

DAIRY PRODUCTS

Difficulties faced by milk producers and processors in the early 1980s set the industry back several years. The dairy sector is now ready to diversify and expand in a major way. In 1993, the market for processing and packaging equipment in this category was about US \$19 million, with imports accounting for 79 percent of sales.

Few domestic equipment manufacturers are in a position to supply the large dairy companies with the highly sophisticated equipment they need. Almost all of their equipment is imported from the United States or Europe. Most purchases are made through established local representatives in Mexico. Aside from the usual financing and service considerations, prospective vendors must remember three factors:

1. the need to be extremely price competitive due to the low margins on some milk products and the high level of competition for market share;
2. the exact processing requirements for each product, and the special needs of Mexican milk suppliers, such as water treatment requirements; and
3. the need to comply with Mexico's strict sanitary standards and to efficiently dispose of waste.

Until recently, reusable and recyclable packaging materials have not been available, but the need for environmentally-sensitive packaging is expected to become a higher-profile issue in the future.

EDIBLE OILS

The edible-oil subsector is unusual because it uses state-of-the-art technology and has an installed capacity that exceeds demand. Milling equipment typically comes from the U.S., while the equipment used for refining and secondary production is imported from Italy, Germany and the United States. *Fábrica de Jabón la Corona* recently purchased equipment from Husky, a Canadian company.

Not all edible oils are bottled, since snack manufacturers and others in the frying business take their product in bulk. Major distributors are Anderson Clayton, *Fábrica de Jabón la Corona*, and *Arancia e Hidrogenadora Nacional*. The only firm manufacturing and packaging olive oil is *Formex Ybarra*, a multinational firm that uses imports from Spain to supplement its domestic production.

Although Mexican millers and integrated manufacturers are already well equipped, there are opportunities for packaging-equipment suppliers. Advanced packaging materials and labellers are among the more promising prospects.