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Mexico

Agricultural Situation

Mexico Announces Target Prices for the Income Target Program

2009

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Report Highlights:

On January 2, 2009, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced in the Mexican Federal Register (*Diario Oficial*) the new target prices used to determine support payments under the Income Target Program for producers of corn, wheat, sorghum, safflower, soybeans, sunflower, oatmeal, canola, cotton, and rice for the 2008/09 fall/winter to 2013 spring/summer planting seasons.

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

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Introduction: This report summarizes the new target prices used to determine support payments for selected agricultural products published in Mexico's "*Diario Oficial*" (Federal Register) on January 2, 2009.

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 January 2, 2009, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced in the Mexican Federal Register (*Diario Oficial*) the new target prices used in determining support payments for corn, wheat, sorghum, safflower, soybeans, sunflower, oats, canola, cotton, and rice for the 2008/09 fall/winter to 2013 spring/summer planting seasons. These supports are part of the Target Income Program.

According to this announcement, the objective of Target Income Program is to assist producers in increasing their production and their economic profitability through the delivery of temporary support payments, which supplement producers' incomes and help offset the costs of energy inputs. In addition, the program seeks to strengthen producers' participation in markets and to give them certainty during the commercialization processes.

The Target Income Program provides payments to cover the difference between the market price of the eligible commodities and the "Target Income". The maximum amounts that SAGARPA would pay are defined as the difference between the market price and the "Target Income" of the eligible products. The market price is defined by ASERCA (a decentralized administrative body within SAGARPA providing commercial support to farmers) based on prices offered by buyers during the harvest season, agreed-upon prices in the forward-contract system, international prices, and regional market conditions. The Target Income Program does not include the production of these commodities for self-consumption or experimental purposes, the production of academic or governmental institutions, nor a second cultivation in the same field.

Following are the crops and the new target prices that are included in the Target Income Program for the 2009-2013 time periods compared to the previous prices.

Table 1. Mexico: Target Income Prices by Commodity		
Crop	Previous "Target Income" (Pesos/Ton)	"Target Income" for 2008/09 fall/winter to 2013 spring/summer (Pesos/Ton)
Corn	1,650.0	2,100.0
Hard Wheat	1,800.0	2,730.0
Durum Wheat	1,525.0	2,415.0
Sorghum	1,270.0	1,785.0
Safflower	3,300.0	4,200.0
Canola	3,500.0	4,515.0
Cotton	16,000.0	12,600.0
Rice	2,100.0	2,940.0
Soy	3,000.0	4,200.0
Oats	-	4,200.0

Exchange Rate (January 6, 2009) \$1.00 = 13.47 MX pesos

The announcement further states that the target prices for the program for the specified planting seasons could be modified when market prices, as recognized by SAGARPA, represent a reduction of at least 35 percent. If this were to be the case, the modification would apply starting from the following planting season.

Title of the Announcement: "Agreement Publishing the Eligible Products and Amounts of the Minimum Target Income for the 2008/2009 Fall/Winter to 2013 Spring/Summer Agricultural Cycles."

Type of Regulation: Operational

Important Dates:

1. Publication Date: January 2, 2009
2. Effective Date: January 3, 2009

Eligible Commodities: Corn, Wheat, Sorghum, Safflower, Canola, Cotton, Rice, Soybeans, and Oats

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Internet Connections:

FAS Web Site: <http://www.fas.usda.gov>

Useful Mexican Web Sites:

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

Relevant Reports Submitted by FAS/Mexico City:

MX2173 Mexico's Agricultural Armor Package

<http://www.fas.usda.gov/gainfiles/200301/145785027.pdf>

MX3067 Government of Mexico Signs National Agreement on Agriculture

<http://www.fas.usda.gov/gainfiles/200305/145885555.pdf>

MX4033 Mexico's Grain and Feed Annual Report 2004

<http://www.fas.usda.gov/gainfiles/200403/146105603.pdf>