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SECRETARÍA DE
AGRICULTURA, GANADERÍA,
DESARROLLO RURAL, PESCA Y ALIMENTACION

SAGARPA



Mexico: The agrifood trade promotion strategy

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Fisheries and Food
(SAGARPA)

Overview

- **ASERCA and the General Coordination for Trade Promotion and Foreign Market Development**
- **Mexico: The agrifood exportable supply**
- **The Mexican Government Strategy: The Agri-Food Commercialization Virtuous Circle**
- **The programs of the Agri-Food Commercialization Virtuous Circle**
 - **Nafin Electronic Factoring**
 - **DRC Mexico**
 - **Promotion Boards**
 - **Health and Farm Foundation**
 - **Mexico Supreme Quality TM**
 - **Direct Buying Program: The retail sector in Mexico, a new strategy in food commercialization**



ASERCA

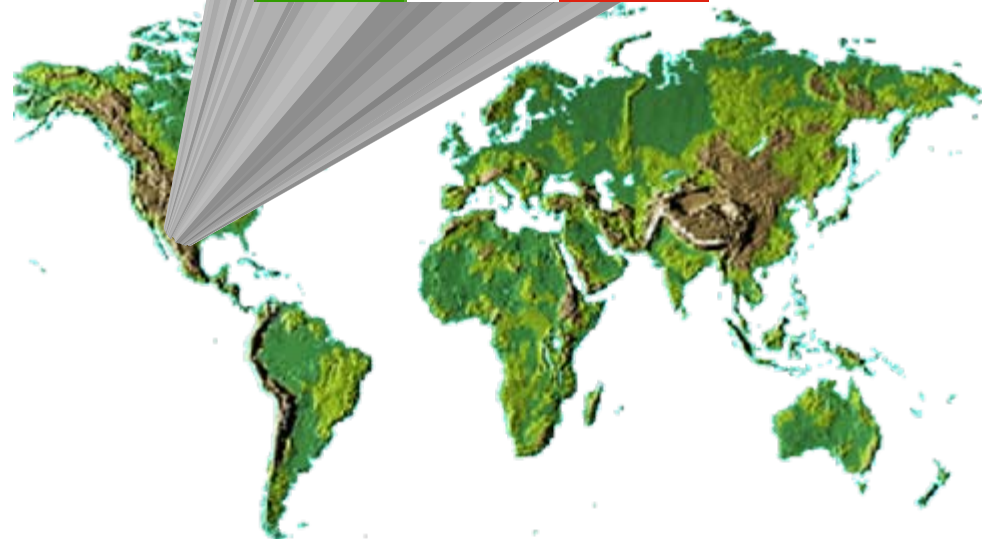
- ASERCA is a branch of the Mexican Ministry of Agriculture (SAGARPA) dedicated to help producers commercialize their products in a better, more advantageous way.
- This, throughout different programmes which are conceived and operated by the General Coordination for Trade Promotion and Foreign Market Development.
- All these programmes are shown in what we call the “Agri-Food Commercialization Virtuous Circle”, which we will go through later on this presentation.



Mexico



- Mexico is the third largest country in Latin America.
- A multiplicity of microclimates enables the production of a wide variety of products, from apples and grapes to pineapples and bananas.

