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Oilseeds and Products

Annual

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Report Highlights:
For 2004/05, consumption and imports of oilseed products are all expected to continue to expand, due to strong demand powered by a recovering economy. At the same time, 2004/05 meal imports are projected to rise approximately 2 percent, due to the livestock industry's ongoing expansion. MY 2004/05 total oil imports are forecast at 579,000 MT, an increase by 8 percent from last year. Cottonseed production will recover slightly in 2003, after several years of decline; the outlook for 2004 is for a relatively sharply expansion, due to higher international prices and increased planted area.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Mexico [MX1]
[MX]

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SECTION I. SITUATION & OUTLOOK FOR OILSEEDS

Increases in consumption of oilseed products are forecast for MY 2004/05 as Mexico's growth in income and population is increasing internal demand for poultry and, to a lesser extent, for hog, beef and dairy products. Industry specialists are currently estimating, for example, soybean demand to increase by approximately 2.5 percent over MY 2003/04. Similarly, a slight growth in the cattle sector, mainly in the dairy sector is expected. Poultry meat production is also expected to increase, and with it the feed sector demand for oilseed meals. This will be the eleventh consecutive year of increasing demand for vegetable protein meals. Consumer demand for vegetables oils is also expected.

For MY 2004/05, soybean production is forecast at 110,000 metric tons (MT), a reduction from last year, due to the resumption of normal weather conditions. The production estimate for MY 2003/04 (Sep-Aug) has been raised sharply to 125,000 MT, due to increased plantings and above normal weather conditions during the 2003 spring/summer crop. Despite this increase, domestic production supplied only 3 percent of total consumption in MY 2003/04, with the rest coming from imports. Production estimates and the planted and harvested areas for MY 2002/03 reflect the latest Mexican government data. Cottonseed production is forecast to increase sharply to 213,000 MT in MY 2004/05, due to additional area planted, high international prices, and the expectation that the federal target price program for cotton will continue in CY 2004. MY 2004/05 production, however, remains below that of four years ago and is expected to supply only 35 percent of total cotton consumption. Moreover, it should be noted that planted area and production for the last two years were atypically low, due to the unreliability of government supports and low international prices. Peanut production is forecast to remain unchanged in MY 2004/05, due to lack of financial credit, and insufficient governmental supports relative to other crops. Also, Mexican peanut growers are experiencing increased competition from low-priced imported peanuts from China. Palm oil production is forecast to increase to 14,000 MT in MY 2004/05, due to expected higher yields.

Despite the fact that the United States has been the leading supplier of soybeans for several years, in MY 2003/04 Brazil emerged as a major competitor, especially in view of a markedly reduced 2003 U.S. crop. Brazilian soybeans are expected to make up the shortfall in the smaller U.S. crop and Brazilian soybean imports are forecast at 400,000 MT, a very sharp increase from MY 2002/03. However, the Government of Mexico (GOM) is expected to have phytosanitary concerns regarding the Asian Rust fungus, which has adversely affected Brazilian soybean production this year. The outlook for MY 2004/05, however, is that Mexico will continue to look to the United States as its primary supplier of soybeans, due to established industry relations and market preference for U.S. soybean varieties. Imports continue to be dominated by soybeans, then by rapeseed, cottonseed, peanuts and sunflower seed. The import and domestic consumption figures for MY 2002/03 reflect the latest official Mexican government data and industry information

Imports of Canadian canola seed (rapeseed) are expected to remain at 1.0 MMT in MY 2004/05, reflecting better market conditions and favorable international prices. Total oil meal imports are expected to increase in MY 2004/05 largely because of strong demand from the livestock sector. The outlook for the livestock sector, especially poultry and hogs, continues to brighten and consequently increase demand for vegetable protein meals. Total oil imports are expected to increase approximately 8 percent as domestic consumption grows, due to the ongoing recovery of the Mexican economy. Consolidation in the crushing industry as well as greater investment in building infrastructure (crushing and refining plants) is expected to continue in the medium-term. Currently, six leading companies account for nearly 80 percent of total domestic production of the oilseeds crushing industry.

In reference to the economy, for the fourth quarter of 2003 and the beginning of 2004 Mexico's economy grew slightly more-than-expected in quarterly annualized terms. Private analysts indicate that the 1.3-percent GDP growth registered in 2003 was low and kept per-capita income stagnant. However, the result from the last quarter of 2003 is encouraging and economists forecast 2004 growth at 3.2 percent.

SECTION II. STATISTICAL TABLES

PS&D TOTAL, OILSEEDS

PSD Table						
Country	**Mexico**					
Commodity	**Oilseed, Total**			**(1000 HA)(1000 MT)**		
	Revised 2002		**Preliminary 2003**		**Forecast 2004**	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	2002		**2003**		**2004**	
Area Planted	194	167	138	201	0	257
Area Harvested	158	160	180	194	0	234
Beginning Stocks	233	233	58	63	46	46
Production	231	235	287	338	0	414
MY Imports	5352	5340	5586	5655	0	5725
MY Imp. from U.S.	4365	4399	4330	4115	0	4225
MY Imp. from the EC	56	56	100	0	0	0
TOTAL SUPPLY	**5816**	**5808**	**5931**	**6056**	**46**	**6185**
MY Exports	11	0	16	2	0	1
MY Exp. To the EC	0	0	0	0	0	0
Crush Dom. consumption	5529	5529	5618	5788	0	5890
Food Use Dom. Consump.	158	156	160	160	0	165
Feed,Seed,Waste Dm.Cn.	60	60	160	160	0	62
TOTAL Dom. Consumption	5747	5745	5838	6008	0	6117
Ending Stocks	58	63	77	46	0	67
TOTAL DISTRIBUTION	**5816**	**5808**	**5931**	**6056**	**0**	**6185**
Calendar Year Imports	598	5479	86	5385	0	5588
Calendar Yr Imp. U.S.	17	4654	15	4371	0	4382
Calendar Year Exports	11	1	12	1	0	1
Calendar Yr Exp. To U.S.	0	1	0	1	0	1

PS&D OILSEEDS, SOYBEAN

PSD Table						
Country	Mexico					
Commodity	Oilseed, Soybean			(1000 HA)(1000 MT)		
	2002 Revised		2003 Estimate		2004 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2002		09/2003		09/2004	
Area Planted	76	60	0	71	0	74
Area Harvested	57	56	58	68	0	67
Beginning Stocks	102	102	45	46	50	31
Production	88	89	90	125	0	110
MY Imports	4230	4230	4400	4300	0	4450
MY Imp. from U.S.	4100	4150	4100	3900	0	4100
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**4420**	**4421**	**4535**	**4471**	**50**	**4591**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	4335	4335	4445	4400	0	4500
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	40	40	40	40	0	40
TOTAL Dom. Consumption	4375	4375	4485	4440	0	4540
Ending Stocks	45	46	50	31	0	51
TOTAL DISTRIBUTION	**4420**	**4421**	**4535**	**4471**	**0**	**4591**
Calendar Year Imports	0	4381	0	4175	0	4400
Calendar Yr Imp. U.S.	0	4305	0	4099	0	4200
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX,OILSEED SOYBEAN

OILSEED, SOYBEAN H.S. 1201.0002 & 1201.0003		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2002/2005 TO:		**IMPORTS FOR MY 2002/2003 FROM:**	
U.S.	0	U.S.	4,152
OTHER		OTHER	
		BRAZIL	76
TOTAL OF OTHER	0	TOTAL OF OTHER	76
OTHERS NOT LISTED	0	OTHERS NOT LISTED	2
GRAND TOTAL	0	GRAND TOTAL	4,230

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2003.
Note: MY starts on September 2002 and ends August 2003.

