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Mexico Agricultural Briefs: Trade Deficit, Cotton Production, Sugar Crop

by LADB Staff

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Agricultural trade deficit reported at US\$1.08 billion in 1996

According to a report published by the Banco de Mexico (central bank) in mid-March, Mexico recorded an agricultural trade deficit of almost US\$1.08 billion during 1996, due in large measure to a surge in imports of grain and other basic foodstuffs. Last year's agricultural trade deficit compared with an agricultural trade surplus of US\$1.37 billion in 1995.

The central bank said imports of corn, wheat, beans and other basic foodstuffs during 1996 increased by a collective total of 87.4% relative to the previous year. Total agricultural imports increased by almost 77% from the previous year. According to the central bank, corn imports increased by 185% from 1995, reaching a value of US\$1.06 billion. Imports also increased for dry beans, soybeans, sorghum, and other oil-bearing seeds. Nevertheless, the central bank said that last year's agricultural trade deficit appears to be reversing so far this year, with a trade surplus reported for January. Grain imports for the month were down 36% relative to January 1995.

By category, the central bank said imports were down by almost 83% for corn, 33% for soybeans, and 16% for wheat. During January, the central bank reported a 54% increase in fresh vegetable exports and a 22% increase in fresh fruit exports relative to a year ago. On the other hand, exports of coffee and cattle remained depressed.

Cotton production expected to decline 26% in 1997-1998

In late March, the Confederacion de Asociaciones Algodoneras (CAARM), projected a decline of 26% in the country's cotton production during the 1997-1998 harvest. According to the CAARM, Mexican cotton production will range between 850,000 and 900,000 bales in the current season, compared with 1.15 million bales during the 1996-1997 crop year. CAARM president Alejandro Rodriguez Paredes attributed the reduced cotton output to two central factors a sharp decline in global cotton prices and a lack of government supports for Mexican cotton producers. Rodriguez said both factors have limited the area planted to cotton this year to about 220,000 hectares, compared with 300,000 ha in the 1996-1997 season.

The largest reduction in cotton plantings this year was in Sinaloa, where producers planted only 70,000 ha of cotton, compared with 300,000 ha the previous year. According to the CAARM president, the decline in production could not have come at a worse time, since demand is increasing in Mexico. Cotton consumption is expected to grow to 1.5 million bales this year, forcing Mexico to import about 650,000 bales.

Government projects sugar exports at 600,000 MT in 1996-1997

The Trade Secretariat (SECOFI) has forecast the country's sugar exports for 1996-1997 at 600,000 metric tons, a slightly higher estimate than that of private forecasts, which predict 500,000 MT to 550,000 MT.

If accurate, the SECOFI projections would represent a decline of 50,000 MT compared with the 650,000 exported in the 1995-1996 season.

Mexico's principal export markets for sugar are countries in the Middle East and Europe, including members of the Community of Independent States. Exports to the US market are limited to 25,000 MT because of an existing US system of sugar import quotas. Under NAFTA, the US is scheduled to phase out most restrictions on imports of Mexican sugar. Mexico's sugar production reached a record 4.37 million MT during the 1995-1996 season. The sugar industry has forecast a further increase in production for 1996-1997, with output expected to reach about 4.7 million MT. (Sources: El Economista, 03/14/97, 03/17/97; Reuter, 04/02/97, 04/09/97)

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