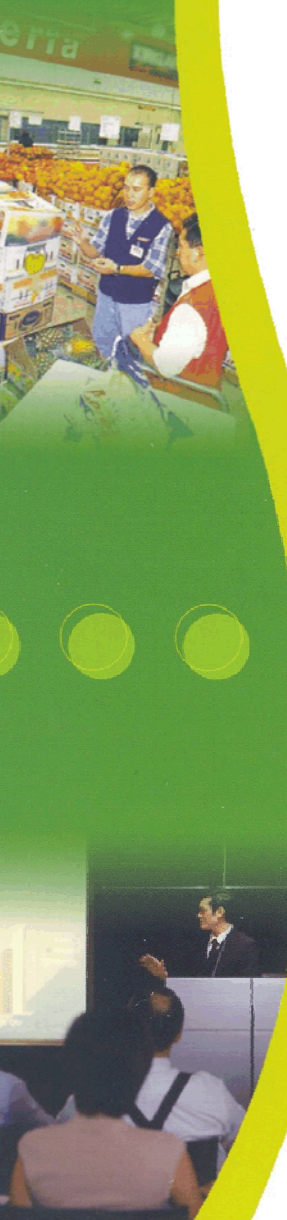


Mexico



- Mexico grows as many as 70 different varieties of fruits and 60 kinds of vegetables.
- The **key factor for agricultural exports** has been the **targeting of specific market and niches**, adopting **consumer-oriented techniques** for product marketing, and strict compliance with the **highest international quality**, presentation standards and flavor.
- As far as **food safety** is concerned, the Mexican Government and the private sector have adopted the most **advanced agricultural practices and manufacturing techniques** for fruits and vegetables in order to **guarantee safe produce for the international consumer**.

Mexico is one of the Top Exporters of fruits and vegetables...



