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Report Highlights:

More Possible Changes In The Fox Cabinet*Who Will Conduct The National Agreement On Agriculture's Study on NAFTA*SAGARPA Says it Has Fulfilled 97% Of The National Agreement On Agriculture*Farm Group Requests More Dialogue On The Countryside*Disagreement Over The National Agreement On Agriculture*New Forest Strategies*Safeguard Damages The Poultry Sector*Mexican Tourism Activity Reaches Record Numbers

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.

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MORE POSSIBLE CHANGES IN THE FOX CABINET

Sources in "Los Pinos" (the Mexican White House) revealed that President Fox is considering at least three changes in his cabinet. Although they didn't reveal the names, they said that the changes could occur between September and December of this year. For the time being, the President will carry out an exhaustive review of the Secretaries' performance and will also evaluate other members of his staff. (Source: *El Universal*, 8/8/03)

WHO WILL CONDUCT THE NATIONAL AGREEMENT ON AGRICULTURE'S STUDY ON NAFTA?

The Procampo coordinator, Juan Antonio Fernandez-Ortiz, stated that a private firm has already obtained, through public bidding, the responsibility for preparing an analysis of the NAFTA agricultural chapter as registered in the National Agreement on Agriculture (ANC). This analysis was called for in the ANC and is to be completed no later than December 31, 2003. Leonardo Torre, advisor coordinator of the Secretariat of Economy, said that they are still defining the bidding process and rules, and they have not considered what private firms could participate. Max Correa, the coordinator of the Permanent Agrarian Congress (CAP), stated that they rejected the way the GOM is seeking to make this NAFTA evaluation (through a private firm). The CAP considers that this evaluation should be made through a public consultation among farmers and academics. (Source: *EL Financiero*, 7/6/03)

SAGARPA SAYS IT HAS FULFILLED 97% OF THE NATIONAL AGREEMENT ON AGRICULTURE

The Secretary of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced that in the three months since the ANC was signed, it has fulfilled 97.5% of the Agreement's requirements. (Source: *Reforma*, 8/11/03)

DISAGREEMENT OVER THE NATIONAL AGREEMENT ON AGRICULTURE

Since the signing of the ANC, a little more than three months ago, the implementation process has generated controversy. While the GOM insists that it has fulfilled 92 percent of ANC provisions, farmer organizations say that the interpretation of the operational rules of the programs encompassed in the ANC have prevented the allocation of the emergency budget funds and caused problems in agricultural regions. (Source: *El Financiero*, 8/8/03)

FARM GROUP REQUESTS MORE DIALOGUE ON THE COUNTRYSIDE

Martin Solis Bustamante, leader of "El Barzon," pointed out that the National Agreement on Agriculture has been a deceit. Therefore, he asked to reactive the agriculture dialogue with the Federal Government. Solis stated that the GOM constantly defends its adherence to the proposal in a way that subordinates Mexico to the United States, "showing that the GOM is light years from any notion of an economic proposal inspired by national interests," he said. (Source: *Milenio*, 8/10/03)

NEW FOREST STRATEGIES

The head of the National Forest Commission, Alberto Cardenas-Jimenez, announced three new programs that would increase competition in the forest sector. He said that the new programs are: Forest Competitiveness Program, Program for Education and Forest Training, and the system e-Forest. During the announcement, Cardenas Jimenez explained that the Competitiveness Program recognizes how difficult it is for this sector to compete given globalization, world recession, NAFTA, and other free trade agreements signed by Mexico. (Source: *Milenio*, 8/8/03)

POULTRY SAFEGUARD DAMAGES THE POULTRY SECTOR

According to Carlos Gonzalez-Garza, Vice-President of Foreign Trade of the National Poultry Producers Association (UNA), the conditions that were negotiated in the safeguard for imported U.S. chicken leg quarters, are not benefiting the Mexican poultry industry, and might even place some farms at risk. He explained that when negotiating the safeguard, Mexican authorities consented to U.S. pressures to eliminate the "HI" test, which detects the low pathogenic Avian Influenza virus in poultry. (Source: *Reforma*, 8/8/03)

MEXICAN TOURISM ACTIVITY REACHES RECORD NUMBERS

According to Secretary of Tourism Rodolfo Elizondo, revenues from tourism reached US\$4.9 billion dollars in the first half (January-June) of 2003. The sector has seen an increase in employment, registering 1,767,000 jobs at the close of June 2003; that is, about 10,000 more than December 2002. Although the country welcomed 10.5 percent less tourists in the first half of the year as compared to the same period of 2002, average visitor expenditures rose 20.3 percent from US\$342 to US\$411 dollars. Elizondo announced that a discussion and analysis forum would be held in October with the purpose of reviewing the sector's potential. (Source: *El Financiero*, 8/12/03)

IN THE PAST 40 YEARS, 17 MILLION MEXICANS LEFT THE COUNTRY

The National Population Council's study on Migration in Mexico and the World pointed out that according to statistics over the last 40 years, the current population of Mexico diminished by more than 17 million people. If this migratory phenomenon had not happened, Mexico would have a population of more than 120 million people today. The Council specified that the main destination for Mexican immigrants is the United States where approximately 9.5 million Mexicans reside. (Source: *Milenio*, 8/11/03)

REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY

Number	Title	Date
MX3104	Hot Bites Issue #38	8/6/03
MX3105	SAGARPA's New Import Requirements for U.S. Potatoes	8/6/03

MX3106	SAGARPA's New Import Requirements for U.S. Grains at Veracruz Port	8/8/03
MX3107	Tree Nut Annual Report	8/12/03

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