USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 4/11/2005

GAIN Report Number: MX5033

Mexico

Oilseeds and Products

Annual

2005

Approved by:
Susanne E. Heinen
U.S. Embassy Mexico City

Prepared by:
Benjamin Juarez

Report Highlights:
As result of the economic rebound, Mexican consumption and imports of oilseeds are all expected to continue growing in MY 2005/06. Similarly, oil imports are expected to increase based largely on population growth and the slight improvement in consumer purchasing power. As crushing capacity and utilization has increased, imports of oil meals are expected to decline during MY 2005/06. Cottonseed and soybean production are expected to increase due to increased planted area and the expectation that the federal target price program will continue in MY 2005.

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

TABLE OF CONTENTS

SECTION I. SITUATION AND OUTLOOK FOR OILSEEDS

Economic Situation and Outlook

Mexico's economy grew 4.1 percent during 2004, compared to 1.3 percent in 2003. Growth was supported by an increase in U.S. demand, which stimulated Mexican exports. While an improvement, the 2004 growth rate was still below the average growth rate from 1996-2001 of 5 percent. Mexico's economy is heavily dependent on the United States, which purchases 90 percent of Mexico's exports. Growth is expected to slow in 2005, in light of an expected slowdown in the U.S. economy.

Despite security concerns and disputes between the Executive and Congress regarding the budget during 2004, Mexico's currency and financial markets remained stable, the stock market was one of the 10 best performers among emerging economies, and foreign direct investment climbed 64 percent to $18 billion. Macroeconomic stability was achieved in large part due to sound monetary and fiscal policies. Nonetheless, the lack of structural reforms serve to keep Mexico from improving its global competitiveness. Mexico ranked 48th in competitiveness according to the World Economic Forum, down from 47th a year ago.

Congressional opposition has prevented President Fox from advancing structural reforms throughout his administration and 2004 was no exception. Fiscal, energy, and labor reforms were all stalled during 2004. Some will reportedly be reconsidered during 2005, but with an impending presidential election, significant reforms may be shelved until at least 2006. Most economic observers agree that passage of key reforms is critical to improving Mexico's competitiveness.

Situation & Outlook for Oilseeds

As population and income continue to grow in Mexico, domestic demand for oilseeds is expected to expand in MY 2005/06. Although the Mexican market is made up of many different oilseed crops, it continued to be dominated by soybeans. Of the total expected increase in oilseed consumption in MY 2005/06, approximately 73 percent is explained by the growth in soybean consumption. Driving this expansion in soybean consumption is the increase in the demand for protein meal, which, in turn, reflects the higher demand for meat, especially for poultry meat. The CY 2005 Mexican poultry meat production forecast reflects an increase of approximately 5 percent compared to a year earlier. Moreover, demand for oil meals by the livestock sector is expected to increase. The Mexican feed millers association, for example, expects feed consumption to increase between 3.5 and 4 percent in CY 2005 due to strong demand from this livestock sector.

As result of this strong demand for oilseeds, imports of U.S. oilseeds in MY 2005/06 are forecast to increase approximately 8 percent over MY 2004/05. It is expected that the United States will continue to be the major supplier due to its proximity coupled with its market promotion efforts and availability of credit guarantees. Imports continue to be dominated by soybeans, then by rapeseed, cottonseed, peanuts and sunflower-seed. The U.S. market share is expected to increase to 78.5 percent in MY 2005/06 against 72.4 percent a year earlier, followed by Canada (rapeseed) and Brazil (soybeans).

Mexico's crushing industry continues to expand production and expects growth, which will fuel oilseeds imports. Consequently, oil meal imports are expected to decline in the near term. Most of the demand growth is fueled by the livestock industry. Oil imports are expected to increase to 556,000 MT in MY 2005/06 as the consumer demand for cooking and table use is forecast to outstrip production.

Mexican soybean production for MY 2005/06 is forecast to increase to approximately 140,000 metric tons (MT) because of an increase in planted area and the expectation of normal weather conditions. Despite this increase, it is expected that domestic production will supply just 3 percent of total consumption. Again cottonseed production is forecast to increase sharply to 308,000 MT in MY 2005/06, due to additional area planted and the expectation that the Government of Mexico (GOM) will continue with its federal target price program and will provide an additional marketing support, which should compensate for the decline in international cotton prices. It should be noted, however, that cotton production has been relatively depressed in the last few years compared with the production levels registered at the end of the 1990s. In the case of peanuts, planting intentions for the MY 2005/06 crop are consistent with historical averages, but slightly higher than the revised MY 2004/05 figure.

SECTION II. STATISTICAL TABLES

PS&D Total, Oilseed

PSD Table						
Country	Mexico					
Commodity	Oilseed, Total		(1000 HA)(1000 MT)			
	Revised 2003		Preliminary 2004		Forecast 2005	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	2003		2004		2005	
Area Planted	142	202	185	272	0	331
Area Harvested	194	195	249	249	0	302
Beginning Stocks	58	58	52	51	49	50
Production	338	335	426	437	0	544
MY Imports	5315	5295	5600	5519	0	5479
MY Imp. from U.S.	3830	3379	3907	3998	0	4300
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	5711	5688	6078	6007	49	6073
MY Exports	15	3	10	2	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	5425	5401	5794	5711	0	5761
Food Use Dom. Consump.	160	176	166	187	0	195
Feed,Seed,Waste Dm.Cn.	59	57	59	57	0	59
TOTAL Dom. Consumption	5644	5636	6019	5957	0	6015
Ending Stocks	52	51	49	50	0	58
TOTAL DISTRIBUTION	5711	5688	6078	6007	0	6073
Calendar Year Imports	1236	4810	1100	5406	0	5228
Calendar Yr Imp. U.S.	15	3110	0	4204	0	4223
Calendar Year Exports	12	1	0	0	0	0
Calndr Yr Exp. to U.S.	0	1	0	0	0	0

PS&D Oilseed, Soybean

PSD Table						
Country	Mexico					
Commodity	Oilseed, Soybean			(1000 HA)(1000 MT)		
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2003		09/2004		09/2005	
Area Planted	0	71	0	97	0	110
Area Harvested	68	68	80	80	0	90
Beginning Stocks	45	45	40	40	40	40
Production	125	125	125	125	0	140
MY Imports	3797	3797	4100	4100	0	4250
MY Imp. from U.S.	3600	3039	3700	3700	0	4100
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3967	3967	4265	4265	40	4430
MY Exports	0	2	0	2	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	3892	3892	4190	4190	0	4350
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	35	33	35	33	0	35
TOTAL Dom. Consumption	3927	3927	4225	4225	0	4385
Ending Stocks	40	40	40	40	0	45
TOTAL DISTRIBUTION	3967	3967	4265	4265	0	4430
Calendar Year Imports	0	3600	0	3900	0	4000
Calendar Yr Imp. U.S.	0	2837	0	3800	0	3900
Calendar Year Exports	0	2	0	2	0	0
Calndr Yr Exp. to U.S.	0	1	0	1	0	0

