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Approved by:

William L. Brant
U.S. Embassy

Prepared by:

Bruce Zanin, Benjamin Juarez, Dulce Flores, Salvador Trejo, ATO/Monterrey, USAPEEC and USMEF

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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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POPULAR CALL TO STOP PRESIDENT FOX'S ECONOMIC POLICY

The political movement "El Campo No Aguanta Mas" called for the implementation of a social and economic national council to halt President Fox's economic policy, which, in their opinion, has been the direct cause of increased unemployment and zero domestic economic development. "This is a critical stage where the national sovereignty is being delivered to other interests. Farmers should mobilize and join other social sectors to assume a clear position to defend our country," said Deputy Victor Suarez. He added that social mobilization is the people's reaction to recent government proposals to tax food and medicines, abolition of agricultural research institutions and the budget cutting destined for the agricultural sector. (Source: *La Jornada*, 11/24/03)

PROPOSAL TO CLOSE AGRICULTURAL RESEARCH INSTITUTES

The budget proposal for calendar year 2004 sent by the Executive Branch at the beginning of November 2003 to Congress for approval before December 2003 proposed the closing or the exclusion of the National Research Institute for Forestry, Agriculture and Fisheries (INIFAP), the Postgraduate College in Chapingo, and 17 other research institutes. Several investigators, both domestic and international, have pointed out that this would be a wrong decision to make as all entities provide products and services essential to the development of the country. INIFAP is currently developing programs of genetically improved corn, beans, rice and wheat, among others. The Postgraduate College has 21 plans and programs of investigation in process such as genetic improvement of corn to obtain better flour, development of strains resistant to the citrus tristeza virus, and rural development. However, Secretary of Agriculture Javier Usabiaga backed INIFAP in an international symposium, saying, "with 80 experimental farms around the country, INIFAP is of great importance to national development." Since the proposal was made, National Research employees in several parts of the country have held demonstrations and have requested the help of local congress and agricultural associations to change or stop this proposal. (Sources: *La Jornada*, 11/16/03 and 11/17/03; *Reforma*, 11/20/03; and *Financiero, Nacional*, 11/21/03)

AUCTION OF SUGAR MILLS POSTPONED UNTIL 2004

The Secretariat of Agriculture (SAGARPA) was ready to auction two sugar mills by December 2003, namely Santa Rosalia in Tabasco and La Joya in Campeche. However, there was not enough time to put them in order so SAGARPA decided to postpone the sale to the first half of 2004. The next two sugar mills to be auctioned will probably be San Pedro and San Francisco both in the state of Veracruz. (Source: *Reforma*, 11/22/03)

BIOTERRORISM LAW, TIT FOR TAT

According to a local newspaper, the Secretary of the Commission on Population, Frontiers and Migratory Matters within Mexico's Lower Chamber, Francisco Mora, said that it is urgent that Congress approve a "mirror law" to give equal treatment to imports from the United States, upon the enforcement of the U.S. Bioterrorism Law. Mora explained that said law would serve as a pretext to delay or stop Mexican agricultural exports and it could cause a disreputable campaign against products and foods of Mexican origin. (Source: *El Financiero*, 11/30/03)

LOWER HOUSE CHAMBER STUDIES TRANSGENIC LAW

The Lower Chamber will discuss and might eventually ratify the new Bio-safety Law of the Genetically Modified Organisms submitted by the Senate. The President of the Agriculture and Livestock Committee, Cruz Lopez Aguilar, stated that the initiative is going to be discussed without pressure of multinational companies, but with a lot of lobbying. "It is a complicated law, which the Agriculture Committee will dedicate a lot of attention to so it could be approved in the most appropriate manner," he stated. The new bill would regulate research activities, the release and import of transgenic products. Lopez Aguilar recognized that the analysis on this initiative is going to cause arguments in Congress. However, the legislator supports this initiative, which has already been approved by the Senate. (Source: *Reforma*, 11/24/03)

LITTLE GREEN ONIONS

According to a local newspaper, the Governor of Baja California accused the U.S. Government of heading a defamatory campaign against farmers from Baja California, alleging they were responsible for the hepatitis contamination caused by green onions supplied to certain restaurants located in the United States. (Source: *Reforma*, 11/30/03)

