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R K E T S U M M A R Y - M E X I C O

# Forestry, Pulp and Paper Equipment



## THE OPPORTUNITY

The Mexican forestry sector offers interesting opportunities for Canadian producers of forestry, pulp and paper equipment.

- About 80 percent of the nation's 50 million hectares of forest is controlled by about 9,000 small communal landholders.
- Mexican producers use mainly obsolete technology and their current methods are highly inefficient and wasteful.
- Changes to the Mexican constitution are now making it possible for communal landholders to combine their operations and form joint ventures with foreign companies.
- The Mexican forest sector will have to modernize in order to compete with a flood of imports resulting from trade liberalization.

## COMMUNITY-CONTROLLED FORESTRY

Mexico has one of the largest community-controlled forestry sectors in the developing world. Since the Mexican Revolution, the

bulk of the nation's agricultural land has been held by *ejidos*, communal land holdings. More than 9,000 of these entities control about 80 percent of Mexico's 50 million hectares of forest resources. These properties are communally owned, with individual *ejidatarios* being given rights over small sections. Until recently, these communal rights could be inherited, but not sold or mortgaged.

By law, the rights to all forest resources in Mexico belong to the government. Traditionally, cutting rights were given to logging companies in the form of concessions. The companies, most of them government-owned, paid the *ejidatarios* a small fee for the forest rights. But in the 1980s, the government was pressured to stop this practice and give the *ejidos* the right to manage their own forest resources which, in theory, they owned. Beginning in 1983, a few experiments were conducted and as a result, this community-based approach was extended to the nation as a whole in a forestry law enacted in 1986. Locally-owned logging operations and sawmills sprang up throughout the forestry states. Logging permits were non-transferable and the operators were free to hire their own technical advisors. Unfortunately,

## SUMMARY REPORT

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