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Report Highlights:

New Rules for Farming Subsidies* Mexico Signs International Accord on "Biopiracy"* Keep on Trucking

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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.

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NEW RULES FOR FARMING SUBSIDIES

On Tuesday, February 19, 2002, the Mexican Government said it was putting caps on agricultural subsidies and creating new infrastructure to make sure money will reach poorer farmers. New rules for the Direct Farming Subsidies Program (Procampo), which came into immediate effect, state that farmers will only get financial help for the first 100 hectares (247 acres) of irrigated land, or the first 200 hectares (494 acres) of non-irrigated land. Farmers will receive 873 pesos (US\$97) per hectare (2.471 acres) for the 2002/2003 season.

Procampo was introduced in 1993 to cushion farmers from the competition of U.S. agricultural products which entered in greater quantities after the North American Free Trade Agreement (NAFTA) began to reduce tariffs on imports. However, in the late 1990s opposition parties accused officials of the then ruling Institutional Revolutionary Party (PRI) of expropriating Procampo funds and awarding the money discriminately. (Source: *The News*; 2/20/02)

MEXICO SIGNS INTERNATIONAL ACCORD ON "BIOPIRACY"

Mexico, China, Brazil, India and eight of the world's most "biodiverse" countries signed an alliance in Cancun Monday to fight biopiracy and press for rules protecting their people's rights to genetic resources found on their land. The declaration - also signed by representatives of Indonesia, Costa Rica, Colombia, Ecuador, Kenya, Peru, Venezuela and South Africa - echoed complaints long voiced by Indians and environmentalists: that wealthy nations are "prospecting" for species in order to patent or sell them without offering concessions or benefits for local people. "Up to now, our nations have not benefitted from this great wealth because there hasn't been an equal sharing between the nations involved nor with the rural and Indian groups that use and protect biodiversity," said Mexican Environment Secretary Victor Lichtinger. Together, the 12 nations in the alliance - that account for 70 percent of the world's biodiversity - said they would press for more equal trade rules on patenting and registering products based on plant and animal resources. Formed in the resort city of Cancun and formally known as the Group of Allied Mega-Biodiverse Nations, the alliance pledged to press their cause at this summer's UN World Summit on Sustainable Development, to be held in Johannesburg, South Africa, in August.

Corporations that make medicines from naturally-occurring plant derivatives, or secure patents on genetic modifications of those species, have raised fears that the people who first showed scientists where to find those plants could lose the right to use them, or any profits from their use.

For example, farmers in Mexico - where corn originated 4,000 years ago - were disturbed to find their plants had been accidentally contaminated by genetically modified corn. They were even more outraged to hear that U.S. companies might want to charge them for use of those strains. While intellectual property rights and protection for biodiverse areas are at the heart of the alliance, Mexico's Environment Secretary said it had no immediate information on what mechanism the group proposes regarding patents and compensation. "The new rules should include, among other things, certifying the legal possession of biological material, and informed consent and mutually agreeable terms for transferring it," the countries' joint statement said. Both supporters and detractors of bioprospecting claim the 1992 UN Convention on Biological Diversity, an international treaty designed to protect host countries and Indian communities, is riddled with loopholes and has been poorly implemented. The United States never ratified the convention. "We neither have the internal mechanisms nor the international accords needed to guarantee an equitable use of genetic resources," Lichtinger told the founding meeting. Biodiversity is a measure of plant and animal species found only in limited ranges. (Source: *EL Universal, Excelsior, The News*; 02/18/02)

KEEP ON TRUCKING

According to a local newspaper, the trucking lobby, Owner-Transporters For Mexico (Protumex), said a government decree will drive thousands of small trucking companies off the roads. The decree, published on December 18, 2001, states that starting in April, all trucks made before 1985 will be refused licenses to operate. This will be followed by the elimination of trucks made before 1987 and then the gradual phasing out of all trucks that are more than five years old. The Communications and Transportation Secretariat (SCT) claims the older trucks are obsolete and pollute heavily. Protumex alleges the SCT passed the decree because it has connections with groups interested in selling vehicles. Protumex says with the economy in its current condition, owner-operators cannot afford to buy new vehicles which cost up to 2.5 million pesos (US\$277,000). Replacing all the nation's trucks would be a prohibitive cost. The government is investigating credit schemes to help companies update their vehicles. However, Protumex maintains that with the current low profits, trucking companies will not be able to pay back loans. (Source: *The News*; 02/22/02)

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY

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