

## CUSTOMERS

*The economic recovery is underway, but with 1996 domestic growth forecast at perhaps 2 percent, customers that export remain the best prospects.*

The markets for both commodity and specialty chemicals in Mexico are highly diverse. The automobile, pulp and paper, textiles, and food processing industries are especially important customers for industrial inorganic chemicals. Chemicals are widely used as pesticides in agriculture. The pharmaceutical industry is also an important user of chemicals. The following sections briefly describe the business environment in each of the major sectors that are significant chemical consumers.

### AGRICULTURAL MACHINERY INDUSTRY

Mexico's agriculture sector is not heavily mechanized. By one estimate, tractors are used to cultivate only about half of all of the nation's sown land. The Mexican market for tractors fell from 10,000 units in 1994 to 3,800 in 1995. New Holland and John Deere each control an estimated 40 percent of the market. Other significant firms include a joint venture between Massey Ferguson and the state-owned company *Sidena*, and Case International.

In spite of this sluggish market, new government programs are aggressively promoting mechanization, and financial assistance programs for farmers has recently been implemented. About half of all equipment in the inventory is in bad condition or uses obsolete technology. Experts say that Mexico requires a minimum of 60,000 tractors to replace obsolete machines — and double that number to become fully mechanized. Tractors use many of the same chemicals as automobiles.

### AGRICULTURE

The agriculture sector consumes three major categories of chemicals: nitrogen fertilizers, phosphate fertilizers and pesticides. About one-third of Mexico's requirements in these categories are imported.

Large parts of Mexico's agricultural sector use low-productivity technologies and demand is concentrated in areas where there are relatively large farms, including central and northwest Mexico. For example, tomato cultivation is heavily