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Prepared By: Benjamin Juarez

Approved By: Karisha Kuypers

Report Highlights:

Oilseed production is expected to rebound in marketing year (MY) 2021/22, as high international prices should encourage farmers to increase their soybean planted area. However, the elimination of federal commercialization support programs for medium and large oilseeds growers continues to generate uncertainty regarding planting intentions for the upcoming year. Mexico's oilseed crushing is forecast to increase with the expected economic recovery after the severe economic turmoil of the COVID-19 pandemic. The poultry and livestock sectors are expected to continue their modest growth into 2021, increasing demand for oilseed meals used in feed.

EXECUTIVE SUMMARY

Although oilseed production is expected to rebound in marketing year (MY) 2021/22, the increase in production is due to higher soybean planted area. Private industry sources state that high international prices for soybeans should encourage farmers to increase their soybean planted area. However, the cancellation of federal commercialization support programs for medium and large oilseeds growers has generated discomfort as well as uncertainty regarding planting intentions for the upcoming year. Consequently, rapeseed and sunflower seed production will remain unchanged at the very low levels of previous years, while peanut production is expected to decline due to the lack of governmental supports.

Mexico's oilseed crushing is forecast to increase by approximately 3.8 percent in MY 2021/22, because of the expected economic recovery after the severe economic turmoil due to the COVID-19 pandemic. Like other countries, Mexico's economy is expected to recover in coming years. The International Monetary Fund recently raised its global economic outlook and presented a more optimistic forecast for the Mexican economy with an expected GDP growth of 5 percent in 2021. Vegetable oil demand should generally keep pace with the economic recovery and the expected population growth of one percent. The poultry and livestock sectors are expected to continue their modest growth seen in 2020 into 2021, which will increase demand for oilseed meals used in feed.

OILSEEDS: PRODUCTION, SUPPLY AND DEMAND STATISTICS

Table 1. Mexico: Production, Supply, and Distribution (PSD) for Total Oilseeds

Market Begin Year	TOTAL OILSEEDS				
Mexico	2019		2020		2021
	USDA Official	New	USDA Official	New	New
Area planted	291	208	226	235	263
Area Harvested	203	197	226	223	252
Beginning stocks	304	327	174	202	205
Production	324	319	357	352	402
MY imports	7235	7268	7585	7585	7890
TOTAL SUPPLY	7863	7891	8116	8139	8497
MY Exports	24	24	24	24	24
Crush Dom. Consump.	7325	7325	7578	7578	7869
Food Use Dom. Consump.	285	285	285	285	300
Feed,Seed, Waste Dm.Cn.	55	55	48	47	52
Total Dom. Consumption	7665	7665	7911	7910	8221
Ending Stocks	174	202	181	205	252
TOTAL DISTRIBUTION	7863	7891	8116	8139	8497

(1000 HA),(1000 MT)

Table 2. Mexico: Production, Supply, and Distribution (PSD) for Soybeans

Oilseed, Soybean	2019/2020		2020/2021		2021/2022	
Market Year Begins	Sep 2019		Sep 2020		Sep 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	160	153	160	167	0	200
Area Harvested	150	145	155	155	0	190
Beginning Stocks	176	176	107	100	0	95
Production	235	228	240	240	0	300
MY Imports	5748	5748	6000	6000	0	6250
Total Supply	6159	6152	6347	6340	0	6645
MY Exports	0	0	0	0	0	0
Crush	6000	6000	6200	6200	0	6450
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	52	52	45	45	0	50
Total Dom. Cons.	6052	6052	6245	6245	0	6500
Ending Stocks	107	100	102	95	0	145
Total Distribution	6159	6152	6347	6340	0	6645
Yield	1.5667	1.5724	1.5484	1.5484	0	1.5789
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table 3. Mexico: Production, Supply, and Distribution (PSD) for Sunflower Seed

Oilseed, Sunflowerseed	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	4	0	6	0	6
Area Harvested	3	3	9	6	0	6
Beginning Stocks	1	1	2	3	0	0
Production	5	6	12	8	0	8
MY Imports	20	20	15	15	0	20
Total Supply	26	27	29	26	0	28
MY Exports	0	0	0	0	0	0
Crush	21	21	24	24	0	25
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	3	3	3	2	0	2
Total Dom. Cons.	24	24	27	26	0	27
Ending Stocks	2	3	2	0	0	1
Total Distribution	26	27	29	26	0	28
Yield	1.6667	2	1.3333	1.3333	0	1.3333
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table 4. Mexico: Production, Supply, and Distribution (PSD) for Rapeseed

Oilseed, Rapeseed	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	3	0	3	0	3
Area Harvested	3	2	3	3	0	3
Beginning Stocks	69	69	56	84	0	86
Production	2	3	3	2	0	2
MY Imports	1285	1312	1350	1350	0	1390
Total Supply	1356	1384	1409	1436	0	1478
MY Exports	0	0	0	0	0	0
Crush	1300	1300	1350	1350	0	1390
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1300	1300	1350	1350	0	1390
Ending Stocks	56	84	59	86	0	88
Total Distribution	1356	1384	1409	1436	0	1478
Yield	0.6667	1.5	1	0.6667	0	0.6667
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table 5. Mexico: Production, Supply, and Distribution (PSD) for Peanuts

Oilseed, Peanut	2019/2020		2020/2021		2021/2022	
Market Year Begins	Sep 2019		Sep 2020		Sep 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	47	48	59	59	0	54
Area Harvested	47	47	59	59	0	53
Beginning Stocks	58	58	9	15	0	24
Production	82	82	102	102	0	92
MY Imports	182	188	220	220	0	230
Total Supply	322	328	331	337	0	346
MY Exports	24	24	24	24	0	24
Crush	4	4	4	4	0	4
Food Use Dom. Cons.	285	285	285	285	0	300
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	289	289	289	289	0	304
Ending Stocks	9	15	18	24	0	18
Total Distribution	322	328	331	337	0	346
Yield	1.7447	1.7447	1.7288	1.7288	0	1.7358
(1000 HA) ,(1000 MT) ,(MT/HA)						

OILSEED PRODUCTION

Mexico's overall oilseed production is forecast to increase by approximately 12 percent in MY 2021/22, almost entirely due to an increase in soybean production. Private industry sources state that high international soybean prices are motivating some Mexican farmers to slightly increase the area planted, mainly in states like Tamaulipas and the region known as “Las Huastecas,” which encompass the south of Tamaulipas, the north of Veracruz, and part of the state of San Luis Potosi.

These private sources note that, with a soybean price of around US 600 dollars per metric ton (MT) and a production cost of 12,000 Mexican pesos per hectare (ha) (roughly USD 586/Ha), these farmers have an incentive to sow a larger soybean area. For this reason, the expected yield at national level could reach 1.6 MT/ha. The increase in soybean planting area assumes a return

to normal weather conditions (i.e., adequate moisture levels). However, the 300,000 MT of soybeans that are expected to be produced in this marketing year is still low compared to MY 2016/17 (42.2 percent lower) or MY 2017/18 (31 percent lower).

