

Agri News Mexico



Cathedral in Mexico City. Picture: Gabrielle Nuytens-Vaarkamp, 2010

Agri News Mexico January Edition 2011

Welcome to the January Edition of Agri News Mexico.
Please find the latest news on agricultural issues and plans for 2011.
Four relevant events are taking place this year, namely:

3-9 April 2011, horticultural mission to Guadalajara, Querétaro and Toluca (vegetables and floriculture), organized by Ideavelop and supported by the Dutch government. For more information and subscription www.agentschapnl.nl/cpa/mexicosierteelt

25 September to 2 October 2011, Road show to the most important animal production regions, organized in cooparticipation between our office, VIV (VNU Exhibitions) and their Mexican partner Figap. For more information and registration: renate.wiendels@vnuexhibitions.com

14-17 October 2011, Mexican-Dutch trade event during the PMA in Atlanta (Georgia, US). For more information and subscription: mex-lnv@minbuza.nl

9-12 November, 2011 - Holland participation at the horticultural Expo Agroalimentaria Guanajuato. For more information and registration: mex-lnv@minbuza.nl

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MARKETS

Mexico: Agricultural Programs

Ministry of Agriculture (SAGARPA) of Mexico has included in its new budget (€4,4 billion) the redesign of its support programs for agriculture.

Priorities of this redesign include factors such as climatic change, investment in public infrastructure, climatic, sanitary and natural disaster-related risks, market issues, market development and sustainability.

Another important element is the strengthening of agri food chains from the producer up to the consumer.

Among the most important changes for the growth of the agri food sector is the efficiency of public resources, simple rules of operation and infrastructure for the benefits of producers. Technology transfer and information are also relevant for this development effort.

At the same time, the General Coordinator of Trade Promotion and Export Support (ASERCA) indicated that they will initiate training for six thousand producers in 24 cities, focused on international trade (free trade agreements, international prices, logistics and customs procedures). ASERCA will also support collective brands and better packaging and labelling in order to improve trade of certain agri-food products. Up to now there has been a diversification of export products and export markets, as more Mexican products are being present in international exhibitions.

Mexico: Domestic Demand

More money for workers: As what might be considered as a Christmas present the government announced a 4.1 percent increase in the minimum wage for 2011. With Rabobank forecasting inflation next year at 3.6 percent.

This means that minimum wages will increase in real terms. The 2010 increase in the minimum wage was 4.85 percent. With inflation this year projected to be 4.5 percent, this means that for the first time in long time there will be two consecutive years of real wage increases. This should work to support the recovery of domestic demand. Because the minimum wage tends to set the pattern for wage negotiations in the private sector, Rabobank expects that unions will pressure for increases above five percent. This will put the government in a difficult position in the 2012 election year if they see the domestic market heating up with inflation on the rise.

Besides the domestic market, Mexican analysts, for example, also are somewhat more positive about the U.S. economy, which will work to provide support the industrial sector. As a result, the survey of economic expectations by the Banco de México has shows an average Mexican GPD forecast by now at 3.59 percent, up from 3.46 percent last month. We have also adjusted upwards, albeit moderately, our forecast, now at 3.55 percent for 2011. It should be noted, however, that both Banco de México average and our forecast are below the 3.9 percent used for the 2011 Budget approved by Congress.²

Visit of Mexican Delegation to the Netherlands

Mid February authorities from the state of Aguascalientes, among them the Minister of Agriculture and Government officials of FOCIR will visit the Netherlands in order to meet with Wageningen representatives and specialists in the agricultural sector.

The state of Aguascalientes is planning to establish an agropark in the state, in order to support agricultural production.

Meanwhile, several centers were authorized by the Mexican Ministry of Agriculture (SAGARPA) to act as centers for protected agriculture. Among them is the one being developed by Government agency FOCIR and CEICKOR training center for horticultural production.

¹ Source: "El Mercado Agropecuario" weekly agri report in Mexico, unless otherwise stated.

² Source: Agribusinessworld this week, by Rabobank International. F&A Research and Advisory. Dec. 27-10 -Jan 07-11.

FOM financial scheme

Funding for Dutch companies doing business in Mexico (joint ventures or subsidiaries) can obtain a maximum of €5 million funding from the Fonds Opkomende Markten (FOM) financial scheme. For more information, please contact: www.fmo.nl

AGRICULTURE

Minister Mayorga indicated that he expects that 2010 produce will be higher than that of the previous year due to better climate conditions and improved productivity of the land. Grains are expected to rise 16.6% in production, vegetables 7.3%, industrial produce 2.2%, animal feed 4.1% and fruits 3.1%.

In the case of meat, a 2.8% rise is expected for bovine, 1.1% for pork, 2.4% for poultry, while milk is expected to increase 1.5%. Fish and seafood are expected to increase by 1.6 million tons.

For 2011, the expected growth rates are: grains 3.4%, vegetables 4.6%, industrial produce 3.8%, animal feed 3.1% and fruit 1.4%.

