The Dismantling of *CONASUPO,* a Mexican State Trader in Agriculture

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1. INTRODUCTION

Direct government intervention in agriculture was a major component of Mexico's development policy from the second half of 1930 until the beginning of the 1990s. Since its creation in the mid-1960s, the National Company of Popular Substistence (CONASUPO) played a key role in Mexican agricultural policies, shaping food production, consumption, and rural incomes. The Company was reformed as part of the market liberalization process begun by the Mexican government following the debt crisis of 1982. On January 1, 1999, the Zedillo Administration announced in its Official Journal of the Nation the elimination of subsidies for corn bread (or *tortilla*) consumption, and with this, the liquidation of CONASUPO.

CONASUPO was a typical less-developed-country (LDC) Parastatal and State Trading Enterprise (STE). Thus, it is important to study how CONASUPO's activities were reduced and finally eliminated in the context of domestic economic reforms, trade liberalization processes, and commitments under the North American Free Trade Agreement (NAFTA) and the World Trade Organization (WTO). It is also important to study the repercussions of CONASUPO reforms on the support granted to Mexican farmers, on domestic agricultural supply and food imports, as well as the political developments that made the liquidation of CONSAUPO possible. Documenting the process by which this major state trading enterprise was reformed and terminated may offer a basis to extract

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lessons on state trading in agricultural products relevant to other LDCs in the context of regional and multilateral trade liberalization.

Our analysis of the reform and demise of CONASUPO will focus on the seven most important and frequently imported crops in whose markets CONASUPO intervened: barley, beans, corn, rice, sorghum, soybeans and wheat.[1] Part 2 summarizes the origins, traditional functions and early reforms of CONASUPO. In Part 3, I discuss how the Salinas and Zedillo Administrations (1989-1994 and 1995-2000, respectively) gradually dismantled the Company. Part 4 discusses trade and domestic reforms and the main transitional policies that accompanied actions to liquidate CONASUPO, and Part 5 explores the effects that dismantling CONASUPO had on public support to farmers producing the main staples of Mexico and on the domestic supply and imports of these crops. In the Conclusion (Part 6), I discuss aspects of Mexico's political economic context that made it possible to liquidate CONASUPO and the challenges facing the new administration (inaugurated in December, 2000) as it builds its strategy for agricultural and rural development in Mexico.

2. HISTORY OF CONASUPO: A STATE TRADING ENTERPRISE AMIDST AGRICULTURAL POLICY REFORMS

The Mexican government's regulation and direct intervention in the food production system increased continuously from the 1930s up to the debt crisis of 1982. In 1965, CONASUPO was created to organize all of the government's food regulatory activities into a single Parastatal enterprise. Officially, CONASUPO was defined as an instrument to promote Mexico's economic and social

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[1] Some reference will also be made to milk powder (see Garcia, 1998; for a detailed study of the interventions of CONASUPO in this product's market).

development by: a) regulating the markets of staples (or popular subsistence crops) through the creation of more efficient and rational relationship between producer and consumer and the elimination of inefficient and dishonest intermediaries, and b) protecting low-income consumers, by granting them access to basic foods, and low-income producers, by allowing them to obtain a livelihood from their production activities. In other words, the objectives of CONASUPO were to increase both the purchasing power of low income consumers and the income of small, staple-producing farmers,[2] while simultaneously promoting domestic and external trade in these commodities (CONASUPO, 1970a and 1970b).

Before the reforms of the 1990s, CONASUPO's programs involved eleven agricultural field crops (termed *cultivos básicos*, or basic crops): barley, beans, copra, corn, cotton, rice, sesame, sorghum, soybeans, sunflower and wheat. By supporting prices for the producers of these crops, by processing, storing, and distributing the crops and by regulating trade through direct imports, CONASUPO exacted control over an important component of Mexico's food chain.

According to the WTO, State Trading Enterprises (STEs) are "... governmental or non governmental enterprises ... which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which they influence through their purchases or sales the level or direction of imports or exports" (Ackerman & Dixit, 1999; p.2). Given this definition, we can consider CONASUPO as a STE, at least until the end of the 1980s when agricultural policy reforms began.

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[2] The latter objective was specially designed for the *ejidatarios*, an important component of Mexico's agrarian structure comprising 70% of all agricultural producers (Hernandez, 2000; Table 6). Up to 1991, farms in Mexico were either private or had limited property rights. The latter farms, known as *ejidos*, were created as a result of land redistribution following the Mexican Revolution of 1910. An *ejido* is formed by several small landholdings, each of which is assigned to an *ejidatario* (the *ejidos* also have common lands). Most *ejidatarios* are small farmers, and most of the *ejdos*' lands in Mexico are rain fed and dedicated to staple production. Prior to the Ejidal Reform of 1991, the *ejidatarios* were not allowed by law to sell or lease their lands, nor even to hire workers. In 1991, the Mexican Constitution was modified to abolish these limitations. Under the reforms, *ejido* rights may be converted to marketable land rights, by vote of the *ejidatarios* forming an ejido. In addition, an *ejido* now can associate with the private sector in joint ventures and is free to hire workers.

Based on the fact that Mexico’s imports of basic crops have not represented a large share of the world market, Ackerman and Dixit's classification of STEs would consider CONASUPO’s interventions in the basic crops sub-sector before reforms as “Type-IV” state trading activities: "Type IV STEs have exclusive or special authorities over both trade and domestic markets ... However, a type IV STE which has a small share of the global market, may distort less than a type III STE which is a big player in world trade" (Ackerman and Dixit, 1999, p. iii). Ackerman and Dixit classify the interventions of CONASUPO in milk powder until 1998 as State Trading of Type III (Table 7 pp. 22-23 and pp. 26-27), but they do not typify the interventions of CONASUPO in the field crops sub-sector. This may be because by 1998, CONASUPO's interventions in the basic crops sub-sector was already quite limited. (See Ackerman, 1997 and Dixit and Josling 1997 for a conceptual framework of state trading in agriculture).

CONASUPO’s domestic market interventions were important. This is evident in data from the Organization of Economic Cooperation and Development (OECD) on CONASUPO’s shares in domestic agricultural supply and in producer support estimates (PSE). Taken together, since the 1970s, the eleven crops over which the Company exerted control represented around 30 percent of the total value of Mexico’s gross domestic agricultural production. Corn was far and away the most important CONASUPO crop, constituting more than 56 percent of the total value of crops controlled by CONASUPO (Yunez-Naude & Barceinas, 2000). According to the OECD, during 1981 (the peak of the last 20 years of CONASUPO interventions in agriculture), the ratio of producer supports to the total value of production was 47 percent for barley, 66 percent for corn, 20 percent for rice, 43 percent for sorghum, 110 percent for soybeans (65 percent for all oleaginous crops taken together), and 34 percent for wheat (OECD, 1997; the OECD’s common commodities do not include beans)

From the 1960s up to the end of the oil boom in 1982, CONASUPO’s subsidiaries grew and new ones were created. Their activities included the processing of grains, oils and milk powder to produce animal feed and consumer goods such as corn, flour, wheat pasta, edible oils and fluid milk. CONASUPO managed retail shops to sell basic foods to the rural and urban poor, and it was also involved in the trade of fertilizer and improved seeds and in peasant training programs (CONASUPO, 1970a and 1970b).