Trade Matrix, Oilseed Soybean

OILSEED, SOYBEAN	H.S. 1201.0002 & 1201.0003	UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2003/2004 TO:		IMPORTS FOR MY 2003/2004 FROM:	
U.S.	1	U.S.	3,039
OTHER		OTHER	
		BRAZIL	599
TOTAL OF OTHER	2	TOTAL OF OTHER	599
OTHERS NOT LISTED	2	OTHERS NOT LISTED	159
GRAND TOTAL	3	GRAND TOTAL	3,797

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2004.
Note: MY starts on September 2003 and ends August 2004

PS&D Oilseed, Peanut

PSD Table						
Country	Mexico					
Commodity	Oilseed, Peanut		(1000 HA) (1000 MT)			
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2003		09/2004		09/2005	
Area Planted	80	65	80	62	0	65
Area Harvested	63	63	63	60	0	63
Beginning Stocks	0	0	0	0	0	0
Production	90	90	90	91	0	95
MY Imports	86	90	90	100	0	105
My Imp. from U.S.	15	28	0	33	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	176	180	180	191	0	200
MY Exports	12	0	10	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	4	4	4	4	0	5
Food Use Dom. Consump.	160	176	166	187	0	195
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	164	180	170	191	0	200
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	176	180	180	191	0	200
Calendar Year Imports	86	76	0	98	0	103
Calendar Yr Imp. U.S.	15	18	0	32	0	33
Calendar Year Exports	12	1	0	0	0	0
Calndr Yr Exp. to U.S.	0	1	0	0	0	0

Trade Matrix, Oilseed Peanut

OILSEED, PEANUT H.S. 1202.1099 & 1202.2001		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2003/2004 TO:		IMPORTS FOR MY 2003/2004 FROM:	
U.S.	0	U.S.	28
OTHER		OTHER	
		NICARAGUA	30
TOTAL OF OTHER	0	TOTAL OF OTHER	30
OTHERS NOT LISTED	0	OTHERS NOT LISTED	32
GRAND TOTAL	0	GRAND TOTAL	90

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2004.
Note: MY starts on September 2003 and ends August 2004.

PS&D Oilseed, Cottonseed

PSD Table						
Country	Mexico					
Commodity	Oilseed, Cottonseed			(1000 HA)(1000 MT)(RATIO)		
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	08/2003		08/2004		08/2005	
Area Planted (COTTON)	62	65	105	112	0	155
Area Harvested(COTTON)	62	63	105	108	0	148
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	4	4	3	2	0	2
Production	122	119	210	220	0	308
MY Imports	244	244	260	260	0	195
MY Imp. from U.S.	200	244	190	260	0	195
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	370	367	473	482	0	505
MY Exports	3	1	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	344	344	453	460	0	480
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cm.	20	20	20	20	0	20
TOTAL Dom. Consumption	364	364	473	480	0	500
Ending Stocks	3	2	0	2	0	5
TOTAL DISTRIBUTION	370	367	473	482	0	505
Calendar Year Imports	0	224	0	281	0	215
Calendar Yr Imp. U.S.	0	224	0	281	0	215
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 2003/2004 TO:		IMPORTS FOR MY 2003/2004 FROM:	
U.S.	1	U.S.	244
OTHER		OTHER	0
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	1	GRAND TOTAL	244

Source: Global Trade Information Services, Inc. "World Trade Atlas" Mexico Edition, December 2004.
Note: MY starts on August 2003 and ends July 2004.

PS&D Oilseed, Sunflowerseed

PSD Table						
Country	Mexico					
Commodity	Oilseed, Sunflowerseed			(1000 HA)(1000 MT)		
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2003		10/2004		10/2005	
Area Planted	0	1	0	1	0	1
Area Harvested	1	1	1	1	0	1
Beginning Stocks	1	1	1	1	1	0
Production	1	1	1	1	0	1
MY Imports	38	38	50	9	0	9
MY Imp. From U.S.	15	7	17	5	0	5
MY Imp. From the EC	0	0	0	0	0	0
TOTAL SUPPLY	40	40	52	11	1	10
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	35	35	47	7	0	6
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	4	4	4	4	0	4
TOTAL Dom. Consumption	39	39	51	11	0	10
Ending Stocks	1	1	1	0	0	0
TOTAL DISTRIBUTION	40	40	52	11	0	10
Calendar Year Imports	0	130	0	11	0	10
Calendar Yr Imp. U.S.	0	7	0	6	0	5
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 2003/2004 TO:		IMPORTS FOR MY 2003/2004 FROM:	
U.S.	0	U.S.	7
OTHER		OTHER	
		UKRAINE	25
TOTAL OF OTHER	0	TOTAL OF OTHER	25
OTHERS NOT LISTED	0	OTHERS NOT LISTED	6
GRAND TOTAL	0	GRAND TOTAL	38

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2004.
Note: MY starts on October 2003 and ends September 2004.

PS&D Oilseed, Rapeseed

PSD Table						
Country	Mexico					
Commodity	Oilseed, Rapeseed			(1000 HA)(1000 MT)		
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2003		10/2004		10/2005	
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	8	8	8	8	8	8
Production	0	0	0	0	0	0
MY Imports	1150	1126	1100	1050	0	920
MY Imp. From U.S.	0	61	0	0	0	0
MY Imp. From the EC	0	0	0	0	0	0
TOTAL SUPPLY	1158	1134	1108	1058	8	928
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1150	1126	1100	1050	0	920
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	1150	1126	1100	1050	0	920
Ending Stocks	8	8	8	8	0	8
TOTAL DISTRIBUTION	1158	1134	1108	1058	0	928
Calendar Year Imports	1150	780	1100	1116	0	900
Calendar Yr Imp. U.S.	0	24	0	85	0	70
Calendar Year Exports	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 2003/2004 TO:		IMPORTS FOR MY 2003/2004 FROM:	
U.S.	0	U.S.	61
OTHER		OTHER	0
		CANADA	1,039
TOTAL OF OTHER	0	TOTAL OF OTHER	1,039
OTHERS NOT LISTED	0	OTHERS NOT LISTED	26
GRAND TOTAL	0	GRAND TOTAL	1,126

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2004.
Note: MY starts on October 2003 and ends September 2004.

