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## **Mexico**

### **Agricultural Situation**

# **Mexico's Highlights and Hot Bites, Dec/2 1998**

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#### **Report Highlights:**

**Summaries of this week's Mexican press articles & other developments.**

**Mexican Farmers Call for Temporary Suspension of NAFTA; Imports of U.S. Pork Products fill 1998 TRQ; Unclean U.S. Rail Cars Being Rejected at Border; Nebraska Grain Exporters Attend Border Seminar; Unilever buys Mexican bakery and ice cream company**

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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.

### **MEXICAN FARMERS REQUEST TEMPORARY SUSPENSION OF NAFTA**

Victor Suarez Carrera, executive director of the National Association of Commercial Companies for the Rural Producers (ANEC) requested a "three year temporary suspension" of NAFTA, in which the process of phased-out agriculture import duties will be put on hold. During that period Government of Mexico (GOM) should apply emergency measures, because it has not fulfilled its promises of agricultural investment and sufficient compensatory subsidies that it agreed to implement under NAFTA.

Also, Filiberto Cruz Leyva, vice-president of the Mexican National Agricultural Council (CNA), warned that the GOM should provide sufficient supports, despite the current budgetary constraints. Cruz Leyva noted that GOM's 1999 budget proposal for agriculture was 44 percent less than the previous year -- it decreases from 2.352 billion pesos allotted in 1998 to 1.578 billion pesos in 1999. He indicated that if this budget proposal is not modified, CNA will request that the GOM suspend lowering of import duties agreed under NAFTA. (Source: El Financiero, 12/08/98)

### **MINISTRY OF AGRICULTURE REJECTING DIRTY U.S. RAIL CARS**

In the month of November, SAGAR sent 276 hoppers back to the United States for cleaning at the Laredo/Nuevo Laredo border port. According to the Mexican railroad company, Transportacion Ferroviaria Mexicana (TFM), dirty hopper rejections have congested the 9 rail spurs in its Nuevo Laredo yards, or 40 percent of its operation. Combine these delays with normal detentions from Mexican customs, and the congestion situation at Nuevo Laredo is getting serious. Other ports are experiencing similar problems, although rejections are not as high because of the smaller volumes. Charges by TFM and Texas Mexican Rail Co. (TexMex) for returning railcars, cleaning them and crossing them back into Mexico at Laredo/Nuevo Laredo is approximately \$240.00 and \$340.00/ per railcar respectively. Custom brokers, however, have reported that TFM has not yet billed them for its charges. Union Pacific has not yet set a fee. According to local SAGAR officials, all railcars are subject to the new cleaning policy, but only hoppers of grains and protein meal have been rejected to date. (Source: Office of Agricultural Affairs/Nuevo Laredo)

### **IMPORTS OF U.S. PORK MEAT AND PORK PRODUCTS FILL 1998 TRQ**

The Secretariat of Commerce and Industrial Development (SECOFI) announced on December 8, 1998, in the "Diario Oficial" (Federal Register) that imports of fresh, chilled or frozen pork carcasses, ham, shoulders, and cuts thereof bone-in, others, and pork bellies, bacon and cuts thereof, have exceeded the safeguard tariff rate quota (TRQ) for 1998 under NAFTA. Therefore, any imports from the United States and Canada above the TRQ for those products will now be subject to a twenty (20) percent ad valorem tariff. This regulation will be in effect until December 31, 1998. (SOURCE: OAA/FAS Mexico 12/9/98) See Gain Report MX 8149 dated 12/11/98)

### **NEBRASKAN GRAIN EXPORTERS ATTEND BORDER SEMINAR**

The Office of Agricultural Affairs/Nuevo Laredo and the Nebraskan State Department of Agriculture arranged for 23 Nebraskan grain exporters to attend a seminar entitled, "Understanding Grain Export Procedures through the Mexican Border." It was held on December 2-4, 1998, in Laredo and Nuevo Laredo. Seminar presentations included understanding brokering procedures, the rail transportation situation, letters of credit and incoterms for border trade. The Mexican Ministry of Agriculture reported on the situation and outlook of Mexican grain production and import needs. The event provided a valuable opportunity for the U.S. grain exporters to see first hand how grain moves through a border port. While somewhat complicated at times, the group met key border players and learned of ways to reduce risk and costs in exporting grain overland to Mexico. The seminar was also attended by approximately 30 custom brokers, U.S. forwarders, railroad representatives, Mexican government officials and Mexican grain importers. For more information on border trade procedures and issues, contact the FAS Office of Agricultural Affairs/Nuevo Laredo at (52) (87) 19-16-03. (Source: Office of Agricultural Affairs/Nuevo Laredo)

### **UNILEVER GETS COOKIES AND ICE CREAM IN MEXICO**

According to local Mexico City newspapers, Unilever, the world's largest maker of household products, acquired a bakery business and the outstanding share in Helados Bing, an existing Unilever ice cream joint venture, for an undisclosed sum to strengthen its business in Mexico.

Carracedo's bakery business, which has annual sales of US\$40 million, employs 500 people at one manufacturing site and has a network of distribution warehouses. Helados Bing has annual sales of US\$20 million. According to the president of Unilever's Latin American Business Group, these two acquisitions continue Unilever's strategy of improving and building the business portfolio in the region. (SOURCE: The News 12/04/98)

<b>RECENT REPORTS SENT BY FAS/MEXICO</b>		
<b>Report#</b>	<b>Title</b>	<b>Date Sent</b>
MX8148	Mexican Weekly Highlights and Hot Bites, Dec/1	12/3/98

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### **USEFUL MEXICAN WEB SITES**

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