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Report Highlights:

- TASK FORCE SUGGESTS CREATING A NAFTA ECONOMIC COMMUNITY
- MEXICO'S RURAL PROBLEMS EXTEND BEYOND GOVERNMENT
- INVESTMENT FOR THE BROWN SUGAR AGRO-INDUSTRY
- MEXICAN TORTILLA MAKER PURCHASES THREE PLANTS FROM U.S. COMPANY

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.

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TASK FORCE SUGGESTS CREATING A NAFTA ECONOMIC COMMUNITY

According to a local newspaper, a group of U.S., Mexican, and Canadian experts recommended creating, by 2010, a North American economic and security community. The recommendations were made through a report titled "The Future of North America," sponsored by the U.S. Council on Foreign Relations, the Canadian Council of Chief Executives, and the Consejo Mexicano de Asuntos Internacionales. Among the specific measures highlighted by the task force were: to establish a common security perimeter by 2010; develop a North American Border Pass with biometric identifiers; and develop a unified border action plan including expanded border customs facilities. Moreover, it suggests adopting a common external tariff, establishing a North American Investment Fund to build infrastructure to connect Mexico's poorer regions in the south to the market to the north, restructuring Mexico's public finances, and fully developing Mexican energy resources to make greater use of international technology and capital. (Source: El Financiero; 06/06/2005)

MEXICO'S RURAL PROBLEMS EXTEND BEYOND GOVERNMENT

The National Agricultural Council (CNA) president Jaime Yesaki said that, "we should stop blaming the government or the transnational industries as the direct cause of the existent high levels of poverty in the Mexican agricultural sector, because Mexico's current rural situation has an ancient background." The excessive "*pulverization*" of private rural property, lack of productivity of certain crops planted in inappropriate regions, and the absence of technology in the sector have been some of the main causes. In addition, Yesaki cited poor productive organization, the nonexistent connection with effective commercialization channels, and the persistence of high subsidies in international markets as factors that have contributed in great scale. "Because we are facing these challenges, we cannot expect that someone else other than us could take the lead to change the current situation," stated Yesaki, urging the sector to proceed with responsibility, high standards, intelligence and creativity, proposing viable alternatives, and with an effective handling of the available monetary resources. "The solution to this problem goes beyond the limits of the agricultural sector," Yesaki concluded. (Source: La Jornada; 06/10/2005)

INVESTMENT FOR THE BROWN SUGAR AGRO-INDUSTRY

The government of Veracruz announced plans to invest more than US\$104,545 to begin the renovation process of the agro-industry producing brown sugar (trapiche). The investment is intended to increase productivity and ensure the industry remains a viable economic activity, as there exist conditions to export to Europe, U.S. and Japan. The trapiche industry is one of the most important in the state of Veracruz. Currently, there are 400 companies in the state of Veracruz producing about 60,000 MT of brown sugar 8 months a year while generating 8,000 direct jobs. It is hoped that by providing modern technology, the industry could become in an important employment generator. (Note: Veracruz is the most important sugar producer in the country accounting for 39 percent of total production.) (Source: Mercado Agropecuario 06/13/05)

MEXICAN TORTILLA MAKER PURCHASES THREE PLANTS FROM U.S. COMPANY

Corn miller and tortilla maker Gruma announced on May 31, 2005 that it has purchased three plants from Minnesota-based Cenex Harvest States, or CHS Inc. The factories in New Brighton, Minnesota; Railhead, Texas; and Phoenix, Arizona; make tortillas and corn chips. Financial details of the transaction were not disclosed. The purchase was made by Gruma Corp., the company's U.S. division. Gruma sells tortillas in the U.S. under the Mission brand. It has operations in Mexico, Central America, Venezuela and Europe. (Source: El Universal; 06/01/2005)

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MX5050	Mexico's Maximum Residue Limit (MRL) Policy	06/02/05
MX5049	Weekly Highlights and Hot Bites, Issue #18	05/31/05
MX5048	Dumping Duty for Apples Eliminated, New Antidumping Investigation for NFE	05/31/05
MX5047	Cotton Annual Report	05/24/05
MX5046	Coffee Annual Report	05/19/05

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