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## Mexico

**Post:** Mexico

### October Update for Cotton

**Report Categories:**

Cotton and Products

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**Report Highlights:**

Total Mexican cotton production for marketing year (MY) 2009/10 (Aug-Jul) remains unchanged from our previous lock-up report at 417,403 bales. As reported, this drop was attributed to several factors that affected not only the cotton sector but the entire Mexican agricultural sector. The increased price of fertilizers and pesticides, as well as the cost of using genetically modified seed varieties, became the main constraints for many growers. This situation limited the expansion of acreage since cotton producers continue to switch to more profitable crops. As a result, the area planted was reduced 32,264 hectares and production of bales dropped 149,477 bales compared to MY 2008/09.

**General Information:**

The cotton sector views the appointment of Francisco Mayorga as the Secretary of Agriculture as a

positive sign that they will receive more support. Mayorga has a reputation of rewarding declining sectors with support (i.e., rice), and many believe he will do the same for the cotton sector. They expect the cotton target price to be calculated in U.S. cents per pound, which is a maneuver that could spur the increase of area planted up to 110,000 hectares per season.

Recently the annual budget for the Secretariat of Economy (SE) was reduced 18.3 percent compared to the previous year, creating uncertainty among the agricultural sector. Specifically, the cotton sector is concerned that this decrease could affect the target price and coverage for cotton, especially since they are facing higher costs of production. The cotton sector believes that the target price, maintained at U.S. \$ 67 cents, would entice producers to resume the cotton cultivation in the near future. The sector is also lobbying for the implementation of more medium and long term support programs to entice producers to plant cotton. For the successful accomplishment of this project, the sector has requested that the procedures to import transgenic seed would be expedited and available prior to the planting season.

#### Production, Supply and Demand Data Statistics :

<b>Mexico: Cotton Production by State/Region</b>			
<b>MY2009/10 forecast</b>			
<b>Region</b>	<b>Planted Area (Has)</b>	<b>Yield (Bales/Ha)</b>	<b>Production (Bales)</b>
South Sonora	1,700	6.5	11,050
North Sonora	0	0	0
Mexicali, BC	19,081	6.0	114,486
Juarez, Chih.	15,228	5.0	76,140
Delicias, Chih.	531	5.0	2,655
Ojinaga-Aldama, Chih.	12,583	5.8	72,981
La Laguna / Dgo-Coah.	20,013	7.0	140,091
North Tamaulipas	0	0	0
<b>TOTAL</b>	<b>69,136</b>	<b>6.0</b>	<b>417,403</b>