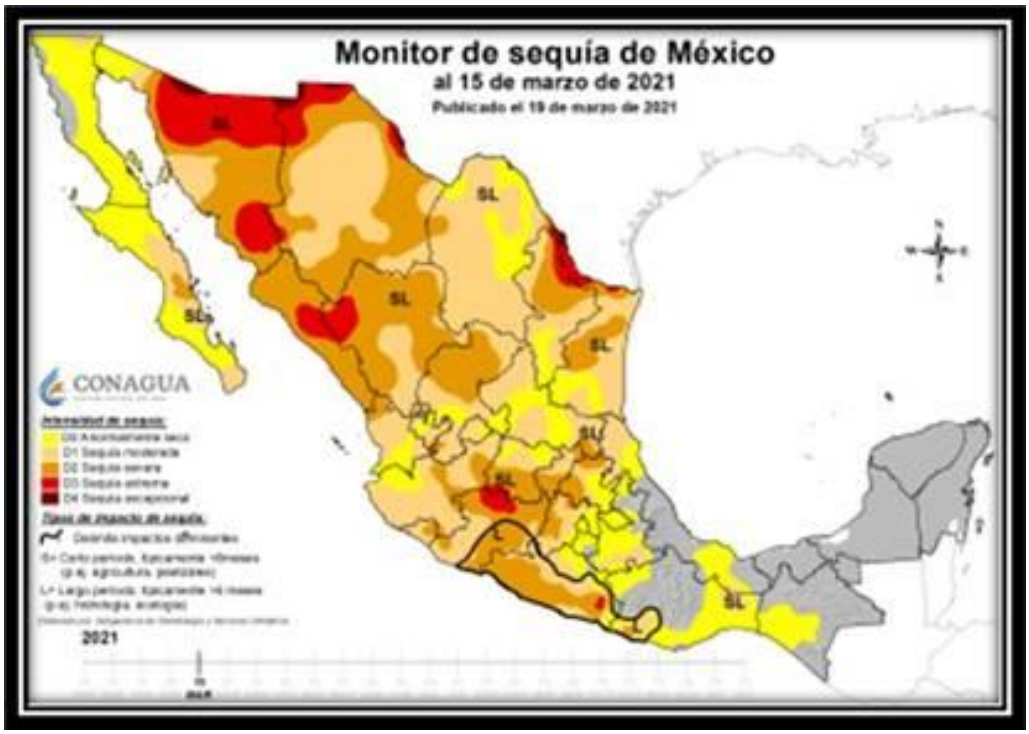
However, industry sources note that it is unlikely that planted area will increase significantly in the coming years, as much of the support formerly granted by federal and state governments have been canceled. The current Administration lacks an agricultural policy for oilseeds production, which is likely to adversely affect the planting decisions of oilseeds growers. Sources report that only one private crushing and vegetable oil manufacturer (Ragasa) is providing technical support such as improved seeds varieties, technical assistance, and financial supports to soybean producers in Tamaulipas and the Las Huastecas region. However, in other major producing states such as Campeche, farmers do not have access to supports and financing. As result, planted area is those areas is unlikely to increase.

According to official and private sources, the planted area for soybeans will reach 200,000 ha, an almost 20 percent increase from the revised MY 2020/21 area estimated. This increase reflects expectations for higher yields this marketing year and assumes the resumption of normal weather conditions. Despite this increase in production, Mexican growers still only supply five percent of total domestic consumption.

Total oilseeds estimated production for MY 2019/20 and MY 2020/21 were revised downward from the USDA/Official estimate to 319,000 and 352,000 MT, respectively, due to recent official data from the Secretariat of Agriculture and Rural Development (SADER). Based on revised SADER data, FAS/Mexico estimates for soybean production, planted area, and harvested area for MY 2019/20 have also been adjusted downward. The soybean production estimate for MY 2020/21 has remained unchanged, although it should be noted that the expected production level of 240,000 is substantially lower than the initial estimations due to the lack of rainfall in the main production areas. In Tamaulipas, for example, the severe drought in the 2020 spring/summer crop cycle caused soybean planted area to decrease 55 percent compared to the preliminary planting intentions.

The National Water Commission (CONAGUA) has been reporting abnormally dry conditions in 80 percent of the country (the highest level since 2011), with delayed rains and higher temperatures due to the La Niña weather pattern. Effects are most severe in the northeast, where over half of the area is experiencing extreme drought. Tamaulipas, the second largest soybean producing state, is located in this area. In January, national water availability for irrigation dropped 25 percent compared to last year. According to CONAGUA, agriculture accounts for 76 percent of water use in Mexico, although a large portion is lost due to poor or non-existent irrigation systems. La Niña joins the list of challenges agricultural producers are facing, along with high fuel prices, rising electricity costs, and a lack of federal support for production inputs like pest and weed controls. Although the government has called for the prioritization of food self-sufficiency and agricultural autonomy, former federal support programs that assisted with financing and support after climate disasters have been eliminated under the current administration. These conditions are expected to last through at least the end of April. Mexican soybean production continues to be subject to unpredictable weather conditions, as approximately 83.2 percent of production takes place in non-irrigated areas.

Figure 1. Mexico's Drought Monitor as of March 15, 2021



Source: CONAGUA

Due to the lack of governmental support for oilseed, along with several cultivation problems in the production of rapeseed (canola), the production of this oilseed is forecast to remain stable at just 2,000 MT. Post's total rapeseed production estimates for MYs 2019/20 and 2020/21 have been revised upward and downward, respectively, from the previous USDA/Official estimates, reflecting the latest official data from SADER.

Similarly, sunflower seed production for MY 2021/22 is forecast to remain stable at 8,000 MT. This forecast is based on preliminary SADER official planting intentions in an area of approximately 6,000 ha. The production figures for MYs 2019/20 and 2020/21 have been revised upward and downward, respectively, from USDA official estimates, reflecting the latest Mexican government data published by SADER. According to private sources, and also due to the elimination of government supports, growers have decreased their interest in this particular oilseed, despite efforts to promote sunflower seed cultivation by a major multinational seed company some years ago. Farmers' lack of knowledge and resources to implement appropriate production practices for the crop also contributed to the seed company's decision to cancel its pilot project.

MY 2021/22 peanut production is forecast at 92,000 MT, a 10 percent decrease from the previous marketing year. This decrease is primarily due to an 8.5 percent reduction in planted area in the states of Chihuahua and San Luis Potosi, according to farmers' stated planting intentions provided by SADER. Farmers in these states are moving productive agricultural land into relatively more profitable alternative crops, such as corn. In general, production has

remained relatively stable over the past few years, with few factors to encourage any significant change to planting trends.

