

The Mexican *Mercado Paisano*

*A framework to study its development
potential in migrant-dependent communities*

by

Richard Mines
Sandra Nichols

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Author contact information:

Richard Mines: rkmines@volcano.net

Sandra Nichols: snichols@cirsinc.org

INTRODUCTION

Purpose

This paper is an effort to understand the role of “nostalgia markets” in the advancement of Mexico’s undeveloped migrant-dependent communities. We set up a framework to discuss and analyze the potential for bringing development to these transnational communities on the basis of what the people call the *mercado paisano*. We limit our framework to a discussion of the potential for expanding the wealth capture of members of these binational networks. We assume that wealth capture is a necessary, though not the only, condition for investment in human and physical capital to enable economic development to take place in these communities. The paper is based on mostly ethnographic data gathered in support of examples and case studies and seeks only to frame the question. Further work is needed to demonstrate when and under what circumstances these markets actually foster wealth capture for local communities, and under what circumstances the additional wealth can benefit communities with high rates of labor migration.

What are the Products?

The Mexican nostalgia market (el mercado paisano) consists of products and services purchased in the United States, or brought north from Mexico, that provide Mexican immigrants with familiar experiences of their home countries. These products and services are not only produced in Mexico. Many are produced in the United States and even at times in third countries that seek to imitate these goods.

Probably the largest group of products, and the one that accounts for the majority of sales, consists of foods and beverages. The many fresh fruits and vegetables, along with moles, sweets, tortilla products, cheeses, herbs, seeds, and specialty meat products have familiar tastes and are extremely popular in the immigrant community. There are familiar alcoholic, fruit juices and soft drinks for sale. Another type of nostalgia products are the many crafts that remind people of home and reinforce cultural identity, such as embroidered items, jewelry, clay and wood products, ethnic and traditional clothing, sports gear, etc. Finally, there are services, with specialists from Mexico crossing the border to offer health care (such as traditional healers), as well as language instruction, horse training, equestrian lessons and, most visibly, live performances by visiting musicians and dance troupes. The resources spent by Mexican emigres during visits to their home areas are also a significant part of the mercado paisano. In this rich and complex web of border-spanning commerce, we focus our attention on several examples of food products, both fresh and processed, as well as a cluster of craft items associated with the Mexican sport of *charrería*.

How important are these markets?

The rise of the mercado paisano is a direct consequence of the extraordinary growth in recent years of the number of Mexican-born individuals (first generation Mexicans) living in the United States. The best estimates of the total population of Mexican-born individuals living in the United States in 1980, including both legal and illegal was about 2.2 million people. Just 25 years later in 2004, the population of Mexicans rose to 10.6 million.¹ These numbers do not include any children born in the United States and anyone else who is not a first generation

¹ For more complete details see Passel, Jeffrey, “Unauthorized Migrants,” <http://pewhispanic.org/files/reports/46.pdf>

immigrant from Mexico. These U.S.-based Mexican-born individuals have both a relatively large purchasing power and have characteristics that make them prone to buy Mexican or Mexican-style products. Nostalgia products have the largest appeal among first generation immigrants.² This is logical since the vast majority of first-generation, Mexican-born individuals remains working class, learns little English and does not assimilate fully to U.S. culture. This group retains its preferences for Mexican or, at least, Mexican-style products.

Moreover, if these estimates are true, the Mexican-born individuals living in the United States represent an extraordinary proportion of the total buying power of Mexicans living in both countries. Almost one in ten of all Mexican-born people live in the United States. And, these Mexicans living north of the border have a disproportionate share of the purchasing power of all Mexican wage earners living in both countries. This is true because a very high proportion of the Mexican-born individuals living in the United States are employed adults.³ Perhaps seven million Mexican-born individuals are economically active in the United States compared to 40 million in Mexico.⁴ And, since the income of Mexicans employed in the United States is far higher (perhaps seven times as much)⁵ than Mexicans employed in Mexico, it could be argued that half the purchasing power of all Mexican-born wage earners is held by those living north of the border.⁶

In sum, a very large demand for Mexican style products exists among Mexican born people living in the United States. And, since the population of Mexican-born individuals is predicted to continue to increase at a rapid pace, the demand north of the border for these products will grow to even higher levels. While it is impossible to give exact numbers for the overall size of this market, minimum estimates place it in the billions and growing. While their appeal may be greatest among first-generation Mexicans, nostalgia products are also purchased by second generation Mexican-Americans as well as by others who also enjoy them.

Beyond their monetary significance, however, mercado paisano products are at the center of a cultural durability in the Mexican immigrant community. These music, food, beverages and artisan products are often consumed in community settings that reinforce cultural bonds and fulfill longings for the familiar surroundings, smells, tastes and sounds of the home areas.

² According to information provided by our informants, one an executive for a large manufacturer specializing in products aimed at Hispanic consumers, the other a buyer for a large chain of Latino markets in southern California.

³ At least two thirds of the children of Mexican immigrants to this country were born in the United States. See R. Mines, "Children in Immigrant and Nonimmigrant Farmworker Families," in *Children of Immigrants*, D. Hernandez, editor, National Academy Press, Washington, DC, 1999, p. 620-656

⁴ See IMMS statistics: <http://www.imss.gob.mx/NR/rdonlyres/BE18F965-8F4E-4236-8358-9BD3CF9EFC32/0/1.pdf>

⁵ See "Pequeñas Empresas, Productos Etnicos, y de Nostalgia, Oportunidades en el Mercado Internacional," Marian Cruz, et al, CEPAL, 2004, Mexico, D.F., p. 16, cuadro 3

⁶ It can be argued that many second-generation Mexican are increasingly interested in Mexican products. The parent generation is trying to involve their native born children in alternatives to what is considered 'destructive' behaviors. Charrería and the celebration of traditional holidays are two examples. Compared to a generation ago, many Mexican immigrant neighborhoods are predominantly Spanish speaking due to their size. This has obligated second generation Mexicans to retain their language and cultural skills opening them to interest in nostalgia products.

LITERATURE REVIEW

The literature on remittances and development does not touch very much on the role of “nostalgia markets.” Even when the discussion is engaged, as in the recent CEPAL report⁷, the topic quickly turns to the larger context. Namely, the general problematic of developing local communities in an increasingly impoverished rural Mexico becomes the centerpiece of the discussion. The problems of lack of physical infrastructure, of credit, technical and marketing assistance, lack of adequate government regulation, and the low educational level and inability to collaborate among the local producers move to the forefront of the discussion.⁸ The topic becomes, as it should, how can regional development be sparked in usually poor and neglected areas that are the source of most migrants.