PS&D Meal Total

PSD Table						
Country	Mexico					
Commodity	Meal, Total		(1000 HA)(1000 MT)			
	Revised 2003		Preliminary 2004		Forecast 2005	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
	2003		2004		2005	
Crush	5421	5494	5790	5707	0	5756
Extr. Rate						
Beginning Stocks	93	93	109	109	125	125
Production	3887	3881	4162	4125	0	4173
MY Imports	859	906	903	962	0	933
MY Imp. from U.S.	799	895	103	948	0	916
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	4839	4880	5174	5196	125	5231
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,Seed,Waste Dm.Cn.	4679	4720	4998	5020	0	5071
TOTAL Dom. Consumption	4729	4770	5048	5070	0	5121
Ending Stocks	109	109	125	125	0	110
TOTAL DISTRIBUTION	4839	4880	5174	5196	0	5231
Calendar Year Imports	0	811	6	980	0	888
Calendar Yr Imp. U.S.	0	811	0	969	0	877
Calendar Year Exports	0	0	0	0	0	0
Calndr 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)		
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2003		09/2004		09/2005	
Crush	3892	3989	4190	4190	0	4350
Extr. Rate, 999.9999	0.7939362	0.7746302	0.7959427	0.7959427	0	0.7931034
Beginning Stocks	93	93	109	109	125	125
Production	3090	3090	3335	3335	0	3450
MY Imports	725	725	775	775	0	750
MY Imp. From U.S.	690	725	0	775	0	750
MY Imp. From the EC	0	0	0	0	0	0
TOTAL SUPPLY	3908	3908	4219	4219	125	4325
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	3748	3748	4043	4043	0	4165
TOTAL Dom. Consumption	3798	3798	4093	4093	0	4215
Ending Stocks	109	109	125	125	0	110
TOTAL DISTRIBUTION	3908	3908	4219	4219	0	4325
Calendar Year Imports	0	685	0	798	0	710
Calendar Yr Imp. U.S.	0	685	0	798	0	710
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 2003/2004 TO:		IMPORTS FOR MY 2003/2004 FROM:	
U.S.	0	U.S.	725
BELIZE	1	OTHER	
TOTAL OF OTHER	1	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	1	GRAND TOTAL	725

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2004.
Note: MY starts on September 2003 and ends August 2004.

PS&D Meal, Cottonseed

PSD Table						
Country	Mexico					
Commodity	Meal, Cottonseed			(1000 MT)(PERCENT)		
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	08/2003		08/2004		08/2005	
Crush	344	344	453	460	0	480
Extr. Rate, 999.9999	0.4534883	0.4534883	0.4547461	0.4565217	0	0.4583333
Beginning Stocks	0	0	0	0	0	0
Production	156	156	206	210	0	220
MY Imports	122	120	115	111	0	110
MY Imp. From U.S.	96	120	100	111	0	110
MY Imp. From the EC	0	0	0	0	0	0
TOTAL SUPPLY	278	276	321	321	0	330
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	278	276	321	321	0	330
TOTAL Dom. Consumption	278	276	321	321	0	330
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	278	276	321	321	0	330
Calendar Year Imports	0	114	0	120	0	120
Calendar Yr Imp. U.S.	0	114	0	120	0	120
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 2003/2004 TO:		IMPORTS FOR MY 2003/2004 FROM:	
U.S.	0	U.S.	120
OTHER		OTHER	
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	0	GRAND TOTAL	120

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2004.
Note: MY starts on August 2003 and ends July 2004.

PS&D Meal, Rapeseed

PSD Table						
Country	Mexico					
Commodity	Meal, Rapeseed		(1000 MT)(PERCENT)			
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2003		10/2004		10/2005	
Crush	1150	1126	1100	1050	0	920
Extr. Rate, 999.9999	0.5434782	0.5497335	0.5454545	0.5495238	0	0.5434782
Beginning Stocks	0	0	0	0	0	0
Production	625	619	600	577	0	500
MY Imports	10	59	10	73	0	70
MY Imp. from U.S.	10	48	0	59	0	56
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	635	678	610	650	0	570
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	635	678	610	650	0	570
TOTAL Dom. Consumption	635	678	610	650	0	570
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	635	678	610	650	0	570
Calendar Year Imports	0	11	0	60	0	56
Calendar Yr Imp. U.S.	0	11	0	49	0	45
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)		
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2003		10/2004		10/2005	
Crush	35	35	47	7	0	6
Extr. Rate, 999.9999	0.4571428	0.4571428	0.4468085	0.4571428	0	0.458333
Beginning Stocks	0	0	0	0	0	0
Production	16	16	21	3	0	3
MY Imports	2	2	3	3	0	3
MY Imp. from U.S.	3	2	3	3	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	18	18	24	6	0	6
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	18	18	24	6	0	6
TOTAL Dom. Consumption	18	18	24	6	0	6
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	18	18	24	6	0	6
Calendar Year Imports	0	1	0	2	0	2
Calendar Yr Imp. U.S.	0	1	0	2	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 Total, Oil

PSD Table						
Country	Mexico					
Commodity	Oil, Total			(1000 HA)(1000 MT)		
	Revised 2003		Preliminary 2004		Forecast 2005	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
	2003		2004		2005	
Crush	5586	5597	5956	5922	0	5973
Extr. Rate						
Beginning Stocks	8	8	8	11	8	11
Production	1296	1312	1354	1358	0	1342
MY Imports	516	591	561	511	0	556
MY Imp. from U.S.	297	239	131	236	0	282
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1820	1911	1923	1880	8	1909
MY Exports	42	39	25	20	0	15
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	349	386	331	339	0	337
Food Use Dom. Consump.	1416	1470	1554	1505	0	1545
Feed,Seed,Waste Dm.Cn.	5	5	5	5	0	5
TOTAL Dom. Consumption	1770	1861	1890	1849	0	1887
Ending Stocks	8	11	8	11	0	7
TOTAL DISTRIBUTION	1820	1911	1923	1880	0	1909
Calendar Year Imports	50	565	70	498	0	528
Calendar Yr Imp. U.S.	30	220	30	207	0	266
Calendar Year Exports	0	51	0	45	0	38
Calndr Yr Exp. to U.S.	0	44	0	35	0	25

