Competitive Trade Analysis of Agri-food Products in Mexico

May 15, 2023

Manitoba

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MEXICO

Executive Summary

In 2022, Mexican imports of agri-products hit a new record, reaching $51.2 billion[1]. The top 10 suppliers are the U.S., Canada, Brazil, Chile, China, Spain, the Netherlands, Peru, Guatemala and France.

Mexico has been an important market for Manitoba for many years, particularly for canola (seed and oil), pork cuts and processed potatoes. In 2022, Mexico was the fourth-largest destination for Manitoba agricultural and agri-food exports, importing $644 million in Manitoba agricultural products. It represented 7.3 per cent of the total agri-product export value for Manitoba, an increase of 3.2 per cent as compared to 2021.

Mexico agri-food market has been growing over the years at a compound annual growth rate (CAGR) of 10.78 per cent for the period from 2018 to 2022. Canada ranked second among Mexico suppliers in 2022, exporting primarily canola (seed and oil), wheat, beef, and pork products. Mexico agri-food imports from Canada reached $2.9 billion in 2022, and increase of 9.9 per cent, compared to 2021. Manitoba accounted for 22 per cent of those imports from Canada.

Mexican imports of soybeans, pork cuts and canola have been increasing in value since 2018 at a CAGR of 20.3, 16.6 and 13.8 per cent, signaling potential opportunities for Manitoba to increase market share in these sectors.

Key Demographics and Economic Indicators[2]

Country name: United Mexican States (Estados Unidos Mexicanos)
Head of State and Government: Andrés Manuel López Obrador
Government Type: Federal presidential republic
Capital: Mexico City
Legislature: Parliament (Upper and Lower House)
Judiciary: Supreme Court, headed by the Chief Justice of Mexico
Location: Mexico is a country in southern North America. It is bordered to the north by the U.S.; to the south and west by the Pacific Ocean; to the southeast by Guatemala, Belize, and the Caribbean Sea; and to the east by the Gulf of Mexico. Mexico covers 1,972,550 km,^{2} making it the world's 13th-largest country by area.
Economic indicators: Mexico has the world's 15th largest economy by nominal GDP ($1.42 trillion).
Population: 126 million people (Census 2020)
GDP growth: 3.1 per cent (2022)[3]
GDP per capita: $10,950 (2022 estimate)
GDP per capita rank: 71st (nominal, 2022 estimated)
Inflation: 7.8 per cent (2022)

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1 Servicio de Información Agroalimentaria y Pesquera (SIAP) (Mexican Information Service – Agri-food and Fisheries)
2 Wikipedia.org
3 National Statistics Agency INEGI

Mexican Top Global Agri-food Imports

Mexico had a $21.4 billion global trade surplus of agri-food products in 2022, with exports valued at $72.6 billion and imports at $51.2 billion. As shown in Table 1, Mexico global imports grew $17.2 billion between 2018 and 2022, a compound annual growth rate (CAGR) of 10.78 per cent globally. With Canada, Mexico had a $912 million trade surplus of agri-food products in 2022. However, Mexico's trade relationship with Manitoba shows a trade surplus of $528 million in 2022 as Manitoba agri-food exports grew at 15.1 per cent over the 2018 to 2022 period (Table 5).

Table 1 – Mexican imports of agricultural and agri-food products

HS Code	Description	2018 $	2019 $	2020 $	2021 $	2022 $	CAGR %
Total		**34,001,091,565**	**34,720,326,581**	**33,427,322,457**	**43,247,342,644**	**51,203,395,531**	**10.78**
100590	Corn	4,036,739,584	4,096,293,505	3,911,049,824	6,020,094,971	7,173,375,247	15.46
120190	Soybeans	2,535,815,196	2,805,137,061	2,912,495,631	3,970,319,977	5,303,165,901	20.26
100199	Wheat and meslin	1,466,899,371	1,386,479,634	1,327,642,465	1,956,701,444	2,325,673,055	12.21
20130	Fresh or chilled beef	1,075,114,719	1,097,996,639	869,308,875	1,080,978,632	1,011,260,183	-1.52
20312	Fresh/chilled hams, shoulders/cuts of swine	957,206,361	1,007,825,359	939,329,662	1,378,812,881	1,767,942,760	16.58
40210	Milk and cream powder, fat content <1 .5%	891,556,427	1,169,063,707	978,373,459	1,208,821,962	1,740,379,957	18.20
210690	Food preparations	878,493,562	945,681,499	912,009,510	1,153,413,369	1,218,998,656	8.53
230400	Soya-bean oilcake	855,142,160	850,403,218	885,788,617	1,053,382,626	1,130,401,555	7.23
120510	Canola seeds	728,060,329	532,332,896	671,633,414	1,113,987,512	1,220,981,800	13.80
230330	Brewing or distilling dregs and waste	538,266,990	557,306,699	510,670,183	793,698,414	945,432,840	15.12