Although there is some touting of the benefits of the multiplier effect of remittance expenditures⁹ and the mention of some cases where migration has prompted change, the majority of the literature finds that migration brings with it its own development-retarding impacts.¹⁰ These impacts are seen in land prices that are bid up, investment opportunities that soon get swamped, the tendency for mostly unaccompanied men to migrate, the low interest of emigres in employment generating investments, the departure of the best and the brightest residents of the sending community and the neglect and decline of local agriculture and industries.

The main objectives of individual remittances has been to improve the standard of living of relatives while the main objective of collective remittances by organized émigrés has been to make the home towns more comfortable to live in. Although some of the collective remittances have been used for economic infrastructure (roads, electricity), there is little evidence of widespread use of remittances to foment employment-generating investment.¹¹

Furthermore, the majority of authors believe that local economies cannot be spurred to development without a concrete and sustained intervention by the Mexican government to provide the infrastructural foundations necessary for change, namely education, health care, roads, bridges, marketing facilities, credit support and technical and export advice.¹²

We, in this report, have carefully limited ourselves to a small subset of the larger matter of migrant purchases and remittances as potential engines of development. We do not find anywhere an adequate categorization of the types of “nostalgia” products that could help identify how to take advantage of them for wealth capture. Nor have the peculiar obstacles facing small firms in the nostalgia market area been adequately addressed.¹³ As a result, we propose a structure for thinking about how local ‘mercado paisano’ entrepreneurs in transnational communities can capture some of the wealth needed by the local population to spur development. This, we believe, is a prerequisite for nostalgia markets to contribute to development in the home communities. However, we recognize that the identification of these

⁷ See CEPAL, 2004

⁸ For an interesting review of the problematic see Marsh and Runsten, 1995.

⁹ Yúñez-Naude, 2001

¹⁰ See Massey, Goldring & Durand, 1994; Mines, 1981; Martin and Staubhaar, 2001; Nichols 2002.

¹¹ López, 2004, 15

¹² García Zamora, 2002

¹³ The best discussion is in Cepal, 2004. It fails, however, to confront the obstacles faced by small firms in obtaining substantial market share without confronting large manufacturing and intermediary companies.

opportunities for wealth capture, even if realized, by themselves may not be sufficient to spark sustained development.

ORIGIN & METHODS OF THE RESEARCH

In 2004 and 2005 the Mexico City newspaper *El Financiero* published a series of articles that sought to awaken the Mexican business community's interest in this rapidly growing market of Mexican-born individuals living in the United States. The migrants' yearning for the familiar foods and drinks of home, combined with their newly found buying power, it argued, made them an ideal group of customers for entrepreneurs willing to make the effort to export their products.¹⁴ In addition, also in 2004, the United Nations' Comité Económico para América Latina (CEPAL) published a major study marshalling considerable evidence that small Latin American firms could and should take advantage of the growing demand for nostalgia products in the United States.¹⁵ These developments coincided with Rockefeller Foundation's growing awareness of nostalgia markets as part of the livelihood strategies of binational communities. The Foundation's North American Transnational Communities decided to fund research about the potential promise of nostalgia products, including the work on which this paper is based.

It became clear early in our research that, given our limited resources, the most productive approach would be to gather information on consumption and business patterns, and to do so by focusing on a select number of product case studies and examples. We also deemed it essential to conduct research on both sides of the border. Our U.S.-based research was carried out in California—which accounts for a large share of the total Mexican-born population living in the United States¹⁶—and with a focus on the greater Los Angeles area, followed by the Fresno-Madera area and the San Francisco Bay area (San Jose, Oakland and Napa). In Mexico our data-gathering efforts were concentrated in the states of Zacatecas, Oaxaca and Michoacán.¹⁷

The consumer taste information is based on expressed attitudes of Mexican immigrants and their families gathered in focus groups and key informant interviews done in both countries. Similarly, the business examples and product case studies are based on research conducted in both Mexico and California and derived principally from interviews with the economic actors involved, ranging from small producers and fledgling entrepreneurs, to established intermediaries and importers, together with middle managers and senior executives of large corporate enterprises. We also interviewed government officials in Mexico charged with helping small firms export, and Mexican consular officials in California familiar with binational trade. Our case study research was conducted by following one lead to another and enriched by direct

¹⁴ *El Financiero*: “La nostalgia del mexicano, gran mercado de empresas de alimentos” 24 June 2005; “Desaprovechan empresas mexicanas el mercado de la nostalgia en EU” 15 June 2005; “Poder adquisitivo de hispanos en EU, potencial de negocio para empresas mexicanas” 31 May, 2005; “Bimbo cura la nostalgia de connacionales en EU” 7 March 2005; “La nostalgia de mexicanos abre mercado de 12 mil mdd en EU” 8 June 2004.

¹⁵ “Pequeñas Empresas, Productos Etnicos, y de Nostalgia, Oportunidades en el Mercado Internacional,” Marian Cruz, et al, CEPAL, 2004, Mexico, D.F.

¹⁶ About one quarter of the undocumented population is in California (see Passel)

¹⁷ To supplement our small business interviews in Mexico, we hired researchers based in Zacatecas and Oaxaca. We are grateful to Dr. Rodolfo García Zamora for his gracious assistance and advice with the Zacatecas component of our research, and wish to acknowledge and thank his students Eduardo Chávez Flores and Delfina Martínez of the Universidad Autónoma de Zacatecas for their conscientious work and dedication. For the research in Oaxaca we are indebted to Dr. Maria Elena Martínez for her skill as an interviewer and for her valuable observations and insights.

observation, which included visits to production facilities and artisan workshops in Mexico, and an array of retail outlets in California, including Latino supermarkets, Mexican specialty shops and restaurants, corner grocery stores and flea markets. In addition, the authors attended various hometown association meetings of Mexican émigrés to gather further insights into the links between nostalgia products, remittances and the interest in fostering social and economic development within transnational communities. On rare occasions we found scholarly work or administrative data that we could consult. In most cases we were obliged to balance the accounts of various economic participants to paint a picture of the sector in question. In cases when we dealt with large corporations annual reports and catalogues of products proved useful.