PS&D Oil, Soybean

PSD Table						
Country	Mexico					
Commodity	Oil, Soybean		(1000 MT)(PERCENT)			
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2003		09/2004		09/2005	
Crush	3892	3892	4190	4190	0	4350
Extr. Rate, 999.9999	0.1703494	0.1703494	0.1706443	0.1706443	0	0.1701149
Beginning Stocks	6	6	6	9	6	9
Production	663	663	715	715	0	740
MY Imports	88	88	150	150	0	160
MY Imp. from U.S.	150	88	0	150	0	160
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	757	757	871	874	6	909
MY Exports	5	2	5	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.	741	741	855	860	0	900
Feed Waste Dom. Consum	5	5	5	5	0	5
TOTAL Dom. Consumption	746	746	860	865	0	905
Ending Stocks	6	9	6	9	0	4
TOTAL DISTRIBUTION	757	757	871	874	0	909
Calendar Year Imports	0	128	0	92	0	130
Calendar Yr Imp. U.S.	0	128	0	92	0	130
Calendar Year Exports	0	11	0	0	0	0
Calndr Yr Exp. to U.S.	0	11	0	0	0	0

Trade Matrix Oil Soybean

OIL, SOYBEAN H.S. 1507.1001 & 1507.9099		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2003/2004 TO:		IMPORTS FOR MY 2003/2004 FROM:	
U.S.	2	U.S.	88
OTHER		OTHER	
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	2	GRAND TOTAL	88

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2004.
Note: MY starts on September 2003 and ends August 2004

PS&D Oil, Sunflowerseed

PSD Table						
Country	Mexico					
Commodity	Oil, Sunflowerseed		(1000 MT)(PERCENT)			
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2003		10/2004		10/2005	
Crush	35	35	47	7	0	6
Extr. Rate, 999.9999	0.4	0.4	0.4042553	0.4285714	0	0.3583333
Beginning Stocks	2	2	2	2	2	2
Production	14	14	19	3	0	2
MY Imports	109	109	90	45	0	43
MY Imp. from U.S.	109	72	90	26	0	25
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	125	125	111	50	2	47
MY Exports	37	37	20	20	0	15
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	86	86	89	28	0	29
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	86	86	89	28	0	29
Ending Stocks	2	2	2	2	0	3
TOTAL DISTRIBUTION	125	125	111	50	0	47
Calendar Year Imports	0	66	0	65	0	38
Calendar Yr Imp. U.S.	0	27	0	30	0	26
Calendar Year Exports	0	40	0	39	0	28
Calndr Yr Exp. to U.S.	0	33	0	35	0	25

Trade Matrix Oil Sunflowerseed

OIL, SUNFLOWERSEED	H.S. 1512.1101 & 1512.1999	UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2003/2004 TO:		IMPORTS FOR MY 2003/2004 FROM:	
U.S.	34	U.S.	72
OTHER		OTHER	
TOTAL OF OTHER	3	ARGENTINA	37
OTHERS NOT LISTED	3	OTHERS NOT LISTED	0
GRAND TOTAL	37	GRAND TOTAL	109

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2004.
Note: MY starts on October 2003 and ends September 2004.

PS&D Oil, Rapeseed

PSD Table						
Country	Mexico					
Commodity	Oil, Rapeseed		(1000 MT)(PERCENT)			
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2003		10/2004		10/2005	
Crush	1150	1126	1100	1050	0	920
Extr. Rate, 999.9999	0.3843478	0.3845470	0.3836363	0.3828571	0	0.3880434
Beginning Stocks	0	0	0	0	0	0
Production	442	433	422	402	0	357
MY Imports	50	109	70	90	0	133
MY Imp. from U.S.	30	77	35	60	0	95
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	492	542	492	492	0	490
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.	492	542	492	492	0	490
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	492	542	492	492	0	490
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	492	542	492	492	0	490
Calendar Year Imports	50	85	70	116	0	140
Calendar Yr Imp. U.S.	30	62	30	75	0	100
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, 1514.1999, 1514.9099 & 1514.9999		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2003/2004 TO:		IMPORTS FOR MY 2003/2004 FROM:	
U.S.	0	U.S.	77
OTHER		OTHER	
		CANADA	32
TOTAL OF OTHER	0	TOTAL OF OTHER	32
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	0	GRAND TOTAL	109

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2004.
Note: MY starts on October 2003 and ends September 2004.

PS&D Oil, Coconut

PSD Table						
Country	Mexico					
Commodity	Oil, Coconut		(1000 MT)(PERCENT)			
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2004		01/2005		01/2006	
Crush	165	200	166	215	0	217
Extr. Rate, 999.9999	0.6424242	0.625	0.6385542	0.6186046	0	0.6221198
Beginning Stocks	0	0	0	0	0	0
Production	106	125	106	133	0	135
MY Imports	6	4	6	2	0	3
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	112	129	112	135	0	138
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	77	89	77	93	0	96
Food Use Dom. Consump.	35	40	35	42	0	42
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	112	129	112	135	0	138
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	112	129	112	135	0	138
Calendar Year Imports	0	4	0	2	0	3
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 & 1513.1999		UNITS: THOUSAND METRIC TONS	
EXPORTS FOR MY 2004 (Jan-Dec) TO:		IMPORTS FOR MY 2004 (Jan-Dec) FROM:	
U.S.	0	U.S.	2
OTHER		OTHER	
		INDONESIA	0
TOTAL OF OTHER	0	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	
GRAND TOTAL	0	GRAND TOTAL	4

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2004.
Note: MY starts on January 2004 and ends December 2004.

PS&D Oil, Cottonseed

PSD Table						
Country	Mexico					
Commodity	Oil, Cottonseed			(1000 MT)(PERCENT)		
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	08/2003		08/2004		08/2005	
Crush	344	344	453	460	0	480
Extr. Rate, 999.9999	0.1715116	0.1715116	0.1721854	0.1717391	0	0.1708333
Beginning Stocks	0	0	0	0	0	0
Production	59	59	78	79	0	82
MY Imports	3	2	5	4	0	2
MY Imp. from U.S.	8	2	6	0	0	2
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	62	61	83	83	0	84
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.	62	61	83	83	0	84
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	62	61	83	83	0	84
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	62	61	83	83	0	84
Calendar Year Imports	0	3	0	3	0	2
Calendar Yr Imp. U.S.	0	3	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	Mexico					
Commodity	Oil, Palm			(1000 HA)(1000 TREES)(1000 MT)		
	2003 Revised		2004 Estimate		2005 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2004		01/2005		01/2006	
Area Planted	0	10	0	15	0	15
Area Harvested	0	10	0	15	0	15
Trees	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	12	18	14	26	0	26
MY Imports	260	279	240	220	0	215
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	272	297	254	246	0	241
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	272	297	254	246	0	241
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	272	297	254	246	0	241
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	272	297	254	246	0	241
Calendar Year Imports	0	279	0	220	0	215
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 2004 (Jan-Dec) TO:		IMPORTS FOR MY 2004 (Jan-Dec) FROM:	
U.S.	0	U.S.	0
OTHER		OTHER	
		HONDURAS	102
TOTAL OF OTHER	0	TOTAL OF OTHER	102
OTHERS NOT LISTED	0	OTHERS NOT LISTED	177
GRAND TOTAL	0	GRAND TOTAL	279

Source: Global Trade Information Services, Inc. “World Trade Atlas” Mexico Edition, December 2004.
Note: MY starts on January 2004 and ends December 2004.