Melon
Lemon
Pepper
Tomato

2

Avocado
Onion
Mango
Papaya
Asparagus
Watermelon

1

Egg Plant
Broccoli
Strawberry
Grapes
Garlic
Coffee
Species
Pineapple
Banana

3-5

Advantages of the Mexican Exportable Supply

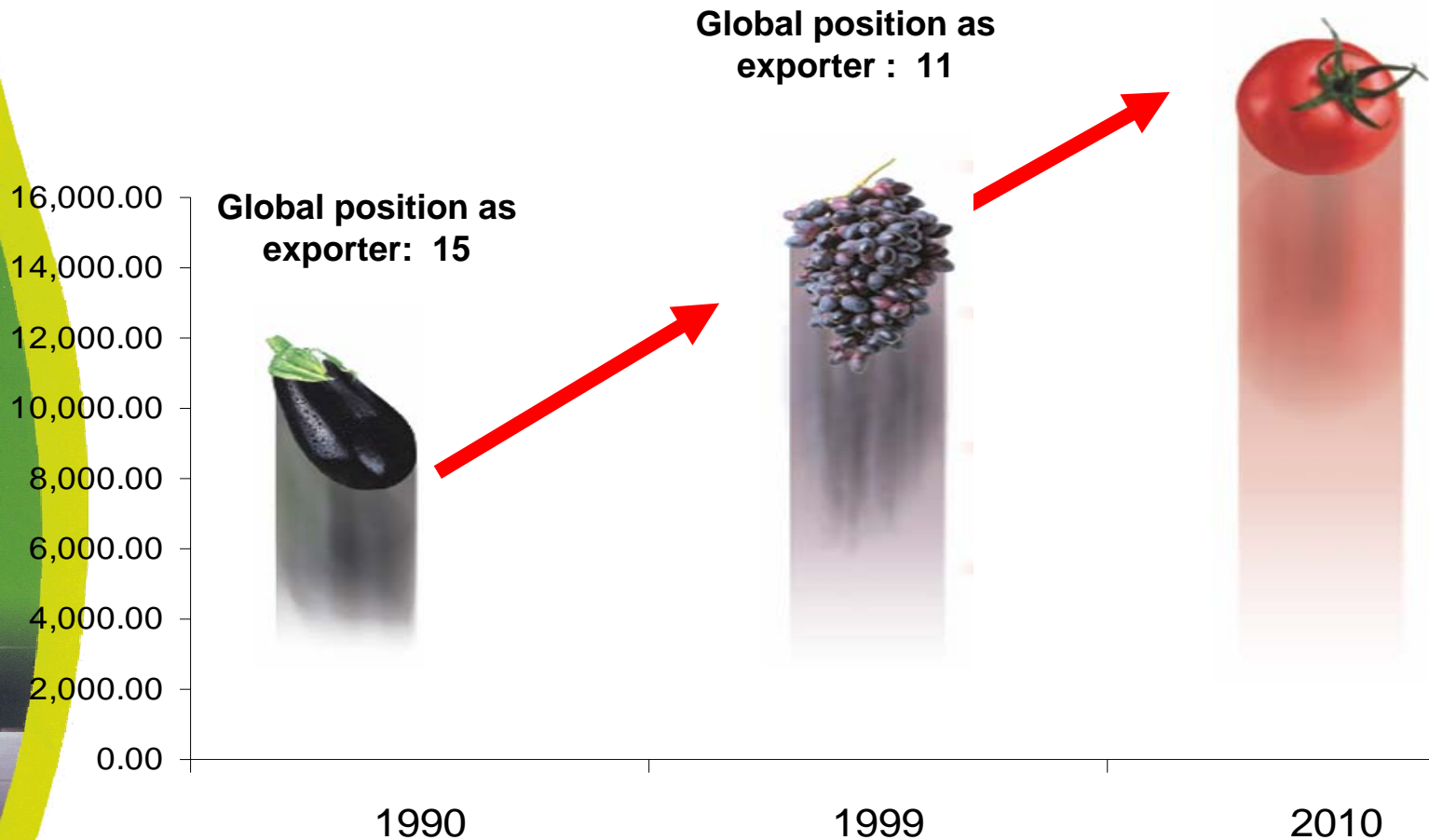


- Year round production
- Wide variety and quantity of products.
- Good Agricultural and Manufacturing Practices.
- High production seasons in Mexico while high demand for imported products world-wide.



In 2003, Mexico was the 11th largest exporter of agricultural products in the world..

**Annual Average
Increasing Rate: 10.4%**



Agri-Food Commercialization Virtuous Circle



All this, throughout the Innovation

In Mexico we are innovating to **improve the quality** of our agricultural and livestock products, to become more **competitive**, to create awareness for our products and synergies through **organization**.

We are taking advantage of our **strengths** and transforming our weaknesses into **opportunities** of change.



