

## COMPETITORS

*Multinational enterprises dominate both local production and the import market for agricultural equipment.*

### DOMESTIC COMPETITORS

Domestic manufacturers of machinery for crop production concentrate mainly on tractors and basic implements. They supply about half the market. Mexican companies also claim about half the market for equipment for raising livestock. Multinational enterprises dominate local production, and they import more sophisticated equipment. The most popular domestically-produced tractor models are in the range of 77 horsepower to 94 horsepower.

The two most important manufacturers are New Holland and John Deere, each of which controls roughly 40 percent of the agricultural equipment market.

New Holland, a joint venture between Fiat and a group of Mexican investors, manufactures tractors and foraging equipment in the state of Querétaro. Fiat acquired New Holland, which was previously known as *Fábrica de Tractores Agrícolas*, from Ford in 1993. According to media reports, the company's Italian managing director has had problems with the network of approximately 45 distributors that sells its products throughout Mexico. Some distribution and sales offices have closed as a result and the remaining operations are not exclusive to New Holland. In April 1996, New Holland announced a new financing program in cooperation with the *Banco Nacional de Crédito Rural (Banrural)*, Rural Credit Bank. The company provides loan guarantees, combined with a 12 percent discount. For its part, *Banrural*, promises three-day turnaround on credit applications. This deal is sanctioned by the government under the *Alianza para el Campo*, Rural Alliance Program.

John Deere manufactures a variety of tractors and agricultural implements in Mexico. The company will invest US \$155 million in Mexico during 1996, compared to \$50 million in 1995. Company executives recently announced that John Deere will manufacture diesel motors in a plant in Torreón, Coahuila. John Deere has also formed a technology alliance with Hitachi to export tractors and excavators from Mexico to Australia, the United States and South America. John Deere's Mexican operation includes an equipment leasing company.