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:	2001	2002	2003	2004
Poultry				
Poultry Meat:	1,986,000	2,187,936	2,297,000	2,380,000
Eggs:	1,898,000	2,034,436	1,956,351	1,995,478
Pork:	1,040,000	1,085,000	1,043,030	1,068,848
COMPOUND FEED SECTOR				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	2001	2002	2003	2004
Compound Feed Capacity	31,531,000	30,500,000	31,000,000	N/A
Total Compound Feed Produced	21,316,000	22,533,000	22,725,000	N/A
------ by integrated producers	13,985,000	14,583,000	14,575,000	N/A
------ by commercial producers	7,331,000	7,995,000	8,150,000	N/A
FEED GRAIN USE				
		Last Year	Current Year	Out Year Forecast
Marketing Year:	2001	2002	2003	2004
Corn (Domestic consumption: feed)	8,858,000	9,300,000	11,200,000	12,100,000
Other (specify)	N/A	N/A	N/A	N/A
PROTEIN - ENERGY USAGE				
		Last Year	Current Year	Out Year Forecast
Marketing Year:	2001	2002	2003	2004
Total Protein Meal (feed waste domestic consumption)	4,610,000	4,763,000	4,979,000	5,194,000
Soy Bean Meal (feed waste domestic consumption)	3,708,000	4,042,000	4,179,000	4,043,000
Other Protein Meal, e.g. Palm Kernel Meal, Rape Meal (feed waste domestic consumption)	902,000	721,000	800,000	1,151,000
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 Tons)				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	2001	2002	2003	2004
Corn				
Imports:	5,829,117	5,505,398	5,756,354	5,509,595

Exports:	7,334	157,396	2,059	1,937
Soy Beans				
Imports:	4,486,000	4,382,507	4,175,876	3,539,023
Exports:	156	327	2,059	2,366
Soy Bean Meal				
Imports:	284,926	470,947	684,787	798,006
Exports:	8,202	531	849	582
Fish Meal				
Imports:	22,570	95,184	14,169	28,337
Exports:	9,384	19,558	19,021	8,714
Palm Crude Oil				
Imports:	162,656	181,330	187,203	263,860
Exports:	0	0	0	192

PROTEIN PRODUCTS TARIFFS AND TAXES Report Year:2005	Product Description 1/	Bound Rate (%)	Applied Rate (%)	Other Import Taxes/Fees
0505.90	FEATHER MEAL	36	10	N/A
1501.00.00.60	YELLOW GREASE	254	260	N/A
1502.00.00.40	INEDIBLE TALLOW	18	10	N/A
1511	PALM OIL	45	10	N/A
1518	ANML/VG FTS &OILS	45	10	N/A
2301.10	MEAT AND BONE MEAL	36	15	N/A
2301.20	FISH MEAL	36	15	N/A

Variety	Presentation	February 04	February 05
Sunflower	1lt. 12 bottle box	123.98	138.50
Mixed vegetables	1lt. 12 bottle box	126.83	138.65
Soybean	1lt. 12 bottle box	146.00	122.00
Corn	1lt. 12 bottle box	239.06	239.37
Corn	17 lt. Can	299.50	342.50
Safflower	17 lt. Can	164.00	184.00

Source: Servicio Nacional de Información de mercados, SNIIM-SE.
Exchange rate (April 4, 2005) US $ 1.00 = 11.18 Pesos

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

OILSEEDS

Production

Mexican oilseed output is expected to increase approximately 24 percent in MY 2005/06, due largely to higher cottonseed production. This forecast for higher cottonseed production is based on the governmental supports for cotton production, which include the target-price support program, and the new marketing support, which compensates for the decline in international cotton prices. Cotton production will likely represent 49 percent of all Mexican oilseed output in MY 2005/06, compared to 43 percent a year ago, due to this increased production. It should be noted, however, that cotton production has been relatively depressed in the last few years compared with the production levels registered at the end of the 1990s. Similarly, soybean production is expected to increase 12 percent in MY 2005/06. This is largely due to an increase in planted area. For MY 2005/06, soybean harvested area is forecast at 90,000 ha, an increase from last year, assuming normal weather conditions and a continuation of the Mexican government's target-price support program for soybeans (see MX3098 and MX4033). In the case of peanuts, planting intentions for the MY 2005/06 crop are consistent with historical averages, but slightly higher than the revised MY 2004/05 figure.

Due to revisions from Mexico's National Association of Oil, Fats and Shortening (ANIAME) data, our estimates for African palm oil production for MY 2003/04 and MY 2004/05 were adjusted upward. ANIAME stated that the production of palm oil in the states of Tabasco, Veracruz, Campeche, and Chiapas has continued growing, and estimates that approximately 15,000 ha are in production in MY 2004/05. For MY 2005/06 the same area is expected to continue producing palm oil. ANIAME recognizes, however, that this estimate cannot be corroborated without a census. It should be noted that the Secretariat of Agriculture, Livestock, Rural Development, Fishing and Food (SAGARPA) does not monitor oil palm production regularly. According to ANIAME, SAGARPA expects to conduct a census of oil palm planted area and production obtained in 2005.

Also, ANIAME pointed out that several companies have been planting Canadian canola seeds in the states of Mexico, Tlaxcala, Tamaulipas, Michoacan, and Hidalgo as pilot tests. Approximately 500 MT of canola were obtained through these pilot tests and their main purpose is to determine the adaptability of the canola seed to Mexico's weather and soil conditions.

On October 30, 2004, SAGARPA announced the creation of a product committee for oilseeds, which is part of the measures outlined in the National Agreement for Agriculture (*see* MX3087). The main objective of this committee is to define the strategic plan for increasing the production of oilseeds products such as soybeans, sunflower seed, canola and safflower and enhancing marketing linkages. No funding for this committee was established.