The Programs of the Agri-Food Commercialization Virtuous Circle



Electronic Factoring



nacional financiera
BANCA DE DESARROLLO
TU BRAZO DERECHO

SUPPLIER

BANK

Publicates
Accounts payable
in Nafinsa's site

Factors accounts
receivable with
it's code and
countersign

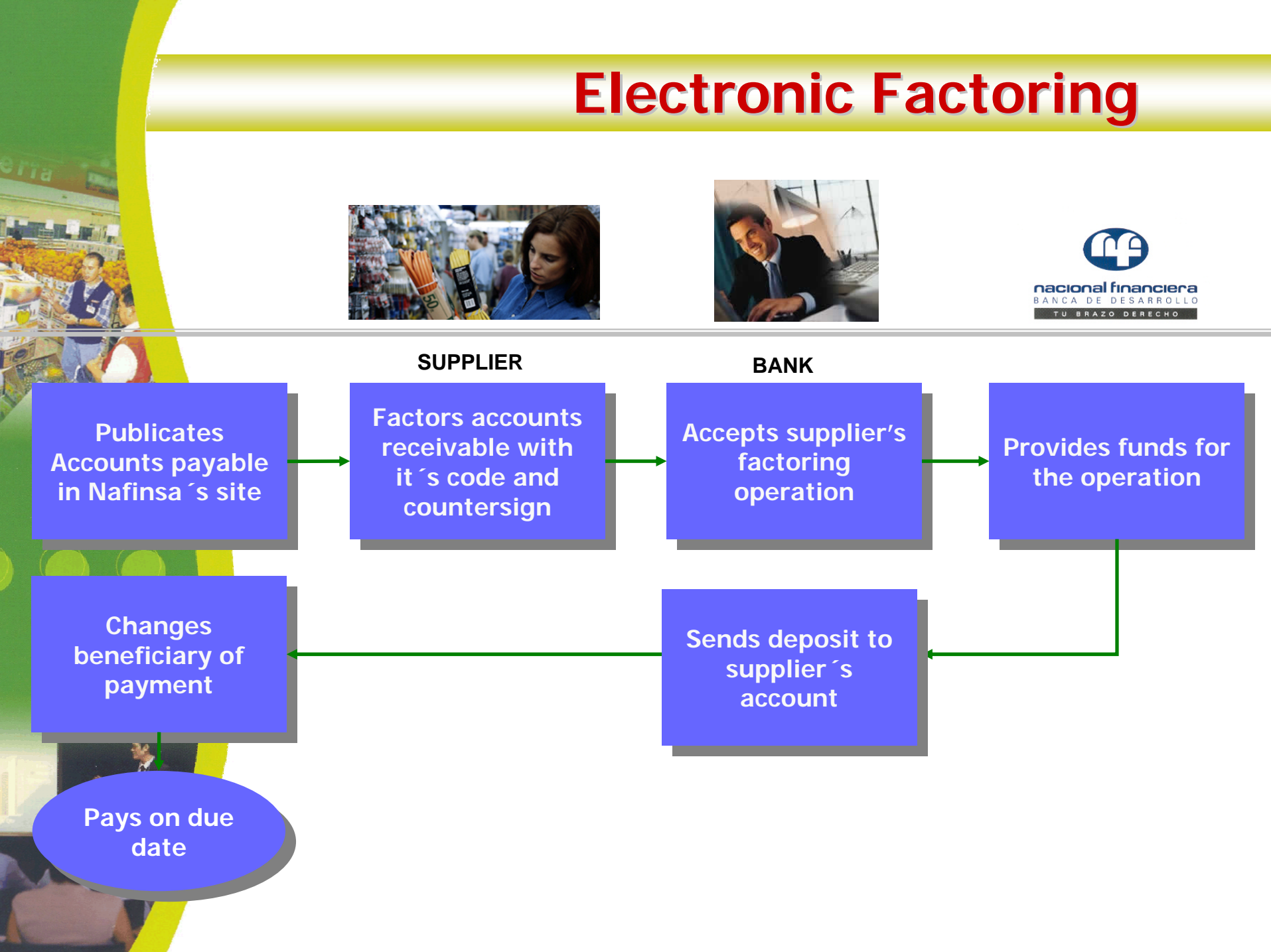
Accepts supplier's
factoring
operation

Provides funds for
the operation

Changes
beneficiary of
payment

Sends deposit to
supplier's
account

Pays on due
date



Supplier Chains

La **cadena comercial** más importante de México con **563 unidades** distribuidas en **53 ciudades** a nivel nacional

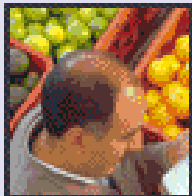
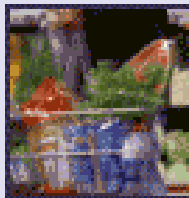
The most important **retailer** in Mexico **563 units** distributed over **53 cities** nationwide



Precios bajos

Credit and Services to SMEs

- Financing
- Economic Information & Services



WAL★MART
MEXICO

productos y servicios



contáctenos



proveedores



bienes raíces



acerca de la empresa



información financiera



relación con inversionistas



¿desea ser proveedor?



información a proveedores



wal'mart-nafin



about us



financial information



investor relations



DRC Mexico



- Fresh Fruits and Vegetables Dispute Resolution Corporation (DRC) with offices in Mexico, Canada, and the U.S.
- Recognized at NAFTA as a private organization to provide a dispute resolution system for trade in fresh fruits and vegetables within North America (including domestic market).



DRC and Retailers relationship in Mexico for the next future

- Trade systems for agri-food tend to adopt fair trade policies supervised by private arbitration agents.
- Mexico is forming the National Service for Quality Inspection.
- DRC Mexico will become Mexico's Arbitrator for the National Arbitration System for the Rural Sector.





Promotion Boards

What are Mexican Promotion Boards?

Promotion Boards are well organized groups, integrated by growers and key players within the production chain, whose objectives are to create, develop and administer integral strategies for market expansion, promotion and product enhancement, both in domestic and international markets.

Promotion Boards are supported and audited by the Secretariat of Agriculture, Livestock, Rural Development, Fishes and Foods, and are envisioned to be self supported in the short term.



Promotion Boards

How Mexican Promotion Boards were born

In January 2002 the Mexican Secretariat of Agriculture developed a model similar to that of the U.S. that could be applied in Mexico.

In 2003 the first promotion boards were constituted in Mexico: rice, avocados, egg plant, mango, grapes, milk, Mexican meat, sea food.

Their objectives are focused on planned marketing strategy, promotion campaigns, market studies, undertaking of professional services and crisis management programs.



Hay quienes nunca se cansan de envolver lo que más aman.

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COME BIEN.

Mami sabe lo que necesito

TIF (tipo Inspección Federal) garantiza la sanidad e higiene de la carne de res, cerdo, ave y carnes frías.

