

# Organic and Natural Foods Sector Profile<sup>(1)</sup> Mexico

February 2004

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## MARKET OVERVIEW

Organic foodstuffs such as fruits, vegetables, aromatics and medicinal herbs, legumes, grains, meat and dairy products are becoming more popular in Mexico. Over the last few years, Mexico has increased its production of organic foods and has taken first place in organic coffee production around the world. Organic coffee represents around 60% of the total production of organic foods in Mexico. Other organic foods produced in Mexico are avocados, mangos, bananas, pineapple, sesame seed, vanilla, cocoa, soybean, cucumber, pepper, chickpeas, garlic, blue corn and onions.

Over 30 000 producers around Mexico have dedicated themselves to organic farming and during the past five years, the amount of land in Mexico devoted to organic crops has increased from 25 000 hectares to 100 000. The States of Chiapas and Oaxaca have the largest surface areas devoted to the production of organic crops. In addition, the Mexican government is helping organic farmers by rebating up to 75% of the costs of certification required for organic farming.

With organic food exports reaching over \$100 million<sup>(2)</sup>, Mexico exports more organic food products than it imports. It is estimated that around 85% of the organic food produced in Mexico is exported. However, there are niche opportunities for Canadian exporters of certain organic products to Mexico.

## Market Trends

A significant part of the Mexican population tends to consume high-fat products. To reverse this trend, education and intervention programs have been established to educate Mexicans about the benefits of healthy eating and a healthier lifestyle. This is resulting in an increased number of Mexicans who are turning to healthier foods, such as natural and organic products.

In addition, many Mexican consumers are also starting to demand more organic food because they like the taste and believe normal food stuffs include toxic substances that will affect their health in the long run. However, several factors such as lack of awareness from most of the consumers about the benefits of organic food, low purchasing power among the Mexican population, and limited distribution channels for organic food have limited the growth of the organic food market in Mexico.

It is important to note that Mexico is a price-driven market, a factor that has also limited the sales of organic food in Mexico. Especially considering that prices of organic food could be 20%-30% above the prices of conventional food.

## OPPORTUNITIES

Even though health-food stores handle a variety of products, the most important and most widely sold are muscle-building and weight-gain products, vitamins and fibre supplements, fat burners and weight-loss products, and rebuilding tonics such as ginseng.

There are opportunities for competitive Canadian health-food exporters in fibre supplements, athletic beverages, herbal teas and power candy bars. In addition, the existing market for vitamins and minerals appears to be expanding due to recommendations from physicians for treatment of common health problems such as stress or insomnia.

Also, there are good opportunities in Mexico for organic flaxseed. Health-conscious consumers in Mexico are raising the demand for this product, as they become more aware of its nutritional content and the health benefit of flax in reducing the risk of chronic diseases such as heart disease, stroke, diabetes and cancer.

The Government of Canada has several programs to help Canadian firms gain a competitive advantage in international markets. For instance, Export Development Canada (EDC) offers export financing and insurance to Canadian exporters. Exporters may also find financial and other assistance through the Department of Foreign Affairs and International Trade's Program for Export Market Development.

### **Suggested Marketing Activities**

Canadian exporters are encouraged to improve the visibility of their brands in the Mexican market through well-focused marketing activities. Collaborating with provincial and industry associations, and participating in trade shows and trade missions are all excellent ways to make contacts, to understand import procedures, and to develop effective entry strategies. Promotional activities done in co-operation with Mexican retailers are another way to gain exposure and to better understand this extremely competitive market.

### **Trade Shows**

Event:

All Things Organic - Conference and Trade Show

May 2-4, 2004

McCormick Place, Chicago, Illinois

North America's all organic conference and trade show

Organizer:

Lisa Murray, Sales Manager

121 Free Street

PO Box 7437

Portland, ME 04112-7437

E-mail: [lmurray@divcom.com](mailto:lmurray@divcom.com)

Tel.: (207) 842-5468

Fax: (207) 842-5503

Internet: <http://www.atoexpo.com>

Event:

International Naturista ANIPRON EXPO 2004

February 13-15, 2004

World Trade Center, Mexico

Organizer:

National Association of the Natural Products Industry

Periferico Sur No. 5482

Col. Pedregal de Carrasco

04700 Mexico, DF Mexico

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## **Market-Access Considerations**

As organic products are sold at higher prices than conventional products, consumers require an assurance that these products have been produced according to certain standards. This guarantee mechanism, or certification process is contained in the Mexican Official Standard: NOM-037-FITO-1995, "Requirements and Specifications for the Production of Organic Produce", which explains the characteristics that a product needs to comply with in order to be considered organic. A link is provided at the end of this report. In addition to these requirements, the government of Mexico established special regulations for labelling, processing and packing organic produce. These regulations include restrictions concerning methodology used, packing equipment and products used.

