



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/30/2000

GAIN Report #MX0177

Mexico

Agricultural Situation

Mexico's Weekly Highlights and Hot Bites, November Report No. 3 2000

Approved by:

Todd Drennan

U.S. Embassy Mexico

Prepared by:

Todd Drennan, Dulce Flores, Benjamin Juarez

Report Highlights:

- **Mexico & Panama Discuss Free Trade Agreement**
- **Derbez Wants Support from Private Sector**
- **Gil to Present Economic Plans**
- **Fox Appoints Commissioner For US/Mexico Border**
- **Mexico Wins NAFTA Decision on Transportation**
- **Reminder for Public Comments on Proposed Regulations**
- **Recent Reports Submitted by FAS**

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.

MEXICO, PANAMA TALK TRADE

Panama's Commerce Secretary on Wednesday November 29, was optimistic that his nation and Mexico would soon reach a free trade agreement. Joaquin Jacome said unlike the prior administration, which didn't follow through on free trade negotiations with Chile and other trading blocs, the current administration was determined to close a deal on a bilateral accord. According to official figures, trade between the two countries amounted to US\$191.5 million in 1999, a 12 percent increase from 1998. The trade balance between the two nations significantly falls in Mexico's favor. While Mexico's exports to Panama reached US\$172 million last year, Panama had only US\$19 million. The Panamanian president said she was optimistic bilateral trade relations would continue to advance with Mexico's incoming administration. (Source: The News, 11/29/2000)

DERBEZ WANTS SUPPORT FROM PRIVATE SECTOR

Financial support is needed from private companies in order to insure equitable growth in the country's different regions, Ernesto Derbez said Wednesday. Speaking at a presentation hosted by the Mexican Chamber of the Construction Industry (CMIC), he also said greater coordination between the private and public sectors would be required. Derbez will assume the post of Economy Secretary in the Fox Cabinet Dec. 1, a new position that redefines the role of the Commerce Secretariat to include a focus on infrastructure development.

The building and maintenance of the federal roads and highways, and other infrastructure to support water, power and telecommunications has fallen behind the nation's pace of economic growth. Pedro Strassburger, president of CMIC, said from 1981 to 1999 the country's economic activity increased 49 percent in real terms, but construction of this infrastructure only grew 4 percent. But the nation's problems go beyond roads. The supply of water and electricity are both serious concerns, said Alberto Lenz, coordinator of infrastructure strategy for Fox's transition team. Overuse of aquifers and conflicts over water rights will lead to bottlenecks in the nation's water supply, he said. One has only to look at a map of the nation's highways to realize that certain regions, such as the industrialized north and center have more developed transportation systems while other regions, especially the south, have been left behind. (Source: The News, 11/30/00)

GIL TO PRESENT ECONOMIC PLANS

Mexico's future finance minister, Francisco Gil Diaz, said the administration of President-elect Vicente Fox would submit to Congress the government's 2001 budget Dec. 5. It will reflect the main macro-economic goals that Fox's economic transition team announced in early October, including the target of keeping next year's budget deficit to the equivalent of no more than 0.5 percent of gross domestic product (GDP). Moreover, the government 2001 budget foresees a 4.5 percent growth rate in the GDP. (Source: The News, 11/29/00)

FOX APPOINTS COMMISSIONER FOR US/MEXICO BORDER

President-elect Fox announced last week his long-awaited picks for Ministers of his economic cabinet. Among the appointees was Ernesto Ruffo Appel, who was named Commissioner for Northern Border Affairs. This position was created by Fox to deal with the many complicated and highly sensitive border issues between the United States and Mexico. According to one newspaper article, Ruffo sees the northern border as a reflection of the lack of job opportunities between the two neighboring countries. In addition, Ruffo stated that one of his priorities during the first year will be to regulate NAFTA issues that are still pending. Border trade problems on both sides of the border have historically caused delays in crossing shipments between our countries; resulting in increased costs for both US and Mexican importers. (Source: Economista, 11/30/00)

MEXICO WINS NAFTA DECISION ON TRANSPORTATION

Local paper has reported that Mexico won its NAFTA panel case on Mexican trucks entering the United States. The decision stipulates that the United States must provide Mexican trucks free access to US markets beginning no later than December 29, 2000. The article did not provide any details on how the new policy will be implemented. If the United States fails to comply with the panel's decision, then Mexico will have the right to assess higher import duties on imported US products valued at an amount equivalent to the financial damages caused by not complying with the panel decision. The article did not address how the US will handle cabotage, the authorization of trucks to accept backhaul on the return to Mexico. (Source: El Universal 11/30/00)

REMINDER FOR PUBLIC COMMENTS ON PENDING PROPOSED REGULATIONS

The table below summarizes proposed new regulations that the Government of Mexico (GOM) has published in recent weeks that could impact agricultural exporters. As part of the regulatory process, the GOM accepts comments from interested parties, including those from the United States, for 60 calendar days including the date of publication in Mexico's, "Federal Register." Any such comments **must** be submitted in Spanish. See the cited FAS Report # for additional information. The official Spanish texts of these proposed regulations are available at www.secofi.gob.mx/dgnl.html.

Published	End Comment Period	Description	FAS Report#
10/20/2000	12/18/2000	PROY-NOM-064-ZOO-2000, "Guidelines for the classification and prescription of veterinarian pharmaceutical products by the risk levels of their active ingredients."	MX0163
11/1/2000	12/30/2000	PROY-NOM-145-SCFI-2000, "Commercial Information – Labeling of Honey Products"	MX0169

RECENT REPORTS SUBMITTED BY FAS/MEXICO

Report#	Report Title	Date Sent
MX0175	Auction of Permits to Import Milk Powder Set for December 14, 2000	11/24/2000
MX0176	Auction of Permits to Wood Products Set for January 4, 2001	11/24/2000

FIND US ON THE NET

We are available at <http://www.atomexico.gob.mx> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

FAS/MEXICO EMAIL

To reach us at FAS/Mexico City, email us at AgMexico@fas.usda.gov or ATO Mexico@fas.usda.gov.

USEFUL MEXICAN WEBSITES

Mexico's equivalent of the Department of Agriculture (SAGAR) can be found at www.sagar.gob.mx and Mexico's equivalent of the Department of Commerce (SECOFI) can be found at www.secofi.gob.mx These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.