PS&D OILSEEDS, PEANUT

PSD Table						
Country	**Mexico**					
Commodity	**Oilseed, Peanut**			**(1000 HA)(1000 MT)**		
	2002 Revised		**2003 Estimate**		**2004 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**09/2002**		**09/2003**		**09/2004**	
Area Planted	80	64	80	65	0	65
Area Harvested	62	62	63	63	0	63
Beginning Stocks	0	0	0	0	0	0
Production	75	75	90	90	0	90
MY Imports	98	85	86	75	0	80
My Imp. from U.S.	17	28	15	15	0	16
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**173**	**160**	**176**	**165**	**0**	**170**
MY Exports	11	0	12	1	0	1
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	4	4	4	4	0	4
Food Use Dom. Consump.	158	156	160	160	0	165
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	162	160	164	164	0	169
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	**173**	**160**	**176**	**165**	**0**	**170**
Calendar Year Imports	98	92	86	76	0	87
Calendar Yr Imp. U.S.	17	41	15	17	0	18
Calendar Year Exports	11	1	12	1	0	1
Calndr Yr Exp. to U.S.	0	1	0	1	0	1

TRADE MATRIX, OILSEED PEANUT

OILSEED, PEANUT H.S. 1202.1099 & 1202.2001		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2002/2003 TO:		IMPORTS FOR MY 2002/2003 FROM:	
U.S.	0	U.S.	28
OTHER		OTHER	
		NICARAGUA	27
TOTAL OF OTHER	0	TOTAL OF OTHER	27
OTHERS NOT LISTED	0	OTHERS NOT LISTED	30
GRAND TOTAL	0	GRAND TOTAL	85

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2003.
Note: MY starts on September 2002 and ends August 2003.

PS&D OILSEEDS, COTTONSEED

PSD Table						
Country	**Mexico**					
Commodity	**Oilseed, Cottonseed**			**(1000 HA)(1000 MT)(RATIO)**		
	2002 Revised		**2003 Estimate**		**2004 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**08/2002**		**08/2003**		**08/2004**	
Area Planted (COTTON)	38	42	58	64	0	117
Area Harvested(COTTON)	38	41	58	62	0	103
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	6	6	4	8	3	6
Production	67	70	106	122	0	213
MY Imports	263	264	210	190	0	115
MY Imp. from U.S.	236	264	200	190	0	115
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**336**	**340**	**320**	**320**	**3**	**334**
MY Exports	0	0	4	1	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	315	315	297	297	0	310
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cm.	17	17	16	16	0	17
TOTAL Dom. Consumption	332	332	313	313	0	327
Ending Stocks	4	8	3	6	0	7
TOTAL DISTRIBUTION	**336**	**340**	**320**	**320**	**0**	**334**
Calendar Year Imports	0	269	0	224	0	117
Calendar Yr Imp. U.S.	0	269	0	224	0	117
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX, OILSEED COTTONSEED

OILSEED, COTTONSEED	H.S. 1207.2099	UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2002/2003 TO:		**IMPORTS FOR MY 2002/2003 FROM:**	
U.S.	0	U.S.	264
OTHER		OTHER	0
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	0	GRAND TOTAL	264

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2003.
Note: MY starts on August 2002 and ends July 2003.

PS&D OILSEEDS, SUNFLOWERSEED

PSD Table						
Country	**Mexico**					
Commodity	**Oilseed, Sunflowerseed**				**(1000 HA)(1000 MT)**	
	2002 Revised		**2003 Estimate**		**2004 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**10/2002**		**10/2003**		**10/2004**	
Area Planted	0	1	0	1	0	1
Area Harvested	1	1	1	1	0	1
Beginning Stocks	4	4	1	1	1	1
Production	1	1	1	1	0	1
MY Imports	104	104	40	90	0	80
MY Imp. from U.S.	12	7	15	10	0	10
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**109**	**109**	**42**	**92**	**1**	**82**
MY Exports	0	0	0	0	0	0
MY Exp. To the EC	0	0	0	0	0	0
Crush Dom. Consumption	105	105	37	87	0	76
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	3	3	4	4	0	5
TOTAL Dom. Consumption	108	108	41	91	0	81
Ending Stocks	1	1	1	1	0	1
TOTAL DISTRIBUTION	**109**	**109**	**42**	**92**	**0**	**82**
Calendar Year Imports	0	9	0	130	0	84
Calendar Yr Imp. U.S.	0	7	0	7	0	7
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. To U.S.	0	0	0	0	0	0

TRADE MATRIX, OILSEED SUNFLOWERSEED

OILSEED, SUNFLOWERSEED	H.S. 1206.0099	UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2002/2003 TO:		**IMPORTS FOR MY 2002/2003 FROM:**	
U.S.	0	U.S.	7
OTHER		OTHER	
		ARGENTINA	94
TOTAL OF OTHER	0	TOTAL OF OTHER	94
OTHERS NOT LISTED	0	OTHERS NOT LISTED	3
GRAND TOTAL	0	GRAND TOTAL	104

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2003.
Note: MY starts on October 2002 and ends September 2003.

PS&D OILSEEDS, RAPESEED

PSD Table						
Country	**Mexico**					
Commodity	**Oilseed, Rapeseed**			**(1000 HA)(1000 MT)**		
	2002 Revised		**2003 Estimate**		**2004 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**10/2002**		**10/2003**		**10/2004**	
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	121	121	8	8	23	8
Production	0	0	0	0	0	0
MY Imports	657	657	850	1000	0	1000
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	56	56	0	0	0	0
TOTAL SUPPLY	**778**	**778**	**858**	**1008**	**23**	**1008**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	770	770	835	1000	0	1000
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	770	770	835	1000	0	1000
Ending Stocks	8	8	23	8	0	8
TOTAL DISTRIBUTION	**778**	**778**	**858**	**1008**	**0**	**1008**
Calendar Year Imports	500	728	0	780	0	900
Calendar Yr Imp. U.S.	0	32	0	24	0	40
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX OILSEED RAPESEED

OILSEED, RAPESEED H.S. 1205.0001 & 1205.9099		**UNITS: THOUSAND METRIC TONS**	
EXPORTS FOR MY 2002/2003 TO:		**IMPORTS FOR MY 2002/2003 FROM:**	
U.S.	0	U.S.	0
OTHER		OTHER	0
		CANADA	469
TOTAL OF OTHER	0	TOTAL OF OTHER	469
OTHERS NOT LISTED	0	OTHERS NOT LISTED	56
GRAND TOTAL	0	GRAND TOTAL	525

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2003.
Note: MY starts on October 2002 and ends September 2003.

