



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 7/6/2000

GAIN Report #MX0105

Mexico

Agricultural Situation

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

Approved by:

Jeanne F. Bailey

U.S. Embassy

Prepared by:

Jim Butterworth, Benjamin Juarez

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

- PROPOSAL TO PROHIBIT USE OF TERM "HAM" FOR NON-PORK PRODUCTS
 - FLOUR MONOPOLY
 - BUSINESS COMMUNITY SEES BETTER ADMINISTRATION AHEAD
- 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 US Embassy's, or any other US Government agency's point of view or official policy.

PROPOSAL TO PROHIBIT USE OF TERM "HAM" FOR NON-PORK PRODUCTS

Mexico's Pork Producers' Council (CMP) has called for the prohibition of the use of the term "ham" for all non-pork products, such as "turkey ham." The CMP spelled out its complaints in a letter to the Secretariat of Commerce and Industrial Development. Its primary complaint is that permitting poultry producers to use the term "ham" violates Mexico's Federal Law of Metrology and Standardization, Mexico's labeling regulation (NOM-051-SCFI-1994), Codex Alimentarius, and a voluntary industry standard regarding specifications for cooked ham (NMX-F123-S-1982). They say this failure to enforce existing laws and standards represents unfair competition. (Source: El Financiero, 7/3/00) (FAS/Mexico Comment: Mexico's National Council of Packers of Cold Cuts and Offals, however, has not supported CMP in its efforts, meaning the outcome of this proposed prohibition seems uncertain, at best.)

FLOUR MONOPOLY

Mexico's antitrust agency, the CFC, announced that it will be launching an investigation into possible monopolistic practices in the country's corn flour markets. The CFC indicated in the July 3 issue of Mexico's "Federal Register," (*Diario Oficial*) that it had become aware of presumed agreements to displace "other market agents," as well as the granting of discounts by producers or suppliers in exchange for the exclusive marketing of their products." "The market considered to be affected is that of the production, distribution and marketing of corn flour for human consumption," the CFC stated, although no names of offending parties were mentioned. The market for corn flour is dominated by two companies, Grupo Industrial Maseca and Grupo Minsa. (Source: *Diario Oficial*, 7/3/00; The News, 7/5/00.)

BUSINESS COMMUNITY SEES BETTER ADMINISTRATION AHEAD

According to the Mexican press, Mexico's business community is confident of the nation's economic prospects with their recently elected President of Mexico, Vicente Fox. Mr. Fox, whose stunning victory at the ballot box on July 2, 2000, ended 71 years of one-party rule, is a former CEO of Coca-Cola for Mexico and Central America who also ran his own agricultural and shoemaking businesses. Business executives said one benefit of a Fox administration could be growth in areas that

have traditionally not benefitted from 71 years-rule of the Institutional Revolutionary Party (PRI). "We hope that the new government has the vision and care to safeguard continuity where it is required, and reform in sectors where there is an opportunity to increase the rate of growth," said Lorenzo Zambrano, CEO of the worlds' third-largest cement producer, CEMEX. Fox, 58, is a member of the pro-business National Action Party (PAN). He ran under an alliance between the PAN and the Mexican Green Party (PVEM), but did not make the environmental agenda a major part of his campaign. "During his campaign, Vicente Fox said he favored free enterprise, the market, and economic growth, so I have confidence that his administration will incorporate those concepts in its government program," Dionisio Garza Medina, CEO of conglomerate Grupo Alfa said in a prepared statement.

Others said they were encouraged by Fox's conciliatory attitude on the night of his victory. "We are convinced of sustained growth in Mexico, and the new government will bring fresh air, as Vicente Fox demonstrated by not taking a protagonist attitude, but a constructive one," Carlos Slim, CEO of phone giant Telefonos de Mexico (Telmex) said. Fox will take office on Dec. 1. He will be the first Mexican president in recent history who is not a former soldier, lawyer or career bureaucrat. (Source: The News, 7/05/00)

RECENT REPORTS SUBMITTED BY FAS/MEXICO

Report#	Title	Date Sent
MX0102	Mexico's Weekly Highlights and Hot Bites, Jun/5	6/30/2000
MX0103	ATO Opening Show Report for EXPHOTEL 2000	7/5/2000
MX0104	Monthly Crop Update	7/6/2000

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 or ATO Mexico@fas.usda.gov.

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.