These ethnographic and participant observer methods led us to a frame for analyzing the mercado paisano. This frame emerged from an attempt to compare the potential for wealth capture by local actors across the different types of nostalgia markets. We found it useful to place each of the products under discussion into one of three categories corresponding to the geographic/cultural scale of the demand for the product. Some of the products had a restricted local appeal which we label “locality-specific;” others a broader regional/cultural appeal that we call “culture-specific;” and still others a Mexico-wide appeal that we designate “Mexican-generic.” For each of these categories we employ the following analytic tools to interrogate the extent to which local “nostalgia product” actors featured in our case studies could capture wealth and generate local employment:

- the power of the producer in the chain of production (i.e. is the producer a ‘price setter’ or a ‘price taker’?)
- the ability to sell specialized (rather than generic) product
- the ease of entry into the production process
- the ability to collaborate with other producers to increase bargaining power
- the ability to obtain access to adequate business and technical advice
- the ability to meet U.S. import requirements
- the ability to negotiate moving the product across the border
- the ease of access to distribution systems

PRODUCTS, PRODUCERS & MARKETS

Employing the three categories we have set up for nostalgia products, namely *locality-specific*, *culture-specific* and *Mexican-generic*, we now examine eight examples of nostalgia products and apply the organizational tools mentioned above in order to shed light on the barriers and opportunities for greater wealth capture and job creation by local communities in Mexico.

Locality-specific

In geographic terms, this is the most narrowly construed of our three categories, while at the same time it reflects the great diversity of foods, customs, languages and artistic expressions found throughout Mexico, in keeping with variations in local tastes and environmental realities. Most migration from Mexico to the United States is from rural areas,¹⁸ where people maintain a deep sense of connection, and an abiding loyalty, to their home community, their “patria chica.” Consequently, it is the familiar products made in these small communities—often food items—

¹⁸ A significant number of these rural migrants had moved to rural shantytowns in Mexico before coming to the United States but retain their loyalty to their ancestral home and customs.

that migrants seek in order to enjoy “a taste of home,” to assuage homesickness, and affirm a sense of identity rooted in their particular hometown. Examples of products in this category include cheese, mole paste, candied fruits and sweets, local varieties of maize, beans, herbs, and dried chiles. Production is local, on a small scale and the customer base is generally limited to natives of the area. Below we discuss cases of two locality-specific products: unpasteurized farmstead cheese known as “queso fresco” and a powdered drink mix called *pinole*.¹⁹ Traditionally both were standard fare in rural communities, made by farm housewives. Today enterprising women produce them to sell to neighbors and visiting migrants. While both of our examples are from the state of Zacatecas, the issues and challenges are similar to those involving the locality-specific products of other Mexican migrant-sending regions.

*Doña Chuy's queso fresco*²⁰

In a town in southern Zacatecas, Doña Chuy makes and sells more than a ton of *queso fresco* a year to fellow townsfolk who value it for its flavor and texture that distinguish it from the cheese produced in neighboring regions and set it apart from mass-produced versions.²¹ Most of her sales occur during the months of December and January when migrants are home visiting and purchase the cheese to carry back to the United States in their luggage, the trunks of their cars or send through shipping companies.²²

In this case Doña Chuy, the producer, is not in the disadvantageous position of being a price taker by having to sell to an intermediary. By having a specialty product and selling direct to her customers, she retains the power to set her price and is able to make a profit. Given the unique characteristics of her cheese she faces little or no competition. Entry into this activity is fairly easy in this area, requiring a source of milk, knowledge of cheese making, rudimentary equipment, and a market stall for selling her product. Hers is an individual enterprise, and as with most production in the locality-specific category, there is no attempt to collaborate with other producers. Her production and level of sales are such that she neither seeks out, nor does she feel the need for business services or technical assistance. At peak periods of production she employs family labor, but her enterprise does not generate additional local employment. Finally, she does not have to concern herself with government inspections, export permits, complying with U.S. food and safety regulations, negotiating customs at the border, or shipping and distribution logistics involved in getting her product to market in the United States. In her case, her customers take care of transportation and the border crossing.

Señora Tomasa's pinole

In a workshop attached to her house, Sra. Tomasa produces and packages her own version of *pinole*, based on her grandmother's recipe. She purchases all of her inputs from local sellers, and some of those inputs, such as corn, beans and squash seeds, are grown by local farmers. She sells the *pinole* wholesale to urban grocery outlets in central Zacatecas, as well as to retail

¹⁹ Toasted and ground corn which is blended with sugar, spices and other ingredients and used as the basis for a traditional beverage, porridge or snack, and is considered high in nutrients.

²⁰ While the names used in this case and the next are not the producers' actual names, we refer to their products by a name in order to underscore the consumers' familiarity with the local producers.

²¹ The characteristics that distinguish a local cheese are often attributed to the breed of cattle and the type of grass on which the cattle graze.

²² With the exception of certain fresh fruits, live plants and uncooked meats, individuals are legally permitted to import into the United States food for personal consumption.

customers directly from her home. Many of her customers are migrants who appreciate the taste of her *pinole* and take it back to the United States, both for their personal consumption and to give away as gifts. This has convinced her that there is a potential export market among the wider Mexican immigrant community in the United States. Her efforts to export her *pinole* serve to illustrate the challenges confronting a producer who seeks to place a nostalgia product in the U.S. market.

Sra. Tomasa invested over US\$20,000 in toasting and milling equipment to expand her production while she set about learning how to comply with export regulations. However, she has faced barriers and setbacks at every turn. She reported that her attempts to obtain help from government agencies proved a costly waste of time, either because many government workers dismiss persons with little formal education, or because the officials are unfamiliar with export procedures. When she turned to paid consultants, she found they cheated her. She has paid for expensive laboratory tests required by the U.S. Food and Drug Administration to meet food safety and labeling requirements, but found the lab work was sloppily done.²³ Suppliers of packaging and printed labels delivered inferior materials. She has learned she needs an “importer of record” on the U.S. side, but does not know anyone she can trust. In addition, she has had trouble keeping adequate records of costs and revenue in a way that will allow her to plan her production and develop a business plan, another prerequisite for obtaining FDA approval for importing a commercial food product. Thus, after nearly two years, she finds herself still not able to export her product, in debt, discouraged and not knowing where to turn next.

While a generic version of *pinole* is available in Latino grocery stores in the United States, it is a mass-market product, has no distinguishing features, and is manufactured on an industrial scale. Sra. Tomasa’s *pinole*, in contrast, is an artisan product with a distinctive ‘homemade’ flavor that is appreciated by Mexicans living in the United States. She had to overcome only moderate barriers to set up her *pinole*-making business (i.e. having the recipe and acquiring the equipment), but she has faced insurmountable barriers getting her product across the border and to market in the United States. She does not have the professional contacts or belong to any producer organization that can provide guidance with export procedures, nor does she have anywhere to turn for assistance to improve her business and accounting skills. She knows how to make her product, and when in full production, she employs two to three workers to produce a ton of *pinole* a week. In sum, while Sra. Tomasa can produce a specialized product, is able to set her own price, has a likely market in the United States, and the ability to create local employment, she is blocked by her own lack of business skills and an inability to negotiate getting her product across the border.

