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Mexico

Agricultural Situation

Mexico's Weekly Highlights and Hot Bites, Issue #20 2001

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Report Highlights:

Mexican Economy Lost 400,000 jobs Since Nov; *Mexico Tightens Re-Export Program; *More Supports for Mexico's Livestock Industry; *U.S. Ends Dumping Case Against Mexican Grapes; *Mexican President Launches Big Plan for Micro-Credits; *Auction for Import Permits for Selected Agricultural Products.

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 TIGHTENS RE-EXPORT PROGRAM

On June 13, 2001, Mexico's Secretariat of Economy (SE) announced reforms to its re-export program, which is known by its Spanish initials as "PITEX." This program allows products to be imported duty-free provided they are re-exported as a processed product within three months. Under the recent reforms, the following products are no longer eligible to participate in the program: 1) shortening (0209.99.99); 2) dry beans (0713.33.99); 3) pig fat (including lard) and poultry fat other than that of heading 0209 or 1503); 4) animal fats and oils and their fractions. The products that remain eligible for the program are as follows: 1) poultry meat and mechanically deboned meat (MDM); 2) table eggs; 3) hatching eggs; 4) certain types of coffee; 5) sugar; 6) fructose; and, 7) plywood. (Source: Diario Oficial 06/13/01) (FAS/Mexico Comment: It was widely known in the trade that some importers of the products eliminated from the program were not complying with the re-export requirement. End Comment.)

MORE SUPPORTS FOR MEXICO'S LIVESTOCK INDUSTRY

On June 11, 2001, FAS/Mexico staff attended the Mexican Cattleman's Association's 65th Anniversary in the Gulf coast city of Tampico, Tamaulipas. The conference was opened by the Agriculture Secretary, Javier Usabiaga and by the governor of the state of Tamaulipas, Tomas Yarrington. Once again, the government reinforced its unconditional support for the Mexican livestock industry and Secretary Usabiaga, became the first Secretary of Agriculture to make a formal presentation on the supports offered by the Mexican government through SAGARPA to Mexico's livestock industry. Through diverse strategies, the Federal Government seeks to eliminate the "middlemen" so that cattlemen and farmers' products reach the market directly and retained a greater percentage of the profit. Furthermore, SAGARPA has implemented several technical assistance programs infected to modernize Mexico's livestock industry, including improvement of pastures, infrastructure, genetics and, very shortly, an intensive program to promote Mexican agricultural products. (Source: FAS/Mexico, 06/13/01)

MEXICAN ECONOMY LOST 400,000 JOBS SINCE NOVEMBER 2000

According to Mexico's Finance Secretary, Francisco Gil Diaz, the Mexican economy has lost more than 400,000 jobs since November 2000. Moreover, he indicated that Mexico's economy will continue to slow during the second quarter of 2001. "We continue to be impacted by the deceleration in the U.S. and the economy continues to be weak, " Gil Diaz told reporters after a speech to the American Chamber of Commerce of Mexico. Mexico's economy slowed sharply in

the first quarter, with gross domestic product expanding by only 1.9 percent, compared to the 6.9 percent pace reported in 2000. (Source: El Financiero, El Economista, Reforma, 6/13/01)

U.S. ENDS DUMPING CASE AGAINST MEXICAN GRAPES

Local Mexican newspapers reported that the United States International Trade Commission (ITC) determined on June 11, 2001, that there was not sufficient evidence to support the U.S. grape industry's claim that it is materially threatened by imports of Mexican or Chilean spring table grapes. According to local press stories, the petitioners charged that these imports contributed to a price decrease of table grapes of approximately 40 percent. Mexican government officials argued that the U.S. producers were demanding the dumping investigation based on a seasonality condition which, according to them, is not WTO legal. Furthermore, the petition was presented by 18 producers from California, which, according to the local press, were not representative of the total U.S. table grape industry. Mexican table grapes are exported to the United States approximately from April 1 to June 30. It is not clear whether the US grape industry can or will appeal the ITC decision. (Source: The News, Reforma, El Economista, El Financiero, 06/12/01)

MEXICAN PRESIDENT LAUNCHES BIG PLAN FOR MICRO-CREDITS

On June 13, 2001, Mexico's President, Vicente Fox, announced a centerpiece program for his government's anti-poverty campaign: a micro-credit program meant to sow miniature capitalists across the country. "This program is the basis of a new model of growth for Mexico," Fox said during a ceremony at Los Pinos, the President's official residence. He said it would "democratize the economy" by allowing people in the poorest parts of the country to get small loans that will allow them to open their own "changarros" (slang for small businesses). The government is establishing a trust fund that will help finance and give advice to tiny credit circles that will offer small loans, often less than US\$100. The program is to start with a budget of 200 million pesos (approximately US\$22.0 million), most of it aimed at 25 existing micro-lending organizations. The government said it will make about 40,000 small loans this year, covering 640 municipalities, most of them among the country's poorest. Many Mexicans make even less than the official minimum wage of roughly US\$4 per day, and most make less than US\$10 per day, a factor that leads most traditional credit institutions to ignore them. (Source: El Financiero, El Economista, El Universal, 6/13/01)

AUCTION OF PERMITS FOR SELECTED AGRICULTURAL PRODUCTS

The Secretariat of Economy (SE) announced that it will auction off import permits for several agricultural products. On June 27, 2001, the SE will conduct an auction for permits (cupos) to import 5,507 MT of U.S. pig fat and oils (except product not for human consumption) as established under the NAFTA tariff rate quota (TRQ) system. The permits will be valid for the period July 1-September 15. On June 28, 2001, the SE will auction off permits (cupos) to import 5,000 kilograms of duck, goose or guinea meat (cut in pieces; fresh, chilled or frozen) from the United States. In addition, the SE will auction off permits (cupos) to import 1,004.25 metric tons (1.5 million dozens) of shell table eggs (excluding fertile eggs) from the United States in 2001. Lastly, also on June 28, 2001, the SE will conduct an auction for permits (cupos) to import 230,000 Kgs. of milk powder duty-free. For additional information see FAS/Mexico reports MX1087 and MX1088. (Source: Diario Oficial, 05/30/01)

REMINDER FOR PUBLIC COMMENTS ON PENDING PROPOSED REGULATIONS

There currently are no proposed regulations on which to comment.

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO

Report#	Title	Date Sent
MX1084	Weekly Highlights & Hot Bites, Issue #19	06/07/2001
MX1085	Mexico's New Over Quota Imports Tariff for Corn, Barley and Malt.	06/07/2001
MX1086	Cotton Annual Report (Only the PS&D table)	06/08/2001
MX1087	Auction of Permits to Import U.S. Table Eggs	06/13/2001
MX1088	Auction of Import Permits for Duck, Goose, and Guinea Meat	06/13/2001
MX1089	New Estimated Prices for Softwood Plywood	06/13/2001
MX1090	Auction of Permits to Import Milk Powder Set for June 28	06/13/2001
MX1091	Auction of Permits to Import Pork Fat and Oils Set for June 27	06/13/2001

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USEFUL MEXICAN WEB SITES

Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at www.sagar.gob.mx and Mexico's Secretary of Economy can be found at www.secofi.gob.mx. These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.