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Mexico

Agricultural Situation

Mexico's Weekly Highlight & Hot Bites, Mar/4 2000

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Report Highlights:

– Mexico - EU Sign Free Trade Agreement
– Future of Zacatecas Beans?
– Durum Wheat Export Auction
– New Market Access for Mexican Poultry Meat
– Trucking Companies Protest
– Status of New Bridge at Laredo-Nuevo Laredo Crossing
– Confusing Border Policy on Apples
– ANTAD Trade Show a Big Success
– Recent Reports by FAS/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 SIGN FREE TRADE AGREEMENT

Mexico and the European Union (EU) are slated to sign their free trade agreement (FTA) in Lisbon, Portugal today. The Mexican Senate approved the accord on March 20, 2000. It is scheduled to go into effect July 1, 2000. The signing culminates negotiations that began five years ago, but intensified in 1999. (Source: The News, 3/21/00). FAS/Mexico Note: Based on this office's preliminary review of the agreement, the tariffs on most of the major agricultural products that the United States exports to Mexico will not be lower for the EU under the agreement; they have been placed on a wait list. Reportedly, Mexico was unwilling to concede to reductions on these products because of the EU's export subsidies. FAS/Mexico is in the process of completing a thorough analysis of the agreement and expects to issue a report in the coming weeks.

U.S. FOODS PAVILION AT ANTAD `00

For the third year in a row, the U.S. Agricultural Trade Office (ATO) in Mexico City endorsed a U.S. Foods Pavilion at ANTAD 2000, Mexico's biggest and most prestigious food and supermarket exposition, The show took place March 18-20, 2000, at the Expo Guadalajara Convention Center in Guadalajara, Mexico. The ATO organized a 39-booth U.S. Pavilion at which 47 U.S. companies from throughout the United States featured their top quality food and beverage products at the show. The U.S. food products showcased in the U.S. Pavilion included red meats and speciality products, fresh and processed fruits and vegetables, popcorn, poultry and egg products, vegetable oils, wheat flour, confectionary products, and grocery products.

According to preliminary estimates from ANTAD officials, over 12,000 visitors attended the three-day show. (Source: ATO, Mexico City, 3/23/00)

FUTURE OF ZACATECAS BEANS?

Zacatecas is known as the world capital of dry edible beans, but a surprising 1999 study from the state's agriculture department shows that bean production there is unsustainable under current conditions and concludes that imports will continue to be attractive unless Mexico finds ways to increase yields, create value-added products and raise farmer income. Dry edible beans is probably the country's second most sensitive crop after corn. For further information see recent FAS/Mexico reports, MX0035 and MX0040. (Source: FAS/OAA/Mexico City)

DURUM WHEAT EXPORT AUCTION

On March 17, SAGAR announced an ambitious new project to stimulate exports of durum wheat. The agency for farm supports and services, ASERCA, will conduct an auction on March 30 for the right to receive subsidies to export 300,000 MT of durum wheat from Sonora's 1999/2000 fall-winter crop. For additional details, see FAS/Mexico report, MX0039. (Source: FAS/OAA/Mexico City)

NEW MARKET ACCESS FOR MEXICAN POULTRY MEAT

On March 23, USDA/APHIS published a long-awaited final rule which provides first-ever access for exports of certain Mexican poultry meat and other poultry products (except eggs/products) to the U.S. The basis of the rule is APHIS recognition that the Mexican states of Sonora and Sinaloa are low risk areas for exotic Newcastle disease. This marks an important market access development for Mexican farm exports and fulfills an important USDA commitment from the 1999 meeting of the U.S.-Mexico Binational Commission (BNC). The rule requires strict product handling and certification by Mexico, and becomes effective April 24, 2000. (Source: Federal Register, 3/23/00)

TRUCKING COMPANIES PROTEST

Mexico's National Chamber of Truck Cargo Transport (CANACAR), which represents long-haul trucking companies, announced that all trucking operations could be brought to a halt as a protest against a change in the way sales tax is collected. According to the new policy, the Mexican Treasury Department will collect the sales tax charged for truck cargo services directly from the user, not the carrier. CANACAR argues the new policy will reduce cash flow levels of transportation companies since they pay collected sales taxes to the government every three months. CANACAR has already begun protesting by conducting marches in Mexico City and major cities throughout Mexico. The new policy is targeted at domestic truck movements and does not apply to international cargo. The policy is scheduled to go into effect beginning April 1, 2000 (Source: El Mañana de Nuevo Laredo, 3/14/00.)

STATUS OF NEW BRIDGE AT LAREDO-NUEVO LAREDO CROSSING

While construction of the new international bridge at Laredo/Nuevo Laredo nears termination, there is growing concern that a lack of infrastructure on the Mexican side will delay its opening next month. However, local government officials in Nuevo Laredo report that the Mexican side will finish on time. In October 1999, the mayors of both Laredo and Nuevo Laredo publically announced that the new bridge will be opened and operating by April 15, 2000. The Mayor of Laredo said that if the new bridge is not opened, then all commercial traffic will be forced to cross at Columbia bridge, Laredo's third bridge some 20 miles north of downtown Laredo. If this were to happen, Nuevo Laredo would stand to lose substantial income since the Columbia bridge is located in another Mexican state. (Source: El Mañana de Nuevo Laredo, 3/16/00.)

CONFUSING BORDER POLICY ON APPLES

As of Monday, March 20, the SAGAR inspection service in Washington state sent a letter to border inspectors telling them to reject all shipments that have boxes with multiple state lot numbers. The reason provided for this change in policy was that with multiple lot numbers the true identity of the apples is lost. USDA has contacted SAGAR officials in Mexico City for clarification of this new policy and, according to them, as long as the phytosanitary certificate shows all the numbers on the shipped boxes, the product will be allowed entry into Mexico. However, at least one shipment in Nogales, Arizona is being held because the boxes have multiple lot numbers. Until there is further clarification of this issue, exporters are advised to contact the forwarder and/or Mexican broker at the point of entry before shipping product to the border. (Source: FAS/OAA/Nuevo Laredo)

RECENT REPORTS SUBMITTED BY FAS/MEXICO

Report#	Title	Date Sent
MX0037	Mexico's Weekly Highlights and Hot Bites, March/3	3/16/2000
MX0038	Auction of Permits to Import U.S. Pork Fat and Oils	3/17/2000
MX0039	Auction to Support Mexican Durum Wheat Exports	3/17/2000
MX0040	Future of Dry Edible Beans in Zacatecas?	3/23/2000

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FAS/MEXICO EMAIL

To reach us at FAS/Mexico City, email us at AgMexico@fas.usda.gov, ATO Mexico@fas.usda.gov, or agrnl@nld.bravo.net for the FAS/Mexico office in Nuevo Laredo.

USEFUL MEXICAN WEB SITES

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.