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Mexico

Agricultural Situation

Mexico's Weekly Highlights and Hot Bites, Nov/2 1999

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Report Highlights:

Summaries of recent Mexican press articles and other developments including:

- **Mexico-EU Trade Talks Continue**
- **Poultry Company for Sale**
- **Sorghum Harvest**
- **Third International Dry Bean Congress Held in Mexico City**
- **US.-Based Supermarket Chain Expands in Northern Mexico**

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Mexico [MX1], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

MEXICO-EU TRADE TALKS CONTINUE

According to Mexico City newspapers, the Commerce Secretariat (SECOFI) stated that Mexico and the European Union expect to conclude a final round of talks this week on a broad-based free-trade accord, and all negotiations should be wrapped up by year-end.

SECOFI stated that some business sectors still require greater dialogue among both parties, but expressed confidence they will be able to iron out main differences this week in Brussels. Differences regarding rules of origin and agriculture, among other areas, had raised speculation the free trade agreement might not be completed by 2000. Negotiations might be difficult next year given that the country will be entering an intense political season ahead of presidential elections July 2, 2000. (Source: The News, 11/10/99) (FAS/Mexico Comment: This office has heard conflicting reports regarding the pace of the agricultural negotiations. Some reports say they are progressing, while others report that the Mexicans are reluctant to conclude a deal unless the EU makes considerable concession on its agricultural subsidies.)

POULTRY COMPANY FOR SALE

Industrias Bachoco S.A. announced on November 5, 1999 that it had reached an agreement with DESC, S.A., for the acquisition of its subsidiary Campi for a total of US\$155 million, including US\$22 million of net debt. Bachoco is currently the national leader in poultry production and marketing with 88.1 percent of its 1998 net sales coming from chicken and derived products. Campi is the fourth-largest chicken producer in the country and has a substantial hold in the nutritious foods market. It is particularly strong in the Yucatan and southeastern Mexico. Arquimides Celis, Bachoco director general, hopes that this acquisition will consolidate its position as the main poultry producer in the country, increasing its national coverage with Campi's market strength. (Source: The News, 11/06/99)

SORGHUM HARVEST

A local newspaper reported that the country's feed sector is closely watching grain prices with the important spring-summer sorghum crop harvest set to get under way in earnest in the middle of this month. Both, domestic and imported sorghum could take on a particular relevant role in the livestock industry in coming months if the Government of Mexico continues taking a cautious approach to U.S. corn imports. Most of the national harvest this fall lies close to

consumption areas, but current prices in the imported grain could open the way for some jockeying with the U.S. sorghum there. "In recent years, we have never seen such accessible prices for imported sorghum" in Mexico City, said Jose Luis Munguia, president of the mixed feed section of the influential industry trade association Canacindra. (Source: The News, 11/10/99)

THIRD INTERNATIONAL DRY BEAN CONGRESS HELD IN MEXICO CITY

The third annual International Dry Bean Congress, which was organized by the Mexico City office of the National Dry Council, was held in Mexico City on November 11, 1999. It consisted of speakers on topics of interest to the industry, including the GSM credit program, the production outlook in the United States, a presentation about the Chicago Board of Trade, and dry bean research in the northern state of Chihuahua. The Congress concluded with a round table discussion with a panel consisting of Mexican government officials, U.S. dry bean industry representatives, and FAS/Mexico staff. A lively discussion ensued about the Mexican government's earlier decision to significantly delay the announcement of the auction for import permits for dry beans. The Mexican government officials on the panel attributed the delay to the abolishment of CONASUPO, the former state buying agency that ceased operations this year. These comments prompted a number of comments from the audience that indicated a longing for the "good ol' days" when CONASUPO controlled everything and farmers more or less knew what to expect. (Source: FAS/Mexico)

U.S. BASED SUPERMARKET EXPANDS IN NORTHERN MEXICO

According to local newspapers, H.E. Butt Grocery, a San Antonio-based grocery chain will open the doors to a US\$20 million store today in the city of Saltillo as it continues to expand into northern Mexico. The 6,940 square-meter store is the first grocery store that HEB, as the closely held Texas retailer is known, has outside metropolitan Monterrey.

HEB has five stores in the Monterrey area, putting it in head-to-head competition with retailers Organizacion Soriana, S.A., Cifra, S.A. and Grupo Gigante, S.A. (Source: The News, 11/9/99)

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Mexico's equivalent of the Department of Agriculture (SAGAR) can be found at www.sagar.gob.mx and Mexico's equivalent of the Department of Commerce (SECOFI) can be found at www.secofi.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.