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Mexico

Agricultural Situation

Mexico's Weekly Highlights and Hot Bites, Issue #9 2001

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Report Highlights:

***Reminder on Comments on Proposed Regulations *Recent Reports Submitted by FAS/Mexico**

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 US 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 US 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 US Embassy's, or any other US Government agency's point of view or official policy.

TRQ'S FILLED FOR CANADIAN APPLES AND U.S. AND CANADIAN POTATO PRODUCTS

The Secretariat of Economy (SECO), formerly the Secretariat of Commerce and Industrial Development, announced on March 5, 2001, in the Diario Oficial (Mexican Federal Register), that Mexico's 2001 NAFTA safeguard quota for U.S. potatoes (H.T.S. 2004.10.01) were filled. Starting March 6, imports of these products from the United States are subject to the 20 percent safeguard tariff agreed under NAFTA. The in-quota tariff was 4 percent. SECO also announced that Mexico's 2001 NAFTA safeguard quota for Canadian potatoes (H.T. 2004.10.01 and 2005.20.01) and apples (H.T. 0808.10.01) were filled. Starting March 6, imports of these products from Canada are subject to the 20 percent safeguard tariff agreed under NAFTA. The in-quota tariff for both potatoes and apples was 4 percent. All these rates will remain in effect through December 31, 2001. For additional information on U.S. potatoes consult report MX1025. (Source: Diario Oficial, 3/05/2001)

FIRST MEXICAN TRUCKS COULD ENTER U.S. SOON

According to the Mexican press, the first Mexican trucks, laden with imports, could roll across the U.S. border as soon as March 16 if upcoming talks between the two countries go smoothly, Mexico's Economy Secretary Luis Ernesto Derbez indicated on March 6, 2001. "We will very quickly put together teams on both sides and next week will start working out a way to ... expedite the safety inspections. Trucks could be rolling very quickly ... from 10 days to a month (from now)," Derbez indicated. Last month, a NAFTA arbitration panel ruled unanimously that the United States cannot continue its policy of broadly prohibiting Mexican trucks from its highways for safety reasons. Derbez met on March 5 with U.S. Trade Representative Robert Zoellick in Washington to discuss the issue. The Teamsters union and other critics of the NAFTA panel ruling charge it will result in millions of unsafe Mexican trucks using U.S. highways. Although the United States can still stop trucks it deems unsafe on a case-by-case basis, the huge volume of potential traffic will make effective enforcement impossible, critics say. In March 5's meeting, the United States restated its commitment to implementing the panel decision while keeping on eye on safety, a spokeswoman for the U.S. Trade Representative's Office said.(Source: The News, 03/07/01)

S&P UPGRADE OF MEXICO SEEN IN SPRING

A majority of the top 21 emerging market funds don't expect a Standard & Poor's upgrade of

Mexico before May or June, suggesting it is too early to start buying the country's bonds to take advantage of the coveted upgrade to full investment grade, Morgan Stanley said on March 6, 2001. Fifty-five percent of the dedicated emerging market funds polled predicted the upgrade -- which would attract a new class of investors previously barred from buying speculative grade debt - would come in May or June. Ten percent expect it in July, 10 percent in September, 5 percent sometime in the fourth quarter and 5 percent in 2002. "It would seem reasonable to expect that the market will start to price in a ratings upgrade sometime in April ... this may be one of several reasons why Mexico has underperformed in 2001" a private analyst indicated. In part because Mexican spreads were at their widest since May 2000, J.P. Morgan, Goldman Sachs and Merrill Lynch said last week investors should start increasing their holdings of the country's sovereign bonds. Strategists who recommended the shift to overweight from market weight said Mexico was adjusting well to the U.S. economic slowdown, and that an unpopular tax reform plan looked set to pass through Congress. The Morgan Stanley poll -- conducted between Feb. 28 and March 1 -- found 67 percent of the respondents believe the government will pass a tax reform bill satisfactory to the ratings agency. (Source: The News, 03/07/01)

MEXICAN MIGRANT WORKERS ON THE WARPATH

According to an article in a local newspaper, a group of former migrant workers is suing the governments of Mexico and the United States over money they say they were never paid for working on American farms and railroads more than 50 years ago.

Four workers known as "braceros" in Spanish, from the World War II era filed a class action lawsuit in U.S. District Court in San Francisco March 1.

The suit accuses the United States, Mexico and several banks, including Wells Fargo and Banco de Mexico, of illegally withholding money from up to 300,000 foreign workers employed in the U.S. between 1942 and 1949. (Source: The News, 03/06/01)

REMINDER FOR PUBLIC COMMENTS ON PENDING PROPOSED REGULATIONS

There currently are no proposed regulations on which to comment.

RECENT REPORTS SUBMITTED BY FAS/MEXICO

Report#	Title	Date Sent
MX1022	UES Activity Evaluation Report, Virtual Wine Tasting	03/01/2001
MX1024	Mexico's Weekly Highlights and Hot Bites, Issue #8	03/02/2001
MX1026	Mexican Market for Poultry and Poultry Products	03/07/2001
MX1027	The Mexican Market for Stone Fruit	03/07/2001