

1. BACKGROUND

The mesoamerican cultures used paper for the creation of "books" or "códices", long strips of paper or leather, of some 10 meters, covered with characters on both sides, and folded manyfold to create a book with two thicker covers. This paper was made from plants such as agave, palm and other local species. Paper was also used for decoration, offerings and clothing, mostly for their gods at religious ceremonies. Certain areas were known as paper suppliers and many still produce paper with original technologies.

During the first decades of the Spanish conquest, all paper used for administrative purposes was imported from Spain. The first local paper was produced in the mid 16th century to cover the needs for paper by the Spanish priests for their conversion efforts. A monopoly was created for the production of paper and a mill began operating. Both these were insufficient to cover domestic paper needs and a significant amount of paper needed to be imported. The independent Mexican paper industry was only created in 1824 after the Mexican revolution and the first company using machinery opened in 1840. Paper production was centralized in very few companies, which over the years were sold, resold, merged and enlarged.

In 1929, two large companies existing at the time, producing some 1,200 tons of paper annually by 1910, merged to create Fábricas de Papel Loreto y Peña Pobre S.A., which soon began installing modern machinery and equipment both for the production of pulp and paper. By 1940, this company produced 140 tons a day of pulp, in addition to 9,600 tons/year paper. Another major company, Fábricas de Papel San Rafael, was created in 1892 for the production of pulp and paper. Cartonera la Moderna, created in 1905, was the first firm to produce cardboard, boxes and packaging material, followed by Fábrica de Papel Monterrey (1917). In 1925 Fábrica de Papel la Aurora was created, which was reorganized in 1961 as Kimberly Clark de México.

In response to an insufficient paper supply, the federal government created Productora a Importadora de papel (PIPSA) in order to supply the local market and to regulate prices. Its most important involvement was in the supply of newsprint but, with the support of special import duties, it also was Mexico's largest importer, supplying as much as 94% of total apparent consumption in 1937 and an average 20% during the 60's and 70's.

At present, the local pulp and paper industries represent 0.74% of total GDP and 3.23% of total manufacturing GDP. They employ 34,228 people, and their 73 plants have a total capacity to produce 1.1 million tons of pulp and 3.8 million tons of paper a year, as compared to 1 million tons of pulp and 2.8 million tons of paper in 1982. Total pulp production has increased from 473,000 tons in 1970 to 748,400 tons in 1982 and fell to 705,100 tons in 1991. Paper production, on the other hand, increased from 897,000 tons in 1970 to 2 million tons in 1982 and further to 2.9 million tons in 1991. Imports of pulp have increased from 128,600 tons in 1982 to 320,000