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Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Mexico City [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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CHICKEN PRICES DECREASING IN MEXICO CITY

According to SNIM, chicken prices in Mexico City have decreased 16 percent during the first half of 2008. A kilo of chicken breast has decreased the most, dropping from \$40.8 pesos in January to \$34.40 pesos in July. Roast chicken prices have decreased 7 percent during that same time period and are priced at \$17.00 per kg. Chicken products that did not have a strong reduction include: chicken legs and thighs at only one percent. According to Banamex analysts, this reduction is due to pressure from the importation of chicken from the United States, since chicken leg and thigh imports are now allowed to enter duty free. (Source: Excelsior 08/04/08); Reforma 08/6/08)

CALDERON TO ANNOUNCE CHANGES IN HIS CABINET

President Felipe Calderon announced that he will propose to the Senate that Eduardo Sojo, Secretary of Economy, be appointed as the new head of the National Institute of Geographic and Information Statistics (INEGI). Calderon also named Gerardo Ruiz Mateos, who was his Chief of Staff, as the new Secretary of Economy. He said that as a manager, Ruiz Mateos, knows what has to be done to help the country's economy. In his speech, Calderon spoke about the food price crises in the world, and explained his functions for reducing inflation. Calderon also proposed that Enrique de Alba Guerra, Jose Antonio Garcia Guerra, Maria Palma Rojo, and Mario Rodarte Esquivel be members of the Government Board of INEGI. (Source: El Universal; 08/06/08)

WE WOULD LIKE TO RENEGOTIATE THE LABOR AND ENVIRONMENT SECTION IN NAFTA: SOJO

Eduardo Sojo, Secretary of Economy, stated that Mexico would like to open new talks under the NAFTA Agreement to include labor and environmental themes. Sojo said these comments during an interview with the *Chicago Tribune*. He reiterated that Mexico does not want to dissolve the trilateral agreement, but they would accept a new round of negotiations. "What we need in North America is more integration," said Sojo. "If we review the NAFTA Agreement, our goal is to simply improve it, and we hope negotiations in the other two countries go the same way." (Source: Milenio Diary; 08/04/08)

FDA VIOLATED THE CONFIDENTIALITY AGREEMENT: SENASICA

The Director of the National Service of Health, Food Safety and Agro-food Quality (SENASICA), Enrique Sanchez Cruz, said that the salmonella strain that has affected hundreds of North American consumers is not of Mexican origin. He lamented that FDA

authorities violated the confidentiality agreement and precipitated a report of the on-going investigation that portrays Mexico in a negative light. (Source: El Financiero; 08/01/08)

SALMONELLA DID NOT COME FROM NUEVO LEON

State and federal agricultural authorities from Mexico denied FDA's findings that the peppers, which were contaminated with salmonella and impacted thousands in the United States, came from Nuevo Leon. Authorities pointed out the harvest season in Nuevo Leon concluded in June and that the samples were taken on July 14. (Source: El Universal; 08/01/08)

BACTERIA CONTAMINATION IMPOSSIBLE

Plant health experts indicated that it is almost impossible for salmonella to contaminate Mexican peppers because of strict quality controls and the care and cleaning of peppers during harvest. According to experts, the salmonella bacteria cannot stay in natural hot peppers of any kind because the plant has a substance – an acid PH - that is very aggressive. (Source: El Universal; 8/1/08)

THE SEARCH FOR INTERNATIONAL MARKETS

The National Poultry Union (UNA) is searching for export markets in Central and South American countries as well as various Asian countries. The President of UNA, Jaime Crivelli Espinoza, said they are analyzing the possibility and health protocols with countries like Venezuela and Singapore. "Tyson of Mexico is one of the companies interested in sending their product to Peru," stated Crivelli. He added that there is interest in exporting to Japan, but more work needs to be done first. Meanwhile, some producers have sent chicken legs to Asia, and others from the State of Jalisco are sending containers of processed chicken to South Africa. However, UNA stated that first they need to work on health protocols with all the countries in order to export. (Source: Excelsior; 8/2/08)

TRANSGENIC CORN OBSTACLES

Leaders from several corn producing groups as well as directors of major seed companies stated that the Mexican Secretary of Agriculture is discouraging their national production of corn by not welcoming investments worth millions of dollars to Mexican fields. They explained that the cause is due to the delay of the publication of regulations that will allow experimental tests for the cultivation of genetically modified corn, which is already being used in 26 countries with average production increases of 40 percent per acre. (Source: Reforma; 8/7/2008)

MEXICAN CATTLE SECTOR CRACKS

In the past year, basic inputs for the cattle industry have increased more than 50 percent, which has caused the closing of more than 20 companies and the loss of around 5,000 jobs. According to Antonio Pedroza, President of the National Council of Animal Nutrition and Balance Food Manufacturers, the industry continues to see decreases in their profit margins. Mexico is the fourth largest producer of animal feed in the world, behind the United States, China and Brazil. (Source: El Universal; 8/7/08)

GREENPEACE REJECTS THE USE OF GENETICALLY MODIFIED CORN IN MEXICO

Thirty members of Greenpeace Mexico recently protested at the entrance of SAGARPA against the use of GMO's in corn. According to Greenpeace, no officer came to the door to talk to them about their concerns. "That shows that the Secretary is not interested in

learning about our peaceful protest," said Aleira Lara, Coordinator of the Campaign against the Use of Transgenic Corn in Mexico. "Since 1999, we have been struggling to stop Mexico from cultivating transgenic corn, which is scientifically proven that other products will be contaminated as well as serious consequences with human health." (Source La Jornada; 8/8/2008)

POULTRY PRODUCTION INCREASED 2.1 PERCENT: SAGARPA

According to the Secretary of Agriculture, Alberto Cardenas Jimenez, the increase in poultry production will decrease prices. "It is our goal to expand production and productivity so that we don't have to depend on other countries, especially since some countries have closed their borders," said Cardenas. (Source: El Economista; 8/7/08)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX8051	Weekly Highlights and Hot Bites #25	8/01/08
MX8050	July 2008 Grain and Feed Update	7/31/08
MX8049	July 2008 Oilseeds Update	7/31/08
MX8048	Biotech Annual	7/15/08
MX8047	Weekly Highlights and Hot Bites #24	7/11/08
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MX8041	Weekly Highlights and Hot Bites #21	6/13/08
MX8040	Weekly Highlights and Hot Bites #20	6/6/08
MX8039	Tomato Annual	5/30/08
MX8038	Tariff Modifications	5/30/08
MX8037	Mexico Announces Measures	5/30/08

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