Another significant change in the Mexican economy having a major impact is the growth of the middle class. Combined with the upper-income bracket, these consumers compose 30 percent of Mexico’s population and represent the group of consumers most likely to purchase imports. Since the United States already has a major share of the Mexican market, further increases in U.S. sales depend on the growing size of this group of consumers.

The biggest potential growth markets in Mexico for U.S. food exporters are the retail market for processed foods, followed by the hotel, restaurant, and institutional markets catering to the tourist and resort trade. In fact, U.S. exports of consumer-oriented, high-value products, such as red meats, fresh and processed fruit and vegetables, poultry meat, dairy products, and snack foods, are expected to quadruple in 1992. The Mexican market is expected to expand even further if a North American Free Trade Agreement is reached.
recorded the top share in 1989, the nearest U.S. competitor was the EC, with sales amounting to roughly half of U.S. sales.

**Market Trends**

Prices for imported food products are high compared to retail prices in the United States, as the number of suppliers is relatively small. Food industry analysts, however, believe that overall margins on imported foods will decrease over the next few years as more importers enter the market. The volume of trade and diversity of products offered to Mexican consumers is expected to increase as disposable incomes rise and imported foods become affordable for more people.

Analysts anticipate economic growth will continue over the near term, primarily due to marked economic policy changes favoring the private sector. This has spurred a new, more positive outlook by Mexicans, resulting in a willingness to invest in the country's future. Sustained market growth is anticipated in many agricultural and fiber products traded between the United States and Mexico. With liberalized market access, the growth in processed and frozen foods is expected to be especially favorable over the next few years. The outlook is particularly bright for Mexican imports of high-quality beef, beers, wines, dairy products, genetic stock, frozen and/or microwaveable foods, candies, and selected fruits and nuts.

The growth in demand for consumer-oriented, high-value products is expected to continue, with 1992 U.S. exports anticipated to reach an all-time high of $2.4 billion. Since 1986, U.S. exports of consumer-oriented products have more than tripled to Mexico, rising 208 percent to $513 million. Exports of U.S. high-value commodities to Mexico have risen 71 percent to $790 million since 1986. The consumer-oriented category accounted for more than half of this increase in total high-value exports and has actually registered the highest growth rate over the past 5 years when compared to bulk and intermediate exports.

**Marketing System**

There are four basic food markets in Mexico—Mexico City, Guadalajara, Monterrey, and rural Mexico. In Mexico City, seven major grocery store chains, through several hundred outlets, supply most of the food consumed by the city's people. Most imported food products are found in these supermarkets, which generally serve the city's middle- and upper-income inhabitants. Several thousand neighborhood corner food stores called tiendas also offer limited amounts of imported foods.

Mexico's truck transport system, liberalized in late 1989, is undergoing fundamental change and is having a difficult time meeting the needs of increased trade. The lack of large freezer trailers and other specialized transport equipment in Mexico is the main trade constraint. Processed and/or frozen foods cross the border by truck, with only a small percentage crossing via "piggy back" truck and rail service. Highly valuable and/or perishable foods, such as red meats and smoked salmon, are exported to Mexico by air. These air shipments account for less than 1 percent of the high-value food imports. The majority of bulk commodities cross into Mexico by rail.

**General Requirements for Packaged Foods**

U.S. exporters of consumer-ready products must have a representative Mexican company (an agency representative) registered with the Secretariat of Finance and Public Credit (SHCP) for import and export. The exporter must provide legal certification of such an appointment in Spanish through the Mexican agent. The certification must be approved by the Mexican Consulate in the United States that is nearest to the exporter. The Mexican company must register the product with the Mexican Secretariat of Health to have it checked for compliance with Mexican food safety laws.

Products of foreign origin sold in Mexico must have a label on the consumer container with the following information in Spanish: product name; importer name and address; country of origin; net contents, in units specified by the general system of measurement units; warning notice if the product is dangerous; and handling and storage instructions.

The Government can require that labels be modified with respect to color, letter size, and product description.

**Additional Information and Assistance**

The Agricultural Affairs Office of the U.S. Embassy offers the following reports for U.S. food exporters:

* Mexican Importation, Trade Relations, and Distribution of High-Value, U.S. Processed Foods, Frozen Foods, and Meat Products; and

For these reports, further information, or assistance, contact:

Office of Agricultural Affairs
U.S. Embassy, Mexico City
P.O. Box 3087
Laredo, TX 78044-3087
Tel: (011-52-5) 211-0042
Fax: (011-52-5) 208-2115 or 533-6194