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Mexico Announces Ambitious New 6-year Agricultural Development Plan

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Report Highlights:

On December 13, 2013, a Decree from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) was published in Mexico's Federal Register approving the 2013-2018 Agricultural, Fisheries and Food Development Program. This long anticipated document has a sweeping array of new visions and goals for the future of agriculture in Mexico. A key take-away component from the document is a push for increased productivity while moving away from subsidies and more toward incentives.

Executive Summary:

On December 13, 2013, a Decree from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) was published in Mexico's Federal Register approving the 2013-2018 Agricultural, Fisheries and Food Development Program. This Program is part of the National Development Plan announced last May 20, 2013 (See 2013 GAIN Report [MX3049](#) "*Mexico Announces New National Development Plan*"). The Program is considered the route the Mexican Government will follow over the course of the next six-year term (2013-2018) in order to improve performance in select agricultural sectors. The extensive document outlines a diagnosis of the agro-food sector, main objectives and goals, as well as strategies and actions deemed necessary to implement the new Program. Although the document outlining the Program presents a far-reaching vision to advance the future of agriculture in Mexico, some private sources have stated the document falls short about how exactly the government of Mexico intends to implement their new vision.

The Program details a comprehensive strategy to increase productivity that allows Mexico to reach its full potential in the agro-food sector. The strategic vision for agricultural and fisheries development, according to the Program, is to build a "new face of the countryside", meaning a productive, competitive, profitable, fair and sustainable food sector, and to ensure food security of the country with the following:

- Increase participation of domestic production from a combined 58 percent (2011) to 75 percent in 2018 for the following grain and oilseed crops - rice, dry beans, corn, wheat, soybeans, and sorghum.
- Achieve growth in the agricultural and fisheries sectors allowing output (or GDP) to break with the historical trend, from 1.4 percent per year to 3 percent per year over the next six years.
- Achieve balance in the Agro-food trade sector between value of imports and exports.

"Change Pillars": The Program also details ten "Change Pillars" that are proposed to create change in the Agro-food sector:

1. Increasing the productivity of smallholdings through partnership models ("Clusters") and integration of the supply chain.
2. Optimal use, sustainable and modernization of water.
3. Promote domestic production of strategic inputs, fertilizers and improved seeds.
4. Encourage innovation, the applied technology development and technical assistance with a new "Extension Service".
5. Management and prevention of climate and market risks.
6. Promote the production of healthy and safe food.
7. Encourage timely and competitive financing.
8. Boost regional development, agro-parks and strategic projects.
9. Planning the supply-demand balance: "Control Panel".
10. New organizational model of the Secretariat IFAT (Innovative, Flexible, Agile and Transparent).

Comments on "Change Pillars 9 and 10:

Pillar 9: Called "Control Panel", the Program points out that it is necessary to achieve equilibrium in supply and demand of food products between production and imports, considering that imports should be a complement and not a substitute for domestic production. The newly published Program states that it requires SAGARPA to coordinate with the Economy Secretariat (SE) to reduce price distortions and

impacts on the supply of food products in the domestic market, accomplished through the planning of the supply-demand balance. Therefore, according to the Program, it is considered fundamental to have a design and implementation of a measurement tool called “Control Panel”.

Along with the SE, SAGARPA will design the “Control Panel”, with official data from both secretariats, to quantify strategic food products nationwide, including data on domestic production per cycle, figures of domestic consumption, and the determination of supply and demand. At the same time, exports will be identified and the policy of import rate quotas will be assessed, when it is required, in order to ensure the supply of strategic food products.

Pillar10: According to the Secretariat, they will implement a new organizational model that is “Innovative, Flexible, Agile and Transparent” (short for IFAT).

General Information:

This report summarizes a [Decree](#) from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) published in Mexico’s “Diario Oficial” (Federal Register) on December 13, 2013, which approves the 2013-2018 Development Program of Agricultural, Fisheries and Food. The Program is considered as a “roadmap” that sets an overarching objective to build a new face to the countryside. It also sets three main sector goals as well as “ten pillars” that, according to the Program, will generate a shift to a new model of development in the agricultural and fisheries sectors in Mexico.

Disclaimer: This summary is based on a cursory review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the decree in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete resolution or announcement as published in Spanish, the latter shall prevail.

Title: “Decree that approves the 2013-2018 Agricultural, Fisheries and Food Development Program”

Important Dates:

1. Publication Date: December 13, 2013
2. Effective Date: December 14, 2013

Important Provisions of the Agricultural, Fisheries and Food Development Program

The following covers a general diagnosis, the main strategies, actions and goals of the various agricultural sectors.

