

FOOD PROCESSING INDUSTRY

The food and beverage industry constitutes the single largest component of the Mexican manufacturing sector, with approximately 1/3 of total production. Over 60,000 companies are active in the industry; however, 95% of these establishments are micro-enterprises that have no interest in wastewater equipment. In general, only the medium to large size firms express an interest in wastewater technology. Such companies are generally concentrated in the following sub-sectors: breweries, soft drinks, edible oils, processed foods, and sugar mills. While wastewater treatment opportunities are apparent in all five areas, this study does not examine the sugar industry. However, the sugar industry produces over 30% of industrial water pollution in Mexico, and consequently demands high capacity treatment equipment. The industry is also highly concentrated, with very few producers.

In general, the food and beverage industry enjoys a strong growth rate, estimated at 7% annually between 1990 and 1994. Growth will continue in the future, as Mexico's population continues to increase 2% per year. Domestic producers are currently serving a market of over 85 million Mexicans. By the year 2000 the population is expected to reach 104 million. As the population expands, the industry will require greater capacity to serve the market. New plants will need to be served by increasingly sophisticated wastewater treatment technologies.

Mexican food and beverage companies are only just beginning to take advantage of international export markets. However, many companies indicated that export markets currently offer the greatest growth potential.

Many of the larger companies are concentrated in Mexico D.F. Industry experts estimate that 25% of processed food production occurs within the city's metropolitan area. Concentration is even higher in the brewery, soft drink, and flour milling industries. Mexico City is classified as a zone 1 priority area for wastewater treatment. Consequently, companies located in the area are under significant pressure to treat their effluent to the greatest degree possible.

The 1994 production of food alone is estimated at \$CDN 18 billion. Focus areas are as follows: meat & milk, 35.2%; corn milling, 18.1%; wheat milling, 12.0%; coffee, 5.9%; processed fruits and vegetables, 3.5%; animal feed, 2.5%; and other, 22.8%.

Norms and Enforcement:

11 norms are applicable to the food and beverage sector. They control the following industries: sugar production, flour industry, beer & malt producers, milk and milk derivatives, soft drink production, meat packaging and processing, conserved foods industry, coffee industry, and processing of seafood products.

Perspectives:

The industry will maintain a minimum growth of approximately 2% for the medium term. However, market segments such as North American style processed food are growing significantly faster.

Target Market:

60000 companies are active in this sector, of which 3000 may be large enough to be interested in wastewater equipment.

Many multinational players in the food processing industry are active in the Mexican market. For example Danone, Gerber, Del Monte, Kraft General Foods, Purina, and Nestle's all have a local market presence. Industry experts believe that North American Free Trade will have a strong positive impact on direct investment in food processing facilities. To date, 19 U.S. processed food companies have established 45 joint-ventures or plants in Mexico, worth \$US 4.6 billion.

Cervecería Cuauhtemoc has recently been loaned \$US 23 million for the construction of five wastewater treatment plants. The plants will be constructed at Cuauhtemoc breweries in the states of Mexico, Baja California, Nuevo Leon, Sonora, and Jalisco.

The brewery also plans to construct two new brewing plants, one in the state of Chihuahua (1995) and one in the southeastern Mexico (1997). Given the company's emphasis on wastewater responsibility, the two new plants will most likely be equipped with water treatment facilities.

Please see the company heading "Cervecería Cuauhtemoc", on page 72, for more information on this company's wastewater plans.

The soft drink industry is highly successful in Mexico. After the United States, Mexico is the greatest per capita consumer of soft drinks in the world.