In animal production, meat is expected to increase by 2.6% and milk by 2.8%, with fisheries, seafood and aquaculture with 1.7 million tons.

HORTICULTURE

In a conference on the assessment and future of the state of Nayarit, Governor Ney González Sánchez stated that the budget for agriculture increased by 142% during his administration. Among other agricultural improvements, he is seeking to build greenhouses on over 600 hectares. The state is currently a top producer of different kinds of vegetables. Meanwhile, tomato producer and exporter to the United States market, Dessert Glory has found in Nayarit a very good production ground for their tomatoes. Currently the company has a surface of around 100 hectares, with personnel reaching 1.500.

Seed Production

Last December Dutch-based company Rijk Zwaan Promex, located in Guanajuato state received financial support from the Guanajuato state government for the development of a seed production plant. It is expected that the plant will have production not only for the Mexican market but also to other countries. The subsidy is part of the state government's support programs for investors in the region.

The state of Guanajuato has excellent weather conditions for a number of horticultural products. Currently it encompasses open air and also greenhouse production in more than 700 hectares, ranking among the states with highest hectares of produce.

Tomato

The Ministry of Agricultural Development of the state of San Luis Potosí indicated the production growth of the Santa Rita production site. Santa Rita Production Center will now increase its production level by 14% and will build 10 more hectares of greenhouses for the production of Saladet type tomato.

Santa Rita exports to the United States and Canada through company Mastronardi.

It is the second greenhouse center with a SQF (Safe Quality Food) certification.

Potato

This year the potato chain in the state of Sonora, North of Mexico will join efforts with the Sonora Technological Institute to begin a project aimed at extracting starch. Starch is being used as ingredient in certain food products such as yoghurt and sausages, as well as to protect movie films. Today 90% of the available starch in the country is imported and therefore is the project proves successful it will generate lower cost and locally produced starch. Moreover, it might represent an additional income for potato growers.

Organic Production

Mexico has a wide variety of products considered organic. These are produced in many cases in ethnic groups or in small or medium companies. With the recent publication of the Law for Organic Products and its regulations (website: www.cnpo.org.mx), production and certification processes for sales in the marketplace will now be better. The National Council for Organic Production (CNPO) is the official entity dealing with these products, and recognized by the government.

Users of this norm will be mainly organized producers, small producers' farms, producers linked to non-governmental organizations (NGO's), institutions, specialized stores and food services, supermarket chains and exhibitions, such as the Expo Organicos.

Organic Seeds

While there are no clear figures on the size of the market for organic food in Mexico, the common impression is that it is growing. The market, though is still small in spite of the fact that Mexico is an important producer of organic products for the export market -- Mexico is the world's largest producer of organic coffee, for example. One reason for the small size is the cost. Organic food products can run anywhere from a third to more than double the cost of a similar non-organic products, with most running between 40% - 50% higher. While price is important, the lack of labeling regulations has created confusion in consumers' minds as to what is really organic and whom to trust as to what is truly organic.

Agrochemicals

Five states of Mexico received certificates of production free of agrochemicals in 2010. This certification applies for 12 thousand hectares and will allow a thousand two hundred producers to export to Europe, Asia, the United States and Canada.

The 6 thousand production units that obtained the certification of "Good Agricultural Practices" belong to the states of Michoacán, Sonora, Tamaulipas, Zacatecas and Aguascalientes.

In addition, the Ministry of Agriculture invested resources for training, technical assistance and monitoring of chemical pollutants.

The certification applies to 75% of avocado production, 40% of small fruits and berries, 55% of strawberry production.

DAIRY

The state of Guanajuato has reached 5th. place among the highest producers of milk. According to the Ministry of Agriculture, this state provides 7.2% of the country's production, only below that of Jalisco (a very important milk producer).

FOOD AND BEVERAGES

Potato Project

As a follow-up of the sustainable potato production project in Mexico, Dutch researcher Don Jansen is expected to meet with relevant representatives of the Government and private organisations to consider the viability of continuing this project in the country.

The sustainable potato production project started in Mexico 4 years ago with the aim of having a better yield and less waste in the production process.

Food Safety

Mexico, though its Ministry of Agriculture (SAGARPA) will assign around €150 million to operate, together with the Food and Agriculture Organisation of the U.N., the Strategic Project for Food Safety. This project is aimed at poor families to insure their food consumption, to use sustainable practices and to produce even at small scale production levels.

TRADE

Agri industrial trade between Mexico and its trade partners over the period January-November 2009-2010 was as follows:

Trade Figures Agri Industry
(Million U.S. dollars)

	2010	2009
Exports Agri Industry	16.5	14.7
Exports food & beverages & tobacco	8.7	7.7
Imports Agri Industry	19.4	17.1
Imports food & beverages & tobacco	10.1	8.9

SUSTAINABILITY

According to a study called: "Latin America and the Caribbean, Atlas of a Changing Environment", Mexico is one of the red areas for environmental deterioration, such as the case of Cancun.

