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OTA Market Overview
Mexican Organic Market

A summary of Mexican market potential for U.S. organic agricultural exports. Funding provided by the International Cooperation & Development program of FAS and the Organic Trade Association (OTA).

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Research Overview

The Research & Scientific Exchange Division, part of the Foreign Agricultural Service International Cooperation & Development (ICD) program commissioned the following overview through the Organic Trade Association (OTA). The purpose of the overview, conducted by Landry Consulting LLC, is to provide a Mexican organic market summary and recommend a market entry strategy for ICD and U.S. exporters.

The methodology employed involved collecting information through the Foreign Agricultural Service (FAS) and other agricultural associations, interviewing government employees and U.S. industry representatives, conducting in-country interviews, and making in-country store checks. Interviews included retailers, importers, distributors, social organizations, universities, government agencies, and Agricultural Trade Office (FAS) staff.

In emerging markets such as Mexico, much information is not available on the organic market. Most organic associations are based in Europe and the U.S., and subsequently, most reports and data focus on these markets.

Another issue is that organic export statistics are not separated from their conventional counterparts; therefore, statistical data on organic trade is not available. Many statistics available are based on estimates. These factors necessitate an overview study for these markets. Once specific opportunities are identified, then further research may be necessary to expand on these.

Section 1

MEXICO

Mexican Market Overview

Market opportunities for U.S. organic agricultural products in Mexico

Market Overview

Organic production in Mexico has been increasing in past years. In 2002, there were an estimated 215,843 hectares of land utilized for organic production and 53,577 producers. This is an increase from 23,265 hectares and 13,176 producers in 1996. (Center for Economic, Social & Technological Investigation for Agro-Industry & World Agriculture, University of Chapingo (CIESTAAM)) This growth has been in answer to foreign demand for organic products. Currently 98% of Mexican organic production is for export.

According to CIESTAAM, the reasons organic production in Mexico is successful and will continue to grow are:

1) Presence of traditional agriculture and indigenous knowledge.
   - Recovery of traditional practices: Associating & rotating crops, incorporating organic fertilizers, terraces, etc.
   - The indigenous vision: Protecting mother earth.
2) Constant demand and access to premium prices from foreign markets.
3) Lower production costs in Mexico.
4) Methods used for technology transfer and the formation of rural promoters.

Although these numbers indicate that organics is a growing industry, sales are low because domestic demand for organic products is almost non-existent. The average Mexican consumer doesn't know what the term "organic" means, the requirements, or why it is beneficial. Some equate the word with chemicals or trash, because two common terms are "químicos orgánicos" and "basura orgánica" (organic chemicals and organic trash). Other terms used more frequently to convey the organic concept are "biológico" or "ecológico." But since U.S. standards require the use of the word "organic" for their certification, this is what's used in labeling.

Apart from this issue, when asked about organic products, only people involved in the organic industry recognize the term. In visits to natural food stores and retailers, workers and managers not only don't sell organic products, but don't even know the definition. Some direct you to hydroponics products, or equate it with only organic salad or soy products, etc. Normally only the people in the dairy department recognize the term (because the only organic products currently distributed nationally are dairy products).

According to CIESTAAM, following are reasons why there isn't significant demand for organics:

- The population isn't knowledgeable.
- There isn't a culture of consuming healthy foods or environmental protection.
- The high price of the products.
- No confidence in the quality or the appearance of the products.
- Lack of availability of products in commercial outlets.

(CIESTAAM)

Organic Consumers

There are two distinct markets for organic products: (1) The first is the alternative, "hippy," Buddhist, or vegetarian consumer (also included in this group or those with special dietary needs or health issues). This group wants organic products and understands the concept, but don't necessarily have the purchasing power. (2) The second group is the upper-middle and upper-class who are health conscious, understand organic benefits, and have the resources to purchase.

It is important to mention that more relevant than the consumer's socio-economic status is consumer knowledge, and a consciousness for their health and the environment. The rich will not buy organics solely because it is a premium product-what matters most for all level of consumers is price, price, and price. This is mentioned consistently in all sectors. Until the consumer is conscious of why it is good for them and their family, they will buy the cheaper products.

Organic Retail Overview

There are two types of retailers/restaurants interviewed that sell organics: (1) the social programs (alternative market) and (2) upscale businesses (high-end market). Their viewpoints on consumers are similar but their involvement in the market is, at times, markedly different. Most notably, there is a difference in their mission.

The social programs were started as associations or cooperatives to assist small Mexican producers, and promote sustainability. Foreign groups and social programs train producers in production and certification to increase the supply and sales of organic products. Their goal is to buy and promote Mexican products; they are not interested in importing. They also believe that organic products transported from another country lose their organic status. For example, the transport, handling, packaging, etc., contaminated the product.

While many upscale establishments shared these characteristics, the main difference is that they will import products. One goal is to diversify their product mix and offer a complete line to customers. If a product is not available locally, they are open to importing. The product origin of imports (U.S. product versus other countries) did not seem important.

However, both sectors agreed that if the product is available locally, they will purchase locally first. There is not a preference for imported products and they do not feel that imported products positively influence customer's purchasing decision. A consumer preference for quality, reliability and healthier lifestyle is more important.

Traditional Produce Production

Mexico has a history of natural production, called "traditional" production. Because pesticide and chemical use is not widely practiced and indigenous production methods are used, domestic organic production is a natural growth area. Traditional production is practiced not because of a local demand or conscience for these products, but for a lack of resources by average small producers to purchase chemicals, fertilizers, and pesticides. Thousands of small producers are located in Mexico without the capacity to purchase; only the larger producers have these resources.

Several years ago more industrialized production was introduced and promoted as higher quality because of shape, color, and overall appearance. So "traditional" production doesn't have a higher value to the Mexican consumer, and is sold at a lower price due to its appearance. The producers also don't know the value of traditional products, and don't separate it in displays from conventional products.

Natural Processed Products

There is a small emerging market for unregulated natural processed products. These products are labeled "100% Natural", "100% Pure", "Bio/Biological Products", or "Ecological Products." The labels read no artificial ingredients, no preservatives, no chemicals, or other similar terms. The market for these products appears small but growing slowly. These are mainly sold in numerous small natural or macrobiotic stores located throughout Mexico City.

USDA Certification

About 50% of government employees and large retailers interviewed were familiar with the USDA National Organic Program and have seen the USDA Organic seal. There seems to be more knowledge and acceptance of European certification programs and the International Federation of Organic Agriculture Movements (IFOAM). According to some producers, they tried to get U.S. certification but the U.S. agencies would not certify them without a U.S. buyer for their product. European certification agencies were used instead. (See Appendix 3 for breakdown of certification agencies and acreage certified.)

In general, people agree that U.S. organic products are high quality and reliable, but there are issues of price and a preference for national products.

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Market Opportunities

As mentioned earlier, there are two distinct markets: the alternative market and the upper-middle class market. Because organics are at a price premium above the level of the average consumer, it appears that the short term opportunities lie with the upper-middle class.

According to a study by the University of Chapingo, the leading university in the field of organics in Mexico, all social classes want organics once they are informed and realize the environmental and health benefits. Also, families will budget for premium priced organic products once they are made aware, and will become repeat purchasers (Aires de Campo representative). So it is reasonable that with sufficient education and awareness of the social, environmental, and most importantly, health benefits, you can create a demand for organic products with the upper-middle class. And once these upper-middle class consumers have a demand for organics, they will include it in their budgets.

An Aires de Campo representative also indicated that if they had more organic products to offer, their clients would buy more (especially vegetables). It's estimated that 25% of their customer's total food consumption is Aires de Campo organic products (keeping in mind that this is a very small consumer group). That is, 25% of their "basket" is organic.

Products Opportunities:
According to those in the market, the opportunity lies in products consumed on a daily basis: vegetables, milk, bread, eggs, fruit, and other basics. Right now dairy products are the only ones available on a consistent basis across all markets. Other basic products are available on a very limited basis. Suppliers are lacking these and want to provide a basic product line first, which is where the demand and repeat purchases will occur. All sectors agreed on this point, from the small social program to Gigante and Carrefour supermarket representatives.
Also, they reported that products should be in one area of the store, presented as a total lifestyle concept. Their reasoning is if a consumer can only purchase one or two organic products but the rest are conventional, then it is an incomplete lifestyle and it won't be successful.

