The Association for Packaging and Processing Technologies

MEXICO'S PACKAGING MACHINERY MARKET TRENDS AND OPPORTUNITIES 2025-2026

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INDUSTRY
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Mexico's Packaging Machinery Market Trends and Opportunities 2025-2026

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Introduction

This report summarizes the findings derived from a survey of 95 packaging and processing machinery users in Mexico, as well as interviews with 40 representatives from consumer-packaged goods (CPG) companies, machinery importers and distributors, and relevant chambers and associations across the food, beverage, personal care, pharmaceutical, and packaging industries. In addition to survey and interview insights, the report includes an in-depth analysis of economic trends and trade data impacting packaging and processing machinery.

Survey responses were collected between mid-January and the end of February 2025—a period marked by President Trump's announcement of tariffs on Mexico and Canada, which were quickly paused. Interviews took place from February through early April, with a few additional conversations conducted in the first days of April 2025, shortly after the U.S. government announced tariffs to nearly all countries. The timing of these developments is particularly relevant, as international reactions to the new tariffs—and their implications for the packaging and processing machinery market—were only beginning to unfold at the time this report was written.

The objective of this report is to analyze recent industry trends, investment plans, and market sentiment, as well as the opportunities and challenges currently perceived by stakeholders and the evolving dynamics of machinery purchasing decisions. It also includes a forecast of expected industry performance for 2025–2026, along with recommendations for PMMI members on how to navigate market volatility. This volatility stems not only from U.S. tariffs, but also from signs of a slowing Mexican economy and recent regulatory changes expected to affect demand in the country's largest packaging machinery sectors: food and beverages.

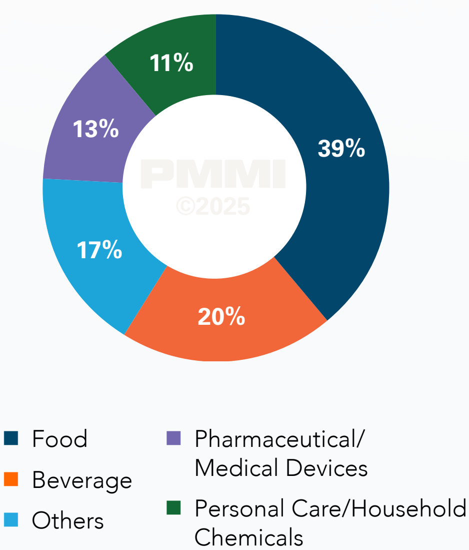
The survey and interviews, conducted during the first months of 2025, were designed to identify recent and upcoming investment plans and projects, key factors driving or inhibiting machinery purchases, supplier selection criteria, operational priorities, and preferences regarding machinery origin and technological innovations.

In addition to economic and political concerns, conversations also addressed key topics and challenges including sustainability, workforce development, remote access, and predictive maintenance. Themes such as artificial intelligence, automation, robotics, and the growing shortage of skilled labor also featured prominently in several interviews.

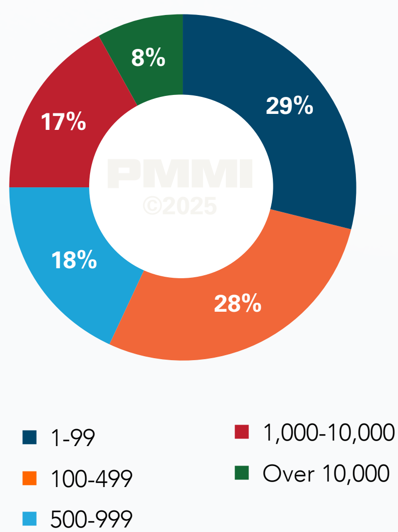
Finally, respondents were invited to share recommendations for packaging and processing machinery manufacturers. A summary of these insights is presented in the "User Recommendations for PMMI Members" section of this report.

Most respondents were CPG's and packaging companies of various sizes, comprising a representative sample of the packaging and processing machinery demand industries as follows:

Survey Respondents by Industry



Survey Respondents by Company Size (employees)



Source: PMMI Mexico Survey & Interviews 2025, n=134

Executive Summary

Mexico's packaging and processing machinery market remained dynamic in 2024. Although growth rates slowed compared to the previous two years—when packaging and processing machinery imports rose by 22% and 25% respectively—imports still grew by 8%, surpassing the one-billion-dollar mark for the first time and reaching an all-time high of US$1.078 billion. Processing machinery imports also hit a record, reaching US$645 million, up 8.5% from 2023.

With local production covering only an estimated 11% of total demand, Mexico's packaging machinery market reached a value exceeding US$1.21 billion. Among surveyed consumer packaged goods companies (CPGs), only 1% reported reduced machinery investments in 2024, while 81% reported increased investment compared to the previous year.

Key growth drivers included capacity expansion to meet rising consumer demand, the continued momentum of nearshoring projects, and sustained investments from both domestic and multinational CPGs.

Mexico's growing middle class and increasing demand for packaged goods were further supported by government social programs, higher remittances, and rising minimum wages. These factors contributed to strong sales in the food, beverage, personal care, and pharmaceutical sectors, all posting growth during 2024. Additionally, Mexico's role as the United States' largest trading partner has reinforced its position as a strategic manufacturing and export hub.

However, the economic outlook began to shift in the second half of the year. Following the July 2024 presidential election, President Claudia Sheinbaum inherited a growing economy burdened by excessive government spending, resulting in a widening fiscal deficit. This contributed to a sovereign credit rating downgrade, peso depreciation, and slower growth. Mexico posted negative GDP growth in Q4 2024 and barely avoid entering into recession as 1Q 2025 growth was 0.2%.

While key indicators such as GDP growth, consumer confidence, retail sales, industrial production, private consumption, foreign direct investment, and trade closed 2024 in positive territory, all showed signs of deceleration. The peso depreciated against major currencies, reversing two years of appreciation and making imported machinery 15–20% more expensive in local currency terms.

Inflation was relatively contained at 4.2%, slightly above the government's 4% target. The Bank of Mexico responded by cutting its benchmark interest rate from 11.25% to 9.0%, offering some relief under a cloudy economic scene.

The World Bank and IMF revised Mexico’s 2025 GDP growth forecasts downward, with some analysts projecting contraction due to tariffs proposed by the Trump administration. Although current tariffs only affect steel, aluminum, and non-USMCA-compliant products, ongoing tariff threats and trade tensions have created significant uncertainty.

Mexico sends 83% of its exports to the U.S., including large volumes of CPG items such as beer, tequila, mezcal, produce, confectionery, personal care products, and pharmaceuticals. Tariffs on these exports could reduce demand and delay or cancel investment in capacity expansion.

The nearshoring trend, which had attracted multinational CPGs to Mexico, is also at risk under this uncertain trade environment.

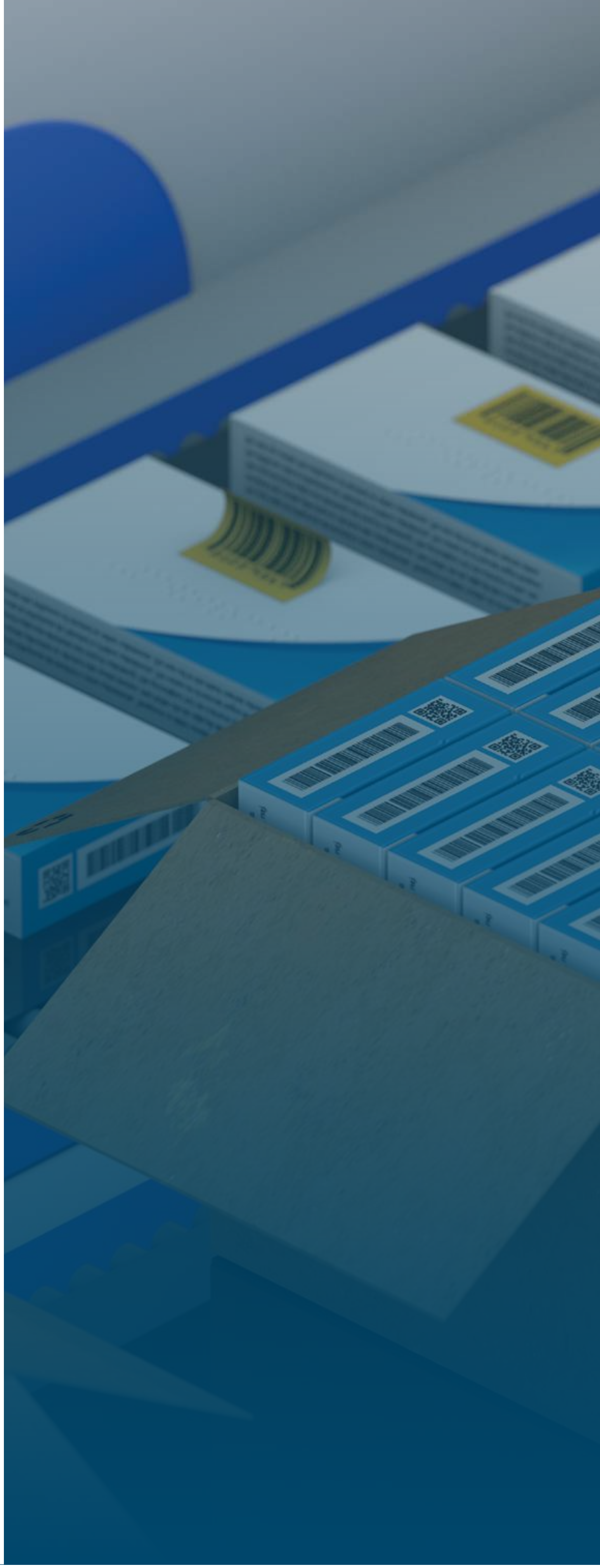
In an effort to maintain productive investment, the Sheinbaum administration launched “Plan Mexico”, a fiscal incentives program that allows immediate depreciation of CAPEX investments in priority sectors such as consumer goods, medical devices, and pharmaceuticals. The plan has been well received by both domestic and multinational companies, several of which have announced major capital investment projects.

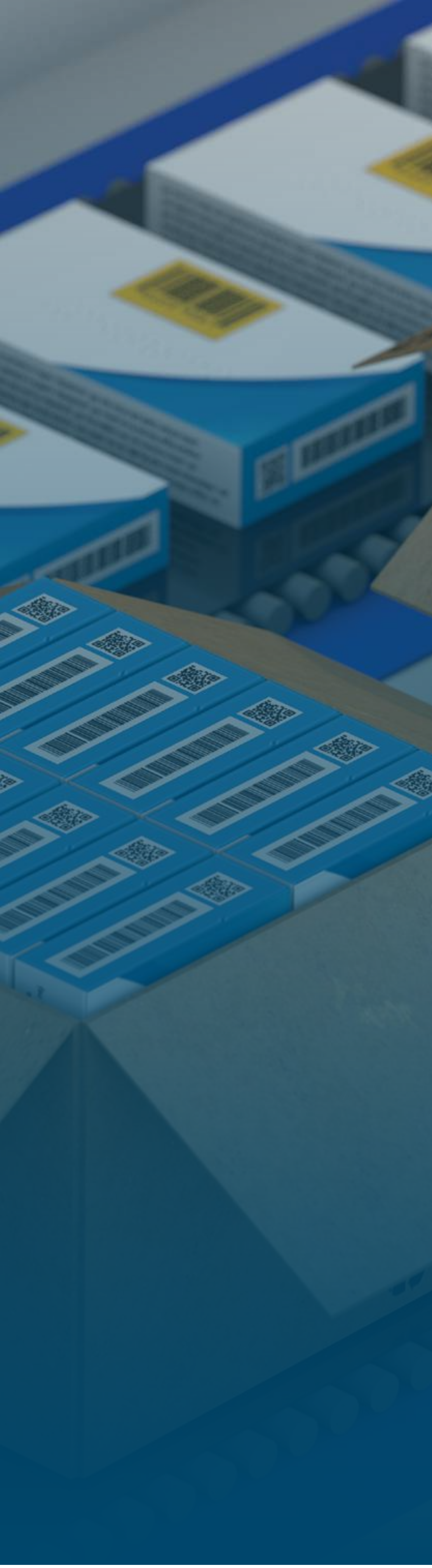
Besides signs of a slowing economy and the eminent risk of tariffs, companies in the snacks, pastries, confections and carbonated drink sectors received another drawback. In March 2025, a new law banning the sale of high-calorie, high-fat, and high-sugar products in schools came into effect, removing such items from the shelves of school cafeterias. This measure impacted major manufacturers like Bimbo, Sabritas, Pepsico, Barcel, Hershey’s, Mars, and Ferrero Rocher—traditionally among the top machinery importers—who lost access to a market of 36.5 million students and 2 million teachers during school hours and after-school programs.

Under such a complex scenario, the outlook for Mexico’s packaging machinery market remains cautiously optimistic. While capacity expansion projects may decline, modernization and automation initiatives are expected to compensate. Many companies reported advancing automation projects in response to rising labor costs, increasing difficulties to recruit and retain qualified labor, and stricter labor regulations.

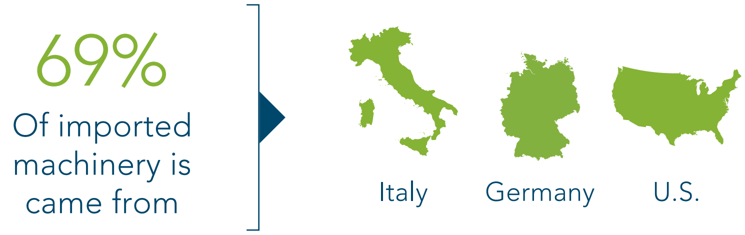
Demand will increasingly be driven by process automation, line upgrades for new SKUs (many with sustainable packaging), and equipment modernization.

Major projects currently under construction—such as Constellation Brands’ mega-brewery in Veracruz and Heineken’s new plant in Yucatán—are set to receive machinery deliveries in 2025 or early 2026. Additional investments announced under Plan Mexico will also support demand.





In 2024, 69% of Mexico's imported packaging machinery came from Italy, Germany, and the United States. Imports from Germany and Italy grew at double-digit rates, gaining market share. Meanwhile, U.S. machinery imports stagnated, losing the share American manufacturers won in the previous two years. Italy was the largest supplier with 27.3% share, followed by Germany with 26.7%, and the U.S. with 15%.



It is important to highlight that in 2024 the beverage sector - where German manufacturers are well positioned - was the largest importer of packaging machinery with 28% of total imports; the food sector followed with 25%, with the pharmaceutical and personal care sectors at 9% and 6% respectively.

A total of 1,289 companies imported machinery in 2024, up from 1,246 in 2023. Growth was driven not only by more importers but also by major individual purchases—such as Sabritas' US$53 million import—and a rise in medium-sized projects ranging from US$1 to US$3 million.

Looking ahead to 2025, CPGs remain optimistic despite economic headwinds. About 60% of surveyed companies expect to increase their investment budgets, 28% plan to maintain current levels, and only 11% expect a reduction. However, this could change depending on tariff developments. Barring major disruptions, we expect packaging machinery demand in 2025 to be similar or slightly higher than in 2024.

Automation is expected to be the top investment driver, followed by capacity expansion and the introduction of new product lines for new SKU's.

Sustainability trends—such as reducing plastic use, switching to biodegradable materials, and adopting eco-friendly packaging—will continue shaping machinery demand. Smart packaging technologies are also gaining momentum.

Technological innovations, including collaborative robots, AGVs, industrial robots, and mobile manipulators (MoMas), are expected to further drive future demand. Although interest is high, only 15% of companies report being fully prepared to adopt these technologies, while 35% feel moderately prepared. Adoption is expected to begin with large multinational firms, followed by mid-sized companies.

Our forecast anticipates continued growth in packaging machinery demand in 2025, with a moderate 5% increase. However, 2026 could see slower growth or slight contraction, heavily influenced by the evolution of U.S. trade policy towards Mexico.

Snapshot Indicators

ECONOMIC

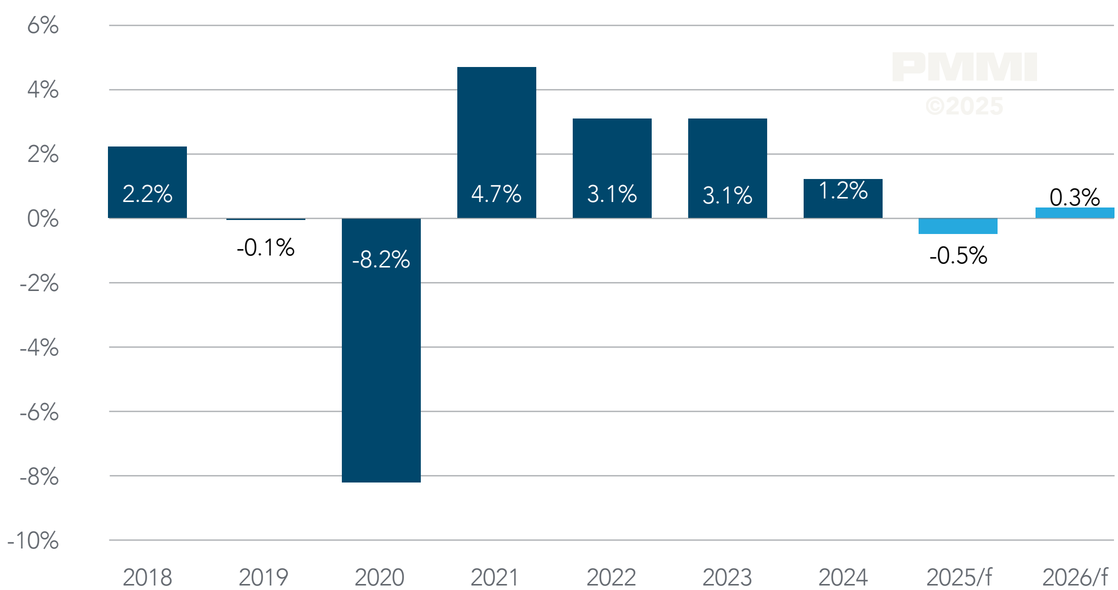
After three consecutive years of GDP growth exceeding 3%, the Mexican economy began to show signs of fatigue in 2024, expanding by only 1.2%. The year was marked by presidential elections, in which Mexico elected its first woman president. Ms. Claudia Sheinbaum took office on October 1, 2025. Along with winning the presidency, her political party, Morena, secured a supermajority in the Chamber of Deputies and came just one vote short of doing so in the Senate—a vote they were ultimately able to obtain to pass a major judicial reform requiring a constitutional amendment.

While the ruling party enjoys high approval ratings—largely due to widespread social programs that provide cash transfers to a significant portion of the underserved population—its constitutional reforms and the widening fiscal deficit have weakened institutional frameworks and are beginning to discourage investment. Fitch Ratings lowered Mexico's credit rating from BBB to BBB- citing the Mexican Government must reduce its fiscal deficit.

In the fourth quarter of 2024, the first quarter under President Sheinbaum's administration, Mexico recorded its first GDP contraction since 2021. The outlook for the coming quarters appears bleak, as escalating trade tensions triggered by U.S. tariffs have further undermined investor confidence and begun to affect consumer spending.

The Bank of Mexico (Banxico), the International Monetary Fund (IMF), and most private analysts have downgraded their GDP growth forecasts for 2025. While Banxico still projects modest growth of 0.6%, both the IMF and most private sector analysts anticipate an economic contraction for 2025.

Mexico's GDP Growth and Inflation 2018-2026/f



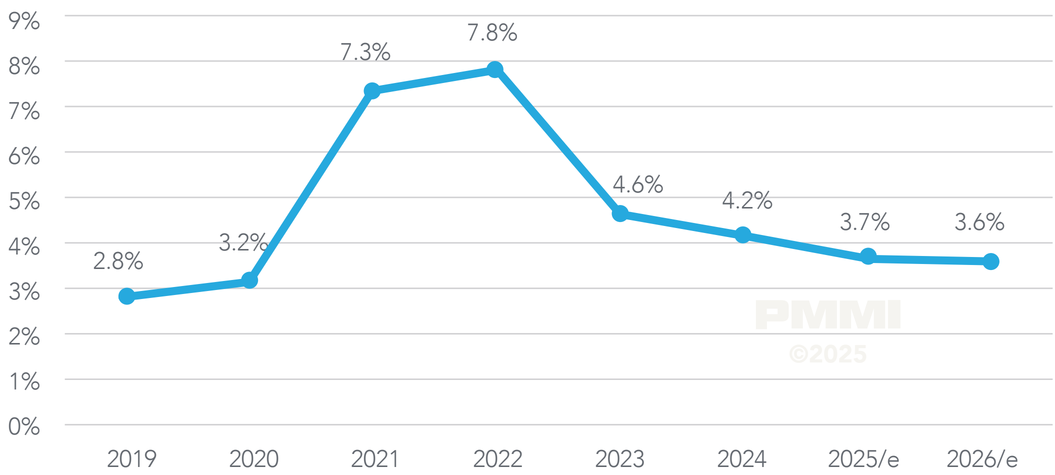
Source: Banco de Mexico; forecasts average IMF, Banco de Mexico, OECD and private analysts, 2025

While domestic demand remains the primary driver of economic activity—supported by substantial social programs, remittance inflows, and rising wages—investment flows are expected to slow due to factors such as exchange rate depreciation, a weakened institutional framework, and ongoing trade tensions.