The study shows that there have been important changes in agriculture. Areas originally used for agriculture increased at a rate of 0.13% yearly between 2003 and 2005, thus causing a loss of forests and other habitats. This change is accompanied by others of more importance: certain products such as potato, yuca, rice and wheat are reducing in consumption per capita, while they increase in their use for the industry.

The most important problems that the region is facing are: accelerated urbanisation, climatic change, deforestation, change of the use of cultivation areas, loss of biodiversity.

Climatic Change

The chairman of the Mexican Special Commission over Climatic Change informed that he will fight for the publication of the Law of Climatic Change and the legal reforms concerning the environment. The initiative for the Law of Climatic Change has already been presented (to Congress).

The Environment, Budget and Constitutional Points representatives will now have to analyze and discuss it, and finally issue their position.

Forestry

This year pilot projects will begin based on a strategy for the reduction of reforestation (Redd plus) in the corridor of the Yucatan peninsula, the states of Campeche and Quintana Roo, the Lacandon area of Chiapas, coastal grounds of Jalisco and the area of Cutzmalá. These are areas of early action. Funds will be given by the French development agency and the Spanish cooperation agency. These areas were selected due to their high level of deforestation, and tropical areas register 50% of the forestry loss due to the change of soil use into agriculture and livestock.

ANIMAL HEALTH AND PHYTOSANITARY ISSUES

PLANT HEALTH

Mexico Free of Fruit Flies

50.25% of the Mexican territory is already recognized as free from the fruit fly. This has allowed to increase exports of fruit such as mango, orange and peach without quarantine treatment. Exports are valued at more than 20 million U.S. dollars.

ANIMAL HEALTH

New Design for Dairy Export Certificates in the Netherlands

Last 1st. the Dutch organisation COKZ (Netherlands Controlling Agency for Milk and Milk Products) informed of the issuance of new design for export certificates. This has duly been informed to the Mexican veterinary authorities for their acknowledgement.

TRANSGENICS

Monsanto was not denied by the Mexican authorities to cultivate transgenic corn in an area of 100 hectares. Monsanto could also bring transgenic cotton to Mexico, resistant to draught, insects and weeds, but this will only be possible when the Government allows for its commercial use. For the time being cultivation is only for experimental and pilot phases.

PUBLICATIONS AVAILABLE

- Mexico Factsheet, 2009
- Mexico Ornamental Sector, 2007
- Mexico Animal Production, 2007
- Mexico Development of the Greenhouse Horticultural Sector, 2008
- Latin American Food Processing Machinery, 2010
- An Introduction to Mexico : Briefing Horticultural Mission Gto. 2010
- Presentation : Doing Business with Mexicans, Minimizing Differences 2010
- Report: Optimal Climate Regions in Mexico for Greenhouse Crop Production, by Jop Kipp - WUR 2010
- Report: Business Opportunities in the Mexican Dairy Industry - WUR 2010
- List of Events, Trade Fairs and Publications in Mexico, 2011

FAS-GAIN reports on Mexico³:

- Food and Agricultural Import Regulations and Standards Certification (10-01-2011)
- Food and Agricultural Import Regulations and Standards (06-01-2011)
- Mexico Defines Temporary Procedures for Obtaining HRZ (Animal Health Import Requirements Sheet) (06-01-2011)
- Mexico Issues Notice on NOM-051 Labeling Revisions (06-01-2011)
- Retail Sector Report (31-12-2010)

³ To request these reports, please visit website: <http://gain.fas.usda.gov> or contact our office.

UPCOMING EVENTS: 2011 - Participation of the Dutch government and/or the agricultural office of the Netherlands Embassy

- ⇒ April 3-9, 2011: Horticultural Mission to Guadalajara, Querétaro and Toluca (vegetables and floriculture), organized by Ideavelop and supported by the Dutch government. For more information and subscription: www.agentschapnl.nl/cpa/mexicosierteelt
- ⇒ 25 September to 2 October 2011: Road show to the most important animal production regions in Mexico, organized in cooperation between our office, VIV (VNU Exhibitions) and their Mexican partner Figap. For more information and registration: renate.wiendels@vnuexhibitions.com
- ⇒ 14-17 October 2011: Mexican-Dutch trade event during the PMA in Atlanta (Georgia, US). For more information and subscription: mex-lnv@minbuza.nl
- ⇒ 9-12 November 2011: Holland participation at the horticultural the Expo Agroalimentaria Guanajuato, organized by the Office of the Agricultural Counsellor in Mexico. For more information and registration: mex-lnv@minbuza.nl

Other events in Mexico

- February 16-18, 2011: Expo Agro Sinaloa 2011 horticultural exhibition in Sinaloa state, Mexico. For more information: www.expoagro.org.mx
- March 9-11, 2011: Expo ANTAD retail exhibition in Guadalajara, state of Jalisco, Mexico. For more information: www.expoantad.org.mx
- May 15 - 19, 2011: II International Symposium on Soil and Soilless Cultivation, state of Puebla. Information: <http://soillessculture.org>
- May 31 - June 2, 2011. Alimentaria México food and beverage exhibition in Mexico City. For more information: www.alimentaria-mexico.com