

since many companies had big operations in Mexico they said: "how can we use Mexico now as a low cost of source of production to move products out of Mexico in order to get foreign exchange to get some of the raw materials imported into Mexico to run our plant". Because what happened in Mexico is that essentially imports were cut off and all of those plants in Mexico now had a very low cost of production structure because of the going from 26 to 250 pesos per US dollar. But they couldn't get the basic components into Mexico to take advantage of that. The problem existed however that they never had enough of a free market in terms of international traded goods and because of this had never developed very high quality products. As a result, in terms of producing many goods on a manufacturing basis in Mexico then moving them into the international markets just because the cost of your labour and other inputs dropped substantially don't mean that the quality of the products is sufficient to sell it at any price in any markets, and that caused some limitations. But there were a number of companies, and Clark was a good example of this, in terms of equipment that they essentially made in Mexico, they could use to export, primarily to the U.S., in a way that they could get other products back into Mexico for that plant as well as other plants that they had. So again, you have an innovative approach that basically tees off major changes in currency payments or the complete lack of foreign exchange.

Group Management of Small Markets:

4) Another good example of a way a corporation has used a trading company to be effective in terms of maintaining and increasing its sales is