Recent migration measures implemented by the United States could negatively affect remittance inflows in the near term. Remittances, which have consistently increased over the past decade, now represent the largest source of foreign currency for Mexico—surpassing revenues from both tourism and oil exports—and have been a key contributor to consumption growth.

Both headline and core inflation have maintained a downward trajectory but closed 2024 above the government's 2024 target of 4%. In January 2025, inflation stood at 3.6%, the lowest level in four years. Although inflation was expected to continue declining throughout 2025, the impact of tariffs and rising U.S. inflation could exert upward pressure on prices in Mexico. The Mexican government forecasts inflation will end 2025 at 3.7%, though this outlook is highly contingent on U.S. trade policy towards Mexico.

Inflation 2019 2026/f

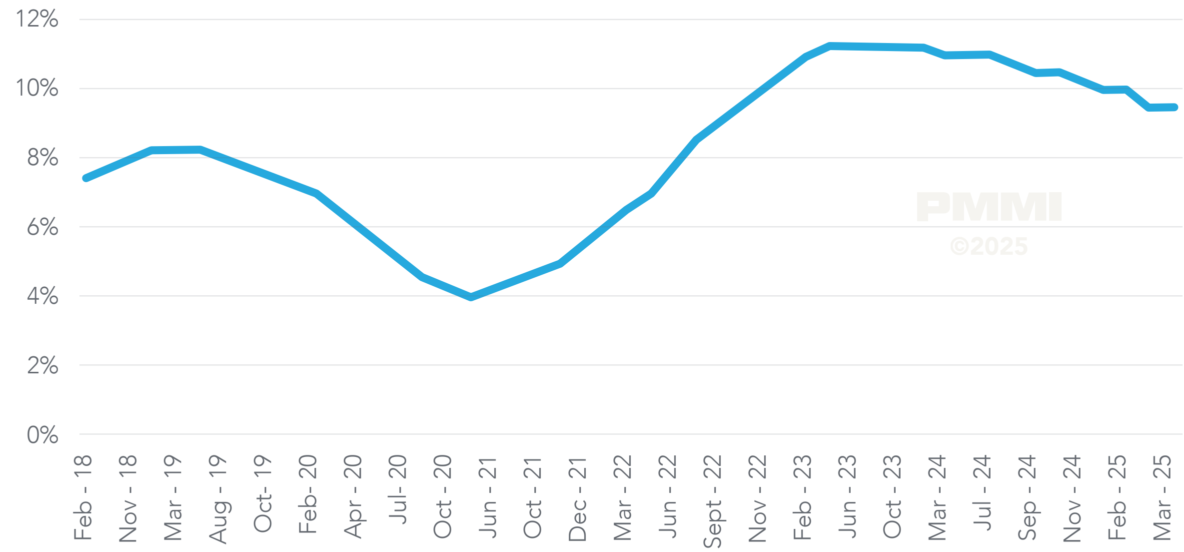


Source: Banco de Mexico, 2025

After maintaining an interest reference rate of 11.25% throughout 2023, Mexico's central bank began easing monetary policy in March 2024 in response to declining inflation. Through a series of quarter-point reductions over the year, Banxico further lowered the rate by half a percentage point on March 28, 2025, bringing it to 9.0%. While the rate remains relatively high, this monetary easing is improving access to credit for packaging machinery users, potentially boosting machinery purchases financed through lending facilities.

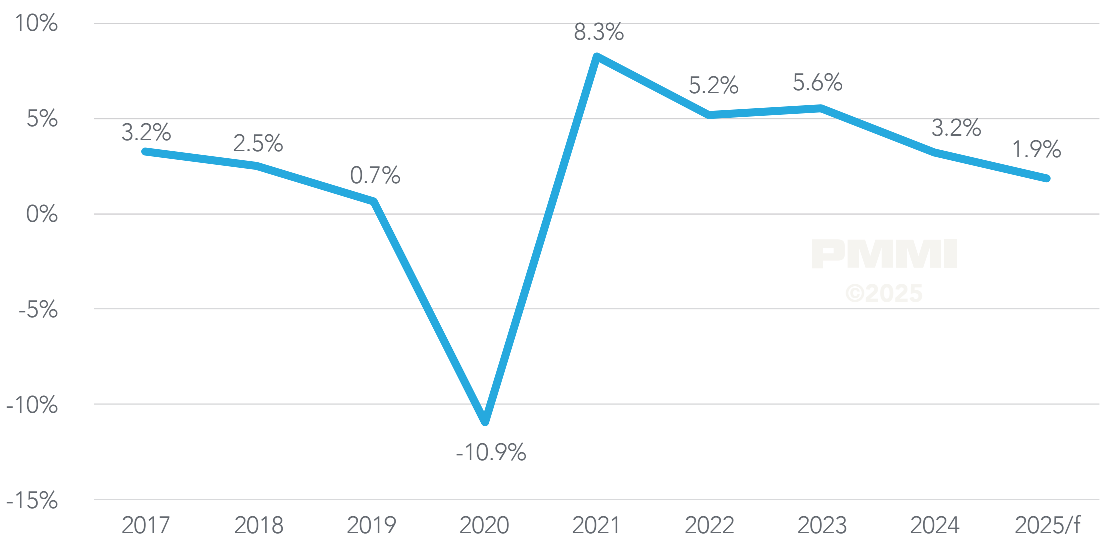
Reports from CPGs and machinery distributors interviewed, indicate that countries such as China, Spain, and Italy are offering export credits backed by their governments at significantly lower rates than those available in Mexico or through the U.S. Exim Bank. In several cases, these more attractive financing terms have influenced purchasing decisions in favor of suppliers from those countries.

Banxico Reference Interest Rate 2018 – March 2025



Private consumption growth remained in positive territory; however, like overall economic activity, it has decelerated compared to 2023, with an even more pronounced slowdown since Q4 2024. The current outlook suggests that private consumption will continue this downward trend but is still expected to close 2025 with a modest increase of 1.9%

Private Consumption Growth %

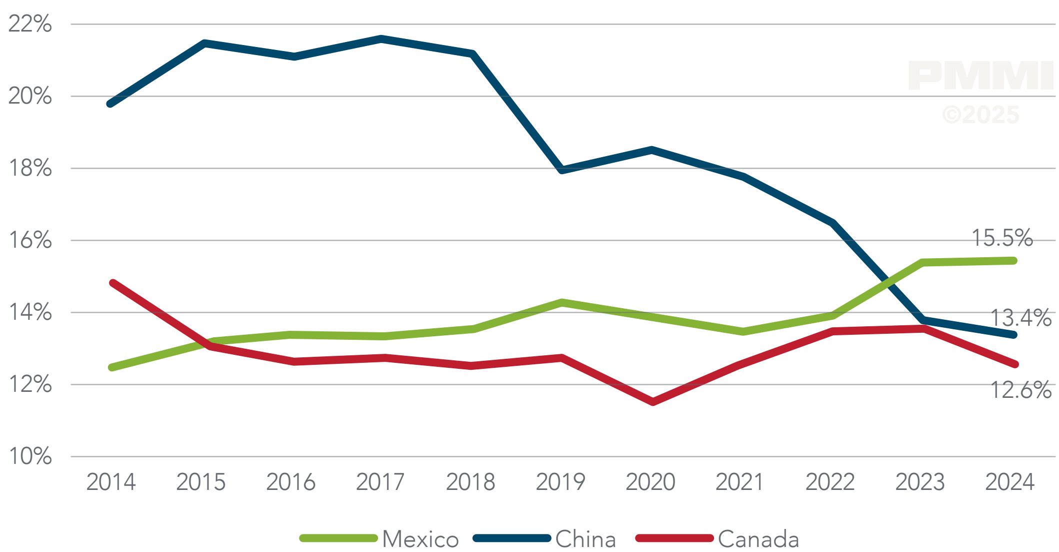


Source: INEGI, 2024

With the 2020 renegotiation of the USMCA, combined with U.S. tariffs on Chinese products and rising transoceanic logistics costs, trade between the United States and Mexico received a significant boost. Between 2020 and 2024, bilateral trade grew by an impressive 57%, reaching nearly US$839 billion. Since 2023, Mexico has become the United States' largest trading partner, emerging as the top supplier of imported goods and surpassing China. In 2024, Mexico exported goods worth US$505.8 billion to the U.S., accounting for 15.5% of all American imports.

Mexico also closed 2024 as the second-largest importer of U.S. goods, trailing only Canada. However, given current trends—and particularly considering the Canadian government's response to tariffs imposed by the Trump administration—it is highly likely that Mexico will become the United States' largest export market in 2025.

US Imports from Mexico, China, and Canada % of Total Imports



Source: MILA with information from U.S. Census Bureau, 2025

U.S. tariffs have taken center stage not only in the bilateral relationship with Mexico but also in reshaping the broader global trade landscape. According to the International Monetary Fund (IMF), these measures could reduce U.S. GDP by 1% to 2% and global GDP by 0.5% to 2% through 2026. The broader macroeconomic impact will largely depend on retaliatory actions from China, the European Union, and other countries affected by the reciprocal tariffs announced on April 2nd and the individual countries' potential negotiations.

Although the full macroeconomic implications remain uncertain, the announced tariffs will contribute to a reconfiguration of global trade flows. J.P. Morgan estimates reciprocal tariffs will raise the effective tariff rate on U.S. imports from nearly 10% to over 23%, which could raise close to US$400 billion in new revenue for the US Government just in 2025. However they will also affect inflation and personal consumption expenditure, and many companies will have to look for alternative sourcing options.

While Mexico was not among the countries targeted by the reciprocal tariffs announced on April 2nd, the 25% on non-USMCA compliant products as well as on vehicles and auto parts (excluding US content), and the 25% tariff on aluminum and steel products still apply.

Mexico is a major automotive exporter, shipping approximately 2.5 million vehicles to the U.S. annually. However, a significant value-share of these vehicles is composed of American-made parts—estimated at around 40% on average. A standardized methodology to calculate U.S. content for tariff exemption purposes is still pending. Nevertheless, it is expected that both Mexico and Canada's auto industries will continue to benefit from more favorable tariff treatment compared to non-USMCA countries.

The 25% tariff on steel products will have a direct and substantial impact on packaging and processing machinery manufacturers, for whom steel is a critical raw material. According to the U.S. International Trade Administration, imports accounted for 26.7% of total U.S. steel demand in 2024. Canada, China, Brazil, Mexico, South Korea, Vietnam, Germany, and Taiwan supplied over 80% of those imports.

As the U.S. currently lacks sufficient domestic production capacity to fully substitute imports, even with potential capacity expansions by major steelmakers like Nucor, U.S. Steel, and Steel Dynamics, supply constraints will persist in the short term. As a result, U.S. steel prices are expected to rise, and this increase is unlikely to be mirrored globally.

In addition to steel tariffs, many electronic components, sensors, motors, and other technologies used by American packaging machinery manufacturers are imported, with no cost-effective substitutes produced domestically. These imported components will also be subject to tariffs, driving up costs and potentially further eroding the competitiveness of U.S.-based packaging machinery manufacturers compared to their European and Asian competitors.

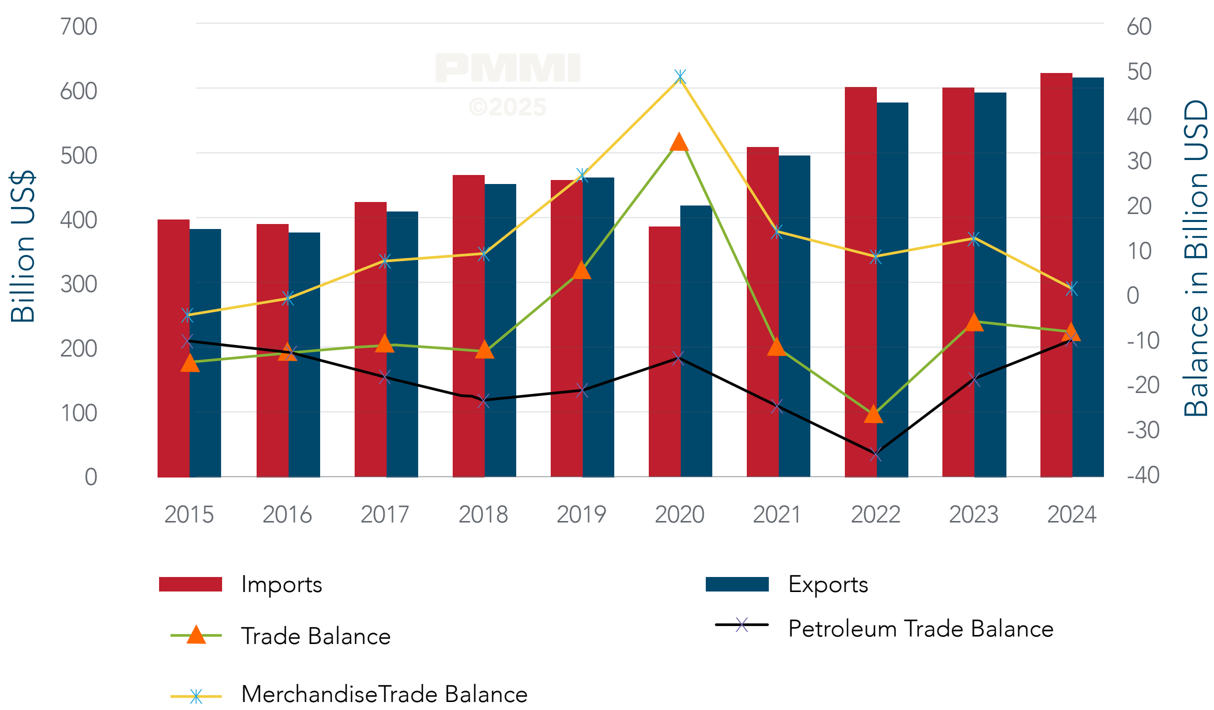
Besides impacting the competitiveness of U.S. manufacturers, tariffs will also influence demand for packaging machinery in Mexico. The country remains highly dependent on trade with the United States, with a striking 83% of its exports destined for its northern neighbor. This makes the overall Mexican economy particularly vulnerable to trade policy changes in the U.S. market.

The USMCA is scheduled for its first review on July 1, 2026. If the three parties do not agree to extend the agreement, it will terminate in 2036. The extension process is expected to involve intense renegotiations. The United States has already proposed initiatives aimed at modifying the automotive rules of origin, restricting the ability of Asian companies to benefit from the agreement—even when operating production facilities in Mexico—resolving ongoing disputes, and strengthening labor provisions. Meanwhile, Mexico and Canada are expected to advocate for the removal of recently imposed tariffs and for the inclusion of mechanisms that ensure tariff-free trade and the effective enforcement of the agreement.

The USMCA has contributed to a significant increase in North American trade and deeper integration of regional supply chains. It has also driven substantial productive investment, fueled by nearshoring strategies and the strategic relocation of Asian manufacturers seeking to benefit from the agreement's advantages. However, these benefits are now being threatened by potential changes to rules of origin and other policy shifts.

In 2024, Mexico's exports rose by 4.1%, reaching US$617 billion, while imports grew by 4.5% to US$625.3 billion. As a result, the country's trade deficit widened from US$5.4 billion to US$8 billion. Although Mexico maintained a surplus in merchandise trade, fuel imports totaling a US$10 billion deficit continued to weigh on the overall trade balance.

Mexico's Trade 2015-2024



Source: MILA with information from the Secretariat of Economy, 2025

The exchange rate plays a crucial role not only in machinery imports but also in origin selection. Historically, companies have treated exchange rates as a key factor in their machinery sourcing strategies. In recent years, the US dollar and Euro have shown a consistent fluctuation relative to the Mexican peso. However, a potential depreciation of the Euro —particularly in response to new tariffs—could erase the nearly 10% price gap that currently exists between the two currencies, potentially reshaping sourcing decisions.

Since 2022 and until mid 2024 the Mexican currency was among the top global performers appreciating nearly 15% vs. major currencies. The appreciation was due to various factors including the aggressive interest rates, which remained at 11.25% for much of 2023, attracting inflows of capital into the country as investors seek higher returns. Additionally, the strength of Mexican exports, the reactivation of the tourism sector and the attraction of foreign direct investment (FDI) resulting from nearshoring initiatives, contributed to the peso's strength.

Since April of 2024, the trend reversed and in 12 months the Mexican peso erased most of its appreciation returning to trade over 20 pesos per dollar. While the Mexican currency is currently pressured by the recently imposed tariffs, analysts believe it will stabilize around a 19 to 20 pesos per dollar level as Mexico will remain enjoying a preferential trade treatment for most of its exports to the United States. The peso appreciation makes imported machinery to be some 15% - 20% more expensive in peso terms.

USD/MXN & EUR/MXN Exchange Rate July 2021-April 2025

Source: Yahoo Finance, April 2025

RETAIL SALES

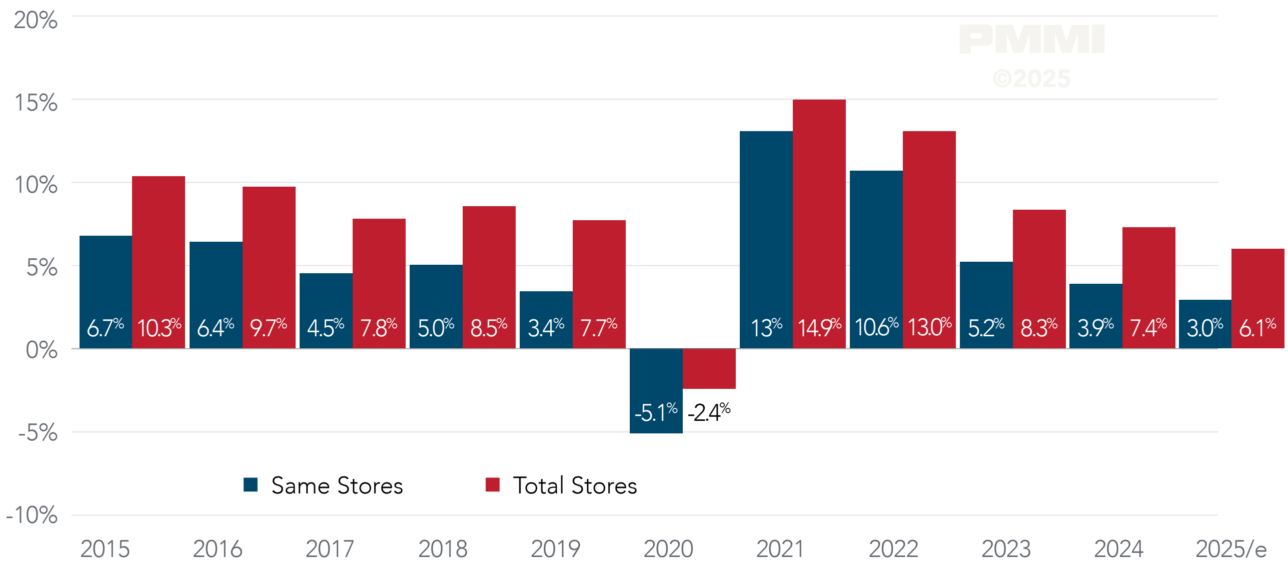
Retail sales performance serves as one of the most significant indicators for predicting future packaging machinery demand. In Mexico, the Retail Store Chain Association (ANTAD) monitors retail sales across two key categories: 'same stores,' which involves comparing the sales of a representative group of stores year over year, and 'total stores,' which encompasses all member sales, including those from newly opened stores.

Like other macroeconomic indicators, retail sales remain positive but show an increasing cooling down trend. ANTAD expects 2025 member sales will practically remain flat or will show a little contraction if measured discounting inflation.

Walmart, Mexico's largest retailer and not a member of ANTAD, reported same-store revenue growth of 6.6% and total revenue growth of 8.1% in 2024 — both exceeding ANTAD's indicators and closely matching its 2023 performance. On a positive note, Walmart Mexico recently announced plans to invest US$6 billion in the country during 2025. The investment package includes the construction of two modern distribution centers in the Bajío region and Tlaxcala (near Mexico City), new store openings, and the strengthening of its logistics network. This investment surpasses Walmart's combined investments in Mexico over the past three years.

According to ANTAD its members have committed investments for 2025 in the range of US$3 billion, a figure that is also higher than previous year investment commitments. From this amount 26.5% will be destined to new openings, 28.5% to expansions and upgrades and 20.1% to technologies.

Retail Sales Growth Indicator 2015-2025/e



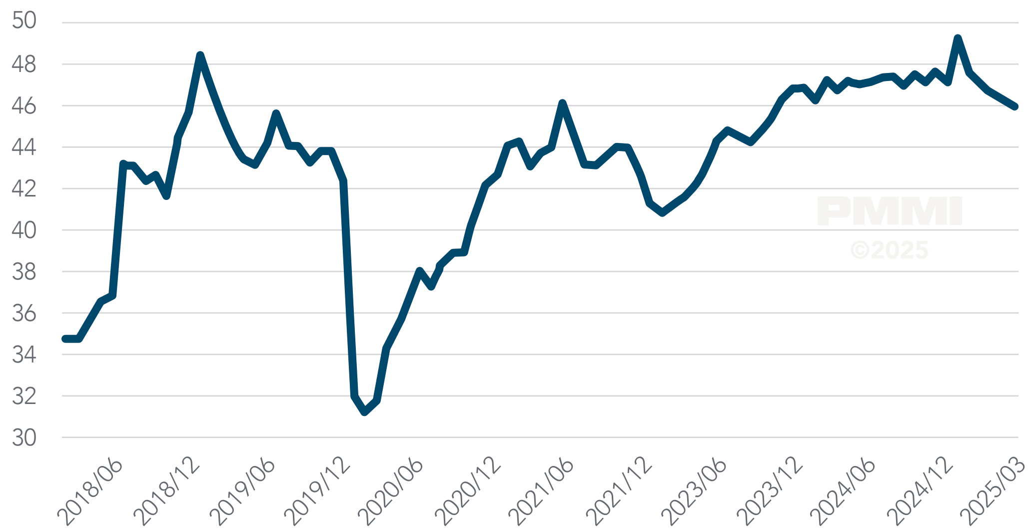
Source: ANTAD, 2025

CONSUMER CONFIDENCE

With few exceptions, there is a high correlation between consumer confidence and future packaging and processing machinery demand. It is an indicator considered of high relevance for future investments among CPG's.