INSPECCIONADO Y APROBADO TIF SIGARPA MEXICO

Por la seguridad de los tuyos

LA CARNE ES PROTEINA

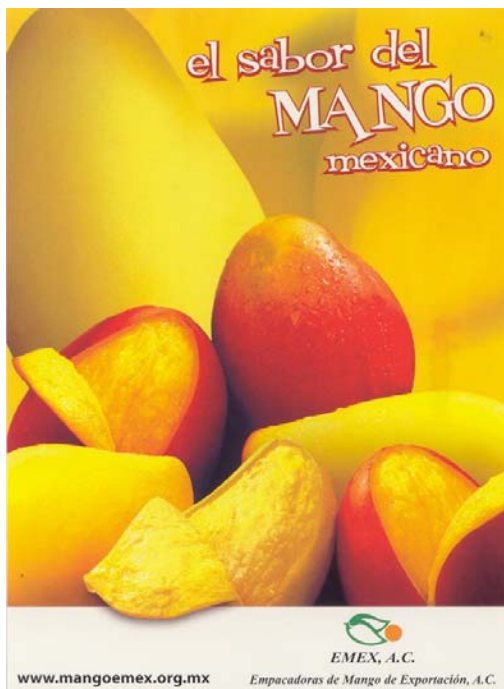
Para un corazón sano, aguacate mexicano.

LOS CONSEJOS DE JACINTO, SIEMPRE CAEN BIEN.

UDECAM

La Berenjena llegó !!





**ARROZ MEXICANO
TU ALIADO
EN LA COCINA**



**Prepáralo
fácil
y rápido.**



**ARROZ MEXICANO
TU ALIADO
EN LA COCINA**





Health and Farm Foundation

- This non-profit organization promotes the consumption of agri-food and fish products.
- In active cooperation with the Mexican Produce sector, its main functions are the research, education, and promotion of the benefits of having a healthy diet.



Health and Farm Foundation

5-a-day Program

- Because of the success of similar programs worldwide, Health and Farm Foundation launched the “5-a-day” programme in Mexico.
- The challenge is to promote better nutrition habits by adding to the daily diet 5 portions of fruits and vegetables.





Health and Farm Foundation

5-a-day Program



Projects:

- **Retail Stores:** To unify growers, distributors and retailers in order to promote the program, increasing sales and consumers' demand.
- **Schools:** To show children that eating fruits and vegetables is fun and healthy.
- **Firms:** To develop specific projects in order to achieve common objectives.



Health and Farm Foundation

5-a-day Program

Objectives:

- To motivate among Mexico's population an increase in the consumption of fruits and vegetables.
- To improve Mexico's health statistics.
- To stimulate Mexican Produce development
- To introduce 5-a-day promotion into the retail stores.





“Mexico Supreme Quality TM”

- A Trademark that guarantees quality, safety and security in fresh fruit and meat products.
- It means that the Mexican products identified with the trademark label have been certified by internationally recognized auditors such as Primus Labs, Scientific Certification Systems, Société Générale de Surveillance, just to name a few.

