

## Figure 3.8 Sectoral Opportunities for Canadian Companies in Mexico

Detailed market studies in several promising sectors have been prepared by the Canadian Embassy in Mexico and are available from the Latin American and Caribbean Trade Division (LGT) at External Affairs and International Trade Canada in Ottawa. The sectors included are:

Agricultural Equipment, Seeds and Related Chemicals	Iron and Steel Industry
Automotive Industry and Auto Parts	Machine Tools and Metalworking Equipment
Bottled Water	Materials Handling Equipment
Building Products and Materials	Meat and Livestock Products
Computer Software	Mining Industry
Consumer Product Distribution Systems	Oil and the Petroleum Industry
Educational Systems	Plastics Industry
Electrical Distribution Equipment	Pollution and Environmental Control
Electronic Components	Safety and Security Related Products
Fish and Fish Product Distribution	Shipping Documents and Customs Regulations
Food Processing and Packaging Equipment	Sporting Goods and Leisure Products
Forestry Harvesting and Woodworking Equipment	Telecommunication Equipment and Systems
Sporting Goods and Leisure Products	Tourism, Hotel and Restaurant Equipment

## Primary Sector

**Agriculture:** Agrarian reform is high on the government's priority list. President Salinas declared, in his State of the Union Address of November 1, 1991, that the process of modernization which the Government of the Republic faces in agriculture is one of the most complex and urgent challenges. A few days later, Salinas, who wrote his doctoral thesis on agrarian reform, introduced amendments to the constitutional framework of land tenure and property rights.

Reforms to the *ejido* system (see box) involve not only land tenure, but credit, investment, infrastructure, technology and bureaucratic organization as well. The agricultural reform law of 1992 promises that three forms of land tenure will continue in Mexico: the *ejidos*, communal properties and small private properties. The reform seeks to combine a need for change with an attachment to certain traditions.

- It permits *ejido* members to organize and produce in the way they find most convenient. The law also provides the legal security for producers to invest in long-term development projects.
- *Ejido* members can buy or rent land, hire labour or associate with other producers or third parties. They may also establish joint-venture schemes with domestic or foreign private investors.
- Stock companies can now buy or manage land within the limits established by law for agricultural, forestry and livestock purposes.
- Both domestic and foreign corporations can acquire land for agriculture, livestock and forestry. A corporation can hold up to 25 times the landholding limit applied to individual property owners.

The Constitution imposes limits on the ownership of private property by individuals:

### The Ejidos

In its time, one of the most powerful symbols of the Mexican Revolution - the *ejido* - was considered to have brought justice to the countryside. The *ejido* redistributed the *latifundios*, the extensive private landholdings of the past, to those who worked the land. Although the system promoted equality in the distribution of land tenure, it did not encourage crops and animal husbandry to reach their full potential.

Mexican agriculture operates under both private and communal land-tenure systems. Approximately 47 percent of the country's farmland is under private ownership. These private farms have an average parcel size ranging from 20 to 100 hectares and are limited to a maximum of 100 hectares of irrigated land or 200 hectares of rain-fed land.

The *ejidos* and communal farms, which comprise 53 percent of the agricultural land base and employ 84 percent of the rural population, are areas originally expropriated by the government and distributed to the peasants after the revolution. The average size of an *ejido* is five hectares. Most are located in the rain-fed areas. The majority of *ejidos* are worked by individual families, but some are either worked collectively or leased to private farmers.

Because of difficult terrain and climatic conditions, only some 70 percent of total cultivable land, or 16 million hectares can be mechanized. Of the total cultivable land, 75 percent is rain-fed and the remainder is irrigated. These lands have the potential to become more fertile and productive through the use of improved technologies such as irrigation, drainage, better machinery and equipment, high quality seeds, and fertilizers.

Sources: *Market Study for Agricultural Equipment, Seeds and Related Chemicals in Mexico, Sectoral Study, EAITC.*