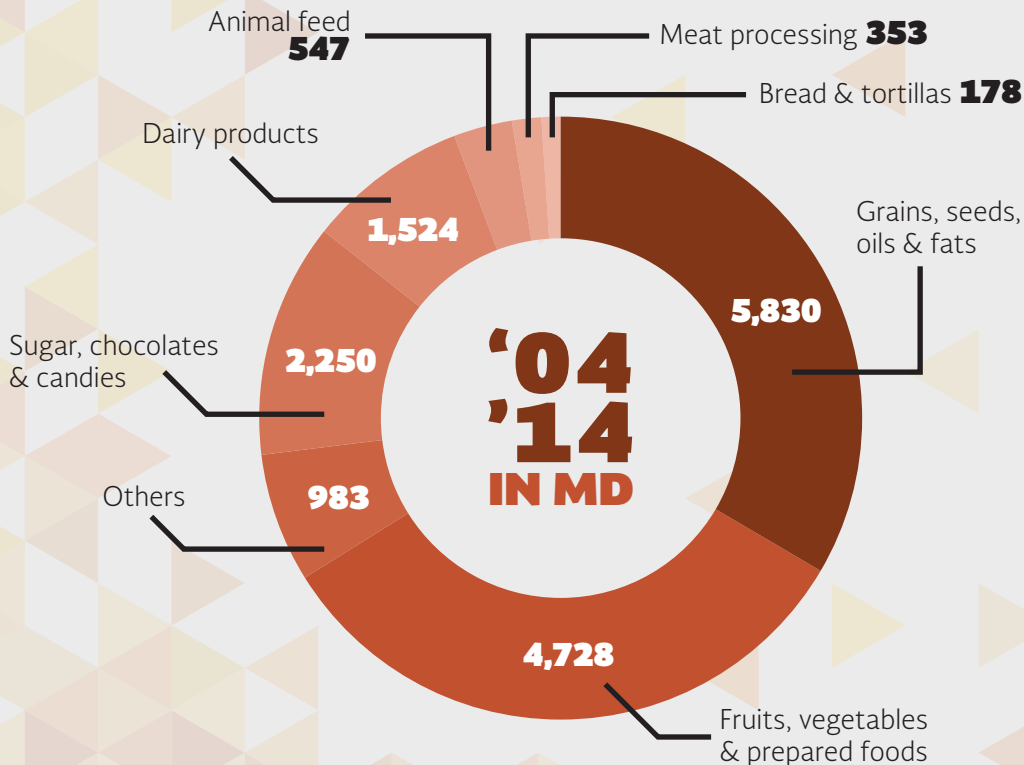
Graph 4. Mexican Processed Food Trade, 2007-2014 (bd)



Mexican imports reached a value of **10.128 bd** in 2014, a growth of **4.3%** over the previous year.

FOREIGN DIRECT INVESTMENT (FDI)

Graph 6: Cumulative FDI 2004-2014 in md for the industry



From 2004 to 2014, the top investor countries in the industry were the Netherlands, USA, Switzerland, Japan, Luxembourg & Spain.

DENOMINATION *of* ORIGIN



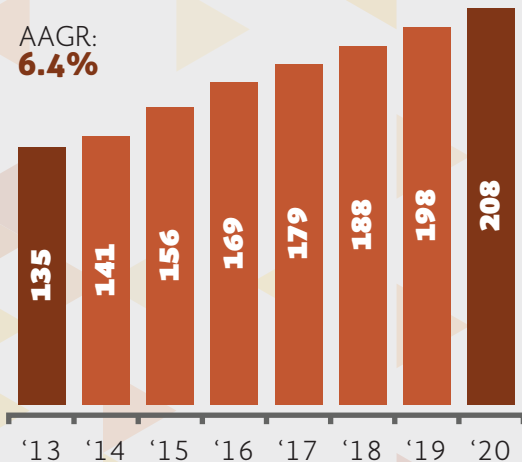
MEXICO EXPORTS TEQUILA, MEZCAL & SOTOL,
THREE DRINKS *with a* PROTECTED
DENOMINATION *of* ORIGIN, and can only be
PRODUCED *in the* COUNTRY.

PRODUCTION & CONSUMPTION IN MEXICO

PRODUCTION

In **2013**, the value of the **processed food industry in Mexico** was estimated at **135.293 bd**; between **2013 and 2020** the industry is expected to grow at an **AAGR of 6.4%**.

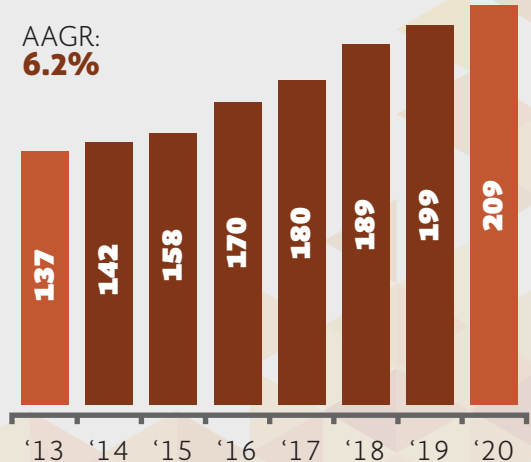
*Graph 1. Processed Food Production in Mexico 2012-2020**



CONSUMPTION

In **2013**, **consumption in Mexico** was calculated to **reach 137.112 bd**; it is expected to grow at an **AAGR of 6.2%** between **2013 and 2020**.

