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## **Breweries, Soft Drink Manufacturers Expanding Operations**

*by LADB Staff*

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During January and February, four Mexican beverage companies announced plans to expand their operations in the domestic market. Both of Mexico's large breweries, Grupo Modelo and Cerveceria Cuauhtemoc-Moctezuma, said they plan to invest in expansion projects during 1994. The two breweries are actively competing for Mexico's beer market, of which Modelo controls a 52% share, compared with 48% for Cuauhtemoc- Moctezuma.

On Feb. 16, Grupo Modelo, through an initial offering on the Mexican Stock Exchange (BMV), raised US\$533 million to fund construction of a new brewery in Zacatecas state. The facility is expected to boost Modelo's production capacity by about 50%. Modelo's expansion followed reports in late January that arch-rival Cuauhtemoc-Moctezuma, which is controlled by Grupo Femsa, was planning to spend about US\$180 million to expand existing capacity.

Meantime, the Mexican subsidiaries of two US soft drink manufacturers also announced plans to open new facilities during 1994. On Feb. 16, Jorge Giganti, president of Coca Cola de Mexico, told reporters the company plans to invest almost US\$300 million to expand and modernize its plants in Mexico. Giganti said about US\$15 million of the funds will be channeled toward Coca Cola's three plants in Chiapas.

The company opened four new plants in Mexico last year, two in Baja California, one in Veracruz, and the other in Hidalgo state. According to Giganti, company sales increased by 8% in 1993, compared with 3% for Mexico's soft drink industry as a whole. He noted that Mexicans are the world's largest per- capita consumers of Coca Cola products. Mexicans consumed the equivalent of 320 eight-ounce bottles in 1993, surpassing US per-capita consumption of 305 bottles. Separately, on Feb. 24, Grupo Embotelladora Mexicana (Gemex) announced plans to open its new Pepsi Cola bottling plant in Yucatan state by May. Gemex president Enrique Molina Sobrino said the plant, which is being built at a cost of US\$60 million, will be located in the Parque de Industrias No Contaminantes (Non-Polluting Industries Park) in Merida.

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