Given its geographic and climatic diversity, Mexico has very favorable land for planting peanuts. Peanuts are grown in 26 of Mexico's 32 states although it is estimated that 8 states will produce approximately 85 percent of total Mexican peanuts production in 2021. Peanut production employs 15,000 small farmers. Farmers in the states of Chihuahua, Sinaloa and Chiapas dominate production, as they are taking advantage of farmers' unions and state government programs. For example, Sinaloa farmers and their state legislators are currently pushing for a law to promote peanut cultivation, trade, and industrialization. They intend to make the crop less dependent on natural weather conditions and modernize sales, avoiding dependence on crop traders known as “coyotes.”

Peanuts are a highly seasonal crop. Approximately 96 percent of peanuts are harvested from May to October in Mexico. Climatic conditions in the peanut-producing states are hot and humid during the summer and cool in the fall, providing suitable conditions for its cultivation. Varieties grown locally are Chihuahua, Florunner, Georgia Green, Georgia Runner, GK-7 and Virginia. In the MY 2020/21, the yield per hectare is estimated to reach 1.73 MT/ha.

There are no particular federal government programs to support peanut production, though some snack food companies help farmers with financing in states such as Chihuahua. For example, the snack company Galdisa has its own production crop in Chihuahua as a secondary source for peanuts, while its primary source is imported U.S. peanuts. Also, in July 2020, Mexican confectionary manufacturer De la Rosa made a strategic alliance with growers from Nayarit through a state government program called “Reconvierte” (Reconvert), in an effort to shift 10,000 hectares of different crops to produce peanuts. This alliance aims to establish contracts to acquire the entire peanut production without intermediaries. Growers can then earn more by being able to produce up to three peanut crops per year, which would represent a minimum income of 75,000 Mexican pesos (roughly 3,750 USD) per hectare for the planter on a multi-year basis. Currently Nayarit is only producing around 3,000 MT of peanuts in 1,217 ha planted.

OILSEED CONSUMPTION

For MY 2021/22, total oilseed consumption is forecast to increase by nearly 3.9 percent compared to the previous year’s estimate. This increase is expected to be driven by population growth (around 1.0 percent) and a slight growth in the Mexican livestock and poultry sectors.

According to private sources, the oilseed industry suffered serious consequences due to the effects of the COVID-19 pandemic, which caused a severe recession on the Mexican economy in 2020. According to the National Statistics and Geography Agency (INEGI), Mexico’s 2020 Gross Domestic Product (GDP) contracted to the lowest level since the Great Depression. Due to the grave economic effects of the COVID-19 pandemic and a lack of governmental economic support for individuals or businesses, the economy contracted 8.5 percent. However, economists note that smaller contractions in quarters prior to the COVID-19 pandemic were also observed, mainly due to austerity measures implemented by the Lopez Obrador administration. Agriculture was the only sector that registered growth (two percent), mainly due to its designation as an essential service during the pandemic and a record level of exports to the United States of high value fruits and vegetables.

The COVID-19 pandemic and the resulting drop in consumer purchasing power caused a drop in oilseed consumption during the first nine months of 2020, along with the drop in GDP. This decrease was due mainly to the lowered demand for chicken and pork meat and thus a resulting reduction in the consumption of oilseed meals by the livestock sector.

Consumption of vegetable oils also registered a downward trend as a result of the pandemic. Decreased consumption of oils in both restaurants and in the domestic market (households) due to the economic recession and unemployment caused demand contraction and an economic impact on companies throughout the oilseed supply chain. The most affected market was the HRI sector (hotels, restaurants, cinemas, theaters, stadiums, etc.) whose recovery will likely be slow, since it depends on people attending public events. Consumption in the near term will lean towards the households, although the decrease in consumer purchasing power has caused many families to shift to lower priced products and merchandise.

According to the World Bank, Mexico's economy will begin to recover from its COVID-related decline in 2020 with a forecasted growth rate of 3.7 percent in 2021. This growth is expected to come from a continued increase in Mexican exports to the United States and growing certainty from implementation of the renewed USMCA. At the same time, Mexico's central bank forecasts a stronger economic recovery in 2021 and 2022 than the World Bank, with an estimated expansion of 4.8 percent in 2021 and of 3.3 percent the next year. The Bank of Mexico previously projected GDP growth of 3.3 percent for 2021 and 2.6 percent growth for 2022. The Mexican Institute of Social Security reported that as of February 2021, the economy recovered 115,287 formal jobs, in addition to the steady recovery of the informal sector since the end of 2020.

As in previous years, large companies such as Ragasa, Agydsa, Cargill, Proteinas y Oleicos, and Arthur Daniel Midland (ADM) continue to represent approximately 88 percent of crushing capacity in Mexico. Competition between these firms continues to be intense. In order to stay competitive, these firms made significant investments in their plants in recent years with an eye toward reducing costs and expanding services. However, private sources report that, due to the uncertainty generated by the pandemic and the current unfavorable economic conditions, these main crusher companies have delayed or postponed additional investments in their plants to expand crushing capacity.

Soybean domestic consumption is expected to increase nearly 4.0 percent in MY 2021/22. The main factors driving this increase are the expected increase in feed demand and in population growth (1.0 percent). According to private sources, the animal feed industry is expected to grow between one and two percent in 2021.

Due to its higher oil content, rapeseed (canola) consumption is expected to increase to 1,390 MMT in MY 2021/22. Private sources note that Mexican crushers have a market for canola oil and they import canola when the price is competitive.

For MY 2021/22, sunflower seed consumption is forecast to increase slightly to 27,000 MT, primarily due to a small increase in crushing. Industry contacts state that just a few companies continue to be interested in crushing sunflower seed due to its current high cost and, as a result, the demand has remained relatively stable. No changes are expected in the nearly 2,000 MT of

sunflower seed that is used mainly as bird feed each year. Although there are no reliable estimations, a limited amount of sunflower seed continues be used for human consumption as a snack.

Peanut consumption is forecast to increase to 304,000 MT in MY 2021/22, driven primarily by an increase in food use and as a result of the expected recovery in the Mexican economy. Industry sources note that peanuts are often an impulse purchase at the point of sale in Mexico, and as such are highly dependent on the macroeconomic situation. In Mexico, peanuts continue to be used almost entirely as a snack food, with practically no crushing or processing occurring.

A recent study by the American Peanut Council (APC) reveals that 55 percent of respondents in Mexico reported that they consume peanuts on a weekly basis in 2020, although in the first quarter of 2021 this decreased to 46 percent. Peanut consumption in Mexico is typically related to social gatherings and outings such as bars, shows, and cinemas. The first quarter of 2021 saw high numbers of COVID-19 cases and stay-at-home orders in most parts of the country, limiting the typical situations in which people consume peanuts. On the other hand, a report by Euromonitor states that the economic changes caused by the COVID-19 pandemic (i.e. stay-at-home orders) increased peanut consumption by 8 to 10 percent in retail channels, although it decreased demand in the foodservice sector. The retail sector is expected to increase its market share of peanuts to 55.7 percent by the end of 2021. The foodservice sector will likely reduce its market share to 15.9 percent, while the food processing sector will keep its same market share (28.4 percent).