Source: Global Trade tracker – March 2023

Mexican top 10 agri-food imports over the 2018 to 2022 period were corn, soybeans, wheat, pork (fresh or chilled hams, shoulders or cuts of swine), milk and cream powder, canola seeds, food preparations, soybean oilcake, beef (fresh or chilled), and byproducts (brewing or distilling dregs and waste). These 10 imports constituted 43.7 per cent of the total imports in value, for the above mentioned period. Within the top 10 imported products, soybeans showed the greatest increase (20.3 per cent) in demand from 2018 to 2022. All imported products increased in demand, except for beef, which fell 1.52 per cent during the above period. Imports of milk and cream powder, pork (fresh or chilled), corn and canola seeds saw a CAGR of 18.2, 16.6, 15.5 and 13.8 per cent, respectively.

In 2022, Mexico was the second largest importer of corn in the world with a total of 17 million tonnes in imports,[4] which helped address the increasing demand of corn (45 million tonnes per year)[5] in Mexico. Corn represented almost 13 per cent of the total imports in value for the period 2018 to 2022. Regarding soybeans, Mexico imports more than 95 per cent of its soybean internal demand.[6] The main share of soybean imports is directed to domestic crushers, with imports coming primarily from the U.S. Part of that growth is also due to increasing demand for soy meal used in animal feed. Furthermore, pork consumption has increased 7.2 per cent in 2022, compared to the previous year,[7] and this is driving the increase in the import of pork and pork products. Mexico consumed 231,800 tonnes of pork meat in January 2022, up 18 per cent compared to January 2021.[8]

The U.S. is, by far, the largest supplier of Mexico, with 72.2 per cent in value of the total Mexican imports of agri-food products, followed by Canada and Brazil with 5.5 and 3.2 per cent, respectively. Completing the top 10 supplier's list are China, Chile, Spain, the Netherlands, Peru, Guatemala and France.

[4] U.S. Department of Agriculture
[5] Mexican National Agricultural Council
[6] Mexican National Institute of Forestry and Agriculture Research (INIFAP)
[7] Mexican Meat Council (Comecarne)
[8] Aumenta casi 20 por ciento consumo de carne de cerdo en México en primer bimestre del año | Secretaría de Agricultura y Desarrollo Rural | Gobierno | gob.mx (www.gob.mx)

Graph 1 – Origin of Mexican agricultural and agri-food products imports by country (in percentage)

