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Weekly Highlights and Hot Bites #27

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Report Highlights:

- CONGRESSMEN REQUEST NEW NAFTA
 - DEMOCRATS DEMAND OBAMA RENEGOTIATE THE NAFTA
 - DECEPTION FROM THE U.S. CONCERNING JALAPEÑO PEPPER AND SALMONELLA
 - AGRICULTURAL EXPORTS FROM MEXICO DECREASE
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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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CONGRESSMEN REQUEST NEW NAFTA

A group within the Mexican Senate recently requested that the government of Mexico renegotiate the NAFTA Agreement to guarantee sustainable rural development. The Group Coordinator, Antonio Mejia, said that if the United States refuses to review NAFTA, Mexico can present a complaint before the World Trade Organization against the United States high subsidies. Mejia warned that Mexico is not prepared to face the world food crisis, which is why it is urgent to renegotiate NAFTA. Mexico is dependent on other countries for their primary food choices. Mexico imports: 33 percent of its corn consumption, 55 percent of wheat, 95 percent of soybeans, 72 percent of rice, 22 percent of barley, 55 percent of cotton, 12 percent of milk, and 25 to 34 percent of beef, pork and poultry. Mejia proposed that public policies for farmers should be implemented in order to implement a national food reserve and increase their food sovereignty. (Source: Excelsior; 08/12/2008)

DEMOCRATS DEMAND OBAMA RENEGOTIATE THE NAFTA

Once again Democrats brought up the issue of changing NAFTA to Barack Obama in order to address working conditions for the working class. The subject will be debated before and after the Democratic Convention in Denver, Colorado, to be held from August 25 to 28. Democrats have commented that NAFTA is responsible for the closing of businesses and the loss of jobs; especially in key states that could help decide the outcome of an election. (Source: El Universal; 08/20/2008)

DECEPTION FROM THE U.S. CONCERNING JALAPEÑO PEPPER AND SALMONELLA

The National Council of Chili Producers said that Mexican jalapeño and serrano peppers from different regions are free of salmonella. The council also stated that the information from the United States, which confirmed the presence of salmonella on these products, was deceptively released. Even though the border was never closed to Mexican chili exports, exports were negatively impacted, losing nearly 50 percent of the market. In fact, American chains like HEB and Taco Bell have eliminated the purchase of Mexican jalapeños. "The truth is that the United States is harvesting jalapeño peppers in Las Cruces, Nuevo Mexico, and they are simply placing export barriers in order to increase their market share," said the Producers Council. (Source: La Jornada 08/20/2008)

AGRICULTURAL EXPORTS FROM MEXICO DECREASE

Agricultural exports from Mexico to the United States will decrease after authorities from the U.S. falsely attributed - without any evidence – the salmonella outbreak to exports of Mexican tomatoes, chili, and coriander. Blanca Villarelo, General Coordinator for Trade and Export Promotion of the Secretary of Agriculture (SAGARPA), projected that exports will only advance five percent, while in other months, they superseded 12 percent. The exact amount of losses will be released in September. In order to avoid future restrictions on Mexican products, SAGARPA will insist that a larger number of agricultural producers must certify their products through a special program led by SAGARPA. In order to strengthen Mexican exports and erase the bad image that started from false accusations from FDA, SAGARPA will have many festivals and events to show that Mexican products are of the best quality. (Source: Financiero; 08/20/08)

SUPPORT FOR THE COUNTRYSIDE IS NOT IMPROVING PRODUCTION

The Mexican countryside is receiving support like never before, but the results are very poor. In the first semester of this year, the Secretary of Agriculture (SAGARPA) gave away 122 million pesos, three times more during the same period in 2000. Through the Concurrent Special Budget, 204 million pesos will be given away this year, which is 42 percent more than in 2003. However, productive results from this investment have not been seen. From 2000 to 2007, the Gross Domestic Product increased only 1.92 percent every year, corn production increased only 4.4 percent annually; rice 0.3; wheat 0.1 percent, and soy plantations are on the verge of disappearing. Producers explain that the problem is that the resources are passed more to friends than employees and the payments are extremely bureaucratic. (Source: Reforma; 08/19/2008)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

| NUMBER | TITLE | DATE |
|------------------------|-------------------------------------|---------|
| MX8054 | Planting Seeds Annual | 8/25/08 |
| MX8053 | Weekly Highlights and Hot Bites #26 | 8/11/08 |
| 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 |
| MX8046 | Bean TRQ Update | 7/10/08 |
| MX8045 | Weekly Highlights and Hot Bites #23 | 6/30/08 |
| MX8043 | Cereal Announcement | 6/23/08 |
| MX8042 | Weekly Highlights and Hot Bites #22 | 6/20/08 |
| 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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