PS&D TOTAL, MEAL

PSD Table						
Country	**México**					
Commodity	**Meal, Total**		**(1000 HA)(1000 MT)**			
	Revised 2002		**Preliminary 2003**		**Forecast 2004**	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	2002		**2003**		**2004**	
Crush	5525	5525	5614	5784	0	5886
Extr. Rate						
Beginning Stocks	125	125	93	93	122	112
Production	4050	4052	4135	4210	0	4291
MY Imports	737	730	823	851	0	870
MY Imp. From U.S.	706	681	810	821	0	850
MY Imp. From the EC	0	0	0	0	0	0
TOTAL SUPPLY	**4912**	**4907**	**5051**	**5154**	**122**	**5403**
MY Exports	1	1	1	1	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	0	0	0	0	0	0
Food Use Dom. Consump.	50	50	50	50	0	50
Feed,Seed,Waste Dm.Cn.	4768	4763	4910	4979	0	5194
TOTAL Dom. Consumption	4818	4813	4960	5029	0	5244
Ending Stocks	93	93	90	124	0	159
TOTAL DISTRIBUTION	**4912**	**4907**	**5051**	**5154**	**0**	**5403**
Calendar Year Imports	5	579	0	812	0	828
Calendar Yr Imp. U.S.	0	579	0	812	0	828
Calendar Year Exports	0	0	0	0	0	0
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

PS&D MEAL, SOYBEAN

PSD Table						
Country	Mexico					
Commodity	Meal, Soybean			(1000 MT)(PERCENT)		
	2002 Revised		2003 Estimate		2004 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2002		09/2003		09/2004	
Crush	4335	4335	4445	4400	0	4500
Extr. Rate, 999.9999	0.7935409	0.7935409	0.7934758	0.7931818	0	0.7933333
Beginning Stocks	125	125	93	93	90	93
Production	3440	3440	3527	3490	0	3570
MY Imports	621	621	700	740	0	760
MY Imp. from U.S.	582	582	690	720	0	750
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**4186**	**4186**	**4320**	**4323**	**90**	**4423**
MY Exports	1	1	1	1	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	50	50	50	50	0	50
Feed Waste Dom. Consum	4042	4042	4179	4179	0	4300
TOTAL Dom. Consumption	4092	4092	4229	4229	0	4350
Ending Stocks	93	93	90	93	0	73
TOTAL DISTRIBUTION	**4186**	**4186**	**4320**	**4323**	**0**	**4423**
Calendar Year Imports	0	471	0	680	0	700
Calendar Yr Imp. U.S.	0	471	0	680	0	700
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX MEAL SOYBEAN

MEAL, SOYBEAN	H.S. 2304.0001	UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2002/2003 TO:		**IMPORTS FOR MY 2002/2003 FROM:**	
U.S.	1	U.S.	621
OTHER		OTHER	
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	1	GRAND TOTAL	621

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2003.
Note: MY starts on September 2002 and ends August 2003.

PS&D MEAL, COTTONSEED

PSD Table						
Country	Mexico					
Commodity	Meal, Cottonseed			(1000 MT)(PERCENT)		
	2002 Revised		2003 Estimate		2004 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	08/2002		08/2003		08/2004	
Crush	315	315	297	297	0	310
Extr. Rate, 999.9999	0.4539682	0.4539682	0.4545454	0.4545454	0	0.4548387
Beginning Stocks	0	0	0	0	0	0
Production	143	143	135	135	0	141
MY Imports	98	98	100	100	0	99
MY Imp. from U.S.	98	98	100	100	0	99
MY Imp. From the EC	0	1	0	0	0	0
TOTAL SUPPLY	**241**	**241**	**235**	**235**	**0**	**240**
MY Exports	0	0	0	0	0	0
MY Exp. To the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	241	241	235	235	0	240
TOTAL Dom. Consumption	241	241	235	235	0	240
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	**241**	**241**	**235**	**235**	**0**	**240**
Calendar Year Imports	0	94	0	114	0	115
Calendar Yr Imp. U.S.	0	94	0	114	0	115
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX MEAL COTTONSEED

MEAL, COTTONSEED H.S. 2306.1001, 2306.30.01, 2306.40.01		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2002/2003 TO:		**IMPORTS FOR MY 2002/2003 FROM:**	
U.S.	0	U.S.	98
OTHER		OTHER	
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	0	GRAND TOTAL	98

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2003.
Note: MY starts on August 2002 and ends July 2003.

PS&D MEAL, RAPESEED

PSD Table						
Country	**Mexico**					
Commodity	**Meal, Rapeseed**			**(1000 MT)(PERCENT)**		
	2002 Revised		**2003 Estimate**		**2004 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**10/2002**		**10/2003**		**10/2004**	
Crush	770	770	835	1000	0	1000
Extr. Rate, 999.9999	0.5467532	0.5467532	0.5473053	0.547	0	0.547
Beginning Stocks	0	0	0	0	0	0
Production	421	421	457	547	0	547
MY Imports	16	10	20	10	0	10
MY Imp. from U.S.	15	10	20	10	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**437**	**431**	**477**	**557**	**0**	**557**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	437	431	477	557	0	557
TOTAL Dom. Consumption	437	431	477	557	0	557
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	**437**	**431**	**477**	**557**	**0**	**557**
Calendar Year Imports	5	11	0	11	0	11
Calendar Yr Imp. U.S.	0	11	0	11	0	11
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D MEAL, SUNFLOWERSEED

PSD Table						
Country	**Mexico**					
Commodity	**Meal, Sunflowerseed**			**(1000 MT)(PERCENT)**		
	2002 Revised		**2003 Estimate**		**2004 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**10/2002**		**10/2003**		**10/2004**	
Crush	105	105	37	87	0	76
Extr. Rate, 999.9999	0.4380952	0.4571428	0.4324324	0.4367816	0	0.4342105
Beginning Stocks	0	0	0	0	0	0
Production	46	48	16	38	0	33
MY Imports	2	1	3	1	0	1
MY Imp. from U.S.	11	1	0	1	0	1
MY Imp. From the EC	0	0	0	0	0	0
TOTAL SUPPLY	**48**	**49**	**19**	**39**	**0**	**34**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	48	49	19	39	0	34
TOTAL Dom. Consumption	48	49	19	39	0	34
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	**48**	**49**	**19**	**39**	**0**	**34**
Calendar Year Imports	0	3	0	1	0	1
Calendar Yr Imp. U.S.	0	3	0	1	0	1
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D, TOTAL OIL

