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Approved by:

Suzanne Heinen
U.S. Embassy

Prepared by:

Dulce Flores, Benjamin Juarez, Salvatore Trejo, and Jeff Nawn

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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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TORTILLA PLANT TO OPEN IN CHINA, MORE TO FOLLOW

Simon Levy Dabbah, director general of Latin Asia Consulting Group, told reporters on November 20, 2005, that Grupo Molinero Garcia will begin manufacturing tortillas in Beijing, China, as of next year. Levy explained that several months ago the Chinese government authorized the Mexican tortilla plant, and that the entire project was being funded with Mexican capital. The plant will produce more than 150,000 tons of tortillas annually.

Latin Asia Consulting Group has recently been targeting Mexican companies to set up new operations in Asia, using the continent's competitive labor prices as a way of attracting investments. Representatives of the consulting firm stated that there is a large demand for Mexican food in Asia. "Asian food preferences are very similar to those of Mexicans', and Mexican food and beverage firms have a great reputation for success in this market," said Levy. Taking questions alongside Levy at the press conference was Ferenz Feher Tocalli, who represents the business development firm Feher & Feher. Feher stated that in 2006, more Mexican businesses will be appearing in a host of Chinese cities including Shanghai, Beijing, Fuchien, Shandong, and Tianjin. Similarly, Chinese companies have also shown an interest in investing in Mexico, said Feher. He stated that the Mexican telecoms, electricity, and textile firms are catching the eye of Chinese investors. (Source: EL Universal; 11/22/2005)

PRIVATE AGRICULTURE COVERAGE IN MEXICO

Because of a joint venture between Gamaa Derivados and commodity brokerage firm R.J. O'Brien, Mexico's agricultural producers and U.S. buyers will now be able to purchase futures contracts for most agricultural commodities. The firm, Gamaa Derivados, and R.J. O'Brien, of the Chicago Board of Trade, have begun offering these products so that more sophisticated agricultural price-guarantee mechanisms would exist in Mexico. Alfonso Garcia, General Director of Gamaa Derivados, explained that currently 97 percent of grain future contracts in Mexico are operated by the Department of Agriculture. With the new alliance, agriculture producers will have access to a greater range of competitively priced hedging products, primarily due to R.J. O'Brien's representation in 44 commodity trading markets worldwide. (Source: Reforma; 11/21/2205)

MEXICO REPORTS CASES OF INTOXICATION WITH CLEMBUTEROL TAINTED MEAT

As of November 2005, the Secretariat of Health for the state of Jalisco has registered 225 cases of people becoming intoxicated by consuming beef meat contaminated with the anabolic Clembuterol, which is prohibited for use in bovines. Jalisco's Health department is accusing the Secretariat of Agriculture (SAGARPA) of not doing its job of carefully monitoring and penalizing those responsible for the unauthorized use of Clembuterol.

(Source: El Universal, 11/20/05)

SAGARPA CANCELS AUTHORIZATION TO RESEARCH TRANSGENIC CORN

The National Food and Agriculture Health and Quality Service (Senasica) canceled authorization for the National Institute of Forest, Agricultural, and Livestock Research (INIFAP) to begin experimental plantings of transgenic cornfields. On November 10, 2005, Greenpeace Mexico director, Alejandro Calvillo, pointed out that the seven permits granted by the Secretary of Agriculture, Livestock, Rural Development, Fish and Food (Sagarpa) to plant the experimental biotech corn varieties would put 40 races and 300 varieties of corn at risk of cross-contamination. He added that in approving the experimental fields, Senasica had violated the procedures outlined in the Bio-safety Bill for Genetically Modified Organisms. "These are illegal acts against regulations which grant special protection to corn," Calvillo stated. (Source: La Jornada; 11/28/2005)

MEXICO SUGAR EXPORT PROGRAM REVISED

Due to an increase in demand for sugar in the United States, FICO, the marketing arm of the government sugar mills, revised their sugar export program for MY 2005/06. Sugar exports to the U.S. will be increased from 300,000 MT to 500,000 MT. Representatives from FICO stated that the organization has already established commercial contacts with several U.S. importers to sell 100,000 MT of duty-free sugar, as well as 400,000 MT of sugar that is subject to a US\$70 per MT tariff. (Source: Sagarpa Press Bulletin No. 361/05, El Financiero, 11/27/05)

SUGAR PRODUCERS FACE REALITIES OF CHANGING MARKETPLACE

Sugar producers and legislators from the PRI party agreed to work together to establish a strategy to deal with the many market and policy changes facing the Mexican sweetener industry. The Executive President of the sugar chamber, Ruben García Treviño, indicated that it is a priority to have a common front to persuade the federal government to appeal the WTO resolution against the special 20 percent tax on the use of fructose in beverages. García Treviño added that according to some specialists, the Secretariat of Economy made some technical errors in defending the special tax to the WTO, and those errors should provide sufficient grounds for appeal. (Source: Financiero 11/24/05)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

MX5105	Annual Citrus Report	11/24/05
MX5104	Weekly Highlights and Hot Bites, Issue #40	11/21/05
MX5103	U.S. Fructose Under Import Permit Requirements	11/16/05
MX5102	SUGAR TRQ officially Announced	11/16/05
MX5101	Weekly Highlights and Hot Bites, Issue #39	11/14/05
MX5100	Update on Status on Avian Influenza	11/04/05
MX5099	Weekly Highlights and Hot Bites, Issue #38	11/04/05
MX5098	Weekly Highlights and Hot Bites, Issue #37	10/24/05
MX5097	Weekly Highlights and Hot Bites, Issue #36	10/24/05
MX5096	Dairy Annual	10/20/05

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FAS/MEXICO EMAIL

To reach us at FAS/Mexico:

AgMexico@usda.gov, ATOMexico@usda.gov, or
ATOMonterrey@usda.gov