

Local environmentalists and militant farmers have staged violent protests against the Guerrero state government, which has strongly promoted these projects. In June 1995, 17 farmers were killed and 20 more were wounded in a clash with police, attracting worldwide attention from human rights groups. The federal government has launched an enquiry and the state governor was forced to resign in March 1996, after being accused of orchestrating a police attack on the peasants.

Most of the protest in Guerrero is due to concerns that logging efforts are too intensive to be sustainable, not as a result of fundamental objections to agrarian reforms per se. Most observers believe that the reforms will slowly have their intended effects.

Recent developments include an announcement in June 1996 by *Empresas la Moderna* that it will spend US \$300 million over the next seven years to develop logging and agriculture operations in the states of Tabasco and Chiapas. The logging operations will focus on harvesting eucalyptus pulp. The projects are expected to occupy 300,000 hectares of *ejido* land.

As larger parcels of land are accumulated and as modern forestry practices are put in place, a strong increase in the demand for forestry equipment is anticipated. Many of the companies now moving into this industry are large multinationals with their own sources of equipment suppliers. Independent cooperatives are the ones that are likely to be more promising customers for Canadian-made equipment, and they may also be good candidates for joint ventures with Canadian companies. There are also a few large Mexican forestry companies, including *Grupo Forestal Industrial* and *Ponderosa de México*. Canadian forestry companies oper-

ating in Mexico are also potential customers. MacMillan Bloedel, for example, is involved in a joint-venture plant in Durango, with an annual output of 100,000 cubic metres of particleboard and 40 million board feet of lumber.

PULP AND PAPER PRODUCTION

Whereas the timber subsector is dominated by a large number of small, communal landowners, the paper industry is the opposite. Ten companies dominate the industry.

The largest manufacturers of industrial and business paper are *Kimberley-Clark de México*, *Compañía Industrial de San Cristóbal* and *Smurfit Cartón y Papel de México*. They manufacture a full range of papers except for newsprint. They have pulp mills throughout the south, east and central regions of the country. Some of these mills are integrated with papermaking facilities. Others send the pulp to a paper mill closer to major markets.

All of Mexico's newsprint is produced by *Productores e Importadores de Papel (PIPSA)*, the state-owned newsprint company. In fact, *PIPSA*

is comprised of a group of three government-owned or government-backed plants, which are now in the process of privatization.

Paper companies are in the forefront of Mexico's recent initiatives to develop commercial plantations. *Smurfit*, *Simpson*, *Temple-Inland*, *Grupo Pulsar* and *Intemational Paper* are reportedly among several companies that are starting eucalyptus plantations in southern Mexico

TRENDS AND OPPORTUNITIES

The forest products sector was hurt badly by the economic crisis spawned by the sharp devaluation of the peso in December 1994. During 1995, gross domestic product (GDP) fell by about 7 percent. In that year, the construction industry, which consumes almost 60 percent of the nation's wood, reduced in size by 23 percent. As well, the paper industry, which uses almost one-quarter of Mexico's wood, declined by 11.5 percent during 1995.

MEXICO'S TOP PAPER PRODUCERS

Thousands of \$ Mexican pesos	1995 Sales
Kimberley-Clark de México	6,901,376
Compañía Industrial de San Cristóbal	2,621,188
Grupo Industrial Durango	2,358,833
Smurfit Cartón y Papel de México	1,380,045
Ponderosa Industrial	1,048,195
Grupo Industrial de Atenquique	1,022,123
Compañía Paperela Maldonado	847,883
Empaques Ponderosa	756,516
Cartones Ponderosa	750,185
Papelería de Chihuahua	583,973
Envases Especializados de la Laguna	460,292
Fábrica de Papel San Francisco	205,684
Serpasa	133,724
Productora de Papel	131,273

Source: *Expansión*, August 1996.