Mexican beer is produced by major brewers such as *Cervecería Moctezuma, Grupo Modelo and Cervecería Cuauhtémoc*. The latter firm is part of the food, beverage and packaging conglomerate *Valores Industriales*.

### Canned Products

The two leading Mexican companies in the canned products subsector are *Herdez* and *La Costeña*. Other major players, including *Del Monte* and *Anderson Clayton*, are subsidiaries of multinationals. Some Mexican companies have established agreements for the exclusive representation or production of foreign product lines. For example, *Herdez* produces or imports for McCormick, Heinz, Knot's Berry Farm, American Home Food, and Hormel.

### Confectionery and Candy

Major confectioners include *Cerezo, Del Angel, Elite, Nacional de Dulces* and *Turin*. The majority of chocolate manufacturers are regional, with only four major players — Nestlé, *Nacional de Dulces, Chocolatera de Jalisco,* and *Ricolino*. Two specialty companies, *Ferback* and *Turin*, cater to the high-end of the market.

Those confectioners intent on exporting have expanded their production facilities and are currently working on dual packaging projects, one for Spanish-speaking markets and another for American, Canadian and European consumers.

### Dairy Products

The large multinational dairy products producers, including Nestlé, Carnation, Danone and Kraft are well represented in their respective markets, capturing about half of the total market for dairy products.

Yoghurt and cheese have been the most rapidly-growing processed products. Demand has risen sharply as a result of broadened tastes of the Mexican middle class. Milk drinks are also popular because they resemble the traditional *licuado* milk-shakes.

There is no tradition of "health foods" in Mexico, but low-calorie, low-fat dairy products are beginning to shape new consumption habits, carving out new market niches.

### Edible Oils

Mexicans fry a lot of their food, which makes edible oil an important subsector. It is estimated that there are 78 companies in this industry. They are located in 18 different states, mainly in central and northem Mexico. Because oil is considered a staple, it is given excellent shelf-space and is competitively priced. Equipment is needed both for bottling and for bulk packaging.

### Processed Meats

Production of processed meats is dominated by five major firms: *Alimentos KIR, Donfer, Sigma, Parma* and *Zwanenberg*. They claim more than three-quarters of the total market. Meat processing tends to be accomplished with fairly basic equipment. Nonetheless, an emerging demand for packaged meats such as deli products and cold cuts is driving demand for more sophisticated systems.

### Salty Foods

Street vendors selling all manner of quick snacks have a long tradition in Mexico. Recently, some of their market share has been eroded by the big snack food marketers. For example, PepsiCo sells snack foods under the *Sabritas* and Frito-Lay labels. Another major competitor is *Grupo Industrial Bimbo,* with the brand names *Barcel* and *Chips*.

The market leader is *Sabritas*, which employs more than 5,000 workers in plants that run at virtually full capacity. It faces stiff competition from *Barcel* which is also very effective in getting its product to market.

Peanut packagers have also managed to create their own market niche in mixed nuts, with little competition from outside. *Mafer* claims 60 percent of the available shelf-space, followed by *Sabritas*. Other leading peanut packagers, *Nipon* and *Martín Cubero* have excellent distribution systems, but do not achieve sales volumes comparable to *Mafer's*.

## OPPORTUNITIES FOR EQUIPMENT SALES

*Processing, packaging and waste reprocessing are opportunity areas for Canadian companies than can cater to the specialized needs of Mexican food processors.*

Market opportunities for processing and packaging equipment exist in almost every area of the food industry. Prospects are particularly good in the quick-freezing and packaging sector. This niche has largely been ignored so far, because of a relative lack of home freezing units. Under the North American Free Trade Agreement (NAFTA), home freezers are expected to become much more widely available. Waste reprocessing equipment is also of particular interest to Mexican food processors.

Food packaging will also provide interesting opportunities. If Mexican consumer-ready products are to hold their markets against foreign competitors, they must adapt to more sophisticated packaging. For instance, eye-catching, brightly coloured wrappers on candy imported from Chile is currently taking market share from Mexican products. New packaging techniques which help to extend the shelf-life of products are also needed.

### Baked Goods

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 equipment. Packaging equipment is also in demand in the high end of the bakery subsector.