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Mexican Company And Twinkies Could Save Hostess Brands

By: Mary Smith - November 18th, 2012

Mexican Company and Twinkies salvation? As Hostess Brands Inc. closes their doors and sells off their assets, the Mexican company Bimbo may be looking to save Twinkies.

According to the Christian Science Monitor, while food producers ConAgra and Flowers Food, the American company behind Nature Valley granola, have expressed interest along with Little Debbie baker McKee Foods, Grupo Bimbo may hold the inside track.

It is the world's largest baking company with products in the Americas, Europe, Asia. In addition to their goods they have ownership in Entenmann's, Sara Lee, and Thomas English Muffins. According to Forbes, a few years back, the Mexican Company made a \$580 million offer for company.

Currently, Hostess could be lucky to receive \$135 million. Economist blame the US trade tariffs on sugar for the company's downfall.

"These large sugar growers ... are a notoriously powerful lobbying interest in Washington," writes Chris Edwards of the Cato Institute in a 2007 report. "Federal supply restrictions have given them monopoly power, and they protect that power by becoming important supporters of presidents, governors, and many members of Congress."

While Hostess was clearly struggling, analysts believed Grupo Bimbo had an eye on them since the early 2000s because they saw Hostess as a key ingredient for North American expansion with delivery routes that penetrated across the country into convenience stores, gas stations and grocery markets, according to Forbes.