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

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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.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

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GOVERNMENT OF MEXICO WILL PROMOTE MEXICAN TABLE GRAPES

The Government of Mexico (GOM) will invest US\$1.5 million in 2004 to promote table grapes from the state Sonora, which sells 69 percent of this product in the United States. Grapes from this season have been certified for the first time with the seal of "Mexico Supreme Quality." The great majority of Mexican producers and exporters do not identify their products with brands, labels or theme. The GOM wants to reverse this trend, starting with fruits and vegetables, to improve the image and recognition of Mexican products in international markets. (Source: *El Economista*, 7/27/04)

AUTHORIZED MEXICAN BORDER POINTS OF ENTRY FOR MEAT AND EDIBLE OFFALS

The Secretariat of the Treasury (SHCP) announced in the *Diario Oficial* (Federal Register), on July 22, 2004, the addition of paragraph XX to Annex 21 of the General Regulations on Foreign Trade for 2004, which contains the authorized ports of entry for U.S. meat and edible offals from the cattle, pork, sheep, and goat species and all other meats and offals:

0201.10.01, 0201.20.99, 0201.30.01, 0202.10.01, 0202.20.99, 0202.30.01, 0203.11.01, 0203.12.01, 0203.19.99, 0203.21.01, 0203.22.01, 0203.29.99, 0204.10.01, 0204.21.01, 0204.22.99, 0204.23.01, 0204.30.01, 0204.41.01, 0204.42.99, 0204.43.01, 0204.50.01, 0205.00.01, 0206.10.01, 0206.21.01, 0206.22.01, 0206.29.99, 0206.30.01, 0206.30.99, 0206.41.01, 0206.49.01, 0206.49.99, 0206.80.99, 0206.90.99, 0207.11.01, 0207.12.01, 0207.13.01, 0207.13.02, 0207.13.03, 0207.13.99, 0207.14.01, 0207.14.02, 0207.14.03, 0207.14.04, 0207.14.99, 0207.24.01, 0207.25.01, 0207.26.01, 0207.27.01, 0207.27.02, 0207.26.02, 0207.26.99, 0207.27.03, 0207.27.99, 0208.10.01, 0208.90.99, 0210.11.01, 0210.12.01, 0210.19.99, 0210.20.01, 0210.99.01, 0210.99.99 and 0504.00.01.

The custom ports of entry continue to be the same as those allowed by the meat and edible offal import requirement sheets (HRZ) issued by the Secretariat of Agriculture, and are, as follows: Agua Prieta, Cancun, Ciudad Juárez, Colombia, Manzanillo, Matamoros, Mexicali, Nogales, Nuevo Laredo, Piedras Negras, Reynosa, San Luis Río Colorado, Tijuana, and Tuxpan. No adverse impact on imports of U.S. meat and edible offals from the bovine, porcine, ovine, and caprine species is expected. (See MX4094) (Source: OAA Mexico City, 7/27/04)

U.S. PLANTING SEEDS STILL DOMINATE THE MEXICAN MARKET

Mexican seed imports in CY 2003 totaled US\$442 million, up from US\$354 million the previous year, due to increased areas planted in vegetables that were destined for the export market, especially in the United States. The United States captured 46 percent of the

market, exporting US\$204 million worth of seeds to Mexico. The value of seed exports from Mexico decreased 6 percent from the previous year to US\$95 million. (See MX4082) (Source: OAA Mexico City, 7/27/04)

MEXICO'S TREE NUT (PECANS) PRODUCTION CONTINUES UPWARD

Mexico's MY2004/05 pecan crop is forecast at 68,000 MT, 3 percent higher than the previous year's revised level as more normal weather is expected to boost harvest prospects. A 3.1 percent rise is expected over our previous estimate for the MY2003/04 crop, as more new trees come into production and farmers continue applying quality inputs to offset lack of water, especially those farmers who do not have wells on their orchards. Exports in MY2003/04 are expected to total 46,215 MT, 6.6 percent below our previous figure for the same period, and reflecting increased domestic consumption. (Source: OAA Mexico City, 7/27/04)

