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## Mexico

### Agricultural Situation

### Weekly Highlights and Hot Bites, Issue #8

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**Approved by:**

Suzanne E. Heinen  
U.S. Embassy

**Prepared by:**

Benjamín Juárez, Dulce Flores, Marissa Chavez, and Carlos González

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**Report Highlights:**

- LOWER HOUSE LEGISLATORS SEEK EXECUTIVE BRANCH SUPPORT FOR THE SUGAR AGROINDUSTRY LAW
- MEXICO'S TRADE ADVANTAGES GAINED THROUGH NAFTA AT RISK
- BIMBO "CURES" THE NOSTALGIA OF MEXICANS LIVING IN THE UNITED STATES
- TRADE NEGOTIATIONS BETWEEN EU AND MEXICO
- SIGMA ALIMENTOS PURCHASES NEW ZEALAND MILK-MEXICO

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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.

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### **LOWER HOUSE LEGISLATORS SEEK EXECUTIVE BRANCH SUPPORT FOR THE SUGAR AGROINDUSTRY LAW**

The President of the Special Sugar Commission of the Lower Chamber, Marco Antonio Torres, indicated that legislators of the cane and sugar sectors are trying to reach agreement with the Secretary of Agriculture so that the Sugar Agroindustry Law proposal receives the backing of the executive branch. However, it seems there are several issues that the Secretary of Agriculture still does not agree with. Torres noted that the draft would soon be turned over to the Agricultural Commission of the Lower House for an opinion, which will be followed by a vote in the plenary prior to March 30, 2005. Afterwards the proposal would go to the Senate for its approval. Torres mentioned that the Law would compel the Federal Government to control cane and sugar prices, mediate in sugarcane price negotiations, and promote the industry's competitiveness. (Source: *El Financiero*, 03/02/05)

### **MEXICO'S TRADE ADVANTAGES GAINED THROUGH NAFTA AT RISK**

The increase in free trade agreements between United States and other countries places the preferential advantages that Mexico enjoys with the U.S. market at risk. According to Luis de la Calle, former Undersecretary of International Commercial Negotiations, the threat that these advantages will diminish is real and it is not surprising. De la Calle stated that Mexico should waste no time in furthering its competitiveness and increasing the benefits it can reap from the NAFTA agreement. Also, he stated that, thanks to the World Trade Organization, practically all import tariffs worldwide would disappear in the next five years. (Source: *El Financiero*, 03/07/2005)

### **BIMBO "CURES" THE NOSTALGIA OF MEXICANS LIVING IN THE UNITED STATES**

Appealing to the domestic nostalgia, Latin American companies such as Bimbo, Herdez, La Chata, Jumex, Pitchers, La Costeña, and MexGrocer (among others) have been able to enter the highly competitive U.S. food market. Focusing their marketing activities and logistics distribution toward the 40 million Hispanic people that reside in the United States, these companies have been working to consolidate a market niche with consumers that have an annual purchasing power of U.S. \$400 billion. (Source: *El Financiero*, 03/07/2005)

## TRADE NEGOTIATIONS BETWEEN EU AND MEXICO

Increased market access for agricultural products was the central theme during the first round of trade negotiations held on March 3, 2005 in Brussels between Mexican and European Union officials. Information provided by the European Union's Trade Office in Mexico revealed that the objective of these negotiations is the expansion of the July 2000 Free Trade Agreement (FTA) for the strategic areas of services and investments. The European Union and Mexico renewed their agreement to strengthen their economic and trade ties and to convert the EU-Mexico FTA into a successful tool for economic development. The EU is Mexico's second largest trading partner and its second largest investor. Since the onset of the FTA, bilateral trade between the two countries has increased by 40 percent and European investments in Mexico have doubled. (Source: *El Norte*, 3/3/05)

## SIGMA ALIMENTOS PURCHASES NEW ZEALAND MILK-MEXICO

Sigma Alimentos, the food division of the conglomerate Grupo Alfa, confirmed the purchase of New Zealand Milk-Mexico, proprietor of the cheese brands Nochebuena and Eugenia, allowing Sigma to strengthen its presence in Mexico and consolidate its leadership in the country's cheese industry. On December 13, 2004, Sigma had agreed to the purchase with the New Zealand Company Fonterra, then the owner of New Zealand Milk-Mexico. Sigma is adding the brands of New Zealand Milk to its current cheese brands of Chen, Normex, Norteño, Colonos, Bugambilia, La Villita and Chalet. "The cheese market continues to be very fragmented with an ample variety in tastes and products throughout the country; additionally, it offers plenty of opportunities for growth and development," stated Mario Paez, general director for the company. (Source: *El Norte*, 3/5/05)

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### FAS/MEXICO EMAIL

To reach us at FAS/Mexico:

[AgMexico@usda.gov](mailto:AgMexico@usda.gov), [ATOMexico@usda.gov](mailto:ATOMexico@usda.gov), or  
[ATOMonterrey@usda.gov](mailto:ATOMonterrey@usda.gov)