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Mexico

Grain and Feed

Mexico Announces Support Programs for Sinaloa White Corn

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Report Highlights:

On July 30, 2004, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced in the Mexican Federal Register (*Diario Oficial*) the specific guidelines for the support programs for coasting trade, ground transport, storage and export activities for Sinaloa white corn during the 2003/04 fall/winter season.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

Introduction: This report summarizes the general operational rules and specific guidelines for obtaining supports on selected agricultural products published in Mexico's "Diario Oficial" (Federal Register) on July 30, 2004.

Disclaimer: This summary is based on a *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

FAS/Mexico's Executive Summary:

On July 30, 2004, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced the specific guidelines establishing the mechanisms to provide supports to white corn producers of Sinaloa, during the 2003/2004 fall/winter planting season. According to this announcement, SAGARPA forecasts Sinaloa white corn production at 4.2 MMT, a record crop that is 41 percent higher than the previous year. The purpose of these supports is to promote sales of surplus Sinaloa white corn for this season. It should be noted that Sinaloa accounts for approximately 70 percent fall/winter white corn production (5.4 MMT).

These specific guidelines are based on the General Operational Regulations (REGLAS) that SAGARPA published for several support programs on June 17, 2003 (MX 3131) and later modified on April 9, 2004. Both were published in Mexico's Federal Register (*Diario Oficial*). The Operational Rules include supports for coasting trade ("cabotage") and/or ground transport, storage and export activities.

Following are the objectives and amounts that are available through the SAGARPA/ASERCA (a decentralized administrative body within SAGARPA providing commercial support to farmers) support programs:

Support for Coastal Trade and/or Ground Transport

This is in accordance with articles 54 and 60, second paragraph, of the General Operational Regulations ("REGLAS"). The objective of this measure is to make known the specific guidelines for obtaining support for cabotage and/or ground transport for a maximum of 800,000 metric tons from the harvest of the 2003/2004 fall/winter white corn crop in the state of Sinaloa. The purpose of this support is to promote sales of surplus white corn in other areas of the country, which are not located in production areas.

MOBILIZATION VIA	SUPPORT Pesos/TON	PORTS	DESTINATION STATES
CABOTAGE (COASTING TRADE) AND/OR RAILROAD	\$250.00	COATZACOALCOS, VER., VERACRUZ, VER., TUXPAN, VER., ALTAMIRA, TAMPS., TAMPICO, TAMPS. AND PROGRESO, YUC.	VERACRUZ, TABASCO, CAMPECHE, YUCATAN, QUINTANA ROO, CHIAPAS AND OAXACA
CABOTAGE	\$250.00	SALINA CRUZ, OAX.	VERACRUZ AND CHIAPAS
CABOTAGE	\$250.00	TAMPICO, TAMPS. AND ALTAMIRA, TAMPS.	TAMAULIPAS
RAILROAD OR TRUCKING	\$150.00	NOT APPLICABLE	BAJA CALIFORNIA (MEXICALI),

MOBILIZATION VIA	SUPPORT Pesos/TON	PORTS	DESTINATION STATES
			TAMAULIPAS, NUEVO LEON AND COAHUILA (SALTILLO AND RAMOS ARIZPE)
CABOTAGE	\$150.00	LAZARO CARDENAS, MICH.	NUEVO LEON AND COAHUILA (SALTILLO AND RAMOS ARIZPE)

Current exchange rate is \$U.S. 1= MXN 11.53

Support for the Storage of White Corn

This is in accordance with articles 47 and 53, last paragraph, of the General Operational Regulations ("RULES") and the specific guidelines of the support program for the storage of the Sinaloa 2003/04 fall/winter white corn production that is destined for livestock consumption in this state. The purpose of this support is to promote sales of surplus white corn for livestock consumption. The support will be given to producers by ASERCA.

Also, this is in accordance with articles 49 and 51 of the RULES. SAGARPA, through ASERCA, will provide financial support for each metric ton of white corn that has been acquired and stored for livestock consumption in Sinaloa. The support will increase per month up until the ninth month, where it levels off. Financial support per month for additional months past the ninth month will be the same as for the ninth month of storage (i.e., \$65.81 pesos/month). There is a maximum total volume of 563,000 metric tons of white corn. ASERCA will not grant this support if corn is devoted to a different use other than for livestock consumption.

SUPPORT TO FINANCIAL COST FOR THE STORAGE OF CORN FOR THE 2003/04 FALL/WINTER HARVEST IN SINALOA (PESOS PER TON)

CONCEPT	MONTHS OF STORAGE								
	1	2	3	4	5	6	7	8	9
Average Financial Cost (TIIE* + 4 pts.)= 6.19+4=10.19% Considering 1,550 pesos per ton	\$13.16	\$19.74	\$26.32	\$32.91	\$39.49	\$46.07	\$52.65	\$59.23	\$65.81

Current exchange rate is \$U.S. 1= MXN 11.53

In addition, ASERCA will contribute 50 percent of the cost of the "PUT" coverage. Or, if the participant chooses, ASERCA will give a fixed amount of \$77 pesos per ton to support the transportation costs of corn.

Support for Exports of Sinaloa White Corn

This is in accordance with articles 54 and 60, second paragraph, of the General Operational Regulations (“RULES”) and the specific guidelines of the support program for exporting white corn from the Sinaloa 2003/04 fall/winter harvest. The purpose of this support is to promote sales of surplus white corn to foreign markets. The support will be given to producers by ASERCA.

This is also in accordance with articles 56 and 58 of the RULES. SAGARPA, through ASERCA, will provide a support of \$200 pesos per metric ton of white corn that is exported through the Sinaloa port of Topolobampo. The support will be given during the period of June 1 to September 30, 2004. The maximum volume of support will be for 300,000 metric tons of white corn.

FAS/Mexico Comment: It is unlikely that these new supports will adversely impact U.S. white corn exports to Mexico, as the 2004 U.S. tariff rate quota (TRQ) for white corn has been almost all allocated by the Mexican government (see MX 4097). In addition, the total volume to be supported by these subsidies represents just 8 percent of Mexico’s MY 2003/04 total corn production. In the case of the export support program, any financial outlays will ultimately depend on SAGARPA’s ability to secure the necessary budgetary resources.

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FAS Mexico Web Site: We are available at <http://www.fas-la.com/mexico> or visit our headquarter’s home page at <http://www.fas.usda.gov> for a complete selection of FAS’ worldwide agricultural reporting.

Useful Mexican Web Sites: Mexico’s equivalent of the Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico’s equivalent of the Department of Commerce (SE) can be found at www.se.gob.mx. These web sites are mentioned for the readers’ convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on the mentioned sites.