

Principal Players

The following is a list of the fifteen largest Mexican food companies. 1990 sales figures (in billions of old pesos) follow. The companies include:

Cía. Nestlé	2,311
Anderson Clayton	773
Herdez	567
Ganaderos Productores de Leche Pura	547
Sigma Alimentos	414
Univasa	373
Productos de Leche	238
Nabisco-Famosa	228
Lechera Guadalajara	226
Helados Holanda	192
Molinos Azteca	179
Ingenio Tres Valles	159
Ingenio Tamazula	131
Derivados de Maíz Alimenticia	120
Laboratorios y Agencias Unidas	112

Additionally, Mexican consumption patterns are increasing four times as fast as the American equivalent. Growth in consumption, combined with significant price hikes in the past year, have resulted in a 9% growth in revenue in the first half of 1993. A 4% growth rate is expected for 1994.

Two producers dominate the market: Pepsico and Coca Cola. Between them, the two companies control 67% of the national soft drink market. In addition, there are approximately 200 bottling plants in Mexico. Many of these plants will need to expand their capacity in the coming years. For example, over the next five years, industry players have committed \$US 4.3 billion to investment projects.

Bottling plants may offer substantial opportunities, given their large water consumption. One important use of water is bottle cleaning and sterilization, a process using concentrated detergents. As a result, high levels of M.B.A.S. may be apparent.

Approximately 100 companies produce consumable oils and fats. 60% of these firms target the human market, while the remainder focus on animal products. The industry is highly concentrated, with 7 players controlling 50% of the market. Construction of additional capacity is unlikely in this sector. North American Free Trade may have a negative effect on

the industry, reducing demand for local products. Additionally, capacity utilization currently runs at only 57%. Canadian companies may wish to avoid targeting this sub-sector

Maseca: Processing Plant Construction

Maseca - one of the largest agroindustrial companies in Mexico - has announced that it will invest \$US 1.1 billion in the construction of nine processing plants. The plants will be located in Mexico, Central America, and the United States. Construction projects are expected to be completed by 1996.

The food and beverage industry is governed by nine wastewater discharge norms. Additionally, 2 norms exist regulating the use of water for irrigation. Details on these norms can be found in the tables on the previous page. Although specific norms exist for most aspects of the food and beverage industry, to date enforcement has been relatively lax.

However, municipal discharge norms expected in 1994 will regulate BOD, COD, and total suspended solids for the first time. Given that many food and beverage makers discharge to municipal drainage systems, and that their prime area of concern is often these factors, enforcement will become significantly more stringent. As a result, many food & beverage companies are already searching for potential wastewater equipment suppliers.

Sources:

1. *El Financiero*, assorted articles, (Mexico D.F.: El Financiero SA de CV, July 26, October 25, November 1, and November 29 of 1993)
2. Grupo Financiero Serfin, "Indicador Sectorial," (Mexico D.F.: Grupo Financiero Serfin, 1993)
3. The Canadian Embassy, "Food Processing and Packaging Equipment," (Mexico D.F.: Canadian Embassy, 1988)
4. Cross Cultural Consulting Inc., "The Mexican Food and Beverage Industry," (Winnipeg, Manitoba: Western Economic Diversification, 1993)