

The Mexican food processing industry can be broken down into eight subsectors, each with its own unique needs for machinery and equipment:

- baked goods
- beverages
- canned goods
- confectionery and candy
- dairy products
- edible oils
- processed meats
- salty snacks

A characteristic of the Mexican industry is that each subsector is dominated by only a handful of major players, and most of them are poised for expansion.

PRODUCT TRENDS

The leading Mexican food processors have adapted rapidly to the liberalized trade environment and emerging consumer demands. The better-capitalized companies quickly invested in new machinery and equipment. They automated their facilities, improved production efficiency, and increased the shelf-life of their products. New products, such as yoghurt drinks and cold cuts, required attractive packaging to entice consumers; in addition, distribution networks were expanded. On the other hand, many micro-enterprises and poorly-run firms have been either purchased or elbowed out of the market by larger food processors jostling for market dominance. Many of those who could not upgrade to meet the competition have had to close their doors after decades of serving their local communities. The *Cámara Nacional de la Industria de Transformación (CANACINTRA)*, Mexican Association of Manufacturers, estimates it lost 20 percent of its food industry members in 1993, as a result of new competition and cheaper imports.

A number of other emerging trends suggest further changes over the short and medium term:

- Macro-economic policy — the signing of the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA) have brought down tariff barriers and opened the Mexican market to imported foods, offering not only lower costs and increased variety, but also higher expectations among consumers.
- Export orientation — to counter imports, the Mexican food industry is looking for ways to be more competitive abroad. This necessitates the incorporation of new technologies to increase efficiency and accommodate new product lines that meet international tastes and standards.