tion costs can be high. Also, many U.S. firms have established a presence in Mexico through local distributors, representatives or agents, or through joint ventures. Canadian products account for the second-largest share, 6.5 percent, of total imports.

**Table 7: Canadian Exports of Pulp and Secondary Fibres to Mexico** (Cdn$ thousands)

| | 1988 | 1989 | 1990 | 1991 | Jan/Nov 1992 |
|---|---|---|---|---|---|
| Mechanical wood pulp | 5,964 | 1,868 | 58 | 2,195 | 336 |
| **Chemical Wood Pulp** | | | | | |
| Dissolving grades | 79 | 126 | 328 | 217 | 296 |
| **Soda or Sulphate** | | | | | |
| Coniferous, unbleached | 680 | 970 | 685 | 312 | 440 |
| Coniferous, bleached | 23,686 | 14,747 | 16,271 | 3,367 | 1,365 |
| Sulphite | 3,747 | 0 | 759 | 438 | 323 |
| Semi-chemical wood pulp | 2,101 | 5,770 | 9,442 | 8,770 | 10,651 |
| Paper waste/scrap | 0 | 335 | 117 | 57 | 0 |
| | **36,257** | **23,816** | **27,660** | **15,356** | **13,411** |

*Source: Statistics Canada, International Trade Division*

Canadian exports to Mexico, valued at Cdn$36.3 million in 1988, decreased by 34.3 percent in 1989 to Cdn$23.8 million. They increased 16.1 percent in 1990, but fell once more by 44.5 percent to Cdn$15.4 million in 1991. Between 1988 and 1990, the largest category of Canadian exports to Mexico had been soda or sulphate, bleached or semi-bleached chemical wood pulp, but this was the category with the most significant decrease in 1991 when it fell to second place after semi-chemical wood pulp. The third-place category in 1991 was held by mechanical wood pulp. There are no imports of pulp from Mexico to Canada (see Table 7).

## 3.3 Local Production

Mexico's total forested areas represent 143.6 million hectares, 73.3 percent of the country's total territory. This places Mexico among the top 11 countries in the world in terms of forestry resources. About 12 million people live in forested areas and about 300,000 live off primary forestry production.

The Secretariat for Agriculture and Hydraulic Resources (Secretaría de Agricultura y Recuros Hidráulicos [SARH]) must authorize, before it is undertaken, the exploitation of certain areas and varieties of Mexico's forests. During 1991, 4,585 authorizations were granted as compared to 2,355 in 1990 and 4,313 in 1989 (see Table 8).

**Table 8: Authorized Exploitation of Mexico's Forests**

| Species | Authorized Volume (000 m³ logs) | | | Production Volume (000 m³ logs) | | |
|---|---|---|---|---|---|---|
| | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| Pine | 10,823 | 6,702 | 9,933 | 7,462 | 6,817 | 6,437 |
| Other coniferae | 611 | 305 | 533 | 311 | 303 | 303 |
| Oak | 3,208 | 2,279 | 3,029 | 438 | 383 | 383 |
| Other leafed | 330 | 261 | 337 | 170 | 190 | 154 |
| Precious | 127 | 14 | 25 | 74 | 40 | 39 |
| Tropical | 794 | 161 | 683 | 433 | 369 | 367 |
| | **15,893** | **9,722** | **15,183** | **8,888** | **8,102** | **7,683** |

*Source : Memoria Económica 1990-1991 and 1991-1992, CNIF*

Until 1991, about 80 percent of forestry resources were community properties (ejidos). The ejidos were officially assigned by the Secretariat of Agricultural Reform (Secretaría de la Reforma Agraria [SRA]). The remaining 15 percent was held by small proprietors and the state. The intention of this structure of land holdings was to allow the land to be distributed to a large number of families for agricultural purposes or eventually for cattle raising, both of which are basically short-term activities. This land use has created a strong competition to forestry, which has a long-term yield and requires large and long-term investments.

Additionally, land concession agreements for the exploitation of forestry resources were valid only for one year. (Before President Echeverría's term, concessions had been granted for 20 years.) The short terms have made investment in the sector riskier and long-term exploitation and reforestation more difficult.

With the amendments to Article 27 of the Mexican Constitution in 1992, the ejido structure will disappear in favour of small private properties. The new Forestry Law will regulate the new land tenure system and will allow for long-term investments in forestry.