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## Mexico

### Agricultural Situation

### Weekly Highlights & Hot Bites, #13

### 2002

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#### Report Highlights:

**Where's the Water?\*****Mexican Orange Production Forecast to Increase\*****Mexico and Central American Coffee Exports in a Slump\*****Corruption Eating Away at Mexico's GDP\*****A Trilateral Agriculture Policy in the Making\*****U.S. Apples Exceed NAFTA Safeguard Quota\*****NGOs Act on Security Threat**

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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.

## **WHERE'S THE WATER?**

According to a local newspaper, the Mexican government said Mexico will continue to honor a disputed 1944 Mexico-U.S. treaty regulating the sharing of water between the two neighbors. The statement comes one day after U.S. Ambassador Jeffrey Davidow criticized Mexico for non-payment of over 1.59 billion cubic meters of water taken from the Rio Bravo (Rio Grande) river and owed to the United States. Under the treaty, the United States provides Mexico with 1.85 billion cubic meters of water, with Mexico providing no less than 432 million cubic meters. The statement said Mexico has fallen behind on its payment due to long droughts in the northeast of the country. (Source: *The News*, 4/16/02)

## **MEXICAN ORANGE PRODUCTION FORECAST TO INCREASE**

Mexican orange production forecast for MY 2001/02 was revised upward, due to good weather conditions and timely rainfall. However, domestic prices have plummeted, forcing some producers to leave unharvested trees. Frozen concentrate orange juice (FCOJ) production and exports for MY 2001/02 were revised upward, due to expectations of higher international demand and subsequently higher FCOJ prices. See MX2060. (Source: FAS/Mexico City)

## **MEXICO AND CENTRAL AMERICAN COFFEE EXPORTS IN A SLUMP**

According to a local newspaper, Guatemala's private growers association (*Anacafe*) said coffee exports from Mexico, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and Peru dropped 20.14 percent in March from the same month a year ago. According to *Anacafe*, which collates export figures for the seven countries, last month's exports totaled 1,680,105 60-kilogram bags, compared with 2,103,861 bags during March 2001. Accumulated exports for the countries from October 1 to March 31 dropped 26.65 percent to 6,869,145 60-kilogram bags from 9,364,290 bags during the same period in the previous cycle. The region's coffee exporting cycle lasts from October 1 to September 30. (Source: *The News*, 4/16/02)

## **CORRUPTION EATING AWAY AT MEXICO'S GDP**

According to a local newspaper, a World Bank expert said corruption in Mexico eats at least 9 percent of the country's Gross Domestic Product (GDP) every year, an amount greater than the education budget. At a conference in Mexico City, Lea Bravslavski, the bank's acquisition director

for Mexico, Venezuela and Colombia, expressed concern over the amount of resources Mexico loses to corruption. She said her institution is developing plans to work more closely with the Finance Secretariat and Federal Comptroller's Office to fight graft. Ronal Shiman, a program director for the Organization of American States, said 80 percent of Latin Americans believe corruption is increasing. (Source: *The News*, 2/16/02)

### **A TRILATERAL AGRICULTURE POLICY IN THE MAKING**

According to local newspapers, the National Farm Council (CNA) submitted a proposal to the Mexican Senate to approach and promote the creation of a trilateral agriculture policy (PA3) within the NAFTA, to equilibrate the conditions of trade and rural economy in the North American region. The proposal indicates the requirement of financial funds to develop Mexican agriculture. The funds would have to come from international organizations or from the NAFTA trading partners. CNA justifies its proposal to create PA3 indicating that helping Mexico solve poverty with rural development would also benefit the United States and Canada as they would have a stronger partner with more purchasing power and thus a greater potential to buy U.S. and Canadian products. (Source: *El Financiero*, 4/11/02)

### **U.S. APPLES EXCEED NAFTA SAFEGUARD QUOTA**

On April 18, the Secretariat of Economy (SE) announced in the *Diario Oficial* (Mexican Federal Register), that Mexico's 2002 NAFTA safeguard quota for U.S. apples (H.T.S.# 0808.10.01) has been filled. Starting April 18, and through December 31, 2002, imports of fresh apples from the United States will be subject to the 20 percent safeguard tariff agreed under NAFTA.

### **NGOs ACT ON SECURITY THREAT**

During the period from April 10 to 17, non-governmental organizations (NGOs) all around North and South America held a series of events to try and stem what these organizations consider the main international security threat on their agenda: the uncontrolled proliferation of transgenic organisms, such as the ones that were discovered in Mexican native cornfields last year. According to these organizations, if these laboratory-created strains overpower the native ones, it could mean an end to the biodiversity that ensures a supply of one of the world's grain staples. In short, the issue was nothing less than food security. That was why organizers scheduled protests at the doors of government offices and of the main companies that make, promote and sell these scantily regulated organisms which, in their opinion, have not been proven safe for consumption. They targeted Cargill, Archer Daniels Midland, Monsanto, Grupo Pulsar, Syngenta, Pioneer/DuPont and Dow. These events were called, "The Continental Week of Action Against Transgenic Corn." The hosts were dozens of groups from Canada, the United States, Mexico, the Dominican Republic, Guatemala, Honduras, El Salvador, Colombia, Ecuador and Paraguay. (Source: *The News*, 4/10/02)

### **REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY**

REPORT #	TITLE	
MX2050	Weekly Highlights & Hot Bites, Issue #12	4/9/02
MX2051	Extension of Duty-Free Quotas for U.S. Poultry Products Under NAFTA	4/9/02
MX2052	Coffee Based Product Imports From the U.S. Exceed Safeguard	4/9/02
MX2053	Pork Imports From the U.S. Exceed Safeguard	4/9/02
MX2054	Sugar Annual Report for MY 2002/03	4/10/02
MX2055	Oilseeds & Products Annual Report	4/10/02
MX2056	Auction of Permits to Import Milk Powder Set for May 13	4/16/02
MX2057	Modification to NOM-008-FITO-1995 on U.S. Imported Apricots	4/19/02
MX2058	Apple Imports from U.S. Exceed 2002 Safeguard	4/19/02
MX2059	New Import Quota for U.S. HFCS	4/19/02
MX2060	Semi-Annual Citrus Report for MY 2001/02	4/19/02

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