



Mexico food and agriculture June 2022

Mexico is a globalised market with opportunities for agricultural exporters. The Mexican economy has recovered well post-COVID-19 and shown some growth. The Mexican government is seeking to diversify sources of food imports.

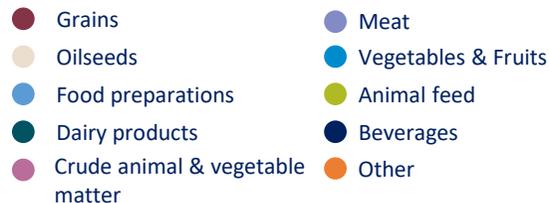
Mexico market overview

- > Mexico has a population of 129 million with real GDP forecast to grow by 3.3% in 2022. Mexico is the 15th largest economy in the world.
- > Disposable household income increased from US\$12,600 in 2008 to US\$17,100 in 2020. An expanding middle class has led to a growing appetite for high-quality agricultural and food products, including increased demand for food with organic or health credentials.
- > In 2021, the US supplied 78% of Mexico's agricultural and food imports. However, the Mexican government is seeking to diversify food import sources.
- > Mexico and Australia have complementary agricultural exports. Australia is a major exporter of grains, oilseeds and meat, for which there is strong demand in Mexico, while Mexican fruit and vegetables are counter-seasonal to Australian production.
- > Australian exporters receive preferential access to Mexico under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

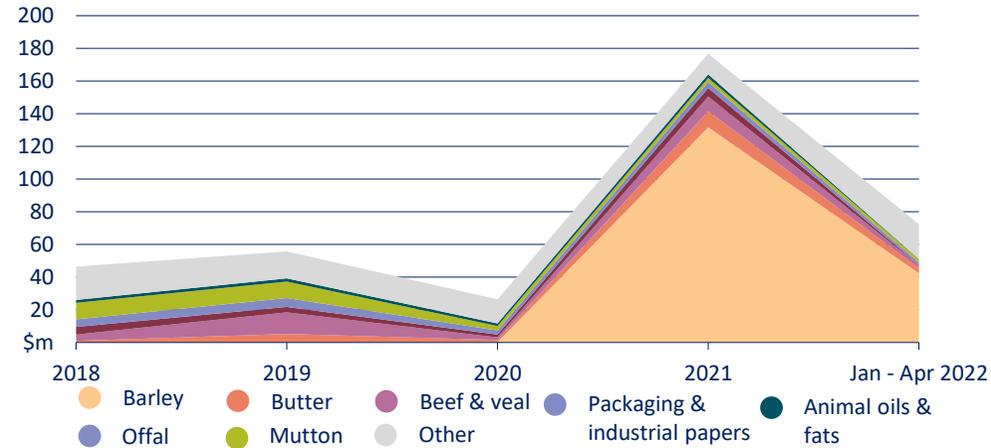
Mexico agricultural and food imports

- > In 2021, Mexico imported A\$41.6b in agricultural and food products.
- > Mexico is a major importer of grains (A\$10.6b), meat (A\$7b) and oilseeds (A\$4.7b).
- > Mexican agricultural and food imports have increased by 20% over the last 3 years.
- > In 2021, Australia exported a record A\$172.9m in agriculture and food products to Mexico. This 678% increase on 2020 was primarily due to increased Australian barley exports and receiving preferential tariffs under the CPTPP.

Mexico agricultural and food imports from the World in 2020



Australian agricultural, fisheries & forestry exports to Mexico



Outlook for Australian agricultural and food exports to Mexico

- > The US will remain Mexico's main source of agricultural imports due to proximity and established trading relations. However, Mexico's diversification strategy and pursuit of new trade deals shows that Mexico is seeking to broaden its import sources. This will create opportunities for other suppliers, including Australia.
- > The success of recent Australian barley exports indicates that there may be opportunities for other commodities including wheat, canola, oats and sorghum.
 - > A growing middle class will likely also provide opportunities for high value commodities in niche markets such as organic products, chilled beef and premium wine.
- > There will be strong competition from other countries seeking to increase trade to Mexico. For example, Brazil, Canada, Argentina and Chile could all increase their share of Mexico's grains, oilseeds and meat imports.