

represent the best potential for future expansion in packaging machinery sales. Some distributors mentioned general manufacturing, electronics, and the toy industry as good potential customers.

Distributors in Northern California stressed the importance of the California wine industry and claimed that there are six major wine producers who are responsible for more than eighty percent of the State's wine output. All of these companies are involved in high speed bottling systems. Distributors confirmed that substantial amounts of high speed machinery are being brought in to California from Italy and Germany, (Italy is the current leader in packaging machinery exports to the U.S.).

Distributors notice a general trend towards larger or consolidated companies, particularly in the food industries. This trend is accentuating the move to high speed labour saving machinery and there are shortages in the supply of this type of equipment from U.S. sources.

- Distributors pointed out that despite the demand for sophisticated, high speed equipment, there are many small companies operating in California. These companies cannot always afford the capital outlay involved in purchasing sophisticated systems. Consequently there is a healthy and continuing demand for less expensive but reasonably sophisticated machines.
- Eighty-seven percent of the distributors we contacted are interested in learning more about Canadian packaging machinery. Forty-eight percent of the distributors we contacted were aware of certain Canadian manufacturers and forty-three percent have contacted a Canadian company at one time or another.