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by LADB Staff

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Seafood production in January-June up 4.7%

Mexican production of seafood amounted to 971,000 metric tons during the first half of this year, an increase of 4.7% from January-June of 1996. In a report published in late September by the Secretaria del Medio Ambiente, Recursos Naturales y Pesca (SEMARNAP), sardine fishing remained the single largest activity for the fisheries industry, accounting for roughly 33% of the catch during the first half of 1997. Carlos Camacho Gaos, SEMARNAP's director of fisheries, said the seafood industry attained a trade surplus of US\$694 million, based on exports of US\$798 million and imports of US\$104 million.

Nevertheless, Camacho said Mexico's export potential was limited by reduced catches for shrimp, tuna, and abalone. He said the government is continuing efforts to open markets for Mexican seafood, including recent efforts to convince the US to lift an embargo on imports of Mexican tuna (see SourceMex, 08/06/97). Camacho said the government is also supporting the industry through programs that offer credit guarantees, direct loans, and grants to seafood producers. In 1996, the government allocated 1.315 billion pesos (US\$169 million) for seafood producers, an increase of almost 23% from 1995.

In the first half of this year, the government had already channeled 627 million pesos (US\$80.9 million) to the fisheries sector, an increase of 7% above the amount allocated in the first six months of 1996.

Domestic price increase fails to slow powdered milk imports

According to the daily newspaper Novedades, the government has failed to reduce imports of powdered milk despite an easing of domestic price controls at the beginning of this year. Citing statistics released by the Secretaria de Comercio y Fomento Industrial (SECOFI), Novedades said Mexican imports of powdered milk reached 160,000 metric tons in the most recent fiscal year (September-August), even though the government allowed the dairy industry to increase retail prices for milk by 40 centavos (US\$0.16 cents) to 4.00 pesos (US\$0.52 cents) per liter at the beginning of 1996.

Under the program to deregulate the dairy industry, price controls for milk are to be phased out totally by the beginning of 1998. The government has justified the deregulation of milk prices as necessary to encourage dairy producers to increase production, which in turn would boost domestic supplies (see SourceMex, 08/27/97). However, Novedades said the 160,000 MT of powdered milk imported in September-August represents about 24% of Mexico's domestic demand for this product. In comparison, the amount of powdered milk imported in the previous fiscal year represented 17% of the country's domestic consumption.

"The policy, which was formulated jointly by the government, milk producers, and labor unions, has been a major failure," the newspaper said. "We are not seeing any increase in domestic production, but rather a surge in imports of powdered milk."

US announces agricultural credit guarantees for Mexico

In early October, the US Department of Agriculture (USDA) announced the allocation of US\$1.4 billion in short- and medium-term export credit guarantees for Mexico to acquire US agricultural products during fiscal year 1998. The credit guarantees authorized for Mexico this year are about US \$110 million below those approved for the previous fiscal year. According to the USDA, Mexico will have immediate access to US\$500 million of the US\$1.3 billion allocated in short- term guarantees.

The rest of the financing will be released during the course of the fiscal year, which runs from October to September. The short-term credit guarantees are available for Mexico to purchase corn, wheat, soybeans, rice, cotton, poultry, potatoes, butter, and powdered milk. In addition, the USDA said Mexico will have immediate access to US\$35 million of US\$100 million allocated in medium-term guarantees to purchase beef and pork. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Oct. 8, reported at 7.75 pesos per US\$1.00] (Sources: Associated Press-Dow Jones news services, 10/02/97; Excelsior, 10/03/97; El Nacional, 09/30/97, Novedades, 10/07/97)

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