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## Mexico

### Agricultural Situation

### Weekly Highlights & Hot Bites, Issue #12

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#### Report Highlights:

**Extension of Poultry Duty-Free Quotas\*ANTAD 2002\*Where's the Beef\*False Rumors of FMD in the U.S. Causes Uproar in Mexico\*Fight Rages Over Biotech Corn Has Contaminated National Maize\*Rapid Response Team Will Resolve Food Trade Disputes\*More on the HFCS Tax**

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

## EXTENSION OF POULTRY DUTY-FREE QUOTAS

On April 3, 2002, the Secretariat of Economy announced in the *"Diario Oficial"* an extension of duty-free quotas for turkey cuts and mechanically deboned meat (MDM) imported under NAFTA. The total quantity of duty-free quotas for 2002 are expected to decrease 10 percent following the official federal budget announcement for 2002. For additional information see report MX 2051.

H.T. SYSTEM	ITEMS	ORIGINAL NAFTA TRQ FOR 2002	ADDITIONAL DUTY FREE AMOUNT
0207.26.99 0207.27.99	Turkey cuts	35,469.5 Metric Tons	60,322 Metric Tons
0207.13.01 0207.26.01 0207.14.01 0207.27.01	Mechanically deboned meat	34,202.7 Metric Tons	97,302 Metric Tons
	Total	69,672.2 Metric Tons	157,624 Metric tons

## ANTAD 2002

For the fifth consecutive year ATO Mexico City hosted a US Pavilion at ANTAD '02 held in Guadalajara from March 16-18. ANTAD is Mexico's largest and most prestigious retail and supermarket show. There were 39 exhibitors in the US Pavilion at ANTAD, and these exhibitors showcased over 180 new products to key importers and distributors. On-site sales were over \$90 thousand, and projected sales for the next year are \$5.2 million. In addition to the Pavilion, the ATO and MIATCO hosted a breakfast seminar which provided US exhibitors in the Pavilion an overview on the Mexican market and information on technical issues such as labeling and the border crossing process. (Source: ATO Mexico City, 3/26/02)

## WHERE'S THE BEEF

On Tuesday, March 19, 2002, according to a local newspaper, the government news agency Notimex reported that a group of people dedicated to the sale of beef and viscera in makeshift street markets (*tianguis*) and public markets staged a loud demonstration in front of the Federal District Legislative Assembly (ALDF). The disgruntled group displayed anger over what they termed a campaign

against beef liver, allegedly contaminated with residues of clenbuterol, a beta-agonist used to fatten cattle and whose use in Mexico has been forbidden since 1999. Protesters installed stands in front of the ALDF and offered free liver tacos to pedestrians to protest a contamination warning issued by Institutional Revolutionary Party (PRI) Assemblyman Edgar Lopez Najera. (Source: *The News*, 3/20/02)

### **FALSE RUMORS OF FMD IN THE U.S. CAUSES UPROAR IN MEXICO**

According to several local newspapers, the President of the Livestock Commission of the Chamber of Deputies, Arturo de la Garza, has requested that Agriculture Secretary, Javier Usabiaga, close all entry points of the Mexico/U.S. border and prohibit the import of meat products and dairy products from the United States due to the five cases of Foot & Mouth Disease (FMD) which allegedly occurred in the state of Arkansas. (Source: *Universal, Financiero*, 3/19/02)

NOTE: The United States has eradicated 9 outbreaks of FMD, the last of which occurred in 1929. Since then, no cases have ever been reported in the United States. To keep the United States free of FMD, federal and state governments have taken aggressive action. The United States Department of Agriculture (USDA) has been monitoring FMD for decades. Now, they are on heightened alert and have taken every precautionary measure to increase protection of United States cattle and other cloven hoofed livestock from FMD risks. END NOTE. (Source: FAS/Mexico)

### **FIGHT RAGES OVER CLAIM BIOTECH CORN HAS CONTAMINATED NATIONAL MAIZE**

A prestigious scientific journal is backing off a study concluding DNA from biotech corn contaminated native maize in Mexico, amid an unusually public and bitter exchange between its authors and their critics over "bad science" and questions of incompetence. In late November 2001, the British journal *Nature* published a study by University of California Berkeley scientists claiming genes from laboratory-altered strains of corn had found their way into indigenous maize in rural Oaxaca. The finding further clouded the contentious debate over transgenic crops and raised new fears among activists of threats to the diversity of corn in the very region where the plant was first domesticated thousands of years ago. Mexico banned the planting of transgenic corn in 1998 to protect the genetic integrity of its indigenous maize. In a terse statement published Thursday on the journal's Web site, editor Philip Campbell said *Nature* "has concluded that the evidence available is not sufficient to justify the publication of the original paper." Rather than retract the study, *Nature* printed criticisms of the work, as well as a rebuttal from the authors. Their reply includes new data resulting from further scientific work. The journal's editors, in an unusual move, requested the Berkeley scientists undertake the work to bolster their contention, or face a demand for a retraction. *Nature* took the unusual move after Chapela and Quist's study was severely criticized by at least four groups of scientists, many with ties to Berkeley. Primarily, the study's critics suggest the researchers misidentified sequences in the maize genome they believed indicated the presence of transgenic material. Particularly egregious, critics said, was their claim that the transgenic material, once it entered the maize's genome, scattered randomly, an entirely unpredictably effect unseen in normal DNA. "Since Quist and Chapela published bad science in *Nature*, both scientists and *Nature* must come absolutely clean, retract and apologize. There is no other issue," said geneticist Michael Freeling, also of Berkeley and a co-author of a critical letter published by *Nature*. *Nature* arranged

for three additional scientists, all unidentified, to review the criticisms and the researchers' reply. All three pointed out that technical errors marred the research, according to copies of their comments obtained by The Associated Press. However, only one called for a retraction unless further evidence for the claim could be provided, advice apparently followed by *Nature*. The others note transgenic corn is likely growing in Mexico, but that scientific proof is still lacking.

