

## CUSTOMERS

*Over the medium term, newly assembled commercial farms and ranches offer the best prospects for most Canadian suppliers.*

The Mexican government maintains an official register of owners of agricultural land, which includes more than 3 million individuals. There are roughly another 3 million farmers with rights to *ejidos*, communal farms. In 1993, when the government registered grain and oilseed producers for *Procampo* subsidies, it identified 3.3 million producers. The vast majority of these farmers operate at a subsistence level, using labour-intensive techniques, and are not considered good prospects for sales of imported technology.

The larger corporate farms are the principal customers for advanced agricultural technology, equipment and services. Corporations have traditionally been the main vehicle for avoiding the 100-hectare constitutional limit on the size of private land holdings. They include some large Mexican companies, most notably *Mexagro Internacional* and *Grupo Pulsar*. But many large agricultural operations are tied to multinational enterprises with locked-in lines of supply. Canadian companies are most likely to participate in this market through their customers in the United States.

The most promising customers, for suppliers new to the Mexican market, are operators of newly assembled larger farms. This category is expected to grow gradually as land holdings are aggregated under Mexico's land reforms. Modernization is typically part of such projects, and government programs are in place to financially assist in this aggregation and modernization process. These operators are also more likely to buy equipment from regional distributors instead of directly from the US-based manufacturers who dominate the market.

Among existing operations, livestock and poultry producers are considered better prospects than crop producers. According to US Department of Commerce estimates, about 30 percent of poultry producers use the most advanced technology, and another 30 percent are partially modernized. About 40 percent of livestock producers and 55 percent of dairy producers were estimated to use advanced technology.