

in spite of the crisis. For example, steel producer *Altos Hornos de México (AHMSA)* credits modernization with its success in reaching a new production record of more than 3 million tonnes in 1995. The company paid its employees a bonus of 15 days pay as a reward for their part in the modernization. *Hysla*, the other major steel producer in the region, also posted overall sales increases during 1995.

Although the region is highly productive by national standards, many companies lack the technology to meet the standards of quality and consistency demanded by export markets. Many of them had been slow to modernize because they traditionally regarded the availability of cheap labour as their main competitive advantage. Often, computer technology has been directed to management information systems (MIS), but not to production processes. But now, the growing importance of export markets has added quality and consistency as reasons to use the latest technology at the manufacturing level.

Mexican companies have come to understand the benefits of flexible manufacturing. Compliance with ISO 9000 standards is widely discussed and is the goal of most Mexican manufacturers. Several Monterrey-area companies were certified during 1996. Concepts such as total quality management (TQM) and just-in-time (JIT) production are catching on. As young, foreign-trained executives and engineers take over leading industrial firms, they bring with them a demand for foreign equipment as well as the ability to use it effectively.

Canadian experience in applying advanced manufacturing technology to small- and medium-sized production facilities will find many applications in Monterrey. Companies moving into this market should keep in mind that the shortage of capital is just as important as technological gaps in holding back some otherwise innovative companies.

AGRICULTURE AND AGRI-FOOD

Mexico is a net importer of food and there are significant markets for food products in the region. Wheat and canola seed are the most important imports, since Mexico does not produce enough of either to meet its own needs. Canadian wheat has excellent milling properties, and observers believe that Canada could double its exports to 2 million tonnes annually. Mexicans are large consumers of cooking oil, and canola oil is increasingly popular. Other plant products considered to have good potential include barley, apples and seed potatoes as well as pulses such as coloured beans, lentils and peas. Processed meat also offers good possibilities, especially pork. Mexican pork is expensive because of inefficiencies in the production and distribution systems and much of it does not match Canadian quality standards.