Market Cycle:

There is a market cycle that seems to emerge from this information:

Short Term:

First phase: **Education and awareness** campaign for the consumer.

Second phase: Basic **product introduction** into the market.

Long Term:

Third phase: **Growth of Mexican organic production** of basic products, resulting in the U.S. losing market share. (This can be attributed to lower production costs; and therefore, price, and a preference for local products.)

Fourth phase: **Product diversification** into products with an opposite growing season, and with fresh and processed products not available in Mexico. (One strategy is to look at which conventional fruits, vegetables, and other processed products currently sell in Mexico and introduce their organic equivalent. See Appendix 6: U.S. Exports to Mexico)

Depending on how the organic market in Mexico develops, this could take anywhere from five to fifteen years. Still, according to people in the market, up to a few years ago, there were no organic products anywhere. So the market is growing, but at a very slow pace.

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Market Barriers

Large traditional market: There is a history of traditional production, and the growth potential in domestic organic production is very high. Many developers and social programs are helping Mexico become an international organic supplier. Eventually local competition will be strong, and there is a protectionist attitude of small local farmers and their market.

A strong traditional market also creates a problem when you look at promoting organics as a "value-added" product when compared to conventional. It may be difficult to create this concept of higher value in the Mexican consumers' mind if it is associated with a low-end, traditional production method which has been available many years. So getting them to pay a premium price for organic produce may be difficult.

Consumer knowledge and awareness of organic: There is a growing demand for natural and pure products, but consumer knowledge and demand for organics is low. In addition to higher costs for imports, the additional price premium for organics makes this market almost non-existent currently.

Organic prices for domestically produced products: Lower input costs, government subsidies, and assistance from social programs will all aid in keeping domestically produced organic prices down. U.S. imported products will need to compete against these lower priced domestic products.

Education Barriers: Mexican consumers aren't easy to accept new ideas, and opinions aren't easily changed through education. According to Gigante representatives, the introduction stage for new products is three to eight years (for example, chicken sausage has been introduced for three consecutive years as a new product). To further demonstrate, a Gigante supermarket plays an in-store video demonstrating safer meat packaging but consumers still won't pay a higher price. Even when you show benefits, if the original product is sufficient in the consumer's perception, they won't pay more for the premium product. Gigante representatives related several stories about the difficulty of product education or introduction. Brochures, videos, training, and other media, have all been slow to change opinion.

Price Conscious: According to major retailers, all levels of consumers, including the upper-class, are very price conscious and will generally buy the cheaper product when all things appear equal. Many times the upper-class will send their maids or chauffeurs to purchase food; these employees are less likely to know about organics, or to exceed their budget on luxury products.

Trade knowledge and awareness of organics*:* Opinion on this point differed from each interview. Some believe that people involved in the food trade are aware of organic, but the majority believed that the trade isn't aware. Only those specifically tasked with organic purchases or programs are knowledgeable.

Knowledge of authorities charged with inspection: Border inspection authorities for imports are not familiar with organic certification documentation, or organic terminology. So organic products are then required to adhere to the same regulations as conventional products (such as fumigation, etc).

Government involvement: The government is not interested in promoting organics nationally because of pressure from large conventional producers. According to sources, there is a 50% deficit in milk production in Mexico. The largest milk producers use hormones to increase production by 35%. Mexico needs this increased production, so the government is reticent to promote the health benefits of organic or state that hormones may be an issue.

Perception of imported organics: The social programs believe that organic products transported from another country lose their organic status. For example, the transport, handling, packaging, etc., contaminate the product.

Corruption: Many U.S. suppliers interviewed have sold products into Mexico and related stories of difficulties entering the market. Many said they would not attempt this market again at this time.

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Retail & Foodservice Overview

Large Retailers:
The only certified organic products found in any conventional supermarket were Del Rancho brand dairy products (milk, cream, and yogurt). They are in Carrefour, Gigante, Superama, and Wal-Mart, among others. (Apart from Del Rancho, one store had organic alfalfa sprouts which weren't being promoted as organic.)

Carrefour was the only retailer to introduce an organic program. They carried a few Mexican products and imported products from France. This campaign was not successful; they were not able to sell the premium priced products. According to suppliers, Carrefour did not provide enough educational materials, so consumers didn't understand the price premium when the taste and appearance seemed similar to conventional products. Carrefour has now moved away from niche products and is interested in high volume products. This is in part due to the competition from Wal-Mart.

Gigante also tried a test market of organic apples in Guadalajara. The price difference was 20% higher in the beginning of the trial. They didn't sell and eventually lowered their price below conventional product prices to sell off inventory.

Neither of these big retailers is interested in pursuing organics at this time. They both feel the market is too young and it won't be profitable.

It is important to note also, that unlike many developing countries, all socio-economic classes shop in the major supermarkets. This is due to mainly two reasons: first, retailer's or market's hours of operation; and second, the prices in the supermarkets. Open air markets and smaller stores close around 5 pm. Many working class people don't leave their jobs until after this time, so their only option is to shop in supermarkets. Also, the prices many times are cheaper in supermarkets because they are able to purchase in volume and sell at a lower price than small stands in a marketplace. This contributes to the larger retailer's move to low-cost, high volume products.

Where is organic sold?

Retail:

Organic products are sold mainly in small specialty stores that are located primarily in the upper and middle class areas of Mexico City. Many natural food stores are dotted throughout the city, but the majority of these sell natural, macrobiotic, and whole wheat products, but nothing organic. The stores that sell organics range from a product line of approximately 3 to 5 organic products to approximately 20 to 30 products. Of those selling 20 to 30 products, there are only 2 to 3 stores with this "large" product mix, La Granja Organica and Diente de Lion. La Granja Organica is located in an ecological park and Diente de Lion in a trendy upscale section of the city. All products in the stores visited were Mexican and carried produce and processed foods.

La Granja is the recognized store in Mexico City to purchase organic products. Some of their products didn't have "organic" on the label or even have a label, grains were in clear plastic bags with ties, and marmalades and tomato sauce were in unmarked clear preserve jars. When asked about certification, most did not have official certification. A large part of their business is home delivery; they have two cars which run two routes. A second store, The Cultural Center of MOA, is a Japanese cultural center that resells products from La Granja Organica. (See Appendix 2: Organic Price Lists)

Diente de Lion, located in the upper-middle class, trendy neighborhood has an upscale image and presentation. The products are all Mexican with appealing packaging and labeling. The majority of products have the word "organic."

Aires de Campo is also in the process of renovating and opening small stores throughout Mexico that will sell all organic. These will be franchised to Area Distributors and called "Biocentros."

After this study was conducted, another organic retailer was identified, The Green Corner. They reportedly sell imported processed organics from Europe and South America. Some of their product line includes dairy, meats, fruits, vegetables, pastries, cereals, and candies. Imported products include wine, baby food, jelly, marinades, and personal care products, among others.

Foodservice:
The foodservice sector is slightly behind the retail sector in organics. Two restaurants were found that sold organic menu items, SAKS and Misión el Sol. Neither of these restaurants promoted their organic line, except to mention it briefly in small print on the bottom of the menu. Acceptance and availability are two reasons why they don't promote it. First, most consumers don't know to look for organics, so it isn't important to them to eat organics in restaurants. Second, restaurant owners can't consistently find organic products, so at times they use conventional. So they can't print their menus with "organic" written in the item descriptions.

Both of the restaurants were very upscale, so their prices were already high. Even though they weren't charging a price premium for organic products, the higher prices likely made up the difference.

Distribution:
The distribution method for these small specialty stores and cafes is direct with the producer. The producer either delivers to the store or the store visits their farms to collect products. Many stores and restaurants work directly with the producer, visit their farms, and give them unofficial product certification.

