

Agri News Mexico



Expo Antad Exhibition in Expo Guadalajara, Mexico - Source: L. Hammer

M a y 2010

Agri News Mexico in our Embassy website :
http://www.paisesbajos.com.mx/f_explorer_esp.html

Now coming :

Spreekdagen 2010 (June 28-30, 2010)

Take the opportunity to talk to the Agricultural Counselor and Assistant who can give you the necessary information of the agri or food subject of your choice and give you guidance to export, invest, live and do business in Mexico ! For more information, please contact :

info@agentschapnl.nl or visit the website :

www.evd.nl/evenementen/seminars%5Fspreekdagen/

After the "Spreekdagen" on the 1st of July a networkmeeting "Latin America" will take place at the "Van der Valk Hotel at Nootdorp" 15.00 hr. For more information:
<http://www.evd.nl/evenementen/agenda/index.asp?bstnum=272824&location=/evenementen/agenda/>

Beside meeting the Agricultural Counselor for Mexico, trade representatives of Latin America and the Agricultural Counselors of Brasil and Argentina will be present as well.

For direct participation please follow the following link:

https://www.evd.nl/system/xform.asp?form=/evenementen/seminars_spreekdagen/netwbij_lat_am&projectcode=10SEM09&location=/evenementen/seminars_spreekdagen

**Leonora Hammer, Agricultural Assistant
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MARKETS

ECONOMY

INEGI, Mexico's statistical office informed that during February 2010 gross fixed investment fell by 2.3% as compared to the same period in 2009. This was a result of a lower expenditure in machinery and equipment (3.7%), and the investment in construction (1.5%).

On the other hand, the manufacturing sector grew 13.1% as a result of production in transportation, computers, communications, metal products, plastic and rubber.

TRADE

Cooperation Mexico-Canada

During a series of business meetings between Canadian and Mexican authorities, mechanisms were set up for Mexico to export 25 thousand tons of meat yearly to the Canadian market.

Mexico has also increased its sales of avocado to that country. The Mexican pavillion at the Canadian PMA exhibition (CPMA) had a concentration of horticultural produce (66%), fruit and nuts (16%), beverages and vinegars (5%) and food products (1.4%).

Meetings U.S. - Mexico

Last May 13 there was a bilateral meeting U.S. - Mexico aimed at analysing technical trade, phytosanitary, health and cooperation issues. Main subjects discussed were trade of dairy products, Mexico's animal health status as free of Classical Swine Fever and plant health.

The government says yes but farmers say no to Brazil: With the government last week saying that they have begun negotiations with Brazil for a trade agreement, Mexican farmers have taken the offensive against an agreement.

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

They point to the support that Brazilian farmers have and the differences in agrarian law which puts Mexico at a disadvantage. While they faced these obstacles when Mexico signed the NAFTA there were complementarities in agricultural trade with the U.S. With Brazil, the farmers say, complementarities don't exist.²

Dutch Potato Bins in Mexico

A major Mexican potato producer is realizing a large potato handling and storage project. The Dutch company Ostra International is advising and supervising this operation from the design till the start-up (www.ostra.nl). Therefore a large amount of potato bins have been exported from the Netherlands to Mexico. These special potato bins are suitable for a sophisticated computerized climate controlled potato storage systems. The intention is to optimize potato storage systems in order to decrease losses and improve potato quality.³

INVESTMENT

Opening of New Facilities in Koppert Mexico

On May 7 the Netherlands' most important company producing biological control agents, among them bumblebees, had the official opening its new facilities in the city of Querétaro, Mexico.

Koppert Mexico has invested in the production and distribution of its products in this country, and its position in the local market is growing and gaining new customers. Moreover, Koppert Mexico recently opened, together with other organisations in Mexico, the CEICKOR horticultural training centre, aimed at improving the training level for greenhouse growers, also with an accent to biologic control.⁴

² Source : Agri Business World 17/5 - 23/5). Rabobank International. Prepared by Kenneth Shwedel.

³ Source : Netherlands Agricultural Office in Mexico.

⁴ Source : Netherlands Agricultural Office in Mexico. Participation in Koppert Mexico's opening of new facilities.

