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Mexico

Agricultural Situation

Rules for the New Rural Financial Institution

2003

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Report Highlights:

On August 8, 2003, Mexico's Secretariat of Finance and Public Credit (SHCP) announced the operational rules for the training and consulting activities for those farmers using credits provided by the new governmental rural finance institution "Financiera Rural." The new rules are also part of the National Agreement on Agriculture provisions (see MX 3067).

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

Introduction: This report summarizes the operational rules published in Mexico's "*Diario Oficial*" (Federal Register) on August 8, 2003.

Disclaimer: This summary is based on a *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

FAS/Mexico's Executive Summary:

On August 8, 2003, Mexico's Secretariat of Finance and Public Credit (SHCP) announced the operational rules for the training and consulting activities for those farmers who obtain credit or those who decide to establish themselves as rural financial intermediaries. The main objective of these rules is to establish the ways and means that the new governmental rural finance institution ("Financiera Rural" – FR) will direct its economic resources to farmers and rural financial agents. Moreover, through these rules, the Government of Mexico (GOM) is expecting that farmers will more efficiently use the credits offered by the FR. (See MX3067 and MX3087).

These operational rules are based on the National Agreement on Agriculture's provisions (see MX 3067), the FR internal law, and the Savings and Popular Credit Law. According to industry sources, the FR has capital of 17.5 billion pesos (U.S. \$1.7 billion), of which approximately 9.6 billion pesos (U.S. \$9 million) are for credits.

The announcement specifies that the distribution of resources and supports as well as the rules and contracting procedures as specified in the operational rules will be authorized by a special committee comprised of key officials from FR.

The training and consulting activities promoted by the FR will be:

- Encouragement of farmers to take courses, seminars and conferences in different fields such as finance, accounting and legal topics, technological and production chain issues, and business opportunities in the rural sector.
- Promotion of consulting activities, through private firms, to farmers about production business plans and financial administration of credit resources.
- Development of technical support centers and technological development for the rural sector.
- Training and consulting activities in credit and financial matters to members of rural financial institutions.

As is indicated in the Article 6 of these operational rules, only those farmers or farming organizations that have FR credit will be able to receive the training courses, seminars etc. Also, only the FR officials and employees of those financial institutions dealing with the FR will be able to participate in the training courses and consulting activities. The FR will contribute 70 percent of the cost of these activities, while the farmers will bear the remaining portion.

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Useful Mexican Web Sites: Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent of the Department of Commerce (SE) can be found at www.se.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.