

MEXICO: FIRST FOR TETRAPAK

Tetrapak's first international plant was located in Mexico 20 years ago. It is now recognized as the packaging standard in the dairy industry. Noting the financial constraints on producers and their inability to finance expensive equipment purchases, *Tetrapak* has been installing packaging equipment in plants on a consignment basis and deriving its revenue on volumes run through their machines.

Domestic production of food processing equipment has been limited mainly to small-scale equipment based on simple technology. Mexican-made machinery is usually designed to handle only one step of a food-processing chain. It is common for suppliers to specialize in custom-made equipment, rather than standard lines. These producers face stiff competition from imports of medium-capacity, mass-produced machines that can be very price competitive, even considering the devalued peso.

Local suppliers also specialize in reconditioning second-hand machinery purchased from American plants, as well as the maintenance of imported equipment. Growing familiarity with these more sophisticated, multi-task machines has also led to the production of higher-technology machinery in Mexico. Some manufacturers have signed technology agreements with U.S. or European firms, and have obtained certification for their products from overseas agencies, such as the American Society of Mechanical Engineers.

This has opened the door to a slow but steady export trade, amounting to about 25 percent of total domestic sales. Equipment exports are forecast to reach just over US \$126 million in 1997. The principal products exported by Mexican manufacturers are heat exchangers and cooking appliances, as well as simple packaging equipment and machinery to clean and sort agricultural produce, such as fruits or grains.

PARTIAL LIST OF FOOD PROCESSING EQUIPMENT MANUFACTURED IN MEXICO

kettles	coating pans	fryers
milking machines	pasteurizers	sterilizers
evaporators	fermentation vats	heating/cooling towers
pulpers	agitators	mixers
pumps	heat exchangers	dryers
washers	cappers and labellers	fillers