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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.

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.

SPECIALIST ALERTS ON CORN SUPPLY CRISIS

Ana de Ita, specialist of the Center of Studies for the Change in Mexican Countryside (CECCAM) stated the lack of planning and erratic governmental policies on corn production could cause a severe grain supply crisis. Ita pointed out the problem is the monopolizing of big transnational companies, which control half of the domestic market. According to Ita, the GOM has not outlined any policy to prevent a possible crisis and believes the Tortilla Pact has solved everything. The pact, Ita considered, is only a "cure" for "a hemorrhage" that represents an opening of the Mexican market to U.S. and Canadian corn. Ita also stated that corn imports coming from the United States have ascended more than six million tons per year and have produced devastating effects on the agricultural and rural life in Mexico. (Source: Reforma; 07/25/2007)

CANADA SAYS NO TO NAFTA'S AGRICULTURAL CHAPTER RENEGOTIATION

Canadian Ambassador to Mexico Gaetan Lavertu discarded the renegotiation of the agricultural chapter under NAFTA and regrets that the United States continues to apply subsidies to their products. Moreover, Lavertu said that NAFTA is not the answer to all of the problems of both nations and is confident that Mexico will support Canada regarding their complaint, raised before the World Trade Organization, against the subsidies the U.S. applies to agricultural products. (Source: El Financiero; 07/26/2007)

AGRICULTURAL WORKERS' FEAR OF TRADE LIBERALIZATION IS "PSYCHOLOGICAL": SAGARPA

The panic expressed by some agricultural workers' associations regarding NAFTA's full implementation in 2008 is more of a "psychological" issue than an actual threat, according to Blanca Villarello, General Coordinator of Trade and Export Promotion within the Mexican Ministry of Agriculture (SAGARPA). "With the exception of corn, beans, milk and sugar, all of the other products have been liberalized and we're doing fine. I wouldn't see it with fear: there's so much interdependence between our countries that there's no incentive to try to damage the relationship", Villarello stated. She added that agricultural exports from Mexico to the United States increased 18% last year and the exports have diversified. "We used to export five different products, but now we send a large variety of products including vanilla, peppers and even grasshoppers," stated Villarello. Her statements generated a series of negative reactions from agricultural workers association leaders, blaming her for being imprudent and irresponsible. (LA JORNADA, 07/21/2007)

SAGARPA REPORTS 6,500 REJECTIONS OF UNSAFE SHIPMENTS

The Mexican Secretariat of Agriculture (SAGARPA) reports that in the first six months of 2007, a total of 6,500 commercial shipments coming into Mexico from different countries were rejected due to non-compliance with agricultural safety regulations. Additionally, SAGARPA reported more than 1,400 cases of product (615,193 kilograms of non-complying products) were confiscated from incoming passengers during the same period of time. SAGARPA's role of regulating the import and export of agricultural products is enforced by the National Plant & Animal Health, Food Safety and Quality Service (SENASICA), whose staff is stationed in 107 entry points and 319 inter-regional inspection points. (EXCELSIOR & EL UNIVERSAL, 07/23/2007)

MEXICAN DAIRY PRODUCERS CLAIM INEQUALITY WITH U.S. COUNTERPARTS

Mexican dairy producers requested the GOM condemn U.S. subsidies of powdered milk production and to promote its elimination via the WTO. Carlos Fernandez, President of the National Dairy Cattlemen Association (ANGL), explained that the subsidies received by their U.S. counterparts creates an overwhelming competitiveness disadvantage to Mexican dairy producers. He said all they ask for is fair competition, and he commented on the need of technical assistance cooperation between the two countries. Fernandez requested the GOM apply three support programs targeting the sector: one to help small producers, another to help the dairy industry integrate into a more competitive production chain, and a third one to help producers face price distortions from international markets. (DIARIOMONITOR, 07/24/2007)

MEXICO CLOSES BORDER TO 80 CONTAMINATED U.S. PRODUCTS

Health authorities from the state of Chihuahua prohibited the import of 80 U.S. canned products that were recently contaminated with the bacteria associated with botulism. The canned products, from the Castleberry Food Products brand, were removed from U.S. stores last Sunday. Some of the retired products are: Castleberry's Hot Dog Chili Sauce, Austex Hot Dog Chili Sauce, Kroger Hot Dog Chili Sauce, Morton House Corned Beef Hash, Cattle Drive Chili with Beans, and Southern Home Corned Beef Hash, which can be found in some Mexican border cities like Ciudad Juarez. According to authorities, the contaminated products were distributed since July 18, with expiration dates from April 22, 2009 to May 30, 2009. (CRONICA, 07/25/2007)

