

Mexico's export-oriented economy and changing demographics will have a dramatic impact on food processing trends in coming years. This creates opportunities for suppliers of all types of food processing equipment. The potential is particularly good for high-technology equipment not yet available from Mexican suppliers. The sharp devaluation of the peso that occurred in December 1994 will not diminish the need to modernize, but it will limit financing. Canadian joint-venture partners who can bring their own capital will be in particular demand.

THE MEXICAN FOOD PROCESSING INDUSTRY

The *Cámara Nacional de la Industria de Transformación (CANACINTRA)*, Mexican Association of Manufacturers, categorizes its 8,000 food industry members as:

- large — accounting for one percent of its membership, or about 100 corporations;
- medium — 18 percent of members (1,400 companies); and,
- micro enterprises — 81 percent (6,500).

Corporate concentration like this is not uncommon in Mexico, where only the large firms have had sufficient investment capital to expand, often through acquisitions. Testimony to the strength of the larger players in this industry is the fact that, according to the highly respected business magazine *Expansión*, 35 food-related companies and 29 additional companies in the beverage sector were ranked among Mexico's top 500 companies in terms of sales in 1993.

A handful of corporate giants dominate an industry that continues to include more than 40,000 micro-enterprises selling small volumes in their own neighbourhoods.

The Mexican food processing and packaging industry could not be considered mature by international standards. About 8,000 food processing companies are registered with the *Cámara Nacional de la Industria de Transformación (CANACINTRA)*, Mexican Association of Manufacturers. According to chamber officials, there are more than 40,000 additional unregistered companies in the industry. These are mostly small family-owned firms. Total food processing employment is estimated at more than 670,000 people.

The industry is dominated by a few major players including *Grupo Industrial Bimbo*, *Grupo Maseca* and *Herdez*. There is also a myriad of small micro-enterprises which supply to "mom-and-pop" style stores within a few blocks or a few kilometres of their processing facilities.

Mexican family firms that have become industry leaders today share shelf-space with a large number of American and European multinational firms, such as Anderson Clayton, Nestlé and Danone.

These foreign conglomerates typically own and operate Mexican plants, joint venture with a Mexican partner, or license their brands to Mexican firms. They generally use Mexican primary food products, but tend to shop outside of the country for their processing and packaging equipment needs.