Culture-specific

The second of our three categories involves products with a somewhat wider appeal than those we call locality-specific. “Culture-specific” products appeal to those Mexican immigrants who, as a group, share common cultural traits that may extend across several state lines in Mexico. One example is the clothing and equipment used by those who participate in *charrería*, a rodeo-type sport popular in the cattle-ranching regions of north central states like Jalisco, Zacatecas and

²³ The Food and Drug Administration (FDA) food and safety regulations governing all food imports have become more complicated, and enforcement more vigorous, with enactment of the Anti-Bioterrorism Act following the 9-11 attacks.

Durango. Another example of products in this category is the cluster of food items that comprise a unique ethnic cuisine, such as that of the Zapotecs in the southern state of Oaxaca. Also included in the culture-specific category is music with a strong following among audiences from a given cultural region, say *norteño* music appealing to immigrants from northern and central states, or Mixtec music whose fans are from areas of Oaxaca, Puebla and Guerrero. In other words, the appeal of culture-specific products transcends the geographic confines of the locality-specific, but it does not extend to Mexicans as a whole. Below we discuss two clusters of culture-specific products: charro gear and Oaxacan specialty foods.

Charro gear

The sport of charrería has undergone a dramatic growth in the United States as increasing numbers of Mexican immigrants from the north-central states, together with second generation Mexican-Americans, have acquired the economic means to join the ranks of those devoted to this expensive sport. One indicator of its growing popularity is the number of *lienços*, the arenas where competitions are held. In the greater Los Angeles area there was reportedly only one professional *lienzo* in the latter part of the 1990s; by 2005 there were seven. Similarly, the Mexican Federation of Charrería, the organization that oversees the sport, reports that the number of officially registered teams in California alone has more than doubled in the last five years, from thirty five teams in 2000, to eighty in 2005.²⁴ Beyond the 2,300 registered *charros* in the United States, there are hundreds, and possibly thousands more, who engage in the sport unofficially.

In addition to a horse, the equipment needed to participate in the sport, be it officially or unofficially, is highly specialized gear. There is the saddle, tack and riding accessories, along with the regulation charro outfit consisting of tailored pants, shirt, jacket and neck bow; belt and fancy buckle; boots and spurs; leather chaps; and the characteristic wide-brimmed charro hat. Charro ensembles range from fairly plain and basic to the highly decorative, including leather saddles and belts embroidered with cactus thread, ornate silver buckles and spurs, cashmere suits with complex designs in suede appliqué, and hats festooned with gold and silver thread. A newcomer to charrería in the United States can expect to spend over \$4,000 for a saddle, accessories and outfit of medium quality; this is over and above the cost of acquiring a horse.

Charro equipment and clothing is produced almost entirely in Mexico, much of it by skilled artisans in family-owned workshops.²⁵ These workshops are regionally clustered, primarily in the states of Jalisco, Zacatecas, Mexico, Guanajuato, Aguascalientes, Puebla, Hidalgo and Guerrero. A few items, such as *botines* (charro boots), can be produced on a larger scale, though even when made in the shoe-manufacturing centers of Guanajuato, they remain a specialty item. Few of the producers are themselves involved in exporting their goods to the United States, instead they sell direct to customers on home visits, as occurs with migrants from Jalisco and Zacatecas, or they sell to small U.S.-based dealers in charro gear. These U.S.-based dealers are mostly first-generation Mexican immigrants, themselves charro enthusiasts, whose business has grown with the growth of the sport in the United States. They travel to Mexico several times a

²⁴ A charro team has between eight and twenty members.

²⁵ There are a few leatherworkers, saddle-makers and tailors in the U.S. producing charro-style goods, but our informants report that this accounts for only a minor share of the charro goods market, given the high cost of production in the U.S., and the high quality and lower prices of the Mexican-made goods.

year to purchase goods directly from the producers and to establish business relationships that will allow them to place orders by telephone and fax. The dealers typically cover shipping costs and handle all matters related to importing the goods into the United States. While the producers do not reap the full benefit of the sale of their goods in the United States, the specialized nature of their product does allow them to remain price setters and they do not incur the additional costs associated with shipping and negotiating the border.

The cost of entry into production is for the most part moderate, involving space for a workshop, rudimentary tools and sewing equipment and the relevant skill, which is often handed down within families. Most workshops are self-financed, employing both family labor as well as skilled artisans. At present there is no organization or collaboration among producers, and level of business skills varies considerably, given limited formal education. Producers interviewed for this study in Zacatecas reported being constrained from expanding their enterprise and hiring additional workers by their antiquated equipment, lack of credit, lack of business skills, and lack of knowledge of how to engage in direct export for the U.S. market. Of the 18 artisans interviewed, only two had been able to access business and technical advice.

Oaxacan specialty foods

Oaxaca's distinct cuisine results from centuries of blending indigenous ingredients with those introduced by Europeans. Signature elements include several kinds of *mole* (a complex sauce made with ground chiles, spices, nuts, seeds and chocolate), dry-cured meats (*tasajo* and *cecina*), chile-seasoned roasted grasshoppers (*chapulines*), various styles of cheese (including *quesillo* made from unpasteurized milk), specialty breads, an assortment of chiles and herbs, along with several variations on the Mexican tortilla, most notably *tlayudas*, large toasted corn tortillas that can measure up to twelve inches in diameter. Ingredients and methods of preparation vary according to locality and ethnicity (the Mixtecs, for example, favor wheat flour tortillas over the Zapotecs' preference for the corn *tlayudas*), but there is general agreement among Oaxacans from the northern Sierra and the Central Valleys as to what constitutes Oaxacan cuisine.

While few Mexicans outside of Oaxaca are familiar with these regional foods, Oaxacan immigrants living in the United States seek them out, deeming them an essential part of their diet and identity, and a way to escape the loneliness and alienation felt while living far from home. Estimates of the numbers of Oaxacans living in the United States are highly speculative, however researchers and community leaders suggest at least half a million Oaxacans live in California alone.²⁶ But whereas the huge demand for generic Mexican products is being met by large scale corporate manufacturers and distributors, as discussed elsewhere in this paper, the demand for Oaxacan specialty foods continues to be met through imports of goods produced by small and medium producers in the state of Oaxaca. Therefore we now turn our attention to these Oaxaca-based producers, focusing on two cases: the women *tlayuda*-makers, and a family-owned *mole* factory.

²⁶ According to Fernando López Mateos, president of the Federation of Oaxacan Community and Indigenous Organizations in California (FOCOICA) and publisher of *El Oaxaqueño*, a bi-weekly newspaper of the Oaxacan community in the United States. See also "Mixtecs and Zapotecs Working in California: Rural and Urban Experiences" by Felipe H. López and David Runsten, in *Indigenous Mexican Migrants in the United States*, ed. by Jonathan Fox and Gaspar Rivera-Salgado. Center for U.S.-Mexican Studies and the Center for Comparative Immigration Studies, University of California, San Diego (2004).

