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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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LITTLE ADVANCE ON NAFTA AGREEMENTS

Representatives of Mexico, the United States and Canada could not resolve some of their main trade disputes during the tenth annual meeting of the three NAFTA partners that finished on Tuesday October 7, in Montreal. Mexico's Secretary of Economy, Fernando Canales, stated: "We have differences in cases like sugar, high fructose corn syrup, apples, tuna-fish and transport." Canales added that he tried without success to raise the issue of the National Agreement on Agriculture, which attempts to protect white corn and dry beans in Mexico. (Source: Reforma, El Financiero and El Universal; 10/08/2003)

SENATORS ARE CONCERNED WITH SUGAR IMPORTS

A group of Senators in Mexico endorsed a proposal to prevent sugar imports through the refined sugar quota authorized by the Secretariat of Economy on September 26. This proposal will be analyzed and discussed in the Senate. Senator Joaquin Cisneros, from Tlaxcala, indicated that before importing sugar, priority should be given to the use of Mexican corn to produce HFCS that can be used by the PITEX (re-export) industry. The Senator added that the Executive branch should not under any circumstance authorize sugar imports, as that will displace corn producers in Mexico. (Source: Reforma 10/08/03)

MEXICO NEGOTIATES PREFERENTIAL TREATMENT ON BIO-TERRORISM LAW IMPLEMENTATION

Mexico is negotiating with the U.S. government for more flexibility in the implementation of some regulations pertaining to the Bio-Terrorism Law. An official from the Secretariat of Economy explained that the objective is to reach a "just balance" so that Mexican exports of perishables are not damaged once this law is in force on December 12. He added, that during the previous week a group of Mexican officials traveled to Ottawa and Washington to exchange views about the Bio-Terrorism Law. The Vice-President of the Association of Custom Officials, (CAAREM) indicated that not even 50% of food exporters will be able to comply with the requested measures of the law. He believes that problems will arise in the Nogales, Reynosa and Tijuana borders, because perishable products cannot be left at the border. (Reforma 10/07/03)

U.S. SENATORS ACCUSE MEXICO OF IMPOSING TRADE BARRIERS

A group of U.S. Senators sent a letter to the Government of Mexico, expressing its "growing concern" over Mexican barriers to U.S. agricultural exports. The letter was signed by eight Senators from the Finance Committee. (Source: El Universal, La Jornada; 10/07/2003)

JAPAN UNLIKELY TO OK TARIFF-FREE MEXICO PORK QUOTA

Japan will not accept a tariff-free quota for pork imports if Mexico proposes it in ongoing negotiations over a bilateral free trade agreement, a senior Japanese farm ministry official said Monday. "It's difficult to accept it," Yoshiaki Watanabe, vice minister for agriculture, forestry and fisheries, told reporters. The talks are proceeding with difficulty due to differences over ways to deal with some sensitive farm products, particularly pork exports from Mexico. Mexico initially demanded that Japan include pork in a list of farm products to be tariff-free. But Japan wanted to exclude pork from the list, saying it needs to protect domestic pork farmers. (Source: El Independiente; 10/07/2003)

THE UNITED STATES LIMITS CROSSING OF FOOD PRODUCTS

The U.S. Law against bio-terrorism that takes effect on December 12, threatens to block Mexican exports of fresh and industrialized food, experts noted. The law will affect about seven thousand Mexican food exporters. (Source: Reforma; 10/05/2003)

AGRICULTURE EXPORTERS REQUEST FLEXIBILITY ON BIO-TERROR

Domestic agricultural producers requested support and flexibility with the implementation of the U.S. Bio-terror Law. The U.S. Law will go into effect in December 2003. Rolando Drain, Vice-President of the National Agriculture Council, pointed out that the United States should consider the concerns of Mexican exporters. (Source: Reforma; 10/06/2003)

EXPORTS DRIVE HIGHER WAGES: SECRETARIAT OF ECONOMY

A Government of Mexico report states that NAFTA has been good for trade and industry in Mexico. It also indicates that export jobs pay higher wages than the national average. (Source: Milenio; 10/06/2003)

