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## Mexico

### Grain and Feed

## Mexico Announces Support Programs for Sinaloa White Corn

## 2007

**Approved by:**

Suzanne Heinen

U.S. Embassy

**Prepared by:**

Benjamin Juarez

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**Report Highlights:**

On October 1, 2007, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced in the Mexican Federal Register (Diario Oficial) the specific guidelines for support programs available for Sinaloa white corn during the 2006-07 fall/winter season.

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

**Introduction:** This report summarizes the general operational rules and specific guidelines for obtaining supports on selected agricultural products published in Mexico's "*Diario Oficial*" (Federal Register) on October 1, 2007.

**Disclaimer:** This summary is based on a *cursory* review of the subject announcements and therefore should not, under any circumstances, be viewed as a definitive reading of the regulations in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

#### **FAS/Mexico's Executive Summary:**

On October 1, 2007, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced the specific guidelines establishing the mechanisms by which SAGARPA will provide economic support to white corn producers from Sinaloa, during the 2006-07 fall/winter planting season. According to this announcement, SAGARPA estimates Sinaloa white corn production at 4.7 MMT, a record crop that is 15 percent higher than the previous year. The purpose of these subsidies is to promote sales of surplus Sinaloa white corn. Sinaloa accounts for approximately 73 percent of Mexico's fall/winter white corn production.

These specific guidelines are based on the General Operational Regulations (REGLAS) that SAGARPA published for several support programs on June 17, 2003 (MX 3131) and later modified on April 9 and July 28, 2004; September 29, 2005, and June 16, 2006. The Operational Rules include support payments for maritime ("cabotage") and/or ground transport, storage, and export activities.

Through SAGARPA's Support and Services for Agriculture and Livestock Marketing Agency (ASERCA - a decentralized administrative body within SAGARPA providing commercial support to farmers) SAGARPA will provide payments for overland and maritime transportation, freight, and storage costs ("pignoracion"). This support is part of the program "Advance White Corn Purchases". SAGARPA will provide payment to the buyers of Sinaloa white corn. The support has a limit of 3.6 million metric tons (MMT), and Mexico will also provide support payments for exported supplies. The total volume subsidized by the export support program is 400,000 MT.

#### **Titles of Decrees:**

- 1) Specific operational guidelines of support for overland and/or coastal freight and the sub-program of storage costs ("pignoracion") for white corn for the 2006-07 fall/winter agricultural crop cycle from the State of Sinaloa. The guideline is for application to white corn advance purchases.
- 2) Specific operational guidelines of support for the export of white corn during the 2006-07 fall/winter agricultural crop cycle from the State of Sinaloa.

**Type of Regulation:** Operational

#### **Important Dates**

**1. Publication Date:** October 1, 2007

**2. Effective Date:** October 2, 2007

**Eligible Commodities:** White Corn

**Other important features of the new programs:**

Regarding the first program, "Support for maritime and/or ground transport and storage support", the announcement states that SAGARPA's strategy of commercialization for Sinaloa white corn implies a "mechanism of advance purchases." This mechanism includes the implementation of forward contract purchases between farmers and white corn buyers and its objective is to maintain order in the domestic market. The mechanism encompasses a support for a commodity hedging sub-program as well as the supports for maritime and/or ground transport of white corn for human consumption. Similarly, white corn buyers for use in animal feed consumption will receive a support for storage, financial, freight, and transportation costs.

The level of support payments is determined by the Mexican state in which the buyer is located. The specific breakdown of payments by state for buyers of white corn for human consumption is as follows:

STATE	SUPPORT (Pesos/ Ton)
Aguascalientes	158
Baja California	205
South Baja California	402
Campeche	455
Chiapas	745
Chihuahua	245
Coahuila	341
Colima	125
Mexico City	187
Durango	196
State of Mexico	208
Guanajuato	144
Guerrero	310
Hidalgo	193
Jalisco	114
Michoacan	189
Morelos	194
Nayarit	85
New Leon	341
Oaxaca	288
Puebla	251
Queretaro	186
Quintana Roo	455

San Luis Potosi	204
Sinaloa	42
Sonora	83
Tabasco	340
Tamaulipas	461
Tlaxcala	243
Veracruz (Center)	389
Veracruz (South)	453
Yucatan	682
Zacatecas	159

U.S. \$ 1.00= 11 pesos

Regarding the use of white corn in animal feed, buyers located in the following Mexican states will receive support payments for storage, transportation, financing, and freight costs. According to the following table:

STATE	SUPPORT (Pesos/Ton)
Nayarit	260
Sinaloa	260
Sonora	260
Aguascalientes	400
Guanajuato	400
Jalisco	400
Michoacan	400
Queretaro	400

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In reference to the "Support outline to export white corn from the 2006-07 fall/winter crop cycle from the State of Sinaloa", its objective is to place surplus domestic white corn into international markets. The announcement states that for this crop cycle, Sinaloa expects a record production (4.7 MMT), and because of the state's insufficient storage capacity, placement into the domestic market could cause a drop in domestic corn prices. Therefore, SAGARPA deems it necessary to focus on the international market. The subsidies will be as follows:

- a) A support of 400 pesos per ton, to cover export expenses to Central and South American countries from the Topolobampo port in Sinaloa. This support will also be granted for those participants who export white corn to a different country due to commercial necessities.
- b) A support of 320 pesos per ton to cover freight, loading and unloading costs to export to the United States overland from Mexicali, Baja California (Calexico) and Nogales, Sonora.

Moreover, participants in the exporting program must show proof that they paid corn growers a minimum reference price of 2,350 pesos per ton, FOB in the producing area, between May 1 and July 15. They must also show proof of export to the destinations mentioned.

**For More Information:**

*AgMexico@usda.gov*

*Fax: 011-52-55-5080-2514*

**Internet Connections:**

*FAS Mexico Web Site:* We are available at <http://www.fas-la.com/mexico> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

**Useful Mexican Web Sites:**

Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at [www.sagarpa.gob.mx](http://www.sagarpa.gob.mx) and Mexico's equivalent of the Department of Commerce (SE) can be found at [www.se.gob.mx](http://www.se.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.