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Mexico's Grupo Minsa Acquires Corn Milling Plant in Texas

by LADB Staff

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In mid-September, in an effort to gain a share of the US tortilla market, Grupo Minsa announced the purchase of a corn mill in Muleshoe, Texas, from ADM Milling Co. Minsa completed the transaction through its subsidiary, Minsa Southwest Corporation, which is incorporated in Texas. According to Minsa executives, the purchase of the Texas facility which has the capacity to produce 75,000 metric tons of cornmeal annually will allow the company to expand its presence in the US market. The firm already operates another corn mill in Red Oak, Iowa.

According to the Mexico City daily newspaper El Universal, ADM Milling sold the Muleshoe plant to pave the way for a merger between its subsidiary Valley Grain and Azteca Milling Corporation. Under US antitrust regulations, the merger would not be possible unless ADM divested itself of the Texas facility. The sale of the facility also includes 56 hectares of adjacent property. In addition, the sale gave Minsa the option to buy a nearby grain elevator, which has capacity to store 60,000 MT of grain. As part of the deal, Minsa agreed to assume all of the plant's existing debt obligations.

Ironically, the former owner of the plant ADM Milling Corporation is a subsidiary of Archer Daniels Midland (ADM). ADM recently acquired a 22% share in Minsa's chief competitor, Grupo Industrial Maseca. The deal allowed the two companies to consolidate some of their US and Mexico operations (see SourceMex, 08/28/96).

However, the ADM-Maseca agreement is facing some opposition in the Mexican Senate, where members of the opposition National Action Party (PAN) have questioned the legality of the deal. Sen. Jose Conchello argues that, because of the Maseca-ADM partnership, subsidies provided to Maseca to produce cornmeal at a low cost are, in effect, also benefiting ADM. "It would be absurd for subsidies presumably approved to benefit Mexicans to go to foreigners," said Conchello, who has brought the matter to the government's anti-monopoly commission.

According to the weekly business newspaper El Financiero International, the commission in the past has tended to side with Mexico's large corporations. However, if the commission accepts Sen. Conchello's request, completion of the ADM-Maseca transaction could be delayed by several months. (Sources: El Financiero International, 09/16/96; El Universal, 09/18/96)

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