Mexico's consumer confidence index returned to pre-pandemic levels early in 2021 and since then has swung slightly from neutral to positive. Inflation and insecurity in some Mexican regions are among the factors inhibiting further improvement, while higher minimum wages, remittances, investment and jobs kept the indicator in positive grounds. Since December 2024, this indicator has been on a constant downward trend, however the variations have been marginal, and the indicator remains in a territory which can be interpreted as optimistic.

Consumer Confidence 2018 - Jan 2025



Source: INEGI, 2025

In 2024, despite challenges such as slower GDP growth, high interest rates, and a depreciating currency — particularly during the second half of the year — most economic indicators remained from neutral to positive, supporting CPG companies in moving forward with investments in processing and packaging equipment.

Looking ahead, however, the overall economic outlook is becoming increasingly uncertain, with most indicators pointing toward a deceleration. While automation to substitute labor processes and strong demand remain the two main drivers for new packaging and processing machinery purchases, the number of economic factors driving packaging machinery sales growth is significantly lower compared to previous years.

After three years of impressive packaging machinery demand growth fueled by capacity expansions, investments in 2025 are expected to focus primarily on process automation. In the years to come, foreign direct investment (FDI) flows growth will largely depend on the outcome of the ongoing negotiations on tariffs and to extend the USMCA. So far, despite being hit by U.S. tariffs on key industrial sectors — including automotive, steel, and aluminum — Mexico remains well positioned to maintain its role as the U.S.'s dominant trading partner.

Economic Factors / Impact on Packaging Machinery Demand

Indicator	2022	2023	2024	2025/f	2022	2023	2024	2025
GDP	3.1%	3.1%	1.2%	-0.5%	Driver	Driver	Neutral	**Inhibitor**
Inflation	7.8%	4.7%	4.2%	3.9%	**Inhibitor**	Neutral	Neutral	Driver
Private Consumption	7.8%	4.7%	3.0%	1.0%	Driver	Driver	Driver	Neutral
Exchange Rate	20.5	17.7	19.09	20.3	Neutral	Driver	Driver	Neutral
Exports	578 B	593 B	617 B	635B	Driver	Driver	Driver	Driver
Retail Sales (Total)	13.0%	8.3%	7.4%	5.1%	Driver	Driver	Driver	Neutral
Consumer Confidence	42.8	46.8	47.3	46.3	Neutral	Driver	**Driver**	Driver
Foreign Direct Investment	35.5 B	36.1 B	36.9 B	37.3 B	Driver	Driver	Driver	Driver
Private Investment Growth	7.4%	5.1%	4.9%	3.1%	Driver	Driver	Driver	Neutral
Interest Rates	7.5%	11.25%	10.5%	8.5%	Neutral	**Inhibitor**	**Inhibitor**	Neutral
Industrial Production	3.3%	3.5%	1.9%	-1.0%	Driver	Driver	Neutral	**Inhibitor**
Remittances	58.5 B	63.3 B	64.7 B	65.3 B	**Driver**	**Driver**	**Driver**	**Driver**
Social Programs	17.9 B	32.8 B	47.8 B	47.8 B	**Driver**	**Driver**	**Driver**	**Driver**

Source: MILA analysis. Letters in bold mean potentially stronger weight in investment decisions.

POLITICAL ENVIRONMENT

In 2024, Mexico held presidential elections in which Ms. Claudia Sheinbaum became the country's first female president, winning with nearly 60% of the vote. In addition to securing the presidency, her political party achieved a supermajority in the Chamber of Deputies and fell just one vote short of a supermajority in the Senate, a vote they easily obtained to pass various constitutional reforms being one of the most relevant the judicial system reform.

The reform replaced Mexico's appointment-based system for selecting judges with one where candidates, pre-selected by Congress, are elected by popular vote. Judges will serve renewable nine-year terms, except for Supreme Court justices, who will serve a single 12-year term. The reform has been controversial, as the methodology, selection process, and qualifications of the pre-selected candidates have raised concerns about the lack of political independence.

Legal experts have strongly criticized the reform, citing potential risks to judicial independence, due process, and the rule of law. These concerns are particularly significant for sectors reliant on foreign investment, as the changes may increase the likelihood of investment disputes and create uncertainty in the broader business environment.

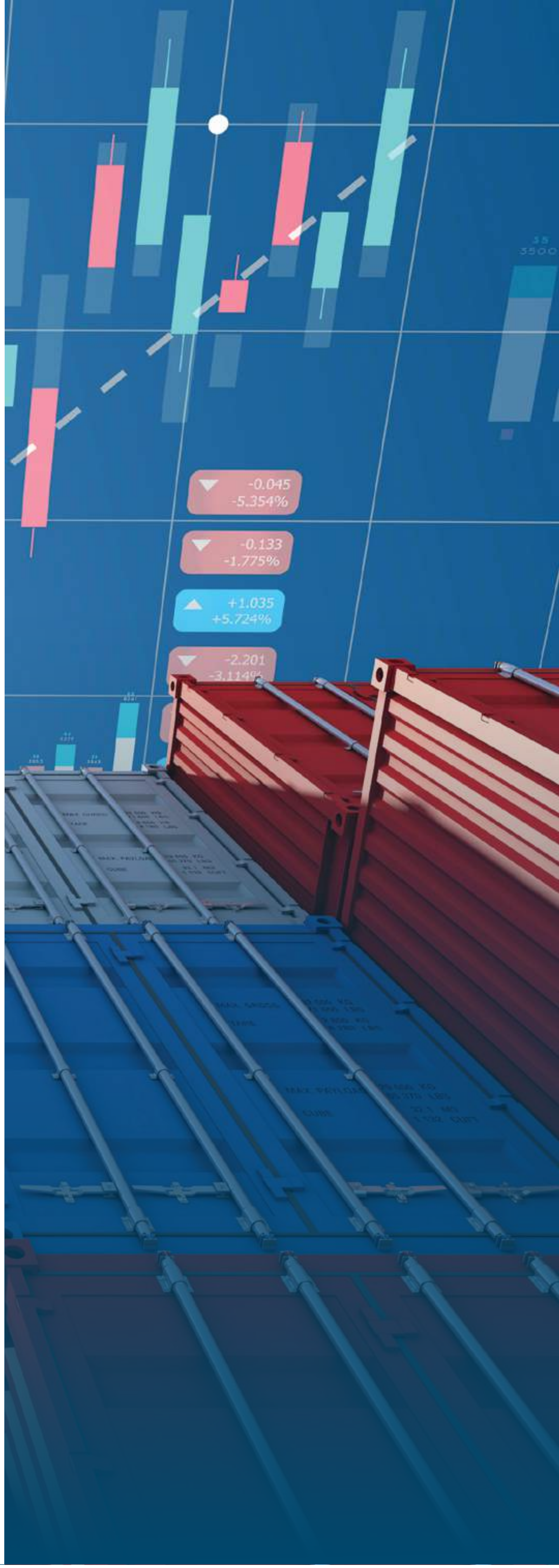
Despite these concerns—alongside other institutional changes that have diminished government transparency and proposed reforms to the electoral institute that could affect Mexico's democratic framework—the current administration and its party, Morena, continue to enjoy broad popular support.

Morena and its allied parties have prioritized social programs to vulnerable groups, including the elderly, individuals with disabilities, unemployed youth, and other marginalized populations. These direct cash transfers now benefit more than 20 million families and 50 million individuals. The federal budget for 2025 allocates MX$867.8 billion pesos (approximately USD $43 billion) to fund these initiatives.

President Sheinbaum has also maintained the daily morning briefings instituted by her predecessor, Andrés Manuel López Obrador. While officially intended to communicate government actions, these press conferences often serve as platforms to criticize political opponents and promote the administration's ideology. This combination of financial assistance and ideological messaging has contributed to the president's high approval ratings—currently at 69.8%, one of the highest recorded for a Mexican president in modern history.

U.S. tariffs have dominated recent political discussions. President Sheinbaum's response has been notably moderate and diplomatic, emphasizing negotiation and collaboration over confrontation. To date, Mexico has refrained from imposing retaliatory tariffs in response to U.S. measures targeting non-USMCA compliant exports; aluminum and steel, and vehicles. Instead, the Mexican government is actively negotiating to retain – if not a tariff-free – a preferential trade treatment.

President Sheinbaum has declared that her administration is prepared with contingency strategies—Plan A, Plan B, and Plan C—to address potential escalations in the U.S. trade stance. With 83% of Mexican exports destined for the U.S. market, trade relations are of strategic importance. As such,



the government has adopted a prudent approach, seeking to avoid a trade conflict while asserting its right to protect key sectors, particularly agriculture.

Recently, the U.S. announced a 20.91% tariff on most Mexican tomato imports, alleging that Mexico's tomato industry benefits from government subsidies, allowing it to sell below production costs. While President Sheinbaum has not announced formal countermeasures, she has questioned the fairness of U.S. red meat exports to Mexico and hinted at a possible 25% tariff on those products in response. Given that the U.S. supplies over 25% of Mexico's red meat demand, such a move could trigger overstocking and a price collapse in the American livestock sector, with significant implications for American farmers, processors, and exporters.

Mexico and the U.S. remain deeply integrated under the USMCA framework. Key sectors such as automotive and agriculture are particularly interdependent. President Sheinbaum has reiterated her commitment to resolving disputes through diplomacy and preserving open markets, while ensuring Mexico's national interests—especially in agricultural exports—are safeguarded.

New Health Regulations and Their Impact on Packaging Machinery

In a separate but industry-relevant development, the Mexican government has introduced new public health regulations through the Secretariat of Education (SEP). As part of the "Healthy Life" initiative and recent amendments to the General Health Law, the sale of foods and beverages bearing "health warning labels" has been prohibited in all public and private schools and universities nationwide.

These warning labels—black octagons mandated since October 2020—must appear on the front of packages to indicate when products exceed recommended levels of calories, saturated fats, trans fats, sugars, and sodium. The new restrictions, effective March 2025, apply not only to packaged goods but also to ingredients used in on-site food preparation.

Packaging Health Warning Labels

Mexico has 36.5 million students and 2 million teachers, most of whom spend an average of seven hours per day in school. Nearly all institutions operate cafeterias or food shops offering snacks, soft drinks, juices, and traditional items such as sandwiches and quesadillas. According to SEP data, 98% of these items previously carried at least one warning label. Under the new policy, sales are now limited to fruits, vegetables, whole grains, potable water, and traditional Mexican dishes prepared with low-sugar, low-fat, and low-sodium ingredients.

This shift presents a direct challenge to food manufacturers, particularly snacks, bakery and confectionary products and sugary beverages. While some industry stakeholders believe students will increasingly bring lunches from home, the consensus is that the regulation will negatively impact sales volumes. A few companies – snack and pastry manufacturers - interviewed for this report noted that they are postponing new investments in packaging and processing equipment due to anticipated declines in demand caused from this initiative.

Plan Mexico

In an effort to strengthen investment attraction, reignite nearshoring strategies, and place Mexico on a long-term growth path, the Mexican government announced the so-called "Plan Mexico" in January 2025. The plan offers investment incentives and accelerated depreciation benefits for new projects registered with the Secretariat of Economy. According to government figures, at the time of the announcement, the plan had already secured US$277 billion in registered projects from more than 2,000 companies.

Although the plan is open to investments from all sectors, it provides special incentives and fiscal benefits to strategic industries such as textiles and footwear, pharmaceuticals and medical devices, agro-industries, semiconductors, automotive and electromobility, chemicals, consumer goods, and aerospace.

Plan Mexico establishes 13 measurable objectives, including elevating Mexico from the world's 12th-largest economy to the 10th, generating 1.5 million jobs, increasing national supply and local content, expanding financing access for small and medium-sized enterprises (SMEs), and promoting sustainable production practices, among others.

According to the Secretariat of Economy, although the tariff announcement came after the launch of Plan Mexico, none of the registered investment projects have been canceled. The government maintains that Mexico will continue to benefit from preferential treatment and retain a competitive advantage in exporting to the United States, even under the new tariff environment. However, interviews with CPG companies conducted after the tariff announcement indicate a more cautious approach toward CAPEX investments, at least until there is clarity regarding which tariffs will apply to different products from different origins.

Mexico’s Packing Machinery Market Overview

MARKET SIZE

For the third consecutive year, Mexico's packaging machinery market has shown remarkable growth, once again reaching a record high. The market remains heavily dependent on imported machinery, which is estimated to fulfill 89% of total demand, while domestically manufactured equipment accounts for the remaining 11%.

After two consecutive years of double-digit growth (24% and 25%), the market experienced a more moderate expansion in 2024, with demand rising by 8%. Packaging machinery imports surpassed the US$1 billion mark for the first time, reaching an all-time high of US$1,078 million.

In 2024, the share of the market for imported machinery is

89%

Domestically manufactured machinery is

11%

Packaging Machinery Imports 2015-2024

Source: MILA with information from Banco de Mexico, 2025

Local production remains largely concentrated on basic packaging and bottling lines, as well as some low- to mid-volume, high-quality machinery. A select group of companies specializes in manufacturing baggers, fillers for low-volume liquids and solids, sachet and pouch machines, and labeling equipment. In addition, Mexican manufacturers offer a broad range of conveying and transport systems, where they provide highly competitive solutions for both domestic and international markets.

A network of local custom manufacturers supplies metal and aluminum parts, mechanical and electronic controls, wiring harnesses, and other components—primarily to U.S.-based packaging machinery companies. Demand for these components has surged in recent years, driven by U.S. manufacturers seeking alternatives to Chinese suppliers and exploring nearshoring opportunities.

Alongside domestic packaging machinery and component manufacturers, several global companies have established production facilities in Mexico. These plants primarily focus on component manufacturing, although a few are involved in the assembly of complete machines.

The strength of the Mexican Peso in early 2024 affected the competitiveness of local machinery, and we estimate eroded one point of their market participation. We estimate that the share of local production covered approximately 11% of total demand vs 12% one year ago, while imported machinery accounted for the remaining 89%. Under this assumption, Mexico's packaging machinery market reached an estimated value of US$1,211 million in 2024—marking its third consecutive record high.

In 2024, Mexico exported US$47.9 million worth of packaging machinery, representing an 8% drop from the US$58.1 million exported in 2023. Most Mexican packaging machinery exports consist of used equipment, primarily exported by end-users, with only US$17.7 million, or 37%, constituting OEM exports, primarily to the U.S. and South America. While exports decreased in 2024, they are almost double those of just two years ago, largely attributed to CPGs replacing old equipment, still in operational condition, and exporting it to other plants or refurbishers outside of Mexico.

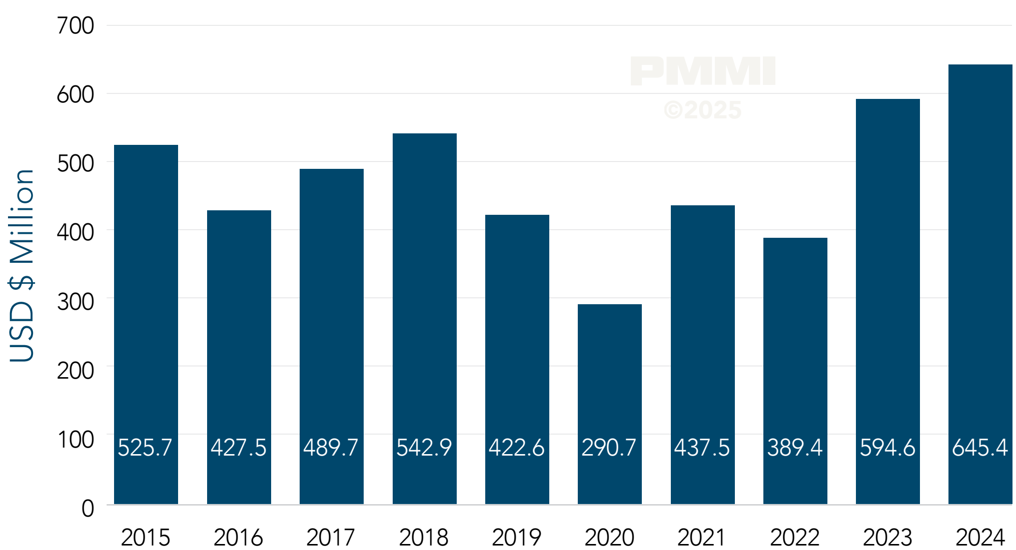
Mexico's Packaging Machinery Market Key Figures 2024 vs 2023 (USD)

	2024	2023	Difference	Change
Market Size	1,211 million	1,134 million	77 million	7%
Imports	1,078 million	998 million	80 million	8%
Local Supply	133 million	138 million	- 5 million	-5%
Exports (total)	47.9 million	58.1 million	-10.2 million	-8%
Exports (OEM machinery)	17.7 million	17.3 million	400,000	2%

Source: MILA with information from Banco de México and Mexican Customs, 2025

Process equipment also experienced a comparable increase to packaging machinery imports in 2024, reaching a record high of US$645.4 million—an 8.5% increase over the already strong import levels of 2023. Just over half of the surveyed companies reported that they typically execute integrated projects involving both process and packaging equipment simultaneously, particularly when expanding production capacity.

Process Equipment Imports HS 8438



MILA with information from Banco de Mexico, 2025

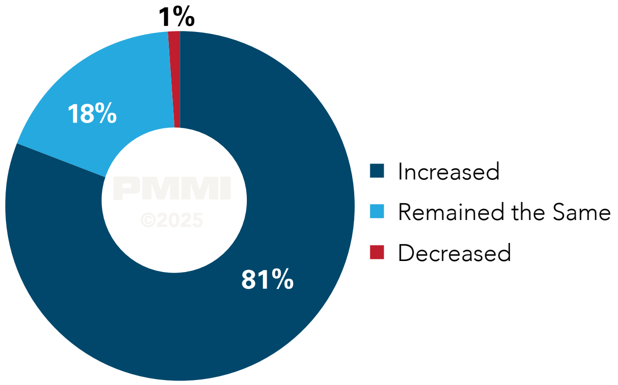
According to interviewed companies, delivery times for packaging and processing equipment have largely returned to normal. Most vendors are now offering standard lead times ranging from 6 to 12 months, compared to the extended periods of 12 to 24 months observed a year ago. While some exceptions remain, there were significantly fewer complaints about long wait times compared to the previous year.

It seems that the pent-up packaging machinery demand originating from the pandemic, finally caught up in 2024. Packaging machinery demand grew an impressive 67% in just three years and while in previous reports the number of CPGs reporting challenges in securing timely supply was consistent, now waiting times are back to normal.

RECENT INVESTMENTS & DRIVERS

Survey responses were highly aligned with the overall market growth observed in 2024, with 81% of companies reporting increased packaging machinery investments, and only 1% indicating a reduction compared to the previous year.

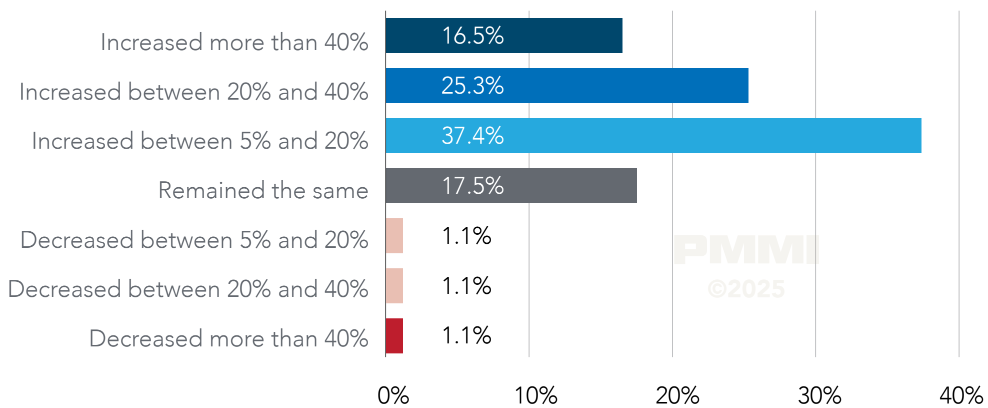
2024 vs 2023 Machinery Investments



Source: PMMI Mexico Market Survey 2025

Among survey respondents, the number of companies that reported increasing investments by 5% to 25% in 2024 was significantly higher compared to previous surveys. In contrast, the number of companies reporting increases above 20% slightly declined relative to the previous year. This trend confirms that while the majority of CPG companies continued to invest in machinery projects during 2024, investment budgets were not as aggressive as those seen over the past two years.

