



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 7/20/2004

GAIN Report Number: MX4090

Mexico

Agricultural Situation

Weekly Highlights & Hot Bites, Issue #28

2004

Approved by:

Lisa Anderson
U.S. Embassy Mexico City

Prepared by:

Kate Snipes, Benjamin Juarez, Dulce Flores, Salvador Trejo and Gabriel Hernandez

Report Highlights:

- *ATO MEXICO CITY AND INTERNATIONAL COOPERATION AND DEVELOPMENT SPONSOR SEAFOOD SAFETY SEMINAR
- *MEXICO'S NATIONAL FARM AGREEMENT STILL IN HOT WATER
- *U.S. A DEVELOPING MARKET FOR MEXICAN HASS AVOCADOS
- *EUREPGAP REGULATIONS WOULD AFFECT MEXICAN HASS AVOCADO EXPORTS
- *CORN INDUSTRY STRATEGIES TO MEET THE 2008 CHALLENGE
- *DECREASED MEXICAN COFFEE PRODUCTION DUE TO LACK OF INCENTIVES
- *STRATEGIES TO FACE THE NAFTA 2008 OPENING
- *CENTRAL BANK GOVERNOR URGES STRUCTURAL REFORMS

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.

.....

ATO MEXICO CITY AND INTERNATIONAL COOPERATION AND DEVELOPMENT SPONSOR SEAFOOD SAFETY SEMINAR

For the first time, ATO Mexico City, in cooperation with USDA/FAS International Cooperation and Development, sponsored a seminar on the safe handling and preparation of seafood that was targeted at distributors and restaurateurs in the Cancun and Caribbean region of Mexico. The three-day event on June 15-17, 2004, included visits to local receiving and warehousing facilities, a one-day seminar from a HACCP instructor and inspector from the National Oceanic and Atmospheric Administration's National Marine Fisheries Service, and a one-day seminar by a certified instructor in restaurant preparation based on the FDA food code (*Serve-Safe*). The participants were made aware of the high quality, safety and grading standards for U.S. seafood. Several participants in the seminar are planning on attending the Boston Seafood Show in 2005 where they will have the ability to meet and suppliers of and make purchased of U.S. seafood. (Source: *ATO Mexico City*, 7/15/04)

MEXICO'S NATIONAL FARM AGREEMENT STILL IN HOT WATER

According to a local newspaper, Agriculture Secretary Javier Usabiaga said the National Farm Agreement (ANC) is still a pending task in President Fox's government. Government policy, along with the affects of the NAFTA, has severely hurt the Mexican rural sector, making today's farm growth figures lack credibility. After four years of President Fox's government, known as the "government of change," and amidst protests from several farming organizations, Usabiaga admitted that fulfillment of the ANC is still unreachable at this stage. However, the government will continue to work tirelessly in its effort to give the rural population health services, housing, education and recreation equivalent to what the urban population receives. (Source: *El Financiero*, 7/20/04)

U.S. A DEVELOPING MARKET FOR MEXICAN HASS AVOCADOS

According to the Secretariat of Economy (SE), for the January-March 2004 period, Mexican exports of avocados to the United States increased 59 percent to US\$48.1 million compared to the US\$30.2 million during the same period a year ago. Antonio Villasenor, former president of the Michoacan Association of Avocado Producers and Packers (APEAM), indicated that even though restrictions of commercialized Mexican Hass avocados in the United States exist, sales have increased remarkably due to an intense promotion in the U.S. northeastern states. Recently, Mexico increased its exports to other countries too, but Japan and the United States continue to be the main foreign markets for Mexico's "green gold." On the other hand, the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) forecast sales of Hass avocados to the United States during the forthcoming

season to increase by 42 percent, from US\$98 million to US\$150 million. Mexico has 10,000 avocado producers and 400 packing facilities, and is capable of supplying the entire United States without any disruption to its domestic consumption, which is estimated at 800,000 MT. In 2003, Mexico exported nearly 42,000 MT to the United States from the one million MT produced. (Source: *Reforma*, 7/13/04)

