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Mexico

Planting Seeds

Annual

2008

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Report Highlights:
Even though Mexican producers typically save seeds for the following years' planting seasons, importing high quality planting seeds has slowly been increasing each year. The United States is still one of the main seed suppliers to Mexico, and is projected to supply almost 27 percent of total seed imports. On June 15, 2007, Mexico published their seed law, which could pave the way for biotechnology and allow for greater access for these high tech seeds into the Mexican market.

Includes PSD Changes: No
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Executive Summary

Historically, using saved seeds for the following years' planting seasons has been a common practice among a large percentage of Mexican producers, accounting the largest volume of planting seeds in Mexico. Despite an increase in imported seed prices, Post expects an increase in imports since domestic production will not adequately cover the current domestic demand.

Production

Preliminary official data from the Seed Inspection and Certification National Service (SNICS) shows that during the 2003-2007 time period, Mexico produced 1.1 MMT of certified seed. This amount has not been sufficient to cover the current domestic demand. Specifically in 2007, production did not keep pace with historical production levels and dropped nearly 49 percent compared to the previous year. The drop was reportedly due to the impact of high international prices on grains, which provoked a price increase in basic inputs, such as fertilizers and certified seeds. According to private sources, this decrease originated from several small industries that did not publish their figures into the national registry. These sources expect that those same factors could impact the seed sector in 2008 and 2009. Despite higher seed prices and the increased cost for inputs and producer's limited financial resources, the potential to develop and increase seed production is palpable, mainly because of the use of hybrid seeds.

The most important crop seeds produced domestically are, in order: wheat, potato, corn, barley, oats, rice, beans, and soybeans. The majority of seeds used in grain production are saved seeds. However, in 2005 and 2006, the use of certified seeds increased due to improvements in the management of grain and oilseed farms, as well as an increase in vertical integration in some segments of crop production. Unofficially, industry sources report that 85 percent of corn seed and 100 percent of wheat seeds are produced domestically. Production is located in the states of Guanajuato, Tamaulipas, Sonora and Sinaloa where the participation from various sectors — private, official and social — is vital for this activity.

The Mexican seed industry is made up of individual farmers, large multinational companies, national private seed companies, national public research branches, and seed production organizations. The private sector holds 94 percent of the market share while the public sector accounts for the rest.

In late 2007, the Government of Mexico (GOM) through the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) published the "2007-2012 Seeds National Program" (SNP), which establishes production goals towards 2012. (See Policy Section)

The new seed law and the evolving regulatory environment will drive the Mexican seed industry in the coming years. The seed law is viewed by the industry as a positive step forward since the law establishes clear and specific provisions regarding intellectual property and protection for plant breeders in Mexico. The law also establishes phytosanitary regulations for the importation of seeds and improves access to the Mexican seed market for U.S. exporters. Even though the law was published in 2007, the rules of operation for the Seed Law are still in process of being approved. Publication of the rules is expected to occur by the end of 2008 in the Mexican Federal Register (*Diario Oficial*).

Trade

Mexico primarily uses domestic seeds, but imported seeds continue to play a major role in the sector. Consequently, domestic seeds continue to be the main competitor against U.S. seeds in Mexico. According to official data, in MY 2006/07 (July-June) the total value of planting seeds imports reached U.S. $672.9 million. The United States supplied around 27 percent of all seed imports to Mexico with a total value of U.S. $179.5 million. Mexico also imports a substantial amount of seeds from Canada, and multinational companies are able to source seeds from different parts of the world. Mexico's total exports of planting seeds to the world in MY 2006/07 were valued at U.S. $126.1 million. Total exports of planting seeds to the United States from Mexico was valued at U.S. $17.9 million during MY2006/07.

Reportedly, in the coming years, the new seed law should help increase U.S. seed exports to Mexico. The new seed law would lower restrictions on seed trade while protecting planting breeders and existing varieties in Mexico. In addition, the proposed rule that establishes phytosanitary regulations for the importation of seeds promises to create improved access to the Mexican seed market for U.S. exporters. Meanwhile, Mexican exports are forecast to maintain the same MY 2008 levels.

