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Date: 5/24/2001

GAIN Report #MX1079

Mexico

Agricultural Situation

Weekly Highlights and Hot Bites, Issue #17

2001

Approved by:

William L. Brant, AGR Minister-Counselor

U.S. Embassy Mexico

Prepared by:

Todd Drennan and Sal Trejo

Report Highlights:

- Mexico Closes Border Crossing Points for Meat and Live Animals
- Mexican Sugar Producers Complain About Low Prices
- Mexico's Coffee Production Mixed
- Mexico's Announces New Tariff Lines for Corn

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 US Embassy's, or any other US Government agency's point of view or official policy.

MEXICO CLOSES BORDER CROSSING POINTS FOR MEAT AND LIVE ANIMALS

On May 17, 2001, the Mexican Secretariat of Treasury, through its Customs Office, published a resolution that will limit import points of entry for red meat, hoofed animals and animal by-products. The resolution names 25 points of entry made up of selected border points, airports and sea ports that will be the only authorized Customs points of entry for the above mentioned products. It is estimated that the 25 authorized points of entry handle more than 95 percent of imports of these products annually. Nevertheless, there are as many as 54 other points of entry that will be closed. The reason for taking this action was not given. The new policy goes into effect on June 1, 2001. For more information see FAS Attache Reports on FAS' web page, Report MX1073. (Source: FAS/Mexico)

SIDE SUGAR LETTERS ELIMINATED

According to a local newspaper, the U.S. Secretary of Commerce and the Mexican Secretary of Economy agreed to "forget about the side sugar letters," during the ministerial meetings the week of May 14, 2001. Mr. Luis Ernesto Derbez, Secretary of Economy, indicated that both sides were convinced that the side letters were illegal and that they should be eliminated. Since last year, Mexico and the United States have been discussing the interpretation of the sugar chapter in NAFTA and the "side sugar letters" have been a point of controversy. The original NAFTA text established that in year seven (October 1, 2000), Mexico could export the full extent of its net sugar surplus, duty-free, to the United States for that year if Mexico had been a net surplus producer for any two consecutive marketing years since NAFTA implementation. (*Note from FAS/OAA/Mexico: Mexico has been a net surplus producer for more than two consecutive marketing years.*) Mexico wants to export 500,000 MT of sugar, however, the amount being negotiated is between 300,000 MT to 350,000 MT, according to the news report. (Source: *El Financiero*, 5/23/01)

MEXICO'S COFFEE PRODUCTION MIXED

Mexican coffee production for MY2001/02 (Oct-Sept) is forecast to increase by 3.7 percent due to improved inputs and currently moist weather allowing for excellent and abundant initial flowering of coffee plants throughout Mexico's main coffee producing regions. Mexico's coffee production for MY2000/01 is revised downward by 9.4 percent from our previous estimate due

to a severe drop in international prices which have made coffee harvesting in Mexico unproductive and too expensive compared to world prices. For more information see MX1069. (Source: FAS/Mexico City, 5/23/01)

MEXICO'S ANNOUNCES NEW TARIFF LINES FOR CORN

On May 18, 2001, Mexico's Secretariat of Economy (SE) broke out a new tariff line for white corn. Prior to this change, Mexico's tariff schedule for 2001 included all categories of corn not intended for sowing as "Other," except pop corn and sweet corn, which already had their own tariff lines. This new change will not affect the ad valorem tariff rates nor tariff rate quotas (TRQ), which are zero for the first 3,074.7 MT and 127.1 percent on imports over that quantity. While this decree went into effect on May 19, the over-quota import tariff did not go into effect because the TRQ has not yet been filled. The mentioned tariff and TRQ will remain in force until December 31, 2001. For further details see MX1074. (Source: FAS/Mexico, 5/23/01)

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO

Report #	Title	Date Sent
MX1071	Mexico's Highlights and Hot Bites, Issue #16	05/17/01
MX1072	Mexico Announces the List of Authorized Entry Points for Selected Agricultural Products	05/20/01
MX1073	Border Crossing Report 2001	05/22/01
MX1074	Mexico's Announced New Tariff Lines for Corn	05/22/01
MX1075	The Mexican Market for Pet Foods	05/24/01
MX1076	The Mexican Market for Breeding Cattle & Animals Genetics	05/24/01