Imported produce can only be sold commercially as organic when the Mexican Ministry of Agriculture (SAGARPA), or an approved certified institution, can certify that the product complies with the NOM. SAGARPA can request detailed information on production of the organic produce to be imported, require tests of produce, or can have the product sent to a laboratory.

There are certain general requirements which a grower needs to meet to be certified as an organic grower, such as logging of all materials used for production, processing and packing, plus dates and lot registration, providing an exact description of the production area as well as production practices, and allow for verification visits.

It is important to note that the labels may include nutritional claims such as product boosts your energy, for example. However, the label must not indicate that the consumption of the product may prevent, alleviate, treat or cure an illness, disorder or physiological state.

Imported products are for the most part supplied to the market by an importer-distributor such as Super Soya, Super Mayoreo Natursita, Ricco, and Comercializadora Cosado. Canadian exporters should consider contacting these local distributors and importers as an indispensable early step in their efforts to establish themselves in the Mexican market. Many chains, including Wal-Mart--one of Mexico's largest buyer of imported food products--import directly from suppliers.

Only a Mexican resident who has an import license is authorized to import goods. In principle the importer bears responsibility for obtaining any necessary permits, establishing labelling and documentation requirements, and arranging for customs clearance. But in many cases compliance requires important support from the exporter, especially where regulations are enforced at the border.

Mexican regulations established in 1994 essentially define most natural foods (including several health foods and vitamins and minerals) as drugs or medicines. This classification subjects them to the same restrictions that pharmaceutical products face (e.g. labelling, formal approval, permits) and has slowed imports of these products.

## **KEY PARTICIPANTS**

With local companies such as Aires de Campo, Bioplaneta and Dana, domestic production of organic foods supplies most of the Mexican consumer market. A large number of organic farming co-operatives have switched from subsistence farming to organic crops due to currently high demand for these products in foreign markets. As a result of rapid expansion, Mexico now has a health-food store association called Asociacion Nacional de la Industria de Productos Naturales (National Association of the Natural Products Industry [ANIPRON]).

Leading organic food producers from the United States, such as Earthbound Farm and Natural Selection Foods, grow produce in Mexico due to the availability of high-quality organic farmland in a temperate climate.

Canada has been expanding its presence in the Mexican organic food market, with the exportation of organic oat fibres and organic flaxseed, which are highly demanded by Mexican consumers.

## **PRIVATE- AND PUBLIC-SECTOR CUSTOMERS**

In general, the most common ways of distributing organic products are through commission sales, contract sales, joint ventures and direct sales. More than 80% of Mexico's organic products are sold by commission.

Important health-food chains in Mexico include Nutrisa Alimentos Naturales, General Nutrition Center (GNC), Nutrisoya, Golden Harvest and Super Soya. These chains sell the vast majority of imported health-food products.

Some of the important health-food importers that Canadian companies may want to contact are Super Soya, Super Mayoreo Natursita, Ricco, GNC and Comercializadora Cosado.

Although retail chains represent only 20% of all retail outlets, they sell approximately 70% of all health-food imports. Pharmacies, department stores and supermarkets account for another 20%, with the last 10% being sold in specialty independent health-food stores.

### **Suggested Business Practices**

A locally based distributor or representative can be an important asset for successfully entering a market. A good distributor will prove invaluable in establishing successful business relationships with local buyers, and will also help handle customs and importing issues, while maintaining an excellent after-sales service. Choosing a qualified and competitive distributor has always been one of the most important ways to successfully export to the Mexican market.

Since travelling in Mexico can be difficult, companies should have an agent representing their products at a national level. However, it is not advisable to give the agent national exclusivity; instead, exporters are urged to hire regional distributors as well.