Since the beginning of the 1980s, Mexico has witnessed a radical change in the economic orientation of its development policies, from a strategy of import substitution to a model of outward orientation with diminishing direct state intervention. CONASUPO was gradually included in this transformation. Until the end of the 1980s, the Company still had a considerable number of subsidiaries as well as a financial arm. By 1995-96, most of these were dismantled, privatized or transferred to farmers, and by 1999, the liquidation of CONASUPO was practically complete.

In 1991, an agricultural marketing agency, ASERCA (Support Services for Agricultural Marketing), was created, independent of CONASUPO but part of the Agricultural Ministry. It has been a major element in the process of eliminating CONASUPO's interventions in the markets for the eleven crops under the Company's control. The functions of ASERCA are directed towards marketing, but the agency does not buy or store agricultural commodities, as CONASUPO did. (Those activities are now carried out by the states, by farmer organizations and by the private sector).[3] ASERCA is also in charge of a program of direct income transfers to farmers (PROCAMPO; see below) and of pilot hedging programs for grain and oilseed producers.

A major reform in Mexican state intervention in staple production was implemented parallel to the creation of ASERCA. It consisted of the elimination of guaranteed prices that CONASUPO had traditionally awarded to the producers of eight crops: cotton seed, grain barely, rice, soybeans, sorghum, safflower, sunflower and wheat (guaranteed prices for sesame seeds were eliminated earlier).

[3] The Agricultural Marketing Agency also promotes exports of cotton, fruits and vegetables.

Thus, from 1991 to 1999, price interventions by CONASUPO were limited to beans and corn. To facilitate producers' transition from price supports to freer markets, in 1994 a "de-coupled" income support program for all farmers producing basic crops was implemented under the name of PROCAMPO.[4] In addition, import licensing for these crops began to disappear and subsidies for bread producers were eliminated (Salinas de Gortari, 1991 to 1994).

Since 1995, the Administration of President Zedillo took further steps towards a more liberalized food chain that lead to the final decision to liquidate CONASUPO before the end of his mandate in 2000.

3. CONASUPO: THE FINAL STAGES

The Agricultural Inter-sectoral Committee, comprised by the Ministry of Agriculture and four other ministries, was in charge of establishing marketing and price supports to farmers, determining the amounts of PROCAMPO income transfers to the producers of basic crops, and setting and allocating import quotas from 1994 until the end of 1998. On December the 31, 1998, a task force formed by the Ministries of Agriculture and Finance was created to oversee the liquidation of CONASUPO. The stages of CONASUPO's liquidation from the mid-1980s through 1999 are summarized in Table 1.

Between 1990 and 1992, the Salinas Administration already had eliminated all field-crop processing activities of CONASUPO,[5] as well as a subsidiary in charge of promoting small trade in agricultural products. The Zedillo government (1995-2000) decided to complete the process, by abolishing, privatizing or transferring to farmers or local authorities all but two of the remaining

[4] There is evidence, however, that the direct income transfers are not truly decoupled, because in practice they often are linked to the production of basic crops and because income transfers may influence production in the imperfect-market environments characteristic of rural Mexico (Taylor, Yúnez-Naude and Dyer, 1999).

CONASUPO subsidiaries.[6] The two surviving entities are retail stores that distribute staples to rural consumers at low prices (DICONSA, the Distribution and Trade Promoting Company) and Industrialized Milk (LICONSA), which processes milk powder and gives fluid and enriched milk to the poor at subsidized prices. Now, both form part of the Ministry for Social Development.

Until 1999, CONASUPO was in charge of administering programs related to beans and corn, Mexico’s two major staple crops. However, government intervention in these two crops was gradually transformed. In 1995, the Zedillo Administration decided to scale back the direct functions of CONASUPO by making the company a "last resort" buyer of corn and beans at "minimum prices".[7] Before its liquidation, CONASUPO also promoted and regulated the markets of these two crops by building stocks through domestic and international purchases.

In 1998, CONASUPO’s marketing support program for *ejidatario* producers of corn and beans ended, and in January 1999 CONASUPO began to decrease its involvement in programs to assist the poor, which it had implemented jointly with the National Program of Solidarity of the Ministry for Social Development.[8] These programs subsidized *nixtamaleros* (makers of corn dough to produce tortillas) and corn millers (producing flour to make tortillas), the two major corn processing industries in Mexico, which together represented 63% of the corn industry in 1996 (Zedillo, 1997 and Casco, 1999). These subsidies allowed corn processors to sell flour and tortillas to final consumers and to government (DICONSA) retail shops at low prices.

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[5] These included corn and wheat milling and edible oil processing subsidiaries of CONASUPO. The Company's financial entity to support food processors was also abolished during this period.

[6] This process included CONASUPO's Rural Warehouses, created during the end of the seventies to allow farmers and ejidatarios located far away from Urban Warehouses to have a nearby facility to sell their crops to the government at guaranteed prices. In addition to guaranteeing small farmer a buyer of his or her crops, Rural Warehouses offered storage, classification and certification for crops. The subsidiary also sold basic commodities to the rural population and was involved in PACE, the marketing support program for ejidal producers.

[7] The implication of this change is reflected by the following figures: From 1988 to 1994, CONASUPO bought 27 percent of the domestic production of corn and 26 percent of the domestic production of beans. These purchases were reduced to 15 percent and 11 percent, respectively, over the following four years (data base of the Ministry of Agriculture http://www.cea.sagar.gob.mx/).

In order to support the subsidy to tortilla consumers, CONASUPO sold maize to *nixtamaleros* at a price that permitted a "reasonable" profit from tortilla sales at subsidized prices. Corn millers received an in-cash subsidy for the corn that they bought directly in the domestic market. The agricultural marketing agency (ASERCA) administered these subsidies.

The December 1998 decision to abolish the tortilla subsidy program marked the *de facto* liquidation of CONASUPO. In the absence of the tortilla subsidy, there was no longer any reason for CONASUPO to provide corn to *nixtamaleros* (or to store and import corn for this purpose).

