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## Mexico

### Agricultural Situation

### Weekly Highlights and Hot Bites, Issue #24

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**Report Highlights:**

- **LOW PATH AVIAN INFLUENZA DETECTED IN MEXICO**
- **UPDATE ON MEXICAN SUGAR LAW**
- **MEXICO BUSINESS TARGETING U.S. BECAUSE OF EASY ACCESS**

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Includes PSD Changes: No  
Includes Trade Matrix: No  
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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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### **LOW PATH AVIAN INFLUENZA DETECTED IN MEXICO**

According to a news report, agricultural authorities in Mexico established a quarantine area within the state of Queretaro due to detections of Low Path Avian Influenza. The detections were in a zone called Alfajayucan where the local authorities have closed a 10-kilometer zone with approximately four million birds in order to perform further inspections and proceed with preventive vaccination. (Source: Reforma 07/23/05)

### **UPDATE ON MEXICAN SUGAR LAW**

As reported, the Sugarcane Law was approved by the Mexican Congress on June 21. However, President Fox announced on July 12, that the executive branch would reject or "veto" the Sugarcane Law. Since then, the local newspapers have reported on a daily basis the strong opposition from legislators, sugarcane producers, and sugarcane organizations against the position of the government. Some legislators have charged that the President favors international organizations that will open the market to fructose and damage the domestic sugar industry. The sugarcane producers' organizations are preparing large demonstrations that could begin as soon as July 27 to press the government to accept the Law as approved by the Congress. Legislators are preparing a coalition so that once the President officially rejects the Law in September, they would have the necessary votes to ratify the Law and force the government to publish it officially. In response to this opposition, Secretary of Agriculture, Javier Usabiaga, has met with representatives of the sugar sector to talk about the issue. The executive branch insists that legislators did not listen to all the productive chain, like the mill industry and has repeatedly indicated that the new Law fixes prices of sugarcane, stops investment, and continues a paternalistic system with an excess of regulations. (Source: Reforma, Financiero, Excelsior, Universal, Jornada, Economista, 07/15 to 21/05)

### **MEXICO BUSINESS TARGETING U.S. BECAUSE OF EASY ACCESS**

"Currently, Mexico does have great export capacity but its primarily targeting the United States", admitted the Secretary of Economy Fernando Canales Clariond. During a speech, before the new Japanese ambassador to Mexico, Yubun Narita, Canales said that 85 percent of the Mexican foreign trade targets the U.S. market, "because it is the world's strongest economy, Mexicans do speak English and have been able to use our skills to customize our products to fit into the *American way of life*". Moreover, Canales was direct to say that it "is

not easy to enter the Japanese market, indeed. For Mexican businessmen, doing business with the Japanese implies a week of travel, the hiring of a chauffeur and a translator, among other issues. On the other hand, for businessmen located in the northern border area doing business with the U.S., the situation changes. They do not travel long distances to get to the U.S. territory; the language is not a problem as well as the lodging given that they can return to their usual activities the same day". However Canales encouraged the Mexican exporters to act more aggressively and explore the Japanese market to take advantage of the Economic Association Agreement between the two countries, enacted on April 1st, 2005. Mexico is the second nation to sign a commercial agreement with Japan, the world's second largest economy. Japan is Mexico's second largest commercial partner in Asia, after China. (Source: El Financiero; 07/21/2005)

#### REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX5061	Agricultural Biotechnology Annual Report	7/15/05
MX5060	Weekly Highlights and Hot Bites, Issue #23	7/15/05
MX5059	Poultry Annual Report	7/14/05
MX5058	Weekly Highlights and Hot Bites, Issue #22	7/08/05
MX5057	Mexico's New Over Quota Import Tariff for Yellow Corn	7/07/05
MX5056	Planting Seeds Annual Report	7/07/05
MX5055	Weekly Highlights and Hot Bites, Issue #21	7/01/05

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