



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 2/15/2002

GAIN Report #MX2026

Mexico

Agricultural Situation

Weekly Highlights and Hot Bites, Issue #7

2002

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Report Highlights:

Veracruz Coffee Harvest Hit By Rains, Price Crisis*Civil Suit Against

USDA*Canada's Trade With Mexico On The Rise*Bancomext Loaned US\$5.5

Billion To Mexican Exporters in 2001*US\$14 Billion In Trade Lost To Slowdown

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.

VERACRUZ COFFEE HARVEST HIT BY RAINS, PRICE CRISIS

Near zero temperatures and thrashing rains are expected to have destroyed at least 10 percent of the coffee harvest in the main growing region of the state of Veracruz, one of Mexico's main producers for global markets. Sirilio Elotlan Diez, a local coffee farmer and a counselor to the regional coffee council, said the bad weather (heavy rains and temperatures between 35 F-40 F) in recent days was the latest blow to growers who cannot afford to harvest their beans. Elotlan was quoted as saying, "We estimate losses in this area of between 10 to 15 percent of the harvest. In global terms, for the entire harvest we see a drop of between 30 to 35 percent." (Source: *The News*; 2/14/02)

CIVIL SUIT AGAINST USDA

According to a United States Department of Agriculture (USDA) report, exports of Mexican avocados to the United States could double during the 2001-02 market season, now that the number of U.S. states to which Mexican avocados can be exported has been increased and the shipping season lengthened. However, this progress could be halted by a civil suit filed on December 18, 2001, by the California Avocado Commission against USDA, arguing that Mexican avocados could contaminate U.S. agricultural produce with the fruit fly pest and other diseases. (Source: *El Financiero*; 2/11/02)

CANADA'S TRADE WITH MEXICO ON THE RISE

According to a local newspaper, the Canadian Cabinet said this week that Canadian trade with Mexico has increased by 250 percent in the last eight years. Speaking to the Canadian Chamber of Commerce in Mexico City, Mel Cappe, Secretary to the Canadian Cabinet, praised the North American Free Trade Agreement (NAFTA) for increasing trade and wealth saying that since 1996, Mexico has moved from Canada's eighth most important trading partners to its third. Cappe said the Government of Canada was working on improving the movement of goods through North America by opening an office in Nuevo Laredo so Mexican trucks en route to Canada could be checked before they entered the United States. (Source: *The News*; 2/13/02)

BANCOMEXT LOANED US\$5.5 BILLION TO MEXICAN EXPORTERS IN 2001

Mexico's state-owned Bancomext bank loaned more than US\$5.5 billion last year to some 1,700 export firms, primarily small and medium-sized companies, a 24 percent increase compared to 2000. Bancomext officials attributed last year's 4.8 percent drop in the country's total exports, which fell from US\$166.4 billion in 2000 to US\$158.5 billion in 2001, to the effects of the U.S. recession and the global downturn. In 2001, Bancomext expanded its efforts to promote Mexican exports by looking for new foreign markets, reinforcing competition and introducing new financial plans for small and medium-sized businesses, the officials reported. Officials said Bancomext has a US\$6 billion budget allotted to supporting exporters this year, a 9 percent increase from 2000. According to budgetary projections, US\$3.7 billion will go to the private sector directly and through commercial banks, another US\$1.6 billion will go to the public sector, while US\$700 million has been assigned for collateral. Bancomext will also promote the participation of 1,800 companies at international events and offer technical assistance to another 950 firms this year. (Source: *The News*; 2/12/02)

US\$14 BILLION IN TRADE LOST TO SLOWDOWN

On Wednesday, February 13, 2002, the President of the National Association of Importers and Exporters (ANIERM), Manuel Muñoz, said that due to the effects of the September 11 terrorist attacks on the U.S. economy, Mexico lost out on US\$14 billion of trade mainly from sales in Mexico's manufacturing and maquiladora sector. The nation's economy as a whole shrank by at least 0.2 percent last year after growing nearly seven percent in 2000. Muñoz pleaded for government aid to prop up and finance the ailing export sector, and called for new measures to develop exporters from the ranks of small and medium-sized businesses. (Source: *The News*; 02/14/02)

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY

REPORT #	TITLE	DATE
MX2024	Weekly Highlights & Hot Bites, Issue #6	2/8/02
MX2025	The Market for Alcoholic Beverages	2/8/02

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