4. TRADE AND DOMESTIC REFORMS

Trade intervention by CONASUPO through direct imports played a decisive role in the Mexican markets for beans, corn, rice and wheat up through the end of the 1980s, as well as for sorghum and soybeans during the first half of the 1970s. Beginning in 1989, CONASUPO's direct imports of beans, corn, rice and wheat were sharply reduced. CONASUPO accounted for 95 percent of total rice imports in 1983-8 but only 25 percent in 1989-93 and zero in 1994-96. It's share of total imports of beans fell from 99 percent in 1989-93 to zero in 1994-6; of corn, from 83 percent in 1983-8 to 38 percent in 1989-93 and 16 percent in 1994-96; and of wheat, from 68 percent in 1983-8 to 15 percent in 1989-93 and zero in 1994-96. CONASUPO bought more than 95% of total sorghum and soybean imports during the first half of the 1970s, but after 1977 the Company's imports of sorghum were negligible and its imports of soybeans were nil (Yunez-Naude & Barceinas, 2000).

(a) *Changes in the trade regime*

[8] The Ministry was created in 1991 and the program, called *PRONASOL*, was designed as an assistance program for the rural and urban poor.

In 1986, Mexico became a full member of the General Agreement on Tariffs and Trade (GATT). However, the Mexican government undertook no major changes in the structure of protection of agricultural products until the end of the 1980s. Up to that time, all products in whose markets CONASUPO intervened were subject to import licenses administered by the Ministry of Commerce. Table 2 summarizes changes in the structure of protection for Mexico's major crops from 1989 until the implementation of NAFTA (January 1994) and the Uruguay Round (GATT) accords (January 1995). During this period, import licenses were eliminated and the structure of border protection for Mexico's agricultural sector was radically transformed. NAFTA became the first trade agreement that involved extensive use of tariff rate quotas (TRQs) as a transition mechanism to eliminate quantitative restrictions and move towards freer trade (details are in Yunez-Naude & Barceinas, 2000). During the NAFTA negotiations, TRQs were applied to barley, beans, corn and milk powder, products that the Salinas government considered to be sensitive due to the Mexican population's dependence upon them for consumption.[9] Two separate agreements, one between Mexico and Canada and the other between Mexico and the United States of America (U.S.), were negotiated.[10] Mexico agreed not to levy tariffs on imports below quota levels from either of its two northern partners. It also agreed to a 15-year phase-out of above-quota tariffs for corn, dry beans and milk powder (milk powder was excluded from the negotiations between Canada and Mexico). For grain and malt barley, free trade will be achieved in 2003. Table 3 summarizes the process of liberalizing trade in these agricultural products, as mandated under NAFTA.

Quota levels were established based on 1989-91 trade flows between Mexico and its two North American partners. In 1994, the TRQs were set at 2,500,000 metric tons (Mts.) for U.S. corn and 1,000

[9] Dry edible beans were included in the TRQ scheme mainly because, together with corn, they are a major staple in the Mexican diet. However, in contrast to corn, beans have not been a major imported crop for Mexico. CONASUPO continued to intervene in local bean markets because small farmers producing this crop have marketing problems and some have few productive alternatives to growing beans.

Mts. for Canadian corn, and the above-quota base or consolidated tariff on corn from both countries was fixed at 215 percent (or 206.4 US$/Mt.). In January 1994, the quota for dry edible beans was 50,000 Mts. for the U.S. and 1,500 for Canada, and the above quota tariff was 139 percent (480 U.S.$/Mt.). For both grain and malt barley, the 1994 quota was set at 120,000 Mts. for imports from the U.S. and 30,000 Mts. for imports from Canada, and the above-quota *ad-valorem* tariffs were 128 percent for grain barley and 175 percent for malt barley. Beginning in 1995, the quotas for these three crops and for milk powder have been growing each year, and the above quota tariffs have been progressively reduced as protection is gradually phased out.

Under NAFTA, quota assignments are set by a committee formed by the Ministry of Commerce, the Ministry of Agriculture, and representatives of the private sector. The Mexican government has followed four allocation mechanisms for TRQs: direct or prior assignment, auctions, government monopoly, and "first come-first served". Barley quotas have been subject to direct allocations, dry beans to auctions, and, prior to 1998, most milk powder under TRQs was imported by CONASUPO and assigned to Industrialized Milk (LICONSA) for its social programs (Ackerman & Dixit, 1999, Casco, 1999, Shagam & Plunkett, 1997 and Garcia, 1998). CONASUPO took part only indirectly in the allocation of corn quotas. Together with the Ministry of Agriculture, it continued its practice of setting the amount of the crop needed for CONASUPO functions (mainly stock pilling and sales to tortilla producers to sustain the tortilla subsidy program). The rest of the corn quota was allocated to private processors and cattle producers. Now that the tortilla subsidy has been abolished, both *nixtamaleros* and millers compete with corn syrup producers and cattle producers for corn quota allocations.

[10] The share of U.S. imports and exports in Mexico's total trade was overwhelming, even before NAFTA. For agriculture, it was around 80% before NAFTA and has been increasing since then. (Rosenzweig, 2000)

Since the implementation of NAFTA, Mexico has not charged above-quota tariffs on any of the three crops subject to TRQs, either because import requirements have been lower than the quota, or the government allowed free-of-tariff imports above the quota. The latter was the case for corn in 1996, 1998 and 1999; the volume of corn imports was almost 100 percent higher than the accorded quota with the U.S. in each of those years but no above quota tariffs were charged (data base of the Ministry of Agriculture and Zedillo: 1996, 1997, 1998, 1999 and 2000). This decision reflects the fact that the Zedillo government was concerned with securing the provision of cheap corn for processors; imports were of yellow corn for processing, rather than white corn preferred by Mexicans for tortillas. It also reflects the balance of power between Mexican farmers and food processors, an aspect related to the political economy of agricultural liberalization in Mexico, discussed below.

On February 1999, the government decided that CONASUPO would not be allowed to import corn and beans under the NAFTA quota. In the first half of 1999, Retail Shops (DICONSA, by then part of the Ministry for Social Development) bought CONASUPO's corn inventories and procured beans from producers in the state of Chihuahua as a means of absorbing excess production. Retail Shops is now in charge of administering a technical reserve of corn to ensure the supply of the grain to urban areas and consumption centers in the country. This subsidiary is now also responsible for purchasing corn and beans for its programs to assist the rural poor. However, Retail Shops is not allowed to import corn or beans directly; it must contract with a private company to obtain the amounts of imported corn and beans it requires to implement its programs.