A. Diagnosis of the Agro-Food Sector: The program details a diagnosis of the food industry in the global and national context, including:

- Year 2050 food supply challenge
- Food market and price volatility
- Climate change and its effects
- Mexican food industry as related to the rest of the world (Mexico is one of the top 10 world powers in food production).

In relation to the food sector in the Mexican economy, a diagnosis is presented addressing the factors of production and innovation, food security, share of agriculture and fisheries related to Mexico's GDP, the population living in the countryside, employment, productivity and food trade.

In general, the agro-food sector diagnosis indicates that the countryside shows signs of fatigue that is reflected by stagnant productivity, competitiveness and profitability. While it is noted that this list is not all inclusive, it's also observed that there is not sustainable management of the natural resources in the countryside. Therefore, the Program's goal is to promote a strategy to build a new face to the countryside and the food industry. Also detailed in the document is data that shows the agriculture and fisheries sector had a growth rate lower than the national economy growth rate. In 1950, the share of primary output in Mexico's GDP was 16.1 percent compared to 2012, with 3.4 percent. However, when combined with the food industrial sector, its importance rises to 8.4 percent of Mexico's GDP.

Regarding challenges and opportunities, the agro-food sector diagnosis states a bipolar countryside (" ... in the Mexican countryside there is a highly competitive business segment with companies that generate more than 20 billion dollars annually, in contrast the vast majority of rural economic units are subsistence or self-consumption and not necessarily reach the minimum production for nutrition "). In reference to smallholdings, the diagnosis indicates that approximately 80 percent of farmers have less than 5 hectares of land and consequently low production scales.

Also mentioned are water and irrigation issues (only 28 percent of arable land is irrigated). In addition, in Mexico, more than 60 percent of the area is arid or semi-arid, the sky feeds water reserves with just over a million and a half cubic meters of rainwater a year, and 77 percent of this resource is used in agriculture with large gaps in their use and supply.

Other agro-food sector topics mentioned in the diagnosis:

- rural poverty
- scarce and expensive financing
- vulnerability to climate, health and market risks
- imbalance in regional development
- degradation of natural resources, and the legal and institutional framework.

It is mentioned, for example, that the implementation of public policies in the agro-food sector has been ineffective, characterized by disjointed programs, with inefficient and poor coordination institutionally, and with complex and unclear operational rules.

B. Program strategies outlined by subsector:

1 - Rural Development subsector: Specifies that it is required to "democratize productivity". It points out that developing and enhancing the productive capacity of small farmers not only allows them to increase the production and supply of products, but also generates surpluses for the market, improves family incomes, creates development opportunities for rural people, and reduces incentives to leave the countryside.

2 - Agricultural subsector: Indicates that the increase in productivity is based on the efficient and sustainable use of water, as well as the expansion of irrigated area. In addition, the new vision of the Mexican countryside has two strategic objectives for the agricultural subsector in this administration:

- Increase production of grains and oilseeds.
- Ensuring food security and reducing poverty in the countryside.

The specific goals set for the Agricultural Subsector are:

Produce an additional 8 million metric tons of grain and oilseeds (corn, dry beans, wheat, rice, sorghum and soybeans). To achieve these goals, the main strategies are as follows:

- Boost productivity.
- Push the potential of horticulture.
- Promote partnerships.
- Modernization of the agricultural sector through new programs, including:
- Reconverting the PROCAMPO program to be an instrument that promotes productivity: “Productive PROAGRO”.
- Promote partnership type models like agro-clusters to raise productivity of smallholdings, integrating the value chain.
- Expand the program of strategic inputs to increase the proper use of fertilizers and improved seeds and irrigation modernization.
- Comprehensive income insurance.
- Modernization of the coffee sector and others.

3 - Livestock subsector: A new vision is also proposed for the Livestock Subsector to promote productivity, technology adoption as well as support and improvement of natural resources in the livestock area, through three main strategies: capitalization, sustainability, and transfer of innovation technology (breeding biotechnologies and genetic material).

4 - Aquaculture and Fisheries subsector: The five areas of policy that will be implemented to achieve the new vision of the Aquaculture and Fishing Subsector are:

- Integrated fisheries and aquaculture arrangement.
- Compliance and enforcement policy.
- Promote fisheries and aquaculture capitalization.
- Strategic development of aquaculture.
- Promote consumption of fishery and aquaculture products.