Tlayudas

These large, thin toasted corn tortillas are an essential component in the Zapotec diet and are available in California in Oaxacan grocery stores, bakeries and restaurants, and from flea market vendors. They arrive fresh via airfreight from Oaxaca City several times a week. We estimate (conservatively) that 15,000 tlayudas are shipped daily from Oaxaca. They are a handmade product, produced by hundreds of women who have small-scale facilities in their own households, employing female family members and neighbors. This activity requires little initial investment beyond rudimentary equipment that is readily available (pots for boiling the corn, hand press to shape the corn dough and clay griddles to bake the tlayuda over a wood fire). Production for export is concentrated in the villages and towns in the vicinity of the city of Oaxaca. The women deliver their product to intermediaries in Oaxaca City, who handle packaging and shipping.

Tlayudas remains a specialty item, so far there is no competition from machine-made or factory-based production, and hence the women are able to be price-setters. In some communities tlayuda-making appears to be the principal economic activity and the women involved are deriving significant benefit, as evidenced by home improvements and expansion of their production facilities. However, there is no organization among tlayuda producers that might enable them to negotiate better prices for inputs, reduce transportation costs or become directly involved in exporting as a way to reduce the number of intermediaries and retain a greater share of the profits. While wealth is retained within the Oaxacan transnational community—by both producers and Oaxacan retailers in the United States—a major portion of the final retail price goes to cover shipping and border-related costs. The *tlayuda* market has the capacity to generate local employment in the home regions, as well as wealth capture within the transnational community, but as with the pinole producer discussed earlier in the locality-specific category, the *tlayuda* producers appear to have no access to technical assistance, business advice or guidance with regard to export procedures.

Oaxacan mole

While generic versions of mole are available on grocery shelves in the U.S., immigrants from Oaxaca prefer a style of mole characteristic of their region and they are willing to pay a premium for mole imported from home. One Oaxaca-based producer we interviewed has been successful in meeting this demand for specialty mole. His operation began as a small household-based activity some 15 years ago and has now grown into a commercial enterprise employing 18 workers and producing about five tons of mole a week. Most of his product is sold in Mexico, but demand on the U.S. side has been growing and 20% of his production is now destined for customers north of the border. He himself is not directly involved in exporting, but sells his mole to other Oaxacan entrepreneurs who handle the border crossing, distribution and sales in the United States. This producer sees the potential to expand his factory and his business by taking a more active role in the export and distribution of his product in the United States. His efforts to do so, however, have so far been frustrated. He is an independent entrepreneur and belongs to no professional association or export-oriented organization that might offer export guidance. Nor has he been able to get help from local banks or government offices; indeed his attempts to obtain an export license have been fruitless, as he has come up against bureaucratic intransigence. Once again, here is a producer with a specialty nostalgia product that has a market

in the United States, he is able to earn a profit from his sales and generate local employment, and he is eager to expand his business, but he is blocked by a lack of adequate business services, an inability to negotiate the border and the lack of trustworthy business contacts in the United States

Mexican-generic

This is the category that accounts for the largest segment of the nostalgia market and has by far the greatest wealth-generating potential. The products are mostly food and beverages, they can be either manufactured or fresh, and have a broad appeal throughout the Mexican and Latino population in general.

Manufactured Products

These are the packaged and processed goods which line the shelves and refrigerated cases of Latino markets and carry brand names such as Herdez, La Costeña and El Mexicano, along with Bimbo, Jumex and Jarrito. These are mass-market goods, produced in industrial facilities, and include canned vegetables, processed fruits and chiles; salsas, juices and soft drinks; familiar baked goods, snack foods and sweets.²⁷ Some, such as *El Mexicano* brand chorizo, cheese and dairy products, are manufactured in the United States, but in a style and presentation that appeals to the Mexican consumer.²⁸ Others (it seems a growing proportion) are imported from Mexico, their brands highly recognizable to anyone who grew up in Mexico. The growing demand for these products is attracting large manufacturers and distributors, in both the United States and Mexico.

The capital-heavy type of production for the processed goods makes it quite difficult for small producers to acquire adequate resources to overcome the high barriers to entry. To enter into these manufacturing activities small producers would have to engage in serious collaborative work in order to raise the capital and reach the scale at which they could compete with the large firms. The large manufacturing firms also have access to in-house experts in technical and business organization that facilitate the elimination of barriers to growth and promote opportunities for marketing the products. To compete, small producers would need access to comparable resources. Also, unlike small producers, the large, sophisticated food manufacturers are able to comply fully with all U.S. food safety and sanitary regulations, and to avail themselves of the services of professional customs brokers and logistics providers so as to ensure smooth and efficient movement of their goods across the border. The small Mexican producers of inputs into the product chain are limited to the role of ‘price-takers’ in this system. With control remaining in the hands of large manufacturers and large produce dealers, the small

²⁷ Grupo Herdez sells canned chiles, vegetables, fruits, juices, fish and sauces under brands that are highly recognizable to Mexican-born individuals, including Doña María, Búfalo and Herdez. It employs 5600 workers in ten processing plants throughout Mexico, including one near the border in Enseñada, whose production is intended for export to the U.S. (<http://www.grupoherdez.com.mx/corporativo/herdez.htm>).

Grupo Bimbo began exporting and distributing its Mexican products in 1984. In 2004, its U.S. sales were over \$1.3 billion, which accounted for 26% of the company’s overall sales. The company operates 13 plants in the U.S. and 47 in Mexico (www.grupobimbo.com.mx).

²⁸ While Bimbo and Herdez are thoroughly Mexican enterprises that have been gaining ground in the U.S., one of the most familiar and ubiquitous brands of Mexican generic food products is El Mexicano, a label belonging to a U.S.-based manufacturing and distribution company, Marquez Brothers International, Inc. The company’s founders and owners, originally from the state of Jalisco, arrived in the U.S. in the 1960s. For more on this company see http://elmexicano.net/main_files/products.html

producers are unlikely to retain sufficient benefit to spark local economic development. Nevertheless, exceptions to this rule may be possible. Below, we present an example of a community that is attempting to add value to its produce and sell a manufactured ‘nostalgia’ product in the United States.

*Nopalitos from Ayoquezco*²⁹

Nopales (the leaves of prickly pear cactus) are a common vegetable in Mexican cuisine. When used fresh they are peeled, chopped and used into salads, soups and omelets. They can also be pickled and sold in cans or jars as “nopalitos.” While all the large and well-known manufacturers of Mexican-generic foods process and sell nopalitos under their house brands, immigrants from the Oaxacan village of Ayoquesco are hoping that their own specialty nopalitos will allow them to carve out a niche in the mercado paisano in the United States.

