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## Three Mexican Companies Expand Operations in Latin America

*by LADB Staff*

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During September and October, three Mexican companies took steps to consolidate their presence in Latin American countries that have entered into free-trade agreements with Mexico. Two of the companies, both based in Monterrey, completed the purchase of smaller companies in Costa Rica and Bolivia, while a third announced the expansion of its existing operations in Chile to cover adjacent countries. Mexican free trade agreements with Bolivia and Costa Rica went into effect this year, while a bilateral Mexico-Chile accord has been in place since 1992. In one transaction, announced in late September, beer and soft drink bottler Fomento Mexicano SA (FEMSA) acquired an 80% share in Costa Rica's Embotelladora Tica (EMBOTICA) for US\$70 million.

EMBOTICA's original owner Coca Cola Interamerican retained a 20% share. FEMSA officials said the Mexico-Costa Rica accord, which eases restrictions on Mexican investments in that country, created the opportunity for FEMSA to acquire a majority share in EMBOTICA. Indeed, the FEMSA-EMBOTICA deal is the latest in a series of direct investments made by Mexican companies in Costa Rica.

Earlier this year, Mexico's giant bakery company Bimbo acquired Costa Rican counterpart Cinta Azul. Additionally, Bancrecer one of Mexico's largest banks has announced plans to open full-service branch offices in Costa Rica in the near future. The company opened a representative office in San Jose at the end of last year.

Separately, in early October, Grupo Vitro announced the purchase of 100% shares in Bolivia's Vidrio Lux. According to Vitro director Federico Sada, the acquisition of Vidrio Lux provides the Mexican company with a strong opportunity to expand its presence in the South American market. Vitro itself already owns 70 glass and glass container manufacturing plants in Latin America. For its part, Vidrio Lux currently controls about 70% of the market for soft drink and beer bottles in Bolivia and 20% of the market in Peru.

Finally, in early October, Mexican engineering company Bufete Industrial announced plans to expand its presence in Latin America through its Chilean affiliate Ovalle Moore. The company expects to bid for concessions to construct electrical plants and other government-sponsored utility projects in Chile, Bolivia, Argentina, Peru, Uruguay, and Paraguay. (Sources: Agence France-Presse, 09/13/95, 10/02/95; El Financiero International, 09/25/95, 10/02/95)

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