

THE AGRICULTURAL SECTOR

Small family farms, 90 percent of them smaller than 5 hectares, coexist with modern agri-business operations.

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 has less than 5 hectares of land, and many provide 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. They are often linked to multinational corporations either by direct investment, or indirectly through purchasing and financing agreements. These 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.

Government-owned corporations that were previously involved in sugar and coffee production have been privatized. The *Compañía Nacional de Subsistencias Populares (Conasupo)*, National Grain Distribution Company, has been sharply scaled back. According to agricultural experts interviewed for this study, in mid-1996 approximately 70 percent of the agricultural industry consisted of small family farms, and about 30 percent was agri-business operations. The latter includes multinational enterprises as well as *ejidos* and small farms which have pooled resources to create viable businesses. It is this part of the sector that is in a position to take advantage of the export opportunities created by the peso devaluation.

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. Sorghum is used domestically as poultry and pork feed.

Conditions for livestock production are found throughout Mexico. About one-quarter of all beef production comes from four states: Chihuahua, Durango, Sonora and Zacatecas. These states are export oriented. Most production for domestic consumption comes from the central and southern tropical plains of Veracruz, Tabasco and Chiapas. Livestock production is much better developed than farming, and there are many vertically-integrated companies that service both the domestic and international markets.