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Mexico

Agricultural Situation

Mexico Announces Support Programs for Corn, Wheat, Sorghum, Pasture Grass, Forage Barley, Forage Oats, Cotton and Dry Beans

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Report Highlights:

On September 15, 2003, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced in the Diario Oficial (Mexican Federal Register) the specific guidelines establishing the mechanisms to provide supports to producers of corn, wheat, sorghum, pasture grass, forage barley, forage oats, cotton and dry beans during the 2002/2003 fall/winter and 2003 spring-summer planting seasons.

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

Introduction: This report summarizes the general operational rules and specific guidelines for obtaining supports on selected agricultural products published in Mexico's "*Diario Oficial*" (Federal Register) on September 15, 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 September 15, 2003 Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced the specific guidelines establishing the mechanisms to provide supports to producers of corn, wheat, sorghum, barley, pasture grass, beans, cotton and oats during the 2002/2003 fall/winter planting season.

These specific guidelines are based on the general Operational Regulations (REGLAS) that SAGARPA published for several support programs on June 17, 2003. The new program is a result of Mexico's recent National Agreement on Agriculture (see MX3067 and MX3087) and the Agricultural Armor program it announced in late 2002 (see MX2173). According to these Operational Regulations, the objective of these programs is to provide price certainty to farmers, increase their market competitiveness and, consequently, their economic profitability. Other objectives are to encourage farmer diversification and integration into agricultural food chains, and regional development.

The Support Program includes several crops and will be implemented in certain regions of the country that have a marketable surplus. Following are the crops and amounts that are available through the SAGARPA/ASERCA (a decentralized administrative body within SAGARPA providing commercial support to farmers) support programs:

WHITE CORN:

This is in accordance with article 60, second paragraph, of the General Operational Regulations and the specific guidelines for obtaining support for pilotage and/or ground transport for a maximum of 600,000 metric tons from the harvest of the fall-winter crop 2002-2003 in the state of Sinaloa. The purpose of this support is to promote sales of surpluses of white corn in other areas of the country away from the producing areas or in areas where supplies are obtained through imports.

MOBILIZATION VIA	SUPPORT \$pesos/TON	PORTS	DESTINATION STATES
PILOTAGE (COASTING TRADE) AND/OR RAILROAD	230.00	COATZACOALCOS, VER., VERACRUZ, VER., TUXPAN, VER., ALTAMIRA, TAMPS., TAMPICO, TAMPS. AND PROGRESO, YUC.	VERACRUZ, TABASCO, CAMPECHE, YUCATAN, QUINTANA ROO, CHIAPAS AND OAXACA
PILOTAGE	230.00	SALINA CRUZ, OAX.	VERACRUZ AND CHIAPAS
PILOTAGE	230.00	TAMPICO, TAMPS. AND ALTAMIRA, TAMPS.	TAMAULIPAS
RAILROAD OR TRUCKING	120.00	NOT APPLICABLE	BAJA CALIFORNIA (MEXICALI), TAMAULIPAS, NUEVO

			LEON AND COAHUILA (SALTILLO AND RAMOS ARIZPE)
PILOTAGE	120.00	LAZARO CARDENAS, MICH.	NUEVO LEON AND COAHUILA (SALTILLO AND RAMOS ARIZPE)

Current exchange rate is USD1:MXN10.98

WHEAT:

This is in accordance with article 60, second paragraph, of the General Operational Regulations and the specific guidelines for obtaining support for pilotage and/or ground transport for a maximum of 150,000 metric tons from the harvest of the fall-winter crop 2002-2003 from the states of Sonora (San Luis Rio Colorado) and Baja California (Mexicali). The purpose of this support is to promote sales of surpluses of wheat for animal feed in those areas of the country where there is animal production not located near wheat producing areas.