Ayoquezco de Aldama is a community of approximately 6,000 in the Zapotec region of Oaxaca. Ayoquezco has the reputation for growing the best nopales in Oaxaca. As more and more men migrated to the United States, the women in the village came to depend on selling nopales and other food products to sustain themselves. In 1999 they created an informal cooperative of over 100 households called MENA (Mujeres Envasadores de Nopales de Ayoquezco) to produce nopalitos.

The MENA women had gotten the idea of preserving their nopales in jars from a migrant who had observed this process in California. The women were able to attract considerable interest of several outside groups. In 2001, they purchased canning equipment and jars as a result of a grant from the Mexican Department of Agriculture. Also, a Mexico City non-government organization (NGO) helped MENA obtain a building where the products could be elaborated. Oxfam donated money for the land for a food processing facility in 2002 and the Pan American Foundation for irrigation systems. The backyard production of nopal was expanded and the cactus was replanted in a more intensive manner. The women were trained in organic techniques, such as composting, and were certified organic by OCIA (Organic Crop Improvement Association). As for the processing facility, it was decided to implement the level of sanitation required for export to the United States. This vastly increased the cost of the project. With help from the Mexican federal government and others, altogether they have invested almost 2 million dollars in the project since 2000.

In addition, an informal hometown association, Migrantes por Ayoquezco (MPA), was formed in February 2001, spurred by the Mexican NGO. When MPA learned of MENA’s nopal project, the members took it upon themselves to organize migrants interested in the business. By early 2004, some 35 migrants had expressed interest in investing in the business and helping market the products. The migrants decided to form a business in the United States to import and distribute the *nopalitos*. The importing business was still being organized at the time of our research.

The Ayoquesco case is one in which a local cooperative is attempting to enter the manufacturing export sector. It found backing from the Mexican government and international charities and has obtained advice from a Mexican NGO. It has based its sales in part on an innovative strategy of

²⁹ This section is derived from work done by David Runsten.

using its émigré community both as a market and as a resource for marketing products beyond the Ayoquesco community. However, it is not clear that nopalitos, their main product, can actually sustain a premium price compared to its competition made by large manufacturers. Also, given the level of support that they have received, it appears that this model would be difficult to replicate in other places.

Fresh produce

While Mexico grows a wide array and fresh fruits and vegetables for the mainstream U.S. market, there are also a number of fresh fruits and vegetables sought by Mexican immigrants in particular, including nopal cactus leaves discussed above, prickly pears (or *tunas*, the fruit of the nopal cactus), mangoes, a wide variety of chiles, to name just a few.

Below we report on a series of cases of small producers of product trying to acquire traction in the market. We review these cases in order to shed light on the challenges they face in attempting to maintain a significant share of the value that they are generating by their work.

Small Producers for the Fresh Market

All the producers face similar challenges. First, they have to produce a consistently high quality product with a constant quantity of production. They have to meet inspection standards required by two U.S. agencies, the FDA and USDA. Next, they have to arrange for, or hire someone else to arrange for transportation to the border, and for brokering the border crossing. Finally, and perhaps the most difficult and challenging, they have to arrange for or hire someone to assure that the product is placed in stores where the consumer can purchase them. All these steps must be taken in a way that allows them to recover their costs and make a profit. The review of these case studies demonstrates some of the major barriers and opportunities for small producers trying to export their product to the United States.

Prickly Pear (Tunas) in Zacatecas

The cactus fruit known as prickly pear (or *tuna*) is much sought-after by Mexican immigrants in the United States. Furthermore, it is a crop that can contribute to livelihoods in semi-arid areas where rain-fed corn and bean crops are much less reliable. We know from speaking to produce buyers for U.S.-based Latino supermarkets that large quantities of this fruit, which is not grown commercially in the United States, has been purchased for some time from Zacatecas, Mexico.³⁰

Two tuna producers in the region of Pinos, Zacatecas control most of the exports to the United States from Zacatecas. These are both producer-owned corporations, with approximately 60 small farmers each. In each firm there is a general manager who reports to a board chosen by the producer owners. The manager handles all the tasks needed for the packing, storing and selling of the product including arranging for export. The companies have their own packing sheds and storage facilities and are able to do some or all of the processing themselves, i.e., the dethorning, packing and loading of the product. And both farming activities and the packing sheds have created local employment.

By organizing themselves into producer-owned corporations, they have been able to protect their interests as producers, even if the prices were not favorable in a given year. However, the ability

³⁰ Interview with the produce buyer for a large Latino supermarket chain in Southern California.

to capture profit derived from export differs between the two firms. One has sold only small quantities of its *tuna* for export the United States, working through a Mexican buyer who arranges for fruit shipments to be sent across the border and sold in the U.S. market. The other firm, while selling larger quantities for export, nevertheless experiences considerable variability, exporting between a fifth and a half of its production, depending on the year. Its link to the U.S. market is a Los Angeles-based Mexican produce broker who supplies all the tuna for a large Latino-oriented supermarket chain in Southern California.

The barriers to entry into the production of prickly pears are quite low for farmers. The cactus plants can be established with cuttings from existing plants; they are drought resistant and require only limited amounts of fertilizer, pest control and pruning. To obtain substantial yields requires only about 60 dollars a hectare of inputs. The difficulty is that profits are scarce if one has to sell to packing sheds and intermediaries who keep most of the gains.

Support from the state of Zacatecas, in the form of technical and financial assistance, has been key for the economic viability of the two producer-owned prickly pear firms. One of them reports that the state helped it with a cold storage system that has enabled it to store its product and then sell off-season when prices are considerably higher. The better prices generated by the cold storage system and by entry into the international market have allowed for investment in drip irrigation, fertilizers and other methods of improving output per hectare.

In sum, through organization, technical and financial support from the government, access to the U.S. market through experienced and trustworthy intermediaries, these local tuna farmers of Pinos have been able to capture wealth from the sale of their product. And they have also succeeded in creating considerable local employment at relatively high wages for rural Zacatecas.

Mangos of Lombardía, Michoacán

There are 1,200 mango producers in the Lombardía (municipio Gabriel Zamora) region of Michoacán. The producers have traditionally been independent farmers who have dealt directly with packing sheds and exporters as individual units. Anyone can enter the industry at the price of buying mango acreage. The costs of cultural and harvesting practices are moderate.

Growers in Lombardía complained bitterly about two cost drains on their ability to make a decent return on their production. The first drain is the rates charged by the packinghouse to sort and pack their fruit, and the second is the international intermediary. The buyer-shippers have traditionally handled all the transportation, border transactions, and placing of the product at the retail level in the United States.

