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## **U.S., Mexico Agree to Open Markets for More Agriculture Products**

*by LADB Staff*

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In early May, the US and Mexican governments reached an agreement that allows greater access of selected agricultural products to each other's market. The accords were signed by US and Mexican Agriculture Secretaries Dan Glickman and Francisco Labastida Ochoa at a meeting of the US-Mexico binational commission in Mexico City. As part of the deal, Mexico agreed to end restrictions on imports of citrus products from Arizona and Florida. In return, the US eliminated barriers on imports of pork from Sonora and wheat from Baja California.

The Mexican and US governments had defended the restrictions on these products as necessary to prevent the introduction of harmful plant diseases and pests to their agricultural industries. However, after a review of the restrictions, the two countries decided that imports from certain regions no longer posed a danger.

### ***Restrictions lifted on US citrus & Mexican hogs & wheat***

Under the agreement, Mexico decided to certify grapefruit from Florida as free of the harmful bacteria citrus canker, thereby allowing producers in that state to ship their fruit to Mexico. The Mexican government lifted restrictions on imports of grapefruit from California and Arizona last year. According to estimates from the US Department of Agriculture (USDA), the lifting of restrictions could result in sales of US\$2 million in Florida grapefruit to Mexico. As part of the agreement, the Mexican government also announced an end of restrictions on imports of oranges and lemons from Arizona, after Mexican authorities certified the state as free of the Mediterranean and Mexican fruit fly.

Meantime, the US agreed to certify Sonora state as a low-risk area for hog cholera, a highly contagious virus. This decision opens the door for producers in Sonora to export both hogs and fresh and frozen pork to the US market for breeding and consumption, effective this year. Similarly, the US agreed to certify certain types of wheat produced in the Mexicali Valley in Baja California as free of karnal bunt wheat disease. This disease poses no risk to humans, but tends to lower the quality of wheat. Both Glickman and Labastida said the two countries have taken significant steps in recent years to eliminate barriers on other products, such as Mexican avocados and US pit fruits (cherries, nectarines, and peaches). "We have made major progress in recognizing each other's progress in establishing disease- and pest-free zones that will promote free trade," Glickman said in a press statement.

As part of the agreement, the Mexican government also announced plans to expand the number of border crossing points and the availability of inspectors for livestock and grain imports from the US. The changes would allow more efficient processing of imports of US agricultural products,

which Glickman said could help promote US agricultural sales to Mexico. Agricultural trade balance continues to favor US US agricultural exports to Mexico reached a record US\$5.4 billion last year, an increase of 46% from 1994, the year the North American Free Trade Agreement (NAFTA) took effect.

According to US and Mexican agricultural experts, the US is expected to maintain an agricultural trade surplus with Mexico in the foreseeable future. A recent USDA report said Mexico will have to greatly increase imports of major grains, soybeans, and meat over the next several years in order to meet a rapid growth in demand for food in the country. Much of the imports will come from the US, which has preferential access to Mexico because of NAFTA.

August Schumacher, author of the USDA report, said Mexican imports of corn and soybeans could increase by 50% by the year 2005, while imports of meat, including pork, could more than triple by that year. The USDA's report was supported by another independent study published by the American Soybean Association (ASA). This report projected, Mexico's soybean imports for the current year at 2.5 million to 2.7 million metric tons. According to the ASA, Mexico's soybean production continues to be limited by such factors as high costs of production and transportation, which have led Mexico to depend almost 100% on imports from the US. Furthermore, said the ASA, demand for soybeans in Mexico is expected to grow by 21% by the year 2000.

### *Mexico takes some steps to reduce reliance on imports*

Still, the Mexican agricultural sector has taken some steps to reduce reliance on soybeans and other US agricultural imports by promoting production of these products. Soybean production is especially viable in some areas of Sonora and Sinaloa states. On the other hand, much of the agricultural land in the two states is currently devoted to more profitable fruits and vegetables, which are exported to the US market.

Meantime, a private rural development foundation (Fundacion Mexicana para el Desarrollo Rural, FMDR) and the giant food company Grupo Industrial Bimbo have developed a pilot project to promote wheat production in Mexico. Under the project, known as the "Wheat Club" (Club del Trigo), producers, particularly smaller farmers, are given support to grow wheat, which will then be sold to Bimbo and other food companies. "This pilot project seeks to demonstrate the feasibility of linking small producers with the large industrial companies," said FMDR president Alberto Nunez Esteva.

According to Nunez, many of the wheat producers targeted are located in the central state of Guanajuato. He said the concept is based on another similar project already in existence, the "Corn Club" (Club del Maiz), where 19,850 producers in Baja California, Yucatan, Campeche, Veracruz, and Jalisco have been linked with large companies such as Grupo Industrial Maseca. Nunez says that project helped boost total corn production in the five states in 1996 to 400,000 metric tons. "If they had not received support and technical assistance, production would have probably been limited to 250,000 MT," said Nunez. The FMDR is also considering the creation of "Sorghum Club" (Club del Sorgo), a project that would operate in the same manner as the wheat and corn clubs. (Sources: Excelsior, 04/18/97; El Economista, 04/22/97 04/28/97, 05/06/97, 05/07/97; The News, Journal of Commerce, 05/07/97; El Financiero International, 05/12/97)

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