

## OPPORTUNITIES FOR SUPPLIERS

Equipment suppliers will benefit from the dramatic restructuring and new market demands in the food processing industry. Contributing factors include:

- the need for increased efficiency to reduce manufacturing costs and improve competitiveness at the retail level;
- consumer demand for new and attractive packaging materials as a result of imports from the U.S., Europe and, more recently, Chile;
- additional demand for new consumer-ready foods; and
- the need to compete with imports head-on, and develop products for export to overseas markets.

## COMPETITION

Some international equipment firms have established a strong presence in Mexico. Major players are: Suard Systems, Asser Oakes, Fenco Spa, Ica, Cavanna, Errebi, TMGI Padovan, Branbati, Orlandi (*Grupo Sasib*), and Pavan. Mexican purchasers are quite sophisticated, and make a point of travelling to major trade fairs in the U.S. and Germany. Those companies with foreign ownership use this association to provide engineers and technicians with on-the-job training at parent plants overseas.

Food packaging is expected to offer importers some of the most interesting opportunities. If Mexican consumer-ready products are to hold their markets against foreign competitors, they must adapt to more savvy packaging. For instance, eye-catching, brightly colored wrappers on candy imported from Chile is currently stealing market share from Mexican confectionery manufacturers. New packaging techniques which help to extend the shelf-life of products are also needed.

## BAKED GOODS

The large bakers generally buy most of their processing and packaging equipment abroad. Imports of new and rebuilt equipment make up about two-thirds of the total equipment market. Low-volume, neighbourhood tortilla vendors buy mostly Mexican-made equipment.

Processing and packaging equipment used by the larger distributors has traditionally been based on medium-level technology. Now, in response to rising demand for wheat-based products and the need for longer, more automated production runs, the larger firms are beginning to shop for state-of-the-art technology.

Until recently, flour was heavily subsidized by the government on the grounds that bread and tortillas were essentials. Now that subsidies have been eliminated, micro-bakeries serving their immediate communities must invest in new equipment to increase efficiency. Packing opportunities are limited, however, since bread is sold in plain paper bags, and tortillas in brown paper or directly into a purchaser's cloth napkin.

Even those distributors with large networks are not yet taking full advantage of the sophisticated packaging equipment and design opportunities common to the North American market. Packaging equipment is currently quite basic, so opportunities exist in the high end of the bakery subsector.

Larger families in Mexico demand correspondingly larger packaging than is common for baked goods in Canada. For instance, 50 percent of the cookie shelf-space in supermarkets is taken up with one-kilogram packages.