

## Mezcal as an economic and social driver in Santiago Matatlán, Oaxaca, México

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**Abstract:** Mezcal is a Mexican distilled beverage with a rich history and great economic and social importance in the region of Santiago Matatlán, Oaxaca. This beverage is produced from agave, a plant grown in the region and used to make high-quality mezcal. This article will review the economic and social aspects surrounding the production and commercialization of mezcal in Santiago Matatlán, highlighting its impact on the local economy and its cultural significance.

**Keywords:** Mezcal; Oaxaca; social economy; regional development; marketing; Oaxaca

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### Introduction

In the heart of Mexico, in the Oaxaca region, a tradition that has been preserved for generations lies: the production and consumption of mezcal. This drink distilled from agave is more than a liquid, it is a symbol of the culture, identity, and essence of the region. In Oaxaca, mezcal is an integral part of daily life and its production is a process that involves the community and is based on the preservation of the environment and local culture [1].

The history of mezcal in Oaxaca dates back to pre-Hispanic times, when indigenous people of the region used the agave plant to make a ritual drink that was consumed in ceremonies and celebrations. With time, mezcal production spread to other regions of Mexico, but in Oaxaca, the tradition was preserved and became a fundamental part of regional culture [2].

Today, mezcal is a high-quality, authentic product that is consumed all over the world. However, its production and commercialization are still a process that involves the community and is based on the preservation of the environment and local culture. In Oaxaca, mezcal producers strive to keep alive the tradition of artisanal production and the preservation of regional culture, which allows them to offer a high-quality and authentic product [3].

This article will explore the economic and social aspects surrounding the production and commercialization of mezcal in Oaxaca, highlighting its impact on the local economy and its cultural significance. The challenges facing the mezcal industry, such as industrialization competition and lack of infrastructure, will be discussed, and opportunities for growth and sustainable development will be examined.

### Commercialization of Mezcal in the State of Oaxaca

In recent years, the commercialization of mezcal has experienced steady and exponential growth. According to the 2023 Mexican Regulatory Council for Mezcal Quality (COMERCAM) Statistical Report, mezcal production nationwide in 2022, with an alcohol content of 45% by volume, increased significantly by 74.89% compared to the previous year. In that year, the total national production reached 14,165,505 liters, with the state of Oaxaca contributing 91,31%, consolidating its position as the main producer and marketer of mezcal in Mexico and the world [4].

It is important to note that the report data reveal that 57,92% of the total production was destined for export, while 42,08% was destined for domestic markets. Oaxaca occupies a central position in the commercialization of mezcal, as it is considered the economic engine of the state, according to data from the Ministry of Economy (2023). In 2022, state exports reached a significant \$180 million, with mezcal being the main contributor, generating \$86,7 million. This share represents 48% of total international sales [5].

The commercialization of mezcal has a significant impact on the economy and society of Oaxaca, as more than 48 thousand families living in rural and indigenous communities depend on this economic activity. In fact, mezcal is a vital source of food for a large number of households, according to the Government of the Oaxaca State (2021). Furthermore, COMERCAM (2021) highlights that the mezcal sector not only has an economic value of 15,686 million pesos, but also has a significant social impact [4].

Among the social effects established by COMERCAM (2022) is the promotion of productive culture in numerous rural communities, generating 230,000 jobs in the mezcal sector, of which 40,000 are direct jobs and 190,000 are indirect jobs, translates into development opportunities for men and women. At the same time, it contributes to political and social stability in the sector through regulations that favor producers [6].

### **Economic Development Derived from Mezcal Commercialization**

The economic importance of Oaxaca is reflected in the fact that the municipality of Santiago Matatlán is the leader in international mezcal sales. In 2022, this municipality achieved the highest volume of international sales in the state, with \$28.9 million dollars generated by the commercialization of mezcal and other spirits. These sales experienced a significant growth of 35.4% compared to the previous year. Furthermore, the municipality is home to a large number of palenques, making it recognized as the “mezcal capital of the world” [6].

Although the increase in the commercialization of mezcal has generated significant income for Oaxaca, especially in the municipality of Santiago Matatlán, the main exporter of mezcal in Mexico, there are still worrying levels of poverty in the region. According to the National Council for the Evaluation of Social Development Policy (CONEVAL), in 2020, 58.3% of the population of Santiago Matatlán was in moderate poverty, while 30.5% lived in extreme poverty. Furthermore, 8.04% were vulnerable due to social deprivation and 2.54% due to income. The main social deprivations were related to access to social security, basic housing, and health services. This raises the need to address social and economic challenges in a comprehensive way so that the benefits of the thriving mezcal industry translate into a better standard of living for all inhabitants of the region [7, 8].

Espinosa-Meza in 2017 describes the production and organization of mezcaleros in Matatlán revealing that the labor force in artisanal mezcalpalenques is mainly based on the participation of family members, as hiring employees would be costly for artisanal mezcal producers in Oaxaca due to the need to register them with social security. The authors of the study point out that this situation has several consequences, including the fact that, in some cases, family members working in the palenques do not receive a salary. Instead, the participation of the family in the productive activities of the palenques is intended to generate the economic resources necessary to satisfy their basic needs [9].

Another problem to consider is agroindustrialization related to transnational companies and modern technological processes, which causes the displacement of traditional technology and the socioeconomic and productive exclusion of small producers and farmers in various agri-food sectors [10, 11]. Santiago Matatlán is already facing a decrease in artisanal mezcal production in this region, which is related to the demand for mezcal maguey by tequila producers, causing its substitution by modern industrialization processes.

### **Conclusions**

In conclusion, we can say that the commercialization of mezcal is an important economic and social engine in Oaxaca, generating jobs and income for local families. However, persistent social and economic challenges in the region must be addressed to ensure that the benefits of economic growth translate into better quality of life for all inhabitants. These challenges include reduced income generation, concentration of production, unfair competition, distribution, and market access, equity, social justice, branding, and promotion. To address these challenges, it is necessary to implement sustainable actions that guarantee the perpetuity of ecosystem services and the well-being of society. This involves strengthening institutionalism and analyzing value chain policies, standards, and regulatory systems to ensure equitable income distribution and fair prices. Furthermore, it is essential to promote the active participation of local communities in the economic benefits generated by mezcal and to guarantee fair working conditions, adequate wages, and benefits for workers.

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### **Conflicts of interest**

The authors declare no conflict of interest.

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