

Because of its predominantly arid climate, the northeastern region is not a major agricultural producer. But it does include several arable regions, and it has a need to use them as productively as possible. Also, regional crops include a number of high-value commodities such as citrus and pecans which justify relatively large expenditures on technology and other agricultural inputs.

The northeast region is Mexico's most productive cattle-ranching area. But livestock producers have been hurt badly by a severe drought throughout the region which is now in its fifth year. Herds have been decimated, as underweight animals have been sold at distress prices in Texas because there was not enough water for them to survive.

Substantial markets are emerging as government assistance is made available to re-build the herds. In particular, the new *Alianza para el Campo*, Rural Alliance Program, is making some existing agricultural programs available to livestock producers for the first time. There is a growing need for imported livestock and genetics.

Recent agrarian reforms have made it feasible for small farm operators to form cooperatives, lease or sell land, and to increase economies of scale. But they will need foreign expertise to improve productivity. Capital shortages and high interest rates are hampering modernization efforts, and this is creating new opportunities for joint ventures.

There are also opportunities for Canadians in the Mexican processed food industry. Monterrey is an important centre for the production of fruit-based beverages. There are also growing markets for higher value-added products. Low-fat yogurt and cheese, ultra-pasteurized milk, flavoured milk and confectionery products are all growing in popularity. Some Monterrey-based companies, including *Grupo Alfa*, are diversifying to add these products to their lines as well as expanding to meet export demand. *Alfa* affiliate *Sigma Alimentos*, for example, expects to sell US \$10 million worth of processed food to Russia in 1996, and another US \$4 million to Central America.

A large proportion of food processing and packaging equipment is imported. The annual *ExpoAlimentos* trade fair, held at *Cintermex* in Monterrey is considered one of the most important in Mexico. The 1997 event is scheduled for September 3 to 5.