(See Appendix 1: Company Profiles & Interviews)

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Market Access Guidelines

Government Certification:
Currently, there are no government imposed requirements for importing organic products. Organic products need only comply with the same standards as conventional imports. The buyer or importer is the only one who may require organic certification documentation. Currently there is a regulation, NOM 037, which regulates organic production in Mexico. But in reality, it isn't enforced, regulated, or even recognized. It also only deals with the agricultural side of the organic issue. There is a law under consideration which will cover all aspects of the organic industry in Mexico, including standards, labeling, certification, marketing, etc. The goals of this initiative are:

Formation of a National Program of Mexican Producers,

Processors, and Marketers of Organics.

1. Create a National Center for the development of Mexican Organic Agriculture.
   - Investigate and offer scientific support to the national organic agriculture industry.
   - Promote training of producers, rural promoters, technicians, and organic inspectors.
2. Create a regulated framework for organic production equivalent to those of the EU, PNO/USA
3. Contribute to the creation of a National System of Certification.
   - Develop a Mexican Organic Seal.
4. To grant direct support to producers, and
   - Establish a preferential credit scheme with the Development Bank.
   - Take out the bureaucracy of payment assistance for certification and broadcast the plan.
5. Develop the national organic market.
   - Create a national promotional campaign of organic foods.
   - Support campaigns that encourage the constant supply and diversity of organic products in the national market.

The government's goal is to develop a program that complies with all of their trading partners (Europe, USA, Japan, Canada, etc.). According to SAGARPA (Mexican Secretariat of Agriculture), Europe has imposed a deadline of 2006 for all countries to comply with an equivalent national organic standard. Therefore, Mexico's goal is to complete their program by 2005.

However, there are other government-related issues with importing organics, such as the knowledge gap with border inspection authorities. For example, to import seeds into Mexico, it is necessary to fumigate them. One producer tried to import organic wheat from Canada to produce organic bread. When it reached the border, the authorities wanted to fumigate the organic wheat. The supplier had the organic certification documentation, but the authorities didn't understand it. It took three months to receive a one time pass allowing the shipment into the country without fumigation.

Certification Programs:

The only internationally recognized certifying agencies in Mexico are foreign certifiers. Some certifiers travel from the host country to certify, but now many have certified third parties in Mexico City to act on their behalf. Currently there are 14 certifying agencies in Mexico. A few of these are Mexican programs, but they are not strictly enforced or highly respected. They only serve the domestic market and can't be used for export.

The producer chooses a certification program based on which country they plan to export their products. For example, if their customer is in the U.S., they will use a program such as OCIA or Oregon Tilth. (See Appendix 3: Mexican Organic Production & Certification)

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Competitive Overview

Local Production:
The majority of production is from small producers banding together to consolidate their crops, usually with the assistance from a social or governmental program. In 2000, it was estimated that 98.6% of organic producers were small farmers, which accounted for 68.8% of organic industry income.

The highest production has been in coffee, corn, sesame seeds, vegetables, and tropical products such as pineapple, mango, and papaya. Coffee, by far, has the highest production with 70,838 hectares in 2000. The next highest was corn with 4,670 hectares. Mexico's opportunity is in these niche products which their target countries (Canada, USA, Europe, Japan, etc.) can't produce. (See Appendix 3: Mexican Organic Production)

Brands, Pricing & Packaging:
According to Del Rancho representatives, the price of their organic milk is on average 30% higher than conventional, and cream is 100% higher. The profit margin for organic and conventional is the same; the price difference comes from higher production costs. Following is a Del Rancho price comparison from different retailers:

Retailer	Organic Price (Pesos)	Organic Price (USD)	Conventional Price (Pesos)	Conventional Price (USD)
Wal-Mart: Cream (200g)	$13.20	$1.20	$4.80	.44
Milk (1 liter)	$10.70	.97	$7.80	.71
Gigante: Milk (1 liter)	$11.00	$1.00	$8.00	.73
SUMESA: Cream (200g)	$13.70	$1.25	$7.40	.67
Yogurt (32 oz)	$18.80	$1.71	$26.50 (Yoplait)	$2.41
Milk (1 liter)	$10.90	.99	$8.05 average	.73
Skim Milk (1 liter)	$13.35	$1.21		

Exchange is approximately $11.00 pesos to US$1.00. All products are Del Rancho brand.

The organic social movement's hope is that the costs for inputs and certification will decrease; and therefore, prices will decrease. This will make organics more affordable for the average consumer. One way to accomplish this is to create a recognized, enforced national certification program which is less expensive than the international certifications. Their ultimate goal is to decrease prices to conventional product levels, as observed in South American countries.

Reportedly, if you apply to the Mexican Secretariat of Agriculture (SAGARPA) they will subsidize 70% of certification costs. This subsidy does not seem to be well-known by the organic community, but it will assist in the effort to keep organic costs down.

However, unlike the social programs, the Aires de Campo representative doesn't think that costs will be brought down to conventional product levels. But since traditional production exists and the costs of certain inputs are lower in Mexico, it is possible that they will be able to sell domestically produced products at a lower price point than in other countries.

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Market Strategy

> *Promote the health benefits and trendy nature of the products. Educate, but price is still an issue. Advertise your brand, not your product origin. Remember that the most important aspect is the price/quality ratio. Whatever the marketing message (improved health, quality, freshness, origin), customers will look at the price to quality relationship. – Gigante representative*

Entering into this market requires some investment in time and money, and requires a long-term vision. It is likely that many sales won't result immediately. It is an investment that may pay off in three, five or ten years depending on how fast the market develops. Although the market is many years behind more developed countries, the rate of growth and acceptance will likely proceed more rapidly. This is because it is already a trend in many developed markets and the Mexicans are simply following their lead for certification programs, advertising, processes and procedures. Also people are traveling to other countries and seeing the organic phenomenon firsthand, so acceptance may come more rapidly.

As mentioned earlier, this is the market cycle that emerges from available information:

Phase one: **Education/Awareness**
Phase two: **Introduction of basic products**
Phase three: **Increased Mexican competition**
Phase four: **Product diversification**

The following strategy recommendations address Phase one: Education/Awareness:

Strategy:
The **primary recommendation** for a market entry strategy is to get involved in an awareness campaign targeting the upper-middle and upper socio-economic groups. This campaign should appear as public service and not mention the U.S. product origin. The important message is not to promote U.S. products, but the organic concept and benefits. Initially, this type of campaign may benefit the Mexican producers more than U.S. suppliers, but without this awareness and acceptance, no one will sell organic products in the market. There appeared to be a nationalistic

attitude concerning the small producers, so it could cause resentment if the U.S. appeared to take this market over from them.

This type of campaign will also promote cooperation and collaboration with the Mexican market. In the long-term, Mexico will likely provide the U.S. with organic products and ingredients not readily available, and vice versa. The European community is already involved in this type of market development. So it seems that U.S. collaboration is necessary if U.S. industry wants to be a part of this marketplace in coming years.

Another consideration is the level of an educational campaign. As indicated by some Mexican retailers, consumer education has not been that successful in retail outlets. Some FAS cooperators, such as meat, rice and pears, have school education programs. This is a long-term investment to create future markets. Also children may influence their parents buying decisions now. It was noted in interviews that teenagers will follow trends that the older population is more reticent to follow. Younger populations will modify eating habits for health reasons, such as becoming vegetarians or eating more fish.

There is a campaign underway that will be introduced next year by Aires de Campo, Café La Selva, and a well-known Italian photographer. They approached different non-governmental organizations (NGOs), companies and government agencies to solicit support for a public service campaign on organics. They have already published an article on organics in a social magazine, Pronatura. And the rest of the campaign will kick-off next year with a website, flyers, school program, and different public service announcements. Several agencies are involved, including the German government. Aires de Campo has offered OTA and USDA to get involved if interested. This may be the vehicle necessary to start your campaign.

The **secondary recommendation** is to investigate selling to the upscale restaurants and distributors that are identified in Appendix 1: Unifoods (Aires de Campo), SAKS, Misión del Sol, 100% Natural, or The Green Corner (See Appendix 1: Company Profiles & Interviews). Sales with these buyers may be small initially. These upscale providers are willing to see what's available, discuss price, and try a test market if the price is favorable.