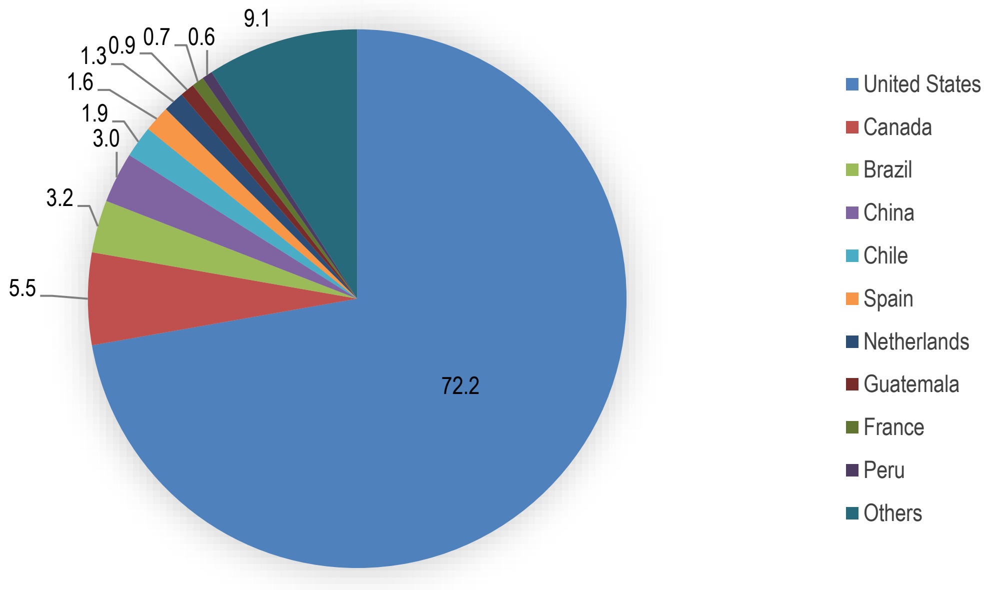

Table 2 – Top 10 suppliers of agricultural and agri-food products to Mexico

Country	2018-2022 $	%	2018 $	2019 $	2020 $	2021 $	2022 $	CAGR
All Countries	**196,599,478,777**	**100.00**	**34,001,091,567**	**34,720,326,574**	**33,427,322,453**	**43,247,342,644**	**51,203,395,539**	**10.78**
United States	142,007,128,585	72.23	24,555,827,136	25,430,010,136	24,419,309,871	31,294,869,736	36,307,111,706	10.27
Canada	10,876,021,717	5.53	1,909,722,166	1,643,461,937	1,728,978,552	2,665,172,588	2,928,686,474	11.28
Brazil	6,195,014,748	3.15	641,536,970	1,174,335,714	960,350,265	1,260,647,483	2,158,144,316	35.43
China	5,968,908,220	3.04	1,079,377,052	976,579,383	1,061,101,357	1,398,026,209	1,453,824,219	7.73
Chile	3,739,441,638	1.90	628,193,117	661,499,391	593,670,858	717,463,517	1,138,614,755	16.03
Spain	3,107,198,990	1.58	570,286,691	580,625,107	497,584,599	627,413,532	831,289,061	9.88
Netherlands	2,473,999,499	1.26	437,844,004	479,351,779	479,191,198	508,050,190	569,562,328	6.80
Peru	1,236,277,155	0.63	155,810,981	182,440,205	198,540,579	273,642,431	425,842,959	28.58
Guatemala	1,685,763,120	0.86	294,688,754	288,041,245	317,903,207	371,946,880	413,183,034	8.82
France	1,426,284,332	0.73	194,106,888	252,164,220	258,261,723	362,285,184	359,466,317	16.66

Source: Global Trade tracker – March 2023

Considering the evolving trade context, Mexico actively looks for alternate sources for their agri-food imports. In recent years, competition among agri-food suppliers has emerged from the European Union, South America, and Asia. For example, Brazil has tripled its market share of agri-food products in Mexico since 2018, reaching a CAGR of 35.4 per cent over the 2018 to 2022 period, with corn, rice and chicken having driven this increase. Chicken meat is the preferred animal protein in Mexico due to its lower price, compared to other animal protein sources, and its versatility in Mexican cuisine. On May 2022, Brazil benefited from a six-month suspension of import tariffs on 21 staple items and five basic commodities for food processing, a move by the Mexican administration to maintain "fair prices" for the basic food basket.

Top Imports from the U.S.

Mexico is the top destination for key U.S. agricultural exports, including corn, dairy products, poultry meat, sugar and sweeteners, milled grains, and distiller's grains. Mexico is the second or third largest market for more than 20 other agri-food exports, including soybeans, pork, beef, wheat, oilseed meals, fresh fruit, and many processed foods or beverages.[9]

Grain imports in Mexico continue to show steady growth, particularly for feed grains (mainly corn) due to the expansion in the animal feed sector. The U.S. is the main supplier of corn, with almost 90 per cent of the total value in 2022. Mexico was the top export destination for wheat, and rice by volume in 2021. The U.S. is poised to remain Mexico's principal supplier due to logistical advantages and existing business relationships.

The U.S. is Mexico's top supplier of soybeans, followed by Brazil that had 11 per cent of Mexico's market share in 2022. Canada did not report any soybean exports to Mexico. Soybeans are generally imported and crushed in Mexico for use as edible oil for human consumption and soy meal for livestock feed. The demand in volume is expected to grow at a rate of approximately 2.5 per cent in the oilseed meal and 1.5 per cent in the oil sector over the coming year. Growth is driven by continued meal demand from the poultry and livestock sectors. Mexican oilseed crushers are expected to continue increasing oil production (3.1 per cent) to keep up with population growth and meal demand. Given the continued demand for soybeans for crushing, steady growth in imports is likely to continue with an expected annual growth of 2.7 per cent.

Mexico is the number one market for U.S. dairy products. The dairy processing industry uses dairy imports to close the gap between demand and production. Ninety-seven per cent of the skim milk powder consumed in Mexico is imported from the United States.

