



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 1/24/2002

GAIN Report #MX2010

## Mexico

### Agricultural Situation

### Weekly Highlights & Hot Bites, Issue #4 2002

Approved by:

**William L. Brant, Agricultural Minister Counselor**

**U.S. Embassy Mexico**

Prepared by:

Benjamin Juarez, Salvador Trejo, Dulce Flores

---

**Report Highlights: Mexico's Customs Law Needs Reform \* Mexico's Grupo Bimbo Buys Five U.S. Bakeries to Double U.S. Market Revenues \* The U.S. Continues to be the Main Source for Mexican Imported Fruit**

---

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.

### **MEXICO'S CUSTOMS LAW NEEDS REFORM**

According to a local newspaper, the Confederation of Customs Agent's Associations of the Republic of Mexico (CAAAREM) has indicated that the nation must reform its customs laws and improve its customs infrastructure if it is to compete at a global level. CAAAREM, at a news conference yesterday, stated that Mexico has the same customs system as it had a decade ago, while in the last eight years foreign trade has increased 500 percent. This week, CAAAREM will launch a national investigation into the customs system which will include 25,000 questionnaires. The final report will be presented to the government and CAAAREM hopes it will form the basis of a new customs policy and legislation. Brokers complain that between customs law and the Foreign Trade General Rules there are over 1,000 basic legal precepts governing the importation and exportation of goods. This slows down and discourages cross-border commerce in a nation where foreign trade makes up 53 percent of the gross national product (GNP). Reportedly, the entry of undeclared foreign goods destined to be sold illegally on the streets is the core of the nation's black market economy, worth US\$315 billion. In an attempt to clamp down on smuggling, in April, the customs service will launch a computer network allowing customs houses and check points to confirm the legality of all imports. (Source: The News 01/23/02)

### **MEXICO'S GRUPO BIMBO BUYS FIVE U.S. BAKERIES TO DOUBLE U.S. MARKET REVENUES**

Mexico's Grupo Bimbo, the world's third-largest bread maker, announced Tuesday, January 22, 2002, the purchase of five U.S. bakeries in a deal that was expected to double the company's U.S. market revenues. The US\$610 million agreement includes plants in Texas, Colorado, California and Oregon, as well as the rights to make and distribute Orowheat bread, Entenmann's pastries, Thomas' English Muffins and Boboli pizza kits in the western United States. In a news release, Bimbo said the agreement with Canada's George Weston Ltd. also grants the Mexican company the rights to about 1,300 direct distribution routes. George Weston's operations in the western United States registered sales of US\$620 million in 2001 and posted earnings of US\$56 million. Bimbo has focused on acquiring bakeries in U.S. states with large and growing Hispanic populations, purchasing in recent years Mrs. Baird's Bakeries in Texas and Four-S Bakeries in California. Thirty percent of the company's sales, which totaled US\$3.3 billion in 2000, come from the United States. "This acquisition fits perfectly with our vision of creating a pre-eminent baking business in the United States," Bimbo's chief executive officer, Daniel Servitje, said in a news release. The transaction is expected to be

completed during the first half of 2002, following antitrust approval. Bimbo has more than 70 plants and distributors in 16 countries throughout the Americas and Europe. (Source: The News; 01/23/2002)

## **THE U.S. CONTINUES TO BE THE MAIN SOURCE FOR MEXICAN IMPORTED FRUIT**

Mexico's apple production for MY 2001/2002 was revised upward to 473,000 MT from earlier estimates, due to good weather conditions. Pear production for MY 2001/2002 remained unchanged at 33,500 MT. The United States is expected to continue to be the main source for imported apples and pears. It is important to note that in January 2002, the Mexican courts, responding to injunctions previously filed by the Mexican apple industry alleging U.S. violations of the reference price system, rescinded the 2001/02 reference price and called for an investigation into these violations. No decision had yet been made by the Mexican courts regarding the status of the suspension agreement or which reference price would apply to U.S. apple imports. For additional information see report MX2009. (Source: AAO/Mexico City)

## **REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY**

<b>REPORT #</b>	<b>TITLE</b>	<b>DATE</b>
MX2008	Weekly Highlights & Hot Bites, Issue #3	1/17/02
MX2009	Fresh Deciduous Semi-Annual 2001/02	1/23/02

We are available at <http://www.atomexico.gob.mx> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

## **FAS/MEXICO EMAIL**

To reach us at FAS/Mexico City, email us at:

[AgMexico@fas.usda.gov](mailto:AgMexico@fas.usda.gov), [ATOMexico@fas.usda.gov](mailto:ATOMexico@fas.usda.gov).