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U.S. Interviews:

U.S. Companies:

Nature's Sungrown Foods
Clarkson Grains Co
Global Organics
Nielsen-Massey Vanillas
Northland Organic Foods
Royal Pacific Trading Company
The Scoular Company
SK International Foods
SunRidge Farms
Johnny's Select Seeds

Government:

Kelly Strezlecki, FAS
Stephanie Riddick, FAS

Mexico Business Contacts and Interviews

Socially Oriented Programs:

Amando Roa Bejar
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Los Radicales Libres

Two years ago Jorge Alberto Neyra and Guillermo Vazquez started this non-profit cooperative called "CAMBIOS" meaning "changes," which is also an acronym for the Spanish "**C**ooperativa por un **AM**biente **BIO**diverso y **S**ustentable." (Biodiverse & Sustainable Environmental Cooperative). After successfully working on this organization, they decided to inaugurate a health food restaurant called "The Free Radicals" where, apart from health food, the coop also sells organic products and fresh organic produce. Currently the CAMBIOS organic mix includes coffee, milk, nuts, honey, cheese, yogurt, cream and cookies.

CAMBIOS can't find all of the organic products they need to have a full line. But they are not interested in importing because of price, and the social cause they promote. They work directly with the producers who deliver to the store or they visit the farms to pick up product. Many of their products don't have labels; but CAMBIOS visits the farms and give them an unofficial certification.

Los Radicales Libres is located in an upscale neighborhood of Condessa but have a mixed clientele of wealthy patrons and alternative lifestyle patrons who buy for health reasons. But, many of their clients are also prescribed these foods by doctors, or they have a food allergy. They indicated that interest in organics is growing but at a very slow pace.

Other points:

- Los Radicales Libres carried educational brochures and pamphlets which they sold from $50-$80 pesos ($5-$8 USD). They make flyers and some producers have given them educational material to pass out.
- Their biggest constraint to increasing sales is price.
- There are other restaurants in this cooperative but each operates individually and makes purchases separately.

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Asociación de DANA, A.C. (La Granja Orgánica)
Mrs. Zárate is a founding member of this non-profit organization established in 1987 in San Cristobal Las Casas in Chiapas. Their mission is to support sustainable productivity in small farms. They not only produce organic food products but also offer consultancy and guidance to establish organic farms. They have several small vegetable producing areas in Chalco and Tlahuac, near Mexico City. The organization also purchases other organic foods to sell at "La Granja Orgánica" retail store, which is located within the Ecological Park of Loreto y Peña Pobre.

Sasha-Michan (name of store and guru of Hindu community)
Sasha-Michan has eight centers in Mexico. The one visited had a vegetarian restaurant, yoga center and other alternative lifestyle classes. They didn't sell organics but carried products with "100% Natural" and "100% Pure" on their labels. The sales staff didn't recognize the term "organic."

Esther Clauss, Oficial de Enlace México/Belize

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CARREFOUR

This is the Mexican branch of the French retail chain. The company has 25 self-service stores in Mexico with considerable supermarket areas. Carrefour is the only large food retail chain that has devoted a considerable effort to the organic market. Although originally there were several organic products being test marketed, lately they have downsized to only a few. Among these, the most prominent are dairy products (milk: whole, partially fat free, and skim; cream; yogurt and cheese). They also carry "natural" honey from the Yucatán area and "natural" beef products as part of their effort to move into the organic world. But neither the honey nor the beef are certified as organic. The company has been in business in Mexico for the past 10 years.

Alejandro Ahuad Goya, Director Alimentos Frescos

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Saúl Zárate Montes de Oca, Produce, Deli & Frozen Purchasing Manager

Gigante
Av. Ejército Nacional No. 769-A Col. Nueva Granada, México, D.F. 11520
5269-8444, 5269-8156

szarate@gigante.com.mx

Gigante

Gigante only carries Del Rancho organic products (milk & cheese) in one of their 220 stores. They identify upscale customers as the target group for organics, although they are a small percentage of the customer mix and they don't want to pay premium prices. Unfortunately, Gigante isn't interested in introducing organics right now or in doing promotions. Representatives think the problem is the economy; income levels remain stagnant while prices remain high so consumers can't afford luxury products right now.

Gigante buys direct from producers without a middleman. If an organic producer wants to introduce a product they would have to give Gigante all the information regarding the transaction before Gigante agrees: prices, transportation, marketing, a plan to increase sales, etc. Import quantities aren't enough for full containers so they order mixed pallets.

Organic has a long-term benefit that people don't see immediately. They think the customers understand organic but because product taste is the same and the product looks almost the same, there is no motivation to buy organics. The organic milk and cream sells because it is also kosher, which is more popular than organic because of the existing religious community.

The Gigante representatives' impression was neutral when asked about working with U.S. suppliers, they trade often with the U.S. and have overall had a good experience. They feel positive about U.S. promotions, but the important message is not the "buy USA" message but one of freshness, quality, or other product attributes.

Other points:

- Gigante has no specifications for labeling or packaging.
- They also own "TOKS," a restaurant chain usually collocated with their supermarkets.
- They are trying to open the organic market with natural meat products.

Wal-Mart

Wal-Mart only had Del Rancho milk and cream, and a random display of organic alfalfa sprouts. The staff was not familiar with organics. Only those in the dairy department recognized the term because they stocked the Del Rancho cream. Wal-Mart also owns the restaurant chain "VIPS" and "El Porton," a Mexican food restaurant chain usually collocated in their supermarkets. Wal-Mart was not interested in an interview because they had no interest in organics at this time.

SUMESA

SUMESA is a chain of small convenience supermarkets located throughout Mexico. They are owned by Comercial Mexicana, a full-size supermarket which has approximately 200 stores. It surprisingly had the largest variety of Del Rancho products. It carried both skim organic milk and yogurt, which were not found in the other supermarkets. However, the staff was not familiar with organic products. Comercial Mexicana also own a restaurant chain called "California."

Groups Targeting Upper-Middle and Upper Income Consumer:

Lic. Javier Perezgrovas, Director for New Business
UNIFOODS, S.A. DE C.V.
Poniente 122 No. 459
Col. Industrial Vallejo
México, D.F.
Tel. 5333-1200 ext. 2146
Fax: 5333-1208
www.airesdecampo.com
www.unifoods.com

UNIFOODS, S.A. DE C.V.

Unifoods is the only industrial size Mexican corporation in organic dairy products. Established in 1928, it has gone through several name changes along the years and is well known in the Mexican market for their beverages (Bonafina) and dairy products (Chipilo, El Sauz, Iberia, Del Rancho). They produce the dairy products and only distribute and promote the other product lines. Some ingredients in their conventional lines are also organic, but they don't promote them as organic because this would confuse the consumer.

Del Rancho, their organic line, is eight years old. They are trying to open the organic sector with Del Rancho and later introduce other products. They also think you should start with a complete line of organic products and branch out later. Because their organic production is solely dairy, they would possibly like to start with a complete dairy line.

Their opinion on using private label versus the company brand would depend on the product. Some products would do better under the Del Rancho brand and others (maybe non-dairy) would work better under their own brand. There is confidence in the Del Rancho brand but it might not work for all product lines.

Unifoods distributes its products, either directly or through small distribution contractors, all over the Mexican Republic. Unifoods owns everything from the cows to the 500 trucks that distribute their finished products.

Other points:

- Their products are also certified kosher.
- Currently their best selling products are salad, vegetables, fruit, and dairy.
- They are open to working together with OTA because Unifoods has the infrastructure and the consumer knowledge and OTA has the resources to promote organics.

Diana Castro Camara, Area Distributor
Pablo Muñozledo, CEO
Aires De Campo (Owned by Unifoods)
Carretera Querétaro-Celaya, km 10. 4
38160 Apaseo el Grande,
Gto. México
52 (55) 5333 1200
52 (442) 235 02 89
pablo@airesdecampo.com

Aires De Campo

Aires De Campo represents and assists organic producers by helping them certify and package their products under the Aires De Campo brand, then distribute and promote them. They have been in business for two years and started distributing throughout Mexico three months ago. They currently carry 32 organic food products; including, yogurt, milk, dairy, marmalades, meat, apple juice, cream, cheese, salads, fruits, and candy, among others. Currently all of their products are Mexican and packaged under the Aires De Campo brand, but this may change in the future.