PRICE OF TEQUILA MAY GO SKY HIGH

The National Chamber of Sugar and Alcohol Industries (CNIAA) refused the presumption from the U.S. Senate of imposing duties on bottled tequila, tomatoes and avocados of Mexican origin, as reprisal for the application of a special tax on the production and services of HFCS. In response to Senator Chuck Grassley's proposal to establish duties on imports of tequila and other Mexican products, CNIAA stated that the measure applied by Mexico is a legitimate defense. CNIAA also stated that commercial conflicts are resolved by imposing duties, not with reprisals. (Source: *El Universal*, *El Financiero*, 11/30/03)

KRISPY KREME ENTERING THE MEXICAN MARKET

Krispy Kreme will open its first Mexican donut shop in an affluent western district of Mexico City in January 2004. This will be the first foray into the fast food market for the AXO Group. The goal over the next six years is to develop a network of 20 establishments located in the principal cities of Mexico. It is hoped that the combination of quality, service and "theater," being able to watch the donuts being made at the shop, will be a winning combination for Krispy Kreme in Mexico. This will be Krispy Kreme's initial move into the Latin American market. (Source: *El Financiero*, 11/28/03)

U.S. MEAT AND POULTRY COOPERATORS UNITE WITH U.S. MEAT EXPORT REPRESENTATIVES IN MEXICO TO FORM TRADE WORKING GROUP

The U.S. Meat Export Federation (USMEF), USA Poultry & Egg Export Council (USAPEEC) and Mexican representatives of U.S. meat and poultry exporting companies are forming a working group in order to coordinate positions and suggestions to the Mexican Meat Council (COMECARNE) Board of Directors. COMECARNE is the leading local meat processors' association and a vocal organization that strongly defends free trade principles under NAFTA provisions. All members of this U.S. meat and poultry industry group are associate members of COMECARNE. The new group plans to have regular meetings at the ATO Monterrey office to discuss current market access problems, exchange information of interest with the ATOs in Monterrey and Mexico City as well as the Office of Agricultural Affairs in the U.S. Embassy in Mexico City. Other participants of the group, in addition to USAPEEC and USMEF, are Cargill/Excel, Tyson and Swift. A local representative of Jennie-O/The Turkey Store and Smithfield will also be included in this group. (Source: USAPEEC, USMEF and ATO/Monterrey)

IS REGISTERING IN FDA'S HOMEPAGE A COMPLEX ISSUE?

Complying with FDA's Bioterrorism Law requirements could be a headache for most Mexican fruit and vegetable exporters if they cannot get basic information first hand when registering in FDA's web site. Francisco Chapa, President of the Nuevo Leon Agricultural State Council, and a vegetable exporter, spent one hour registering his company in FDA's website, which he considered to be a simple process. "FDA does not require us to present sales records, only basic information, like where the business is located as well as the type of products produced. A company should have all basic information at hand regarding the company that is being registered to avoid any unpleasant headaches," Chapa said. (Source: *Reforma*, 11/24/03)

WEST NILE VIRUS VISITING MEXICO

According to a local newspaper, the West Nile Virus (WNV) has caused the deaths of 42 horses in six municipalities in the State of Coahuila (Cd. Acuna, Piedras Negras, Nava, Hidalgo, Francisco Madero and San Pedro), in addition to the contamination of five fowls in Muzquiz. Up to now, no human has been contaminated, but regions with a large density of mosquitoes are considered high-risk and they are a concern for the Mexican health authorities. The possible eventuality of an epidemic from WNV in Mexico would pose a threat to both sides of Mexico's borders with Latin America and the United States. The Secretariat of Health is taking steps to avoid a WNV epidemic. (Source: *El Universal, Nacional*, 11/29/03)

MEXICO GETTING MONEY FROM HEAVEN

According to a local newspaper, the flow this year of remittances to Mexico by Mexican workers in the United States will surpass US\$13 billion dollars. Based on the study, "The Migrants and their Remittances," by the firm International Consultants, stated that if one considers the cash that the migrants bring back with them to Mexico and the spending of cash generated by the migrants during their return stay in Mexico, the amount of funds that enter the country may surpass US\$18 billion dollars. Further, if one added the sum of monies remitted by the migrants during the year to their families in Mexico, the amount would surpass US\$30 billion dollars. These monies have constituted Mexico's prime source of foreign income, surpassing oil exports, direct foreign investment and income generated by tourism. (Source: *El Financiero*, 12/01/03)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

Number	Title	Date
MX3160	Weekly Highlights & Hot Bites Issue #53	11/25/03
MX3161	Peanut Update	11/26/03

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To reach us at FAS/Mexico City:

AgMexico@usda.gov and/or ATOMexico@usda.gov