haciendas, farms, were broken up. This land was redistributed to the peasants in the form of *ejidos*, communal land holdings. About 90 percent of Mexican farmers work plots smaller than 5 hectares, and 40 percent have less than 1 hectare.

Policies implemented after the revolution further promoted inefficiency. Since the *ejidatarios*, as the holders of *ejidos* are known, did not have title to the land, they had little incentive to invest and could not sell, rent or combine their holdings. In the decades that followed, government policies focussed on subsidizing the sector to keep people in the countryside and to provide the industrial centres with a reliable supply of domestically produced food. As a result, Mexico's agricultural sector employs almost one-quarter of its active labour force to produce less than 9 percent of gross domestic product (GDP). In contrast, Canada's agricultural sector employs 3.6 percent of its active labour force to produce 2.3 percent of GDP.

Two major changes were implemented by the Salinas administration. In late 1991, Article 27 of the Mexican constitution was amended to give holders of *ejidos* title to their land. Then, in October 1993, the government implemented the *Programa de Apoyos Directos al Campo (Procampo)*, which replaced commodity price supports with direct grants for each hectare planted. The objective of both of these changes was to reorganize the agricultural sector according to market principles.

In October 1995, the Zedillo administration unveiled an expanded rural support program called *Alianza para el Campo*, Rural Alliance. It continues *Procampo* and expands it to include livestock producers for the first time. It provides subsidies for new technology and decentralizes the administration of farm programs. Combined with the gradual recovery of the Mexican economy, *Alianza para el Campo* is expected to create substantial new opportunities for foreign suppliers of agricultural technology, machinery and equipment over the medium term.

THE AGRICULTURAL SECTOR

Mexico's agricultural sector has two major components. Small, labour-intensive farms cater to the domestic market. These operations include about 28,000 *ejidos*, communal properties, which account for about half of Mexico's total land area. About 3 million *ejidatarios* work this land. There are also about 3 million small private landowners engaged in agriculture. Small farmers in both categories are known as *campesinos*, country people. About 90 percent of them have less than 5 hectares of land providing little more than subsistence for their own families. These farms coexist with a much smaller number of large-scale, highly mechanized and technologically-advanced operations. These are often linked to multinational corporations either by direct investment, or indirectly though purchasing and financing agreements. The large farms are responsible for most of Mexico's agricultural exports. Only about 20 percent of all Mexican farms are efficient enough to compete in the external market. Mexico's leading exports are fresh fruits and vegetables, nuts, and plantation crops such as coffee and sugar.

Mexico has about 18 million hectares of cultivated land. Crop production varies greatly between regions, depending mostly on rainfall conditions. About one-third of the cultivated area is irrigated. There are six major crops: corn, beans, wheat, sugar cane, coffee and sorghum. Corn and beans are Mexico's traditional staples and they account for about half of all cultivated land.

Conditions for livestock production are found throughout Mexico. Livestock production is much better developed than farming, and there are many vertically-integrated companies that service both the domestic and international markets.

THE AGRICULTURAL TECHNOLOGY, MACHINERY AND EQUIPMENT MARKET

According to some estimates, about three-quarters of all Mexican agricultural equipment was obsolete when Mexico joined the North American Free Trade Agreement (NAFTA) on 1 January 1994. The need for farmers to modernize and adapt to liberalized trade might have been expected to create a large demand for imported technologies. But this has been prevented, for the most part, by the depressed state of the agricultural sector, especially since the devaluation of the peso in December 1994. Real agricultural GDP fell by 15 percent in 1995.

The combination of poor productivity and extremely scarce capital has severely depressed sales of imported agricultural equipment and services. According to estimates by the US Department of Commerce, the Mexican market for agricultural machinery and equipment was worth about US $480 million in 1994. Mexican producers supply more than half of the market, mostly concentrating on tractors and implements. More sophisticated equipment is almost entirely imported. The United States claims about 90 percent of the import market, estimated at about US $200 million in 1994.

There is a small market for agricultural services. Mexico has