Lettuce, tomatoes, apples, plantains, oranges were identified as best growth products. They are also looking for poultry, eggs, grains, oats or wheat. They think basic products for everyday consumption should be introduced first.

Aires De Campo works with sellers called Area Distributors, who each own a small franchised store, usually just a warehouse. Currently these warehouses are being converted into small specialty shops following Aires De Campo specifications which will be called "Biocentros." They have 25 stores in 12 cities and each will work with 500 families. They have a bi-weekly home delivery schedule, and when they have a larger product mix, they will increase to a weekly delivery schedule. Currently 80% of their products are sold through home delivery.

Aires De Campo's strategy is to work directly with producers and consumers and take out any intermediaries. This includes training producers to do their own marketing, IT, distribution and warehousing. Costs for producers are 20-30% lower when they follow this model.

Private label vs. branding: Aires De Campo is more about the concept than the product itself. It is about the system they use and their ideology. So the brand is not as important as the concept. Some products would be more acceptable under the Aires De Campo brand and others would be more appropriate under their own brand.

Aires De Campo wants the same relationship with U.S. suppliers as they have with Mexican suppliers: to tell their story to the consumer. Their catalog gives the producer's history and talks about Aires De Campo's three point strategy for promoting organics. They prefer to work with smaller U.S. producers similar to their Mexican producers, rather than larger more "industrial" ones.

Other points:

- They work with four different certifying agencies.
- They tried to import organic wheat, sugar, and soy but couldn't find it in the international marketplace. So they decided to wait and find producers in Mexico.

Javier Peniche, Food and Beverage Director

<u>Misión del Sol</u>
Av. Gral. Diego Diaz González No. 31
Col. Parres
Jiutepec, Morelos
(atrás del Camino Real Sumiya en Cuernavaca)
Tel. 01-777-321-0999
Fax: 01-777-320-7981

<u>Misión del Sol</u>

Mision del Sol is a resort and spa that caters to individuals interested in healthy activities and health food. Their menu is about 70% organic products, cooked or prepared for gourmets. It is all Mexican products except for Mori Nu Tofu from California. They see opportunity in vegetables and cheese. Clients don't ask for organic but more about the quality and health attributes of the food. The manager is open to discussing price on certain products but isn't sure if the owners would want to do a promotion or have educational brochures in their restaurant.

<u>Café La Selva</u>

Café La Selva has 18 organic coffee cafes in Mexico with a few located in other countries. They produce or sell in their cafes their own line of organic coffee, chocolates, marmalade, liquor and tea. They work directly with their producers and have their own distribution system.

<u>Nutrisa</u>

Nutrisa is a chain of small health food stores located as stand alone stores or in malls. Half of the store is usually dedicated to soft serve yogurt and toppings. The rest is a mix of natural food products, natural health & beauty products, and supplements. When asked at the store level about organic products, they did not recognize the term.

José Luis Pedraza Arias, Gerente General
<u>Serviproductos Naturales, S.A. De C.V. (100% Natural)</u> (restaurant chain)
Insurgentes Sur 1390 Col. Del Valle C.P. 03100 Deleg. Benito Juárez México, D.F.
55-24-34-67

gerencia100ins@prodigy.net.mx

Serviproductos Naturales, S.A. De C.V. (100% Natural)
100% Natural is a chain of natural food restaurants. They have 35 locations throughout Mexico and sell all natural but no organics. They are a franchise and have a distribution system for all the restaurants with the same menu and products. They have investigated including organic products in the menu (trade shows and conferences), but found the producers were too small to supply them. They would be interested in including organics but their consumers don't know what organics are, and they probably wouldn't want to pay a price premium for it without some education.

100% Natural would be interested in a promotion but would need to do a study of costs and prices first. The manager suggested that fruits and vegetables would be the best place to start because they are their main ingredients. They couldn't start with a full menu because there isn't product acceptance. OTA could contact them in the future to discuss a promotion and pricing.

They consider themselves to be the pioneers in the natural food restaurants. They claim that many other restaurants say they serve all natural but actually include artificial flavorings and other artificial ingredients. Because of their progressive strategy, they feel 100% Natural would be a good place to eventually introduce organics.

Catalina Contreras, Subdirectora
SAKS
Insurgentes Sur 4342, Tlalpan
5485-3500
info@saks.com.mx
www.saks.com.mx

SAKS
SAKS has five locations throughout Mexico City, and have natural products and some organics on their menu. Right now SAKS is just known for healthy foods. The majority of their clients don't know organic but a small number ask for organic and what is organic on their menu that day. About 45% of products on the menu are organic (milk, yogurt, cheese, lettuce, artichoke, herbs, spinach, and any leaf lettuce).

They are interested in purchasing eggs, wheat flour, avocadoes, olive oil, balsamic vinegar, jams & marmalades, oatmeal, rice, nuts, dried fruits and dehydrated fruits. They want to focus on products with a long shelf life because of time constraints with customs clearance and transportation into Mexico City. They are interested in doing a promotion and would absorb some costs to attempt it.

Right now they don't promote organic on their menu, except for a small mention that some products are organic. But specific products aren't mentioned in the individual dishes because production is so unsteady, sometimes they can't find the organic version and must buy conventional.

SAKS pays more for the organics but doesn't charge higher prices (it is a very high-end restaurant that has higher prices in general). So they would introduce new organic products without charging more to their clients. They are waiting for the organic knowledge to increase before they promote it as part of their marketing strategy.

Most of their producers are certified and are located around Mexico City. Their suppliers deliver to the restaurant, in addition to other specialty stores and home delivery. Some producers also put together baskets of various products for home delivery.

Other points:

- SAKS also has invested in an organic milk factory, which is one of their suppliers.
- Ms. Contreras is very interested in organic eggs right now and wants to discuss price and other product attributes for various products.

Larry Jacobs

Jacobs Farm/Del Cabo, Inc. (California & Los Cabos, México)
P.O. Box 508, Pescadero, CA 94060
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114-60500
(650) 224-0605
larry@delcabo.com
www.delcabo.com

Del Cabo produces herbs and cherry tomatoes in Los Cabos and export them to the U.S.

The Green Corner
Mazatlan No. 81, local 1-2
Col. Condesa
06140 Mexico, D,F,
Tel. (011-5255) 5286-3939
www. thegreencorner.com

Retailer which carries imported processed organic products from Europe and South America.

Government and Educational Organizations:

Ing. Marco Antonio Catero, Sub-Director General
Ing. Lidia Barrios, Organic Products Specialist
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Municipio Libre No. 377, Edificio "A", Piso 7
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E-mail: cmca@senasica.sagarpa.gob.mx

SENASICA (Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria) is the office for National Health, Food Safety and Food Production Quality at the Mexican Secretariat of Agriculture (SAGARPA). This is the office that prepares Mexican Standards (Normas Oficial Mexicana) and other regulations, as well as being in charge of authorizing new production and enforcing regulations for special products, such as organics.

Dr. Enrique Serrano Gálvez, Director General de Investigación y Postgrado
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Texcoco, Estado de México
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Universidad Autónoma de Chapingo is one of the most prestigious organizations in Mexico, particularly in the field of agriculture and agricultural research. This institution, about a one hour drive from Mexico City, has produced Nobel Prize winning products and is presently in a process for the advancement of organic agriculture. Located here is the CIESTAAM (Centro de Investigación Económica, Social y Técnica de la Agroindustria y la Agricultura Mundial), the organization that provided many of the statistics on organic production in Mexico.

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Section 2

Appendices

Appendix 1: Company Brochures

See enclosed brochures.

