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Corn producers seek change in subsidy policies

In mid-November, agricultural producers in Jalisco, Chiapas, and Mexico states held demonstrations in their respective state capitals to seek higher guaranteed prices for corn. Spokespersons for the Confederacion Nacional Campesina (CNC), which sponsored protests in Jalisco and Mexico states, said the government's recently announced official guaranteed price of 1,350 pesos (US$164.60) per metric ton is insufficient to help producers meet their costs. The CNC and other organizations argue that Mexican producers cannot make ends meet unless the government raises the guaranteed price to at least 2,000 pesos (US$243.90) per MT, and ideally to 2,500 pesos (US$304.90).

In Chiapas, spokespersons for the Coalicion de Organizaciones de Productores de Maiz, said the guaranteed price is insufficient to meet the increasing cost of inputs, such as fertilizers and herbicides. "We cannot even pay the loans we took out to buy seed for this year's harvest," said Chiapas corn producer Bersain Mejia Reyes.

Other organizations have asked the government to implement measures to assist small- and medium-sized corn producers and tortilla manufacturers. For example, the Consejo Nacional Agropecuario (CNA) has launched a campaign to eliminate the state food distribution agency (Compania Nacional de Subsistencias Populares, CONASUPO) as part of a strategy to restructure Mexico's agricultural system. CNA president Miguel Castro Sanchez said the organization is pushing for the government to use the funds currently allocated to CONASUPO for other purposes, such as direct subsidies for tortilla production.

The Union Nacional de Productores de Maiz (UNPM) and the Camara Nacional de Propietarios Rurales (CNPR) have also asked the government to restructure corn subsidies. The UNPM and CNPR argue that all consumer subsidies should be channeled toward low-income populations, while production subsidies should be targeted primarily toward small-scale producers. The two organizations have expressed concern that subsidies are benefiting large companies, like Grupo Industrial Maseca, that already own a large percentage of the corn market.

Cattle producers from five nations reach cooperation accord

In mid-November, representatives from Mexico's Confederacion Nacional Ganadera (CNG) and counterparts from four other cattle-producing countries announced a series of agreements to develop uniform health regulations and to cooperate in meat-promotion efforts. The agreements were signed at a cattle-industry conference in Cancun attended by representatives of the CNG and cattle producers from the US, Canada, Australia, and New Zealand.

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According to US delegate William Clark, the five organizations also reached agreements regarding exchange of technology, plus a commitment to eliminate trade barriers for meat. Mexican Agriculture Secretary Francisco Labastida Ochoa said the elimination of trade barriers is significant in light of US non-tariff restrictions on Mexican meat imports According to Labastida, the US has used the pretext of veterinary health concerns to impose restrictions on imports of cattle, hogs, and poultry from Mexico. However, CNG president Cesar Gonzalez Quiroga sounded a more conciliatory note toward the US. "The purpose of this conference was to iron out some differences with US producers," said Gonzalez Quiroga.

US rice exporters seek to expand sales to Mexico

According to a US rice industry report, US exports to Mexico will expand if a panel of representatives of the North American Free Trade Agreement (NAFTA) agrees to include US rice in the list of products eligible for a faster phase-out of duties. The report, produced by USA Rice Federation, said the US already supplies a large percentage of Mexico's rice imports and could benefit from any effort to lower tariffs. Mexico currently charges duties ranging from 6% to 12% on US rice imports.

Mexican rice producers, who have accused China, Uruguay, Vietnam, and other countries of selling rice in Mexico at below-market prices, are expected to oppose any efforts for a quicker phase-out of tariffs on US imports. According to Antonio Lajud, president of the Consejo Mexicano del Arroz (CMA), the organization has succeeded in convincing the government to promote increased domestic production and to tighten restrictions on rice imports. Lajud said imports account for about 50% to 60% of the rice consumed in Mexico, compared with as much as 70% in recent years. Imported rice is repackaged by Mexican food distributors and sold under a Mexican brand name.

The US report said Mexican consumption of rice is still a relatively low 5.6 kg per person, compared with per-capita consumption of 11 kg in the US and 126 kg in China. There are some efforts under way in Mexico to increase domestic production of rice in Mexico. For example, the Campeche government is negotiating with the Chinese company XTTEC to develop an agricultural production center in the state. The center, which would span 10,000 hectares, would produce primarily rice and cotton. According to the official news agency Notimex, XTTEC has proposed spending US$30 million on the project, which would be located near the community of Champoton. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Nov. 26, reported at 8.20 pesos per US$1.00] (Sources: Notimex, 11/03/97, 11/13/97; El Financiero International, 11/10/97; El Economista, 05/09/97, 11/13/97, 11/19/97; El Universal, 11/14/97, 11/19/97; La Jornada, 11/19/97)

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