Fábrica de Papel San Francisco

THE ART OF TURNING WASTE PAPER INTO QUALITY TISSUE

By Frank Coldwell


Mario Garcia Franco
CEO

By mid-2026, Mexico continues to offer manufacturers a rare combination of scale, stability and proximity to the world's largest consumer market. The IMF projects Mexico's real GDP to grow by 1.6 percent in 2026, with inflation at 3.9 percent, while the World Bank expects growth to rise from 1.3 percent in 2026 to 1.9 percent by 2028 as lower inflation and interest rates support recovery. For companies that produce essential goods, Mexico's appeal is not only the pace of growth, but the size and resilience of consumption in a country of more than 130 million people.

Mexico's tissue paper industry is built around products that people use every day, from homes and supermarkets to hotels, restaurants, offices and hospitals. That gives the sector a level of resilience that many manufacturers would envy, but it does not make the business simple. Success depends on reliable sourcing, efficient logistics, strong recycling capabilities and the ability to stay close to customers in a country of national retailers and regional markets.

It is in this practical, highly competitive corner of Mexican manufacturing that Fábrica de Papel San Francisco (PSF) has become one of the country's leading tissue producers. Based in Mexicali, Baja California, the company makes paper at its mill and then sends parent rolls to converting plants in Mexicali, Guadalajara and Monterrey, with a new plant opening in Querétaro. The model is simple but powerful: keep capital-intensive papermaking close to the U.S. fiber supply, then convert closer to customers across Mexico and near the U.S. border.

PSF's story began with international cooperation, but its identity today is proudly Mexican and family-driven. Mario García Franco, CEO of PSF, traces the name and the company's early ambition to the relationship with Crown Zellerbach, then one of the leading paper companies on the U.S. West Coast. "Crown Zellerbach's headquarters were in San Francisco, and in Mexico there was already San Rafael and San Cristóbal, so I said, let me name it Fábrica de Papel San Francisco, in honor of the headquarters. It all started in 1982, when we began with the first paper machine. In 1992, we bought the 49 percent we did not own, and ever since then, we have been independent."

That independence matters because PSF competes in an industry dominated by large multinational names. But the company stands apart as a major Mexican-owned producer with the capacity, distribution and technical knowledge to compete at scale. Its growth has followed the evolution of Mexican retail itself: first through regional retailers, then through national chains. As retail consolidated, PSF expanded its footprint, building converting capacity closer to the market and creating what García Franco describes as national coverage.

One of the company's clearest advantages over its competitors is its recycling know-how. Mexico imports much of its fiber, including pulp and waste paper, and PSF uses its Mexicali location to source waste paper from the United States, especially California, before turning it into usable tissue. García Franco sees the real craft of the industry in that process. "Papermaking is an art, and that is where our advantage is. Buying pulp and turning it into paper is straightforward, but converting waste paper into usable fiber is the tricky part. That is what we focus on. We make the best quality paper even with the worst raw material available, and that is the art of what we do."

PSF's next stage of growth is increasingly focused beyond Mexico. Today, exports represent around 10 percent of sales, but the company wants to increase that share to at least 25 percent, especially through the U.S. Southwest. Its target markets include California, Arizona, Nevada and Texas, where converters, private-label partners and away-from-home customers can use PSF's parent rolls and craft tissue. The company already works through U.S. channels, including businesses focused on fiber sourcing and consumer growth, and sees partnerships with local converters as the fastest way to build a stronger presence north of the border.

PSF is proof of what Mexicali and Baja California can offer investors. "Mexicali has three advantages that many other parts of Mexico do not have: land, water and energy, plus a strong logistics position. We are close to the U.S., and that gives companies here a real competitive edge. We have proved that Mexicali can compete with industrial centers farther south because of those factors. In my view, there are huge opportunities to grow industry here."

For PSF, the next phase is not about changing its identity, but extending it. The company wants to be known as reliable, technically strong, export-ready and rooted in a region that links Mexico's manufacturing base with the largest consumer market in the world. In a business where transport costs, fiber quality and customer proximity can define margins, PSF has turned geography into strategy. From Mexicali, it has built a national Mexican platform; now, with the right partners, it is positioning itself to become a stronger North American one.

PSF