As for the remaining basic crops, the Mexican government assigns the whole quota of barley to Mexican beer producers, which mostly import malt barley because of their barley processing capacity limitations; since January 1994, sesame seeds, sorghum, soybeans, safflower and sunflower from Canada and the U.S. enter tariff-free to Mexico, with the exception of some seasonal tariffs (Table 2);

free trade also applies to seeds for cropping; and 1994 tariffs for rice and wheat were set at 5-10 percent and 7.5 percent, respectively.

Notwithstanding the process of agricultural trade liberalization among the three North American countries, NAFTA does not imply specific commitments with regard to domestic marketing support reductions or export subsidies.

Mexico has signed Free Trade Agreements (FTAs) with other American countries or groups of countries and with the European Union. However, major agricultural products such as corn, beans, barley and wheat have not been included in those agreements (with the exception of an agreement with Chile).

Beginning in January 1995, Mexico re-structured its protection measures for WTO members following the Uruguay Round accords. The tariff base (or consolidated tariff) was set at 25 percent for almost all agricultural products. However, the tariff rates applied in practice have been lower, around 15 percent. The exceptions are products for which TRQs were set under NAFTA. TRQs for Most Favored Nations (MFNs) were based on levels of imports during previous years, taking into account the quotas that the Mexican government had already granted to Canada and the U.S. under the NAFTA TRQ regime. So, in a limited sense, the concessions that Mexico granted to Canada and the U.S. under NAFTA have been extended to the minimum access commitment of Mexico under the Uruguay Round. Mexico also set TRQs for wheat and increased WTO-members' access to its milk powder markets (see Table 2).

The main difference between Mexico's commitments under NAFTA and the WTO, aside from greater quota access and lower off-quota tariffs for Canada and the U.S., is that, whereas by the years 2003 or 2008 (depending on the commodity) Mexico will abolish all border protection of imports from

Canada and the U.S., it will maintain the 1995 quota levels and off-quota tariffs for other WTO members and reduce tariffs to MFNs by an average of 24 percent between 1995 and 2000.[11]

Mexico has included a safeguard clause for several agricultural products in its trinational and multinational trade commitments. In NAFTA, it can resort to a "countervailing mechanism" when rising imports represent a "considerable menace" or create "serious damage" to the sector in question. Under the WTO accord, the Mexican government is allowed to set additional import taxes when "imports rise due to low import prices" (Shagam & Plunkett, 1997 and OCDE, 1997).

There are three reasons why Mexico's trade policy reforms during the last 10 years had to include the elimination of CONASUPO.

First, trade liberalization in agriculture has been part of the Mexican government's commitment to reduce government intervention and to allow economic agents to follow international market-price signals. These objectives required the elimination of CONASUPO's privileges as the sole importer of basic crops at international prices lower than domestic prices.

Second, promoting foreign private investment in Mexico has been a major objective of the last three administrations. Elimination of CONASUPO's functions as a STE has been a major step towards strictly adhering to WTO rules and attracting foreign agribusinesses (an example is the increasing involvement of CARGIL in Mexico).

Third, with trade liberalization in the non-field crops sectors, CONASUPO's producer price supports and/or control over imports of basic crops could reduce the competitiveness of domestic processors of foodstuffs. This is because the latter, by having to buy inputs domestically, at relatively high prices, would have higher costs than their foreign competitors.

[11] During the 1992 to 1995 reporting period, the Mexican government did not report CONASUPO as a STE to the WTO. This may be explained by the understanding of the WTO that the Mexican government was to abolish the Company.

This scenario could be avoided if CONASUPO (or some other governmental entity) subsidized basic crop processors. However, such a subsidization policy would require public expenditure, in conflict with the Mexican government's goal of achieving and maintaining fiscal health.

(b) *Changes in domestic pricing policies*

Any study of CONASUPO as a STE in the international trade context has to consider not only trade protection measures but also price policies to support domestic producers. By granting farmers a buyer for their crops at guaranteed prices, supporting farmers through domestic price supports, and/or selling crops to farm households at subsidized prices, a STE isolates domestic producers from international competition.

Until 1989, CONASUPO purchased part of the domestic production of each of the twelve crops it considered as basic. In 1990, the Company limited its market interventions to corn, beans and milk powder, and producer price supports (or guaranteed prices) were abolished for all crops except beans and corn. However, the scheme of price supports to bean and corn farmers was reformed in 1995, transforming CONASUPO into a "last resort buyer" of these two crops. CONASUPO price supports were terminated at the beginning of 1999.

Data on shares of domestic production purchased by CONASUPO reveal that, during its final years, the Company decreased its role in domestic corn and bean markets. In 1993 and 1994, respectively, CONASUPO bought approximately 42 and 31 percent of the domestic supply of corn. Its purchases were reduced to 7.4 percent during 1995, increased to 19 percent in 1996, and then dropped to 13 percent in 1997 and to 12.5 percent in 1998.[12]

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[12] According to the Ministry of Agriculture, the sharp reduction in CONASUPO's participation in the domestic corn market 0in 1995 was due to a small crop and high prices during that year, making the Company's intervention prices non-competitive. (Casco, 1999)

In addition to reducing the number of crops covered by guaranteed prices, a governmental scheme of regional supports was initiated, and since its creation in 1991 the Government Marketing Agency (ASERCA) began to take charge of some of CONASUPO's functions. In particular, ASERCA marketing supports to producers of crops other than beans and corn and direct income transfer to farmers producing basic crops substituted for CONASUPO's price and direct market interventions. The creation of this Marketing Agency could thus be interpreted as an attempt by the governments of Salinas and Zedillo to facilitate the transition towards a more liberalized agricultural sector. Nonetheless, a macroeconomic crisis starting in December of 1994, reductions in international prices of some crops, and financial problems in the global economy (together with events in the political arena; see Part 4) complicated Mexico's agricultural policy transition. These events provoked year-to-year changes in government price interventions for basic crops.

From the beginning of the 1990s until 1995, the Marketing Agency followed a scheme of "indifference prices" for sorghum, soybeans and wheat. This program was region-specific and consisted of setting an agreed-upon price for the good in question prior to the start of each cropping season, based on international prices and transport costs. Farmers sold their crops to processors at the international price, and the government transferred to farmers the difference between this and the agreed-upon price.[13] In 1996, the Mexican government applied this program to 3 million metric tons of sorghum (around 44 percent of total domestic supply of the grain). In response to a decline in the international price of sorghum and wheat in 1996, the government also supported the producer prices of these crops (Zedillo, 1997).[14] Rice and barley were not included in the indifference price scheme.

[13] To the scheme of indifference prices, a pilot program of price coverage or hedging in the international markets for these crops, plus other oil seeds and corn, was added to protect the income of farmers producing them. (See Zedillo, 1996 and Casco, 1999)

[14] Until 1994, a subsidy to bread was given to sustain the subsidy for bread consumers. This scheme has been abolished since then. Detailed presentations of how the indifference prices were defined and put into practice are available in Casco (1999) and OECD (1997).