HORTICULTURE

Potatoes

Five municipalities from the Northern state of Sinaloa, Mexico were declared last May 29 free from golden nematode and *Meloidogyne chitwoodi* nematode.

This statement is important as it gives these regions more certainty for the production of potato at local and could also be international level. Production in the Sinaloa state reaches 420 million tons.

Potatoes for human consumption from these regions will be duly certified according to the Federal Law of Plant Health and the corresponding norm. Potatoes coming from other states will have to comply with a phytosanitary certificate for national mobilization. These procedures are aimed at protecting the produce in the region.

ANIMAL PRODUCTION

The arrival of a new Federal Inspection slaughtering plant (TIF plant) will provide a new opportunity for Durango's meat producers. This facility will allow them to export 17 million tons of meat to Korea. Durango is located in the North of the country, a region well known by the quality of their meat, which is sold country-wide.

DAIRY

The National Front of Milk Producers and Consumers reported that the sector is in risk of bankruptcy, due to the high costs of its inputs, low sales costs of its products and disloyal imports, mainly of powdered milk.

Government dairy company Liconsa will also sell its products in supermarkets, an amount of more than 50 million litres, in order to be able to maintain the low costs of its social programme, through which milk (containing part local and part imported ingredients) is sold to the people of lowest income at very low prices. Liconsa is considered the most important milk importer worldwide.

FOOD AND BEVERAGES

Out with the junk food: That is what the Secretaries of Education and of Health are saying. Starting with the next school year (August, 2010) they will phase in a program that sets out which products can be sold in the country's public schools.

An amazing 23 page document rules out among others, carbonated beverages, pizzas, instant soups, and anything that has more than 450 calories per 100 grams. The Secretaries point to the obesity epidemic in Mexico, arguing that an important starting point is the schools where on average students consume 550 calories while at school. These measures should reduce calorie consumption by 200 calories per student per day. While this measure has a health objective, there is obviously a political objective since the opposition government in Mexico City has proposed something similar for the schools in the nation's capital.⁵

Vegetable oil market under pressure:

One of the products that typically feels the impact of a downturn in economy is vegetable oil. Consumers look for cheaper alternatives and will even re-use the cooking oil. Although government data showing a 5.5 percent growth in sales volume at the manufacturing level, the same data shows a 5.8 percent fall in sales revenue. Supporting sales are lower prices. Consumers are trading down, sales of mixed vegetable oils up, while the higher priced canola oil sales are down.⁶

Forget the tacos, it's noodles: With the growing globalization of the food industry we are seeing changes in dietary patterns. A lot has been said and written about the westernization of diets, especially in Asia. But what about the "Asianization" of diets in the West. In Mexico, for example, instant Asian style noodle soups have made significant inroads.

⁵ *Agri Business World (31/5 - 4/6)*. Rabobank International. Prepared by Kenneth Shwedel.

⁶ *Agri Business World (24/5 - 28/5)*. Rabobank International. Prepared by Kenneth Shwedel.

Diconsa, the government stores oriented to the lower income strata is reporting that through the third week of April they have sold 1.4 million presentations of the Maruchan instant soups.

This compares with 1.14 million sold all last year! A major factor behind the growth of the soups is the convenience factor. In fact, we have seen people just eating the dried soup, i.e. not even adding water. As the soups move closer into the mainstream of the Mexican diet they are displacing some of the more traditional foods, including beans.⁷

Mexico signed an agreement with company Nestlé Mexico to produce more "robusta" type coffee. This will benefit 50 thousand producers and will generate 200 thousand direct and indirect jobs. This project will involve the Mexican government, the producers and the private sector. Nestlé Mexico has been in the local market for 80 years offering a wide variety of food and drink products. According to Nestlé Mexico, they are the largest buyers of coffee and cacao in the country, and the third buyers of milk. They base their strategy on support to the producers, with financing, technical assistance and elements to improve productivity and competitiveness.

During the Conference and Exhibition of the Specialty Coffee Association, the Mexican Association of the Coffee Productive Chain signed a letter of intent with the United States Coffee Quality Institute that will allow Mexico to certify high quality coffee lots.

SUSTAINABILITY

PROTECTED NATIONAL AREAS

The new director of the National Commission of National Protected Areas (CONANP) insisted that there will be no more protected national areas without a management plan.

