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Mexico

Agricultural Situation

Rules of the Target Income Program for Corn, Wheat & Sorghum

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Report Highlights:

On July 14, 2003 Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced in the Diario Oficial (Mexican Federal Register) the specific guidelines establishing the mechanisms to provide supports to producers of corn, wheat and sorghum during the 2002/2003 fall/winter planting season.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

Introduction: This report summarizes final general operational rules as well as more specific guidelines published in Mexico's "*Diario Oficial*" (Federal Register) on June 17 and July 14, 2003 respectively.

Disclaimer: This summary is based on a *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

FAS/Mexico's Executive Summary:

On July 14, 2003 Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced the specific guidelines establishing the mechanisms to provide supports to producers of corn, wheat and sorghum during the 2002/2003 fall/winter planting season. These supports are part of the "Target Income" Program (i.e., target price) (see MX 2173 and MX 3067).

These specific guidelines are based on the general Operational Regulations (REGLAS) that SAGARPA published for several support programs on June 17, 2003. According to these Operational Regulations, the objective of the "Target Income" program is to provide price certainty to farmers, increase their market competitiveness and, consequently, their economic profitability. Other objectives are to encourage farmer diversification and integration into agricultural food chains, and regional development.

The Target Income Program includes several crops and will be implemented throughout that part of the country which has a marketable surplus. Following are the crops and target prices that are included in the "Target Income" program:

Crop	Target Income (Pesos/Ton)
Corn	1,650.0
Wheat	1,800.0
Sorghum	1,270.0
Safflower	3,300.0
Canola	3,500.0
Cotton	^{1/}
Rice	2,100.0
Soy	3,000.0
Triticale	1,800.0
Wheat feed	1,525.0

^{1/} U.S.\$ 0.64 /pound of cotton lint.

Exchange Rate (July 18, 2003) US \$1.00 = 10.48 pesos

The Operational Regulations state that the supports will cover the difference between the market price of the eligible commodities and the "Target Income." The market price will be defined by ASERCA (a decentralized administrative body within SAGARPA providing commercial support to farmers) based on the prices offered by buyers during the harvest season, the agreed-upon prices in the agriculture-by-contract system, international prices,

and regional market conditions. The "Target Income" Program does not include the production of these commodities for self-consumption or experimental purposes, the production of academic or governmental institutions, nor a second cultivation in the same field.

As previously mentioned, on July 14, 2003, SAGARPA announced the maximum amounts it will pay as the difference between the market price and the "Target Income" of corn, sorghum and wheat for the 2002/2003 fall/winter planting season. These amounts, as well as the breakdown of the maximum volume to be supported by crop and state, are as follows:

CROP	STATE	TOTAL VOLUME SUBSIDIED (TON.)	COMPLEMENTARY SUPPORT FOR THE INCOME (PESOS/TON.)
CORN	Sonora	230,000	350
	Tamaulipas	100,000	300
	Nayarit	22,000	180
	Nuevo Leon	20,000	300
	Baja California Sur	13,000	300
	Sinaloa	2,600,000	300
	Sinaloa (Yellow Corn)	25,000	350
	Veracruz	15,000	100
	Sonora	1,400,000	400
WHEAT	Baja California (Wheat feed)	300,000	275
	Baja California	200,000	400
	Guanajuato	225,000	350
	Sinaloa	200,000	400
	Michoacan	130,000	350
	Chihuahua	60,000	450
	Jalisco	45,000	350
	Nuevo Leo	35,000	400
	Baja California Sur	15,000	400
	Queretaro	2,000	350
	Coahuila	6,000	350
	Durango	2,200	350
	Tamaulipas	2,100,000	270
	Nuevo Leon	40,000	270

However, in order to synchronize with the end of the harvest season, ASERCA will recognize as the maximum volume allowed as support for each crop, an increase of only 5 percent above the indicated amount.

As indicated in the article 10 of the REGLAS, the time frame for subscription applications, corrections, providing of complementary information, resolutions as well as application for the payment of the support and other related documents would be as follows:

Reception of Subscription Applications for the program not later than September 15;
Application to request the payment of the support, November 10, inclusive and; due date to deliver the supports no later than December 22, 2003.

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Internet Connections

FAS Mexico Web Site: We are available at <http://www.fas-la.com/mexico> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

Useful Mexican Web Sites: Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent of the Department of Commerce (SE) can be found at www.se.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.