*Graph 2. Processed Food Consumption in Mexico 2012-2020**



* Figures in billions of dollars.

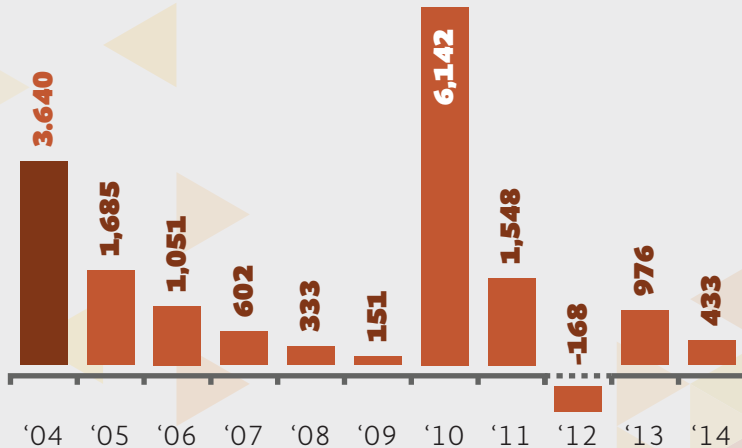
Source: ProMéxico based on information from INEGI and Global Insight.

FOREIGN DIRECT INVESTMENT (FDI)

From 2004 to 2014, the **cumulative FDI** for the **processed food industry** reached a value of **16.393 bd.**

In 2014, **incoming FDI** rose to **433 md.**

Graph 5: FDI Inflows in md for 2004-2014



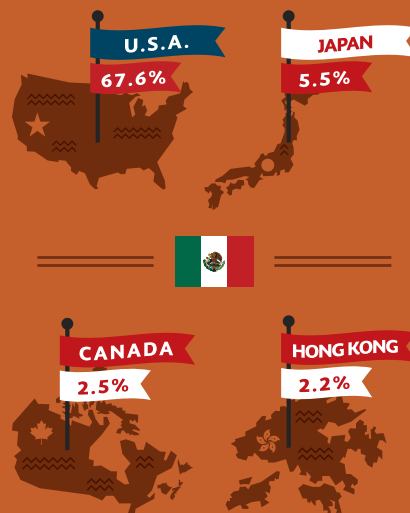
Source: Ministry of Economy.

MEXICAN TRADE: EXPORTS DESTINATIONS

- Mexican exports were primarily destined to the **USA** with **67.6% share**, followed by **Japan** (5.5%), **Canada** (2.5%) and **Hong Kong** (2.2%).

Table 3. Export Destinations of the Mexican Industry, 2014

Country	Value 2014 (md)	% Share 2014	Growth 2013-2014
USA	5,587	67.7%	-4.4%
Japan	456	5.5%	-14.0%
Canada	209	2.5%	56.4%
Hong Kong	183	2.2%	39.1%
Guatemala	177	2.1%	-1.0%
Venezuela	118	1.4%	-25.4%
Spain	113	1.4%	64.7%
UK	105	1.3%	76.6%
Vietnam	78	0.9%	54.5%
Netherlands	76	0.9%	34.9%
Others	1,159	14.0%	-5.8%
Total	8,261	100.0%	-2.2%



