

# Sector-specific opportunities in Mexico

## Background

You should carry out as much market research and planning as possible before exporting to Mexico, using both desk research and visits to the market. You need to determine if there is a market for your product or service and whether your pricing is competitive.

DIT's trade specialists can help you identify local representatives for your products in Mexico. See: [www.gov.uk/overseas-customers-export-opportunities](http://www.gov.uk/overseas-customers-export-opportunities).

DIT provides free international export sales leads from its worldwide network. Find export opportunities in Mexico at: <https://opportunities.export.great.gov.uk>.

## Government tenders in Mexico

It is recommended that you work closely with a partner to assist with preparing bid documents. Although not essential, it can help to also have an office in Mexico to increase your chances of achieving government contracts.

Mexico's Comisión Federal de Competencia Económica (COFECE) at: [www.cofece.mx/cofece/ingles](http://www.cofece.mx/cofece/ingles) is the Mexican anti-trust commission charged with supervising, promoting, and guaranteeing free access and competition in the markets.

If a public tender gives preference to a supplier, a complaint can be filed with COFECE before the contract is awarded.

## Healthcare

Health provision is a high priority for the current administration. The total healthcare spend in 2016 was US \$130 billion. It is growing at more than 8% year on year. Healthcare spend is at around 6.5% of GDP and is split 50/50 between the public and private sector.

Mexico has an increasing elderly population. Government initiatives for the prevention and management of chronic diseases are being implemented. The highest rates of illness in Mexico are for chronic degenerative diseases; diabetes, cardiopathies and cancer.

Some of the areas of opportunity for UK companies are:

- medical equipment

- training for doctors and nurses
- e-health and telemedicine
- medical informatics

Mexico has a favourable regulatory environment and increasing access to healthcare is expected to boost the industry in coming years.

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## Food and Drink

Over 42% of Mexico's population are middle class and in recent years the food and drink sector has grown faster than the retail sector.

- Processed food production reached over US \$141 billion in 2015 and it is expected to reach US \$179 billion by 2020.
- Mexico's market of processed foods will reach US \$170 billion by 2020 with a projected per capita consumption of US \$1,350.
- With a population of 122 million, Mexicans consumed about US \$155 billion worth of processed food products.
- Fast food and cafés/bars showed the most growth over the 2008-2012 period with 3.4% and 2.6%, respectively.
- Over the forecast period of 2013 to 2017, fast food will remain the best performing category in terms of sales growth (6.8%), followed by pizza consumer foodservice (6.2%).
- Sales of sugar confectionery observed a growth in 2015 of 1% in terms of current value.

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## Infrastructure

Mexico spends about 3% of GDP on infrastructure.

It ranks 57th out of 138 countries in terms of infrastructure competitiveness according to the Global Competitiveness Report for 2015 to 2016: <http://reports.weforum.org/global-competitiveness-report-2015-2016/>

A National Infrastructure Plan (NIP) has been set up which will invest £65 billion of public and private funding in:

- construction and modernisation of highways
- supplying new passenger trains
- expansion of the port of Veracruz
- airport improvements

The new Mexico City International Airport, worth US \$13 billion, is Mexico's largest infrastructure project to date. It is expected that the Mexico City Airports Group will launch 40 public tenders from 2016.

UK companies ARUP and Foster + Partners have already won the contracts for project master plan and design of the terminal building. Currently the airport is at the ground preparatory stage. There are opportunities in:

- alternative financing schemes such as Public Private Partnerships (PPPs)
- project and cost management
- master planning
- feasibility and demand studies
- structural design and engineering
- architectural design
- cargo handling services
- security, design and implementation of green/sustainable technologies
- specialised tier 2 / tier 3 services and equipment

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## Energy

## **Oil and gas**

After the sweeping energy reforms passed in December 2013, the Mexican oil and gas industry has opened up to private investment.

Onshore and offshore shallow water blocks in the Gulf of Mexico been awarded to several companies, including a consortium involving Premier Oil, a UK independent operator. Further interest from UK oil and gas companies is expected when licences to explore and produce in Mexico's deepwater areas and PEMEX partnerships ('farm-outs') are auctioned.

Around half of Mexico's prospective oil reserves lie in deep waters. Opportunities for UK expertise include (but are not limited to):

- training
- project consultancy
- financing
- Front End Engineering Design (FEED)
- subsea and deepwater capabilities
- enhanced / improved oil recovery
- asset integrity management

There are also plenty of opportunities in midstream, particularly around the design, construction and maintenance of natural gas pipelines. The Federal Commission of Electricity is increasing pipeline infrastructure by releasing public tenders. Particular opportunities are reckoned within two specific projects: a subsea pipeline that will transport natural gas from Texas to Veracruz, Mexico and a project for supplying gas to the Baja California Peninsula.

## **Power and renewable energy**

Energy reform aims to promote investment in clean energy and reduce fossil fuel dependency in electricity generation. 35% of power generation is expected to come from clean energies by 2024.

The government has created a market for clean energy certificates (CELs). Wholesale electricity users will be obliged to use 5% of their total consumption from clean energy sources. This will boost clean energy use for electricity generation, particularly in energy intensive industries.

Mexico's first long term electricity tender resulted in contracts being granted to solar photovoltaic (PV) and wind projects. Mexico is currently developing a renewables subsector capabilities map and creating international research and innovation centres.

There are opportunities for UK companies with expertise in all clean energy technologies.

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*[Source: DIT/gov.uk]*

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## Case Study



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