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Mexico

Agricultural Situation

Mexico's Weekly Highlights and Hot Bites, June/1 2000

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Report Highlights: Summaries of recent Mexican press articles and other developments including:

- MEXICO CONTINUES EFFORTS TO EXPAND EXPORTS
- ATO PROMOTES US FOODS IN THE HOT, DYNAMIC MARKET OF CANCUN
- U.S. APPLES BEING DETAINED AT THE BORDER
- THIS PIGGY WENT TO MARKET AND THIS ONE STAYED HOME
- ENVIRONMENTAL CONCERNS FUEL MEXICO'S PRESIDENTIAL CAMPAIGN
- MEXICO'S BANCOMEXT TO PROTECT AGAINST FOREIGN CLIENT PAYMENT DEFAULTS
- RETAILS SALES UP

and recent FAS/Mexico reports.

Includes PSD changes: No
Includes Trade Matrix: No

Unscheduled Report
Mexico ATO [MX2], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the US 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 US 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 US Government agency's point of view or official policy.

MEXICO CONTINUES EFFORTS TO EXPAND EXPORTS

Manuel Luna, the Mexican Commerce Ministry's (SECOFI) Director of trade negotiations with Europe, said that provisional talks have been initiated with Japan and the associates of the Free Trade European Countries Agreement (FTEC; includes Norway, Switzerland, Iceland, and Lichtenstein) with the aim to boost Mexico's export drive. Luna said that the free trade agreement with the EU that becomes effective July 1, 2000, includes 15 nations; and if talks with the FTEC progress, four more European countries will be added to the collection of Mexico's trade agreements. (Source: El Mercado Agropecuario 5/29/00).

ATO PROMOTES US FOODS IN THE HOT, DYNAMIC MARKET OF CANCUN

The Director of the ATO participated in a press conference in Cancun to promote the third US Pavilion at Exphotel 2000 and the US companies that will attend the event. Approximately twenty members of the local press attended the press conference, including the leading newspapers and local television.

Exphotel 2000 targets the fast growing market for quality US foods and beverages of Cancun and surrounding tourist destinations. The show takes place June 14-16 in Cancun, Quintana Roo, Mexico. Construction of new hotels, restaurants and bars continues at a rapid pace. This expansion, combined with the fact that 90 percent of all foreign visitors to the region are Americans, makes an important market for exporters of US food and beverage products. The US Pavilion will be comprised of 32 booths, and 35 US companies and associations will exhibit a wide variety of quality US foods and beverages. Key importers, distributors, directors of food and beverage of leading hotels, and chefs will be among the important visitors at Exphotel 2000 looking for new products to serve their foreign and Mexican clients. (Source: ATO/Mexico 6/01/00).

U.S. APPLES BEING DETAINED AT THE BORDER

At Nuevo Laredo, several shipments of US apples have been stopped at the border by Mexican Ministry of Agriculture (SAGAR) inspectors. The reason given was that they have instructions not to allow shipments with boxes that have more than one state inspection lot number. According to the Chief Inspector for SAGAR in Nuevo Laredo, the boxes of the apple shipments that have been stopped have two lot numbers. However, these inspectors have mistaken the on-line stamp numbers to be a second lot number. Unfortunately, until this issue is resolved, more apple shipments will be

stopped . USDA/APHIS contacted SAGAR which said that it was working on the problem. In the meantime, exporters shipping apples through Laredo/Nuevo Laredo should be aware of the problem and contact the local forwarder before sending any to the border. (Source: FAS/Mexico/Nuevo Laredo)

THIS PIGGY WENT TO MARKET AND THIS ONE STAYED HOME.....

On May 29, Mexico announced that the quantity of select pork products (HS0203.11.01) imported from the United States had exceeded the safeguard quota agreed to under NAFTA. As a result, starting May 30, the tariff will increase to 20 percent from the in-quota rate of 6 percent. The higher rate will remain in effect through December 31, 2000. (Source: FAS/Mexico/OAA 5/30/00)

ENVIRONMENTAL CONCERNS FUEL MEXICO'S PRESIDENTIAL CAMPAIGN

According to a local newspaper, ruling party presidential candidate Francisco Labastida said that, if elected, he will take on environmental problems by increasing spending and forming a cabinet- level environmental agency. His proposals, presented to the environmental umbrella group G-25+, included establishing a federal agency whose sole concern would be to find solutions to environmental problems. Environmental issues are currently handled by the Secretariat of Environment, Natural Resources and Fishing (SEMARNAP), which licenses commercial logging and fishing in addition to its environmental protection duties. (Source: The News, 05/31/00)

MEXICO'S BANCOMEXT TO PROTECT AGAINST FOREIGN CLIENT PAYMENT DEFAULTS

According to a local newspaper, the government-run import-export bank, Bancomext, launched an export insurance unit, Seguros Bancomext, designed to give Mexican exporters protection against foreign client payment defaults. Bancomext will insure credits made by exporters to clients importing products. The insurance will cover Mexican exporters in the case of clients declaring bankruptcy or debt payment suspension. It will also cover political risks such as expropriation, war, revolution and problems with foreign currency operations. (Source: The News 5/30/00)

RETAILS SALES UP

Mexico's leading retailers group, the National Association of Supermarket and Department Stores (ANTAD), indicated that total store sales for affiliate stores rose 16.1 percent, in real terms in April 2000, versus April 1999. ANTAD also indicated that member stores registered a 10.4 percent real increase in total store sales for the January-April period, compared to the same period one year ago. The Association stated that the April sales increase was due mainly to the fact that there were two additional weekend days in April 2000, and that this year, Holy Week was in April rather than in March (last year, April sales saw a steep drop). In particular, clothing sales reported a 28.1 percent increase in April 2000 (Source: The News, 5/27/2000)

RECENT REPORTS SUBMITTED BY FAS/MEXICO

Report#	Title	Date Sent
MX0082	Mexico's Weekly Highlights and Hot Bites, May/4	5/24/2000
MX0083	Tomato Production Down, Exports Expected to Fall	5/24/2000
MX0084	Proposed Rule on Health Provisions and Specifications for Cocoa and Cocoa Based Products	5/26/2000

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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.