Machinery Investments (2024 vs 2023)

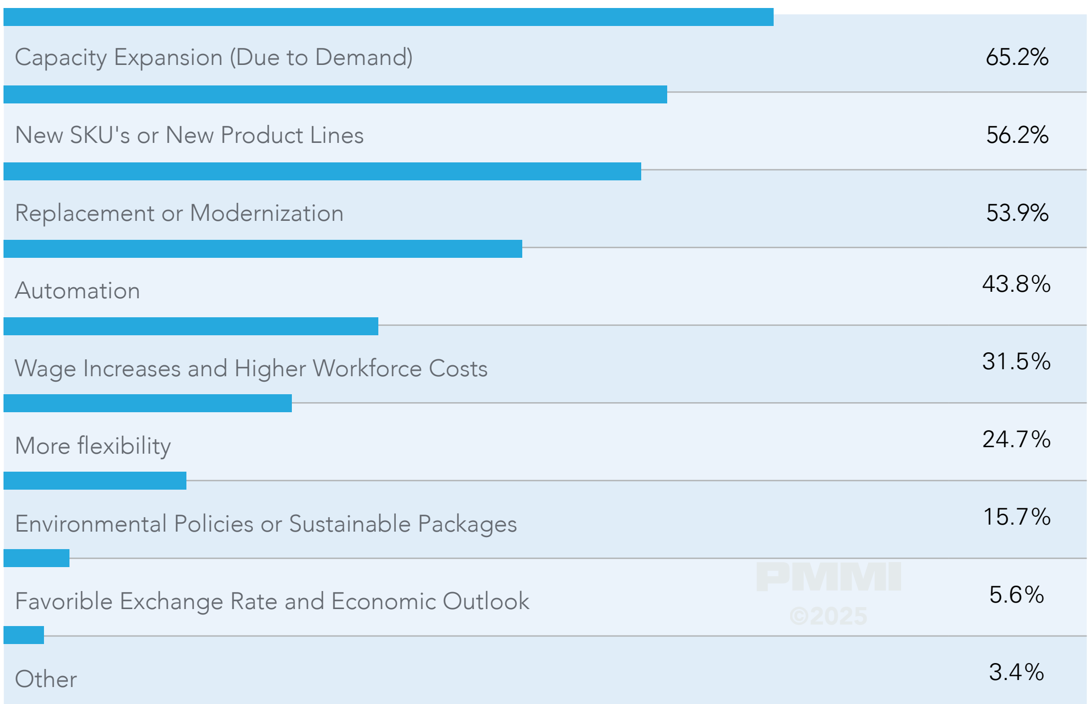


Source: PMMI Mexico Market Survey 2024

Capacity expansions remained the top driver for packaging machinery investments in 2024, followed by new SKUs, which saw a significant increase compared to previous years and rose to become the second most important factor. The replacement of obsolete equipment ranked next, with a considerable number of surveyed companies reporting investments in new production lines or equipment to eliminate bottlenecks and increase production capacity.

Process automation and rising labor costs also emerged as strong drivers of investment decisions. Many companies indicated that, due to higher minimum wages, extended vacation entitlements mandated by law, and other workforce-related provisions, investing in process automation has become increasingly justifiable.

2024 Drivers for Packaging Machinery Investments



Source: PMMI Mexico Market Survey 2025

Capacity expansions due to strong projected demand

In 2024, CPG companies — particularly those in the food and beverage sectors — continued investing in capacity expansions to meet growing product demand in both domestic and international markets. This surge in demand has been driven by a combination of factors, most notably the Mexican government's social assistance programs and further hikes in the minimum wage. Together, these factors have strengthened the purchasing power of lower-income households, broadening the market for packaged food and beverage products.

In 2023, government expenditure on financial assistance programs totaled MX$598,008 million (US$32.8 billion). In 2024, this amount rose by 36% to MX$802,775 million (US$47.8 billion). As 2024 was an election year in Mexico,

In 2024, government expenditure on financial assistance programs totaled

US$47.8 bn

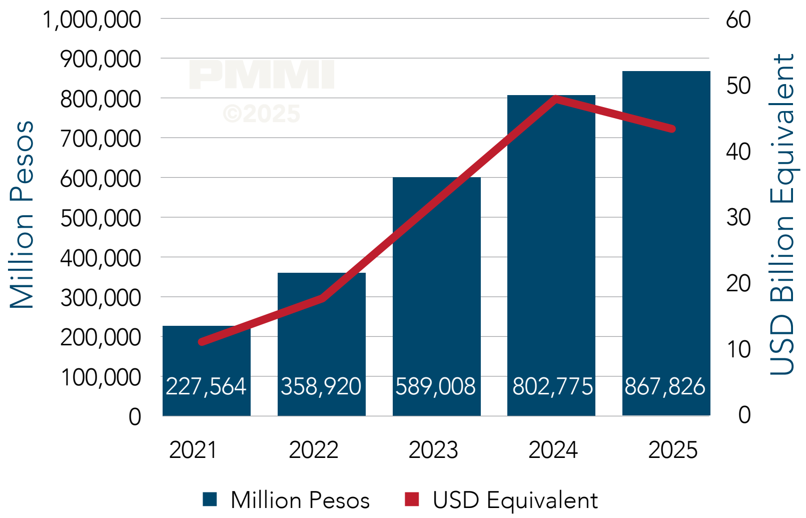
rising by

36%

government spending was prioritized to secure voter support. For 2025, the federal budget allocates an additional 8% increase, reaching MX$867,826 million; however, in U.S. dollar terms, the total reflects a reduction due to recent peso depreciation, amounting to approximately US$43.4 billion.

A significant portion of these resources is spent by beneficiaries on essential goods, including food, beverages, and medications.

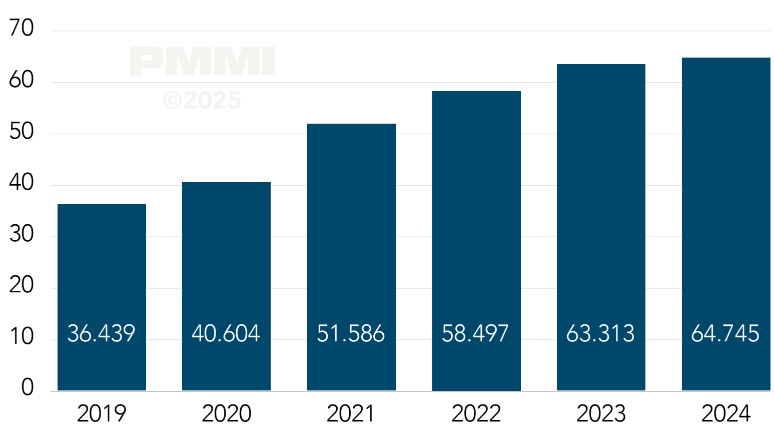
Social Programs Spending 2021 - 2025



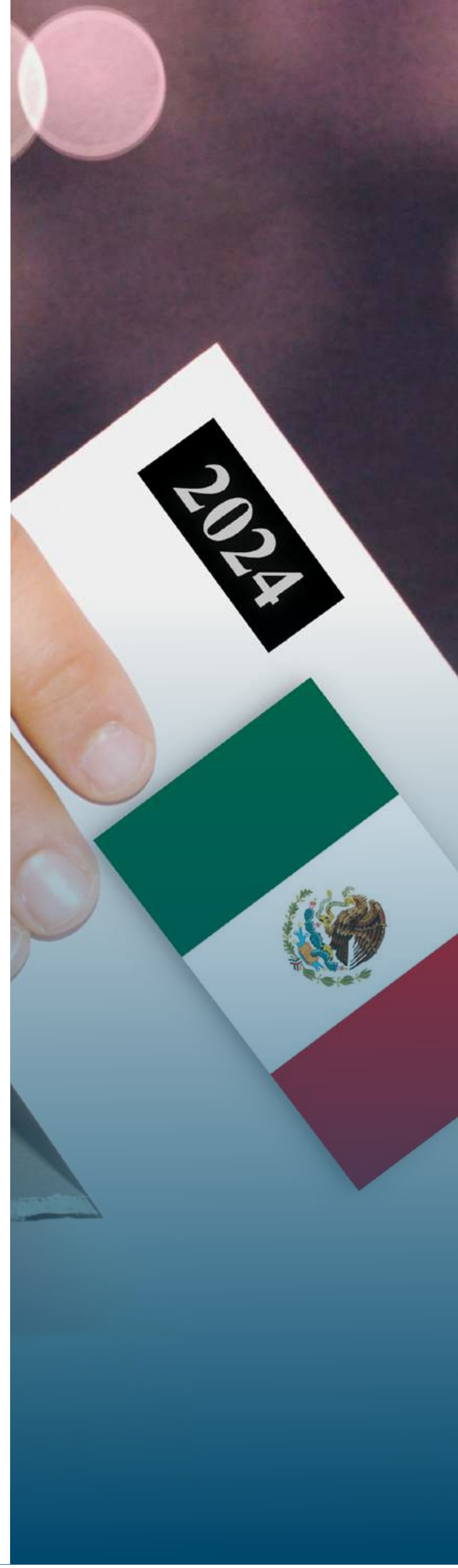
Source: MILA with information from Federal budgets and avg exchange rates.

In addition to government cash injections into the economy, remittances from Mexicans living abroad — primarily in North America — continued to rise, reaching US$64.7 billion in 2024. This represents a 2% increase in U.S. dollars and over 18% when measured in peso equivalents.

Remittances 2019 – 2024 (in billion US$)



Source: MILA with information from Banco de México, 2025



Remittances also play a significant role in driving demand for packaged products, with a considerable portion of remittance funds allocated to the consumption of basic goods.

However, remittance growth is showing signs of deceleration and could experience its first annual decline in over a decade in 2025. The strict immigration policies implemented during the Trump administration — characterized by a sharp increase in interior detentions and a significant drop in illegal border crossings — have already begun to affect remittance flows. The most recent data from January and February 2025 show a decline in remittances compared to the same months in 2024.

New SKU's or product lines.

In addition to common strategies like innovating through new product launches to meet evolving consumer demands, CPG manufacturers are driving sales by introducing a wider variety of products to both existing and potential new customers. Throughout 2024, many CPGs launched new SKUs, with a strong focus on sustainable or environmentally friendly packaging, as well as smaller, more cost-effective formats. These initiatives were largely a response to inflation and demographics, allowing companies to maintain price points familiar to consumers. New SKUs ranked second among the top packaging machinery investment factors in 2024, with 56.2% of survey respondents citing them.

Additionally, protein processors and vegetable companies increasingly offer factory-packed products, prompting retailers to allocate more floor space to refrigeration units or coolers for these items while reducing space for bulk produce.

Poultry, beef, and pork processing companies are expanding their offerings to include more value-added pre-packaged products, such as marinated, breaded, or pre-cut meats. Shifts in consumer purchasing habits, coupled with omnichannel strategies adopted by retailers, are compelling CPGs to introduce new product formats.

Environmental regulations have banned supermarkets from providing plastic bags to consumers, prompting a shift to paper bags or, in some cases, eliminating bags altogether. These regulations have extended to the fruits and vegetables sections, leading to changes in consumer behavior. Mexican shoppers, who traditionally bought produce in bulk — placing items in plastic bags and paying by weight — are now increasingly opting for pre-packed fruits and vegetables, which are pre-weighed and labeled with prices. As a result, produce suppliers are transitioning from bulk sales to offering pre-packaged and, in many cases, value-added products. This shift is also driving increased demand for packaging machinery within this segment of the food industry.

The recently enacted ban on the sale of products high in sugar, salt, or fat in schools is expected to create new market opportunities for fruit and vegetable companies. These companies can supply approved healthy snacks to replace traditional pastries and potato chips, which are no longer permitted. This regulation is likely to drive increased demand for snack-type packaging within the fresh fruits and vegetables category.

Replacement or modernization of obsolete machinery

Following increases in product demand and the introduction of new SKUs, 53.9% of CPG companies reported investing in new machinery to replace or modernize aging equipment—a figure similar to that of the previous year. Among the companies surveyed, replacement projects primarily focused on eliminating bottlenecks in packaging lines and installing new equipment capable of integrating with company systems. A smaller number of companies accelerated replacement projects due to favorable economic conditions and a strong exchange rate, which made imported machinery more accessible.

Compared to previous years, when many projects were delayed by supply shortages and long lead times, most machinery investments in 2024 experienced reasonable waiting periods, consistent with pre-pandemic industry averages. Several companies also moved forward with modernization efforts aimed at improving efficiency, productivity, and profitability through the adoption of advanced technologies.

Automation & Wage Increases

In Mexico, it was once common to see end-of-line packaging operations — such as labeling, group packing, case sealing, wrapping, and palletizing — performed manually due to low labor costs and the availability of workers. In many cases, manual operations were more cost-effective than investing in machinery. However, this is no longer true for most companies.

Minimum wage increases, changes to labor laws, and stricter outsourcing regulations — which now require employers to provide more benefits, additional vacation days, and more potential liabilities — are making process automation more feasible.

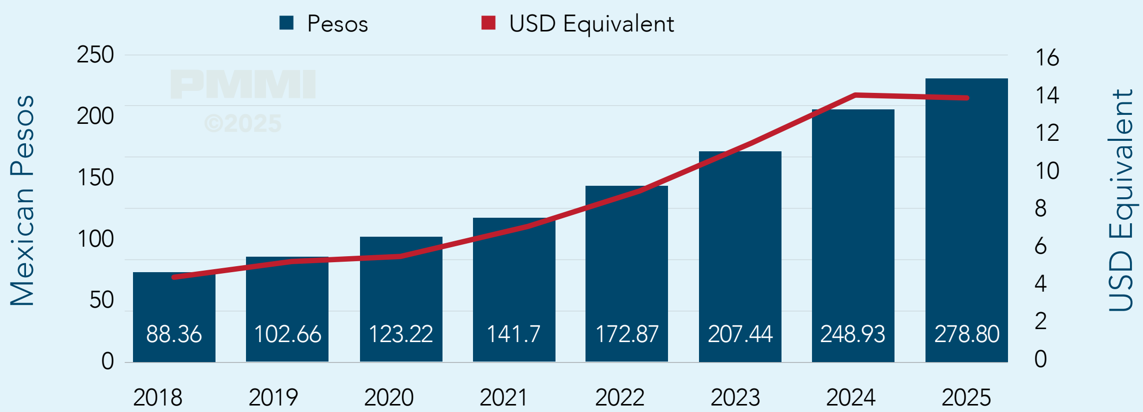
Labor costs have been rising consistently way over inflation in recent years. In addition to minimum wage increases, the Mexican government has implemented a series of regulations aimed at reducing outsourcing, requiring employers to cover employees' social benefits, 10% profit-sharing, and seniority premiums (bonuses for employees with 15+ years of service).

The labor reform that took effect on January 1, 2023, also increased the minimum vacation days from six to twelve after the first anniversary of employment, with two additional days added each year thereafter — doubling the previous increase of one additional day per year.

The Sheinbaum administration has continued the policies of its predecessor, significantly raising the minimum wage to reduce socioeconomic gaps. Although the minimum wage has doubled in the last five years, it remains low by international standards. In 2024, the average minimum wage was MX$249 per day (approximately US$14.60), and the government mandated a 12% increase for 2025, bringing it to MX$279 per day (US$13.94, reflecting depreciation in the peso). The number of minimum wage workers grew from 8.5 million in 2018 to 22.2 million in 2024, representing more than one-third of the workforce.

Minimum wages in Mexico are determined at the federal level, though there are regional variations, with higher wages in northern Mexico and lower wages in the south.

Mexico's Average Minimum Wage (per day) 2018-2025



Source: MILA with information from the National Minimum Wage Commission (CNSM), 2025

The rise in labor costs has made automation projects more financially feasible. Additionally, advancements in collaborative robots, sensors, and other technologies are simplifying the design and implementation of successful end-of-line packaging operations, which were previously difficult to develop.

Beyond rising labor costs, many interviewed companies also pointed to increasing challenges with unions and labor relations due to the interpretation of NOM-035-STPS-2018. Enacted in 2018 and effective since 2020, this regulation mandates that employers prevent psychosocial risks and workplace violence. It requires actions such as identifying and analyzing risk factors within the workforce and documenting the findings in a report accessible to both workers and authorities. Employers are also required to develop care or intervention programs based on these findings.

Some of the companies interviewed reported experiencing what they described as "extortion" related to the enforcement of the NOM-035 regulation. This has led to costly legal disputes and, in some cases, settlements they considered unfair. These experiences have further reinforced their decision to automate processes that were previously carried out by human labor.

International Trade

On the international front, the narrative remains consistent, with trade data showing continued growth in Mexican agri-food and beverage exports. In 2024, Mexico's agri-food exports reached US$54.4 billion, marking a 4.8% annual increase, while imports totaled US$44.3 billion, a 5.2% increase. Most of Mexico's exports consist of consumer-packaged products such as beer, tequila, chocolates, confectionery, and bakery items. Imports, on the other hand, predominantly include grains, poultry, pork, and dairy products, many of which are processed and/or packaged in Mexico.

Of the US$98.7 billion in agri-food trade in 2024, approximately 80%, or US$79 billion, was conducted with the United States.

Although agri-food trade grew in 2023 and 2024, the pace of growth showed signs of deceleration compared to previous years, when double-digit growth rates were posted. Several Mexican agri-food products, particularly commodities, have faced challenges in maintaining international competitiveness, mainly due to the strength of the Mexican peso, which was prevalent from 2022 to the first half of 2024.

Environmental policies and sustainable packaging

Environmental sustainability has become an increasingly important topic in recent years, shaping both consumer expectations and regulatory frameworks in Mexico. While sustainability was once a primary driver of packaging machinery investments, its relative importance declined in 2024, as companies prioritized capacity expansion, SKU diversification, and automation amid a challenging labor environment.

Nonetheless, tightening environmental regulations — both at the state and federal levels — continue to reshape packaging strategies for CPG manufacturers. As legislative initiatives, such as the proposed General Packaging and Containers Law, advance and local bans on non-biodegradable materials expand, packaging sustainability remains a critical factor in long-term investment planning.

Although still pending congressional discussion and approval, the General Packaging and Containers Law aims to establish stricter regulations for eliminating single-use packaging and promotes shared or extended producer responsibility (EPR). This will shift the financial and operational burden of end-of-life package management from consumers and governments to manufacturers.

In early 2023 and again in mid-2024, legislators from the Green Environmental Party (PVEM) — an ally of Morena — urged the Mexican Congress to prioritize discussion of this proposed legislation, which includes a complete ban on single-use plastics in packaging. Their arguments have largely focused on the widespread use of protective plastic packaging in e-commerce shipments. If approved, this could soon require CPG companies to transition to alternative packaging materials.

According to industry associations, the recent focus on containing inflation has pushed many eco-friendly initiatives — including packaging-related legislation — to the back burner. However, there is broad consensus that regulations of this nature will gain momentum in the coming years.

DEMAND SECTORS AND KEY BUYERS

In 2024, packaging machinery purchases by the top 200 buyers accounted for 80% of total imports, representing a 6% decrease compared to 2023. This decline suggests a reduction in the number of large-scale projects. However, the number of companies importing more than US$1 million worth of packaging machinery increased from 141 in 2023 to 159 in 2024, indicating that more companies undertook mid-sized projects valued between US$1 million and US$3 million.

The beverage sector once again alternated with the food sector as the primary driver of packaging machinery demand. In 2024, beverage companies accounted for 28% of total imports, an increase of four percentage points compared to their 2023 share. Meanwhile, food companies maintained a steady presence, representing 25% of total imports — just one point below the previous year. Combined, these two sectors accounted for more than half of the total value of imported packaging machinery.

The pharmaceutical and medical device industries accounted for 9% of all imported packaging machinery in 2024, marking a 1 percentage point decrease in their share of total demand. Despite this decline, the figure remains broadly consistent with prior-year investment levels and aligns with the typical average for this industry segment.

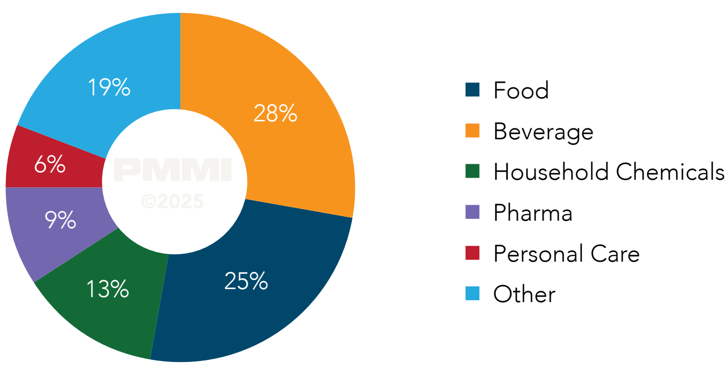
The personal and home care sector represented 6% of total imports, falling slightly below its usual range of 8% to 9%. While many companies within the sector invested in packaging machinery, relatively few undertook multi-million-dollar projects, which contributed to the lower overall share.

In addition to the industries mentioned above, which continued to represent the primary demand sectors for packaging machinery, others — such as electronics, automotive, pulp and paper, cement, tobacco, appliances, — collectively accounted for 19% of total packaging machinery imports in 2024.

Notably, the cement industry demonstrated remarkable strength for the second consecutive year, with major players such as CEMEX, Cementos Moctezuma, and Holcim Apasco each making multi-million-dollar investments. The tobacco industry also registered a significant surge in investments, as British American Tobacco and Philip Morris recorded above-average spending throughout the year.