However, price support for rice producers was granted in 1996 because of a sharp drop in the real international price of rice (ASERCA, 1996).

Before 1994, the Agricultural Council (formed by several Ministries) fixed the guaranteed prices of corn and beans and CONASUPO administered them. In 1995, the peso devaluation and the rise of the international price of corn allowed Zedillo's Administration to eliminate domestic price supports for the grain, signifying a sharp reduction in CONASUPO market interventions. In that year, corn imports by the Company were low (45,000 out of total corn imports of 2,687,000 metric tons), and CONASUPO bought only 20 percent of the total domestic production of corn, compared with 45 percent in 1994 (Casco, 1999). However, in 1996, due to a sharp decrease in the international price of corn, Mexico followed an intermediate scheme of price fixation, by which the domestic price was set regionally in between the guaranteed price and the international price, at what was referred to as the "base price" (ASERCA, 1977; Pp. 10 and 13-14). In the winter season of 1996-1997, the scheme of price supports for corn changed again. Corn, together with beans, was bought by CONASUPO at "indifference prices" in the production zones. These prices were region-specific and determined by the average international price reported by the Chicago Commodity Exchange, plus international and domestic costs (such as storage and costs to transport the crops to the end user, SAGAR, 1997; Pp. 22 and Casco, 1999). Under this scheme, CONASUPO became a "last resort" buyer of white corn for human consumption, in the sense that it granted purchases of corn to those farmers who could not obtain a price higher than the indifference price from the private sector (Zedillo, 1997). The role of CONASUPO as the last resort buyer of corn was maintained in regions with "structural marketing problems" (mainly in the States of Chiapas and Chihuahua) until the end of 1999.

OECD estimates of Market Price Supports (MPS) to Mexican producers of barley, corn, rice, sorghum, soybeans and wheat synthesize the yearly evolution of governmental supports through price interventions from 1989 to 1999.[15] According to OECD calculations, the share of MPS in total production value of five of these six crops increased between 1989 and 1993 (Table 4). For barley, sorghum, soybeans and wheat, notwithstanding the elimination of guaranteed prices in 1991, the Marketing Agency assumed the role of CONASUPO in supporting producers through price interventions. In the case of corn, the continuation of the policy of guaranteed prices applied by CONASUPO meant increasing MPS each year from 1989 to 1993.

The relation between MPS and value of production decreased for five of the six crops in 1994. This coincides with the first year of the implementation of PROCAMPO, the transitional program of direct income transfers to farmers producing basic crops. In the following two years, the share of MPS in the total value of all but rice suffered further reductions or turned negative. This change is basically explained by the macroeconomic crisis that the Mexican economy suffered during 1995 and 1996 and, in particular, by the sharp devaluation of the peso against the U.S. dollar. The devaluation meant price increases, in pesos, of the commodities Mexico imported from the U.S., and hence, a reduction in the gap between Mexican and U.S. basic crop prices.

From 1997 to 1999, the share of MPS in the total production value of all but soybeans turned positive and/or increased. However, for all crops, the MPS shares were lower in 1999 than in 1990, and for all but rice and wheat they were lower in 1999 than in 1989.

5. CHANGES IN FARM SUPPORTS AND THEIR IMPACTS ON THE PRODUCTION AND IMPORTS OF BASIC CROPS

[15] MPS is "... an indicator of the annual monetary value of gross transfers from consumers and taxpayers to agricultural producers arising from policy measures creating a gap between domestic market prices and border prices of a specific agricultural commodity, measured at the farm gate level." (OECD, 2000).

Despite the erosion of MPS documented above, the process of dismantling and liquidating CONASUPO has not meant the elimination of government support to farmers through subsidies or marketing of crops. While reforming CONASUPO, the Salinas and Zedillo Administrations created agricultural institutions and programs to help farmers. The official argument is that this was done either to aid farmers during the transition to the new policy regime or to restructure farm activities in accordance with a newly liberalized agricultural economy (see OECD, 1997; pp. 47 and 48 for a synthesis of agricultural policy reforms).

Foremost among these new institutions was the program of direct income transfers to farmers (PROCAMPO), initiated in 1994. Administered by the Marketing Agency (ASERCA) and planned to last fifteen years, PROCAMPO is designed to replace price supports with direct income transfers to producers of barley, beans, corn, cotton, rice, sorghum, soybeans, safflower. The same yearly payment per cultivated hectare is given to all farmers regardless of the qualifying crop they produce during the year in question. In addition to PROCAMPO, the Zedillo government created the Alliance for the Countryside (*Alianza para el Campo*), implemented in 1995. Alliance for the Countryside consists of a series of programs, most intended to promote farming efficiency through crop substitution (from basic crops to fruits and vegetables) for farmers who have a comparative advantage in producing such crops in the context of an open economy.[16] One important feature of Alliance is its decentralized character, with state-level control of its programs. Another is that participating farmers contribute a portion of the program's funding.

OECD Producer Support Estimates (or PSE) offer insights into the extent to which these policy changes modified the structure of agricultural supports and protection for Mexican farmers (OECD,

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[16] In practice, the programs of Alliance have helped participating farmers finance their agricultural activities in face of the lack of credit and debt problems caused by the macroeconomic crisis of 1994-95. This is shown by the evaluation of Alliance done by FAO & SAGAR (2000). (see also Aceves, 2000; pp. 34-36)

2000). They are a more comprehensive measure of government support for farmers than the MPS.[17] PSEs for barley, corn, rice, sorghum, soybeans and wheat reveal that the PROCAMPO program of direct income transfers has become the major policy instrument of the Mexican government to support producers of these crops.. Since 1994, the share of PROCAMPO payments in the total value of domestic production for these crops has been higher than both the share of Market Price Supports (MPS) and payments based on input use (Figure 1). The latter two items were, until the first two years of the nineties, the major components of agricultural supports.