ORIGIN	DESTINATION	USE	VOLUME (TON)	SUPPORT/TON (\$pesos/ton)
San Luis Rio Colorado, Son. And Mexicali, B.C.	Sonora	Animal feed	150,000	170.00
TOTAL			150.000	

Current exchange rate is USD1:MXN10.98

HARD WHEAT FOR EXPORT:

This is in accordance with article 60, second paragraph, of the General Operational Regulations and the specific guidelines for obtaining support for the exportation of hard wheat for a maximum of 120,000 metric tons from the harvest of the fall-winter crop 2002-2003 from the states of Sonora (San Luis Rio Colorado) and Baja California (Mexicali). SAGARPA, through ASERCA, will grant a support of 80.00 pesos per metric ton of hard wheat destined for the export market through the port of Ensenada, Baja California, for the period of May 1 to November 30, 2003.

NATIONAL FORAGE GRAINS FROM THE SORGHUM HARVEST:

This is in accordance with article 32, of the General Operational Regulations and the specific guidelines for obtaining support for access to national forage grains for a maximum of 2,040,000 metric tons from the sorghum harvest of the fall-winter crop 2002-2003 from the states of Tamaulipas and Nuevo Leon. The purpose of this support is to promote sales of surpluses of sorghum within these states and for animal feed in areas of animal production. SAGARPA, through ASERCA, will grant a support of 150.00 pesos per metric ton of sorghum purchased by animal breeders from the states of Tamaulipas and Nuevo Leon.

CONVERSION OF GRAIN TO PASTURE GRASS:

This is in accordance with articles 34, 35, 36, 37,38, 39 and 40 of the General Operational Regulations, the approval granted by ASERCA to the regional projects corresponding to each of the states of Chihuahua, Nuevo Leon and Tamaulipas, and the specific guidelines for obtaining support for the conversion of grain and seed plantings to that of pasture grass in

the states of Chihuahua, Nuevo Leon and Tamaulipas as perennial crops. The states of Chihuahua, Nuevo Leon and Tamaulipas comprise regions that have problems with the commercialization of their production of grains and seeds such as sorghum, corn, wheat, beans and saffron, among others; these regions suffer from poor soil and other damaging phenomena affecting their crops. The changeover to pasture grass will satisfy the increasing demand for feed grasses. The support per hectare for the conversion of grains and seed to pasture grass will be in accordance with the following table:

STATE	UP TO AN AREA OF (Ha.)	FIXED SUPPORT UP TO (\$pesos/Ha.)
Chihuahua	50,000	2,000.00
Nuevo Leon	20,000	2,000.00
Tamaulipas North	50,000	2,000.00
Tamaulipas Central and South	11,000	2,000.00

Current exchange rate is USD1:MXN10.98

CONVERSION OF GRAIN, FODDER, AND SEED PLANTINGS TO FORAGE BARLEY:

This is in accordance with articles 34, 35, 36, 37,38, 39 and 40 of the General Operational Regulations, the approval granted by ASERCA to the regional projects corresponding to the valley of Mexicali, Baja California, and San Luis Rio Colorado, Sonora, and the specific guidelines for obtaining support for the conversion of grain, fodder and seed plantings to that of barley forage for the fall-winter crop of 2002/2003. These regions have problems with salinity, erosion and poor soil affecting their production of grains, fodder and seeds. The changeover to barley forage will improve soil conditions and satisfy demand for forages. The support per hectare for the conversion of grains, fodder and seed to barley forage will be in accordance with the following table:

STATE	UP TO AN AREA OF (Ha.)	UP TO A VOLUME OF (Ton)	FIXED SUPPORT (\$pesos/Ton)
Mexicali, Baja California and San Luis Rio Colorado, Sonora	3,000	13,500	400.00

Current exchange rate is USD1:MXN10.98

CONVERSION OF DRY BEAN PLANTINGS TO FORAGE OATS:

In accordance with articles 34, 35, 36, 37,38, 39 and 40 of the General Operational Regulations, the approval granted by ASERCA to the regional projects corresponding to each of the states of Zacatecas and Durango, and the specific guidelines for obtaining support for the conversion of dry beans to that of forage oats for the spring-summer crop of 2003. These regions have problems with commercialization of the excess of dry bean production. They also have problems of erosion and poor soil affecting their production of dry beans. The changeover to forage oats will improve soil conditions and satisfy demand for forages. The support per hectare for the conversion of grains, fodder and seed to barley forage will be in accordance with the following table:

STATE	UP TO AN AREA OF (Ha.)	FIXED SUPPORT (\$pesos/Ha.)
Zacatecas	70,000	650.00
Durango	25,000	650.00