On March 9, 2005, SAGARPA announced it would pay producers of soybean, cotton and other crops 963 pesos (roughly US$ 86/ha) per hectare during the 2005 spring/summer and the 2005/06 fall/winter planting seasons under its domestic support program, PROCAMPO. This payment is 3 percent greater than what SAGARPA paid during the same period in 2004/05. The announcement also indicates that farmers with producing areas of between one and five hectares will receive 1,160 pesos per hectare (approximately US$ 103/ha).

Soybean Production

For MY 2005/06 (Sept-Aug), the initial production forecast is 140,000 MT based on official and private projections, due to expectations of normal weather conditions combined with a slight increase in planted area. Most of the increase in planted area is expected in the main producing state of Tamaulipas. For the 2004 spring/summer crop cycle, for example, 63,000 ha were planted in Tamaulipas, which represents a 26 percent increase from the previous year and is mainly attributed to excellent weather conditions and the governmental target-price support program. In addition, industry sources stated that the company Hidrogenadora Yucateca has encouraged some forward contract purchases with soybean farmers in the state of Chiapas in an attempt to cover part of its domestic production requirements. Preliminary official information indicates that soybean planted area in Chiapas reached approximately 12,000 ha during the 2004 spring/summer crop cycle, a 33-percent increase from the same crop cycle a year earlier. It is expected that these forward contract purchases will continue in MY 2005/06. It should be noted, however, that despite the expected increase in MY 2005/06, total domestic production will continue to represent only 3 percent of Mexico's total soybean production.

Cottonseed Production

According to the Confederation of Mexican Cotton Associations (CMCA), the outlook for cotton production shows that, for MY 2005/06, cotton farmers increased their planting area to approximately 155,000 hectares, a 38-percent increase above the revised MY 2004/05 planted area estimated at 112,000 ha. The main factor behind this increase is the government target price support of US$ 0.64 per pound of cotton lint (see MX2173 and MX3098) and the additional government support of US$ 0.0375 per pound to compensate for the decline in international cotton prices. As a result of the increased planted area, cotton production is expected to reach approximately 900,000 bales (480 lb/bale), an increase of 40 percent from FAS/Mexico's MY 2004/05 revised estimate. It should be noted that growers insist that they would not be able to produce cotton without this type of government support. The production estimates as well as the planted area and harvested area estimates for MY 2003/04 and MY 2004/05 have been revised upward, reflecting the most recent official information from SAGARPA.

Peanut Production

Peanut production for MY 2005/06 is forecast at 95,000 MT, slightly higher compared with the last year, due to expectations of normal weather conditions combined with a slight increase in planted area. Sources stated that peanut production in Mexico has remained practically stagnant in the last few years due to lack of financial credit, insufficient governmental supports relative to other crops, and especially because of the increased competition from low-priced imported peanuts from China, Nicaragua, and Argentina. As a result, sources see little chance for near-term increases in production. It should be noted that, as with palm oil, SAGARPA does not monitor peanut production regularly, but annually publishes production data. Based on this annual production data we have revised slightly downward and upward, respectively, the harvested area and production estimate for MY 2004/05. Only a very small amount of total production is used for oil and meal.

Consumption Total

Increases in consumption of oilseed products are forecast for MY 2005/06 as Mexico's economic growth continues. This economic growth has strengthened domestic oilseed product consumption, continuing the growth trend of the last few years. Consumption is expected to reach a record 6.0 MMT, an annual increase of only 1 percent from a year earlier due to offsetting factors, such as an increase in soybean consumption and a decrease in rapeseed demand. With expectations for domestic pork meat production growing nearly 2 percent in MY 2005/06 (see MX5011), and poultry growing at a steady pace, domestic consumption in the MY 2005/06 year should continue to be high, industry sources said. At the same time, the livestock sector has been benefiting from more affordable soybean prices compared to levels of a year ago. Livestock producers indicate that as the market for finished livestock product has continued growing slightly, the cost of production has remained more or less stable. The poultry sector, which is a major consumer of oilseed meals, is expected to grow 5 percent in CY 2005. The turkey meat sector is also anticipated to grow approximately 3 percent in CY 2005 (see MX5010). The total oilseed consumption estimates for MYs 2003/04 and 2004/05 have been revised slightly downward based on more current industry information.

For soybeans, industry specialists are currently estimating that soybean demand in MY 2005/06 will increase approximately 3.8 percent from the previous year as a result of economic growth, strong feed demand, and population growth (1.32 percent). As a result of this strong demand, the domestic industry has continued to increase its crush capacity and is looking for imported beans from the United States or South America, depending on the international price conditions. According to industry sources, the Mexican crushing industry has continued to consolidate as smaller, inefficient crushers continue to go out of business and 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. Agydsa, for example, one of the biggest crush and oil companies in Mexico, expects to expand its crush plants' capacity in Guadalajara and Cordova by nearly 30 percent during CY 2005. According to ANIAME, the optimistic outlook for the Mexican economy has encouraged big companies to invest in their crush plants in 2005.

Cottonseed consumption is expected to increase approximately 4.2 percent over the current year as the dairy industry's demand continues to increase. According to industry sources, fluid milk production in Mexico continues to grow steadily and is forecast at 10.2 MMT in CY 2005. Continued improvements in herd management among Mexico's larger dairies, consistent demand from processors, expanded demand from LICONSA (the parastatal company charged with distributing milk to the poor) in order to meet the needs of government social programs, and expected steady prices should all lead to higher production in 2005. The cottonseed consumption estimate for MY 2004/05 has been revised upward according to more recent available information, which reflects a stronger demand by the dairy sector than previously estimated.

The consumption estimate for sunflower seed in MY 2004/05 has been revised downward sharply according to ANIAME data. The main factor causing lower demand is the increased supply of alternative seed, such as cottonseed, at more attractive prices. Mexico's import decisions for oilseeds and products continue to be based largely on price and the availability of credit, rather than quality or strong consumer preference. The consumption estimates for rapeseed in MYs 2003/04 and 2004/05 have been revised downward based on the most recent information from ANIAME. For MY 2005/06, rapeseed consumption is expected to decrease further, assuming more affordable prices for alternative oilseeds such as soybeans.

For MY 2005/06, peanut consumption is forecast to increase approximately 4.5 percent as a result of the economic growth and relatively higher consumer purchasing power. Peanut consumption continues to be oriented to the edible food use market, mainly as a snack. According to industry sources, at least 85 percent of peanuts are consumed as snacks in Mexico. The consumption estimates for MY 2003/04 and MY 2004/05 have been revised upward to 180,000 and 191,000 MT, respectively, as a result of economic growth and strong consumer demand.