C. All targeted sectors summary: The Program states that in order to build a “new face” to all the targeted sectors, it requires the involvement and commitment of all stakeholders, which involves:

- The Inter-ministerial Commission for Sustainable Rural Development chaired by SAGARPA and integrated by 10 State Secretariats: SAGARPA; SE; Treasury (SHCP); Secretariat of Environment and Natural Resources (SEMARNAT); Secretariat of Agrarian and Urban Development (SEDATU); Secretariat of Social Development (SEDESOL); Secretariat of Energy (SENER); Secretariat of Communications and Transports (SCT); Secretariat of Public Education (SEP) and Secretariat of Health (SALUD).
- The Mexican Council for Sustainable Rural Development.
- Agricultural Product Systems. Each Product System is integrated by some of the following links: producers, industry, traders, input suppliers, equipment and services, research and technical assistance and government representatives. There are 38 agricultural national committees, 11 livestock national committees, and 13 committees for fishery and aquaculture.
- The New Vision for Agricultural Development, an initiative of the World Economic Forum. This initiative is chaired by SAGARPA.

Agricultural Development Plan vs. 2013-2018 National Development Plan: It is important to note that goals of this Program (Agricultural Development Plan) take into account many of the goals of the previously announced 2013-2018 National Development Plan (See 2013 GAIN Report [MX3049](#) “*Mexico Announces New National Development Plan*”) as they relate to agriculture. A new vision for agriculture has been incorporated in the Program as part of the overall goal of a “Prosperous Mexico”. The following goals, strategies and actions are proposed (the latter are not listed):

1st Goal: Promote productivity in the Agro-food sector, through investment in physical, human and technological capital to ensure food security.

Strategy 1.1 Directing research and technological development to generate innovations applied to the Agro-food sector that raise productivity and competitiveness.

Strategy 1.2 Develop productive capabilities with entrepreneurial vision of small producers.

Strategy 1.3 Promote the capitalization of production units and modernization of infrastructure and agro-industrial and fishing equipment.

Strategy 1.4 Promote the timely and competitive financing

Strategy 1.5 Promote a commercial policy focused on agro-business and the adequate supply-demand balance planning in order to guarantee a timely supply.

Strategy 1.6 Promote the logistic competitiveness in order to lessen the post-harvest losses of food during the storage and transport.

2nd Goal: Impulse association models that can generate economies of scale and greater added value to the agro-food sector.

However, the Program establishes that, linked to this goal, there are two important obstacles preventing increased productivity in the agro-food sector:

1 - Structural problem - Approximately 80 percent of farmers own land less than 5 hectares, thus limiting their productive scale – Smallholding – (“*Minifundio*”).

2 - Instrumental problem - Disjointed programs and incentives which do not support the productive integration to the value chain.

In order to overcome these obstacles, different “association” models related to the two main trends will be used. They are:

- Integrating companies: producers associated with an equity stake, and integrating them to the value chain.
- Cooperatives and other models of productive organization: Producers of low scale production formalized partnership schemes, constituting their own company to perform activities in the value chain.

Strategy 2.1 Promote the development of productive conglomerations and agro-parks which integrate

small producers with integrating companies.

Strategy 2.2 Develop new models of agro-business which generate increased added-value within the productive chain.

3rd Goal: Promote a strong certainty within agro-food activities through risk administration mechanisms.

Strategy 3.1 Design of an integral assurance mechanism to cope with weather and market risks covering all linkages of the productive chain.

Strategy 3.2 Strengthening of the sanitary, safety and agro-food quality in order to protect the population's health and increase the competitiveness of the sector.

4th Goal: Boost the sustained utilization of the country's natural resources.

Strategy 4.1 Promoting irrigation technology and optimize the use of water.

Strategy 4.2 Promote sustainable practices in agriculture, livestock, fisheries and aquaculture activities.

Strategy 4.3 Establish instruments to rescue, preserve, and enhance genetic resources.

Strategy 4.4 Using biotechnology based on rigorous scientific analysis, taking care of our genetic resources, human health and environment. This strategy has 10 action lines, among them the following:

- Evaluate and resolve requests for biotechnological applications, enforcing the legal framework following the scientific evidence with transparent criteria.
- Preserve and protect the genetic diversity, with emphasis on the conservation of native varieties.

Also, the Program indicates that the use of biotechnology will be done with responsible practices in priority areas. It should be noted that throughout the entire document is mentioned the importance of the use of new technologies and improved seeds. Even the use of biotechnology is mentioned in Goal 4 and Strategies 1.1, 2.4 and 4.3.