PSD Table						
Country	**Mexico**					
Commodity	**Oil, Total**				**(1000 HA)(1000 MT)**	
	Revised 2002		**Preliminary 2003**		**Forecast 2004**	
	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New	USDA Official Old	Post Estimate New
	2002		**2003**		**2004**	
Crush	5690	5690	5779	5950	0	6052
Extr. Rate						
Beginning Stocks	19	19	8	6	10	10
Production	1246	1246	1268	1335	0	1354
MY Imports	510	524	569	534	0	579
MY Imp. from U.S.	280	258	273	279	0	295
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**1775**	**1789**	**1845**	**1875**	**0**	**1943**
MY Exports	4	10	5	6	0	6
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. consumption	300	266	325	286	0	297
Food Use Dom. Consump.	1459	1503	1502	1538	0	1625
Feed,Seed,Waste Dm.Cn.	4	4	5	5	0	5
TOTAL Dom. Consumption	1763	1773	1832	1859	0	1927
Ending Stocks	8	6	8	10	0	10
TOTAL DISTRIBUTION	**1775**	**1789**	**1845**	**1875**	**0**	**1943**
Calendar Year Imports	62	499	75	497	0	568
Calendar Yr Imp. U.S.	20	270	30	220	0	282
Calendar Year Exports	0	4	0	12	0	6
Calendar Yr Exp. to U.S.	0	0	0	0	0	0

PS&D OIL, SOYBEAN

PSD Table						
Country	**Mexico**					
Commodity	**Oil, Soybean**			**(1000 MT)(PERCENT)**		
	2002 Revised		**2003 Estimate**		**2004 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**09/2002**		**09/2003**		**09/2004**	
Crush	4335	4335	4445	4400	0	4500
Extr. Rate, 999.9999	0.170703576	0.171626298	0.170753656	0.170681818	0	0.170666667
Beginning Stocks	15	15	6	4	6	5
Production	740	744	759	751	0	768
MY Imports	192	192	200	210	0	225
MY Imp. from U.S.	192	192	200	210	0	225
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**947**	**951**	**965**	**965**	**6**	**998**
MY Exports	4	10	5	6	0	6
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	933	933	949	949	0	980
Feed Waste Dom. Consum	4	4	5	5	0	5
TOTAL Dom. Consumption	937	937	954	954	0	985
Ending Stocks	6	4	6	5	0	7
TOTAL DISTRIBUTION	**947**	**951**	**965**	**965**	**0**	**998**
Calendar Year Imports	0	217	0	128	0	230
Calendar Yr Imp. U.S.	0	217	0	128	0	230
Calendar Year Exports	0	4	0	12	0	6
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX OIL SOYBEAN

OIL, SOYBEAN H.S. 1507.1001 & 1507.9099		**UNITS: THOUSAND METRIC TONS**	
EXPORTS FOR MY 2002/2003 TO:		**IMPORTS FOR MY 2002/2003 FROM:**	
U.S.	10	U.S.	192
OTHER		OTHER	
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	10	GRAND TOTAL	192

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2003.
Note: MY starts on September 2002 and ends August 2003.

PS&D OIL, SUNFLOWERSEED

PSD Table						
Country	Mexico					
Commodity	Oil, Sunflowerseed			(1000 MT)(PERCENT)		
	2002 Revised		2003 Estimate		2004 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2002		10/2003		10/2004	
Crush	105	105	37	87	0	76
Extr. Rate, 999.9999	0.3333333	0.3333333	0.3243243	0.3218390	0	0.3289473
Beginning Stocks	4	4	2	2	2	5
Production	35	35	12	28	0	25
MY Imports	15	52	35	55	0	55
MY Imp. from U.S.	15	13	35	35	0	35
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**54**	**91**	**49**	**85**	**2**	**85**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	52	89	47	80	0	82
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	52	89	47	80	0	82
Ending Stocks	2	2	2	5	0	3
TOTAL DISTRIBUTION	**54**	**91**	**49**	**85**	**0**	**85**
Calendar Year Imports	0	17	0	66	0	65
Calendar Yr Imp. U.S.	0	17	0	27	0	30
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX OIL SUNFLOWERSEED

OIL, SUNFLOWERSEED H.S. 1512.1101 & 1512.1999		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2002/2003 TO:		**IMPORTS FOR MY 2002/2003 FROM:**	
U.S.	34	U.S.	13
OTHER		OTHER	
TOTAL OF OTHER	1	ARGENTINA	38
OTHERS NOT LISTED	1	OTHERS NOT LISTED	0
GRAND TOTAL	35	GRAND TOTAL	51

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2003.
Note: MY starts on October 2002 and ends September 2003.

PS&D OIL, RAPESEED

PSD Table						
Country	**Mexico**					
Commodity	**Oil, Rapeseed**				**(1000 MT)(PERCENT)**	
	2002 Revised		**2003 Estimate**		**2004 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**10/2002**		**10/2003**		**10/2004**	
Crush	770	770	835	1000	0	1000
Extr. Rate, 999.9999	0.3870129	0.3870129	0.3880239	0.388	0	0.388
Beginning Stocks	0	0	0	0	0	0
Production	298	298	324	388	0	388
MY Imports	80	80	90	50	0	70
MY Imp. from U.S.	65	53	30	30	0	35
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**378**	**378**	**414**	**438**	**0**	**458**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	378	378	414	438	0	458
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	378	378	414	438	0	458
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	**378**	**378**	**414**	**438**	**0**	**458**
Calendar Year Imports	50	62	75	85	0	45
Calendar Yr Imp. U.S.	20	28	30	62	0	20
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX OIL RAPESEED

OIL, RAPESEED H.S. 1514.1001, 1514.1101, 1514.9099 & 1514.9999		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2002/2003 TO:		**IMPORTS FOR MY 2002/2003 FROM:**	
U.S.	0	U.S.	53
OTHER		OTHER	
		CANADA	27
TOTAL OF OTHER	0	TOTAL OF OTHER	27
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	0	GRAND TOTAL	80

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2002.
Note: MY starts on October 2002 and ends September 2003.

PS&D OIL, COCONUT

PSD Table						
Country	Mexico					
Commodity	Oil, Coconut			(1000 MT)(PERCENT)		
	2002 Revised		2003 Estimate		2004 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2003		01/2004		01/2005	
Crush	165	165	165	166	0	166
Extr. Rate, 999.9999	0.6424242	0.6424242	0.6424242	0.6445783	0	0.6445783
Beginning Stocks	0	0	0	0	0	0
Production	106	106	106	107	0	107
MY Imports	5	8	6	14	0	18
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**111**	**114**	**112**	**121**	**0**	**125**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	76	69	77	73	0	75
Food Use Dom. Consump.	35	45	35	48	0	50
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	111	114	112	121	0	125
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	**111**	**114**	**112**	**121**	**0**	**125**
Calendar Year Imports	12	8	0	14	0	18
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX OIL COCONUT

OIL, COCONUT H.S. 1513.1101 1513.2101 1513.2999 & 1513.1999		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2002/2003 TO:		**IMPORTS FOR MY 2002/2003 FROM:**	
U.S.	0	U.S.	5
OTHER		OTHER	
		PHILIPPINES	3
TOTAL OF OTHER	0	TOTAL OF OTHER	3
OTHERS NOT LISTED	0	OTHERS NOT LISTED	
GRAND TOTAL	0	GRAND TOTAL	8

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2003.
Note: MY starts on January 2003 and ends December 2003.

