

A Minimal Target Market

It is unlikely that the Mexican pulp & paper industry will undergo a significant capacity increase in the near future. Capacity utilization in Mexico currently stands at 71.8%. As a result, Canadian companies hoping to provide wastewater equipment for new production facilities may find a minimal target market.

360,000 tons of total capacity will be installed by the same year. Current capacity totals 3.935 million tons per year. Additional capacity construction may offer medium-term opportunities for equipment suppliers as new plants will also require treatment equipment. Once immediate demand for wastewater equipment is satisfied, equipment vendors may wish to monitor future capacity developments.

Investment projects in the pulp segment total only 32,000 tons per year by 1997. Current capacity stands at 1.072 million tons per year.

Three environmental norms govern the discharge of water in the pulp and paper industry. Norm 15 provides guidelines for companies involved in the production of pulp. Norm 24 focuses on companies that manufacture paper from virgin pulp, while norm 25 regulates firms that produce paper from recycled pulp. Norm specifics are found in the chart on the following page.

Many pulp and paper manufacturers are searching for wastewater treatment vendors that will guarantee operation within these norms. Given the high profile of the industry, most producers fear continued attention from environmental authorities, and wish to comply with regulations as soon as possible.

Principal Players

Principal players in the pulp & paper industry include:

Kimberly Clark (pulp and paper), Crisoba (pulp and paper), Empaq, Lypps, Copamex (paper), Smurfit (paper), Mexicana de Papel Periodico (pulp and paper), and Fabrica de Papel Monterrey (paper). Three companies managed to increase sales in spite of industry shrinkages: Kimberly Clark (2.1%), Empaq (5.0%), and Crisoba (7.6%).

As a whole, the Mexican pulp & paper industry exhibits a strong interest in wastewater management techniques. However, operating conditions within the industry create a demanding environment for the equipment vendor. These pressures and target market size will force Canadian suppliers to move quickly. At the same time, scarce resources will create a strong demand for financing, particularly from companies that are not affiliated with an industrial group.

Maximum Permissible Limits: Daily Average

	Norm 15 & Norm 25:	Norm 24
PH Levels	All norms specify between 6 and 9	
Biochemical Demand for Oxygen (BOD)	Both norms specify 200 mg/l	125 mg/l
Solid Sediments	Both norms specify 8 mg/l	4 mg/l
Suspended Solids	Both norms specify 200 mg/l	125 mg/l
Oils and Fats	Both norms specify 40 mg/l	20 mg/l

Sources:

1. Banca Serfin, "Industry Review: Paper and Cardboard," (Mexico D.F.: Grupo Serfin, 1993)
2. CNICP, "Memoria Estadística 1993," (Mexico D.F.: CNICP, 1993)