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Mexico

Agricultural Situation

Weekly Highlights and Hot Bites, Issue #18

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Report Highlights:

- Mexico in the Organic Produce Race**
- Hurricane Adolph Eyes Mexico's Pacific Coast**
- Mexico's Imports of U.S. Beef May be Reduced**
- Mexico's Milk Prices Go Up**
- Mexican Tomato Situation and Outlook**

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 US 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 US 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 IN THE ORGANIC PRODUCE RACE

A recent research publication of Chapingo (the main Agricultural University in Mexico) reveals that the production of organic produce in Mexico has grown considerably in the last ten years. Mexico increased its acreage from 1990 to 2000 by 49.9 percent as a direct response to the global demand for this type of food. Mexico is second to Italy, whose market has grown by 53.7 percent. The lack of a strong demand on the domestic market for organic products forced the Mexican producers to target the foreign markets, implementing organic production systems to produce tropical and winter crops. The Mexican exports for 2000 skyrocketed to US\$139.4 million, four times higher than the levels reached in 1996, offering employment for 16.4 million man hours per year. Chapingo researchers estimate the global demand will increase in the coming years, making a more profitable activity for the production of organic produce. Mexico's main organic produce, in terms of acreage, is coffee, representing 66 percent of total organic products. Corn and sesame seed are the next two most important organic products respectively. Other organic products with less production, but not importance, are honey, mangos, oranges, beans, apples, avocados, bananas and cocoa. (Source: *El Financiero*, May 23, 2000)

HURRICANE ADOLPH EYES MEXICO'S PACIFIC COAST

According to local weather reports, Hurricane Adolph, the first of the new season, raged off Mexico's Pacific coast with winds at 138 mph (230 kph) and gusts of 171 mph (285 kph). The hurricane, already one of the strongest on record for May, was located about 219 miles (365 km) southeast of Lazaro Cardenas in Michoacan state. It was heading in a west northwest direction at about 10 mph (16 kph) up the coast away from Oaxaca and Guerrero toward Michoacan and Colima. Adolph is not expected to hit the coast itself, but heavy rains were forecast to batter the central coastal states of Colima, Guerrero, Jalisco and Michoacan, threatening agricultural crops in those states. (Source: *The News*, 05/30/01)

MEXICO'S IMPORTS OF U.S. BEEF MAY BE REDUCED

On May 22, 2001, the Secretariat of Economy (SE) published in the Mexican Diario Oficial (Federal Register) a final finding in the investigation on the evasion of payment of compensatory duties against exporters of U.S. beef meat, bone-in and deboned, classified in the following tariff lines (HTS #0201.20.99, 0202.20.99, 0201.30.01, 0202.30.01). The investigation is concluded and SE's findings have reduced the number of supply sources for bone-in and deboned beef

exported by Northern Beef Industries to Mexico, which are exempt from paying compensatory duties. For further information see MX1082. (Source: FAS/Mexico, 05/30/01)

MEXICO'S MILK PRICES GO UP

According to a local newspaper, the government news agency Notimex reported that this week Mexico City Mayor, Andres Manuel Lopez Obrador, criticized the 50-centavo (US\$0.06) per liter price hike slapped on milk distributed by the federal government-run Liconsa chain. Liconsa last week announced the price of its milk would increase from \$3 pesos (US\$0.33) to \$3.50 pesos (US\$0.39) per liter, touching off a wave of discontent. Lopez Obrador dubbed the move, "a serious blow to the most needy sectors of the city," and vowed to meet with federal officials in an effort to seek alternatives. (Source: *The News*, 05/31/01)

MEXICAN TOMATO SITUATION AND OUTLOOK

Fresh Mexican tomato production for MY 2000/01 (October/September) is expected to increase based on timely rainfall and slightly more area planted than previously expected. Growers anticipate that exports for MY 2000/01 will be similar to those of MY 1999/00. In MY 1999/00, winter tomato export prices fell as low as the reference price of US\$5.27 per box. To prevent going below this price, tomato exports had to be reduced. The Tomato Suspension Agreement between the United States and Mexico will end in October 2001 and U.S. authorities are currently revising the Agreement. Tomato paste production for MY 2001/02 is expected to decrease due to high stocks in the international market. Mexican exports are expected to continue to be down in MY 2001/02. For additional information see Report MX1081. (Source: FAS/Mexico)

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO

Report #	Title	Date Sent
MX1079	Weekly Highlights and Hot Bites, Issue #17	5/24/01
MX1080	Exporter Guide for the Mexican Market	5/25/01
MX0181	Tomatoes and Products Semi-Annual Report	5/30/01
MX1082	Mexico's Final Resolution on the Evasion of Compensatory Duties on Beef Imports	5/31/01