



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

**Date:** 4/3/2003

**GAIN Report Number:** MX3040

## Mexico

### Agricultural Situation

### Finance & Economy Secretaries Scramble for Consensus

2003

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**Report Highlights:**

Finance Secretary Gil Díaz's recent proposal to include 500 billion pesos (US \$47 million) for restructuring and refinancing overdue farm loans the National Agricultural Pact. Consequently, a document from Secretary of the Economy Fernando Canales sent to the farming groups, the GOM's recent position is "in defense of white corn and dry beans, as they are considered essential to the Mexican diet."

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1]  
[MX]

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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

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Finance Secretary Gil Díaz's recent proposal to include 500 billion pesos (US \$47 million) for restructuring and refinancing overdue farm loans the National Agricultural Pact, may be leverage to entice some of the radical farming groups to sign the Pact, which is now several weeks overdue.

Secretary Gil Díaz also promised rural groups a preferential pricing plan for electric energy to increase the number of wells to generate better irrigation. Additionally, Secretary Gil Díaz offered the farming groups a loan forgiveness program for debts to owed to the Federal Electricity Commission (CFE).

According to spokesperson, Martín Solís of the farming group El Barzón, excluding white corn and dry beans from the NAFTA chapter would ease a national restructuring program and help alleviate the problem with overdue farm loans to the rural countryside that plague the Rural Development Bank's operations.

Consequently, a document from Secretary of the Economy Fernando Canales sent to the farming groups, the GOM's recent position is "in defense of white corn and dry beans, as they are considered essential to the Mexican diet." Secretary Canales reportedly said he would authorize white corn imports, but would implement safeguards when needed. Secretary Canales failed to clarify whether the negotiations would be within the NAFTA charter.

The farming groups "The Farmland Can't Stand Anymore", El Barzón, Permanent Agrarian Council (CAP) and the National Farm Worker Council (CNC) took credit in their joint efforts to persuade the GOM to take the action. The CAP said it would seek an additional 20 billion pesos (US \$1.86 billion) for oil revenue to lower internal debt and reduce the national debt.

On April 3, 2003, the Secretaries of Agriculture, Economy, and Government Affairs will reportedly meet to discuss the new initiative. Secretary of the Economy, Fernando Canales Clariond, sent a letter to the major farming groups inviting them to discuss NAFTA and international trade. The discussion is expected to focus on establishing white corn and dry bean "sovereignty" for Mexico.

According to press reports, the Secretariat of the Economy would consider the farming groups' request to change Mexico's status as a developing country in the World Trade Organization (WTO). According to farming group leader, Víctor Suárez, Mexico's status before the WTO should be as a country with a sizeable rural population and for reasons of national security should protect its population from displacement from imports.

**Comment:** *The more radical farming groups insisted that the National Agricultural Pact include some form of NAFTA renegotiation, which appears to be delaying the completion of the Pact. The Agricultural Secretary, Javier Usabiaga is forcing the signing without the groups, but other secretaries may not be willing to be so tough.*

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