Source: Global Trade Atlas

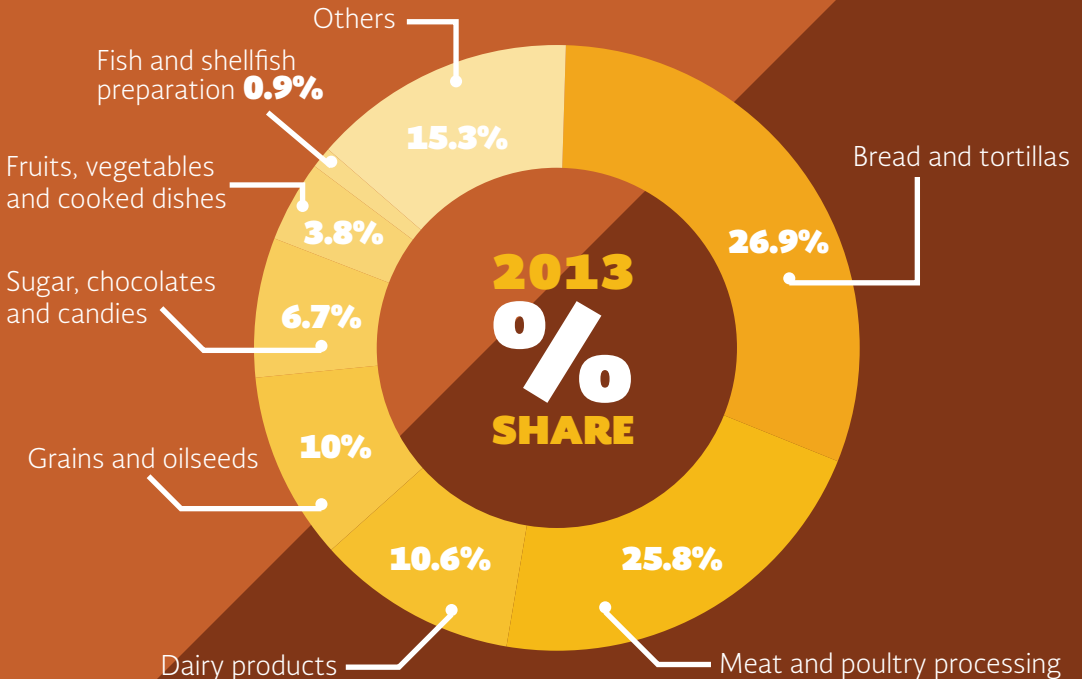


MEXICAN EXPORTS TOTAL VALUE IN 2014: 8,261 MD

PRODUCTION BY INDUSTRY IN MEXICO

52.7% of industry production is concentrated in **bread** and **tortillas** and **meat processing**.

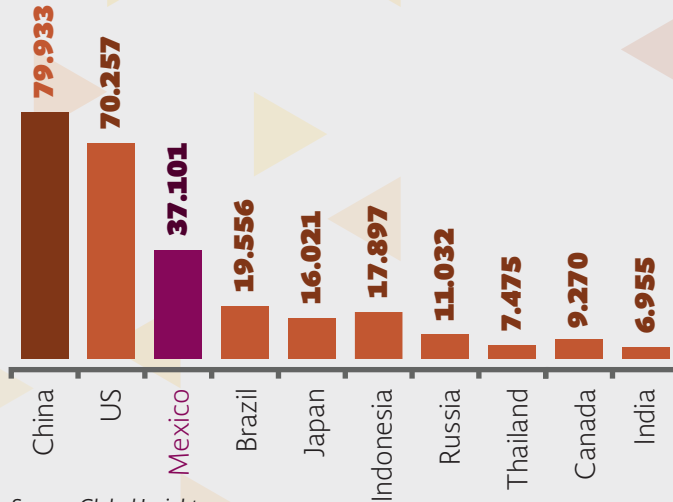
Graph 3. Mexican Processed Food Production by Industry 2013, Percentage Share



Of the main inputs required by the industry for product manufacture, **90%** come from the **domestic market** and include **fruits, vegetables, beef, cardboard, glass, plastic** and **tin cans**.

COMPETITIVE COSTS

Graph 8. Net Operating Profits in the Processed Food Industry, for selected countries (bd) 2014



Source: Global Insight

Mexico provides **9.1% savings** on **manufacturing costs** in the **processed food industry**, compared to costs in the **USA** and other countries.

In addition, **Mexico City** and **Monterrey** are **ranked the first** and **second lowest cost cities**, respectively.



COMPANIES LOCATED IN MEXICO

There are a total of **185,013 industry economic units*** in Mexico, mainly in the **State of Mexico, Puebla, Oaxaca, Veracruz** and **Mexico City**. In **2013**, the food industry employed **793,826 people**.



Sales in 2014: 14.064 bd
Employees: 128,000



Sales in 2014: 3.383 bd
Employees: 35,000



Sales in 2014: 4.241 bd
Employees: 19,202

RECENT INVESTMENTS IN MEXICO



MARS

Mondelēz
International



- **Forty million-dollar investment** in the construction of **Latin America's biggest cereals plant** in **Ocotlán, Jalisco**. The decision to install a second plant here was due to the availability of dairy raw materials in the state.
- In addition, in **October 2014** the company invested more than **two hundred million pesos** to open the **world's first Zero Water factory** in Jalisco; besides generating around **1,200 jobs**, this will translate into a sizeable reduction in annual water consumption levels used in the powdered milk production process.
- In **August 2014**, Mars announced an investment of close to **twenty-two million dollars** to add **7,600 meters** to its **pet food production plant** in Poncitlán; the expansion will generate around **125 jobs**.
- **Six hundred million dollars** invested in the construction of the **world's biggest cookie factory** in **Nuevo León**. The **Interpuerto de Monterrey** was chosen as its location because it will be Mexico's major distribution and logistics center in the next few years.
- **Investment of 34.9 million dollars** to build facilities for **poultry processing, feed and incubation**. For **Tyson**, Mexico is the **second most important market** after the USA.
- It currently operates three production plants and seven distribution centers in **Mexico**, selling **3.2 million birds** a week on the domestic market.

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