Jane Rissler, a biotechnology critic with advocacy group Union of Concerned Scientists, said the study's shortcomings should have been detected prior to publication. "It is important to note that we need to have the best science that we can get and that our understanding and proper dealing with genetically engineered crops is enhanced by that good science," Rissler said. Berkeley's injection into the debate over transgenic crops is not new. In 1998, the university signed a five-year, US\$25 million contract with Novartis, giving the Swiss chemical company first option on much of the genomic discoveries made in its plant and microbial biology department. Critics, including Chapela, alleged conflict of interest. (Source: *The News*, 4/05/02)

### **RAPID RESPONSE TEAM WILL RESOLVE FOOD TRADE DISPUTES**

On April 3, 2002, Mexico and the United States signed a Memorandum of Understanding to create a binational Consultative Committee on Agriculture (CCA) which will act as a "rapid response team" to resolve food trade problems. "We trust this (organization) will anticipate emerging issues and address them immediately," said U.S. Agriculture Secretary Ann Veneman before she signed the memorandum in Mexico City. The agreement was reached in anticipation of 2003, when tariffs will be eliminated on all farm products, except sugar, corn and milk, traded between the two nations. Sugar, corn and milk will become tariff-free in 2008. Commerce in agricultural goods has been the source of various disputes between Mexico and the United States, particularly over sweetener imports. On January 1, 2002, the Mexican Congress slapped a 20 percent tax on corn syrup which is mainly imported from the United States. When President Vicente Fox recently issued a decree suspending the tax, opposition legislators accused him of bowing to U.S. pressure and are challenging his decree in the Supreme Court. "Farm products make up five percent of trade and 50 percent of trade disputes," said U.S. Ambassador Jeffrey Davidow at a recent American Chamber of Commerce event. Veneman predicted pork and poultry could be "irritants" in the future for health reasons. An annex to the memorandum sets up a so-called "Team 2003" which will establish rules to minimize the pork disease "classical swine fever" and the poultry sickness "exotic Newcastle disease." Veneman said she was not in Mexico to resolve the sweetener dispute. "I do not think the sweetener issues will be resolved in the context of this agreement," she said. Agricultural trade between Mexico and the United States has increased substantially since the 1994 passage of the North American Free Trade Agreement (NAFTA), reaching 12.7 billion dollars in 2001 according to Veneman. However, the benefits of this are disputed by politicians, business leaders and academics on both sides of the border. According to a report from the National Farmers Council (CNA), Mexico's agriculture trade deficit had risen to 4.3 billion dollars in 2001, largely due to U.S. imports. Analysts argue Mexico's agricultural products are unable to compete in a market where, according to the CNA, U.S. agriculture is given 120 billion dollars annually in subsidies compared to four billion dollars in Mexico. Asked if the United States would reduce agricultural subsidies, Veneman said, "(We) will comply with international trade obligations." To date, there have been no successful international agreements to reduce farming subsidies. (Source: *El Universal, Excelsior, The News*, 4/3/02)

## MORE ON THE HFCS TAX

On Tuesday April 2, 2002, the House of Representatives voted to introduce a Constitutional challenge before the Supreme Court against President Fox, because of the suspension of the 20-percent tax on sales on beverages containing high fructose corn syrup (HFCS). Legislators from four out of five political parties in Congress voted to push this challenge that will be submitted April 5. The argument is that the President overstepped his constitutional powers when he decided to suspend the HFCS tax on March 5, 2002 (see report MX 2036). The President's party, PAN, voted against this measure and argue that the President was in line with Article 39 of the Federal Tax Codes which gives Fox the power to suspend or delay taxes. Legislators from the PRI and PRD parties indicated they are joining forces to defend the Mexican sugar sector, and the legality in establishing the division of powers in the country. Another PAN legislator said that the opposition is only politicizing "the sugar issue." (Source: *Reforma* 4/2/02, *Universal*, *The News*, 4/3/02)

## REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY

REPORT #	TITLE	DATE
MX2044	Weekly Highlights & Hot Bites, Issue #11	3/15/02
MX2045	Emergency Rule for the Control of Use of Beta-Agonists in Livestock NOM-EM-015-ZOO-2002	3/26/02
MX2046	Mexico Announces Import Permits (Cupos) for Coffee Extracts	3/26/02
MX2047	Mexico Announces Import Permits (Cupos) for Oats	3/26/02
MX2048	Auction of Permits to Import Pork Fat and Oils Set for April 25	4/4/02

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