Policy

The new law titled: FEDERAL LAW FOR PRODUCTION, CERTIFICATION AND SEED TRADE was published in the Federal Gazette (*Diario Oficial*) on June 15, 2007, and calls for a modern legal framework that:

- Account for all types of seeds, not only those that are subject to an external process of qualification and certification, but all the alternatives as well;
- Strengthens seed trade regulation;
- Mandates the establishment of the National Seed System as a coordinating mechanism and the Fund for Support and Incentives as its financial instrument;
- Defines the objectives that have to be considered during applicable seed policy matters;
- Establishes catalogues that offer common varieties, native or traditional varieties and manages seed conservation;
- Harmonizes the seed qualification process and assigns categories in accordance with international standards to offer greater guarantees to end-users and opens market possibilities for new seeds;
- Provides provisions within the valid legal framework in a harmonized manner and lays out the elements that offer long-term perspectives (intellectual property, bio-security, and phytogenetic resources);
- Strengthens the role of the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) in matters of vigilance and compliance within the law;
- Increases flexibility to perform and develop applied scientific investigations;
- Promotes the concept of qualification and quality of seeds according to their characteristics;
- Strengthens the technical elements and standards for the varietal characterization and the qualification of seed characteristics;
- Allows for the creation of Regional and/or State Seed Committees to promote participation and adoption of new and improved technologies;
- Expands fines for infractions of legal provisions, thus helping with the organization of seed trade, which is a principal demand of the sector;
- Establishes the terms for issuing the budget rules and regulations to comply with the provisions of the law.

Currently, the seed law is subject to a series of proposals to be modified. These modifications are intended to turn the seed law into a more operative law that would comply with international standards.

Recently, members of the Mexican Lower House issued a proposal of "The Law for the Effective Use of the Phyto-Genetic Resources", which establishes the use of phytogenetic resources and seeds in the Mexican market place. It is expected that this law will look for the efficient use and protection of germ-plasm banks.

In 2007, Alberto Cárdenas, the Secretary of SAGARPA, stated that national producers should not fear technology and its innovations, but instead should work towards improving worldwide productivity through technology. This indicates that SAGARPA is open to the use of transgenic seeds. Within the framework of the National Seed Plan (NSP), the Secretary indicated that Mexico has to compete with countries, such as Argentina, United States, Brazil and China.

The NSP is expected to be the instrument and guide for improving and modernizing the seed industry in Mexico. One of the main goals of the NSP is that by 2012, Mexico would plant 300,000 certified seeds in 43 percent of the total area planted throughout the country. Currently, Mexico covers 33 percent of total area planted with seeds. Investments of nearly U.S. $1.3 million will be used to promote the production of basic and registered seeds. U.S. $493,000 is expected to be used for the production of certified seed through producer associations and U.S. $4.9 million will be used to promote the generation, diffusion and transfer of technology. Currently, the creation of new varieties and the lack of promotion and transference of public technology to small and medium size companies have elevated the cost of registering seeds and reduced demand for new varieties.

The NSP hopes for to aid productivity and competitiveness by promoting the organization of the seed sector. Hopefully, producers will be able to count on an ample supply of quality seeds with affordable prices. Research and teaching centers, owners, seed producers, farmers, and government official will be involved in the activities of the NSP.

Marketing

Biotechnology is expected to drive the Mexican seed market in the future. The evolving regulatory environment for biotech seed and their crops will affect marketing prospects. U.S. exporters should keep abreast of Mexican regulatory developments. As consumer choices expand, consumer education about varietal characteristics will play an important role in marketing seeds. In general, Mexican consumers, producers, importers, and retailers continue to be disengaged on the biotechnology.

Mexico has a strong biotech infrastructure, including: a developing regulatory framework; world renowned biotech researchers, and research institutions; a government commission dedicated to coordinating biotech policy; and an active private sector that promotes the positive use of biotech seeds. However, biotechnology derived crops are not cultivated commercially in Mexico. Current biotechnology laws and regulations are aimed at preventing and controlling the possible use and application of biotechnology products. (See MX8048)

Statistical Tables

MEXICAN TOTAL SEED IMPORTS CY 2007/2008				
Seed Group	Quantity (Metric Tons)		Value (US $ 000)	
	2007	2008*	2007	2008*
Field Crop Seeds	1,151,743	287,531	527,704	192,066
Grass Seeds	35,461	17,475	54,781	27,260
Leguminous Seeds	39,801	10,072	22,942	7,666
Other Forage Seeds	4,659	562	19,964	2,414
Other Seeds	2,304	651	1,069	409
Other Vegetable Seeds	1,341	583	169,701	34,006
Total	1,235,309	316,874	796,161	263,821

(Source: World Trade Atlas, Mexico Edition, April 2008)
***** Data as of April, 2008

