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Mexico [MX1]
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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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OPENING PANDORA'S BOX

The Secretariat of Foreign Relations (SRE) agreed with the "voices" against opening NAFTA's renegotiation and considers doing so would be like opening Pandora's Box, severely affecting Mexico. Arturo Sarukhan, Ambassador to the United States, said that in general terms the (NAFTA) agreement has granted Mexico benefits that would end with a renegotiation. Sarukhan stated there are several U.S. & Canadian sectors that would have their own list of issues to discuss if negotiations were re-opened. "From my perspective, renegotiation is not an option because it would be like opening Pandora's Box, and it would initiate a fundamental questioning process of an agreement that was granted and has provided invaluable benefits to Mexico," said Sarukhan. (Source: El Financiero; 01/09/2007)

NAFTA RENEGOTIATION IMPOSSIBLE

Mark Keenum, Undersecretary of Agriculture of the United States, reemphasized that the North American Free Trade Agreement (NAFTA) would not be renegotiated. "There is nothing to negotiate, and we are not here to renegotiate or speak about managing trade," said Keenum. "We are here to speak about the positive aspects and components of our economies under NAFTA," stated Keenum. The official noted that now that all the commercial barriers have been eliminated, and the full implementation of NAFTA has occurred, the United States hopes to continue a positive trade balance for both nations. (Source: Reforma; 01/11/2008)

REGARDING NAFTA, THE UNITED STATES SAYS NO TO RENEGOTIATION

The United States agrees with the opinion expressed by Mexico's Ambassador to the U.S., Arturo Sarukhan. "To undertake the renegotiation of NAFTA would be like opening Pandora's Box, and Mexico would come out harmed," assured Mark Keenum. "The United States is not willing to renegotiate NAFTA, and we agree with the GOM that re-opening the agricultural chapter of NAFTA would harm Mexico" said Keenum. In an interview, the U.S. Undersecretary of Agriculture assured that it is a false perception of some sectors in Mexico that the liberalization of agricultural import tariffs under this agreement will cause disadvantages to Mexican products. Nevertheless, Keenum informed that inside the Consultative Committee on Agriculture (CCA), which was created in 2003 by both countries, the United States advised Mexico to improve the quality of their production of corn, bean, sugar and powdered milk. "There is a tremendous opportunity inside this agreement for the United States and Mexico", he insisted. Undersecretary Keenum said the U.S. delegation met

with the secretariats of Economy and Agriculture on Thursday, January 10. (Source: El Universal; 01/11/2008)

“FAMILY SUPPORT 2008” PROGRAM LAUNCHED BY THE FEDERAL GOVERNMENT

The GOM and the National Association of Supermarkets and Department Stores (ANTAD) recently launched the Family Support 2008 program to mitigate the increase of prices of basic commodities thus granting discounts from 5 to 20 percent for basic foods. The discounts will be given on various products (approximately 1,000 to 1,500) and marketed in ANTAD stores. The measure will last 60 days. The Secretary of Economy, Eduardo Sojo, assured that the increase of prices doesn't signify anything “abnormal”. This announcement was given after high increases were registered in products and services, such as: gas, diesel, electricity and food products. (Source: Financiero; 1/10/08)

NATIONAL FRONT CREATED IN DEFENSE OF COUNTRYSIDE

Around 20 bean, corn and sugar producing organizations stated they would rather give away their crops than sell at a lower price. The organizations, including the National Farmers Confederation (CNC), the National Association of Business Traders Producers of the Countryside (ANEC) and the National Coordination of Ayala Plan (CNPA), agreed that the Mexican countryside should be declared a “state of emergency.” Therefore, they announced they would initiate demonstrations, give away tons of products, block roads, and close border ports and bridges. Moreover, they will file a court injunction before the Supreme Court of Justice to demand the renegotiation of the NAFTA agricultural chapter. During the announcement of the creation of the National Front, CNC leader, Cruz Lopez, reported there would be a meeting of 12 governors to express their rejection of President Felipe Calderon. However, Jorge Kondo, President of the Mexican Association of Secretaries of Agricultural Development (AMSDA), stated the renegotiation of NAFTA is not the most important issue at this time. “The most important topic is clarifying the rules of operation for the distribution of 10 billion pesos for the countryside programs, which was authorized as part of the 2008 budget,” said Kondo. (Source: El Universal; 01/09/2008)

CLQ'S & FCOJ ARRIVE TO MEXICO

Chicken leg quarters (CLQ's) as well as frozen concentrate orange juice (FCOJ) are two of the “other” products coming to Mexico from the United States and Canada as a result of NAFTA's full opening. According to the established NAFTA timeframe, the U.S. can sell FCOJ duty-free to Mexico; FCOJ was taxed during the previous 15 years. The entrance of this product to Mexico is not a concern to the domestic productive chain since it was “prepared” in advance to face this exact moment. Luis de la Calle, Foreign Trade Consultant, commented that Mexico's FCOJ will not be affected, but it's necessary to modernize productive areas. On the other hand, CLQ's, which were subject to a safeguard since 2003, will enter Mexico duty-free. National Poultry Union (UNA) President, Jaime Crivelli, said their homework was not done completely during their safeguard. (Source: Reforma; 01/01/2008)

AGRICULTURAL SUBSIDIES IMBALANCED

A study of the Lower House indicates that while farmers in the United States enjoy seven basic programs of subsidies, Mexican farmers only have four support programs. The Lower House pointed out this enlarges the imbalances in the North American Free Trade Agreement. (Source: Reforma; 01/07/2008)

CNC CROWD JEERED AGRARIAN REFORM SECRETARY

The Secretary of Agrarian Reform (SRA), Abelardo Escobar, was the object of farmers' protests in Veracruz, who demanded a renegotiation of the North American Free Trade Agreement (NAFTA) and resolution of the pending agrarian conflicts. Due to the absence of Agriculture Secretary, Alberto Cardenas, who was invited to the National Farmers Council (CNC) meeting in Veracruz, Escobar had to deal with farmers' protests from both the PRI and the PRD parties. (Source: Reforma; 0107/2008)

THE FIRST JUDICIAL INTERDICTIONS AGAINST NAFTA

Groups of lawyers that initiated a series of judicial interdictions against the full implementation of NAFTA have achieved the signature of 729 farmers in order to request legal protection, stated Roman Diaz, who heads the legal advisors. (Source: La Jornada; 01/07/2008)

PRD INSISTS ON REVISING THE NAFTA AGRICULTURAL CHAPTER

At the Congress, the PRD insisted on the necessity of renegotiating the NAFTA agricultural chapter. Also, the PRD demanded the Calderon administration implement an aggressive support policy for Mexican Agriculture. (Source: Milenio Diario; 01/07/2008)

THE CATHOLIC CHURCH CRITIZES NAFTA

The Catholic Church, through an editorial of the weekly publication "From the Faith", stated that the last three governments, as well as the current one, have done nothing for Mexican Agriculture. Instead, the Catholic Church stated they have increased poverty and marginalization. (Source: La Jornada; 01/07/2008)

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