PS&D OIL, COTTONSEED

PSD Table						
Country	**Mexico**					
Commodity	**Oil, Cottonseed**			**(1000 MT)(PERCENT)**		
	2002 Revised		**2003 Estimate**		**2004 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**08/2002**		**08/2003**		**08/2004**	
Crush	315	315	297	297	0	310
Extr. Rate, 999.9999	0.1682539	0.1682539	0.1649831	0.1649831	0	0.1677419
Beginning Stocks	0	0	0	0	0	0
Production	53	53	49	49	0	52
MY Imports	8	5	8	4	0	3
MY Imp. from U.S.	8	5	8	4	0	3
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**61**	**58**	**57**	**53**	**0**	**55**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	61	58	57	53	0	55
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	61	58	57	53	0	55
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	**61**	**58**	**57**	**53**	**0**	**55**
Calendar Year Imports	0	8	0	3	0	2
Calendar Yr Imp. U.S.	0	8	0	3	0	2
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D OIL, PALM

PSD Table						
Country	**México**					
Commodity	**Oil, Palm**			**(1000 HA)(1000 TREES)(1000 MT)**		
	2002 Revised		**2003 Estimate**		**2004 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**01/2003**		**01/2004**		**01/2005**	
Area Planted	0	6	0	7	0	8
Area Harvested	0	6	0	7	0	8
Trees	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	14	10	18	12	0	14
MY Imports	210	187	230	201	0	208
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	**224**	**197**	**248**	**213**	**0**	**222**
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	224	197	248	213	0	222
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	224	197	248	213	0	222
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	**224**	**197**	**248**	**213**	**0**	**222**
Calendar Year Imports	0	187	0	201	0	208
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

TRADE MATRIX OIL PALM

OIL, PALM	H.S. 15111001 & 1511.9099	**UNITS: THOUSAND METRIC TONS**	
EXPORTS FOR MY 2002/2003 TO:		**IMPORTS FOR MY 2002/2003 FROM:**	
U.S.	0	U.S.	0
OTHER		OTHER	
		COSTA RICA	77
TOTAL OF OTHER	0	TOTAL OF OTHER	77
OTHERS NOT LISTED	0	OTHERS NOT LISTED	110
GRAND TOTAL	0	GRAND TOTAL	187

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2003.
Note: MY starts on January 2003 and ends December 2003.

FEED DEMAND STRATEGIC INDICATOR TABLE FOR MEXICO

FEED DEMAND				
STRATEGIC INDICATOR TABLES FOR MEXICO				
MEAT PRODUCTION				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	2000	2001	2002	2003
Poultry				
Poultry Meat:	1,891,000	1,986,000	2,187,936	2,297,000
Eggs:	1,879,000	1,898,000	2,034,436	N/A
Pork:	1,034,000	1,040,000	1,085,000	110,000
COMPOUND FEED SECTOR				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	2000	2001	2002	2003
Compound Feed Capacity	30,030,000	31,531,000	30,500,000	N/A
Total Compound Feed Produced	20,301,000	21,316,000	22,533,000	N/A
------ by integrated producers	13,319,000	13,985,000	14,538,000	N/A
------ by commercial producers	6,982,000	7,331,000	7,995,000	N/A
FEED GRAIN USE				
		Last Year	Current Year	Out Year Forecast
Marketing Year:	2000	2001	2002	2003
Corn (Domestic consumption: feed)	8,600,000	8,858,000	9,300,000	1,000,000
Other (specify)	N/A	N/A	N/A	N/A
PROTEIN - ENERGY USAGE				
		Last Year	Current Year	Out Year Forecast
Marketing Year:	2000	2001	2002	2003
Total Protein Meal (feed waste domestic consumption)	4,476,000	4,610,000	4,913,000	5,194,000
Soy Bean Meal (feed waste domestic consumption)	3,600,000	3,708,000	4,350,000	4,400,000
Other Protein Meal, e.g. Palm Kernel Meal, Rape Meal (feed waste domestic consumption)	876,000	902,000	823,000	794,000
Fish Meal	N/A	N/A	N/A	N/A
Palm Crude Oil (feed waste domestic consumption)	N/A	N/A	N/A	N/A
TRADE (Metric Tonnes)				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	2000	2001	2002	2003
Corn				
Imports:	5,322,476	5,829,117	5,505,398	5,756,354
Exports:	3,985	7,334	157,396	2,059

Soy Beans				
Imports:	3,985,000	4,486,000	4,382,507	4,175,876
Exports:	1,728	156	327	2,059
Soy Bean Meal				
Imports:	133,298	284,926	470,947	684,787
Exports:	116	8,202	531	849
Fish Meal				
Imports:	27,286	22,570	95,184	14,169
Exports:	2,158	9,384	19,558	19,021
Palm Crude Oil				
Imports:	100,102	162,656	181,330	187,203
Exports:	2	0	0	0
PROTEIN PRODUCTS TARIFFS AND TAXES		Bound Rate	Applied Rate	Other
Report Year:	Product Description 1/	(%)	(%)	Import Taxes/Fees
0505.90	FEATHER MEAL	36	13	
1501.00.00.60	YELLOW GREASE	254.0	260.0	N/A
1502.00.00.40	INEDIBLE TALLOW	18.0	10.0	N/A
1511	PALM OIL	45.0	10.0	N/A
1518	ANML/VG FTS &OILS	45.0	10.0	N/A
2301.10	MEAT AND BONE MEAL	36.0	18.0	N/A
2301.20	FISH MEAL	36.0	18.0	N/A

WHOLESALE EDIBLE VEGETABLE OILS PRICES (Pesos)			
Variety	**Presentation**	**February 03**	**February 04**
Sunflower	1lt. 12 bottle box	106.75	123.98
Mixed vegetables	1lt. 12 bottle box	107.4	126.83
Soybean	1lt. 12 bottle box	109.13	146.00
Corn	1lt. 12 bottle box	149.27	239.06
Safflower	1lt. 12 bottle box	113.73	N/A
Safflower	17 lt. Can	N/A	164.00

Source: Servicio Nacional de Informacion de Mercados, SNIIM-SE.
Exchange rate (March 29, 2004) US $1.00 = 11.15 pesos