The food processing sector uses peanuts to make snacks, confectionery, bakery products, cereals, health care products, peanut butter and oil. Packaged snacks are the most widespread industrial application of peanuts. The expected increased purchasing power of the middle class and resumed growth of the tourism industry in 2021should drive the development of the foodservice sector. As already mentioned, the pandemic shock in 2020 meant disruption to business as usual in the sector, with up to 90 percent of restaurants in Mexico closed or severely affected in their daily operations between March and August 2020.

OILSEED TRADE

The total oilseed import forecast for MY 2021/22 is estimated to increase to 7.89 MMT, a slight increase of 1.3 percent over the MY 2020/21 estimate. This increase is driven by the relatively bullish demand in Mexico’s livestock and poultry sector, as well as population growth.

Analysis of international prices during the last twelve months indicates that 2020 was one of the years with the greatest volatility in recent history. Prices for oilseeds, vegetable oils, and meals began 2020 with increases, but then fell to their minimum levels of 2020 in April and May with the unprecedented stay-at-home orders worldwide that paralyzed a good part of global economic activities. Subsequently, prices rebounded thanks to the increase in purchases and imports and lower production prospects in the world. The upward trend in the prices of most oilseeds and their byproducts accelerated as of August 2020.

Industry contacts believe that if the bullish international market conditions continue in the MY 2021/22, expected margins for domestic crushers and vegetable oil refiners will continue to be

tight and may even decline slightly. Soy is the primary oilseed imported by Mexico for crushing domestically, and this is expected to continue.

Soybean imports are forecast to increase slightly in MY 2021/22 to 6.25 MMT, as a result of the increase in feed demand and population growth. The relatively bullish demand of poultry meat should be the main factor driving soybean imports since poultry meat continues to be one of the cheapest protein sources for Mexican consumers. The United States will continue to be the main supplier of soybeans to Mexico.

For MY 2021/22, the rapeseed import forecast is estimated to increase to 1.39 MMT over the official MY 2020/21 estimate. This increase assumes a reverse of the relatively bullish current international market due to the possibility of a good rapeseed (canola) crop in Canada, which continues to be the primary supplier to the Mexican market. Rapeseed import estimates for MY 2019/20 have been revised upward reflecting updated Trade Data Monitor (TDM) data.

Imports of sunflower seeds are forecast to increase in MY 2021/22 to 20,000 MT to reach the level of imports of MY 2019/20, after a decline in imports last marketing year due to high international prices. The main major suppliers of sunflower seeds to Mexico continue to be Argentina and the United States.

Total peanut imports are forecast to increase 4.5 percent in MY 2021/22 as a result of the expected recovery in the Mexican economy and higher consumer purchasing power. The United States continues to be the largest supplier of peanuts to Mexico and is expected to remain so for the immediate future. Mexico imports peanuts from a variety of other countries including Nicaragua, China, and Brazil. China is the largest supplier of in-shell peanuts.

According to private sources, Mexican processors identify U.S. peanuts as a high-quality product and consider it a tastier legume because of its high oleic acid levels. The long-standing commercial relationships that Mexican peanuts importers have with U.S. suppliers also benefit exports of U.S. peanuts. Mexico exports a small volume of peanuts each year, with the United States as the primary export market. Exports are forecast to remain unchanged at 24,000 MT in MY 2021/22 due to lower domestic production. Peanut import estimates for MY 2019/20 have been revised upward to 188,000 MT based on updated information from TDM.

OIL MEALS: PRODUCTION, SUPPLY AND DEMAND STATISTICS

Table 6. Mexico: Production, Supply, and Distribution (PSD) for Total Meals

Market Begin Year	TOTAL OILMEALS				
Mexico	2019		2020		2021
	USDA Official	New	USDA Official	New	New
Crush	7321	7321	7574	7574	7865
Beginning stocks	272	272	106	107	124
Production	5509	5509	5688	5688	5911
MY imports	1831	1832	1890	1890	1916
TOTAL SUPPLY	7612	7613	7684	7685	7951
MY Exports	7	7	6	6	7
Industrial Dom. Consum	0	0	0	0	0
Food Use Dom. Consump.	50	50	50	50	50
Feed,Seed, Waste Dm.Cn.	7449	7449	7505	7505	7726
Total Dom. Consumption	7499	7499	7555	7555	7776
Ending Stocks	106	107	123	124	168
TOTAL DISTRIBUTION	7612	7613	7684	7685	7951

(1000 HA),(1000 MT)

Table 7: Mexico: Production, Supply, and Distribution (PSD) for Soybean Meal

Meal, Soybean	2019/2020		2020/2021		2021/2022	
Market Year Begins	Sep 2019		Sep 2020		Sep 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	6000	6000	6200	6200	0	6450
Extr. Rate, 999.9999	0.7917	0.7917	0.7903	0.7903	0	0.7907
Beginning Stocks	260	260	96	96	0	115
Production	4750	4750	4900	4900	0	5100
MY Imports	1818	1818	1875	1875	0	1900
Total Supply	6828	6828	6871	6871	0	7115
MY Exports	7	7	6	6	0	7
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	50	50	50	50	0	50
Feed Waste Dom. Cons.	6675	6675	6700	6700	0	6900
Total Dom. Cons.	6725	6725	6750	6750	0	6950
Ending Stocks	96	96	115	115	0	158
Total Distribution	6828	6828	6871	6871	0	7115
(1000 MT) ,(PERCENT)						

Table 8. Mexico: Production, Supply, and Distribution (PSD) for Sunflower Sed Meal

Meal, Sunflowerseed	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	21	21	24	24	0	25
Extr. Rate, 999.9999	0.4286	0.4286	0.4167	0.4167	0	0.44
Beginning Stocks	0	0	0	0	0	0
Production	9	9	10	10	0	11
MY Imports	0	0	0	0	0	0
Total Supply	9	9	10	10	0	11
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	9	9	10	10	0	11
Total Dom. Cons.	9	9	10	10	0	11
Ending Stocks	0	0	0	0	0	0
Total Distribution	9	9	10	10	0	11
(1000 MT) ,(PERCENT)						

Table 9. Mexico: Production, Supply, and Distribution (PSD) for Rapeseed Meal

Meal, Rapeseed	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1300	1300	1350	1350	0	1390
Extr. Rate, 999.9999	0.5769	0.5769	0.5763	0.5763	0	0.5755
Beginning Stocks	12	12	10	11	0	9
Production	750	750	778	778	0	800
MY Imports	13	14	15	15	0	16
Total Supply	775	776	803	804	0	825
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	765	765	795	795	0	815
Total Dom. Cons.	765	765	795	795	0	815
Ending Stocks	10	11	8	9	0	10
Total Distribution	775	776	803	804	0	825
(1000 MT) ,(PERCENT)						

OIL MEAL PRODUCTION

The FAS/Mexico forecast for all oil meal production in MY 2020/21 is increased approximately 3.9 percent to 5.911 million metric tons (MMT) in response to the expected growth in the livestock sector.

