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Mexico Supports Growers of Select Commodities

Report Categories:

Agricultural Situation

Agriculture in the Economy

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Report Highlights:

On March 24, 2015, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced in the Mexican Federal Register (Diario Oficial) new grain and oilseed supports offered in several Mexican states (listed below) all applicable to the 2014 spring/summer crop cycle.

General Information:

Introduction: This report summarizes an announcement from SAGARPA published in Mexico's "Diario Oficial" (Federal Register) on March 24, 2015.

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.

Executive Summary: On March 24, 2015, SAGARPA announced new government supports by which this Secretariat will provide economic support in specified states (listed below) to eligible growers of corn, sorghum, soybeans and wheat. (Support for wheat is only in the state of Tlaxcala.) Additionally, these supports only apply to the 2014 spring/summer crop cycle. SAGARPA announced it was providing assistance due to the decline in prices received by eligible growers for these four commodities.

These supports will be administered by SAGARPA's Agency of Commercialization and Agriculture Markets Development (ASERCA – a decentralized administrative body within SAGARPA providing commercial supports to farmers).

In this Announcement, SAGRAPA states the following:

From September 2012 to the end of September 2014, corn prices registered a downward trend on the Chicago Board of Trade (CBOT). In September 2012, corn prices registered \$333 dollars per metric ton (MT), while September 2014 prices of corn dropped to \$126 dollars per MT. This represented a 62 percent decrease in the price of corn on the CBOT. Wheat prices, during the same period of time, registered a reduction of 38 percent from \$333 per MT down to \$206 per MT. Soybean prices registered a decline of 41 percent from \$615 per MT to \$326 per MT. The fall in CBOT prices for these commodities were reflected as well as in the fall of farm gate prices paid to Mexican farmers during the 2014 spring/summer crop cycle. This situation has negatively impacted the profitability of grains and soybeans growers in certain states due to the magnitude of the costs involved in marketing.

As a result, ASERCA will provide support payments that allow for the mitigation of the adverse impact of low income for growers of corn, sorghum, soybeans and wheat. SAGARPA also states that these supports are part of its Marketing and Market Development Program which is part of their strategy to boost productivity in the agro-food sector and regulate markets through planning of supply and demand for agricultural products.

Title of the Announcement:

Notice to publicize the incentives to solve specific marketing problems of corn, sorghum, soybeans and wheat for the 2014 spring/summer crop cycle to the states listed, “Component of Market Incentive”.

Important Dates:

1. Publication Date: March 24, 2015

2. Effective Date: March 25, 2015

Eligible Commodities: Corn, Sorghum, Soybean and Wheat

Type of Regulation: Operational

Other important features of the Announcements:

Purpose: ASERCA discloses to the defined “target population” the supports (incentives) to solve specific marketing problems for growers of corn, sorghum, soybeans and wheat during the 2014 spring/summer crop cycle in the states listed, taking into consideration the specific objective of the Program which is to contribute to the planning and development of markets and ensuring the orderly marketing of eligible products.

The “target population” of this Announcement is defined as growers, directly or through their organizations, that have produced and marketed corn and/or sorghum and/or soybeans during the 2014 spring/summer crop cycle in the states listed below and/or wheat in Tlaxcala during the 2014 spring/summer crop cycle.

Support exceptions:

Corn, sorghum, soybeans and wheat that were supported through the government’s Forward Contract Program during the 2014 spring/summer crop cycle.

The total amount subsidized by the Announcement will be:

A total of 2,263,700 MT’s of corn and/or sorghum and/or soybeans and/or wheat (wheat produced only from the state of Tlaxcala), with a direct grower support of 250 pesos per metric ton (U.S. \$ 16.67/MT). The list of states and the maximum per metric ton per state supported are as follows:

STATES	CORN (MT)	SORGHUM (MT)	SOYBEANS (MT)	WHEAT (MT)
Baja California-San Luis Río Colorado Sonora	-	22,200	-	-
Campeche	56,900	19,700	30,000	-
Chiapas	151,500	5,000	9,400	-
Chihuahua	64,500	25,500	600	-
Durango	19,700	-	-	-
Guanajuato	252,600	-	-	-
Guerrero	50,000	-	-	-

Hidalgo	30,000	-	-	-
Jalisco	100,000	13,500	-	-
México	300,000	-	-	-
Michoacán	101,700	173,500	-	-
Morelos	15,200	126,500	-	-
Nayarit	98,200	-	-	-
Nuevo León	10,900	8,400	-	-
Oaxaca	-	20,000	-	-
Puebla	14,700	33,000	-	-
Querétaro	28,300	4,600	-	-
Quintana Roo	-	-	1,900	-
San Luis Potosí	20,000	10,000	20,000	-
Tamaulipas	-	256,500	75,000	-
Sonora	-	-	7,500	-
Tlaxcala	19,000	-	-	27,000
Veracruz	-	-	3,600	-
Yucatán	-	-	2,700	-
Zacatecas	34,400	-	-	-
TOTAL	1,367,600	718,400	150,700	27,000

For More Information:

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

Other Relevant Reports Submitted by FAS/Mexico

Report Number	Title of Report	Date Submitted
MX5011	2015 Grain and Feed Annual Mexico	3/18/2015
MX4085	Mexico Announces Rice Import Tariffs	12/16/2014
MX4083	Mexico Announces Additional Supports for Sorghum and Rice	12/12/2014
MX5001	Grain and Feed January Update Mexico	01/15/2015
MX4073	Grain and Feed October Update Mexico	10/17/2014
MX4059	Grain and Feed July Update	07/31/2014
MX4020	2014 Grain and Feed Annual	03/14/2014
MX4009	Low Prices Help Drive Down Mexico Corn Production, While Sorghum, Rice and Dry Bean Production Up	01/31/2014