Appendix 2: Price List (La Granja Orgánica & Cultural Center MOA)

La Granja Orgánica (no quantities were listed)				*El Centro Cultural Moa (MOA Cultural Center)* *(Reseller from La Granja Orgánica)* **Amsterdam 71-A 5286 0312**		
Vegetable	English Name	Price (pesos)	Price (USD)	Quantity	Price (pesos)	Price (USD)
Acelgas	Chard	$30.00	$2.73	bunch	$7.00	$0.64
Aguacate	Avocado	$25.00	$2.27	kl	$22.00	$2.00
Ajos por kilo	Garlic/Kilo	$30.00	$2.73	each	$3.50	$0.32
Alcachofas pieza	Artichoke	$8.00	$0.73			
Apio pieza	Garlic/Piece	$12.00	$1.09	piece	$14.00	$1.27
Berenjena	Eggplant	$20.00	$1.82	piece	$10.00	$0.91
Betabel	Beet	$12.00	$1.09	kl	$26.00	$2.36
Brocoli	Broccoli	$16.00	$1.45	kl	$26.00	$2.36
Calabaza	Pumpkin	$12.00	$1.09	kl	$16.00	$1.45
Cebolla	Onion	$10.00	$0.91	kl		
Cebolla morada	Purple Onion	$20.00	$1.82	kl	$36.00	$3.27
Cebollino	Chives	$40.00	$3.64			
Cilantro	Coriander	$4.00	$0.36	bunch	$7.00	$0.64
Col pieza	Cabbage	$8.00	$0.73	piece	$12.00	$1.09
Col de Bruselas	Brussels Sprouts	$30.00	$2.73	kl	$22.00	$2.00
Coliflor pieza	Cauliflower	$15.00	$1.36	piece	$16.00	$1.45
Champignon	Mushroom	$35.00	$3.18	kl	$44.00	$4.00
Chayote	Vegetable Pear	$12.00	$1.09	kl	$20.00	$1.82
Chincharo	Pea	$20.00	$1.82	kl	$33.00	$3.00
Chincharo pelado		$30.00	$2.73			
Chile de árbol	Tree Pepper	$35.00	$3.18			
Chile poblano	Poblano Pepper	$20.00	$1.82	kl	$22.00	$2.00

Chile verde	Green Pepper	$18.00	$1.64	kl	$20.00	$1.82
Chile jalapeño	Jalapeno Pepper	~				
Ejotes	String Bean	$20.00	$1.82	kl	$28.00	$2.55
Elotes per pieza	Corn/Piece	$3.50	$0.32	piece	$5.00	$0.45
Espárragos	Asparagus	$70.00	$6.36	kl	$66.00	$6.00
Espinaca,Kg	Spinach/KG	$35.00	$3.18	kl	$50.00	$4.55
Germinados		$20.00	$1.82	kl	$28.00	$2.55
Huitlacoche		$70.00	$6.36	kl	$66.00	$6.00
Jitomate	Tomato	$18.00	$1.64	kl	$18.50	$1.68
Lechugas pieza	Lettuce	$10.00	$0.91	piece	$15.00	$1.36
Nopal chico	Small Cactus	$30.00	$2.73			
Nopal grande	Large Cactus	$1.50	$0.14	piece	$2.50	$0.23
Papa	Potato	$16.00	$1.45	kl	$16.60	$1.51
Pepino	Cucumber	$12.00	$1.09	kl	$11.00	$1.00
Perejil	Parsley	$4.00	$0.36		$7.00	$0.64
Pimiento verde	Green Pepper	$30.00	$2.73	piece	$8.00	$0.73
Pimiento rojo	Red Pepper	$30.00	$2.73			
Poro por pieza		$4.00	$0.36	piece	$8.00	$0.73
Rabano manojo	Radish/bunch	$5.00	$0.45	bunch	$8.00	$0.73
Setas	Mushroom	$45.00	$4.09	kl	$44.00	$4.00
Tomate verde	Green Tomato	$15.00	$1.36	kl	$20.00	$1.82
Tomatillo	Tomatillo	$15.00	$1.36			
Zanahoria	Carrot	$6.00	$0.55	kl	$9.50	$0.86

Fruit (Spanish)	**English Name**	**Price (pesos)**	**Price (USD)**		**Price (pesos)**	**Price (USD)**
Blueberrie domo	Blueberry	$35.00	$3.18			
Ciruela	Plum	$35.00	$3.18			
Durazno	Peach	$25.00	$2.27	kl	$35.00	$3.18
Frambuesa	Raspberry	$35.00	$3.18			
Fresa	Strawberry	$50.00	$4.55			
Jicama	Jicama	$10.00	$0.91	piece	$8.00	$0.73
Guayaba	Guayaba	$20.00	$1.82	kl	$19.80	$1.80
Limon	Lemon	$10.00	$0.91	kl	$15.00	$1.36
Mandarina	Mandarin	$10.00	$0.91	kl	$10.50	$0.95
Mango	Mango	$20.00	$1.82	kl	$35.00	$3.18
Manzana	Apple	$25.00	$2.27	kl	$25.00	$2.27
Melon pieza	Melon/piece	$16.00	$1.45	piece	$22.50	$2.05
Naranja	Orange	$6.00	$0.55	kl	$7.70	$0.70
Papaya	Papaya	$18.00	$1.64	piece	$25.00	$2.27
Pera	Pear	$25.00	$2.27	kl	$22.00	$2.00
Piña pieza	Pineapple/piece	$25.00	$2.27	piece	$25.00	$2.27
Plátano	Plantain	$18.00	$1.64	kl	$19.80	$1.80

dominico						
Plátano macho	Ripe Plantain	$14.00	$1.27	kl	$13.20	$1.20
Plátano Tabasco	Tabasco Plantain	$10.00	$0.91	kl	$11.00	$1.00
Sandia Kg	Watermelon/Kg	$8.00	$0.73	piece	$40.00	$3.64
Toronja	Grapefruit	$7.00	$0.64	kl	$7.70	$0.70
Tuna	Tuna					
Zarzamora Kg	Blackberry/Kg	$100.00	$9.09			
Caine vegetanana		$30.00	$2.73			
Pollo entero	Whole Chicken	$70.00	$6.36	whole	$80.00	$7.27
Pollo partido	Chicken pieces	$70.00	$6.36			
Leche entera	Whole Milk	$11.00	$1.00			
Leche Light	Low Fat Milk	$11.00	$1.00			
Queso Oaxaca	Oaxaca Cheese	$30.00	$2.73	1/2 kl	$35.00	$3.18
Queso fresco	Fresh Cheese	$30.00	$2.73	1/2 kl	$35.00	$3.18
Yogurt natural litro	Natural Yogurt/liter	$25.00	$2.27			
Crema de rancho	Ranch style Cream	$15.00	$1.36		$13.50	$1.23
Huevo gallina pza	Hen Eggs/ piece	$1.50	$0.14	piece	$2.80	$0.25
Huevo codorniz	Partridge Egg	$1.00	$0.09			
Sazonador 250gr	Seasoning 250 gr.	$20.00	$1.82			
		MOA Cultural Center				
		Soy/Wheat Gluten Products		Quantity	Price (pesos)	Price (USD)
		Spanish	English			
		Chorizo	Sausage	kl	$30.80	$2.80
		Brocheta	Skewer	kl	$30.80	$2.80
		Albondiga	Meatball	kl	$30.80	$2.80
		Salchicha	Sausage	kl	$30.80	$2.80
		Jamón	Jam	kl	$30.80	$2.80
						$0.00
			Beans	kl	$18.00	$1.64
			Brown Rice		$20.00	$1.82
			White Rice		$17.50	$1.59
			Wheat		$17.00	$1.55
			Oatmeal	Packet	$10.00	$0.91
			Honey	Bottle	$43.00	$3.91

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Evolution of organic production in México

Decade	Percentage initiating organic production
1960-69	0.77
1970-79	1.55
1980-89	13.58
1990-00	84.10

Source: Estimated figures, CIESTAAM (Center for Economic, Social & Technological Investigation for Agroindustry & World Agriculture, University of Chapingo), 2001.

Initial year of Production and Certification of Organic Production Zones in Mexico. 1999-2000

Year	Percentage initiating organic production	Percentage certified
1990	9.30%	0.00%
1991	6.98	1.15
1992	5.03	2.33
1993	11.24	9.70
1994	5.81	6.20
1995	12.40	9.30
1996	8.14	1.94
1997	7.75	9.30
1998	9.30	13.18
1999	6.98	11.63
2000	1.17	0.00
Total	*84.10*	*64.73*

Source: Estimates by CIESTAAM, 2001.