While the composition of state support for farmers changed, there is no evidence that the process of eliminating CONASUPO substantially reduced the level of support to basic crop producers in the 1990s, nor that MPS have disappeared. As Figure 1 shows, during 1998-99, PSEs represented 40% of the total value of production of the six basic crops under consideration, similar to the level attained in 1989-91. Moreover, during 1998-99, MPS were equivalent to 18 percent of the total production value of barley, corn, rice, sorghum, soybeans and wheat.[18]

The ASERCA Marketing Board has supported farmers through producer price interventions, and since 1994 it has been in charge of PROCAMPO. Meanwhile, Alliance for the Countryside has been subsidizing farmers' input use. These developments, together with the evolution of PSEs, indicate that the new institutions and Agricultural Development Plan of Zedillo transformed the structure of

[17] Besides MPS, which was defined above, the OECD definitions of the agricultural supports considered here are the following. "PSE: an indicator of the annual monetary value of gross transfers from consumers and taxpayers to support agricultural producers, measured at farm gate level, arising from policy measures which support agriculture, regardless of their nature, objectives or impacts on farm production or income. Payments based on historical entitlements: an indicator of the annual monetary value of gross transfers from taxpayers to agricultural producers arising from policy measures based on historical support, area, animal numbers, or production of a specific agricultural commodity or a specific group of agricultural commodities without obligation to continue planting or producing such commodities [PROCAPMO enters into the former item]. Payments based on input use: an indicator of the annual monetary value of gross transfers from taxpayers to agricultural producers arising from policy measures based on the use of a specific fixed or variable input or a specific group of inputs or factors of production". (OECD, 2000)

[18] As mentioned earlier, the sharp decrease in MPS during 1996-7 was due to the devaluation of the peso against the US dollar. The same phenomenon happened during the crisis of 1987, which is reflected by the 1986-88 MPS shares in Figure 1.

government supports to producers of basic crops and supplanted CONASUPO as the major entity in charge of Mexico's agricultural programs.

The new support schemes to farmers that the two last Mexican Administrations have been adopting may be one reason why, contrary to expectations, the domestic supply of barley, beans, corn, rice, sorghum and wheat did not collapse during the 1990s, despite NAFTA and the dismantling of CONASUPO.[19] The prevalence of producer price supports, together with the elimination of CONASUPO as the sole importer of basic crops, helped sustain domestic production while allowing more imports in a context of increasing domestic demand by food processors (Table 5; see Yunez-Naude, 2001). For the case of corn, two "stylized facts" have protected domestic production. The first is that Mexican consumers prefer white corn, and Mexico imports yellow corn (mostly from the U.S.). The second is that, in Mexico, small farmers account for a significant share of total corn output, much of which is consumed by the farm household. In economic parlance, subsistence production reflects high transaction costs that cause small farmers to withdraw from markets. This means that local corn prices are endogenous (i.e., determined at the village or regional level). Small farmers, isolated by high transaction costs, do not face full competition in this crop and thus do not suffer directly from agricultural price and trade liberalization (*ibid*, and Yunez-Naude, 1998).

6. FINAL REFLECTIONS

Fundamental reforms of CONASUPO's direct involvement in Mexico's food chain began at least three years prior to NAFTA's implementation. From the implementation of NAFTA and the Uruguay Round accords until the liquidation of CONASUPO in 1999, there were not trade

[19] Soybeans are the exception since its domestic production collapsed in 1995 and has not recuperated. However, this was due to a disease the crop suffered during that year.

controversies or direct external pressures related to the Company's interventions. These facts suggest that the decision to scale back, and ultimately liquidate, CONASUPO were more a complement of domestic policy reforms in Mexico than a consequence of NAFTA and Mexico's Uruguay Round commitments. Nevertheless, the liberalization of agricultural trade (and NAFTA in particular) may have been seen by the government of Mexico as way to secure market oriented reforms.

If the reforms and abolishment of CONASUPO were decisions basically taken within Mexico, and if the Company's interventions were fundamental to support an important segment of basic-crop producers, what then were the domestic conditions that allowed the Mexican state to take these actions? A rigorous answer to this question requires a political–economic analysis of the agricultural reform process, something that has not yet been done. Here I will discuss the main reasons (both general and specific to the agriculture of Mexico) in the sphere of political economy that could explain what made the liquidation of CONASUPO possible.

The macroeconomic crisis that the Mexican economy suffered in 1982-3, in addition to forcing the government of de la Madrid (1983-88) to follow stabilization policies, was fundamental in explaining the beginning of the transformation of the development policies that Mexican Administrations have followed since then. After the political turmoil caused by alleged fraud in the presidential elections of 1988, the Salinas Administration convinced most components of Mexico's civil society that market-oriented policies (including NAFTA) were the best way for Mexico to achieve economic development and even the status of a First World country. The facts that the election of President Zedillo was not questioned and the macroeconomic crisis of 1994-95 happened after Zedillo's election are among the reasons why that administration could continue Salinas' market-oriented policies. Another crucial fact is that the Zedillo government was successful in its efforts to stabilize the Mexican economy (Zedillo's presidency was the first in almost 25 years that ended without a macroeconomic crisis).

The reforms and liquidation of CONASUPO were carried out in this favorable political-economic climate. However, the liquidation of the Company would not have been possible without the existence of some specific political-economic conditions in Mexican agriculture. One of these conditions was the alleged corruption of President Salinas' brother, Raul Salinas, during his reign as director of CONASUPO. This helped President Zedillo avoid political unrest when deciding to eliminate the Company. The other conditions are probably more fundamental; they are related to the interests of farming groups affected by the liquidation of CONASUPO and its functions. To understand these conditions, it is necessary to take into account the heterogeneous character of Mexican agriculture, reflected in the juxtaposition of many small or peasant farmers with larger scale, entrepreneurial agriculture. Heterogeneity in the structure of Mexican agriculture implies both economic and political heterogeneity.

In the case of small farming, an important political element was the overwhelming control that the Institutionalized Revolutionary Party (PRI), which governed Mexico from the 1930s until 2000, exerted, especially on land-reform-sector, or *ejido*, farmers. This control is reflected in the fact that the Ejidal Reform, a structural change deeper than the liquidation of CONASUPO, was enacted without strong protests in the countryside.[20]

Another key element in the demise of CONASUPO is that the poorest farmers and ejidatarios did not have access to guaranteed prices. Lacking independent political power, small farmers were largely excluded from governmental support of basic crops. Economics played an important role in the lack of government support for small farmers. A considerable portion of small farmers did not produce enough staples to create a surplus in excess of family consumption requirements and/or were located

[20] The extent of the Mexican State's (and the ruling party's) control over the poor population living in Mexico's countryside is illustrated by the Zapatista movement in the southern state of Chiapas, particularly its decision in 1994 to stage an armed uprising against the government for Indian rights and improved economic conditions, and by the positive response to this movement by several segments of Mexico's civil society.

far away from CONASUPO purchase points. Large distances between farmers and purchase points resulted in high costs of transacting with CONASUPO (or with intermediaries who could get the crop to CONASUPO silos). As a result, the elimination of guaranteed prices did not have a direct effect on most small producers. Nevertheless, agricultural policy reforms have benefited small farmers receiving direct income transfers from PROCAMPO and also the beneficiaries of programs to assist the poor.

As for entrepreneurial farmers, they have been targeted by new price and marketing supports, as well as by most of the governmental transitional policies under the Alliance for the Countryside (FAO & SAGAR, 2000).

