

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary - Public

Date: 4/5/2019

GAIN Report Number: MX9016

Mexico

Post: Mexico

Mexico Announces New Agricultural Support Programs

Report Categories:

Trade Policy Monitoring
Agricultural Situation

Approved By:

Melinda Sallyards

Prepared By:

Karisha Kuypers and OAA Staff

Report Highlights:

Mexico's new presidential administration has announced a number of new agricultural support programs that aim to increase rural incomes, improve food security, and create self-sufficiency in certain basic commodities. These programs focus primarily on providing support to marginalized and small farmers, with special emphasis given to small producers in the southern and central states of Mexico.

General Information:

Disclaimer: This summary is based on a cursory review of the subject announcements and therefore should not, under any circumstances, be viewed as a definitive reading of the regulations 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.

Mexico Announces Guidelines for New and Revised Agricultural Programs

The new Mexican President, Andrés Manuel López Obrador, has made improving the livelihoods of small agricultural producers in economically marginalized regions of Mexico a centerpiece of his administration. In its first 100 days in office, his administration created a number of new agricultural support programs to help achieve the goals of increasing rural incomes, improving food security, and self-sufficiency in production of certain commodities. Some of the support programs are modified versions of previous programs from past administrations. In keeping with the administration's stated goals, the agriculture programs focus primarily on providing support to marginalized and small farmers instead of larger commercial operations, with special emphasis given to small producers in the southern and central states of Mexico.

Most of these [programs](#) will be administered by the Ministry of Agriculture and Rural Development (SADER). According to SADER, the core programs aimed at improving the living conditions of small producer and creating self-sufficiency are the Production for Wellbeing, Guarantee Prices, Livestock Credit, and Fertilizer programs.

The Mexican government published operational guidelines for these programs in the first few months of 2019. These programs are outlined below.

Production for Wellbeing

SADER published [operational guidelines](#) for the new Production for Wellbeing (*Produccion para el Bienestar*) program in the Mexican Federal Register (*Diario Oficial*) on January 23, 2019. It replaces the previous Proagro Productivo program but maintains a similar structure. Production for Wellbeing is a direct support program for small and medium producers of corn, dry beans, bread wheat, rice, and other grains with farms up to 20 hectares. The program's overall objective is to increase domestic grain production to help small producers reach a higher level of food self-sufficiency. Producers registered under the previous Proagro or PIMAF (Incentives Program for Corn and Bean Producers) programs will be automatically included in the new Production for Wellbeing system. The support amounts remain very similar to the Proagro amounts:

Stratum	Definition	Support per eligible hectare
Small Grower	Registered under Proagro, with up to 5 ha non-irrigated or 0.2 ha irrigated	1,600 pesos (84.21 USD)
	Registered under PIMAF, with up to 3 ha	
Medium Grower	Registered under Proagro, with 5-20 ha non-irrigated or 0.2-5 ha irrigated	1,000 pesos (52.64 USD)

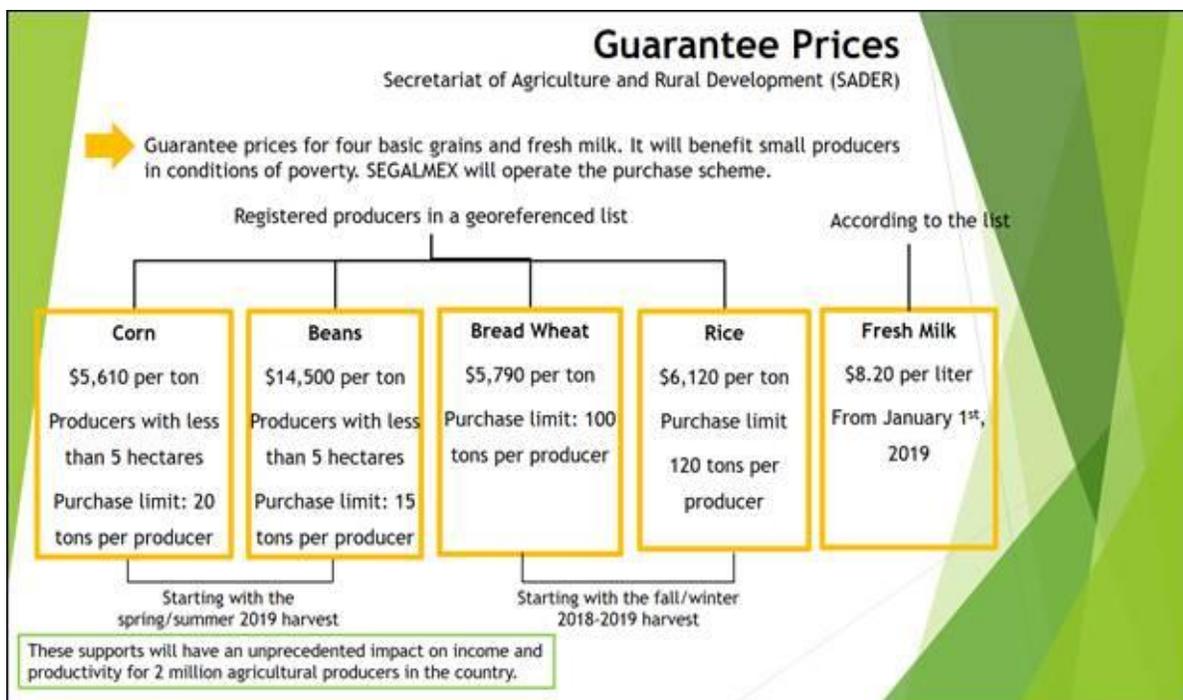
A total of nine billion pesos (approximately 474 million USD) will be available for this program in 2019, including some payments to settle debts inherited from the previous cycle of the Proagro Productivo program. SADER states that its goal is to benefit 2.8 million producers of basic commodities, 75 percent of which have less than five hectares of land. For more information, see [MX9002](#).

