

Most of the manufacturers who were interviewed were open to the idea of distributing Canadian products. Their main interest was in filling gaps in their product lines. Most foreign-made equipment available in the region is handled by distributors. But only about half of the distributors in the five states handle imported equipment. Only a handful of distributors reported that they import directly, generally because sales volumes are small. Only four distributors in the region had sales of more than US \$3 million annually.

Directly imported products included sowers from the United States, harvesters from Canada and France, and threshers from Italy. The bulk of imports comes from the United States, and from Mexico as a whole; Canada is estimated to have an import market share of less than 2 percent. Only one distributor in the region imports directly from Canada. The distributors interviewed were only vaguely familiar with Canadian brands, which suggests that more aggressive promotion could produce sales.

The impediments to the expansion and modernization of the sector in western Mexico are mainly financial and technological. The best opportunities are for Canadian companies that can work with Mexican manufacturers to help them adopt the latest technologies. Firms that can provide financing for equipment sales will have the best prospects.

FOOD PROCESSING TECHNOLOGIES

The food processing industry is the most important element of western Mexico's manufacturing sector, and accounts for 38 percent of Jalisco's manufacturing output. In 1993, Jalisco had more than 6,000 enterprises engaged in food, non-alcoholic beverages and tobacco processing. They employed 64,000 people and had sales of almost US \$5 billion. Jalisco is the second-largest food processing state, with about 10 percent of total industry employment.

The industry is dominated by small businesses, partly because of the presence of more than 2,500 small tortilla producers, few of which have more than 10 employees. Only about 400 firms have more than 15 employees and only about 100 have more than 100 workers. In most subsectors, the market is dominated by three or four large companies.

The enterprises in the sector vary greatly in their specializations, depending on local crop and livestock production. The state's most important crops are sugar cane, corn, alfalfa, sorghum, wheat, bananas, garbanzo beans, tomatoes, mangos, limes and potatoes. Jalisco produces 85 percent of Mexico's limes. Livestock production, including dairy and poultry operations, is an important subsector throughout the region, and Jalisco is Mexico's top producer of milk, eggs, and pork. Jalisco is the only state where genuine tequila may be produced and *agave*, the type of cactus from which it is made, is also a major crop.