In the process of trade liberalization and NAFTA in particular, the interests of farmers producing basic crops for the domestic market were outweighed by the priority that the two former administrations gave to stabilization policies and to industrial development. This is reflected in the composition of public policy decision-making power under the Salinas and Zedillo regimes. The emphasis that these two administrations placed on healthy public finances and industrial development implied a dominance of Finance and Industry and Commerce Ministries' views in the process of public policy change. In this political-economic context, the Ministry of Agriculture had few options to represent farmers' interests during trade liberalization.[21]

Mexico's experience liquidating CONASUPO and the effects on the Mexican agricultural sector point to at least four lessons for other LDCs. These lessons are particularly relevant today, when the global trend is away from direct state intervention in agriculture. First, political-economic context is fundamental to the government's ability to implement agricultural market-oriented reforms, since, by their very nature, these reforms produce winners and losers. The State has to have the capacity to

[21] A clear example is the Mexican government's last-minute acceptance of changes to already accepted terms of the NAFTA agreement related to sugar. These modifications favored the interests of U.S. producers, and were imposed by Mexico's neighbor as condition for signing NAFTA (see Kennedy, 2001).

convince civil society of the expected benefits of the reforms. Second, the reforms have to be coupled with policies of transition to help potential losers adjust and act in accordance with the new policy environment. Third, macroeconomic stability is fundamental. Not only is it a *sine-qua-non* for continuity of coherent policy decisions through time; it also is a necessary condition for economic agents to make appropriate decisions in a context of freer markets. Fourth, the public has to experience or at least perceive the benefits of the reforms in the medium run, at the latest.

In Mexico, the above conditions have been only partially met. This, together with political reforms and the end of nearly 70 years of PRI rule, make the future of agricultural policies and their effects relatively uncertain. The political context of the 1990s was favorable to the liquidation of CONASUPO. Based on the fact that the Fox Administration (2000-2006), like its predecessors, is convinced of the benefits of market-oriented policies, the likelihood that this government will create new state trading enterprises in agriculture is low. However, this opposition government has to solve acute fiscal problems without the political control enjoyed by its predecessors from the PRI. If the current administration is incapable of winning acceptance of its proposed fiscal reform from the Mexican Congress and civil society, macroeconomic instability could return to Mexico.

The administration of president Zedillo, from 1994-2000, succeeded in eliminating CONASUPO and, with it, state trading in agriculture, while restructuring government support to farmers. Policies of transition avoided a drastic reduction in domestic supply of several basic crops, while allowing processors to acquire crops at international (U.S.) prices. Nevertheless, changes in the structure of Mexico's agricultural production (i.e., the substitution of competitive crops for basic staples on potentially competitive farms) has been occurring more slowly than expected. Farmers will face serious challenges as markets become progressively freer under NAFTA's agricultural liberalization process.

The prospects for potentially noncompetitive small farmers in the short to medium run are even more uncertain. Noncompetitive producers could either remain isolated from the corn market, producing the staple for their families' own consumption, or face competition and leave corn production (the latter scenario is possible under the new administration's plans to connect the rural population to markets through infrastructure projects). In and of themselves, these two scenarios would not result in improving the living standards of the poorest component of Mexican society. Hence, public policy must be designed to create income options for small farmers and their families. For this, two possibilities, different from the prevailing option of migrating to the U.S., include the growth of medium sized cities and the expansion of non-farm employment and enterprises in the rural sector (Reardon, Berdegue & Escobar, 2001, de Janvry & Sadoulet, 2001 and Yunez-Naude & Taylor, 2001). Without new income alternatives, pressure for change from this "social sector" of Mexican farmers will grow.

External economic pressures also are likely to influence the political environment of market reforms. Up to now, Mexico has not experienced trade controversies related to the basic crops subsector, either with Canada, the U.S. or the WTO. However, pressures from entrepreneurial farmers and Congressmen to increase domestic agricultural supports are intensifying. The basic argument for supports is that Mexico's main agricultural trading partner, the U.S., continues to heavily subsidize its farmers, resulting in uneven competition that is perceived as jeopardizing food security in Mexico. These considerations, together with recent institutional changes in Mexico, although unlikely to lead to the recreation of a CONASUPO-like entity, may nevertheless lead to modifications in the government's position on agricultural trade, highlighting the dynamic and potentially discontinuous nature of domestic agricultural policy reforms.

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Table 1. Stages of CONASUPO's Liquidation (1985 to 1999)			
	FUNCTION **Mid-eighties**	**STATUS** **Mid-nineties**	**STATUS** **1999**
CONASUPO (National Company of Popular Subsistences)	Price interventions in 12 basic staples	Interventions in corn, beans and milk powder	Liquidated
SUBSIDIARY/ PROGRAMS OF CONASUPO			
PACE (Market Support Program for *Ejidal* Products)	Marketing subsidies to *ejidos*	Prevailed as part of CONASUPO's functions	Eliminated
BORUCONSA (CONASUPO's Rural Warehouses)	Rural storage of basic crops	Transferring warehouses to farmers and to local autorities	Closed
ANDSA (National Warehouses)*	Urban Storage of basic crops	In process of privatization	All companies privatized but one
MICONSA (Industrialized Corn)	Corn processing	Privatized	
ICONSA (CONASUPO's Industries)	Food processing**	Privatized	
TRICONSA (Industrialized Wheat)	Wheat processing for bread	Abolished	
LICONSA (Industrialized Milk)	Processing milk powder to produce fluid milk for the poor	Part of the Ministry for Social Development or SEDESOL	Part of SEDESOL. Responsible for purchasing and industrializing milk for the poor
IMPECSA (Small Commerce Support Subsidiary)	Distribution of staples to shopkeepers at subsidized prices	Abolished	
CECONCA (Extention programs of CONASUPO)	Technical supports to farmers	Abolished	
DICONSA (Distribution and Trade Promoting Subsidiary)	Sales of basic food in CONASUPO's retail stores	Part of the Ministry for Social Development	Buying inventories left in CONASUPO, administering a technical reserve of corn, and buying crops directly for its stores
FIA (Finance for the Associated Industries)	Financial supports to basic food industries	Privatized	

* Not a subsidiary, but supplied storage services to CONASUPO

** Edible oils, corn and wheat flour, wheat pasta, and animal feeds

Sources: CONASUPO, Gurza (1994), OCDE (1997) and Casco (1999).