Additionally, packaging machinery manufacturers with a direct presence in Mexico, along with machinery distributors and automation firms, collectively accounted for 13% of imports in 2024, representing a one-percentage-point increase compared to 2023. This marks the third consecutive year of growth for imports made directly by packaging machinery companies, confirming a clear trend of manufacturers establishing local operations in Mexico to better serve their clients.

Packaging Machinery Imports by Sector, 2024



Source: MILA with information from Customs, 2024.

Beverages

The beverage sector remains one of the most dynamic segments driving demand for packaging machinery, frequently ranking as the largest single sector in terms of import value — as was the case in 2024. Bottling lines in this sector are distinguished by high levels of automation, with projects from leading beer and soft drink companies often involving multi-million-dollar investments.

This strong investment activity is driven by the remarkable growth of beer, tequila, and, more recently, mezcal — both in domestic consumption and international exports. Additionally, rising demand for bottled water, soft drinks, and juices in both local and export markets continue to fuel the sector's need for advanced packaging solutions.

Ongoing consolidation in the beverage industry has seen major multinational corporations acquiring Mexico's leading beer, spirits, and soft drink producers. Over the past seven years, the sector has nearly doubled in value, experiencing unprecedented growth. In 2024, Mexico retained its position as the world's fourth-largest beer producer, with 145 million hectoliters, and if trends continue, is expected to climb to third place in 2025, overtaking Brazil, with only China and the United States ranking higher. Mexico also remains the world's largest beer exporter.

Despite its strong performance, the industry faces some headwinds. Beer exports, particularly those packaged in aluminum cans, are exposed to tariffs imposed by the Trump administration. Constellation Brands has formally approached the U.S. government seeking an exemption, which is expected to be granted given the company's U.S. headquarters.

In 2024, beer maintained its position as Mexico's top beverage export, reaching a value of US$6.71 billion. Tequila and mezcal followed, with combined exports of US$4.28 billion, while juice exports totaled US$546 million. Both tequila/mezcal and juice categories recorded a slight decline compared to the previous year.

Mexican beers continue to enjoy strong international demand. Following a modest 2.2% increase in 2023, beer exports surged by 9% in 2024. Looking ahead, the new Constellation Brands facility in Veracruz — slated for completion in early 2026 — is expected to add between 25 and 30 million hectoliters to Mexico's annual beer production capacity.

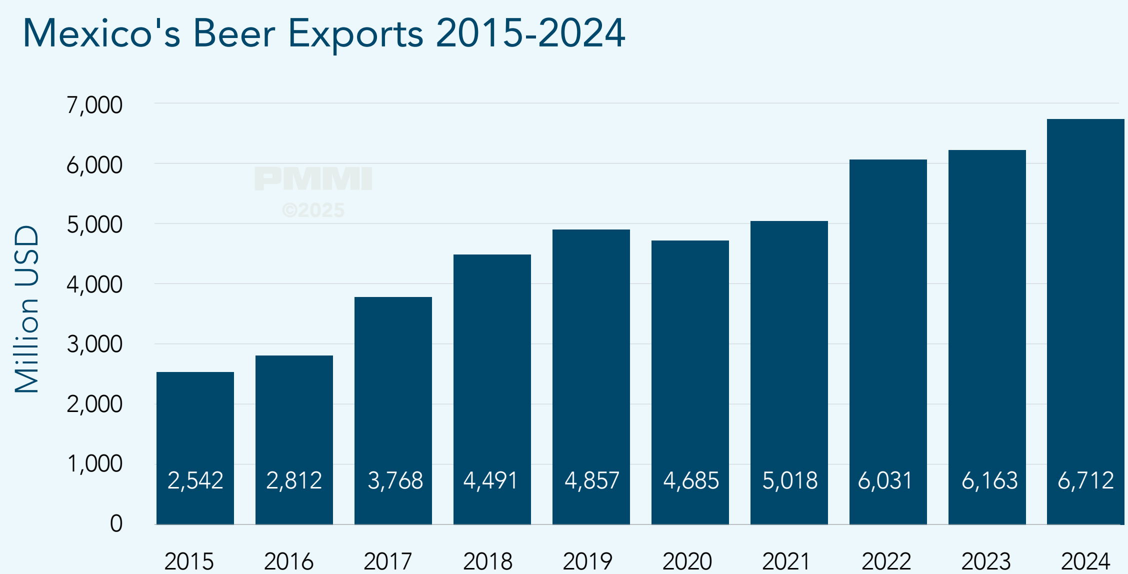
In 2024, beer maintained its position as Mexico's top beverage export, reaching a value of

US$6.71 bn

Beer exports surged by

9%

In 2024



Source: MILA with data from Banco de Mexico, 2025

Beer companies have continued to invest in expanding their production capacity over the past several years. In 2024, they accounted for 5% of total packaging machinery imports, representing nearly US$52 million in value. Grupo Modelo's Cervecería del Trópico and Heineken's Cervecería Cuauhtémoc Moctezuma alone invested a combined US$36 million, ranking as the 7th and 12th largest packaging machinery importers, respectively.

Looking ahead, Constellation Brands is expected to emerge as one of the top packaging machinery importers in 2025, as equipment will be installed at its new brewery in Veracruz. This single project could represent an investment of between US$80 and US$90 million in packaging machinery. Heineken by the other hand, will complete a new brewery in Yucatán, expected to receive equipment in late 2025 or early 2026.

Mexico's carbonated drinks producers had a strong year in 2024, with most companies reporting growth in both revenues and volumes compared to the previous year. FEMSA, Mexico's largest Coca-Cola bottler, posted a 14.2% increase in revenue and a 4.4% rise in volume. Arca Continental reported 10.2% revenue growth and a 2.1% increase in volume for its Mexico operations. Other bottlers, including Bepensa, Aga, and Niagara, also reported growth.

As volumes continued to rise, many producers maintained or accelerated investments aimed at expanding production capacity and modernizing bottling lines. In 2024, Arca Continental, through its subsidiary Bebidas Mundiales, invested US$40.3 million in new packaging machinery. Other companies, including Niagara Bottling, PepsiCo's GEEP, and Manantiales Peñafiel, each invested over US$15 million in new bottling and packaging equipment.

Mexico consistently ranks among the top five countries worldwide for soda consumption, with annual per capita intake of 42 gallons. Despite increasing health concerns, particularly around obesity, the consumption of carbonated beverages continues to rise. In an effort to curb this trend, the Mexican government introduced taxes on high-sugar beverages and mandated warning labels highlighting their sugar content. However, these measures have had limited impact, and consumption levels remain on an upward trajectory.

In response to health-driven market pressures, soft drink producers have broadened their portfolios to include non- or low-sugar sodas. Additionally, nearly all producers have introduced bottled water lines, further driving demand for packaging machinery. According to the Mexican Association of Beverages (MexBeb), which represents 98% of the country's non-alcoholic carbonated beverage producers, 55% of their members' product portfolios now consist of calorie-free or low-carbohydrate beverages.

The beverage sector is expected to remain a key driver of packaging machinery demand in the coming years.

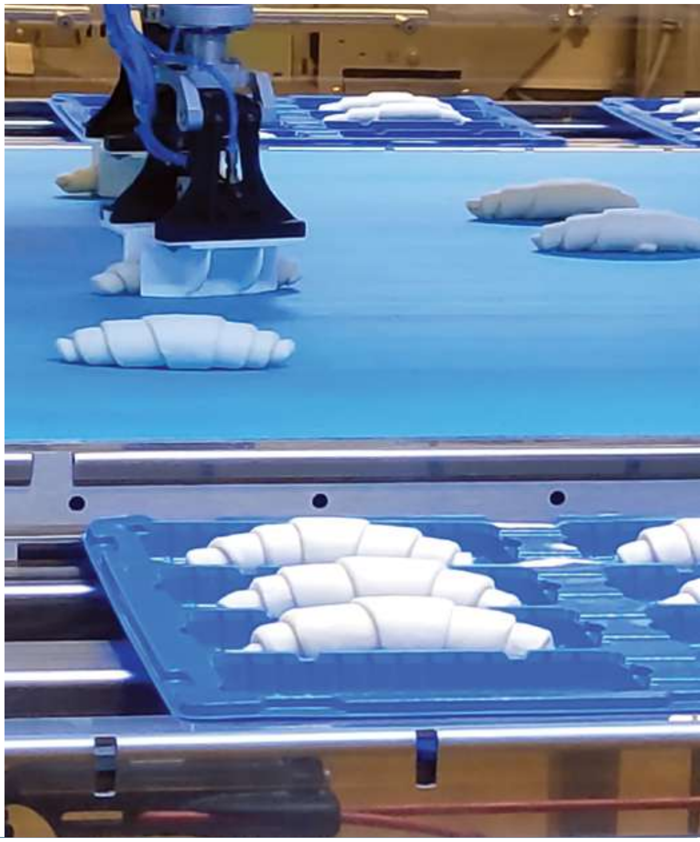
Food

The food and beverage sectors continue to compete closely for the position of the largest demand drivers for packaging machinery, with beverage companies narrowly outpacing food producers in investment during 2024. The growing demand for packaged food products has prompted several producers to expand their capacity to meet evolving market needs.

Notably, publicly traded food companies such as Bimbo and Sigma Alimentos have reported record-breaking revenues in recent years, driven by unprecedented volumes in both domestic and export markets. While Bimbo recorded a modest 2.1% revenue increase in 2024, Sigma Alimentos achieved 14 consecutive quarters of growth, closing the year with US$1.046 billion in revenue — an impressive 17% increase over 2023.

The rise in consumer purchasing power and growing middle class has contributed significantly to this growth. In parallel, changing consumer preferences — including the shift toward convenience products and the rapid expansion of e-commerce and delivery platforms — have further stimulated domestic demand for packaged food.

Most food companies have also expanded the number of SKU's, offering a wider variety of product presentations, sizes and package types seeking, in addition to fulfill retailers' shelf spaces, to offer consumers personalized packages for different needs.



> Just a couple of years ago, we used to have 3-4 SKUs of each ham product, the foodservice presentation; the "club size" for Sams and Costco; the family size for large families or heavy consumers and the small size for small families. Today we have 16 different presentations for the same product, including different materials and convenience features, which has required our packaging processes to become extremely flexible.
>
> *– Cold-cut plant production manager*

Mexico ranks among the world's top ten producers of packaged food and is a major exporter in the sector. In fact, it holds the distinction of being the largest food supplier to the United States. According to the USDA, Mexico supplies 63% of U.S. vegetable imports, 47% of fruit and nut imports, and nearly 40% of its imported processed-food products.

According to the USDA, agri-food trade between Mexico and the United States reached record levels in both value and volume in 2024, totaling US$79 billion — a 7% increase compared to 2023. Since 2012, Mexico has consistently maintained a positive trade balance in this sector. In 2024, it became the United States' largest agri-food trading partner, surpassing both China and Canada.

Mexico's top food exports in 2024 are listed on the following table:

Top Food Exports 2023-2024 (Million USD)

Product	2023	2024
Avocados	3,030	3,789
Tomatoes	3,047	3,030
Bakery Products	2,642	2,811
Bell Peppers	1,627	1,845
Other Fresh Fruits	1,141	1,345
Confectionery products	1,275	1,337
Frozen Vegetables and Dried fruits	1088	963
Cucumbers	813	911

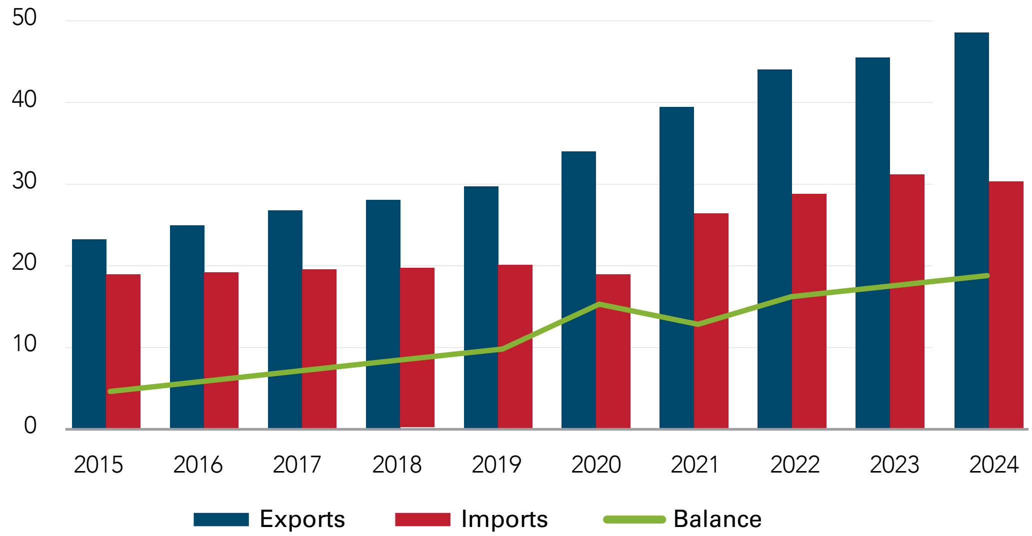
Product	2023	2024
Citrus	773	868
Preserved fruits	846	867
Chocolates	761	834
Strawberries	750	800
Sauces and condiments	655	774
Pork	870	758
Almonds, Nuts and Pistachios	704	656
Sugar	797	440

Source: Secretariat of Agriculture and Rural Development, 2025

Beyond the export growth of packaged food products, Mexico's demand for packaging machinery is also driven by imports. The country imports significant quantities of grains and proteins, which are subsequently processed and packaged domestically. In 2023 alone, Mexico imported US$5.6 billion worth of corn and US$2.3 billion of soybeans, primarily for animal feed and oil production.

Mexico also imported US$2.58 billion in pork, US$2.47 billion in dairy products, US$1.47 billion in poultry, and US$1.3 billion in beef. As more than two-thirds of these products are destined for domestic processing and packaging, rising import volumes are directly contributing to increased investments in packaging machinery.

Mexico-US Agrifood Trade 2015-2024



Source: MILA with information from Secretariat of Agriculture and Rural Development and USDA, 2025

In 2024, snack manufacturer Sabritas was the country's largest importer of packaging machinery, with total imports reaching US$53.2 million. Grupo Bimbo followed, ranking fourth with US$20.9 million in machinery imports. Confecciones de Juárez, a maquila operation owned by Sunrise Confections, ranked 11th with US$16.6 million in imports. Other major players that made substantial investments during the year include Barcel, Mars, and Unilever. Most of these investments were towards capacity increases and modernization projects.

Mexico's food sector has experienced sustained growth since the signature of NAFTA back in 1994 as trade barriers were lowered enabling various Mexican food products to reach North American markets more efficiently. Since then, demand for Mexican staples such as avocado, tomatoes and tequila increased. Equally important, NAFTA attracted foreign direct investment from multinational food and beverage companies that recognized Mexico's strategic advantages: abundant agricultural resources, a skilled and cost-effective labor force, and geographic proximity to the United States.

As a result, companies such as Nestlé, PepsiCo, Mondelez, Coca-Cola, Danone, General Mills, Cargill, Heineken, AB InBev, Diageo, Mars, Conagra Brands, Unilever, Lactalis Group, Kellogg's, McCormick, Tyson Foods, Dr Pepper Snapple Group, Hershey's, and Constellation Brands have established large-scale operations in Mexico. These facilities serve domestic demand and act as export platforms to the U.S. and Canadian markets.

The implementation of the USMCA in 2020 gave a renewed boost to bilateral agri-food trade. Since then, both Mexican and international companies have continued to expand their production capacity in Mexico to meet growing demand in both domestic and export markets. This expansion has fueled consistent demand for advanced packaging and processing technologies—particularly equipment designed for high-speed, high-volume, and regulatory-compliant production environments.

However, 2025 presents significant challenges to the continued growth—and associated investment—in the sector. Domestically, a slower economy and the new regulation prohibiting the sale of most packaged foods in schools is expected to impact demand and production volumes, particularly among producers of snacks, pastries, confectionery, and beverages. On the external front, uncertainty surrounding U.S. tariffs has led to the postponement of investment projects by both multinational corporations and local food producers that export a portion of their output to the United States.

Pharmaceutical and Medical Devices

The National Chamber of the Pharmaceutical Industry (CANIFARMA) estimates the value of the pharmaceutical and medical device industry at MXN $568.7 billion (approximately US$26.6 billion), with an estimate growth of 6% in 2024. From 2016 to 2020, the sector recorded an average annual growth rate of 3.3%, and higher growth is anticipated in the coming years due to demographic trends—including population growth and aging—as well as continued investment by both multinational and domestic firms.

According to INEGI, Mexico's pharmaceutical sector attracted US$981 million in foreign direct investment (FDI) in 2024. Between 1999 and 2024, cumulative FDI in the sector reached US$15.4 billion, reinforcing Mexico's position as a key hub for global pharmaceutical and medical device manufacturing. The sector ranks as the third-largest recipient of FDI in the country—following only the automotive and electronics industries.

Beyond multinational laboratories, Mexico has also seen increasing investment from local pharmaceutical companies, as well as contract manufacturers and drugstore chain subsidiaries producing generic and over the counter (OTC) medications under private labels for sale in their own retail channels.

A diverse group of multinational medical device manufacturers and domestic pharmaceutical firms were among the top investors in packaging machinery in 2024. Companies such as Industrias Maver, Productos Farmacéuticos, Farmacias Guadalajara, Laboratorios Sophia, Gelpharma, and Intuitive Surgical ranked among the largest importers of packaging machinery during the year.

The pharmaceutical and medical devices sector was the third-largest importer of packaging machinery in 2024,

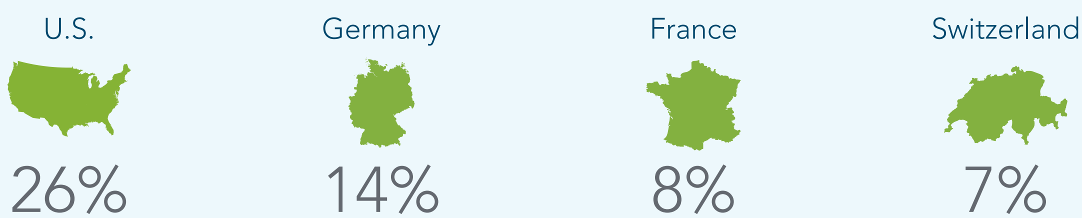
accounting for nearly 9% of total packaging machinery imports, highlighting the sector's sustained demand for advanced, precise, and regulatory-compliant packaging technologies.

Despite these positive trends, CANIFARMA has voiced concerns over the potential impact of U.S. tariffs. Mexico exported nearly US$2.7 billion in pharmaceutical products in 2024—most of which are destined for the United States. While tariffs could directly reduce export volumes, CANIFARMA emphasizes that policy uncertainty could also hinder future FDI in the sector.

Mexico currently ranks as the third-largest pharmaceutical and medical device manufacturer in the Americas, trailing only the United States and Brazil. With the presence of leading global pharmaceutical companies and a growing number of generic and nutraceutical manufacturers, Mexico is well-positioned for continued growth. According to AMIIF, with improvements in regulatory frameworks and the establishment of clear approval timelines, Mexico could rank among the top 10 countries in pharmaceutical research within the next decade.

Approximately 90% of pharmaceutical production in Mexico is intended for the domestic market, while the remaining 10% is exported. In 2024, pharmaceutical exports grew by 15%, rising from US$2.34 billion in 2023 to US$2.7 billion. Despite this growth, Mexico maintains a pharmaceutical trade deficit of over US$5 billion, driven largely by imports of raw materials, active ingredients, and specialized finished medicines. The United States is Mexico's top pharmaceutical supplier, accounting for 26% of total imports, followed by Germany (14%), France (8%), and Switzerland (7%).

Mexico's top pharmaceutical suppliers in 2024



Within the medical device sector, packaging machinery investments continue to represent a significant share of total capital expenditure. The sector was valued at US$19.49 billion in 2024, with annual growth of 7.2%. Over the past five years, the sector has attracted average annual investments of approximately US$500 million. Leading multinationals such as Abbott, Able Medical, Ambu, Becton Dickinson, Boston Scientific, GE Healthcare, Johnson & Johnson, Medtronic, Stryker, Siemens, and Zimmer Biomet have expanded R&D and manufacturing operations in Mexico, contributing to their global competitiveness.

The Mexican Government has included the pharmaceutical and medical devices industry as a priority sector for attracting investments and has granted special incentives for investment under the Mexico Plan announced by President Sheinbaum in January 2025.

Personal & Home Care

The National Chamber of Personal and Home Care Industries (CANIPEC) represents and monitors the most influential companies in Mexico's home and personal care sectors. According to preliminary data from CANIPEC, the personal care industry expanded by 6% in 2024, reaching a market value of US$16 billion, while the home care sector grew by 1.7%, reaching US$7 billion. Combined, the two sectors achieved a total production value of US$23 billion.

Market growth was primarily driven by strong performance in the sunscreen, fragrance, scent, and skincare categories, along with robust investment activity. In 2024 alone, the sector attracted US$450 million in investments—US$300 million of which came from multinational corporations.

CANIPEC maintains a positive industry outlook, forecasting an average annual growth rate of 6.05% over the next five years, with fragrance and skincare segments expected to grow by nearly 9% annually.

The following are the key industry growth drivers:

Personal Care:

- **Diversity:** Greater variety and penetration of unisex and men's skincare products (more SKUs).
- **Sustainability:** Rising consumer demand for eco-conscious products and packaging.
- **Holistic Wellness:** Increased demand for essential oils, soothing fragrances, and aromatherapy products aimed at stress relief and mental well-being.
- **Biotechnological Advancements:** Innovative formulations targeting skin aging and prevention of dermatological issues.