SECTION III. NARRATIVE ON SUPPLY, DEMAND, POLICY, & MARKETING

OILSEEDS

PRODUCTION

Overall oilseed production in Mexico is expected to increase approximately 22 percent in MY 2004, due largely to higher cottonseed production. Increased production of cottonseed is expected to more than offset the slight decline in soybean production within aggregate statistics of total oilseeds production. Cottonseed production, which last year represented approximately 30 percent of all Mexican oilseed output, is expected to reach approximately 50 percent in MY 2004. Mexican producers view cotton as a potentially profitable crop given the expected higher prices than a year before and government supports (see MX3098 & MX3131), which could encourage increases in cotton production. Soybean production, which normally accounts for 35 to 40 percent of all Mexican oilseed output, is expected to drop to 27 percent in 2004, due to the substantial increase in cottonseed production. For MY 2004/05, soybean harvested area is forecast at 67,000 ha, essentially unchanged from MY 2003/04. Production, however, is forecast at 110,000 MT, a reduction from last year, due to the resumption of normal weather conditions, which contrasts with the above-normal weather conditions of MY 2003. According to Mexico's National Association of Oils, Fats and Shortening (ANIAME), despite higher soybean prices, it is unlikely that planted area will increase sharply, due to farmers being more familiar with the cultural practices of alternative crops, such as corn or sorghum, which also have attractive prices. Moreover, soybean production takes place primarily in non-irrigated areas, which are subject to unpredictable weather conditions. In addition, soybean irrigated areas in Sinaloa have practically disappeared due to low water reservoir levels.

MY 2004/05 peanut production is expected to remain practically unchanged from the previous harvest. ANIAME also stated that the African palm oil program in the states of Tabasco, Campeche and Veracruz has continued to grow slowly, with 1,000 hectares expected to be in production for 2004/05.

On March 1, 2004, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced it will pay producers of soybean, cotton, peanut and other crops 935 pesos (USD$85) per hectare during the 2004/05 spring/summer and the 2004/05 fall/winter planting seasons under its domestic support program, PROCAMPO. This payment is 3.3 percent greater than what SAGARPA paid during the same period in 2003/04. The announcement also indicates that farmers with producing areas between one and five hectares will receive 1,120 pesos (USD $102) per hectare, or 8.7 percent more than SAGARPA paid last year.

On July 14, 2003, SAGARPA announced the specific guidelines establishing the mechanisms to provide supports to producers of soybean, rapeseed (canola), cotton and other products (MX3098 and MX3131). These supports are part of the "Target Income" Program (i.e., target price) (see MX 2173 and MX 3067). These specific guidelines are based on the general Operational Regulations (REGLAS) that SAGARPA published for several support programs on June 17, 2003. According to these Operational Regulations, the objective of the "Target Income" program 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.

SOYBEAN PRODUCTION

According to preliminary official information, soybean production increased by almost 50 percent in the 2003 spring/summer crop compared with the same crop a year earlier. The main part of the increase is attributable to higher planted area, above normal weather conditions, and timely rains across the main producing areas. In Tamaulipas, for example, preliminary information indicates that 2003 spring/summer soybean production reached 124,000 MT, more than double that of the 2002 spring/summer crop, due to increased planted area and favorable weather conditions. As a result, average yields for 2003's spring/summer crop in Tamaulipas have increased 45.4 percent, from 1.770 MT/ha., compared to 1.217 MT/ha. a year ago. It should be noted, however, that despite this huge increase, total domestic production continues to represent less than 3 percent of Mexico’s total soybean consumption. The production estimate and the planted and harvested areas for MY 2002/03 reflect the latest SAGARPA’s official information.

Production of soybeans, by state, for the 2003 and 2002 spring/summer crop years are as follows:

PRODUCTION OF SOYBEANS, BY STATE, FOR THE 2002 & 2003 SPRING/SUMMER CROP YEARS

State	2002 Area Planted (Has)	2002 Area Harvested (Has)	2002 Production (MT)	2003 Area Planted (Has)	2003 Area Harvested (Has)	2003 Production (MT)
Sinaloa	6,007	5,800	11,112	153	144	376
Tamaulipas	36,018	33,517	40,804	49,833	48,002	82,839
Chiapas	9,244	8,499	19,292	8,923	8,449	21,479
San Luis Potosi	4,567	4,131	6,220	5,576	5,426	8,835
Veracruz	2,514	2,259	4,066	5,561	4,914	9,828
Other	1,014	929	1,699	824	724	738
TOTAL	59,434	55,135	83,193	70,870	67,659	124,095

Source: Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs

COTTONSEED PRODUCTION

According to the Confederation of Mexican Cotton Associations (CMCA), the outlook for cotton area shows that for MY 2004/05 cotton farmers have increased their plantings intentions to approximately 117,000 hectares, a 83-percent increase above the revised MY 2003/04 planted area figure of 64,000 ha., due to higher international prices and government supports. It should be noted that MY 2003/04 planted area and production were atypically low, due to the unreliability of government supports and low international prices. CMCA’s last report indicates that the expected increase in MY 2004/05 planted area is based on the assumption that the federal target price program for cotton will continue in

CY 2004. In CY 2003, the target price for cotton was U.S. $0.64 per pound of cotton lint (see MX 2173, MX 3098 and MX 3131). Also, CMCA pointed out that farmers from La Laguna region (comprised of the states of Coahuila and Durango) are going to plant approximately 18,000 hectares of transgenic cotton in MY 2004/05. Also, the Sinaloa state government project to improve the hydraulic infrastructure in the Yaqui and Mayo valleys has also contributed to the increase in cotton planted area. Consequently, Mexican cotton production is forecast at 622,000 bales (480 lb.), an increase of approximately 75 percent from the revised MY 2003/04 estimate. The production estimate and the planted and harvested area estimates for MY 2002/03 have been increased, reflecting the most recent official information from SAGARPA.

PEANUT PRODUCTION

MY 2004 peanut production is forecast at 90,000 MT -- the same as MY 2003 output. Production has remained stable over the past several years and is expected to remain unchanged in the near term, due to a lack of financial credit and insufficient governmental supports relative to other crops. Growers are cautiously optimistic about the expansion of peanut demand in Mexico as a result of the economic growth in CY 2004. Reportedly, some Mexican processors are experiencing growing demand. These processors are facing an improvement in the economy, with affordable retail prices for their products and relatively higher purchasing consumer power. Growers, however, are experiencing increased competition from low-priced imported peanuts from China, Argentina and Nicaragua. As a result, sources see little chance for near-term increases in production. It should be noted that SAGARPA does not monitor peanut production regularly, but eventually publishes annual production data.

CONSUMPTION TOTAL

Total MY 2004/05 oilseed consumption is expected to increase approximately 2 percent, which exceeds the population growth rate (1.32 percent), due to strong feed demand and the recovering economy. The Mexican feed millers' association, for example, expects that feed consumption will increase approximately 3 percent in MY 2004/05, due to strong demand from the livestock and poultry industries. The poultry industry is a major consumer of oilseeds meals (soybean meal, mainly). Another important end-user of oilseed meals is the swine industry.