Currently Mexico has 174 protected national areas with a total area of 25 million hectares (around 12.9% of the Mexican territory).

Of these, only 46 have a due management plan that includes preservation of natural resources, minimize conflicts with people living there, promote the optimal use of budget assigned.

There are 39 of these areas identified with an "alarm" level in the Gulf of Mexico, particularly as a result of petroleum spill.

TRANS GENETICS

Local seed companies and research centres in Mexico are facing limitations to sell their trans genetic products, due to the high costs of development. The requirements of the Mexican Biosecurity Law involve expenses of around 5 to 10 million dollars in personnel, monitoring, land rent, reports and the like, and expense that can be repeated whenever requested by the government officials.

The legal framework sets 3 phases before selling a transgenetic, namely: experimental phase (small plots), pilot phase and commercial phase. It is the government that determines whether the previous phase is completed, and gives authorisation to continue to the next. Up to now, Mexico doesn't have any transgenetic for commercial production. Those who are now competing are transnational companies such as Dupont, Monsanto, Bayer, Syngenta and Pioneer.

⁷ *Agri Business World (10/5 - 14/5). Rabobank International. Prepared by Kenneth Shwedel.*

ANIMAL HEALTH AND PHYTOSANITARY ISSUES

Animal Health Protocol

The governments of Mexico and the United States signed a protocol to begin animal health revisions in processing plants of poultry, beef and eggs to allow both countries to export and import these products. There will also be an exchange of information. Currently there are 518 (48% of the total) Mexican companies importing meat, of which 72 are certified by the Mexican government and recognized by the United States.

Visit of Dutch Plant Health Experts

The upcoming visit of Dutch experts in plant health next June 7 will include visits to ornamental, seed and vegetable producers, as well as meetings with high level officials in plant health in Mexico.

It has also been agreed that the Dutch experts will visit Mexican inspection facilities in locations where Dutch plants, seeds and ornamentals enter the country.⁸

⁸ Source : Netherlands Agricultural Office in Mexico

PUBLICATIONS AVAILABLE

- Mexico Factsheet, 2009
- Mexico Ornamental Sector, 2007
- Mexico Animal Production, 2007
- Mexico Development of the Greenhouse Horticultural Sector, 2008
- An Introduction to Mexico : Briefing Horticultural Mission Irapuato/Guanajuato, 2009
- Presentation : Doing Business with Mexicans, 2009

FAS-GAIN reports on Mexico⁹:

- Dairy and Products Semi-annual (5/17/2010)
- Christmas Tree NOM Could Impact U.S. Exports (4-30-2010)
- TRQ for Beef and Poultry Products under Mexico-Japan Agreement. (4-26-2010)

UPCOMING EVENTS

- ⇒ June 1-3 : Alimentaria México food and drink exhibition
- ⇒ June 7-10 : Phytosanitary Mission to Mexico. Bilateral meetings on phytosanitary issues between Netherlands and Mexican plant health experts.
- ⇒ June 28-30: 4th. International Greenhouse Symposium in Comitán de Domínguez, state of Chiapas.

⇒ June 28-30, 2010: Spreekdagen Latinamerica for Dutch companies in The Netherlands.

- 1st of July, 2010: a networkmeeting "Latin America" will take place at the "Van der Valk Hotel at Nootdorp" 15.00 hr. For more information: <http://www.evd.nl/evenementen/agenda/index.asp?bstnum=272824&location=/evenementen/agenda/>

⇒ July 21-23: International Tomato and Pepper Congress in Poliforum León. León, state of Guanajuato.

⇒ September 8-10, 2010: Latin American Food Show in Cancún, state of Quintana Roo. Information: www.lafs.com.mx

⇒ September 1-4, 2010: Aquamar International fish and sea products exhibition. Campeche, state of Campeche. Information: www.aquamarinternacional.com

⇒ October 21-23, 2010: FIGAP/VIV America Latina animal production exhibition in Guadalajara. Participation with a Holland Pavilion, field visits and match making.

⇒ November 10-13, 2010: Agro Alimentaria in Irapuato (biggest Mexican horticultural trade fair). Participation with a Holland Pavilion, field visits and match making.

⁹ To request these reports, please visit website: <http://gain.fas.usda.gov> or contact our office.