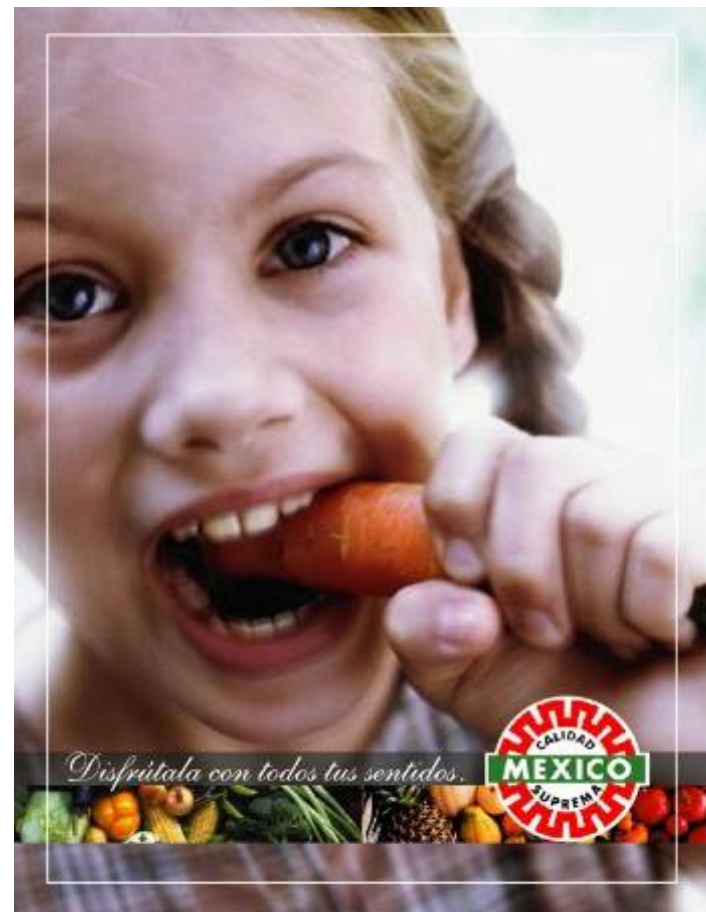


“Mexico Supreme Quality TM” certified products

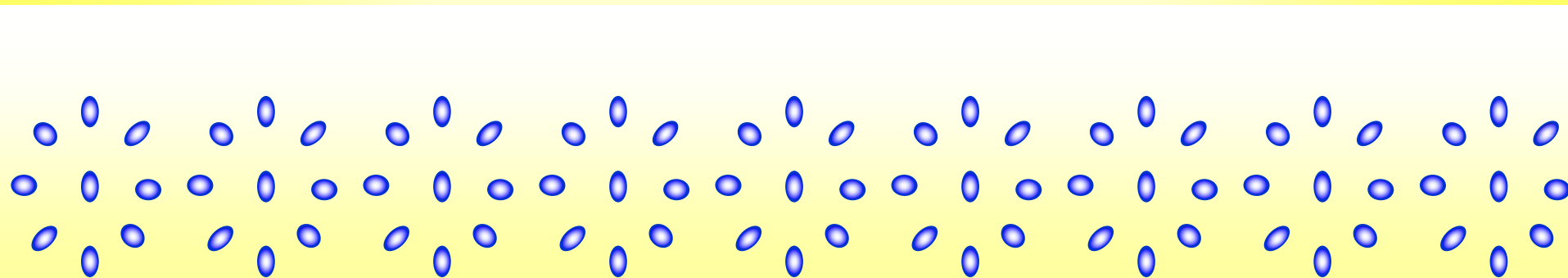
- Avocado
- Mango
- Table grape
- Beef Cattle
- Pork meat
- Banana
- Eggplant
- Honey



Disfrútala con todos tus sentidos.



“Retailers want suppliers to look at their categories the way they do. They want suppliers on the same page, to turn knowledge into actions that drive sales and profits. Now, they (suppliers) will compete by actually analyzing the information and producing programs to maximize their goals and the retailers goals.”



What is the Direct Buying Program?

Program focused on **connecting Mexican producers/growers directly with retailers**, in order to enhance the distribution chain by diminishing the participation of brokers/distributors.

- Enhance the distribution chain.
- Reduce brokers participation on the supply chain.
- Increase producer/packer revenue.
- Assure consumers food safety, freshness by buying Mexican quality products.
- Reduce prices.
- Improve marketing practices both short and long term.
- Avoid unnecessary handling of the product.



How does it work?

This program works mainly through the coordination of “Trade Missions” – Visits of the Retailers to the fields where the produce grows and where it is packed.

Coordination of meetings between both parts (buyer and producer) in order to consolidate the contact between them.

Advice from ASERCA for both parts so that they can continue with the commercial relationship, and in order to get to know the results of these relations.

- ✓ Offers the consumer fresher and better quality products.
- ✓ Promotes equitable alliances between growers and buyers.
- ✓ Reduces economic losses generated by intermediation.

Loblaw: A case of success

The main retailer in Canada.

Had always bought Mexican products from brokers in the U.S.

Due to the problems they used to have with these brokers, the company agreed to participate in this Program.

Nowadays, and since the year 2000, Loblaw buys directly from the Mexican producers products such as mango, avocado, okra, table grape, tomato among others.

- With the support of the Mexican Agricultural Trade Offices World-Wide, **Trade Missions** have been organized in order to get buyers from retail chains to meet with Mexican Producers.
- Trade Missions participants: Wal-Mart, Safeway, Kroger, Meijer, Hy-Bee, Pathmark, Grupo Paiz, HEB, Mynyard, Fiesta Mart, Sobeys, Loblaw's, Costco, Associated Grocers, Bogopa, Buckden, Buehler's Food Stores, Jimmies Supermarkets, Newport Avenue Market, Norsan.
- Trade missions so far: more than 40



Thank you

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