The poultry sector continues to be the major user of oilseed meals in Mexico (basically soybean meal). According to the National Union of Poultry Farmers (UNA), the Mexican poultry industry grew around 3.0 percent in 2020 and this trend is expected to continue in 2021, albeit at a slower pace (i.e., one percent). UNA reports that feed represents approximately 65 percent of the total cost of production of broiler meat in the last few years. Chicken meat and egg consumption is also increasing, due to their affordability in an increasingly price sensitive market. These proteins also enjoy a growing reputation with Mexican consumers as healthier alternatives to beef or pork. In 2021, FAS/Mexico estimates chicken meat production to grow 1.5 percent year-over-year, reaching 3.78 million MT, on increased operational efficiencies, growing flock size, and improved genetics. Tightening oilseed meal supplies are expected to have limited impacts on business costs related to feed, particularly if prices stabilize by the second semester of 2021, as some analysts in Mexico predict.

Mexico's cattle, beef, swine, and pork production are also projected to grow in 2021, despite ongoing pandemic emergency measures hampering domestic demand from the HRI foodservice industry. Mexico's beef production grew in 2020 despite public health measures taken to curb the spread of COVID-19. Mexican beef is finding new market niches in the United States thanks to consumer trends, which increasingly favor leaner cuts and the smaller portion sizes that Mexico can provide. Japan and South Korea continue to highly value the value-added and low cost of Mexico beef and products, including offal.

In the case of swine, Mexico's production for 2021 stands at 20.8 million head. Mexico's swine producers continue to vertically integrate production chains, invest in technology, and implement biosafety measures to reduce swine mortality at farms. The domestic swine industry continues to

grow to satisfy retail consumers' demand for pork, as shrinking consumer incomes push them to seek out lower cost animal proteins.

High-protein soybean meal continues to account for approximately 86.4 percent of total Mexican oil meal production, while the production of meal from imported rapeseed accounts for 13.1 percent of total meal. The total soybean meal production forecast for MY 2021/22 is 5.1 MMT, due to the expected growth in the livestock sector. As in previous years, industry sources state that the crush pace will largely be determined by the domestic demand for soybean meal, mainly by the livestock industry.

Similarly, rapeseed production is forecast to increase 2.8 percent in MY 2020/21 to 800,000 MT, reflecting the expected increase in domestic pork production 2021. The pork industry continues to be a major consumer of rapeseed meal in Mexico.

Sunflower seed meal production is forecast to increase to 11,000 MT in MY 2021/22. Sunflower seed meal is considered an excellent livestock feed, especially for ruminants. However, industry sources point out that lower levels of lysine and threonine may create some restrictions on non-ruminant uses of sunflower seed meal.

The upward trend in meal production has continued in the last few years, which also reflects increased domestic crush capacity. As already noted, this capacity continues to be highly concentrated in few leading companies Ragasa, Agydsa, Proteinas y Oleicos and Cargill, among others. These companies have expanded physical capacity in their crushing facilities and have also made their crushing process and mechanical systems more efficient. However, private sources state that this trend of expansion and modernization of crush capacity has slowed in MY 2020/21 due the economic recession in Mexico and the consequent relatively bearish demand for oil meals and vegetable oils.

MEAL CONSUMPTION

As result of the relatively optimistic outlook for the Mexican livestock sector, Post forecasts that overall consumption of oil meal products will increase in MY 2020/21 by approximately 2.9 percent compared to the previous' year estimation.

However, continued high commodity prices could constrain the growth of oilseed meal consumption by the poultry, swine, beef, and animal feed industries, despite the expected economic recovery in 2021. The Mexican animal feed industry grew by a preliminary estimate of 2.8 percent in 2020, despite challenges related to the coronavirus pandemic and the volatility of the Mexican peso. According to the general director of Mexico's National Council of Balanced Feed Producers (CONAFAB), the growth rate outperformed the pessimistic predictions made earlier in the year. However, CONAFAB expects that the high prices of raw materials will keep the industry's growth under two percent in 2021. In 2019 and 2018, the industry grew by over 4 percent, while in 2017 it grew by 3.3 percent. Preliminary estimates put total Mexican balanced feed production at 37.9 million tons for 2020, making Mexico the country with the fifth-largest feed industry, after China, the United States, Brazil, and India.

One challenge created by the pandemic was the decline in tourism to Mexico, which led to a drop in the demand for meat by the HRI sector. However, the devaluation of the Mexican peso

against the U.S. dollar throughout 2020 was a mixed blessing because while it made imported raw materials more expensive, Mexican meat was more competitive on the national market and exports were able to increase. CONAFAB expects 2021 to be a difficult year, mostly because of high prices for yellow corn and soybean meal, which represent 80 percent of the industry's costs. The prices of those two materials in central Mexico rose by 44 percent and 33 percent, respectively, between January 2020 and 2021. In addition, the value of the Mexican peso has remained stable recently, after a period of high instability in the first months of 2021.

Soybean meal will continue to be the ingredient of choice for the poultry and swine industries, representing approximately 89.6 percent of the total oilseed meal consumption. Rapeseed meal consumption should continue at approximately 10 percent of total meal consumption, mainly by the swine sector.

Private sources in the animal feed sector note that the composition of ingredients in compound feed has been traditionally stable, with only small adjustments made to formulas depending on the price and availability of oilseeds meals and other ingredients. Also, these sources indicate that the primary factors that impact feed millers' procurement decisions continue to be the cost of raw materials and protein content (i.e., quality) of animal feed ingredients. Sources consider soybean meal, corn gluten, fish, and meat meal, as well as distillers dried grain with solubles (DDG's) to be generally complementary ingredients in the formulation of compound feed, although sometimes they compete depending on their market prices.

Soybean meal consumption is expected to increase in MY 2020/21 and to continue increasing in MY 2021/22, due to the expanding poultry and swine industries. For MY 2021/22, consumption of rapeseed meal is also expected to increase, due to expected growth in the dairy and swine industries. Consumption of sunflower seed meal for MY 2021/22 is forecast to increase to 11,000 MT. However, there is limited demand for sunflower seed meal by the animal feed industry, given its low protein content.

MEXICO'S PROTEIN ON A SOY MEAL EQUIVALENT BASIS (SME) DEMAND

SME	2019/2020	2020/21	2021/22
Sunflower Seed Meal		7	7
Rapesseed Meal	554	566	580
Soybean Meal	6725	6750	6950
Total	7285	7323	7537