The U.S. is also the largest supplier of apples, pears, and grapes to the Mexican market, a trend that is expected to continue. In 2022, imports of apples and pears reached $409 million and 116 million, and were the 16th and 47th most imported agri-food product in value from the U.S., respectively. As Mexico is a price sensitive market, fruit import levels depend heavily on U.S. product prices, exchange rates, and the availability of lower cost fruits. The U.S. apple industry has retained its dominant market position by successfully marketing American apples through in-store promotions. The domestic supply of pears is supported by imports, primarily from the U.S., as production in Mexico continues to decline. Wholesale markets remain the most important fruit distribution channel for U.S. pears.

Table 3 – Mexican imports from the United States of America

HS Code	Description	2018-2021	%	2018 $	2019 $	2020 $	2021 $	2022 $	CAGR %
Total		**142,007,128,581**	**100.00**	**24,555,827,144**	**25,430,010,126**	**24,419,309,866**	**31,294,869,733**	**36,307,111,712**	**10.27**
100590	Corn	23,681,908,550	16.68	4,012,188,266	3,672,040,770	3,638,751,753	5,919,528,487	6,439,399,274	12.56
120190	Soybeans	15,395,162,324	10.84	2,360,957,310	2,491,277,121	2,512,365,926	3,286,975,318	4,743,586,649	19.06
100199	Wheat and meslin	6,653,708,003	4.69	850,218,845	1,082,375,820	1,043,113,212	1,620,070,585	2,057,929,541	24.73
40210	Milk powder <1.5 fat	5,820,340,927	4.10	861,132,550	1,046,711,794	970,069,412	1,207,725,898	1,734,701,273	19.13
20312	Fresh or chilled hams	5,562,457,651	3.92	886,526,093	918,304,643	882,438,632	1,249,205,684	1,625,982,599	16.37
230400	Soybean oilcake	4,760,112,186	3.35	850,106,157	848,922,078	883,476,987	1,051,119,938	1,126,487,026	7.29
230330	Brewing/distilling dregs and waste	3,345,370,124	2.36	538,261,988	557,306,699	510,670,183	793,698,414	945,432,840	15.12
210690	Food preparations	3,529,796,968	2.49	669,140,204	675,680,474	607,018,020	775,022,918	802,935,352	4.66
20130	Fresh or chilled beef	4,180,750,472	2.94	939,087,957	947,814,801	713,849,872	816,430,912	763,566,930	-5.04
20713	Fresh or chilled cuts of chicken	2,716,672,961	1.91	386,111,169	461,680,758	486,195,518	678,874,247	703,811,269	16.19

Source: Global Trade tracker – March 2023

[9] U.S. Department of Agriculture

Top Imports from Canada

As shown in Table 4, Mexican imports from Canada have seen steady growth over the year, with a CAGR of 11.3 per cent in value for the 2018 to 2022 period. Canola oil has seen growth at 46 per cent CAGR for the period 2018 to 2022, due increased export volumes and high prices. Pork products have also seen important growth with 25 per cent CAGR for frozen pork meat and 19 per cent CAGR for hams, shoulders and other cuts (fresh or chilled) and 12 per cent CAGR for fresh pork meat. With respect to frozen meat imports, pork volumes almost doubled from 12,500 tonnes in 2018 to 23,800 tonnes in 2022.

Table 4 – Mexican imports from Canada

HS Code	Description	2018-2022 $	%	2018 $	2019 $	2020 $	2021 $	2022 $	CAGR %
Total		**10,876,021,717**	**100.00**	**1,909,722,166**	**1,643,461,937**	**1,728,978,552**	**2,665,172,588**	**2,928,686,474**	**11.28**
120510	Canola seeds	4,164,295,750	38.29	698,679,250	521,894,404	658,432,985	1,113,836,862	1,171,452,249	13.79
100199	Wheat and meslin	1,235,303,458	11.36	332,759,602	207,149,047	222,771,186	220,934,163	251,689,460	-6.74
151419	Canola oil	958,551,322	8.81	74,500,115	101,504,057	135,174,156	308,500,900	338,872,094	46.04
20130	Fresh or chilled beef, boneless	572,125,171	5.26	87,680,607	106,532,647	86,875,515	137,227,397	153,809,005	15.09
20312	Fresh or chilled hams	488,659,372	4.49	70,680,268	89,520,716	56,891,030	129,607,197	141,960,161	19.05
20319	Meat of swine	446,773,353	4.11	83,013,437	82,959,972	49,515,612	98,956,596	132,327,736	12.36
110710	Malt	304,717,850	2.80	53,527,740	58,139,083	55,109,460	58,643,401	79,298,166	10.32
200410	Potatoes, prepared or preserved	210,929,139	1.94	43,056,330	56,070,388	31,707,879	31,057,099	49,037,443	3.31
20329	Frozen meat of swine	188,159,327	1.73	27,790,692	29,244,976	12,557,498	50,454,533	68,111,628	25.12
151411	Canola oil, crude	103,958,725	0.96	1,943,106	-	-	4,815,555	97,200,064	165.95

