

FOOD SUPPLY IN MEXICO CITY

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(Summary prepared by the Editorial Committee based on the ad verbatim recording)

SUMMARY This paper is a summary prepared by the Editorial Committee from the recorded oral presentation. It describes the extreme complexity of the food supply system of the City. The system is very heterogeneous depending on the product and its origin and depending on the producers. For some products (orange, banana) a handful of individuals control over 50% of the city supply as they are large producers, transporters and wholesalers. The retail system has two components: a) An extremely efficient subsystem serving the high and middle classes; and b) An inefficient subsystem serving the lower classes in which prices are higher and sanitary conditions are very bad. Modernization is strongly needed, but it requires the intervention of the municipal authorities and the inclusion of the over 500,000 merchants involved in the present system.

Food commerce in Mexico City is extremely complex since it includes a great number of products and since it covers different levels, from the great central warehouses (The Food Supply Centre, the Fish Market in la Viga, the Abattoir for meat) to street sellers, passing through the whole gamut of the public markets, "tianguis" (Indian origin markets usually established in plazas or streets), the "on wheels" markets (tianguis which are located in different places depending on the day of the week), small outlets (small stores selling meat, chicken, vegetables, tortillas etc.) and the large supermarket chains. Each of these levels has very specific characteristics but, on the whole, food commerce employs many people; for example, in the 300 public markets of the city there are about 80,000 stores employing some 250,000 individuals.

The difficulty of analysing such a system is evident. There are a few studies for certain products (bananas, apples, oranges, chiles and potatoes) including data on the origin, transportation and volumes sold, but in general there is an extreme lack of information.

WHOLESALE FOOD COMMERCE

Wholesale food commerce is extremely heterogeneous, its characteristics depending on the product, the region of origin and the type of producer.

For some products there is great middle-men activity which, in general terms, is inversely proportional to the degree of capitalisation of the producer. There are products such as bananas and oranges in which middle-men activity is almost non-existent, since they are produced in modern agricultural units and the producer gathers, transports and sells the product at the wholesale level and even finances the whole operation. There are people called "medieros" who finance small producers, generally at a high cost but in a rapid way, thus making possible the marketing of products such as potatoes and peas.

Those wholesalers who at the same time are large producers usually have large extensions of specialised land and, in the Food Supply Centre, they control several warehouses. Thus, few people (one in the case of oranges and three in the case of bananas) control more than half of the wholesale market of those products in Mexico City. These major wholesalers usually sell to secondary and tertiary wholesalers who in turn distribute the product to retailers.

In other countries wholesalers concentrate only on commerce, simultaneously covering a great variety of products and deal both with the small retailer and with the producer whose interests they finally represent. In Mexico, however, the wholesaler does not play that role because there is a lack of regional agricultural markets. Regional agricultural markets are highly developed in Spain, France and Argentina and they represent an efficient, free independent form of private commerce promoted by the government. Both the wholesalers and the small producers go to those markets and establish direct contact between themselves avoiding middle-men and excessive control of a few individuals over a specific product. For the small producer this system allows him to negotiate the sale of his product

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without having to move it over long distances.

To develop this model in Mexico would be a step ahead and, as a matter of fact, it is in its first stages for oranges in Martinez de la Torre, Veracruz, for onions and tomatoes in the state of Morelos, and it could soon be started for pineapples in Oaxaca.

MEXICO CITY'S CENTRAL DE ABASTO (FOOD SUPPLY CENTRE)

This Centre was built to decentralise the Merced market (this market was located on dozens of streets in the historical centre of the city, and for several centuries was the biggest market in the country). Unfortunately the new Centre virtually replicated the old structure with all its defects; for example, it included restaurants, bars, hotels and shoe and clothing shops as they used to exist surrounding the old market.

This Centre was ill-planned from the beginning and did nothing to modify the food supply system of the city. It is cleaner, more spacious, and has more parking space, but it is open to the general public who benefit by buying at lower prices, but who interfere with the function of the Centre. This is unheard of in other countries.

This system is gradually disappearing. In fact, the large supermarket chains do not buy in the Centre, but have their own supply channels.

A system in which the wholesaler and the small retailers have close links for training, systematisation, advertising and the establishment of voluntary chains and purchasing unions, as occurs in other countries, is badly needed.

As supply centres are spectacular, they are very popular among politicians, but they are useless in modernising the commercial system. It is essential to look at the city food supply as the last stage of the productive process and not as the first stage of commerce.

The Abattoir, which is the Centre for meat, is now disap-

pearing, but this process has been too abrupt and has happened without the creation of an alternative infrastructure. Animals should be butchered where they are raised in establishments fulfilling functional and sanitary conditions. Since there is not such an infrastructure, the danger exists that slaughter houses in nearby cities, lacking adequate conditions, could take over Mexico City supply.

RETAIL FOOD COMMERCE

This is the sector where more contradictions and backwardness exist. There are two parallel systems:

- a) That serving the middle and upper classes which is as efficient as any other system in the World, and operates at very low cost; and
- b) That serving the more numerous lower class that worsens each day in terms of hygiene (no water, WC or facilities for rubbish disposal) and which operates at prices higher than the modern system.

Ten years ago the CONASUPO system of stores offered an option for the poor population with prices normally 10 percent below those of the private system. These stores have disappeared, and no adequate substitution has been provided; today, there are neither institutions nor programmes to improve the food supply of the lower classes.

In Mexico City, the retail food commerce system requires a considerable change that only the government is able to induce. In no country in the World has a city food supply system been structured simply leaving it to market regulation. At first sight it would seem easy to establish a good retailing system, but in Mexico City there are over 200,000 ambulatory merchants, 250,000 persons working in public markets and 120,000 people selling in "tianguis", a mass of 600,000 individuals who are not going to allow modernisation of food commerce if they are not participants in the process.