Table 2. Structure of protection: major crops: 1990-1995									
		Status between 1989 and 1993		Status: NAFTA and Uruguay Round					
				NAFTA (January, 1994)*			MFN (January, 1995)**	
					Quota			
TARIFF FRACTION No.	DESCRIPTION	Tariff (%)	Import	Tariff (%)	(US)	(Canada)	Tariff (%)	Quota
10051001	Corn for corpping	0	X	Nil			Nil	
10059001	Corn for popcrons	20	X	10.0			20	
10059002	Corn Kernels	0	X	5.0			10	
10059099	Corn others	0	X	215.0	2,500	1.0	198	10.0
07133301	Beans for cropping (Phaseolus vulgaris)	0	X	Nil			Nil	
07133399	Beans, other	0	X	139.0	50	1.5	128	5.0
10030001	Barley for cropping	0	X	Nil			10	
10030002	Barley	5	X	128.0			118	
11071001	Malt	10	X	175.0	120	30.0	161	1.2
10011001	Hard Wheat (durum)	10		7.5			67	98.0
10019099	Wheat (other)	0	X	7.5			67	
10061001	Rice (paddy with husk)	10		5.0			10	
10062001	Rice peeled	20		10.0			20	
1063001	Rice, whitened	20		10.0			20	
10064001	Rice, broken	10		5.0			10	
10070001	Sorghum (Dec. 16th to May 15th)	0	X	Nil			Nil	
10070002	Sorghum (May 16th to Dec. 15th)	15	X	Nil			15	
12010001	Soy for cropping	0	X	Nil			Nil	
12010002	Soy (Feb. 1st to July 31st)	0	X	Nil			Nil	
12010003	Soy (August 1st to January 31st)	15		5.0			15	
12030001	Copra	10	X	10.0			45	
12060001	Sunflower seed (for cropping)	0	X	Nil			Nil	
12060099	Sunflower other	0	X	Nil			Nil	
12072001	Cotton seed for cropping	0	X	Nil			Nil	
12074001	Sesame seed	0	X	Nil			Nil	
12076001	Suflower seed for cropping	0	X	Nil			Nil	
12076002	Suflower seed (Jan. 1st to Sept. 30th)	0	X	Nil			Nil	
12076003	Suflower seed (Oct. 1st to Dec. 31th)	10	X	5.0			10	
	Milk Powder		X	139.0	40		128	80.0

* When TRQs apply, the figures are for above-quota tariffs (in quota- tariffs are nil). Quotas are in thousand mts.

** When TRQs apply, the figures are for above-quota tariffs (consolidated in-quota tariffs are 50%). Quotas are in thousand mts.

Sources: SAGAR's data base, SECOFI (1994) and OCDE (1997)

Table 3. Process of Liberalization of Agricultural Products Subject to TRQs under NAFTA (thousands of mts. and percentages)

	1998		2000		2003		2008	
PRODUCT	QUOTA	Over Quota Tariff (%)	QUOTA	Over Quota Tariff (%)	QUOTA	Over Quota Tariff (%)	QUOTA	Over Quota Tariff (%)
Corn	2,814.90	172.00	2,986.32	145.20	3,263.24	98.80	0.00	0.00
Beans	57.96	111.2 0	61.49	93.90	67.20	58.70	0.00	0.00
Barley (grain and malt)	182.33	102.40	201.01	72.90	0.00	0.00	0.00	0.00
Milk Powder 1/	45.02	111.20	47.76	93.90	52.19	58.70	0.00	0.00

1/ Excluded from negociations with Canada, but with a quota of 80 thousand Mts for the rest of the world.
Source: SECOFI (1994)

Table 4. Basic Crops. Shares of Market Price Supports (MPS) in the Value of Production (%) *

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Corn	22.3	41.3	45.5	48.6	49.7	29.9	12.8	(13.7)	13.8	15.4	23.3
Barley	10.2	36.6	41.5	43.3	46.1	33.3	(8.3)	4.0	(4.0)	0.6	3.2
Rice	(24.7)	(9.2)	(6.1)	2.0	(5.8)	8.2	3.7	11.5	(8.7)	(10.8)	10.8
Sorghum	17.1	25.4	22.7	30.3	21.5	10.3	16.0	(5.3)	2.0	5.6	14.8
Soybeans	29.9	29.0	19.0	15.6	20.5	5.2	(4.1)	(6.9)	2.2	6.9	(0.1)
Wheat	(16.2)	22.1	30.9	20.1	32.2	17.4	(21.9)	12.8	5.7	21.5	26.9

* The source does not include beans in its support estimates
Source: OECD (2000)

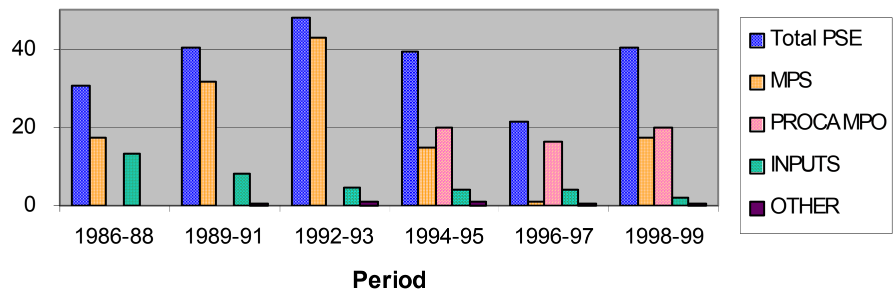
Table 5. Basic crops: Production and Imports (thousands of mt. tons)

	Rice		Barley		Bean		Soybeans	
Period	**Production**	**Imports**	**Production**	**Imports**	**Production**	**Imports**	**Production**	**Imports**
1980-82	557	5	502	124	1,082	392	559	773
1983-85	572	0	571	94	1,043	148	767	1,618
1986-88	531	0	494	4	989	87	588	996
1989-91	423	128	502	107	1,086	157	764	1,166
1992-94	352	157	466	94	1,124	23	538	2,256
1995-97	410	360	536	181	1,183	82	180	2,897
1998-99	426	447	438	245	1,117	165	142	3,778

	Corn		Sorghum		Wheat	
Period	**Production**	**Imports**	**Production**	**Imports**	**Production**	**Imports**
1980-82	12,564	2,404	5,164	2,529	3,456	823
1983-85	13,360	2,971	5,501	2,770	4,394	443
1986-88	11,309	2,869	5,675	889	4,283	617
1989-91	13,280	3,058	5,096	2,912	4,122	436
1992-94	17,755	1,421	3,878	3,982	3,785	1,411
1995-97	18,012	3,683	5,564	2,088	3,530	1,668
1998-99	18,385	5,379	6,396	3,907	3,142	2,566

Source: FAO and Mexican Ministry of Agriculture Data Bases

Figure 1. Shares of PSE and its Components in the Value of Basic Crop Production (%)*



* Barley, corn, rice, sorghum, soybeans and wheat
Source: OECD (2000)