



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 3/30/2000

GAIN Report #MX0043

## Mexico

### Agricultural Situation

# Mexico's Weekly Highlights & Hot Bites, March/5 2000

Approved by:

**Lewis Stockard**

**U.S. Embassy Mexico**

Prepared by:

Sal Trejo, Lew Stockard

---

#### Report Highlights:

- **Dairymen Dump Milk to Protest Imports**
- **More Pressure Against Bean Imports?**
- **But Mexico's Farm Council Defends Bean Imports**
- **Tobacco Down in 2000**

---

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.

### **DAIRYMEN DUMP MILK TO PROTEST IMPORTS**

According to press reports, a group of Mexican milk producers in the state of Hidalgo yesterday dumped 10,000 liters of fluid milk to protest their slow sales in the face of dry milk imports. Reportedly, the dairymen still have 390,000 liters in storage which they haven't been able to sell. They are said to be threatening to dump another 10,000 liters each day until the government stops what they call unfair competition from imported milk powder. The producers' biggest complaint, however, appears to be that the farmgate price for their milk is 2.60 pesos per liter (approx US\$0.28) while the production cost is 3.05 pesos. (Source: Excelsior, 3/30/00)

### **MORE PRESSURE AGAINST IMPORTED BEANS...?**

Today's papers carried a new report that Mexican agriculture secretary, Romarico Arroyo, recently promised the dry edible bean growers of Zacatecas that the government will not allow imports of U.S. beans until all of the domestic crop has been marketed. The growers are said to have 400,000 tons of domestic beans still in storage because prices are too low. The report goes on to say, however, that the wholesale price of clear (light-colored) beans in Mexico's central market varies from 5.00 pesos to 8.50 pesos per kilogram (US\$0.24 - 0.42 per lb), while black beans go for 5.50 - 6.20 pesos per kg. FAS/Mexico Note: Meanwhile, the government has already announced that it will conduct three evenly-spaced auctions for import permits for U.S. beans in 2000 (the first one was conducted in February for nearly 20,000 tons. Mexico's NAFTA tariff-rate quota for U.S. dry edible beans is about 60,000 tons. (Source: Reforma, 3/29/00)

### **...BUT MEXICO'S FARM COUNCIL DEFENDS BEAN IMPORTS**

So reads the title of a recent article from one of Mexico's most influential dailies. According to the report, Mexico's leading farm group, the National Agricultural Council (CNA), defended imports of dry edible beans and other grains. The occasion was CNA testimony before Mexico's house of representatives (Chamber of Deputies), who reportedly demanded that all bean import permits be suspended and all other grain imports be limited. The CNA is said to have responded that Mexico's livestock sector is growing faster than the country's grain output, thus making import limits unjustifiable.

The CNA went on to point out that, during the 7 years from 1993 to 1999, Mexico's grain production increased by only a total of 15 percent, while meat production increased by 26 percent and dairy by 13 percent. FAS/Mexico Note: The article failed to further discuss bean imports, only referring to domestic stocks remaining in the major production areas. (Source: El Financiero, 3/10/2000)

### **MEXICO LOOKING TO IMPROVE INTERNATIONAL COFFEE PRICES**

According to local newspapers, an association of mainly small-scale Mexican coffee growers wants the country to shift its world coffee policy toward greater cooperation with other producing nations. The National Network of Coffee Organizations (CNOO) said that the nation should attend the early-April London meeting of the Association of Coffee Producing Countries (ACPC). That meeting is to focus on plans to retain coffee supplies in order to support prices. CNOO is quoted as saying "it is time to change the federal government's position and leave behind its total inactivity at the international level to approach other countries to review measures that would allow world prices to improve". Mexico is not currently a member of the ACPC.

(Source: The News, 3/30/00)

### **TOBACCO DOWN IN 2000**

Mexico's planted area and production of tobacco leaf, mostly burley for export, are forecast to decrease in 2000 as a result of reduced demand attributable to surplus international supplies. Production of tobacco for domestic consumption is also expected to be down in 2000. Mexican cigarette companies will continue to buy domestic burley and flue cured production rather than imported product. Cigarette production and consumption in 2000 are forecast to remain unchanged from the previous year's estimate due to the increase in retail prices and health concerns. For additional information on Mexico's tobacco situation and outlook, please see FAS/Mexico report, MX0042.

(Source: FAS/OAA/Mexico City)

### **RECENT REPORTS SUBMITTED BY FAS/MEXICO**

| Report# | Title   | Date Sent |
|---------|---|-----------|
| MX0041  | Mexico's Weekly Highlights and Hot Bites, March/4 | 3/23/2000 |
| MX0042  | Mexico's Tobacco Production Down                  | 3/30/2000 |

### **FIND US ON THE NET**

We are available at <http://www.atomexico.gob.mx> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

## **FAS/MEXICO EMAIL**

To reach us at FAS/Mexico City, email us at [AgMexico@fas.usda.gov](mailto:AgMexico@fas.usda.gov), [ATO Mexico@fas.usda.gov](mailto:ATO Mexico@fas.usda.gov), or [agrnl@nld.bravo.net](mailto: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](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.