Source: Global Trade tracker – March 2023

Manitoba is the third largest contributor of Mexican imports from Canada, after Saskatchewan and Alberta, representing 22 per cent of the total import value for 2022. Table 5 shows the top 10 imports from Manitoba. Canola oil and pork products showed significant growth between 2018 and 2022, reaching a CAGR of almost 50 and 30 per cent, respectively.

Table 5 – Mexican imports from Manitoba

HS Code	Description	2018-2022 $	%	2018 $	2019 $	2020 $	2021 $	2022 $	CAGR %
Total		**2,306,747,293**	**100.00**	**367,560,674**	**325,146,509**	**345,680,673**	**623,636,742**	**644,722,695**	**15.08**
120510	Canola seeds	670,719,692	29.08	102,286,643	77,657,886	97,448,080	184,340,001	208,987,082	19.56
151419	Canola oil	520,951,893	22.58	37,323,308	41,541,147	75,554,259	178,644,245	187,888,934	49.79
020319	Fresh or chilled meat of swine	319,985,583	13.87	71,601,894	71,157,401	40,001,550	60,024,188	77,200,550	1.90
100199	Wheat and meslin	244,658,584	10.61	64,788,295	42,527,699	44,687,898	44,783,357	47,871,335	-7.29
200410	Potatoes, prepared or preserved	118,870,212	5.15	20,350,704	26,323,484	15,368,707	22,989,035	33,838,282	13.56
020329	Frozen meat of swine	83,887,811	3.64	10,896,117	10,234,742	6,330,644	26,770,911	29,655,397	28.44
020630	Fresh or chilled edible offal of swine	72,492,578	3.14	8,820,548	8,974,770	9,540,881	30,635,554	14,520,825	13.27
110319	Groats and meal of cereals	90,232,689	3.91	16,433,289	15,103,003	21,214,766	23,158,707	14,322,924	-3.38
071339	Dried, shelled beans	46,367,238	2.01	11,819,727	6,723,731	8,423,721	11,661,874	7,738,185	-10.05
020649	Edible offal of swine, frozen	28,076,896	1.22	3,623,754	5,648,639	5,883,950	6,747,413	6,173,140	14.24

Top Imports from Brazil

Brazil has three trade agreements with Mexico, including the Agreement of Economic Complementation (ACE) 53 that covers agricultural and agri-food products. The accord establishes the reduction of tariffs for approximately 800 products through the concession of reciprocal preferences between the two countries, as well as the elimination of the additional Merchant Navy renewal Tax,[10] which benefit imports from Brazil, compared to other countries.

Soybeans are the largest import from Brazil, representing over 34 per cent of the total imports during the period 2018 to 2022, with a CAGR of 33.9 per cent. Corn and frozen chicken cuts followed suit, accounting for 24 and 18 per cent of total imports, respectively as shown in Table 6. Despite its variability, corn has seen an important increase in import value with a CAGR of 127 per cent during the same period.

A third-country tariff-rate quota for chicken meat has allowed Brazil to expand market share through breast and wing exports, more than doubling the imports of frozen chicken cuts in value in 2022 compared to the previous year.