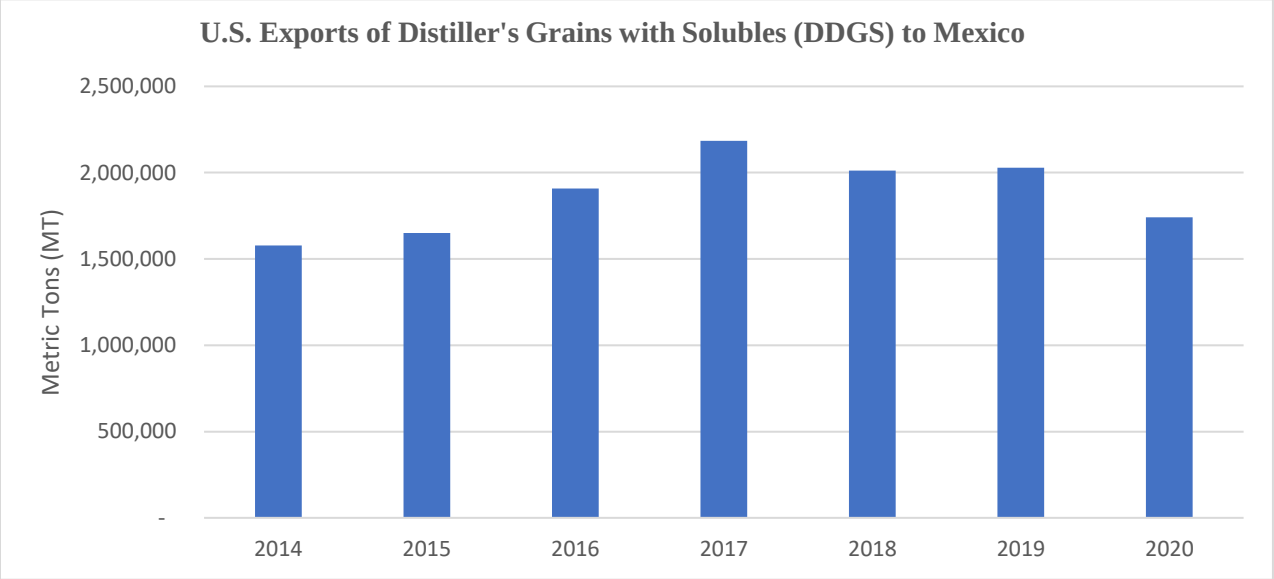
MEAL TRADE

Oil meal imports are expected to increase slightly to 1.9 MMT in MY 2021/22.
Imported products will continue to represent approximately 25 percent of Mexico's total oil meal consumption, which reflects the higher domestic crushing capacity that the main crushing companies have developed in the last few years. Almost all Mexico's oil meal imports are soybean meal from the United States, which is expected to remain the main external supplier, with negligible amounts supplied from other origins (i.e., mainly South America).

For MY 2021/22, rapeseed meal imports are expected to increase slightly to 16,000 MT reflecting a slight increase of ruminant and pork sectors. Given the relatively limited demand for sunflower seed meal, there has been virtually no trade in this product for the past several years.

DISTILLERS DRIED GRAIN WITH SOLUBLES (DDGS) TRADE

Industry sources state that the demand for DDGS, a co-product of corn-based ethanol production that is used mainly as an animal feed protein supplement, has been relatively stable over the last few of years, with the exception of 2020. This contraction was due to the recession of the Mexican economy and the affordable prices of soy meal during certain periods of CY 2020. DDGS is regularly used as a substitute for oilseed meal in feed concentrate formulas. When international prices of soybean meal were lower during 2020, the Mexican livestock and feed industry increased its use of soybean meal, resulting in a contraction of DDGS imports (see graphic below). However, private sources believe that DDGS imports could revert to previous levels in CY 2021 due to higher international soybean meal prices. It should be noted that although the composition of ingredients in compound feed is generally stable, small adjustments can be made depending on the price of other ingredients and availability of oilseed meals. For example, the percentage of corn gluten used in compound feed is generally lower than the amount of DDGS due to corn gluten's higher price. Other ingredients used in feed concentrate formulas are fish and meat meal. In general, sources note that the animal feed industry may return to using DDGS instead of high-priced soybean meal in CY 2021 and consequently Mexico's DDGS imports could recover to the levels of 2018 and 2019.



Source: Trade Data Monitor

OILS: PRODUCTION, SUPPLY AND DEMAND STATISTICS

Table 11. Mexico: Production, Supply, and Distribution (PSD) for Total Oils

Market Begin Year	TOTAL OILS				
Mexico	2019		2020		2021
	USDA Official	New	USDA Official	New	New
Crush	7321	7321	7574	7574	7865
Beginning stocks	253	253	206	201	195
Production	1619	1619	1675	1675	1721
MY imports	317	312	350	350	363
TOTAL SUPPLY	2189	2184	2231	2226	2279
MY Exports	43	43	46	46	46
Industrial Dom. Consum	0	0	0	0	0
Food Use Dom. Consump.	1940	1940	1985	1985	2026
Feed,Seed, Waste Dm.Cn.	0	0	0	0	0
Total Dom. Consumption	1940	1940	1985	1985	2046
Ending Stocks	206	201	200	195	187
TOTAL DISTRIBUTION	2189	2184	2231	2226	2279

(1000 HA),(1000 MT)

Table 12. Mexico: Production, Supply, and Distribution (PSD) for Soybean Oil

Oil, Soybean	2019/2020		2020/2021		2021/2022	
Market Year Begins	Sep 2019		Sep 2020		Sep 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	6000	6000	6200	6200	0	6450
Extr. Rate, 999.9999	0.185	0.185	0.1847	0.1847	0	0.1798
Beginning Stocks	190	190	169	169	0	154
Production	1110	1110	1145	1145	0	1160
MY Imports	149	149	160	160	0	180
Total Supply	1449	1449	1474	1474	0	1494
MY Exports	15	15	20	20	0	20
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	1265	1265	1300	1300	0	1340
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1265	1265	1300	1300	0	1340
Ending Stocks	169	169	154	154	0	134
Total Distribution	1449	1449	1474	1474	0	1494
(1000 MT) ,(PERCENT)						

Table 13. Mexico: Production, Supply, and Distribution (PSD) for Sunflower Seed Oil

Oil, Sunflowerseed	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	21	21	24	24	0	25
Extr. Rate, 999.9999	0.4286	0.4286	0.4167	0.4167	0	0.44
Beginning Stocks	22	22	9	7	0	12
Production	9	9	10	10	0	11
MY Imports	25	23	45	45	0	35
Total Supply	56	54	64	62	0	58
MY Exports	22	22	20	20	0	20
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	25	25	30	30	0	31
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	25	25	30	30	0	31
Ending Stocks	9	7	14	12	0	7
Total Distribution	56	54	64	62	0	58
(1000 MT) ,(PERCENT)						

Table 14. Mexico: Production, Supply, and Distribution (PSD) for Rapeseed Oil

Oil, Rapeseed	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1300	1300	1350	1350	0	1390
Extr. Rate, 999.9999	0.3846	0.3846	0.3852	0.3852	0	0.3957
Beginning Stocks	41	41	28	25	0	29
Production	500	500	520	520	0	550
MY Imports	143	140	145	145	0	148
Total Supply	684	681	693	690	0	727
MY Exports	6	6	6	6	0	6
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	650	650	655	655	0	675
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	650	650	655	655	0	675
Ending Stocks	28	25	32	29	0	46
Total Distribution	684	681	693	690	0	727
(1000 MT) ,(PERCENT)						

OIL PRODUCTION

Overall oil production is expected to increase by approximately 2.7 percent in MY 2021/22, according to industry sources. Industry sources indicate that they expect MY 2021/22 to be a better year than MY 2020/21 for oil production, which was adversely affected by the economic recession caused by the COVID-19 pandemic, as well as exchange rate fluctuations and reduced consumer purchasing power. Some private sources note that production could increase less than consumption, if the scarce supply of oilseeds and high international prices continue in MY 2021/22, which would limit processors who want to increase vegetable oil production. However, several analysts predict that crushers should have a higher supply available if the production of various oilseeds (soybeans, sunflower, canola, and palm oil, etc.) normalizes in MY 2021/22.

