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## Mexico

### Agricultural Situation

### Weekly Highlights & Hot Bites, Issue #52

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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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### **GOVERNMENT OF MEXICO TO EMPHASIZE DOMESTIC ECONOMIC GROWTH OVER FREE TRADE AGREEMENTS**

Secretary of the Economy, Fernando Canales, stated in a radio interview that Mexico would not pursue any more Free Trade Agreements after signing Agreements with Uruguay and Japan. He went on to say that instead, the Mexican government would concentrate its time and energy on improving the domestic economy. When questioned about a Free Trade Agreement with Singapore, which has already been negotiated and only requires signatures by Mexico, Secretary Canales said that it would not be advantageous for Mexico to sign the Agreement since Singapore's economy already is open, with most tariffs at or near zero, while Mexico's tariffs on Singapore's products are around 15%. (Source: *Radio Monitor*, November 13, 2003, 7 a.m. broadcast)

### **HFCS-SUGAR DISPUTE COULD END BY THE END OF THE YEAR**

Secretary of Agriculture Javier Usabiaga was optimistic with respect to Mexico and the United States finding a solution to the sugar and high fructose corn syrup (HFCS) dispute by the end of the year. The Secretary indicated that he is expecting Mexican legislators to cancel the 20-percent duty imposed on the use of HFCS in beverages. In exchange for U.S. HFCS access to the Mexican market, Mexico wants to export its sugar surplus to the U.S. market. (Source: *Financiero*, 11/13/03)

### **TO ATTAIN WORLD PHYTOSANITARY STATUS: A CHALLENGE**

During the opening of the Second Annual Seminar to Promote Agricultural Exports (November 14, 2003), Secretary of Agriculture Javier Usabiaga announced that the federal government commitment would be to attain phytosanitary status that allows Mexico to enter all world markets. The objective of the seminar was to encourage exports of fruits and vegetables through support to producers and promote their participation in world markets. Some of the support programs that the Secretariat of Agriculture has are promotion campaigns, certification systems (Mexican Supreme Quality) and the fruit and vegetable export directory. The Secretary indicated that Mexico is the ninth ranked world economy, the seventh ranked exporter of merchandise, the first exporter country of the Latin American region, and the second ranked trade partner of the United States. (Source: *La Jornada*, 11/15/03)

## SEASONAL PRICE INCREASE FOR EGGS AND POULTRY

According to Cesar de Anda, President of the Association of Poultry Producers, prices for table eggs and poultry will have an 8- to 10-percent seasonal increase. De Anda indicated that it is quite typical to have an increase of prices during the winter season because production is lower and demand is higher. He further stated that after this season, in April or May 2004, prices will probably decrease again. (Sources: *Reforma*, 11/13/03; *La Jornada*, 11/14/03)

## WTO SHADOWS FAILURE ON FTAA NEGOTIATIONS

According to news reports, Mexico has benefits but also more risks in the negotiations of the Free Trade Area of the Americas (FTAA). Although access to the U.S. market is a goal for most countries, Mexico has already had the door open, through NAFTA, since 1994. However, with the FTAA, Mexico would have to compete and share benefits in the U.S. market with all these other countries. The Coordinator of the International Trade Negotiations Unit from the Secretariat of Economy in Mexico, Fernando de Mateo, indicated that Mexico already has its "own FTAA" as it has negotiated trade agreements with nine Latin-American countries. On the other hand, the FTAA would give Mexico preferential conditions where bilateral negotiations have not been achieved; this would be the case with Argentina and Brazil. However, De Mateo warns that the shadow of failure at the WTO meetings in Cancun, the omission of negotiations of agricultural subsidies in the FTAA, and the differences between Brazil and the United States are issues difficult to sort out. FTAA meetings will take place November 20 and 21 in Miami. (Sources: *Excelsior*, *Financiero*, 11/17/03)

## FDA GRANTS A TERM OF FLEXIBILITY BEFORE STRICTLY ADHERING TO THE LAW

Lesley Miller, Deputy Director of Standards of the Alimentary Security Center and Applied Nutrition of the Food and Drug Administration (FDA), announced that the FDA is going to grant a term of 4 to 6 months of flexibility in order for food exporters and producers, inside and outside the United States, to strictly adhere to the requirements of facilities registration and/or previous notification to import into the United States. The December 12, 2003, deadline of the U.S. Bio-terrorism Law worries Mexican exporters because they will have to hire a representative in the United States which means higher costs, explained delegates of associations, chambers and producers. (Sources: *Reforma*, *El Financiero*, *Milenio*, and *El Universal*, 11/11/03)

## GREENPEACE WARNS ABOUT CONTAMINATION RISK OF TRADITIONAL CROPS

According to the ecology group Greenpeace, the ancient Mexican native corn varieties, which are a traditional crop, are in great danger of being contaminated with transgenic varieties since the Inter-secretarial Commission on Bio-safety and Genetically Modified Organisms (CIBIOGEM) decided to lift the *de facto* regulation, originally implemented in 1998. The regulation prohibited the planting of transgenic corn for research purposes. Recently, the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) took control of CIBIOGEM when Foreign Affairs Chief Victor Villalobos was designed as its head. Greenpeace considers Villalobos a strong promoter of the biotech issue for the interest of international companies. Moreover, Greenpeace accused SAGARPA of being subordinate to the interests of the United States Department of Agriculture. Finally, the ecology group demanded that CIBIOGEM responsibility protect domestic food safety and the national sovereignty. (Source: *La Jornada*, 11/12/03)

**REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY**

<b>Number</b>	<b>Title</b>	<b>Date</b>
MX3152	Weekly Highlights & Hot Bites Issue #51	11/12/03
MX3153	Avocado Annual Report	11/13/03
MX3154	Mexico Announces an Import Quota on White Corn	11/13/03
MX3155	Import Requirements for Citrus and Grape Propagative Material	11/14/03
MX3156	Tomato Annual Report	11/14/03
MX3157	Mexico Announces a Procedure to Update PROCAMPO Directory	11/17/03

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