Table 6 – Mexican imports from Brazil

HS Code	Description	2018-2022	%	2018 $	2019 $	2020 $	2021 $	2022 $	CAGR %
Total		**6,195,014,749**	**100**	**641,536,968**	**1,174,335,714**	**960,350,266**	**1,260,647,475**	**2,158,144,326**	**35.43**
100590	Corn	1,466,129,742	23.67	24,367,988	422,841,961	271,302,997	100,566,355	647,050,441	127.00
120190	Soybeans	2,120,963,631	34.24	173,998,111	310,118,279	399,886,553	677,381,437	559,579,251	33.92
020714	Frozen chicken cuts	1,101,681,789	17.78	232,877,197	226,320,396	11,309,661	198,781,925	432,392,610	16.73
100610	Rice in the husk	245,192,980	3.96	-	-	32,149,429	10,728,165	202,315,386	150.86
020727	Frozen cuts of turkeys	118,820,648	1.92	24,311,797	54,092	762,354	11,704,242	81,988,163	35.51
040711	Fertilized eggs for incubation	110,931,325	1.79	16,447,491	10,482,171	3,698,403	20,081,489	60,221,771	38.33
240120	Tobacco	50,840,110	0.82	7,401,163	9,797,592	12,016,613	2,763,776	18,860,966	26.35
120740	Sesamum seeds	34,029,161	0.55	-	11,766	-	16,019,282	17,998,113	1052.21
090111	Coffee	379,694,726	6.13	40,785,661	99,929,486	106,571,243	114,803,015	17,605,321	-18.94
090411	Pepper	57,301,615	0.92	14,744,686	10,961,445	7,141,021	9,552,155	14,902,308	0.27

Source: Global Trade tracker – March 2023

Top Imports from China

China represents three per cent of the total Mexican agri-food imports. As shown in Table 7, fish and seafood products account for almost half of total imports from China. It is also interesting to note the increase of protein concentrate imports originating from China, tripling in value during the period 2018 to 2022. Other key ingredients used in the Mexican food manufacturing sector are malt and glucose, with important increases in value in the last five years.

Considering the diverse range of agri-food products imported into Mexico, China does not appear to be a direct competitor to Canada and Manitoba.

[10] Brasil – México (ACE 53) — Siscomex (www.gov.br)

Table 7 – Mexican imports from China

HS Code	Description	2018-2022 $	%	2018 $	2019 $	2020 $	2021 $	2022 $	CAGR %
Total		**5,968,908,235**	**100.00**	**1,079,377,063**	**976,579,387**	**1,061,101,357**	**1,398,026,210**	**1,453,824,218**	**7.73**
160419	Prepared or preserved fish	2,073,808,610	34.74	317,079,041	339,265,361	402,479,851	543,815,645	471,168,712	10.41
160529	Shrimps and prawns	778,137,184	13.04	145,128,191	98,831,112	116,293,047	229,535,746	188,349,088	6.73
130219	Vegetable saps and extracts	473,161,084	7.93	59,968,244	76,761,035	111,307,983	106,921,971	118,201,851	18.49
90421	Fruits of the genus capsicum	300,735,883	5.04	61,558,922	68,206,066	47,443,991	63,666,777	59,860,127	-0.70
160414	Prepared or preserved tunas	293,439,517	4.92	56,859,403	32,430,123	60,580,711	60,861,200	82,708,080	9.82
121299	Fruit stones and kernels and other vegetable products	172,851,756	2.90	14,971,467	22,825,148	38,749,674	46,474,112	49,831,355	35.07
230990	Preparations for animal feeding	153,948,272	2.58	35,175,947	23,936,415	27,613,792	27,638,066	39,584,052	3.00
170490	Sugar confectionery	122,741,699	2.06	22,792,695	23,953,273	18,939,362	30,041,516	27,014,853	4.34
90422	Fruits of the genus capsicum (crushed or ground)	97,035,048	1.63	17,739,103	14,963,036	14,761,478	20,387,168	29,184,263	13.25
110710	Malt	80,009,364	1.34	-	-	17,437	15,468,759	64,523,168	5983.06
170230	Glucose in solid form and glucose syrup	54,640,921	0.92	1,257,832	2,490,196	4,625,207	9,559,980	36,707,706	132.43
210610	Protein concentrates	45,087,451	0.76	6,947,359	5,719,185	6,845,506	7,344,702	18,230,699	27.28

Source: Global Trade tracker – March 2023

Top Imports from Other Countries

Imports originating from Chile, Spain, the Netherlands, Peru, Guatemala and France represented approximately seven per cent of the total imports in value for the period 2018 to 2022.

As shown in Table 8, vegetable seeds account for nine per cent of total imports in value originating from these six countries, followed by wine, crude palm oil, frozen salmon fillets, frozen chicken cuts, food preparations and fresh grapes with 5.9, 4.9, 4.1, 3.4, 3.3 and 3.2 per cent, respectively. Frozen chicken cuts imports have seen an important increase in the 2018 to 2022 period with a CAGR of 52.3 per cent, highlighting the impact of trade agreements Mexico has with multiple partners. Fresh grapes and cheese have also seen steady increases in value during the 2018 to 2022 period, with CAGR value of 21.5 and 6.9 per cent, respectively. Most of these agri-food imports are not in direct competition with Canadian and/or Manitoban agri-food exports.