## **KEY CONTACTS AND SUPPORT SERVICES**

### **Canadian Contacts**

Canadian Embassy in Mexico

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Agriculture and Agri-Food Canada

Sir. John Carling Building - Floor:10 - Room:1051

930 Carling Ave.,

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E-mail: [cleggr@agr.gc.ca](mailto:cleggr@agr.gc.ca)

Internet: <http://www.agr.gc.ca>

Canadian Food Inspection Agency  
59 Camelot Dr.  
Ottawa, ON K1A 0Y9  
Tel.: (800) 442-2342 or (613) 225-2342  
Fax: (613) 228-6125

Internet: [Internet: http://www.inspection.gc.ca](http://www.inspection.gc.ca)

Canadian Organic Growers Inc.

PO Box 6408, Station J

Ottawa, ON K2A 3Y6

Tel.: (613) 231-9047

E-mail: [info@cog.ca](mailto:info@cog.ca)

Internet: <http://www.cog.ca>

Department of Foreign Affairs and International Trade  
125 Sussex Dr.

Ottawa, ON K1A 0G2

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Market Research Centre (TMR)

Contact: Sean McLean, Senior International Market Analyst, Agriculture Industries

E-mail: [seanmclean@dfait-maeci.gc.ca](mailto:seanmclean@dfait-maeci.gc.ca)

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Market Support Division (TMM)

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Mexican Division (NMX)

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## **Mexican Contacts**

Mexican Embassy in Ottawa

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Internet: <http://www.embamexcan.com>

Aires de Campo

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Internet: <http://www.airesdecampo.com>

Association of Importers and Representatives of Food Products and Beverages

Tuxpan 41-202

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Canadian Chamber of Commerce in Mexico  
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Local 4-C, Esquina Insurgentes  
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Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (Secretaria de  
Agricultura Ganaderia, Desarrollo Rural, Pesca y Alimentos (SAGARPA)  
Municipio Libre No. 377  
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CP 03310 Mexico, DF Mexico  
Tel./Fax: (52-55) 9183-1000  
Internet: <http://www.sagarpa.gob.mx> (In Spanish)  
National Association of Supermarkets and Retailers (ANTAD)  
Homero 109 Piso 11  
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Purchase Manager  
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fraccionamiento Industrial Alce Blanco  
Naucalpan, Estado de México  
CP 05100 México  
Tel.: (52-55) 5359-4180  
Fax: (52-55) 5359-4181  
Internet: <http://www.smn.com.mx> (In Spanish)  
Super Soya S.A.  
Av 1 de Mayo No. 178  
54040 Naucalpan, Mexico  
Tel./Fax: (52-55) 5359-4180  
Internet: <http://www.supersoya.com.mx>

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United States. Foreign Agriculture Service. "The Mexican Market for Health Foods," February 11, 2000.  
----- "The Mexican Market for Organic Products," February 8, 2000.  
----- "The Mexican Market for Organic Products," July 20, 2001.

## USEFUL INTERNET SITES

Canadian Embassy in Mexico: <http://www.canada.org.mx>  
ExportSource: <http://exportsource.ca>  
InfoExport: <http://www.infoexport.gc.ca>  
Importers, Distributors and Retailers of Health Foods in Mexico:  
<http://www.fas.usda.gov/gainfiles/200002/25607110.wpd>  
Mexican Association of Supermarkets: <http://www.antad.org.mx> (In Spanish)  
Mexican Ministry of Agriculture: <http://www.sagarpa.gob.mx> (In Spanish)  
Mexican Ministry of Economy and Trade: <http://www.economia.gob.mx> (In Spanish)  
Mexican NOMs: <http://www.economia-noms.gob.mx>  
National Association of the Natural Products Industry: <http://www.anipron.org> (In Spanish)  
Organic Trade Association: <http://www.ota.com>  
Organic Trade Services: <http://www.organicts.com>

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<sup>1</sup> The Government of Canada has prepared this Country Sector Profile based on primary and secondary sources of information. Readers should take note that the Government of Canada does not guarantee the accuracy of any of the information contained in this report, nor does it necessarily endorse the organizations listed herein. Readers should independently verify the accuracy and reliability of the information.

<sup>2</sup> All monetary amounts are expressed in Canadian dollars, unless otherwise indicated. The conversion rate to Canadian dollars is based on IDD Information Services, Tradeline, September 2003.