Trade Total

For MY 2005/06, Mexico's soybean imports are expected to increase approximately 3.7 percent. The main factor behind this growth is the fairly positive outlook for Mexico's poultry and hog sectors. The Mexican feed millers association expects feed consumption to increase between 3.5 and 4 percent in CY 2005 due to strong demand from the livestock sector. The poultry sector is the major consumer of oilseeds meals and is expected to grow 5 percent in CY 2005. The turkey meat sector is also anticipated to grow approximately 3 percent in CY 2005 (see MX5010). Another important end user of soybean meal is the swine sector. According to industry sources, domestic pork meat production is expected to grow 2 percent in MY 2005 (see MX5011).

It should be noted that the MY 2005/06 soybean import forecast assumes that the GOM will not enforce any regulation against transgenic soybean. Controversy surrounding transgenic seeds and biotechnology has risen and fallen in the last year, as anti-biotech groups have lobbied Congress unsuccessfully to include trade-restrictive measures in a national biosafety bill. On February 14, 2005, the Mexican Congress finally passed this national biosafety bill, which does not include any regulations against the trade nor does it require the labeling of transgenic soybean, except for planting. On March 18, 2005, the law was officially published in Mexico's Federal Register ("*Diario Oficial")* and it will be enforceable thirty working days after its publication – April 29, 2005. Mexican consumers appear to be unaware or uninterested in the biotechnology debate and its potential trade implications and tend to be more concerned about oilseed prices than about the processes by which soybeans are developed and grown.

The United States, along with Brazil, will continue to be the main supplier of oilseeds to the Mexican market. Thanks to their geographic proximity and lower freight costs, U.S. suppliers should remain price competitive and should continue to increase their market share.

Canada has continued to be the primary canola supplier to the Mexican market. Canola import estimates for MYs 2003/04 and 2004/05 have been revised downward to 1.126 and 1.05 MMT, respectively, based on official trade data from the Secretariat of Economy (SE) and ANIAME information for 2004. This trend is expected to continue in MY 2005/06 given the more affordable prices of alternative oilseeds, such as soybeans. Consequently, this expected decrease should be offset by an increase in soybean imports. As usual, price competitiveness during MY 2005/06 will in large part decide what oilseed will be imported. Canola is counted in the rapeseed PSD.

Peanut import estimates for MY 2003/04 and 2004/05 were adjusted upward based on SE's official numbers and SAGARPA preliminary estimates for 2004. For MY 2005/06, peanut imports are forecast to increase to 105,000 MT, as a result of the expected economic expansion.

For sunflower seed imports, the MY 2003/04 and MY 2004/05 estimates have been revised downward based on SE's data and ANIAME preliminary information for 2004. Importers have shifted from sunflower seed to soybean purchases, due to attractive soybean prices and the availability of credit from soybean suppliers. For MY 2005/06, sunflower seed imports are expected to remain unchanged.

OIL MEALS

Production

Mexican oil meal production is forecast to reach approximately 4.2 MMT in MY 2005/06, driven by the strong demand from the livestock sector. Industry sources have stated that ample international soybean supplies and low soybean prices will likely accelerate domestic crushing in MY 2005/06. These sources indicated that the crush pace would be largely determined by domestic demand for soybean meal and the livestock that consume it. Soybean meal dominates the Mexican market and for MY 2005/06 is expected to account for an estimated of 83 percent of Mexico's total meal production. Meanwhile, the production of oil meal from imported rapeseed is expected to account for approximately 12 percent of total meal usage in MY 2005/06 as compared to 14 percent of MY 2004/05. Industry sources stated that average soybean prices are expected to remain lower than those of rapeseed. Moreover, manufacturers pointed out that soybean meal has a higher protein content than rapeseed meal. Consequently, more soybeans will likely be crushed at the expense of rapeseed. The estimates for total meal production in MY 2003/04 and MY 2004/05 have been revised slightly downward based on new industry information.

The process of consolidation in the Mexican crush industry has continued, as larger crushers have expanded both capacity and market share, while medium and small crushers have had their install capacity and market share reduced. Industry consolidation is expected to continue in the mid-term. Currently five leading companies, AGYDSA, La Corona, Hidrogenadora Yucateca, Ragasa and Industrial Aceitera, account for between 75 and 80 percent of total domestic production of meals and oils. Moreover, sources stated that the growing importance of poultry and hog production, along with a stronger Mexican economy, is providing additional incentives to invest in their plants. Agydsa, for example, has invested in its refined oil plants in the last two years. Reportedly, this company processes more than 100,000 bushels of soybeans each day, with approximately 90 percent coming from the U.S. As result of the optimistic outlook for the Mexican economy, it is expected that plant investments by the large crushers will continue during 2005.

Consumption

Protein meal consumption in Mexico should increase in MY 2005/06 as a result of the optimistic economic outlook. The projected consumption increase for oil meal products is primarily driven by enhanced domestic demand from the livestock sector, mainly the poultry industry. The forecast for Mexican poultry meat production in CY 2005 reflects an increase of approximately 5 percent compared to a year earlier. Moreover, demand for oil meals by the livestock sector is expected to increase. The Mexican feed millers association, for example, expects feed consumption to increase between 3.5 and 4 percent in CY 2005 due to strong demand from the livestock sector. The 2003 and 2004 MY estimates of soybean meal consumption have been raised based on updated information and reflect a stronger consumer demand than previously anticipated.

For MY 2005/06, soybean meal consumption is expected to rise by 3 percent due to increased demand from the poultry industry, which sees it as the main ingredient of choice for their poultry flocks.

The consumption estimate for rapeseed meal has been revised upward for MYs 2003/04 and 2004/05 in line with more recent information obtained from private sources. For MY 2005/06, however, rapeseed meal consumption is forecast to decrease nearly 12 percent to 570,000 MT due to the substitution of low-priced oil meals such as soybean meal. Meanwhile, cottonseed meal consumption is expected to increase in MY 2005/06 as the dairy industry's demand continues to increase. Both rapeseed and cottonseed meal continue to be used mainly by the dairy industry.

The consumption estimate for sunflower seed meal has been revised down sharply for MY 2004/05 due to a combination of consumer preferences and high prices. Industry sources have continued to complain of the high fiber content and lower protein content, which has lowered its acceptance by crush industry and feed manufacturers. For MY 2005/06, sunflower seed consumption is expected to remain unchanged at 6,000 MT.