As previously mentioned, the Mexican crushing industry is dominated by a few leading companies, including: AAK, Agydsa, ACH Foods, Cargill, Coral Internacional, El Calvario, Grupo Oleofinos, Industrial Aceitera, La Corona, Proteinol, Ragasa and Team Foods. These companies account for more than 80 percent of domestic production. Most of the new investments these companies made in recent years in expanding crushing and refining capacity and updating existing machinery entered into production in the last few years. Industry contacts do not expect any major new investments in the sector in the short term.

Soybean oil remains the major oil produced domestically, accounting for 67.2 percent of total production. For the MY 2019/20, about 84 percent of domestically produced soybean oil was extracted from imported U.S. soybeans. For the MY 2021/22, soybean oil production is forecast to increase approximately three percent over MY 2020/21 to 1.16 MMT, due to in part to demand for soybean meal in the livestock sector. Rapeseed oil production is forecast to increase to 550,000 MT in MY 2021/22 to keep pace with consumption. The production of sunflower oil is expected to increase to just 11,000 MT, as only a few Mexican companies crush and market sunflower oil, which tends to have lower margins than alternative oils. As a result, most sunflower oil processors are focusing on other oilseeds with better margins and availability, such as rapeseed and soybeans.

Although the major crushers are able to switch some portion of their production relatively easily between soybean and rapeseed oil production depending on the crushing margins, the majority of crusher have chosen not to switch, as these companies have positioned their vegetable oils brands in different market segments. Due to lower consumer purchasing power in 2020, some companies have reduced the bottle sizes of their brands oriented to households in order to offer more affordable prices.

Palm oil is not included in the overall oil production data in this report but this industry has grown in the last seventeen years to make palm oil the second largest oil produced in Mexico by volume. This growth was driven mainly by government programs encouraging the planting of oil palm in the states of Veracruz, Tabasco, Chiapas, and Campeche. Private sector sources estimate that approximately 268,409 MT of crude palm oil were produced in the MY 2019/20, representing a nearly 7 percent increase from previous year. Approximately 15,648 MT of palm kernel oil were also produced.

Despite this growth, the private sector is less optimistic regarding the future potential of this sector. The palm oil production incentive programs favored by the previous government were canceled and the current Administration has not included oil palm in any of its current support programs. In addition, senior administration officials have publicly expressed concerns regarding the sustainability and environmental impact of palm oil production, casting doubt on whether it will be supported in the future. In fact, the government appears to be encouraging planning of other types of trees (fruit trees and hardwoods) in the same states that had previously been key palm oil production areas.

To prevent this shift of palm oil planting areas while still responding to environmental concerns, the industry promoted the creation of a Mexican official standard that guarantees the sustainability of the palm oil production through the issue of a Roundtable on Sustainable Palm Oil (RSPO) certificate. This Mexican official norm (NOM) was published in Mexico Federal Register went into force on January 1, 2021.

OIL CONSUMPTION

Total vegetable oil consumption is forecast to increase three percent in MY 2021/22. This increase is driven by the expected economic recovery, along with population growth. Based on industry information, around 60 percent of the total vegetable oil market relies on the HRI sector and industrial consumption, while the other 40 percent is cooking oil for home consumption. The same sources note that the per capita consumption of vegetable oils is approximately 10 liters.

Despite the severe economic recession and the consequent reduction of consumer purchasing power in 2020, some of the big vegetable oil manufactures, such as Ragasa or Agydsa, were able to overcome the market challenges of 2020. For example, Ragasa maintained its market share as well as a positive sales trend due to the market segments that the company supplies monthly. Approximately 59 percent of their output is vegetable oil bottled for home cooking; 30.7 percent is refined oil in bulk packing for HRI and industrial consumption; while 10.2 percent corresponds to crude degummed soybean oil (CDSO), which is consumed mainly by the livestock sector. This market segmentation, along with positioning their main oil brand Nutrioli in the middle- and high-income segment and organizing advertising campaigns

that include television and radio spots, billboards and supermarket promotions, have allowed them to maintain favorable sales levels. They also started offering smaller-volume bottles rather than just the traditional one-liter bottle to provide more affordable options for consumers with less purchasing power. Similarly, Agydsa has the retail label "Canoil" (rapeseed) which is successfully promoted as a healthy vegetable oil and continues to have strong consumer demand.

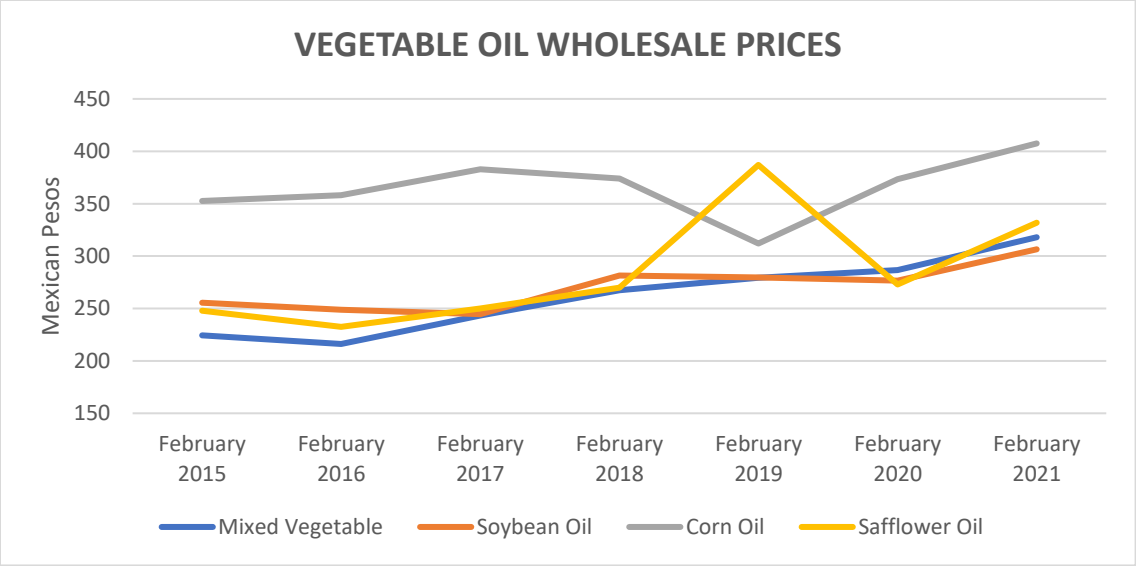
Vegetable oil use had a severe decline last year, as the COVID-19 pandemic forced restaurants to close and the government-imposed restrictions on large gatherings, public transportation, and movement within and between some tourist areas, which reduced demand in the restaurant and tourism sectors. With this year's expected economic recovery, along with vaccination campaigns and relatively higher disposable income, private sources estimate that this negative trend could be reversed in MY 2021/22.

