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Report Highlights:

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- THE ECONOMY MINISTRY DENIES SUPPORT FOR MEXICAN PAPER COMPANY
- MEXICO'S BEEF EXPORTS TO KOREA ARE SUSPECTED OF CONTAINING BEEF OF U.S. ORIGIN
- A SOLUTION FOR THE COFFEE SECTOR
- SOLUTION FOR WEAKNESSES IN MEXICO'S CORN SECTOR

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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MEXICAN EXPORTERS RECOVER MORE THAN US \$10 MILLION UNDER THE DRC

The mechanism of mediation and arbitration for the fruit and vegetable trade that Mexico developed since 2003 has been beneficial. Between 2003 and 2004 more than US\$10 million has been recovered from fruit and vegetable importers who have been forced to comply with their contract provisions. The Director of the Fruit and Vegetable Dispute Resolution Corporation (DRC) in Mexico, Luis Alberto Cruz, indicated that this corporation, which has its counterparts in Canada and the United States, allows exporters a kind of "insurance" for their exports, because payment conditions, quality and sale prices, as specified in the contract, are being defended in the DRC. (Source: Financiero 8/10/04)

THE ECONOMY MINISTRY DENIES SUPPORT FOR MEXICAN PAPER COMPANY

The Economy Secretary, Fernando Canales-Clariond, denied that, with the imposition of compensatory import duties on U.S. and Canadian newsprint, the Mexican company PIPSA is being strengthened as a monopoly. Moreover, he denied that this measure goes against NAFTA. The restrictive measure of imposing provisional compensatory quotas from 5.51 percent up to 18.18 percent on newsprint imports from the United States and Canada, was given after an investigation was requested by the National Chamber of the Cellulose and Paper Industries – the chamber which represents PIPSA and other companies. (Source: Reforma; 08/12/2004)

MEXICO'S BEEF EXPORTS TO KOREA ARE SUSPECTED OF CONTAINING BEEF OF U.S. ORIGIN

According to a local newspaper, Mexico's incursion in beef export markets is threatened by an incident which took place on July 28, 2004, when South Korean authorities alleged that a Mexican shipment of 38 metric tons of beef contained 277 kgs. of U.S. origin beef. This illicit activity alerted the Korean Ministry of Agriculture and Forestry, which decided to cancel the license given to the Mexican company that was authorized to export beef to South Korea. According to the Korea Times, if this activity continues, Korea will ban all imports of beef from Mexico. (Source: El Financiero, 08/10/04)

A SOLUTION FOR THE COFFEE SECTOR

Rene Avila, International Affairs and Promotion Coordinator at the Mexican Coffee Council (CMC) said that promotion is the key to support the Mexican coffee industry. Moreover, Avila said "to face the dramatic arena that Mexican coffee industry is currently confronting, we must promote the domestic consumption. If the common Mexican would consume more

coffee there would not be a need to export this product." In 1997. Mexican per capita consumption was 700 grams but for 2004 per capita coffee consumption increased to 1,200 grams due to market promotions. "The challenge is to increase domestic per capita consumption to 2 kg", Avila said. Producers, traders and distributors are in search of new market niches for coffee like cookies, liquors and jelly because they know that an increase in coffee consumption would complement the efforts applied in the producing chain. (Source: El Universal; 08/16/2004)

SOLUTION FOR WEAKNESSES IN MEXICO'S CORN SECTOR

According to SAGARPA, there are flaws in the organization, regulatory scheme, infrastructure, financing and market linkages that limit the competitiveness of Mexico's corn producers. The Secretariat states that these weaknesses should be addressed before 2008, when corn trade will totally liberalized under the North America Free Trade Agreement. SAGARPA proposes a public-private alliance guaranteeing Mexico's corn production viability, which would include: infrastructure development, productivity increases, and closer linkages between buyers and sellers. The alliance also includes a regulatory scheme and an institutional market support. (Source: El Financiero; 08/16/2004)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX4100	Weekly Highlights & Hot Bites, Issue #31	8/11/04
MX4101	Poultry Annual Report	8/13/04
MX4102	Tree Nut Annual Report	8/13/04

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