

Increasing Interest in Basic Processing--The above information is important to Canadian machinery exporters because it indicates the breadth of the State's food processing industry which is based primarily on California's agricultural production. Our research showed that many of California's leading agricultural producers are showing an increasing interest in taking a share of the basic food processing for themselves. This move is seen as a means of strengthening and protecting margins which are subject to substantial price fluctuations. This has been particularly noticeable during the present recession. Agricultural producers now feel it is logical to control as much of the production cycle as possible to maximize profits.

California's Leading Agricultural Production Areas:

Table 3.5 shows how California's agricultural production areas relate to the industrial marketing areas selected for this study.

The San Joaquin Valley--This area covers one of the marketing areas previously outlined for industrial production. The San Joaquin Valley is the State's leading agricultural production area. Forty-seven of the State's top fifty crops are grown in the area. Fresno County is the leading county in the San Joaquin area and produces more than \$2 billion assorted commodities annually. Clearly, there is a demand for agriculturally oriented packaging machinery and materials in the State. Discussions with leading agriculturalists support the view that the San Joaquin Valley and other agricultural areas in the State offer