Supply Chain Dynamics

The food supply chain is the most important one in the Mexican economy.[11] It consists of farms, transport sector, industry, distribution, retailers and consumers, and accounts for 22 per cent of the national Gross Domestic Product (GDP). It generates 34 per cent of the total jobs in the country, with five million families directly dependent on it.

The Mexican consumer prefers to buy in actual stores, rather than e-stores.[12] Despite the drastic increase of e-commerce driven by the COVID-19 pandemic, the purchases in actual retail stores continue to grow, as consumers expect increased personalized service and a larger, faster and satisfactory purchase experience. There are 31 supermarket chains with a combined 3,435 stores in Mexico. There are also 2,484 department stores and 62,377 specialized stores throughout Mexico. More than 56 per cent of the retail market is served by informal establishments (mobile street vendors and open public markets) which traditionally distribute local products. Retail sales in supermarkets grew steadily by 7.7 per cent in 2020.[13]

[11] Cadena de suministro alimentaria y sus tendencias (thefoodtech.com)
[12] Tiendas físicas, las preferidas para hacer compras en México (thefoodtech.com)
[13] Mexican Association of Nationwide Retailers (ANTAD, 2020)

Table 8 – Mexican imports from Chile, Spain, the Netherlands, Peru, Guatemala and France

HS Code	Description	2018-2022 $	%	2018 $	2019 $	2020 $	2021 $	2022 $	CAGR %
Total		**13,668,964,772**	**100.00**	**2,280,930,446**	**2,444,121,956**	**2,345,152,173**	**2,860,801,743**	**3,737,958,454**	**13.14**
120991	Vegetable seeds	1,204,847,297	8.81	189,454,161	214,810,740	230,722,507	273,978,168	295,881,721	11.79
220421	Wine	801,617,272	5.86	170,401,536	162,716,316	125,088,723	147,456,998	195,953,699	3.55
151110	Crude palm oil	673,937,290	4.93	93,053,738	110,470,947	85,198,989	149,343,721	235,869,895	26.18
030481	Frozen fillets of pacific salmon	561,402,405	4.11	98,220,814	104,347,815	84,590,088	106,786,094	167,457,594	14.27
020714	Frozen chicken cuts	463,903,995	3.39	38,294,327	52,870,746	66,940,670	99,837,757	205,960,495	52.29
210690	Food preparations	454,816,470	3.33	57,247,418	69,343,123	117,322,205	105,169,216	105,734,508	16.58
080610	Fresh grapes	434,056,185	3.18	60,852,565	74,235,990	80,540,582	85,995,811	132,431,237	21.46
040690	Cheese	405,902,017	2.97	76,173,837	82,550,776	70,898,604	76,694,974	99,583,826	6.93
220820	Spirits	329,271,559	2.41	80,617,084	91,338,262	54,667,133	43,866,143	58,782,937	-7.59
150910	Virgin olive oil	282,861,576	2.07	71,205,313	55,706,320	64,341,697	91,608,246	-	8.76
150920	Extra virgin olive oil	71,912,046	0.53	-	-	-	-	71,912,046	

Canada-Mexico Trade Relations

The trade and investment relationship with Mexico has grown since the implementation of the North America Free Trade Agreement (NAFTA) in 1994. The Canada-US-Mexico Free Trade Agreement (CUSMA) signed in 2018, ratified by the Mexican Government in 2019, and entered into force on July 1, 2020, has adjusted the previous agreement to the realities of the 21st century. Canadian trade and investment with Mexico was at $41.7 billion in two-way merchandise trade in 2021. Mexico is Canada's third largest single-country merchandise trading partner (after the U.S. and China). Canada was Mexico's sixth-largest merchandise trading partner in 2021. Canadian Direct Investment in Mexico was $25 billion in 2021, which is Canada's ninth largest direct investment destination. Mexico's stability, growing consumer class and competitive labour continue to make it an attractive market for Canadian exports and investments. Mexico has been identified as a priority market for Export Development Canada (EDC), which has operated a regional office in Mexico since 2000, providing extensive financial services related to Canadian exports and investments in the country.

The CUSMA[14] agreement contains a chapter with non-discrimination and transparency commitments regarding the sale and distribution of alcoholic beverages and labelling and certification provisions to help avoid technical barriers in the trade of wine and distilled spirits.