Home Care:

- **Pet-Friendly Products:** Growth in demand for pet-safe cleaning solutions.
- **Concentrated Formulas:** Aimed at reducing water usage and minimizing packaging waste.
- **Eco-Friendly Packaging:** Widespread adoption of refillable packaging, such as pouches for sprayers.

Mexico currently ranks as the 12th-largest global manufacturer of personal care products, and since 2022, it has become the largest exporter in Latin America, surpassing Brazil. With competitive manufacturing and logistics costs, the Mexican market is poised for sustained growth, fueled by both domestic demand and an increased export focus.

According to CANIPEC,

Personal Care industry expanded by

6%

Home Care industry expanded by

1.7%

Combined, both sectors reached a production value of

US$23 bn

The personal care segment is dominated by multinational corporations such as Procter & Gamble, Colgate-Palmolive, Unilever, Mary Kay, Cosbel, and Avon, each holding market shares above 5%. Additionally, approximately 20 mid-sized multinational and domestic firms each hold market shares ranging from 1% to 4.9%.

In 2024, Beiersdorf (Nivea) emerged as the largest investor in packaging machinery within the segment, importing US$21.5 million, making it the third-largest importer overall. Fábrica de Jabón La Corona continued its modernization and capacity expansion efforts, importing US$7.5 million in packaging machinery. Other key investors included P&G, Zobele, Cosbel, Kimberly-Clark, Sancela, and Novaliv, all of which made multi-million-dollar investments to meet packaging needs.

Key Buyers

In 2024 there were more importers bringing packaging machinery to Mexico compared to the previous year, however the increase was not sufficient to reach the record number posted in 2022. Compared to the previous year, there were fewer mega-projects worth over US$20 million each, however there was an increase in the number of importers bringing between US$1 and US$20 million with growth in the US$10-20 million and US$3 to US$5 million ranges.

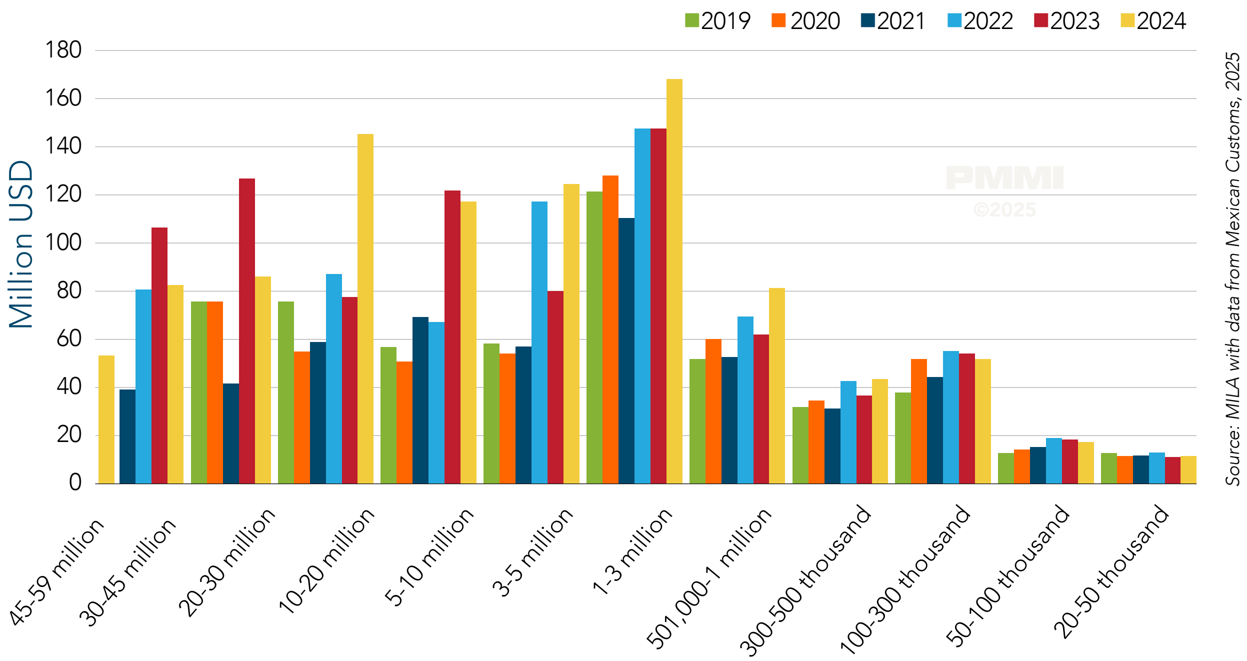
Segmentation by Importer Value Range 2018-2024

Import Value Range	2018	2019	2020	2021	2022	2023	2023
Over 60 million	1						
50-60 million							1
40-50 million					1		
30-40 million	1			1	1	3	2
20-30 million	1	2	4	2	0	5	4
10-20 million	4	5	4	4	6	6	9
5-10 million	17	8	7	11	14	16	17
3-5 million	18	19	18	15	25	21	27
1-3 million	76	68	71	61	86	87	99
500,000-1 million	79	67	79	74	101	88	116
300-500 thousand	82	82	91	81	105	96	114
100-300 thousand	249	210	287	255	308	309	296
50-100 thousand	183	183	203	217	272	251	253
20-50 thousand	335	390	360	369	408	364	351
TOTAL	**1,046**	**1,034**	**1,124**	**1,090**	**1,327**	**1,246**	**1,289**

Source: MILA with data from Mexican Customs, 2025

Grouping the value of imports by range, the table below shows demand growth in 2024 was due to a single importer (Sabritas) importing US$53 million in packaging machinery and to a significant increase in projects in the ranges of US$10-20 million and US$1 to 3 million (orange bars in chart below).

Segmentation by Project (Importer) Value Ranges 2018-2024



The largest packaging machinery investors in 2024 included a mix of national and multinational companies from a variety of sectors. Notably, half of the top 20 investors belonged to the beverage industry.

Leading the top importers list were Sabritas (snack foods), Arca Continental (beverages), Beiersdorf (personal care), Grupo Bimbo (baked goods), and Niagara Bottling (bottled water), which ranked as the top five CPG investors in packaging machinery during the year.

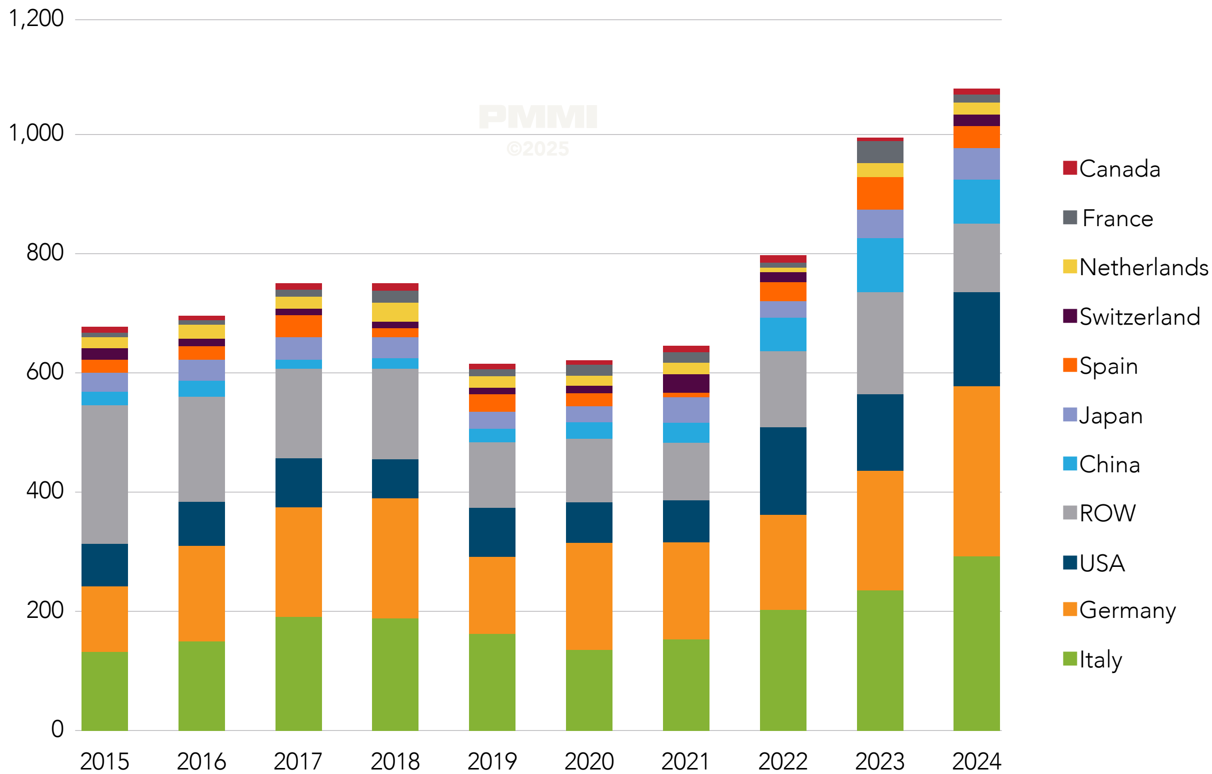
Top Packaging Machinery Importers 2024

Source: MILA with data from Mexican Customs, 2025

SEGMENTATION BY ORIGIN

For the third consecutive year, Italy remained the largest supplier of packaging machinery to Mexico, holding a 27.3% share of the market. Germany showed remarkable momentum, increasing its exports by 41% and narrowing the gap with Italy to capture a 26.7% share. Meanwhile, the United States maintained its third ranking position but saw a significant decline of 36% in export value, ending the year with a 15% market share. Together, these three countries accounted for 69% of Mexico's total packaging machinery imports.

Packaging Machinery Imports by Country 2015-2024



Source: MILA with data from Mexican Customs, 2025

Compared to 2023, Italy increased its packaging machinery exports to Mexico by 25%, gaining 3 percentage points in market share. Germany's exports surged by an impressive 41%, resulting in a 6.6-point gain in market share. In contrast, the United States saw a 36% decline in export value, leading to a 2-point drop in market share. After losing share between 2019 and 2021, U.S. suppliers had been on a recovery path throughout 2022 and 2023. However, the sharp decline in 2024 has erased those gains, pulling the U.S. market share back to 2021 levels.

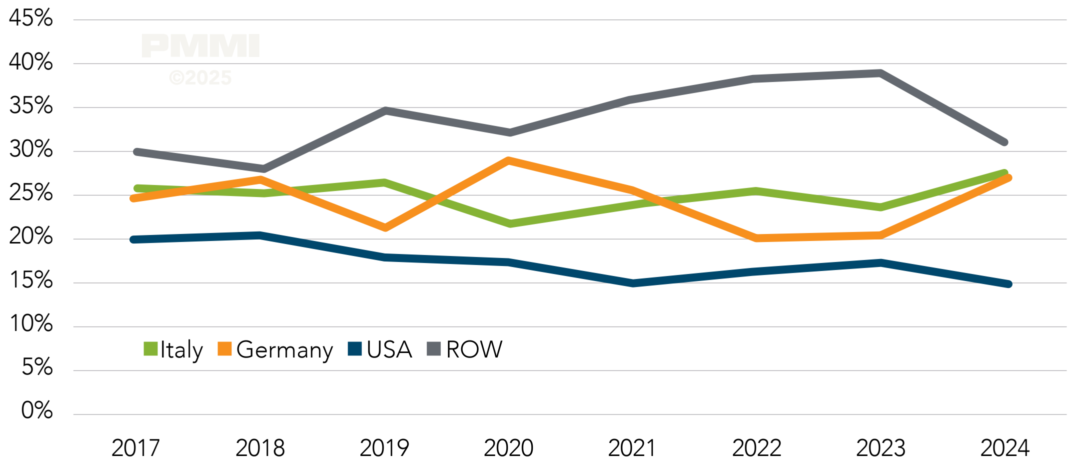
While there is no single factor explaining the U.S. market share loss, 2024 was a particularly strong year for the beverage sector, where French, German, and Italian manufacturers hold a competitive edge in terms of technology and brand recognition.

Distant from the leading suppliers, China ranked fourth in market share capturing 7%, one point less than in 2023. 2024 was the first year in a decade where China decreased its packaging machinery exports to Mexico and interrupted its steady inroads into the market. China has become a market player thanks to their competitive prices, extended warranties, and financing options. While in total supply China had a slight contraction, it remained growing its share in secondary packaging machinery in 2024.

Spain increased in 19% its packaging machinery supply into Mexico, recovering the fifth place it lost to Japan one year ago. Spanish machinery covers 5% of the imported demand while Japan posted a 32% drop compared to its 2023 export value, losing 2 points in market share. While this drop might seem significant, it obeys to the outstanding high value the country exported in 2022, and their 2024 share remained above their 5-year average.

Netherlands and France, followed with 2% share each and Switzerland and Canada 1% share respectively.

Leading Packaging Machinery Supplier Shares 2017-2024



Source: MILA with data from Mexican Customs, 2025

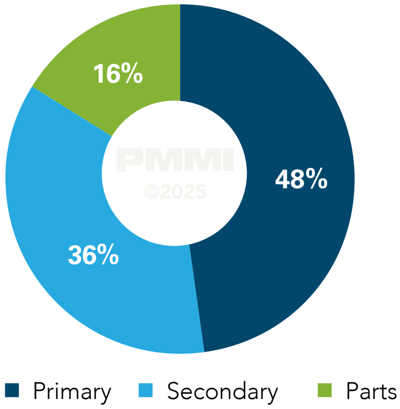
SEGMENTATION BY MACHINERY TYPE

Packaging machinery can be split into primary and secondary packaging under customs categorization (HS Code classification). Most of the primary packaging machinery is grouped under HS codes 842230 – Machinery for filling, closing, sealing, capsuling or labeling. Secondary packaging machinery is usually grouped under 842240 – Other packing or wrapping machinery. While the segmentation is not perfect, it is useful for understanding market demand dynamics.

Following this segmentation, Mexico imported US$519 million of primary and US$391 million of secondary packaging machinery in 2024, The remaining US$168 million were parts imports.

Primary packaging imports increased 8% while secondary packaging equipment imports increased 6% compared to the previous year. Parts also experienced a 12% growth.

2024 Value Share by Machinery Type & Parts

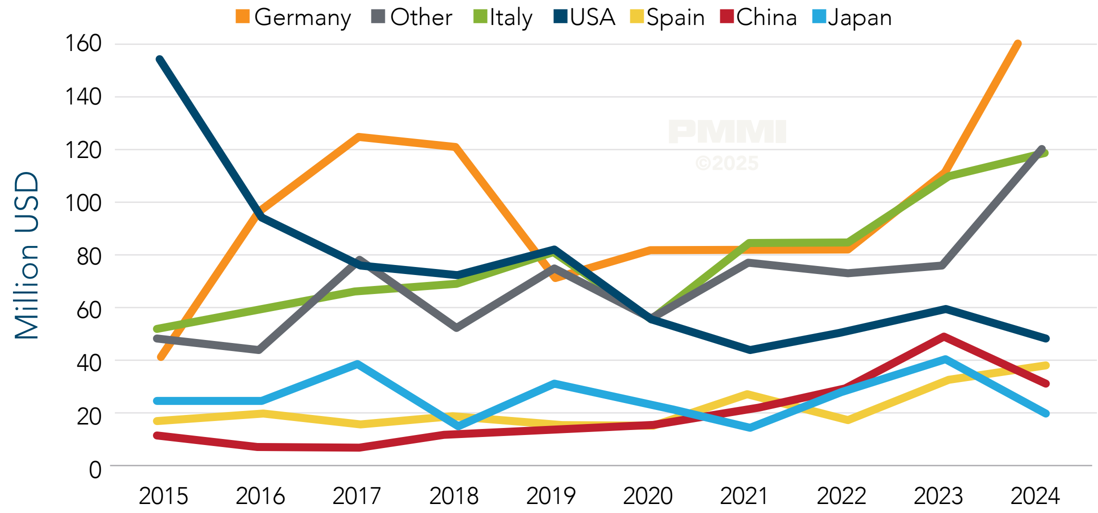


Source: MILA with information from Mexican Customs, 2025

Primary packaging machinery experienced double digit growth during the 2021-2023 period, while 2024 imports had a more moderate growth, the continued growth trend confirms findings from interviews indicating that most new investments were directed towards capacity expansion. The 48% share of primary packaging machinery imports remained the same than that of 2023, being significantly higher than in previous years.

In 2024, primary packaging machinery imports reached once again their highest dollar value on record, with Germany, Italy and Spain increasing their exports and share compared to the previous year.

Primary Machinery Imports by Origin 2015-2024



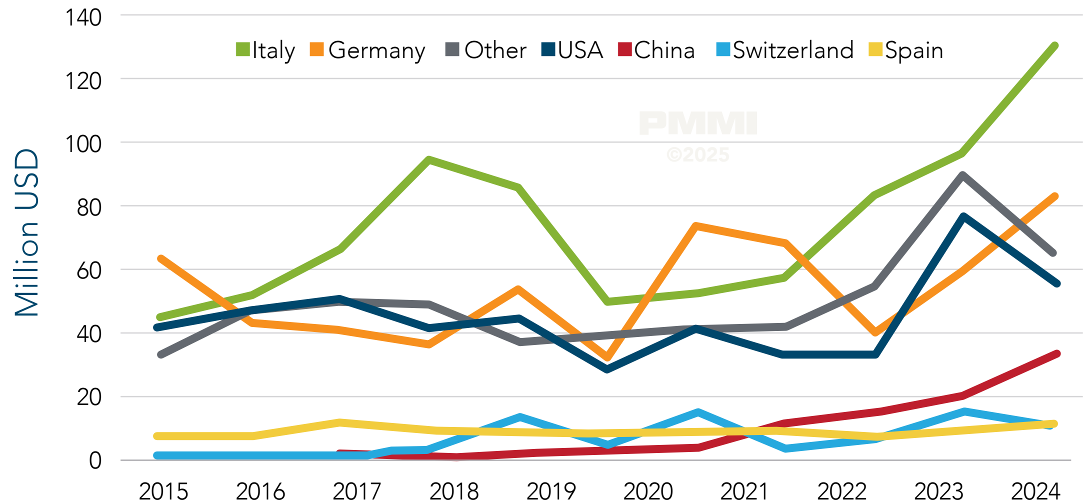
Source: MILA with data from Mexican Customs, 2025

After various years of fierce competition in the primary machinery segment between Germany and Italy, in 2024 Germany took a significant advantage, breaking by far all previous supply records. While Italy also increased its exports to Mexico, the 59% jump in German exports was out of reach.

The United States, China and Japan primary machinery sales dropped from previous year values, while Spain returned continuing in the growth path establishing itself as a relevant player in the market, shipping more than China and Japan. German primary machinery remains the preferred choice for beverage, pharmaceutical, and personal care companies, while in the food sector, preferences are more diverse.

In secondary machinery Italy remained as the leading supplier, increasing its shipments in 34% to reach US$130 million. Germany posted even higher growth with a 38% increase reaching US$83 million and passing the United States whose shipments dropped 26% in value terms compared to 2023. The United States returned to the third ranking position after a very successful 2023, as it could not keep with similar shipments in 2024.

Secondary Machinery Imports by Origin 2015-2024



Source: MILA with data from Mexican Customs, 2025

China continued with its growing trend as a secondary machinery supplier, distancing from Switzerland and Spain which ranked fifth and sixth.


FRAGILE

Upcoming Opportunities

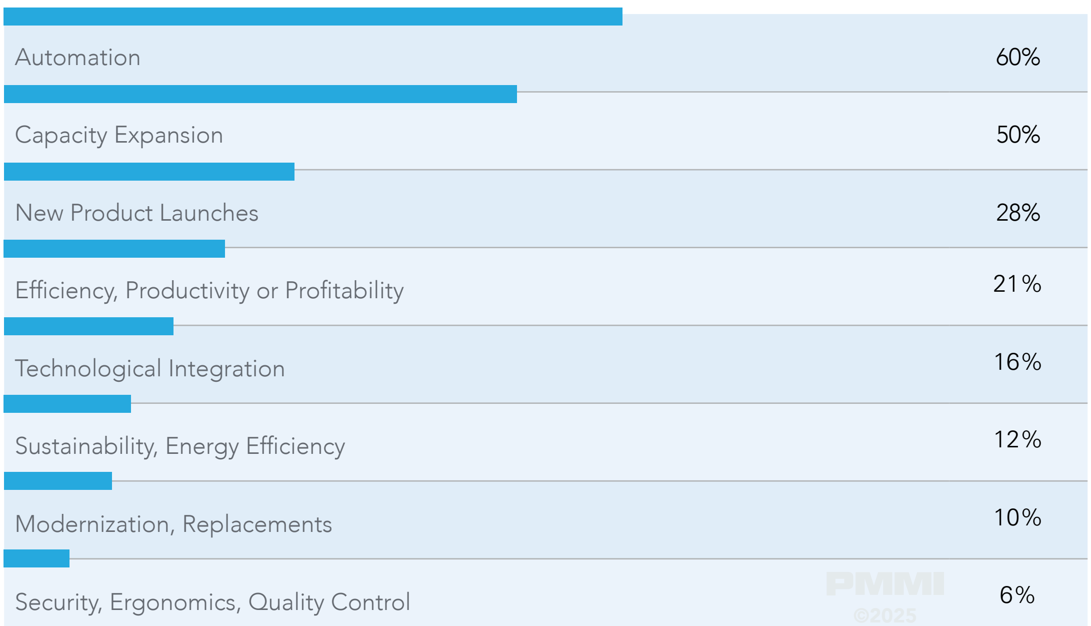
OPERATIONAL PRIORITIES AND INDUSTRY SENTIMENT

The demand for consumer-packaged products in Mexico continued to grow rapidly during the first half of 2024, prompting companies to invest in various capacity expansion projects to meet the surge. Although the economy slowed after the July elections, investment activity remained strong, surpassing the 2023 record for packaging demand.