MEXICO'S BEEF PRODUCTION EXPECTED TO GIVE WAY TO U.S. IMPORTS IN 2005

CY 2005 beef production is forecast to decrease slightly, due to an expected increase in U.S. beef imports as a result of recently implemented and increased risk mitigation measures for BSE in the United States. CY 2004 beef production is expected to remain at relatively high levels, due to the continued ban on imports of live cattle, bone-in beef and other beef derived products from the United States due to BSE concerns. For CY 2004, strong export performance is expected for live cattle and to a lesser extent for beef, as the Japanese market begins to open up for Mexican beef. For both CY 2004 and CY 2005, hog imports are expected to remain at near-record levels as the industry takes advantage of protein demand fueled by the ban on selected beef imports. (See MX4095) (Source: OAA Mexico City, 7/27/04)

MEXICAN PORK PROCESSORS PREFER IMPORTING FINISHED PRODUCTS

According to a local newspaper, Adolfo Duran, President of the Processed Meat and Cold Cuts Sector of the National Chamber of Transformation (CANACINTRA), said 30 percent of the pork meat processors of sausages, hot dogs and other products located in the state of Mexico find it more profitable to import finished products and sell them in the market. Since hog cholera has not yet been eradicated from this area, the processing plants registered in the state of Mexico and Mexico City have reduced their production capacity by 50 percent and to offset this drop, have resorted to importing processed products. (Source: *Reforma*, 07/26/04)

U.S. AND MEXICAN POULTRY PRODUCERS WORKING FOR TRADE FAIRNESS

Ten years after the signing of NAFTA, non-tariff trade and sanitary barriers have made exports of Mexican poultry products to the United States difficult. Therefore, the National Association of Poultry Producers from Mexico is working on a Memorandum of Understanding with USA Poultry & Egg Export Council (USAPEEC) to promote fair trade and establish clear science-based regulations. This agreement between industries should be ready in three or four months. (Source: *El Financiero*, 7/26/04)

FIRST GREAT AMERICAN FOOD AND WINE FEST IN CANCUN

During August 2004, ATO/Mexico City will coordinate the first GREAT AMERICAN FOOD AND WINE FEST in Cancun. During this promotion over ten different cooperators will actively participate with the ATO. Since the beginning of the year, the ATO has coordinated seven seminars in the area, two chef contests and three mini menu promotions. This festival will

be the last event of the year and the ten most popular restaurants in the Cancun area will participate: The Palm, The Porterhouse, The Royal Bandstand, The Blue Bayou, The Outback, The Margarita Ville, Pat O'Brians, Ruth Chris, Lorito Joe's Crab House and The Hong Kong. A special menu has been designed by the executive chef of each restaurant incorporating U.S. products such as beef, veal, lamb, pork, duck, cheese, rice, potatoes, fresh and processed fruits, soybean oil, wine and other products. This event is the first of its kind in the area and is expected to be a great success. (Source: ATO Mexico City, 7/27/04)

U.S. PAVILION AT ALIMENTARIA '04 FOOD TRADE SHOW

The USDA's Agricultural Trade Office (ATO) in Mexico City in conjunction with the AGX Trade Show Office organized a small U.S. Pavilion for three days at ALIMENTARIA 2004. The ALIMENTARIA food trade show was held June 9–11, 2004, in Mexico City. Four companies, two of which were new to the market, and one organization were located in the U.S. Pavilion. Participants reported US\$1.2 million in projected 12-month sales. (Source: ATO Mexico City, 7/27/04)

MEXICO DEMANDS ELIMINATION OF SUBSIDIES

"Mexico is looking for a fair negotiation before the World Trade Organization by conditioning the multilateral tariff rate reduction as a response to a possible elimination of subsidies of agricultural exports," said Angel Villalobos, Under Secretary for International Commercial Negotiations, Secretariat of Economy. Under Secretary Villalobos added, "Mexico considers the elimination of export subsidies as a key to reduce domestic support substantially and be able to have access to markets." After the failed 5th WTO Ministerial in Cancun, Mexico, last September, WTO members agreed to set July 30, 2004, as the due date for the issuing of a general text, which would not include specific topics but directives that most of the country members must commit to. Currently, Mexico applies an average tariff rate of 10.3 percent to agricultural imports from the other 147 WTO members. (Source: *El Economista*, 7/23/04)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX4090	Weekly Highlights & Hot Bites, Issue #28	7/20/04
MX4091	Ports of Entry for Poultry Products	7/22/04
MX4092	Additional Port of Entry for Imported Apples	7/22/04
MX4093	Mexico Announces the NAFTA Tariff Rate for 2004 Out-of-Quota U.S. Yellow Corn Imports	7/22/04
MX4094	Authorized Mexican Border Entry Points for Meat and Edible Offals	7/23/04
MX4095	Livestock Annual Report	7/23/04

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