In an announcement marking the first 100 days of the López Obrador administration on March 11, 2019, SADER stated that more than one million small producers had already benefited directly from the new agricultural programs.

Guarantee Prices

As promised during his campaign, President López Obrador has created a program to purchase five staple commodities from small farmers at guaranteed above-market prices. The [official guidelines](#) were published on March 1, 2019. The program will prioritize small producers of corn, beans, bread wheat, rice, and fluid milk. The program's initial federal budget will be six billion Mexican pesos (approximately 311 million USD) for 2019. Secretary of Agriculture Victor Villalobos stated that the programs prioritize communities with less development, eliminate intermediaries through the direct purchase and commercialization of commodities, and promote the self-sufficiency and food sovereignty. Mexico has established a new government agency under SADER, called Food Security Mexico (SEGALMEX), to oversee the Guarantee Price program and to distribute the purchased commodities to poor Mexicans. SADER announced that the guaranteed prices will be: corn at 5,610 pesos (289 USD) per metric ton (MT); beans at 14,500 pesos/MT (746 USD); bread wheat at 5,790 pesos/MT (298 USD); rice at 6,120 pesos/MT (315 USD); and a liter of milk will be 8.20 pesos (0.42 USD).

SADER announced that in the first 100 days of the administration, the program already bought beans from more than 1,700 producers in the states of Zacatecas, Durango, Chihuahua and Nayarit.



Source: FAS/Mexico, based on a SADER graphic

SEGALMEX (Food Security Mexico)

The new administration created a new organization within SADER called Food Security Mexico (*Seguridad Alimentaria Mexicana*, or Segalmex) by merging Liconsa, the state-owned enterprise that distributes milk at subsidized prices to targeted beneficiaries, with Diconsa, the government organization that supplies basic subsidized grocery products to rural communities. As the implementing agency for the guarantee prices program, Segalmex will centralize both the purchase and distribution of commodities under the program. It will be responsible for creating the lists of eligible producers, implementing the network of collection centers to receive the purchased commodities (corn and beans) and a payment system for producers (wheat and rice). Segalmex will distribute the commodities it purchases through the Diconsa and Liconsa distribution centers and stores.

Social Milk Supply Program

SADER released the [operational guidelines](#) for the Social Milk Supply Program on March 1, 2019. The state-owned enterprise Liconsa will administer the program. The program's goal is to improve access to food by offering high quality and low-cost milk to targeted beneficiary groups below a certain "line of wellness" or socioeconomic level. The program will offer up to four liters of milk per beneficiary a week at a subsidized price, up to a maximum of 24 liters per household. The milk will be offered through milk distribution centers (*Lecherias*), small stores (those with limited goods storage), or through Diconsa's community stores.

Livestock Credit Program

The [guidelines](#) for the Livestock Credit Program (*Programa Crédito Ganadero a la Palabra*) were released on February 22, 2019. The loan program's goals are to help small domestic producers and ranchers improve their productivity, increase their incomes, and reduce Mexico's dependence on imports by better meeting the country's animal protein requirements (in meat, milk, and honey). To accomplish this, the Government of Mexico intends to "repopulate" or increase the herd by adding one million heifers and 50,000 bulls, or the equivalent amount of other species. The program would provide up to 10 heifers and one bull per small producer (or the equivalent number of pigs, sheep, goats, or bees). Recipients will repay the program in kind at prescribed times based on the type of animal received. Small producers can also apply for financial support of up to 100,000 pesos (5,170 USD) for equipment, infrastructure, improved animal feeding, or technical services. SADER announced that the program has a budget of four billion pesos and plans to benefit over 19,000 small livestock owners. The program covers all of Mexico but priority will be given to the following states: Campeche, Chiapas, Guerrero, Jalisco, Nayarit, Michoacan, Oaxaca, Quintana Roo, Tabasco, Tamaulipas, Veracruz, Yucatan and Zacatecas.