Interviews with industry players revealed that key operational priorities for 2025 include automation and capacity expansion. Automation has seen a sharp rise compared to previous years, driven by rising minimum wages, shortages of qualified labor, and high employee turnover. Labor regulation have also contributed to drive interest in automation projects.

A substantial 60% of companies identified automation as one of their top two operational priorities for 2025, followed by 50% prioritizing capacity expansion and 28% focusing on new product launches. In recent years, capacity expansion had been the primary driver behind new processing and packaging projects. However, based on conversations with CPG companies and survey results, we believe automation will become the leading investment driver over the next few years.

Operational Properties 2025

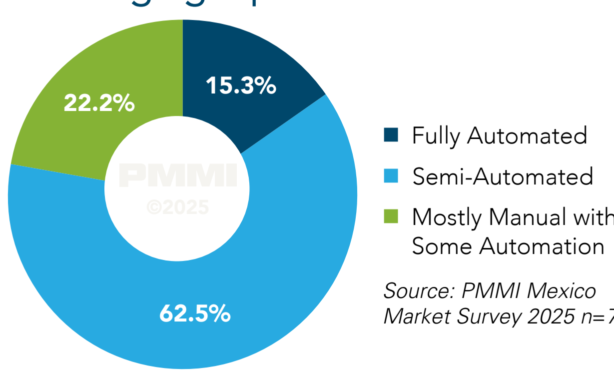


Source: PMMI Mexico Market Survey 2025 n=82

The level of automation in Mexico's CPG operations remains highly variable. Leading multinationals and large Mexican companies often operate plants with automation levels comparable to those in the United States or Europe, while most medium-sized companies still rely on semi-automated or partially manual processes.

To better understand the automation landscape, we asked survey participants to indicate the level of automation they expect to achieve in their packaging operations after completing their 2025 investments.

Automation Degree in Packaging Operations

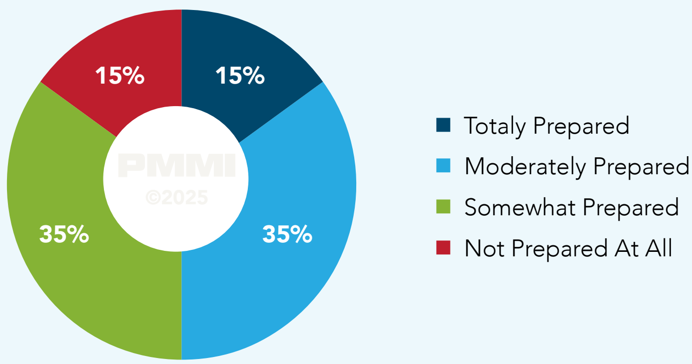


Source: PMMI Mexico Market Survey 2025 n=74

We also surveyed companies on their use of next-generation automation technologies, including collaborative robots (cobots), automated guided vehicles (AGVs), industrial robots, and mobile manipulators (MoMas), among others. While there is strong interest in these technologies, only 15% of companies reported feeling fully prepared to adopt them, and 35% indicated they are moderately prepared.

Interviews revealed that several companies already use robotic arms in their processing and packaging operations. However, fewer than 20% have autonomous robots or AGVs integrated into their plant operations. Most robotics currently found in Mexican plants are embedded within packaging and processing lines, with very few companies deploying stand-alone robotic arms, manipulators, or cobots.

Preparedness for Robotic Technologies Use



Source: PMMI Mexico Market Survey 2025 n=74

Automation has been a key driver of process and packaging machinery investments for several years. However, with the substantial increases in minimum wages and growing challenges in recruiting and retaining qualified labor, it has now climbed to become a top operational priority.

Beyond cost and workforce factors, companies also cited efficiency improvements, digitalization, and the use of IT tools to boost process efficiencies and enhance traceability as important motivators for automation investments.

Capacity expansion remains an important operational priority for 2025, with 50% of surveyed companies listing it among their top two priorities. However, several factors could impact packaged product demand—and, by extension, investment projects aimed at meeting that demand.

On one hand, slowing economic indicators could signal weaker demand growth in the coming months. Additionally, the recently enacted prohibition on selling snacks, pastries, sodas with high sugar content, and other packaged foods in schools is expected to negatively impact demand for these products. This measure also presents challenges for brands seeking to engage young consumers. In recent years, Mexico has tightened marketing regulations, banning the use of characters on packaging and advertising, and prohibiting the promotion of high-sugar-content products during youth programming (such as cartoons). With the new ban on sales in schools, these products will now disappear from school cafeterias and stores, eliminating a key channel to reach more than 36 million young consumers.

Inflationary pressures could further constrain capacity expansion plans over the coming year. Several cold-cut producers interviewed for this report cited mounting challenges driven by sharp increases in raw material costs—particularly red meat, pork, and other proteins. Drought conditions in Mexico, inflation in the United States, and rising grain prices (leading to higher animal feed costs) have contributed to protein price surges of up to 25% over the past three months.

While capacity expansion remains a strategic priority for many companies, evolving regulatory pressures, economic uncertainty, and persistent inflationary trends are likely to create a more cautious and selective investment environment in 2025.

The investment attraction program Plan Mexico is expected to support recent nearshoring trends and strengthen investment flows from both Mexican and multinational companies. Incentives and accelerated depreciation benefits are at the core of the program, which, according to government figures, is projected to drive record-high levels of investment in the coming years.

Although the Mexican government has stated that newly announced U.S. tariffs will not affect the US$227 billion in pledged investments under the program, interviews with CPG companies following the tariff announcement revealed a more cautious approach toward CAPEX investments. Companies indicated they would delay or reassess investment decisions until there is greater clarity and certainty regarding the final tariff measures and whether Mexico will continue to benefit from USMCA trade advantages.

Among the companies interviewed, 28% identified new product launches or the introduction of new SKUs as their primary operational priorities for packaging and processing in 2024. Companies in key demand sectors are continuously innovating to meet evolving consumer preferences.

Beyond innovation, many of these companies are also investing in new SKUs that feature more sustainable packaging solutions. This trend is driven by a commitment to reinforce internal sustainability practices and the growing adoption of Environmental, Social, and Governance (ESG) policies. Additionally, the potential enactment of stricter regulations requiring the use of biodegradable materials is further incentivizing investments in sustainable packaging solutions.

Improving efficiency, productivity, and profitability were also top operational priorities for 21% of surveyed companies while 16% mentioned technological integration.

Companies also reported increased interest in digitalizing packaging processes, with 67.1% of surveyed companies reporting to be considering digitalization or industry 4.0 in their packaging operations, 5% more than a year ago. 44.3% reported to use or consider using advanced predictive maintenance tools, while only 18.6% of the surveyed companies reported to be implementing or considering the use of AI tools in their processing and packaging operations.

IT Tools Use or Consideration Among Surveyed CPGs

Packaging Process Digitalization	67.1%
Advanced Predictive Maintenance Tools	44.3%
Artificial Intelligence	18.6%
Other Industry 4.0 Tools	11.4%

Source: PMMI, Mexico market survey, 2024 n= 70

It is worth highlighting that in conversations with CPG's, there is a significant increase in interest in complying with certifications such as FSC22000, CTPAT, and SMETA. And the use of technologies is critical to ensure traceability, record keeping and data management among industrial operations.

Industry Sentiment

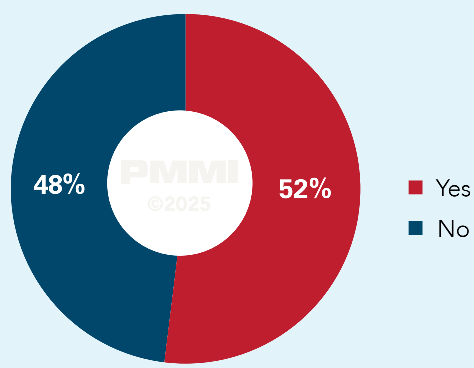
Interviews for this report were conducted before the announcement of reciprocal tariffs on April 2, 2025. Additional interviews were carried out after the announcement, revealing a marked shift in market sentiment. During the first set of interviews, while a few companies expressed concerns about a slowing economy, overall sentiment remained optimistic, driven by strong growth in demand for packaged products. Most companies indicated they had investment plans focused on capacity expansion and automation projects.

Following the tariff announcement, however, the Mexican peso became increasingly volatile, and most companies interviewed indicated they would place projects on hold while monitoring how the situation evolved. Large companies and multinationals that export a portion of their production to the United States halted their investment projects.

> We would like to see a definition of the new tariffs and how the Mexican government responds, as this situation could easily escalate into a trade war—or it could simply be a negotiation tactic by the Trump administration. It is very difficult to plan large capital investment projects under such uncertainty, so we decided to pause projects until we have more clarity.
>
> ---
>
> While we do not export to the USA, the tariff situation has caused extreme exchange rate volatility and economic uncertainty. We plan to move forward with the strategic capacity expansion and automation projects scheduled for 2025; however, we will need to purchase currency coverage since the machinery will be imported. Given that this increases project costs, we will initially proceed only with the highest-priority projects

In every survey to produce these reports, companies are queried about investment projects which have been delayed or postponed. Typically the number of companies reporting projects cancelled or postponed is high, ranging from 45 to 50% of respondents. According to the survey conducted for this report the number of companies reporting postponed projects remained the same than in the previous report.

Do you have investment projects recently placed on hold or cancelled?



Source: PMMI, Mexico market survey, 2024 n= 67

While the number of companies reporting cancelled or postponed projects remained the same, motives for cancelling or postponing these investments had considerable changes. High project costs and doubts related to the ROI was the top reason for postponing project decisions with risk of an economic deceleration or recession ranking second. In previous reports this was the top reason although economic indicators were better a year ago.

Supply chain problems and difficulties for sourcing machinery, which were strong motives for postponing investments in recent years now were mentioned by only 5% of surveyed companies confirming supply chains have largely regularized.

RELEVANT PURCHASING DECISION FACTORS

Price remains the primary factor influencing purchasing decisions when comparing packaging machinery alternatives. Price also ranks at the top in responses to the question "In what areas can packaging machinery manufacturers improve?"

Mexico is a price-sensitive market, and packaging machinery investments are no exception. Price typically carries the most weight in investment decisions, especially for mid-sized and small companies. In larger corporations, return on investment, cost-benefit analysis and flexibility is more important than machinery price per se.

In recent years, there has been increasing diversification in packaging machinery origins, particularly in secondary packaging equipment. A growing number of companies are considering and purchasing Chinese machinery, although it still lags compared to leading suppliers like Italy, Germany, and the United States. Chinese penetration has shown a continued increase in market share over time and 2024 was not an exception, with competitive pricing being one of its main advantages.

Several CPGs interviewed also highlighted the need for financing options. With the reference interest rate in Mexico at 9%, it's challenging to find feasible financing rates through local financial institutions. Countries like Italy, Spain, and more recently China offer government-supported financing options, which have been particularly attractive when selecting suppliers.

After price, post-sale service is the second most important factor in purchasing decisions. Local service offerings and capabilities are gaining importance among packaging machinery buyers, and the number of CPGs requiring local service on their RFPs continues to rise. Post-sale service, maintenance, and parts were frequent mentions among the areas identified for improvement by CPGs.

CPGs are increasingly seeking machinery with international and national certifications such as ISO 9000, FSSC 22000, URS, CFR 21, and FDA, and in some cases, GMPs, Kosher, NSF, IATF, and NOM-059-SSA1-2015. The last has a special chapter related to ergonomics and mandates workers to be able to sit while operating machinery, which has caused companies to seek special arrangements in the machinery they demand.

Flexibility was also mentioned as a key decision-making factor, with companies adopting SMED protocols and processes to reduce equipment changeover or setup times. Some companies undertaking modernization projects indicated they were replacing old machinery that didn't meet their lean manufacturing protocols due to extensive changeover times.

Companies surveyed believe packaging machinery suppliers could improve by serving more as technical advisors and collaborating to find customized solutions for their unique packaging needs. CPGs also believe suppliers could assist in demonstrating the ROI or cost-benefit of their solutions and in developing more interactive maintenance, training, and demonstrating materials using videos and e-learning tools.

In its Vision 2030 report, PMMI identified four key challenging factors among packaging and processing machinery users in North America: workforce, sustainability, remote access, and predictive maintenance. We addressed these topics during the survey and in follow-up interviews to evaluate their impact on packaging machinery investment decisions.

Workforce / Automation

Workforce issues have become an increasingly pressing concern among CPGs, while one year ago there were some concerns, the situation has become critical. Wage increases, extended vacation periods, changes in labor laws and contracting methodologies, and the influence of labor unions are among the factors driving this concern.

The top concern repeatedly mentioned through interviews is the growing difficulty in retaining employees in CPG plants. In some areas of Mexico, particularly in the northern region, qualified labor is becoming scarce, and younger generations are no longer drawn to manufacturing jobs.

Companies are finding it challenging to recruit candidates, and many are facing difficulties in retaining employees. Labor issues and higher costs are prompting automation initiatives, leading to faster returns on investment for packaging machinery projects.

Among the factors considered relevant for packaging machinery investments, automation ranked highest, with 75% of respondents considering it highly relevant and 17% moderately relevant. Compared to the previous year, automation has surpassed by far all other key decision influence factors.

Predictive Maintenance

Predictive maintenance continues to gain importance among packaging machinery users, particularly within large companies. In contrast, medium and small companies often view it as a desirable feature but are unwilling to pay a significant premium for it.

In the survey, 51.5% of companies rated predictive maintenance as a high-relevance factor when purchasing new machinery, while 41.4% considered it moderately relevant. Only 7% of respondents viewed it as having low relevance. Notably, the number of companies considering predictive maintenance highly relevant has shown a consistent increase. For the first time, predictive maintenance ranked higher in survey results than remote monitoring and ERP integration as a purchasing factor.

Interviews with CPG companies confirmed that predictive maintenance is seen as a valuable feature, but its adoption remains highly cost-sensitive, with few companies willing to pay a substantial premium for it.

Sustainability

In the United States, the adoption of extended producer responsibility (EPR) legislation and the implementation of environmental, social, and governance (ESG) policies and practices are driving companies to modify products, processes, and packaging materials. These initiatives are beginning to stimulate investments in new packaging materials and related technologies.

Sustainability has long been a significant factor influencing investment decisions in Mexico. While the Mexican government has still to enact EPR regulations, only four states have passed laws related to extended producer responsibility mandating package biodegradability or recycling capabilities.

Mexico has taken a proactive stance against non-recyclable plastics, with Mexico City banning most single-use plastic items under its Solid Residues Law since January 2021. CPGs of all sizes are focused on offering products in packaging that is easy to recycle, reuse, or biodegrade. It is common to see "biodegradable or environmentally friendly packaging" labels on Mexican products.

The emphasis on sustainable and biodegradable packaging is driving investments in packaging machinery. An increasing number of CPGs are incorporating environmental messaging in their marketing strategies and collaborating with suppliers to find eco-friendly alternatives and materials.

While large public companies and multinationals with a manufacturing presence in Mexico have established ESG strategies, few medium-sized and small companies have adopted ESG standards. However, the majority are transitioning towards eco-friendly packaging materials to align with retailers' environmental policies and prepare for potential regulatory changes.

According to surveys, 47.5% of CPGs consider sustainability to be a highly relevant factor in investment decisions, with 45.5% considering it to be of moderate relevance.

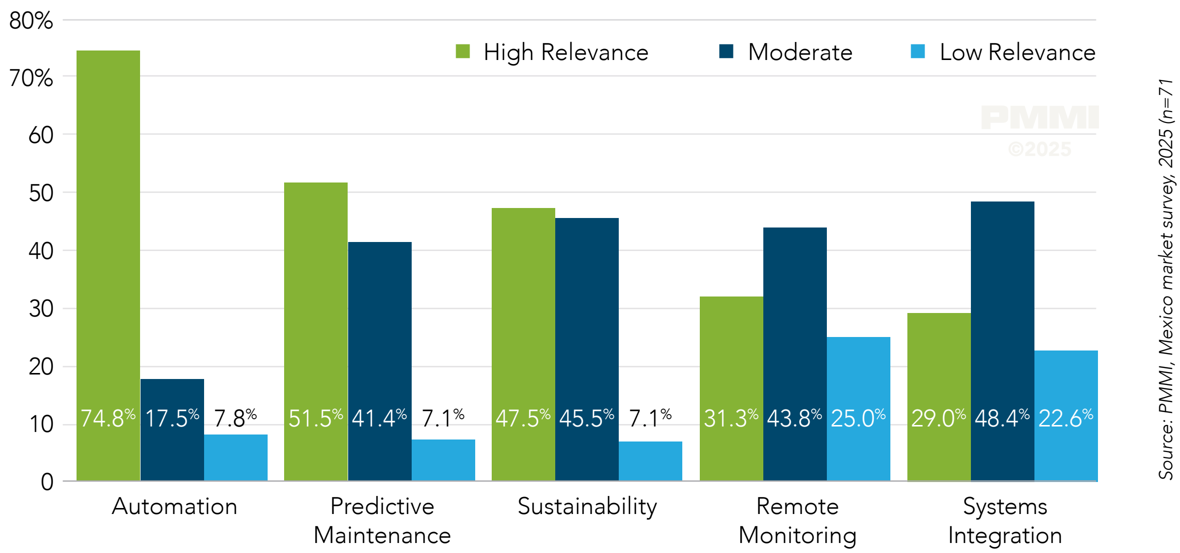
Sustainable practices in Mexico's packaging industry include the use of returnable bottles in the beverage sector and the adoption of compostable or biodegradable materials in primary packaging. CPGs are also reducing and simplifying secondary packaging to minimize the use of plastics, replacing them with materials such as cardboard that are easier to reuse or decompose after disposal.

Systems Integration and Remote Monitoring

Approximately one third of the survey respondents consider system integration and remote monitoring as features to be highly relevant for their purchasing decision factors. The importance of these features increases with the size of the company,

For larger companies, system integration and remote monitoring are considered essential features. In contrast, medium and smaller companies tend to prefer simpler machinery that is easy to use and operate. Despite this, both indicators show increase in relevance compared to previous reports. The increasing relevance of system integration and remote monitoring indicates a growing recognition of their benefits across the industry.

Comparative Relavance of Key Packaging Machinery Investment Decision Factors



67% of CPGs are considering making future investments in packaging process digitalization. 44% indicated they are considering predictive maintenance tools and 18% are intending to invest in AI features.

PACKAGING TRENDS

Key packaging trends for 2024-2025 include:

Automation-Ready and Robotics-Compatible Designs

With automation being the top factor driving packaging machinery investments for the coming years, there will be a prioritization on package materials, sizes and shapes designed for automated handling by cobots and AGVs.

With several secondary packaging operations conducted semi-automatically or even manually, companies will seek to optimize those operations, looking for solutions to robotize and automate their secondary packaging for easy palletization and shipping operations.

E-commerce friendly packages

E-commerce continues to grow. According to the Mexican Online Sales Association (AMVO), retail e-commerce increased 20% in 2024, capturing 15.8% of total retail sales in the country at a value of MXN$789,700 million (approx. US$39.5 billion). Retail e-commerce quadrupled in value compared to 2020 and Mexico is among the countries registering faster e-commerce growth rates.

E-commerce is a challenge for many products that need careful handling, such as yogurt, fruit, vegetables, eggs, pastries, and beverages. Liquids that can spill and spoil food in e-commerce orders, such as detergents, cleansers, shampoos and chemicals, are also a concern among e-tailers and e-shoppers, and this is driving producers to re-design their packages and in many cases invest in new machinery.

Besides innovative packaging materials that are more resistant and product protective, companies are increasingly using thermo-shrink films, locking caps, and air- or gas-filled bags to increase product protection.

Maintaining product freshness is another challenge, especially for dairy products, fresh produce and other groceries that require cold chain logistics, which often can be broken due to temperature variations in e-commerce deliveries. Companies are addressing these challenges either by adding components to their formulations or, the most common solution, innovative packaging.

In large metropolitan areas such as Mexico City, Monterrey and Guadalajara, supermarkets, e-tailers and delivery platforms are increasingly turning to motorcycle deliveries, which have a higher likelihood of compromising products and demand extra protection.

Reusable packages

A growing trend is the use of reusable packages, and companies selling high-value consumer products such as premium cheeses and cold cuts are offering more and more SKUs in Tupperware type containers that can be reused. A variety of companies in the cosmetics segment are increasingly offering reusable packages, occasionally using innovative materials such as wood, aluminum or glass that can be reutilized for refilling the same product or for alternative uses. Most companies in the home-care segment now offer traditional plastic bottles and eco-packs designed to re-fill plastic bottles.