TRANSGENIC CORN CULTIVATION PROLIFERATES

Arturo Duarte, Coordinator of the Investigation Program of Medicine and Veterinary Science Faculty of the Tamaulipas Autonomous University (UAT), states that the cultivation of transgenic corn and sorghum has proliferated in Mexico's grain producer states such as Tamaulipas and Sinaloa. He commented that of the 180,000 hectares of corn cultivation in Tamaulipas, at least 70 percent use genetically modified seeds. He explained that in the case of sorghum, almost the entire seed stock, which is cultivated in Tamaulipas, is transgenic. In Tamaulipas, 200,000 hectares of sorghum are cultivated. (Source: El Universal; 07/24/2007)

SAGARPA PUBLISHES THE FEDERAL ANIMAL HEALTH LAW

On July 25, 2007, the Secretariat of Agriculture, Livestock, Rural Development, Fishing and Food (SAGARPA) published in Mexico's Federal register ("Diario Oficial"), the Federal Animal Health law. The bill will go into effect July 26, 2007, and repeals the previous Federal Animal Health Law, which was published June 1993. The new bill indicates that registrations, permits, authorizations, certificates, and approvals that were granted

previously will continue. It states that SAGARPA has 12 months to issue the regulation of the new law and proposes to elaborate and publish the general normative framework of good livestock practices for goods of animal origin. The new law establishes the bases to prevent, control, and eradicate plagues that affect animals. The legislation regulates establishments, products, and the development of activities of animal health and veterinary services, as well as chemical, drugs, biological, and nutritious products for animal consumption. The document states SAGARPA will watch over illnesses and plagues that affect animals through the implementation of zoo-sanitary control, and will elaborate, issue, and enforce the dispositions of animal health in order to prevent, control, or eradicate illnesses or plagues. If an illness or exotic plague is detected, SAGARPA can activate the National Emergency Measures of Animal Health. Also, the law foresees the creation of the Animal Health Surveillance System, which is a public registration with basic information on zoo-sanitary certificates, approvals, and authorizations issued. (Source: El Universal; 07/25/2007)

THE GOM AUTHORIZES 39 APPLICATIONS TO PLANT TRANSGENICS

Mexico's National Service of Sanity, Innocuousness and Agricultural Quality (SENASICA) authorized 39 applications for planting transgenic seeds in 169,508 hectares. The main beneficiaries are: Monsanto with a total of 35 approved applications; Bayer Mexico with two; Dow AgroSciences with one; and PHI Mexico with one. The main product planted is cotton, although soybean (26,015 hectares) and alfalfa (2 hectares) are also allowed. The entities where the genetically modified organisms of agricultural use are allowed include: Baja California, Sonora, Chihuahua, Tamaulipas, Campeche, Chiapas, Sinaloa, and La Comarac Lagunera (Coahuila and Durango). The permits were granted between February 10, 2006 and March 23, 2007. (Source: La Cronica & AMEPA; 07/25/2007)

MEXICO LOSES SHARE IN THE UNITED STATES MARKET

"Despite a sustained increase in agricultural exports to the United States, Mexico is losing market share in favor of competitors from the region," said the World Bank's Rural Development and Agriculture for Latin America and the Caribbean Specialist Yurie Tanimichi. The lack of competitiveness in the Mexican countryside is due to internal obstacles such as lack of irrigation systems, transport infrastructure for the trade, generation and dissemination of agricultural technology and, an absent market policy. Tanimichi stated that internal obstacles must be removed first before focusing on external factors. The World Bank (WB) estimates that from the 24 Mexican agricultural products exported to the U.S., only nine are expanding their market share. The rest are losing market share to regional competitors, such as: Chile, Peru, Ecuador and Brazil. While the export of cucumber, mango, asparagus, table grapes, cantaloupe, eggplant, strawberry, banana, coffee, broccoli have lost market share, other products such as beer, tequila, avocado, and confectionaries are gaining presence in the U.S. market. (Source: El Universal; 07/24/2007)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX7052		
MX7051	Planting Seeds Annual Report	7/18/07
MX7050	New Duties for Imported Apples from Non-NFE Companies	7/15/07

MX7049	Biotechnology Annual	7/15/07
MX7048	Planting Seeds Annual Report	7/18/07
MX7047	Weekly Highlights and Hot Bites #20	6/22/07
MX7046	Mexico Announces the 2007-2012 National Program for Development	6/20/07
MX7045	Weekly Highlights and Hot Bites #19	6/15/07
MX7044	Mexico Announces 1 Percent Over-Quota Tariff For Yellow Corn For Remainder of 2007	6/15/07
MX7043	Weekly Highlights and Hot Bites #18	6/08/07
MX7042	Bio-fuels Annual	6/8/07

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