Livestock Promotion Program

SADER published new [guidelines](#) for its Livestock Promotion Program (*Programa de Fomento Ganadero*) on February 28, 2019. This program, which replaces the previous Livestock Promotion program known as PROGAN, aims to increase the productivity of the livestock sector by offering assistance for the acquisition of equipment or infrastructure, improvement of livestock management and reproduction, or the maintenance or rehabilitation of grazing lands. All recipients must be registered in the National Livestock Register (Padron Ganadero Nacional). The program's budget is 500 million pesos (26 million USD). Individuals can apply for program funding for projects up to 500,000 pesos (26,000 USD) and companies can apply for funding up to 5 million pesos (258,000 USD). Applicants can request funding support for herd repopulation for up to 60 animal units. As with the Livestock Credit Program, the program covers all of Mexico but priority is given to beneficiaries in Central and Southern Mexican states.

Planting Life Program

Mexico's Secretariat of Welfare (*Secretaria de Bienestar*) published the [operational guidelines](#) for the Planting Life program (*Programa Sembrando Vida*) on January 24, 2019. This program, which has a budget of 15 billion pesos (786 million USD), is designed to serve rural populations that are located in regions with high biodiversity, live in marginalized areas, and have incomes below the line of rural well-being. The program is intended to provide employment in poor rural areas, encourage food self-sufficiency, and improve area residents' income through the planting of one million hectares of fruit and timber trees combined with "milpa" system crops (a traditional agricultural production method that include different crops grown simultaneously in the same field). The program's first phase will benefit 220,000 farmers and cover 550,000 hectares. Recipients must have 2.5 hectares available for agroforestry and will receive plants, supplies, tools, technical support and training, and 5,000 pesos (262 USD) a month for the fulfillment of the program's work plan. In 2019, priority will be given to applicants from the states of Campeche, Chiapas, Durango, Puebla, Quintana Roo, Tabasco, Veracruz, and Yucatán.

Fertilizer Program

On March 3, 2019, SADER published [guidelines](#) for a fertilizer program that aims to increase the availability of fertilizers to improve the agricultural productivity of small farmers in economically marginalized areas. The program, which has a budget of 1.5 billion pesos (78 million USD), will benefit farmers in the southern Mexican states of Campeche, Chiapas, Guerrero, Quintana Roo, Oaxaca, Tabasco, Yucatán and Veracruz. Small farmers will receive up to 450 kilograms of fertilizer per hectare, for up to three hectares per producer. To receive the benefits, small producers must cultivate priority crops (corn, beans, or rice) and be included in the SADER registry of Applicants and Beneficiaries. SADER announced that the fertilizer program has already begun distribution of fertilizer to 116,000 small farmers in Guerrero.

Forward Contract Program

The Forward Contract program (originally described in 2008 GAIN Report [MX8075](#)) was formally renewed via an [official register notice](#) on March 21, 2019. The program will continue with essentially the same structure as before. This is a hedging program, which encourages farmers to sign contracts with domestic users of basic grains. Under the new administration, the supports to growers were reduced from the previous 75 percent of the coverage cost (i.e., put or call) to closer to 50 percent due to limited funds and a government-wide effort to reduce expenditures.

Target Income Program

Like the Forward Contract program, the Target Income program was formally renewed in the March 21, 2019 [notice](#). This program gives farmers a supplementary payment per ton of grains if the price they received is lower than the target price (for further information on the establishment of this program, please see [MX9001](#)). In 2018, the target income prices were increased to the levels in the table below, which remain in effect for 2019 (see [MX8028](#) for additional details):

Commodity	Target Price per Metric Ton
Corn	3,960 pesos
Bread wheat	5,010 pesos
Durum wheat	4,556 pesos
Sorghum	3,564 pesos
Rice	4,380 pesos
Oilseeds (soy, safflower, canola, sunflower)	8,400 pesos
Cotton	25,750 pesos

To participate in the Target Income program, farmers be registered in the Forward Contract program. Typically, a limited number of hectares nationwide are authorized for the Target Income program each year.