

## THE PROCESSED FOOD SECTOR

Mexico is a leader in the export of certain foods, which has allowed a global position within the industry.

According to the *Alix Partners 2011 US Manufacturing-Outsourcing Index*, Mexico is the most competitive country in terms of manufacturing costs, which are approximately 21% lower than those in the United States, 11% lower than in China and 3% lower than in India.

In 2011, and according to KPMG, the processed foods industry in Mexico offered 14.1% savings in manufacturing costs when compared to the United States.



### MEXICO'S ADVANTAGES TO THE INVESTOR

- The processed food industry in Mexico represents an attractive opportunity due to a high internal market.
- Mexico has the necessary resources to provide primary goods, workforce and technology.
- Mexico has access to a potential market of 1 billion consumers and 63% of the global GDP, thanks to a wide network of free trade agreements with 40 countries.
- México has 28 Investment Promotion and Protection Agreements (IPPAs) and agreements to prevent double taxation with over 40 countries.
- Mexico has access to the Atlantic and Pacific oceans and is an intermediary in the North and South American markets, where growth is increasing.

### WHAT ARE THE GOODS CONSIDERED WITHIN THE SECTOR?

Dehydrated, frozen, canned and refrigerated foods, cereals, ice cream, pasta, sauces and dressings, snacks, packaged food like meat, fish, bread products, dairy and confectionery.

- ✓ Between 2005-2010 the industry's production had an average annual growth rate of 5.2%.
- ✓ Between 2011 and 2020, it is estimated that the industry will grow at an average annual rate of 6.3%.
- ✓ In 2009 the processed food sector employed 815,229 workers.

### CONSUMPTION

- ✓ In 2012 the processed food consumption in Mexico amounted to 124,983 million dollars, with an annual growth of 1.9%.
- ✓ Between 2012-2020 it is expected that consumption will grow at an average annual rate of 7.4%.
- ✓ In 2011, the most consumed food group was bread and tortillas.

### EXPORT OPPORTUNITIES

The following categories are emphasized: confectionery, food preparations, coffee, canned vegetables and fruits, flours and cereals and nuts.

The natural destination of Mexican processed foods has been the United States. However, Mexican exports are increasingly diversifying. For example: there is an important growth of exports to Germany, growing 55% in comparison to 2011, exports to Netherlands increased 28%, to Peru 26% and France 20%.

### FOREIGN DIRECT INVESTMENT (FDI)

In 2011, FDI reached a value of 1,968 million dollars. The total accumulated value was 21,722 MD in the 2002-2011 period. The sector is growing due to an increasing population and consumption trends in health and a great diversity of food production capabilities. During that same period, the main investing countries in Mexico, within the industry, were Holland with 52%, United States 24% and Switzerland with 19%, which together represented 95% of the total cumulative share of FDI.