In 2003, frustrated at being price takers in their dealings with the packers, the growers organized a cooperative in the area (Los Mangueros de Lombardía) in an effort to set up a grower-run packinghouse. They also took steps to create a company north of the border that would be able to bypass the shipping intermediaries. Leaders of the cooperative reported that financial support from the state government did not materialize for the packing shed, however the company that was to take over shipping and selling fruit in the United States (Lombardía Produce) did get off the ground in 2004.

Lombardía Produce (LP) was a truly transnational undertaking, an idea created jointly by people living in the Lombardía hometown and those living in Los Angeles, where the largest group of townspeople has settled north of the border. On the Michoacán side, a Sociedad Productivo Rural (SPR) was formed to handle the selling of produce from cooperative members to Lombardía Produce. On the U.S. side, the Hometown Club of Lombardía-origin people became actively engaged in the project. LP was set up as a private company in Los Angeles, with the president of the hometown association, a native son of Lombardía, and brother to three mango growers, as general manager of the company.

The Michoacán state government played a crucial role in the launching of Lombardía Produce, providing 4 million pesos (\$375,000) in financing for the 2004 season. This subsidy from the government sparked widespread interest in the cooperative and most of the 1200 growers in the area joined. The start up and operating expenses were very high. There were costs associated with purchasing boxes, packing the fruit and shipping it in refrigerated trucks from southern Michoacán to Los Angeles. Transportation costs alone amounted to about two dollars for a 4.5-kilo box of fruit. In Los Angeles the company leased a large warehouse and refrigeration facility in the produce district (at a cost of \$17,500 a month), and at one point had 16 employees on its payroll. All of these expenses were covered by the Michoacán government's initial subsidy.

The general manager of LP was determined to put the unpopular middleman out of business in the Lombardía area by paying a consistently high price for the fruit, even when the wholesale price in Los Angeles did not justify what he was offering growers. Indeed this practice eliminated LP's profit so that the company was actually operating at a loss.³¹ While the price paid to the growers remained high, the middlemen competitors were negatively affected by having to purchase fruit at high prices, and some were driven out of business. Thus the subsidy that was paid for indirectly by the government of Michoacán had a major impact on the overall Mexican mango market.

According to the local growers, the middlemen retaliated against the cooperative effort. They managed to pull strings to deny packing boxes to the cooperative and to make the USDA inspection process difficult for cooperative fruit growers; both of which resulted in delayed shipments. In addition, the packinghouses collaborated with the middlemen and accepted immature, low quality fruit, which demoralized the market and undermined LP's reputation.

In addition to the fact that the manager was paying the growers a price that assured his enterprise a loss, other problems plagued the nascent attempt to bring economic justice to the growers. The general manager himself admits that he lacked administrative experience. He took on two non-Michoacano Mexican partners with experience in L.A. produce markets and these two reportedly cheated him. There were accounting irregularities and over-charging for equipment. One of the biggest problems was an inadequate billing and collection system, so LP frequently was not paid for the fruit it sold.

³¹ One employee of LP reported that the manager continued to pay the growers \$4 a box in Lombardía while the wholesale price in L.A. had fallen to \$2.50 a box.

The observers of Lombardía Produce agree on many points. The motives and charisma of the general manager are universally admired. The original concept of helping the mango farmers of Lombardía avoid the abusive behavior of middlemen was a noble cause. The government subsidy was crucial to get the project off the ground. Many individual growers benefited during the 2004 season from the high prices sparked by LP's purchase price. But, they point out that many errors were committed. The project began without an adequate business plan. The general manager, although a charismatic and experienced salesman, lacked the proper training to be in charge of business decisions. The firm did not seek adequate advice nor receive sufficient technical assistance from people experienced in business practices. The firm did not institute a coherent accounting system to ensure prompt billing and collection.

Yet despite the failure of Lombardía Produce, it has already become a legendary case of a transnational community that jumped into the lucrative mercado paisano, drove out the price-setting middlemen and ensured greater wealth capture for small producers back home, at least for a time. However, LP is also a case of good intentions gone awry and as such could be a useful model of how to avoid the pitfalls that sunk a noble effort.

Edible Tubers from Tuxtepec, Oaxaca

The importation from Mexico to the United States of the humid tropical roots like taros, mandiocas, and yuccas began only recently. While the demand for these products exists primarily within the Asian and Pacific Islander immigrant populations, the case we describe here is instructive and highly relevant for other small producers in Mexico seeking to enter the U.S. fresh produce market and to retain power in the product chain.

The producers in this example are organized in a cooperative venture called Agroempresarios de Paploapan (AP), located in an area of southern Mexico, straddling the border between the states of Oaxaca and Veracruz. The firm has three semi-autonomous but inter-related parts. Administration and technical direction are in the hands of a technical service firm that consists of eight individuals: accountants, specialists in pest management, a specialist in rural development and an expert in humid tropical plants. A second group forms the marketing unit. A third firm consists of about 50 producers who are small-scale growers. The exact relationship among the firms was still in flux at the time of the interviews.

The cooperative manager, who is the son of a local farmer and has a master's degree in rural development, explained how the cooperative has developed. First, he pointed out that his home area has an ideal climate for growing humid tropical plants. There is ample land, water and people to successfully raise output for export. He said that in the 1990s, a small group of growers from the area tried to sell tubers both nationally and for export but found that intermediaries took most of the profit. The producers were able to involve Bancomext in a study that found substantial markets, especially among the U.S. immigrant populations, for humid tropical crops. To avoid the problem of the abusive pricing practices, the manager went directly to Produce Marketing Association meetings in the United States and to similar meetings in Canada. He carefully interviewed potential intermediaries and found a U.S.-based Mexican importer with whom he has forged a relationship of trust. After receiving deliveries of product, and finding them to meet his quality requirements, the importer has traveled to Oaxaca to visit

the production area and has loaned AP money to expand its acreage and output. In effect, this intermediary has become an engine of rural development for this region of Oaxaca.

The production started out small due in part to a lack of seed, but the opportunity for the group appears very promising. At present, AP is shipping only one truck a month to Los Angeles. However, production is expanding as more seed is produced and neighbors of the cooperative are beginning to join the project. The cooperative has a contract with the same intermediary to deliver 50 truckloads of product between September of 2005 and April of 2006. AP is receiving between \$25 and \$32 for a 50-pound sack, which is much higher than obtained from the previous middlemen. The current buyer pays promptly upon arrival and checking of the product.