For soybeans, industry specialists are currently estimating that MY 2004/05 soybean demand will increase approximately 2.3 percent above that of MY 2003/04 as a result of the economic recovery and the dynamic performance of the livestock sector, mainly the poultry sub sector. With expectations for the hog sector to begin recovering sometime in early 2004, and for the poultry sector to continue growing, MY 2004/05 domestic consumption should increase slightly, industry sources said. According to ANIAME, despite the increase in soybean prices, livestock producers (hog and poultry mainly) should have to meet their protein requirements. Consequently the Mexican crushing industry will continue to look for imported beans from the United States or South America. The MY 2003/04 soybean consumption estimate has been revised downward reflecting the substitution of high-priced soybeans for more affordable oilseeds such as rapeseed. Decreased demand led to lower-than-expected imports.

MY 2004 cottonseed consumption is expected to increase over the current year as the dairy industry's demand continues to increase. According to industry sources, fluid milk production for CY 2004 (Jan.-Dec.) is forecast to increase nearly three percent to 10.3 MMT. Continued modernization and improved herd management by large dairies will continue to boost overall production.

The MY 2003/04 consumption estimate for sunflower seed has been revised sharply upward, due to higher demand from the oil processors (mainly from “La Corona” company) and the more attractive prices of sunflower seeds. For MY 2004/05, sunflower seed consumption is expected to decrease, assuming more attractive prices for alternative oilseeds such as soybeans. Consumption for rapeseed in MY 2004/05 is forecast at 1.0 MMT -- a high level compared to the average of the last few years -- as rapeseed prices continue to be favorable. MY 2004/05 peanut consumption is forecast to increase approximately 3 percent, due to the economic recovery in CY 2004. Peanut consumption is oriented to the edible – food use – market, where it is sold mainly as a snack in Mexico. Only a very small amount of peanut production is used for oil and meal. Mexico's import decisions for oilseeds and products continue to be based largely on price and the availability of credit, rather than on quality or strong consumer preference.

TRADE TOTAL

Imports of oilseeds are expected to increase in MY 2004/05, due to the recovering economy and increased demand in the hog and poultry sectors. In the case of the poultry sector, for example, poultry meat production is forecast to increase 7 percent during CY 2004 (See MX 4013). The U.S. market share is expected to be about the same as in MY 2003 – approximately 74 percent. It should be noted that the MY 2004/05 import forecast assumes that the GOM will not enforce any regulation against transgenic soybeans. Controversy surrounding transgenic seeds and biotechnology has risen and fallen in the last year, as anti-biotech groups have lobbied Congress – so far unsuccessfully -- to include trade-restrictive measures in a national biosafety bill. Mexican consumers appear to be unaware or disinterested in the biotechnology debate and its potential trade implications.

The soybean import estimate for MY 2003/04 has been adjusted downward reflecting more recent private information. At the same time, imports estimated from the United States for MY 2003/04 have been revised downward, as industry sources estimated that for the end of this marketing year the United States would practically run out of soybeans. The lower U.S. crop size is forecast to push Mexican importers to look for exportable supplies, such as from Brazil or Argentina. According to industry, most of the shortfall is expected to come from Brazil. Although industry forecasts Mexican imports of Brazilian soybeans to be significantly higher than FAS/Mexico’s more conservative forecast of 400,000, FAS/Mexico maintains its lower forecast, due to GOM phytosanitary concerns about the Asian Rust fungus and the likely interplay of a variety of global supply and demand factors, including Mexican demand for more affordable oilseeds, like rapeseed, should the price of soybeans increase dramatically. At present, given Mexico’s projected soybean needs, the GOM is not banning soybean imports from Brazil, but is requesting that the international phytosanitary certificate indicate that soybean shipments are free of Asian Rust and vegetable residues.

Rapeseed imports increased from 728,000 tons in CY 2002 to approximately 780,000 MT in CY 2003, due to favorable international prices. This trend is expected to continue in MY 2004/05 given the ample Canadian canola supply and low international prices. Canada has continued be the primary supplier of canola to the Mexican market. Canola is counted in the rapeseed PSD. The MY 2003/04 rapeseed import estimate has been revised upward to 1.0 MMT based on most recent private and official information.

OIL MEALS

PRODUCTION

MY 2004/05 production is expected to increase approximately 2 percent, due to greater bean imports and strong oil meal demand from the livestock sector. This continues an upward trend in meal production, which began approximately 7 years ago as a result of increased domestic crush capacity. Soybeans accounted again for approximately 83 percent of total meal production in MY 2003/04 and are expected to remain more or less the same in MY 2004/05. The estimates for total meal production in MY 2002/03 and MY 2003/04 have been revised upward based on new information on increased crush and demand. Production of oil meal from imported rapeseed seed is expected to account for approximately 13 percent of total meal usage in MY 2004 – the same as in MY 2003.

According to industry sources, the Mexican crushing industry has continued to consolidate as larger crushers expand both capacity and market share. Crushing margins are expected to increase as the more efficient crushers control a larger part of the market. Industry consolidation, as well as investment and expanding infrastructure, is expected to continue in the medium term. Currently, six leading companies, Agydsa, Hidrogenadora Yucateca, La Corona, Aceites Industriales El Zapote and Grupo Ragasa, account for nearly 80 percent of total domestic production of oil meals and oils. Moreover, big crushers have continued investing in their plants. Hidrogenadora Yucateca and Agydsa, for example, established three new plants in 2003. The optimistic outlook for the Mexican economy is expected to encourage additional investment in crush plants in 2004.

CONSUMPTION

A stronger economy in Mexico should spur demand for greater protein meal consumption in MY 2004/05, although it is expected that domestically-produced meal will meet most of the increased demand. This projected consumption increase for oil meal products is primarily driven by enhanced domestic demand from the poultry industry. The CY 2004 Mexican poultry meat production forecast reflects an increase of approximately 7 percent compared to a year earlier. Demand for oil meals by the cattle industry is also expected to increase slightly. The United States remains the main supplier of oil meals to the Mexican market, with negligible amounts supplied from other origins, primarily in Latin America. The total oilseed meal consumption estimate has been increased in MY 2003 also due to the expansion of the poultry industry.

Soybean meal consumption is expected to increase by nearly 2 percent in MY 2004/05, due to the expanding poultry industry. Soybean meal is used primarily by the poultry industry in feed rations.

For MY 2004/05, cottonseed consumption is expected to rise due to increased demand from the dairy sector. Rapeseed meal consumption is expected to reach 11 percent of total meal consumption in MY 2004/05, which is slightly lower than a year before. Both rapeseed and cottonseed meal continue to be used mainly by the dairy industry. For MY 2003/04, the rapeseed meal consumption estimate has been revised upward reflecting attractive prices. The MY 2002/03 consumption estimate has been adjusted downward reflecting more recent private and official information.

