

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Mexico

Post: Mexico

Mexico Announces Coffee Hedging Mechanism

Report Categories:

Coffee

Policy and Program Announcements

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Report Highlights:

The Secretariat of Agriculture through the Supports and Services Agricultural Marketing organization announced the initiation of a program supporting coffee marketing practices, called the Basic Hedging Mechanism for Coffee, to be effective during MY 2013/14.

General Information:

This report summarizes an announcement by the Secretariat of Agriculture (SAGARPA) and the Supports and Services Agricultural Marketing organization (ASERCA) published on September 6, 2013, containing information about the Basic Hedging Mechanism for Coffee to support the marketing of Arabica coffee for MY 2013/14.

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.

Title: Basic Hedging Mechanism for Arabica Coffee, MY 2013/14

Executive Summary:

SAGARPA, through ASERCA launched the "Basic Hedging Mechanism of Coffee" for the Marketing Year 2013/14, in order to boost marketing of Arabica coffee and support coffee growers who will soon be harvesting their crop. On September 6, 2013, [InfoASERCA](#) published on their website information for [basic coffee hedging](#), which is valid from September 6 to October 18, or until the authorized budget runs out. Registered coffee producers will be able to access it. The authorized budget is \$90 million pesos (\$6.7 million dollars at the exchange rate of 13.25 pesos per dollar)

With this mechanism, ASERCA aims to provide individual and organized producers with more certainty on international market prices. This mechanism seeks to facilitate placement of coffee, according to market conditions of the new harvest that begins in November-December 2013, and in this way, find the best commercial conditions for Mexican producers.

Participants can choose from a “**call** option” or a “**put** option”. The purchase price of these options will be supported by SAGARPA. The **call** option can only be used by producers that already have a contract between a buyer and a seller; and the **put** option is for producers that do not have confirmed sales of their crop and therefore do not have a contract.

Post Comment :

It is not yet clear how widely used this program will be used by Mexican coffee producers. SAGARPA has had the legal authority in place for the hedging program for the last few years but had not initiated its operation until now.

Important Dates

- 1. Publication Date:** September 6, 2013.
- 2. Effective Date:** September 6 to October 18, 2013 or until the budget gets used up.

For More Information

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work
<http://www.youtube.com/user/ATOMexicoCity>

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

Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Subject	Date Submitted
MX3015	Coffee Rust	2/28/2013
MX3032	Coffee Rust Update	4/5/2013
MX3046	Coffee Annual	6/4/2013