Additionally, vegetable oil demand is income inelastic, so people will continue consuming vegetables oils. Although, consumers tend to shift to cheaper protein sources (e.g., from pork to eggs or beans) in difficult economic times, they typically do not significantly change the amount of their vegetable oil consumption.

For MY 2021/22, soybean oil consumption is forecast higher to 1.34 MMT, with an almost three percent increase reflecting population growth and the economic recovery. Soybean oil continues to be the dominant oil consumed in Mexico. Rapeseed oil consumption is also expected to increase in MY 2021/22 to 675,000 MT, due to market preferences for this vegetable oil. The consumption estimate for sunflower oil for MY 2021/22 is forecast to increase to 31,000 MT. Sunflower oil continues to be a fairly expensive option for many companies, which reduces its consumption. The relatively high cost of sunflower oil also limits home use, as Mexico continues to be a price sensitive market.

Private sector sources estimate palm oil consumption at approximately 709,480 MT in MY 2019/20 (these figures not included in the oil consumption totals in this report). An additional 83,460 MT of palm kernel oil and 80,463 MT of refined palm oil were also consumed. Palm oil has become increasingly important for the food processing industry in recent years since companies began to remove trans-fats from their recipes. A number of snack food companies have also switched to palm oil for products such as potato chips due to its attractive pricing. As with the environmental concerns being raised on the production side, industry contacts suggest that increased consumer awareness of deforestation and other concerns may have an impact on palm oil consumption in the medium to long term. To avoid this adverse impact on palm oil demand, the private sector promoted the Mexican official standard, which requires certification for sustainably produced domestically palm oil.

Vegetable Oil Wholesale Prices (Mexican Pesos)			
Variety	**Presentation**	**February 2020**	**February 2021**
Mixed Vegetables	1 lt 12 Bottle Box	286.60	318.00
Soybean Oil	1 lt 12 Bottle Box	276.50	306.50
Corn Oil	1 lt 12 Bottle Box	373.50	407.50
Safflower Oil	1 lt 12 Bottle Box	273.00	332.00



Source: Servicio Nacional de Informacion de Mercados, SNIM SE;
Exchange Rate (April 5, 2021) U.S. $ 1:00 = 20.24

OIL TRADE

Total oil imports for MY 2021/22 are estimated to increase 3.7 percent to 363,000 MT. The expected recovery in the Mexican economy is the main factor driving the imports increase. Total oil import figures for MY 2019/20 have been adjusted downward based on Trade Data Monitor (TDM) information. For MY 2021/22, soybean oil imports are forecast to increase 20,000 MT to 180,000 MT. The United States continues to be the main supplier of soybean oil into Mexico's market and, due to lower freight costs, should maintain and potentially increase its share of the import market. Rapeseed oil imports for MY 2021/22 are estimated to reach 148,000 MT, assuming affordable international prices and the recovery of the Mexican economy in CY 2022. Imports of sunflower oil are forecast to decrease to 35,000 MT considering that the high international prices will continue in this marketing year. The MY 2019/20 imports estimate has been revised to 23,000 MT based on TDM data. Oil sector contacts note that prices for sunflower oil were very high this year, especially compared to alternative vegetable oils. Only a few snack food manufacturers use sunflower oil due to its nutritional characteristics, so overall demand for imported sunflower oil was very low. Mexico exports small volumes of sunflower/safflower oil. For MY 2021/22, exports are forecast to remain unchanged at 20,000 MT because of the minimum increase in domestic production of sunflower oil.

Despite growing palm oil production, Mexico is heavily dependent on imports to meet demand. Approximately 62 percent of crude palm oil consumption (and higher percentage of palm kerel oil and all palm oil) is supplied through imports. In MY 2019/20, crude palm oil imports were estimated at around 441,000 MT.

STOCKS

As in previous years, industry sources report that there is no standard or average volume of stocks of oilseeds and vegetable oils that companies tend to hold. Each company has different stocks levels depending on their own company policies and/or requirements. The rationale for stock levels also seems to depend on the location of the crushing and refinery plants.

For example, Ragasa keeps two weeks of utilization as stocks of oilseeds or vegetable oils. Ragasa facilities are located in Nuevo Leon in northern Mexico and its oilseed requirements are transported by train. Agydsa, which has its facilities in Jalisco and Veracruz, holds a level of 60 days of utilization as stocks. This company imports their oilseeds requirements by ship.

Due to the proximity of the United States, their main oilseed supplier, as well as affordable freight costs, many crusher and vegetable oil companies choose not to keep stocks as they purchase these products on an "as needed" basis. Industry sources note that companies do not regularly hold oilseed meal stocks. Since the main Mexican oil refinery and crusher companies have continued investing in their facilities, they have sufficient capacity to hold as many stocks of oilseeds or vegetable oils as necessary.

POLICY AND AGRICULTURAL SUPPORTS

The current administration of President Andres Manuel Lopez Obrador has continued implementing changes to Mexico's agricultural support system, with a focus on providing supports to poor small farmers. Federal supports to larger commercial operations have been substantially reduced or even eliminated. This new focus and the lack of support for commercial agriculture continues to generate frustration among medium and large producers. Several private and official sources concur that the single greatest factor affecting oilseed production in MY 2021/22 and upcoming years is the cancellation of the main federal support programs for medium and large growers. Among the eliminated programs in the 2021 Federal Expenditure Budget were the Marketing Incentives and Complementary Incentive to Target Income programs. Both of these were formerly combined using an approach called the Forward Contract Program (Agricultura Por Contrato, see MX2019-1132), in which the price agreed upon by the producer and buyer had to be greater than or equal to the futures price plus the minimum base. Although SADER signed an agreement in 2019 to raise the level of supports by 4.8 percent (see MX2018-2062), this program was eliminated from the 2020 as well as 2021 official expenditure budget. In addition, soybeans and other oilseeds were eliminated of the "Production for Wellbeing" Support Program in 2021. Industry contacts note that the current Administration lacks an agricultural policy and support program for the oilseeds sector.

For More Information:

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Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Subject	Date Submitted
MX2020-0022	Oilseeds and Products Annual	4/17/2020
MX2019-2043	Mexico Announces New Agricultural Support Programs	4/5/2019
MX2019-1206	Lack of Supports to Slow Oilseed Production, while Meal and Oil Remain Stable	4/1/2019
MX2019-2042	Mexico Announces New "Production for Wellbeing" Support Program	2/7/2019
MX2018-2062	Mexico Announces Increased Target Prices for Key Staple Crops	6/1/2018
MX2018-1515	Economic Uncertainty to Drag on Oilseed Sector Growth | Oilseeds and Products	4/3/2018

Attachments:

No Attachments