Current exchange rate is USD1:MXN10.98

COTTON:

This is in accordance with article 19, last paragraph, of the General Operational Regulations and the specific guidelines for obtaining direct support for target income on domestic cotton for the fall-winter harvest 2002/2003 and spring-summer crop of 2003 planted and harvested in areas subject to obtaining said support of up to 300,000 bales, plus 5 percent. The support will be determined taking into consideration the date of invoice of the sale of the cotton fiber, taking into account the closing price of the futures contract immediately registered in the New York Board of Trade on that date and to be computed in the following manner:

SUPPORT = USD\$.64 less the closing value of the futures contract closest to the date of sale of the cotton fiber, using fractions of cents.

The following table is an example for calculating the support:

Futures Contract price closest to the date of sale of cotton (Cts./DlIs/Lbs.)	SUPPORT (Cts./DlIs/Lbs.)
64 or more	0
63	1
62	2
61	3
60	4
59	5
58	6
57	7
56	8
55	9
54	10
53	11
52	12
51	13
50	14
49	15
48	16
47	17
46	18
45	19
44	20
and successively below	21

DRY BEANS:

This is in accordance with article 53, last paragraph, of the General Operational Regulations and the specific guidelines of the sub-program of support for the storage of dry beans for the fall-winter harvest 2002/2003 from the states of Sinaloa, Sonora and Nayarit. The support will be given to producers by ASERCA for each ton of dry beans stored at origin and/or destination in accordance to tables 1 and 2 of this instrument. The maximum volume of support will be for 100,000 metric tons of dry beans of light color varieties from

Sinaloa, 2,000 metric tons from Sonora, and 10,000 metric tons from Nayarit for the black jamapa variety. The supports will be given for the dry bean harvest gathered from January 15, 2003 to May 15, 2003 in the states of Sinaloa and Sonora and up to July 15, 2003 for the state of Nayarit.

Support for the storage of dry beans for the fall-winter crop 2002/2003 in the states of Sinaloa, Sonora and Nayarit (pesos per ton)

CONCEPT	UNIT COST	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6
Storage	20.00	20.00	40.00	60.00	80.00	100.00	120.00
Warehouse Conditioning	8.50	8.50	17.00	25.50	34.00	42.50	51.00
Storage insurance	4.50	4.50	9.00	13.50	18.00	22.50	27.00
TOTAL	33.00	33.00	66.00	99.00	132.00	165.00	198.00

CONCEPT	UNIT COST	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6
Entry operations	25.00	25.00	25.00	25.00	25.00	25.00	25.00
First sacking	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Exit operations	25.00	25.00	25.00	25.00	25.00	25.00	25.00

NOTE: These operations will be paid only once.

Financial Cost Tables for the Storage of Dry Beans for the fall-winter harvest 2002-2003 in the states of Sinaloa, Sonora and Nayarit (Pesos per ton)

Sinaloa and Sonora

CONCEPT	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6
Financial cost (CETES* 28 days+6 pts.)=6.55+6=12.55%	57.54	115.69	174.44	233.81	293.80	354.42

Nayarit

CONCEPT	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6
Financial cost (CETES* 28 days+6 pts.)=5.22+6=11.22%	65.45	131.51	198.19	265.49	333.43	401.99

*CETES: Certificados de la Tesoreria (Treasury Bonds)

ASERCA will cover the financial costs in accordance with the above tables, from the moment that the lines of credit were obtained from the financial institutions, for the financing of the storage of the dry beans.

In order to synchronize with the end of the harvest season, ASERCA will recognize as the maximum volume allowed as support for each crop, an increase of only 5 percent above the indicated amount.

As indicated in the article 10 of the REGLAS, the time frame for subscription applications, corrections, providing of complementary information, resolutions as well as application for the payment of the support and other related documents would be as follows:

Receipt of Subscription Applications for the program: no later than September 15
Application to request the payment of the support: up to and including November 10
Due date to deliver the supports: no later than December 22, 2003

For More Information:

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Internet Connections

FAS Mexico Web Site: We are available at <http://www.fas-la.com/mexico> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

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.