Strategy 4.5 Promote the use and development of bio-energy in the sector for sustainability.

Referring to an "Inclusive Mexico", within the context of the goals of the 2013-2018 National Development Plan, is presented a Goal, Strategy and Actions (the latter are not listed):

5th Goal: Contribute to eradicate food shortages in rural areas.

Strategy 5.1 Contribute to food and nutrition of the Mexican population, particularly those living in extreme poverty, and severe food shortages.

The Program also details cross-cutting strategies and action lines, for which the following programs with strategies and actions are proposed (the latter are not listed):

- Democratizing Productivity Program 2013-2018.
- National Program for Equal Opportunities and Non-Discrimination against Women,

PROIGUALDAD 2013-2018.

- Program for Modern and Near Government 2013-2018

Indicators and Production Goals to 2018

Lastly, the Program outlines indicators and production goals to 2018, among them the following:

Production Goals				
Product	Production (Million metric tons - MMT -)		Increase	
	2012	2018	Absolute (MMT)	Relative
White corn	20.20	25.00	4.80	24%
Yellow corn	1.80	3.00	1.20	67%
Wheat grain	3.30	3.60	0.30	9%
Dry beans	1.10	1.30	0.20	18%
Sorghum	7.00	8.20	1.20	17%
Paddy Rice	0.18	0.27	0.09	50%
Soybean	0.25	0.39	0.14	56%
Tomato	2.80	3.40	0.60	21%
Sugar	5.00	7.00	2.00	40%
Coffee	1.36	1.8	0.44	32%

Source: SAGARPA

The Program states that within the livestock subsector, the strategy is based in supporting and promoting its growing rate, thus, maintaining the availability of animal protein supply for specific sectors of the population as required by their diet. This can be accomplished through actions and instruments that entice the livestock sector to improve its productivity and eventually the production.

Production Goals				
Product	Production (MMT)		Increase	
	2012	2018	Absolute (MMT)	Relative
Poultry meat	2.79	3.33	0.54	19%
Beef	1.82	2.03	0.21	12%
Pork meat	1.24	1.47	0.23	19%
Table eggs	2.32	2.79	0.47	21%
Milk (from cows)	10.56	11.8	1.20	12%

Source: SAGARPA

Production Goals of Fisheries and Aquaculture				
Product	Production (MMT)		Increase	
	2012	2018	Absolute (MMT)	Relative
Total	1,687.5	1,890.0	202.5	12.0%
Capture	1,433.5	1,500.0	66.5	4.6%
Aquaculture	254.0	390.0	136.0	53.5%

Source: SAGARPA.

Index card of Indicator	
Element	Characteristics

Indicator	Corn Yield in non-irrigated areas
Sector or Cross-cutting goal	5 th Goal. Contribute to eradicate food shortages
General description	Measure the increase on corn supply in non-irrigated areas
Observations	Volume of corn production in non-irrigated areas/harvested area in non-irrigated fields
Periodicity	Annual
Source	SIAP. Agricultural Production, Crop cycle: Spring/Summer. Non-irrigated www.siap.gob.mx/index.php?option=com_wrapper&view=wrapper&Itemid=350
Additional references	Under-Secretary of Agriculture
2013 Baseline	2018 Goal
2.26 MT/Ha	2.9 MT/Ha

Index card of Indicator	
Element	Characteristics
Indicator	Production volume with hedging coverage from the total of the commercially eligible production.
Sector or Cross-cutting objective	3 rd Goal. Promote a strong certainty within the agro-food activity through risk administration mechanisms.
General description	Measuring the hedging coverage degree as a proportion of the annual agricultural and livestock commercially eligible production volume.
Observations	Production with hedging/commercially eligible total production The eligible production refers to the following crops: corn, sorghum, wheat, cotton and soybean, subject to be commercialized.
Periodicity	Annual
Source	ASERCA. Structure of the Prevention and Risk Managing Program. Direct support to Eligible Products and Species Prices Coverage. www.aserca.gob.mx/artman/publish/article_2259.asp SIAP for the production, final agricultural production figures by crop. www.siap.gob.mx/index.php?option=com_wrapper&view=wrapper&Itemid=350
Additional references	ASERCA
2013 Baseline	2018 Goal
81%	88%

Author Defined:

For More Information:

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

Useful Mexican Web Sites:

Mexico's equivalent of the U.S. Department of Agriculture (SAGARPA) can be found at

www.sagarpa.gob.mx the equivalent of the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx and the equivalent of the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the reader's convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.