

DROUGHT

Much of Mexico has suffered from a severe drought now in its fifth year. The northern states of Chihuahua, Tamaulipas, Nuevo León, Durango, Sinaloa, Zacatecas, Jalisco and Coahuila have suffered the most and by June 1996 they had received emergency funds totaling \$1.5 billion Mexican pesos. Northern Mexico normally has a dry climate, but precipitation was 40 percent lower than normal in 1995. Although this area is the most heavily irrigated in Mexico, the severity and duration of the drought have had severe impacts on agriculture throughout the region.

The crops most heavily affected by the drought are beans, wheat and other grains. Livestock production has also been devastated. During the 1994-1995 season, an estimated 700,000 cattle died due to the drought, most of them in the state of Chihuahua. Large numbers of low-weight cattle have been exported at distress prices, due to the lack of feed. An estimated 1.2 million head were exported prematurely. The drought has also greatly increased Mexican imports of feed from the United States as Mexican law prohibits the use of domestic corn as feed.

PRODUCT AND SERVICE OPPORTUNITIES

The best opportunities are in equipment used for export-oriented production. This includes implements for the cultivation of tomatoes, fresh fruits and vegetables, tobacco and cotton.

Canadian manufacturers may have a competitive advantage in equipment for wheat and other grains. Mexican grain production has been declining, but the government is determined to help domestic grain producers. Since government assistance is now focussed on profitability rather than income support, this gives an advantage to leading-edge, but cost-effective, equipment.

There is also a market for agricultural services in Mexico. Budget cutbacks as a result of the devaluation have reduced the ability of the government and agriculture associations to conduct research and promulgate best-practice technologies. Cost-effective methods of delivering these services, possibly by adapting existing Canadian technologies, will find niche markets throughout Mexico. In addition, *Fondo para la Infraestructura Rural y Agropecuaria (FIRA)*, the Fund for Rural Infrastructure and Farming, finances feasibility studies of agricultural development projects.

EQUIPMENT FOR RAISING LIVESTOCK

Higher livestock productivity is being pursued through improved herd genetics, and the Mexican market in this area is slowly gaining ground against the US-dominated import market. Other methods include controlled and technical grazing systems, improved pastures, and higher levels of horizontal and vertical integration.