



THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date:8/26/2014

GAIN Report Number:MX4063

Mexico

Post: Mexico

Mexico Announces Creation of New Agricultural Finance Program

Report Categories:

Agriculture in the Economy

Agriculture in the News

Approved By:

David Wolf

Prepared By:

Benjamin Juarez

Report Highlights:

On August 20, 2014 Mexico's President, Enrique Peña-Nieto, announced the creation of the new National Finance of Agricultural, Rural, Forestry and Fisheries Development. This new organization replaces the former "Financiera Rural". The new Program intends to provide all agricultural growers with specified benefits.

General Information:

On August 20, 2014 Mexico's President, Enrique Peña-Nieto, announced the creation of the new National Finance of Agricultural, Rural, Forestry and Fisheries Development. This new organization replaces the former "Financiera Rural".

Also, the President announced a new program of "National Finance", that implies, among other aspects:

- The Mexican countryside is going to have more credit,
- With lower interest rates;
- A longer credit period, and
- With fewer credit requirements.

The new Program will grant 44 billion pesos (roughly U.S. \$3.250 billion) in 2014. The new Program intends to provide all agricultural growers with specified benefits.

Rates lower than 10 percent, which means a saving of up to 40 percent, as the current interest rates are 14 percent.

The new program of the National Finance also provides a special product for small scale farmers, to grant credits for 230,000 pesos (U.S. \$170, 118); at a preferential interest rate of 7 percent. When the credits are for women small scale farmers, the interest rate will be 6.5 percent annually.

The President pointed out farmers will no longer need collateral for credits (i.e. their homes or land). Rather, the collateral will be their crops. In this regard, Peña Nieto stated that the Mexican Government will give the necessary guarantees for loans granted by the private banking system, in order to have the same preferential credit conditions and terms offered by the National Finance.

In addition, the President announced new rules for long-term credit, up to 15 years. In order to properly capitalize on the countryside and that the farmers can invest in equipment, infrastructure, irrigation systems and grain storage areas.

According to private sources, another change with the new National Finance compared with the former "Financiera Rural", is the possibility to obtain direct financing from international developing banks, such as the Inter-American Development Bank. Reportedly, the financing of the "Financiera Rural" had to come from Mexico's Central Bank (Banxico) or through the Trust for Rural Development (FIRA).

The CEO of the new National Finance is the former president of the National Agricultural Council (CNA). The CNA mostly represents the largest producers and processors in Mexico. It is the largest private organization of producers of agricultural products, livestock, food and feed processed products and suppliers of services and inputs related to these activities. Its members generate more than two thirds of the Gross Domestic Agricultural, Livestock and Food and Feed Product, as well of the exports

of these products. Also, the current president of the CNA, stated that with this new Financial Program, small and medium producers have access to loans under a digit, to be paid over a longer period, which could even be twice the age of eight those who are currently employed.

Author Defined:

[Give Us Your Feedback on this Report](#): Please take a moment to answer this brief 6 question survey by clicking on the above link which will take you to a non-U.S. Government website (i.e. SurveyMonkey). Once completed, click on “Done” and we can capture your feedback. We value your opinion and want to provide information that matters to you as it relates to U.S. and Mexico food and agricultural production, trade, demand, and policy. Thank you for your time.

For More Information

FAS/Mexico Web Site: We are available at <http://www.mexico-usda.com.mx> 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.