Production Statistics & Projected Growth, 1996-2002

	1996	*1998*	*2000*	*2002**
Acreage (hectares)	**23,265**	**54,457**	**102,802**	**215,843**
Number of producers	**13,176**	**27,914**	**33,587**	**53,577**
Jobs created (1,000)	**3,722**	**8,700**	**16,448**	**34,534**
Income generated ($US1000)	**34,293**	**72,000**	**139,404**	**280,698**

*** Estimated. Source: CIESTAAM, 2002.**

Principal Products by Area, 2000 (hectares)

Coffee	**70, 838**
Corn	**4, 670**
Sesame Seed	**4,124**
Vegetables	**3,831**
Maguey	**3,047**
Herbs	**2,510**
Mango	**2,075**
Orange	**1,849**
Beans	**1,597**
Apples	**1,444**
Papaya	**1,171**
Avocado	**911**

Other products: soy, plantain, cocoa, african palm, vanilla, pineapple, lemon, coconut, nuts, lychee, safflower, maracuyá, peaches, honey, milk, cheese, candy and cosmetics.

They produce more than 40 products in Mexico.

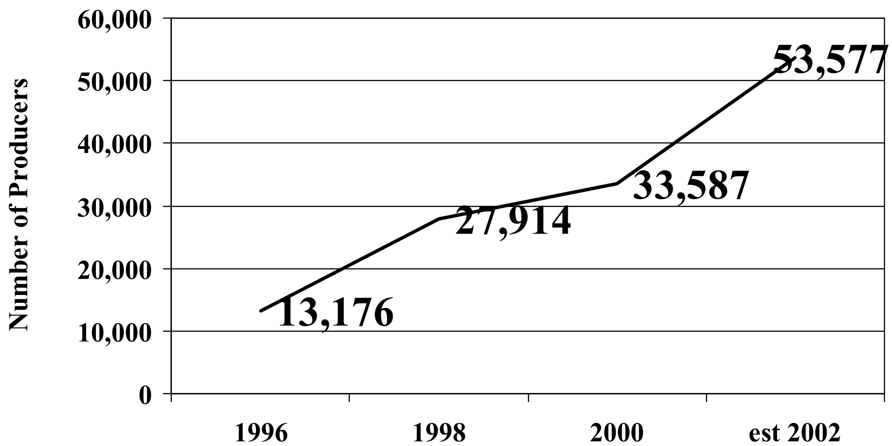
Source: CIESTAAM, 2001.

Comparison of Conventional and Organic Acreage, 2000

Product	Conventional Acreage 2000 (ha)	Organic Acreage 2000 (ha)	% of Conventional
Vanilla	1046	331	31.64
Coffee	717,415	70,838	9.87
Papaya	12,279	1,171	9.54
Sesame Seed	70,942	4,125	5.81
African Palm	6,884	400	5.81
Lychee	732	16	2.18
Nuts	1,009	25	2.48
Apples	58,740	1,444	2.46
Mango	153,870	2,075	1.35

Source: Organic statistics from CIESTAAM and conventional from SAGARPA, 2001.

Growth of Organic Producers in Mexico. 2002



Source: CIESTAAM, 2002.

Size of Organic Producers

1996 and 2000

Size of Producer	% of Producers		% of Acreage		% of Income	
Year	1996	2000	1996	2000	1996	2000
Small	**97.5**	**98.6**	**89.0**	**84.2**	**78.0**	**68.8**
Large	**2.5**	**1.4**	**11.0**	**15.8**	**22.0**	**31.2**

Source: CIESTAAM, 2001.

Destination of Mexican Organic Exports

Product	Destination of Export
• Coffee	Germany, Holland, Switzerland, England, etc.
• Vegetables	USA, Canada, Japan and England
• Honey	Germany, England, USA and Italy
• Sesame Seed	European Union and USA
• Plantain	USA
• Jamaica	Germany
• Vanilla	USA and Japan
• Mango	USA, Japan, Canada, England, etc.
• Avocado	Switzerland, England, Japan, Canada and USA

Source: CIESTAAM, 2001.

Acreage Certified by Agency 2000 and 2002

Agency	*Acreage Certified 2000 (ha)*	
	2000	*2002*
OCIA -México	**40,654.55**	**61,000**
Certimex	**30,952.10**	**47,000**
Naturland	**20,701.50**	
Quality Assurance Int.	**12,463.00**	
Bioagricoop	**10,000.00**	**70,000**
OCIA -International	**7,926.00**	
IMO Control	**2,181.50**	
Oregon Tilth Certified Organic (OTCO)	**1,503.50**	
EKO	**974.00**	
CADS	**810.00**	
Demeter Bund	**459.00**	
Demeter Association	**299.00**	
Others	**363.60**	
Total*	***129,247.05***	***178,000***

Source: CIESTAAM, 2001; information provided by agencies, 2002.

Government Organizations that assist Organic Production. 1999-2000

Government Agency	Technical Assistance	Project Financing	Other Assistance
SEDAGRO - Edo. Méx.	√		√
SEDESOL (FONAES)	√	√	
SAGAR (Alianza para el Campo), States of Chiapas, Oaxaca and Chihuahua (Alliance for the Country)	√	√	√
Secretaria de Agricultura de Durango (Sanidad Vegetal)	√		
Consejo Mexicano del Café	√	√	√
Secretary of Rural Development Oaxaca	√		
SEMARNAP	√		
Instituto Nacional Indigenista (INI) (National Indigenous Institute)	√	√	

Source: CIESTAAM, 2002

Foundations and Foreign Organizations that support Organic Production in Mexico2000

Foundations	Technical Assistance	Project Financing
Bread for the World	√	√
W. K. Kellog	√	√
Japan MOA Foundation		√
Rockefeller Foundation		√
Interamerican Development Bank (IDB)		√
North American Fund for Environmental Cooperation		√
Miserior Foundation		√
Interamerican Foundation		√
Mc Arthur Foundation		√
Rodin Foundation of the United States		√

Source: CIESTAAM, 2001.

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Appendix 4: General Statistics on Mexico

Mexico has a population of 104,907,991. It is divided into 31 states and one Federal District (Mexico City). It has a GDP of $900 million and a projected real growth rate of 1%; per capita GDP is $9,000.

Age Structure:
0-14 years: 32.3% (male 17,298,964; female 16,617,728)
15-64 years: 63.1% (male 32,217,513; female 33,932,603)
65 years and over: 4.6% (male 2,145,252; female 2,695,931) (2003 est.)

It is important to note that since the younger population is more open to new trends and dietary changes, that 95.4% of the population is under 65.

GDP - composition by sector:	***agriculture: 5%*** *industry:* 26% *services:* 69% (2001 est.)
Population below poverty line:	40% (2001 est.)
Labor force - by occupation:	**agriculture 20%,** industry 24%, services 56% (1998)
Exports partners	**US 88.4%,** Canada 2%, Germany 0.9%, Spain 0.8%, Netherlands Antilles 0.6%, Japan 0.4%, UK 0.4%, Venezuela 0.4%, (2001 est.)
Imports - partners:	**US 68.4%,** Japan 4.7%, Germany 3.6%, Canada 2.5%, China 2.2%, South Korea 2.1%, Taiwan 1.6%, Italy 1.3%, Brazil 1.1% (2001 est.)
Ports and harbors:	Acapulco, Altamira, Coatzacoalcos, Ensenada, Guaymas, La Paz, Lazaro Cardenas, Manzanillo, Mazatlán, Progreso, Salina Cruz, Tampico, Topolobampo, Tuxpan, Veracruz
Airports:	1,823 (2002)

Manzanillo is the main port on the Pacific Ocean, and Vera Cruz is on the Gulf and is the major port of Mexico City.