MEXICAN TOTAL SEED IMPORTS FROM THE UNITED STATES CY 2007/2008				
Seed Group	Quantity (Metric Tons)		Value (US $ 000)	
	2007	2008*	2007	2008*
Field Crop Seeds	47,409	11,219	47,340	23,155
Grass Seeds	33,190	16,859	42,829	23,780
Leguminous Seeds	4,654	1,010	5,809	1,364
Other Forage Seeds	3,934	508	16,719	2,081
Other Seeds	1,260	542	658	294
Other Vegetable Seeds	776	230	73,492	16,574
Total	91,223	30,368	186,847	67,248

(Source: World Trade Atlas, Mexico Edition, April 2008)
* Data as of April, 2008

FIELD CROP SEEDS CY 2007/2008				
Imports from:	Quantity (Metric Tons)		Value (US $ 000)	
	2007	2008*	2007	2008*
The World	1,151,743	287,531	527,704	192,066
U.S.A.	47,409	11,219	47,340	23,155
Canada	1,047,092	275,012	446,119	164,836
Others	57,242	1,300	34,245	4,075

(Source: World Trade Atlas, Mexico Edition, April 2008)
* Data as of April, 2008

GRASS SEEDS CY 2007/2008				
Imports from:	Quantity (Metric Tons)		Value (US $ 000)	
	2007	2008*	2007	2008*
The World	35,461	17,475	54,781	27,260
U.S.A.	33,190	16,859	42,829	23,780
Others	2,271	616	11,952	3,480

(Source: World Trade Atlas, Mexico Edition, April 2008)
* Data as of April, 2008

LEGUMINOUS SEEDS CY 2007/2008				
Imports from:	Quantity (Metric Tons)		Value (US $ 000)	
	2007	2008*	2007	2008*
The World	39,800	10,072	22,942	7,666
U.S.A.	4,564	1,010	5,809	1,364
Canada	32,993	8,890	15,573	6,138
Others	2,243	172	1,560	164

(Source: World Trade Atlas, Mexico Edition, April 2008)
* Data as of April, 2008

OTHER FORAGE SEEDS CY 2007/2008				
Imports from:	Quantity (Metric Tons)		Value (US $ 000)	
	2007	2008*	2007	2008*
The World	4,659	562	19,964	2,413
U.S.A.	3,934	508	16,719	2,081
Brazil	562	0	2,494	0
Others	163	54	35,932	332

(Source: World Trade Atlas, Mexico Edition, April 2008)
* Data as of April, 2008

OTHER SEEDS CY 2007/2008				
Imports from:	Quantity (Metric Tons)		Value (US $ 000)	
	2007	2008*	2007	2008*
The World	2,304	651	1,068	409
U.S.A.	1,260	542	658	294
Others	1,044	109	410	115

(Source: World Trade Atlas, Mexico Edition, April 2008)
* Data as of April, 2008

OTHER VEGETABLE SEEDS CY 2007/2008				
Imports from:	Quantity (Metric Tons)		Value (US $ 000)	
	2007	2008*	2007	2008*
The World	1,341	583	169,701	34,005
U.S.A.	776	230	73,492	16,574
China	136	314	10,732	3,616
Others	429	39	85,477	13,815

(Source: World Trade Atlas, Mexico Edition, April 2008)
* Data as of April, 2008

MEXICAN TOTAL SEED EXPORTS TO THE WORLD CY 2007/2008				
Seed Group	Quantity (Metric Tons)		Value (US $ 000)	
	2007	2008*	2007	2008*
Field Crop Seeds	8,172	2,061	9,547	2,765
Grass Seeds	639	333	2,167	974
Leguminous Seeds	95,823	32,104	86,676	33,706
Other Forage Seeds	23,879	0	111	0
Other Seeds	32,828	3,216	957	126
Other Vegetable Seeds	1,341	582	169,701	34,005
Total	162,682	38,296	269,159	71,576

(Source: World Trade Atlas, Mexico Edition, April 2008)
* Data as of April, 2008

MEXICAN TOTAL SEED EXPORTS TO THE UNITED STATES CY 2007/2008				
Seed Group	Quantity (Metric Tons)		Value (US $ 000)	
	2007	2008*	2007	2008*
Field Crop Seeds	1,743	1,052	1,363	432
Grass Seeds	330	269	538	511
Leguminous Seeds	8,265	2,215	7,293	2,249
Other Forage Seeds	23,879	0	111	0
Other Seeds	32,828	3,216	957	126
Other Vegetable Seeds	776	230	73,492	16,574
Total	67,821	6,982	83,754	19,892

(World Trade Atlas, Mexico Edition, April 2008)
* Data as of April, 2008