

# AGRICULTURAL NEWS MEXICO \*

OFFICE OF THE AGRICULTURAL COUNSELLOR – NETHERLANDS EMBASSY IN  
MEXICO

PERIOD: 01 / 31 - 12 - 2007

## AGRICULTURE

### MEXICAN CHRISTMAS TREE PRODUCTION ON THE RISE

Mexican production of Christmas trees has grown the past couple of years. In 2007, it is expected that 40% of the domestic demand will be covered by Mexican trees, according to the Mexican Forestry Commission (CONAFOR). One of the reasons for this increase is that tree plantations have grown more than 10% the past five years. A total of 1.3 million trees are expected to be "consumed" this year. At an average price of U.S. \$80, more than 800,000 trees are expected to be imported, mainly from Canada and the United States. (Source: El Universal, 11/26/2007)

### SUGAR ALLIANCE BETWEEN IMPERIAL SUGAR AND SANTOS GROUP

The Santos Group in Mexico and the Imperial Sugar Company from Texas recently formed an alliance to trade sugar produced from mills in both countries. These companies will be able to take advantage of the elimination of tariffs for sugar within NAFTA starting January 1, 2008. This alliance, known as "Comercializadora Santos Imperial", will allow each company to trade close to 2.8 million tons of sugar. According to newspaper reports, the two companies rank third in production in their respective countries. Alberto Santos, President of the Administrative Board of the Santos Group, indicated the sugar market in Mexico is in the process of integrating with the U.S. market, and they are enthusiastically leading the way. (Source: Reforma, Universal, Financiero 11/27/07)

## RETAIL

### SORIANA TO TAKE OVER GIGANTE

Soriana, Mexico's second largest supermarket chain, announced today that they have reached an agreement to acquire 206 stores from rival chain, Gigante; 199 supermarkets are in Mexico and seven are in the United States. The acquisition, which includes: inventory, equipment and software, information systems and 12 distribution centers, is yet to be approved by the Mexico's Federal Competition Commission. The total amount involved in the negotiation was not disclosed. No information was included on the other brands operated by Gigante in Mexico (Office Depot and Radio Shack). With this operation, Soriana would

register a 47% growth in floor space and would finally enter the U.S. market. (Source: Reforma, 12/06/2007)

## **TRADE**

### **PORK GROWERS' REQUESTS THREATENING THE MEAT INDUSTRY**

"The Mexican pork growers request to close the borders for U.S. imports is a serious protectionist measure that threatens the meat industry and consumer's pockets," stated Raul de la Paz, Director of the Mexican Meat Council (COMECARNE). "The pork growers' issues should be solved with other actions, not with protectionist measures, which could cause a 30% increase in prices paid by the consumer," added de la Paz. He also explained that this will drive the consumer to other products like beef and poultry, and it would not solve the pork industry's problems. He explained that they have tried to support domestic production but neither the volume nor the quality of the domestic production is satisfactory; hence, the need to import the products from the United States. (Source: Reforma, 11/29/2007)

## **NAFTA**

### **CORN GROWERS PROPOSE ACTIONS TO FACE TARIFFS ELIMINATION**

The National Confederation of Mexico's Corn Agricultural Producers (CNPAMM) pointed out that corn growers can face, with less stress, the total elimination of import tariffs under NAFTA, through the following five actions: the GOM should fulfill the National Agreement of Agriculture; establish a national corn program; create a special commission for this cultivation; pass the planning law for security and alimentary sovereignty, and push for an agreement in the World Trade Organization, which would allow developing countries to protect their strategic cultivations (i.e. corn). (Source: La Jornada; 12/05/2007)

### **SAGARPA GOAL FOR 2012: SUBSTITUTE CORN IMPORTS**

Mexico's Secretary of Agriculture, Alberto Cardenas, announced that one of the goals set by the GOM for 2012 (the end of the current Administration) is to eliminate the yellow-corn deficit and substitute imports with domestic production. "I'd like to see at least one million additional hectares of yellow corn crops, which would substitute the U.S. imports," Cardenas stated. He indicated that the GOM should take advantage of current bio-technology research on corn to improve competitiveness and to help agricultural workers face the challenges of trade liberalization. (Source: Rumbo De Mexico, 12/01/2007)

## **BIOFUELS**

### **ALCOHOL & SUGAR INDUSTRIES SUGGEST ESTABLISHMENT OF ETHANOL STRATEGY**

Members of the National Chamber for the Alcohol & Sugar Industries (CNIAA) proposed the creation of a national ethanol strategy, which could take advantage of sugar surplus in Mexico and could be used for ethanol production. Juan Cortina, President of CNIAA, explained that the current surplus equals almost 500,000 MT. "We can't send that extra amount to the United States because they're full of sugar right now," stated Cortina. They will also request the GOM to prevent sugar triangulation from Brazil; something that could have a negative impact on the Mexican sugar industry. (Source: El Universal, 12/03/2007)

## **MEXICO TO EXPORT ETHANOL IN 2008**

Starting in May next year, six companies in Mexico are expected to produce ethanol from sugar beets, sugar cane, sorghum and corn. However, all of the production will be exported to the United States because Mexico has not yet met the conditions and legal framework required for the introduction of bio-fuels. According to Isabel Gomez, four plants are being built in the states of Nayarit, Jalisco, Nuevo Leon and Sonora, with an investment of U.S. \$360 million. (Source: El Financiero, 12/05/2007)

OFFICE OF THE AGRICULTURAL COUNSELLOR - NETHERLANDS EMBASSY IN MEXICO

\*/ Source: FAS-USDA (Mexico: Weekly Highlights & Hot Bites) - numbers 36 and 37, 2007.

For more information: [www.fas.usda.gov](http://www.fas.usda.gov)