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Appendix 5: Stores Selling Organic throughout Mexico

Café La Fé
Contacto: Jorge Calvillo
tel (01 714)7 01 77
Malinalco, Estado de México

Granja orgánica
Parque ecológico Loreto y Peña pobre
Contacto: Martha Zarate
telfax 56 66 73 66
México DF
email: danadc@mail.internet.com.mx

Círculo de consumo responsable
Contacto: Mayté Cortes
tel (333) 12 24 162
Guadalajara Jalisco
cej@avantel.net

Manantial de las Flores
Ecotienda y comedor ecológico
Contacto: GAPO
Ursulo Galvan #102 Centro
Junto al Parque Bicentenario
Xalapa, Veracruz
telfax (28) 12 45 57
Email:mananflo@hotmail.com
www.manantialdelasflores.com

Ecotianguis !Viva la Tierra!
Contacto: Andrea García
Francisco Villa #124 local 1J
col.Buenavista
Cuernavaca, Morelos
telfax (777) 313 42 02
email:vivalatierra@cuer.laneta.apc.org

El Manojo
Comercio justo y centro cultural
Ahuatepec esquina Taxco
Colonia Lomas de la Selva
Cuernavaca, Morelos
Teléfono 01 (777) 314 25 74
Contacto: Adriana Ralph Galindo
Email: elmanojo@terra.com.mx
http://66.155.31.85/rt/manojo/manojo.html

Manos mágicas
Contacto: Pablo Camacho
Humboldt #46 Col. Centro
Cuernavaca, Morelos
tel (777)3 14 07 78
fax (777) 3 18 29 74
email:ced@cuer.laneta.apc.org

El Nuevo Milenio
Contacto: Karen
Isabel La Católica #6
Tepoztlán, Morelos
no email or telephone

Ecoluna
Te ofrece productos y alimentos orgánicos
para un estilo de vida saludable
Campesinos 3-A Centro
Tepoztlán, Morelos
Contacto: Susana Castro
Email: lunanueva1@prodigy.net.mx

La casa del Pan
Contacto: Kippy Nigh
Calle Dr.Navarro 10
San Cristobal de las Casas, Chiapas
tel. (967) 804 68
fax (967) 872 15
email: danamex@mail.internet.mx.com

Tienda Rostros y Voces-Trato Justo
Cafetería: café de calidad. Certificado nacional e internacionalmente de orgánico y comercio justo. Directo de las organizaciones de pequeños productores.
Librería: primera y única en México especializada en la venta de libros producidos por organizaciones civiles.
Artesanías: exclusivamente venta de productos de cooperativas, bajo el esquema de comercio justo.
Contacto: Rosa María Vázquez
Mérida 109, local D (entrada por Alvaro Obregón Col. Roma cp. 06700 México DF
tel 55 14 84 53
fax 55 14 65 39
Email: sipro@laneta.apc.org, m.monroy@comerciojusto.com.mx

"Unitianguis" Ibero-Puebla
Universidad Iberoamericana Plantel Golfo-centro
Puebla, Puebla
Contacto: Maria Elena

"Unitianguis" Cholula
5 de mayo 210-C
72810, San Andrés Cholula, Puebla
Tel y fax: (222) 2479661
Contacto: Martín Barragán
e-mail: fairtrademex@gemtel.com.mx

"Espacio Unitianguis" Tonanzintla, Puebla
Costado Parroquia
Contacto: Bertha

Cooperativa de Comercio Justo, SCP de RS
Distribuidor Mayorista
5 de Mayo 210-B
72810, San Andrés Cholula, Puebla
Tel y fax: (222) 2479661
Contacto: Martín Barragán
e-mail: fairtrademex@gemtel.com.mx

Mundo Sano (ecotienda)
Contacto: Monica Flores Dueñas
Av. Hidalgo 69-1
Riberas del pilar CP. 45900
Chapala Jalisco. MÉXICO
Tel. (376) 5 50 68
Email: valkis@yupimail.com

La Tía Lencha
Contacto: Maria Antonia Oviedo Mendiola
García Vigil 406 Plaza Arte y Tradición
Oaxaca, Oax. CP 68000
email: latialencha@yahoo.com.mx

CAMBIOS...es lo que necesitamos.
Cooperativa por un AMbiente BIOdiverso y Sustentable.
Contacto: Jorge Alberto Neyra
email: janeyra@hotmail.com
Tiene un restaurante que se llama "Los Radicales Libres" y está en Mexicali 85, casi
esq. con Tamaulipas, en la col. Condesa.
El teléfono es 5211-8492 y estamos abiertos todos los días, incluyendo domingos.

Las Cañadas
Contacto: Ricardo Romero
Av. 5 Num. 1803
Col. San José
Córdoba, Veracruz
www.bosquedeniebla.com.mx
bosquedeniebla@infosel.net.mx

Las Cañadas
Contacto: Ricardo Romero
Av. 2 Num. 127-C
Huatusco, Veracruz
www.bosquedeniebla.com.mx
bosquedeniebla@infosel.net.mx
Tel / Fax: (273) 7341577

ORGÁNICA-ecotienda
Av. España #777-A
entre Americas y Católica
Col. Reforma
Veracruz,Ver.
Tel. 01(229)931-30-83
Contacto: Claudia Maria
Email: biorancho@wildmail.com

Madre Tierra
Contacto: Ofelia García
Pasaje Parián local 13
Alvaro Obregón 130 y Chihuahua 135 col Roma
México CF cp. 06700
tel fax (01 55) 85 96 92 90
Email: ofe_32@yahoo.com.mx

Red de Consumidores y productores "Vida digna"
Tianguis TLALOC, CEDESA, CEDUAM, CARITAS, EAS, Red Anahuak, Bioplaneta, Sindicato del Instituto Politécnico Nacional, parroquias y cientos de consumidores responsables en Querétaro, Tlaxcala, Guanajuato y el Distrito Federal.
Tel. 5535 0325 y 5566-4265
Fax: 5592-1989
Email: espacios@laneta.apc.org
Tlaloc 40-3, Col. Tlaxpana, Metro Normal, Ciudad de México.
http://www.vidadigna.net

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Appendix 6: Total U.S. Exports to Mexico (conventional & organic)

AREA/COUNTRIES OF DESTINATION AND COMMODITIES EXPORTED		JANUARY - DECEMBER VALUES IN 1000 DOLLARS 2001	2002
MEXICO	**BULK**	**2,799,154**	**2,756,986**
	COARSE GRAINS	1,086,910	1,030,401
	SOYBEANS	755,159	791,628
	WHEAT	267,189	349,470
	COTTON	472,088	322,720
	RICE	81,298	103,465
	OTHER BULK	76,976	87,109
	PULSES	42,240	46,118
	PEANUTS	17,294	22,390
	TOBACCO	0	3,684
	INTERMEDIATE	**1,360,651**	**1,649,671**
	OTHER INTERMEDIATE	397,308	557,038
	PLANTING SEEDS	192,399	266,927
	ANIMAL FATS	115,918	141,774
	LIVE ANIMALS	143,633	139,401
	HIDES & SKINS	138,345	123,169
	FEEDS & FODDERS	146,972	109,063
	SOYBEAN OIL	37,265	98,071
	VEGETABLE OILS (EX SOY)	77,219	93,603
	SOYBEAN MEAL	52,166	86,757
	SUGAR, SWEETNER, BASES	55,920	28,170
	WHEAT FLOUR	3,506	5,700
	CONSUMER-ORIENTED	**3,244,397**	**2,819,321**
	RED MEATS, FR/CH/FR	1,036,953	1,077,403
	PROCESSED FRUIT & VEG	314,920	329,832
	OTHER CONSUMER ORIENTED	230,331	236,871
	FRESH FRUIT	235,594	216,936
	DAIRY PRODUCTS	249,076	201,961
	POULTRY MEAT	257,987	173,825
	SNACK FOODS	331,431	157,813
	RED MEATS, PREP/PRES	68,947	82,260
	PET FOODS	234,855	67,269
	FRESH VEGETABLES	74,649	64,289
	TREE NUTS	53,544	51,588
	BREAKFAST CEREALS	37,799	49,767
	WINE AND BEER	54,572	43,456
	FRUIT & VEG JUICES	28,264	27,474
	NURSERY PRODUCTS	22,631	19,453
	EGGS & PRODUCTS	12,845	19,122

SEAFOOD PRODUCTS	**65,491**	**65,867**
OTHER SEAFOOD	63,398	63,681
CRAB & MEAT	1,210	885
ROE/URCHIN/FISH EGGS	224	368
SURIMI (FISH PASTE)	81	343
SALMON CANNED	357	302
SALMON WHOLE/EVIS	221	286
AGRICULTURAL TOTAL	**7,404,202**	**7,225,979**

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