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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
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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.

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FOX TO SPEND 10.8 BILLION PESOS TO AID FARMERS

According to a newspaper article, President Vicente Fox said his administration would spend 10.8 billion pesos (US\$982 million) aiding farmers this year. Fox made the statement at a meeting of AMSDA, the Association of the States' Agricultural Secretaries on March 1, 2004. Fox said the funds will "work in a decentralized manner with a federalist spirit." He further stated, "The majority of the funds are transferred directly to the state trusts and managed there, by local authorities, by the farmers." (Source: *International Edition of the Miami Herald, Mexico News, 3/2/04*)

MEXICO'S FIRST 2004 AUCTION OF U.S. DRY EDIBLE BEANS

On March 5, 2004, the Secretariat of Economy (SE) announced in Mexico's Federal Register (*Diario Oficial*) the 2004 NAFTA tariff rate quota (TRQ) for dry beans from the United States and Canada. Also on March 5, 2004, SE separately announced in the *Diario Oficial* that it would conduct the first auction of permits to import 22,399 MT of U.S. dry edible beans on April 2, 2004. This quantity represents one-third of the total NAFTA tariff-rate quota (TRQ) for CY 2004. The auction for the last two-thirds will be held on June 1st or the next business day (for further information, see MX4034). The 2004 NAFTA TRQ, which is available to the United States and Canada, is set at a minimum access of 67,196 MT. (Sources: *Diario Oficial* and *La Jornada, 3/05/04*)

MEXICO RELAXES BAN ON U.S. POULTRY

The Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) reported on Monday, March 8, 2003, that Mexico has partially lifted a ban on poultry products from the United States, easing an embargo initiated about two weeks ago after an outbreak of bird flu in neighboring Texas. A ban continues on all poultry products from U.S. states where avian flu has been detected, including Texas, Maine, Virginia, Connecticut, Pennsylvania, West Virginia, California, Delaware, North Carolina, New Jersey and Maryland. On February 24, 2004, SAGARPA announced a ban on imports of live birds, eggs and poultry products, with the exception of some cooked products, from throughout the United States. The United States exported about US\$141 million in turkey and US\$104 million in chicken to Mexico last year, said Toby Moore, spokesman for the U.S. Poultry and Egg Export Council, a trade group based in Stone Mountain, Georgia. Moore could not say how much of that commerce would be restored by the newly allowed exports. Moore added that Mexican companies process some of the U.S. poultry exports into sausage and cold cuts for Mexico's domestic market. "The Mexican meat processors are screaming because they are completely

out of raw material," he said. The avian viruses discovered in the United States are not a threat to humans. (Sources: *El Financiero*, *Reforma* and *La Jornada*, 3/09/04)

TWO EXPROPRIATED SUGAR MILLS BACK TO OWNERS

According to a bulletin from the Secretariat of Agriculture, the Federal government returned two of the four sugar mills that the Grupo Azucarero Mexico (GAM) won back last February. The government returned the sugar mills "El Dorado" in Sinaloa, and "Jose Maria Martinez" in Jalisco, on March 2 and 3, complying with the Federal Court stipulations. The Federal government indicated that they returned the mills with a healthy administration, in full operation and with a healthy working relationship with producers. (Source: SAGARPA Bulletin No. 061/04 and 063/04)

MEAT CONTRABAND DETECTED IN MEXICO

According to a local newspaper, producers, companies and legislators alleged that nearly 70,000 metric tons of beef meat from the United States entered Mexico as contraband in the last two months. Luis Antonio Ramirez, Secretary of the Treasury Committee at the Chamber of Deputies, said that the entrance of this product was detected at the border crossing points of Nuevo Laredo and Ciudad Juarez. The General Administration of Customs suspects that the contraband meat is of U.S. origin, but is being shipped from Canada. Mexican customs has offered to inspect all beef shipments very carefully to avoid contraband shipments in the future. (Source: *Reforma*, 2/27/04)

MASTERCARD TAKES OFF

MasterCard credit cards were used in over 346.6 million transactions totaling 33.7 billion pesos (US\$3.2 billion) in 2003. These were increases of 39 and 25.7 percent, respectively, compared with 2002. Over 15.8 million MasterCards have been issued in Mexico. According to MasterCard of Mexico, Mexico accounts for almost 64 percent of all MasterCard transactions in Latin America and the Caribbean. Overall credit card use is expected to continue to grow in Mexico as banks continue to push credit cards and more and more merchants accept them. (Source: *El Financiero*, 3/4/04)

MEXICO TO ATTEND FOOD EX 2004 FAIR IN TOKYO

SAGARPA announced that for the first time, agricultural producers from Mexico would attend the FOOD EX 2004 Fair in Tokyo, Japan, headed by the Secretary of Agriculture, Javier Usabiaga. The Mexican Pavilion, MexBest, will exhibit fresh fruit and vegetables, beef and chicken meat, fish and other processed products from March 9 to 12, 2004. Products that already have a presence in Japan are the following: avocados, cabocha zucchini, asparagus, Persian limes, cantaloupe, broccoli and mangoes. (Source: SAGARPA Bulletin No. 064/04)

NEW HOTEL INVESTMENTS IN MEXICO

Spanish hospitality firm, NH Hotels, is projected to spend US\$30-40 million opening three new hotels in Mexico in 2004. The hotels will be in the Historical Center of Mexico City, in downtown Puebla and in Ecatepec in the State of Mexico. These new investments come on the heels of NH Hotels' construction of new hotels in the resorts of Cancun, Ixtapa and Puerto Vallarta in 2003. NH Hotels owns 15 hotels in Mexico and enjoyed a 60-percent overall occupation rate in 2003. (Source: *El Financiero*, 3/2/04)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

Number	Title	Date
MX4030	Weekly Highlights & Hot Bites Issue #9	3/2/04
MX4031	Auctions for Dairy Preparations	3/5/04
MX4032	Milk Powder Auction	3/5/04
MX4033	Gain & Feed Annual Report	3/5/04
MX4034	Mexico's First Auction of U.S. Dry Edible Beans	3/5/04

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