EUREPGAP REGULATIONS WOULD AFFECT MEXICAN HASS AVOCADO EXPORTS

Michoacan companies exporting Mexican Hass avocados to the EU may face serious problems in commercializing their products by 2005 due to the implementation of strict EU phytosanitary regulations. Such regulations stipulate that imported produce must not contain harmful pesticides that could affect human health. Currently, Mexico does not have an updated list of the EU's MRLs for specific crops to allow producers to comply with the requirements. According to interested parties, this lack of information could halt exports to that important market. Consequently, they have requested that the Secretariats of Economy (SE) and Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) establish a program to train producers in the EU's phytosanitary requirements. At present, Mexican Hass avocados are exported to the United States, Japan and the EU, in that order, said SE Michoacan delegate Gilda Trujillo. *FAS Mexico note: EUREPGAP stands for "Euro Retailer Produce Working Group." EUREPGAP is a private sector initiative to guarantee food safety through the implementation of a series of sector specific farm certification standards, created in response to the demands of consumers, to ensure integrity, transparency and harmonization of global agricultural standards. End note.* (Source: *El Financiero*, 7/15/04)

CORN INDUSTRY STRATEGIES TO MEET THE 2008 CHALLENGE

The Director of the National Chamber of Industrialized Corn, Enrique Tron, indicated that the survival of the corn crop after 2008, when corn trade with the United States will be fully liberated, will depend on the integration of the productive chain and on having agricultural contracts or agreements between producers and the industry. In fact, the corn industry is interested in increasing production levels of corn, converting some white corn production into yellow corn production and strengthening agriculture by the contract system. However, such measures will require support from the government. Furthermore, the National Confederation of Corn Producers signed an agreement with an important grain storage company (ALMER) as part of its strategy to confront the challenges of a fully liberalized market in 2008. Initially, the agreement involves 50,000 hectares in Jalisco and 30,000 hectares in Tamaulipas, but could also extend to hectares in the state of Chiapas, which is considering the agreement. (Source: *Financiero*, 7/20/04)

DECREASED MEXICAN COFFEE PRODUCTION DUE TO LACK OF INCENTIVES

While Mexico's coffee production in the international market is fading, Costa Rica and Brazil are conducting internal reforms and agreements to support the sector, mainly by rewarding the quality of produce. These actions have resulted in making coffee production a profitable activity. The results of the Government of Mexico's position, characterized by an absence of domestic commercialization rules and incentives, are evidenced by lowered production in the forthcoming harvest season said National Coordinator of Coffee Organizations (CNOO) assessor Fernando Celis. The official forecast for the 2004/05 season is expected to be below the previous season, when 4.5 million 60-kilogram bags were produced. (Source: *El Financiero*, 7/15/04)

STRATEGIES TO FACE THE NAFTA 2008 OPENING

Since January 2008 was set as the due date for the elimination of duties for a few sensitive commodities under the North America Free Trade Agreement, producers from the Farmers National Confederation (CNC) and representatives of the grain warehouse "Almacenadora Mercader" (ALMER), a member of the leading Mexican grain company MINSA, signed an agreement to implement a strategy that would help them successfully cope with the effects resulting from the Mexican border opening to U.S. grains. Efrain Garcia, president of the Mexican Corn Producers National Confederation (CNPAMM), said that this agreement would be key in enabling Mexican producers to face U.S. competition. Through the CNC-ALMER alliance, which would operate as a base to increase the number of contracts to plant yellow corn, producers would be able to identify companies to directly purchase quality produce. Moreover, the Agricultural Planning Law, which has yet to be published, would allow production programming of different types of corn crops in response to domestic and foreign demand. "We know that to ensure a share in the open market in 2008, we must offer only quality produce. So, we are getting ready to take the challenge," García Bello said. (Source: *El Financiero*, 7/19/04)

CENTRAL BANK GOVERNOR URGES STRUCTURAL REFORMS

Central Bank Governor, Guillermo Ortiz, said that signs of weakness in the U.S. economy worried him, as his country's economy has been moving in tandem with its northern neighbor. He said Mexico's reliance on the United States, coupled with political events at home, heightens the need to pass structural reforms to make the country more competitive. "It's critical that Mexico reduce its vulnerabilities," Ortiz told reporters upon leaving a banking conference. (Source: *La Jornada* and *El Universal*, 7/11/04)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX4088	Weekly Highlights & Hot Bites, Issue #27	7/13/04
MX4089	FAIRS Report	7/19/04

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

FAS/MEXICO EMAIL

To reach us at FAS/Mexico City:

AgMexico@usda.gov and/or ATOMexico@usda.gov