Stand-up pouches

Doypack stand-up pouches continue to penetrate new niches and remain a popular, high-growth packaging segment. Doypacks successfully began replacing cans several years ago and were well accepted for beans, granola and other general merchandise products. The popularity of these packages is now penetrating other niches such as snacks, value-added protein foods, dressings, and frozen vegetables as well as "value packs" for detergents, clothing softeners and other home-care products. Several CPGs confirmed they have plans to launch new products in these presentations or add them to their existing production lines, as demand has been favorable.

Doypacks are also venturing into the prepared foods market niche, for products such as pre-cooked meats, pastas and salads. These packs offer the convenience of opening and eating directly from the package and then re-sealing it for later use.

Bagged and cased vegetables

In Mexico's retail stores, vegetables have traditionally been sold in bulk without packaging. Consumers take their desired quantities and place them in plastic bags available next to the shelves. However, retailers are increasingly installing refrigerators to offer pre-packaged fruits and vegetables to consumers. Popular pre-packed products include berries, herbs, pre-washed and pre-cut salads, organic produce, fruit cocktails and other value-added fruits and vegetables.

Retailers are favoring the use of mesh over plastic bags for some pre-packed fruits and vegetables. Mesh allows consumers to see product freshness and doesn't concentrate humidity.

Value-added proteins

Retailers are also changing the way that protein products reach consumers. Chicken, beef, pork and fish, as well as most ham, bacon and processed meat products have traditionally been sold to consumers either fresh and cut in front of the customer at the retail store, or pre-packed in trays with plastic wrap. None of these options work for e-commerce shipments.

Within the protein product segment, processing plants are increasingly offering value-added products pre-packed in re-sealable bags, doypacks and clam packs for processed meats. Meanwhile, traditional trays with plastic are rapidly losing retail fridge space.

In the protein market, branding and packaging are gaining more importance than ever before. There is a shift from consumers visiting stores, selecting their fresh beef, pork or fish and having it cut and packed at the store. Many consumers are ordering these products through e-commerce, where they can't see and select the products they are buying. In response, pork, beef and fish producers are standardizing cuts and packages and offering pre-packed branded products, usually with some value-added items such as flavors, sauces or preparations.

E-commerce demand is driving protein processors to position their brands so that they are more visible to consumers, which is fueling packaging innovations.

Retail vacuum sealed protein packages

Another trend driven by e-commerce growth is the penetration of vacuum-sealing machinery in the retail sector. La Comer introduced this concept in 2021 and expanded it to most of its stores in 2022. To avoid unpleasant spills from proteins packed in trays during e-commerce deliveries, this retailer responded by packing proteins at the store and fulfilling the orders in vacuum sealed packages. In addition to being more spill proof, vacuum sealed packages are more environmentally friendly than traditional Styrofoam trays wrapped in plastic film.

Resealable bags

Resealable bags continue penetrating new niches and are being increasingly offered by food sector CPGs. Consumers appreciate having re-sealable bags in packages that are usually of various servings, such as nuts, snacks, vegetables, and more recently, pre-packed proteins. Reusable bags are also beginning to penetrate segments such as pet food, home care and grains.

Besides these industry trends, CPGs are innovating on packaging caps, closures and dispensers. Some of these are company specific and others, if accepted by consumers, will have widespread market penetration.

Sustainable packaging and machinery

Consumers are increasingly appreciative of products packed in sustainable, recyclable or reusable materials, and favor brands that show a strong environmental commitment. Sustainability was once again the main topic in conversations held with packaging machinery users. And unlike in 2023 where sustainability conversations primarily focused on packaging materials, in 2024 CPGs also brought up machinery, the origin or its materials, power consumption and reliability and flexibility to minimize and avoid waste generation. Companies are increasingly interested in reducing their environmental footprint and machinery selection is an important consideration.

CPGs reported to be moving towards easier-to-recycle single-material packaging (like mono-PE or mono-PP films) and strengthening the use of post-consumer recycled materials. In many cases the changes in packaging materials justify new packaging machinery investments.

INVESTMENT ANNOUNCEMENTS

The government initiative Plan Mexico, designed to boost investments in key sectors of the Mexican economy and drive foreign direct investment attraction, has led to significant investment announcements across industries such as food and beverages, retail, pharmaceuticals, medical devices, automotive, and textiles.

Key investment announcements made from the second half of 2024 through the early months of 2025 are poised to significantly influence demand for packaging machinery in the years ahead. The majority of these projects are registered under Plan Mexico and are expected to continue driving strong investments in packaging and processing machinery. Highlights include:

Grupo Modelo announced a US$3.6 billion investment for 2025–2027. Approximately half will be allocated to modernizing and increasing efficiency at its plants in Zacatecas, Mexico City, Oaxaca, and Yucatán. The InBev-owned group will also invest in strengthening its returnable bottle system and glass recycling capacities.

Sigma Alimentos, Mexico's largest cold-cut producer and the second-largest food company, announced it will increase its CAPEX investments to US$350 million in 2025, up from US$245 million in 2024. Sigma expects volume demand to grow by 5% in 2025, with investments focused primarily on capacity expansion and logistics improvements.

Nestlé unveiled a US$1 billion CAPEX investment program for 2025–2027. Investments will fund line capacity expansions at its plants in Veracruz, Guanajuato, Querétaro, and the State of Mexico, as well as a new distribution center in northern Mexico. Notably, US$220 million will go toward two new production lines at the Silao pet food plant—one for wet food and one for dry food. Nestlé, which has operated in Mexico for 96 years, employs 13,000 people directly.

Grupo Herdez announced investments between US$1.5 and US$2 billion for 2025, with US$500 million earmarked for migrating its ERP systems. The remainder will be invested in expanding salsa production for local and export markets, a new pasta production line for the Barilla brand, and modernization of equipment and retail points.

The Mexican Meat Council (Comecarne) announced that its 114 members plan to invest over US$5 billion over the next five years. Projects include plant modernization, capacity expansions, and new meat processing plants. Major contributors include Sigma Alimentos, Bafar, Capistrano, SuKarne, and Qualtia.

Arca Continental, Coca-Cola's bottler, announced a 2025 investment plan of MX$18,000 million (approximately US$900 million), a 7% increase from the previous year. Investments will focus on expanding bottling and distribution capacity, increasing the use of digital tools, and introducing new beverage categories.

Mabe, the appliance manufacturer, will invest US$668 million between 2025 and 2027 to modernize production processes, increase efficiency, and expand manufacturing capacity across its 15 plants.

Mars announced a US$175 million investment to expand its pet food plant in Querétaro, adding six new wet-food production lines, bringing the total to 14. The Querétaro plant will become Mars' largest wet pet-food production facility globally, producing brands such as Pedigree and Whiskas.

Constellation Brands	Constellation Brands is nearing completion of a US$1.3 billion brewery in Veracruz, with most equipment arriving in 2025. The company also announced US$323 million in expansion projects at its Nava and Obregón breweries, part of a broader US$5.5 billion investment plan for Mexico.
Unilever	Unilever announced US$800 million in new investments to expand its personal care operations by building a new plant in the Nexxus 2 Industrial Park in Salinas Victoria, Nuevo León. The facility will produce deodorants, shampoos, conditioners, and creams for Dove and Sedal, serving both local and export markets.
BIMBO	Grupo Bimbo plans to invest between US$1.4 and US$1.5 billion in 2025, slightly lower than previous years. While investments will focus on efficiency improvements and logistics expansion, no major capacity expansions are planned due to anticipated demand drops following the prohibition of selling many of its products in Mexican schools.
Heineken	Heineken continued construction of its new brewery in Kanasín, Yucatán, with equipment installation scheduled for late 2025. The plant is expected to become operational in early 2026.
FEMSA Fomento Económico Mexicano S.A.	FEMSA reaffirmed its US$5 billion investment plan for 2023–2028, with US$1.6 billion to be invested annually during 2024–2025. Most investments will go toward expanding its retail business (OXXO stores and YZA pharmacies), although part will support modernization projects in its beverage production operations. FEMSA's revenues in Mexico grew by 14.6% in 2024, significantly outpacing the 4.5% growth rate of the overall carbonated beverages sector.
sanofi Opella.	Sanofi Opella announced a US$65 million expansion and modernization project at its Ocoyoacac plant in the State of Mexico. The investment includes a new production line for its probiotic Enterogermina, capable of producing 200 million ampoules per year. An additional US$50 million will be invested between 2025 and 2028 to modernize existing lines and enhance sustainable production practices.
BAYER	Bayer announced a US$55 million investment to expand its production capacity at its Lerma plant in the State of Mexico, which manufactures Aspirin and Alka-Seltzer products for the Mexican, U.S., and South American markets. The expansion is expected to be completed by the end of 2025.
SIEGFRIED RHEIN	Siegfried Rhein secured US$250 million in financing from the World Bank's IFC for a capacity expansion project involving a new plant, likely in Querétaro, where the company already operates two facilities. Siegfried Rhein also indicated that it is pursuing additional financing to obtain EDGE Advanced certification for its existing plants.

2025-2026 FORECASTS

Mexico's packaging machinery market has witnessed unprecedented growth over the past three years, with imports surging by 24% in 2022, 25% in 2023 and further 8% in 2024. Concurrently, domestic producers and packaging machinery distributors have reported revenue and volume growth rates and an exceptionally robust demand.

Sustaining this robust market dynamism into the future might pose challenges. The Mexican economy is showing clear signs of deceleration and coupled with the US tariffs will translate into fewer capacity expansion projects moving forward in the coming years. Other factors such as the prohibition to sell high sugar content or high carbohydrate foods and beverages in Mexican schools are also expected to inhibit capacity expansion projects among snack, pastry or soda producers at least in the short-term.

Companies such as Grupo Bimbo, Sabritas, Pepsico, Barcel, Mars and Hershey's, which typically make it to the list of top packaging machinery importers, will most likely hold on further expansion projects in the coming years to see how demand adapts to their inability to sell products in schools to over 32 million young consumers.

Another potential drawback to capacity expansion projects might come from a reduced flow of remittances into Mexico. The US$64.7 billion that Mexico received in 2024 will hardly be surpassed in 2025 as immigration policies in the United States have already begun affecting these cash flows.

Automation will become the top driver for future packaging machinery demand as minimum wage increases and increasing difficulties for finding and retaining qualified labor are sufficient reasons for companies looking to further automatize packaging processes. Regulatory changes and pressures from labor unions towards employee wellbeing regulations add to the reasons for looking to replace human processes with automation.

Advancements in collaborative robots and their integration with AI as well as adoption of autonomous mobile robots and automated guided vehicles, increasingly used for material handling in factories, are expected to see demand surges as many Mexican companies expressed interest in automatizing processes.

Companies will also continue investing in modernizing processing and packaging machinery operations, with greater IT integration and use of tools, as they seek to improve efficiency, reduce waste and increase profitability.

With the Plan Mexico, investments from large Mexican companies and multinationals, with presence in Mexico, are expected to increase in the coming years. Companies of various sizes but especially large profitable companies see this program an opportunity to lower their fiscal charge by opting for immediate depreciation of their new capital investments.

The pipeline of large projects in 2025 will likely allow packaging demand to remain strong. In 2025 huge projects in the beer sector, namely the Constellation Brands plant in Veracruz and the Heineken brewery in Yucatán are scheduled to receive equipment this year. These projects alone are expected to impact the overall packaging machinery import numbers for 2025. However in an environment of uncertainty caused by tariffs in the United States and a slowing economy, it is expected that the number of companies making large packaging and processing machinery investments will drop compared to previous years.

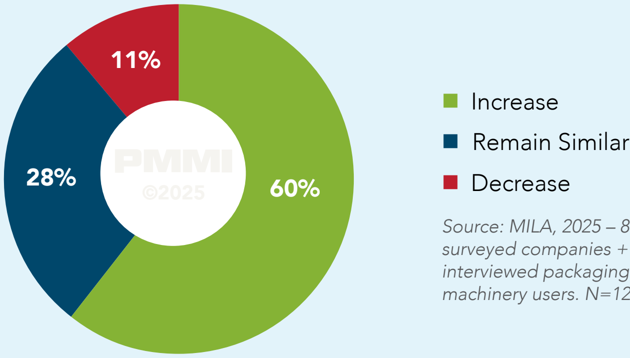
The depreciation of the Mexican Peso in recent months, is expected to negatively impact demand as most machinery used in Mexico originates either in Europe or United States. The Mexican Peso is not expected to suffer a steep depreciation and is expected to trade between 19 and 20 pesos per US Dollar, a level considered adequate as it allows exporting companies to profit from their export operations.

Surveyed companies prior to the April 2 announcement of reciprocal tariffs, were in general optimistic in relation to packaging machinery investments for 2025, with an impressive 74.6% of surveyed companies indicating they would increase investments in 2025 compared to the previous year. 15.7% indicated they would have similar budgets and only 9.6% reported their packaging machinery investment budgets would be lower.

Among the 40 interviewed companies, 30% indicated that their investments in packaging and processing machinery would increase in 2025, while 55% reported plans to invest at a similar level to 2024. Only 13% anticipates investment reductions.

It is noteworthy that these investment perspectives are even more optimistic than those of the previous year, with significant increases in the number of companies reporting intentions to increase or maintain similar investment levels.

Packaging Machinery Investment Forecasts 2025 vs 2024



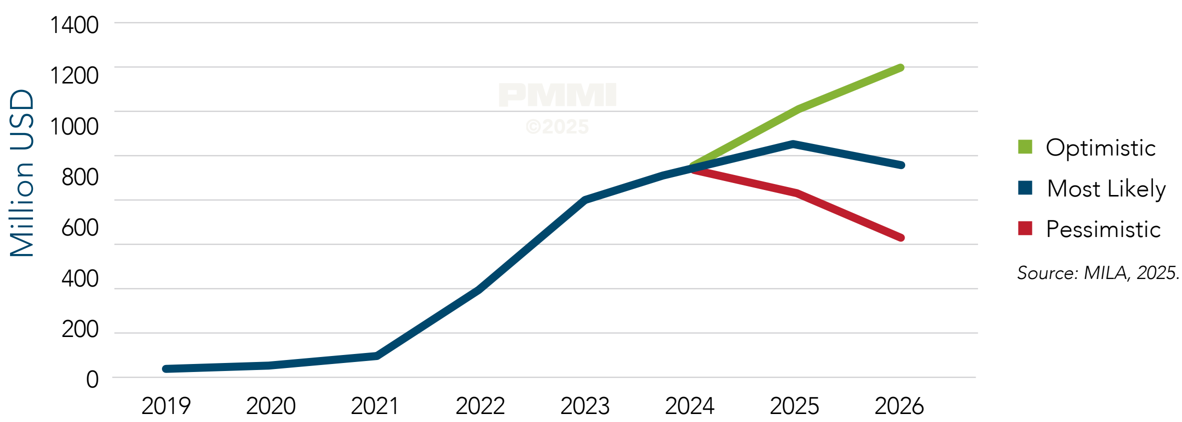
Source: MILA, 2025 – 83 surveyed companies + 40 interviewed packaging machinery users. N=123

Based on comprehensive market analysis, which includes an assessment of both drivers and inhibitors, insights gathered from interviews and recent market trends, as well as projects scheduled to receive machinery in 2025, we anticipate the positive outlook that the packaging machinery market will continue in 2025. However the market is expected to post limited growth compared to previous years.

Despite of the optimism and larger investment budgets reported in the survey and interviews, we identified many companies, especially those exporting part of their production, would place projects on hold until the tariffs in the US are clearly defined.

Under our most likely scenario, we forecast that demand for packaging machinery will expand by 5% in 2025, reflecting the sustained momentum observed in recent years. Looking ahead to 2026, we anticipate a market contraction, caused by a slower economy and potential drops in consumer product exports to the United States.

Packaging Machinery Demand Forecast 2024-2025



Source: MILA, 2025.

Certainly, various internal and external factors could impact the projected growth trajectory of the packaging machinery market. These include:

1. **Mexico receiving tariffs from the U.S.,** especially for food and beverage products that could significantly impact packaging machinery demand in the coming years. Mexico is the US's largest beer, fruits and vegetables supplier and also an important supplier of processed foods and non-alcoholic beverages. Duties on these products could impact demand and could reduce the number of capacity expansion projects in the coming years.
2. **Slowdown or recession in the U.S. economy:** Given the significant trade relationship between Mexico and the United States, any economic downturn in the U.S. could dampen demand for Mexican exports, potentially affecting investment and consumption patterns in Mexico.
3. **An escalation of trade conflicts with the United States** is possible if both countries enter into tariffs retaliations. So far the Mexican government has been prudent and has not issued any tariffs in response to those imposed by the US. However the announcement of tariffs to tomatoes, could make the Mexican government retaliate and issue tariffs to red meat, pork or grains, products that Mexico can source from South America or Canada.
3. **Devaluation of the Mexican peso:** A devaluation of the Mexican peso, possibly resulting from capital outflows or external economic or trade shocks, could increase the cost of imported machinery and raw materials, potentially impacting investment plans and pricing dynamics in the market.
4. **Political developments in Mexico:** Mexico's business community didn't welcome the judicial system reform taking place. Any additional political changes, such as an electoral reform or further amendments to the constitution by the ruling party and its allies, could introduce additional uncertainty and affect investor sentiment. Companies may adopt a cautious approach and postpone investment plans if the coalition of Morena and its allies continue with reforms that the business community interprets as damaging democracy or Mexico's pro-business climate.

In the event of these scenarios, companies may choose to pause or postpone investment plans, leading to a potential drop in demand for packaging machinery in the coming years. It's important for businesses to closely monitor these factors and adapt their strategies accordingly to navigate potential challenges and capitalize on emerging opportunities in the market.

Recommendations for PMMI Members

Price

Price remains a key area where interviewed CPGs believe packaging machinery manufacturers can improve. While they appreciate technological innovation, high-quality construction, and advanced engineering, many companies stated that American, German, and Italian machinery is often overpriced compared to alternatives from Japan, Korea, Spain, and especially China. Some companies, despite brand loyalty, have shifted to alternative suppliers due to more competitive pricing and financing options, which offer faster returns on investment.

Users expressed interest in more accessible financing options, such as favorable interest rates or leasing alternatives with tax benefits, offered directly by machinery suppliers.

Medium-sized companies recommended expanding the availability of medium to low-speed machinery that is better suited for smaller operations. This would allow them to acquire machinery from recognized brands at more affordable price points. In many cases, these companies are underutilizing their equipment due to the lack of appropriate options for lower-capacity operations.

Product

Several CPGs suggested that operator interfaces could be improved to become more intuitive and visual—resembling smartphones or tablets with icons and graphic menus. They also called for simplified access to control systems, automation, and programming to facilitate quicker reprogramming, especially when switching between products.

Some users recommended that manufacturers use higher-quality control components, citing frequent failures or issues with current systems. They believe that cost-saving decisions in selecting low-quality controls or interfaces compromise machinery reliability.

Flexibility remains a critical factor. Users value equipment that can be quickly and easily reconfigured or retooled for different products and packaging formats.

The importance of thorough technical and maintenance documentation in Spanish was also highlighted, along with the need for e-learning tools and digital resources to support smoother operation and maintenance.

Some CPGs produce unique or uncommon products that require specialized packaging. These users find it difficult to identify suitable machinery solutions and expressed a desire for greater customization and collaboration with manufacturers to address their specific needs (e.g., tostadas).

Service

Users expressed a need for closer collaboration with packaging machinery suppliers during the needs-assessment phase. They want more guidance in selecting the best solutions, improving processes, and implementing best practices.

Despite the presence of advanced technologies in the industry—such as AI, predictive maintenance, machine learning, and collaborative robots—many Mexican companies feel unprepared to adopt them. They would welcome more support from manufacturers in acting as consultants or educators to help them integrate these innovations. Specifically, they are interested in learning more about smart packaging trends and applications, and in receiving comprehensive solutions that combine machinery, packaging materials, and enabling technologies.

Users also called for better training in machinery maintenance and troubleshooting. While most vendors provide sufficient training on daily operation, few offer instruction on addressing significant maintenance issues. As a result, companies often need to call for external service to resolve problems that internal staff could handle—if properly trained.

Although most users stated that machinery delivery times have stabilized, many still believe that spare parts delivery can be significantly improved. They suggested that manufacturers maintain local inventories of common parts in Mexico to reduce downtime caused by long waits.

Users also want stronger post-sale support, including follow-up visits, operational evaluations, and hands-on assistance in solving packaging challenges.

Finally, local service availability is seen as essential. Many users expressed dissatisfaction with having to cover the costs of flying in overseas technicians and would strongly prefer reliable local support.

Other

2025 poises several challenges for packaging machinery manufacturers targeting the Mexican market. Under a slower economy, with increasing production costs for American manufacturers and strong uncertainty caused by the on-off tariffs, successfully competing in the market and navigating through volatility requires an extra effort.

Mexican CPGs see opportunities for improving service provision, having local stocks of common spare parts or being able to respond with urgency to part replacements. They value packaging machinery manufacturers or their local distributors, who act as advisors, looking to recommend alternatives that suit their production volumes and unique product characteristics. Investing in a local presence or visiting potential customers together with local distributors to enable dialogue builds trust, which is compensated by customer loyalty.

The Plan Mexico, providing significant CAPEX investment incentives and tax benefits is expected to boost productive investment in the coming years and with higher labor costs and increasing difficulties to find qualified labor, automation is the solution sought. Packaging machinery manufacturers should closely monitor the investment announcements and commitments made under the plan and approach these companies to offer solutions suitable to their upcoming investments.

With lower interest rates, financing will become increasingly attractive, seeking to offer solutions that incorporate machinery, set-up, training and financing options.

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