The MY 2002/03 and 2003/04 consumption estimates for sunflower seed meal were revised upward, due to increased consumer demand and low prices. For MY 2004/05, however, sunflower seed demand is expected to decrease to 34,000 MT as the crush industry and feed manufacturers have complained of the high fiber content and lower protein content, which has lowered its acceptance.

TRADE

Oil meal imports are expected to increase approximately 2.5 percent in MY 2004/05, due to the expectation of better international prices. Relative to meal production, however, oilseed meal imports for MY 2004/05 should continue at approximately 17 percent of total meal consumption (5.2 MMT). Import estimates for MY 2002 and 2003 were adjusted based on official trade data and private sources. Soybean meal imports are also expected to increase 2.7 percent, due to strong demand for vegetable protein meals from the livestock sector. Similarly, soybean meal for MY 2002/03 was revised upward to reflect the strong demand from feed manufacturers and the livestock sector. According to official Mexican data, the United States is the only supplier of soybean meal to the Mexican market.

MY 2002/03 and 2003/04 rapeseed and sunflower seed meal import estimates have been adjusted downward based on official information from SE and private sources.

OILS

PRODUCTION

Total MY 2004/05 oil output is forecast at 1.35 MMT, an increase of approximately 1.4 percent from last season, due to the larger soybean crush. Soy and rapeseed oil production are expected to reach 768,000 MT and 388,000 MT, respectively. As discussed earlier, meal demand is clearly the most important crush driver, while oil prices have served to maximize output to the extent possible. Mexico also produces relatively small quantities of cottonseed, palm, sunflower oils, and approximately 107,000 MT of coconut oil. The estimate of total Mexican oil production for MY 2003/04 has been raised due to increased crush, mostly from imported rapeseeds. Soybean oil remains the major oil produced domestically, accounting for 57 percent of total production. According to industry sources, crushers are operating between 50 to 60 percent of capacity – a figure that is expected to remain unchanged in MY 2004/05.

Rapeseed oil production is forecast to account for approximately 29 percent of total oil production in MY 2004/05, a similar share to a year ago. The MY 2003/04 rapeseed oil production estimate has been revised upward from the previous estimate, due to favorable seed prices. This level in rapeseed oil production is expected to continue in MY 2004/05. At the same time, the sunflower seed oil production estimate for MY 2003/04 has been revised upward based on new information provided by industry sources. Production increased in MY 2002/03 from previous years, and continued in MY 2003/04 due to lower seed cost relative to higher-priced oils like soybean oils. For MY 2004/05, sunflower seed oil production is expected to decrease, as seed prices of alternative oilseeds return to attractive levels.

Palm oil production is forecast to increase to 14,000 MT in MY 2004/05, due to expected higher yields. According to ANIAME, approximately 1,000 has. were planted in MY 2002/03. Yields should increase in the second year of production, as the palms have matured. Palm oil production estimates for MY 2002/03 and 2003/04 have been revised downward, reflecting ANIAME information. Production of coconut oil is forecast to remain unchanged in MY 2004. According to ANIAME information, soap manufacturers consume approximately 60 percent of coconut oil and the remaining 40 percent is used for margarine production.

CONSUMPTION

Total oil consumption for MY 2004/05 is projected to increase approximately 4 percent from last year. Utilization of soybean oil, at approximately 985,00 MT, accounts for 51 percent of this increase, while rapeseed oil accounts for 24 percent, and the remainder comes from other refined oils such as palm, coconut, cottonseed and sunflower seed. Most usage of soybean oil is accounted for by food processing and blending with other oils. The forecast for MY 2004 is for oil demand to increase due to increased demand from both the industrial and retail sectors and population growth. Total oil consumption for MY 2002/03 and 2003/04 have been revised upward from previous estimates, due to higher-than-expected crush levels and more recent ANIAME information.

According to ANIAME, as a result of high international seed prices -- mainly soybeans -- Mexican wholesale and retail prices for vegetable oil increased nearly 15 percent; this compares to a 5-percent increase across all food products in CY 2003. Similarly, during the first two months of CY 2004, retail prices for vegetable oil increased 5 percent relative to the same period a year earlier. This trend is expected to continue at least until the new crop-marketing year (i.e., MY 2004/05) and assumes that worldwide production increases will rebuild the extremely tight stocks.

Due to the low cost of sunflower seeds, companies such as La Corona, one of the larger oil processors in Mexico, increased its bottling of sunflower oil blended with other oils for sale in supermarkets. At the same time, other oil processors have substituted canola oil instead of soybean oil, due to the high cost of soybeans. As a result, canola oil continues to account for approximately 23 percent of the oil market – the same market share it has had for the past two years. A similar market share is expected for MY 2004/05.

The MY 2002/03 and MY 2003/04 sunflower oil consumption estimates increased sharply from the previous estimates, due to more favorably priced seeds and information from ANIAME. Sunflower oil has a 4 percent share of the Mexican market. It is mostly consumed on a retail level, as well as by the snack and bakery industries.

The palm oil consumption estimates for MY 2002/03 and 2003/04 were decreased based on revisions by ANIAME and SAGARPA. For MY 2004/05, consumption is expected to increase to 222,000 MT, due to increased usage of palm oil by margarine producers. The coconut oil consumption estimates for MY 2002/03 and 2003/04 have been raised according to more recent information from ANIAME. An increase of 3 percent is expected for the MY 2004/05.

TRADE

Growth in vegetable oil imports is projected to rise by approximately 8 percent in MY 2004/05, due to the ongoing recovery of the Mexican economy. Imports of soybean oil are expected to account for approximately 39 percent of total consumption, similar to a year before, due to market preferences and attractive prices. Undoubtedly, price continues to be the overriding factor in marketing vegetable oils and oilseeds in the Mexican marketplace. The United States will continue to be the main supplier of soybean oil into the Mexican market due to its proximity and lower freight cost, which permit Mexican importers to purchase on an "as needed" basis. The MY 2003/04 soybean oil import estimate has been adjusted upward according to revised information from private sources. The export estimates for MY 2002/03 and 2003/04 have been adjusted upward, according to revised information from SE and the industry.

For rapeseed oil, the MY 2003/04 import estimate has been decreased due to higher-than-expected domestic production. For MY 2004/05, rapeseed oil imports are expected to increase to 70,000 MT due to attractive international prices. For sunflower oil, import estimates for MY 2002/03 and 2003/04 were increased based on revised Mexican official data and industry information. For MY 2004/05 sunflower seed imports are forecast at 55,000 MT.

For palm oil, the MY 2002/03 and 2003/04 import estimates were decreased according to revised official data. Palm oil imports are forecast to increase approximately 3.5 percent in MY 2004/05. For coconut oil, the import estimate has been raised for MY 2002/03 and 2003/04, reflecting revised official data. For MY 2004/05, coconut oil imports are forecast at 18,000 MT. The MY 2002/03 and 2003/04 cottonseed oil import estimates were revised downward based on revised SE data and industry. For MY 2004/05, cottonseed oil imports are forecast at just 3,000 MT.