Trade

Oil meal imports are expected to decrease nearly 3 percent in MY 2005/06 due to increased domestic production. Consequently, oil meal imports for MY 2005/06 are expected to represent nearly 18 percent of total Mexican meal consumption (5.1 MMT), a slightly lower share than the 19 percent of a year ago. Total oil meal import estimates for MYs 2003/04 and 2004/05 have been revised upward to reflect the strong demand from feed manufacturers and the livestock sector as well as the official SE trade data. Soybean meal imports also are expected to decline in MY 2005/06 due to the increased domestic production. The cottonseed meal import estimates for MY 2003/04 and MY 2004/05 have been revised downward in line with SE official data and reflect the substitution of high-priced soybean meal (in MY 2003/04) for cottonseed meal. For MY 2005/06, cottonseed meal imports are forecast to remain practically unchanged.

The estimate of rapeseed meal imports for MYs 2003/04 and 2004/05 have been revised upward sharply to reflect official trade data from SE and the strong demand from feed manufacturers and the livestock sector. Imports, however, are trending down as shown in the MY 2005/06 forecast, as prices of alternative oil meals, such as soybean meal, return to attractive levels.

OILS

Production

Soybean oil dominates Mexico's oil production, accounting normally for 50 to 55 percent of total Mexican oil output. Rapeseed oil has represented between 27 and 33 percent of all oil production. For MY 2005/06, soy oil production is forecast to reach 740,000, an increase of approximately 3.5 percent, due to the economic rebound. As a result of strong competition in the oil market, where price is the overriding factor in marketing vegetable oils, meal demand continues to be the most important crush driver, while oil prices have served to maximize output to the extent possible. Mexico also produces relatively small amounts of cottonseed, sunflower, palm and approximately 135,000 MT of coconut oil.

According to industry sources, large crushers are operating at approximately 80 percent of capacity, a figure that is expected to remain unchanged in MY 2005/06. Rapeseed oil production is forecast to decrease as seed prices of alternative oilseeds, mainly soybeans, return to attractive levels. The MY 2004 and MY 2005 rapeseed oil production estimates have been revised downward based on new information provided by industry sources. Regarding cottonseed oil, production for MY 2005/06 is expected to increase due to the larger cottonseed crush. The sunflower seed oil production estimate for MY 2004/05 has been revised sharply downward according to ANIAME information and reflecting the unattractive cost of sunflower seed. For MY 2005/06, sunflower seed oil production is expected to remain unchanged, as seed prices of alternative oilseeds continue to be more attractive.

Palm oil production estimates for MY 2003/04 and MY 2004/05 have been revised upward, reflecting ANIAME information. Production of this oil is forecast to remain unchanged in MY 2005/06, in line with ANIAME expectations. Production of coconut oil is forecast to increase slightly in MY 2005/06, responding to strong demand from soap manufacturers, who consume nearly 60 percent of coconut oil.

Consumption

MY 2005/06 total oil consumption is forecast at 1.9 MMT, an increase of 2.1 percent from MY 2004's revised estimate due to Mexico's ongoing economic rebound and population growth. Total oil consumption estimates for MY 2004 and MY 2005 have been revised upward and downward, respectively, reflecting more recent information from ANIAME and SAGARPA. Soybean oil continues to be the most important vegetable oil in terms of total consumption. In MY 2004/05 it accounted for approximately 47 percent of this total oil market, while rapeseed oil accounted for 26 percent, palm oil 13 percent and the remainder came from other refined oils such as coconut, cottonseed and sunflower seed. For MY 2005/06, it is expected that soybean oil will increase its market share to 48 percent of total oil market while the rest of vegetable oils maintain their market share. Most usage of soybean oil goes for food processing and blending with other oils.

The MY 2003/04 rapeseed consumption estimate has been increased approximately 10 percent from the previous estimate, due to more favorably priced seeds and information from ANIAME. For MY 2005/06, however, the consumption of rapeseed oil is forecast to remain practically unchanged as the price of soybean oil is expected to remain at attractive levels.

The MY 2004/05 sunflower oil consumption estimate has decreased sharply from the previous estimate based on revisions by ANIAME and was caused by higher seed prices and market preference for other vegetable oils such as rapeseed.

The coconut oil consumption estimates for MY 2003/04 and MY 2004/05 have risen according to most recent information from SAGARPA. A two-percent increase is expected during MY 2005/06. For palm oil, the consumption estimates for MY 2003/04 and MY 2004/05 have been increased and decreased, respectively, based on revisions by ANIAME.

Industry sources continue to draw attention to the strong competition that prevails in the Mexican oil market, mainly in the retail sector. Oil processors continue to compete fiercely with each other to gain market share through retail price discounts. A similar situation is occurring with the oil prices in the industrial sector. Industry sources expect this competition to continue in MY 2005/06 if oil prices remain relatively depressed.

The larger companies, however, have implemented different strategies to gain market share. Companies such as Ragasa have begun advertising campaigns in the media to increase domestic consumption of their own oil labels (i.e., Nutrioli, Ave, Oli). In addition, Ragasa is developing a project to export bottling oil, mainly to Texas and Louisiana, into the U.S. through the HBE chain and has continued its efforts to package and market soybean oil as a retail vegetable oil in its own right. Pure soybean oil under the name Nutrioli, for example, has had very good acceptance since Ragasa began bottling it seven years ago.

At the same time AGYDSA, another large oil company, has developed an extensive distribution system that includes more than 130 storage houses throughout Mexico, allowing it to capture approximately 33 percent of the oil market in Mexico.

Trade

Oil imports are forecast to rise by approximately 9 percent in MY 2005. The current rebound in the economy will continue to help to improve oil imports in MY 2005. Imports of soybean oil in MY 2005 are again expected to account for 29 percent of total imports. Rapeseed oil is expected to comprise 20 percent of vegetable oil imports during MY 2005, compared with 18 percent in MY 2004, due to expectations of lower international prices. Total oil import estimates for MY 2003 and MY 2005 have been adjusted upward and downward, respectively, according to revised SE information. Similarly, the export figures for MY 2004 and MY 2005 were adjusted downward according to revised information from SE and the industry.

For rapeseed oil, the MY 2003 and MY 2004 imports estimates have been increased based on official data published by SE and the industry (for 2004). Sources stated that due to the relatively low cost of rapeseed oil, many Mexican companies increased their bottling of rapeseed oil blended with other oils in MY 2003 and MY 2004.

The import estimates of palm oil for MY 2003 and MY 2004 have been increased and lowered, respectively, reflecting revised official data and ANIAME information for 2004. For MY 2005, coconut oil imports are forecast at 3,000 MT. The MY 2003 and MY 2004 coconut oil estimates were revised downward based on SE data. Similarly, the MY 2004/05 import estimate of sunflower seed oil was adjusted downward based on official information from SE and ANIAME.