ANOTHER NAFTA ASSESSMENT

According to the National Chamber of the Transformation Industry (CANACINTRA), after 10 years of NAFTA the status of micro, small, and medium-sized Mexican companies is mixed. CANACINTRA states that many have been lost because of the "indiscriminate opening" of Mexico's market without planning and without internal industrial and foreign trade policies. Large companies have obtained the best results in trade according to CANACINTRA's evaluation of NAFTA. (Source: Milenio; 10/06/2003)

SUPPORT PROGRAMS FOR MEXICO'S AGRICULTURE

On September 15, 2003, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced the specific guidelines establishing the mechanisms to provide supports to producers of corn, wheat, sorghum, barley, pasture grass, beans, cotton and oats during the 2002/2003 fall/winter planting season.

These specific guidelines are based on the general Operational Regulations that SAGARPA published for several support programs on June 17, 2003. The new program is a result of

Mexico's recent National Agreement on Agriculture (see MX3067 and MX3087) and the Agricultural Armor program it announced in late 2002 (see MX2173). According to these Operational Regulations, the objective of these programs is to provide price certainty to farmers, increase their market competitiveness and, consequently, their economic profitability. Other objectives are to encourage farmer diversification and integration into agricultural food chains, and regional development. (See MX3131). (Source: OAA, Mexico City, 10/3/03)

SCIENTISTS ANALYZE UTILITY OF TRANSGENIC PRODUCTION IN MEXICO

U.S. and Mexican scientists initiated the first of a series of meetings to determine whether Mexico should produce genetically modified organisms. Summoned by the Mexico-United States Foundation for Science (FUMEC), the experts agreed that Mexico is in a difficult position because of its position as a center of origin for corn. Experts stated that it has been found that transgenic seeds can contaminate native grains, which are fundamental as a base to guarantee the continued existence of the species. (Source: El Universal; 09/30/2003)

USABIAGA HEARING BEFORE THE SENATE

In his hearing before the Senate, the Secretary of Agriculture, Javier Usabaiga, was criticized by several Senators of different parties. The Senators complained about delays in the implementation of certain agricultural support programs and delays in committing funds from the Secretariat of Agriculture budget. (Source: El Financiero; 09/26/2003)

WTO EFFECTIVE -- SECRETARIAT OF ECONOMY

According to the Coordinator of World Trade Organization (WTO) programs in the Secretariat of Economy, Eduardo Ramos Avalos, the WTO continues to be an effective instrument for opening markets. Ramos stated that the "WTO helps to level the playing field on which developed and developing countries trade goods and services." (Source: El Financiero; 09/29/2003).

MEXICO DELAYS ADVANTAGES OF THE BIOTECHNOLOGY: SAGARPA

The Undersecretary of Agriculture, Victor Villalobos, affirmed that there is not yet a date when Mexico will lift its 1998 moratorium on the use of transgenic corn. Villalobos said that Mexico "has delayed certain biotechnology benefits". "We should have much caution, because we don't have all the information yet" on the possible ecological effects of the pollination of transgenic seeds toward native corn. Our concern is that Mexico is the center of origin and biodiversity of corn, Villalobos said. Also, he said that Mexico must maintain an open attitude to transgenic products, because through this technology in a term of eight, nine or twelve months, seed varieties that combat plant diseases can be obtained, whereas conventional technologies could take ten years to produce these varieties. (Source: El Financiero; 09/30/2003)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

Number	Title	Date
MX3129	Weekly Highlights & Hot Bites Issue #45	10/1/03
MX3130	Mexico Lifts Ban on Imports of Canadian Beef due to BSE	10/1/03
MX3131	Mexico Announces Support Programs for Corn, Wheat, Sorghum, Pasture Grass, Forage Barley, Forage Oats, Cotton and Dry Beans	10/1/03
MX3132	Correct Classification for Imported Chicken Leg Quarters Joined by Other Chicken Parts	10/02/03

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