

Food and Beverage Processing and Packaging Equipment



THE OPPORTUNITY

The Mexican food processing industry offers many opportunities for Canadian suppliers of processing and packaging equipment for food and beverage products.

- Liberalized trade and a well-travelled middle class are driving an unprecedented demand for attractively-packaged convenience foods.
- Mexican food processors need to modernize and expand to meet the growing market, but generally lack the expertise and the capital to do so.
- Under the North American Free Trade Agreement (NAFTA), the cost of freezers and microwave ovens will fall, which will stimulate the market for convenience foods.
- There is a trend away from shopping at *abarrotes*, small corner stores, towards supermarkets and discount stores which usually do a better job of merchandising packaged convenience foods.
- Mexican food processors need to develop better packaging to compete with imported products from the United States, Europe and Chile.

In addition, more efficient processing and better packaging will be needed to take advantage of new export opportunities resulting from the devaluation of the peso.

AN INDUSTRY IN TRANSITION

Processed food markets are growing rapidly – but so is foreign competition. Processors will have to modernize and restructure to maintain their market share.

Mexico's food processing industry developed under an umbrella of protectionism, but the same government intervention that introduced protection also imposed price controls and kept the cost of capital high. The trade barriers that kept out foreign competitors also blocked imports of much-needed technology. Therefore, companies had neither the incentive nor the means to modernize.

In the late 1980s, the government launched a program of sweeping economic reforms, including trade liberalization, privatization and deregulation. The new policies opened up the economy to unprecedented competition. Mexican food processors were stuck with outdated equipment and insufficient capital, just as highly-efficient foreign competitors gained access to their market.

The availability of new imported products, coupled with the demands of a well-travelled and sophisticated middle class, has put pressure on food processors to develop new, attractively-packaged products to compete with these imports. Increasing demand for consumer-ready foods is expected to continue well into the next century. Mexican

SUMMARY REPORT

In addition to this market summary, the Department of Foreign Affairs and International Trade (DFAIT) has prepared a market profile entitled **Opportunities in Mexico: Food and Beverage Processing and Packaging Equipment**. This market information on the Mexican market for food and beverage processing and packaging equipment has been researched by Townsend Trade Strategies Inc. and published by Prospectus Inc. under contract with DFAIT, along with other market profiles and summaries on business opportunities in Mexico. It is available from:

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The market profiles are available in electronic form from the IBB and in hard copy at a cost of \$10.00 plus shipping and applicable taxes, from Prospectus Inc. Please contact:

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