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Report Highlights:

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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
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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.

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.

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FOX ANNOUNCES NEW ENERGY ENDOWMENT

On April 22, 2003, President Vicente Fox announced that there would be private direct investment in the energy sector of 20 billion pesos (US\$1.9 billion). In particular, President Fox told the international press that there is a positive balance in Mexico's economy and that this year there would be greater investment than usual in the infrastructure of ports, airports, and roads, among others. (Source: *El Financiero, Reforma, El Economista*, 4/22/03)

MEXICAN SENATE PREPARES CONSULTATION AGENDA AND VISIT

On April 22, 2003, the Senate Executive Board discussed a consultation agenda and visit with their U.S. and Canadian counterparts to establish relations and discuss solutions to the negative effects of open trade in the rural countryside. (Source: *Gaceta Parlamentaria*, 4/22/03)

PRESIDENT FOX CALLS FOR NAFTA ASSESSMENT

On April 22, 2003, President Vicente Fox said that Mexico, the United States and Canada would evaluate NAFTA for the next ten years. "In June of 2003, the United States and Canada will be presenting a new vision for the upcoming ten years," announced President Fox. President Fox stated that in NAFTA's first decade, Mexico has reached ninth place in the world economy, generated jobs, elevated larger per capita income rates, and has served as the greatest receptor of foreign direct investment in Latin America. However, the GOM recently concluded negotiations with farming group leaders that demanded greater attention to this sector and the renegotiation of NAFTA's agricultural chapter. In reference to this, President Fox stated, "we will surely find formulas for the protection of white corn and dry beans." (Source: *El Economista, El Universal*, 4/22/03)

WHAT FOX REALLY MEANT TO SAY

On April 22, 2003 President Vicente Fox generated a great deal of confusion among U.S. and Canadian government representatives after publicly announcing the revision of NAFTA's agricultural chapter. Immediately after the statement, Secretariat of the Economy Chief Advisor Kenneth Smith clarified that under no circumstances would the GOM renegotiate NAFTA's agricultural chapter. However, Mr. Smith did state that the GOM is interested in discussions with U.S. and Canadian counterparts to evaluate NAFTA's pros and cons and create a better trade agreement for years to come. (Source: *Milenio Diario, El Financiero, El Universal, El Economista, Reforma, La Jornada, Excelsior*, 4/23/03)

SENATE REQUESTS THAT FOX CLARIFY MESSAGE ON NAFTA REVISIONS

On April 23, 2003, the Mexican Senate solicited a meeting with President Vicente Fox to clarify where the President's message, direction and motivations were for publicly calling for revisions to NAFTA. Senate leader, Enrique Jackson and the Revolutionary Democratic Party (PRD) Senator Demetrio Sodi stated that President Fox might have erred in his statement, while others in the Senate questioned the GOM's official stance on NAFTA issues. (Source: *Milenio Diario, Reforma, 4/24/03*)

SECRETARIAT OF THE ECONOMY WARNS OF NAFTA RENEGOTIATIONS

On April 24, 2003, the Secretariat of the Economy (SE) announced that renegotiating NAFTA's agricultural chapter could compromise Mexico's top successful sectors like horticulture and fruit products. (Source: *El Economista, Milenio Diario, 4/24/03*)

CEESP CALLS FOR "REAL" SUPPORT FOR THE RURAL COUNTRYSIDE

On April 21, 2003, The Center for Economic Studies for the Private Sector (CEESP) presented a research paper that makes a case against subsidies to the rural sector. The analysis states that subsidies are not the solution to eliminating the problems of the rural countryside. Moreover, the analysis defends the benefits of open trade and argues that it is these types of benefits that have the ability to strengthen the rural countryside and encourage sustainable investment in the rural sector's infrastructure. Furthermore, the study also points out that Mexico's agricultural trade deficit with the world is a problem that preceded Mexico's market opening. (Source: *Reforma, 4/21/03*)

PORK FARMERS CLAIM NAFTA DAMAGES

On April 21, 2003, Mario Quintanilla, President of the Regional Union of Pork Farmers of Nuevo León, stated that in 2002 a third of the domestic pork farmers were displaced by subsidized U.S. pork exports. Mr. Quintanilla added that since last year, the cost of feed grain has risen by 33 percent, which made past pork production-rates financially unviable. (Source: *Reforma, 4/21/03*)

JAPANESE TEQUILA MAY SOON BECOME A REALITY

On April 22, 2003, the governments of Mexico and Japan discussed the possibility of producing tequila in the Asian country. The negotiation is part of a free trade agreement in the works between both countries and deals with international property rights and with recently contentious issues of Mexican agricultural food security. (Source: *Reforma, 4/22/03*)

FARMING GROUPS WANT MORE

On April 22, 2003, representatives from the major farming group leaders said they are not sure if they will sign the final version of the National Agricultural Pact because such document does not include Constitutional amendments to Article 27 which pertains to communal land (*ejidos*) in the rural countryside. (Source: *El Universal, El Financiero, 4/23/03*)

MEXICAN SUGARCANE PRODUCERS INDIFFERENT WITH U.S. BAN

On April 23, 2003, the National Sugarcane & Alcohol Industry Chamber President, José Octavio Menchaca, stated that his organization did not care if the United States lifted the ban on Mexican sugarcane imports. Mr. Menchaca added that Mexican sugarcane producers do not want to sell their product to the United States. (Source: *Milenio Diario*, 4/24/03)

MEXICAN FISHING INDUSTRY WANT TO EXCLUDE TUNA FROM NAFTA

On April 24, 2003, the Mexican Fishing Industry Council President, Carlos Hussong, asked that tuna be excluded from NAFTA's agricultural chapter. Mr. Hussong said the agreement only works for U.S. tuna producers, since Mexican tuna cannot find its way to the U.S. market. Mr. Hussong spoke against what his organization perceives to be neo-protectionist measures by the United States and stated that, "if the United States closes their market, we should continue to close ours." (Source: *Milenio Diario, Excelsior*, 4/24/03)

CREDIT FOR THE RURAL SECTOR IS VITAL

On April 22, 2003, Secretary of Agriculture Javier Usabiaga stated that support from banking institutions was vital in helping rural producers commercialize. Secretary Usabiaga said he would also meet with Canadian Secretary of Agriculture Van Clef to evaluate the development of commercial exchanges between the two countries since NAFTA's enactment. (Source: *Excelsior*, 4/24/03)

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY

Number	Title	Date
MX3054	Hot Bites Issue #22	4/21/03
MX3057	Modification to Mexico's First Auction of U.S. Dry Edible Beans announcement	4/22/03

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