The manager of AP is expanding his cooperative slowly and carefully. Only qualified growers are gaining entry into the potentially lucrative arrangement that the cooperative has with the international market. Local growers' ability to enter the cooperative depends on their skill and commitment. The manager distributes seed to perhaps 50 local growers at a time, and chooses only the most qualified as future members of the cooperative, which entitles them to receive more seed. He is careful to exclude farmers who are not committed to producing high quality product at sufficient levels. At present, the cooperative lacks adequate packing facilities. They hope to be able to improve these so that they can put value added to their product. For example, drying the product before sale has potential.

The Los Angeles-based buyer, at present handles all the prerequisites for inspections, border-brokering and marketing. Additionally, he may send a qualified person to train the locals on how to prepare for the USDA inspections.

The AP's innovative administrative structure is a promising model that combines experienced administrators and expert agronomists in a relationship that is designed to protect the interest of uneducated producers.³²

LESSONS

In conclusion, we review our three nostalgia products levels of appeal to identify common patterns that facilitate or impede the wealth capture by local actors.

Locality-specific. The products in this category occupy a specialized niche in the 'mercado paisano.' The lack of competition means that consumers familiar with the product are often willing to pay a premium and, as a result, the producers retain considerable price-setting power. But, although local actors are able to make a profit, there are limits to the locality-specific that restrict its potential for wealth capture. Most prominent is that the taste for these products is confined to a very restricted population in the home areas together with the diaspora from these areas. The community members from a given area, despite the support of the hometown associations, simply do not constitute a sufficient customer base to justify the investment in equipment and business infrastructure needed to increase production, comply with government

³² Mario Lopez Espinosa lays out a theoretical argument for this kind of institutional experimentation see Lopez, 2004.

regulations, negotiate the border and gain access to a distribution system in the United States. Yet to expand their appeal and find a wider market, locality-specific products face many obstacles. First, once the product becomes 'generic' in its appeal, it must compete with the large cost-efficient manufacturers. And, while some locality-specific products may find acceptance among a broader segment of the Mexican émigré community, as Sra. Tomasa believes would be the case with her pinole mix, a small producer such as she, with limited education and no trustworthy professional support, is left alone to cope with the complicated and challenging matters of food and safety regulations, labeling requirements, arranging for transportation, negotiating the border crossing, and distributing the product. Inserting a new item into the product chain, even a specialized paisano product with likely broader customer appeal, requires significant investment, technical assistance and business infrastructure at every step of the way. Supermarket chains will not wait for consumer interest to grow but will remove from their shelves products that do not sell quickly. And, as illustrated with the Ayoquesco nopalitos product, even with considerable government and non-governmental support, together with the involvement of organized émigrés to market the product, there is no guarantee of success in the market place. Wealth capture by local producers for locality specific-products will remain limited without adequate business and financial inputs to graduate the product up to a larger market.

Culture-specific. The examples of products discussed in this category—charro gear and Oaxacan foods—offer a promising model whereby small producers gain access to somewhat broader niche markets in the United States and where wealth is retained within a given transnational community. Again, the products are specialized for customer tastes, enabling the producers to retain price-setting power. In both cases we examined, the market for these products is expanding and the system for getting these products to customers in the settlement communities is in the hands of entrepreneurs from the transnational community itself. And, as demand grows for culture-specific products, producers with adequate government support may be able to seek Appellation of Origin Certification (AOC) in order to protect themselves from competition by generic producers. It would thus appear that the culture-specific segment of the mercado paisano has the potential to retain wealth and generate employment in local communities. However, to do so at least two main barriers must be overcome: limited productive capacity and high logistics costs. Just as with locality-specific products, expanding productive capacity is often blocked by some combination of the producer's own low level of education, lack of business skill, lack of access to credit, absence of advice and technical assistance, and inability to create collaborative relationships with other small producers. In short, the same factors responsible for lack of development in rural Mexico in general. The second challenge, namely the high costs of getting the goods to market, is exacerbated by the lack of organization among producers. Whereas large manufacturers and importers of generic products are able to take advantage of professional logistics services and reap the cost savings associated with scale and vertical integration, the actors in the culture-specific category operate in a highly individualized fashion, each handling relatively small shipments, leading to higher shipping and border transaction costs, and profits lost to non-community actors.

Mexican Generic. The large manufacturers and importers of goods are by far the dominant players in the mercado paisano. They are highly sophisticated operations and compete within the logic of international trade and the global marketplace. They avail themselves of the latest

technologies and professional skills in order to maximize efficiency and minimize costs with regard to all steps in the product chain, from acquiring inputs, manufacturing, transportation, negotiating the border and distribution. While they may create significant employment, it is not necessarily in the migrant-sending communities we are concerned with, nor is the wealth generated by the production and sale of these goods captured at the local level. The small and medium actors involved in these product chains—such as farmers who sell to intermediaries or supply the inputs to manufacturers—are frequently fragmented sellers, they lack organization and must accept the price offered them. Nor are unorganized small and medium producers able to enter into the lucrative manufacturing sector themselves, given the extremely high barriers to entry for the manufacturing and marketing of generic products. Industrial facilities, access to transportation and distribution systems, border brokers, international financial services and advertising are beyond their reach.

However, our research suggests that opportunities do exist for small and medium producers to retain some power in the generic product chain when certain conditions are present. Based on our three cases mentioned above—Lombardía mangoes, Zacatecas prickly pear and Papaloapan root crops—we identify two factors: producer organization and alliance with a competent and trustworthy importer, as key enabling conditions. In each case, the producers were able to create institutions that, at least temporarily, worked to overcome the obstacles faced by price-taking producers. In the case of the Lombardia mangoes, a small grower-based community group seized control with state government backing of the intermediation of the product and for a time set the prices paid to the producers. The prickly pear producers of Pinos, Zacatecas were able to develop a producer-owned corporate model that attracted government technical assistance and allowed them to avoid, in large measure, the price-setting packing shed owners. The cooperative effort of the Papaloapan tuber growers demonstrates that competent technical and marketing assistance can be joined with productive small growers in a non-exploitative relationship. The case of Papaloapan also demonstrates that, with careful searching, fair intermediaries can be found. In fact, the case of Papaloapan demonstrates that U.S.-based Mexican business professionals, who know the ropes on both sides of the border, can play useful roles in helping struggling small firms gain a foothold in the transnational market for products cherished by the Mexican diaspora.

CONCLUSION

our study of the *mercado paisano* leads us to conclude that simply the existence of a large and growing market in the United States for Mexican nostalgia products is insufficient, in and of itself, to promote economic development in Mexico's migrant-dependent communities. We do, however, propose a structural framework and a set of analytical tools for identifying the barriers and opportunities within the *mercado paisano* for transnational actors and small and medium producers to capture wealth and generate employment in their respective communities.

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