Market Access Regulations

NAFTA[15] eliminated virtually all tariffs between Canada and Mexico, with very few exceptions. CUSMA maintains the benefits of its antecessor to ensure trade will continue to be duty-free, with the additional modernization of customs procedures for the free flow of goods and the elimination of technical barriers to trade. CUSMA also preserves existing agriculture commitments between Canada and Mexico along with beneficial outcomes for agriculture that include a modernized Committee on Agriculture Trade, which will provide a forum for parties to address issues and trade barriers. Under CUSMA, most Canadian agri-food products have duty-free access to Mexico, with the exception of poultry, eggs, dairy and sugar. Under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), some Canadian products, with no preferential access under CUSMA, can be exported to Mexico duty-free or with preferential duty under country-specific permanent tariff rate quotas established by Mexico. These include milk powder, evaporated and condensed milk, butter, cheese and dairy-based preparations.

Canada and Mexico are also signatories of the CPTPP. Therefore, CUSMA and CPTPP co-exist with Canadian exporters who are able to choose the free trade agreement that provides them with the best trade option for their products.

[14] Canada-United States–Mexico Agreement
[15] NAFTA – North America Free Trade Agreement

Consumer Trends and Opportunities

As Mexico's population grows, the country will continue to import agri-food products to address its increasing food demand. Mexico's annual population growth rate is about 1.06 per cent[16] and its population is expected to peak at the end of 2062 with 157.2 million people. Mexico is already a net importer of animal feed and it is highly dependent on grains, oilseeds and meat imports. Manitoba is in a great position to continue supplying canola products (seed and oil), pork products and processed potatoes to Mexico and expanding its offer of agri-food exports. The CUSMA and CPTPP agreements, combined with the $27 billion merger between Canadian Pacific (CP) Railway and Kansas City Southern (KCS), are expected to open doors to producers and exporters of agri-food products and help access once inaccessible export destinations in Mexico.[17]

Opportunities also exist for Canadian and Manitoba producers and exporters as suppliers of ingredients for the Mexican food processing industry, particularly as it relates to corn, beans, poultry, beef and plant-based proteins.[18] The food processing industry in Mexico is strong and well-established, ranking 11th in the world and third in Latin America.[19] It accounted for 7.6 per cent of the GDP in 2021[20] and is expected to grow at a three per cent annual rate.[21] Convenience is one of the drivers of this growth, with 41 per cent of Mexican consumers indicating they are willing to spend money to save time.[22] As an example of this growing market in Mexico, prepared pork meat products are sold in a format that allows cooking straight from the package, making food preparation more convenient and cooking more effective. This signals an opportunity for tapping into the convenience market and expanding the value of pork and pork products imported from Canada and Manitoba. Furthermore, the non-dairy sector is forecasted to increase by 71 per cent over the period from 2021 to 2026. This also presents opportunities for Manitoba as an exporter of plant-based proteins which are used as ingredients in the non-dairy and alternative meat sectors.

Although no imports of fish from Manitoba have been recorded for the 2018 to 2022 period,[23] the growth of the convenience sector and the increasing demand for fish products in Mexico offers an interesting opportunity for Manitoba to explore the fish market in this country.

Mexico's demand for dairy products is expanding as a result of a growing population as well as industry efforts to encourage consumption of a wider range of dairy products beyond only fluid milk. For example, the demand for milk and cream powder products in Mexico has increased at 18 per cent CAGR between 2018 and 2022. This is partly related to production costs, as it is cheaper for Mexico to import skim milk powder than to produce it locally[24], but it is also related to limited local capacity. Only five dehydrating facilities operate in the country and they are not always working at full capacity. Manitoba supplies Mexico with powder milk and exports have been growing steadily (30 per cent CAGR) in the last five years. In 2022, powder milk was ranked 14th among all agri-products imported from Manitoba. There may be opportunities to expand exports in this category.

Given their proximity and well-established infrastructure, the U.S. is Canada's direct competitor in Mexico. Nevertheless, Canada and Manitoba have a well-established market in Mexico that stems from current efforts in food innovation and the high quality of Canadian agri-food products.

[16] Mexico Population 2023 (Live) (worldpopulationreview.com)
[17] Canada West Foundation – March 2023
[18] Food industry in Mexico - Statistics & Facts | Statista
[19] Euromonitor – March 2023
[20] Instituto Nacional de Estadística y Geografía (Mexico)
[21] Secretaría de Economía de México
[22] Euromonitor Voice of the Consumer: Lifestyles Survey 2022
[23] CATSNET, April 2023.
[24] Mexico's dairy sector remains resilient - Dairy Global

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